



**2018/19 SESSION  
of the  
BERMUDA SENATE  
OFFICIAL HANSARD REPORT**

**20 March 2019**

*Sitting number 9 of the 2018/19 Session  
(pages 233–322)*

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

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**BERMUDA SENATE****OFFICIAL HANSARD REPORT  
20 MARCH 2019  
10:01 AM***Sitting Number 9 of the 2018/19 Session*

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

**The President:** Good morning, Senators.  
The Senate is now in session.  
Shall we pray?

**PRAYERS**

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

**CONFIRMATION OF MINUTES**

*[Deferred]*

**The President:** Item 2, the Minutes of the 14<sup>th</sup> and the 18<sup>th</sup> of March 2019.

**Sen. James S. Jardine:** Madam President.

**The President:** Senator Jardine, you have the floor.

**Sen. James S. Jardine:** Madam President, I move that consideration of the Minutes of the meetings of Thursday, the 14<sup>th</sup> of March 2019, and Monday, the 18<sup>th</sup> of March 2019, be deferred.

**The President:** Is there any objection to that motion?  
No objection. The Minutes are [deferred].  
Thank you, Senator Jardine.

**MESSAGES****APPROPRIATION ACT 2019****ESTIMATES OF REVENUE  
AND EXPENDITURE FOR 2019/20**

**The President:** Item 3, Messages.  
Clerk.

**The Clerk:** Yes, Madam President. We have a message from the Honourable House of Assembly. The message reads: "To the Honourable the President and Members of the Senate: The House of Assembly has the honour to forward herewith the undernoted Bills for the concurrence of your House: The Appropriation Act 2019. Copies of the Estimates of Revenue and Expenditure for 2019/20 are also forwarded for the information of your House."

And it is signed Honourable Dennis P. Lister, JC, MP, Speaker, and dated March 18, 2019.

**The President:** Thank you, Mr. Somner.

**REPORTS OF COMMITTEES**

**The President:** There are none.

**ANNOUNCEMENTS**

**The President:** There are none.

**NOTICES OF MOTION**

**The President:** There are none.

**PETITIONS**

**The President:** There are none.

**STATEMENTS**

**The President:** There are none.

**INTRODUCTION OF BILLS**

**The President:** There are none.

**FIRST READING OF PUBLIC BILLS**

**The President:** Item 10, the First Reading of Public Bills.

**FIRST READINGS****APPROPRIATION ACT 2019****LAND TAX AMENDMENT ACT 2019****DENTAL PRACTITIONERS AMENDMENT ACT 2019**

**The President:** The following Public Bills have been received from the Honourable House of Assembly and are now read for the first time. Their titles are, respectively: the Appropriation Act 2019, the Governor's recommendation signified; the Land Tax Amendment Act

2019, the Governor's recommendation signified; and the Dental Practitioners Amendment Act 2019.

## FIRST READING OF PRIVATE BILLS

**The President:** There are none.

## QUESTIONS PERIOD

**The President:** There are none.

## ORDERS OF THE DAY

**The President:** The Orders of the Day are that the Senate will undertake debate on the 2019/20 budget estimates with the second reading of the Appropriation Act 2019. And I will ask Senator Campbell.

**Sen. Vance Campbell:** Madam President, I move that the provisions of Standing Order 25 be granted so that the Senate may now proceed with the second reading of the Public Bill entitled the Appropriation Act 2019.

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

## BILL

### SECOND READING

#### APPROPRIATION ACT 2019

**Sen. Vance Campbell:** Madam President, I move that the Public Bill entitled the Appropriation Act 2019 be now read a second time, together with consideration of the Estimates of Revenue and Expenditure for the fiscal year 2019/20.

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

**Sen. Vance Campbell:** Madam President, I move that the Senate do now resolve itself into a Committee of the whole for further consideration of the Appropriation Act 2019, together with the Estimates of Revenue and Expenditure for the fiscal year 2019/20.

**The President:** Thank you, Senator Campbell.  
And I will ask Senator Jardine to take the Chair.

## ANNOUNCEMENT BY THE PRESIDENT

### SENATE VISITOR

**The President:** And before I do, can I just recognise Permanent Secretary Marva O'Brien, Legal Affairs, and the Controller, in the Gallery. Thank you.

## Senate in Committee at 10:06 am

[*Sen. James S. Jardine, Chairman*]

## COMMITTEE OF SUPPLY

### ESTIMATES OF REVENUE AND EXPENDITURE FOR THE FISCAL YEAR 2019/20

**The Chairman:** Senators, the Senate is now in Committee of the whole for further consideration of the Appropriation Act 2019, together with the Estimates of Revenue and Expenditure for the year 2019/20.

There is a schedule, which has been circulated to all Senators, which sets out the business for the day in Committee. And the first Ministry up for debate this morning is the Ministry of Legal Affairs. There are two hours allotted to this debate, and we will be considering Heads 87, 4 and 23.

Now, I believe Senator . . . are you taking this debate?

**Sen. Anthony Richardson:** To start, yes.

**The Chairman:** Thank you. Yes, on behalf of the Senator, the Attorney General, who has had to leave the Senate temporarily for the moment.

So, Senator, if you would please continue and present the Heads 87, 4 and 23, please.

**Sen. Anthony Richardson:** Good morning, Mr. Chairman, fellow Senators and members of the listening audience.

**The Chairman:** Good morning.

## MINISTRY OF LEGAL AFFAIRS

**Sen. Anthony Richardson:** I move that the Committee do now take under consideration Head 87, Ministry of Legal Affairs Headquarters; Head 4, Attorney General's Chambers; and Head 23, Child and Family Services.

### HEAD 87—HEADQUARTERS

**Sen. Anthony Richardson:** Mr. Chairman, the Ministry of Legal Affairs is charged with the responsibility of upholding the Constitution and the legal system of Bermuda.

The Ministry's mission statement, department objectives and current account expenditures are found on page B-80 of the Budget Book. Its mission is as follows: *to provide the fair administration of and access to justice whilst strengthening and promoting the well-being and protection of children, adults and families through the rehabilitation, prevention and treatment services.*

The department objectives of the Ministry Headquarters are to advance Government policy initiatives under the direction of the Minister of Legal Affairs; to ensure the Government's legislative framework is updated and current with policy directives; and to effect synergies amongst Ministry departments to ensure that overall policy objectives are met.

Mr. Chairman, the departments that come under the umbrella of the Ministry are as follows:

- Legal Affairs Headquarters;
- Judiciary;
- Attorney General's Chambers;
- Department of Court Services;
- Department of Public Prosecutions;
- Department of Child and Family Services; and
- Department of National Drug Control.

### Current Expenditure

**Sen. Anthony Richardson:** Mr. Chairman, the Ministry's budget commences on page B-79 of the Approved Estimates of Revenue and Expenditure for the year 2019/20 in the Budget Book.

A budget ceiling of \$49,071,000 was allocated to the entire Ministry for the 2019/20 fiscal year. This amount represents \$1,167,000, or 2 per cent, increase from the current 2018/19 fiscal year. A comprehensive analysis of the Ministry's expenditure was undertaken to strike a balance between optimising spending limits without compromising the efficient delivery of services.

And, Mr. Chairman, we will now return to Madam Attorney General.

**The Chairman:** Thank you, Senator.

Senator, Attorney General Kathy Simmons, will now continue with the presentation of Heads 87, 4 and 23.

**Sen. the Hon. Kathy Lynn Simmons:** Thank you, Mr. Chairman, and thank you, colleague, for stepping in.

The 2 per cent overall annual budgetary increase can be accounted for as follows:

- the transfer of the Mirrors Programme of \$906,000;
- \$2,000 increase in minor overhead costs for the department;
- \$250,000 increase in salaries due to the rise in pay scales approved by the Joint Grading Panel for the Judicial Department;
- \$200,000 transfer to the Department of Child and Family Services from the Ministry of Health for a grant given to Teen Haven; and
- a net reduction in overhead expenses for the Department of Public Prosecutions and the Department of Court Services in the amount of \$191,000.

The breakdown is detailed on page B-79 of the Budget Book. It is recorded that costs have been cut in two aforementioned departments, to be reallocated based on the needs of the Ministry.

Mr. Chairman, the full-time equivalents, or FTEs, starting for the Ministry of Legal Affairs increased from 303 to 315 from 2018/19 to 2019/20, as a result of the following: one additional FTE for a pupil in headquarters; six FTEs as a result of the transfer of the Mirrors Programme to Legal Affairs; three FTEs under the Legal Aid scheme as a result of the new Legal Aid model (i.e., a Legal Aid counsel, a paralegal and a junior Legal Aid counsel); one FTE under the Judicial Department, who will be responsible for the Criminal Injuries Compensation Board and Liquor Licensing; and one FTE under Child and Family Services.

The Government is committed to ensuring that there is government efficiency and value for money. We have already begun to see where legal and investment is trending towards reduced costs and overall savings. Investing in our future lawyers promises to pay dividends for the future of our Chambers and the domestic quality of the legal fraternity. The Criminal Injuries Compensation Board undertakes a vital function with respect to reducing the impact of violent crime, and Mirrors' work is to develop our youth to prevent such crimes in the first instance.

Of the \$49,071,000 allocated to the Ministry, particular allocations are as follows:

- Ministry Headquarters, \$6,627,000;
- Judicial Department, \$8,723,000;
- Attorney General's Chambers, \$5,308,000;
- Department of Court Services, \$4,658,000;
- Department of Public Prosecutions, \$3,329,000;
- Department of Child and Family Services, \$15,915,000; and
- Department of National Drug Control, \$4,511,000.

### Revenue

**Sen. the Hon. Kathy Lynn Simmons:** Under the head of Revenue, the only departments under the Ministry's portfolio that have a mandate to generate revenue are the Judicial Department and the Department of Child and Family Services. Their combined revenue is projected to be \$10,403,000. This amounts to \$1,405,000 more than the 2018/19 original estimates.

And let me just digress for a minute and advise Senators that, in the Budget Book, in the Difference column, that is the difference between the original estimate from 2018/19, Mr. Chairman, and the estimate for the 2019/20, shown in amount and percentage, just to make that clear because that was a question that arose in the House.

**The Chairman:** Yes. Thank you, Senator.

### Current Account Expenditure

**Sen. the Hon. Kathy Lynn Simmons:** Mr. Chairman, the Current Account Expenditure estimates for Head 87, the Ministry of Legal Affairs Headquarters, begins at page B-80 of the Budget Book. A total of \$6,627,000 has been allocated to the Ministry Headquarters. This represents an increase of \$909,000, or 16 per cent, from the 2018/19 original estimates. The increase is mainly due to the budget allocation of \$906,000 for the Mirrors Programme. It will be transferred to the Ministry commencing on April 1, 2019, and is not reflected in the original estimates for 2018/19.

In addition, resources were diverted to increase funding for the services that will be performed by the Litigation Guardians, net of a small decrease in the funds allocated to other overhead costs within the Ministry. Legal services costs have also decreased due to the effects of the reform of the Legal Aid model.

### Salaries

**Sen. the Hon. Kathy Lynn Simmons:** Mr. Chairman, of the \$6,627,000 allocated to Ministry Headquarters, \$2,355,000, or 36 per cent, of the budgeted amount represents the allocation for salaries. This includes salaries for Ministry Headquarters, the Legal Aid Office, the Financial Sanctions Implementation Unit (which is new) and the Mirrors Programme. And the specific details are as follows:

- \$724,000 for Ministry Headquarters;
- \$829,000 for the Legal Aid Office;
- \$324,000 for the Financial Sanctions Implementation Unit; and
- \$478,000 for the Mirrors Programme.

### Professional Services

**Sen. the Hon. Kathy Lynn Simmons:** Mr. Chairman, \$1,866,000, or 28 per cent of Ministry Headquarters' Budget, is allocated to Professional Services. Budgeting is for external legal counsel retained by the Legal Aid Office of \$660,000. Also included in the Professional Services allocation is a budget of \$554,000 for the Justice Protection Programme. This programme continues to produce excellent dividends for Bermuda by contributing to the successful prosecution and conviction of criminals. Also included in professional services is funding allocated for Litigation Guardians in the amount of \$242,000, to ensure the independent representation of children during court proceedings. Further funding in the amount of \$105,000 has been provided towards public relations, through a communications officer on behalf of the Ministry. Funding in

the amount of \$143,000 will enable the Mirrors Programme to avail itself of required consultants.

Communication Expenses, found on page B-81, in the amount of \$65,000, consists of telephone expenses for various sections under Ministry Headquarters, which are Administration, Legal Aid, the Sanctions Unit and the Mirrors Programme. A total of \$98,000, also found on page B-81, mainly relates to transporting 22 senior school students overseas for camps under the Mirrors Programme, rather than hosting the camps locally. This change is a more cost-effective way of providing services while building youth leadership skills. It also allows the students to interact with overseas students and acclimatise to a college campus-like experience.

Mr. Chairman, the Ministry of Legal Affairs Headquarters is furthermore functionally subdivided into six fiscally identifiable programmes, as follows:

- 97000, Administration;
- 97010, Financial Intelligence Agency, which is a grantee;
- 97030, Legal Aid;
- 97070, Justice Protection;
- 97080, Financial Sanctions Implementation Unit; and
- centre 97090, the Mirrors Programme.

I will proceed to address them individually, as follows:

### Administration—97000

**Sen. the Hon. Kathy Lynn Simmons:** This programme provides for the administrative costs associated with the Ministry Headquarters, to which \$1,338,000 has been allocated. This represents an increase of \$389,000, or 41 per cent, from the 2018/19 original estimates. The increase is mainly due to the funding allocated for Litigation Guardian fees of \$242,000, and one communications officer budgeted, as I mentioned previously, for \$105,000.

This communication officer is a political consultant whose services consist of developing materials, including but not limited to writing and editing speeches, greetings, press releases, press statements and fact sheets; coordinating with the Department of Communications to support the Minister's (my) development in preparation and delivery of information; liaising with local media and communications industry to advise on the best use of traditional, non-traditional and new media to reach identified targeted audiences; developing and implementing strategies for media queries, communication planning and service delivery in compliance with established policies and procedures.

Mr. Chairman, included in the Administration cost centre are salaries and related costs for Ministry Headquarters. Administrative support for the Minister and Permanent Secretary is provided by one seconded executive assistant and one administrative assis-

tant. Policy formulation for Ministry legislative initiatives and project management is provided by a policy analyst. Fiscal and financial control is provided by a Ministry Comptroller, who is in the Chamber today, our very talented and diligent Ms. Onika Mendes.

Mr. Chairman, Ministry Headquarters intends to continue to focus on the codification and efficient delivery of Throne Speech initiatives. Our Ministry's most recent commitments include the vital role to be played in realising the medicinal and economic benefits of medical cannabis, modernising Bermuda's liquor licensing regime to meet the challenges confronting us, and needed court reform to address the pressing social challenges of settling family law disputes.

Moving from limited decriminalisation of cannabis to laying the framework of a medical cannabis industry entails overcoming many hurdles. Mr. Chairman, our Government is responsive to the increasing numbers of medical professionals embracing the science surrounding cannabis, and its positive impact on pain relief and the management of chronic medical conditions. The Ministry is progressing with advancing the regime whereby licensed medical practitioners are permitted to prescribe medicinal cannabis to aid in the treatment of such conditions.

In its 2017 platform, Mr. Chairman, the Government promised to "allow licensed practitioners to prescribe their patients medicinal cannabis to address legitimate health issues and establish a regime for domestic medicinal cannabis production." The Government has already delivered on a platform promise that targeted removing the criminal offence for simple possession by any person who held seven grams or less of cannabis. In this 2019/20 budget year, the Ministry intends to advance from limited decriminalisation of cannabis to also establish a robust licensing regime that will create a comprehensive framework that embraces the science of cannabis use for medicinal purposes.

Mr. Chairman, Legal Aid reform has moved into the implementation phase, where we are already experiencing projected cost-savings results, to be enhanced with further implementation. This is the outcome of our commitment to minimising outsourcing legal services where feasible. And we reap the benefits of handling matters in-house with added staff; that pays dividends as compared to the considerably costlier option of outsourcing, as was blindly committed to in the past.

Liquor licensing reform is well underway to strike the right balance between the commercial benefits of selling alcohol and responsible consumption. Our current liquor licensing regime is as cumbersome and dated as should be expected for having been originally fashioned in 1974, which is almost 45 years ago, Mr. Chairman. Accordingly, in keeping with Government's commitment, legislation is well underway, and actually was tabled recently in the House, to modernise the mechanisms and the process by which

liquor licences are granted. This will also expand classes of licences, enhance enforcement and provide a balanced approach that promotes health and safety to the community, while supporting businesses and our tourism product.

Mr. Chairman, in the 2019/20 budget year, the Ministry of Legal Affairs will further introduce amendments that are designed to improve and modernise the functioning of the Liquor Licensing Authority under the Act. It remains the duty of a responsible government to ensure that adequate protections exist in law to administer the sale and consumption of alcohol in the best interests of the whole society. The gaps identified in the liquor licensing regime are preventing businesses from legally serving alcohol at certain events. It is anticipated that amendments to the law will decrease the practice of serving alcohol without the proper authorisation.

Mr. Chairman, having passed sex offender legislation to protect society, and especially our children, work continues apace to coordinate stakeholders and to implement the sex offender registration and notification system. The work of the Joint Select Committee was carefully considered to ensure a bipartisan approach to the measures ultimately implemented. As a result, we now have a comprehensive registration, rehabilitation, monitoring and reporting system under the auspices of an Offender Risk Management Team with this primary mandate. The aim is to ensure that all necessary steps are taken for offenders to be reformed, once incarcerated, and appropriately monitored and supervised upon release. Appropriate notices will be provided to victims and the public to prevent re-offending, with particular regard to the safety of our children.

Mr. Chairman, the Ministry's commitment to providing opportunities to train Bermuda's next generation of lawyers continues apace. Our pupillage programme provides pupils with an opportunity to work under the supervision of a designated barrister known as a "pupil master." The pupil is thereby provided with training and experience within a number of different areas within the Ministry. This includes the Department of Public Prosecutions and Legal Aid Department, where they gain criminal law experience; the Civil Advisory section of the Attorney General's Chambers, where they gain experience in civil litigation and advice; and the Drafting Section of the Attorney General's Chambers, where they are taught the process of how the law is made.

In 2018, Mr. Chairman, four pupils were selected to participate in the programme, and it is anticipated that each will be given the opportunity to become proficient in an array of legal disciplines. The pupils have been placed on a rotation schedule and have been given the opportunity to assist with files, attend court and gain experience with the type of work for which the pupil master has responsibility, in addi-

tion to working with any other persons within the Ministry whom the pupil master may assign the pupil to.

Throughout the pupillage period, the pupils work under close monitoring and supervision of their pupil masters. They are provided with the required assistance and the opportunity to discuss complex legal matters to ensure that their pupillage is progressing appropriately and that it meets, if not exceeds, the requirements of the Bermuda Bar Association Pupillage Guidelines. Those guidelines require that a number of practice areas are covered during the pupillage, such as legal research, problem analysis and fact investigation, planning and conduct of a matter, and file and practice management.

The programme is proceeding efficiently, and it is anticipated that a positive pupillage experience will continue to endear pupils to recommend others to pursue a legal career within the Ministry, thereby offering preferential opportunity to recruit new talent.

Finally, child support arrears enforcement remains a challenging priority relating to unifying the Family Court to fully marshal mediation and case management to resolving family [law] disputes. Resources will be deployed to implement a Unified Family Court and Mediation Centre [UFCMC] to better assist families in crisis and decrease dependency on an adversarial system. The stress of litigation will be further offset by streamlined case management to further minimise protracted disputes in family matters. The intended single registry office promotes better trained professionals at every level. This restorative justice approach is long overdue to assist children and families faced with the daunting challenges of resolving disputes without damaging the social bonds that they depend upon.

In 2019/20, the Ministry of Legal Affairs, as described in the 2018 Throne Speech, will progress the Unified Family Court and Mediation Centre to provide coordinated services to those who have family-related matters within the judicial system. Restorative justice will be fully integrated to progress cases involving children and families in a fair, efficient, and cost-effective manner. It is anticipated that this platform will assist to empower families through appropriate skills development activities and sound case management practices to resolve disputes.

### Legal Aid—97030

**Sen. the Hon. Kathy Lynn Simmons:** The Legal Aid Office, Mr. Chairman, is our next category. And that is under 97030. Mr. Chairman, the purpose of the Legal Aid Office is to ensure that legal advice and representation is readily available to those who need it most, and who, because of limited financial means, would otherwise be unable to secure access to justice. The mission statement of the office is *to provide high-quality legal representation to those who qualify for assistance under the Legal Aid Act 1980*. The office

aims to achieve this by providing qualified clients with accessible and professional legal services in a timely and efficient manner.

Mr. Chairman, the Legal Aid scheme, which is administered by the Legal Aid Committee under the authority of the Legal Aid Act 1980, is allocated for 2019/20 a total of \$1,684,000, which is a 19 per cent, or \$389,000, decrease from the 2018/19 original estimate allocation. The decrease in the budgetary needs from 2018/19 is primarily attributable to less funding being allocated to Legal Services. This results from in-house Legal Aid counsel taking conduct of many cases that would otherwise have been allocated to outside counsel at a higher cost per case. The private bar still retains a role in the operation of the Legal Aid scheme, but the implementation of public policy-based cost controls has reduced this area of expenditure.

Of the 2019/20 allocation, \$829,000, or 49 per cent, represents salaries for the administrative and management staff. Of the budget, \$660,000, or 39 per cent, represents costs allocated for legal services. The remaining \$195,000, or 12 per cent, represents administrative expenses, other than salaries, for the Legal Aid Office.

Mr. Chairman, the Legal Aid Office has focused primarily on increased operational control over client litigation and administrative efficiency. The reduction of expenditure, where possible, has been a primary concern, but not at the expense of a reduction in the quality of legal services.

The largest area of expenditure within the Legal Aid budget remains legal fees, which is in keeping with historical trends. The office was able to contain spending within its budget in 2018/19 through prudent management, coupled with the cost reduction and budget control initiatives outlined in the previous budget. The transition to the reformed Legal Aid model commenced in June 2018 and continues underway. To date, one of three legal counsel has been employed to decrease previously outsourced work. And the counsel who is actually leading the office at present is Charles Richardson, who is doing a sterling job and is very good at revising the policy in order to continue to achieve our cost-reduction.

Although full staff is not yet in place, from the period June 1<sup>st</sup>, 2018, to December 31<sup>st</sup>, 2018, legal fees paid to external counsel amounted to \$996,000. This compares to the annual average cost for the immediately preceding two-year period of over \$1 million. It is anticipated that costs will continue to trend downward in tandem with full implementation of the reformed model.

### Legal Services

**Sen. the Hon. Kathy Lynn Simmons:** Mr. Chairman, under the category of Legal Services, between the period 1<sup>st</sup> of April 2018 and 31<sup>st</sup> of August 2018, the Legal Aid Office managed a combined total of 105

new matters: 13 domestic matters, 7 matrimonial matters, 30 civil matters, and 55 criminal matters.

The Legal Aid Office continues to maintain a general roster of counsel from private practice, who provide legal services to persons granted Legal Aid Certificates, notwithstanding that in-house counsel also absorb a percentage of the caseload. For the period from April 1<sup>st</sup>, 2018 to January 31<sup>st</sup>, 2019, there were 80 counsel, including two Queen's Counsel, representing 40 law firms, who were listed on the Legal Aid roster. The Legal Aid Office does not keep statistics on the nationality of counsel; however, the majority are Bermudians. To get on the roster or list, counsel must write a letter to the Legal Aid Committee requesting to be added to the roster, and include their qualifications. The current initiative to reform the Legal Aid service delivery model will

1. increase sustainability;
2. provide employment and training opportunities for Bermudian counsel;
3. improve succession planning; and lastly,
4. significantly reduce expenditure on legal fees, which has historically been an area of budget overspend.

The Legal Aid Office continues to be a major stakeholder in the specialist court programmes such as the Drug Court and Mental Health Treatment Court, providing defence counsel for these courts. In addition to the traditional rosters of counsel participating in the Legal Aid scheme and duty counsel managed and maintained by this office, small rosters are also in place for these specialist courts. If in-house counsel are not available, private practice counsel who are competent in these areas will be utilised.

The Legal Aid Office also produced a comprehensive Legal Aid Policies and Procedures Guidelines document relevant to these courts, which was released to the members of the Bermuda Bar Association for circulation to its members in July of 2018. This provides a useful reference guide to counsel who currently participate in those courts and those who may wish to join. The Bar has also included a designated Legal Aid section on its website, for ease of access.

### Output Measures

**Sen. the Hon. Kathy Lynn Simmons:** Mr. Chairman, with regard to output measures, the Legal Aid Office retains the ability to process applications for legal aid certificates within 14 working days. However, achieving this objective is dependent on whether applicants have submitted the required information in a timely manner. One of the primary areas of delay was a lack of information from applicants as to the precise nature of the assistance that they were seeking. We have modified the application process to address this concern. A supplemental form to the Legal Aid application was developed to gather more information from the

applicant on the nature of the dispute. This has allowed the committee to better assess the application in determining if the individual qualifies for the grant of legal aid.

The Legal Aid Office continues to process applications for Temporary Certificates, commonly known as emergency certificates, within three working days. This is feasible once all relevant financial information is submitted at the time of application. The applications for emergency certificates can be approved, provided that they are capped below a certain amount and are ratified by the committee within 28 days.

Mr. Chairman, at present the Legal Aid Office comprises three administrative posts and three legal posts. The three administrative posts are the office manager, accounts assistant and an administrative assistant. The three legal posts are the senior legal aid counsel, a paralegal and a law pupil. In the coming months, more staff will be added to this complement, consisting of two more counsel, bringing the eventual number to three. These three counsel will attend court and represent clients at a reduced cost to the public purse, since they will be on salary, as opposed to drawing an hourly fee rate. We expect to see appreciable savings by using this model.

With regard to training and development, Mr. Chairman, the Legal Aid Office has as one of its primary objectives to be focused not only on present service provision, but also development of the quality of the advocates who appear in court on behalf of our clients. To this end, the research and library facilities at the Legal Aid Office are being revamped. This is necessary to support the litigation that will now be carried on out of that office, because for the first time Legal Aid counsel will not simply be managing the scheme on an administrative level, but they will also have conduct of serious cases in Supreme Court, such as murders and firearms matters. This broadening of the scope of the work done by the Legal Aid counsel will provide ripe opportunities for rapid growth and the acquisition of valuable experience.

There will eventually be two junior counsel who will work under the guidance of the senior Legal Aid counsel. Training on the office's case management system, Legal Files, was also recently conducted for all staff to develop their competency on the system, as well as to keep them abreast of updates. The Legal Files system is the database that we use to track client information, case disposition, classification and cost of each case that we have conduct of.

The diversity of work in the Legal Aid Office makes it an attractive option for pupils, law students and summer students. It is integral to facilitating the Ministry's thrust to train and retain competent and qualified Bermudians. At present, there is a roster which allows pupils to spend time working in all of the relevant government legal environments, on rotation (which was mentioned earlier), at the end of which they will be able to draw on a wide base of knowledge

and eventually choose a specialisation area and settle into practice.

With regard to other initiatives of that office, Mr. Chairman, amendments to the Legal Aid legislation will be considered during the upcoming fiscal year with respect to the calculation of disposable income and to take into account the cost of living increases. This will be coupled with the implementation of clear guidelines on the categories of cases that will qualify for coverage, those categories themselves being a reflection of a balance between the principles of access to justice on the one hand and reasonable use of public funds on the other.

An agreement between the Bermuda Bar Association and the Legal Aid Office, Mr. Chairman, is in place to ensure that counsel participating in the scheme will be trained to have a full understanding of the Legal Aid policies, procedures and general expectations of counsel undertaking legal matters. Existing counsel who wish to undertake legal work must attend one mandatory continuing education training session per year, hosted by the Bar Association, in order to remain on the Legal Aid Roster. Additionally, those counsel who undertake a certain amount of Legal Aid work per year are granted a discount on the fees payable for their practicing certificates.

#### **Justice Protection Programme—97070**

**Sen. the Hon. Kathy Lynn Simmons:** And now, Mr. Chairman, I will move on to item 97070, which is the Justice Protection Programme. Mr. Chairman, the Justice Protection Programme has been allocated a budget of \$554,000 for fiscal year 2019/20, which is \$3,000 more than the prior 2018/19 year's original estimate.

This programme is operated pursuant to the Justice Protection Act 2010 and provides protection for witnesses who support the prosecution process and meet the legislative requirements for entry into the programme. The success of this legislative initiative is apparent from the increase in successful prosecutions, particularly those that are gang-related and involve violent offenders, similar to within other jurisdictions.

## **ANNOUNCEMENT BY THE CHAIRMAN**

### **SENATE VISITOR**

**The Chairman:** Thank you very much. Thank you very much, Madam Attorney General.

If I can just interrupt for a minute, the Senate would like to acknowledge the presence of MP Michael Scott in the Senate today.

Welcome. Very pleased to see you.

Thank you very much, Madam Attorney General. You may continue.

**Sen. the Hon. Kathy Lynn Simmons:** Thank you, Mr. Chairman. I will move on now to the Financial Sanctions Implementation Unit.

*[Committee of Supply, continuing]*

#### **Financial Sanctions Implementation Unit—97080**

**Sen. the Hon. Kathy Lynn Simmons:** Mr. Chairman, the Financial Sanctions Implementation Unit [FSIU] is a new unit established subsequent to the transfer of the Office of NAMLC to the Ministry of Finance. Of the 2019/20 allocation, \$324,000, or 95 per cent, represents salaries for administration. The remaining \$16,000, or 5 per cent, represents overhead costs for setting up the new unit.

The FSIU, which is what we call the unit, was formally established in September of 2018. The history of this unit dates back quite some time. The current and previous administrations have discussed the importance of the establishment of the unit, as the country was preparing for the onsite Mutual Evaluation by the Caribbean Financial Action Task Force, a regional body that is linked with the Financial Action Task Force. And Senators have heard about these task forces for some time. The unit oversees the implementation and the close monitoring of financial sanctions in Bermuda, and also advises the Minister of Legal Affairs of wider matters relating to anti-money laundering and the financing of terrorism.

Mr. Chairman, the Governor is the competent authority in Bermuda responsible for the implementation of financial sanctions. His powers are set out in the various Overseas Territories Orders that are in force in Bermuda, pursuant to the International Sanctions Act 2003 and the International Sanctions Regulations 2013. The Governor, by way of the International Sanctions (Delegation of Governor's Powers) Notice 2018, transferred certain functions to the Attorney General and Minister of Legal Affairs, which took effect on the 25<sup>th</sup> of September 2018.

Mr. Chairman, it must be noted that the United Kingdom retains overall responsibility for the external affairs of Bermuda, and that the special responsibility of the Governor for external affairs and defence under section 62 of the Constitution of Bermuda is in no way affected by the delegation. In particular, under the said Orders, the Minister of Legal Affairs has the power to:

- (a) obtain evidence and information by taking such steps as considered appropriate to cooperate with any international investigation relating to the funds, economic resources or financial transactions of a designated person;
- (b) issue and revoke licences, with the consent of the Secretary of State, and may grant a licence authorising an activity that would otherwise be prohibited under the said Orders, and such licence can be varied or revoked by

- the Minister at any time with the consent of the Secretary of State;
- (c) serve as a reporting depository to whom a relevant institution reports or informs if it credits a frozen account pursuant to an Order;
  - (d) authorise persons with power to search and investigate suspected ships/aircrafts/vehicles; and finally,
  - (e) specify, by regulations, in the currency of the territory, the amount which is to be taken as equivalent to sums expressed in sterling in the relevant Order.

Mr. Chairman, the FSIU provides support to the Attorney General and Minister of Legal Affairs in carrying out the functions that have been delegated by the Governor.

The FSIU also provides the necessary infrastructure to effectively implement targeted financial sanctions, as well as provides support to the Minister in respect of statutory functions regarding implementation of the government's anti-money laundering initiatives.

### Output Measures

**Sen. the Hon. Kathy Lynn Simmons:** Mr. Chairman, with regard to the output measures for the FSIU, the unit ensures that the sanctions measures webpage of the government portal is updated with regard to additions or de-listings for the various sanction regimes. Thus, upon notification from HM Treasury's Office, the FSIU updates the webpage within 24 hours and also notifies supervisors to immediately advise their supervised entities. In addition, the FSIU will be engaging in outreach to relevant government ministries and departments, as well as with industry, to increase awareness and provide information regarding obligations under Bermuda's sanctions regime and the role of the FSIU in implementing targeted financial sanctions.

Mr. Chairman, the FSIU is also keeping a watching brief on Brexit and, should the need arise, will work with the UK authorities and operational partners to ensure that Bermuda's sanctions regime is functioning effectively and efficiently. Post Brexit, the UK will establish its own regime for implementing sanctions imposed by the United Nations and UK's domestic sanctions. European Union sanctions will roll over into UK law under the Sanctions and Anti-Money Laundering Act 2018.

Drafting has been ongoing by the Foreign and Commonwealth Office to bring relevant sanctions in force in the UK currently into force post Brexit.

It should be noted, Mr. Chairman, that if the UK leaves the EU with a deal, there will be a transition period. And during such period, the UK will continue to implement sanctions under the EU sanctions regime. The transition period could potentially be between one and two years and would be noted in the deal. Should

the UK leave the EU without a deal, the statutory instruments already drafted under the Sanctions and Anti-Money Laundering Act 2018 and tabled in the UK Parliament will come into force once the UK exits the EU. Where sanctions regimes have not yet been tabled under that legislation, the European Union (Withdrawal) Act 2018 allows the UK to impose sanctions under EU law until drafting and tabling of the UK legislation has occurred.

The EU Withdrawal Act also allows OTs (or Overseas Territories) to continue to impose sanctions under EU laws as set out in the various Overseas Territories' Auditing Council with sanction regimes until the UK has implemented OT orders to bring sanctions regimes into force under the Act. (It gets to be complex.) Once the UK implements the new OT orders, Bermuda will bring such orders into force under the International Sanctions Regulations 2013.

Mr. Chairman, currently the FSIU comprises a responsible head, and recruitment is underway to fill the position of legal counsel. Administrative support is provided by headquarters as needed. The head, who is Ms. Renee Foggo, is responsible for implementing targeted financial sanctions including the following: bringing relevant Overseas Territories Orders in Council into force in Bermuda; reviewing licence applications in respect of the various sanction regimes; liaising with Government House and UK authorities on sanction matters; and assisting headquarters with Bermuda's mutual evaluation process.

During the period, the head has been assisted by Legal Aid counsel who was seconded to the legal counsel post from the Attorney General's Chambers.

With regard to Training and Development, the FSIU benefited from training from Her Majesty's Treasury Office of Financial Sanctions Implementation (and we call it OFSI) in July of 2018. The OFSI team members conducted a two-day training session on financial sanctions implementation that provided instructive information and practical exercises on dealing with financial sanctions implementation.

Further, the head attended meetings at the OFSI in January 2019 and met with OFSI's director and heads of the various units in order to gain more insight into the effective implementation of targeted financial sanctions. In addition, OFSI will be conducting meetings with the UK's Overseas Territories in Miami in March. And I believe Ms. Foggo has just returned from those meetings. And the FSIU will attend and lead a session on the implementation of targeted financial sanctions and share Bermuda's experience in respect of having certain functions delegated from the Governor to the Minister.

And I will say at this juncture that the Deputy Governor has been instrumental in working with us to ensure that the training takes place. And we are grateful to her in that regard.

### Mirrors Programme—97090

**Sen. the Hon. Kathy Lynn Simmons:** I will move on now, Mr. Chairman, to 97090, which is the Mirrors Programme. Mr. Chairman, the Mirrors Programme is newly transferred to the Ministry of Legal Affairs as a result of the Cabinet shuffle. Of its 2019/20 budget, \$906,000 has been allocated. Of this, \$478,000, or 53 per cent, represents salaries for administration. The remaining \$428,000, or 47 per cent, represents overhead costs.

This programme is focused on socio-emotional skills development, performance coaching and personal transformation for middle and senior school students, with an emphasis on innovative learning strategies and leadership skills. Mirrors Programmes are based on creating a deep and lasting transformation in the lives of participants so that they can reach their fullest potential. The long-term objective is to make better learners and build a resilient community of young adults who have positive life outcomes in education, employment and lawfulness.

There will be a reduction in the number of students served, from 36 senior school students to 22 for the 2019/20 financial year, and the shift in traveling overseas to a university setting for the camp services versus hosting the residential camp locally. This change is a more cost-effective way of providing services whilst building students' leadership skills, allowing them to interact with overseas students and have a college campus life experience. And I mentioned that earlier. The limited venues locally and the rising cost for conference and housing services would not be sustainable in the long term.

Mr. Chairman, the Mirrors Alumni and Friends Association will support the Mirrors Programme to launch the PeerForward, [formerly known as] College Summit programme, for 2019/20, with a grant from Skyport. PeerForward mobilises students to create a college-going culture in their high school.

The PeerForward method guides more students to college by tapping the peer resources in high schools. It is informed and validated by research on the key actions essential for postsecondary degree attainment. PeerForward trains, deploys and coaches a team of Peer Leaders, who are charged with boosting college preparation and enrolment across their entire school. They mobilise friends and classmates to realise their true college and career potential.

Mr. Chairman, the budget allocation for grants for fiscal 2019/20 is found at page C-16 of the Approved Estimates of Revenue and Expenditure for year 2019/20. And for this period, a grant will be provided to the Financial Intelligence Agency [FIA].

In continuance of Government's efforts to combat money laundering and terrorist financing, the FIA was established under the Financial Intelligence Agency Act 2007. The FIA is the independent agency authorised to receive, gather, store, analyse and dis-

seminate information relating to suspected money laundering and financing of terrorism, which is received in the form of a suspicious activity report. The FIA is empowered to disseminate such information to the Bermuda Police Service and to Foreign Intelligence Authorities.

Mr. Chairman, \$1,805,000 was allocated for fiscal 2019/20, an amount that has remained the same as fiscal year 2018/19. This represents the total amount allocated for grants provided by headquarters under cost centre 97010. The statutory mandate of the FIA dictates that the agency must report its quarterly expenditure and provide an annual audited report to the Minister of Legal Affairs.

### Capital Expenditure Estimates

**Sen. the Hon. Kathy Lynn Simmons:** Mr. Chairman, the budget allocation for Capital Expenditures is found at page C-9 of the Estimates of Revenue and Expenditure. The Ministry has been allocated a total of \$260,000 for fiscal year 2019/20. Of this, \$249,000 is allocated for video conferencing. The remaining \$11,000 is intended to be used to purchase fully depreciated assets with no residual value for departments under the Ministry. Finally, Mr. Chairman, it is anticipated that the Ministry of Legal Affairs Headquarters' budget allocations for 2019/20, as detailed, will enable the Ministry to successfully fulfil its mandate, with careful monitoring and the continuing exercise of financial prudence.

That completes Head 87, Mr. Chairman.

**The Chairman:** Thank you, Madam Attorney General.

If you would like to proceed to the next head, which according to our schedule is Head 4.

**Sen. the Hon. Kathy Lynn Simmons:** Thank you, Mr. Chairman. And Head 4—

**The Chairman:** Is the Attorney General's Chambers.

**Sen. the Hon. Kathy Lynn Simmons:** The Attorney General's Chambers.

### HEAD 4—ATTORNEY GENERAL'S CHAMBERS

**Sen. the Hon. Kathy Lynn Simmons:** Mr. Chairman, the mission statement, department objectives and current account estimates for the Attorney General's Chambers, Head 4, begin on page B-93 of the Budget Book.

Mr. Chairman, as legal advisors to Government, the Attorney General's Chambers is committed to providing high-quality legal advice and litigation services and to drafting sound legislation, ever mindful of the need to protect the public interest and to safeguard and preserve the fundamental rights and freedoms enshrined in our Constitution. In doing so, we

also pledge to uphold the traditions of equity, fairness and justice inherent in the legal profession, whilst simultaneously remaining on the cutting edge of legal trends and technologies to ensure that we are abreast of, and in accord with, global trends.

Mr. Chairman, with regard to expenditure, a total of \$5,308,000 has been allocated for Chambers. This represents a decrease of \$1,000, or 0.0 per cent, from 2018/19.

Mr. Chairman, the Attorney General's Chambers' objectives are as follows:

1. to provide quality legal services to the Government of Bermuda;
2. to advise all government ministries, departments and entities on the law applicable to their operational requirements;
3. to draft legislation as required to implement the Government's legislative agenda, to maintain Bermuda's legislative database, and to support law reform;
4. to draft contracts, international instruments for mutual tax information exchange, conveyances and other documents required for public purposes, and to provide advice on Private Bills; and finally,
5. to conduct litigation in the civil courts of Bermuda on behalf of the Government of Bermuda.

Mr. Chairman, the Attorney General's Chambers is functionally divided into six programmes accounted for as follows: Administration, under 14010, and I will deal with that first. Administration provides administrative support to the Attorney General, Solicitor General and Crown Counsel. This cost centre provides salaries for an office manager, a receptionist, a records management clerk and an administrative assistant for Accounts.

It also supports the purchasing of office supplies that are common to all sections of the department. The modest year-over-year increase is due to anticipated changes in the salary grading funds allocated for an administrative post and an increase in funding for the repair and maintenance of office equipment.

Under cost centre 14020, which is Advisory, Mr. Chairman, that section is responsible for providing quality legal advice to all government departments, and to conduct litigation matters brought by or against the government. Additionally, Advisory is responsible for recovering debts owed to the government.

This cost centre provides salaries for one Solicitor General, one Deputy Solicitor General, two Senior Crown Counsel, six Crown Counsel, three administrative assistants, and one pupil. The increase is due to the additional costs for consultant services.

Under cost centre 14030, which is Legislative Drafting, Mr. Chairman, that section advises regarding proposals to introduce or amend legislation, drafts primary and subordinate legislation for all government

departments, and provides advice and support to Ministers in the House of Assembly and Senate as their respective legislation progresses. Mr. Chairman, this section also provides advice to Ministers and the Governor on legal and constitutional issues and on matters of parliamentary procedure.

The salaries provided for in this cost centre include those of the Chief Parliamentary Counsel, Deputy Chief Parliamentary Counsel, five Parliamentary Counsel, two Assistant Parliamentary Counsel, a legislative database manager, a legislative editor, a legislative administrator, and a legislative database administrator. The year-over-year budgetary decrease is due to the reallocation of funding from salaries to consultant services, which resulted in annual savings of \$46,000.

Under cost centre 14040, which is Revised Laws of Bermuda, this cost centre supports the consolidation, periodic revision and publication of the laws of Bermuda. It is responsible for providing Members of both Houses of the Legislature, businesses, lawyers and the general public with access to the revised statutes and regulations of Bermuda. It also supports the ongoing consolidation of primary and subordinate legislation. The year-over-year decrease is due to anticipated savings from other cost centres within the Ministry to support the software maintenance for the Pro-Law system.

I now move on, Mr. Chairman, to cost centre 14050, which is Debt Collection. And, Mr. Chairman, the Debt Enforcement Unit within the Attorney General's Chambers was established by the Government to assist the Department of Social Insurance and the Office of the Tax Commissioner within the Ministry of Finance with the recovery of unpaid Social Insurance contributions, payroll tax, land tax, and other taxes owed to the Government when instructed to do so by the said department.

Often, the departments have payment plans in place with debtors as an alternative to initiating actions against them. The cost centre provides salaries for one Crown Counsel, one Junior Crown Counsel and an administrator.

Under cost centre 14060, which is our Law Library, Mr. Chairman, this programme provides for the cost of maintaining the Law Library in the Attorney General's Chambers, which includes the purchase of books and periodicals, and the provision of access to leading online legal information sources such as Lexis/Nexis and Westlaw.

