



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

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*Sitting number 11 of the 2018/19 Session
(pages 381–440)*

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

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BERMUDA SENATE**OFFICIAL HANSARD REPORT****25 MARCH 2019****10:01 AM***Sitting Number 11 of the 2018/19 Session**[Hon. Joan E. Dillas-Wright, President, presiding]***The President:** Good morning, Senators.**Some Hon. Senators:** Good morning, Madam President.**The President:** The Senate is now in session.
Shall we pray?**PRAYERS***[Prayers read by Hon. Joan E. Dillas-Wright, President]***CONFIRMATION OF MINUTES***[Minutes of 18 March 2019]***The President:** The second item on the agenda, the Minutes of the 18th, 20th and the 22nd 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 the Minutes of the meeting of Monday, the 18th of March 2019, be taken as read and that consideration of the Minutes of the meetings of Wednesday, the 20th of March and Friday, the 22nd of March 2019 be deferred.**The President:** Is there any objection to that motion?
No objection. Senator Jardine.**Sen. James S. Jardine:** Madam President, I move that the Minutes from Monday the 18th of March 2019 be confirmed as a correct record of that meeting.**The President:** Is there any objection to that motion?
No objection. The Minutes of the 18th of March are confirmed.*[Minutes of 18 March 2019 confirmed.]***MESSAGES****The President:** Item number 3, Messages.**The Clerk:** No messages, Madam President,**The President:** Thank you, Clerk.**REPORTS OF COMMITTEES****The President:** There are none.**ANNOUNCEMENTS****The President:** Senator Campbell, I believe you have a few announcements. You have the floor.**Sen. Vance Campbell:** Good morning, Madam President.**The President:** Good morning.**INFORMATION COMMISSIONER'S OFFICE
ANNUAL REPORT 2018****INFORMATION COMMISSIONER'S OFFICE
FINANCIAL STATEMENTS YEARS ENDED 31
MARCH 2016 AND 31 MARCH 2017****CUSTOMS DUTY (BELCO NORTH POWER
STATION) REMISSION ORDER 2019****CUSTOMS TARIFF STANDING AUTHORISATION
(TEMPORARY IMPORTATION OF VESSELS
AIRCRAFT AND TRANSPORT CONTAINERS)
AMENDMENT NOTICE 2019****REVENUE (SIMPLIFIED ENTRY INWARDS)
(HUMANITARIAN AID) AMENDMENT NOTICE 2019****CUSTOMS DUTY (BERMUDA TOURISM AUTHORITY)
REMISSION AMENDMENT ORDER 2018****REVENUE (CUSTOMS TRAVELLER DECLARATION)
AMENDMENT NOTICE 2018****CUSTOMS DUTY (FRYDAYS BERMUDA LIMITED)
REMISSION ORDER 2018****EXCHANGE CONTROL AMENDMENT
REGULATIONS 2018**

Sen. Vance Campbell: I hereby present for the information of the Senate the following reports: the 2018 Annual Report of the Information Commissioner's Office submitted in accordance with the provisions of section 58(1) of the Public Access to Information Act 2010, the Financial Statements of the Information Commissioner's Office for fiscal year ended 31st March 2016 and the Financial Statements of the Information Commissioner's Office for fiscal year ended 31st March 2017.

Madam President, I hereby present for the information of the Senate the following items: the Customs Duty (BELCO North Power Station) Remission Order 2019 as made by the Minister of Finance under the provisions of section 2 of the Customs Duty (Special Remission) Act 1951; the Customs Tariff Standing Authorisation (Temporary Importation of Vessels, Aircraft and Transport Containers) Amendment Notice 2019 as made by the Collector of Customs under the provisions of section 5(4) and the general provision of 2 of the Sixth Schedule to the Customs Tariff Act 1970; the Revenue (Simplified Entry Inwards) (Humanitarian Aid) Amendment Notice 2019 as made by the Collector of Customs, under the provisions of section 35A of the Revenue Act 1898; the Customs Duty (Bermuda Tourism Authority) Remission Amendment Order 2018 as made by the Minister of Finance under the provisions of section 2 of the Customs Duty (Special Remission) Act 1951; the Revenue (Customs Traveller Declaration) Amendment Notice 2018 as made by the Collector of Customs under the provisions of section 16(2) of the Revenue Act 1898—there is more—

The President: Carry on. I know you have the entire listing.

[Laughter]

Sen. Vance Campbell: Madam President, I object—I am filing an official objection to today!

[Laughter]

Sen. Vance Campbell: I do not see where anybody gets to speak today other than me. Anyway—

[Laughter]

The President: You are doing a good job. Carry on.

Sen. Vance Campbell: The Customs Duty (FryDays Bermuda Limited) Remission Order 2018 as made by the Minister of Finance under the provisions of section 2 of the Customs Duty (Special Remission) Act 1951; and the Exchange Control Amendment Regulations 2018, as made by the Minister of Finance under the provisions of section 2 of the Exchange Control Act 1972.

The President: Thank you, Senator Campbell.

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

LIQUOR LICENCE AMENDMENT ACT 2019

CUSTOMS TARIFF AMENDMENT ACT 2019

CUSTOMS TARIFF AMENDMENT (NO. 2) 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 Liquor Licence Amendment Act 2019; The Customs Tariff Amendment Act 2019; The Customs Tariff Amendment (No. 2) Act 2019.

FIRST READING OF PRIVATE BILLS

The President: There are none.

QUESTION PERIOD

The President: There are none.

ORDERS OF THE DAY

The President: The Orders of the Day today is the resolution into Committee of the whole for further consideration of the Appropriation Act 2019 together with the Estimates of Revenue and Expenditure of the year 2019/20.

And Senator Campbell, you want to lead us into that? Thank you.

Sen. Vance Campbell: Madam President, I move that the Senate 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 year 2019/20.

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

Thank you.

Senate in Committee at 10:09 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.

This morning the first matter of business is with respect to the Cabinet Office and we have allocated two hours for this debate. We will be debating Heads 9, 14 and 61 and we will start with Head 9 which is on page B-43, and I believe Senator Campbell will be presenting this Ministry and those heads.

Senator Campbell.

CABINET

Sen. Vance Campbell: Thank you, Mr. Chairman.

Mr. Chairman, I move that the Committee do now take under consideration Head 9, Cabinet Office; Head 14, Department of Statistics; and Head 61, Department of Employee and Organisational Development.

The Chairman: Thank you, Senator. Please continue.

HEAD 9—CABINET OFFICE

Sen. Vance Campbell: Mr. Chairman, it gives me great pleasure to present the budget for Head 9, the Cabinet Office, which can be found on pages B-43, B-46, and the Capital pages of C-4 and C-8.

Mr. Chairman, the Cabinet Office is at the heart of Government providing high level support services to the Office of the Premier, Ministers of Government and Cabinet Committees. It sets out strategic direction and coordinates cross-Ministry initiatives. The Cabinet Office acts as corporate headquarters for the public service, providing advice and guidance to Government departments and, by extension, to the people of Bermuda.

Mr. Chairman, the total expenditure is estimated to be \$15,334,000 for 2019/20 and represents an increase of \$2,104,000, or approximately 16 per cent more than the current budget of 2018/19. This is mainly due to the transfer of the Bermuda Economic Development Corporation grant in the amount of \$2,564,000 to the Cabinet Office. Emphasis must be

placed on the fact that this is, as stated, a transfer of funds and not an overall increase.

Mr. Chairman, the subjective analysis for the Cabinet Office is on page B-44 of the Estimates Book. Please allow me to highlight the material object code increases and decreases.

Under salaries, line item 1, estimated at \$3,980,000 represents a decrease of 3 per cent compared to the current estimate of 2018/19, or approximately \$110,000. This decrease is owing to the transfer of the management services section, seven full-time equivalents out of Cabinet Office to the new department of Employee and Organisational Development, department 61.

The full salary transfer amount of \$802,000 is not fully reflected due to the addition into Cabinet Office of three posts from the former Economic Development Headquarters. Also, the Head of Public Service post has now only been funded in 2019/20, although separated from the combined post of Secretary to the Cabinet in 2018/19. The funding to accommodate the salary was found within the department.

Wages, line item 2, is an increase—has an estimate, sorry, of \$240,000 which is an increase of 54 per cent, or \$84,000. This represents the addition of student employment wages in line with the internship programme initiative highlighted within the Throne Speech. Placement will be within Cabinet Office as well as in the London, DC and Brussels offices.

Travel, line item 6, shows an increase of \$75,000 which has been added to the budget to allow for travel and travel-related expenses for the previously mentioned foreign stationed interns. Approximately \$19,000 is also included within this amount to accommodate travel expenses for the Brussels office.

Mr. Chairman, advertising and promotion, line item 8, shows a decrease of \$48,000, or 44 per cent, which is entirely due to the Government notices now being electronically transferred.

Professional services, the next line item, has an allocation of \$1,205,000 in 2019/20, a decrease of \$533,000, or 31 per cent. This decrease results from the expiration of contracts related to professional services such as the National Socioeconomic Plan, [Bermuda] First \$250,000, Government Reform \$100,000, and those fees related to the setup of the Brussels office in 2018 which has now decreased by \$200,000.

Mr. Chairman, grants and contributions, the last line item, shows an allocation of \$7,764,000, a 50 per cent increase or \$2,589,000 over 2018/19. Of this amount, \$2,564,000 relates to the Bermuda Economic Development Corporation transfer to Cabinet. There is also a small \$25,000 youth grant that has been added to the budget. As initially stated, the Bermuda Economic Development Corporation grant transfer is the main contributing factor for the overall Cabinet Office budget increase of 16 per cent, or \$2,104,000.

Under manpower, Mr. Chairman, which can be found on B-45, there is a total decrease of three in 2019/20 compared to the 2018 full-time equivalent estimates. This results from the net effect of the transfer of the management services section seven FTEs out of the Cabinet Office to the new Department of Employee and Organisational Development, department 61, and the transfer in of three posts from the former Economic Development Headquarters. In addition, there is an FTE increase for the unfunded in 2018/19 Head of Public Service post, for which funds as mentioned earlier were found within the department.

Moving to capital expenditure, Mr. Chairman, you will note in accordance with pages C-4 and C-8, there are no capital development and/or capital acquisition funds allocated for the Cabinet Office.

Mr. Chairman, I will now turn my attention to output measures. The performance measures developed for the Cabinet Office are found on page B-46. Generally, most of the performance measures as set out in 2018/19 are forecasted to be achieved. To highlight a few, we see in business unit 19015, Policy and Strategy Section [PSS], that the original forecast of 25 per cent for liaising with departments and ministries to increase their uptake of advice and service at the initial stages of policy development was revised to 50 per cent.

Mr. Chairman, fortunately, there has been a greater awareness of the roll of the PSS with more direction from the Cabinet and the leadership of the public service to utilise the services. It is expected that the Government ministries and departments will continue to utilise the service of the Policy and Strategy Section to assist with the development of public policy and that successful interventions will be built upon in the year ahead. In particular, PSS anticipates more uptake for its services around stakeholder consultation and planning for the implementation of agreed policies which accounts for the 65 per cent target outcome for 2019/20.

Mr. Chairman, you will note in business unit 19020, Safety and Health, that, initially, five detailed audits and inspections of government buildings and facilities were planned to be undertaken. However, considering that it was required to give effect to and implement the Government's election campaign promise to undertake an urgent review of occupational safety and health in public schools, the original plan to conduct five detailed audits was rescheduled for the new financial year 2019/20. Consequently, all public school buildings and facilities had to be audited and inspected—pre-, primary, middle and senior schools. To date, a total of 68 schools were completed—68 audits were completed surrounding this area and as stated, the original five have been retained to be done in 2019/20.

Mr. Chairman, I would like to highlight a few of the department's plans for the 2019/20 upcoming

year. Mr. Chairman, the head of Public Services area will place great focus on Government reform. A strategic plan has been developed that sets out a comprehensive roadmap to achieving public service reform. The plan highlights the current state and articulates a vision and future state. The plan outlines clear, quantifiable objectives and is accompanied by a short-term plan which identifies near-term activities of importance.

Critical attributes of a successful organisation include a vision, purpose and a coherent strategy, the right strategic intent and, too, an operating model that enables execution of the strategy, *How do you do it?* The plan centres on our strategic intent and during the next fiscal year efforts will be directed towards realising the strategic intent that has been focused on implementing an effective operating model and putting in place the right organisational enablers.

Mr. Chairman, our vision is a future-forward Government for the people of Bermuda. Our purpose is to enhance the lives of the people of Bermuda. Mr. Chairman, short-term deliverables have been set out in four specific areas which will define the Government's approach to the re-shaping of its operations. These are processes, platform, people and perspective. All four of these are underpinned by performance. The operating model is comprised of five strategic areas with the fifth being performance which underpins the other four.

- Processes: Clear administrative processes and policies and sound fiscal management.
- Platform: Organisation structure, workplace and IT infrastructure designed for execution.
- People: Committed, capable, well-trained resources, receiving fair benefits for their work.
- Perspective: Customer service, mentality embracing growth and business development.
- Performance, which underpins the other four: Culture of measuring activity and results enabling true accountability.

Both aspirational and detailed objectives have been established and implementation has commenced.

Mr. Chairman, some of the short-term deliverables include, but are not limited to, development of a comprehensive asset register, including metrics to assess asset performance; implementation of an IT governance structure, consolidation of the human capital function which reports to a single director; implementation of a system-wide performance appraisal process across all job categories; centralisation of a talent management database; development of key performance indicators and metrics for all departments; and, finally, see the deployment [of a performance management programme for benchmarking.

Mr. Chairman, I would like to briefly speak on our economic policy and foreign affairs programme which has been allocated a total of \$1,702,000 as seen on page B-44 of the Budget Book. Whilst the DC

office is not yet staffed, it is anticipated to be open this fiscal year. The \$403,000 allocation is mostly made up of rent and salaries. The Brussels office has recently been established to develop links with the EU—EU institutions and delegations of EU member states to the EU, in the area of financial services, trade and investment, as well as tourism. It has been allocated \$341,000.

The London office continues to provide a service to the Government by upholding our relationship and guaranteeing a high-level dialogue with the UK Government, particularly through increased engagement with departments of Her Majesty's Government across White Hall, while working in cohesion with governments of the overseas territories on shared policy across territories.

The London office is responsible for engaging with both Houses of Parliament; the UK diplomatic corps, such as embassies and high commissions; the United Kingdom Overseas Territories Association; the Commonwealth Secretariat along with all UK-based Commonwealth Associations; Bermudians living in the UK (including students); the general UK public (to include private companies), civil societies and those who have a general or vested interest in Bermuda.

The primary function of the London office for the fiscal term 2018/19 was to continue to monitor the reputation or risk to Bermuda and defend Bermuda's regulatory regimes to the UK and Europe to ensure Bermuda upholds our global competitive standard. As we have seen with the passing of the amendment under the Sanctions and Anti-Money Laundering Act [2018] in the UK Houses of Parliament to implement registers of beneficial ownership through an order in council, there is still an increasing threat to Bermuda's financial services industry from UK Members of Parliament and UK-based NGOs who continue to apply political pressure.

Mr. Chairman, the London office leads on all lobbying efforts in both Houses of Parliament and the UK as a whole. Regular dialogue with UK Government Ministers and UK civil service is consistent and is managed by the London office.

These matters relate to Brexit, beneficial ownership, working with the Ministry of Finance to engage with the EU on the Code of Conduct Group (Business Taxation), overseeing the opening of Bermuda's representative's office in Brussels and all political level engagement, both in the UK and EU. The London office is the Government's official councillor service to Bermudians living and studying in the UK and Europe.

The range of immediate and, on occasion, urgent assistance required from the office is diverse. Throughout the years, the London office has identified key contacts amongst officials in the UK, therefore are able to deal with urgent situations effectively either in the UK or through British embassies across Europe.

Mr. Chairman, on the direction of the Government's priorities, the London office will continue to engage in the UK and Europe with the complement of a Brussels office.

Mr. Chairman, please allow me a few minutes to briefly touch on the role of the FinTech business unit which is to:

1. Strategically market Bermuda as the FinTech jurisdiction of choice to help grow the economy and create jobs.
2. Accelerate the onboarding process, thus making coming to Bermuda attractive—simple and stress-free for clients and companies.
3. Awareness, education and training programmes to ensure a highly skilled Bermudian talent pool.
4. Provide legislative, regulatory and compliance advice to the Government and all stakeholders.
5. Manage relationships and processes to ensure fulfilment of the various undertakings under the signed MOUs.
6. Work with the BDU [Bermuda Development Unit] and the BDA [Bermuda Development Agency] to ensure ongoing concierge services to support business development activities.

Mr. Chairman, funds have been set aside in 2019/20 to assist with developing a full banking solution, creating FinTech awareness among all sections of the community, enabling interested persons to acquire further training and/or certification as well as continued focus on business development and job creation.

Mr. Chairman, at this time I would like to take the opportunity to extend my thanks to the staff at the Cabinet Office for their ongoing contributions.

Thank you, Mr. Chairman. That concludes my presentation of Head 9.

The Chairman: Thank you very much, Senator.

If you would like to now move on to the next Head, which is the Department of Statistics, Head 14, found on page B-53.

HEAD 14—DEPARTMENT OF STATISTICS

Sen. Vance Campbell: Mr. Chairman, it gives me pleasure to present the budget for Head 14, the Department of Statistics, found on pages B-53 to B-55 of the Budget Book.

Mission

Sen. Vance Campbell: Mr. Chairman, the department's mission is to collect, process, and analyse and provide a body of statistical information that is timely,

accurate, relevant and reliable for dissemination to the Government and the general public.

The department seeks to fulfil its mandate by delivering quality data that aligns with international standards and best practices, to facilitate a culture of evidence-based decision-making for policies and programmes. As such, the Department of Statistics seeks actively to improve its statistical methodologies and increase the frequency of the delivery of statistics to support informed decision-making and help achieve Government policy objectives.

Expenditure Overview

Sen. Vance Campbell: Mr. Chairman, the total current expenditure of the Department of Statistics found on page B-54 is estimated to be \$2,493,000 for 2019/20 which is unchanged from the 2018/19 fiscal year. Mr. Chairman, the Subjective Analysis of Current Account Estimates of the Department of Statistics is found on page B-54. The focus will be on the three line items with the greatest absolute change.

Salaries, line item one, decreased by \$60,000 (or 3 per cent) due primarily to a vacant post being unfunded due to the requirement to fund the salary uplift and adhere to the department's budget ceiling.

Mr. Chairman, Wages, line item two, rose by \$66,000. Monies have been allocated for wages to cover the cost of hiring a temporary relief while an officer is on study leave.

Mr. Chairman, the budget for Professional Services, line item eight, decreased by \$42,000 (or 53 per cent). Monies have been allocated for the remuneration of temporary survey workers. However, it was reduced to assist in funding the salary uplift.

Capital Expenditure

Sen. Vance Campbell: Mr. Chairman, the Capital Acquisition for the Department of Statistics found on page C-8, makes provision for new capital expenditure in the amount of \$6,000. These monies will be spent to replace outdated netbooks with tablets.

Manpower

Sen. Vance Campbell: Mr. Chairman, the Manpower for the Department of Statistics, on page B-54 decreased from 24 full-time equivalents in 2018/19 to 23. Presently, there are seven vacant posts. Recruitment is currently underway, and the department aims to fill these positions in the next couple of months.

Output Measures

Sen. Vance Campbell: The Department of Statistics Output Measures are found on page B-55 of the Budget Book. Selected indicators under each business unit are outlined as follows:

Business Unit 24015: Administration:

- Indicator: Number of documents on the web-site allows easier and wider accessibility of publications and reduces printing cost. In 2017/18, at least 40 documents [would be] posted during the year—that was the target. The actual outcome: 46 documents were posted during the year.

Business Unit 24020: Core Statistics:

- Indicator: Timely completion of statistics that measure gross retail sales performance in the retail sector. The 2017/18 Retail Sales Index target was to complete six weeks after reference month. The actual outcome: Retail Sales Index completed six weeks after the reference month.

Business Unit 24025: Business Surveys:

- Indicator: Conduct semi-annual Labour Force Survey for delivery of more timely unemployment measures. The 2017/18 target was to release unemployment rates semi-annually, July 2017 and January 2018. This outcome was not achieved. It was cancelled. Staff resources were focused on the 2016 census tasks.

Business Unit 24055: Research and Surveys:

- Indicator: Use of technology during the conduct of business and household surveys for greater efficiency in data collection and reduced cost in processing survey data. The 2017/18 target was a minimum of 50 per cent response rate for e-Employment Survey. The actual outcome was 57 per cent response rate for the e-Employment Survey.

Plans for the Upcoming Year

Sen. Vance Campbell: Mr. Chairman, the department will produce the following core publications in the upcoming year:

- Monthly: Retail Sales Index and Consumer Price Index;
- Quarterly: Balance of Payments and International Investment Position; and Gross Domestic Product by Expenditure;
- Semi-Annually: Labour Force Survey Reports;
- Annually: Bermuda Digest of Statistics; Bermuda Job Market Employment Briefs; annual Gross Domestic Product; the Information, Communication and Technology Profile; Environmental Statistics Compendium; and the Tourism Satellite Account Report.

Mr. Chairman, the department will participate in activities such as the quarterly hotel gross receipts surveys, surveys of construction projects, the semi-annual Labour Force Survey, the annual Employment Survey and the Economic Activity Survey.

Mr. Chairman, the department conducts *ad hoc* surveys, provides survey samples, undertakes

in-depth research and analysis of data. In addition, the department provides statistical advice and provides professional consultancy in the collection, processing and analysis of data for government departments.

Mr. Chairman, the department will engage in activities such as processing and providing trade statistics, fulfilling statistical data requests from local and international organisations, and making presentations to internal and external stakeholders. Mr. Chairman, it is anticipated that the Department of Statistics will undergo a comprehensive review by the Management and Consultation Section of the Cabinet Office as we seek to maximise efficiency in terms of the use of technology, staffing and service delivery.

Mr. Chairman, I would like to take this opportunity to acknowledge and thank the hard-working staff of the Department of Statistics led by Director, Mrs. Melinda Williams, and her team of statisticians and support staff for their commitment.

Thank you, Mr. Chairman. This concludes my budget presentation for Head 14.

The Chairman: Thank you, Senator Campbell. If you would like to continue with Head 61, which is the Department of Employee and Organisational Development, which is on page B-70.

HEAD 61—DEPARTMENT OF EMPLOYEE AND ORGANISATIONAL DEVELOPMENT

Sen. Vance Campbell: Mr. Chairman, it gives me great pleasure to present the budget for Head 61, the Department of Employee and Organisational Development, found on pages B-70 and B-71 of the Budget Book.

Mission

Sen. Vance Campbell: Its mission is to develop, enhance and deliver government-wide employee and organisational development strategies, systems, programmes, and initiatives.

ANNOUNCEMENT BY THE CHAIRMAN

SENATE VISITORS

The Chairman: Senator, if I can just interrupt you for a second, just to acknowledge the presence of the following people in the Senate this morning: the Ministry Controller, Gabriela Richardson, welcome, and the Director of Statistics, Melinda Williams.

To both of you, welcome to the Senate this morning.

Thank you, Senator Campbell. Would you like to continue?

[Committee of Supply, continuing]

Expenditure Overview

Sen. Vance Campbell: Thank you, Mr. Chairman.

Mr. Chairman, the subjective analysis for the department is found on page B-70 of the estimates book. The total expenditure is estimated to be \$1,672,000 for 2019/20.

- **Salaries:** The estimate of \$1,999,000 for 2019/20 does not represent new funding but results from the salaried FTEs transferred from both the Cabinet Office (Management Services section) as well as the Accountant General's Department (Compensation section). In addition, there is one funded post that was transferred from the former Economic Development Headquarters.
- **Repair and Maintenance:** As with Salaries, the \$68,000 allocation in 2019/20 for Repair and Maintenance is not new funding, but the budget amount transferred into the new department from the Management Services and Compensation sections.
- **Receipts Credited to Programmes:** [These] are \$437,000. The \$437,000 represents a recharge of partial salary costs for Compensation staff in the amount of \$58,000 and total salary costs of the Benefits FTEs in the amount of \$379,000 to the various Public Funds including the Public Service Superannuation Fund [PSSF] and the Ministers and Members of the Legislature Pensions Fund [MMLPF] for expenditure borne by those funds.

Capital Expenditure

Sen. Vance Campbell: Mr. Chairman, you will note that in accordance with pages C-4 and C-8 there are no Capital Development and/or Capital Acquisition funds allocated for the new department.

Manpower

Sen. Vance Campbell: Mr. Chairman, as seen on page B-71, employee numbers, there are a total of 21 FTEs for the Department of Employee and Organisational Development in 2019/20. This figure is derived from the already mentioned transfer out of Head 9, Cabinet Office, Management Services section (seven FTEs) to the new department, as well as transfer out of Head 11, Accountant General's Department, Compensation section (13 FTEs).

In addition, there is one post within Administration which was redefined from a post transferred out of the former Ministry of Economic Development Headquarters.

Output Measures

Sen. Vance Campbell: There are no current output measures. These will be determined as a part of the business planning process.

Major Policy Direction

Sen. Vance Campbell: Mr. Chairman, there have long existed deficiencies associated with the existing HR organisational structure resulting in the Government's inability to adequately address the human and organisational capital within the public service. HR services are currently delivered in a fragmented and dispersed manner which results in duplication of effort, inconsistent service delivery, and an inordinate amount of time [needed] to execute basic functions such as recruitment of staff.

Mr. Chairman, the new Department of Employee and Organisational Development is the first step in the restructuring of the government-wide delivery of Human Resource services. Mr. Chairman, phase 1 of the re-organisation will include the establishment of the new department. This phase is the amalgamation of MCS (Head 9) and Compensation and Benefits (Head 11). The new department will be led by a Chief Employee and Organisational Development Officer. It is expected that recruitment for the lead post will commence in the coming weeks.

Mr. Chairman, phases 2 and 3 of the implementation of the new structure will result in the transfer of existing HR staff and associated funding from the following satellite HR units and department: Department of Human Resources (Head 26), Bermuda Police Service (Head 7), Ministry of Public Works (Head 36), Bermuda Fire and Rescue Services (Head 45), Government Post Office (Head 13), Department of Education (Head 17), Department of Health (Head 22), and the Department of Public Transportation (Head 35).

Mr. Chairman, once the posts and postholders from the various departments have successfully transferred to the new department, the existing positions will no longer exist. The existing Department of Human Resources (Head 26) will phased out.

Mr. Chairman, the implementation of the new structure is a core component of the Government Reform initiative. The Public Service can expect increased accountability, user-centricity, strategic leadership, and an HR partnering attitude.

The new structure will cause a proactive approach to industrial and employee relations, reduced time to recruit via modernised workforce planning and recruitment processes, and will improve capability to deliver value to the public by developing the talent pool and filling critical skills gaps. Moreover, the service will benefit from integrated employee management services, leveraging of technology and data, and

the strategic repositioning of the role of HR with respect to organisational capital development.

Mr. Chairman, this concludes my presentation of Head 61.

Thank you, Mr. Chairman.

The Chairman: Thank you, Senator Campbell, and that concludes the presentation from the Government on the Cabinet Office on Heads 9, 14 and 61. We have approximately an hour and 25 minutes left for questions, so there is quite a bit of time there.

Would any Senator wish to speak on these heads?

Senator Kempe, you have the floor.

Sen. Nicholas Kempe: Thank you, Mr. Chairman, and thank you, Senator Campbell, for leaving time for questions.

I have a few questions, and I guess the best way to do it is to go in page order. I am starting on page B-44, which is part of Head 9, or Cabinet Office.

I was trying to follow along with your statement about the various buckets and where they came from. I am looking at the increases to the general administration line first, which is line 19000, and it would appear that most of the increases from 2017/18 to 2018/19 have to do with the incorporation of the BBDA granting contribution line and most of the increase from 2018/19 to 2019/20 is the BDC line. However, these increases do not match the increase in grants and contributions that came in from 2017/18 to 2018/19. The general administration line went up by \$5.7 million when the BDA grant is only \$5.1 million. So, if you can just help me out where that extra \$600,000 came from. On 2018/19 to 2019/20, that one actually does match a little bit closer, so I do not have a question about that increase.

I also note on the travel line you spoke about a \$75,000 increase, which was \$19,000 for the Brussels office, and \$56,000 for the interns. I believe that is what you said. So, if it is not, please correct me. I would just like a breakdown on how many interns and how many trips that \$56,000 worth of travel is for, and I would also like to know why the Brussels office travel expense is listed under the travel line when the London and Washington offices do not appear to be treated in that same way from an accounting perspective. Their travel costs, I am assuming, are covered in the individual office budget lines, which kind of leads into the next question.

What exactly is included under the \$341,000 for the Brussels office? It would appear, as I just said, that the travel expenses are elsewhere. And if I look over in the employee numbers on page B-45, there does not appear to be any employees listed for the Brussels office. So, I am just curious what is in that . . . if I could get a breakdown of that \$341,000 for the Brussels office, because its spending does not appear

to match the way the London and Washington offices are being treated.

