



MINISTERIAL STATEMENT
TO THE HOUSE OF ASSEMBLY
BY THE HONOURABLE JASON P. HAYWARD, JP, MP
MINISTER OF ECONOMY AND LABOUR
ON RETAINING THE LOCAL WORKFORCE
Friday 15th March 2024

Mr Speaker and Honourable Members,

I am pleased to rise today to lay before this Honourable House a Position Paper on “Retaining the Local Workforce”.

Mr Speaker,

I have spoken many times in this Chamber and elsewhere of the crisis befalling our country as a consequence of declining birth rates and an ageing population. We all know that these demographic trends are a global phenomenon – many high-income countries around the world are facing the same problem. But in a small country like Bermuda, it can have a severe impact on our economic performance and the cost of living for ordinary working people.

Mr Speaker,

For this reason, my Ministry has prepared the Position Paper that I lay before the House today: as a means to address these challenges and propose solutions. Significantly, I am inviting consultation on the proposals in the Position Paper, in the hope of harnessing the best ideas from the community, and seeking

feedback on proposals to retain Bermuda's local workforce, for the long-term benefit of our country.

Mr Speaker,

Many will be aware that the working population plays a vital role in a country's economy. A strong working population not only enables opportunities for growth and wealth creation but also ensures the sustainability of economic development in the medium and long term.

Mr Speaker,

Bermuda has already begun to experience the adverse effects of declining birth rates and an ageing population. We are seeing challenges such as labour shortages, skill gaps and increased labour costs, increased health, pension and social insurance costs, all of which contribute to an increased cost of living and have a negative impact the island's long-term economic prosperity and social well-being. This demographic reality presents a significant challenge for the sustainability of the local economy.

Mr Speaker,

It is important to note that this problem is not unique to Bermuda. Countries worldwide are also experiencing similar challenges. However, at the current rate of decline of Bermuda's working population, we will struggle to sustain the current or future economy if not addressed now. As such, the Government is committed to taking aggressive steps to retain Bermuda's workforce because doing nothing would not be in Bermuda's best interest. The country must take a strategic and targeted approach

to retaining the current workforce, as well as encourage Bermudians to return home.

Mr Speaker,

Bermuda's working population is made up of Bermudians and guest workers. Therefore, the demographic problem we face concerns both of these groups. Accordingly, the solutions proposed to mitigate the demographic cliff-edge that we face, targets both Bermudians and guest workers.

Overall, the Government is committed to making sure that Bermudians are provided with every opportunity to equip themselves with the knowledge and prerequisite skills needed so that they can have a fair shot when competing for jobs.

As a government we want to see more and better opportunities for Bermudians. The chance to earn a living wage doing meaningful work. The opportunity to enter the most sought-after industries, create new ones, be entrepreneurs and socially conscious contributors to our economy and society. We want Bermudian workers to have a real chance to thrive.

And for guest workers we want to give stability and certainty, in addition to fairness and a chance to feel at home in the place where many are raising families and contributing to our community economically and socially. I will stress from the outset, however, that the proposals for guest workers do not contemplate pathways to Bermuda status. As a government, we

believe that it is possible to live, work and thrive together, without status becoming a dividing factor.

Mr Speaker,

Considering Bermuda's current population and workforce demographics, it is critical that the Government take action to ensure Bermudians are offered opportunities that enable them to thrive in Bermuda. Additional investment and continuous collaboration with the business community will be required to support activities and interventions for long-term and future development and growth.

The Government proposes to retain Bermudians in the workforce by focusing on four (4) key areas:

1. To encourage and motivate working-age Bermudians to remain in Bermuda;
2. To strengthen labour protections for the local workforce;
3. To ensure Bermudians studying abroad return to Bermuda to reside and work; and
4. To encourage the retention of older Bermudians in the workplace.

I want to elaborate on each strategy and the actions proposed in the Position Paper.

Firstly, **Mr Speaker**, we propose to **encourage and motivate working-age Bermudians to remain in Bermuda** by undertaking a number of specific actions in alignment with strategy 5 of the Economic Development Strategy. We will continue to invest in the

development of the local workforce and develop strategies to address the labour shortage in the skilled trades sector.

Further, **Mr Speaker**, the government is conscious of the growing assertions that Bermudians are emigrating overseas in search of better job opportunities and a lower cost of living. An independent survey last December by Global Research found that 21% of persons had household members who had left Bermuda to live abroad for at least 12 months in the last 5 years; and 15% stated they had household members who had left Bermuda to live abroad for non-educational reasons. To gain a full understanding of whether such emigration is happening and why, the Ministry of Economy and Labour will commission research and, based on the results, will develop policies to reduce the drivers of forced migration and encourage Bermudians to return and remain in Bermuda.