The modest increase reflects the increased cost of prescriptions—*subscriptions*. (Good gracious!)

[Laughter]

**The Chairman:** We wish for that, Madam Attorney General.

### Capital Acquisitions

**Sen. the Hon. Kathy Lynn Simmons:** Mr. Chairman, under Capital Acquisitions, the budget allocation for Capital Expenditures is found at page C-9 of the Estimates of Revenue and Expenditure. The Attorney General's Chambers has been allocated a total of \$5,000 for fiscal year 2019/20.

More funding has been given to Chambers for capital acquisitions. This funding is intended to purchase furniture and computers to replace fully depreciated assets with no residual value.

### Output Measures

**Sen. the Hon. Kathy Lynn Simmons:** Mr. Chairman, with regard to output measures, during the 2018 calendar year, 69 Acts were enacted and 155 statutory instruments made.

In addition to the annual budget legislation and amendments relating to anti-money laundering and anti-terrorist financing in preparation for the CFATF on-site assessment in September, there were a number of new and amending Acts to give effect to the Government's legislative agenda on topics including initial coin offerings, digital asset business, economic substance, family mediation, psychological practitioners, allied health professions and evidence (which is our audio visual link legislation).

The Bermuda Laws website, which contains all of Bermuda's current laws and subordinate legislation, is updated in real time from within Chambers, and we are continuing to make improvements to the site. Since November 2018, as a part of the *e-Gazette* project, statutory instruments (or BRs) are now gazetted by publication on the website, which clearly indicates the operational date.

Over the past budget year, we received 15 mutual legal assistance requests, which is an increase of four in the number of requests in the previous year. Notwithstanding this increase, the number of days for us to respond has remained constant. The Criminal Justice (International Co-operation) (Bermuda) Act 1994 provides for fees to be charged when the cost of the assistance will be in excess of \$500.

Requesting jurisdictions have been required to cover costs in matters where the fees were determined to be excessive.

**The Chairman:** Madam Attorney General, if I could just interrupt for a moment.

**Sen. the Hon. Kathy Lynn Simmons:** Yes.

## ANNOUNCEMENT BY THE CHAIRMAN

### SENATE VISITOR

**The Chairman:** The Senate would like to acknowledge the presence in this Senate this morning of the Minister of Home Affairs, the Honourable Walter Roban.

Welcome, sir.

Please continue, Madam Attorney General.

*[Committee of Supply, continuing]*

**Sen. the Hon. Kathy Lynn Simmons:** Thank you, Mr. Chairman.

Under staffing, there are currently three vacant posts within the Civil Advisory and Litigation Sections of the Attorney General's Chambers, namely, one Deputy Solicitor General, one Crown Counsel and one administrative assistant. The vacant post for the Deputy Solicitor General will remain unfunded for the budget year 2019/20.

The current staffing levels of the Civil Advisory Section are one Solicitor General, one Deputy Solicitor General, two Senior Crown Counsel, six Crown Counsel, two administrative assistants and one paralegal to the Solicitor General. There have been no staffing changes in the Debt Enforcement Unit.

Mr. Chairman, with regard to the Drafting Section of Chambers, there are currently no vacancies. There are seven Parliamentary Counsel, including the Chief and Deputy Chief; one consultant Parliamentary Counsel; and two Assistant Parliamentary Counsel. In addition to these dedicated lawyers, who are responsible for drafting all Government Bills and statutory instruments, the section is fortunate to have an excellent administrative team comprising four persons, each of whom plays a vital part in the timely production, publication and consolidation of legislation.

### Training and Development

**Sen. the Hon. Kathy Lynn Simmons:** With regard to training and development, Mr. Chairman, the Attorney General's Chambers includes within its mandate the development of its professional and administrative staff. Members of the Civil Advisory and Administrative Sections of Chambers attended training and personal development courses offered by the Department of Human Resources. Members of the Advisory Section also provided in-house presentations on advisory and litigation matters.

The Permanent Secretary for the Ministry of Legal Affairs, Ms. Marva O'Brien, who is in the Chambers, and the Solicitor General, Melvin Douglas, attended a plenary session of the Caribbean Financial Action Task Force (CFATF) in Barbados in November 2018. CFATF is an organisation of states and territories in the Caribbean that have agreed to implement common countermeasures against money laundering, and is a regional organisation that is associated with the Financial Action Task Force [FATF]. These members of the Ministry attended various sessions, includ-

ing the observation of activities surrounding the mutual evaluation process of the Cayman Islands' current risk assessment and the level of effectiveness of the Cayman Islands' AML/CFT system. The plenary sessions provided valuable technical guidance as Bermuda prepares for an international evaluation process of its anti-money laundering/anti-terrorist financing regime.

Mr. Chairman, a Crown Counsel attended the International Hague Conference on International Child Abduction in October 2018, in Kingston, Jamaica. This professional development will assist with his responsibilities on behalf of the Attorney General under the International Child Abduction Act 1998.

The Chief Parliamentary Counsel and one of the Assistant Parliamentary Counsel attended a conference of the Commonwealth Association of Legislative Counsel for Drafters from the UK, Crown Dependencies and Overseas Territories, in Jersey, in September 2018, regarding legislative challenges of Brexit—quite useful. On his return, the CPC [Chief Parliamentary Counsel] gave a presentation to the Drafting Team to share knowledge acquired at the conference.

Members of the Drafting Section also attended, Mr. Chairman, training, management and personal development courses offered by the Department of Human Resources. One of the Assistant Parliamentary Counsel continues work toward obtaining a drafting diploma offered online by the University of Athabasca in Canada. The other Assistant Parliamentary Counsel will start the course in short order. Members of the Drafting Team take turns in giving in-house monthly presentations, which are quite useful, and lead roundtable discussions on drafting matters.

**The Chairman:** Madam Attorney General, if I could just interrupt for a second.

And just as a time check, we are halfway through the allocated time of two hours. So, there is one hour remaining for the debate, just as a time check.

**Sen. the Hon. Kathy Lynn Simmons:** Thank you, Mr. Chairman.

**The Chairman:** Please continue.

### Initiatives for the Upcoming Year

**Sen. the Hon. Kathy Lynn Simmons:** Mr. Chairman, with regard to initiatives in the upcoming year, under the Advisory Section, principal focus will continue to be on the development of Bermudians in Chambers, particularly in using senior counsel to assist junior counsel and pupils with advice and guidance on advisory and litigation matters. The Advisory Section intends to fill the vacant post of Crown Counsel and the post of administrative assistant in the forthcoming fis-

cal year. Mr. Chairman, improving the personal development of staff will remain paramount by providing them the opportunity to attend training courses offered by the Department of Human Resources.

The Advisory Section will continue to review contracts for the various ministries and departments to aid the same in making better decisions in contract negotiations. We will review the assignment of specific counsel to provide advisory and litigation representation to ministries and departments, seek to improve our case management system to reduce our demand for paper resources, and provide more in-house presentations by counsel on a variety of legal topics.

With regard to the Legislative Drafting Section, Staff and Training, Mr. Chairman, the principal focus will continue to be on the development of Bermudians in legislative drafting. Experienced drafters, including the Consultant Parliamentary Counsel, will continue to mentor the Assistant Parliamentary Counsel so that they will be able to draft independently.

And finally, Mr. Chairman, with regard to our Legislative Information Management System, or the LIMS system, the legislation is produced quickly and accurately using LIMS, which is customised to our Bermuda drafting style. This, combined with the important role of the legislative editor, has kept the number of errors and inconsistencies found in legislation during House and Senate debates to a minimum, thereby expediting the legislative process. The maintenance of LIMS is through a Canadian vendor, who provides timely professional assistance whenever necessary and regularly updates our software with the latest versions and technical support.

Mr. Chairman, it is intended to continue to improve our database and to post new laws within a week of enactment on the Bermuda Laws Online website [[www.bermudalaws.bm](http://www.bermudalaws.bm)], which is hosted locally by Fireminds [Technology Solutions]. Consolidation, which is the incorporation of amendments into existing laws, is more time consuming, since the amendments are checked by the drafters as well as the legislative database manager.

The goal is to continue to complete the process within one month of the enactment of the amending legislation, which was achieved in the last few years. Subject to resolving all outstanding technical and security issues, Mr. Chairman, with the assistance of the Information and Digital Technology Office, it is anticipated that legislation will be introduced in 2019 to declare this electronic version to be the official law of Bermuda.

And that concludes that head, Mr. Chairman.

**The Chairman:** Thank you, Madam Attorney General.

And we will move on to the final head, which is Head 23, Child and Family Services. And that can be found on page B-96 in the blue Budget Book.

## HEAD 23—DEPARTMENT OF CHILD AND FAMILY SERVICES

**Sen. the Hon. Kathy Lynn Simmons:** Thank you, Mr. Chairman.

Mr. Chairman, the Department of Child and Family Services is responsible for promoting and protecting the best interests of children, adolescents, adults and families in order to enhance their social functioning and their quality of life. The department provides day care services; care and protection services for children; residential and home-based services for families; and assessment, intervention and counselling services for children, adolescents and families.

Mr. Chairman, the current account estimates for Head 23, the Department of Child and Family Services, as stated, begins at page B-96 of the estimates book. A total of \$15,915,000 has been allocated to Head 23 for 2019/20. This represents an increase of \$200,000, or a 1 per cent change, from the original budget for 2018/19.

The Department of Child and Family Services continues to focus on developing an integrated service that allows children, adolescents and families to receive services that are appropriate and coordinated, thus meeting the needs of families and assisting them with the diverse challenges they face. These challenges include, but are not limited to, lack of parenting, social and life skills, the ability to maintain housing, secure employment, effective budgeting, the abuse of substances, involvement in antisocial behaviour, cognitive deficits, educational challenges, mental health issues and anger management, which all contribute to these diverse challenges that are now seemingly exacerbated by the challenging economic times that families are facing.

The Department of Child and Family Services, Mr. Chairman, is charged with the responsibility of promoting and protecting the best interests and social well-being of children, adolescents, adults and families. Mr. Chairman, in order to meet these responsibilities, the department operates four programmes:

- Programme 2301—Services to Children and Young Persons;
- Programme 2302—Services to Individuals and Families;
- Programme 2303—Residential Treatment Services; and
- Programme 2304—Administration.

Mr. Chairman, in the fiscal year 2018/19, the Department of Child and Family Services continued with its efforts of providing a seamless continuum of services to children and families, by examining and redeploying resources to meet changing programme and client needs. These changes continue to be implemented, based on a performance quality improvement focus that is consistent with best practice standards. These standards are defined by accreditation

requirements, Mr. Chairman, in the area of human service provision.

### Structured Decision-Making Tool

**Sen. the Hon. Kathy Lynn Simmons:** Service improvements have been achieved by the department implementing a strategy that begins with the enhancement of a Structured Decision-Making Tool designed specifically for Bermuda, giving account to our social and cultural norms. This tool utilises a comprehensive assessment that ensures that clients receive the appropriate service from the appropriate agency. This process reduces referral duplication, closes previously identified gaps in service delivery, and increases overall effectiveness and efficiency of programmes. Utilisation of this tool has resulted in an improved, comprehensive service delivery system that has increased response time to initial referrals. It enhances appropriate prioritising of referrals according to risks, and it ensures that the highest risks are addressed first, resulting in better responses and positive outcomes for clients.

Mr. Chairman, the Department of Child and Family Services business units are discussed by programme, as follows:

### Programme 2301—Services to Children and Young Persons

**Sen. the Hon. Kathy Lynn Simmons:** As regards programme 2301, Services to Children and Young Persons, on page B-96, the Happy Valley Child Care Centre is covered under this programme. The estimate for the fiscal year 2019/20 is \$1,038,000. The output measures for the Happy Valley Child Care programme are found on page B-99 of the estimates book.

For business unit 33010, there is a budget allocation of \$1,038,000 for fiscal year 2019/20. This represents an increase of \$120,000, or 13 per cent, from 2018/19. This increase is a direct result of staff increments. We continue to contain expenditure within budget allocated for 2019/20. The feeding programme, the clothing programme and the enrichment programme will have been curtailed so as to minimise the impact on the wraparound services provided to high-risk children referred for care and a head start, at the Happy Valley Child Care Centre.

The Happy Valley Child Care Centre, the only government-operated child care centre, provides high-quality child care for children from three months to four years of age and accommodates a maximum of 40 children. Most of the children are from the Pembroke, Devonshire and Warwick areas, but the centre also has an intake of children from other parts of the Island. Mr. Chairman, Government has mandated that priority be given to children referred by helping agencies such as the Department of Child and Family Ser-

vices, Teen Services, Financial Assistance, Department of Health, and the Child Development Programme. These agencies, along with families experiencing various challenges, account for 60 per cent of the child care centre's intake.

Mr. Chairman, Happy Valley Child Care Centre's monthly fee is \$400 for all children enrolled. If a child is in the care of the Department of Child and Family Services, they do not qualify for the Child Day Care Allowance, and as such, their costs are absorbed by the department.

During the fiscal year 2017/18, the amount of fees collected was \$192,000. It is important to note that the cost per child is higher than the fees currently paid by the parents. This is because the Happy Valley Child Care Centre, which is a first-class facility—and I have been there, and it is absolutely wonderful—is specifically designed to meet the comprehensive needs of young children. It provides an extensive curriculum of high academic standards, with trained teachers who are continuously involved in their professional growth and development. It offers enrichment programmes that encourage parental involvement and growth development to strengthen family functioning and improve child development.

Comprehensive services offered at the Happy Valley Child Care Centre include an intervention programme; a full nutritional programme that provides morning snack, lunch and afternoon snack, which is monitored and approved by the Health Department's Public Health Nutritionist; mandatory parenting classes and involvement; movement; computer activities; reading and writing, science and maths; community service; field trips; riding; gardening; tennis and swimming classes; along with other curriculum activities which are offered at the child care centre to assist in the overall development of the children.

In July of 2018, a class of 16 children graduated from the programme and were well prepared for attending preschool, with two of the graduates reading at the emergent level, which is very impressive. Happy Valley Child Care Centre consistently utilises child assessment outcomes for classroom planning and individual intervention lesson activities. The High Scope Curriculum and Assessment Tool reflected outstanding results that validate Happy Valley Child Care Centre's commitment to an inclusive learning model. The results for infants, toddlers and preschoolers mapped steady improvement in all areas of developmental growth.

Mr. Chairman, Happy Valley Child Care Centre received re-accreditation with no conditions from the Bermuda National Standards Committee for 2018, and it will be up for their third re-accreditation in 2020. As a part of the accreditation PQI [Performance Quality Improvement] System process, DCFS is required to obtain feedback from clients on a quarterly basis. There is still an increased demand for child care placement at the Happy Valley Child Care Centre. A

full 150 applications were received for the 2018/19 period, with the centre being able to enrol only 20 new students, which is unfortunate because the programme is excellent. During the last school year, four students withdrew, two relocated to the UK, one benefitted from the pilot preschool programme at Warwick Preschool, and one transferred to a private nursery. The inability to accommodate increasing demands, coupled with the need of care for special needs children, remain ongoing challenges facing the Happy Valley Child Care Centre.

Mr. Chairman, fathers and mothers are actively involved in parenting classes, school programme activities, parent/teacher conferences and social interaction opportunities with their children. Grandparents and extended family members have been positively involved in the centre's programme, as well.

Happy Valley Child Care Centre continues to uphold its commitment to partnering with community resources. In collaboration with the Child Development Programme [CDP], two-year-old assessments are conducted at the centre; intervention services and parenting classes are also provided by CDP onsite.

Happy Valley Child Care Centre continues to serve as an internship site for the Bermuda College students enrolled in the Child Care Certificate Programme, as well as a community service site for public and private schools. A broad range of community activity involvement designed for children's enrichment learning includes giving out food to the elderly; visiting senior care centres; visiting Dolphin Quest and historical sites across the Island; and hosting its annual "Week of The Young Child" mini fair, which invites neighbouring nurseries and preschools in celebration of young children. This event is greatly supported by the centre's alumni, parents, family and the community.

Community resources that support children's learning onsite are presentations from Sun Smart, Dental Care from the Government Health Department, as well as Fire and Police Services. Support services for speech occupational therapy and physical therapy are also provided by the Government Department of Health and the Child Development Programme.

Mr. Chairman, Happy Valley Child Care Centre is being housed in an older building that is in need of constant maintenance and repair. We would like to thank the Department of Works and Engineering for their commitment and supportive services in addressing the maintenance needs of the centre throughout the year. Happy Valley Child Care Centre endeavours to maintain a first-class facility, while educating children in a safe, healthy and caring environment.

Mr. Chairman, on behalf of my team in the Government, I would like to thank all of the staff at Happy Valley Child Care Centre, their active Parent Teacher Association, their volunteers and community partners for their continued dedication to Bermuda's most valuable resources—our children.

### Programme 2302—Services to Individuals and Families

**Sen. the Hon. Kathy Lynn Simmons:** Mr. Chairman, with regard to [programme] 2302, which is Services to Individuals and Families, which begins on page B-96, the activities covered in that programme are Intake, Assessment, Investigation, Family Preservation (formerly known as Family Services), Foster Care, and Counselling and Life Skills (formerly known as the Bermuda Youth Counselling Services). The estimate for these activities for the fiscal year 2019/20 is \$5,961,000. This represents a \$64,000, or 1 per cent, increase compared to the 2018/19 budget allocation.

Mr. Chairman, the Intake, Assessment and Investigation Unit provides first response and protective services to the children of Bermuda. This is achieved with the use of our Structured Decision-Making Tool which was referenced earlier. This tool, when used in this area, provides guidance to the social worker, indicating the appropriate response time to initiate having sight of a child, begin the investigation and arrange any related services required. The output measures for this unit can be located on page B-99 of the estimates book.

Mr. Chairman, the Intake and Assessment Team provides care and protective services to the children of Bermuda. This is achieved through three specialised units, the Screening, Investigations, and Assessments Teams, with a total of 15 staff. The output measures for Intake and Assessments can be found on page B-99 of the estimates book.

Mr. Chairman, the Investigation Team received 1,139 new referrals on children. This was a slight decrease from 2017, when 1,222 new referrals were screened by the Department of Child and Family Services. The shift to one central screening system continues to have a significant impact on the number of new cases that are processed for investigative or assessment services within the department. All screenings are reviewed to ensure that workers make contact in the designated time frames, while providing immediate feedback to the referrer. This service is reviewed quarterly to ensure that best practice standards are maintained. This team also received re-accreditation in October of 2018.

Mr. Chairman, the Investigation Team completed 100 per cent of the screening assessments in the stipulated time frames. Of the total number of cases screened, 917 were assessed as needing investigation or assessment services. Of the cases, 222 did not meet the threshold for child protection and were therefore screened out and referred to other services within the community.

Mr. Chairman, referrals were received for the following types of abuse:

- Neglect, 465;
- Sexual Abuse, 244;
- Physical Abuse, 200;

- Behaviour Problems, 100;
- Emotional Abuse, 84; and
- Other Services, 46.

Mr. Chairman, the Investigation Team continues to see an increase in the number of children referred for child-on-child (124 cases) sexual abuse or sexualised behaviour. These account for 51 per cent of the total number of sexual abuse referrals. Children exposed to domestic violence have consistently accounted for the highest number of neglect referrals for the past five years. In 2018, the department received 209 referrals for children who were exposed to family violence. This accounts for 45 per cent of the neglect referrals for 2018. The vast majority of the referrals are received from the police (291) and the schools (336).

Mr. Chairman, of the 917 who were screened in for investigation and services, 528 have been closed or transferred within the department for additional supportive services. To assist with a better understanding of the investigation procedure, the process includes the following activities:

- The referral is prioritised, based on the nature of the report, and can require a 24-hour, 5-day or 10-day response.
- The screening process will determine if police involvement is needed.
- Records are checked to determine if the case is already known to the department.
- An investigation plan is developed.
- The child is interviewed.
- The parent or guardian, immediate family members and other collateral resources are interviewed, when applicable.
- Witnesses are interviewed by the police.
- Medical and other assessment reports are obtained.
- The child's immediate safety is assessed for all in-home abuse cases.
- A secondary interview may be required, based on the information that is gathered.
- A determination is made if the report is verified (substantiated, suspected, inconclusive or unsubstantiated).
- The department conducts face-to-face contacts, based on the level of risk.
- An outcome letter is provided to the mandated reporter and the parent or guardian.

The investigation process has two main purposes, Mr. Chairman, firstly, to gather as much relevant, factual information as possible; and secondly, to assess [and] determine if there are immediate services needs of the child and the family. This may include DCFS providing ongoing interventions from other teams or community partners. This procedure is irrespective of the referral being [done by] a DCFS worker or someone who is in the community.

Mr. Chairman, the Intake Section continues to work cooperatively with the families whom they are investigating and assessing. When investigations are required on new and open cases to the department, a safety assessment and plan must be completed on all in the home. The goal of the safety assessment is to ensure that the children are safe and that the parent or guardian has agreed on a plan.

The primary objective is for the department and the family to work together without seeking a court order. As a result, the investigation social workers completed 589 safety assessments. This form of engagement with parents allows the department to ensure that the children are safe, while promoting and preserving the integrity of the family. Risk assessments are completed before a case is transferred or closed, and the team completed 552. The number of safety assessments completed increased significantly, from 432 in 2017.

Mr. Chairman, the Assessment Team is required to complete comprehensive assessments on children who are experiencing issues ranging from substance abuse to cognitive challenges. The team administered 257 assessments and completed 55 reports that provided parents, social workers and other professionals with clear recommendations for intervention and support services for each child and their family. The Assessment Team provides in-service presentations within the department and in the community.

Mr. Chairman, the Foster Care Section of the Department of Child and Family Services is responsible for providing alternative living arrangements for children under the age of 18 who are in need of out-of-home placement. The team was responsible for a total of 88 children, their birth parents and foster families during the last budget year. This represents a numerical increase by eight, foster children, birth families and foster families from the year prior.

During the last budget year, the Foster Care Programme has serviced a total of 11 therapeutic foster children. The children in this category have a variety of physical, cognitive, emotional and behavioural challenges. Therapeutic foster parents are compensated at a higher rate than traditional foster parents. They sign contracts that outline the levels of care expected, based on the children's needs.

Mr. Chairman, at the end of 2018, a total of one child was reunified with their birth parents. Six youth reached the age of 18 and aged-out of the foster care system, but continued to reside with their foster families. So, they aged out of the formal system. Three foster youth were transferred to the Psycho-Educational Programme during the year.

Mr. Chairman, the Foster Care Coordinator recruited four new foster parents this year, which is wonderful news. As the community changes, it has become increasingly difficult to recruit foster parents. Despite the challenges, the foster parents who are

being recruited are of a high calibre and are willing to work in partnership with Foster Care. But we remain hard-pressed still to have open and suitable available placements for emergencies and hard-to-care-for children. So, that remains an ongoing concern.

Mr. Chairman, in May 2018, Foster Parent Awareness Month, the Foster Care Team arranged a tea to honour all foster parents. And each foster parent was presented with a gift and a certificate. The keynote speaker was a former foster child, Janita Perinchief. She discussed the importance of foster parents, and her former foster parents were present for the presentation. The department received numerous positive comments about this event from foster parents. And it is important, Mr. Chairman, that we continue to honour them for the good work that they do for our children.

Mr. Chairman, the department would like to acknowledge the foster parents of Bermuda, our unsung heroes, who provide loving, stable homes to children who have experienced significant trauma as a result of abuse and/or neglect. Every day, they make a foster child's life better by their numerous acts of care and kindness.

Also, the department would like to acknowledge the Foster Parent Association, who work in partnership with the foster care team to support foster parents and provide the funds to enable foster children to participate in educational trips, attend specialised recreational programmes and to resource laptops for school.

Mr. Chairman, Counselling and Life Skills Services [CLSS] have a mission *to advance and promote the emotional well-being of youth up to 18 years of age and their families*. CLSS offers services that strengthen the knowledge, skills, positive experiences and support systems of individuals and families to make healthy life choices. Individual and family issues include, but are not limited to, family and relationship dynamics, co-parenting, grief and loss, communication, trauma, and adolescent substance use.

In order to best serve the needs of clients, CLSS counsellors work collaboratively with them to complete specific assessments or screening tools to measure progress, and treatment planning that is geared towards positive growth and development. CLSS continues to align services and practices with the DCFS's strategic plan. The aim of the restructuring of services is to offer a more client-focused and efficient mode of service delivery. DCFS requires that all referrals be made through the DCFS's Intake Section. The referrals are screened and assessed to determine the needs of the individual child and their family.

Mr. Chairman, to meet Council on Accreditation standards, quarterly Performance Quality Improvement meetings occurred during this year to review programme data and client trends; perform file audits; collect client, staff and stakeholder feedback;

and perform staff development. We continue to align services and practices so that they are consistent with the department's strategic plan.

Mr. Chairman, CLSS facilitated Substance Education Groups at CedarBridge Academy and Whitney Institute. In addition to the groups, CLSS team members provided presentations to several community organisations.

The Department of Child and Family Services' establishment of centralised intake and assessment allows for a more coordinated assessment of client needs and integrated service delivery. The total number of clients for 2018 was 187, [being] 105 youth and 82 parents who received counselling services.

Mr. Chairman, new referrals for the year totalled 77. The highest number of male referrals was in the 15- to 18-year-old age group, totalling 17. Among females, the 10- to 14-year-old and the 15- to 18-year-old categories were the highest, with 11. It is important to note that clients or families present with multi-problem issues such as high-risk behaviours, adolescent substance misuse, parent/child relational issues, parental relationship issues, trauma and emotional/behavioural issues. Family and emotional/behavioural issues are the leading trend.

Mr. Chairman, we continue to receive domestic violence referrals; 30 parents and 20 children were referred in 2018. Services for domestic violence involve specialised services for the batterer and the victim; hence, clients are referred to community agencies for services. CLSS provided counselling to some children who witnessed domestic violence, but this has highlighted a continued training need for this section and other sections working with children who witness domestic violence. CLSS also provides assistance with co-parenting services and support to children of divorce.

Mr. Chairman, I will move on to programme 2303, which is Residential Treatment Services, at page B-96. These services include the Brangman Home, the Oleander Cottage, the Youth Development Centre, and Administration. For this programme, there is a budget allocation of \$7,173,000, and this represents a 2 per cent, or \$170,000, decrease from the 2018/19 budget allocation.

Mr. Chairman, Residential Treatment Services provides a continuum of intervention services to children between the ages of 12 and 18 years. These are adolescents who are deemed to be at risk in the community and requiring care and protection in a safe and structured environment. All children placed in this service are on Care Orders and as such become the responsibility of the Director of Child and Family Services.

Mr. Chairman, the Residential Treatment Services [RTS] programme provides 24-hour services. The young ladies are located at the Brangman Home, while the young men are receiving temporary services at Oleander Cottage.

The Youth Development Centre is currently closed due to extensive renovations, and it is being fully upgraded to meet the needs of the children and safety standards as outlined by our accrediting body. This has been an extensive process, as the building was found to be in need of more renovation than initially thought. As a result, the decision was made to do a complete and major renovation to the building, replacing the windows with shatterproof glass, new air-conditioning systems to replace any window units, new security and fire alarm systems, which will include upgrades to the camera systems to protect both children and staff and to assist in any investigations, should the need arise. Mr. Chairman, when operational, it is utilised to provide one-to-one and special management of residents, based on their needs as indicated by ongoing evaluation, and if they are placed in Care of the Director as a result of criminal behaviours.

Brangman Home, Mr. Chairman, has also had renovations recently; however, recent rains have exposed some weaknesses in the roof and this is being addressed. And this has caused us to replace furnishings inside that were damaged. The repairs will also bring two of the bedrooms back online, as they were impacted by mould, mildew and water damage. A recent survey of the security and alarm systems has shown the need for upgrades and additional cameras, and this is also being addressed.

**The Chairman:** Just another time check. We have 26 minutes left in the debate.

**Sen. the Hon. Kathy Lynn Simmons:** Okay. Thank you, Mr. Chairman. I will press on as quickly as my voice allows.

**The Chairman:** Thank you.

**Sen. the Hon. Kathy Lynn Simmons:** Mr. Chairman, the inclusion of family is a key component of the service provision. When this is not possible, alternative community-based relationships and resources are used to develop an appropriate plan.

The programme at Residential Treatment Services also includes the monitoring of clients on transition in preparation for family reunification. The goal is to have children transition within 12 months of placement or to implement an individual plan that may include independent living, depending on age and family circumstances.

Mr. Chairman, during the 2018/19 budget year, Residential Treatment Services provided community-based services to children on transition in the community, as well as those eligible for discharge. This has resulted in a more seamless response to clients and families.

Residential Treatment Services offers group living, individual and group counselling, family as-

assessments and interventions, parent groups (as needed), vocational and educational planning, and life skills development. Aftercare and interagency interaction services are based on the individual needs of the adolescent.

Mr. Chairman, Residential Treatment Services remained within estimated costs for the 2018/19 budget year. However, we have been faced with many challenges related to the number of children receiving services, the bed space available, and the emotional and behavioural challenges they present. As a result, we have received provisional accreditation status until we can address the current state of the physical plant and bed space.

The administrative responsibilities associated with accreditation dictate that we continue to maintain a four-year strategic plan and the breaking down of that plan into achievable annual goals. These annual goals, Mr. Chairman, are ongoing objectives and include the expected outcomes for the programme. The quality of ongoing service is evaluated by a Performance Quality Improvement system (PQI—you heard me mention that earlier). The PQI consistently reviews data related to the profiles of clients and the ongoing evaluation of the services provided. This process is designed to ensure that RTS is responding to the client needs and is consistent with best practice standards.

Mr. Chairman, the fiscal budget for 2019/20 continues to reflect the department's commitment to ongoing quality improvement, based on sound statistical data and empirical research. In 2018/19, client data again indicated that the majority of children requiring this service had family relationship issues and childhood trauma. Due to trauma-induced behaviours with residents, RTS continues to utilise therapeutic and family components of the programme, maintaining its partnership with Cornell University as they continue to provide RTS staff with Therapeutic Crisis Intervention (TCI) and Children and Residential Environments (C.A.R.E.) training. Both TCI and C.A.R.E. training curriculums are based on empirical research and provide a foundational philosophy and tangible behavioural management skill set for staff to provide effective care for all children and families who experience crisis in their lives.

Mr. Chairman, RTS provided in-house services with 20 adolescents in 2018. This total included nine males and eleven females. Client services included case management of children, as indicated by individual assessments and service plans. Interventions included cottage programmes, transition, family reunification and aftercare.

Mr. Chairman, our client profiles for 2018/19 indicated that 100 per cent of adolescents involved in the services had family relationship issues; the majority of children, both male and female, had experienced childhood trauma, including abandonment, abuse, grief and domestic violence. These data demonstrate

the wide range of specialist services required for dealing effectively with the children and families in need of our services.

Mr. Chairman, with a continued focus on the best interests of the child, in the 2019/20 budget year RTS will engage in a restructuring exercise as we anticipate working even closer with other agencies and community resources to streamline services and to maximise the use of existing resources.

To give some statistical data of the client base we are experiencing within RTS, the data from 2018 highlight trauma as a prominent factor for the young people placed in RTS. Of the components featured in the trauma category, neglect, attachment difficulties and abandonment represent the most profound challenges—89 per cent of clients experienced neglect, and 84 per cent experienced attachment difficulties that have adversely affected their ability to engage in healthy interpersonal relationships.

One hundred per cent of all children at RTS have parent/child challenges. Seventy-four per cent of the client population experienced mood disturbances or disorders. Forty-seven per cent display learning challenges. Mental illness/cognitive challenges are evidenced across 63 per cent of parents of children in the RTS programme. Fifty-three per cent are substance dependent. Domestic violence among the adults has been witnessed by 40 per cent of the residents and has likely contributed to their trauma. One hundred per cent received psychiatric or psychological interventions for the year. For 37 per cent of the residents, housing difficulties represent a barrier to discharge. Eight of the twenty residents at RTS have been identified as long-term, as they have no plausible family reunification plan.

Mr. Chairman, over the previous year, Residential Treatment Services has successfully met . . . and if you will bear with me, I think it is important to give this information so that Senators and the community have a snapshot of what we are dealing with, and allocations—

**The Chairman:** Please continue.

**Sen. the Hon. Kathy Lynn Simmons:** —that were made. Thank you, Mr. Chairman.

Over the previous year, Residential Treatment Services has successfully met the majority of the planned outcomes and outputs seen on pages B-100 and B-101 of the Budget Book. Statistical data and the performance quality improvement process have been consistently used to monitor quality and to determine changes needed to improve the service provided. The 2019/20 budget is designed to continue providing resources that allow this programme to provide a quality service to children and families.

Mr. Chairman, the Department of Child and Family Services Family Preservation Team operates under a sound case management and assessment

model, which comprehensively assesses the family's and child's needs and develops service plans with the family and child and stakeholders to maximise intervention and positive outcomes for the families. The ultimate goal is to reduce or eliminate the circumstances in the family that have been, or are, causing abuse or risk of abuse (whether it is emotional and/or physical abuse) to the child and to maintain the child or children in the home environment.

In order to achieve this goal, Family Preservation Services of DCFS requires its social workers and social work assistants to manage cases in compliance with both Family Preservation standards and in accordance with the policies and procedures of the department, Structured Decision-Making (SDM) assessment, reassessment and service planning processes. This report will highlight the performance of the Family Preservation Team and the client outcomes for the calendar year January through December 2018. The report will also highlight some of the objectives of the Annual Plan for 2019.

Mr. Chairman, the DCFS Family Preservation Team receives cases from the DCFS Intake Team and from DCFS out-of-home services (such as Foster Care, Psycho-Ed or Residential Treatment Services). Family Preservation is tasked with providing ongoing intervention to monitor and ensure the safety of children at risk of abuse or neglect, assist families to improve family functioning, increase child well-being, reduce the need for placement in out-of-home care, and to enable children in out-of-home care to return safely to their families.

Mr. Chairman, Family Preservation Services are provided to clients of the Department of Child and Family Services either through consent of the parents or under the authority of a Family Court Order. If child safety is an assessed concern by the Intake investigators, Family Preservation Services are mandated.

Mr. Chairman, upon consent, Family Preservation Services are also provided to a young person transitioning from the care of the director at the age of 18. The purpose of this service is to reduce the likelihood of future harm and to provide support and assistance to the young person as the Family Preservation workers are required by SDM protocol to increase contact with families, based on the family's level of assessment risk. In simplest terms, high risk requires once-weekly minimum face-to-face contact, moderate risk requires twice-monthly minimum face-to-face contact, and low risk requires once-monthly minimum face-to-face contact. All levels of risk also require collateral contacts.

**The Chairman:** We only have 15 minutes left for them to ask questions. So, maybe you could just wrap it up to give them an opportunity to ask a few questions if that is possible. But I do not want to force you either. It is your decision. We finish at six minutes after twelve. It is eight minutes to twelve now. I will leave that in

your hands. I just want to give them some time to ask a few questions.

**Sen. the Hon. Kathy Lynn Simmons:** Sure. I will continue on.

Mr. Chairman, the approval by Cabinet of the reorganisation of DCFS and the concurrent approval to recruit has begun to show its benefits, with the department beginning to allocate staffing resources accordingly. Once completed, this will allow DCFS to accommodate the increased need for Child Protection Investigation, Family Preservation and Foster Care Services through best practice standards, and reducing the impact of increasing caseload overload on staffing resources. The consequence of inadequate staffing resources in child welfare can have catastrophic consequences on the child and family.

Caseload management has improved during 2018, as caseload numbers have slightly decreased; however, the complexity of cases and risk levels have been high. Thus, the job of the Family Preservation worker remains a very intensive and complex enterprise. Mr. Chairman, Management Services' job description reviews were completed in the third quarter of 2018, thus allowing recruitment to bring DCFS staffing to 100 per cent in alignment with the approved reorganisation. It is the department's goal to have recruitment into vacant positions completed by the beginning of the second quarter of 2019.

Mr. Chairman, the data below are an overview of the statistical outputs and outcomes for the Family Preservation Team for the year 2018. And this is also found on page B-100 of the Budget Book.

**The Chairman:** Allow some time for questions.

**Sen. the Hon. Kathy Lynn Simmons:** Yes. And Mr. Chairman is asking me to allow some time for questions. And I am challenged because I have some very good information here about Psycho-Ed, which I definitely want to get into . . .

**The Chairman:** I would appreciate allowing some time for questions. I know it is a very large brief. But we have only two hours allocated for this particular section. So, it is in your hands, Madam Attorney General, but I would appreciate allowing some time for other Senators to ask questions.

**Sen. the Hon. Kathy Lynn Simmons:** Okay. How much time do we have, Mr. Chairman?

**The Chairman:** I have precisely 12 minutes left for the whole debate on these heads.

**Sen. the Hon. Kathy Lynn Simmons:** Okay. I will pass over Family Intervention. I will keep reading, Mr. Chairman.

In 2018, DCFS made concerted efforts to increase the skills of its front-line family intervention workers in engaging and meeting the needs of the clients we serve through the introduction of the Homebuilders Core Curriculum. The training is designed to introduce the team to the Homebuilders programme philosophy, programme structure and the treatment practice that is fundamental to delivering high-quality Homebuilders Family Preservation and Reunification Services. And there were several skills that were obtained, which I will not read at this time.

*[Pause]*

**Sen. the Hon. Kathy Lynn Simmons:** It is hard to cherry-pick for this one.

Mr. Chairman, the activity covered in programme 2304, Administration, is at page B-96. The estimate for this programme for the fiscal year 2018/19 was \$1,557,000. The estimate for 2019/20 is \$1,743,000, which reflects a \$186,000, or 12 per cent, increase. Mr. Chairman, the Administration Section of the department is responsible for the general supervision of the agencies within the department. All staff development and training are delivered through this section, and as previously highlighted, training in all sections of the department has been purposefully aligned with the overarching goal of providing a comprehensive, seamless continuum of services that meets the complex needs of our client population.

Mr. Chairman, the Administration Section is responsible for reviewing all policies and procedures and making the necessary recommendations that will expand the capacity, scope and quality of our social service delivery system. Given the current fiscal restraints, coupled with the increase in demand for more specialised and therapeutic services, the Administration Section continues to review of all its resources to ensure that they meet client needs.

In this budget year, Mr. Chairman, the Administration Section will finalise the implementation of its approved re-organisation structure and strategic plan, complete recruitment so that the department is fully staffed, and look for continued opportunities of performance quality improvement. They will continue with modernising the department's strategy of providing comprehensive assessments of all referrals so that clients receive the appropriate service from the appropriate agency, thereby reducing referrals and enhancing outcomes, and thus ensuring that each section maintains their accreditation standards.

Mr. Chairman, and this is the piece that I wanted to make sure I highlighted today. With regard to the Psycho-Educational Programme—and it is important that I read this, because questions always arise. And I am hopeful that, colleagues, in getting this information, this will be answering questions that you may have wanted to put, because the brief is very comprehensive. In regard to the Psycho-Educational

Programme, during the course of the 2018/19 budget year, a total of 20 clients were serviced overseas in therapeutic placements for a complexity of issues identified across the Diagnostic and Statistical Manual of Mental Disorders (DSM) V Criteria of Mental Disorders. The purpose of the DSM V is to provide clear descriptions of diagnostic categories in order to enable clinicians to diagnose and treat people with various mental health disorders. Each client received an assessment from local service providers that determined an individualised treatment plan and intensive interventions, according to the diagnostic categories defined by the DSM V.

Mr. Chairman, the Psycho-Ed Committee, in the best interests of the child, utilises an overseas service provider that specialises primarily in providing clinical and comprehensive assessments at a university hospital. The implementation of such an assessment is utilised to assist the Department of Child and Family Services in obtaining a clear and comprehensive understanding of the needs of the referred Psycho-Ed clients without an identified diagnosis, or those who did not engage at all with local service providers. The comprehensive overseas assessment assisted in the development of a dynamic, individualised treatment plan that has facilitated the most appropriate match of local community resources or an overseas therapeutic placement that will meet the client's specific need.

All children and parents involved in the Psycho-Educational Programme are informed of all aspects of the programme before being placed. The court also speaks with the child and confirms with the parents that they fully understand what is involved, the location of the programme, as well as the expected length of stay. Parents who are able to travel are assisted, in many cases, by either the department or the programme their child is attending to visit for parent weekend, which includes onsite family therapy sessions.

Mr. Chairman, a total of six Psycho-Ed clients were approved for an overseas placement at the University of Neuro-Psychiatric Institute for a comprehensive overseas assessment. The Comprehensive Assessment and Treatment (CAT) Programme at the University of Neuropsychiatric Institute, located in Utah, offered our clients a four- to six-week comprehensive clinical evaluation in a safe and secure environment. The multidisciplinary treatment team assessed psychiatric and medical conditions, and provided behavioural and educational assessments, psychological testing, therapy, and when necessary, addressed chemical dependency issues.

The programme included psychiatric evaluations provided by board-certified Child and Adolescent Psychiatrists with diagnostic expertise in major depression, bipolar, schizophrenia, ADHD, reactive attachment, autistic spectrum disorders, and substance abuse. The CAT programme conducted full psycho-

logical and neuropsychological testing and therapy provided by PhD psychologists. Most importantly, CAT utilised a collaborative approach constructed by a complete multidisciplinary team consisting of child psychiatrists, paediatricians, psychologists, nurses, licensed clinical social workers, recreational therapists, art therapists, music therapists and education specialists. And I highlight these points because these are therapies that are not often [offered] here in Bermuda for our children.

Mr. Chairman, two Psycho-Ed clients who completed the CAT programme were recommended for treatment in an overseas therapeutic placement that matched the determined diagnoses and other treatment recommendations.

**The Chairman:** Can I give them five minutes for questions?

**Sen. the Hon. Kathy Lynn Simmons:** No. I have to finish this.

Mr. Chairman, the current data revealed that, of the 20 children receiving treatment, 85 per cent were male and 15 per cent were female. Clients presented significant problems in various DSM V multi-axial classifications. These data are identical to the data collected in previous budget years. Also identical was that all Psycho-Ed clients had Axis V diagnoses categorised as psychosocial and environmental problems. A psychosocial or environmental problem was defined in terms of a negative life event, an environmental deficiency . . .

And I draw your attention to this because these were the problems identified earlier that we are finding which are leading children to have to avail themselves of the Psycho-Ed services, so this is in fact a serious problem in our community. As I was saying, a psychosocial or environmental problem was defined in terms of a negative life event, an environmental deficiency, a familial or other interpersonal stress, an inadequacy of social support or other problem relating to the context in which a person's difficulties developed.

And this is very important. Mr. Chairman, notably, 12 male Psycho-Ed clients serviced overseas, who were diagnosed as conduct disorder, involved in antisocial and criminal behaviours in the community, had GAF scores (which are global assessment of functioning scores) ranging from 48 to 51, with a mean of 50. These data correlate directly with the definitions (that I have not had a chance to read), hence demanding that the Department of Child and Family Services provide specific intensive clinical treatment for a longer period of time, as well as an intensive local family support plan.

Mr. Chairman, the Ministry of Education continues to lack resources and is not equipped to service clients who are conduct disorder or high risk in the community. Consequently, applications are made to

the Psycho-Ed Committee requesting an overseas placement for a young person who is not able to be serviced in a traditional school environment. And this is important to note: A total of 22 Psycho-Ed clients, 100 per cent, received alternative education due to huge educational gaps prior to being enrolled in an overseas therapeutic placement. The Ministry of Education has had an increased demand to continue to seek alternate educational placements with local vendors in the community prior to referring a child to Psycho-Ed for services overseas.