My other questions, I guess, we spoke about how . . . sorry, you spoke about how the . . . or, rather, Mr. Chairman, the Senator spoke about how the professional services contract for Government reform has been discontinued, and we saw a decrease from 2018/19 to 2019/20. And this is professional services on B-44. However, the number is still quite a bit higher than the 2017/18 actuals. And I would just like to understand what else is included in that professional services line, as it is still running at almost double the 2017/18 numbers.

Under the grants and contributions, we did not hear much detail on the BDC, or it is listed under the grants and contributions page by its old acronym, SBDC. And I just wanted to know, with an increased budget of \$1 million per year for the last three years, what are the improved outcomes that we have seen from the organisation? And if we could get a breakdown on that spending.

I am going to flip over to the performance measures on page B-46, and the Government reform agenda initiatives to be implemented. We heard an awful lot of, I guess, a kind of a textbook definition of what reform is and how KPIs [key performance indicators] work and, you know, strategy, vision, strategic intent . . . we got a little bit of meat after that about the asset register, the IT management systems government, consolidation of HR, performance measures, these kinds of things.

And I am just curious, with the consolidation of HR, what savings are we looking to see from the current account expenditure of the Government reforms—in dollar value—and if Government is looking to manage any consolidation of personnel positions.

I note that there were three agenda initiatives implemented in 2017/18, one in 2018/19, and we are expecting another three in 2019/20. With the professional services contract finishing, I am not sure how many more are coming down the line and what savings we are expecting to see there.

The Chairman: That is with respect to business unit 19040?

Sen. Nicholas Kempe: Correct. This is the second to last performance measure.

When we are looking at the programme initiatives resulting in increased efficiencies, we see that there are two programmes that are resulting in efficiencies in 2018/19 so far, and another five targeted for next year. I would like to know what these efficiencies are and what the dollar value is of the expected savings. The business unit was mentioned and within that business unit—

The Chairman: Which business unit?

Sen. Nicholas Kempe: This was the . . . well, I am assuming because it was not quite clear from the statement, but there was speak of the FinTech unit. I believe that fell under the business development unit, which is line item 19070 on page B-44. From the statement, their job is to monitor the status of the various FinTech MOUs. And I would like an update, if possible, on the following MOUs:

Arbitrade: promised a \$1 million donation to the incubator at Park Place, they promised a \$45,000 donation to the Gang Rehabilitation Fund, they promised a \$25,000 donation to Mirrors, they promised a \$25,000 donation to the Family Centre;

Shyft [Network]: promised a \$10 million investment in Bermuda to create new jobs, reskill workers, et cetera;

Binance: promised 40 jobs, 30 of which are Bermudian, and a \$10 million university sponsorship for Bermudians, they promised a \$5 million investment in Bermudian blockchain companies;

Medici Ventures: promised 30 jobs in Bermuda;

Omega One: promised 20 jobs for Bermudians and 10 per cent of a token sale to be donated to sport and community clubs in Bermuda.

So, I would just like an update on those MOUs which is part of the mandate of the FinTech unit under the business development unit.

It also said for the FinTech unit that their responsibility is for trying to assist finding a banking solution for FinTech ventures. And I am curious as to why, seeing as banking was the main challenge as per public statements for gaming, and gaming has been put under the Ministry of Finance due to their specialised expertise, or closer expertise in banking there, I am curious why, if banking is seen as the fundamental challenge for FinTech, that is under Cabinet and not under Ministry of Finance, and what banking credentials the members of the FinTech unit have, seeing as we are spending for monitoring the banking solution through that line item.

I will flip to the Department of Statistics now, Mr. Chairman, starting on page B-53. I understand from the statement that the \$66,000 wages is to cover a, I believe, a sabbatical post.

The Chairman: You are on page B-54.

Sen. Nicholas Kempe: Yes, [page] B-54, correct. That the \$66,000 in wages covers the sabbatical, or I am not sure of the exact explanation that was given, post from the salaries. And that makes sense because we see \$66,000 more in wages and \$60,000 less in salaries. But I believe I also heard something, and please correct me if I am wrong, about there being seven vacant posts.

I am not sure if I misheard that from the statement, but I would expect with seven vacant posts for there to be a much larger variance in the revised

estimate for salaries versus the budget. But the revised estimate really just covers that, not even that vacant, the sabbatical post. So, seven posts over a 23, 24 strong workforce, especially if the revised estimate does not show that there are seven less . . . I would just like some understanding about how those monies have been spent, if there are actually seven vacant posts, et cetera.

And, now, Mr. Chairman, if I may, I will flip to page B-55.

The Chairman: Mm-hmm.

Sen. Nicholas Kempe: And I will flip, it is just over, and we are looking at the performance measures. I am curious as to why the department believes that there has been such a sharp decrease in the page views for the Department of Statistics website from 24,000 in the actuals for 2017/18 down to 15,000 in this year's revised forecast and next year's target outcome. There have been considerable amounts of money dedicated towards increasing the Department of Communications budget, the communications line items across Government, ads and promotions across Government. I believe it is in the almost, \$2 million range when we add them up, so I am wondering why we are seeing a decrease in the website with such an increase spend on communications and promotion.

I would also like to look farther down (still on page B-55, Mr. Chairman) in business unit 24020, Core Statistics and Publications. The actual outcome for 2017/18 for retail sales was that the index should be completed six weeks after the reference month.

Now, it does not appear that we are off target this year under the revised forecast, so six weeks have passed from both December and January, and I am wondering why these statistics have not been shared publicly. We note from the National Economic Report for 2018 which was submitted in another place with the Budget Statement that the retail sales value showed a decrease of some 3.4 per cent. Volume was not listed on there, but it does appear that the Government has received these finished statistics, so I am curious if the rest of the report has not been finished, and if it has, why it has not been released publicly.

When we go down a line item to the consumer price index, I guess I would like to ask the same question. The targets do not seem to have been changed. So, this is why I am wondering . . . it kind of loops back to the question about the unfilled posts. It does not appear that they have been, but I think I heard in the statement that there were unfilled posts. So I guess I am struggling one way or the other. The revised forecast does not appear to show any delays from the target outcomes, but we are now five weeks almost on the nose for February. So I am not certainly trying to make hay there, but we are well past the January target rate for the consumer price index, and that has not been released either. So, I just wanted to

ask for an update on that, and if these revised forecasts or the target outcomes for next year are realistic given the non-public release of these stats so far this year.

And, now, Mr. Chairman, if I may, I will go to page B-70. I can see where these, or a lot of this expenditure, came from . . . and I guess I am linking both the salaries line on page B-70 of essentially \$2 million, and the full-time equivalents on page B-71. The seven management consulting services seems to be a straight pass through of the seven that were under Cabinet Office on page B-45 for \$801,000 and the 13 is . . . if I understand correctly from the statement, the nine people from the Accountant General's compensation section on page B-120 at [\$626,000]. So, the other four people (I could not remember if they were listed in the statement) must cover the additional \$600-or-so-thousand dollars that gets us to \$2 million, or \$1.999 in the salary line. I guess my question is . . . we have pulled these departments in and it seems a bit like the cart is being put before the horse here, Mr. Chairman, and we do not have any performance measures to govern the spending of this \$2 million.

It also would seem from the statement (and I would appreciate a correction if I misheard) that essentially the Department of Human Resources is going to be pulled into this Department of Employee and Organisational Development. And the Department of Human Resources [will be] discontinued. I am just struggling to understand the logic behind that, when it would appear that these management consulting services and compensation benefits could have simply been put in under the Department of Human Resources, seeing as they are ultimately just going to be doing the Department of Human Resource's roles.

I would like to understand why doing it this way is seen as a more efficient way of doing it. It would appear that we are going to end up with an additional director's position, which, to me, seems counterintuitive to the whole concept of government reform. I would like to know what savings, other than simply shuffling from one department to the other . . . and, again, I would appreciate if for those extra four people under compensation and benefits I could get confirmation whether they came from within government or if they are new hires. And I would like to know what expected savings in dollar value this whole reorganisation is expected to bring to government.

And I would have liked to have asked some questions about the performance measures, but of course, as I have mentioned, they are not there. I know I asked a lot of questions rather quickly, so I am happy to give some time for some responses.

The Chairman: Thank you very much, Senator Kempe.

Would any other Senator wish to speak on these Heads?

Senator Michelle Simmons, you have the floor.

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

I only have a few questions. First of all, the Cabinet Office under Head 9—

The Chairman: Page B-43.

Sen. Michelle Simmons: Thank you, very much.

The Chairman: And page B-44, I would imagine.

Sen. Michelle Simmons: Actually, quite a number of those questions that I had were asked by Senator Kempe, so I am not going to repeat them. But I would like to go to page B-46 where we have the performance measures. And I am going to business unit 19020, Safety and Health.

My question is about the Safety and Health audits which were undertaken. It was very impressive that because of the need to do extensive audits, detailed audits of all of the schools on the Island, 35 audits—that is what is in the Budget Book—were completed in 2018/19. I believe the number was even higher in the brief. I believe Senator Campbell said that, in total, 68 audits were conducted. I may have heard that incorrectly, but that is what I heard.

My question is, in view of what we are seeing with regard to our schools, I note that the target outcome for this coming year, 2019/20 has been reduced back to the five that were intended for last year. The question is, Would it be possible to see more audits done because, again, I think there is a need for ongoing review.

We have to keep in touch with those school buildings and make sure that they are not falling back into the state they were last year. I do not know any details about how these audits are done, but I wondered if there [could be a] slightly less than completely thorough audit, but a kind of review that could take place to make sure that the schools are moving forward in terms of the physical plant. Also, I was wondering, also associated with that performance measure if . . . or I was wondering how it was possible to do that number of audits.

Did it require additional staff to be pulled in on a temporary basis? Or did it involve people working a lot of overtime? But that is a huge number of audits, and it must have required extraordinary measures. That was my only question under that head.

Going to the new Department of Employee and Organisational Development—

The Chairman: On page B-70?

Sen. Michelle Simmons: On page B-70, thank you very much, Mr. Chairman. The only question I have is, I realise that recruitment will start soon for the lead

post. I wondered how soon is Government intending to have this new department up and running? To me, it sounds like a great idea to pool all of these HR functions together in one department, but I was just wondering what the target date is for having it up and running.

And with that, I will end my questions. Thank you, Mr. Chairman.

The Chairman: Thank you, Senator Simmons.

Would any other Senator wish to speak to these heads?

[Inaudible interjection]

The Chairman: Yes, I was just giving . . . if anybody else has any questions first, and then I will certainly allow Senator Kempe to speak again.

Senator Kempe, you have the floor.

Sen. Nicholas Kempe: Thank you, Mr. Chairman, and thank you Senator Simmons. I actually have another question about the Safety and Health audits undertaken. When we look at the—

The Chairman: [Page] B-46, I believe you are referring to.

Sen. Nicholas Kempe: The performance measures are on [page] B-46 and the spend appears to be on [page] B-44, under line item 19020, Safety and Health.

It looks like the 35 audits performed this year in 2018/19 were achieved with \$119,000, which is no higher than what was budgeted for, although only five audits were budgeted for. So, I guess my question links to what Senator Simmons says, but almost on the inverse. If there was no other overtime line or additional . . . the other personnel costs seem to be flat across this period. My question is, with \$115,000 being budgeted for next year why only a target of five audits? So, I guess mine is looking at it from a little bit the other way.

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

If not, then I think Senator Campbell has quite a few questions and if you would like to take a few more minutes, Senator, to obtain all of your answers, please feel free to do so.

Sen. Vance Campbell: Thank you, Mr. Chairman.

[Pause]

The Chairman: Just in case the listening public have just tuned in, Senator Campbell is in the process of obtaining answers to a variety of questions that were put to him during the debate on these heads under the

Cabinet Office and the Department of Statistics. He will be returning with answers to those questions shortly. So, if you are tuning in for the first time and you hear nothing—

[Laughter]

The Chairman: —the Senate is actually in session. We are here; we are just waiting for answers to quite a number of questions which were put to Senator Campbell. So, thank you for waiting for those answers.

Sen. Vance Campbell: Mr. Chairman, I will start with some of the answers I have received so far.

The Chairman: Thank you, Senator Campbell, please—

Sen. Vance Campbell: There are a lot of questions, so—

The Chairman: Yes, there are.

Sen. Vance Campbell: The technical staff are working hard over there on the remaining answers.

The Chairman: We have plenty of time left on this particular debate, so we can proceed when you are ready.

Sen. Vance Campbell: I will start with questions on the . . . I cannot start with that because they are not here . . . okay—

There was a question, Mr. Chairman, around interns and the travel expenses of \$56,000, or thereabouts. Is that correct?

Sen. Nicholas Kempe: Yes.

Sen. Vance Campbell: Okay. So, first of all, travel does not only include the airfare, it includes accommodations and sustenance. The breakout of the interns will be: one intern in London, one intern in Brussels, one intern in the DC office, and two in the Cabinet Office.

The London office has an allotment of \$25,000, Brussels \$20,000, there is \$25,000 for Cabinet and an allotment as well for the DC office.

Sen. Nicholas Kempe: Point of clarification.

The Chairman: Yes, Senator Kempe, your point of clarification on that response.

Sen. Nicholas Kempe: Yes, the interns that are assigned to the Cabinet Office here in Bermuda, they have a travel expenditure of \$20,000?

Sen. Vance Campbell: While the technical officer has briefly stepped out, I will continue to go on.

Just to provide a breakdown of the expenses for the Brussels office . . . there is no salary involved in the Brussels office. There is a consultancy fee that amounts to \$177,000. There is accommodation of \$77,000. The intern of \$20,000. Travel expenses of \$19,000 and miscellaneous office expenses for things such as office supplies, repair and maintenance, et cetera.

Sen. Nicholas Kempe: Point of clarification, Mr. Chairman.

The Chairman: Yes, Senator Kempe?

Sen. Nicholas Kempe: I thought from the statement that the \$19,000 in travel expense for the Brussels office was included under the travel cost line as opposed to the Brussels cost line. Am I misunderstanding that?

[Pause]

The Chairman: Senator Campbell.

Sen. Vance Campbell: Yes, Mr. Chairman. The breakout of the expenses at the bottom of the page are for the entire, you know . . . let me just go there. So when you look at salaries, it is for the entire head. So, when you are looking at travel, it is also for the entire head. So, when you break it out into the various components, the \$19,000 for the Brussels office will sit as part of the \$341,000. What we are doing is taking the above numbers and pulling them down into the type of expense in the bottom numbers. The top is where they rest, the department or the unit. Down below is the total expenses extracted irrespective of where they lie as far as units or area. So, I think that is where maybe the clarification will help, that clarification.

The Chairman: Thank you, Senator Campbell.

Sen. Vance Campbell: There was a question, Mr. Chairman, I believe around the Business Development Agency . . .

The Chairman: Business Development Unit on page B-44, and it was 19070, I believe.

Sen. Nicholas Kempe: Point of clarification, just on the last question while the Senator is thinking.

The Chairman: I think Senator Kempe, if you could just allow Senator Campbell an opportunity to work through the questions he has.

Sen. Nicholas Kempe: Okay—

The Chairman: Rather than interrupting him with—

Sen. Nicholas Kempe: —before he went on to the next question—

The Chairman: —more points of clarification, otherwise he is never going to finish one point to move on to the next. Thank you.

Sen. Vance Campbell: Okay, there was a question, Mr. Chairman, concerning the difference when we are looking at 19000, General and Administration, on page B-44, the difference between the 2017/18 actual and the 2018/19 original. So, that difference is comprised of the Bermuda Business Development Agency grant of \$5,125 and PSNT [Public Service Negotiation Team] fees for \$180. That is the bulk of the difference of \$5,394.

There was also a question on the [number of] views on the webpage, if we move to the Department of Statistics. The 15,000 views was the original forecast. The 23,835 reflects the actual outcome for 2017/18.

The Chairman: Sorry, Senator Campbell, could you tell me where you are referring to that? Are you on B-53?

Sen. Vance Campbell: [Page] B-55.

The Chairman: B-55. So you are referring to the Administration Unit—

Sen. Vance Campbell: Where we see, yes, under Administration it says “Monitor usage of Department of Statistics’ web pages on the Government of Bermuda’s website.”

The Chairman: The first point.

Sen. Vance Campbell: The first point. And it says actual outcome 2017/18 was 23,835. So, the original forecast was 15,000. The 23,835 is the actual outcome. Again, the forecast for 2018/19 is 15,000 and we have not reached the end yet, so we do not know the actual.

The Chairman: All right. Thank you, Senator Campbell.

Senator Kempe, you had a—

Sen. Vance Campbell: That is the same forecast has been projected for 2019/20 as well.

The Chairman: Thank you, Senator.
Senator Kempe?

Sen. Nicholas Kempe: Yes, point of clarification. I am not sure if that answered my question. My ques-

tion was with an actual outcome of some 24,000 page views in 2017/18, to what does the . . . why is it 40 per cent less in the revised forecast for this year and 40 per cent less than the revised target for 2019/20 outcome—spending on ads and promotions, communications, BCI, et cetera, has been increased by almost \$2 million in that same period?

To what do we owe such a sharp decrease in the web page views for Government’s million-some-dollar website?

The Chairman: Thank you, Senator Kempe.

Sen. Vance Campbell: Mr. Chairman—

The Chairman: Senator Campbell, you have the floor.

Sen. Vance Campbell: —it is a projection and the department decided to just remain consistent with the 15,000.

The Chairman: Thank you, Senator.

Sen. Vance Campbell: Under Head 14, Mr. Chairman, there was a question around the vacant posts. The budget was not reduced significantly for salaries because the seven vacant posts were funded and hence are already reflected in the budget. In addition, as a result of the posts being, the budgeted amounts in this area are at the lower PS scales and also the salary uplift, the need to fund the salary uplift is factored into this as well.

The Chairman: Senator Kempe—

Sen. Vance Campbell: So, as a result of the need to fund the salary uplift, one of the vacant posts was left unfunded.

The Chairman: Thank you, Senator Campbell.

Senator Kempe, you have another question?

Sen. Nicholas Kempe: Point of clarification, Mr. Chairman. I understand the Senator when he says that positions remain funded, but if there were no warm bodies in those chairs getting paid, I am curious as to why the revised estimate for spending is not much lower. And I would also ask, do we expect to see these savings for funded posts that have no employees in them when we see the actuals come out next year?

The Chairman: Thank you.
Senator?

Sen. Vance Campbell: The answer to that is two-fold. One, is the intent. Even though it was revised, the intent was to fill the positions that were funded. Also, in the interim, in order to meet targets there was over-

time being accumulated, and so some of those funds were used to cover the overtime.

The Chairman: Senator Kempe, you had a further question?

Sen. Nicholas Kempe: Yes, I am still struggling with this answer, Mr. Chairman.

So, for every month that a replacement employee is not hired, there should be a month's less salary. Is the Senator saying that the overtime costs have been essentially identical or very close to what it would have cost to fire a full-time employee?

The Chairman: Thank you, Senator Kempe. Senator Campbell—

Sen. Vance Campbell: No. What I am saying, Mr. Chairman, is that the intent was to fill the vacant posts. The positions have been funded. From a budget perspective that was left intact, it did not change.

There was no reallocation to take from those positions that were funded and applied against overtime or anything. There was just the use of those funds that were made available for the funded positions to cover the overtime.

Sen. Nicholas Kempe: My last point of clarification, Mr. Chairman.

The Chairman: Senator Kempe.

Sen. Nicholas Kempe: So the difference between what was budgeted for a full-time position and what was actually spent on overtime, was that money diverted towards other initiatives, or will the consolidated fund and the taxpayers see savings because the positions were not filled?

The Chairman: Senator Campbell.

Sen. Vance Campbell: Mr. Chairman, there will be savings as a result.

The Chairman: Thank you, Senator Campbell.

Sen. Vance Campbell: Mr. Chairman, there was a question around the release of statistical information which also includes the consumer price index. The target completion of the retail sales in that consumer price index has remained on schedule. And the release of the information is contingent upon the department receiving authorisation. And at this time, that authorisation is in the works.

This is under section 6(2) of the Statistics Act 2002.

The Chairman: Senator Kempe.

Sen. Nicholas Kempe: Yes, point of clarification, Mr. Chairman. So, is the Senator saying that the Minister has had in his possession the December completed retail sales index since January 15th, approximately, and the January sales index since February 15th, approximately?

The Chairman: Senator Campbell.

Sen. Vance Campbell: According to the information that I have been provided, the consumer price index and the retail sales index for the months under question were completed on time as per their target date.

The Chairman: Thank you, Senator.

Sen. Vance Campbell: There was a question around professional services.

The Chairman: With respect to Head 14, or . . . ?

Sen. Vance Campbell: I am trying to find that . . . I might ask, Mr. Chairman, if the Senator can repeat his question.

The Chairman: Certainly, Senator Campbell.

Senator Kempe, would you repeat the question?

Sen. Nicholas Kempe: Sorry, Mr. Chairman, I have asked a number of questions. I believe my only question about professional services actually related to Head 9 on—

The Chairman: B-44.

Sen. Nicholas Kempe: [Page] B-44, correct.

Yes, I remember the question. I can restate it if you wish.

The Chairman: Please do, Senator Kempe.

Sen. Nicholas Kempe: In Senator Campbell's statement, he mentioned that the decrease of some \$500,000 in this year's estimate for the professional services fund item related to the expiration of a professional service contract relating to government reform. My question was, what other professional services are included in that \$1.2 million budgeted for next year, especially what else has been included on top of the \$774,000 from the 2017/18 actuals. It is an almost 100 per cent increase still on the actuals from two years ago. What is justifying that spend?

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

Sen. Vance Campbell: Mr. Chairman, under that is an amount for DC lobbyists for \$250,000; CARICOM

Annual Fees \$187[,000]; the PSNT for \$180[,000]; there is Ministry without Portfolio consultant of \$130,000; there is the cost of the Brussel's representative, \$177,000; under FinTech there is \$60,000 for contractors educational services; there is the contract for Cabinet Office, miscellaneous repair and maintenance for \$54[,000]; the London office has \$27,000 for contracts, consultants, contractors, miscellaneous office repairs, the rents, et cetera, for \$27,000; Government Reform, there is \$27,000; Protocol contractors, for receptions and events, there is \$25,000, Age Concern, there is \$12[,000]; and there are a number of small contracts that fall under the Policy and Strategy of the BDU, et cetera, a total of \$68,000.

The Chairman: Thank you, Senator Campbell.

Senator Kempe, do you have another question?

Sen. Nicholas Kempe: Yes, I just want to make sure I did not mishear the Senator. The Minister without Portfolio has a consultant costing the taxpayer \$130,000 a year? I just want to make sure I did not mishear that.

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

Sen. Vance Campbell: That is correct. And that has been in the public domain, Mr. Chairman.

The Chairman: Thank you, Senator.

Sen. Vance Campbell: I am just going to check and see if there are any more answers coming.

The Chairman: Just for purposes of the listening public, we are again working through answers to a variety of questions on the debate this morning dealing with the Cabinet Office. So there will be a pause from time to time while Senator Campbell consults with the technical staff from the department to obtain answers to the variety of questions. So if you hear periods of silence, it is because answers to various questions are being sought. So thank you for your attention.

[Pause]

The Chairman: Senator Campbell, would you like to continue?

Sen. Vance Campbell: Mr. Chairman, I do have a couple more responses. One is around the question on the Safety and Health audits, as to why roughly the same amount was budgeted when there were 35 versus 5 planned audits. Initially there were only five audits planned, but with the focus being on getting the

audits done at the schools [first], the shift took place. But there was no adjustment in the budget.

The Chairman: Thank you, Senator.

Senator Kempe, you have a follow-up question to that?

Sen. Nicholas Kempe: Yes, thank you, Mr. Chairman.

So, the answer that the audits took place is great, but did they take place for the same . . . did 35 audits take place for \$119,000? And, if they did, why are we only getting five audits for \$115,000 in spend next year? We should either see the same audits or less spend.

The Chairman: Thank you, Senator Kempe.

[Pause]

The Chairman: The listening audience will appreciate that for the Junior Minister to have answers to some fairly detailed questions at his fingertips during such a debate is unusual. Therefore, the technical officers are here to provide the necessary answers to the questions.

[Pause]

The Chairman: Senator Campbell.

Sen. Vance Campbell: Yes, Mr. Chairman.

In regard to that, the department targeted five audits but the department is at the . . . they do have the direction of the Government, and if the Government wishes to increase the number of audits there is a provision in there already for that. The intent is to establish a rolling process for doing the audits whereby the assets can be maintained going forward . . . or the assets of the Government can be maintained going forward in this regard.

The Chairman: Thank you.

Senator Kempe, do you have a further question?

Sen. Nicholas Kempe: Yes, Mr. Chairman, that answer still does not answer the question.

If 35 audits were achieved or were performed with \$119,000 of spend, why are we spending \$115,000 next year and only getting five audits?

Sen. Vance Campbell: Mr. Chairman—

Sen. Nicholas Kempe: Who is directed to do it is irrelevant—

The Chairman: Only one person at a time.
Senator Kempe, continue.

Sen. Nicholas Kempe: Who is directed to do it is irrelevant. We are talking about the budget here and the taxpayer funds allocated to outcomes from that dollar spend.

The Chairman: Senator Campbell.

Sen. Vance Campbell: Mr. Chairman, it is a budgeted number and if the five audits cost \$4, then the savings will be realised. If they cost \$10,000 the savings will be realised to the Government and the people of Bermuda.

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

Sen. Nicholas Kempe: Yes, that answer, Mr. Chairman, raises a further question. That \$119,000, is it an outsourced, per audit expense line, i.e., if they only do five audits we are only going to spend \$5,000, and if we do 35 we will spend \$119,000? Or is this a staff member who is hired, and whether they do five or 35 the expenditure is going to be the exact same?

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

Sen. Vance Campbell: Yes, Mr. Chairman, I have a correction. That amount is for the salary of the individual who conducts the audits. So, the more audits that are completed, then the better value the public receives for its money.

The Chairman: I think that dealt with that question, thank you, Senator Campbell.
Please continue.

Sen. Vance Campbell: Mr. Chairman, can I ask Senators if there are any significant questions that I have not answered? That would be the quickest way, because I do have a lot of paper in front of me.

The Chairman: Senators, you have heard the comment from Senator Campbell.
Senator Michelle Simmons, you have the floor.

Sen. Michelle Simmons: Thank you, Mr. Chairman.
I had asked a question about the new Department of Employee and Organisational Development. I was just trying to get clarification on how soon the intent is to have that department up and running.

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

Sen. Vance Campbell: Mr. Chairman, I am not able to get that information at this time, but I will endeavour to provide it for Senator Simmons in the future.

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

Sen. Nicholas Kempe: Yes, Mr. Chairman, thank you.

I too had asked about a status update on the millions of dollars in MOUs that the FinTech unit is responsible for managing. And I have not heard an answer.

I also have a follow-up question (sorry to circle back, but the Senator was answering other questions), with the Brussels office breakdown, there was some \$70,000 listed broadly as accommodation. Is there any breakdown of that amongst the various employees and interns? Or is that all for the contract consultant? How is that \$70,000 in accommodation broken down?

We heard that \$177[,000] was for the consultant and \$20,000 was for interns. But I am not sure if part of the accommodation spend also went towards the intern spend.

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

Sen. Vance Campbell: Yes, Mr. Chairman, the \$77,000 is the rent for the consultant.

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

Sen. Nicholas Kempe: Yes, I also asked questions about the Government Reform Initiative on page B-46, trying to understand what, if any, savings in dollars will be achieved from these initiatives, or expected to be achieved from the initiatives. I also asked a similar question about Head 61 (I want to say), the Organisation Employee Development. And I also asked a question about Head 61, as to why that seemed—it sounded like its function is simply to replace the Department of HR—why these two lines were not just added to the Department of HR instead of creating another director post, and what savings are expected to be seen from doing it this way, as opposed through HR.

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

Sen. Vance Campbell: Mr. Chairman, I am unable to get the answers to those questions, and the answers to the FinTech initiative. But I will endeavour to provide those to the Senator in the future.

The Chairman: Thank you.
Senator Kempe, you had one further question?

Sen. Nicholas Kempe: More of a curiosity thing. There was some \$180,000, I believe, mentioned twice about PSNT, but the full meaning of that acronym I do not believe was described. I just want to know what PSNT meant.

Sen. Vance Campbell: That is the Public Service Negotiating Team's budget.

The Chairman: Thank you very much, Senator Campbell.

Sen. Vance Campbell: Thank you, Mr. Chairman.

The Chairman: I think all of the questions have been answered.

Senator Campbell, would you like to move your heads please?

Sen. Vance Campbell: Mr. Chairman, I move that Heads 9, 14, and 61 be approved.

The Chairman: Is there any objection?
No objection. So moved.