Secondly, **Mr Speaker**,

To **strengthen labour protections for the local workforce**, the Government will implement policies that expand the rights and interest of Bermudian workers to ensure that Bermudians are protected in the workplace. In particular, the Position Paper proposes to:

1. Partner with the Unions to create a campaign supporting collective bargaining and union organizing.
2. Produce guidelines that clarify how minimum wages will progress beyond \$16.40.
3. Place equal work for equal pay provisions into the labour code and advance pay transparency provisions.

4. Increase allowable severance pay by increasing the maximum payout from 26 to 52 weeks.
5. Amend the work permit policy to ensure that Bermudian workers are protected from being first out during layoff and redundancy when there are work permit holders in similar positions.
6. Amend the work permit policy to ensure that there is a hiring hierarchy which places Bermudians first amongst all other groups.
7. Amend the work permit policy to ensure that all work permit holders have basic proficiency of the English language.
8. Ensure that greater consideration is given to firms with Bermudian employees for awarding Government contracts;
and
9. Continue to revise closed and restricted job categories.

Third, **Mr Speaker,**

To **ensure Bermudians studying abroad return to Bermuda to reside and work**, we will develop new ways to stay in touch with Bermuda's graduates abroad and create opportunities and incentives to encourage them to return home after gaining their qualifications and securing valuable working experience abroad. In particular, the Position Paper proposes two initiatives:

1. Create a register of Bermudian graduates within the Department of Workforce Development with a focus on keeping members informed about policy, legislative and other changes; and
2. Amend the Workforce Development scholarship agreement to require that, upon the completion of the recipient's studies,

graduates must return to Bermuda and actively contribute to the local community by engaging in professional work within seven years of completing studies for their first degree.

Finally, **Mr Speaker**, to improve the number of Bermudians in the workforce, we will **encourage the retention of older Bermudians in the workplace**. In line with the 2023 Speech from the Throne, the Government is committed to providing benefits to businesses that retain able-bodied, capable workers beyond age 65. Accordingly, the Position Paper proposes to:

1. Eliminate the employer's portion of payroll tax for all Bermudian employees over the age of 65 years; and
2. Promote the retention of workers over 65 years and will encourage employers to find creative ways to allow workers over 65 years to remain in the local workforce.

Mr Speaker,

As we all know, and as I stressed earlier on, Bermuda's workforce is made up of Bermudians and guest-workers. Both are at the bedrock of Bermuda's economic success, and this government believes we must ensure all our local workforce remains committed to and invested in Bermuda. Therefore, we also make proposals regarding non-Bermudian workers.

Mr Speaker,

During the consultation for the Economic Development Strategy 2023-2027, it was made evident to the Ministry that the 20, 15 and 10-year periods required to obtain a Permanent Resident Certificate (PRC) have not had a significant positive impact on

worker retention in Bermuda. The Position Paper thus makes **proposals regarding Permanent Resident Certificates.** Specifically, it is proposed that by lowering the time requirement for persons to obtain a PRC, it is more likely that the current guest worker residents will remain in Bermuda as they will be able to enjoy all the benefits of a PRC holder: to reside, work and invest their savings locally. The Position Paper proposes to:

1. Reduce the eligibility criteria for the granting of PRC to any person who has been ordinarily resident in Bermuda from 20 years or more to 10 years or more, with an annual income requirement of \$83,000.
2. Reduce the eligibility criteria for the granting of PRC to the non-Bermudian parent of a child with Bermudian Status who has been ordinarily resident in Bermuda from 15 years or more to 10 years or more.
3. Reduce PRC eligibility requirements for a Job Maker from 10 years to 5 years.
4. Reduce PRC eligibility requirements for the following occupational categories to 5 years:
 - a. Registered Nurses
 - b. Chartered Financial Analyst
 - c. Certified Actuaries
 - d. Computer Engineers
 - e. Software Developers
 - f. Certified Accountants (CPA, CA, ACCA, ACA)

Mr Speaker,

As I stated earlier, these proposals do not give a pathway to Bermuda status. The impact on jobs for Bermudians is minimal as

the majority of those who would be eligible to attain a PRC are currently working in positions they have held for an extended period.

Mr Speaker,

That sums up the details of the proposals in the Position Paper, which we are publishing today for consultation with the public. We welcome feedback and public debate on the proposals, with the goal of securing the best outcome for our country.

The Position Paper will be posted on Forums.bm today, where feedback can be offered on the proposals for the next month, until 15th April.

Mr Speaker,

To close, I reiterate the crisis unfolding before us due to declining birth rates and an ageing population. This demographic cliff-edge must be addressed immediately. It would be irresponsible to do nothing. I hope this Position Paper will stimulate the critical debate and dialogue we must have as a community. These demographic trends are a global phenomenon, but the solutions must be right for Bermuda before they have an irreversible impact on our economic sustainability and the cost of living for ordinary working people and retirees.

Mr Speaker,

We are looking for the right balance and to protect Bermudians. This Government is committed to remaining strategic and

deliberate to ensure economic sustainability is secured and can enjoyed by all.

Thank you, **Mr Speaker**.