Large demands continue to be placed on the Department of Child and Family Services as a result of the Education Ministry's lack of resources and the overall inability to service children in a traditional school setting. Without the High Risk Intervention Team [THRIT], the Department of Child and Family Services lacks an adequate response to the increase in referrals for this group. Where skill sets and resources allow, family and educational assessments and school support are provided by our Assessment, Counselling and Life Skills Teams and our residential care officers. Also, there has been no relief in the time spent preparing court documents to support care and supervision orders. Consequently, client contact time continues to decline due to the demands of the Family Court process, guidelines and overall expectations.

To date, there are 10 clients overseas, eight males and two females, and two Psycho-Ed referrals pending a review by the Psycho-Ed Committee. They range in age from 12, which is very young, to 18 years old, with the median age being 15 years old. We are often questioned on the value of the programmes to the taxpayer—and, yes, they are costly—but we must consider the value of our children. And if we deem them to be paramount, we must continue to provide those professionals who are charged with their care and protection, the resources and tools needed to do what is in their best interests.

And, Mr. Chairman, I will close at this time. I would like to thank the staff within the Department of Child and Family Services for their dedication to providing effective services to those families requiring the array of services which they provide, and to remind colleagues that this month is, in fact, the month to celebrate social workers. Thank you, Mr. Chairman.

**The Chairman:** Thank you, Madam Attorney General.

We have precisely 30 seconds left. What I was going to suggest is that those who have questions or comments on this, please feel free to address them to the Attorney General after Senate has retired for lunch so that you do have an opportunity to ask your questions. And I would remind Senators that the heads and the time limits are chosen by the Opposition. And it is up to the Government Senators who are presenting to determine their length of time that they speak. So, the times are set. The heads are set. And we have to work within those parameters.

So, with those few words, Madam Attorney General, I would ask that you move your heads.

**Sen. the Hon. Kathy Lynn Simmons:** Thank you, Mr. Chairman.

I move that Heads 87, 4 and 23 be approved.

**The Chairman:** Are there any objections?

No objections.

So moved.

*[Motion carried: The Ministry of Legal Affairs, Heads 87, 4 and 23 were approved.]*

**The Chairman:** If we could now move on to the next Order of Business for the day, which is under the Ministry of Tourism and Transport. And again, two hours has been allocated for this debate. And we will be considering Heads 48 and 35. And that will be the Ministry of Tourism and Transport Headquarters, Public Transportation. We will put Head 48 first. And I understand that Senator Caesar will be presenting?

**Sen. Crystal Caesar:** Yes. That is correct, Mr. Chairman.

**The Chairman:** Senator Caesar, you have the floor.

**Sen. Crystal Caesar:** Thank you, Mr. Chairman.

I move that the Committee do now undertake Head 48, Ministry of Tourism and Transport Headquarters.

**The Chairman:** Please continue.

## MINISTRY OF TOURISM AND TRANSPORT

### HEAD 48—HEADQUARTERS

**Sen. Crystal Caesar:** Thank you.

Mr. Chairman, the budget appropriation for the entire Ministry totals \$88,496,079, as found on page B-194 of the Estimates of Revenue and Expenditure for year 2019/20. The departments which come under the Ministry include:

- Ministry Headquarters (HQ)—Head 48;
- Marine & Ports Services (M&P)—Head 30;
- Transport Control (TCD)—Head 34; and
- Public Transportation (DPT)—Head 35.

In addition, the Ministry of Tourism and Transport maintains oversight of the Bermuda Civil Aviation Authority, the Bermuda Shipping and Maritime Authority, the Bermuda Airport Authority and the Bermuda Tourism Authority.

Mr. Chairman, it is the Ministry Headquarters which is responsible for tourism and aviation matters. And those are found on pages B-195 to B-198 of the

Estimates of Revenue and Expenditure for the year 2019/20.

Mr. Chairman, the mission of this head is to *develop effective transportation policy and provide transportation systems that meet the needs of Bermuda's residents and visitors. To provide oversight and financial support to the Bermuda Tourism Authority and the Bermuda Airport Authority, and guidance to Authorities with responsibility for civil aviation and maritime affairs.*

Mr. Chairman, the Ministry of Tourism and Transport Headquarters, Head 48, includes three business units: Administration, the Transportation Planning Team, and the Regulatory and Policy/Hotel Administration section.

### Expenditure Overview

**Sen. Crystal Caesar:** Mr. Chairman, the total current expenditure for the Tourism and Transport Ministry's Headquarters is estimated to be \$39,475,159 for the fiscal year 2019/20. This represents an increase of \$25,080,606, or 174 per cent, over the prior year's budget of \$14,479,553. This increase is due to the November 2018 ministerial reorganisation that returned the responsibilities for Tourism to the Ministry, resulting in the addition of the Bermuda Tourism Authority and related grants.

The reorganisation also saw the departure from the Ministry of responsibility for the Department of Energy, which included oversight of broadcasting and telecommunications, and the Bermuda Regulatory Authority and its associated budget of \$783,169.

The Headquarters budget includes funding for the three business units mentioned previously, as well as the Current Account Operational/Expenditure Grants and Contributions, as seen in the Ministry of Tourism and Transport Headquarters, Subjective Analysis of Current Account Estimates, Grants and Contributions, budget line located on page B-196, and Schedule 1, Grants and Contributions on page C-18 of the Budget Book—which is inclusive of the Bermuda Airport Authority grant in the amount of \$13,300,000 and the Bermuda Tourism Authority grant in the amount of \$22,500,000.

For the fiscal year 2019/20, the Ministry Headquarters' Budget also includes grants and contributions for entities such as the World Triathlon Series, in the amount of \$2,070,470, which is year three of a five-year commitment, and JetBlue in the amount of \$60,000, which is year three of a three-year Cooperative Marketing Agreement.

## ANNOUNCEMENT BY THE CHAIRMAN

### SENATE VISITOR

**The Chairman:** Senator, if I could just interrupt for a moment.

I just want to acknowledge the presence in the Senate this morning of the Minister of Tourism and Transport, the Honourable Zane De Silva.

Welcome, sir.

Please continue, Senator.

*[Committee of Supply, continuing]*

**Sen. Crystal Caesar:** Thank you, Mr. Chairman.

I will move on to Head 48's cost centre 58000, which is Administration. The Administration section within the Ministry of Tourism and Transport Headquarters will have a budget of \$38,960,785. The majority of this allocation comprises the two authorities' grants, about which I will provide more information later in this brief.

For now, I will move onto the Transportation Planning Team, and that is at cost centre 58010. Mr. Chairman, the Transportation Planning team within the Ministry of Tourism and Transport Headquarters is allocated a budget of \$140,660 and can be found on page B-195 of the Budget Book. The Transportation Planning Team oversees cruise ship operational, regulatory and legislative matters. Together with the Bermuda Tourism Authority, the Transport Planning Section sets the cruise ship strategy, which has a strong focus on increasing cruise ship passenger spending and attracting a mix of cruise brands that can visit the Royal Naval Dockyard, as well as the City of Hamilton and the Town of St. George's.

Mr. Chairman, the Transportation Planning Team spearheads the logistical support for various government departments, on Island stakeholders, hoteliers and cruise ship partners to ensure the efficient integration of transportation services to meet expectations in Bermuda. Planning initiatives for this year include, but are not limited to:

1. Meeting regularly with transport operators to plan for the 2019 season;
2. Stakeholder consultation and communication regarding the cruise ship schedule and high impact areas such as ground transportation and services required during one-day and weekend cruise ship calls;
3. Implementing a revised plan for traffic coordination of taxis, minibuses and public buses at Horseshoe Bay Beach, where over 5,000 visitors can be found on any given day during the cruise ship season, to be executed by the Department of Parks, with TCD Traffic Officers assisting when necessary;
4. Identifying the correct number of minibuses to meet resident and visitor demand, particularly for those persons with special needs requiring heavy wheelchair accessible transport options;
5. Working with the Department of Parks to increase the presence of lifeguards earlier and later in the season, especially at Horseshoe Bay Beach;
6. Working with the Department of Works and Engineering to arrange much-needed shading at the

Horseshoe Bay Beach General Transportation Area for visitors and transport operators;

7. Working with the Department of Marine & Port Services to identify and implement supplemental ferry service to accommodate an extended cruise ship season and an increase in cruise ship passenger arrivals, and with the Department of Public Transportation to organise ground support staff to help with passenger queuing and pass validation in the Royal Naval Dockyard;

8. Ensuring that the Bermuda Visitor Services Centres in Dockyard are open when a cruise ship arrives alongside;

9. Championing the need for public transportation services to implement a digital fare media system alongside a public transportation trip-planning app with real-time information on the status of buses and ferries in time for the 2020 cruise ship season; and finally,

10. Advocating for bow-loading capabilities for public ferries at Hunter's Wharf in St. George's by 2020 so that persons who use wheelchairs can travel to and from Dockyard to St. George's by ferry.

Mr. Chairman, I would like to update you now on cruise ship activity. In 2018, Bermuda received 171 cruise ship calls, bringing 484,339 passengers to our shores. In 2019, a total of 194 cruise ship calls are expected with an estimated 545,000 cruise ship passengers. This represents an increase of 23 calls and approximately 60,000 passengers, compared with 2018.

Mr. Chairman, cruise passenger on Island spending is also expected to increase significantly in 2019, to \$123,000,000, an increase of \$12,900,000 over the \$110,100,000 spent by cruise ship passengers in 2018.

The Government of Bermuda is also expecting an increase in cruise ship tax revenue, from \$24,100,000 in 2018 to \$32,300,000 in 2019. This increase—a portion of which will go to the Bermuda Tourism Authority, with the remainder destined for the Consolidated Fund—is attributed to a restructuring of the cruise ship and cruise passenger taxes, which had not been uplifted in over 13 years.

Cruise ship and cruise passenger taxes in effect from 1 April 2019 are outlined as follows:

1. Cabin tax will be repealed.
2. Passenger departure tax will remain the same for ships berthing in, or at anchor and tendering to, the Town of St. George's and the City of Hamilton, at \$20 per person per 24-hour period, or any part thereof, to a maximum of \$60.
3. There will be an increase of \$5 to \$25 per person for passenger departure tax for each 24-hour period, or any part thereof, to a maximum of \$75 per person per call, for ships berthing in Dockyard or at anchor and tendering to Dockyard.

## ANNOUNCEMENT BY THE CHAIRMAN

### SENATE VISITOR

**The Chairman:** Senator Caesar, if I could just interrupt for a moment and acknowledge the presence of the Permanent Secretary for Tourism and Transport, Aideen Ratteray Pryse, to the Senate.

Welcome.

Please continue, Senator Caesar.

[Committee of Supply, continuing]

**Sen. Crystal Caesar:** Thank you.

Continuing on with cruise ship and cruise passenger taxes in effect from April 1<sup>st</sup>:

4. We will introduce a \$22 per person tax, called the large ship infrastructure tax, for passengers sailing on vessels with a gross tonnage exceeding 149,000 tons, or exceeding 1,120 feet in length or exceeding 4,000 passengers—whichever is applicable. There are two ships identified in the 2019 cruise ship schedule that fit these criteria. They are Royal Caribbean's *Anthem of the Seas* and the Norwegian Cruise Lines' *Norwegian Escape*. The large ship infrastructure tax revenue will be used to help fund infrastructure improvements.
5. There will be a new cruise ship passenger fee of \$16 per person to fund destination marketing and on Island product and experience development by the Bermuda Tourism Authority. This fee will be paid directly to the BTA, and as a result, the Government will be able to reduce its annual grant to the Authority.

Simply stated, Mr. Chairman, the cabin tax of \$14 per cabin per day is replaced with the flat fee of \$16 per person for the new BTA cruise ship passenger fee. Government's passenger departure tax increases by \$5 per person per 24-hours for ships berthing in Dockyard. And for passengers travelling on the larger ships, an additional tax of \$22 per person is being levied to help fund cruise ship infrastructure projects.

Mr. Chairman, government taxes from cruise ship passengers and the BTA cruise passenger fee combined will generate an estimated \$40,200,000 in revenue between 1 April and 31 October 2019. This is an estimated increase of \$16 million in taxes and fees over the 2018 cabin tax and passenger departure tax revenue. The cruise ship strategy to extend the cruise ship season and incentivise cruise ship calls to Bermuda in the off-peak season will remain. Therefore, neither the government taxes nor the BTA cruise passenger fee will be charged between the 1<sup>st</sup> of November and the 31<sup>st</sup> of March.

Mr. Chairman, it will come as no surprise that the cruise lines really do enjoy calling into Bermuda

and that Bermuda remains a profitable destination for one-, two- and three-day calls. The Transport Planning and BTA teams have been tracking the economic value of the cruise ship business to Bermuda more closely in recent years. With an increased emphasis on onboard activities, it is documented that Bermuda vendors have suffered as a result. However, the cruise ship passengers do add vibrancy to all ports and contribute an average spend of \$227 per person per visit on transportation, meals, retail shopping and tours. The best retail months are reported to be May, June, July and early August when younger cruise passengers travel with their families.

Mr. Chairman, I would like to share with you what cruise business actually means to Bermuda. We have estimated that \$178,700,000 will be circulating in the Bermuda economy by the end of the 2019 cruise ship season. This includes passenger spending of \$110.1 million, crew spending of \$5.5 million, Government taxes are \$31.8 million, BTA passenger fee are \$7.82 million, and the cruise line disbursement expenses of \$10 million paid to on Island vendors via the cruise lines' port agent during each call.

Mr. Chairman, the season for contracted cruise ships starts on Sunday, 14<sup>th</sup> of April, with regular calls running through Sunday, 17<sup>th</sup> of November. It includes the *Grandeur of the Seas*, with 18 calls; the *Anthem of Seas*, with 24 calls; the *Norwegian Escape*, with 27 calls, the *Norwegian Gem* (which replaces the *Norwegian Dawn*), with 22 calls, and the *Celebrity Summit*, with 17 calls. In addition, Mr. Chairman, Norwegian's *Regent Seven Seas* and *Oceania* brand ships will continue to make 12 contract calls to St. George's between Friday, 5<sup>th</sup> of April, and Monday, the 18<sup>th</sup> November. The City of Hamilton will receive 15 calls between 5<sup>th</sup> of April and 24<sup>th</sup> of December in 2019.

Carnival cruise ships will make 20 occasional calls, which is an increase of seven calls in 2018. The Disney *Magic* will return, with five occasional calls between 27<sup>th</sup> of September and 25<sup>th</sup> of October. Two Holland America Cruise Line ships will visit Bermuda this year. They are . . . (I practiced this last night, which obviously did not work)—

[Laughter]

**Sen. Crystal Caesar:** —the *Zuiderdam* and the *Rotterdam*.

Bermuda will also host five inaugural cruise ship calls in 2019:

- MS NCL *Pearl*, April 20–21;
- MS NCL *Jade*, April 25–26;
- MS *Celebrity Edge*, April 30–May 1;
- MS *Adventure of the Seas*, May 19; and
- MS *Spirit of Discovery*, December 31–January 1.

Mr. Chairman, the Transportation Planning Team has identified 11 dates when Bermuda will ex-

perience a significant number of cruise ship passengers in port at the same time. These dates have been highlighted with industry stakeholders as peak transport challenge days, and early preparation is underway. The cruise ship schedule can be downloaded from the Marine & Ports website at [www.marineandports.bm](http://www.marineandports.bm), and it is updated regularly.

### Regulatory and Policy/Hotel Administration

**Sen. Crystal Caesar:** Mr. Chairman, the third business unit in the Headquarters, Head 48, is Regulatory and Policy/Hotel Administration, and that cost centre is 58020. The Regulatory and Policy/Hotel Administration unit has been allocated a budget of \$373,714 and is found on page B-195 of the estimates of revenue and expenditure.

The variance between the 2019/20 budget and revised budget for 2018/19 is nil. As noted earlier, this section was transferred to the Ministry of Tourism and Transport from the former Ministry of Economic Development and Tourism, in November last year.

Mr. Chairman, the unit is responsible for the inspection and licensing of properties listed on the hotel inventory. As of May 1<sup>st</sup>, 2018, there were 41 operating licensed properties, including four large resort hotels; 10 small hotels; four cottage colonies; three clubs; seven large cottages, suites and apartments; six small cottages, suites and apartments; two inns; four bed and breakfasts (not to be confused with Airbnb); and one “floatel,” which is the boat known as *The Venetian*, which is sometimes used as a hotel.

The unit jointly administers the new Vacation Rentals Act 2018 with the Consumer Affairs Department, in conjunction with Ministry of Home Affairs. Unlike the process of inspecting and licensing properties listed on the hotel inventory, vacation rental proprietors are required to complete a self-check application form before being issued a vacation rental certificate or a vacation rental (rent control) certificate.

Mr. Chairman, the Vacation Rentals Act 2018 amended the definition of a “hotel,” per section 1 of the Hotels (Licensing and Control) Act 1969, to mean a place which provides sleeping accommodation for 10 or more guests (which increased from six or more guests). As such, a vacation rental [unit] is one that provides sleeping accommodation for nine or fewer guests. Those proprietors are required to register and secure a vacation rental certificate, as previously mentioned, issued either by the Minister responsible for tourism or by the Minister responsible for rent control.

Recent research unveiled that there are at least 662 properties posted on various platforms as vacation rental properties, including, but not limited to, Airbnb, Bermuda Rentals, and Vacation Rentals by Owner [VRBO]. These properties offer sleeping accommodation to nine or fewer guests. Our research

also unveiled that there are 44 properties posted on various platforms which can provide for 10 or more guests and which are *not* on our hotel inventory list. The Regulatory and Policy Unit is addressing the compliance issue, meeting with each property owner individually, and expects these properties to be listed as hotels by the end of the upcoming financial year.

Mr. Chairman, the unit is also responsible for the administration of the Lotteries Act 1944 on behalf of the Secretary to the Cabinet. So far, in the current financial year, 42 raffle permits and 24 business permits have been issued under this Act.

Mr. Chairman, the Regulatory and Policy Unit also administers the Tourism Investment Act 2017 (the successor to the Hotels Concession Act 2000), which became operative on the 10<sup>th</sup> of November 2017. The Tourism Investment Act 2017 revoked 14 inactive or spent Hotels Concession Orders, leaving eight active Hotels Concession Orders in place.

Mr. Chairman, the Tourism Investment Act provides relief, depending on the level of investment in the property, as follows: for a new hotel for a period not exceeding 10 years; a refurbished hotel for a period not exceeding five years; a new restaurant for a period not exceeding three years; an existing restaurant for a period of one year, and an attraction for a period of one year. Members will recall that the very first Tourism Investment Order was recently approved by the legislature for the Bermudiana Beach Resort.

**The Chairman:** Senator Caesar, if I could just interrupt you and say that it is time for the Senate to rise for lunch.

**Sen. Crystal Caesar:** Okay.

**The Chairman:** It is now 12:30. And we will reconvene—

**An Hon. Senator:** Do you have just a couple of minutes left?

**The Chairman:** No.

**Sen. Crystal Caesar:** It is more than a couple.

**The Chairman:** Yes, she has got more than a couple there. I can see that.

So, we will rise for lunch now and return at 2:15 this afternoon.

Senate is adjourned.

**Proceedings suspended at 12:30 pm**

**Proceedings resumed at 2:00 pm**

[Sen. James S. Jardine, Chairman]

**COMMITTEE OF SUPPLY**  
**ESTIMATES OF REVENUE AND EXPENDITURE**  
**FOR THE FISCAL YEAR 2019/20**

**MINISTRY OF**  
**TOURISM AND TRANSPORT**

**HEAD 48—MINISTRY HEADQUARTERS**

*[Continuation thereof]*

**The Chairman:** Good afternoon, Senators, and listening public.

When we broke for lunch we were reading through Head 48, which is the Ministry of Tourism and Transport Headquarters. Senator Caesar was busy reading through that head, so I would like to continue. We have 38 minutes remaining on this particular head. Senator Caesar, you have the floor.

**Sen. Crystal Caesar:** Thank you, Mr. Chairman.

Mr. Chairman, I will continue speaking about the manpower in the Ministry of Tourism and Transport Headquarters.

**Manpower**

**Sen. Crystal Caesar:** [The Ministry of Tourism and Transport Headquarters] employs nine full-time equivalent employees under the following cost centres: 58000, four persons, the permanent secretary, ministry comptroller, an accountant administrative officer, and an executive assistant; 58010 has one employee, the transportation coordinator; [and] 58020, has four persons, the senior manager for tourism regulation and policy, two compliance officers, and an administrative assistant.

Compensation is not included in overtime and is estimated at \$939,139, or 0.02 per cent of the budget.

**Revenue**

**Sen. Crystal Caesar:** It is anticipated that in 2019/20, the Ministry Headquarters will generate approximately \$16,653,000 in revenue from the following sources:

- Bermuda Civil Aviation Authority, \$16 million;
- cruise ship casino licences, \$615,000; and
- hotel licence fees, \$38,000.

This revenue estimate represents a decrease of approximately 55 per cent, again, primarily the result of the November 2018 ministerial realignment, which shifted the revenue attained from the Regulatory Authority of Bermuda (approximately \$17,950,400) to the Ministry of Home Affairs.

Also contributing to the decrease in the estimated revenue at the Ministry Headquarters is the

decline in revenue receipts from the Bermuda Civil Aviation Authority (BCAA), estimated to be \$16 million, in 2019/20. The decline represents a 19 per cent decrease over the prior year's revenue estimate of \$19,850,000.

The decline in revenue is attributed to two changes put in place effective April 1, 2018. First, the BCAA changed its revenue recognition policy to defer revenue for Certificates of Airworthiness, Continuing Aircraft Management Organisations certificates, and Aircraft Maintenance Organisations certificates, which are generally issued 60 to 90 days before their date of validity.

Second, BCAA effected an internal change in accounting practice to improve the accuracy of the calculation of deferred revenue for these certificates. These changes will better reflect the actual revenues earned in each period without the need for cumbersome revenue deferral calculations, and will ensure airworthiness revenue recognition is consistent.

Mr. Chairman, I would now like to discuss the year ahead with respect to the two authorities that receive grants from the public purse. First, starting with the Bermuda Tourism Authority.

**Bermuda Tourism Authority's**  
**2019/20 Budget Highlights**

**Sen. Crystal Caesar:** Mr. Chairman, the Bermuda Tourism Authority, or BTA, was established with a mission not only to promote Bermuda as a destination, but also to be a catalyst of economic development and to ensure the social and economic enhancement of Bermuda through the expansion of tourism.

Mr. Chairman, in 2018, following hundreds of stakeholder interviews, working with groups and public input, the National Tourism Plan (or NTP) was released. The objective of the NTP is to build a multi-year roadmap of our aspirational future for tourism and its effects on the Island as a whole. The vision of Bermuda's having a growing and balanced tourism business by 2025 is underpinned by the opportunities within the seven strategic pillars of the plan.

**National Tourism Plan's**  
**Strategic Pillars**

**Sen. Crystal Caesar:** Those strategic pillars are:

- Awareness and Relevance;
- Greener;
- Infrastructure;
- Local Involvement;
- Innovation;
- Teams and Groups; and
- Year-round.

It is purposeful that these strategic pillars spell "AGILITY." We must be focused, passionate and agile to build on recent growth. The BTA will work with its

partners and stakeholders in order to achieve the aims of the National Tourism Plan.

Mr. Chairman, the introduction of the new vacation rental property fee in 2018 and the proposed cruise ship passenger fee announced in the budget, both payable to the BTA, has enabled the Government to reduce the grant to the BTA from \$26 million in 2018/19 to \$22.5 million in 2019/20, without compromising the ability of the BTA to deliver on its objectives. The current account expenditure can be seen in the Ministry of Tourism and Transport Headquarters, Subjective Analysis of Current Account Estimates, Grants and Contributions, budget lines located on pages B-196 and C-18 of the Budget Book.

The BTA will continue with the successful strategy of investing the funds available in integrated marketing campaigns designed to generate in-year demand for Bermuda as a destination. The majority of the investment will be concentrated in key markets and include out of home, television, digital marketing and events. The BTA will also move forward with the sports strategy and seek opportunities for marketing partnerships with a high return on investment to bring major events to the Island.

Mr. Chairman, tourism represents Bermuda's best opportunity to create inclusive economic growth that benefits Bermudian homeowners, workers, and entrepreneurs. The BTA is proud of its track record of success over the last three years and is committed to further growth of the tourism economy.

Moving on to the Bermuda Airport Authority.

### **Bermuda Airport Authority's 2019/20 Budget Highlights**

**Sen. Crystal Caesar:** Mr. Chairman, the second Authority which receives a grant from the Government is the Bermuda Airport Authority [BAA].

The BAA is nearing the end of its [second] year as a quango under the Ministry of Tourism and Transport. The current account expenditure can be seen in the Ministry of Tourism and Transport Headquarters, Subjective Analysis of Current Account Estimates, Grants and Contributions, budget lines located on pages B-196 and C-18 of the Budget Book.

### **Mandate or Mission**

**Sen. Crystal Caesar:** The mission of the Bermuda Airport Authority delivers a range of essential air navigation services, also known as retained government services, at the L. F. Wade International Airport, including air traffic control, ground electronics, and Bermuda weather and aeronautical information services. As the owner of the airport, on behalf of the Government of Bermuda, the Authority also oversees the performance of the airport developer, Bermuda Skyport Corporation Limited, and its 30-year concession to operate, maintain, and redevelop the new air-

port, scheduled for completion in the summer of 2020. The Airport Authority also regulates airport fees and charges.

Recently, the Airport Authority's inaugural annual report, including audited financial statements for 2017/18, was laid in the House, thus fulfilling this statutory requirement.

### **Expenditure Overview**

**Sen. Crystal Caesar:** Mr. Chairman, the total Ministry of Tourism and Transport operational expenditures grant to the Bermuda Airport Authority will be \$13.3 million for 2019/20. It remains unchanged from the Airport Authority's operational expenditures grant provided in 2018/19. Increases in budgeted finance and administration costs have been offset by reduced airport oversight services costs, as a result of the [Authority's] strategic initiative to insource a major overseas vendor's services, effective 1<sup>st</sup> of April 2019. The same, mostly Bermudian, professional workforce will now provide essential air navigation services as direct employees of the Airport Authority.

Mr. Chairman, the Bermuda Airport Authority 2019/20 capital budget of \$2.5 million, as seen on page C-18 of the Budget Book, cost centre 75342, represents the same level of planned capital expenditure as 2018/19. Major capital projects scheduled for 2019/20 include completion of the aforementioned weather radar system installation.

Mr. Chairman, the Airport Authority currently employs 12 full-time equivalents (or FTEs), headed by a Bermudian CEO, who reports to a board of directors. The Authority's FTEs will grow to 46 in fiscal year 2019/20 when it insources the air navigation services currently provided by an overseas vendor, upon expiry of the three-year service agreement.

Mr. Chairman, that concludes the brief on the Ministry of Tourism and Transport Headquarters, [Head] 48. I would like to take this opportunity to applaud the hard work and professionalism of the staff of the Ministry of Tourism and Transport Headquarters. Also, I would like to thank the staff and boards of the Airport, BTA, Civil Aviation, and Shipping and Maritime Authorities, who diligently carry out their tasks with efficiency and care.

**The Chairman:** Thank you, very much, Senator Caesar. We have 27 minutes remaining for a debate on this head.

Would any Senator wish to speak on this head?

Senator, you have the floor.

**Sen. Marcus Jones:** Thank you, Mr. Chairman.

Good afternoon to my Senate colleagues. Good afternoon to the listening audience.

I am pleased for the opportunity to be able to contribute to this portion of the budget, Head 48, the

Ministry of Tourism and Transport. The country has been very much treated to an Authority that has been able to roll up their sleeves and be able to produce numbers for this country that we have not seen in years. We are anxiously awaiting the upcoming season with a bumper crop of cruise passengers coming to our shores. We see by the numbers that we are expecting 194 cruise calls, 545,000 cruise passengers, which represents 60,000 more visitors than 2018. We, on this side of the aisle, are very much looking forward to this; but we also have our concerns. One of those concerns is the ability to handle the extra numbers. If we look into cost centre 58010, we see that that particular cost line has . . .

**The Chairman:** That is on page B-195?

**Sen. Marcus Jones:** Yes, sorry, page B-195.

It has a cost of \$141,000 and that represents the majority of one full-time employee. A question that I would have for the Government is, Is this one full-time employee in this position sufficient enough to organise a group to plan for taking care the numbers of people who are going to be coming into Dockyard? We know that on any given day when two cruise ships are in port, there are a number of things that are going on up there in Dockyard and it can get fairly hectic.

We understand that, yes, she is . . . and I am assuming that this person . . . we believe her name has been mentioned to the public, she being the coordinator of the transportation that is required. We know that at Horseshoe [Bay] Beach it can be very busy there as well. I will declare my interest as a partner in a minibus enterprise. Many times over the last summer we saw the numbers there at Horseshoe [Bay] Beach get very cumbersome. And the question arises, Who is controlling and who is planning and making sure that we can handle the numbers?

So my question would be, Can we find out who amongst the stakeholders are part of her team that is actually pulling together the plans to coordinate the transportation? Is the Taxi Association involved? The Minibus Association? TCD? WEDCO? I believe that can be very helpful. We want to make sure that all the relevant stakeholders involved in the planning stages are there.

Also, in cost centre 4802, there are four full-time employees. We know that there are two hotel inspectors, there is one administrative assistant, and then, I believe, there is one position for a senior manager. Now, I wonder if that position is actually filled. We know that once the numbers of hotel licence properties dropped . . . and because the bulk of the work in the Department of Tourism was moved over to the BTA, there was also a question of how that particular department should be reorganised. I am just curious, is that position a substantive position? Is it filled? Or is it just left vacant and monies and funding are set aside for that?

Let's look at the hotel inspectors. Most of us can remember the heyday of tourism back in the late 1980s and early 1990s, when we had over 100 licenced properties that these hotel inspectors had to ensure were at a certain standard. Of course, as we can remember, back then there were the larger hotels, like Elbow Beach and Sonesta/Wyndham, so now, with fewer properties . . . and I see by the numbers here there are 41 licenced hotel properties that these inspectors are—

**The Chairman:** Can you reference the page in the Budget [Book], or are you referring to some other information?

**Sen. Marcus Jones:** Well, I am referring to . . . actually, I am still on line item 58020—

**The Chairman:** Okay.

**Sen. Marcus Jones:** —because I am talking about the positions there of hotel inspectors. And that would be right on that line. Yes?

**The Chairman:** Yes.

**Sen. Marcus Jones:** So with less capacity, I would have a couple of questions.

Is there a capacity for this department to be able to spread their wings and actually do a little bit of inspections of Airbnb properties? Now, we recognise that we do not want to overregulate that part of the tourism, that new product that is coming on board. But there is also a need for us to be able to maintain the "Bermuda standard." We understand that every Airbnb property that requires to be, shall we say, able to have their property in the Airbnb system has to have a self . . . (what is it?) a self-check application form done. My question would be, Does anyone verify that self-check application form?

We know that from time to time, especially if our locals are not used to the hotel industry, they may not be fully aware of what is required for an accommodation for a tourist. They may not be able to provide everything that is required. They may inadvertently submit a self-check application form that is not complete. And the question is, Is there a way that we verify the information to ensure that the self-check application is in fact accurate and correct?

Now, we always think about any new product in Bermuda, especially within the tourism industry, and we always need to be considering what is best not only for one arm of an industry, but also what is good for the entire country. Now, we understand that last year there were 662 vacation rental units that were online. The year before that it was 510. And that 510 represented a 96 per cent increase in the number of vacation rental units that were online. The question comes to me, especially now when we are finding that

a number of one- and two-bedroom apartments are off the market, and it sounds like some of our people are having a hard time finding those categories of apartments. So my question would be, Is there a way that the rent control group can decipher and determine if this particular part of the market is now being oversaturated and leaving a scant number of apartments, one- and two-bedroom apartments, available for our permanent residents?

We know that [in] times gone by certain areas in Bermuda were zoned "tourism." And we now know that Airbnb products can be anywhere on the Island. So, in the interests of sustainable development, the question would be, Have we ascertained that we have not gone too far and opened the floodgates too wide where more attention is placed on properties for the Airbnb product, as opposed to our own permanent residents?

Now, one very important part of the Government's budget is the performance measures. One of the things that . . . and again, we are still on line 58020, which is the regulatory and policy hotel administration. One of the things that the hotel inspectors do is they take on all the complaints that may be coming from the hotel sector. So my question would be, Have there been many complaints in regard to vacation rental guests? As this is a fairly new product, the question begs to be asked, Are we having complaints about the vacation rental units?

Also, if we go back to page B-194 . . . I'm sorry, wrong page. If we go to page B-196, we are looking at the expenditures. And on the fourth line down we have Travel Expense. Now, the actual number for 2017/18 was \$46,000. And then for 2018/19, the original budget was 122. And then in 2019/20 the amount budgeted is for \$104,000. Now, I would be curious to know what type of travel the Policy and Regulatory staff members will be doing. My experience and knowledge tell me that those particular staff members will not be required to do that amount of travel, to the tune of \$104,000. So, can we get some information on the travel movements of members of staff of the Admin and Policy?

So we are definitely pleased with the numbers, but we are also equally concerned that we have sufficient staffing, that we have sufficient measures in place, to be able to handle the barrage of visitors that will be coming, especially through our cruise ship port. And so we always have to look again at the numbers of staffing that we have to ensure that we can cover it adequately.

And, Mr. Chairman, I believe at this time I will finish. Thank you, sir.

**The Chairman:** Thank you, Senator Jones.

Would any other Senator wish to debate this head?

Senator Simmons, you have the floor.

**Sen. Michelle Simmons:** I just have a few questions, Mr. Chairman.

First of all, on page B-196, and I am looking at the Revenue Summary, line item 81082, Civil Aviation Receipts. It has been mentioned in the brief that the amount of \$16 million, which has been budgeted for the upcoming year 2019/20, is our portion of a revenue share, and that that figure has seen a decline because of a change in accounting practices. First of all, the revenue share is shared with what other entity? That is my first question. And it may be something that is well known. I am just not clear about where the rest of that share goes. I would like to get some idea of what proportion we receive.

Another question I have (and I am going to limit myself to asking questions because I know time is very short), on page B-195, I am going to that Transportation Planning Team that Senator Jones has been speaking about. I have a different concept, I think, from Senator Jones about the purpose of that transportation planning person or team. I would just like some clarification about whether there is scope in that position for whoever is there to be also looking at increasing the cruise ship presence in Hamilton. I mentioned it yesterday in the general economic debate, and I think that even with 15 cruise ship calls planned for Hamilton in this upcoming financial year, I just wondered if part of the responsibility of that post was also in trying to do something about increasing the number of cruise ships that will be calling in Hamilton.

Okay. Some of questions I had were answered in the brief, and I am going to stop there. Thank you, Mr. Chairman.

**The Chairman:** Thank you, Senator Michelle Simmons.

Would any other Senator wish to speak to this head?

If not, then I think Senator Caesar, you have some questions to answer. Would you like to proceed with those?

**Sen. Crystal Caesar:** Yes. Thank you, Mr. Chairman.

Mr. Chairman, the question was around whether there was sufficient organisation and planning for passengers in Dockyard, particularly around the cruise ships. The individual who coordinates the taxis, buses, et cetera, is able to call on additional buses and/or taxis if necessary. TCD and/or Parks is actually looking at hiring additional traffic officers, particularly, for the Horseshoe Bay Beach Park, that can be quite a bottleneck at summertime, and when there is quite a few cruise ships in. So there is a plan to staff that up so that there are sufficient traffic officers to keep things moving.

And Cabinet will shortly be considering the option of having WEDCO and Skyport hiring their own traffic officers as well. So there is a plan in place to

assist with the bottlenecks and/or additional movement that is required for our visitors in particular areas of congestion.

There was an additional question about the four positions within the hotel section. All positions are actually filled. The senior management post, in particular, was mentioned and that position has been filled. So I can confirm that.

Vacation rentals, as it stands right now, are self-inspected (for lack of a better term). That section can have . . . if, for instance, if there is a complaint, there is the scope to do an inspection, if required. But at this time it is light-touch regulation and it is self-inspected. We trust that our people are maintaining their properties such that they would for any other regular tenant. So, as it stands right now, they are self-inspected. But there is the ability for inspections if so required.

There was a question, Mr. Chairman, with regard to vacation rentals and the number of units that may be coming offline, which are available for our locals and/or just our residents to take advantage of. Any units that are under rent control, Mr. Chairman, can only be vacation rentals for one year. So they go back into the pool for regular rentals. So, if a person decides that they want to continue for a following year, they have to reregister. So the pool is continuously restocked. But there is scope to be tracking the number of units. And that is part of the reason why there was the registration required, so that we could track to see exactly how many properties are out there, how many are on the market and available for residents to use.

Another question was around complaints, again as it pertains to vacation rentals. As I mentioned earlier, there is the ability to track because now that vacation rentals have to be registered there is the ability for one to follow up with a respective body, either the BTA or Rent Control, if there is a complaint. So, they are compiling . . . it is a new area. I think it was September of last year, only 2018, where it was mandatory for vacation rentals to actually be registered. So that number, I am hoping . . . I think we would all hope that the number of complaints is very low. But, again, it is still very new and any complaints are being compiled as we speak, if necessary. So we do have that ability.

The travel budget that was mentioned of \$104,000 is actually not specifically for the hotel unit. It is actually for the entire Ministry. So I think there may have been a bit of misunderstanding as to what that number represented, but it is for the entire Ministry and not just the hotel unit.

If you would just give me one minute to look at my notes, please.

**The Chairman:** That's all right.

**Sen. Crystal Caesar:** Okay. Mr. Chairman, there was a question around the BCAA and their revenue share. I can share that the BCAA is self-supporting. The revenue share is after any expenses and any reasonable reserves, and any residual is provided to the government. I certainly hope that answers the question that was posed.

In addition, the Transportation [Planning] Team, the question was, Can a person look at increasing ship calls in Hamilton? The person who is in charge of that particular portion of tourism is a part of a team who decides on cruise ship strategy and is headed by the Minister. The challenge is that ships are getting larger and, unfortunately, the dock in Hamilton may not necessarily be able to take even smaller ships as it stands right now, because ships are more advanced and need more up-to-date docking facilities, et cetera.

So, it is being considered, but it is a challenge because of the types of ships that we now have on the market. A lot of the older ships that would have been more suitable are probably being phased out of use, as it stands right now.

I am just going to make sure that I have gotten all of the questions.

*[Pause]*

**Sen. Crystal Caesar:** Mr. Chairman, I believe that I have touched all of the questions that were proposed and I trust that if my colleagues have any additional questions, that they feel have not been sufficiently answered that they would be able to pose it to the Ministry and technical officers outside of this debate.

But at this time, I would like to move that Head 45—

**Some Hon. Members:** Head 48.

**Sen. Crystal Caesar:** I'm sorry. Yes, Head 48, Tourism and Transport, be approved at this time.

**The Chairman:** Is there any objection?

No objection.

So moved.

Thank you, Senator Caesar.

*[Motion carried: The Ministry of Tourism and Transport, Head 48, Headquarters, was approved.]*

**The Chairman:** I believe you are also in charge of presenting the next head, which is Head 35.

**Sen. Crystal Caesar:** I am, yes.

**The Chairman:** Again, we have one hour allocated for this. Head 35 is Public Transportation, and that can be found on page B-208.

## HEAD 35—DEPARTMENT OF PUBLIC TRANSPORTATION

**Sen. Crystal Caesar:** Just bear with me, please.

Mr. Chairman, I move that the Committee do now undertake consideration Head 35, Public Transportation.

**The Chairman:** Please continue, Senator Caesar.

**Sen. Crystal Caesar:** Thank you.

Mr. Chairman, the Transport Division of the Ministry of Tourism and Transport, specifically the Department of Public Transportation is Head 35, and it is found on page B-208 through B-212 of the Estimates of Revenue and Expenditure of the year 2019/20.

Mr. Chairman, the total expenditure on page B-208 of the Budget Book is estimated to be \$22,367,621 which represents an increase of \$752,621, or approximately 3 per cent over the 2018/19 budget. The increase has been funded within the established cash limit through the reduction of the Bermuda Tourism Authority grant with additional funding being primarily put towards the following key areas:

- Overtime. While cost savings are expected with the implementation of the new bus schedule, overtime within the department has been traditionally under-budgeted. On balance, overtime continues to be an element of the public transport services, particularly as it relates to bus operations and the repairs and maintenance.
- Diesel. Increasing fuel costs.
- Inventory. The consumable and permanent parts and supplies necessary to refit, repair and maintain the aged bus fleet.
- Training for continuing development of operations and maintenance personnel.
- Consultants. Overseas consultants have been key in supporting the bus service and its fleet of vehicles given the unique nature of the business.

Mr. Chairman, the Department of Public Transportation has three business units: Transportation, Maintenance, and Administration. The budget breakdown is as follows:

- Programme 3501—Transportation:
  - Auxiliary Buses, cost centre 45000, \$137,991;
  - Bus Operations, cost centre 45010, \$10,627,520.
- [Programme 3502—Maintenance:]
  - Repair Services, cost centre 45090, \$5,624,428;
  - Inventory and Management, cost centre 45115, \$2,179,761.
- Programme 3503—Administration:
  - Cost centre 45120, \$2,904,020;

- Management Support, cost centre 45200, \$893,900.

Auxiliary Bus Services, otherwise known as the sightseeing and charters office. This small team is also responsible for coordinating all unrostered work on the public schedule and providing daily service updates. The current expenditure for Auxiliary Bus Services, cost centre 45000, is estimated to be \$137,991 for the 2019/20 [fiscal year] and represents a 9 per cent decrease versus the prior year's budget due to the removal of acting and overtime pay from this section. Note again, this year, the department will not have sufficient buses to provide sightseeing tours.

Bus Operations. Mr. Chairman, the current scheduled public bus service operates 18 hours per day, 7 days a week. The current expenditure for Bus Operations, cost centre 45010, is estimated at \$10,627,520 for the 2019/20 [fiscal] year. This represents an increase of approximately \$260,707, or approximately 3 per cent over the 2018/19 budget. The increase is primarily due to the funding of an overtime budget. While it is anticipated that the new schedule will sharply reduce overtime expenditure below previous levels, overtime is part of the existing bus schedule and traditionally it has not been budgeted at the appropriate levels.

Maintenance and Repair Servicing. Mr. Chairman, the Department of Public Transportation employs a team of professionals in Repair Servicing to repair and maintain the fleet of public buses, support vehicles and equipment. The current expenditure for Repair Servicing, cost centre 45090, is estimated to be \$5,624,428 for 2019/20, which is similar to the \$5,697,000 allocated in [2018]/19. This represents a difference of 0.01 per cent compared to the previous year.

Inventory Management. Parts for vehicles and equipment are procured, stored, controlled and issued by the stores section which falls under Inventory Management. The current expenditure for Inventory Management, cost centre 45115, is estimated to be \$2,179,761 for 2019/[20] and represents an increase of approximately \$120,000, or 6 per cent over the prior year's budget. The uplift is primarily due to funds provided for the purchase of engine parts to be used for the repair and maintenance of the aged bus fleet.

Administration. The Administration section is primarily responsible for developing department strategy, policy and procedures ensuring that the people, processes, and resources are available to deliver a quality public bus service. The expenditure for Administration, cost centre 45120, is estimated to be \$2,904,020 and represents an increase of approximately \$444,000, or 18 per cent over the 2018/19 budget. The additional funding is set aside to re-establish the assistant director technical position, resolve occupational safety and health issues, and provide for inventory-related duty and fleet management services.

Management Support. The Management Support team is responsible for selling and processing bus and ferry fares and providing administrative services for accounts, procurement, and human resources. The expenditure for Management Support is estimated to be \$893,900 for 2019/20, which is an approximate increase of \$14,000, or 2 per cent compared to the budget of 2018/19. This small adjustment supports overtime required for the sale and administration of fare media revenue.