[Motion carried: Cabinet Office Departments, Heads 9, 14 and 61, were approved.]

The Chairman: Thank you, Senator Campbell.

Sen. Vance Campbell: Thank you, Mr. Chairman.

The Chairman: We move now to the next Ministry up for debate, which is the Ministry of Public Works. And we have allocated three hours for this debate. We will be looking at Heads 36, 53, 68, 81 and 82. And Senator Campbell will be up again for this debate. And we will commence with Head 36, on page B-214.

I am just going to give Senator Campbell a few moments to collect himself after the last set of debates before we move on to the Ministry of Public Works.

MINISTRY OF PUBLIC WORKS

Sen. Vance Campbell: Mr. Chairman, I move that the Committee do now take under consideration Head 36, Ministry of Public Works, Headquarters; Head 52, Bermuda Housing Corporation; Head 68, Parks; Head 81, Public Lands and Buildings; and Head 82, Works and Engineering.

The Chairman:
Please continue.

HEAD 36—MINISTRY HEADQUARTERS

Sen. Vance Campbell: Mr. Chairman, Head 36, Ministry of Public Works Headquarters, can be found on pages B-213 through B-219.

Mr. Chairman, the Ministry of Public Works is responsible for maintaining Bermuda's critical assets and infrastructure. In fact, Public Works is the lead agent in delivering the infrastructure requirements upon which so many of the services provided to this Island depend on.

Some of the assets and infrastructure that the Ministry is responsible for building and maintaining include:

- [There are] 617 roads, amounting to 225 kilometres of road surface;
- [There are] 751 buildings maintained by Public Lands and Buildings with an insured value of over \$1.5 billion;
- [There are] 85 public docks and purpose-built berths servicing cruise ships, cargo ships and hundreds of private vessels and yachts each year;
- [There are] 5 reservoirs with a capacity of 2.5 million gallons of Bermuda's precious and very limited fresh water resource;
- [There are] 75 amenity parks, beaches and school grounds protected under the Bermuda National Parks Act 1986; and
- Ocean View and Port Royal golf courses (That responsibility starting in 2018/19.).

Mr. Chairman, it cannot be overstated how critical this vast and diverse ministry is to Bermuda, and why it is so important that every possible opportunity must be grasped to maximise the economic benefits that the capital expenditures of this Ministry provide. This includes establishing private sector partnerships to ensure that the Government's assets and infrastructure are maintained whilst simultaneously generating economic opportunities within the construction sector of our Island community.

Therefore, the maintenance and enhancement of our infrastructure and facilities must remain a priority because infrastructure development is a vital component in encouraging a country's economic growth. For example, infrastructure development will help provide the adequate capacity for the future growth Bermuda so desperately needs. It will help enhance the visitor experience when they come to Bermuda and, more importantly, it will help provide a key source of job creation and economic empowerment going forward.

Mr. Chairman, the budget allocation to the Ministry for 2019/20 is found on page B-213 and the allocated amount is \$73,447,000 and this represents a decrease of \$521,000, or 0.70 per cent decrease from the original 2018/19 budget.

Mr. Chairman, the anticipated revenue for the Ministry is \$16,766,000, a decrease of \$3,502,000, or 17.3 per cent when compared to the 2018/19 revenue budget.

Mr. Chairman, the Ministry's total capital budget for 2019/20 is \$35,782,000. This includes the Capital Development budget of \$32,588,000, found on

pages C-5 to C-6, and Capital Acquisitions budget of \$3,194,000, and that can be found on B-212 to B-213.

The Ministry Headquarters' budget of \$7,942,000 versus \$9,013,000, a reduction of \$1,071,000 reflects an adjustment in the WEDCO grants and a reduction in office relocations in order to meet Finance Ministry's imposed cash spending limits.

Mr. Chairman, the Ministry's established number of employees, which is referred to as full-time equivalents, for the fiscal year 2019/20 is 711, an increase of 4 when compared to the established number for the current fiscal year as seen on page B-213. Of note though, on that page is the actual number of staff, presently of 600.

Mr. Chairman, the overarching objective of the Ministry Headquarters, Finance and Administration, Head 36 is *to provide centralised support to the departments within the Ministry which include: Public Lands and Buildings; Works and Engineering; Land Valuation; Parks; and Land Title Registration, to ensure delivery of their varied services and operating programmes.*

The services provided by the Ministry of Public Works Headquarters are organised into the following six programmes, which are found on page B-215:

- Head Office Administration—3601;
- Accounts—3610;
- Purchasing—3611;
- Telecommunications—3612;
- Human Resources—3613;
- Architect Design—3614.

Mr. Chairman, Head Office Administration, programme 3601, is comprised of Headquarters Administration, including Safety and Health, and Central Filing. Headquarters Administration, under the direction of the Permanent Secretary, provides oversight and management support to the entire Ministry of Public Works. It also ensures that the Minister's policy objectives are met and, specifically, is responsible for the implementation of the Ministry's Throne Speech initiatives, yearly business plan, management of safety and health matters, compliance, and numerous special administrative projects.

Mr. Chairman, during 2018/19, the Safety and Health Office provided safety and health training to staff by offering a total of 315 hours of safety training, which was attended by 311 employees. The Ministry also conducted documented risk assessments to ascertain the risk that Ministry employees and the public are exposed to as a result of our activities. The training and assessments will continue into 2019/20 so as to be in compliance with the requirements of the Occupational Safety Act 1982, and the Occupational and Safety and Health Regulations 2009.

Mr. Chairman, the second area of support under the Head Office Administration is Central Filing, which provides records management for all human resource records, Cabinet documents, capital projects

and contracts, and maintains records for the Ministry's legislative functions.

The operational budget for the Head Office Administration, programme 3601, is \$2.19 million for fiscal year 2019/20, a decrease of \$84,000 over the current year. This decrease is attributed to a reduction in consultant fees.

Mr. Chairman, the Accounts programme, 3610, provides accounts payable, accounts receivable, payroll, capital asset recording, non-financial and financial reporting functions for the operating departments within the Ministry.

This section also prepares and distributes weekly payroll, vendor cheques and invoices for services provided by the Ministry's operational areas, as well as collection and recording of online bank payments, credit card, cash and cheque receipts. Through their use of the centralised accounting system this section manages the yearly budget preparation and provides monthly management reports, a process that enables the effective and efficient monitoring and control of the Ministry's current account budget along with the Ministry's capital development and capital acquisitions budgets.

Mr. Chairman, the Accounts section's focus for the fiscal year 2019/20 will continue to be on improving the project and work order reporting system, improving the debt collection for the Ministry, and working with the Accountant General on improving processes involving the E1 system. This includes payroll process, debt collection, vendor payments, and general reporting.

Mr. Chairman, the operational budget for the Accounts programme 3610 is an amount of \$1,164,000 for fiscal 2019/20; an increase of \$216,000 from the revised fiscal year 2018/19 attributed to incoming staff transfers, an additional post, and two trainee positions.

Mr. Chairman, the Purchasing programme 3611 provides a centralised procurement, inventory management, warehousing, disposal and tendering function to the other departments and programmes within the Ministry, and to other external departments from time to time. The assistant purchasing and supply officer, quarry position, remained vacant in 2018/19 due to an unsuccessful hiring campaign. It is anticipated to be filled in mid-2019. This position is considered critical to the Purchasing programme and has been vacant for a considerable period of time and has proved a challenge to fill. Therefore, a trainee position will be created for succession planning purposes.

Mr. Chairman, the Purchasing section's focus for the fiscal year 2019/20 will be on creating supply chain-related policies, procedures, and end-user instructions for the Ministry, further refining and centralising their tendering function, establishing supply contracts through competitive bidding, and working with the Accountant General to maximise use of section-

specific functions and capabilities of the E1 system, with a specific focus on inventory control, contract pricing, and key performance indicator reporting.

Mr. Chairman, the Purchasing programme 3611 operational budget is \$1,369,000 for 2019/20, an increase of \$306,000 and accounts for two staff transfers and salary adjustments.

Mr. Chairman, the Telecommunications programme 3612 provides a suite of services such as replacement of telephones and related equipment and management of mobile service contracts for the Ministry. The programme also provides advice to department heads regarding call flows, resulting in greater efficiencies, and managing the implementation of new technologies to maximise cost savings.

Mr. Chairman, the Government owns and operates a portfolio of seven telecommunication tower sites across the Island. And the towers are located at Somerset Police Station, Alton Hill, Warwick Camp, Com Ops, Prospect, the Quarry, and at Ft. George.

Historically the telecommunication tower facilities have been managed by the Bermuda Police Service [BPS] as they were primarily installed to support their operational telecommunication requirements. In support of this use, the Department of Public Lands and Buildings assisted the BPS in managing the letting inquiries from third party telecom operators seeking to locate their own telecommunication equipment on the Government's tower portfolio. The department of Public Lands and Buildings also managed any lease arrangements for third-party operators who have approached the Government to use their buildings or land for their telecommunication installations.

In April 2017, the Ministry took over responsibility of the towers and commissioned structural surveys for each tower to establish their current condition and also conducted surveys of each equipment cabin, air conditioning and generator sets.

Mr. Chairman, the structural surveys highlighted a lack of regular maintenance of the telecom towers, which has resulted in every tower displaying various stages of corrosion. The recommendation of the survey was the adoption of an aggressive maintenance programme with a focus on rust identification and remediation. In some instances the safety equipment for climbing the towers is in such poor condition that it poses a risk to life for anyone who may climb the tower. Additional issues identified included improper air conditioning design in maintenance and equipment rooms, lack of a backup generator at the Quarry site, and a lack of regular maintenance of the generators at the other sites. Some sites had substantial foliage overgrowth and maintenance is required to improve and maintain access and safety.

As these sites and infrastructure are critical to operations and are of national importance, we have implemented a programme and continue to carry out remediation works during this budget year for the issues identified. We will continue with proper planned

maintenance schedules and make necessary adjustments to minimise the risk of failure in the future.

Mr. Chairman, the Telecommunications programme 3612 has been allocated an operational budget of \$838,000 for fiscal year 2019/20, a decrease of \$19,000 as a result of the reduction in local calls.

Mr. Chairman, the Human Resources programme 3613 provides recruitment, employee relations and training, and development services to the various departments and staff within the Ministry. The role of the Human Resources team is to liaise and partner with the Department of Human Resources to provide Human Resources advice and guidance, as well as provide administrative support throughout the Ministry. Mr. Chairman, in 2019/20 the Human Resources section will continue to focus on the Ministry's Basic Employee, Foreman and Superintendent Training programme (known as BeFAST), succession planning for difficult to fill jobs and retirements, and the management of the trainee and apprentice programmes.

Mr. Chairman, the BeFAST programme is now in its sixth year and has proven to be successful. The programme's objectives are to advance training, create career opportunities, and build new working relationships with peers and staff, ultimately creating a team that speaks the same language, resulting in providing better service to our internal and external customers. The "Effective Team Member" and "Leading Effective Teams" are the two core courses under BeFAST, and they are delivered by the Bermuda College's Professional Adult Career Education Department (otherwise known as PACE). Last year the Ministry offered the Certificate in Leadership and Management Course, which is a comprehensive course designed to give practicing first-line managers a solid foundation in their formal development as a manager. This year the Ministry will offer "Leading Effective Teams."

Mr. Chairman, other training will continue to be offered internally including computer training on the Microsoft Office suite of programmes, and the Ministry will continue to partner with the Bermuda Industrial Union to coordinate the workshop on understanding the collective bargaining agreement. The Ministry's Safety and Health Officer will also coordinate courses on safety and health in the workplace, emphasising hazard identification and control. In addition, ongoing emergency response training, such as fire marshal, CPR, and first-aid training will continue in 2019/20.

Mr. Chairman, it is a fact that our workforce is ageing. Therefore, our Ministry will focus heavily on succession planning to ensure we have sufficient employees trained and prepared to fill core and difficult to fill critical positions in the future. The Quarry Vehicle Maintenance and Operations and Highways sections continue to be the main areas of focus. The Ministry of Public Works also has in place a training programme

in which three trainees are currently enrolled. This programme focuses on training Bermudians for professional positions that are difficult to fill.

Mr. Ricardo Graham-Ward, a former bursary student, is in training as a civil engineer and has joined as a graduate member of the Institute of Civil Engineers and the Institute of Structural Engineers in the UK. He is currently assigned to the Structures section and is also on a secondment programme with Ramboll, an engineering company in the UK that has been contracted by the Ministry for the design and engineering work for the new Swing and Longbird bridges.

Mr. Jamar Dill is in training as a civil engineer as well and has joined as a graduate member the Institute of Civil Engineers and the Institute of Structural Engineers in the UK. He is currently assigned to the Electrical section and is currently on a secondment programme with Aecon.

Mr. Zeeko Johnstone is in training as a civil engineer and has joined as a graduate member the Institute of Civil Engineers and the Institute of Structural Engineers in the UK. He is currently assigned to the Electrical section and is currently on secondment programme with Aecon.

Mr. Chairman, in addition, the Ministry also plays a part in the Government-wide bursary scheme and we currently have two bursary students: one in Land Valuation, Ms. Andesha Busby, who is presently studying for a bachelor's degree in real estate; and Ms. Tabia Butterfield, who is presently studying for a bachelor's degree in civil engineering. The Ministry is in need of additional bursary students in the areas of Land Valuation; Estates and Buildings, and Surveying for 2019/20.

Mr. Chairman, with your permission, I would like to repeat that, if someone is listening in: the Ministry is in need of additional bursary students in the areas of Land Valuation; Estates and Buildings, and Surveying for 2019/20. And the Ministry Headquarters is in the Post Office building on the third floor, if you need to find it.

[Laughter]

Sen. Vance Campbell: Mr. Chairman, the current account budget for the Human Resources section, 3613, is \$589,000 for fiscal year 2019/20, an increase of \$82,000 for salary uplift and summer student employment.

Mr. Chairman, the objective of the Architect Design programme, 3614, is to deliver architectural design support for Government's capital development projects in a professional, fiscally prudent, and timely manner. Further, it provides opportunities for Bermudian graduates in architecture and related disciplines to obtain the necessary experience and training to acquire professional designations in their chosen field.

The total budget for the Architect Design programme, 3614, for 2019/20 is \$59,000. This represents a reduction of \$214,000, which includes capital project recharges.

Mr. Chairman, the budgeted number of employees for the Ministry of Public Works Headquarters is 52. This can be seen on page B-217. The headcount has increased by four for the 2019/20 fiscal year on account of three transferred posts and one additional post.

Mr. Chairman, Public Works Headquarters, will aim to:

- conduct 4 Safety and Health Assessments with corrective actions in a year;
- conduct 20 Safety and Health training [programmes] for Ministry employees;
- improve their procurement cycle time by 5 per cent;
- double the number of career outreach initiatives to target our young population for careers in the Ministry; and
- improve on the finalisation of capital project files.

The Department's Architect Design also aims to improve on the efficiencies realised by using an in-house team compared to the private sector.

Mr. Chairman, with regard to the major capital projects being managed by the Ministry of Public Works Headquarters, the overall 2019/20 capital expenditure plan for the Public Works Headquarters is \$7,942,000, the details of which can be found on page C-5 of the Capital Accounts Estimates. And the Capital Developments include:

- Minor Works, 75050—there is no provision;
- Miscellaneous Small Projects, 75053—\$150,000;
- WEDCO Capital Grant, 75054—\$1,973,000;
- Office Relocation/Alterations, 75099—\$1 million;
- WEDCO South Basin Land Reclamation, 75334—\$4,819,000.

Mr. Chairman, the Ministry of Public Works Headquarters also provides a capital grant of \$4,800,000 to the Bermuda Housing Corporation. This is found on page C-5 of the Capital Accounts Estimates.

Mr. Chairman, the overall 2019/20 Capital Acquisitions planned for the Public Works Headquarters is \$2,783,000. Details are found on page C-12 under Schedule C of the Capital Accounts Estimates, and include:

- Cost centre, 76495, Vehicles and Equipment, \$2 million towards replacement of aged GP vehicles as well as equipment;
- Cost centre, 76868, Communications Equipment, \$783,000 towards the Prospect tower replacement, Fort George building enclosure,

and anti-climb barriers with high gates for the remaining towers.

Mr. Chairman, that concludes my presentation for the Ministry of Public Works, Headquarters, Head 36. Thank you, Mr. Chairman.

The Chairman: Thank you, Senator Campbell.

We will now move on to Head 53, Bermuda Housing Corporation, found on page B-223.

HEAD 53—BERMUDA HOUSING CORPORATION

Sen. Vance Campbell: Mr. Chairman, as you know, the Bermuda Housing Corporation, Head 53, is not a department within the Ministry of Public Works, but rather a quasi-autonomous non-government organisation, commonly referred to as a quango, which receives financial support in the form of a grant from the Government as indicated on page B-223.

Therefore, I will provide a general overview of their operations, some of the highlights of the past year, and plans for the upcoming year.

Mr. Chairman, the mission statement of the Bermuda Housing Corporation is *to provide accessibility to adequate affordable housing and promote independent living to enhance the quality of life in Bermuda*. The vision statement is *every Bermudian will reside in an adequate and safe environment*.

The Bermuda Housing Corporation's grant allocation of \$6,050,000 represents no change from the previous year. The allocated grant will be used to subsidise the annual cost of repairs, normal maintenance of properties, support services for families and individuals, rental assistance via Rent Geared to Income to clients of the Corporation, and for the continuation of the H.U.S.T.L.E. Truck programme.

Mr. Chairman, in addition to the operating assistance grant, the BHC will receive a capital grant of \$4.8 million for 2019/20, which can be found on page C-21, the same as last year. The capital grant will be used to pay the interest and principal amounts due on the Corporation's outstanding bank loan of \$35,850,000. There are no other changes between the 2018/19 and 2019/20 grant allocations.

Mr. Chairman, the Bermuda Housing Corporation's head office is located at the recently renamed Seven Arches Building, East Entrance, 44 Church Street, in the City of Hamilton. The Seven Arches Building is the name chosen for the building to reflect the Bermuda Housing Corporation's aim to be the archway to affordable housing for Bermudians, whether it be rental units or home ownership.

The staff presently consists of 41 full-time personnel and 5 young bright Bermudian interns. Of their total number of full-time staff members, four H.U.S.T.L.E. Truck members operate from office space at the Harmony Club and four staff members under the Support Services Department directions

and operate from a satellite office in the Southside Complex in St. David's.

The current structure of the BHC consists of seven departments:

- Project Management, 2 employees;
- Property Operations, 10 employees;
- Finance, Collections, and Home Ownership Services, 8 employees;
- Support Services, 10 employees;
- Administration, 5 employees;
- Human Resources, 2 employees; and
- H.U.S.T.L.E. Truck, 4 employees.

Mr. Chairman, the primary functions of the Bermuda Housing Corporation are to provide housing for Bermudians, promote home ownership, to undertake and carry out housing schemes, and to undertake such other functions in connection with housing as the Minister responsible for housing may require.

The Corporation continues to provide methods for Bermudians to gain entry into the housing market, whether it is by way of becoming first-time homeowners or renting affordable units that are available. The Corporation continues to strive to provide adequate, achievable and affordable housing which will benefit the residents of the Island of Bermuda.

Mr. Chairman, the Corporation continues a public/private partnership with Clarien Bank to assist hard-working Bermudians to obtain their first home. To date the HomeStart programme has assisted 14 Bermudian families in their quest to become first-time homeowners. The initiative has been very successful in providing properties for sale at affordable prices. The sale price of these properties has been significantly reduced in return for sweat equity to bring the properties back to a healthy, habitable state. Many of the properties on offer were previously vacant and derelict so unhealthy eyesores have been removed from the Bermudian landscape.

Mr. Chairman, the Corporation administers a number of programmes in pursuit of its mission including: managing and leasing a large inventory of properties comprising of houses, apartments, and rooming houses. Some of these properties are owned by the Corporation and others are leased from the private sector. The BHC manages 500 Government and private sector residential units Island-wide and 6 transitional homes, comprising 180 rooms.

The BHC also manages and controls the H.U.S.T.L.E. Truck programme. This is an acronym for "Helping the Unemployed Sustain Themselves with Limited Employment," which has been in successful operation since 2007. This year marks the 12th anniversary of the programme. Mr. Chairman, it was Thursday, April 5, 2007, that the Bermuda Housing Corporation brought the H.U.S.T.L.E. Truck programme to life by contracting eight young men and women of Middletown Lower to paint over graffiti on walls of BHC's property in that area. It was very encouraging to see the young men and women take

pride in their work and, in one case, it was extremely gratifying to hear one of the men chastise his friend who was sitting on a wall that was newly painted, chiding him for marking up the wall with his sneakers. Mr. Chairman, he had taken ownership of his work.

Since then the Corporation, through the H.U.S.T.L.E. Truck programme, has helped over a thousand unemployed Bermudians in need of short-term temporary employment and assisted many of them with finding full-time jobs. In addition, the programme has provided much valued assistance to our seniors, community groups, churches and schools, and neighbourhoods.

The Corporation works with local banks to assist Bermudian clients to retain their homes by advising on the best steps to manage mortgage payments when they are under threat due to the continuing challenges of our economic times.

Mr. Chairman, the Corporation continues to find ways to reduce expenses and generate positive cash flows. Through efficient use of current staffing levels, redistribution of duties, retraining and in-house seminars, the Corporation has been able to use available staff to ensure daily operations are performed to expectations and, in some cases, exceeding expected levels. Further additional efficiencies and cost savings are underway as the Corporation is working towards the integration of the administration of the Bermuda Land Development Company operations with the operations of the Bermuda Housing Corporation.

In addition, the Corporation has been meeting with the West End Development Corporation and is in the process of negotiating a Memorandum of Understanding between BHC, BLDC and WEDCO which will address opportunities for cost savings and operational efficiencies for properties owned by BHC/BLDC in the western end of the Island and to be maintained by WEDCO.

Mr. Chairman, the BHC is in the process of transforming the Grand Atlantic condos into Bermuda's newest tourism venture, the Bermudiana Beach Resort condo hotel. The painting of the buildings in traditional Bermuda colours and the complete renovation of the show units continue apace. Very shortly we expect there to be a public announcement on the exciting news of an anchor brand hotel chain who would be managing the property—more information on this to follow as presently we are under a nondisclosure agreement until the final details are ratified.

Mr. Chairman, the Bermuda Housing Corporation continues to have empathy for many of its clients who have suffered a decline in their income through unemployment or underemployment. The Corporation has regular meetings with clients to help them navigate through these difficult social, economic and financial times. It is worth noting that the Corporation does not evict clients for an inability to pay rent, but rather when the difficult decisions are made to evict, it is because of clients' irresponsible or unhealthy be-

haviour after multiple meetings, cautions, and intervention programmes.

The Chairman: Senator Campbell, if I could just interrupt you. It is now 12:30. The Senate will now adjourn for lunch and will be returning at 2:15 this afternoon.

The Senate is adjourned.

Proceedings suspended at 12:30 pm

Proceedings resumed at 2:15 pm

[Sen. James S. Jardine, Chairman]

COMMITTEE OF SUPPLY

ESTIMATES OF REVENUE AND EXPENDITURE FOR THE YEAR 2019/20

MINISTRY OF PUBLIC WORKS

HEAD 53—BERMUDA HOUSING CORPORATION

[Continuation of debate thereon]

The Chairman: Good afternoon, Senators and listening public. It is now 2:15, and we are going to continue with the debate, which was started this morning, from the Ministry of Public Works. And when we broke for lunch, we were on Head 53, which is the Bermuda Housing Corporation. And it was being presented by Senator Campbell.

Senator Campbell, you have the floor.

Sen. Vance Campbell: Thank you, Mr. Chairman.

Mr. Chairman, the Rent Geared-to-Income initiative gives real relief to clients by assisting them with the rent of only 25 per cent of their combined household income, regardless of the employment status of family members. Part of this programme includes a mandatory 10 per cent savings portion of the monthly household income to guide clients into positive saving habits for long-term goals.

Mr. Chairman, the BHC operates six rooming, or transitional, houses that contain a total of approximately 180 beds. The various houses are located throughout the Island and provide a safe habitat for BHC clients. The rooming houses cater to households that need immediate, safe or emergency accommodation. The Support Services Department holds regular meetings with rooming house residents to hear concerns and address complaints from the residents of the facilities.

Mr. Chairman, the satellite offices at the largest rooming houses, at Southside, are charged with regular meetings with clients who have fallen on hard times. The support given includes economic, social and psychological guidance to occupants to assist them in graduating out of the facility into more tradi-

tional Bermuda living. Since its 2007 inception, 380 families have transferred out of the rooming house facilities.

Mr. Chairman, Gulfstream multi-unit rooming house comprises 78 rooms and currently houses 54 families from various backgrounds. Some families have adjoining rooms to ensure adequate privacy for parents and children. The Gulfstream residents are appreciative of the opportunity, and regular house meetings are held to listen to and allay concerns before they become problematic to society. Unfortunately, some clients have not been compliant with meeting requests to discuss issues and only react when given ultimatums or penalties for their errant behaviour.

Mr. Chairman, Building 632, known as Langley House, is a 61-bed rooming house, also located at Southside, St. David's. The rooming house is used specifically to house men in need of affordable, safe accommodation. There are currently 50 men residing in the rooming facility. The Corporation has qualified social workers working out of this satellite office, including a former police officer, to monitor and correct antisocial behaviour.

Mr. Chairman, the Corporation is in the process of transforming the Harmony Club property into studio and one-bedroom units, which will be used primarily to house seniors who can live independently. The Harmony Club property is also used as the H.U.S.T.L.E. Truck offices, and the gatehouse building is used to provide emergency accommodations for persons in immediate distress or in need of immediate re-housing.

Mr. Chairman, the BHC has recently initiated an intern programme for five young Bermudians, who are working with the Corporation for one year. This intern programme is used to ensure that our young people have guidance and counselling as they make firm decisions on their career choices. The interns are young, progressive and impressionable. They are:

- Tameka King, who has passed her overseas exams in law and who is working out of the Corporation's Property Operations Department;
- Mr. Shane Simmons, who is keenly interested in project management and who is also working with the Property Operations Department;
- Miss Kinda Bassett, who is assisting in the Projects Development Department, and assisting project managers in their architectural drawings and project management;
- Mr. Traonda Davis, who is keenly interested in computers and [is] working with the IT Department with support from IT tech firm Smith Technologies; and finally,
- Mr. Joshua Thompson, who is working with the Finance team and joins with the Property Operations when needed.

Mr. Chairman, the Projects Department, consisting of two employees, assists with advice regard-

ing major repair work necessary on existing buildings owned by the Corporation to ensure longevity of the Corporation's assets. The department has recently been restructured with the project managers overseeing multiple dwellings that come under the BHC remit to ensure that effective and cost-conscious maintenance programmes keep the units in liveable condition. They also are responsible for initial drawings of projected capital projects, as well as the project management of the properties through to completion.

Projects planned for the year include:

1. conversion of blocks B and D at Harmony Club into one-bedroom and studio units;
2. restoration and conversion from five units to nine units of the Chelsea Apartments in St. George's;
3. renovation and conversion of the former St. David's preschool building into loft apartments; and
4. renovation and conversion of the former St. George's Police Barracks into a rooming house.

Mr. Chairman, the Property Operations Department is responsible for the maintenance of BHC's housing stock of approximately 700 units Island-wide, including the rooming houses. The department's responsibilities include the regular maintenance of buildings under the control of BHC and providing advice and assistance to clients of BHC on housing-related matters. The department comprises three property officers, six maintenance officers and one administrative assistant. The department conducts regular maintenance checks of buildings under the management of the Corporation and is responsible for small maintenance works, along with coordinating more difficult tasks with trusted and able [outside] contractors.

Last year, the Property Operations Department completed approximately 2,700 maintenance requests. The requests for maintenance that this capable department handles are wide-ranging, and they tackle everything from simple plumbing, electrical, water, sewage and roof repairs to landscaping, painting, flooring and major renovations.

Mr. Chairman, the Finance Department has a total staff of nine employees, consisting of one finance manager; two assistant finance managers, one of whom is responsible for reporting and the other for IT; one account supervisor; three finance officers; and one cashier.

The Finance Department carefully monitors the Corporation's spending and compliance, ensuring that policies and procedures are adhered to and that clients act responsibly in paying their bills in a timely manner. The Finance Department fields questions of a financial nature, provides mortgage advice and assists clients with understanding their financial obligations to the Corporation.

Mr. Chairman, the Support Services Department is the department responsible for ensuring that

adequate housing is found for BHC clients. The department conducts regular inspections of BHC housing inventory to ensure that clients are compliant with their rental contracts. The department consists of 10 persons: one manager; one rentals caseworker; two transitional house caseworkers; two junior transitional house caseworkers; three rental inspectors; and one intake officer.

There is a current waitlist for BHC accommodation of approximately 108 clients. Mr. Chairman, the Minister does not believe that this is an accurate reflection of those in need, simply from the number of requests that come directly to him at his office. Many people have given up hope that BHC can assist them. To that extent, Mr. Chairman, the Minister launched a survey last week, I believe it was Wednesday, and with your permission, I would like to provide an update on the results so far.

