



GOVERNMENT OF BERMUDA

The Ministry of Finance

Ministry of Finance Headquarters

Ministerial Statement

To the House of Assembly

By

The Hon. E. David G. Burt, JP, MP

Premier and Minister of Finance

Cost of Living Commission Amendment Act 2020 – Brought Into Force

Date: 17th June 2022

Mr Speaker, I rise today to report to this Honourable House that the Cost of Living Commission Amendment Act 2020 is being brought into force as of today, June 17, 2022.

Mr Speaker, this Act passed the Legislature in June of 2020, but when I resumed duties as Minister of Finance it came to my attention that this bill was never brought into force. As a reminder for members of this Honorable House and the listening public, the Cost of Living Commission Amendment Act 2020 provided for the following:

- Increased powers for the Chair of the Cost of Living Commission to request information from retailers
- The power for the Minister responsible for Consumer Affairs to declare a commodity as essential
- The power to require retailers to report the price of essential commodities to the Cost of Living Commission

Mr Speaker, the Cost of Living Commission has met 5 times under the leadership of the Honorable Deputy Speaker, the member for Hamilton East; and I have been furnished with recommendations from the Commission.

Mr Speaker, In April, I met with the Chair to discuss the recommendations from the Cost of Living Commission for an essential basket of thirty-four commodities and recommendations for duty reductions for those goods that were deemed essential. At that meeting, I advised the chair that I would bring the Cost of Living Commission Amendment Act 2020 into force, to allow the Government to formally declare the commodities recommended by the Commission as essential commodities.

Further Mr Speaker, at that meeting I stated that the Government would look at reducing the duty rates on the essential commodities recommended that were not already at 0%, save for sugar, to allow for price reductions.

Mr Speaker, this is not the first time that this Government will act to reduce duty rates on foods. In this PLP Government's first budget delivered in this Honourable House in 2018, this Government eliminated customs duty on the following: eggs, potatoes, cauliflower, broccoli, carrots, turnips, oranges, and apples.

However Mr Speaker, though the duty on these items were eliminated in 2018, many persons stated that they did not see those reductions passed on to consumers. Mr. Speaker, the Act that will be brought into force today contains a provision that retailers must report the price of essential goods to the Cost of Living Commission. This means, that the public will be able to track the change in the price of the 34 essential goods following the Government's move to reduce duty on those staple goods recommended by the Cost of Living Commission.

Mr Speaker, the Cost of living has long been a challenge for us all in Bermuda, and though this Government acted in March to freeze the price paid at the pump to February levels, and though we are seeing stability in rent prices due to the policies of the Government, the price of food - which we cannot control - has escalated. The latest official figures show an increase of 5% year over year, but there are many items that have seen significant year-over-year increases. An example is in January it was reported that frozen spare ribs increased by 28% in one year.

Mr Speaker, sadly the Bermuda Government cannot control the cost of food, and these challenges are not unique to Bermuda as food prices are increasing globally. Equally as troubling, interest rates are expected to increase significantly in the near term, and that will mean that Bermudians will be paying more for loans and mortgages further squeezing household budgets.

Mr Speaker, the government is aware of the challenges being faced by residents, and though we have acted to provide support by freezing gasoline prices, reducing payroll taxes for those making less than \$96,000 a year, reducing vehicle licensing fees, and extending concessions to employers; more must be done. In this year's budget statement delivered in February on behalf of this Government, I pledged that there would be relief now, and more relief to come - and this Government will deliver on that pledge.

Mr Speaker, before the house rises on July 15, the Government will bring to this Honourable House a comprehensive package to tackle challenges faced by the increasing cost of food that will provide additional support to the many Bermudians who require assistance to make ends meet. This package is currently being prepared by the Ministry of Finance, and will be discussed at the next meeting of the Cabinet.

However, Mr Speaker, there are limits to the support that the Government can provide, as it is vital for Bermuda's economic future that the Government meets its budget targets. With global inflation set to continue for the foreseeable future, and with a growing number of economists predicting a recession in the world's largest economy - and our largest trading partner the United States, all residents must be wise with their spending choices. These are uncertain economic times, especially as we cope with rebuilding our economy following the Coronavirus Pandemic and the Government will be fiscally prudent while also delivering the relief needed by many.

Mr Speaker, as I close I would like to thank the Chairman and the members of the Cost of Living Commission for their work to date. It hasn't been an easy task, but it will be made easier with the coming into force of the Cost of Living Commission Amendment Act 2020.

Thank you Mr Speaker