Mr. Chairman, it is anticipated that in 2019/20 the Department of Public Transportation will generate approximately \$7,400,000 in revenue (found on page B-209 of the Budget Book). This will be attained primarily from fees charged for the provision of fare media, that is, bus tickets, passes, and tokens.

Capital Expenditure. Mr. Chairman, the capital acquisition estimate for the department, as seen on page C-12 of the Budget Book, totals \$1,519,861 and is primarily for the acquisition of new buses. A total of four new buses were delivered in 2018 and a further eight buses are contracted for delivery in 2019. In January 2019, the Government issued an RFI [Request for Information] for new buses and will use this information to develop a procurement strategy for continued replenishment of the aged bus fleet.

Manpower. Mr. Chairman, the total complement of full-time equivalents (or FTEs) in the new 2019/20 fiscal year is 232, as reported on page B-210 of the Budget Book. This represents a decrease of four positions, or approximately a 2 per cent decrease as compared to fiscal 2018/19. The breakdown of the FTEs by each section is as follows:

- The number of full-time equivalents for the cost centre 45000, Auxiliary Bus Services, is two, which does not differ from the amount in 2018/19.
- Bus Operations, cost centre 45010, has 157 full-time equivalents. This represents a decrease of five as compared to fiscal 2018/19 and it equates to a reduction of four vacant bus operator posts and one sightseeing coordinator.
- For cost centre 45090, Repair Servicing, the number of 50 full-time equivalents is unchanged from 2018/19.
- Inventory Management, cost centre 45115, has been allocated four full-time equivalents, also unchanged from 2018/19.
- The number of FTEs for cost centre 45120, Administration, is five, an increase of one, reflecting the intended reestablishment of the assistant director, technical, to oversee capital development and asset management activities.
- Management Support, cost centre 45200, has 14 full-time equivalents, unchanged from 2018/19.

Major policy changes. Mr. Chairman, the department is addressing the issue of daily cancellations by implementing a new bus schedule that reduces the daily peak bus requirement from 88 buses down to 50. Sightseeing and charter services were suspended for 2017/18 and 2018/19 fiscal years. This will remain as previously noted, subject to replenishment of the public bus fleet where the focus is on reliable delivery of the bus schedule and the school bus services.

In the interest of energy efficiency and the environment, the Ministry has entered into a Memorandum of Understanding with Rocky Mountain Institute to assess the feasibility of introducing electric buses for Bermuda.

Mr. Chairman, the department is committed to moving Bermuda with a quality public bus service. To achieve this, the department will implement initiatives that restore dependability, improve access to fares and service information, re-establish the bus fleet availability, and improve the passenger experience.

The aforementioned new bus schedule will be in place for the start of the 2019/20 fiscal year and continue for up to 18 months. The reduced schedule will allow for a dependable service by eliminating service cancellations due to the shortage of buses while the aged bus fleet is replenished.

Four new buses were delivered in fiscal year 2018/19. The 14 buses procured in 2009 have to be refurbished to gain approximately five more years of operation. Eight new buses have been contracted and will be delivered in 2019. An RFP will be issued in 2019 for the procurement of the next generation of buses in the continuing effort to reduce the average age of the fleet.

The department seeks to re-establish the position of assistant director, technical, to provide technical leadership and enhance asset management. Continuing investment will be made in training, development, and recruitment of technicians and trades responsible for fleet maintenance. The department will retire buses that are no longer economically viable and focus its resources on maintenance and repair of the remaining fleet. Supporting facilities and work processes will be enhanced to improve efficiency and fleet readiness.

Passenger experience. The department aspires to be Bermuda's preferred transportation solution. To achieve this, the department will focus on improving the passenger experience, both in person and through technology. The Ambassador Training Programme will continue in 2019 for all front-line representatives. The advancement of products, such as the electronic fare media and real time passenger information, will improve access to the public bus service and provide for a frictionless travel experience.

With respect to fare media improvements, the aim is to source the best solution for an integrated digital ticketing fare media payment system for public buses and ferries. The Ministry published an RFI in

late 2018 and will be following up with an RFP in the new financial year.

I would like to take this opportunity to recognise and thank the staff of the Department of Public Transportation for their hard work. The department has faced challenges in the past few years and I would like to express mine and my colleagues' sincere appreciation for their efforts.

This concludes, Mr. Chairman, the Estimates of Revenue and Expenditure for the 2019/20 year for the Ministry of Tourism and Transport, Head 35.

**The Chairman:** Thank you, Senator Caesar.

Would any Senator wish to speak to this head?

Senator Kempe, you have the floor.

**Sen. Nicholas Kempe:** Thank you, Senator Jardine.

I would just like to ask a few questions about the performance measures. I noticed that cancellations have been a recurring challenge for the public bus schedule. I would like to know why the performance measures have been discontinued from last year and this year when they were tracked in 2017/18? I will ask a question, and then another after the answer, if possible.

**The Chairman:** I think it would be good if you could just keep asking your questions and then she can respond at one time with all of the answers.

**Sen. Nicholas Kempe:** Okay.

**The Chairman:** Do you have those, Senator Kempe?

**Sen. Nicholas Kempe:** Yes.

And a similar measure, during the Statement there was a point about the average age of the fleet and that performance measure has also been discontinued. So I would just like to know how we are tracking these critical measures—they were flagged as critical in the Statement—if we are reducing or eliminating the KPIs [Key Performance Indicators]?

On the Professional Services line, I notice that that has a significant increase, and I would appreciate it if you could expand on where that has come from.

And with the passes revenue, I notice last year it was projected to be \$3.7 million, but the revised estimate has come in even lower than the . . . so the original budget last year expected a million dollars more in revenue than the actuals in 2017/18. The revised estimates are showing them even lower than the actuals in 2017/18. What is it that is driving the justification of budgeting for \$3.2 million for the upcoming year?

**The Chairman:** Thank you, Senator Kempe.

Would any other Senator wish to speak on this head?

Senator Michelle Simmons, you have the floor.

**Sen. Michelle Simmons:** Thank you, Mr. Chairman. Just a couple of questions.

First of all, in the performance measures, and I believe . . . well, we are on page B-211. It is the measure under business unit 45120, Administration. And I am going to read it. *Complete customer service training for front-line staff.* And I note that 50 per cent was the revised forecast for 2018/19, and then 50 per cent again is the target outcome for 2019/20. I wondered if that was the Ambassador's Training Programme that was mentioned in the brief. And also, why only 50 per cent? Does it mean that 50 per cent have been trained and now this is the final 50 per cent? Or, have there been some difficulties in providing the training for all of those who require it?

And then, on page B-209, in the subjective analysis of current account estimates, I am looking at Equipment, and in brackets "[Minor Capital]." And while it is not a huge amount, i.e., \$67,000 has been budgeted for this year, for the upcoming year, I wondered why it had increased so significantly from the previous year and exactly what is covered in that item.

Senator Kempe has touched on Professional Services. I have the same question. And that is all I have right now. Thank you.

**The Chairman:** Thank you, Senator Simmons.

Would any other Senator wish to address this head?

Senator Jones, you have the floor.

**Sen. Marcus Jones:** Thank you, Mr. Chairman.

I am looking at cost centre 3501, which is on page B-208. Just a few words before I ask a few questions.

We all understand that the public transportation service that our government provides is the life-blood of the working population. We know that they rely very heavily on the consistency, on the efficient, safe delivery of, not only them as the working population trying to make a living for themselves and their families, but also they are expecting to have service that is going to get their children to school on time. They are looking to make sure that the tourists who are coming to our shores are being taken care of by getting around the Island efficiently, without having to wait too long.

It was interesting. I came into the city from Somerset two mornings this week, and it was raining. So we know, generally, when it is raining heavily people tend to drive their cars in as opposed to getting on a public transportation, or even on the ferries. But what I found interesting was that despite the fact that under normal circumstances when Bermuda was flying at 40,000 jobs and the city was full of people trying to get there to go to work, if I left at home at eight

o'clock, I would not be able to get into the city before 9:30. But, whether that is a good thing or a bad thing or not, I was still able to get to the city of Hamilton within 45 minutes. So that is telling me a number of things. Number one, there are less people working; that is clear. But then I have to ask myself the question, are more people traveling on the public transportation because owning and driving a car is too expensive, so they have had to change their lifestyles and start to use public transportation more? Which puts a greater burden on our bus system to take care of our population.

Now, one of the things that I have taken note of . . . I am still on page B-208, cost centre 3501, looking at line item 45000. Now that line item there, the expense for 2018/19 was \$151,000. And then the budgeted amount that is put out there for 2019/20 is \$138,000. That is a decrease of \$13,000. Now, we have been made to understand that part of the plan is for fewer tours for our public buses to be actually conducting. But I would submit to you that now is probably the time that we need to rethink that. If up until this time we have been struggling to maintain buses that are working, if we have so many cancellations (for whatever reason, whether it is insufficient operators, whether the buses are not operable), we need to have a second look at whether the government-provided bus transportation is justified in getting involved and continuing with the tour business.

I would suggest to you that to make up for the shortfall by the government considering subcontracting all the bus tour business to the number of minibuses companies that are here, I think it can do two things. It can free up buses to ensure that we have sufficient to cover the normal routes, but it will also stoke up the entrepreneurial revenue-driven business for our private sector.

Having spent a lot of my days in Dockyard, I was able to see for myself that for long stretches of time during the day up there in Dockyard, you may have ten, a dozen big-size minibuses that are sitting on the side of the road waiting for their turn to take people to the beach, looking to see if they can get tours. And if, for example, all the tours that were offered in Dockyard were able to be given to them, we would be able to keep the tourists happy without putting an extra strain on our fleet as it stands today.

Another thing I recognised up there was that it was not an uncommon thing to see long lines of tourists standing at the bus stop waiting to go to the beach. Again, you have a dozen minibuses sitting there empty, the guy is waiting to see, *What can I do next?* Again, if there were a way of having those minibuses once there was a long line-up . . . some way in which those minibuses could step in and sort of fill the gap for the public buses, pick up the tourists and be able to take them to the beach. We understand, though, that there is a separate special fee if the minibus takes you right down to Horseshoe Beach; that is

one price. But the public transportation bus only drops you to the top of the hill for a different price (a little bit less). But I say that I would rather have a bus full and make a couple of dollars less and keep moving, than to be standing and sitting there waiting for business.

So, I guess what I am saying is, what the PTB department should consider doing, and we recognise from the Minister's Statement that those tour buses can generate somewhere in the tune of between \$1 million and \$2 million a year, we understand that. But for one quick moment, let's look at the challenges that the buses have with cancellations.

I decided to go online and have a look at how the Public Transportation Board lets its citizens know that buses are going to be cancelled. So I was able to get online and I looked on *Bernews*. And keep in mind, we have just had an announcement that the new schedules are now on board, and that there should be less downtime, so we are looking with much hope, in that sense. But I was able to get online and I looked at March the 11<sup>th</sup>, a Monday, and there were eight cancelled buses in the morning, 24 cancelled buses in the evening. Tuesday, March the 12<sup>th</sup>, there were 15 cancelled buses in the morning, 34 cancelled buses in the evening. Wednesday, there were 10 runs cancelled in the morning, and 18 runs cancelled in the afternoon.

So in a three-day period there were . . . let's see, my quick math tells me, 32 plus 49, plus 28, you are almost at 80 cancellations in a three-day period. So, my point is, that becomes an issue and a challenge when we are trying to fill up and supply the transportation that is required for our citizens.

What I also noted is that some of those bus routes were in the time that workers are trying to get to work. So, you are a worker, you want to be consistently getting to work on time; you want to be productive, your boss expects you to be there on time. And if that was the case for you in those three days, there is a chance that you, working on, possibly, a blue-collar worker's salary that cannot afford to catch a taxi, then you are jammed up. So the point I am trying to make is that by spreading the wealth, by allowing the private sector to be involved in the transporting of its citizens, you then free up the bus to be easily utilised for the routes that need to be covered.

Now, let's look at the full-time employment page, which is B-210, which is the employee numbers, the full-time equivalents. Now, we see that in 2017/18 the actual number . . . and we are looking at cost centre 45010, which is the Bus Operations (which is actually the bus operators). We find that in 2017/18 the actual numbers were 149. And then we find that it was budgeted for some extra buses for 2018/19, which was 162, which actually came in 160. So we see there that even with the extra bus operators that have been hired, and we understand that overtime was also utilised, our buses were still not able to operate in an efficient manner.

And we see there the estimated number of bus operators for 2019/20 is 157. So salaries increased by \$1 million, but efficiency was still lost. And that is why I know that my colleague, Senator Kempe, mentioned the performance measures, which it is very important to keep on top of the performance levels of our buses and them maintaining the routes that they are supposed to take. So, like my colleague, I was concerned about *reduce the number of cancelled trips due to operator deployment per week to 10*. That was one of the standards of the performance measures. And in 2017/18, that number was 19. And I just read out to you almost 80 cancelled routes last week. And now that particular measurement is being discontinued.

I just want to reiterate the question that Senator Kempe asked, Why is that justified in not having that?

Now, let's look at, again, page B-210. The repair and maintenance staff. That is line item 45090. In 2017/18 the numbers were at 36. The budgeted numbers for repair and servicing staff were increased by 14 to 50. That number continues right into the estimate for the upcoming year 2019/20. So, we had an increase in bus operators to the tune of 13. We had 14 additional staff members for repair service for the buses, and our efficiency level went down. That is very concerning. And that is why we need to ensure that our performance measures are something that are put ever before our staff.

Now, we recognise that to a large degree they have been struggling with buses breaking down and with a schedule that was overtaxing. And so we can appreciate that the Minister has tried his best to put together a schedule (he and the union) that will answer the questions of efficiency.

Now, I am a little bit concerned that this schedule that has been devised and made active is only going to be good for 18 months. I would like to think that the decision-makers, both in the Government and the unions, would be working even now to make sure that there is no interruption in that schedule. That by the time 18 months have come and gone, that we will have an efficient bus schedule that is going to satisfy visitors and locals alike.

Now, we find that in . . . I don't have it before me. That Schedule C . . . bear with me . . . I'm looking—

**The Chairman:** You are looking for C-12.

**Sen. Marcus Jones:** C-12, Capital Acquisitions?

**The Chairman:** Yes. C-12.

**Sen. Marcus Jones:** Here we are. Thank you, Mr. Chairman, for your vigilance.

The line item there under Public Transportation is 76293, which is the buses. So we understand, I

believe, that four buses have arrived. Can we get a total number? The spokesmen for Transport may have given the numbers, but I am going to ask her if she can give it to us again, the number of buses that were actually delivered?

*[Inaudible interjection]*

**Sen. Marcus Jones:** Four? Thank you, Senator Richardson.

So there were four buses that arrived in 2018/19, in that year. And then I am made to understand that there are four more on the way.

**The Chairman:** Excuse me, Senator. If I could just interrupt for a second.

If you have questions, address them to the Chair, and again the questions will be answered by Senator Caesar when she gives her answers to all the questions.

**Sen. Marcus Jones:** Okay.

**The Chairman:** You have to speak through the Chair.

Thank you, very much.

Please continue.

**Sen. Marcus Jones:** Thank you for your direction, Mr. Chairman.

So, Mr. Chairman, if I could get clarification on the numbers of buses and whether they have been delivered or whether they are en route, and then I can have a better understanding of the numbers of the capital acquisition of \$3 million for 2018/19 and then that amount of money, those amounts of funds were reduced in 2019/20. I believe that answer would clear up that situation.

**The Chairman:** Very well.

**Sen. Marcus Jones:** So, I reiterate to my colleagues the importance of having a bus system that works for everybody. It works for the tourists who come to our country and want to enjoy the pleasures of the sun and beach and not be found standing in the sun as opposed to enjoying the sun on the beach. As we are made to understand, there are going to be 60,000 more cruise passengers who are going to be gracing our shores, 194 ship calls in total. That extension of the cruise season, we are hoping to be able to fill that during the off season where we are, by the way, not receiving any tax for that, but we can understand why the Government wants to incentivise the ships to come during that time.

I did have a few questions that I believe were answered during the brief that was given by Senator Caesar, and at this point, Mr. Chairman, I will finish my contribution. Thank you.

**The Chairman:** Thank you, very much, Senator Jones.

Would any other Senator wish to address these heads?

No?

Then I think Senator Caesar, you have some questions to answer. You have the floor.

**Sen. Crystal Caesar:** Thank you, Mr. Chairman.

Mr. Chairman, a question was asked around key performance indicators. It should be noted that they have not been done away with. The key performance indicators are in the process of being developed. Basically, they are going to be new and improved, which will be able to give more precise information as it pertains to that department. So they are still in process. It is not that they are no longer being used, but they definitely are . . . new ones are in process of being developed.

There was a question with regard to cancellations which I think we all . . . it has been a sticking point for a lot of us over the last several years. It should be noted, again, that previously there were 88 buses on the schedule. Many of them were not at peak working condition. But as of Monday, we will have 50 buses, and there will be no cancellations. So I think we need to keep in mind that we have retired buses that are no longer in good working order. We have a 50-bus schedule, and there it is planned that there will be no cancellations.

So, it is a misnomer to say that we are still expecting cancellations. We have put a new schedule in place with 50 buses and it is our anticipation that there should not be the cancellations that we have seen at the level previously.

Mr. Chairman, professional services, the question was around why that number has gone up. Again, this relates back to our ageing fleet. We have had a number of MAN . . . if you note that the bus model is M-A-N (MAN), so I am not saying "a man,"—

*[Laughter]*

**The Chairman:** I understand. It is a make of bus.

**Sen. Crystal Caesar:** Yes. It is a make of bus, yes.

We have some of their technicians assisting our very abled mechanics, but of course, as the buses age there are more complications. So we have had to hire them. Obviously, we have to pay them for the work that they do. So that is why the number has gone up in that particular category.

There was a question around auxiliary bus services. Can they fill the gap? We just do not have enough buses at this time to do that. So this would be a gap where minibuses, taxis, would be able . . . the private sector should, or hopefully would, be able to fill that gap. But again, Government does not necessarily have the funds to contract them. As mentioned previ-

ously, the transportation coordinator liaises and meets with stakeholders that would hopefully be able to assist. But again, Government does not quite have the money at this time to hire those buses. So we can only rely on their good will and ability to assist us when they can.

Again, same question around minibuses, the Government is trying to ensure that we are being efficient and diligent with our funds, so again, we meet with stakeholders, but we are not hiring minibuses to fill the gap, as it stands right now.

**Sen. Nicholas Kempe:** Point of clarification.

**The Chairman:** Yes, what is your point of clarification, Senator?

#### POINT OF CLARIFICATION

**Sen. Nicholas Kempe:** I just want to know how the increase spend on professional services for the MAN buses relates to the increase hire of mechanics. I would expect to see one to go in one direction and the other, the other.

**The Chairman:** Thank you, Senator.

Senator Caesar, if you would like to continue with your . . .

**Sen. Crystal Caesar:** Yes. Thank you.

So, just finishing my answer as it pertains to not being able to hire minibuses and fill that private sector gap, in time sightseeing tours, et cetera . . . once our bus fleet is replenished, hopefully we will be able to fill that gap. But, again, we are relying on the private sector to assist us with that.

Maybe we misunderstood the question, but I think there was a question around revenue as it pertains to passes, and why that number has decreased. In fact, all DPT [Department of Public Transport] revenue is anticipated to increase this year, not decrease. So if we misunderstood the question, I would ask, please, if it pleases the Chair, that that Senator reiterate that question. But all DPT revenue is anticipated to increase, not decrease in the 2019/20 year.

**Sen. Nicholas Kempe:** Sorry, would you like me to clarify that now, Mr. Chairman, or later?

**The Chairman:** Yes, Senator Kempe, I think if you would like to clarify your question to Senator Caesar, if there was some doubt as to what you were trying to convey.

**Sen. Nicholas Kempe:** Yes. My question surrounded the fact that last year the actuals in revenue for bus passes, which is on page B-209, the actuals were \$2.7 million. The original budget for 2018/19 was a million dollars higher, \$3.7 million. However, the re-

vised estimates show that that \$3.7 million target was vastly overstated. In fact, the revised estimate for 2018/19 is some \$300,000 less than the 2017/18 actuals. So I am questioning what is justifying the premise to budget for an increase again in 2019/20, which is budgeted right now at \$3.2 million.

**The Chairman:** Thank you, Senator Kempe.

Senator Caesar, you may want to take some time to answer that question if you do not have the answer.

**Sen. Crystal Caesar:** Yes, thank you, Mr. Chairman. I do have—

**The Chairman:** You may proceed with the answers to the other questions.

**Sen. Crystal Caesar:** Answers to the other questions, yes, thank you.

There was a question, Mr. Chairman, around the performance indicator which was 50 per cent for Tourism Ambassador staff, and it is the same for 2019/20. The DPT has been training staff half at a time, so that is why that performance measure is what it is. It is not that they are only expecting a 50 per cent . . . it is just half of the staff is being trained in one year and half is being in the following year. So that is the answer for that.

There was a question around the number of buses, I believe. And if I could clarify, I know I read in my Statement that there were four new buses delivered in 2018, and there will be eight new buses delivered in 2019. I just would like a few minutes to just confer with my technical officers to get the remaining answers to your questions.

**The Chairman:** Yes, that is fine. You can confer.

**Sen. Crystal Caesar:** Thank you.

*[Pause]*

**Sen. Crystal Caesar:** Mr. Chairman, for the question around professional services, again, and the increase in the hire of mechanics, the reality is that the DPT has been trying to hire new mechanics. And it is actually not as easy as it sounds. It is a very specialised area, so they have been unsuccessful to date in hiring mechanics that have sufficient experience to fill those positions. And out of an abundance of caution, the DPT continues to accommodate those additional MAN technicians such that their services are required. So people are either trained up or they can find the appropriate people in those positions.

Now, there were a couple of questions around the past revenue and around equipment. As it stands right now, we will undertake to clarify those areas that actually . . . we need to dig a little deeper to get the

answers to those questions. They are not at our fingertips right now. So we will take note of those two questions, specifically, and get back to the Senators with the appropriate answers once we do that.

Now, I do believe, Mr. Chairman, that I have answered any questions that have been posed, or as best I can anyway. So with that said, Mr. Chairman, may I move that Head 35 now be approved, for Public Transportation?

**The Chairman:** Is there any objection?

No objections.

So moved.

Thank you, very much, Senator Caesar.

*[Motion carried: The Ministry of Tourism and Transport, Head 35, Public Transportation, was approved.]*

**Sen. Crystal Caesar:** Thank you, Mr. Chairman.

**The Chairman:** We now move on to the next Order of the Day which is the Ministry of National Security. Again, we have allowed two hours for this. We will be debating Heads 27 and 6. I believe that Senator Caesar you are also presenting these heads as well.

I will give you a few minutes to just collect yourself and put one lot of information away and bring out the next.

Yes, Senator Kempe?

**Sen. Nicholas Kempe:** Mr. Chairman, I just want to highlight that it appears that it is an hour for one head, and then subsequently an hour for another, as opposed to a two-hour block.

**The Chairman:** That is fine. We will do each head an hour at a time.

We can begin with Head 27 which is Immigration.

**Sen. Crystal Caesar:** Yes. Thank you, Mr. Chairman.

Mr. Chairman, I move that the Committee do now undertake consideration for Head 27, Immigration.

**The Chairman:** You may begin, Senator Caesar.

## MINISTRY OF NATIONAL SECURITY

### HEAD 27—DEPARTMENT OF IMMIGRATION

**Sen. Crystal Caesar:** Thank you.

Mr. Chairman, it gives me pleasure to present the budget for Head 27, the Department of Immigration, found on pages B-289 through B-294 of the Budget Book. The mission of the Department of Immigration is *to serve, conserve and protect Bermuda for the benefit of its people—residents and visitors.*

As noted on page B-289, the Department of Immigration has [been] allocated a budget of \$4,754,000 for the fiscal year 2019/20. This budget number remains the same as 2018/19, thus reflecting a 0.0 per cent change for 2019/20.

The material changes in the estimated budget for the Subjective Analysis of the Current Account Estimates, as compared with 2018/19 revised (column 5), found on page B-290, are as follows:

- A minor increase of \$108,000, or a 3 per cent increase, in Salaries, which is listed on line item 1. This slight increase is mainly due to salaries for temporary relief staff and recently negotiated pay [increase] of 2 per cent.
- A decrease of \$4,000 represents a 57 per cent decrease in advertising and promotion, which is listed on line item 8.
- A decrease of \$54,000, which represents a 25 per cent decrease in professional services, which is listed on line item 9.
- A decrease of \$68,000 represents a 74 per cent decrease in rental services, listed on line 10.
- An increase of \$52,000 represents a 13 per cent increase in repair and maintenance.
- A decrease of \$24,000 represents a 25 per cent decrease in materials and supplies, which is listed on line item 13.

### Revenue Summary

**Sen. Crystal Caesar:** The revenue summary is outlined on page B-290. The total revenue estimate for 2019/20, as compared with the 2018/19 revised (column 5), is \$21,835,000, an increase of \$3,139,000, or 17 per cent. The most material changes are as follows:

The land acquisition fees for 2019/20 have increased significantly at \$3,086,000, which represents a 128 per cent increase over the revenue for 2018/19, which is listed on line item 8. The land acquisition fees have increased from \$2,414,000 to \$5,500,000.

Entry clearance fees for 2019/20 decreased by \$58,000, which represents a 60 per cent decrease variance to 2018/19, which is listed on line item 1.

The residence fees, listed on line item 9, for 2019/20 have decreased by \$45,000, which represents a 47 per cent decrease over the revenue for 2018/19.

On line item 11, the nationality fees for 2019/20 have decreased by \$50,000, which represents a 43 per cent decrease over the revenue for 2018/19.

The Status and Naturalisation fees, listed on line item 12, for 2019/20 have increased by \$139,000, which represents a 27 per cent increase over the revenue for 2018/19.

There is a decreased estimate for penalties, listed on line item 13, issued by \$44,000, which represents a 56 per cent decrease over the revenue for 2018/19.

*[Sen Michelle Simmons, Chairman]*

### Capital Expenditure

**Sen. Crystal Caesar:** Madam Chairman, funds budgeted for Capital Acquisitions for 2019/20 amount to \$1,927,000 and can be found on page C-14. The amounts allocated include the total amount of \$1,927,000 and will be allocated for the purchase of a new border management system to replace the ageing system. We estimate that total cost of implementing the new system will exceed this amount.

### Manpower

**Sen. Crystal Caesar:** Madam Chairman, the manpower estimates for the department, as outlined on page B-291, are 50 full-time posts. Within the department, there are four vacant posts, consisting of one customer service representative; one assistant chief immigration officer; one manager of finance and administration; and one business systems officer. Approval has already been granted to fill these positions; it is expected that all posts will be filled during the first quarter of the new fiscal 2019/20. You should note that the assistant chief immigration officer and manager of finance and administration positions became vacant due to the retirement of each incumbent, Mr. Steven Lambert and Ms. Dawnette Bean, in May and September, respectively.

### Output Measures

**Sen. Crystal Caesar:** Madam Chairman, the department's performance measures are outlined on pages B-292 through B-294. During fiscal year 2018/19, the staff of the Department of Immigration have worked diligently, courteously and impartially to accomplish our mandate.

### Plans for the Upcoming Year

**Sen. Crystal Caesar:** Madam Chairman, the department's plans for the upcoming year will continue to focus on comprehensive immigration reform and the development and implementation of a new border management system (or BMS).

The roadmap toward the realisation of comprehensive immigration reform comprises four phases. The first phase was completed early in December 2018 and related to work permit processing. The remaining phases are:

1. process improvement—short to medium term;
2. immigration reform—long term; and

3. operations, systems and execution implementation.

All three phases will have as a first step the securing of a project team and resources.

The process improvement phase is due to start in April 2019. It will entail the review of immigration workflows, and its aim is address bottlenecks, i.e., applications processes. The immigration reform phase is at the centre of the overarching reform and will emphasise policy development, public consultation and the drafting of legislation. The Ministry aims to bring legislation to the House by July 2019. The operations, systems, and execution phase will be the output of the work done in the first two phases. The timeframe for this final phase is yet to be determined and will entail the procurement process, the revision of vendor contracts and forms, change management and staff training.

### New Border Management System

**Sen. Crystal Caesar:** In the past two years' budget briefs, the department highlighted its plans to replace its current border management system [or BMS]. As a reminder, the BMS is one of Bermuda's frontline defences used to screen arriving passengers who arrive at the L. F. Wade International Airport. The system processes passenger information against a variety of local and international alerts, such as the stop list, the watch list and the terror list, upon [a person's] arrival to Bermuda, and alerts officers to critical information in real time. It also allows for the detection of overstays and provides a detailed travel history record that is used for investigation purposes.

The 3M-Innovative Properties Company (or 3M) developed the BMS in the mid-2000s. Significant steps have been taken to advance the plans to replace the current BMS. A request for proposal (or RFP) was posted in mid-summer of 2017. Four vendors provided quotes in accordance with the RFP process. A new vendor has been selected, and the department will shortly enter into the contract and implementation phase of this project. Without question, the new BMS will be aligned with industry standards, and both locals and visitors will be pleased with the processing process upon arrival in Bermuda. The implementation phase of the new BMS will be completed prior to the opening in 2020 of the new L. F. Wade International Airport.

Madam Chairman, I would like to thank the dedicated members of staff at the Department of Immigration. I would like to thank the immigration team, under the leadership of Dr. Danette Ming, the Chief Immigration Officer; together with Mr. Philip Perinchief and Ms. Lauren Sadler-Best of the Attorney General's Chambers; the Immigration Board headed by Mrs. Renee Ming, JP MP; and the Immigration Appeal Tribunal, headed by Mr. Charles Richardson, for the work undertaken in 2018/19.

Finally, we would like to recognise Ms. Marita Grimes, Mrs. Michelle White, and Mr. Ron-Michel Davis, and their respective teams, as well as the Collector of Customs, Mrs. Lucinda Pearman and her airport team for administering the airport border control on behalf of the [Department of] Immigration.

Also, thanks to the Information and Digital Technology Office for their timely assistance in ensuring that our systems were operable, particularly at the L. F. Wade International Airport. They have all been cooperative and innovative in their respective disciplines, and the roles they have played in immigration matters. Thank you, Madam Chairman.

**The Chairman:** Thank you, Senator Caesar.

## ANNOUNCEMENT BY THE CHAIRMAN

### SENATE VISITOR

**The Chairman:** And before I invite other Senators to comment, I would like to acknowledge the presence in the Gallery the Minister of National Security, the Honourable Wayne Caines. Welcome.

*[Committee of Supply, continuing]*

**The Chairman:** Would any other Senator like to speak?

Senator Jones.

**Sen. Marcus Jones:** Thank you, Madam Chairman.

I would like to just say a few words in regard to the overarching subject of immigration before I actually start to deal with the cost centres and the line items. If I may, Madam Chairman, make a quote from the Fiscal Responsibility Panel in November 2018.

"A precondition for faster growth" (in the economy) "is to increase the island's workforce. It is the only realistic counter to the island's demographic challenge from a rapidly shrinking and ageing population."

That particular quote is apropos for the times that we are living in today. And I think the country knows that we on this side of the political aisle have been beating this drum for a number of years now, understanding, as many economists have stated and confirmed, that the workforce levels need to increase. But, of course, we also realise that there must be balance in everything that we do in regard to dealing with immigration reform.

We know that immigration reform is critical for any economic plan. We also know that a capitalist society must have freedom of movement, not only of capital, which is important, but a freedom of movement of labour. We know in this country that immigration reform is a very emotive, a very passionate topic. And so I was very much encouraged as I have heard the Minister (who has graced us with his presence)

[make] statements that he wants to start to proceed, for the country to start to come to grips.

So I do have one or two questions in that regard. The Minister has stated that a consultation paper is going to be sent out to the public. I want to know what type of questions are going to be asked of the citizens.

I have also been made to realise that there is a Green Paper that is going to be unveiled by Cabinet. I believe the country will be curious to know what the turnaround time would be. Another good question would be, Will the IB community be a part of a consultation process and contributing to it? And finally, will there be an effort to educate the community [with] the pros, the cons and what the country has to benefit from [with] an improved immigration reform?

So with those quick comments, I now turn my attention to the actual cost centres and line items. Now, we look at the salary increases, we are looking now at page B-290. We notice there that the salary increase is 3 per cent with no change in full-time employees. Now, I would gather . . . I am not sure if that reflects the increases that the civil servants received in that year, in this last year that we have experienced. But I would have this question: What cost centre would reflect the temporary staff and summer students who were hired to clear up the backlog? How many temporary and summer interns will the department be expecting to hire and utilise in the coming year?

I have also noticed, we are still on page B-290, that we are looking at training. The training cost for the year 2018/19. As the budgeted amount was \$6,000. And if we look in the revision column, that number is going to be zero. But then again, in the estimate number of 2019/20, we see that an amount of \$6,000 being put back on there. My question would be, with the intention of transforming the department into a digital electronic method of processing from the manual system that exists today, is \$6,000 sufficient for training to get the staff up to speed on a new method of processing work permits and the like?

Now, one other thing that I have also noticed under the revenue section, if we look at line 8291, that is land acquisition fees, we see that the 2018/19 original budget was \$7,000 . . . sorry, \$7 million. What am I saying? Seven thousand dollars would be a travesty! But \$7 million in revenue was what was estimated for the 2018/19 year, but the revised figure is now \$2,414,000—a considerable drop-off from what was originally expected. Armed with that information, we then see that the estimate for 2019/20 is back up to \$5,500,000, an increase of \$3,086,000.

So my question would be, What was the justification for using those numbers? Especially if you turn to page B-292, and if you look down there it is the sixth line from the bottom of that page, on the line that says, *Permission to acquire land*, the revised forecast for the numbers of applicants to acquire land is 70.

And next year's target, 2019/20, will be 77. Somehow those numbers do not jive with the revenue that will be expected from line item 8291, under revenues, which is land acquisition.

Now, moving along to performance measures, and we all know that one, or several, of our main competitors to the south of us is able to process work permits on a regular basis for . . . just a standard work permit can turn around in five days. We want to be sure that we can match that, if not do better. So performance measures are very important. We are looking at the number of work permits processed (that is the third line) from business unit 37010, under corporate services, on page B-292. The original forecast for 2018/19 was \$5,324. The updated number is \$4,614. Then the estimated amount is \$5,075. I guess my question would be, How does the department come up with a 10 per cent increase year-on-year? From our educated guess and information that sits before us, that \$5,075 does not appear realistic. I will ask for the "why" of those numbers to be shared with us.

Continuing in this same category, business unit 37010, here on page B-292, we are looking now at the number of civil penalties. Now, the forecast for 2018/19 was to be 15 civil penalties. We find that the revised forecast for 2018/19 is a whopping 148, and the targeted amount for 2019/20 is 163. Now, I understand that we are getting a new border management system, which the spokesman for Immigration has shared with us that that is the plan. In light of these numbers that we are looking at, I guess my question would be: What is the success level of the hotline calls and assistance from the public that the department gets in regard to violators of our immigration policies and work permits, and the like?

If we have repeat offenders, whether they be companies or individuals, what are the consequences of those violations? There are many of our fellow Bermudians, residents, who are sometimes disheartened when they see their livelihood being affected by lawbreakers. And so I believe the public, like me, would love to get a number on the repeat offenders and how the department deals with that.

If you would just bear with me, Madam Chairman.

**The Chairman:** That's okay, Senator Jones.

## **ANNOUNCEMENT BY THE CHAIRMAN**

### **SENATE VISITOR**

**The Chairman:** While you are doing that, I am going to acknowledge the presence in the Chamber of the Permanent Secretary of the Ministry of National Security, Mr. Collin Anderson.

*[Committee of Supply, continuing]*

**Sen. Marcus Jones:** Thank you. Thank you, Madam Chairman.

A number of the questions I am realising were answered by the spokesmen for Immigration. And on that note, Madam Chairman, I will rest.

**The Chairman:** Thank you, Senator Jones.  
Would any other Senator wish to speak?  
Senator Kempe?

**Sen. Nicholas Kempe:** Yes, I may. It will be depending on the answer for the land acquisition fees, which have certainly caught my attention.

**The Chairman:** Okay. Thank you, Senator Kempe.  
Senator Caesar, back to you.

**Sen. Crystal Caesar:** Thank you, Madam Chairman.  
I would just like a few minutes to confer, please.

**The Chairman:** Okay, that's fine.

**Sen. Crystal Caesar:** Thank you.

*[Pause]*

**Sen. Nicholas Kempe:** Madam Chairman?

**The Chairman:** Yes, Senator Kempe.

**Sen. Nicholas Kempe:** There was a question that I thought had been asked, but hadn't, so I might as well add it to the list.

**The Chairman:** Mm-hmm.

**Sen. Nicholas Kempe:** I just wanted to understand the relationship between—

**The Chairman:** Which page are you on?

**Sen. Nicholas Kempe:** I am on pages B-290 and B-291.

**The Chairman:** Mm-hmm.

**Sen. Nicholas Kempe:** I note that there is a very large increase in professional services, and there is also an increase of five people. So I just wanted to know, kind of, why both are happening at the same time.

**The Chairman:** Okay.  
Senator Caesar, did you get that question as well? Would you like Senator Kempe to ask it again?

**Sen. Crystal Caesar:** Yes, please.

**The Chairman:** Senator Kempe.

**Sen. Nicholas Kempe:** Thank you, Madam Chairman.

I just wanted to get some more clarification. I note that professional services has a very large increase, the largest percentage increase, but it is also accompanied by an increase in five more employees. I would just like to hear some justification behind the increase on both of those line items, concurrently.

**The Chairman:** Thank you.  
Senator Caesar.

**Sen. Crystal Caesar:** Thank you.

While the technical staff answers that question, I would like to go back and answer some questions that have been asked previously.

There was a question, Madam Chairman, with regard to the consultation, or Green Paper that will be drafted. Well, actually, it is in the process of being drafted. It requires Cabinet approval. At this time the specific questions that will be asked of the public have not been approved, so it would be impossible to say at this time. But in due course the public will be made aware of the questions that will be asked around, I believe the question was around the different types of closed categories that will possibly be considered.

The next question was, Will the IB community be involved? Absolutely! They continue to be involved in most of the discussions regarding immigration; they are our partners. So the whole alphabet—ABIC, ABIR, Bermuda First, BBA—all of these bodies, as well as others stakeholders are always consulted when it comes to immigration issues because they employ a large portion of our population and thus it would affect them, their businesses, and Bermuda ultimately. So, yes, those stakeholders are consulted.

Another question was . . . there will be, as I think has been a hallmark of this particular Government, involvement of community stakeholders. So there will be town hall [meetings], there will be information sessions. I am sure that the Minister may consider even inviting submissions from individuals in the public. So that will continue with regard to this. Immigration is a hotbed topic and very emotive, and therefore the community at large does need to be canvassed and comprehensively. That is the commitment of this Government, and has been the commitment, and we will continue that as it pertains to consultation for immigration reform.

There was a question around how many temp staff and/or summer students were employed to clear the backlog. There were three temporary reliefs hired from December 2018 to February 2019. And if I could just clarify . . .

*[Crosstalk]*

**Sen. Crystal Caesar:** The number of summer students is in process. As we all know, a lot of summer students are not quite here, do not quite know their plans as yet. And it will be determined through the Workforce Development department as to what students are available, what their skill set is, and where they will be placed. So we do not actually have an answer for that right now, unfortunately, but we will see.

A question was asked regarding training costs for 2019/20, Is this sufficient for digitisation of the Immigration Department and trust? That is definitely in the capital budget for 2019/20. What the public and fellow Senators must keep in mind is that our Immigration Department has not maybe moved at the same technological pace as we would have liked. It is still very much paper driven. So digitisation is very high on the priority list. So, yes, it is actually included in the 2019/20 budget number.

I am just clarifying one of the answers, so please bear with me.

**The Chairman:** That's fine.

**Sen. Nicholas Kempe:** Madam Chairman, point of clarification.

**The Chairman:** Yes, Senator Kempe.

#### POINT OF CLARIFICATION

**Sen. Nicholas Kempe:** Yes, the Senator just said that the digitisation was in the capital budget. But the question was about the training expense in the current account budget. So I just want to get some clarity. I would understand that the actual software and computer equipment or whatever is in the capital budget, but the training for the usage I would expect to find in the current account. And the question was about the \$6,000 allocated.

**The Chairman:** Okay. Thank you for your clarification. Senator Caesar.

**Sen. Crystal Caesar:** If I could just answer that question directly?

**The Chairman:** Mm-hmm.

**Sen. Crystal Caesar:** Madam Chairman, it has been confirmed to me that that is actually included, that particular question. It is included in the capital budget; it is not included in that training number. Okay?

**The Chairman:** Thank you.

**Sen. Crystal Caesar:** Yes, no problem.

For the question regarding land registration fee revenues, What is the justification for the \$5 mil-

lion estimate? This is arrived at using historical average trends, plus a degree of professional judgment. It is subject to market conditions and the timing of revenue received. So there is quite a bit of calculation that goes into that number.

I believe that was the question from page B-292.

*[Pause]*

**The Chairman:** You are still working?

**Sen. Crystal Caesar:** Yes, bear with me.

**The Chairman:** Take your time.

**Sen. Crystal Caesar:** Thank you.

*[Pause]*

**Sen. Crystal Caesar:** Just so the listening public is aware, the technical officers who support us often-times have to scribble down notes, so it is not quite as quick one would think.

If they would just have an understanding and bear with us in terms of getting that information . . .

**The Chairman:** I think you may have another response there.

**Sen. Crystal Caesar:** Oh! Here we go!

*[Laughter]*

**Sen. Crystal Caesar:** I didn't see it!

**The Chairman:** And we will give you a minute to see—

**Sen. Crystal Caesar:** To digest, yes.

*[Pause]*

**Sen. Crystal Caesar:** Okay. This question is around the civil penalties, [business unit] 37010. The question was, What is the success level for the department hotline for violations of immigration breaches? As the current Minister has made it . . . as one would know from the adverts, I think we have all heard the quite creative adverts with regard to encouraging reporting of these. The department has become more diligent in collecting and collating that information, and is in the process of doing so. So in terms of the success level versus any other key indicators, they are still compiling that information.

So I would be remiss at this point to try and guess at that, but, again, it is being collected. The Minister is very forthwith in making sure that we collect that information and it will be forthcoming.

The question was, What are penalties for breaches [of] immigration laws, and does the Immigration Department handle repeat offenders? Well, the legislation provides for a range of [fines] \$5,000 and upward for each offence. So I guess one would say that if one is found in breach of immigration laws, then they can be fined from \$5,000 and up. And repeat offenders, obviously, would not necessarily be considered a good corporate citizen and would need to be closely monitored. But, again, there are fines which would levied as appropriate.

**The Chairman:** Are we still waiting for further responses?

**Sen. Crystal Caesar:** Yes, a couple of them, yes.

*[Inaudible interjection]*

**The Chairman:** Senator Kempe, yes. Please go ahead.

**Sen. Nicholas Kempe:** Thank you, Madam Chairman.

On the land acquisition fees, I believe I heard, and correct me if I am wrong, Senator Caesar, you said that the drop . . . or, I am not sure if you even addressed this drop on the revised estimate. But you said that the budgeting was based on timing of payments, market trends, and something else. If the revised estimate, down from \$7 million to \$2.4 million, is because of a deferment in payment, I would expect the 2019/20 figure to be much larger than what was budgeted last year, or at least what was the actual for 2017/18.

This is the second-biggest revenue line item of the Department of Immigration, and we are talking about \$4.5 million in lost revenue. I think we need a better explanation about how that amount of revenue is lost or missed from the target and what has been done from an accountability standpoint to ensure that that does not repeat.

**The Chairman:** Thank you, Senator Kempe.  
Senator Caesar, are you prepared to answer? Or do you need some more time?

**Sen. Crystal Caesar:** I am actually going to confer, but before I answer that I am just trying to see if there was something else that I needed to respond to.