The Chairman: Certainly. Please proceed, Senator.

Sen. Vance Campbell: So, since last week Wednesday, and this is as of yesterday, around midday yesterday, there have been 955 responses that have been received. Of those responses, 53 per cent report that they are adequately housed. And conversely, 47 per cent report that they are not adequately housed. Of the respondents, 50 per cent own their own homes. According to the respondents, \$300,000 is considered an affordable purchase price for a one-bedroom unit, \$400,000 for two bedrooms and \$500,000 to \$700,000 for three bedrooms. Most of the respondents are seeking cheaper accommodations—that is, 37 per cent—followed closely by those needing a large accommodation, 34 per cent, due to crowding or growth in the family. And lastly, most are seeking two-bedroom accommodations.

And we will provide further updates to the results of the survey as they become available.

The Support Services Department offers myriad services to clients, which include money management, housekeeping, social and behavioural problem eradication, child care, and health and safety guidance. In addition, the department offers advice on support from other agencies that stand ready to assist clients who are in need of professional counselling.

Mr. Chairman, the Administration Department consists of the general manager, one executive assistant, one receptionist and two office assistants. The Administration Department is responsible for the orderly daily business of the Corporation.

Mr. Chairman, the Human Resource Department has a total staff of two. The HR Department ensures that staff has the required skills to efficiently and successfully carry out their daily roles at the Corporation, ensures employee welfare, and provides mentoring and training services.

Mr. Chairman, the H.U.S.T.L.E. Truck programme continues to be of valuable assistance to un-

employed persons who actively seek work. The H.U.S.T.L.E. Truck operates from the Harmony Club and caters to 20 temporary employees per week. The H.U.S.T.L.E. Truck continues to be of valuable assistance to Bermuda, with the ability to adjust to the needs of the community as they arise.

The current cost of this programme is approximately \$1 million per year—that is, 20 people per week, for up to three months total employment per year, taking one week off each month to look for regular employment. At this level, the Corporation is able to rotate through approximately 260 different people per year. The programme is available for any unemployed Bermudian. At present, there are approximately 35 people on the waitlist daily, who are advised to return the following day for an opportunity to work.

The H.U.S.T.L.E. Truck office keeps a database of information on the unemployed and their skill sets for the specific purpose of making a good fit when partnering with employers. The office regularly receives requests from employers for qualified and suitable potential employees. Upon receipt of those requests, the database is checked and those persons who have the required qualifications are sent on interviews in the hopes of achieving full-time traditional employment.

In practice, the H.U.S.T.L.E. Truck has fundamentally replaced the bulk-based pickup section that was closed in the Ministry of Public Works some time ago, as a cost-saving measure, by collecting and cleaning neighbourhoods of illegally dumped bulk waste items such as mattresses, sofas, furniture and appliances, on a weekly basis. Last year, 11 former members were successful in gaining full-time employment and several members were given guidance on starting their own businesses as entrepreneurs.

One of the programmes within the H.U.S.T.L.E. Truck has a team of four persons working in conjunction with a property officer to learn construction skills. This team works to bring vacant and derelict Corporation properties back online.

The programme is about to start on a new initiative, which will assist members with gaining a foothold into the door of full-time employment, by teaching them transferable skills in computing operations.

Mr. Chairman, the H.U.S.T.L.E. Truck also continues the partnership with the Department of Corrections in providing temporary employment to inmates who are seeking parole or are about to be released from the corrections facilities. The officers liaise with senior corrections officers and commit to employing qualified former inmates to assist them in gaining meaningful workplace experience.

Mr. Chairman, the Bermuda Housing Corporation has a very important role to play in Bermudian society, assisting vulnerable people, including seniors, mental health patients, inmates, young people and those who have fallen on hard financial times. They continue to come up with courageous, innovative

plans to help Bermuda combat the escalating cost of living, which is causing stresses in many Bermudian families. They are committed to their task and willingly embrace new challenges.

In closing, Mr. Chairman, I would like to thank the Board of Directors and the management and staff of the Bermuda Housing Corporation for their stellar service to Bermuda.

The Chairman: Thank you, Senator Campbell.

We can move on to Head 68, which is Parks. And that is found on page B-224.

Sen. Vance Campbell: Right through to page B-230, Mr. Chairman.

The Chairman: All right.

HEAD 68—PARKS

Sen. Vance Campbell: Mr. Chairman, the Department of Parks, under the Ministry of Public Works, is responsible for the administration of protected areas listed under the Bermuda National Parks Act 1986. This Act incorporates changes and amendments from the Bermuda National Parks Amendment Act 2009, and the Bermuda National Parks Amendment Act 2017. The areas under the Act are inclusive of nature reserves and amenity parks, which include beaches and recreational parks under the Department of Youth and Sport.

The department is also responsible for landscape and horticultural maintenance of roadside verges, schoolgrounds, clinics, rest homes, post offices and other government properties such as Clifton, Laurels, Montpelier [Arboretum] and Government House, as well as propagating plants necessary for these grounds.

As per the Act, the department is also tasked with providing safe protected areas where patrons, residents and visitors can enjoy active and passive recreational pursuits. There is also an education component, where patrons learn through exploring cultural history by way of forts, graveyards and barn kilns, or learning about the environment, natural resources, flora and fauna.

Mr. Chairman, the department has an objective to maintain and manage all protected areas to a high standard. In the peak spring and summer season, the department provides a highly trained and professional lifeguard service at four public beaches, and is mandated by the Bermuda National Parks Act 1986 to enforce the Bermuda National Parks Regulations 1988. Ultimately, the department has to protect, conserve and preserve open spaces for present and future generations.

Mr. Chairman, the current account expenditure estimate allotted to the Department of Parks for the 2019/20 fiscal year is \$9,644,000, and that can be found on page B-225. This represents a 2 per cent

decrease of \$164,000 compared to the 2018/19 original estimate.

The department budget is divided into the various programmes, including Administration and Planning, Park Ranger Service, Lifeguard Service, the Park Maintenance Section encompassing Government House, Maintenance and Development, Eastern Parks, Tree Service, Western Parks, School Grounds, Tulo Valley, the Botanical Gardens, Forts and Historical Sites, and the Railway Trails. The Annual Exhibition is listed, but is not funded.

Mr. Chairman, the Department of Parks has 143 posts, which can be seen on page B-227, within its remit, which remains unchanged from 2018/19. However, it is important to note that the department operated during the 2018/19 budget year within only 118 posts most of the year. The capital development estimate for the department for the year is \$500,000, found on page C-5.

An amount of \$200,000 is for parks improvements to include the installation of a new lifeguard tower, installation of one more outdoor fitness equipment centre, repairs to buildings in Botanical Gardens and restoration of designated parks. It also includes \$300,000 for a purpose-built administration and maintenance building at Marsh Folly.

Through this brief, Mr. Chairman, the Minister would like to reiterate that there will be no maintenance facility constructed at Botanical Gardens.

An additional \$400,000 under capital acquisitions (and that can be found on page C-13) has been allocated for vehicle acquisitions for the Maintenance Section, to replace an ageing, mechanically challenged fleet of vehicles, inclusive of chippers, which are an integral part of the Emergency Measures Organisation (better known as the EMO).

Mr. Chairman, revenues for the department are projected to be \$104,000 in 2019/20, which is a \$16,000, or 18 per cent, increase from the 2018/19 original estimate. The projected increase can be attributed to the updated fees introduced in the Bermuda National Parks Amendment (No. 2) Act 2017.

Increases in the demand for special permits for events such as beach weddings for tourists at Warwick Long Bay, Justin's Cove, Stone Hole Bay and Captain Bay in South Shore Park, as well as Fort St. Catherine, have been widely documented in the media.

Secondly, there has been a marked increase in organised functions such as birthday parties, where laser tag occurs, in addition to bonfires on various beaches.

ANNOUNCEMENT BY THE CHAIRMAN

SENATE VISITORS

The Chairman: Senator, if I could just interrupt you for a second to acknowledge the presence in the

Senate this afternoon of the Permanent Secretary for Public Works, Randy Rochester.

Welcome, sir, this afternoon.

And I understand that there are other representatives from the Ministry here, as well. Welcome. Very nice to see you here this afternoon.

Senator, please continue.

[Committee of Supply, continuing]

Sen. Vance Campbell: Thank you, Mr. Chairman.

Fort St. Catherine, with the World Heritage designation, continues to attract interested patrons.

Mr. Chairman, camping and special permit fees for functions at various beaches are expected to collect \$20,000. Concessions fees will amount to \$7,000. A full \$60,000 will be raised from the activities at Fort St. Catherine. Lifeguard service fees will provide \$1,000. And horticultural produce is expected to provide \$5,000. Lastly, Botanical Gardens and arboretum facilities, the rental of buildings and grounds is estimated to provide \$10,000.

Mr. Chairman, I would like to report on key activities in the respective sections of the Parks Department for the upcoming 2019/20 budget cycle. And I will start with administration and planning, which is 78050, on page B-225. Administration, which will have a budget of \$1,448,000, is the hub of the department and encompasses the Park Planning Section, which will be planning and implementing the following projects for the budget year: installation of a third fitness equipment station at Death Valley Park in the West. This follows the successful installation of the fitness equipment stations at the arboretum and Mullet Bay in St. George's.

The final phase of the installation of the new lifeguard tower at John Smith's Bay Park will be completed following the implementation of recommendations from the Department of Planning. The new lifeguard tower is already on Island.

Mr. Chairman, the management plans for Southlands and Botanical Gardens will be updated. Staff in various divisions will be trained in geographic information systems to improve documentation of data and resources.

With the assistance of the Estates Section, licences or leases will be drafted for concession operations at various parks and beaches. The boat ramp at Stone Crusher Corner in Kidney Field Park will be improved. The sale centre building and the greenhouse at Tulo Valley Plant Nursery will be replaced in order to increase the production of plants for Bermuda Government properties.

Mr. Chairman, the department will also enter into a Memorandum of Understanding with the Ag Show Ltd. for another three years, from 2020 to 2022, to assist with the planning and operation of the popular annual exhibition. This assistance includes personnel, buildings, grounds, props, infrastructure and

utilities. New signage, park benches and picnic tables will be placed in the parks and beaches.

Mr. Chairman, Southlands Park will be brought to the forefront in order to restore the grounds for safe, educational and productive use by the patrons. The three arable parks will be returned to production, with one designated as a community garden. The department will continue to network and collaborate with industry partners in order to achieve goals and objectives that are beneficial and progressive for the park system, inclusive of organisations, such as, the Keep Bermuda Beautiful, the Bermuda Tourism Authority, Bermuda Zoological Society, Mirrors, the Garden Club, Botanical Society and the Skills Development Programme, to name a few.

Administration will continue to process special permits and collect fees for the various functions in parks. This section also provides support services to the Minister's legislated board, the National Parks Commission.

Mr. Chairman, the Administration section has suffered with a lack of substantive employees in senior management positions, which has resulted in revolving acting appointments and a lack of clarity with leadership and understanding of park management operations. This will be addressed as a priority in the fiscal year to ensure that the department focuses on the following: strategic planning, updating and developing management plans (as per the Act), targeted training and development of staff and the integration of synergies with the various sections. This will result in stability, improved staff morale and increased productivity.

Mr. Chairman, the Park Rangers Service small team has operated, like many other sections, with a shortage of staff. The budget for the 2019/20 fiscal year is \$459,000. This section has taken the lead with some of the public/private partnerships, which are bearing positive achievements. The section has been directly involved with the Friends of the Bermuda Railway Trail and assisted with most of the landscape culling of invasive vegetation before the installation of the six new bridges in Flatts, as phase one of the scheme. Phase two will involve bridging Flatts Inlet. Employees of the Park Service Section will provide assistance in this project.

Mr. Chairman, the section has also fostered a working relationship with the Bermuda Police Service, primarily the Community Action Team, which has provided valuable assistance when enforcing the Bermuda National Park Regulations 1988. At Southlands Park, they were directly involved with culling invasive species with the Bermuda Zoological Society and PricewaterhouseCoopers in order to start the process of restoring the park on the western boundaries. This initiative will continue.

Mr. Chairman, the Park Ranger Service also works closely with the Bermuda Bicycle Association and Fat Tire Massive to provide assistance in main-

taining trails in designated parks. The parks patrol boat has been upgraded with a new outboard motor and patrols so that the Island base parks and nature reserves will be more consistent. The campground at Higgs and Horseshoe Island Parks will be cleared, as will the military graveyard and lime kilns at Ferry Point Park. A joint initiative with the Ministry of Tourism and Transport will see traffic coordinators on duty at the Horseshoe Bay parking lot in order to organise and control the taxi and minibus fleets for transporting passengers primarily to and from the cruise ships in Dockyard.

Mr. Chairman, the Lifeguard Service has a budget of \$472,000 for 2019/20. This year will see the installation of the new lifeguard tower at John Smith's Bay Park, which is a pilot tower to test how they will work in our climate. This will ensure that lifeguard services return to this popular beach. The department anticipates that there will be 30 seasonal and reserve lifeguards trained and certified under the Royal Life-saving Society (RLS) and will be challenged to try and meet the expanded cruise ship tourism season, which will operate from April to November 2019.

The Lifeguard Service works alongside the Park Ranger Service and will continue to provide the following services: They will once again provide lifeguard and water safety support during the swim portion of the second ITU Bermuda International Triathlon swim familiarisation, on Friday, 26th April, with the main event held on Saturday, the 27th of April 2019. In conjunction with the Park Ranger Service, it will also provide training and certification of 20 staff in the Department of Parks in either the American Heart Association basic life support or Bermuda Red Cross community CPR, AED [automated external defibrillators] and First Aid with the instructors who have been certified.

Mr. Chairman, the combined budget will be \$6,847,000. This section comprises the following, and I am talking about the Park Maintenance Section:

- Government House, cost centre 78015, with a budget of \$254,000;
- Maintenance and Development, cost centre 78020, with a budget of \$871,000;
- Eastern Parks, cost centre 78030, with a budget of \$1,039,000;
- Tree Service, cost centre 78035, with a budget of \$567,000;
- Western Parks, cost centre 78040, with a budget of \$1,368,000;
- School Grounds, cost centre 78045, with a budget of \$553,000;
- Tulo Valley Plant Nursery, cost centre 78055, with a budget of \$394,000;
- Botanical Gardens and the Arboretum, cost centre 78065, with a budget of \$1,481,000; and lastly,
- The Railway Trail, cost centre 78101, with a budget of \$320,000.

Mr. Chairman, the combined sections provide landscape and horticultural maintenance and the necessary bedding plants for the Island's parks, beaches, nature reserves, roundabouts, schools and government properties. In addition to the maintenance performed by these employees, in 2019/20, they will make improvements to Blue Hole Park, repairs to the platform at the Lagoon, repair and replace the fencing in Spanish Point Park, Astwood Park, Chaplin Bay, Admiralty House Park, Mullet Bay Park and Shelly Bay Park.

They will repair and upgrade bathroom facilities in the parks, install park benches and picnic tables at various parks and beaches such as John Smith's Bay, Astwood Park, West Whale Bay and South Shore Parks and Warwick Long Bay playgrounds. They will replace gates at parks, beaches and the Railway Trails, and they will be involved in the restoration and improvement of parks, including Cody Island, Admiralty House, Shelly Bay, Ferry Point, Kindley Field, South Shore Park and Southlands. This will involve the major clearing of invasive species and replanting with native and endemics.

In 2018, there was the implementation of an in-house horticultural landscape training and development programme for employees in the Park Maintenance Section. Employees attended class, conducted field trips and were trained professionally to international standards. The temporary environmental educational officer, who developed and structured the programme modules to the varied employees, was instrumental in successfully graduating 25 employees at level 1 certification as landscape gardeners with the Department of Workforce Development.

Mr. Chairman, at Tulo Valley Plant Nursery, plans are progressing for the repairs to the slat house and replacement of both the greenhouse and sales centre, as outlined above. This Government plant nursery will play an instrumental role in the roadside beautification initiative by propagating ornamental ground covers to be planted at the roadside, to compete with and minimise the growth of weeds.

Mr. Chairman, the restoration and improvement of Botanical Gardens is still a work in progress. The process for the updating of the management plan has started for Botanical Gardens, which will assist in progressing forward the initiatives to improve the property and return the property to former glory. The networking with key industry partners will be key in achieving this objective. Improvements to the Botanical Gardens include repairs to the Exotic House, the Cactus and Succulent House, replacement of the education building and a proposed open plan barn in the stables section near the main ring.

The upgrading of the collections will continue, and plant labels will be installed. Benches and picnic tables will also be replaced. Fencing will be installed to control traffic flow, and parking, with the former

garage and maintenance yard site, being repurposed in the short term at the parking lot.

Mr. Chairman, the budget for the Railway Trail is \$320,000. The Railway Trail continues to be one of the most actively used parks in the system year-round for both residents and tourists, and has major events such as the popular End-to-End the first week in May. And it benefits by way of the constant promotion by the Bermuda Tourism Authority. Mr. Chairman, in 2018/19, staff were tasked with again providing the landscape maintenance of the Railway Trails, and they have been able to achieve this objective within budget. The same will apply for 2019/20.

Mr. Chairman, projects planned for the Railway Trail in 2019/20 include replacement of damaged gates, installation of park benches, repairs of damaged fences, culling of invasive plants and restoration of uneven surfaces primarily in the western sections. The department will network with Friends of the Bermuda Railway Trail and their industry partners for the surface restoration project in phase two of Flatts Inlet.

Mr. Chairman, the budget for 2019/20 will be \$418,000. The primary management responsibility for this section is Fort St. Catherine, a World Heritage Site, and other forts in the eastern parishes. However, jurisdiction for managing forts extends to other parks in the national park system. The section is somewhat hindered, as a management decision has resulted in no defined leader. However, staff continue to market the fort with the Bermuda Tourism Authority and destination-based magazines and publications. Revenues and patrons should definitely increase, correlated with the projected increase in tourists for the 2019 season. In 2019/20, Fort St. Catherine will continue to be a venue of choice for weddings and corporate events.

Projects planned for the fiscal year include painting of the guns at Fort St. Catherine, Alexandra Battery, Gates Fort and St. David's Battery; replacement of the entrance bridge to Fort St. Catherine; and refurbishment and replacement of the signs at West Whale Bay Fort.

Mr. Chairman, in closing, I take this opportunity to thank the staff of the Department of Parks, who through their many challenges such as lack of stable leadership and equipment challenges, have continued to work to the best of their abilities to achieve the goals and objectives, as well as to complete the planned projects. Thank you, Mr. Chairman.

The Chairman: Thank you, Senator Campbell.

That concludes the presentation on Head 68.

And we will now move to Head 81, which is Public Lands and Buildings.

[Pause]

HEAD 81—PUBLIC LANDS AND BUILDINGS

Sen. Vance Campbell: Mr. Chairman, Head 81, Public Lands and Buildings, can be found on pages B-231 to B-233, and the capital expenditure on C-13.

Mr. Chairman, it is the responsibility of the Department of Public Lands and Buildings to efficiently manage the government property portfolio to enable the delivery of effective public services. Mr. Chairman, the Department of Public Lands and Buildings is responsible for managing the government estate of over 2,000 acres and some 751 buildings. The land and buildings uses are diverse and range from arable lands to a zoo, with all manner of land and building use in between. The department provides a critical support role to ministries and departments to ensure that their real estate needs are met in order for them to provide services to the public. Without the real estate, there are no public services.

Mr. Chairman, I will highlight throughout my presentation the four programmes, or sections, within the department, as well as the plans for the upcoming fiscal year, that are designed to meet that responsibility.

Mr. Chairman, on page B-231, you will note that there are four main programmes for the Department of Public Lands and Buildings. And they are as follows:

- 8100, Administration;
- 8101, Buildings;
- 8102, Estates; and
- 8103, Land Surveys.

Mr. Chairman, the total budget allocated to the Department of Public Lands and Buildings is \$19,472,000, and that can be found on page B-231, for the fiscal year 2019/20, as compared with \$19,507,000 for the original fiscal year 2018/19. This represents a decrease of \$35,000, and this decrease reflects the Government's continued drive to increase efficiencies whilst reducing costs. Mr. Chairman, the total number of staff or full-time equivalents for the department is 152 for the budget year 2019/20. And that is found on page B-232.

Mr. Chairman, the Estates Section is responsible for the management of the Government Estates, the building section responsible for its maintenance and repair, and the Land Survey Section responsible for mapping cadastral surveys. The fourth programme is the Administration, Training and Apprenticeship Programme, which comprises mainly the director of the department and the trainees and apprentices.

Mr. Chairman, the budgets for the programmes are as follows:

- 8100, Administration, \$274,000;
- 8101, Buildings, \$9,086,000;
- 8102, Estates, \$9,790,000; and
- 8103, Land Surveys, \$322,000.

Mr. Chairman, the decrease in programme 8100 is due to the some of the apprentices in 8100 graduating and moving into substantive posts in programme 8101. This led to the increase in the 8101

Buildings Programme. There was further requirement to make savings across the board and include the 2 per cent salary increase. Mr. Chairman, this was done by reducing the budget for overtime so that only emergency callouts are budgeted for. In addition, the increase is owing to more aged buildings requiring more repairs. The decrease in programme 8102, Estates, is owing to posts being frozen following retirements and vacation of those posts. The programme 8103, Land Surveys, has increased due to the filling of a post that has been vacant since 2012.

Mr. Chairman, programme 8100, Administration, Training and Apprentices, has a total budget of \$274,000. This is split between two cost centres, namely, Administration, \$227,000, and Training and Apprenticeship, \$47,000. Mr. Chairman, the Administration Programme objective is to provide administrative support for the Estates and Building Sections. It has a budget of \$274,000 split into two cost centres. When compared with the \$406,000 allocation during the fiscal year 2018/19, this budgeted amount represents a decrease of \$132,000, or 33 per cent.

Mr. Chairman, the Administration cost centre, 91000, has a specific budget allocation of \$227,000 for the fiscal year 2019/20, as compared to the \$158,000 for fiscal year 2018/19. This represents an increase of \$69,000, or 44 per cent. However, cost centre 91001 has a budget allocation of \$47,000, achieving a savings of \$201,000, giving an overall decrease for programme 8100 of \$132,000.

Mr. Chairman, the Buildings Section, 8101, has a total budget of \$9,086,000. The buildings programme is split between two cost centres, namely, Services Management, 91002, and 91003, Maintenance. So, you have under Services Management, \$1,030,000. And under Maintenance, you have \$8,056,000.

Mr. Chairman, the Buildings Programme, as seen on page B-231, has a mandate to effectively manage the maintenance, repair and renovation of all government buildings. This programme has a total budget of \$9,086,000. When compared with the \$8,834,000 allocation during fiscal year 2018/19, this represents an increase of \$252,000, or 3 per cent, over the prior year. Again, with an ageing infrastructure, more repairs are a necessity.

Mr. Chairman, I would like to highlight some of the achievements of the Department of Public Lands and Buildings during the 2018/19 financial year and the plans for the 2019/20 financial year. Mr. Chairman, the Buildings Section carried out a number of capital projects during the 2018/19 financial year in addition to the day-to-day maintenance and repair tasks. Most notable are the public schools and the Hamilton Health Clinic, but also included are continued works at the K. Margaret Carter Centre and St. George's Community Centre. Ongoing major works are being carried out at the St. David's Lighthouse

site, Brangman Home and Government House, to name a few.

Mr. Chairman, over \$3 million has been spent in 2018/19 on schools. The works were managed by teams from both the Ministry of Education and Public Works. Major projects involved the Dellwood Gym roof and auditorium floor replacement, Purvis Primary Assembly Hall porch roof replacement and the Lyceum Preschool retaining wall replacement. The major works also included the interior and exterior painting of Dellwood, Prospect Preschool, T. N. Tatem, Gilbert Institute and Harrington Sound, which was done by the in-house team. Contracts were also awarded to companies to refinish wooden floors at Gilbert Institute, Harrington Sound, Prospect Preschool and T. N. Tatem.

Additionally, each school had a list of regular maintenance and repairs that were tackled over the summer vacation to prepare the schools for the new school year.

[Sen. Michelle Simmons, Chairman]

Sen. Vance Campbell: Madam Chairman, for 2019/20, there are a number of planned capital works that will take place. Madam Chairman, the schools continue to be a high priority, with the major works being currently planned for the Easter and summer breaks. Some \$3 million have been budgeted for these works.

Madam Chairman, the scope of works at each school is being developed between the facilities team at education and the Ministry of Public Works, following a comprehensive list of works received from a health and safety inspection that took place at each school. A tender is being placed for private companies to conduct condition surveys of each school. These surveys will provide a benchmark for the current condition of the schools and identify and prioritise short-, medium- and long-term works, together with costs. Madam Chairman, the condition surveys will continue to be rolled out to key government buildings to minimise the risk of building failures and government service interruptions.

To support this focus on planned preventative maintenance, there are two building surveyors and a secondee from the Maintenance Team in the third post. These posts will assist with the inspection of properties, the creation of schedules of condition, and budgeting and planning of remedial and preventative maintenance work.

Madam Chairman, I am happy to advise that the refurbishment to this house, in which we sit, is intended to begin May of this year in order to meet its 400th anniversary next year. This aged facility, like many other buildings in Bermuda, is so long overdue for refurbishment. Other projects scheduled include the remodelling of the House library to accommodate a new office for the Opposition and a new bathroom

for the visiting public. In addition, upgrades to the electrical, plumbing and the HVAC systems will be done, as well as the installation of new windows. There will also be some internal layout changes, as I mentioned earlier, and the exterior of the building will be sealed. A budget of \$800,000 has been allocated to complete this work. This project is being managed by the Architect Section, Madam Chairman.

Madam Chairman, programme 8102, Estates, has a total budget of . . . (Excuse me, Madam Chairman. I need some water.)

The Chairman: I am sure your voice is going to sound a little different this evening. But you are doing very well, Senator.

Sen. Vance Campbell: We could just cut this short right now in the interest of saving my voice.

The Chairman: Oh, no.

[Laughter]

The Chairman: We love hearing from you. All of this is good information.

Sen. Vance Campbell: I try. I try.

The Chairman: Thanks.

Sen. Vance Campbell: So, Madam Chairman, programme 8102, Estates, has a total budget of \$9,790,000. The Estates Programme is split between two cost centres, 91004, Property Asset Management, with a budget of \$4,149,000; and Insurance, with a budget of \$5,641,000. The mandate of the Estates Programme is to effectively manage the government estate to provide insurance cover on all government property and to facilitate and secure office and residential accommodations for government departments, as needed.

Madam Chairman, the Estates Section provides property and land-related management services to all government ministries and departments. This service includes insurance, acquisition, letting, rental and disposal of land and property across the Island. This section is the custodian of the foreshore and seabed and is responsible for licences and leasing of the same.

Madam Chairman, the Property Asset Management cost centre, together with the insurance cost centre, have a total allocation of \$9,790,000, as compared with \$9,978,000 for fiscal 2018/19. This represents a decrease of \$188,000. Madam Chairman, Property Asset Management, cost centre 91004, has a total allocation of \$4,149,000 for fiscal 2019/20. When compared to the \$4,131,000 for fiscal 2018/19, this budgeted amount represents an increase of

\$18,000. The reason for the increase is due to staffing and electricity.

The budget for insurance, Madam Chairman, is \$5,641,000, compared to \$5,847,000 for 2018/19. This has decreased by approximately \$206,000. The decrease is largely due to recharging the insurance premiums to the quangos and other entities that are on the government insurance policy.

Madam Chairman, \$1 million has been budgeted for office relocations. Funds will be used to refurbish government spaces, where possible, to bring in departments currently renting space in the private sector. Madam Chairman, the new space standards for government accommodations has now been successfully implemented with the first phase being spearheaded by the Estates' own office leading by example. The new model office has proven to be a welcomed environment by the team, and neighbouring departments who share space with the section. The team has also successfully completed the refurbishment for the fourth floor of the Government Administration Building, the former cafeteria, for the Compliance Section of the Registrar of Companies. In addition, refurbishment was completed for the National Security Headquarters in the Global House.

All were done according to the new space standards. The intention is to ensure that all properties are brought back up to code and standards, as required under the Safety and Health Act and other statutory requirements.

Madam Chairman, this more efficient modern-style office, with flexible and agile working environment, is now the standard for all moves to new office accommodation. The working practices of each department are being reviewed with the objective of providing more efficient accommodation and, ultimately, less costly public services, whilst maintaining or improving service levels.

Madam Chairman, with the objective of improving management and communication, the department has completed drafting the Occupancy Agreement template that it will be entering into these agreements with all departments occupying government accommodation over the course of the fiscal year 2019/20. These agreements will clearly define occupancy responsibility and budget liability between the Department of Public Lands and Buildings and the occupying department.

It is important that occupying departments are aware of the facilities cost for providing their services. They will be required to work in partnership with the Department of Lands and Buildings on these agreements to ensure value for money from their premises.

Madam Chairman, the department will continue to look at opportunities to rationalise and share property resources across the government. If property resources are deemed to be surplus to current and future requirements, then they will be considered for disposal. Sales of surplus properties either by sale of

freehold, or a loan for repairing lease, will generate revenue and also reduce maintenance costs and provide economic opportunities for entrepreneurs.

Madam Chairman, I now move to programme 8103, Land Surveys. This is cost centre, 91007, on page B-231. This programme has a budget allocation of \$322,000, with four employees or full-time equivalents for the fiscal year 2019/20, as compared to a 2018/19 budget of \$289,000, with three employees, or full-time equivalents. This represents an increase of \$33,000, or 11 per cent. And the increase is attributable to the intended recruitment for one post. This section provides traditional and specialised land surveying expertise and guidance for the Bermuda Government.

For example, they establish, maintain and update a national control monument network across Bermuda, ensuring that private land survey companies have a standardised and internationally compatible coordinate system to utilise. They also perform and advise on hydrographic surveying and survey projects pertaining towards the global positioning system, better known as GPS, which includes monitoring the gravity field under Bermuda.

Madam Chairman, daily there are many small projects undertaken and completed by the department. Many go unnoticed by the public and are carried out with little or no disruption to government services. Irrespective of size or scope, great emphasis is placed on ensuring that the work is carried out to the highest possible standards by the staff, who continue to take pride in their work.

Madam Chairman, as I conclude the budget brief for Head 81, the Department of Public Lands and Buildings, it is important to note that charismatic leadership alone does not get the job done. It is the hard work, professionalism and dedication of the staff.

Madam Chairman, I would like to take this opportunity to recognise the staff at Public Lands and Buildings and thank them for their hard work over the years.

Thank you, Madam Chairman.

The Chairman: Thank you, Senator Campbell.

We are moving along, as soon as you catch your breath and shuffle your papers, to the next head under this Ministry, the Ministry of Public Works.

And it is Works and Engineering. We are beginning on page B-234 in the Budget Book.

[Pause]

MINISTRY OF PUBLIC WORKS

HEAD 82—DEPARTMENT OF WORKS AND ENGINEERING

Sen. Vance Campbell: Madam Chairman, the mission of the Department of Works and Engineering is to

ensure the effective and prudent management of all operations and engineering services relating to the construction, erection, improvement, maintenance and repairs of government infrastructure. Madam Chairman, the Department of Works and Engineering is responsible for the provision of essential services to the Bermuda public and the maintenance of highly visible major elements of the government infrastructure.

The range of varied and unique activities covered by the department includes garbage collection and disposal, road maintenance and repairs, bridge maintenance, government vehicle maintenance, as well as safe water extraction, treatment and distribution. Services, such as, disposal of hazardous substances, disposal of vehicles and construction materials, recycling, composting, maintenance and repairs of the government's infrastructure, which includes roads, bridges, docks and street lighting are also carried out by this department.

Madam Chairman, there are seven operational sections of the department: highways, structures, electrical/mechanical, solid waste, water/wastewater, Tynes Bay Waste to Energy Facility, and the quarry facility. All of them are critical to the effective operation and maintenance of the government's infrastructure. It is within this framework that I present the Works and Engineering Department's budget brief for the fiscal year 2019/20.

Madam Chairman, I will now present the seven programme areas, each with a number of sub-programmes, or cost centres, as shown on pages B-235 and B-236 of the Approved Estimates of Revenue and Expenditure, namely, programme 8200, Administration; programme 8201, Engineering; programme 8202, Highways; programme 8203, Waste Management; programme 8204, Quarry Transport; programme 8205, Quarry Products; and programme 8206, Water and Sewage.

The Chairman: Just a brief interruption, Senator Campbell. We are on page B-235, yes?

Sen. Vance Campbell: That is where we are starting, yes.

The Chairman: Okay. Thank you.

I will just give you a little time check so that you are aware of how things are going. We have another hour and 10 minutes for your brief and for questions.

Sen. Vance Campbell: I will keep that in mind.

[Laughter]

The Chairman: Just so that you are aware.

Sen. Vance Campbell: Madam Chairman, the estimated budget for the Department of Works and Engineering for the 2019/20 fiscal year is \$29,647,000, which represents a decrease of \$941,000 from the 2018/19 original budget. Programme 8200, Administration, provides for the salaried senior management team of the department. The mandate of the senior management team is the efficient management of the seven sections of the Ministry, including Highways, Structures, Electrical, Mechanical, Solid Waste, Water and Sewage, Tynes Bay Waste to Energy Facility and Quarry Operations.

Madam Chairman, a \$259,000 budget has been allocated for the fiscal year 2019/20. This represents an increase of \$22,000 when compared to the 2018/19 budget allocation. This is due to an increase in training budget attached to this cost centre, primarily for safety-related training. Referring to the performance measure under business unit 92000, Administration, on page B-238, for fiscal 2017/18, the total Occupational Safety and Health Administration (OSHA) accident frequency rate for the department is currently 4.5. This is comparable to last year's score of 4.4 and meets the desired outcome of 5 or less. The average number of training days per managerial staff is forecast to be seven, as compared to six of last year.

Madam Chairman, the full-time equivalent for the cost centre 92000, or page B-237, is one. This is no change from the revised 2018/19 budget.

Madam Chairman, the mandate of the Engineering Services Programme, which is programme 8201, on page B-235, is to provide quality electrical, mechanical and structural engineering services. A budget of \$1,787,000 has been allocated for this programme, and this represents an increase of \$122,000 compared to the 2018/19 budget. This programme includes cost centres 92001 and 92002, along with 92003. The increase is due to the addition of a new electrical superintendent post under the Electrical and Mechanical Section.

The electrical and mechanical management in the electrical support manage the provision of planning, design, construction and installation and maintenance services for electrical and mechanical systems associated with the government's facility. Madam Chairman, cost centre 92001, Electrical and Mechanical Management, is estimated at \$748,000, representing an increase of \$211,000 from the original 2018/19 budget. This section provides support on electrical and mechanical issues to other sections and departments throughout government.

Madam Chairman, referring to the performance measures, page B-238, for cost centre 92001, Electrical and Mechanical, the percentage of hours billed to projects for other government departments is forecasted to be 15 per cent for 2018/19. The performance target for 2019/20 is, again, 15 per cent, and should be achieved. Madam Chairman, the full-time

equivalents for the cost centre are nine. This is three more than the original estimate for the fiscal year of 2018/19 and represents a recent organisational change that will add two control technicians and one electrical superintendent post to the section.

Madam Chairman, cost centre 92002, Electrical Support, is mainly used to provide the budget for street lights. Cost centre 92002, Electrical Support, has been allocated \$504,000, the same as last year.

Madam Chairman, referring to the performance measure, page B-238, for cost centre 92002, the Electrical Support, the number of new street lights to be installed in fiscal 2018/19 is forecast to be 50. The performance measure for the average number of street lights out of service remains at 4 per cent, which is under the desired target of less than 5 per cent per year.

Madam Chairman, the Structural Engineering Services, cost centre 92003, managed the provision of structural inspections, design, construction, maintenance, project and contract management services, as well as acting as the government's functional authority on structural and related civil engineering matters. The budget for cost centre 92003 is \$535,000, which represents a decrease of \$89,000 against the original 2018/19 budget. Madam Chairman, with regard to the performance measures within business unit 92003, six inspections have been carried out on bridges and fourteen on docks during the year, to date. The full-time equivalents for the cost centre are six, representing no change from fiscal 2018/19.

Madam Chairman, the mandate of programme 820, the Highways Programme, is to develop and maintain the public road infrastructure to ensure the safe passage of motorists and pedestrians. This entails all work associated with planning, design and construction of road schemes, and includes activities such as resurfacing, drainage, signage, road markings, retaining walls and bus shelters. They also are mandated to provide tactical advice to other government ministries and agencies on highway-related matters, to manage the improvement of public roads, to assist citizens with their private road improvement needs under the Private Road Improvement Act and to act as the government functional authority on highways, engineering and related matters.

Madam Chairman, a \$3,718,000 budget has been allocated to this programme, representing a decrease of \$138,000, as compared to the 2018/19 original. Madam Chairman, cost centre 92004, Management, has a budget of \$526,000, which represents a decrease of \$35,000 compared to the original 2018/19 budget.

Madam Chairman, the performance measure for cost centre 92004, Highways Management, indicates that the forecasted number of communications received by the team from members of the public during fiscal 2018/19 is 720. Madam Chairman, the full-

time equivalents for the cost centre Highways Management are nine. There is no change from last year.

Cost centre 92005, Road Asphalt and Signs, budget is \$694,000, which represents a decrease of \$83,000. Madam Chairman, the performance measure for business unit 92005, Asphalt and Signs, shows that the amount of road centre-line marked out during fiscal 2018/19 is likely to reach 12.2 kilometres. The forecast for the road resurfacing is 4.4 kilometres, which is below projections of 10 kilometres, due to cost-saving measures. The full-time equivalents for the cost centre 92005, Asphalt and Signs, are 17, the same as in fiscal 2018/19.

Madam Chairman, the budget for cost centre 92006, Public Roads Maintenance, is \$862,000, which represents an increase of \$49,000 when compared to the original 2018/19 budget. This unit is responsible for the maintenance of retaining walls, sidewalks and other masonry work, as well as the highways' draining systems. Madam Chairman, the performance measure for cost centre 92006, Public Roads Maintenance, shows that three new bus shelters were erected during fiscal 2018/19. Also, 600 feet of new sidewalk is expected to have been completed, which is on par with the estimate of 500 feet. Madam Chairman, the full-time equivalents for the cost centre 92006, Road Maintenance, are 25, the same as last year.

Madam Chairman, the budget for cost centre 92007, Public Road Cleaning, is \$1,636,000. This represents a decrease of \$69,000 compared to the previous year. Madam Chairman, the performance measure for business unit 92007, Public Road Cleaning, indicates that the target for fiscal 2018/19 was some 3,550 kilometres of public road cleaned by mechanical means. This was well below estimates due to the unavailability of the mechanical sweeper, which is in need of replacement after 15-plus years of service. There were also 16 emergency call-outs for fiscal 2018/19, in line with estimates. The full-time equivalents for the cost centre 92007, Public Roads Cleaning, are 25, the same as last year.

Madam Chairman, the budget for cost centre 92008, Private Roads, remains unfunded due to budget constraints. However, the Ministry was able to progress one private road for fiscal 2018, due to funding from outside of government. The performance measure for cost centre 92008, Private Roads, indicated that the number of private roads on the waiting list for improvement under the Private Roads Improvement Act 1969 is 36, one less than the previous year.

Programme 8203, Waste Management, is on page B-235. Madam Chairman. The mandate of the Waste Management Programme is to arrange for the collection and safe disposal of Bermuda's solid waste. The aim of the Waste Management Section is to serve the people of Bermuda by providing a comprehensive waste management programme utilising the best technologies for disposal, recovery of materials and

energy resource, protecting public health and safeguarding the environment. This includes education regarding waste reduction, reuse and waste recycling; waste collection, composting, land creation; high-temperature mass burn incineration with energy recovery; waste-to-energy; special and hazardous waste disposal; the management and maintenance of Tynes Bay Waste to Energy Facility in a reliable, safe and cost-effective manner; and to act as the government's functional authority on all matters relating to solid waste, environmental engineering, waste-to-energy and process engineering.

Madam Chairman, a budget of \$17,188,000 has been allocated to this programme for fiscal 2019/20. This represents a decrease of \$1,014,000, as compared to the 2018/19 original budget. This decrease is accounted for by a reduction in overtime for the collection section that will result from the continued one-day-per-week collection and the encapsulating of consolidated ash at the airport for Tynes Bay, instead of casting of ash block, which will reduce overtime and the purchase of bulk cement.

Madam Chairman, the budget for cost centre 92009 management, education and enforcement is \$342,000, which represents an increase of \$15,000. The performance measure for 92009, Solid Waste Management, was forecasted in fiscal 2018/19 to have carried out 35 educational lectures during the year. These include both schools and corporate entities, and target such aspects as waste reduction at source. This helps to keep Bermuda in line with global trends. The Solid Waste Section is also forecasted to place 500 advertisements for 2018/19. All promotional activities such as radio advertisements, interviews and print advertisement are targeted specifically for waste-related events. The full-time equivalents for the cost centre Solid Waste Management are three.

Madam Chairman, the budget for cost centre 92011, Recycling, is \$1,093,000, which is a decrease of \$197,000 when compared to original fiscal 2018/19. This decrease is attributed to a decrease in contracted services. Madam Chairman, measures for cost centre 92011, Recycling, indicate that the amount of recycling materials collected per month for fiscal 2018/19 is projected to be 70 tons, and the amount of e-waste picked up to be 20 tons. The e-waste was below estimates due to a shift in recycling for e-waste items, of which many are deemed unrecyclable. The targeted outcomes for 2019/20 are 75 tons for recyclables and 30 tons for e-waste. The full-time equivalents for the Recycling Programme are five, the same as fiscal year 2018/19.

Madam Chairman, the budget for cost centre 92012, Airport Disposal Facility, is \$1,250,000, which is a decrease of \$46,000 from last year's original budget. The performance measure for cost centre 92012, Airport Disposal Facility, shows that it is forecasted that 27,000 loads of materials will be delivered to the airport disposal facility and the number of car

scrap will be around 1,500 during fiscal 2018/19, on par with estimates. The full-time equivalents for the cost centre 92012, Airport Disposal Facility, are six, with no change from 2018/19.

Madam Chairman, the budget for cost centre 92013, Composting Operations, is \$1,793,000, which represents a decrease of \$11,000 when compared to the original fiscal 2018/19. The full-time equivalents for the composting operation are 10.

Madam Chairman, cost centre 92014, Special and Hazardous Waste, has a budget of \$1,379,000, which represents a decrease of \$18,000. The performance measure for cost centre 92014, Hazardous Waste, forecasted for fiscal 2018/19 that 45 twenty-foot containers will be exported overseas for processing. The full-time equivalents for the Hazardous Waste Section are six. This is the same as the estimate for fiscal 2018/19.

Madam Chairman, the budget for cost centre 92029, Collections, is \$3,677,000, which is a decrease of \$742,000 when compared to the original fiscal 2018/19. The decrease is anticipated through reduced overtime to the one-day-a-week collection. The performance measure for cost centre 92029, Collections, indicates that, on average, 421 tons of domestic waste continues to be collected during the week. The full-time equivalents for the cost centre are 59.

Madam Chairman, the Tynes Bay Waste to Energy Facility provides refuse disposal and renewable energy for the country. It is anticipated that during fiscal 2018/19 [*sic*] that there will be 20 tours of the facility, as indicated in the performance measure for cost centre 92016. That is located on page B-239. The facility is also forecasting that there will be no complaints from the members of the public from the public drop-off facility. And the number of employed power engineers has remained at 16 compared to last year.

The budget for cost centre 92016, Tynes Bay Administration, is \$574,000 and represents an increase of \$32,000 from the 2018/19 budget. The full-time equivalents for the Tynes Bay Administration section are five.

Madam Chairman, the budget for cost centre 92017, Tynes Bay Operations, is \$4,802,000 representing an increase of \$68,000 from the original 2018/19 budget. The performance measure for cost centre 92017, Tynes Bay Operation, anticipates that 70,000 tons' worth of solid waste will be treated at the Tynes Bay Waste-to-Energy Facility during fiscal 2018/19. This is an increase of 5,000 tons from the original forecast. The amount of electricity generated and sold to BELCO is forecasted to be 25,000 kilowatt-hours in 2018/19. This is a reduction from the estimate due to non-turbine-related steam losses within the plant, due to ageing auxiliary equipment now due for replacement.

Madam Chairman, the revised forecast for the amounts of ash concrete the facility produces is 7,000 cubic yards. This is an increase over last year due to the additional three new cement trucks acquired in January of 2017. The full-time equivalents for Tynes Bay operation are 31, the same as the previous fiscal year, or 2018/19.

Madam Chairman, the budget for cost centre 92018, Tynes Bay Maintenance, is \$2,193,000, a decrease of \$133,000 from the original fiscal 2018/19. The performance measure for cost centre 92018, Tynes Bay Maintenance, indicates that the availability of the plant is forecast to be 90 per cent for stream 1, 90 per cent for stream 2 and 95 per cent for the turbine, respectively, for fiscal 2018/19. The full-time equivalents for Tynes Bay Maintenance remain the same at 16.

I will now move to programmes 8204, Quarry Transport; and 8205, Quarry Products, on page B-235. Madam Chairman, the mandate of the two quarry programmes is, collectively, (1) to manage the fleet and equipment leasing, mechanical maintenance, quarry operations; and (2) to act as the government functional authority on all matters related to the fleet management, vehicle and other mechanical engineering and maintenance activities.

Programme 8204, Quarry Transport, has a budget of \$2,484,000, representing an increase of \$6,000 as compared to the original 2018/19. The budget for cost centre 92019, Quarry Administration, is \$595,000, representing an increase of \$9,000 from the original fiscal 2018/19. The full-time equivalents for Quarry Administration remain at two.

Madam Chairman, the budget for cost centre 92020, Quarry Vehicle and Equipment Operation is \$2,573,000, which has decreased by \$189,000 from the original 2018/19. The performance measure for cost centre 92020, Quarry Vehicle and Equipment Operation forecasted in fiscal 2018/19 that 14 per cent of the government fleet would remain out of operation. Full-time equivalents for the cost centre 92020, Quarry Vehicle and Equipment Operation, are 30.

Madam Chairman, the budget for cost centre 92021, Quarry Vehicles and Equipment Maintenance, is \$4,816,000, which is an increase of \$186,000. The full-time equivalents for the cost centre 92021, Quarry Vehicles and Equipment Maintenance, are 49.

Madam Chairman, the budget for cost centre 92034, Quarry Receipts, an internal, recharged budget with a negative value, is set for \$5,500,000 and is the same as for fiscal 2018/19.

Madam Chairman, a \$2,177,000 budget is in place for programme 8205, Quarry Products, and a \$3,140,000 rechargeable budget for Quarry Products has been allocated to this programme. The performance measure for cost centre 92023, Asphalt Plant, shows that unplanned down time on the plant was 100 hours. Only 7,500 tons out of a projected 11,500 tons of asphalt is anticipated for fiscal 2018/19. This is due

to less asphalt demand as a result of budget constraints. The full-time equivalents for the asphalt plant remain unchanged at seven.

Programme 8206, Water and Sewage, is on page B-236. Their mandate, Madam Chairman, is to provide planning, design, construction, operation and maintenance of the government water extraction, treatment and distribution systems, and the wastewater collection and distribution systems; to produce potable water on a cost-recovery basis to meet demand; to provide septage receiving facilities for private sanitation truckers and for limited public facilities; and to act as the government functional authority on all matters related to water and wastewater engineering. Madam Chairman, a \$5,174,000 budget has been allocated to this programme. This represents an increase of \$52,000 as compared to the original 2018/19 budget.

Madam Chairman, the budget for cost centre 92025, Water and Sewage Administration, is \$1,056,000, which represents an increase of \$31,000 as compared to the original 2018/19 budget. The performance measure for cost centre 92025, Water and Sewage Administration, indicates that there are forecasted to be 1,060 metred customers for fiscal 2018/19, which is below estimate. The administration area within this section has so far achieved 95 per cent response within 24 hours to inquiries by customers during fiscal 2018/19. Madam Chairman, the full-time equivalents for the cost centre, Water and Sewage Administration, are five. And that is found on page B-237.

The budget for cost centre 92026, Water Supply and Treatment, is \$2,771,000, which is a decrease of \$46,000. This budget ensures that there are sufficient funds allocated to pay for contractors who supply supplementary bulk water, remote monitoring and control system support, and to pay for the electricity charges associated with water treatment plants within the infrastructure. Madam Chairman, the performance measure for cost centre 92026, Water Supply and Treatment, on page B-240, forecasted that 260 million gallons of potable water will be produced during this fiscal 2018/19. The full-time equivalents for the cost centre 92026, Water Supply and Treatment, are nine.

Madam Chairman, the budget for cost centre 92027, Water Storage and Distribution, is \$919,000, which represents an increase of \$75,000, to address an anticipated increase in mains breakage due to the age of the distribution network, which is slowly being upgraded. Madam Chairman, the performance measure for cost centre 92027, Water Storage and Distribution, is forecasted for fiscal 2018/19 that the average lost service hours due to a mains break is 48 hours, which is in line with the target. The number of mains repairs made for the year was 23. Madam Chairman, the full-time equivalents for the cost centre, Water Storage and Distribution, are nine.

The budget for cost centre 92028, Sewage Collection, is \$428,000 and has been decreased by \$8,000. Madam Chairman, the performance measure for cost centre 92028 is the amount of time, as a percentage, that the Tynes Bay receiving facility is operational. For 2018/19, this figure was 98 per cent. The performance measure also tracks the number of blockages experienced in sewer mains across the Island. That number was . . . I am not sure if it was 15 or 10. It seems that we have got both here, in my brief. Whichever the number is correct, it was below the estimate.

[Laughter]

The Chairman: I think the correct number is 10.

Sen. Vance Campbell: Yes.

The full-time equivalents for the cost centre, 92028, Water Sewage and Distribution, is one.

Madam Chairman, total staffing levels within the Department of Works and Engineering are shown on page B-237. Employee number estimates for the 2019/20 budget are 344.

Madam Chairman, I will now provide Members of the Senate with a summary of the status of the major capital projects being managed by the Department of Works and Engineering. The overall 2019/20 capital expenditure plan for the Department of Works and Engineering is \$13,731,000. Details are found on page C-6 of the Approved Estimates of Revenue and Expenditure.

The Swing Bridge refurbishment, cost centre 75096. Madam Chairman, the 2019/20 estimate for this cost centre is \$2,500,000. This budget will be used to continue feasibility and engineering design work to facilitate the construction of a new crossing. Plans and specifications will be completed by the end of this year for the Swing Bridge and Longbird Bridge.

Roadworks, cost centre 75042. The estimate for this cost centre is \$1,500,000. This budget comprises major maintenance work to the road network, which includes road resurfacing, as well as road improvement schemes such as junction improvements, road widening and new sidewalks. With the reduced funding, only emergency repair works are planned for 2019/20.

Water Projects, cost centre 75044. Madam Chairman, this programme is for planned and unforeseen small to medium water and sewage projects, including a requirement every year to provide equipment and general facility upgrading to meet ongoing treatment to environmental- and safety-related issues. The 2018/19 estimate for this cost centre is \$270,000. This funding will primarily be used for an advance metering system to reduce a non-revenue water [loss] through early leak detection.

Madam Chairman, Water Sewage Capital Maintenance, cost centre 75345. This new line item

will be used for various system refurbishments as required by the ageing plant and infrastructure. Essentially, the new CP was created for better tracking and asset management. The 2018/19 estimate for this cost centre is \$447,000.

Improvements to Street Lighting, cost centre 75046. Madam Chairman, the estimate for this cost centre is \$560,000. This budget is used to cover ongoing LED modernisation projects currently being delivered by BELCO.

Bus Shelters, cost centre 75048. Madam Chairman, the 2019/20 estimate for this cost centre is zero. This budget was reduced as a cost-saving measure.

Private Roads Street Lighting, cost centre 75051, has a budget of \$25,000. This budget will, as in previous years, be used to provide extra lighting on private roads, which can help with the safety of an area.

St. George's Sewage Plant, cost centre 75061, has a budget of \$500,000. And this budget supports implementation of the previous St. George's water and wastewater plant, which has been expended to include the greater Island. The majority of the funding will be used for further study and implementation.

Asbestos disposal, cost centre 75064. Madam Chairman, the 2019/20 estimate for this cost centre is \$500,000, which will be used to continue the repacking of containers that have deteriorated too far at the Government Quarry, and also to ship adequately packed materials to the United States for permanent disposal.

Madam Chairman, Structural Refurbishment of Bridges, cost centre 75116, has an estimate of \$500,000. This budget will be used to carry out essential repair work on Watford Bridge, as well as the survey of all bridges across the Island.

Refurbishment of Ferry Docks and Public Lands, cost centre 75117, has an estimate of \$1,850,000, which will be used to carry out maintenance on several docks around the Island, including Heritage Wharf and the Hamilton Ferry dock.

Reconstruction of Retaining Walls has a zero budget. No work is planned for this initiative during the upcoming year, due to cost reduction.

The Chairman: May I just interrupt for a minute, Senator Campbell?

Sen. Vance Campbell: Yes, you may.

The Chairman: We have 40 minutes left.

Sen. Vance Campbell: I am getting there. I am almost there. It is a big Ministry.

The Chairman: Okay. Thank you.

Sen. Vance Campbell: Stabilise Roadside Rock Cuts, cost centre 75142, has a budget of \$200,000. The area slated for stabilisation is along the Railway Trails near the Winton Hill area in Hamilton Parish.

Foreshore Protection Work, cost centre 75144. Madam Chairman, the cost centre is used to carry out repairs and mitigating measures to the foreshore. The 2018/19 estimate for this budget is \$500,000 to address critical areas of North Shore Road.

Causeway Refurbishment, cost centre 75207, has an estimate of \$500,000. This funding will enable the Ministry to carry out further work to fix critical undermining of the structure which was identified by a survey performed earlier this year.

Tynes Bay Waste Treatment Expansion, cost centre 75210. Madam Chairman, capital funding for the fiscal 2019/20 is \$100,000. These funds will be used to carry out further feasibility studies for future plan expansion and retrofits.

Dangerous Walls and Rock Cuts, Highways. Madam Chairman, the 2019/20 estimate for this cost centre is \$250,000. This cost centre is used to carry out repairs to collapsed walls and rock cuts. Additionally, as most cases of this damage occurs due to vehicle accidents, the government will increasingly be seeking insurance coverage from the vehicle owners to pay for damage.

Quarry Refurbishment. Madam Chairman, the 2019/20 estimate for this cost centre is \$100,000, which will be used to fund upgrades at the quarry depot. Two new buildings have been added to the site, which were relocated from Morgan's Point, the former Artemis Building.

Pembroke Canal Upgrade. Madam Chairman, this programme is for the upgrade of the Pembroke Canal. And the 2019/20 estimate is \$150,000.

The Reverse Osmosis Plant's Electrical Systems. Madam Chairman, this programme has been created for the needed upgrade of all electrical control and remote monitoring systems in each of the water facilities. And the 2019/20 budget for this is \$250,000.

Tynes Bay Capital Maintenance. Madam Chairman, the 2019/20 estimated total cost for this cost centre is \$1 million and will be used for the purchase and installation of a new ash-handling crane.

Morgan's Point Works, cost centre 75324, has a budget of \$50,000. These funds will be used to address any further contamination discovered during the Morgan's Point site development.

Solid Waste Capital Maintenance, cost centre 75043. Madam Chairman, the 2019/20 estimate for this cost centre is \$400,000. It will be primarily to replace ageing equipment and infrastructure at four sites—special waste in Sally Port, recycling at the Government Quarry, composting at Marsh Folly and the land reclamation at the Airport Waste Management Facility.

Madam Chairman, I would like to provide you with a summary of the status of the major acquisitions being managed by the Department of Works and Engineering, the details of which can be found on pages C-12 and C-13 of the Approved Estimates of Revenue and Expenditure 2019/20.

Under Quarry Vehicles and Equipment, cost centre 76495, Madam Chairman, the vehicles and equipment to be replaced under the 2019/20 budget are those that have surpassed useful economic life and are in poor and/or dangerous condition. The focus for next year will be the replacement of essential heavy equipment such as payloaders, millers and crane trucks that are essential to the Ministry's road maintenance and cleaning services. The 2019/20 estimate for this annual allocation is \$2 million.

And with that, I thank you, Madam Chairman, and that concludes my presentation on the Department of Public Works.

The Chairman: Senator Campbell, thank you very much for that marathon brief. We appreciate it.

Sen. Vance Campbell: It is a big department, Madam.

The Chairman: Yes, it is.
Would any other Senator like to speak?
Senator Robinson.

Sen. Dwayne Robinson: Let me just sort myself out real fast.

The Chairman: Okay.

Sen. Dwayne Robinson: It was quite the brief.

The Chairman: As Senator Campbell said, it is a very big Ministry.

[Pause]

The Chairman: Are you going back to Head 36?

Sen. Dwayne Robinson: Yes.

The Chairman: On page B-214?

Sen. Dwayne Robinson: Yes, Madam Chairman.

The Chairman: Okay. Senator Robinson.

Sen. Dwayne Robinson: Okay. So, just looking at line item here 46111, under heading, Office Administration.

Sen. Vance Campbell: Are we on 213?

Sen. Dwayne Robinson: On page B-215.

Sen. Vance Campbell: Page B-215.

Sen. Dwayne Robinson: Some of these questions might have been in your brief. But I just want to ask for clarification, as well. We have here a very large jump from the 2017/18 actual. So, I was just wondering if I can get just a concise answer as to the budgeted increase here to the 2017/18 original estimate and the 2018/19 revised estimate.