**The Chairman:** Okay.

Does any other Senator wish to ask a question or comment?

Okay.

*[Pause]*

**Sen. Crystal Caesar:** In just going back to civil penalties, civil penalties are levied when someone has been in violation of some of the regulations or immigration laws. And although there has been an increase, it would beg to reason that the department has become more diligent in accessing those who have fallen outside of the law. I see that there are 163 for the 2019/20, as a result of the department's experience. And so that means that the department is becoming more . . . How can I put this? In the past year they have become diligent. So, obviously, if we have not necessarily determined that there are going to be more, I think that is actually a good sign. It means that people are becoming more honest in submitting applications. They are not falling outside of the regulations and, therefore, we are ensuring that the people are staying within the immigration regulations.

Now, with regard to the question on the professional services, I will repeat the answer that I had given with regard to the number of an increase of staff. There is actually not an increase in headcount for 2019/20. I'm sorry, wrong answer . . . wrong answer.

*[Laughter]*

**Sen. Crystal Caesar:** There are too many pieces of paper here.

**Sen. Nicholas Kempe:** Point of clarification.

**The Chairman:** What is your point of clarification, Senator Kempe?

#### POINT OF CLARIFICATION

**Sen. Nicholas Kempe:** Madam Chairman, I was comparing the actuals from 2017/18 on both salaries and/or employees, and professional services, between actuals of 2017/18 and 2019/20, which is where I got the five employees and the . . . basically, tripling of the professional services fees.

**The Chairman:** Okay, thank you.  
Senator Caesar.

**Sen. Crystal Caesar:** Thank you, Madam Chairman.

Cabinet actually did not approve the additional five in headcount, so there will be no increase. And professional services are actually going to be paid from Ministry Headquarters.

**Sen. Nicholas Kempe:** A follow-up question.

**The Chairman:** Senator Kempe, please go ahead.

**Sen. Nicholas Kempe:** Thank you, Madam Chairman.

If Cabinet has not approved the increased headcount, why are we budgeting funds for the salaries?

**The Chairman:** Thank you, Senator Kempe.

Senator Caesar, would you like to have some time to respond?

*[Pause]*

**The Chairman:** Senator Caesar?

**Sen. Crystal Caesar:** Yes, thank you.

I have been told that there is actually an errata. I am not sure if you have that, Senator Kempe and Madam Chairman.

**The Chairman:** Which page are you referring to?

**Sen. Crystal Caesar:** To page B-292.

**The Chairman:** Is it page B-290?

*[Crosstalk]*

**The Chairman:** We are just trying to establish the correct page.

*[Crosstalk]*

**The Chairman:** Senator Caesar, may I make a suggestion?

**Sen. Crystal Caesar:** Sure.

**The Chairman:** Perhaps you should continue to work on the answer, and we will hear it later. But I think this will take a bit too much time to try to answer it right now. And we certainly want the correct information—

**Sen. Crystal Caesar:** Yes, thank you.

**The Chairman:** —as opposed to something that is just hurriedly presented.

**Sen. Crystal Caesar:** Yes. Thank you, Madam President, I think the difficulty is that an errata, Madam Chairman—

**The Chairman:** Madam Chairman.

**Sen. Crystal Caesar:** —has actually been issued and so we would need to ensure that that is the page that we are referring to, to ensure that we are looking at the same thing as Senator Kempe. And I think he would need to do the same as well.

**Sen. Nicholas Kempe:** Just a point of clarification, Madam Chairman.

**The Chairman:** Senator Kempe.

#### POINT OF CLARIFICATION

**Sen. Nicholas Kempe:** Just to be clear, we have received some 15 pages of errata, but B-290 and B-291 were not included in that last.

**The Chairman:** Right. I believe that is what we are saying.

**Sen. Nicholas Kempe:** Yes.

**The Chairman:** Thank you, Senator Kempe.

And Senator Caesar and her technical advisors will ensure that we get the erratum we need and also answers to the questions.

**Sen. Crystal Caesar:** Yes, we will, Madam Chairman.

**The Chairman:** Thank you, Senator Caesar.

**Sen. Crystal Caesar:** I am also just quickly scanning the additional questions that have been asked to ensure that I do answer the appropriate questions.

The final question that I believe I have not answered is with regard to land fees. There is a timing delay that is a part of the process. The department typically has to wait for other departments to complete that process, therefore, there is a lag in the revenues that are actually received.

So, for example, in the last week there were 19 applications approved for 2018/19. So the revenue will now come through for that. So there is some lag in the results as it pertains to the revenue numbers that we have, so . . . I believe—

**Sen. Nicholas Kempe:** A point of clarification, Madam Chairman.

**The Chairman:** What is your point of clarification, Senator Kempe?

#### POINT OF CLARIFICATION

**Sen. Nicholas Kempe:** So is the Senator saying that this \$5.5 million in the 2019/20 estimate includes revenue that should have been collected in 2018/19? And if so, how much of that \$5.5 million is deferred revenue and what is the actual revenue for 2019/20 that is from land acquisition fees for the upcoming year?

**The Chairman:** Thank you, Senator Kempe.

**Sen. Crystal Caesar:** I am advised that it is not actually deferred revenue, it just has not yet been collected. It is a receivable.

**The Chairman:** Senator Kempe, a follow-up?

**Sen. Nicholas Kempe:** Then why is it not included in the 2018/19 estimates? If it has been incurred, if the revenue has been accrued, but it is not collected, that is a receivable balance, but it is still revenue.

**Sen. Crystal Caesar:** That's correct. That is an accounting term. That is correct.

**Sen. Nicholas Kempe:** So then why is the number lower in 2018/19 if it is suggested that this revenue has actually been approved?

**The Chairman:** Senator Caesar.

**Sen. Crystal Caesar:** I am advised by my technical officers that because at the time that the revenue is done it is in January, so there is lag in the numbers.

**The Chairman:** And again, I think that if there is further follow-up on that, it can come a bit later.

Senator Caesar, do you have any other response?

**Sen. Crystal Caesar:** Not at this time.

**The Chairman:** Okay. Thank you.

**Sen. Crystal Caesar:** I am just getting some clarification as it pertains to the hotline calls and what the typical penalties are. I do believe that I answered, but I will reiterate that hotline calls are only as successful as they are received.

So, obviously, we can only account for what has come in. And where the information has been completed, it does take investigation. Sometimes a complaint is insufficient to deem it a true complaint. And, again, civil penalties are \$5,000, and up, to both the employer and employee. So I believe that gives them a fulsome answer in that regard.

**The Chairman:** Thank you.

Senator Caesar, would you like to move Head 27, Immigration?

**Sen. Crystal Caesar:** Yes, I would. Please bear with me until I can find my papers. Here we go.

Madam Chairman, I move that the Committee do now approve Head 6 [*sic*], Immigration. I'm sorry—

**The Chairman:** It is Head 27.

**Sen. Crystal Caesar:** Head 27, which is Immigration, sorry.

Yes, I do move that Head 27 be approved.

**The Chairman:** Is there any objection?

No objections. So moved.

[*Motion carried: The Ministry of National Security, Head 27, Immigration, was approved.*]

**The Chairman:** We are now moving on the next head in this Ministry, the Ministry of National Security, Head 6, Defence.

**Sen. Crystal Caesar:** Thank you, Madam Chairman.

**The Chairman:** And I believe we are on page B-273.

**Sen. Crystal Caesar:** That's correct, Madam Chairman.

I move that the Committee do now undertake consideration of Head 6, Defence, which is found on pages B-273 through B-276.

## HEAD 6—DEFENCE

**Sen. Crystal Caesar:** Madam Chairman, Head 6 comprises the Defence Department, or the Royal Bermuda Regiment ("RBR" or the "Regiment").

The Regiment's role is to provide operational capacity to support the civil authority. It performs a number of critical functions including natural and man-made disaster relief (both on and off the Island), internal security, state ceremonial activity, routine and specialist support for the Bermuda Police Service, military training, social cohesion, and youth development.

The primary legislation affecting the department is the Defence Act 1965, the Royal Bermuda Regiment Governor's Orders 1993, His Excellency's Directive to the Commanding Officer dated 21 September 2018, the Bermuda Volunteer (Reserve Force) Act 1939, and the Royal Bermuda Regiment (Junior Leaders) Act 2015.

### Mandate

**Sen. Crystal Caesar:** Madam Chairman, under the authority of the Defence Act 1965, the Royal Bermuda Regiment's mandate is to be a military force maintaining the necessary standards of manpower, training and equipment to enable it to perform its assigned roles efficiently and effectively. The Regiment is continuously training to remain at a state of readiness in order to accomplish its important missions and tasks for local and, potentially, overseas operations.

### Mission and Roles

**Sen. Crystal Caesar:** The mission and roles of the Regiment were confirmed by formal reviews in the years 2000, 2006, 2014 and 2018. The extant mission is: *The Royal Bermuda Regiment is to support the Civil Authority with the security of Bermuda, its peoples, property, livelihood and interests in order to maintain normality.*

At this time, the Regiment has implemented a five-year strategic review in order to reorganise the Regiment in an effective and efficient manner, to ensure that missions and tasks are current. This is a working document and will be used as a guideline, as it will be upgraded to offer a better solution than what was stated. The mission statement roles for the Royal Bermuda Regiment are:

- a. recruit and retain an all-volunteer force;
- b. influence through a targeted information operations campaign;
- c. support the Bermuda Government in providing Military Aid to the Civil Authority (or MACA);
- d. support the Emergency Measures Organisation in responding to Humanitarian Aid and Disaster Relief (or HADR) operations;
- e. develop an externally focused Humanitarian Aid and Disaster Relief capability;
- f. develop a force to generate a full-time professional inshore Coast Guard capability; and
- g. provide ceremonial support for official and national approved events.

### Concept of Operations

**Sen. Crystal Caesar:** The RBR will better define and clearly articulate its roles and responsibilities and develop a sustainable recruiting and retention process that serves as a post-conscription Regiment. It will establish a professional development cycle and sustainable training plan in order to exercise interoperability and meet operational demands.

It will conduct planned community and defence engagement activities to assist the transformation programme. Moreover, the RBR will measure performance and effectiveness, whilst communicating progress and success to internal and external audiences.

Furthermore, it will deliver operational capability through the use of Reserve soldiers, in the following areas:

### Military Assistance to the Civil Authority (MACA)

**Sen. Crystal Caesar:** The role encompasses the spectrum of assistance that the Regiment could be asked to give to the civil authority of Bermuda. MACA can be subdivided into three main areas: (a) assistance to civil power—to provide protection for high-value assets and other internal security operations in support of other governmental departments; (b) assistance to civil ministries—responding to a crisis beyond the Government's immediate control or more routine requests for assistance; and (c) assistance to Bermuda society—through the provision of a voluntary military experience, support the integration and development of the people of Bermuda.

In each case, the decision to embody the RBR rests with the Bermuda Government and the commanding officer as appropriate.

### Humanitarian Aid and Disaster Relief (HADR)

**Sen. Crystal Caesar:** The RBR is mandated to assist the civil authorities in the event of a major disaster, either natural or man-made, befalling the Island.

The Commander-in-Chief will work with the Emergency Measures Organisation to coordinate the deployment of the RBR, in order to protect and preserve the community and its property prior to, during, and after a disaster. Should a request for external assistance be received, then Government House will coordinate the potential deployment of the RBR off the Island.

### Coast Guard

**Sen. Crystal Caesar:** In order to secure Bermuda's territorial waters out to 12 nautical miles, and in compliance with the Defence (Coast Guard Unit) Amendment Act 2018, the RBR will develop a full-time Coast Guard capability that can undertake the following tasks, once approved:

- a. law enforcement of the inshore waters;
- b. search and rescue coordinated by the Bermuda Maritime Operations Centre;
- c. support HM Customs to interdict marine smuggling operations;
- d. support the Bermuda Police Service, working as a joint hybrid model at first, training, adapting, and joint operations concurrently, with a view to take over after a period of time;
- e. support the Department of Environment and Natural Resources to enforce fisheries regulations; and finally
- f. support the Department of Marine and Ports to enforce maritime regulations and ensure maritime border and port security.

### Funding

**Sen. Crystal Caesar:** The total funding, Madam Chairman, for Defence for the coming year is \$7,208,886. This reflects no change from the 2018/19 budget.

### Capital Acquisition Funding

**Sen. Crystal Caesar:** Madam Chairman, the Ministry of National Security has approved \$247,560 of capital acquisition funding for Defence. This funding will allow the Regiment to continue with its vehicle replacement plan with additional funding provided for the much-needed replacement of computers, office equipment, and kitchen equipment.

## Personnel

**Sen. Crystal Caesar:** Madam Chairman, the Bermuda Regiment employs 31 full-time staff, of which all but three are military personnel. The three civilian staff are employed in the administration of recruitment, accounting, and grounds maintenance at Warwick Camp.

## Output Measures and Objectives

**Sen. Crystal Caesar:** Madam Chairman, the Regiment successfully completed its preparations and training for the past hurricane season. In February, the Regiment had a successful [Recruit] Camp in 2019 with 25 volunteers participating. There will be an additional [Recruit] Camp in July 2019. Preparatory training is being established for the three overseas training events. These are:

- The Potential Junior Non-Commissioned Officers (or PJNCO) Cadre will be held at Camp Lejeune, North Carolina, this May 2019 for the culmination of their leadership and training course.
- “B” Company (or HADR) will take part in Exercise Tradewinds in June 2019, in St. Vincent and the Grenadines, as part of an international HADR exercise practicing the regions’ response mechanism to natural disasters. This exercise is designed to combine joint interagency training, focusing on regional cooperation for complex multinational security operations.
- “A” Company (MACA) will travel to Lydd & Hythe training complex in Kent, UK, late in September 2019 to conduct internal security certified training.
- And finally, the RBR Boat Troop will train locally, with the aim to provide support to the BPS Maritime Unit throughout the peak boating season. Additionally, they will continue training in local disaster mitigation exercises with regard to oil spills and other man-made or natural disasters.

## Major Achievements

**Sen. Crystal Caesar:** Madam Chairman, the Regiment again demonstrated its enduring agility and resilience in January and July 2018, with a total of 65 new recruits entering the gates of Warwick Camp. This was the first time in history that a summer Recruit Camp was conducted in order to attract young males and females, once completing high school in Bermuda, and the RBR achieved that aim.

The RBR provided security and marshalling for the International Bermuda Triathlon in April 2018, dedicating a reinforced platoon on the ground, includ-

ing senior officers operating the Joint Service Command Centre.

The RBR Potential Junior Non-Commissioned Officers [PJNCO] Cadre—(that was quite a mouthful)

*[Laughter]*

**Sen. Crystal Caesar:** —was deployed in North Carolina, Camp Lejeune, with 30 students being assessed in a demanding environment.

The Royal Bermuda Regiment continues to work closely with the Bermuda Police Service (or BPS), including the Joint Service Explosive Ordnance Disposal [JSEOD], as they continue to conduct monthly training.

The RBR [Marine] Platoon will continue to support the BPS Marine Unit on the waters, conducting regular civil authority training operations.

The RBR Special Constable Recertification training continued with 40 soldiers being re-authorised in April 2018.

The RBR conducted the regular annual ceremonial parades including Beating of the Retreat Ceremonies for 2018 and is prepared to continue for 2019. The RBR developed a B Company as the Ceremonial Company, which also acts as the HADR Company.

Additionally, they sent two members of the Boat Troop to the Cayman Islands to train in defence engagement activities with the Royal Navy and were certified in small engine repairs and boat handling skills.

Additionally, the RBR attended the fifth meeting of the Caribbean Region Information Operations Council [CRIOC] between the 28<sup>th</sup> and 29<sup>th</sup> of June 2018 in Turks and Caicos Islands. The meeting was facilitated by the United States Northern Command. The aims were to maintain trusted partnerships, foster regional collaboration to enhance Information Operation [IO] capabilities to counter common threats affecting the Caribbean and Bermuda regions.

Additionally, the RBR participated in SCARS training and over 90 soldiers were certified in this area to help mitigate risks against children within the Junior Leaders and Junior Bandsmen. (Quite commendable.)

**The Chairman:** Mm-hmm.

**Sen. Crystal Caesar:** Two senior officers of the RBR attended and passed the Advanced Command and Staff Course at Shrivenham, UK. This course is a post graduate programme which prepares officers for senior command positions within the RBR.

Four soldiers, three male and one female, of the RBR attended the All Arms Drill Course at the prestigious All Arms Drill Wing in Catterick, UK, and achieved passing grades.

An RBR Senior Non-Commissioned Officer attended and passed a six-week Jamaica Defence

Force, Warrant Officer Course in Jamaica in January 2019.

During this past fiscal period, the RBR sacrificed attending its annual overseas training camp in lieu of cost savings which were to be used toward the initial start-up of the RBR Coast Guard. Local training was conducted throughout the year to address the training needs of the battalion over this period. However, the anticipated training levels were not achieved due to the lack of the wide range of purposely built facilities that were planned to be used in Camp Lejeune for testing and evaluating RBR troops.

The RBR conducted the National Academy of Police Diving (NAPD) Course and certified three soldiers and two Bermuda Police Services personnel in the following:

- Dive Team Management;
- Police/Special Response Diving Physiology;
- Dive Team Equipment;
- Underwater Search and Recovery;
- Underwater Crime Scene Investigation;
- Emergency Medical Technology;
- Underwater Crime Scene Photography;
- Lift Bag Skills;
- Police Tactical Diving along with Hull and Seawall Searches.

**Sen. Crystal Caesar:** They have been very busy.

**The Chairman:** Mm-hmm.

**Sen. Crystal Caesar:** Madam Chairman, in closing, the RBR is an organisation with proud traditions and a structure, ethos, training and management which is now being transitioned into a hybrid unit. The organization is being modified and is being designed for what Bermuda needs today in terms of military capabilities and output. Over the last 20-plus years, many reviews and surveys have been conducted but never fully acted upon. That is no longer the case. The RBR needs to adapt to the requirements of this 21<sup>st</sup> century in Bermuda.

The Strategic Review 2018 is a living document and shall be utilised to make decisions that will [contribute] toward success. It contains candid observations and recommendations which were implemented and will provide excellent opportunities to ensure that its alignment is coherent with Bermuda's needs. It is an opportunity to transform the Royal Bermuda Regiment into a bespoke organisation which is more efficient, effective and professional. It will be able to respond to events in the HADR, MACA and Maritime domains, supported by a mix of full-time and part-time soldiers, held at graduated states of readiness.

The Regiment is well set to provide valuable services to the government as it moves through [the] second half of the century. The end state will be able to demonstrate a full operational capability in HADR, Maritime Security, and MACA. These capabilities are

underpinned by a coherent defence engagement plan with agencies on and off the Island, including the UK Ministry of Defence [MOD] and partner nations. The RBR's narrative is articulated by a communications plan targeting internal and external audiences.

The Regiment will recruit all year round with flexible intakes of recruits, attractive terms of service, along with career paths that are clearly defined for current and potential officers and soldiers. The RBR will design a pathway for education and training, and as the competency of our people improves, so will the services we delivery.

Thank you, Madam Chairman.

**The Chairman:** Thank you, Senator Caesar.

Would any other Senator like to speak?  
Senator Jones.

**Sen. Marcus Jones:** Thank you, Madam Chairman.

I have listened to the spokesman for—

**An Hon. Member:** Junior Minister.

**Sen. Marcus Jones:** I have listened to the spokesman . . . Junior Minister. Sorry. I have listened to the Junior Minister for National Security. My train of thought got all ruined there, but I want to get it right. Respect is due.

I listened with great interest because as we all know, the traditional model of the defence force that Bermuda has been practicing and exercising is in a midst of a transitional period. We all know the history, the successes, and how many of our family members . . . and I have to say family members, because I never had the, I guess, good pleasure of being drafted by the Regiment. So I can only comment on it from a distance. But we know that this particular organisation is going through some monumental changes. And so it is going to have some challenges that it has never seen before. So, I believe, for the sake of the public, I have a few questions here where I may ask the Junior Minister of National Security to expound upon to bring clarity.

Now, we are at page B-274. I am looking at cost centre 0602. There are a couple of expenses there that I would like to see if I can get some clarity on.

Now, one of the sections on this Budget Book that really got my attention was the Military [Aid] to the Civil Authority, MACA. That is found on B-273. I just want to back up a quick second so we can understand what this is. This role encompasses the spectrum of assistance that the Regiment could be asked to give the civil authority of Bermuda. Now, I stress they "could be asked."

With that definition of what MACA is, I turn back to page B-274, and I am looking at line item 16040, which is Internal Security, MACA. We see there that in the year 2017/18 the cost was

\$1,748,000. The estimate was then increased to \$1,861,000 with a more updated revised figure of \$2,111,000. So those are big numbers. And again, I go back to the definition where it says this particular assistance to the civil authority that is being asked of the Regiment, the pertinent phrase there is “could be asked.”

So, based on that premise, I would like to ask the question. How does the department come up with those numbers? What data do they use to come up with a budget figure, especially since for the last two years the amounts have been very high, in excess of \$1.7 million? And then in the 2019/20 estimate that figure drops down to \$382,000, which is an 82 per cent decrease in what has actually been an expense, and what has now come to the updated, revised number and cost for 2018/19 . . . I guess my question is, Is that amount speculative? Is it based on actuary forecast of disaster? Just a little bit of clarity on how the department comes to that number.

Similarly, line number 16030, which is Ceremonial, which is HADR. And the description for that is that HADR, which is the acronym for Humanitarian Aid and Disaster Relief. And the description is the Royal Bermuda Regiment is mandated to assist the civil authorities in the event of a major disaster—in the event of a major disaster. So for the 2017/18, the actual amount was \$460,000. The estimate, and then revised total, was \$393,000, and then the department has increased it to \$656,000. So, that number is based on what the department, or possibly what the civil authorities can use as their best guesstimate to determine that maybe it is because there are hurricanes that have been forecasted that will be circulating around the Atlantic that may strike some of our neighbours in the south, and so that money is being set aside in the event that our forces are needed for help to our neighbours to the south.

Again, I am just trying to get a little bit of understanding and clarity on how the department calculates those numbers.

Then, of course, I listened with great anticipation and excitement to the concept and idea of a Coast Guard, something that has been talked about for some years now. So I am looking within the expenditure lines, in the business cost centre to see if funds have been set aside for that particular enterprise. And I am looking at line item 16085, which is Marine Operations.

*[Sen. James S. Jardine, Chairman]*

**The Chairman:** On B-27 . . . ?

**Sen. Marcus Jones:** I'm sorry.

**The Chairman:** Page B-274.

**Sen. Marcus Jones:** Thank you for your assistance, Mr. Chairman.

So, I am looking at that figure of \$349,000, which was the most updated figure, and then in 2019/20 it has been removed. So maybe some clarity. If that amount is attributed to the Coast Guard, I would like to know if that is the case.

Then on the same page, B-274, under Training and Validation . . . sorry, Overseas Camps. That is what I was looking at, Overseas Camps. Now it jumped from the actual numbers . . . well, the revised numbers of 2018/19 of \$218[,000] to \$895,000. So, I guess my question is, With that increase, is that number just an anomaly or is that something that is progressively getting larger as we get closer to a full-strength volunteer force? Just a little clarity on that case would be most appreciated.

Then I am turning to page B-275, looking under expenditures there . . . well, let's drop to full time . . . I will come back up to expenses, but let's look at the employee numbers, full-time equivalents.

The number of full-time employees at the moment is 31. It has been 31 since 2017/18. It was budgeted, and the actual numbers were the same in 2018/19. And then looking forward, that is the same number, 31. My question would be, How many of those 31 military employees are actually Bermudian? That is question number one. And secondly, can we anticipate a complete or near-complete Bermudian executive, or senior ranking officers, as part of our succession plan? I am not too sure how that works either, but I would like to think that if that was a possibility for the next generation, it would be something that our youngsters can aspire to do as a full-time profession.

Then I am looking at the travel budget. It was estimated in 2018/19 that the travel budget was going to be \$406,000, dedicated to travel. It came in at \$197[,000] as a more updated number, under the revised 2018/19. And then next year that figure goes up another 127 percentage points to 447. Can I get some explanation on that figure?

We also see professional services at \$67,000 for the year 2018/19. It increases by 40 per cent. So, can we get an understanding of what that professional services line is made up of? And some sort of understanding of why such an increase year-on-year?

Now, the professional services are going up 40 per cent, but we look up to the line item where it says Wages, the original budget for 2018/19 is \$2,154,000. And the estimate for 2019/20 drops down to \$2,024,000, which is \$299,000. So we have professional services going up by 40 per cent, and we have wage levels coming down 13 per cent, but full-time equivalents remain unchanged. So just a little clarity in that regard would be good as well.

Now, what I have also been made to understand is that the Royal Bermuda Regiment at full strength is approximately, or was in the past, 420 per-

sonnel. My question would be, What is the minimum number that will be required in the model, in the volunteer force, that the Royal Bermuda Regiment has today? What would be the minimum number that would allow this force to adequately execute its mission? I would venture to guess that 420 at this point is unattainable; but what would be the minimum number to ensure that all their mission would be accomplished?

On top of that question, I would want to inquire, with 65 volunteers who are signed up working at the Royal Bermuda Regiment, is 31 full-time employees, the majority of which are senior officers, an overkill? [If] 31 full-time employees were able to manage and operate a force of 420 personnel, I would say that in my estimation 31 full-time employees at a senior level would be more than enough, if not too much, in handling 65 volunteers. Governments as well as the military have to be able to adjust their staffing levels based on the size of their staff. So just a question of whether the Regiment is looking to pare down on some of the senior officers until it gets to being a force of full strength.

Then I am turning over to page B-276, which is the performance measures. I am looking under the business unit 1600. The matrix there is the number of volunteers for service in Royal Bermuda Regiment. The actual in 2017/18 was 50. These are recruits; these are volunteers, the number of volunteers. And the forecast in 2018/19 was 61. That number has not changed in updated actual numbers, it has dropped by one. And then next year it is the same. I guess my question . . . actually, I am about to ask a question that I believe was already answered. But I will throw it out there anyway.

If the Regiment's goal is to increase its number of volunteers, advertising and promotion actually went down. You see that on page B-275, the estimate for 2019/20. In 2018/19 [it was] \$81,000 and it has now dropped to \$60,000 for 2019/20, which represents a 26 per cent decrease in advertising and promotions. Does part of that budget, that line item, also include . . . does it also have a component in it where it involves recruitment of volunteer soldiers?

Another question I would just throw out there as an aside would be, Has the Royal Bermuda Regiment considered a programme to go into the high schools to recruit students? I remember back in my high school days that the police had a junior cadet programme. I think it even exists today to some degree. It was very effective in recruiting young high school students to consider a career in police work. At a time now, when many of our young people are looking for a place to cultivate a career, they are not sure what they can do, the opportunity to go to school, possibly at Bermuda College, while learning how to become a military man within our Regiment, could be a fairly good thing to consider.

Now, again, I am still here on page B-276, and we are looking under business unit 16020 at train-

ing and support. There is a line item here that says (number 2), number of soldiers listed as long-term absentees. Now, again, please forgive my lack of knowledge when it comes to the explanation of what that means. Soldiers listed as long-term absentees in 2017/18 were 105, in 2018/19 the number did not change, and then the revised forecast is zero for the coming year. Just an explanation of what that is all about.

Mr. Chairman, at this point I believe I will bring my questions to a close. Thank you, sir.

**The Chairman:** Thank you, Senator Jones.

Would any other Senators like to speak to this head?

No? Then I think Senator Caesar you have some questions. You have had a busy afternoon of questions.

**Sen. Crystal Caesar:** Mm-hmm.

*[Crosstalk]*

**Sen. Crystal Caesar:** Thank you, Mr. Chairman.

There was a question with regard to the increasing number as it pertains to overseas camps in particular, line 16075. It should be noted that in 2017 there was no camp held at all. In 2018, there was also a desire for cost savings so again there was no camp. But for the 2019 year, in order to ensure that the officers get the appropriate training, that number has been put back into the budget number. Therefore, you will see a significant increase in the amount budgeted.

In addition, for professional services, there was a question about why that number had increased 40 per cent. As we all know, we now have an all-volunteer Regiment, a Royal Bermuda Regiment. Therefore, in order to entice those individuals to actually volunteer there needs to be increased advertising, marketing media, recruit camps need to be held and they have been held on Island. So these are all increased costs that were used by certain professional services in order to entice people to get them in the door. So that is why there was a 40 per cent increase in that particular area.

And I am just going to confer with my technical officer for some remaining answers.

**The Chairman:** Please do.

**Sen. Crystal Caesar:** Mr. Chairman, the question was regarding the complement of full-time employees as to what the [breakdown] was of Bermudian versus non-Bermudian staff. My understanding is that all of the officers, except one person, are Bermudian.

There was also a mention of succession planning for Bermudians entering, and then there are some who are a bit older. There is a succession plan in place, and the promotion process is well in hand

and well established. So there is a succession progression through the RBR.

The travel budget has admittedly varied over the last few years. The question was, Why has that happened? Only a few officers have travelled overseas to get some requisite training, so the overseas camps were not attended or held. They were held on Island. So the numbers have fluctuated. (Let me confer here.) And as previously stated, it is anticipated that in this year quite a few of those camps will be re-instituted, so that number has been budgeted to go back up. Therefore, you will see the 127 per cent jump in that number.

This is an ongoing question as to, now that it is a volunteer Regiment, what is the ultimate number for it to be fully staffed? The number is around 200. However, it should be mentioned that it depends on what the mission is, what the threats are at the time, and what tasks need to be completed. You will appreciate that the Coast Guard is not staffed at this point. So, obviously, there aren't any numbers there either. So, obviously, there are less people in that area.

But the Royal Bermuda Regiment is actively seeking to staff up and also give the required complement of funds to that particular area to staff it up. But in the meantime, there are soldiers who are actually assisting the Marine Unit of the Bermuda Police [Services]. So it is in train. It is not just being left until someone says, *Hey, I want to do it*. There are people who are actively pursuing that particular area of the Royal Bermuda Regiment.

The brief that I read, or the Statement that I read, with regard to the RBR actually did highlight that. We have, and continue, to recruit young students. So we actually do . . . I just wanted to go back and indicate that we actually did have 30 students who travelled to North Carolina to Camp Lejeune. So we do actually recruit, and have recruited for a number of years, young people within the high schools to get them interested in continuing a career within the Royal Bermuda Regiment.

I am just making sure I am not repeating myself.

[Pause]

**Sen. Crystal Caesar:** So, if I could just point out as well . . . and I believe there was a discussion around the makeup of the Royal Bermuda Regiment. And if I could reiterate that there are now two companies, there is the MACA, which provides military assistance and assistance to the civil authority, and the HADA which is humanitarian. Of course, at some point, coming on line will be the coast guard. But, of course, the sufficient funds need to be raised in order to have a full and operational coast guard unit, and that is in train, as I previously mentioned.

I dealt with professional services; we do have a junior leaders programme. I talked about the com-

plement of soldiers. And I certainly hope that I have touched—

**The Chairman:** You did. You mentioned the complement of 200, but it is variable depending on the commission.

**Sen. Crystal Caesar:** Correct. That is correct. And what the needs are at the time.

I believe that I have touched the questions that I have noted here. Certainly, if there is anything that is not clear or that needs further clarification, I do invite, as I have previously, Senators to speak with myself, the Minister, and the technical officers.

So with that said—

**Sen. Nicholas Kempe:** Mr. Chairman—

**The Chairman:** Yes, Senator Kempe.

**Sen. Nicholas Kempe:** I believe we have more time. I have a follow-up question that has not remained entirely clear for me.

**Sen. Crystal Caesar:** Okay.

**The Chairman:** Please proceed, Senator.

**Sen. Nicholas Kempe:** Thank you.

The \$349,000 in the revised 2018/19 budget (I am on page B-274, for those who are following along) on Marine Operations. That was a one-time spend? And, if so, to what end did it go when there is nothing budgeted for that same category for the upcoming year? You mentioned something I think about a marine corps, but I am not entirely clear on why we have a one-time unbudgeted spend of \$349,000 this year, but nothing budgeted for next year.

**The Chairman:** Thank you, Senator Kempe.

**Sen. Crystal Caesar:** If you recall, during the America's Cup we needed to deploy a unit to assist with the Marine Services. That is what that one-time revised number was for. As we do not presently have a coast guard, so we actually had to use Royal Bermuda Regiment soldiers—

**Sen. Nicholas Kempe:** So that actually—

**Sen. Crystal Caesar:** —to cover.

**The Chairman:** Excuse me. You want to finish your sentence and then I will—

**Sen. Nicholas Kempe:** Apologies.

**The Chairman:** —ask for a follow up.

**Sen. Crystal Caesar:** Yes. As you know, we do not have a coast guard and so we did have to divert some of that money to the Marine Operations in order to assist with the America's Cup.

**The Chairman:** Thank you, Senator Caesar.  
Senator Kempe, do you have follow up point?

**Sen. Nicholas Kempe:** Thank you, Mr. Chairman.  
The America's Cup was in June 2017. The financial year 2018/19 starts in March 2018 and finished in March 2019. It is unclear to me how the \$349,000 spent in 2018/19 relates to the America's Cup.

**The Chairman:** Thank you, Senator Kempe.

**Sen. Crystal Caesar:** Thank you. I will just—

**The Chairman:** Senator Caesar, do you want to take a few minutes to confer?

**Sen. Crystal Caesar:** —confer.  
Mm-hmm.

[Pause]

**Sen. Crystal Caesar:** Thank you.  
I have received clarification. Those funds were actually diverted during and after America's Cup. We noted, as a result of the fact that we actually do not have a dedicated marine corps, there was quite a bit of training done after America's Cup to ensure that those that had begun in that particular unit would continue to get training. It just did not continue, unfortunately, because the monies ran out. So it was during and after the America's Cup that this training happened. You will see that \$349,000, but it was a bunch of training specifically for people in the maritime area, and it was during the summer after the America's Cup.

**The Chairman:** Thank you, Senator Caesar.

**Sen. Crystal Caesar:** Mm-hmm.

**The Chairman:** Senator Kempe, you had a follow-up question?

**Sen. Nicholas Kempe:** Yes, a follow-up question.  
If this spend happened during the America's Cup, as well as after, why is the line item showing zero dollars spent in the actual for 2017/18? And if it is for training, why isn't it in the training and validation line?

**Sen. Crystal Caesar:** I'm sorry, if I could ask him to clarify his last sentence. Why isn't it in the what line?

**The Chairman:** Senator Kempe.

**Sen. Nicholas Kempe:** If it is for training, why is it not in the training and validation line? It is listed here in Marine Operations.

**The Chairman:** Senator Caesar.

**Sen. Crystal Caesar:** Yes, we will have to go back and figure that out. We do not actually have a specific answer for that question right now. So we will have to take that under advisement and get back to him.

**The Chairman:** Thank you, Senator.  
Would you like to move your head?

**Sen. Crystal Caesar:** I would, Mr. Chairman.  
Mr. Chairman, I move that Head 6 now be approved.

**The Chairman:** Is there any objection?  
No objection.  
So moved.

[Motion carried: The Ministry of National Security, Head 6, Defence, was approved.]

**The Chairman:** Senator Campbell. Would you like to move that the Committee rise and report?

**Sen. Vance Campbell:** Mr. Chairman, I move that the Committee rise and report progress, and ask for leave to sit again?

**The Chairman:** Is there any objection?  
No objection.  
So moved.  
Thank you, Senators.

[Motion carried: The Committee of Supply agreed to rise and report progress, and sought leave to sit again.]

#### Senate resumed at 5:06 pm

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

**The President:** Good afternoon, Senators.  
Thank you for your participation in the debate on the budget estimates.

We will now continue with the Orders of the Day. We are entering the second reading of the Municipalities Reform Act 2019.

Senator Caesar, you have a very busy day. I believe this is your Bill. You have the floor.

**Sen. Crystal Caesar:** It is Madam President, please bear with me. Just let me sort myself out here.

**The President:** Yes, indeed. You take your time.

**Sen. Crystal Caesar:** Thank you.

[Pause]

**Sen. Crystal Caesar:** Okay. I am ready, Madam President.

**The President:** Senator Caesar, you have the floor.

**Sen. Crystal Caesar:** Thank you, Madam President.  
I move that the Bill entitled the Municipalities Reform Act 2019 be now read a second time.

**The President:** Is there any objection to that motion?  
No objection.  
Carry on, Senator Caesar.

[Pause]

**The President:** Senator Richardson, you are going to cover for her while she takes a few minutes.

**Sen. Nicholas Kempe:** Madam President, if I may. I am not sure if this is standard procedure, but we have a long day. Is there any mechanism by which anyone can pause for five minutes and stretch their legs?

**The President:** Yes, we can. Yes, we can take a five-minute break then.  
So we will resume again in exactly five minutes. We have been here all day. So the Senate will take a five minute recess.

**Proceedings suspended at 5:08 pm**

**Proceedings resumed at 5:15 pm**

**The President:** Senators, we are now back in session and we are carrying on with the second item on the Orders of the Day, which is the second reading of the Municipalities Reform Act 2019.

And Senator Caesar had the floor, and you now have it again.

## BILL

### SECOND READING

#### MUNICIPALITIES REFORM ACT 2019

**Sen. Crystal Caesar:** Thank you, Madam President.  
Madam President, I introduce the Bill entitled the [Municipalities Reform Act 2019](#) to be read for the second time. This Bill seeks to abolish municipal elections to provide for the appointment of members of the corporations to make consequential amendments to the Municipalities Act 1923 to make certain directions

given by the Minister to a corporation subject to parliamentary scrutiny.

Madam President, the Minister stated in his Ministerial Statement of the 1<sup>st</sup> of March 2019, this Bill begins the journey toward achieving the goal of modernising the municipalities and realising the Government's vision for the people of Bermuda. There have been a number of theories that have been bandied about regarding the reasons for this route, and I must restate our vision and our reasons for proceeding with this Bill.

It is envisioned for the Town of St. George's that there will be a mega-yacht port and marina with enhanced infrastructure, amenities and activities. In order to achieve this vision, the following needs must be met:

- a sustainable management plan for the World Heritage Site;
- a sustainable and non-seasonal industry;
- infrastructure and amenities to address the needs of the community, in addition to the businesses, particularly the St. Regis development; and
- general infrastructure upgrades.

It is envisioned for the City of Hamilton a "smart city" infrastructure with a thriving residential centre, with an entertainment hub with distinct districts to touch all aspects of city living, including tourism interfaces. In order to achieve this vision, the following needs must be met:

- the development of a multifaceted waterfront;
- increased city living;
- increased use of vacant office space;
- effective traffic management, using "smart city" technology; and
- encouraging the development of districts (for example, financial, entertainment, restaurant, et cetera.)

Madam President, I must also reiterate what the legislation does not intend to do. It does not mean the loss of any jobs. It does not mean that Government will dismantle the existing operating structure of each municipality or do away with the positions of mayor or councillors. There will continue to be a mayor and eight councillors. It does not mean a take-over of the town from those who do not live and work there. Persons who reside, do business or work in the City of Hamilton or the Town of St. George's will have the opportunity to provide input in the selection process of the mayor and the eight councillors, especially for councillors. And it does not mean that Government is making an asset grab. The municipality will remain a corporate body.

Madam President, the municipalities have served an important purpose in managing the City of Hamilton and Town of St. George's; however, there are inconsistencies in how each is structured. One corporation is focused mainly on business, one mainly residential. One has a fairly healthy revenue stream,

one is reliant largely on the largesse of government. Both have issues with failing infrastructure. Both are looking for ways to stimulate their economies in order to raise more revenue. Municipalities overseas provide social services including housing and policing to their residents. Municipalities in Bermuda do not deliver social services. This is the exclusive authority of the Government of Bermuda, although the need for social services within the municipalities is growing. It is evident that this model is outdated and no longer works.

Some of the challenges that we have encountered with the municipalities include: an absence of priorities that are in alignment with the vision of the Government, failures of accountability, and lack of proper due diligence and governance in awarding of contracts; inadequate resources to undertake important public infrastructure projects, such as the needed upgrade to the sewage system; ongoing challenges in the labour relations environment, especially in the Corporation of Hamilton; the lack of consultation with government departments in relation to infrastructure, such as the Ministries of Public Works, Public Safety, and Home Affairs, before embarking on projects related to traffic control and in relation to sidewalks and ordinances, such as sewage and waste management and planning for structures; a lack of formalised consultation that would allow the municipalities to team with the Government to provide economic solutions within the municipalities that will benefit Bermuda; and lack of funds to proceed with initiatives of national, economic and social importance.

Madam President, to achieve the vision for the future outlined previously, it requires the efforts of both Government and the corporations moving together in the same direction at the same time. It would also be evident that neither corporation has the financial and other resources to achieve and sustain the vision to rejuvenate the cities. The central government has the resources and access to the expertise to progress the vision to turn these cities into vibrant entities in order to attract more visitors and greater investment opportunities for Bermuda.

Madam President, municipalities do make sense in much larger jurisdictions, such as the UK, Canada and the United States, where it would be difficult to manage cities and large populations centrally. But does it make sense in a 22-square-mile Island, with 60,000 people? In preparing for this move to modernise the municipalities, we have looked to a number of smaller jurisdictions, many of the islands in the Caribbean of comparable size to us and even larger. These jurisdictions have either reverted to partial administration in the same way that we have suggested or simply dissolved the municipalities.

Some examples include George Town, Cayman Islands. George Town is the capital city of the Cayman Islands, a UK Overseas Territory. Its popula-

tion is around 20,000. George Town is governed and administered by the National Government of Cayman [Islands]. It does not have a separate level of governance and administration from the National Government. There are no special powers conferred upon the city, nor are there any distinct services or responsibilities particular to the city. The city is administered similarly to other areas in the Cayman Islands by the national civil service.

I move on to Bridgetown, Barbados. Bridgetown is the capital city of Barbados. Its population is 97,000. Bridgetown is an actual electoral constituency and is represented by a member of parliament. Bridgetown is governed and administered by the National Government of Barbados. It does not have a separate level of governance and administration from the national government. There are no special powers conferred on the city, nor are there any distinct services or responsibilities particular to the city. The city is administered similarly to other areas in Barbados by the national civil service.

Nassau, the Bahamas. As Honourable Members may be aware, Nassau is the capital city of the Bahamas and its population is 210,830. Nassau is governed and administered by the National Government of the Bahamas. It does not have a separate level of governance and administration from the national government. There are no special powers conferred upon the city, nor are there any distinct services or responsibilities particular to the city.

Madam President, when reviewing the previously stated vision of the Town of St. George's, to put it simply, the Corporation of St. George's does not have the resources, including the monies or persons, required to achieve the vision. Of those who have shared their opinion, many have stated that the Government should just (1) give the Corporation of St. George's the money that they need; and (2) leave them alone to manage their own affairs.

Madam President, I would state that the two sentiments are mutually exclusive. The Government must also exercise good governance and ensure that the money is spent, achieving the vision for the Town of St. George's. Unfortunately, the Corporation of St. George's does not have the persons with the skills to manage the town's finances adequately. This can be evidenced in the fact that their auditors, KPMG, have recommended (quote) "The Corporation should reach out to Government to have a suitably qualified civil servant or Minister sit on the Finance Committee to provide financial oversight."

Madam President, you may be aware that the World Heritage Site is under threat. We must resolve this issue as a matter of urgency. The status of the World Heritage Site is [under] threat in part because of the lack of a proper management plan. This is currently being addressed by the Department of Planning, which is producing the management plan for the World Heritage Site in St. George's. In addition, the

Corporation of St. George's does not have the funds to undertake infrastructure repairs and has traditionally appealed for a grant from the Government in the amount of between \$1 million and \$2 million. To ensure the continued sustainability of the designation, the Government intends to give greater authority to the Corporation of St. George's both legislatively as a separate Act and financially.