POINT OF ORDER

Sen. Vance Campbell: Madam Chairman, would that not have formed part of last year's budget debate? It is a point of order; are we not here discussing 2019/20?

The Chairman: We are indeed. And I am not absolutely clear about Senator Robinson's question.
Would you mind posing it again?

Sen. Dwayne Robinson: Yes. So, I was just wondering what initiatives led to the increase here in 2018/19 from the previous 2017/18 estimate?

The Chairman: And I think that Senator Campbell does have a point. That would have been debated in last year's budget debate. So, we are here to compare 2018/19 with 2019/20.

Sen. Dwayne Robinson: Got you.

The Chairman: So, do you want to look at that again and rephrase your question?

Sen. Dwayne Robinson: Yes. Give me two seconds, Madam.

The Chairman: Okay. That is okay.
Would any other Senator like to speak?
Senator Jones.

Sen. Marcus Jones: Yes, Madam Chairman.

I just wanted to offer a point of clarity. Through the course of the debates for this budget, from most of the heads that have been debated and discussed, there has been a justified reason to go back to 2017/18 numbers. One of the main reasons is because they are actual numbers. They are not numbers that are budgeted, they are actually hardened stone. And so, once trying to justify the numbers of this present year that we are in and launching into the year to come, I believe that there is relevance and importance in at least referring to the numbers in 2017/18.

The Chairman: Okay. Senator Jones, that is a point. But we have to link it to the current year and the year going forward. Thank you.

Would any other Senator like to speak?
Senator Jardine, you have the floor.

Sen. James S. Jardine: Madam Chairman, I have quite a few questions, and I do not want to take up the time that the Opposition may wish to ask questions. So, I am going to perhaps defer until they finish their questions first. And then, any time remaining that gives an opportunity for Senator Campbell to answer, I will jump in, if you are happy with that.

The Chairman: Okay, that's fine.

Sen. James S. Jardine: Thank you.

The Chairman: Thank you, Senator Jardine.
Senator Robinson, back to you.

Sen. Dwayne Robinson: Okay. I would like to rephrase my question then, Madam Chairman.

I would like the increase explained from the 2018/19 original to the 2018/19 revised, because, as we can see here, it was an overshoot. And I just would like to know . . . why that increase?

The Chairman: And we are looking at line item—

Sen. Dwayne Robinson: Line item 46111, under programme 3601.

The Chairman: Thank you. Just so that we are absolutely clear.

Sen. Dwayne Robinson: Yes.

The Chairman: Was there anything else?

Sen. Dwayne Robinson: Yes. Line item 46118 under Training and Development, I wanted to know . . . the revised estimate of 2018/19 shows a \$92,000 reduction from the original estimate. What changed to cause this reduction? And, hopefully, it is still providing adequate training options.

Now, going to page B-216.

The Chairman: Yes.

Sen. Dwayne Robinson: I was wondering at this one here, under Transport, in the current account estimate, what caused the reduced spending here, as well? So, we have the original estimate here, that's at \$200,019. And the revised estimate is \$84,000. So, I am just wondering if we are using cost-saving measures here? Or just what was the cause of that reduction?

Sen. Vance Campbell: Madam Chairman, point of clarification.

The Chairman: Yes. Senator Campbell.

Sen. Vance Campbell: I would like the Senator to just indicate which item on page B-216 he is talking about?

The Chairman: Yes. It is okay.

Sen. Vance Campbell: The reason I am asking is that I am trying to write the question and listen at the same time.

The Chairman: You are right.

Sen. Vance Campbell: It does not always work.

The Chairman: Senator Robinson.

Sen. Dwayne Robinson: So, we are in the accounts estimate at the top of page B-216 under Transport, right below Training.

Sen. Vance Campbell: Right.

The Chairman: Is that clear, Senator Campbell?

Sen. Vance Campbell: Yes, it is, Madam Chairman.

The Chairman: Thank you, Senator Robinson.

Sen. Dwayne Robinson: Thank you.

Also, looking at Salaries and Wages in that same section, we have the salaries and wages increased even though the employees have decreased over here in the full-time equivalents. So, I am just wondering what would be the cause of that? That might have been covered in the brief, but I just would like to know the cause of that.

And, since we are over in the full-time equivalents, I would like to look at line item 46118. I heard an emphasis on training and a lot of training initiatives being said in the brief regarding this particular head. However, I noticed that there is only one full-time equivalent in employment under Training and Development. So, I was just wondering if that is sufficient to keep up with all of these training initiatives, going forward. And I also see that there is no intent to hire anybody else in that section in 2019/20.

Now, heading back over to expenditure, we have other expenses.

The Chairman: Can you tell us which page you are on?

Sen. Dwayne Robinson: Page B-216, Madam Chairman.

The Chairman: Okay. Thank you.

Sen. Dwayne Robison: Thank you.

We have other expenses here. And I was just wondering if I can get some clarification on what these other expenses are and whether or not there was a bit of cost saving here, or whether or not that spending was deviated somewhere else.

The Chairman: Okay.

Sen. Dwayne Robison: Looking at Professional Services, I was wondering if the consultant that was listed for the Minister of Public Works is listed in this item, or is the consultant listed under Salaries? I just want that clarification for myself.

Jumping down to Materials and Supplies, still on the same page B-216, I am just wondering if we become a bit more efficient here, learning to work a bit less, or is there an adequate surplus of materials to explain why the revised 2018/19 budget has come so far underneath the original 2018/19 estimate, Madam Chairman?

Okay. I am just going to skip ahead here to the Housing Corporation. So, that is page B-223.

The Chairman: Yes.

Sen. Dwayne Robison: I saw that there was no increase to any of the grants and contributions. And I heard a lot of housing projects, including the Grand Atlantic work, being mentioned underneath there. I just wanted to know if the current grants and contributions are adequate enough to sustain all of those additional workloads and whether or not we require more funding there.

I also was wondering if there was a precise breakdown, Madam Chairman, of the grants and contributions provided to the quangos so that we can see how those cost centres are being broken down. I know that they were mentioned briefly in the brief. But it would be nice to be able to see that in the budget, a slight breakdown of exactly how these grants and contributions spread out over to the quangos.

Performance measures. There were a lot of great initiatives listed underneath the Housing Corporation, and I was just wondering if maybe there could be an inclusion of performance measures so that we could have a bit of insight as to how successful these particular initiatives are and how we can improve them, and whether or not they are operating as successfully as they could be.

So, heading over now to Parks.

The Chairman: Head 68.

Sen. Dwayne Robison: Yes, page B-225.

The Chairman: Correct.

Sen. Dwayne Robison: So, we have line item 78000, there under general summary. What caused the decrease from the 2018/19 original estimate? Has the Government had issues as far as recruitment regarding the Park Ranger Service?

The Chairman: Just so that everyone is aware, we have about 16 minutes left—

Sen. Dwayne Robison: Yes. I am trying to gallop through that brief—

The Chairman: —for the questions and responses.

Sen. Dwayne Robison: Yes. I am trying to get the pertinent questions done here.

Okay. Page B-226, under line item Travel, I was wondering what the increase was here. But now that we cannot refer to the . . . Well, I was just wondering what the increase here was from the 2017/18 actual. We had a large increase between the 2018/19 original and the revised. So, I was just wondering what the cause of this travel increase was, and how is it pertinent to the operation of parks, Madam Chairman.

Okay. Line item under materials and supplies, we have a 2018/19 revised estimate that shows a \$28,000 increase from the original. What is the cause of this increase? Because in one line item, we went a bit low on supplies, and then this line item was going a bit high.

[Pause]

Sen. Dwayne Robison: So, I am just going to jump to Head 82, on page B-235.

The Chairman: Okay. Works and Engineering.

Sen. Dwayne Robison: Yes, ma'am. I am trying to get some questions in on this.

The Chairman: Yes.

Sen. Dwayne Robison: So, under engineering, we had line item 92002, Electrical Support. And we have an overspend here in the revised 2018/19 estimate compared to the 2018/19 original. And then, we see that the same \$50,004 is estimated in 2019/20. So, I am just wondering if this overspend was accounted for or whether or not it was not accounted for, Madam Chairman.

I just believe those are all of my pertinent questions.

The Chairman: Okay. Thank you, Senator Robison.

Sen. Dwayne Robison: Thank you.

The Chairman: May I suggest that Senator Campbell respond to the questions at this point? Because there are only 12.5 minutes left.

Senator Jardine, I know you have some questions.

Sen. James S. Jardine: Madam Chairman, I am quite happy to leave my questions. I had quite a lot of questions. And I am happy to raise them with Senator Campbell after the session.

The Chairman: Okay. Thank you.
Senator Campbell.

Sen. Vance Campbell: The first questions I would like to address are concerning the Bermuda Housing Corporation. Madam Chairman, quangos are not usually required to produce performance measures. They answer to a board, and, in turn, the board provides annual reports to the Legislature. So, that information can be obtained . . . the questions from the Senator, the information, the answers can be obtained from those annual reports.

The Chairman: Thank you.

Sen. Vance Campbell: Madam Chairman, Senator Robinson had questions about the decrease in staffing cost within the Parks. I believe it is on page B-225, where the original 2018/19, the revised is reduced. I believe that was the question. The 2018/19 revised was reduced from the original. And the Parks Department is actively working to fill posts to bring them up to full strength.

The Chairman: Senator Campbell is just having a quick consult with one of the technical officers. And I am sure that we will get a response to the next question in a minute.

[Pause]

Sen. Vance Campbell: Madam Chairman, I believe Senator Robinson had a question on HR. I am trying to see where that question is on my paper. Could I ask for clarification from the Senator?

The Chairman: Of course. Yes, definitely.

Senator Robinson, do you remember that question? I do not remember your asking a question about HR.

[Pause, inaudible conversations]

Sen. Vance Campbell: In regard to the Senator's question regarding training and development having only one full-time equivalent.

The Chairman: Yes.

Sen. Vance Campbell: There is also a full complement of staff in the HR who can assist with training.

There was a question as to whether the Minister's consultant was listed under Professional Services or under Salaries. And that is listed under Salaries.

The Chairman: For the listening audience, we are just awaiting a response. Senator Campbell is consulting.

[Pause]

Sen. Vance Campbell: Madam Chairman, there was a question on Other Expenses. These are expenses such as lawn service, gifts and team-building activities. I believe the Senator had a question as to what they were and why there was a decrease. And the reason for the decrease was that the team-building exercises were cancelled. They did not happen. So, that is why there was the decrease.

[Pause]

Sen. Vance Campbell: There was a question from the Senator regarding the decrease in transport costs. And that was the result of those costs being moved to the quarry operations for vehicle maintenance.

The Chairman: Were there any further questions?

Sen. Vance Campbell: I am just checking that now, Madam Chairman.

There was a question on cost centre 92002, I believe. Is that correct? If I could ask for clarification.

The Chairman: Which head? Oh, okay.

Sen. Vance Campbell: That would have been under Works and Engineering.

The Chairman: Works and Engineering, yes.

Would you mind repeating the cost centre again?

Sen. Vance Campbell: It was on page B-235.

The Chairman: Okay.

Sen. Vance Campbell: And it was the electrical . . . because there was a change in the original 2018/19 estimate to the revised, 504 to 600.

The Chairman: Okay, yes. Cost centre 92002, Electrical Support.

Sen. Vance Campbell: And that increase was due to internal costs for project management of the ongoing LED lighting replacement contract that was not budg-

eted for the previous year. And the new budget accounts for both the project management cost and the projected decrease in overall costs due to less energy usage from the continued replacement of LED lights.

The Chairman: Okay. Thank you.

Sen. Vance Campbell: Madam Chairman, I believe that is most of the questions. And if I have missed any, I would endeavour to . . . if the Senators can touch base with me after today's sitting, I will endeavour to get those answers to them.

The Chairman: And I believe that Senator Jardine and Senator Kempe will also have questions for you. But right now, we are out of time.

So, Senator Campbell, would you like to move these heads in the Ministry of Public Works?

Sen. Vance Campbell: Madam Chairman, I move that Heads 36, 53, 68, 81 and 82 be approved.

The Chairman: Is there any objection to that motion?
No objection.
So moved.

[Motion carried: The Ministry of Public Works, Heads 36, 53, 68, 81 and 82 were approved.]

The Chairman: Thank you, Senator Campbell.

MINISTRY OF FINANCE

Sen. Vance Campbell: Thank you, Madam Chairman.

Madam Chairman, I move that the Committee do now take under consideration Head 10, Ministry of Finance Headquarters; Head 58, Interest on Debt; and Head 59, Sinking Fund Contribution.

The Chairman: Senator Campbell, I believe this is you once again.

Sen. Vance Campbell: That is correct.

The Chairman: I think you are going to earn something very special by the end of the day.

[Laughter]

The Chairman: Hopefully, you will still have a voice.
So, we are going to the Ministry of Finance.

Sen. Vance Campbell: That is correct.

The Chairman: We will let you shuffle your papers, catch your breath.

Sen. Vance Campbell: Get some water.

The Chairman: Yes. And we are beginning on page B-116.

HEAD 10—HEADQUARTERS

Sen. Vance Campbell: Madam Chairman, the 2019/20 budget estimates for the Ministry of Finance Headquarters, Head 10, may be found in section of the Estimate Book on pages B-116 through B-119; and in section C on pages C-4, Capital Purchases, and C-10, Capital Acquisitions; and in C-16, Grants.

The Finance Ministry, Madam Chairman, comprises six departments led by Ministry of Finance Headquarters, and includes the Accountant General, Customs Revenue, Social Insurance, the Office of the Tax Commissioner, and Registrar of Companies. Allocations to cover the interest on government debt and contributions to the Sinking Fund, which was cancelled this fiscal year, are also included in the Ministry of Finance budget.

The Ministry has a total staffing establishment of 157 posts and an aggregate current account budget of \$220.8 million, and is responsible for collecting \$974.2 million, or 87.1 per cent of all government revenue. A snapshot of key information for the Ministry of Finance is shown on page B-115 of the estimates book.

The department's current account allocations are as follows:

- Head 10, Ministry of Finance HQ, a budget amount of \$5,895,000, which is an increase of \$845,000;
- Head 11, Accountant General, \$86,153,000, a decrease of \$308,000;
- Head 12, Customs. The Customs budget has been moved to the National Security Ministry. The Ministry of Finance maintains responsibility for the Customs tariff and revenue collections;
- Head 28, Social Insurance, \$4,825,000, a decrease of \$425,000;
- Head 38, Office of the Tax Commissioner, with a budget of \$3,761,000, an increase of \$310,000;
- Head 39, Registrar of Companies, with a budget of \$3,709,000, which is an increase of \$522,000;
- Head 58, Interest on Long-Term Debt, \$116,500,000, which is a decrease of \$7,500,000; and
- Head 59, Sinking Fund Contribution, zero dollars budgeted, a decrease of \$64,233,000, as the Sinking Fund was cancelled this fiscal year.

Madam Chairman, the Minister in charge of the finance portfolio is Minister of Finance, the Honourable Curtis L. Dickinson, JP, MP, supported by Junior Minister of Finance, the Honourable Wayne L. Furbert, JP, MP.

The executive and senior officials in the Ministry of Finance HQ are Financial Secretary, Mr. Anthony Manders; Assistant Financial Secretary, Economics and Finance, Mr. Stephen Gift; Assistant Financial Secretary, Regulatory Unit, Ms. Pamela Burrows; Assistant Financial Secretary, Treaty Management and Administration, Mr. Wayne Brown; and Director of Budget, Ms. Tina Tucker.

Madam Chairman, having the national Budget Statement presented on Friday, February 22nd, was the official start of the Budget Debate in the House of Assembly. It gives me great pleasure to present the budget for selected departments in the Ministry of Finance.

Madam Chairman, the Finance Ministry's key goals and objectives are to facilitate balanced economic growth and development, to provide strategic direction and an overall framework for financial management and control of government activities, and to safeguard Bermuda's economic interests in the face of challenges and threats in the changing global economy.

Detailed objectives or core functions are: (1) to facilitate balanced economic growth and development by development and diversification of the financial services sector by increasing investor confidence to attract foreign direct investment, providing support for small businesses; (2) provide strategic direction and an overall framework for financial management and control of government activities by optimising the yield from government's revenue base, assuring the alignment of resource allocation, policy priorities, instituting and adhering to the principles of prudent budgeting, using output and performance measures to evaluate programme expenditure; (3) safeguard Bermuda's economic interests by meeting international standards of financial supervision and regulation, establishing and maintaining economic intelligence networks, and establishing and maintaining strategic economic alliances.

Madam Chairman, other key department objectives are as follows: to prepare, implement and closely monitor the national budget; to arrange all government borrowing requirements efficiently and at the most competitive rates; to report on the country's economic performance to the public; to maintain effective relations with credit-rating agencies; to oversee and manage the public pension funds; to ensure and support a fair, coherent and predictable development of financial services regulations; and to be proactive in treaty negotiations with respect to tax information exchange agreements.

Madam Chairman, the Ministry's core functions are discharged through six broad programme areas:

- policy planning and management;
- fiscal planning and control;
- regulatory;
- economic and financial intelligence;

- treaty management and administration; and
- the Office of NMLAC.

In discharging its functions under the overall policy direction of the Minister of Finance, the Ministry of Finance Headquarters seeks to achieve the following outcomes: a Bermuda that maintains its position as a domicile of choice for international business; a Bermuda where citizens have confidence in government stewardship of the public purse; a Bermuda where funding and resources are available for key programmes and initiatives; and a Bermuda where citizens regard government's policy responses to economic and financial challenges as appropriate and in the national interest.

Madam Chairman, in seeking to fulfil this mandate, the Ministry of Finance Headquarters has a staff establishment of 19 permanent full-time posts, and its total budget for 2019/20 is \$5.895 million.

Madam Chairman, ministerial restructuring resulted in the transfer of the Bermuda Casino Gaming Commission to the Ministry of Finance Headquarters. Following this transfer, the Ministry of Finance Headquarters budget allocation in 2019/20 is \$845,000, or 17 per cent, higher when compared to the original estimate for 2018/19. This increase is primarily due to the following: transfer of . . . sorry. I believe that was 2017/18.

This increase is due to the following:

- transfer of the Bermuda Casino Gaming Commission to the Ministry Headquarters, \$500,000;
- a 2.0 per cent salary uplift and increased staff, \$160,000;
- maintenance of the new exchange of tax information portal for the Treaty Unit of \$95,000;
- increasing CARTAC contribution, \$50,000;
- increase in overseas EU consultant costs, \$40,000; and
- increase in training for AML/ATF by the NMLAC, \$35,000.

And these amounts were offset by a reduction in subscriptions.

The budget for Ministry Headquarters includes an operational element for each of the six programme areas within Ministry Headquarters, plus grant funding to the Pension Commission and Gaming Commission.

Madam Chairman, cost centre 20000, Policy Planning and Management, has a \$10,000 decrease to the budget allocation. Madam Chairman, the Policy Planning and Management Unit provides overall direction and management of Ministry Headquarters and supervisory oversight of the five departments in the Ministry of Finance, namely, the Accountant General's Department, HM Customs Revenue, the Office of the Tax Commissioner, the Registrar of Companies and the Department of Social Insurance.

In addition, this unit undertakes strategic planning, administration and other activities associated with the daily operation of the Ministry of Finance

Headquarters. Information technology, financial and administrative support, budget development, accounting, personnel and administration, and general office administration are also included in this cost centre. Finally, the unit also coordinates initiatives in economic diplomacy and organises the review and development of economic and financial policy.

The budget for this unit in 2019/20 is \$1.215 million. This is \$10,000 lower than last year. The budget decrease reflects the removal of the funding for the Assistant Financial Secretary, Policy position, offset by an increase in the CARTAC contribution and overseas professional services fees for relationship management in Europe.

Madam Chairman, Senators are aware that in 2018, the Ministry was involved in continuing the reform of our tax system with the establishment of the Tax Reform Commission. Also, the Ministry continued with its mandate to boost international transparency and credibility through the Fiscal Responsibility Panel [FRP]. Senators will recall that the role of the Fiscal Responsibility Panel is to provide Bermuda's Parliament, Minister of Finance and Financial Policy Council with an annual published assessment of the territory's fiscal strategy, focusing on progress in meeting the territory's medium-term objectives for public spending, taxation, borrowing and debt reduction.

Madam Chairman, the panel had meetings with various institutions and individuals during the course of its discussions in Bermuda during the period November 19th to 24th, 2018. During these discussions, the panel heard views about Bermuda's economic prospects, risks to those prospects and challenges in the short, medium and longer term. While the panel consulted many individuals and organisations, it should be noted that they are an independent panel and the judgments and recommendations made are their own.

During the week of November 19, 2018, the Fiscal Responsibility Panel visited the Island and met with the Ministry of Finance and a wide cross section of Bermuda society, and published its fourth report in December. This was the second report since the change of Government and, importantly, provided an independent assessment of some of our policies.

Madam Chairman, it is pleasing to note that the FRP wrote, "Securing faster growth. *This is a necessary precondition for all other aims*, including making effective progress in debt reduction. The government's aim of diversification away from reliance on insurance and tourism is sensible but will be easier said than done: the island has few natural advantages. But compared with many island competitors, Bermuda has a world-class legal and regulatory structure. The focus on attracting new fintech business is appropriate as long as care is taken not to attract activities that could carry severe reputational risk."

The FRP also noted the following: "Government efficiency. *We welcome the Government's bottom-up approach to improving efficiency*, moving resources to priority areas and looking for ways to improve efficiency across Government, in particular by seeking to develop effective and linked-up IT. We recommend appointing a 'champion' (with possibly a separate champion for improved IT) in the Cabinet Office or Finance Ministry to drive the process and be held accountable for results."

Madam Chairman, the Government shares the FRP's views in these areas of securing faster economic growth and improving government efficiency, which are two of the important cornerstones of the 2019/20 National Budget, along with our commitment to begin reducing our debt next fiscal year.

Madam Chairman, I will now touch briefly on tax reform. Senators will recall in the 2017 Throne Speech, this Government committed to creating a Tax Reform Commission [TRC]. And as a result, the Tax Reform Commission was formed under the Tax Reform Commission Act 2017.

The purpose of the commission was to conduct a review of Bermuda's system of taxation and revenue collection and make recommendations on tax reform to Parliament. More specifically, the Tax Reform Commission was given the following mandate by the Minister of Finance: (1) to examine Bermuda's tax system and determine any measures that may be taken to best enable a system of taxation and revenue collection that is equitable, effective, efficient, competitive and transparent; (2) increase public sector revenue yield from 17 per cent of GDP to a minimum of 20 per cent to 22 per cent of GDP; and (3) prepare and submit a report and recommendations in accordance with section 7 of the Tax Reform Act.

Madam Chairman, a seven-member team was assembled in order for the TRC to be able to carry out its duties, and the report was published on November 17, 2018. The TRC determined that if the proposed tax policy recommendations, which include suggestions for both tax increases and tax cuts, are implemented, an additional yield of approximately \$147 million could be generated over the next two-to-three-year period, increasing government revenue to approximately \$1.26 billion, 20 per cent of GDP, by 2020, compared with 17 per cent of GDP in 2017.

Madam Chairman, some of the more substantive proposed recommendations put forward by the commission included the following:

- a progressive tax on commercial and residential rentals, yielding an additional \$41 million in revenues;
- introducing a general service tax, yielding \$27.5 million in new revenues;
- introducing a withholding tax on overseas services provided locally, yielding \$27.5 million in new revenue; and

- aligning company fees with a company's assessed capital, yielding an additional \$25.5 million in revenue.

Madam Chairman, the Government closely evaluated and then considered all recommendations included in the report. And as per this Government's normal custom and practice, the appropriate consultation with the various stakeholders was conducted before any major changes were made to our tax system.

Madam Chairman, tax reform is nothing new. Senators may recall that the former Government engaged CARTAC to complete a review of Bermuda's tax system and its administration in 2015. The report was completed in September of 2015. Many stakeholders requested access to this document, but the former Government refused to share its contents. This Government tabled the CARTAC review in Parliament on the 6th of October 2017 so that parliamentarians and member of the community could be made aware of the recommendations.

Madam Chairman, the report indicated that the main objective of the tax review was to increase tax revenues. The former Government's preference was to increase the revenue provided by the existing taxes, although it was open to proposals that would expand the tax base and improve equity.

The main goal of the reform was to increase revenues by about \$100 million to \$150 million over a three-year period. This Government did it in a transparent manner with the publication of the Tax Reform Commission report, while the former Government did it behind closed doors with no public scrutiny.

Senators are aware that the Government released the pre-budget report in advance of this budget, and the Policy Unit was heavily involved in the publication of that report. The pre-budget report spoke of the choices we face and discussed them in the context of the risks that we face. In addition, the report contained some policy options that were under consideration by the Government.

Madam Chairman, the Ministry would like to thank all stakeholders who provided submissions during the consultative pre-budget process. It is an example of the approach this Government will take to ensure that we conduct our business in an open and transparent manner.

This report was a tremendous success and fully met its objective to provide greater transparency and public participation in the budget process. In total, just over 50 submissions were received from the public, and the Ministry had numerous meetings with key stakeholders, as well as one public town hall meeting. This report assisted the Ministry in framing the 2019/20 budget, which by all accounts has been positively received by the public. It is the Ministry's firm belief that the release of the pre-budget report was one of the primary reasons for this positive feedback, and we look forward to preparing and releasing the pre-budget report for 2020/21.

The largest share of the \$1.2 million budget for the Policy Unit is professional services and salaries. The salary provision for the Policy Unit is \$366,857. This covers three posts, including the Financial Secretary and two administrative officers. The Assistant Financial Secretary position is vacant and unfunded. The funding for this post was transferred to other units in HQ to cover the cost for increased staffing requirements in those units.

Madam Chairman, changes are ongoing in order to improve the way we approach the handling of public money. The Policy Unit will continue to oversee this transformation of the management of public financial management and will be involved in the following projects in 2019/20:

- continue with the development of an open budget structure to provide more transparency in the budgeting process;
- continue to re-evaluate the Tax Reform Commission to determine if any recommendations will be implemented;
- work with the Cabinet Office to roll out the Government Reform Strategic Plan;
- work with the BCGC [Bermuda Casino Gaming Commission] to progress gaming in Bermuda; and
- work with key business stakeholders to create incentives for companies to increase jobs in Bermuda by providing payroll tax relief for new positions created—the Job Growth Strategy Programme.

Madam Chairman, I will conclude this snapshot of some of the work that is carried out by the Policy Unit within Ministry of Finance Headquarters by noting that this unit is responsible for coordinating all of the legislative items that support the national budget. The process includes providing drafting instructions to the Attorney General's Chambers for Bills, Orders and Regulations; coordinating with other ministries where necessary; and preparing legislative briefs to assist Ministers and Junior Ministers in steering the legislative items through the approval process in the Legislature. There were more than 14 items of legislation associated with the 2019/20 National Budget.

Madam Chairman, the Fiscal Planning and Control Unit, or the Budget Team, is primarily responsible for the management, collection and collation of consolidated fund budget data, the monitoring and control of overall government expenditures on both capital account and current account and the achievement of government revenues. The unit is also tasked with the responsibility of reviewing and developing the government's annual capital expenditure plan. The budget for this unit in 2019/20 is \$518,000, which is \$23,000 more than last year. The Budget Team provides advice and guidance to department heads and controllers on both the formulation of ministry budgets and on budget monitoring and control.

The team provides two formal training sessions each year designed for ministry/departmental staff who have responsibility for budget preparation and/or budget monitoring and control. As part of the budget monitoring and control exercises, all ministries and departments are required to review expenditure performance and to confirm on a monthly basis their current and capital account expenditure performance with the Budget Office.

In November 2018, the Director of Budgets attended a CARTAC regional workshop on fiscal risk management held in St. Kitts. This workshop is a part of CARTAC's commitment to strengthen the capacity of its member countries' efforts for a sound public management system. The workshop covered several fiscal risk components, for example, identifying and analysing the nature and main sources, managing macro-economic risks, including continued liabilities, government assets, guarantees, PPP's, quangos, natural disasters, monitoring and disclosure introduction of IMF, new fiscal stress test, developing a fiscal risk statement and implementing fiscal risk management frameworks. Many of the Government's fiscal risks were identified and disclosed in both the 2019/20 pre-budget and the Fiscal Responsibility Panel's report.

Madam Chairman, the Government has already demonstrated its ability to prudently manage expenditures, which can be seen in the revised current expenditure forecast. The projected 2018/19 operating expenses of the Government are \$932 million, a modest 0.3 per cent increase. This was despite the 2.0 per cent salary increase awarded to some public officers in 2018/19. That, Madam Chairman, is a sign that this Government will be prudent with the spending of public funds.

Madam Chairman, during the finalisation of budgeting packages for the 2019/20 budget cycle, ministries that had submitted their returns had requested a total current and capital account appropriation of \$1.094 billion, some \$100 million above the Finance Ministry's original limit of \$994 million. The Budget Office worked closely with these ministries and, after carefully considering the current level of spending required to operate the government in its current form and the various obligations of the government, managed to reduce the total appropriation to \$991 million.

Controlling government expenditure has been and still remains a focus of the Government. To this end, the Government established an Efficiency Committee to review the functioning of all government departments and to recommend improvements in the efficiency of operations. The Efficiency Committee presented its report to the Minister in September 2018 and has highlighted how savings and greater effectiveness can be obtained by the Government in the areas of financial assistance, purchasing of materials, inventory management and handling of staff vacan-

cies. Looking forward, the Efficiency Committee also emphasised the importance of developing a detailed overall strategic plan to guide spending priorities of the Government over the medium to long term, as critical.

This Government has already . . . (Excuse me, Madam Chairman.)

The Chairman: Do take a sip, Senator Campbell.

Sen. Vance Campbell: The voice is failing. I do not know if I am going to make it.

[Laughter]

The Chairman: You will get there. But you have backup, so do not worry.

Sen. Vance Campbell: The Government has already implemented some of the recommendations of the Efficiency Committee and is carefully considering and quantifying others in advance of the 2019/20 budget cycle.

Madam Chairman, in order to determine high-priority policy programmes, the Budget Office will reintroduce zero-based budgeting in the upcoming fiscal year. Policy prioritisation at the start of the budget process will facilitate a better alignment of the allocation of limited resources with Government's overall policy initiatives and objectives. Zero-based budgeting is a method of budgeting in which all expenditures must be justified, along with a systematic review of the performance of current programmes.

The fundamental aim of zero-based budgeting is to reflect the current and proposed future programmes and services required by the Government's national plan. This budget process allows the Government to examine methods for allocating limited resources in order to identify the most efficient and effective methods for utilisation of resources in the achievement of specific goals and targets.

A salary provision of \$412,190 accounts for 83 per cent of the Budget Team's allocation for 2019/20. The provision covers the posts of Director of Budget, Principal Budget Officer, Budget Officer and Budget Assistant. For the fiscal year 2019/20, the department has set objectives to

- provide support for the open budget process, enhanced by the monitoring and reporting to Cabinet;
- provide support to the Efficiency Team, which will continue to scrutinise spending across all individual departments and formulate action plans to increase efficiencies, thus reducing future costs;
- re-introduce zero-based budgeting; and
- bring all supplementary appropriations current.

The Regulatory Unit, cost centre 20020, sees an increase of \$120,000. The budget for this unit in 2019/20 is \$436,000, an increase of \$120,000. The Regulatory Unit is the lead policy division within the Ministry of Finance Headquarters in relation to the Financial Services sector. The Regulatory Unit is accountable to the Financial Secretary for the effective discharge of the Unit's function and, through the Premier and Minister of Finance, to Cabinet and Parliament. The head of the Unit, the Assistant Financial Secretary-Regulations, carries out the Minister's financial services policies through the Ministry of Finance, the Bermuda Monetary Authority, the Attorney General's Chambers, the National Anti-Money Laundering Committee, the Bermuda Public Accountability Board and specialist global partners.

The Regulatory Unit operates in response to a broad range of opportunities and risks, which allows the Ministry to contribute actively to a continuous flow of information on potential threats and opportunities to Bermuda and its reputation. These opportunities and risks are constantly changing. The Regulatory Unit's planned response to these challenges through various goals focuses on advancing the Unit's priorities and reflecting the outcomes that the people of Bermuda deserve.

These goals are to (1) ensure and support the fair, impartial, efficient and transparent development of regulation at the national and international levels; (2) strengthen capacity to secure regulatory solutions to economic security issues; and (3) strengthen public diplomacy and support bilateral and multilateral engagement.

The Regulatory Unit is involved in virtually every policy and management area, from regulatory reform and financial stability to anti-money laundering and trade and development issues at home and abroad. The scope of the Regulatory Unit's activities are as follows:

- to support the Minister of Finance and the Financial Secretary in coordinating the financial services regulatory policy initiatives of the Government;
- to oversee the Ministry of Finance component of the financial services legislative programme, together with the Bermuda Monetary Authority and the Ministry of Legal Affairs;
- to provide policy advice to the Financial Secretary and the Minister of Finance on anti-money laundering policy initiatives, together with the National Anti-Money Laundering Committee, pursuant to section 49 of the Proceeds of Crime Act 1997;
- to provide policy advice to the Minister of Finance and the Financial Secretary on matters related to the regulatory component of financial services and audit directives issued by the European Union, together with the Cabinet

Office, the Brussels office, the London office and EU specialists; and

- to provide policy advice to the Insurance Advisory Committee on matters related to the insurance sector.

In this environment of declining resources, the Regulatory Unit is uniquely positioned at the intersection of the financial services industry, regulatory and law enforcement agency, as well as domestic and global partners. The unit is able to network these varied perspectives to bring a comprehensive insight into the development and protection of our economic security. This unique position allows the unit to develop and support multiple partnerships that have a broad domestic and international impact. In order to achieve its priorities, and pursuant to the Ministry of Finance legislative agenda, the Bermuda Monetary Authority business plan, the Ministry of Finance EU engagement strategy and the National Anti-Money Laundering strategy, the Unit will undertake the following key strategic ownership goals in 2019/20, as follows:

Matters related to the European Union.

[Noise from electronic device]

Sen. Vance Campbell: Madam Chairman, I assure you, that is not the plan.

[Laughter]

The Chairman: While we are having a giggle, and while you pause for a minute to rest your voice—

Sen. Vance Campbell: Although it does not sound like a bad plan.

ANNOUNCEMENT BY THE CHAIRMAN

SENATE VISITORS

The Chairman: I would just like to welcome the Junior Minister of Finance, Mr. Wayne Furbert, to the Chamber, and also the Financial Secretary, Mr. Anthony Manders.

Gentlemen, you are both very welcome.

[Committee of Supply, continuing]

Sen. Vance Campbell: Matters related to the European Union. The Unit's goal is to lead efforts to coordinate Bermuda's compliance with the European Union audit directive, together with the Bermuda Public Accountability Board. This work includes the completion of the European Commission's 2018 technical review of Bermuda's audit framework.

The Unit will work with the Assistant Financial Secretary on treaties to coordinate the Finance Ministry's response to the EU Code of Conduct Group's work on developing a common EU list of noncoopera-

tive tax jurisdictions. This includes providing technology and strategic advice on all aspects of Bermuda's corporate and regulatory framework.

The Unit will work with the Financial Secretary in the Treaty Unit to complete and coordinate the Ministry of Finance EU engagement strategy, together with the Cabinet Office, the Bermuda Monetary Authority, the Brussels office and EU counsel. This will include preparation for annual visits by the Minister of Finance to meet with key EU stakeholders. This work also includes working with public and private sector stakeholders, participation in strategy sessions and expansion of the analytical support efforts to public and private sector stakeholders.

Matters related to the Financial Action Task Force standards. The Unit's goal is to contribute to and support the implementation of Bermuda's Anti-Money Laundering strategy, together with the National Anti-Money Laundering Committee. This work includes the provision of strategic and policy advice, as well as the completion of various technical effectiveness and risk assessments. This work also includes preparation for the next phase of Bermuda's AML/ATF assessment in 2019.

To maintain momentum, the Assistant Financial Secretary of the Regulatory Unit was appointed to the NMLAC CFATF Assessment Task Force, with effect from August 2017. The Assistant Financial Secretary will continue to represent the Ministry of Finance on the following NMLAC committees:

- the Legislation Committee;
- the National Threats and National Vulnerabilities Committee;
- the Supervisory Committee;
- the Sanctions Committee; and
- the Proliferation Committee.

[The Unit will] work with the Ministry of Finance Teams, the Bermuda Monetary Authority and the Cabinet Office on matters related to transparency and beneficial ownership of legal persons and legal arrangements.

Madam Chairman, matters related to the United Kingdom. The Unit will work with the Cabinet Office on matters related to Brexit and the Financial Services sector, together with the Bermuda Monetary Authority and specialist partners. This work includes the provision of tactical and strategic advice on matters related to equivalence in a post-Brexit environment.

The Unit will work with the Ministry of Finance team, the Ministry of Economic Development, the Bermuda Monetary Authority, NMLAC and the London office on matters related to the implementation of the exchange of notes between the Government of the United Kingdom and the Government of Bermuda, irrespective of the sharing of beneficial ownership information on a by-request basis, dated 9th of April 2016. This work includes amendments to the beneficial ownership framework as required.

The Unit will work with the Ministry of Finance team, the Bermuda Monetary Authority, NMLAC and the London office on matters related to the commitment given by the Government of Bermuda to the Chancellor of the Exchequer dated 9th of May 2016, to exchange beneficial ownership information on an automatic basis. This work includes the provision of technical and strategic advice on the development of a global standard by the G20.

Matters related to the Organisation for Economic Cooperation and Development (the OECD). The Unit will work with the Treaty Unit to coordinate the response of the Ministry of Finance to the 2016 OECD exchange of information peer review of Bermuda. This includes providing technical and strategic advice on all aspects of Bermuda's corporate and regulatory framework. This also includes participation in onsite and offsite meetings with the OECD, together with the private sector, NMLAC and the Bermuda Monetary Authority.

Matters related to the United States of America. The Unit will work with the Cabinet Office to enhance the Bermuda-US engagement strategy. This work includes the provision of technical and strategic advice on matters related to financial services.

The list of international commitments may seem daunting, but they are critical to maintaining a strong reputation. In 2018 and 2019, the Regulatory Unit was primarily focused on matters related to beneficial ownership and transparency, tax transparency, together with the matters related to Bermuda's CA-FATF AML/ATF assessment and economic substance. Additional milestones achieved by the Regulatory Unit, 2018/19, include completion of the Ministry of Finance component of 17 regulatory and development policy initiatives in the areas of financial services, FinTech, anti-money laundering and economic substance; completion of training in advance of project management, FATF standards and OECD economic substance requirements.

The Regulatory Unit serves seven different markets with different dynamics. With this background, the Unit has consistently demonstrated its capacity to manage across functions and encourage colleagues and stakeholders to unify around common goals. The Unit's primary role forward in the next year will be to continue to work with NMLAC agencies and the Treaty Unit to meet Bermuda's international commitments.

Madam Chairman, Bermuda faces a number of external tax and regulatory threats. These threats pose a real and present danger to our economy. During the upcoming year, additional funds have been provided to the Regulatory Unit to hire a policy advisor in order to protect our economic security. A salary provision of \$357,094 accounts for 83 per cent of the Regulatory Unit's allocation for 2019/20 which covers three posts, including the Assistant Financial Secre-

tary, Regulatory Unit, a post advisor, and one administrative officer.

Economic and Financial Intelligence, 20030, shows a decrease of \$47,000. Madam Chairman, the Economic and Financial Intelligence Unit provides research and analysis of economic and financial conditions to help facilitate sound decisions on public policy and fiscal management. Responsibilities of the staff in the Unit include economic forecasts, economic modelling, projections of GDP and the development of key economic indicators. Analysis and commentary on economic and financial statistics are provided in an annual . . . *[coughing]*

The Chairman: Do you need a backup plan right now, Senator Campbell?

Sen. Vance Campbell: We may have to put a backup plan into place.

[Laughter]

The Chairman: You have willing backups.

Sen. Vance Campbell: Not until they start reading. Then they will become less willing, I am sure.

[Laughter]

The Chairman: Okay.

Sen. Vance Campbell: This is exciting stuff, is it not? I see you over there getting all worked up, you know. Exciting stuff.

[Inaudible interjection]

The Chairman: Please continue, Senator Campbell.

Sen. Vance Campbell: Analysis and commentary on economic and financial statistics are provided, and an annual and mid-year review and outlook are produced. The budget for this Unit in 2019/20 is \$422,344, which is \$47,000 less than the budget allocation for 2018/19.

Madam Chairman, the Unit also manages the relationship with credit rating agencies and is responsible for government debt management policy. Madam Chairman, the Unit constantly reviews our debt management policy in order to take advantage of favourable market conditions. When financing the deficit, the Ministry's most important objective is to provide the Government with stable financing at minimal costs under the prevailing market conditions. The Economic and Financial Intelligence Unit therefore maintains relationships with both domestic and international banks in order to be kept abreast of capital market developments. It will provide an opportunity to either refinance current government debt at less ex-

pensive rates and/or provide the best opportunity in which to finance the current year's fiscal deficit.

As mentioned in the 2019/20 budget, Government will not incur new borrowing, as there will be a fiscal surplus. However, the Unit will work with financial institutions to determine if it makes sense to refinance current government debt at a lower interest rate.

Madam Chairman, the Unit also provides advice to various government boards and is closely involved in the administration of numerous Customs duty relief regimes, including duty relief provided to hotels, restaurants and retailers. In addition, this Unit oversees the public pension funds, along with the Bermuda Public Funds Investment Committee.

Madam Chairman, the investments of the Public Sector Pension Plans continue to perform well. I can report that, as of December 31st, 2018, the contributory pension fund [CPF] assets totalled \$1.767 billion versus \$1.898 billion in 2017. Meanwhile, the public service superannuation fund [PSSF] assets totalled \$575.9 million in 2018 versus \$622.1 million in 2017. For 2018, the contributory and superannuation plans posted returns of 3.0 per cent and minus-2.2 per cent, respectively. The contributory pension fund trailed the policy index by 0.6 per cent, while the superannuation fund exceeded the policy index by 0.3 per cent. Three- through ten-year returns for the funds all outperformed the actuarial required rates of return. In the short term, the CPF and the PSSF are in good financial shape. As at December 31st, 2018, the CPF total assets represented approximately 11.1 times the annual value of benefits to be paid in the fiscal year, while the PSSF assets represented approximately 7.2 times the annual value of benefits.

Madam Chairman, economic diversification in the Bermuda context can be defined as the process of shifting the economy away from a dual-income source to multiple sources from a growing range of sectors and markets. The importance of diversifying the local economy is to encourage positive economic growth and development. In a nutshell, economic diversification increases the resilience of an economy. In the Minister's Budget Statement, he outlined the challenges we face as a country and how these challenges, which emanate from both international and domestic sources, can pose significant risk to our economy if not managed judiciously. With this in mind, the Economic and Financial Intelligence Unit will continue to work with various stakeholders on legislation that will facilitate the expansion of the banking sector.

Having in 2018 made amendments to the Banks and Deposit Companies Act 1999, allowing for different licences and classes of banks to facilitate financial institutions that not only can create additional jobs, but also can provide FinTech businesses with banking services, the next step will be to determine if the amendments were adequate enough or too re-

strictive, and thus hamper rather than encourage new quality entrants.

Madam Chairman, in the Minister's budget brief, he also mentioned that Government will do two things to help reduce the mortgage pressures for hardworking Bermudians. Firstly, by working with private sector banks to pilot a mortgage guarantee programme, and secondly, by creating a government-backed mortgage lender to relieve pressure on public sector employees by providing them with reduced mortgage rates. The unit will be the key driver of turning these two ideas into reality.

Madam Chairman, other notable tasks to be achieved by the Economic and Financial Intelligence Unit in the upcoming fiscal year include reviewing the Government's debt management policy and making any changes deemed appropriate; continuing work with the Attorney General's Chambers and the Bermuda Pension Commission to amend the National Pension Scheme (Occupational Pensions) Act 1998 in order to introduce new provisions, as well as to enhance existing provisions; continue to work with CARTAC to develop econometric models for the forecasting of key economic indicators and government's medium-term fiscal data; continuing to work with the Government Employees Health Insurance Committee to assist in redesigning the health plan; conducting a review of our pension arrangements to determine whether public and private pensions are set at appropriate levels; continuing the review of all government pension plans to determine sustainability of the funds; and work with the Ministry of Health on the financing of the health care reform.

The salary provision of \$299,664 covers two posts, including Assistant Financial Secretary, Economics and Finance; and the Economic Advisor. The other major item of cost in this unit is a provision for consulting services for special studies of \$99,500.

Treaty Management and Administration, 20040, sees an increase of \$120,000. Madam Chairman, the budget for the Unit in 2019/20 is set at \$1,002,000, an increase of \$120,000 from last year's budget of \$882,000. This increase is related to ongoing costs of the new exchange of information portal for the automatic exchange of information for tax purposes, which went live in June of 2017; and one additional staff member, a senior automatic exchange of information officer, to assist in the administration of the portal and all matters related to automatic exchange of information. This will bring the Treaty Unit's resources to a total of four staff.

Madam Chairman, the Treaty Unit is responsible for the following areas:

1. negotiating tax information exchange agreements, other agreements relating to tax information exchange, and associated agreements with member countries of the EU, G20 Organisation for Economic Cooperation and Development, and other countries;

2. being responsible for relationship management regarding tax matters with the USA, European Commission and members of the European Union; and additionally,
3. the Unit manages and administers requests for exchange of information on the by-request basis and on the automatic exchange of information basis.

Madam Chairman, the work of the Unit continues to diversify from the original core activity that led to its creation, i.e., the processing of international tax cooperation EOIR [exchange of information on request], to now include the growing global regime for AEOI, which is the automatic exchange of information. (The EOIR is the exchange of information on a by-request basis.)

Madam Chairman, since the Treaty Unit's formation in 2007, global cooperation in tax matters has intensified significantly. I only need mention the economic substance, and everyone will immediately understand the intensified threat. The EU noncooperative jurisdictions' initial threat of December 2017 is ongoing and will continue for at least the next few years with assessments by both the EU and the OECD in monitoring and assessing the noncooperative jurisdictions list begun by the EU. This is clear evidence of the intensification of this threat, and it may therefore be necessary to add even further resources to the Treaty Unit.

Madam Chairman, the proactivity of the Treaty Unit has included continued negotiation of tax information exchange agreements, both multilateral with now over 120 treaty partners and bilateral, and other agreements relating to tax information exchange and associated agreements. This represents a global network of treaties, inclusive of member countries of the EU, G20, OECD and other jurisdictions. This outreach included fostering good relations with the OECD and several treaty partners that enabled Bermuda to make FinTech presentations at the OECD and for the Premier to hold a bilateral meeting with a treaty partner at the political level at the Davos 2019 conference.

At the same time, Bermuda, through the Treaty Unit, had accomplished a number of firsts in signing key tax agreements and joining important OECD tax committees. And Bermuda attained France's White List for France's country-by-country tax-related automatic exchange of information regime, the first UK Overseas Territory to attain France's country-by-country White List. These accomplishments were made possible through relationship-building with tax officials in key countries and proactively signing appropriate tax agreements whereby these accomplishments have distinguished us, apart from other jurisdictions, and created what the Ministry refers to as the "Bermuda standard."

Madam Chairman, it is critical for Bermuda to hold onto our "largely compliant" rating for implementation of international standards of transparency and

exchange of information for tax purposes by the OECD Global Forum. As it should be noted, an OECD rating of less than “largely compliant” in the areas of exchange of information on the by-request basis and exchange of information on the automatic basis would negatively impact the EU Code [of Conduct] Group’s noncooperative jurisdictions list criteria.

[Crosstalk]

The Chairman: Senator Caesar is going to assist at this point.

Just so that everyone is aware, we have about 58 minutes left. And we are on the first head.

Sen. Crystal Caesar: Okay.

Madam Chairman, fiscal year 2019/20 will be an important and busy time for the Treaty Unit as the country continues further negotiations with the EU Code of Conduct Group and will be subjected to assessments by it, as well as the OECD, for compliance with economic substance, as well as the automatic exchange of information standard.

The salary provision for the Treaty Unit in 2019/20 is \$439,572. The other major recurring item of cost in this unit is for the ongoing cost of the new exchange of information portal travel for attendance at the OECD Global Forums, meeting with European Commission officials in Brussels and OECD officials, relationship-building with tax officials in key countries, and being proactive in identifying when there is need to negotiate and sign new treaties to protect Bermuda’s interests.

Office of the National Anti-Money Laundering Committee, 20100. Madam Chairman, the purpose of the office of the National Anti-Money Laundering Committee, or office of NMLAC, is to provide secretariat support to NMLAC, coordinate and manage the administration of NMLAC national initiatives such as the assessment of Bermuda’s national money laundering and terrorist financing risks, and reviews of Bermuda’s anti-money laundering and anti-terrorist financial regimes by external bodies. The office works with NMLAC member agencies to ensure that Bermuda has a strong, effective regime to combat money laundering, terrorism financing and the financing of proliferation, and also collaborates with international counterparts in support of Bermuda’s efforts to help address these issues on a global scale.

The office of NMLAC’s budget for the fiscal year 2019/20 is \$802,000, representing an increase of approximately \$139,000 over the 2018/19 allocation. The additional allocation will provide funding for NMLAC’s critical programme, a key focus of which is the finalisation of the report arising from the current assessment of Bermuda’s compliance with global standards for the combating of money laundering, terrorist financing and the financing of proliferation. Activities towards this end have been part of the office’s

programme over the last three fiscal years, but were funded during that period by an allocation made from the Confiscated Assets Fund in 2016, with the balances managed and rolled over into each successive year. Those funds are now depleted, necessitating a budgetary allocation to support the continuation of this vital work.

Madam Chairman, during the financial year 2018/19, the assessment of Bermuda’s anti-money laundering and anti-terrorist financing regime went into high gear. This assessment is being carried out by a team of assessors under the leadership of the Caribbean Financial Action Task Force (CFATF). During this period, Bermuda had to send the CFATF assessment team written submissions on the effectiveness of the regime, and also had to participate in the assessor’s onsite visit to Bermuda. Therefore, a key focus for this year, 2018/19, for the office of NMLAC has been to coordinate the preparation of Bermuda’s written submissions and to make the preparations for, and manage, the administrative arrangements in relation to the onsite visit of the assessment team.

In the meantime, the office was simultaneously taking steps in conjunction with NMLAC to drive the policy and legislative development activities, which were required to close identified gaps in the regime. Following the conclusion of the onsite visit, Bermuda received the first draft of the mutual evaluation report from the assessors. And the office continued its role in organising and managing the review of, and response to, that report. The Chair of NMLAC, supported by the office team, kept Cabinet and the relevant Cabinet committee apprised of all of the developments throughout this review. This also entailed an articulating on behalf of NMLAC agencies in providing recommendations in relation to strategic matters of concern that required Cabinet’s attention.

As part of Bermuda’s preparations for the various stages of the assessment, which had commenced in the previous fiscal year, the office also continued to provide support to NMLAC agencies through facilitating ongoing technical training and guidance to such agencies by international experts in AML/ATF matters. These experts have assisted and continue to provide support to NMLAC teams in preparing submissions and in developing strategies and action plans to address remaining technical issues.

Madam Chairman, during this same period, the Bermuda team achieved a significant milestone with the publication, for the first time, of a report on Bermuda’s national money laundering and terrorist financing risk. This document provided a consolidated report on the findings of the national risk assessment on terrorism, financing and money laundering, respectively, which were conducted by NMLAC in 2016 and 2017. This was a critical component underpinning Bermuda’s work to achieve technical compliance with international standards, and the report was part of the

information considered by the assessors and the assessment, which is underway.

More important, the work carried out in these risk assessments as well as the public communication to stakeholders of the findings have been important components of Bermuda's ongoing development of a truly risk-based AML/ATF framework.

Madam Chairman, the approval of a report that fairly rates and represents Bermuda's AML/ATF regime will be a critical area of focus for NMLAC during this financial year. Given the important outcome of this assessment to Bermuda's ongoing economic success, the office of NMLAC will be required to play a leading role in the coordination and facilitation of all aspects of this work. However, other components of Bermuda's AML/ATF programme will also have to be advanced during this time. Therefore, the key initiatives that the office of NMLAC team will be working on in financial year 2019/20 are as follows:

- In accordance with the CFATF assessment procedures, coordinating the participation of NMLAC agencies in identifying and appropriately managing issues noted in Bermuda's draft Mutual Evaluation Report, preparing submissions in response and in having meaningful deliberations and negotiations with the CFATF assessment team in relation to the draft report.

Bermuda will receive the second draft of the Mutual Evaluation Report (or MER) early in the new fiscal year and then will be required to provide a comprehensive response to the assessors on this draft. Prior to the issuing of the next draft report, a series of focused discussions and deliberations facilitated by the office will be required, consisting primarily of conference calls and a face-to-face meeting between the Bermuda team, the assessors and the secretariat.

The third draft of the report will be provided by the assessors in mid-September and will be subject to discussion and approval by the CFATF plenary in November.

- Coordinating the preparations of Bermuda team's presentation and submissions at the CFATF working group meetings and plenary in November 2019 to facilitate the best outcomes in those discussions.
- Coordinating and facilitating Bermuda's communication with the assessment team and the secretariat in relation to the plenary and working document.
- Coordinating and facilitating Bermuda's participation in and responses to issues raised during the global quality and consistency review of the Mutual Evaluation Report after the CFATF plenary in November 2019 and into early 2020.
- Facilitating the management of Bermuda's AML/ATF 2019/20 legislative agenda to seek parliamentary approval in relation to the mat-

ters on the national action plan that require legislative action. The items on the legislative agenda are intended to address a few remaining gaps to fully align the legislative framework with the requirements of the international standards, as well as to strengthen the effectiveness of Bermuda's regime.

- Managing NMLAC's calendar of events, which has already been planned for the calendar year 2019 to include the review and update of the national AML/ATF policy and the national AML/ATF strategy and action plan, and commencement of planning for the next terrorist financing and money laundering national risk assessment. And finally;
- Assisting in the implementation and advancement of the initiative in the national strategy and action plan.

In order to progress all of these initiatives, the chair and office team will continue to work closely with the National Anti-Money Laundering Cabinet Committee, NMLAC member agencies and other stakeholders.

The salary provision for the office of NMLAC in 2019/20 is \$452,317. There have been specific new allocations for overseas consultants of \$75,000, and local training of \$15,000 to allow the office to continue to provide technical support for NMLAC's work, using recognised international specialists. The other major recurring item of cost in this unit is for travel for attendance at international conferences, including CFATF plenaries and Bermuda's annual membership contribution to the CFATF, \$57,400.

Madam Chairman, the estimated cost of operating the Ministry of Finance Headquarters in 2019/20 is approximately \$5 million, 41 per cent of which is accounted for by salaries, or \$2,391,000. The salary allocation is apportioned between the functional units in the Ministry Headquarters, as follows:

- cost centre 20000, Policy Planning and Management, \$377,000;
- cost centre 20010, Fiscal Planning and Control, \$447,000;
- cost centre 20020, Regulatory Unit, \$357,000;
- cost centre 20030, Economic and Financial Intelligence, \$305,000;
- cost centre 20040, Treaty Management, \$444,000; and
- cost centre 20100, Office of NMLAC, \$462,000.

Training. This funding is used for training and continuous professional development of Ministry Headquarters staff. The increase is mainly due to increased training requirements for the NMLAC office. This training is required for preparation of the CFATF assessment in 2018/19. There will also be training needs for new staff in the Treaty Unit in relation to the exchange of information portal.

Travel has had no change, at \$136,000. And this allocation makes up for provision for travel costs in connection with relation to maintenance in the United States, the United Kingdom and Europe. Travel involved for overseas treaty negotiations, OECD meetings, EU Code of Conduct meetings, and NMLAC travel to CFATF plenaries are also covered in this allocation. The international environment for Bermuda is currently hostile through no fault of our own. Therefore, more than ever it is critical that we travel and actively engage in the appropriate places in the appropriate forums, and in the appropriate manner to get the Bermuda story out there.

Communications, at \$39,000, also had no change. This is to provide for the cost of telephone accounts, which are now devolved into two departments, having previously been paid centrally by the Ministry of Works and Engineering. Advertising and Promotion, as well, no change at \$8,000. The Ministry had previously placed advertisements and/or supplements in quality business journals, magazines and newspapers that had the high likelihood of being read by senior executives in the C-suite of their organisations. This advertising is now mostly performed by the Business Development Unit within the Ministry of Economic Development, but the Ministry still places some supplements. Therefore, funding is allocated.

Professional Services increased by \$45,000 to \$1,025,000. Professional Services is allocated across the following programmes in the Ministry of Finance Headquarters [and includes]:

- Policy Planning and Management, \$580,000;
- Regulatory Unit, \$40,000;
- Economic and Financial Intelligence, \$80,000;
- Treaty Unit, \$75,000; and
- Fiscal Planning, \$25,000.

A core sum of \$300,000 is earmarked for maintaining effective relationships in Europe. With the ever-increasing external threats to our economic survival, it is crucial that we aggressively engage with the relevant entities. These consultants help the Government to actively engage in the appropriate places, in the appropriate forums, and in the appropriate manner to get the Bermuda story out there, as I said previously.

This allocation also includes funding for the work of the Fiscal Responsibility Panel and the Efficiency Committee. Also, the Ministry has to provide the Bermuda Public Accountability Board with funding to cover consulting expenditures associated with the costs for the Canadian Public Accountability Board to undertake inspections of Bermuda's public-based accountants. And there has been an increase in legal fees for lawyers who represent the Treaty Unit.