Madam President, the Corporation of Hamilton is in a very different position. While fiscally able, the mayor and councillors do not see the Government's vision as a priority. For example, when discussing with the mayor the possibility of developing the waterfront, he stated that it was not a priority for the Corporation of Hamilton at this time. When discussing the possibility of implementing smart city technology, including exploring the introduction of free Wi-Fi, he and his team stated they did not have the money, although the mayor has recently stated publicly that he intends to use the technology to make stoplights more efficient.

However, Madam President, smart city technology is so much more. Cities worldwide, the top five being Singapore, Barcelona, London, San Francisco, and Oslo, are turning to new technology to search for new approaches and solutions that will improve city transportation, water, waste management, energy usage, and a host of other infrastructure issues that underpin the operation of cities and the lifestyle of urban citizens.

Of those who have shared their opinions, many have stated that the Corporation of Hamilton runs so efficiently and the government could do no better. I beg to differ. Persons have also made the claim that the Government is setting democracy back by not allowing individuals and businesses to vote for their mayor and councillors. However, in more than one meeting, and even in a town hall meeting in Hamilton a few weeks ago, residents and businesses in North Hamilton complained that they are being underserved.

Madam President, a councillor in the Corporation of Hamilton stated that the businesses in the centre of Hamilton (I assume from Front Street to Church Street) pay more money, so they should get more attention. So, it is assumed that you pay more and you get more attention. This harkens back to times in the 1900s when landowners got the vote. I certainly hope that this is not the idea of democracy that we want.

Madam President, many believe that only the administration that served from 2012 to 2015 was guilty of missteps and failures. But I must remind Honourable Members that some of these deficiencies were not only due to the perceived shortcomings of that administration. Between 2004 and 2012, there were repeated efforts by the corporation to develop a hotel in Par-la-Ville. Numerous mayors during that period negotiated with no less than three international hotel brands, including Starwood, St. Regis and the

Ritz-Carlton, to bring a hotel to fruition. These were lavishly announced deals, development agreements, an SDO, and planning approvals. As evidenced today, millions of dollars of ratepayers' money did not produce a hotel.

The sewage system is outdated and millions of dollars' worth of work has been expended to prop up an ageing system. Fortunately, a project is now being undertaken by the Ministry of Public Works, which will replace the work that is being currently undertaken in respect of corporations and will reduce the proposed capital outlay of \$8.5 million over the next three years for the Corporation of Hamilton.

The fire hydrants in the City [of Hamilton] do not work. It was pointed out by the mayor that section 19 of the Bermuda Fire and Rescue Service Act 1982 states: "On 1 April 1983 any engine, equipment, vehicle and other movable property and assets belonging to the Corporation of Hamilton and used by that Corporation in connexion with its fire services shall be transferred to, and shall vest in, the Government."

It does not appear that this includes fire hydrants and the underlying infrastructure. However, it could also be argued that in 1983, we did not have international business to the level we have today, and multi-storey buildings that house these other businesses. These buildings would be put at risk if there is no infrastructure in the city to assist with fighting fire.

This risk was quite evident in recent years when there was a building fire on Front Street attended by the Bermuda Fire Services, and hoses had to be dropped in the harbour to access water to extinguish it. The fire hydrants on the sidewalk in front of the burning building, on our most celebrated and expensive business addresses, were useless in a time of emergency.

Madam President, these deficiencies only underscore the point that the City of Hamilton is not as well maintained as it should be.

Madam President, I will now turn my attention to the Bill entitled the Municipalities Reform Act 2019.

## **ANNOUNCEMENT BY THE PRESIDENT**

### **SENATE VISITORS**

**The President:** Senator Caesar, just as you take your break for a second, I just want to acknowledge the presence in the Gallery, first of all, the Deputy Premier and Minister of Home Affairs, the Honourable Walter Roban. Welcome.

[Also,] Junior Minister of Finance, Mr. Wayne Furbert; Permanent Secretary, Mrs. Rozy Azhar; and the Parliamentary Counsel, Brian Eaton, who are in the Chamber. Welcome to you all.

Do carry on.

*[Municipalities Reform Act 2019, second reading debate, continuing]*

**Sen. Crystal Caesar:** Thank you, Madam President.

The Municipalities Reform Act 2019 proposes to achieve the following:

1. Abolishing municipal elections in 2019, after which members would be appointed. Members would be aware that there was one extraordinary municipal election held on the 5<sup>th</sup> of February 2019 to replace deceased councillor, Mr. Phillip Anderson. His daughter, Cyniqua Anderson was subsequently elected.

2. Making consequential amendments to the Municipalities Act 1923 by amending or repealing the section that made reference to municipal elections.

3. Prescribing the tenure of office of the current elected members by ending on May 13<sup>th</sup>, 2019, and prescribing the tenure of appointed members to take effect on the 14<sup>th</sup> of May 2019.

4. Inserting the Fourth Schedule, which provides for the appointment of members for their tenure of office. For each corporation, the mayor and four councillors will be appointed by the Minister. The other four councillors will be appointed on the recommendation of a selection committee appointed by the Minister.

And if I could quote from the Act, or the proposed Act.

**The President:** You may.

**Sen. Crystal Caesar:** [The Fourth Schedule paragraph] 2(2), "The persons appointed to the Committee shall be individuals who reside, do business, or work, in the municipal area of the Corporation and who the Minister believes will carry out the functions of the Committee effectively and efficiently."

Further, and after consultation with Honourable Members of this Chamber, and others, a motion was passed in the House to change the wording of [the Fourth Schedule, paragraph] 2(4) of the proposed Municipalities [Reform] Act of 2019 from "The criteria for the selection of Councillors by the Committee shall be determined by . . . the Minister" to "The criteria for the selection of Councillors by the Committee shall be determined by the Committee after consultation with the Minister."

The Fourth Schedule also provides that the name of every person appointed to the office of mayor or councillor of a corporation and a vacancy in such office be published in the *Gazette*.

Madam President, when the Bill was debated in the House a motion was passed which will expand on the skill set of the persons that the Minister will be appointing. Such persons will include persons with knowledge, expertise and experience in the following categories: accounting, legal affairs, planning, architecture, engineering or construction, human resources, or collective bargaining agreements.

These amendments will clarify that the skill sets of the persons that the Minister is appointing will

represent the skill set required to reform the municipalities. In addition, the amendment clarifies that, other than appointing the selection committee, the committee will set the criteria for the persons they will be recommending to the Minister. And those criteria will be made available to the general public by publication in the *Gazette*. And finally:

5. Amending the principal Act to clarify that if an act or thing done by a corporation would otherwise not be construed as being for municipal purposes, it will be deemed to be for municipal purposes if done under the direction by the Minister.

This amendment is particularly important in light of the 2019 Privy Council decision of *Mexico Infrastructure Finance LLC v. The Corporation of Hamilton [2019] [UKPC 2]*, which assigned a very narrow meaning to the expression "municipal purpose." These directions will have legislative effect and therefore be a statutory instrument subject to parliamentary scrutiny.

I would like to highlight that this Government continues to listen and this is evident in the Minister's commitment in another place to the Town of St. George, in particular, to pursue a standalone Act for the Town of St. George, provide legal and financial authority for the UNESCO World Heritage Site to the St. George's Corporation, and produce the development agreement and tabling the relevant legislation to bring to fruition a St. George's marina.

Also, there are other aforementioned amendments made even after the Bill was tabled in the House. Therefore, this demonstrates that this Government does listen, not just when we have made a decision but even when we are asked to reconsider.

Madam President, in conclusion, I would like to finish as I started by stating that this Bill begins the journey toward achieving the goal of modernising the municipalities and realising this Government's vision for the people of Bermuda.

Thank you, Madam President.

## ANNOUNCEMENT BY THE PRESIDENT

### SENATE VISITOR

**The President:** Thank you, Senator Caesar.

And before I open to other Senators to speak on this Bill, I would like to also acknowledge the presence of MP Renee Ming, representative of St. George's area, in the Gallery. Welcome to you.

*[Municipalities Reform Act 2019, second reading debate, continuing]*

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

Senator Robinson, you have the floor.

**Sen. Dwayne Robinson:** Thank you, Madam President.

Frankly, I am finding it hard to see the point of this Bill. Modernising does not mean that you have to forgo elections. It does not require the removal of elections. And the municipalities are already overseen by the Government, and the Government already has robust oversight measures.

The people have spoken out against this Bill on every possible channel. It is our responsibility to listen to the people, as the PLP have screamed every step of the way during the OBA's tenure as Government. But it is do as I say, not as I do. Right?

Madam President, the Government has claimed to have listened to the people. However, to me, the proposed separation of legislation for the St. George's municipality is a clear backpaddle. Why wasn't separate legislation considered before the launch of the Municipality [Reform] Act? If this was a consideration, why did the MPs representing the St. George's constituents vote for the Municipalities [Reform] Act, despite vocal dissatisfaction from the community of St. George's? Is this putting Bermudians first?

It is clear that it is a grab for the Corporation of Hamilton. And this separation of legislation only isolates that fact even further for the public of Bermuda. This adds to the pattern of half-baked legislation, rerolling or repackaging, as we saw so blatantly with the sugar tax, roll outs, roll back in, consultation, and then we are back to square one.

I implore my fellow Senators to vote in the interest of the people. They want support for their communities, not control. This amendment needs to be better thought-out with more and further consultation with the people and further consultation with the mayors so that the Government can support each municipality and the community in a collaborative fashion. I would rather see this avenue then for it to be settled in the courts, Madam President.

We all agree that the Town of St. George and the Corporation of Hamilton have distinct histories and challenges. Separate legislation is not a bad idea so that both municipalities have their individual needs met. Had the Government led with this tack it would look a lot less like a divide and conquer ploy.

What does the Government actually want? This is the question that we find ourselves asking. My colleagues on the other side of the table should agree with my viewpoint, as their Honourable Members made very similar points when they debated the Municipalities [Amendment] Act (No. 2) 2015. This amendment was enacted to give the Minister responsible more powers of oversight in the municipalities. This was met with staunch opposition from the PLP at the time, yet they seek to go a step further than that. The PLP was accused in this debate of wanting to take over the municipalities back in 2015. And, fast-forward to 2018, that is exactly what we are seeing.

If you would allow me, Madam President, I would like to read two excerpts from the <sup>1</sup>*Official Hansard Report*, during the debate of 2015.

**The President:** You may.

**Sen. Dwayne Robinson:** The Honourable Member stated, "So what exactly is it that the Government wants to do?"

**An Hon. Member:** Who is speaking?

**Sen. Dwayne Robinson:** The Honourable Walton Brown.

**The President:** Carry on, Senator Robinson.

**Sen. Dwayne Robinson:** "So what exactly is it that the Government wants to do? Does the Government want to take control over the development of the Waterfront? Does the Government want to take control over what happens with respect to Par-la-Ville?"

The next excerpt is: "What exactly is the rationale behind all of this? We need to have more information; we need to have better information because as it stands now, Mr. Speaker, this legislation represents a grab for power from the Corporation of Hamilton. I am surprised that no one in the Corporation has even objected to it because these are elected members of Government (in the small sense of the word "government") who will be completely neutered politically once this Bill is passed. They have made no comment whatsoever. And if they have no objection to it, then that, in and of itself, creates a level of challenges that I do not fully . . . I think the public should . . . certainly needs to be fully aware of.

"But this legislation creates those challenges. We need an explanation. The Government has not [yet] provided an adequate explanation. And in that light . . . we believe this piece of legislation should not be supported."

And that is the end of the excerpt, Madam President.

I don't think I could have phrased it any better. We are almost looking at a mirror situation where these comments, made by an Honourable Member on that side, clearly reflect the position that we find ourselves in today. If my concerns are answered and the concerns of a Member of their own party, I think that the public would undoubtedly appreciate it.

So, with that, Madam President, I conclude my comments. Thank you.

**The President:** Thank you, Senator Robinson.

Would any other Senator care to speak? Senator Jardine, you have the floor.

<sup>1</sup> [Official Hansard Report](#) 10 July 2015, page 2681

**Sen. James. S. Jardine:** Thank you, Madam President.

Madam President, it is probably appropriate that I first acknowledge the fact that I served as an elected member on the Corporation of Hamilton Council for 18 years, from 1987 to 2005, first as a common councillor and then as an alderman, so some of my comments are based on my own personal experiences during the 18 years I was there, and some of them are based on more recent discussions that I have had with a variety of individuals.

During my time on the corporation, the corporation completed a number of very significant capital projects, including the building of the Bull's Head multi-storey carpark at a cost of \$10.5 million; the relocation and construction of a new sewage pumping station on Front Street, costing \$8.9 million; and the extension of the sewage outfall at Seabright costing \$650,000.

Now those total some \$20 million. And all of that was funded by the Corporation of Hamilton, with the exception of a small grant of \$1.6 million from the Government of the day. Now, all of those loans, and, in fact, the bond issue, have all been repaid fully by the Corporation of Hamilton. And since that time, in 2010, subsequent to my leaving the corporation, they borrowed a further \$10.6 million to fund the building of a new Works depot down on Laffan Street because the one they had there was in sore need of replacement. Again, that loan is being satisfactorily paid off in the normal course of events. So the Corporation of Hamilton has always been able to fund major expenditures themselves without any funds being received from the Government of Bermuda.

Madam President, during my time on the corporation I also saw several proposals for the development of the City of Hamilton waterfront. And, indeed, parts of some of those proposals were good ones. However, it was not simply a case of building something just because we thought it was a good idea; it had to make economic sense for the investors. And, naturally, there had to be a sufficient number of people living and visiting in Bermuda to be able to support whatever developments took place on the waterfront.

The old adage of *build it and they will come* is not necessarily the correct course of action in all circumstances. There is definitely a need to see some development on the waterfront of Hamilton; there is no question about that, and St. George's. And, certainly, in my time on the corporation, we were very anxious to see development occur. But it must be properly thought out and planned. Now, a small start has been made in the City of Hamilton in terms of the West End where we see a building going up there for the Department of Tourism. As small as it is, it is a start. And I agree that there should be far more development on the waterfront of Hamilton. There is no question about it.

Additionally, the financing to carry out this work has to be found no matter who owns or controls the docks. It is as simple as that. It is dollars and cents. Who is going to pay for it? And if it is a foreign investor, what is their return going to be? Because nobody is going to put money into something unless they are going to see a return.

So, Madam President, this Bill, and I just wanted to quickly summarise for the listening public again, this Bill seeks to do the following:

First of all, it effectively turns the Corporations of Hamilton and St. George's into government-controlled operations. And the word "quango" has been bandied about, but I won't use that because it has a specific definition. The second thing is to abolish all municipal elections. So we all know that. The third thing is to end the tenure of the current elected mayors and councillors on May the 13<sup>th</sup>, 2019. And the Minister is to appoint the mayor and four councillors of each corporation to take effect on May the 14<sup>th</sup>, 2019. The term of these persons is for two years, but it should be noted that there is no time limit on the number of times that they can be reappointed to those positions.

Additionally, the Minister will appoint a further four members for each corporation on the recommendation of a selection committee. The members of which are, again, appointed by the Minister. There is no limit on the number of times those members on that committee can be reappointed. So, effectively, all members of both corporations are either approved or appointed by the Minister.

It should also be appreciated, and this was mentioned in the opening comments, that the persons appointed by the Minister to serve on the selection committee can be anyone who resides, does business—and this is a key point—*works* in the municipal area. Well, you can imagine the City of Hamilton . . . there are thousands of Bermudians who work in the city who do not actually have businesses here and do not reside here. So, effectively, those individuals could serve on this committee and have absolutely nothing to do with the city, except that they actually go do work here.

Also, nominations of persons to serve on the corporation as councillors can come from the general public. So, effectively, the city and town residents and businesses are not the ones nominating the members of the corporations.

Now, Madam President, before I go further, I want to first go back to the reasons given by the previous Minister. I think it is important to go back to the previous Minister's [reasons] for wanting to make the changes to the existing operating structures of both corporations. And these were contained in the statement made by Minister Walton Brown back in March 9<sup>th</sup>, 2018.

Madam President, if you will permit me to read from his statement.

**The President:** You certainly can.

**Sen. James. S. Jardine:** He said the following:

“Mr. Speaker, further governance reform of the municipalities is now necessary as a result of . . . :

“(1) Failures of accountability, proper due diligence and governance in the awarding of contracts. Honourable Members will recall that the proposed Hamilton waterfront and Par-la-Ville hotel developments resulted in a highly critical report by the Bermuda Ombudsman, legislative intervention by the Government of Bermuda, the assumption of temporary stewardship, and an arbitration that has cost many millions to the” public purse.

So, Madam President, I would like to first comment on the first point made by the Minister back in March 2018. My comments are: Certainly, the failures of the proper governance, as referred to by the Minister, with respect to the Hamilton waterfront and the Par-la-Ville development were of great concern to all of us. For those of us who served on the corporation for many years (and we think we did a reasonable job) see it get into the state that it got into was very, very disappointing. However, sections 7 and 37 of the principal Act which exists now, part of which were enacted in 2013 and part of which were enacted in 2015, have adequately dealt with that particular situation. It ensures that in the future, Madam President, the Government of Bermuda shall have control over and final say in the approval of any such capital projects. And that is made very clear in section 7.

The Minister also has the power to give direction to the corporation, whether of a general or a specific nature, if he considers it to be in the best interest of Bermuda. Section 7B covers the subject of good governance and requires the corporation to submit on an annual basis its municipal asset management plan setting out how it will manage its infrastructure. The Minister has the power to change that plan as he deems necessary.

Section 7B(6A) sets out a very specific situation where the Minister may assume with the approval of the Cabinet control of [the] corporation’s financial governance if he or she believes that it is being mismanaged.

Section 20(1A) to [section] 20(1C) of the Act also makes it clear that any agreements for the sale or lease of any properties must be submitted in draft to the Minister for approval by the Cabinet and approved by the Legislature. And any sale or lease agreement that has not had such approval is considered null and void. And that is specific in the Act; it is quite clear of the powers that exist there.

Finally, Madam President, in section 7(10) and [section] 7(11), it gives the Minister the right to attend, to be heard at all corporation meetings. And, further, that no resolution decided at a bona fide meeting of the corporation shall have effect unless and until it is approved by the Minister.

So, the failures referred to in point 1 of the previous Minister’s Statement have been adequately dealt with by the amendments in the sections that I have referred to. So this concern, Madam President, in my view, no longer is relevant and falls away.

Now, Madam President, the second concern expressed by the Minister then was as follows:

“Mr. Speaker, further governance reform of the municipalities is now necessary as a result of . . . :

“[2] Inadequate resources to undertake important public infrastructure projects such as the needed upgrade to the sewerage system.”

As I have stated in my opening remarks, Madam President, the Corporation of Hamilton has certainly been in a position to finance the replacement of the sewage infrastructure back in 1992, and an extension of the sewage line in 2002 at Seabright. All of that was paid for by the corporation. Further enhancements, as I understand it, with respect to sewage treatment, have been agreed to by the corporation members and they are able to finance the upgrading of the current systems without any finance help from the Bermuda Government.

I also understand that the Government has been kept informed of the developments by Corporation of Hamilton as they have developed their plans for the changes to their sewage system.

As one can imagine, Madam President, and appreciate, a lot has happened to the treatment of sewage over the last 10 to 15 years. And because of the new developments it has made it possible for a small addition to be made to the current pumping station on Front Street, not a complete rebuild, as some people would say, but a small addition to be made whereby the necessary screening system can be installed. And they are ready to go. They have the plans; they have the financing. They are ready to go.

If larger sewage treatment plans are contemplated by the Government, then naturally, of course, the corporations and any other entity that will be partaking in this, whether it is the hospital or some other entity, must work with Government so that there is an overall coordinated plan. I am not suggesting for one moment that the corporations should go off on a frolic of their own. But they should work in conjunction and consultation with the Government. There is no question about that.

Now, the situation I appreciate with respect to the Town of St. George and the City of Hamilton are completely different. The Town of St. George is not financially in a position to undertake any capital infrastructure projects and, therefore, it must rely on grants from the Bermuda Government. And I understand that. But in talks with the mayor of St. George, she said they are able and willing to work with Government with grants that are given to implement whatever capital infrastructure plans need to be made. I do not see that that is necessarily going to be a problem.

For St. George, of course, there is also the fact that the new hotel there has to link into their new sewage system and so there is some urgency, as I understand it, for that to move forward.

Madam President, if I can just turn to the third point raised by the Minister raised back in March 2018. He said as follows:

“Mr. Speaker, further governance reform of the municipalities is now necessary as a result of . . . :

“[3] Policy and operations that need to be aligned with Government policies and legislation, and lack of consultation with the relevant Government departments in relation to infrastructure.

“[4] Reform [is needed] to ensure collaboration between the Ministries of Public Works and Public Safety and Home Affairs before embarking on projects that impact traffic control and the making of ordinances.”

So, let me respond to [those] points. Sections 7 and 20 of the current Municipalities Act, as amended in 2018, already make it a requirement that consultation regarding any infrastructure projects, certainly expenditures thereof, must obtain the approval of the Minister. And, according to the *Bernews* interview with Mayor Gosling on February 17<sup>th</sup>, 2019, and more recent discussions that I have had with him, consultation with the Bermuda Government with respect to sewage infrastructure projects has been taking place for some time. The corporation, as I said earlier, is ready to go, but they need the approval of the Government before they are able to proceed. And they are waiting for that approval.

Further discussions with the mayor and city engineer also revealed that there has been a great deal of useful and helpful interaction between the Corporation of Hamilton and the Public Works Department at the technical level with respect to assisting Government with information concerning, for example, the sourcing of new government garbage trucks that we have all seen. This was based on the corporation’s experience with its new garbage trucks, and they spoke and worked with the Public Works Department. [As I said,] this was based on the corporation’s experience with their new garbage trucks. I am told that there have been other occasions in the past where staff at the corporation and staff at Public Works have interacted well together and share many useful ideas with information flowing both ways. This sounds like a good and useful working relationship to me.

I have also been told that there are a number of city ordinances that the Corporation of Hamilton has proposed. But they have not been approved as yet by Government. There again, city ordinances must be approved by Government. So, naturally, there is coordination and consultation. Listeners should also be aware that it is a requirement, as per section 38(3) of the Act, that all city ordinances must be submitted to the Minister for approval.

Now, Madam President, it would seem to me that these particular issues answer the Minister’s concern, and that is, as far as I can see, that collaboration is taking place between the ministries of Public Works and public safety and Home Affairs before embarking on any capital projects that impact any part of the city. Accordingly, in my opinion, Madam President, the entirety of the third concern expressed by the previous Minister falls away.

And now I want to address the last point that he raised in his comments back in March 2018.

“[6] The] need to coordinate with Government in major developments because financial resources of the public purse, whether of the Bermuda Government or the Corporation . . . are limited.”

Well, as I have just stated, the corporation has to liaise with the Government because they cannot carry out any major capital projects without the Government’s consent. So the fourth and last concern, as far as I am concerned, falls away.

Additionally, Madam President, there were two further points raised in the recent posting on the Government of Bermuda’s Citizen Forum page highlighting other reasons why the Government wishes to change the operating structure of both Corporation of Hamilton and St. George’s. And the two further concerns expressed by the current Minister, where . . . if I may quote them, Madam President?

**The President:** You may, Senator Jardine.

**Sen. James. S. Jardine:** “At present, both entities have crumbling infrastructure and empty buildings that do not reflect a thriving city and town that is attractive to both visitors and investors.”

As I have demonstrated, Madam President, at least with respect to the City of Hamilton, there is no crumbling infrastructure. The sewage pumping station is relatively new; the corporation storage works is new; many of the sidewalks and intersections are new; the traffic lights, many of them are new and are well-maintained and are regularly upgraded. I understand from discussions with members of the corporation that the Government would like the Corporation of Hamilton’s staff to assist with the maintenance of the government’s traffic lights because of their extensive experience in the city in dealing with traffic lights.

The new sewage system outfall was extended in 1992 and new plans for further enhancements of the sewage system, as I have just referred to, are ready to go, subject to Government’s approval—and they are waiting for that. The corporations has also put in new paid parking, installed at City Hall; city road resurfacing continues on a regular basis; all city electricity is underground; and the City Hall building continues to provide the centre for the arts.

Its parks are well maintained. Local art is being erected. Entertainment is provided at the Par-la-Ville Park during the summertime on a regular basis,

and many other activities and events occur on a regular basis within the City of Hamilton, and, I might add, within the Town of St. George, as well. I think those who live there are well aware of the activities that occur there on a regular basis.

Further concerns were expressed by the Minister at the Hamilton town hall meeting, which I attended two weeks ago, with respect to the condition of the fire hydrants in the City of Hamilton from a health and safety point of view. And we heard comments from Senator Caesar about that in her opening statements. I was concerned when I heard those comments as well, and so I hotfooted it around to the corporation to get to the bottom of it.

The mayor made it quite clear that, as outlined in section 19 of the Bermuda Fire and Rescue Service Act [1982], the responsibility of the fire hydrants lies with the Government, and not the corporation. And that was re-emphasised by a number of other individuals at the corporation who have been there for some time.

Now, I also understand that in 2009, after discussions with the corporation, the Bermuda Fire and Rescue Service purchased a very large pumper truck, known as a portable hydrant system, at a total cost of approximately \$740,000. And it was purchased specifically to deal with the issues surrounding the fire hydrants in the City of Hamilton. This is a strategy that is employed by the City of London to deal with fires there, and has worked successfully for many years.

These pumper trucks can actually put a hose in the harbour (or wherever) and they can drive 1 kilometre with the pipe trailing behind them, and then locate at a particular area and use that for putting out the fire. I understand from the discussions that I had that the system was first used to assist with extinguishing the Holmes Williams and Purvey [HWP] fire in August 2011, and was the primary source of water supply for fighting the fire on Front Street two years ago. So there is a pumper truck that is specifically designed to cope with situations where there are no fire hydrants, and it is used in the City of London.

Additionally, the Minister said that one of the visions that the Government will bring in its vision for the City of Hamilton was effective traffic management using smart city technology. The Corporation of Hamilton agrees with this, and has already been moving ahead with the instillation of this technology throughout the city. As they have replaced intersections and traffic lights, they have been installing this new smart technology and, I understand, according to them, that it should be completed in the next year to 18 months. So they are well aware of these technologies and this is but one technology that they have been looking at.

Therefore, Madam President, I cannot accept the fact that the City of Hamilton in any event has a crumbling infrastructure and that the city is not attractive to both visitors and investors.

St. George's undoubtedly requires a lot more work and a lot more assistance. That is a different situation, and as I said earlier, the Town of St. George is prepared to work with Government, obviously using their funds to carry out whatever needs to be done there. My only comment on the point of empty buildings in the city and the town is that most of those empty buildings in the city and town are owned privately and they are not owned by the Corporation of Hamilton or the Corporation of St. George's. The owners of those buildings are subject to the laws of Bermuda. And if those laws do not require them to keep their buildings in first-class order, then that is a problem for Bermuda and needs to be addressed by the Government. The fact that they are empty is a symptom of a far larger problem for our Island as a whole, one that we would all love to solve.

I believe that I have already dealt at some length with the second point that the Minister raised; namely, that available evidence suggests that neither corporation has the financial and other means to achieve and sustain the vision to rejuvenate the cities. It is also evident that central government has greater access to the resources and expertise needed to achieve the vision. Certainly, the Corporation of Hamilton has its own city engineer and has a lot of other very skilled technical people on its staff. I recognise that the Town of St. George does not. But in my consultations with the mayor of St. George, she has informed me that where they do have shortcomings in technical expertise, they have outsourced and have been able to retain the necessary services to carry out some of the work that they have done.

And certainly with the Corporation of Hamilton having spent over \$31 million in the last number years with major capital projects, it appears to me that the Corporation of Hamilton, at present at least, is able to finance its own capital projects. I could go on at some length about this, particularly the millions of dollars spent by the corporation on replacing roads, pavements, lighting in the north of Hamilton.

Now, I heard a comment about that which was, actually, quite upsetting, because in my time, and certainly in discussions with members of the corporation now, they have spent millions in the north of Hamilton. And there are some examples, such as the complete refurbishment of Ewing Street and Princess Street; the repaving of various roads in the north of Hamilton; street lighting and festive lighting put there just like any other part of the city. So, in my view, the corporation has done a significant amount of work all through the city.

Now, Madam President, I have discussed this matter extensively with a number of persons. And I would just like to quickly run through the list so that people do not think that Senator Jardine is making all this up. I have met with the Minister of Home Affairs and his permanent secretary. I have met with the mayor of Hamilton. I have met with the mayor of St.

George. I have met with senior staff at the Corporation of Hamilton. I attended the town hall meeting in Hamilton. I watched the two town hall meetings in St. George on *Bernews*, and I have had numerous discussions with other interested parties. So I have consulted widely on this matter.

Apart from all that I have just said, there is existing right under the current Municipalities Act with respect to the Corporations of Hamilton and St. George's where the residents and the businesses of the city and the town have the right to vote for their chosen representative. In the case of Hamilton, over \$8.6 million is raised by way of taxes on the residents and businesses in the city. Residents and the businesses in St. George also have the same right to vote for their chosen representatives, though they pay no taxes, such taxes being replaced by the ability of the town to collect wharfage revenue in lieu of that. The poll results that were carried out by the Corporation of St. George's indicated that about 94 per cent of those who participated in the poll wanted the existing structure of the town to remain as it is.

The Citizens Forum results on the Government website seemed to indicate that of those who gave an indication of their view on either Government proposal, 98 per cent were against making any change to existing structure of both municipalities.

Madam President, this proposed amendment will take away from residents and businesses of the city and the town their existing democratic and legal right to be able to elect their own city and town officials. I am, frankly, very surprised and extremely disappointed that, based on the history of all those who fought for fair and proper representation in the past in all areas of Bermuda life, the Government now wants to deprive residents and businesses in both of these municipalities of the right to elect their own city and town representatives, as has been the case for many years.

In conclusion, I therefore see no valid reason to change the existing operating structure of either the Corporation of Hamilton or the Corporation of St. George's. There is more than sufficient legislation which provides for the Bermuda Government to exercise control over the actions of both corporations, and in the case of the Corporation of Hamilton it is financially self-sufficient and able to finance its own capital projects without Government assistance, even producing a surplus of \$2 million in 2017 in the case of the Corporation of Hamilton.

To deprive the residents and businesses of the City of Hamilton and the Town of St. George of their ability to elect their own representatives on both corporations is simply not the right thing to do. There is no question that there should be input from the Government of the day, both the City of Hamilton and the Town of St. George are important gateways to Bermuda. But as I have demonstrated in my comments so far, the Minister has more than sufficient

powers to assist, direct, and work collaboratively with both corporations. I believe very strongly that with proper dialogue at the senior level the current structure can work well. I also firmly believe that it is not right to take away from the residents and the businesses in the city and the town their democratic right to vote for their representatives in both municipalities.

I, therefore, Madam President, cannot support this Bill. Thank you.

**The President:** Thank you, Senator Jardine.

Would any other Senator care to speak on this Bill?

Senator Richardson, you have the floor.

**Sen. Anthony Richardson:** Good evening, Madam President—

**The President:** Good evening.

**Sen. Anthony Richardson:** —fellow Senators, and those in the listening audience.

I am going to take, certainly, a different tack. I will start off by saying that I actually attended the two meetings that were held in St. George's, in terms of the proposed municipalities reform. One comment that stuck out, and still sticks out in my mind, is that a gentleman stood up and said, *I am a St. Georgian first, and a Bermudian second*. Clearly, that has impact.

I am going to allow that colour my comments because I grew up in St. George's and have significant familiarity. A lot of my comments, actually, are going to focus on Senator Simmons to some degree as a fellow St. Georgian.

Before I go further, though, I would like to, I guess, declare my interest in the context that I actually served on the Corporation of St. George's under the current mayor, Quinell Francis. And I served with all of the existing councillors except two. One came on board, Mr. Dowling, once I came to the Senate. And then Ms. Anderson came on board once her father met his untimely death. In addition to that, I did provide some accounting advice to one of the existing councillors on the Corporation of Hamilton. I do not think that my comments are going to be coloured by those situations.

In terms of my comments today, I did think through, *What is the real objective?* And I heard a fellow Senator make a comment publicly that a lot of us have already made our decision in terms of what we are going to do today. We, on the Government side, of course, serve at the direction of the Premier. And at least two on the other side serve at the pleasure of the Opposition Leader. And so, yes, to some degree, to a large measure our decisions and conclusions have already been decided based upon the process.

And so we think through, *What is our real objective today?* And Senator Jardine has already spoken and given his position. So we come down really to

Madam Simmons and Madam President, in terms of having the opportunity to cause you to potentially consider what you are going to do. I am going to hopefully rely on my ability to speak in a clear fashion to influence your current thoughts, or your current position. Again, I am speaking from the position primarily from St. George's because that is where I have the greatest information, experience and expertise.

So with that I will even go through the idea of St. George has been accurately described as being a "living town." And to me a living town reflects the idea of growing up in St. George. St. George must be a vibrant town, which means that the people who live there must be excited. There must be things to do. They must have jobs. The place must look tidy and clean and well-kept. I remember even from my younger days growing up, running around St. George. Sometimes my children now smile at the idea that in the morning, based upon situations, you may have to go to the store before you go to school. And you run down the hill to the store and you go back home and get things sorted out, and I happen to be close enough to school whereby (we are at the East End) and if I happen to forget my gym clothes I will be able to run home and get them during that last recess time (well, now it is called wellness break) and get back to school without being detected by anyone. So, for me, it was a good thing to be able to do all those things.

Growing up, I still recall, certainly, in the area of Coots Pond doing the mischievous thing. Your mother said, *When you finish school, you go home and stay home*, and all those kinds of things. And one day, I recall that I went right down by Coots Pond, and I was playing around. And what happened? I went overboard—by mistake. And as a young boy, of course, you try to get home and make sure your clothes are clean and dry. But there was no way to do that because back in the day there was no washer and dryer to do those things. So Momma comes home and says, *Hey, what did you do?* And you make some excuse. I hope you don't lie, but you know how that goes.

So, you know, St. George is that. And then depending upon your age, and you go to St. George, for example, and you walk around and people know you. And that is the vibrancy. And if you go back in the day, as it were, you had many yachts coming in, especially during the summertime, and the time was just always full. There were many, many things to do. And so, for me, that is the reflection that I would like to see resumed in St. George.

When I served on the corporation, I was actually the finance chair. So I am very, very, very familiar with the idea that the corporation never had excess funds to do what was necessary to achieve its objectives. One of the specific tasks that I worked on extensively was the proposed marina. And as far as I am concerned, it got to a stage whereby we were about to sign-off on the marina for the benefit of St. George's,

within the context of the legislation, but we did not quite have that last little bit to push us over the edge. And so under the current conversation, and I know that the Government has pledged to ensure that there will be a marina in St. George's and so I trust that through this whole process that will come into play because that will be one of the key drivers, I believe, to ensure that there is increased vibrancy in St. George's, especially during summer months when the yachts tend to transition from . . . and you know, stay over for sometimes several weeks, and sometimes several months. But, basically, as a transition time.

In reflecting on what is transpiring also, there were many comments made in terms of, *Is this an increase in democracy? Or is this a reduction in democracy?* And as part of that conversation in my own head I reflected and researched the various iterations of the Municipalities Act. And I was quite surprised, to be honest, for it to be emphasised and then reiterated by MP Ming that prior to 2010 land ownership was a factor in the participation both to vote and to run for office. And so, that being revised in 2010 represented a significant move forward in the elements of democracy.

And to some degree I look at what is now being proposed as an extension of, as opposed to a reduction in, democracy. I look at it the context of the overall Bermuda landscape being relatively small. What it proposed is that the properly elected Government would have additional influence over the corporation. And in that context I think we would have to agree that this is an expansion or increased surety in democracy in that context.

Now, clearly, the persons who are involved in the corporation should be, I believe, from St. George because there is a level of intimacy in St. George based upon your living there, being there, and having family. While there is some emotion attached to the past processes, that I also have some attachment to, to be honest, because my grandfather also was on the corporation some time ago. Even now, many of my family members on my father's side live in the town, most of my aunts certainly over in the Wellington area. So, yes, I am familiar with the whole idea and the emotion that is attached to it. But I still come back to the idea that, notwithstanding the emotion, we have to make sure that the town is able to be revitalised and that there is a lot more energy than currently exists.

And so my point is that this is in no way a reflection of reduced democracy; it is increased democracy as long as those persons who are ultimately appointed, or however they are attached to the corporation, whatever form it takes, have a heart for St. George's and have to have a sense of the history of St. George's. And as I am speaking, what is coming to mind actually is Phillip (or Phoopa, as we called him) Anderson, and the level of energy, and commitment and vision that he had for St. George's. And I trust that that can be carried on.

And certainly, Senator Simmons, you would be familiar with him. He was quite passionate. His passion was all St. George's—sometimes very, very vocal, in more ways than one. I recall when we used to have those corporation meetings and sometimes it was his voice, his voice, and his voice only. But he had a point. And his point was that we have to all stand for St. George's to ensure that we get it back to the way it was.

And now we are at a stage where, clearly, the corporation does not have sufficient funding and the current Government has basically stated that they are prepared to assist. But, they want a change in the mechanism by which they will assist. If this is what the current Government is saying, I am suggesting to you that, yes, it does make sense because the mechanism is less important than achieving the ultimate objective which is to ensure that St. George's is revitalised.

We all know that the St. Regis hotel is now well under way. There were some challenges in terms of ensuring that access to the beach remained, and there were some other potential challenges which I think have all been worked through, again working with the developer plus the representatives, and also the Government, generally speaking. And so I am actually looking forward for that to come online, and I trust that the St. Georgians, in particular, but Bermudians in general, take advantage of what will become employment opportunities in the hotel because, again, going back even to my own history, actually working in the hotel sector, it is an important opportunity to allow the interaction between businesses and Bermudians for them to get a real sense of what it is to be in Bermuda. And then when you are serving them breakfast or dinner and they ask you about Bermuda, *What can you do? What have you done?* It enhances the overall relationship. And so, certainly to the extent that we can ensure the successful completion of the hotel will go a long way.

The benefit of a successful hotel, and now the marina coming on board, will be the shops. Because again, I remember running down Water Street and doing different little things, especially as a young boy during the summertime, whereby you do small things to assist. But the shops themselves were always open and full and tourists going back and forth. When you are in the street, for example, they ask different questions, *Where is this? Where is that? Where is the other?* And you just give them advice. And you can imagine, some of you can imagine, I hope, the town just being full of people, people asking questions, and everybody gets excited and there was a buzz. And from that, of course, you are going to encourage transportation. And even those persons who chose, in some respects (I want to say) not to work, they get a H.U.S.T.L.E. [Truck] and they do work and then everything starts to gel together.

Another key point which I became much, much more aware of as I got older, and I was on the

corporation of St. George's, of course, was the value of the World Heritage designation. That is very, very important. And there are some aspects of the town that are yet to be improved to ensure that, number one, we enhance it and it is also retained. Because I think sometimes that we forget the value of an area in any country (right?) that is designated as a World Heritage site because there is a significant tourism value in that. And so that is also one of my hopes, that through this process that we get to a stage whereby there is a more definite process for managing the World Heritage status which is St. George's, and ensuring that all of the businesses and properties are also enhanced.

Recently we heard in the media the idea that the St. Peter's Church was going to be challenged to remain open, notwithstanding the fact that it is one of the most significant visitor attractions in Bermuda. So when tourists come to the Island, what are they going to do if St. Peter's Church is also forced to fall by the way? We have to make sure that we keep the big picture in mind, and in this instance for St. George's being the early part . . . well, the first part, of Bermuda. And there is a lot of history that goes to that. So I am suggesting to you that in this process if it ends up whereby St. George's is properly funded then, yes, I am more than on board.

When considering this whole process, I did have some concerns myself. And what finally completed my thought process to be able to give the comments that I am giving today, was the fact that based upon the sensitivity, based upon conversation, based upon public consultation and based upon the more direct representation of MPs Ming and Swan, with the Deputy [Premier], as the Minister, that he has now committed on behalf of Government to bring forth some additional legislation which will further the ability of the people in St. George's to influence those persons who are appointed to what is proposed as being the new quango for St. George's.

And I think that is important, because even in talking to some people who were at some of those meetings, and just people who I know in St. George's, there is still the idea that we want to make sure that we have a significant role to play in who runs it. Now, separately, there will be a need for some financial skill set for the corporation. I know that. And I will also say that, notwithstanding what happens today, I have already been asked, you know, *Anthony, would you provide some assistance for whatever reason?* And, obviously, the answer is yes, because to go back to my original comment about the man who said that *I am a St. Georgian first and a Bermudian second*, to really understand that, having grown up in St. George and experiencing what it was as a young boy, and experiencing just that whole vibe (if you will) of the town being full, being able to run around St. George, you grew up with people you went to school [with]

down there, all these kinds of things, they all tie together.

And for me it is a matter of do whatever is necessary to ensure that St. George can be revitalised, because in doing so you have the self-interest whereby persons like yourself, Ms. Simmons, and others who live in St. George, there is a growing infrastructure (if you will) of Airbnb—which another huge opportunity, by the way, because persons then when they come to Bermuda they get a much better feel for what it is to be in Bermuda and in St. George, in particular.

And so, Madam President, with all those comments, I trust that I have been able to add a more human flavour to the discussion. Yes, ultimately, there is going to be a financial impact because without the money these things cannot happen. But it is going to be important for us to see the bigger picture, that St. George, in this instance, has to be revitalised. They do not have sufficient funding at this stage. And if, when, this process allows for the improvements to the infrastructure because, obviously, I am aware also with my job at BLDC in terms of how it can be more efficiently done whereby the whole town, the airport, everybody by the way can tie into a single source for a waste water treatment and also potable water, then we can move forward in a significant manner.

I guess I will close by saying that the evidence of the Government's commitment to making this work is in fact political, because at this stage, of course, you have MPs Ming and Swan, for [constituencies] 1 and 2, and they are going to have to work extra hard to ensure that they, obviously, can retain their seats in the next election cycle so there is a vested interest, there is an emotional interest, there is a historical interest, and there is a financial interest for everybody to make sure that this thing works.

And so I trust with those comments, to the extent that I am able to influence, whether it be Senator Simmons or yourself, Madam President, to support this legislation, I will conclude my comments.

Thank you.

**The President:** Thank you, Senator Richardson.

Would any other Senator care to speak on this Bill?

Senator Jones, you have the floor.

**Sen. Marcus Jones:** Thank you, Madam President.

We have been here all day. And as the minutes and the hours tick along, I know that there is a desire to bring this very important debate to an end, but I feel compelled to contribute in the way that I best can contribute.

It was interesting, as I listened to my Senator Richardson on the other side of the aisle talk with much intimacy and personable-ness, as it relates to his younger days in St. George's and coming along and being a part of that community. And being a

Somerset man, where we do not have a corporation, where we do not have a structure like Senator Richardson experienced and was a part of, the Corporation of St. George's, or even Senator Jardine and his experience with the Corporation of Hamilton, I have been sitting here thinking, *How can I relate to the situation in both of these municipalities?*

And then the thought occurred to me, being a very loyal and strong Somerset man, I had this hypothetical thought, and it was, If the Government decided, in the best interests of a country, to take control of Somerset Cricket Club for Cup Match, because it felt that that particular event was of such value and could draw many people from overseas to come and experience the Cup Match experience, but in their wisdom felt that Somerset did not have the finances, did not have the acumen, did not have the competence to run an event like that, if the Government through the auspices through the BTA decided to do that, I can tell you with great confidence, there would be a major uproar in Somerset. And once I thought of that hypothetical scenario, I was then able to get a sense of, I guess, disappointment and betrayal that the people and the residents of both St. George's and Hamilton would be feeling as this Government has rolled out its amendments to the Municipalities Act.