Rentals, at \$12,000, has not changed. And this allocation provides for leasing of the photocopier and other rental equipment.

Materials and Supplies has decreased by \$21,000, to \$84,000. This provision funds general of-

ice supplies, as well as printing costs of the three budget documents, namely, the Budget Statement, Economic Review and the Approved Estimates of Revenue and Expenditure, all of which are competitively tendered each year. The change is due to the better procurement of goods and supplies and a reduction in printing costs.

The line item under Expenses, there was an increase of \$30,000 to \$183,000, and this includes an annual membership fee to the Caribbean Regional Technical Assistance Centre, or CARTAC. This membership allows the Government to participate in various workshops and conferences at no additional cost. And an annual contribution to the OECD Global Forum for Transparency and Exchange of Information for Tax Purposes is also included in this allocation. The amount also represents miscellaneous items, including subscriptions for journals, periodicals and other online news and information-monitoring sites and board fees. The change is due to an increase in the CARTAC contribution offset by lower subscription costs.

Grants and Contributions. There is an increase of \$500,000 to \$1.557 million. The 2019/20 budget of \$1.557 million is made up of the following items: Grants to the National Pension Commission of \$1 million, the Bermuda Casino Gaming Commission of \$500,000 and CFATF at \$57,000. The increase is due to the transfer of the Bermuda Casino Gaming Commission (or BCGC) to the Ministry of Finance. The Ministry will provide a \$500,000 grant to the Gaming Commission to cover their operations. The Commission will seek external financing with local institutions to cover their other operational costs.

Can you bear with me one second? I am just trying to make sense of what I am reading.

The Chairman: Of course. While you are doing that, I will just give a time check. We have roughly 40 minutes left. And we have two more heads to cover in this Ministry. And we would like some time for questions, if possible.

[Crosstalk]

Sen. Crystal Caesar: Sorry.

The Chairman: Thank you, Senator Caesar.

Sen. Crystal Caesar:

The department generates revenue of \$400,000, and this represents a guarantee fee for the \$165 million Morgan's Point guarantee.

There are capital acquisitions in cost centre 76152, which is the National Trust furnishings fund of \$25,000. It is unchanged. This provision is to fund new furnishings for the public rooms at Government House.

Cost centre 76153, the National Trust Maintenance Fund, again unchanged at \$5,000. This provision funds the refurbishment of furnishings for the public rooms at Government House.

And cost centre 76867, the OECD Common Recording System, an increase of \$55,000 to \$95,000. This represents the ongoing capital cost associated with the specialised web portal for USA FATCA [Foreign Account Tax Compliance Act] and OECD country-by-country recording and common reporting standards.

I will now briefly discuss the Pension Commission and the Gaming Commission.

The Chairman: I believe the items you just mentioned are on page C-10, for people who are still trying to catch up.

Sen. Crystal Caesar: All right. Okay. Madam Chairman, on page C-16, the Pension Commission. The Pension Commission is a corporate body established under the National Pension Scheme (Occupational Pensions) Act 1998 and has the following functions:

- to administer the Act and the regulations;
- to consider and determine applications for the registration of pension plans;
- to consider and determine financial hardship withdrawal application;
- to promote and ensure compliance by pension plans with the provisions of the Act and regulations;
- to monitor the administration and funding of pension plans and to enforce the provisions of the Act and regulations in respect of administration funding;
- to verify the payment of benefits under pension plans;
- to promote public education on pension plans and their benefits;
- to advise the Minister on any other matter relating to pensions, including the development of laws relating to pension plans;
- to provide such information relating to its functions as the Minister may require;
- to investigate complaints relating to a pension plan and a pension fund; and
- to perform any other functions provided for in or under this Act.

[Sen. James S. Jardine, Chairman]

Sen. Crystal Caesar: Mr. Chairman, I will move on to the Bermuda Casino Gaming Commission.

The Bermuda Casino Gaming Commission is an independent corporate body established under the Casino Gaming Act 2014. Bermuda has introduced the integrated resort casino model of gaming, which is aimed at providing an exciting entertainment option for

resort guests and locals to enjoy responsibly. Gaming will be offered as an amenity at the resort in addition to others such as dining, spas and shopping.

Mr. Chairman, if you would just bear with me, I am going to try and whittle down some of this so that we do have some time for questions.

The Chairman: Thank you very much, Senator.

[Pause]

Sen. Crystal Caesar: Mr. Chairman, in the interest of time, that is all I will say on the Bermuda Casino Gaming Commission.

I would like to move on to Head 58.

The Chairman: That is on page B-138?

[Inaudible interjections]

Sen. Crystal Caesar: You will have to bear with me. I am jumping in, so I am doing the best I can.

The Chairman: Thank you, Senator. You are doing very well.

HEAD 58—INTEREST ON DEBT

Sen. Crystal Caesar: Okay. Head 58 is Interest on Debt, page B-138. And there was a decrease of \$7.5 million, or 6 per cent, to \$116.5 million.

Mr. Chairman, the 2019/20 budget allocation for interest on debt, as I said, is \$116.5 million. The 2019/20 estimate of that amount represents the ongoing debt service cost for the following debt instruments: The first is US\$100 million of a Government of Bermuda private placement note due on May 1st, 2019, at an interest rate of 7.38 per cent, annual interest \$7.38 million. And the interest for 2019/20 will be \$1.2 million as the notes mature on May 21st, 2019.

The second is US\$80 million Government of Bermuda private placement note due on November 10th, 2019, with an interest rate of 5.93 per cent, annual interest of \$4.744 million. The interest for 2019/20 will be \$3.01 million as the notes mature on November 10th, 2019.

Next is US\$140 million unsecured senior notes maturing on December 4th, 2022, with an interest rate of 5.73 per cent, annual interest of \$8.2 million.

The following is US\$475 million unsecured senior notes maturing on January 3rd, 2023, with an interest rate of 4.138 per cent, annual interest of \$19.66 million.

Moving on, there is a BD\$50,000 local bond maturing on December 16th, 2023, with an interest rate of 4.75 per cent, annual interest of \$2.375 million.

Next is US\$550 million unsecured note, maturing on February 6th, 2024, with an interest rate of 4.854 per cent, annual interest of \$26.7 million.

Next is US\$665 million unsecured senior notes maturing on January 25th, 2027, with an interest rate of 3.717 [per cent], annual interest of \$24.7 million.

And finally, US\$620 million unsecured senior notes maturing on November 1st, 2029, with an interest rate of 4.75 [per cent], annual interest of \$29.45 million.

And that ends my contribution on Head 58, Interest on Debt.

HEAD 59—SINKING FUND

Sen. Crystal Caesar: Moving on, Mr. Chairman, to Head 59, Sinking Fund, page B-139.

The Sinking Fund had a decrease of \$64,223,000 (they were dollars this year. Mr. Chairman). Effective March 31st, 1993, the Government Borrowing Sinking Fund (or GBSF) was established as a separate legal entity for the repayment of government borrowing under the provisions of the Government Loans Act 1978. During each financial year, the Consolidated Fund of the Government is required to pay to the GBSF 2.5 per cent of the public debt outstanding in the Consolidated Fund at the end of the preceding year.

Until the Government Loans Act of 1978 was amended in 2009, the GBSF was only to be applied to reduce or cancel public debt. The assets are invested in accordance with the Public Funds Act 1954 and are shown as a reduction of debt issued on the Consolidated Fund Statement of Financial Position. The assets are currently invested in US Government and agency securities, investment-grade corporate securities and money market funds. The primary objective of the investment strategy of the assets of the Sinking Fund is principal protection. The one-year return of the fund as of February 28, 2019, was 2.47 per cent.

At the end of this fiscal year, it is anticipated that the Sinking Fund balance will total approximately \$217.8 million. During fiscal year 2019/20, a total of \$180 million of the proceeds in the fund will be used to repay two tranches of maturing private placement notes. This will reduce our interest costs by \$12.1 million per year and lower our weighted average cost of borrowing from 4.591 per cent to 4.437 per cent.

Mr. Chairman, in uncertain times, fiscal rules must accommodate volatility in the funds available for future budgets. Sluggish international growth may continue to limit Bermuda's ability to increase the GDP, generate or sustain employment opportunities, and increase government revenues to support the provision of services. On occasion, there is a financing gap between the stimulatory policies that we would like to see in place to protect jobs and the policies that we can finance from revenue. Governments

must either borrow funds to bridge this financing gap, or they must cut spending to accommodate the actual revenue.

Spending reductions ultimately result in public sector downsizing, which creates weaknesses in the private sector. Mr. Chairman, over the last decade, Bermuda has experienced recurring budget deficits and a growing national debt, coupled with periods of negative economic growth. Significant attention has been focused on our approximately \$2.5 billion of debt, with calls to reduce expenditure, deficits and, consequently, the debt.

The Government is mindful of the effects of the debt burden on the country's fiscal posture and is taking the necessary steps to prudently manage our debt through strategic financings designed to lower interest costs, extend maturities and reduce debt while providing the Government with the space to execute on its economic growth strategy.

Mr. Chairman, as announced in the 2019/20 budget, due to the uncertainties facing the Bermuda economy, mainly in relation to economic substance requirements, the Government reconsidered our fiscal strategy for the 2019/20 budget, as laid out in the Pre-Budget Report. Accordingly, as announced, the Government will suspend the mandatory annual contribution to the Sinking Fund rather than borrow additional monies to make this annual contribution.

This decision has been made in light of the following factors: Apart from the private placement notes referenced above, the next maturity of government debt will occur in 2022. The interest expense associated with borrowing to fund the mandatory Sinking Fund contributions will be greater than the investment return generated on those funds, and the Government is forecasting continued operating surpluses, which it intends to contribute to the Sinking Fund for use to make open-market purchases of its existing indebtedness.

Mr. Chairman, the Government Borrowing Sinking Fund is still an important part of the Government's debt management policy, as its primary purpose is to reduce or cancel public debt. Mr. Chairman, all we are doing is inserting a level of flexibility in the process to allow government to make the appropriate responses during times of uncertainty. In this case, instead of having to borrow in order to make a mandatory contribution of \$67 million in the fiscal year, we are proposing the following: Cancel the mandatory contribution of \$67 million to the Sinking Fund. Make a contribution of up to 75 per cent of the 2019/20 surplus in the 2020/21 fiscal year. During the next session, legislation will be brought forward to provide for this proposal.

Mr. Chairman, as the Government is projecting a small deficit for 2019/20, the Government does not anticipate any long-term borrowing in this fiscal year, and at March 31st, 2020, it is estimated that the gross public debt will stand at \$2.5 billion; and debt of

the net Sinking Fund will be \$4.57 billion once we apply the projected surplus to the Sinking Fund.

In closing, I wish to assure the public that the Government is sensitive to the challenges which arise when debt is unsustainably high. And, to reiterate, the Government has a plan of action to reduce the public debt and to guide the country to a sustainable fiscal path. With those remarks, Mr. Chairman, I end my comments on Heads 10, 58 and 59.

The Chairman: Thank you very much, Senator Caesar and Senator Campbell, because it was a dual team effort there.

[Laughter]

The Chairman: Very much appreciated.

We have approximately 25 minutes remaining. Would any Senator wish to speak to these heads?

Senator Kempe, you have the floor.

Sen. Nicholas Kempe: Thank you, Mr. Chairman. Thank you, Senators.

That was a very detailed brief on Head 10. And I guess despite the level of minutia, there were a couple of clear areas that were not addressed that I would have liked to have seen addressed. And I will try and focus my questions there.

First of all, the various pension funds, the CPF and the PSSF, were described as being in good shape in the short term. But there was no mention at all in the statement (and this was before things were abbreviated) . . . there was no mention of a plan to affront the long-term underfunding problem. And I would certainly like to hear what Government's plan is to address that. I believe it is well over \$1 billion now in underfund.

Especially seeing that this is of, I guess, even more importance now that we have seen the departure from the target of 2.5 per cent of outstanding debt, whether you want to retire it or put it into the Sinking Fund, we have seen a massive departure from those targets for the next three years. So, I am especially concerned about what the plan is to address the long-term underfund of the pension.

I look at the Grants line. For those listening, I am on page B-116, Head 10, looking at the Grant line for the Gaming Commission. I am not sure if this is something that was transferred in from another Ministry. I could not find it, looking through previous grant contribution lines, but there is a half a million dollars dedicated for 2019/20 to the Gaming Commission. But, obviously, it is showing zero on the years prior.

I just want to know if that is a brand-new grant or if that has been transferred in from another Ministry? And I would also like to know if the Ministry of Finance feels that a banking solution can be achieved

for gaming if the amendment to the Gaming Act in December 2017 is not rolled back.

I also have a question, if we look at the capital development line for the Ministry of Finance Headquarters, and this is found on page C-4. There is a half a million dollars a year dedicated towards the Bermuda infrastructure fund. And I would like to know what public sector projects, or otherwise, are being supported by that half a million dollars a year, because I am not aware of any. I would just like to know that we are getting value for money with that. Between 2017/18, 2018/19 and 2019/20, there were \$1.5 million spent on that fund.

I would also like to know, there was talk of the Efficiency Committee, which seems to fall under HQ. And there was a lot of talk about transparency with the Pre-Budget Report. But I would like to know when and if there is any intention of making that report that was finalised on September 2018 public, and in a dollar value, how much savings are projected to come out of that report?

Flipping over to page B-118, I am looking at the employee numbers in full-time equivalents. And I would like to know, I guess on a couple of fronts, first, who is responsible for the banking for gaming within the Ministry? I do not see any obvious increases to staffing across the various business units. Is it just the Minister, or is there some other level of civil service support to see this initiative through?

I also heard in the statement (and please correct me if I misheard) that the Economic and Financial Intelligence business unit will be responsible for overseeing the two mortgage initiatives that the . . . (I am sorry; not you, Mr. Chairman.) If Senator Campbell could advise me about the two mortgage initiatives that were in the Budget Statement, primarily the guarantee facility for bank finance loans, as well as the direct lending initiative coming from Government to the civil servants. If the Economic and Financial Intelligence business unit is going to be responsible for this, I would have expected an increase in full-time equivalent units to manage such a technical and rather large process.

Shooting over to the performance measures, on page B-119, I notice that the percentage variation on current account expenditure was positive, I guess, from a budgeting standpoint. But it came in at 3.3 in the actuals in 2017/18, and the revised forecast for 2018/19 is 1 per cent over. The variance targets are plus/minus 2 per cent. With a \$7 million surplus projected, that is a very fine window. And I just wanted to know what, if any, additional measures are being put in place to ensure that there is no borrowing, or we do not have to dip into what is left of the Sinking Fund if the surplus target is not met for 2019/20.

I also wanted to know . . . on the GDP performance measures, the revised forecast for 2018/19 on page B-119 is showing 1.0 [per cent] to 2.0 per cent. But I believe in the National Economic Report it was

revised down to 0.5 to 1.0 per cent. So, I wanted to know what, in the economic context that we live in, makes the Ministry believe that the target outcome for 2019/20 will be better than the 2018/19, what I believe should be the revised forecast as per the Budget Statement and the National Economic Report.

I am not terribly concerned, I guess, about seeing progress on the government net debt to revenue at this stage. Any form of contribution towards retiring notes will improve that measure. I am more concerned about the interest to revenue targets because, obviously, we are more exposed to international lending rates as we come to refinance notes as we go forward. And I guess I will use that opportunity to segue into interest on debt, on page B-138. Right now, our interest on debt is \$117 million, basically. And for those listening at home, I guess I find it instructive to compare that to some of our other larger ministries.

And, Mr. Chairman, I know you have a few questions. I will make sure I am wrapping up in the next few minutes.

The Chairman: Please continue. Do not worry about my questions.

Sen. Nicholas Kempe: The interest on debt at \$116.5 million or \$117 million is, when you compare it to National Security, at \$135 million; when you compare it to the Ministry of Education, [is] at \$137 million; when you compare it to hospitals, [is] at \$145 million, and even Financial Assistance [is] at \$51 million. One can quickly see that the interest on debt is crowding out public services. So, when you borrow money, you are not just borrowing from your lenders. You are also borrowing from your future self. And the debt was created, if one looks back at the last 20 years of deficits and debt, and especially on the CapEx side, by a lack of discipline in managing of public funds.

So, I can understand the Minister's rationale as it relates to negative carrying costs for this year only, with the suspension of the Sinking Fund. But I am very concerned about our exposure to fluctuation and interest on debt in coming years. If we are not aggressively focusing our targets and our saving or retirement of notes, discipline towards tackling the outstanding debt going forward . . . If we look at the interest on debt, and Senator Caesar gave us a breakdown of upcoming notes that are due, we are aware that this fiscal year upcoming, we have a \$100 million note at 7.38 per cent. Now, that will be retiring the most expensive note that we have out there. But it is also one of the smaller notes.

So, my concern is that with the departure from a savings discipline, when it comes time to retire the \$615 million in 2022/23, the \$600 million in 2023/24, the \$665 million in 2026/27, or the \$620 million in 2028/29, that if we do not have the savings to start aggressively knocking down these notes, when we

refinance, we are refinancing less capital, that if interest rates take an upward correction we could be exposed to some wild variance on our interest on debt.

Take, for example, one of the notes that worries me the most, and that is the \$665 million that is due to be retired or refinanced (most likely) in 2026/27. That note is running interest at 3.717 per cent, or \$25 million per year. Just to put it into perspective, if, for example, that needed to be refinanced at the rate of the note that we are retiring this upcoming fiscal year, that would move the interest on debt on that note alone—again, it is 7.38 per cent—to \$49 million a year, which is \$24 million more in interest than we are presently paying on that note.

So, again, I am concerned about the departure from discipline. I am concerned about the fact that, unlike most countries, or a lot of countries that print their own currency and can borrow in their own currency, there is the key exposure of inflationary recessions because of borrowing in foreign currency. When we look at the kind of key levers that a government has to retire debts, it is monetary policy, which we really do not have since we do not print our own currency. We are pegged to the US. Austerity is a key one, and that seems to be a bad word with this Government. I am not sure why. But when we have a long-term debt crisis like this, we really need to be mindful of what limited levers we have to address it.

I am also, I guess, still unclear, because I have only heard vague intentions as it relates to the Sinking Fund. The 2.5 per cent contribution, or, if one wants, a retirement of outstanding notes (I am not terribly concerned which way that goes depending on cancellation and refinancing fees), but the 2.5 per cent target of kind of debt tackling of the outstanding debt was a laudable savings goal or retirement-of-debt goal. This replacement of up to 75 per cent of surplus is an incredibly vague commitment. What if nothing? And if the whole 75, what is going to happen to the surplus?

We have the \$7 million projected for this year, and there has been nothing said in any of the statements that I recall of what would be done with that. Next year there is a projected surplus of which 75 per cent of would be \$15 million, as opposed to some \$60 million if we go by the 2.5 per cent outstanding debt calculation. And in 2021/22, the full 75 per cent, if that were actually dedicated towards the debt, and it is not clear it will be, would only be \$39 million. So, again we are going to have a significant amount of the \$615 million due to retire in 2022/23 if we are not tackling this outside debt.

So, I would like to hear what the Government plan is to meet the performance measures set out in Ministry of Finance Headquarters, because this departure from savings discipline is not going to make much of a dent on the retirement of debt.

Thank you, Mr. Chairman.

The Chairman: Thank you, Senator Kempe.

I am going to forgo my questions because there are only about eight minutes left for Senator Campbell to answer the questions.

So, I am going to turn it over to Senator Campbell.

[Pause]

[Crosstalk]

The Chairman: Thank you, Senator Campbell. I think you are ready to answer some of the questions.

Sen. Vance Campbell: Thank you, Mr. Chairman. I do have some answers to some of the questions.

The concern of how the Government plans to address the underfunding of the pensions, there has been the formation of a Pension and Benefits Working Group, inclusive of actuarial assistance.

The Government has recently . . . the increase, the contributions . . . and the Government also eliminated the automatic cost-of-living increase. So, the work of the Pension and Benefits Working Group, inclusive of the work of the actuary who is on that group, the increased contributions and the elimination of the automatic cost-of-living increases are steps in the direction to address the underfunding.

The question around the half a million-dollar grant to the Gaming Commission, as to whether this was a new grant or transferred in, there was no grant last year. And the Gaming Commission had gone out to the market and borrowed money. The question around whether there is a banking solution to be found for gaming is still being worked on.

Mr. Chairman, the Senator had a question concerning the infrastructure fund and what is being supported by that. At this point in time, Mr. Chairman, there are discussions going on as to what various public/private sector proposals can be supported with these ones. But no final decision has been made in reference to the use of these funds.

That is all I have so far. If you bear with me, I will get some more.

The Chairman: Please continue, Senator. That is fine.

[Pause]

The Chairman: We have three minutes left.

ANNOUNCEMENT BY THE CHAIRMAN

SENATE VISITOR

The Chairman: While we are waiting, just for the listening public, I would just like to acknowledge the presence in the Chamber this afternoon (it is still just

. . . well, I guess it is this evening now) of the Minister of Finance, the Honourable Curtis Dickinson.

It is very nice to have you here with us this evening, sir.

[Committee of Supply, continuing]

The Chairman: Yes, there are two minutes left. Maybe a quick answer? Very quick.

Sen. Vance Campbell: Mr. Chairman, a few more answers.

The mortgage initiatives, outside assistance will be sought to assist with that. And funding is in place for that.

The employee who is responsible for finding or overseeing the banking for gaming is the Assistant Financial Secretary for Economics and Finance, along with the Minister, given the Minister's background.

The report of the Efficiency Committee is in hand. No decision at this time has been made as to whether it is going to be released—whether it will be, or when it will be, released to the public. However, we did hear of measures that have already started in the Office of the Tax Commissioner, where additional resources were provided so that outstanding monies owed to the Tax Commissioner have and will be collected. And we heard that \$3 million have been collected to date as a result of these measures.

The Chairman: Thank you, Senator Campbell. Senator Kempe, you have one minute.

Sen. Nicholas Kempe: Okay. Thank you, Mr. Chairman, just a clarifying question.

Senator Campbell said that there was funding allocated to support the mortgage initiative. But I would appreciate it if he could let me know what line item that is.

The Chairman: All right. I think that we are at the end of our time. So, Senator Campbell, maybe if you would share the answer to that question with Senator Kempe after Senate that would be very good.

Sen. Vance Campbell: Okay.

The Chairman: Thank you.

Senator, would you like to move your heads, please?

Sen. Vance Campbell: Thank you, Mr. Chairman.

Mr. Chairman, I move that Heads 10, 58 and 59 be approved.

The Chairman: Is there any objection?

No objection.

So moved.

[Motion carried: The Ministry of Finance, Heads 10, 58 and 59 were approved.]

The Chairman: And, Senator, if you would like to move your remaining heads into the budget, please?

Sen. Vance Campbell: Mr. Chairman, I move that . . . Do I have to do them individually?

The Chairman: Yes.

Sen. Vance Campbell: Okay. Mr. Chairman, I move that the following heads be approved, non-Ministry Department Heads 1, 2, 5, 56, 85, 92, 98 and 101; Cabinet Office Department Heads 13, 26, 43, 51, 67 and 80; Ministry of Finance Heads 11, 28, 38 and 39; Ministry of Legal Affairs Heads 3, 74, 75 and 88; Ministry of Education Heads 18 and 19; Ministry of Tourism and Transport Heads 30 and 34; Ministry of Health Heads 21, 22 and 91; Ministry of Public Works Heads 49 and 97; Ministry of Labour, Community Affairs and Sports Heads 71, 20 and 52; Ministry of National Security Heads 83, 7, 12, 25 and 45; Ministry of Home Affairs Heads 93, 29, 32, 50, 79 and 89; and Ministry of Economic Development and Tourism Head 95.

The Chairman: Is there any objection?

No objection.
So moved.

[Motion carried: All remaining heads were approved.]

The Chairman: Please continue, Senator Campbell.

Sen. Vance Campbell: Mr. Chairman, I move that the Capital Accounts estimates be approved and stand as part of the Bill.

The Chairman: Is there any objection?

No objection.
So moved.

Sen. Vance Campbell: Mr. Chairman, I move that clauses 1 through 6 of the Bill, together with Schedules A to C, inclusive, be approved and stand as part of the Bill.

The Chairman: Is there any objection?

No objection.
So moved.

Sen. Vance Campbell: Mr. Chairman, I move that the preamble be approved.

The Chairman: Is there any objection?

No objection.
So moved.

Sen. Vance Campbell: Mr. Chairman, I move that the title stand as part of the Bill.

The Chairman: Is there any objection?

No objection.
So moved.

Sen. Vance Campbell: Mr. Chairman, I move that the Report of the Committee on the Bill entitled the Appropriation Act 2019 be adopted by the Senate.

The Chairman: Is there any objection?

No objection.
So moved.
Thank you very much, Senators.

[Motion carried: The Appropriation Act 2019 and the Estimates of Revenue and Expenditure for the Year 2019/20 were considered by a Committee of the whole Senate and approved without amendment.]

Senate resumed at 6:26 pm

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

REPORT OF COMMITTEE

APPROPRIATION ACT 2019

ESTIMATES OF REVENUE AND EXPENDITURE FOR THE YEAR 2019/20

The President: Senators, we are now back in the Senate.

Is there any objection to the Report of the Committee?

No objection.
Senator Campbell, over to you.

Sen. Vance Campbell: Madam President, I move that the Bill be now read a third time.

The President: Is there any objection to that motion?

No objection.
Carry on.

BILL

THIRD READING

APPROPRIATION ACT 2019

Sen. Vance Campbell: Madam President, I move that the Bill entitled the Appropriation Act 2019 do now pass.

The President: Is there any objection to that motion?

No objection.
The Appropriation Act 2019 is passed.

[Motion carried: The Appropriation Act 2019 was given a third reading and passed.]

Sen. Vance Campbell: Thank you, Madam President.

The President: Thank you, Senators.

And I would also just like to say that it has been a fulsome debate, and I want to thank all Senators who participated in it. And I would like to especially thank Senator Jardine and Senator Michelle Simmons, who have conducted the process.

We will now move on to . . . Well, Senators, the other orders, we understand that they have been carried over. So, that concludes the Orders of the Day.

MOTIONS

The President: There are none.

CONGRATULATORY AND/OR OBITUARY SPEECHES

The President: Would any Senator care to speak to that?

Senator Jones, you have the floor.

Sen. Marcus Jones: Thank you, Madam President.

I would just like to extend hearty congratulations to Bermuda's Senior National Football Team that won 3–1 over the Dominican Republic. We know it was a historical win. And that qualifier means that they are going to be placed in the Gold Cup for the first time. So, it is a historic event, and we would just like for congratulations to be extended to Bermuda's national team.

Thank you.

The President: Senator Jones, I am sure the entire Senate body would join you in those sentiments.

Would any other Senator care to speak on Congratulatory and/or Obituary Speeches?

Senator Kathy Lynn Simmons.

Sen. the Hon. Kathy Lynn Simmons: Thank you, Madam President.

I would like to acknowledge the efforts of our Special Olympians, who returned home today to much celebratory moods. And really, they need to be acknowledged. And the public acknowledgement that came from the Government was very, very welcome. The Premier and Cabinet Ministers invited them into the Cabinet Office. And they have done us proud. So, on behalf of the Senate, I would like to extend my

congratulations to the Olympians and their parents and supporters.

The President: Thank you, Senator Kathy Lynn Simmons. And I am sure, again, we all join in those sentiments.

Would any other Senator care to speak?

No? Then we move on to Adjournment.

ADJOURNMENT

The President: Senator Kathy Lynn Simmons, Attorney General and Government Leader in the Senate.

Sen. the Hon. Kathy Lynn Simmons: Thank you, Madam President.

I move that the Senate do now adjourn until Wednesday, March 27th.

The President: Is there any objection to that motion?

No objection. Would any Senator care to speak on the motion to adjourn?

Senator Jones, you have the floor.

Sen. Marcus Jones: Thank you, Madam President.

It has been a very long and telling time that we in the Senate have had. Many issues have been raised that have caught the attention of the community. And then, there is one subject that I would like to leave a few words on and be a counterbalance to, I believe, some statements that were made in regard to the Municipalities Act.

[Inaudible interjections]

The President: You cannot reflect on a debate that we have already had. You cannot reflect on the Municipalities Bill.

Sen. Marcus Jones: Okay. Am I allowed to reflect on things that were spoken on the night of—

The President: Not at all. No. No. There will be no comment, Senator. Once we have passed the Bill in this Senate, you certainly cannot comment in the same session. So, no, that is not allowed.

Sen. Marcus Jones: Okay.

The President: You need to remind yourself of the Orders of the Senate.

Would any other Senator care to speak on the motion to adjourn?

No? Then, Senators, the Senate stands adjourned until Wednesday, the 27th. We will meet then.

Thank you.

[At 6:31 pm, the Senate stood adjourned until 10:00 am, Wednesday, 27 March 2019.]

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