Now, Senator Richardson also mentioned the fact that this attempt to change the arrangements in both municipalities is not the complete removal of democracy. He considered it a reduced democracy. Well, that is like saying—

**Sen. Anthony Richardson:** Point of order.

**Sen. Marcus Jones:** Sure.

**The President:** Senator Richardson, what is your point of order?

#### POINT OF ORDER

**Sen. Anthony Richardson:** My comments were not that this was a reduced democracy.

**The President:** Carry on, Senator.

**Sen. Marcus Jones:** Thank you, Senator Richardson, for that correction. I sit and stand corrected at the same time.

Democracy: Democracy is a government in which supreme power is vested in the people and exercised by them directly through a system of representation, usually involving periodically held free elections. That is democracy.

Now, I do not have to go through the history of this country and recite and rehearse a certain demographic group of this country whose democracy was withheld from them for the longest period of time. But it is as recent as no more than two generations ago

that there were certain people in this country that did not have the right to vote and exercise their democratic right. Many have marched the streets; many have practiced civil disobedience, Madam President, to ensure that democracy was won for them.

Now, I do not know if the residents and business people of the municipality of St. George's and the municipality of Hamilton are quite ready to make that type of visible, militant move to demonstrate to this country that they are not happy with this move, but I think, suffice it to say, having watched the town hall meetings, both in St. George's and in Hamilton, I believe the emotions are just as strong as they were 50, 60, 70 years ago when those within this Island could not exercise their democratic right.

I believe that the Senator to my right, Senator Jardine, made a very compelling argument. And it was going to be a part of my discourse this afternoon, but as time goes on I do not feel the need to retrace those steps. But I am reminded of a quote that was made by one of the favourite actors, Gene Hackman, in the movie *Crimson Tide*. He was a captain of a submarine ship for the US. Another one of my favourite actors, Denzel Washington, was his lieutenant commander. And in a particular scene, Denzel Washington was given directions by his commander, Gene Hackman, to follow a certain directive.

To make a long story short, Denzel Washington was hesitant in following through with his captain's directions. Denzel Washington had more information; he was more personally attuned to the situation at hand, and following his commander was a dangerous risk to the life and limb of his fellow crewmen. And when Denzel Washington was called on the carpet by Gene Hackman and told that under no circumstances was he supposed to even act like he was going to be hesitant to follow orders, Gene Hackman made the time-honoured statement, *We're here to preserve democracy not practice it*. And I must say, as I think about what is going on here today, not only is democracy not going to be practiced, there is no attempt to preserve it either.

Now, this particular Municipalities Act is set to be implemented May 14<sup>th</sup>—a mere eight weeks from today. And I cannot say with confidence that all has been done to ensure that there is a smooth transition from the situation as it is today to one where these two municipalities are going to be transformed into . . . whether it is quangos, whether it is going to be in a different format. So the question has got to be asked, *Has enough time been dedicated to ensure that over 200 years of a tradition that has been practiced by both municipalities has been given the time, has been given the attention, has been given the appropriate consultation?*

There is a familiar phrase that we are all used to hearing and that is, *You measure twice and cut once*. Well, we have seen over the last week or so that the Government has offered a different pathway,

by looking to separate St. George's from Hamilton in an act that would be more conducive to each municipality. And we take note of that. Then we see a commitment being made by the Government to actually move ahead with the marina, to be involved with the UNESCO [World] Heritage site, to do all the things that it had the power to do before. We asked the question, *What propelled you to step forward and do what you can for the Corporation of St. George's, where only a few months ago, maybe, you weren't prepared to do?*

The statement was made in a long litany of issues or areas of weakness of the Corporation of Hamilton, which disqualifies it from taking St. George's to the next level, at least financially, the statement was made, for example, that the Corporation of Hamilton failed to secure a hotel developer at the Par-la-Ville Park. How many times has the Government attempted to get a deal signed or to get a hotel developer into this country? Time and time again there has been a lack of success in that area. And that is just one thing.

It is interesting, now that all the gloves are off, that everyone is getting themselves all armoured-up for a major battle. And it does not have to be that way. I truly believe that if the Government was willing to take a step back and do all it can to make this transition more palatable, give time for both the residents and businessmen of both municipalities . . . after over 200 years of an institution, I don't see what the rush is.

I have also looked at the Budget Book, trying to see if I can find any funding in the Government's plans for the next budgetary year, looking for funds that have been set aside for these major capital projects that it is promising to do and, I stand to be corrected, but I do not see anything of substance for projects in both municipalities within this next upcoming year.

So in light of that, Madam President, I cannot support this particular Bill.

Thank you.

**The President:** Thank you, Senator Jones.

Would any other Senator care to speak on this Bill?

Senator Michelle Simmons, you have the floor.

**Sen. Michelle Simmons:** Thank you, Madam President.

Madam President, I am going to concentrate initially on the town, the Town of St. George. [It was] incorporated in 1797. I am a 13-year resident of St. George's—the municipality of St. George's, a place I never, ever imagined I would go to live. But I am there and I have fallen in love with the town.

I can assure all of you around this table and those of you listening at home, or wherever you are, that the people who run St. George's and who make

decisions about how the town works are our neighbours. There may be one or two councillors on the Corporation of St. George's who do not currently reside in the town, and I am not sure about that. Maybe they all do reside in the town. But even if one or two do not reside in the town, their roots are there, and they run deep. You run into the mayor [and] you run into the councillors as you move around St. George's going into King's Square, going to Tobacco Bay, walking past your gate. Sometimes they come to talk plants. But it is a close-knit community, and if you talk about issues with regard to the municipality of St. George's with any of your representatives, i.e., the mayor or the councillors, they will listen and they do respond.

You can tell from the attendance at both town hall meetings that were held about this Municipalities Reform Act that the people are very, very, very interested and concerned about Government's proposal to change the way in which the municipality will operate. And when I say "the people," I mean people of every description—young, old, black, white, Catholic, Anglican, you name it. At both town hall meetings, which I attended, I saw people from all over the municipality and the parish, really, it went beyond the town.

So let's consider the situation right now regarding how the Municipality of St. George's operates, and in fact, I am also going to include the municipality of Hamilton in this.

Currently, the Minister has the right to be directly involved with all decisions; every decision made by the municipalities, that is, whatever resolutions they agree on, the Minister has the right to be involved because he has the right to approve them. And I believe, as Senator Jardine said earlier, this is in accordance with the Municipalities Act of 1923, which was amended in 2015. The relevant section is section 7, as well as subsections (10A), (11A), and (11B). And I would just like to quote a couple of short excerpts from those.

**The President:** You certainly may, Senator Simmons.

**Sen. Michelle Simmons:** I am going to begin with section 7(10A).

"The Minister, and public officers authorized by the Minister to do so, are entitled to—[(a)] attend; [(b)] be heard at; and [(c)] receive minutes of, any meeting of the Corporation, but not to vote thereat."

And if I go on to subsection (11A), it says:

"No resolution referred to in subsection (11), decided on or after 7 May 2015, shall have effect unless and until it is approved by the Minister."

Then, in section 7AA, under the heading, "Minister may give directions to Corporation" it says:

"(1) The Minister may give written directions to a Corporation, whether of a general or of a specific character, if he considers it to be in the best interests

of Bermuda for him to do so, and the Corporation shall carry out any such directions."

And further down, in [section 7AA](3):

"Without prejudice to the generality of subsection (1), the Minister may direct a Corporation—(a) to do anything that appears to the Minister necessary to secure that the Corporation's functions are exercised and performed in the most efficient manner; (aa) to do any acts or things that the Minister, acting under the general authority of the Cabinet, requires the Corporation to do;"

Those are just some of the excerpts from that amended Municipalities Act of 1923, Madam President.

Once I realised . . . because I had to do my homework; I was not that familiar with the Municipalities Act 1923. I had not read it before. I even went back to the very first Act of 1797. Once I realised that the Minister already has control and oversight of both municipalities, I had to ask myself, *Why is it being proposed that we eliminate the municipal elections?* So far, I think there have been a lot of things said, but maybe not all of it has been said. I will certainly be the first to acknowledge that there is need for change in the municipality of St. George's, Madam President. But the changes proposed in the Act are not the changes that the people of St. George's want. They have made that abundantly clear through the poll that was taken by the mayor of St. George's, and Senator Jardine has already mentioned that 94 per cent of those polled want to keep the corporation as it is, and only 4 per cent agreed that the corporation should become a quango, [and] 2 per cent said they had insufficient information.

Now, I am going to go out on a limb here, and I am going to make some suggestions, because I have spoken to a number of people in St. George's and I believe that some of the changes that would be very palatable and most acceptable are as follows:

First of all, St. George's needs appropriately qualified staff with the requisite skills to administer all the affairs of the town. And that is especially true in the area that Senator Richardson has mentioned, and that is financial management. Yes, there are issues, but having had the ability to collect taxes or rates from ratepayers, from people who reside in the municipality, means that St. George's has been severely handicapped financially for years now!

Secondly, the corporation would like to take the lead, and they should take the lead in developing and executing the World Heritage Management Plan. But that has to be led by a salaried member of staff with the requisite skills. I have already seen the old World Heritage Management Plan, so these things have existed in the past. I am not sure how well they have been executed, and I know that one is needed with urgency, but these things can be addressed without, in my opinion, eliminating elections.

Another suggestion: Yes, the municipality of St. George's collects wharfage from the two oil importing companies, as well as rents from a meagre 20 properties, and they also collect docking fees. But that certainly is not enough revenue for them to hire the requisite staff and also to advance the infrastructure projects. So that is why they need additional sources of funding. Now, I am not sure what arrangements have been worked out with the upcoming hotel, and that is looking very promising, the St. Regis, but hopefully there will be some access to some funds there.

And I would add that in my next suggestion Government should consistently provide St. George's with a grant. St. George's is where Bermuda began. That should be worth something. And no matter whether we have elected or appointed officials on the corporation, I think funding for the Town of St. George should be enshrined in legislation. It should not just be left up to chance, or the issuing of a grant.

And then, my last suggestion with regard to how we can help St. George's is: When legislation is needed to advance plans like the marina, which was St. George's vision, not Government's vision, it was a vision crafted in the Town of St. George, then Government should act more proactively to support the town and advance the legislation that is needed. I am not being critical; I am just making suggestions.

So let's just go to the Corporation of Hamilton because I think I am rather unique sitting around this table because I grew up in the City of Hamilton, a few hundred yards from where I am sitting right now. I have some insight into how the Corporation of Hamilton runs. I have also lived in the City of Hamilton as an adult and paid my taxes to the corporation. Furthermore, my sister was an elected member of the Corporation of Hamilton. She was first elected as a Common Councillor, she became an alderman, and she rose to the position of deputy mayor over a 13-year period.

I do have a vested interest in seeing that the City of Hamilton continues to thrive. When I refer to the City of Hamilton, I am referring to the whole quarter of a square mile—that is how big it is, it goes from Front Street all the way to North Street. I am not selective in terms of my reference to the City of Hamilton. In my opinion, the Corporation of Hamilton has been extremely effective in fulfilling its mandate over the years, even though it has not been a perfect organisation. It has had its flaws, and I am not going to go into what they may have been, but I will say that for some time I think the northern part of the city was woefully neglected. But a lot of that has been addressed.

The city has many, many assets, unlike the Corporation of St. George's. However, it is still quite clear to me that the Minister has the authority now under the current amended Municipalities Act 1923, to direct the Corporation of Hamilton, just as he can direct the Corporation of St. George's. But it is quite

clear from things that I have heard and things that I have been told in direct conversations, that there has not been a meeting of the minds regarding the future of the city. And that meeting of the minds needs to take place between those who are in office in the Corporation of Hamilton, and, of course, our Government. In my opinion, that is the biggest issue for the Corporation of Hamilton. Unless there is that meeting of the minds, then we will have this impasse, and I see it as an impasse between Government and the Corporation of Hamilton.

Madam President, democracy. And Senator Richardson, I listened to your carefully. I heard what you said about this being an improvement, or a building-up, of the democratic process, but you will forgive me if I have to disagree with you.

Madam President, democracy is something our forefathers and foremothers in this country had to fight for over many, many years. And any attempt to erode the democratic process should be carefully scrutinised. Under Universal Adult Suffrage we now have the right—all of us—to elect persons to represent us in our national and, if you live in the municipality, in the municipal elections. And, of course, in Hamilton it is also the ratepayers who can vote. But we also get to hold them accountable. I had to sit quietly and ask myself if I was prepared to see an erosion of our democratic process in this Year of our Lord 2019.

Bermuda held its first general election under Universal Adult Suffrage only 50 years ago. It was May 22, 1968, an occasion that we all recognised in the House of Parliament and around Bermuda just last year. We need to safeguard what we have in terms of democracy. And Senator Jones read out a definition of democracy earlier.

Madam President, we are here to discuss some major changes that are on the table with regard to how people will hold office in our two municipalities. I have read the [Municipalities] Reform Act 2019 several times, and I have reviewed the Act as amended in the House of Parliament last week. I realise that there is just one major change, just one. And that really is the elimination of elections. That is, we will no longer have representatives on the two municipalities who answer to the people of St. George's and Hamilton. Instead, the Minister will appoint the mayor and four councillors with the requisite skills, and then a selection committee, appointed by the Minister, will, after determining the selection criteria to be used, after consultation with the Minister, recommend persons to the Minister for the four other councillor positions.

And here I am just going to pause and I am going to thank the Minister, because I did have the opportunity to meet with him and share my concern about how the selection committee would be doing its task. And he did listen and make an amendment to the Bill. I am sure it was not just based on my input, but maybe on the input of many people.

But, basically, this Bill takes away rights; it takes away the right which residents and ratepayers of the municipalities have. The control of the municipalities will lie with the Minister through the persons appointed to those positions. Therefore, I thought, when there is a change in Government . . . and I know the appointments are for two years, in the first instance. But as someone pointed out earlier (I have forgotten who said it), there is no stipulation with regard to how many times someone can be appointed. But with the change in Government, or even the change in the Minister responsible for the municipalities, we will probably see a change in the appointments, and this could lead to great instability in both municipalities, in both Hamilton and St. George's.

The trend of elections in Bermuda these days is that no single party dominates. That used to be the case way back when. And I am grateful that there is no party that dominates. Undoubtedly, there will be changes of Government in the future, and because the mayors and councillors will be serving at the *pleasure* of the Minister, it is most likely that the appointments to the municipalities will also be changed.

As I said earlier, and maybe I did not say it clearly, but I will say it clearly now, the two municipalities are very, very different. And I have noted quite carefully the offer of the Minister to craft a separate Act for St. George's, and I assume that means there will be a separate Act for Hamilton, but we do not have any of that now. None of it is in writing; there is nothing to hold on to. And it is not as though I am saying that I do not believe, but we are here to deal with the piece of legislation that is before us—and it is right here, on paper.

Someone said earlier that St. George is a living town. Truly, it is, with many original buildings going back to the 17<sup>th</sup> century, displaying unique architectural features. Because of the climate that we have in Bermuda, because of the building materials which are available, because of the living needs of the people in the town, the original alleyways are still there. I am sure that Senator Richardson ran up and down a number of them, and from time to time I walk and jog up and down those alleyways. All of that adds to the authenticity of this historic town.

The Corporation of St. George's, with the support of the St. George's Foundation, has taken on a number of significant projects over the recent past. I know since I have lived there they have done a lot of re-bricking of streets to bring back the old historic flair and to show that, you know, once upon a time we had cobblestones down there. They have done that re-bricking work. They have helped in terms of street lighting, putting back some of the old forms of street light. So there is a desire on the part of the Corporation of St. George's and the St. George's Foundation to ensure that the historical aspects of the town are maintained. But remember, the World Heritage designation is for the historic Town of St. George and relat-

ed fortifications, and those related fortifications are not just in the town. That honour was bestowed on St. George's in the year 2000.

As I said earlier, through the management plan that the town is developing, the World Heritage Management Plan, I believe the Town of St. George, i.e., corporation representatives, representatives of the Department of Planning, representatives of the Foundation, I believe they are all working together on a committee to develop that World Heritage Management Plan.

Madam President, I am going to conclude in summary to say that the general consensus, from what I gather, is that in neither in St. George's nor Hamilton are people happy about losing the right to elect their representatives. They are not happy about seeing this erosion of the democratic process. The purpose of local government, as I see it, i.e., the municipalities, is to shine a spotlight at the local level so things can happen at a faster pace. Government already has a lot to do.

My main reason for speaking today is to suggest that there are ways of bringing change to the municipalities without eliminating the democratic process. There can be a compromise. Therefore, at this point, Madam President, I cannot support this legislation because it fails to uphold the democratic process that the people of this country expect of us. If Government wants to ensure that the various infrastructure projects are advanced by the two municipalities, there has to be better collaboration and communication, as well as a guaranteed commitment to improve funding for the Corporation of St. George's.

With those remarks, Madam President, I will say thank you for listening.

**The President:** Thank you, Senator Michelle Simons.

## ANNOUNCEMENT BY THE PRESIDENT

### SENATE VISITORS

**The President:** And before I open the floor to another Senator to speak I just want to acknowledge the presence in the Gallery of the Minister of Public Works, Lieutenant Colonel the Honourable David Burch. And also we want to recognise MP Kim Swan. Welcome to you both.

Would any other Senator care to speak on this Bill?

Senator Campbell, you have the floor.

*[Municipalities Reform Act 2019, second reading debate, continuing]*

**Sen. Vance Campbell:** Thank you, Madam President.

Madam President, Senator Jones likes to use marbles to illustrate his point.

[Inaudible interjections]

**Sen. Vance Campbell:** I am going to use an old car, or any car.

[Laughter]

**Sen. Vance Campbell:** You know, you buy a car. It's brand new; it works fine. Then you start to have issues with it, so you put in patches. You take it to the garage, and they change a part. And then you find you are having to go to the garage more frequently to put in changes, and in spite of these changes, it still does not function the way it did when it was new. And you eye starts to look at a new model of car.

The municipalities were put in place in 1923 through legislation. My quick calculation makes that 96 years ago. They have been patched up through amendments along the way. Let's look at the result of how they have operated in that 96 years. In another place for the past two weeks we have had discussions about the economy, and here in this place for about a week. And much talk has been had about the state of the retail industry in Bermuda, that they are facing grave challenges. And part of that, Madam President . . . I wish we could leave this Senate Chamber and take a walk in the City of Hamilton, right now, on a Wednesday night at about 7:30. We would be astonished at how empty this city is.

There is nothing going on in Hamilton right now, Monday, Tuesday, Wednesday, Thursday. Friday is saved by Happy Hour. People come out of their office and they stay in the city for Happy Hour. And even on a Saturday, Madam President, it is fairly dead in the City of Hamilton. We have heard how it is even worse in St. George's. That is the result of 96 years of operating the way we operate today in the municipalities. That is the end result of 96 years. We have no one in our cities, except maybe on a Friday night.

If we were to take a walk, we would not have to go far. Behind me, on Court Street, at the junction of Reid and Court, there are two buildings there. One does not even have a roof now, the old Salvation Army building, I believe it is. It is falling down. The building next to it [is] falling down. That extends a fair distance down Reid Street. If we go over here, opposite the Post Office building, empty. It has been empty for some time. [The] buildings on Barnaby Street, closed up. One floor is being used, if that. Yes, there is some activity now in one of those buildings, but we have vacant lots scattered throughout the city.

Now, Madam President, I want to take this outside of Bermuda to some of the places that I have travelled. Granada, in Nicaragua; Quito, Ecuador, Panama City, Panama; [and] Cartagena, Colombia. Some of these cities have World Heritage status, but not that long ago they were dangerous, rundown and empty. Some of them were just neglected. Casco Viejo in Panama City, just neglected. Dangerous in the

daytime, let alone at night. But the governments in these countries decided that they had to do things different if they were going to attract investment. They had to have some reason for that investment money to want to come to their country. They made drastic changes.

As a result, Madam President, today Granada is thriving. Quito, Ecuador, you can stand . . . I stood in the street of old colonial Quito and was told, *Just last year, eight months ago we could not stand here in the daytime, let alone stand here at night as we are now.* Cartagena, a beautiful city, Madam President, have you been? Lots to do there; lots to do in all of these places.

But after 96 years of operating the way we operate today in the municipalities, we are talking about retail businesses going out of business because we have continued to operate the same way year after year, put a patch here, put a patch there. And we do ignore the signs that our car (going back to my car illustration) . . . we tend to ignore some of the signs, even though we just got it patched up and it is telling us again it is going to happen, but we ignore that. And sometimes we have a breakdown.

So today we are faced with remaining with the status quo and getting the same results—no one going in the shops, no one in the City of Hamilton, no one on the streets of St. George. Or, we can vote for a transformational change and reverse that trend, do things differently and reverse that trend.

Thank you, Madam President.

**The President:** Thank you, Senator Campbell.

Would any other Senator care to speak on this Bill?

Senator Kempe, you have the floor.

**Sen. Nicholas Kempe:** Thank you, Madam President.

I have heard some clearly contrasting arguments between the Government supporting this legislation and the OBA Senators and the Independents that are not supporting the legislation. When I listened to the Government side, they are seemingly creating problems that either do not exist, or have already been solved, and are using these trumped-up problems as a justification for removing a democratic process in both the city and the town.

When we talk about the various reforms that have happened to the Municipalities Act, they have always been in response to a defined problem or an established public interest. We listened to Senator Richardson talk about, I believe, the KPMG report where it spoke to Government lending assistance by sitting on the finance committee. This legislation does not do that. It removes voting rights.

We have heard talk about this potential separate Act, but as Senator Simmons has said, this is not what we have seen. What we have before us is an Act

that does nothing more than to remove a democratic process. Government has in its power now to provide grant money to direct infrastructure projects. This Act does nothing to improve on the existing process.

We have heard talks about the Fire Service and somehow that is the fault of the city, even though it is the responsibility of Government. We have heard about the smart city lights, but the places where we see smart city lights are in the city. Driving along Front Street now, if you come up to the docks at night, the light will automatically go green. That does not happen, for example, with the lights in Paget. So the city is already ahead on these. It is leading on these smart city initiatives, and it is Government that should probably take note from the city on these matters. The city does not require Government to tell them how to fix these things.

We have heard talks from both Senators Richardson and Campbell about how stores are empty and this kind of thing. And it sounds an awful lot like my reply to the budget. I have been asking Government where their economic stimulus is for the last six months. It is not just retail that is declining in the city and the town, Madam President. It is Island-wide. We are going 10 straight months in retail declines. Six of them were post America's Cup.

So, yes, I agree with the Senators, the country needs more stimuli. We need more people here spending. Those are not problems unique to the city and the town, and this Bill that we have before us does nothing to remedy that. It simply removes a democratic process.

We have heard talk about "transformational change," which is the buzzword *du jour* of the Government. This legislation does no transformational change. It simply removes the democratic process.

If we look at the public interest, and when the last amendments to the Municipalities Act were put in place it was with regret and reservation, but it was in response to highlighted problems by the Ombudsman. And there were failures of accountability in the awarding of the Hamilton waterfront development. There was the fallout from the \$18 million bank loan. There were inadequate resources from the infrastructure project. Now, what was done to remedy that? Wharfage was given back.

The Heritage fund was given back because the grant that had been used to replace it was insufficient to fund the town and the city. So, as Senator Jardine comprehensively dismantled the position of the Minister in 2018, the Minister was relaying a set of challenges that existed in the past and have since which been remedied. So, again, we are looking at a Bill that simply removes the democratic process.

The Minister appoints the mayor. The Minister appoints half the councillors directly. The Minister appoints the selection committee. And then appoints, after consultation with them, the remaining councillors. So, it is a complete sham of a democratic process. It

is clearly not representing the will of the people. Quinn Francis, the Mayor from St. George's, said, if I may quote, Madam President?

**The President:** You certainly may, Senator.

**Sen. Nicholas Kempe:** "It doesn't seem like the constituents of St. George's concerns were taken into consideration.' Ms. Francis said that East End residents were concerned that the ability to elect their own officials had been stripped away. She added: 'They'll be appointed—and that's not sitting well with many of the persons in the Town of St George.' She added that she felt the views of local people had been ignored and that the vote had been 'predictable.'" (Referring to the vote in the House of Assembly.) "She added: 'We [deserve] to be governed by our own Act that gives us a level of independence and gives us a level of democracy.'"

And yet, the MPs for St. George's voted for this Bill.

The Minister of Tourism and Transport, Zane De Silva, "said the motive behind the legislation [is] 'We need a mayor and a councillor that follows the vision of the Progressive Labour Party. That's what we need.'"

It has nothing to do about the will of the people. It has nothing to do about the public interest for the constituents of Hamilton and St. George's. It is about neutering the public institution so that they go lockstep with the PLP's wants. It is more about creating a monopoly on power and having no dissenting voices. This process, this Bill . . . all it does is rollback democratic processes.

The Minister said that there would likely be some level of ring-fencing of assets for Hamilton. This is entirely vague. There has been no context to what is going to happen if this Bill were to pass. There is no mention of taking over corporations in the PLP platform, so Government cannot even suggest that somehow the election result justifies this move. The consultation that has been had overwhelmingly opposes this legislation.

And if I may, Madam President, there was a survey held and the following questions were asked. And if I may quote?

**The President:** Yes, you may, Senator Kempe.

**Sen. Nicholas Kempe:** [These are:]

- "1. Describe a strong, positive, ideal relationship between the Corporation and the Government of Bermuda.
- "2. In the current relationship between the Corporation and the Government of Bermuda, what is working?
- "3. What would you like to see more of in the relationship between the Corporation and the Government of Bermuda?

"4. How would you create the ideal relationship between the Corporation and the Government of Bermuda?"

And then it stated that, "The results of this survey and town hall meetings would be published shortly."

Now, I struggled to find these anywhere, but subsequent to this survey there were two questions posed on the Government's (whatever it was called) . . . the transparent platform. And the two questions that were posed seemingly had absolutely nothing to do with the feedback given on those four questions because two very similar, and clearly unwanted questions, were posed: *Change both corporations to quangos, leaving each organisation intact as a body corporate, or dissolve the corporation through appealing the Municipalities Act.* A third option saying, *leave the corporations and protect the democratic process*, was not offered.

And it is interesting when you look at the response to those two terrible choices. To the first one, *change both corporations to quangos*, four people supported; 169 were against. So 98 per cent of the people were against option one.

Option two, *dissolve the corporations*, had a similar response; four people were in favour, and 177 against. So, again, 98 per cent of the people were against these options. And despite this overwhelming dissatisfaction with Government intentions, the Bill was presented in the House.

I was at the town hall meetings, as well. And there are more representatives here today than there seemingly were in the audience in St. George's. It is nice of the Minister . . . no, he is not here anymore. He was not in St. George's either. So the whole consultative process was clearly a sham.

[Inaudible interjections]

**Sen. Nicholas Kempe:** Oh, he has returned. Welcome.

And so despite—

#### POINT OF ORDER

**Sen. the Hon. Kathy Lynn Simmons:** Madam President, point of order.

The Minister was in fact at St. George's.

**The President:** Thank you.

**Sen. Nicholas Kempe:** That was not the impression of the mayor or any of the attendees there. If he was, he was very well hidden, and I—

**The President:** Senator Kempe,—

**Sen. Nicholas Kempe:** —will stand corrected. Thank you.

**The President:** —your point is taken.

**Sen. Nicholas Kempe:** This is clearly not in the interest of the people.

It improves no processes, it improves no oversight. It adds nothing of value to the corporations that is not already there in the existing Act, and it is simply a rollback of the democratic process.

Madam President, I do not feel the need to speak any further on this, but I will not be supporting this Bill.

**The President:** Thank you, Senator Kempe. Would any other Senator care to speak on this Bill?

Senator Kathy Lynn Simmons, Attorney General and Government Leader in the Senate, you have the floor.

**Sen. the Hon. Kathy Lynn Simmons:** Thank you, Madam President.

Let me start by addressing the comments of Senator Robinson, made at the beginning of this debate. He characterised the legislation as half-baked, and I appreciate the new vintage of the Senator, but I can guarantee you that no legislation that comes out of my Chambers will ever be half-baked. Behind me sits one of my senior parliamentary counsel who hails from Botswana, and I can assure you that he is the best of the best. So, if you intended to say that the *policy*, in your opinion, is half-baked, then let's be clear on that. So, I apologise on your behalf to the drafter.

Let me continue, Madam President. I have sat here and listened with great interest to emotional outpourings. I have listened to traditional ties. I have listened to a picture painted of a benevolent framework that the Government is being accused of dismantling for all sorts of political and other reasons. So, let me go back in time a bit, because my role as the Minister of Legal Affairs is to actually look at law reform. And for Senators who have forgotten, we actually have a Law Reform Commission Act from 2009, and in the context of law reform, let us be clear what we are talking about.

We do not intend to maintain the status quo in this country. We sit in a Chamber which is indicative of attempts to maintain the status quo. The legislature was created to maintain the economic power of white landholders in Bermuda that we characterise as the oligarchy, okay? And the efforts of this Government are to dismantle that. Every morning I walk off the elevator on the fourth floor of Global House as the Attorney General and Minister of Legal Affairs, and confronting me is a plaque which lists all of the Attorneys General that Bermuda has had. And they are in columns. And the first one, two, three, four columns do not represent anyone who looks like me. Okay? And understand that our legislative framework came out of a drive to maintain the power base for that demo-

graphic in this country. So, as you all sit here and wax poetic about preserving democracy, let me give you some information that you may or may not know.

Today, an Originating Summons was filed in the Supreme Court. And by virtue of that summons, tomorrow, the 21<sup>st</sup> of March at eleven o'clock, the Patron Saint of municipalities has brought an application. The Corporation of Hamilton is the applicant, and the first respondent is none other than the Attorney General. The second respondent is the Governor of Bermuda.

And Madam President, with your indulgence, I am actually going to read what this thing says.

**The President:** Yes, you may.

**Sen. the Hon. Kathy Lynn Simmons:** By this summons, colleagues, the applicants, the Corporation of Hamilton, are seeking the following Order:

"(1) An Order declaring that the Municipalities Reform Act 2010 and the other amendment Acts, as well as the decision by the Government to convert the corporation to a quango" (and they call that in quotes 'the decision,' as implemented by the Bill, which is what we are talking about this evening,) "and the Bill, if enacted, contravenes or would contravene sections 1 and 13 of the Bermuda Constitution, in that and insofar as (a) the amendment Act, the decision and the Bill deprive or would deprive, as the case may be, the corporation," (not the residents, not the people of Bermuda, the *corporation*) "of property without compensation, or are or would be likely to do so or (b)" (hope you return soon, Senator) "deny or would deny or have the effect of denying, as the case may be, the corporation," (again, the *corporation*) "the protection of law or are or would be likely to do so, and to that extent are therefore void and of no effect."

What are they talking about? They are talking about all of the Acts that gave democratic rights to the residents of the municipalities. So, let's take a walk back in history.

We have an Act called the Emancipation Act 1834, and under that Act . . . and I will read the preamble which tells you what it is about. That is how we do our legislation. It states, and Madam President, may I read?

**The President:** Yes, you may.

**Sen. the Hon. Kathy Lynn Simmons:** "WHEREAS it is expedient to relieve free blacks and free persons of colour," (whatever that means) "from certain disabilities, liabilities and restrictions to which they are now subject, to extend to them the laws now applicable to white persons, and to fix the qualifications for voters and the electors, and for candidates for certain offices and places of trust:"

And let me repeat, "WHEREAS it is expedient." Not right, not just, but *expedient*. The definition of

*expedient*, Madam President, is convenient and practical, although possibly improper or immoral, and that is our foundation and we are real proud of the fact that we were emancipated as black people.

Madam President, under section 2 of that Act, provision is made for qualification for voting in municipal elections. And under section 3, there is a qualification for Aldermen or Common Councillor of municipalities. And under those sections, notwithstanding the fact that we became emancipated, the legislature was used to ensure that certain rights for that demographic were maintained. So, they freed you on one hand, and made sure they retained the rights that would allow them to consolidate forever their power base economically. And that is what I refer to as the status quo.

*[Inaudible interjection]*

**Sen. the Hon. Kathy Lynn Simmons:** Wow is right, Senator. Wow, wow, and wow. So, be careful what you are objecting to tonight.

So, let me make it clear. When we talk about this originating summons which chooses to void all of the amendments to the Municipalities Act, we have amendments that were made in 1994, 1995, 2010, 2013, 2014, twice in 2015, and in 2018. So, we actually had legislation in 2010 which talked about elections. Somebody missed somewhere two sections, or the same as sections 2 and 3, which bestowed or made clear the rights that were going to be retained, and it was not until 2013 that the penny dropped and they were repealed.

So, let us be clear. Let us be clear. What we have in front of us today is this Government's attempt at collaboration. Whether you like it or not, that is actually what it is. And you all sit around here and say you are not supporting it. But guess what? Don't support it, because you have been trumped, or you will be trumped tomorrow morning at eleven o'clock when the Patron Saint and Co. go to the Supreme Court and erode every voting right that you will ever have. Because what that will do is take you back to sections 2 and 3 of the Emancipation Act, whereby the only rights were bestowed on the very demographic that represents the status quo.

And understand where we are with reform. This Government is not going away. You say, *no*, tonight, we will come back again and again, because the people of this country decided that they do not want the status quo.

The Minister went to St. George's. The Ministers went to St. George's to ensure that we had the support that was necessary. We consulted. We asked, *What do you want?* We made amendments to incorporate what people wanted. But understand what you are doing tonight. You are rejecting an attempt to move away from the status quo and to give effect to what needs to happen in terms of real emancipation.

This is not a race card. This is reality. Because we think we have progressed, but we have not. Because on our books is a whole slew of legislation that speaks to maintaining the status quo. So, we will come back with criminal law reform, with land law reform, with social reforms that are aimed to erode the status quo.

So, Senator Simmons, I appreciate your sentimentality, but understand what we represent sitting around this table as black people. That is a race card, but it is real. It is a *fact*. We will tomorrow at eleven o'clock, if the court determines, if there is some merit in the Patron Saint's argument, we will be back to 1834. And, as the Government Leader in the Senate for the *Progressive Labour Party*, that is unacceptable.

Say no tonight to this Bill and sleep well. Go down to court tomorrow and have a listen here, and see what democracy looks like when the clock is turned back.

Thank you, Madam President.

**The President:** Thank you, Senator Kathy Lynn Simmons, Attorney General.

Would any other Senator care to speak?

Senator Hayward, you have the floor.

**Sen. Jason Hayward:** Madam President, I—

## ANNOUNCEMENT BY THE PRESIDENT

### SENATE VISITOR

**The President:** Sorry, before you do, I need to acknowledge the presence of MP Michael Scott in the Gallery.

Welcome, sir.

Carry on.

*[Municipalities Reform Act 2019, second reading debate, continuing]*

**Sen. Jason Hayward:** I had the chills just now when the Attorney General was speaking. The chills, because every time we think we are moving forward, we end up going backwards.

And I know, Senator Simmons declared her interest regarding being a resident in both. But I am not sure when Senator Simmons made her decision just now if she relied on a piece of legislation that she did not know at the time was under attack. That originating summons is real. You said that the Minister has not provided you with any real paperwork regarding the change that will take place in St. George's. That is a *real* piece of paper. We will be in court tomorrow fighting for our rights to have residents of a city to vote—not landowners, residents of a city to vote again. And we sit up here and we talk about preserv-

ing democracy. Well, let's have that conversation tonight.

In 1793, the corporations were incorporated. The corporation of Hamilton was incorporated. That was prior to the Emancipation Act. So, the corporation became a corporation prior to slaves being freed in this country. Who did that corporation represent, and whose interests did that corporation represent at that time?

In 1815, the City of Hamilton became the capital of Bermuda. It was named after a former governor, Henry Hamilton, an appointed governor, a governor who was not democratically elected. Since 1815, I really wonder how democratic elections in the Corporation of Hamilton have actually been. We have to be realistic. How democratic have elections in the corporation actually been? We have just heard it was not until 2010 that residents received rights to vote. Well, who got to vote for all those years between 1793 and 2010? How democratic were the operations of these institutions?

Madam President, we have over 10,000 persons who work, who reside, operate in this city on a daily basis, and less than 700 of those persons actually show up and vote in municipal elections. This is city is all of ours. How is it that less than 700 people get to decide the fate of our city? This is a beloved city for all in Bermuda. This is an economic hub for all in Bermuda. This is the lightbulb for all of Bermuda. But we want to preserve the voting rights of the 700 persons who come out.

This is not erosion of democracy. Democracy in the Corporation of Hamilton is a sham. Democracy in the Corporation of Hamilton is a farce. It is a façade. There is no real democracy. The majority of the country frequents the city, but only a handful of people get to decide, a handful of people who date back to 1793 when the corporations were incorporated, this same handful of people who had the rights in 1923 when the first Act was passed. And I ask you something. We want to rely on a 1923 Act. Did we even have a democratic Government in 1923? Who got to vote for Government in 1923 when the corporation was established, this Act was established? Let's be clear on democracy in this country.

The former mayor won the Government, the current mayor won the Government with 409 votes—409 votes—and he gets to preside over the economic interests of the majority of the country. And we are sitting here talking about democracy? And the same democracy we are talking about, that same individual has filed a writ to reverse all of the power that we were talking about that was instilled in 2015, to reverse the voting rights that were instilled for individuals. I do wonder how individuals feel about that.

You see? We are not making progress in this country until we do things which are transformational. Systems in this country are wrong and when we attempt to dismantle systems, we see that some are not

bold enough to move forward with what is transformational. Madam President, persons are opposed to the Corporation of St. George's and Corporation of Hamilton becoming quangos. Madam President, if I may read a quote? Madam President?

**The President:** Senator Hayward, I am sorry. I was—

*[Laughter]*

**Sen. Jason Hayward:** This is a quote from the former Minister of Home Affairs, Michael Fahy. "The first important reform would be to allow the Minister to provide binding directions to Corporations. These are similar to those provided for in legislation related to the West End Development Corporation and the Bermuda Land Development Companies permitting general and special directions from their respective Ministers."

Madam President, the West End Development Corporation and the Land Development Company are quangos. We can argue that the quango structure did not begin with this Government; it began with the previous Government. We were already well away on establishing quangos, and that is why Senators can say today that there are not many changes needed in the legislation to transform these bodies into quangos. You know why? Because the work has already been done by the former Government; the work to transform these institutions into quangos has already been done by the former Government.

Madam President, in 2015, the oversight was needed after allegations of governance violations. Madam President, if I can read some of those concerns that were present at that time?

**The President:** You may.

**Sen. Jason Hayward:** This is a quote from the former Minister, Michael Fahy at the time: "Senators will be aware of significant challenges posed by the municipal corporations in recent years under both the current and previous Governments. Reform of local governance has become acutely necessary in Bermuda as a result of failures of administrations that have caused disarray in governance."

Let me repeat that, Madam President. "Reform of local governance has become acutely necessary in Bermuda as a result of failures of administrations that have caused disarray in governance." This is referring to our corporations!

"Further governance reform is now acutely necessary as a result of the past actions of the Corporation of Hamilton, which include: failures of accountability in awarding of the contract for the Hamilton waterfront development, resulting in a highly critical report by the Bermuda Ombudsman, legislative intervention by the Government of Bermuda, the assumption of temporary stewardship and an arbitration that

may cost many millions to the public purse; . . ." Additionally, Madam President, "Concerns about the viability of a cooperative relationship between the two levels of Government . . ."

Madam President, I repeat, "Concerns about the viability of a cooperative relationship between the two levels of Government."

He then went on to say, this is the former Minister of Home Affairs: "A multiplicity of legal actions, such as the 'clamping litigation' and a myriad of surplus constitutional actions; disorder and dissention at the Council level that have been reported in the media . . ."

*The Royal Gazette* headline of January 27, 2015: "Fahy takes control of a CoH 'in disarray'".

In disarray! We paint these wonderful pictures of good governance that has been taking place. That is not the reality on the ground. And it is just like we can say, *Well, we have a Government and when the Government comes in, things may change*. It is no different when a mayor and a team are elected that do not do good by the residents, the ratepayers, or the country. We see how the country suffers. We saw how the country suffered with mismanagement of the Corporation of Hamilton. How do we prevent that from happening again?

I ask you, *How do we prevent that from happening again?*

And you would say, *There are now legislative amendments that were made in 2015 that increased governance*.

And I would tell you, *We go [to] court where those legislative amendments are trying to be removed*.

So, where is the oversight and accountability? Where would the oversight and accountability be? Do we have to settle with corporations signing documents that they did not have the authority to sign? What we are attempting to do is put permanent oversight in place. What we are attempting to do is to ensure that there is a functional relationship between the corporation and the Government.

Madam President, I came across a newspaper article where the current mayor pledged "war" with the Government. War has already been started by taking the Attorney General to court. How could there be an amicable relationship moving forward? How could there be an established relationship in the best interests of this country moving forward when we are threatened with legal action, all because we want to improve the wellbeing of our cities, or because we want to improve the wellbeing of the Town of St. George?

Madam President, the current mayor, Mr. Gosling, is on record stating and I quote, may I quote?

**The President:** You may quote.

**Sen. Jason Hayward:** “<sup>2</sup>The added voice from the poll in St. George’s also speaks volumes to the fact that the government oversight is not welcome in the town.”

*That the government oversight is not welcome in the town!*

Madam President, do you believe his view of the Government oversight in the City of Hamilton is the same, or does it differ? Do you think the current mayor welcomes the Government oversight? This is hypothetical, but I am going to answer it for you. *No, he does not*, because we have seen in action now that the oversight is sought to be removed.

So, we can have an election where a few people can elect the representatives and they can do as they please, and the Government has no say. But those same organisations need funding from the Government to carry out major infrastructure projects. And some would say the Corporation of Hamilton can fund its own. Well, you need not look too far into newspaper articles where the finances of the Corporation of Hamilton are not peachy at all. They are not peachy at all.

The Minister of Works wants to put a sewage plan in place for the entire country. Yet, the Corporation of Hamilton is going to hire its *own* firm to do its *own* project in the City of Hamilton. So, the proposal is to put the sewage plant on Front Street. Madam President, we cannot leverage economies of scale by working in silos. But that is how the current structures are set up, [they are] set up to operate in silos. We say there is ministerial direction according to the 2015 amendments. But how do you think that works in practice? How do you think that works in practice? Where the same individual is now taking the Government to court? The Minister is going to submit something to Corporation of Hamilton and they are just going to say *Yes, sir*, and do it? Or, *We have our own plan and we disagree*.

And then every single time we want to make a change, we are going to find ourselves in court because this is not the first time that the Corporation has taken the Government to court. The former mayor and his team took the Government to court for changes that the Government wanted to make. So, let us not kid ourselves. There is no harmonious relationship that will be had moving forward.

The Minister stated that the laws have diluted the rights of two local authorities. He is talking about the current laws, the current laws that Members have stated that we are happy with because they provide the necessary oversight. The current mayor believes that those laws dilute his rights. But I beg to differ. I will say those laws are what govern and establish his right of operation. But he is not happy with the laws of the land because the laws of the land were set by the Government, and the corporations want to remain in-

dependent of the Government. Why? Madam Attorney General’s notion is that they want to maintain their status quo.

Madam President, the Corporation of St. George’s . . . it used to be our capital, the Town of St. George. But in 1815, town became our capital, the City of Hamilton. I will support the notion that the Corporation and the Town of St. George have been abandoned since 1815. When they decided that that was no longer to be our capital, the powers that be at the time abandoned St. George’s then. Luckily, St. George’s is heavily populated with residents. That is the advantage they have. And the residents banded together, clawed hard, fought hard. The residents were able to get a vote and then the residents were able to elect officials that they would like to see. But based on these amendments that we will see in this court case tomorrow, they plan to strip that vote away from residents. Residents did not have a vote in St. George’s prior to 2010. Where were the cries of democracy being eroded and the limits to democracy then? What we are trying to do is give the residents a permanent seat at the table, not a temporary one.

St. George’s is so sensitive to politics that no MP feels safe in St. George’s. I do not think that the PLP Government’s aim or objective is to compromise our two St. George’s MPs by doing nothing. We have a plan for St. George’s.

I think the concept of St. George’s was best summed up by what I would consider to be a progressive resident. Her name is Kristin White. In *The Royal Gazette* on March 5<sup>th</sup>—and can I read her quote?

**The President:** Yes, you may, Senator Hayward.

**Sen. Jason Hayward:** “I don’t care what the structure is. It is time for us to be a priority.” See? I will prefer to hold on to the structure and maybe you can have us as a priority, Or, I do not care what the structure is, let us stop tossing it over the governing structure. I want to be a priority.

Madam President, the people of St. George’s should be reassured that the Minister responsible promised them that they will be a priority. On Tuesday, the 5<sup>th</sup> of March 2019, the Minister of Home Affairs, the Walter H. Roban stated—can I read, Madam President?

**The President:** Yes, you may, Senator Hayward.

**Sen. Jason Hayward:** Let me share with you some of the things the deal means for the town of St. George’s. “It will mean enhanced services.” It will improve infrastructure. “It will mean better upkeep of public spaces, and it will allow, finally, for the creation of a marina . . . It will also allow the creation of a World Heritage [Site] management plan for the town, which is crucial . . .” for the designation as a World Heritage Site.

<sup>2</sup> *Royal Gazette*, 1 March 2019

It will improve the financial management of the town. That is a promise. That is a commitment. That is in the best interest of the people of St. George's. Whether or not they get to vote is not the big thing. The structure . . . I don't care [about] the structure. That is what a young St. George's resident said. I don't care the structure. I want to be a priority.

The Minister has promised, *I promise you, this is a good thing for St. George's*. The Government is committed. The Government has political interests, but outside of just political interests, we see within our midst we have persons who are passionate about St. George's. We have a Senator who resigned his seat on the Council of St. George's to become a Government Senator. MP Renee Ming is the biggest advocate for St. George's. I am still on the fence about Kim.

[Laughter]

**Sen. Jason Hayward:** But, Madam President, they have two excellent representatives down there. We will not compromise our colleagues. We will not abandon St. George's.

Madam President, I do ask the question to residents, Are you satisfied with the progress in St. George's? When asked in 90-some years, are you satisfied with where you are now? The honest answer has to be no if you are a St. Georgian. You cannot be satisfied with where our former capital is now. But you have to be optimistic that we want to inject a lot of energy into St. George's.

Please do not fight on the structure. The structure is important only to the extent that a quango provides greater cooperation. I do not know why we are afraid of this thing called "quangos." Some of our most prestigious institutions like the Bermuda Monetary Authority is a quango. That does not mean the Minister of Finance is running the Bermuda Monetary Authority.

We have to be mindful when we just float around terms and think that somehow they are all negative. Nothing is negative about a quango. But if I am injecting resources, money, capital . . . if I am leveraging services from the Government, I need to ensure that the leadership of the organisation shares the vision and we are not wasting our time.

Madam President, the Government wants to ultimately transform Hamilton and St. George's into vibrant entities that will be attractive to visitors, attractive to businesses and that will boost utilisation of both the city and the town. It is clear that neither the Corporation of Hamilton nor the Corporation of St. George's have the resources to do it on their own. It is clear that providing the resources under the current structures of those organisations would not bear the fruit that we require.

And some may ask, *Well, what is the vision that the Government has?* Government plans to have

a multifaceted waterfront, increased city living, increased use of vacant office space and using smart technology. One could only look at Singapore as to where we can go when we embrace smart technology in our cities. See? We want to hold onto our little kingdoms and operate in silos at the expense of moving forward. This Government is trying to be transformational and move this country forward. Why not give us a chance? Why are we protecting this façade democracy? We were elected to govern. We were elected to make a difference.

I am asking you to give us a chance. I am asking you, What are we trying to protect? Are we trying to protect the organisation who has now proven that they do not even care about the same residents that we are sitting here trying to protect? Because according to the writ that the Attorney General read, they are trying to strip the rights away from those individuals. They are trying to remove the oversight of the Government from those institutions.

Senator Simmons, you said I am satisfied that the current changes that were made in 2015 go far enough. How do you feel learning that those current changes that were made in 2015 are being ripped from right under our nose? I am going to ask you to reconsider your position based on the additional information. And that is what rational people do. When provided with all the information to make an informed decision, that is what they do. That is what is bold. That is what is courageous. I am going to go out on a limb here.

Madam Simmons [*sic*], we had a democratic process in high school . . . I am sorry, Madam President—

**The President:** Yes.

[Laughter]

**The President:** You decided you were running your . . . continue.

**Sen. Jason Hayward:** But we did. We had a democratic process in high school where Madam Simmons was actually my principal. Teachers voted for prefects. Madam Simmons, Madam President, appointed me a prefect.

The teachers revolted against Madam Simmons. And I was prefect for two weeks and I got my yellow shirts removed. But what Madam Simmons did not know is my mother refused to buy me white shirts after she bought me yellow shirts. I could no longer wear my yellow shirts. I had grown and I had to wear my white school shirts that were too small. And I was teased because they had yellow stains in them, because they were my sister's old shirts, and I had wear a sweater in the summertime over my school shirt every day. And guess what? It changed my mind-set when I was getting teased. And I was not productive

as I could have been in my fifth year of high school. And Madam Simmons knows the catastrophic events that took place in my fifth year of high school.

I am lucky to have graduated. I am asking . . . I should have gone to the office and asked Madam Simmons to reconsider then, but I am asking you to reconsider now.

**The President:** Senator Hayward, speak to the motion . . . speak to the Bill.

**Sen. Jason Hayward:** I am speaking to the Bill. I am definitely on speaking with the Bill.

**The President:** My concern is you are speaking to a Senator who has already spoken and trying to persuade her, and I think that is out of order.

**Sen. Jason Hayward:** And the young Senator went mm-hmm.

You know what is important, Madam President? That we are clear on how we are moving forward. You know what is important? We are clear on exactly what we are attempting to do today. What is important is we are attempting to understand exactly what the Corporation of Hamilton is trying to do, which is remove rights. None of us should take comfort that even the amendments of the former Government are now trying to be repealed.

That should give none of us great comfort. In the midst of us attempting to pass legislation to move forward, we have a group of people attempting to take us backwards.

**The President:** Senator Hayward, I do want to indicate here that this information has just come to light just a short while ago. So, it was not . . . Senators were not privy to the information beforehand, and so I want you to continue to address the Bill at hand.

**Sen. Jason Hayward:** Madam President, what we are attempting to do is move the country forward. The Government has the best interests of the people of Bermuda at heart. I have not heard any compelling argument against why this has happened outside of the erosion of democracy to protect democracy for individuals who are attempting to erode democracy.

Madam President, we want to exert life into our cities. We want to invest in our cities. We want to make our cities a better place. We have the resources at the Government, Madam President. We want to leverage our resources. We want to create economies of scale that will ultimately reduce cost. We do not need duplication of services. And what we are asking is a change in the structure; a change in the structure so that we can be effective in our delivery. This is not about erosion of democracy. Democracy in the City of Hamilton is a façade.

And with that, Madam President . . . I really would like to conclude, but this debate . . . I believe we have been kind of bamboozled into believing that somehow this Government is eroding rights, when we are attempting to make the city as efficient, as effective, as vibrant as it could be. We have seen the mismanagement of the city. How do we prevent ourselves from going back down that road? The only way we can prevent ourselves from going back down that road is to provide the proper oversight. That can only be achieved by the changes that the Government has recommended.

Madam President, we really have to ask ourselves who has the best interests of the people at heart. And, Madam President, I would like to close with this quote from OBA Minister Fahy, the Honourable, former Honourable Minister of Home Affairs, in 2015:

“<sup>3</sup>In fact it is important that the national agenda and the agenda of any Council are aligned in some way to ensure that there is harmony in Bermuda’s governmental functions—especially given that the City and the Town are major parts of Bermuda’s economic life blood. Co-operation is key and the Government of Bermuda is committed to that . . . .”

I repeat, Madam President, if I may, “In fact it is important that the national agenda and the agenda of any Council are aligned in some way to ensure that there is harmony in Bermuda’s governmental functions—especially given that the City and the Town are major parts of Bermuda’s economic life blood. Co-operation is key and the Government of Bermuda is committed to [do] that . . . .”

These were the words of Senator Fahy in this very same Chamber when he made his amendments to the 2015 Bill, amendments which we now learn are trying to be stripped away. We must be clear that there will be no real cooperation between the Corporation of Hamilton and the Government. There is no desire from Corporation. There is no real desire. If not, we would not find ourselves in court tomorrow.

You would think that the court action would be to remove the provisions that the Government has put in place and to maintain rights. You would not have thought that the court action was to strip control, oversight, the rights away from persons who you all say have fought hard for those rights.

Be careful whose side you are on. We have a vested interest in this country. And, like the Attorney General said, this Government was elected to be transformational, it was elected to change power structures. And that is what we are attempting to do. And we are doing it in the best interests of the people of Bermuda.

Thank you, Madam President.

<sup>3</sup> [Statement to Media](#), 10 April 2015

## ANNOUNCEMENT BY THE PRESIDENT

### SENATE VISITOR

**The President:** Thank you, Senator Hayward.

And before we proceed any further, I would just like to acknowledge the presence of the Financial Secretary, Mr. Anthony Manders, in the Gallery. Welcome, sir.

Senator Kathy Lynn Simmons, Attorney General.

**Sen. the Hon. Kathy Lynn Simmons:** Thank you, Madam President.

We have had a fulsome discussion on the merits and otherwise of this Bill, and due to some of the arguments advanced and representations made which may cause Senators to pause and consider their positions, I would like to move that the Senate rise and report progress on the second reading of the Bill.

**The President:** Is there any objection to that motion?

No objections.

It has been agreed.

So, the Committee will rise and report progress . . . the Senate will, sorry.

*[Motion carried: The Senate agreed to rise and report progress on the second reading of the Municipalities Reform Act 2019.]*

**The Clerk:** The second reading then, we will resume second reading . . . it will remain on the Order Paper as a second reading item.

**The President:** Yes. Senators are in agreement.

Thank you.

**The Clerk:** Okay. So, we move on to the next item.

**The President:** Senators, we will move on to the third item on the Order Paper which is the second reading of the Miscellaneous Taxes Amendment Act 2019.

Senator Campbell, it is your Bill. You can proceed.

## BILL

### SECOND READING

#### MISCELLANEOUS TAXES AMENDMENT ACT 2019

**Sen. Vance Campbell:** Thank you, Madam President.

Madam President, I move that the Bill entitled [Miscellaneous Taxes Amendment Act 2019](#) be now read a second time.

**The President:** Is there any objection to that motion?

**Sen. Vance Campbell:** Madam President, the purpose of this Bill before the [Senate] today is to make amendments to the Miscellaneous Taxes Act 1976 ("the Taxes Act") and the Miscellaneous Taxes (Rates) Act 1980 ("the Rates Act") to introduce a new tax structure for cruise ships and cruise ship passengers, and to make consequential amendments.

Madam President—

*[Sen. James S. Jardine, Vice President, presiding]*

**The Vice President:** Mister.

*[Laughter]*

**The Vice President:** I am quickly coming to the Chair as fast as I can.

**Sen. Vance Campbell:** All right. Mr. Vice President.

**The Vice President:** Please proceed, Senator Campbell.

**Sen. Vance Campbell:** The existing tax structure for cruise ships and their passengers is comprised of a passenger cabin tax and passenger departure tax. In reviewing the taxes paid by cruise lines, the Government determined that there was scope to make changes to the current tax structure whilst remaining competitive with comparable cruise destinations.

[Mr. Vice President], the passenger cabin tax specified in the Taxes Act is charged in respect of each visit by a passenger ship to Bermuda. It is payable by the owner, operator, or agent of the ship at the rate prescribed in the Rates Act. The passenger cabin tax is calculated by reference to the number of passenger cabins on the ship and the number of nights the ship is docked or at anchor in Bermuda.

The cabin tax does not apply to ships docked in the City of Hamilton or the Town of St. George. [Mr. Vice President], this was an attempt to attract smaller luxury ships to Hamilton and St. George's, so a waiver was introduced as an incentive. However, [Mr. Vice President], this never really worked and there are only 24 cruise ships in the world that can fit into our small harbours and they mostly serve other jurisdictions. [Mr. Vice President], the cabin tax is currently \$14.00 per cabin from May to August and \$10.00 per cabin from September to October. It has not changed in 13 years.

[Mr. Vice President], the passenger departure tax also specified in the Taxes Act is charged per passenger departing from Bermuda by passenger ship. As with the cabin tax, it is payable by the owner, operator, or agent of the ship at the rate prescribed in the Rates Act. [Mr. Vice President], the passenger departure tax is currently \$20.00 per passenger per

day from April to October, to a maximum of \$60.00, and this has not changed for 17 years, [Mr. Vice President].

[Mr. Vice President], there is an additional charge paid by passengers on large cruise ships which is a capital cost recovery charge. This charge, which is \$22.00 per passenger, per visit repays the loan provided by Royal Caribbean International, to dredge the North Channel so that *Quantum* class ships can access Heritage and King's Wharf. Agreements with our contract cruise partners prevented taxes being raised while the loan remained payable.

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

**Sen. Vance Campbell:** Madam President, with that loan now repaid by the Bermuda Tourism Authority, the Government is in a position to make changes to the cruise tax regime. I now provide a summary of the amendments.

First, Madam President, the amendment Act repeals the passenger cabin tax. With the Government's more targeted approach to taxes, the cabin tax is unnecessary and somewhat duplicative.

Secondly, the amendment Act introduces a new "large ship infrastructure tax." This tax applies to passenger ships with a gross tonnage exceeding 149,000 tons, or which exceeds 1,120 feet in length, or that carry more than 4,000 passengers, whichever is the greatest, Madam President.

Madam President, this tax is intended to fund the infrastructure improvements associated with and required by the large cruise ships that frequent Bermuda. As with other passenger ship taxes, it is payable by the owner, operator, or agent of a ship at the rate prescribed in the Rates Act.

Madam President, the amendment Act amends the Rates Act to set the infrastructure tax at \$22.00 per passenger for visits between the 1<sup>st</sup> of April and the 31<sup>st</sup> of October. Madam President, further amendments to the Rates Act increase the passenger departure tax by \$5.00 to \$25.00 per passenger for a 24-hour period, up to a maximum of \$75.00 for ships docked in or at anchor and tendered to Dockyard.

The departure tax is \$20.00 per passenger for a 24-hour period up to a maximum of \$60.00 for ships docked in or at anchor and tendered to Hamilton or St. George's. This tax also applies between the 1<sup>st</sup> of April and the 31<sup>st</sup> of October. The difference between the departure tax for Hamilton and St. George's is to still provide a small incentive for the smaller ships to visit there.

Finally, Madam President, the final provisions of the amendment Act pertain to consequential amendments made to the Taxes Management Act 1976 and the Tax (Accounts and Records) Regulations 1991, due to the repeal of the cabin tax and to

the introduction of the large ship infrastructure tax and the increase in the passenger departure tax.

Thank you, Madam President.

**The President:** Thank you, Senator Campbell.

Would any Senator care to speak on this Bill? No? Then Senator Campbell, you can carry on.

**Sen. Vance Campbell:** Madam President, I move that the Bill entitled the Miscellaneous Taxes Amendment Act 2019 be now read a second time.

**The President:** Is there any objection to that motion?

No objection.

Carry on, Senator Campbell.

*[Motion carried: The Miscellaneous Taxes Amendment Act 2019 was given a second reading.]*

### SUSPENSION OF STANDING ORDER 26

**Sen. Vance Campbell:** Madam President, I move that Standing Order 26 be suspended in respect of this Bill.

**The President:** Is there any objection to that motion?

No objection.

*[Motion carried: Standing Order 26 suspended.]*

## BILL

### THIRD READING

#### MISCELLANEOUS TAXES AMENDMENT ACT 2019

**Sen. Vance Campbell:** Madam President, I move that the Bill entitled Miscellaneous Taxes Amendment Act 2019 be now read a third time.

**The President:** Is there any objection to the third reading?

No objection.

Carry on, Senator Campbell.

**Sen. Vance Campbell:** Madam President, I move that the Bill do now pass.

**The President:** It has been moved that the Bill entitled the Miscellaneous Taxes Amendment Act 2019 do now pass.

Is there any objection to that motion?

No objection.

The Bill is passed.

*[Motion carried: The Miscellaneous Taxes Amendment Act 2019 was given a third reading and passed.]*

**The President:** I think you have the next one, Senator.

**Sen. Vance Campbell:** Yes, I do, Madam President.

**The President:** Payroll Tax Amendment. Carry on.

## BILL

### SECOND READING

#### PAYROLL TAX AMENDMENT ACT 2019

**Sen. Vance Campbell:** Madam President, the Bill now before the Senate is the [Payroll Tax Amendment Act 2019](#). The purpose of the Bill is to amend the Payroll Tax Act 1995, the principal Act and the Payroll Tax Rates Act 1995, the Rates Act, to provide payroll tax relief to prescribed retailers and musicians and entertainers as announced in the 2019/20 national budget.

Madam President, the retail sector is an important part of Bermuda's economy and a major employer of Bermudians. Retailers committed to training and developing and providing many non-university educated Bermudians with a leg up and a career path advancement in sales, administration, accounting, marketing, buying and management. Also, retail employs a significant amount of seasonal and summer students. Without a strong retail presence, we cannot hope to attract either international business or tourism to Bermuda.

The Government is very much aware of the pressure on the retail sector. And in this regard, in 2010 a payroll tax concession was established for retail stores for the months of January, February and March, recognising that this is a slower period for retail. Madam President, further relief was provided to the sector in October of 2011, when 100 per cent payroll tax relief was granted during the recession.

Madam President, currently retail employers who have a payroll of \$1 million per annum or more pay payroll tax at the highest rate of 10.25 per cent and retail employers who have a payroll of \$500,000 to \$1 million per annum pay at the rate of 9 per cent. This compares to a rate of 6 per cent for the restaurant and hotel sectors. For employers who come in just below \$1 million annual payroll, this Act is a deterrent to hiring.

Madam President, the retail division of the Bermuda Chamber of Commerce have lobbied for this sector over the last several years and have noted that retailers simply cannot sustain their current level of operation if they have to pay 10.25 per cent, or 9 per cent payroll tax, and have advised that consolidation may take place and Bermudian jobs will be lost. Further consultation on this matter occurred during the prebudget process, Madam President.

Madam President, the Government has listened to the retail sector, and this amendment will

provide payroll tax relief to certain qualifying stores in the sector to maintain business operations and, hopefully, increase employment. In particular, the amendment will provide a rate of 7 per cent for an employer operating a qualifying retail store.

Madam President, a qualifying employer will be defined as a store or a group of stores whose payroll amounts exceed \$500,000 per annum that also has at least 50 per cent of sales for a tax period consisting of the following products: clothing, shoes, jewellery, and perfume. To obtain this relief, the employer will have to make an application in writing to the Tax Commissioner.

Madam President, any tax relief should be targeted to the businesses that need it the most, rather than across the board. The current estimate of revenue forgiven by this concession is less than \$1 million. If this relief was provided to the entire retail sector, Government would lose approximately \$16 million in payroll tax, which is not sustainable as we try to eliminate the deficit.

Madam President, the second part of this amendment is to provide payroll tax relief to musicians and entertainers. Madam President, entertainment plays a very important role in the culture and development of Bermuda. We have seen a decrease in entertainers and musicians over the years, who, at best, work six months of the year and during the season, very few, if any, work six to seven nights a week.

There was a time 25 years ago when a band could work exclusively for a hotel. That is no longer the case and has not been so for many years. Therefore, the Government will be providing a three-year payroll tax concession to independent musicians and all businesses that hire local musicians and entertainers, by removing the employer and employee payroll tax for the next three years.

The Government believes that this concession will encourage more businesses to hire local entertainers and encourage more Bermudians to become involved in this extremely important industry.

With that, Madam President, I conclude my introductory remarks. Thank you, Madam President.

## ANNOUNCEMENT BY THE PRESIDENT

### SENATE VISITOR

**The President:** Thank you, Senator Campbell.

And before I open the floor, I would just like to acknowledge the presence in the gallery of the Permanent Secretary of Tourism, welcome Aideen Pryse.

Would any Senator care to speak on this Bill? Senator Kempe, you have the floor.

*[Payroll Tax Amendment Act, second reading debate, continuing]*

**Sen. Nicholas Kempe:** I will be very brief because I have mentioned this on multiple occasions and the reply and in the general economic debate, but what retail and all other business in Bermuda would like to see is more consumers and more stimulus rather than tax cuts for the select few.

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

No? Then Senator Campbell, over to you.

**Sen. Vance Campbell:** Thank you, Madam President, and this Government would also like to see the jobs here for those people to come here.

Madam President, I move that the Bill entitled the Payroll Tax Amendment [Act 2019] be read a second time.

**The President:** Is there any objection to that motion?

No objection. Carry on, Senator Campbell.

*[Motion carried: The Payroll Tax Amendment Act 2019 was given a second reading.]*

#### SUSPENSION OF STANDING ORDER 26

**Sen. Vance Campbell:** Madam President, I move that Standing Order 26 be suspended in respect of this Bill.

**The President:** Is there any objection to that motion?

No objection.

Carry on.

*[Motion carried: Standing Order 26 suspended.]*

### BILL

#### THIRD READING

##### PAYROLL TAX AMENDMENT ACT 2019

**Sen. Vance Campbell:** Madam President, I move that the Bill entitled the Payroll Tax Amendment Act 2019 be now read a third time.

**The President:** Is there any objection to the third reading?

No objection.

Carry on.

**Sen. Vance Campbell:** Madam President, I move that the Bill do now pass.

**The President:** It has been moved that the Bill entitled the Payroll Tax Amendment Act 2019 do now pass.

Is there any objection to that motion?

No objection.

The Bill is passed.

Thank you, Senator Campbell.

*[Motion carried: The Payroll Tax Amendment Act 2019 was given a third reading and passed.]*

**The President:** I think you have another one.

**Sen. Vance Campbell:** The next one as well, yes.

**The President:** Yes, carry on. This is the second reading of the Stamp Duties Amendment Act 2019.

### BILL

#### SECOND READING

##### STAMP DUTIES AMENDMENT ACT 2019

**Sen. Vance Campbell:** Madam President, the Government wishes the Senate to give consideration to the Bill entitled the [Stamp Duties Amendment Act 2019](#).

Madam President, Senators will recall that in the 2019/20 national budget, Government announced it will amend the [Stamp Duties Act 1976](#) in order to exempt from stamp duty the commercial transfer or assignment of a mortgage. It was also noted that following prebudget consultation with the real estate division of the Chamber of Commerce, it was proposed to increase stamp duty on all residential and commercial leases.

Madam President, in 2012, the Stamp Duties Act 1976 was amended in order to exempt from stamp duty the commercial transfer or assignment of a mortgage. Having noted that, Madam President, it is now proposed to clarify and amend this provision to restrict this concession to mortgages of \$750,000 or less.

Madam President, the reason for this restriction is simple. This Government has always believed that in order for a tax system to be fair and equitable, taxpayers who can afford it should be asked to pay more than those who cannot afford to.

Madam President, the second part of this amendment is a revenue-raising measure and it is proposed to increase stamp duty on all residential and commercial leases. Accordingly, Head 25 of the Schedule to the principal Act (stamp duty payable on leases and agreements for leases), to provide for a stamp duty payable on leases and agreements for leases to be calculated as 1.0 per cent of the aggregate rent for leases up to three years plus 0.5 per cent of the aggregate rent payable for any additional period beyond three years.

Madam President, the last time these rates were increased was in 2000, some 19 years ago. As mentioned previously, this was a proposal put forth by the real estate division of the Chamber of Commerce.

Madam President, one of the guideline principals of any good tax system is to avoid specific taxes expressed as fixed in value in Bermuda dollar terms in favour of *ad valorem* taxes expressed as a percentage of the selling price. Therefore, in order to provide some level of equity and fairness in stamp duty paid on rental leases, we propose to amend the Act as mentioned previously.

Madam President, 10 years ago Government collected just over \$46 million in stamp duty. This year we are forecasting \$29 million.

The Government recognises that some of this decrease relates to a decrease in real estate activity. However, to ensure that we are collecting all that is rightfully due, Government will be undertaking a comprehensive review of its stamp duty legislation, with a view to updating this legislation, and eliminating loopholes.

Madam President, Government has tried to be balanced and fair while strengthening the tax base with various revenue-raising measures, and it is important that all parties contribute their fair share of taxes.

Madam President, with that, I conclude my introductory remarks. Thank you, Madam President.

## ANNOUNCEMENT BY THE PRESIDENT

### SENATE VISITOR

**The President:** Thank you, Senator Campbell, and before I open the floor, again, I want to—with humble apologies—acknowledge the presence of the Chief Parliamentary Counsel, Mrs. Cathryn Balfour Swain. Welcome to the Senate.

Would any Senator care to speak on this Bill?  
Senator Kempe, you have the floor.

*[Stamp Duties Amendment Act 2019, second reading debate, continuing]*

**Sen. Nicholas Kempe:** Thank you, Madam President.

I specifically left out from the general economic debate on Monday, when I was going through some of the elements of doublespeak, this particular motion because I was curious as to how it would be repackaged and spun in the Senate. And I appreciate my colleague opposite for reframing this initiative from what was presented to us in the Budget Statement where, and if I may quote, Madam President—

**The President:** You may quote.

**Sen. Nicholas Kempe:** “In addition, as announced in the Throne Speech we will eliminate stamp duty on any mortgage refinancing for amounts up to \$750,000.”

Now, what that statement leads one to believe is that people were paying duty, stamp duty, on assignments and other things when they changed to a new bank. What this Act does is actually narrow the concession for assignments whereas before there was no upper limit and now it goes down to \$750,000. So, the exemption always existed, but it was announced as some brand-new deal. So, I appreciate the Minister clarifying here what was not framed correctly in the House.

The other challenge I have with this Bill is less of a political one and more of a technical one. Where the Stamp Duties Amendment Act 2019 says it amends Head 2 of the Schedule, it speaks specifically to aggregate rent. Now, that is wonderful if your rent term is specified in an exact value each year. But there are many rents that have some form of CPI, or call it adjustment, built into it and you simply cannot predict what that value is going to be each year for the duration of the Bill.

So, there has been a lot of talk about efficiency of Government and deregulation and ease of business, but I fear that the language used in this Bill will cause unnecessary bureaucratic backlog because of the use of this aggregate rent term.

Thank you, Madam President.

**The President:** Thank you, Senator Kempe.

Would any other Senator care to speak on this Bill?

Senator Jardine, you have the floor.

**Sen. James S. Jardine:** Thank you, Madam President.

I had one question with respect to clause 3, in Head 31, (b) and it talks about the exemption and it says “after ‘mortgage’ insert of a total amount not exceeding \$750,000.”

The clarification I am seeking is so that if you seek to refinance a mortgage of say \$850,000, is this Act saying that the amount between zero and \$750,000 of the refinancing is exempt, but then you have to pay stamp duty on the amounts between \$750,001 and \$850,000? I am seeking some clarification on that.

I mean, it is obviously useful for somebody who has a mortgage of \$750,000. But if you are saying if they have got a mortgage they want to refinance and it was say \$775,000, then it does not give them anything? I am just trying to get some clarification on that.

Thank you, Madam President.

**The President:** Thank you, Senator Jardine.

Would any other Senator care to speak on this Bill?

No? Then, Senator Campbell, you have a couple of questions.

**Sen. Vance Campbell:** Thank you, Madam President.  
First, I would like to address the question posed by Senator Jardine, and the answer for that is no. So, there—

**Sen. James S. Jardine:** So, once you are above . . . sorry, Madam President—

**Sen. Vance Campbell:** Yes, once you are above \$750,000 . . . or \$750,000 and above there is no relief.

**Sen. James S. Jardine:** Thank you.

**Sen. Vance Campbell:** And to the comments made by Senator Kempe regarding the process, those comments will be taken on board and they will be looked at with a view to making them as simple as possible. With that, Madam President, I move that the Bill entitled the Stamp Duties Amendment Act 2019 be now read a second time.

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

*[Motion carried: The Stamp Duties Amendment Act 2019 was given a second reading.]*

#### SUSPENSION OF STANDING ORDER 26

**Sen. Vance Campbell:** Madam President, I move that Standing Order 26 be suspended in respect of this Bill.

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

*[Motion carried: Standing Order 26 suspended.]*

### BILL

#### THIRD READING

##### STAMP DUTIES AMENDMENT ACT 2019

**Sen. Vance Campbell:** Madam President, I move that the Bill entitled the Stamp Duties Amendment Act 2019 be now read a third time.

**The President:** Is there any objection to the third reading?  
No objection.  
Carry on, Senator Campbell.

**Sen. Vance Campbell:** Madam President, I move that the Bill do now pass.

**The President:** It has been moved that the Bill entitled the Stamp Duties Amendment Act 2019 do now pass.

Is there any objection to that motion?  
No objection. The Bill has passed.  
Thank you, Senator Campbell.

**Sen. Vance Campbell:** Thank you, Madam President.

*[Motion carried: The Stamp Duties Amendment Act 2019 was given a third reading and passed.]*

**The President:** And I believe that—

**Sen. Vance Campbell:** I have the next one.

**The President:** Yes, indeed you do! Second reading—got you working tonight—the Exempted Partnerships Amendment Act 2019.

### BILL

#### SECOND READING

##### EXEMPTED PARTNERSHIPS AMENDMENT ACT 2019

**Sen. Vance Campbell:** Madam President, I move that the Bill entitled the [Exempted Partnerships Amendment Act 2019](#) be now read a second time.

**The President:** Is there any objection to the second reading?  
No objection. Carry on Senator Campbell.

**Sen. Vance Campbell:** Thank you, Madam President.  
Madam President, Government wishes this Senate to give consideration to the Bill entitled the Exempted Partnerships Amendment Act 2019. This Bill provides for a revenue protection measure in support of Government's 2019/20 budget.

Madam President, Senators will recall that in 2019/20 national budget, Government announced legislation will be amended to increase company discontinuance fees from \$425, the current annual Government registration fee for the respective company. That rate, Madam President, is currently \$2,350.

Madam President, this proposal was put forward as part of the prebudget consultation process by one of the law firms. As with all proposals submitted during the prebudget process, the Government carefully considered this option and has determined that it meets the conditions required to protect Bermuda's tax base in a way which allows Bermuda to continue to be an attractive place to do business. When I read that, Madam President, I am like wow, you know. In other words, what we are just trying to say here is we will earn more from discontinuance fees, but it should not impact exempted partnerships from registering

here and that is because they are more concerned about the upfront registration fees than the discontinuance fees.

So, Madam President, this proposal provides that if an exempted partnership leaves Bermuda, Government will get the annual fee. I would like to thank the law firm and the legal profession in general that provided this submission, or their submissions, during the consultative prebudget process.

With those comments, Madam President, conclude my introductory remarks.

**The President:** Thank you, Senator Campbell.

Would any other Senator care to speak on this Bill?

No? Carry on then, Senator Campbell.

**Sen. Vance Campbell:** Thank you, Madam President.

Madam President, I move that the Bill entitled the Exempted Partnerships Amendment Act 2019, be now read a second time.

**The President:** Is there any objection to the second reading?

No objection. Carry on.

*[Motion carried: The Exempted Partnerships Amendment Act 2019 was given a second reading.]*

### SUSPENSION OF STANDING ORDER 26

**Sen. Vance Campbell:** Madam President, I move that Standing Order 26 be suspended in respect of this Bill.

**The President:** Is there any objection to that motion?

No objection.

*[Motion carried: Standing Order 26 suspended.]*

## BILL

### THIRD READING

#### EXEMPTED PARTNERSHIPS AMENDMENT ACT 2019

**Sen. Vance Campbell:** Madam President, I move that the Bill entitled the Exempted Partnerships Amendment Act 2019 be now read a third time.

**The President:** Is there any objection to the third reading?

No objection.

**Sen. Vance Campbell:** Madam President, I move that the Bill do now pass.

**The President:** It has been moved that the Bill entitled the Exempted Partnerships Amendment Act 2019 do now pass.

Is there any objection to that motion?

No objection.

The Bill is passed.

Thank you, Senator Campbell.

**Sen. Vance Campbell:** Thank you, Madam President.

*[Motion carried: The Exempted Partnerships Amendment Act 2019 was given a third reading and passed.]*

**The President:** We move on now to the consideration of the draft Regulations entitled the Government Fees Amendment Regulations 2019. I believe that is your Bill as well, Senator Campbell.

**Sen. Vance Campbell:** Yes, that is mine as well, Madam President.

**The President:** You are on a roll!

*[Laughter]*

## REGULATIONS

### GOVERNMENT FEES AMENDMENT REGULATIONS 2019

**Sen. Vance Campbell:** Madam President, I move that the Senate do now take under consideration the draft Regulations entitled the [Government Fees Amendment Regulations 2019](#).

**The President:** Is there any objection to that motion?

No objection. Carry on, Senator Campbell.

**Sen. Vance Campbell:** Madam President, by way of standing policy, Government reviews the fees on a regular basis to ensure that there is reasonable cost recovery for the provision of the various services offered by a range of Government departments. Accordingly, a biannual review of Government fees is conducted with the last review being in 2018.

On occasions there is need to amend fees based on justifying situations in between the review period. The Government Fees Amendment Regulations 2019 represents increases in these respective fees. In total, four of the 81 heads, included in the current 2018 Government Fees Amendment Regulations are being amended.

Madam President, each of these four heads included in these Regulations identifies the principal Act wherein the authority exists to permit the charging of each of the fees set out in the Regulations. Each of the fees, therefore, makes reference to a section in the principal Act where the specific authority exists for the charging of a particular fee. Madam President, the

four heads have a combination of revisions to existing fees, and additional provisions have been added as follows:

Head 16, Companies Act [1981], provisions 32 and 40A. As part of the prebudget consultation, a proposal was put forth by a law firm to adjust discontinuance fees so that they are on par with annual fees. What this means, Madam President, is that if an exempted company leaves Bermuda, Government will get the annual fees. It is noted that other jurisdictions charge up to three times the current annual registration fees. This adjustment is consistent with the change made under the Exempted Partnership Amendment Act 2019 that we just passed.

Head 22, Dogs Act 2008, provisions 1 through 6. This amendment is to correct errors in the Dogs Amendment Act 2018 that came into effect October 1, 2018.

Head 40, Limited Liability Company Act 2016, provisions 7 and 9A. Again, this is to maintain the consistency that we spoke about for the Exempted Partnerships Amendment Act 2019 and above for Head 16.

And finally, the fourth, Madam President, is Head 61, the Public Lands Act 1984, provisions 6 through 8. This amendment is to allocate fees amongst the various classes of vehicles which utilise the tipping services at Marsh Folly and the airport.

With that, Madam President, I conclude my introductory remarks. And, thank you, Madam President.

**The President:** Thank you, Senator Campbell.

Would any Senator care to speak on this Bill? No? Senator Campbell, it is over to you.

**Sen. Vance Campbell:** Madam President, I move that the said draft Regulations be approved and that the following message be sent to His Excellency the Governor.

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

**Sen. Vance Campbell:** “May it please Your Excellency: The Senate, having had under consideration the draft Regulations entitled the Government Fees Amendment Regulations 2019, proposed to be made by the Minister of Finance under the provisions of Section 2 of the Government Fees Act 1965, has the honour to inform Your Excellency that the Senate has approved the said draft Regulations.”

Thank you, Madam President.

**The President:** Thank you, Senator Campbell.

Is there any objection to the message being sent to the Governor?

No objection. Agreed to.

Thank you, Senator Campbell.

**Sen. Vance Campbell:** Thank you, Madam President.

*[Motion carried: The Government Fees Amendment Regulations 2019 were approved.]*

**The President:** We now have the second reading of the Bermuda Tourism Authority Amendment Act [2019] and I believe that is Senator Caesar.

You have the floor.

## BILL

### SECOND READING

#### BERMUDA TOURISM AUTHORITY AMENDMENT ACT 2019

**Sen. Crystal Caesar:** Yes, thank you, Madam President.

Madam President, I move that the Bill entitled the [Bermuda Tourism Authority Amendment Act 2019](#) be now read a second time.

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

**Sen. Crystal Caesar:** Madam President, the purpose of the Bill before the Senate today is to make amendments to the Bermuda Tourism [Authority] Act 2013, or the “Act,” to introduce a new fee for cruise ship passengers and to make consequential amendments.

The Act provides for a number of funding mechanisms for the Bermuda Tourism Authority, or the BTA, including appropriations by the Legislature, money received by way of fees, payments or commissions, and grants.

In terms of fees, currently the BTA receives a Tourism Authority fee paid by hotel proprietors in respect of each guest staying at a hotel which is 4.5 per cent of the rack rate charge, and a vacation rental fee paid by proprietors or agents of vacation rental units which is 4.5 per cent of the rack rate charge.

In reviewing the taxes and charges paid by cruise ships and cruise ship passengers, the Government determined that there was a scope for a fee to be charged to cruise visitors that would be payable to the BTA. This would take it a step closer to being a self-funding body and reduce the need for the activities of the BTA to be funded out of the Consolidated Fund.

Madam President, the purpose of the new cruise ship passenger fee is to support destination marketing and on-Island product and experience development by the BTA. Honourable Senators might question whether the new fee, together with the revamped tax structure is appropriate. I can assure the Senate that the following matters were taken into consideration when making this decision:

- Bermuda is usually a single-port destination that is lucrative for cruise lines.
- Bermuda does not have a sales tax.
- There is an unmet demand for access to Dockyard, should one of our existing cruise partners step aside.

A summary of the amendment is as follows:

First, Madam President, the Act adds a cruise ship passenger fee to the passenger departure tax, and large ship infrastructure tax as a charge that is payable to the BTA in the amount of \$16 per passenger. This applies to ships visiting Bermuda between April 1<sup>st</sup> and October 31<sup>st</sup>.

Second, the amendment Act specifies the exemptions that apply. For example, children under two years of age, officers and crew of the passenger ship, and passengers on a ship that arrives in Bermuda due to distress or emergency.

Third, Madam President, the amendment Act sets the penalty for failing to comply with the requirement to pay the cruise ship passenger fee, upon conviction in court, at a maximum fine of \$80,000.

Madam President, the final provisions of the amendment Act pertain to the consequential amendments made to the Act in respect of the cruise ship passenger fee and the vacation rental fee, the latter being a housekeeping matter.

Thank you, Madam President.

**The President:** Thank you, Senator Caesar.

Would any Senator care to speak on this Bill? No? Then, Senator Caesar.

**Sen. Crystal Caesar:** Thank you, Madam President.

Madam President, I move that the Bill entitled the Bermuda Tourism Authority Amendment Act 2019 be now read a second time.

**The President:** Is there any objection to the second reading?

No objection.

Carry on.

*[Motion carried: The Bermuda Tourism Authority Amendment Act 2019 was given a second reading.]*

### SUSPENSION OF STANDING ORDER 26

**Sen. Crystal Caesar:** Thank you, Madam President.

I move that Standing Order 26 be suspended in respect of this Bill.

**The President:** Is there any objection to that motion?

No objection.

Carry on.

*[Motion carried: Standing Order 26 suspended.]*

## BILL

### THIRD READING

#### BERMUDA TOURISM AUTHORITY AMENDMENT ACT 2019

**Sen. Crystal Caesar:** Madam President, I move that the Bill entitled Bermuda Tourism Authority Amendment Act 2019 be now read a third time.

**The President:** Is there any objection to the third reading?

No objection.

**Sen. Crystal Caesar:** Madam President, I move that the Bill do now pass.

**The President:** It has been moved that the Bill entitled the Bermuda Tourism Authority Amendment Act 2019 do now pass.

Is there any objection to that motion?

No objection.

The Bill is passed.

Thank you, Senator Caesar.

*[Motion carried: The Bermuda Tourism Authority Amendment Act 2019 was given a third reading and passed.]*

**The President:** Then we have the final Order which is consideration of draft Regulations entitled the Bermuda Immigration and Protection (Land-Holding Charges) Amendment Regulations 2019.

That is your Bill?

**Sen. Crystal Caesar:** Yes, Madam President.

**The President:** Carry on, then.

## REGULATIONS

#### BERMUDA IMMIGRATION AND PROTECTION (LAND-HOLDING CHARGES) AMENDMENT REGULATIONS 2019

**Sen. Crystal Caesar:** Madam President, I move that the Senate do now undertake consideration of the draft regulations, entitled the [Bermuda Immigration and Protection \(Land-Holding Charges\) Amendment Regulations 2019](#).

**The President:** Is there any objection to that motion?

Carry on, Senator Caesar.

**Sen. Crystal Caesar:** Thank you, Madam President.

The Bill before the Senate is the Bermuda Immigration and Protection (Land-Holding Charges)

Amendment Regulations 2019, and Members may recall that the Bermuda Immigration and Protection (Land-Holding Charges) Amendment Regulations 2013 were introduced by the previous administration as a tax initiative aimed at stimulating economic activity and employment by way of the temporary reduction in licence fees for non-Bermudian purchase of Bermuda property, currently due to expire on March 31<sup>st</sup>, 2019.

This Bill, Madam President, seeks to extend the concession for a further 24 months until March 31<sup>st</sup>, 2021. This means that the current licence fee rates of 12.5 per cent of the value of the property purchased by non-Bermudians, 8 per cent for condominiums not used for tourism purposes, and 6 per cent for PRC holders will be extended for this period.

During this extension the Government will evaluate the effectiveness of these concessions on property sales.

Thank you, Madam President.

**The President:** Thank you, Senator Caesar.  
Would any Senator care to speak on this Bill?  
No? Senator Caesar, carry on.

**Sen. Crystal Caesar:** Thank you, Madam President.  
I move that the said draft Regulations be approved and that the following message be sent to His Excellency the Governor:

“May it please Your Excellency: The Senate, having had under consideration the draft Regulations entitled the Bermuda Immigration and Protection (Land-Holding Charges) Amendment Regulations 2019, proposed to be made by the Minister responsible for Immigration under the provisions of Section 102C(1)(a) of the Bermuda Immigration and Protection Act 1956, has the honour to inform Your Excellency that the Senate has approved the said draft Regulations.”

**The President:** Is there any objection to that motion?  
No objection. A suitable message will be sent.  
Thank you, Senator Caesar.

*[Motion carried: The Bermuda Immigration and Protection (Land-Holding Charges) Amendment Regulations 2019 were approved.]*

## MOTIONS

**The President:** There are none.

## CONGRATULATORY AND/OR OBITUARY SPEECHES

*[Crosstalk and laughter]*

**The President:** You have all been warned!

*[Laughter]*

**The President:** Would any Senator care to speak on congratulatory and/or obituary speeches?

Senator Kempe—I was just going to call your name.

**Sen. Nicholas Kempe:** No, nothing.

**The President:** No one?

Then we move on to item number . . . am I missing something? Did somebody want to speak on this?

No. Then, adjournment . . . no congrats, no obits?

So Senator Attorney General, adjournment—

## ADJOURNMENT

**Sen. the Hon. Kathy Lynn Simmons:** Thank you, Madam President.

I move that the Senate do now adjourn until Friday, March 22.

**The President:** Senators, would anyone—would any Senator care to speak on the motion to adjourn?

No?

*[Laughter]*

**The President:** Therefore, the Senate stands adjourned until Friday, March the 22<sup>nd</sup>.

*[At 9:02 pm, the Senate stood adjourned until 10:00 am, Friday, 22 March 2019.]*

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