



GOVERNMENT OF BERMUDA

The Ministry of Finance

Ministry of Finance Headquarters

Ministerial Statement

To the House of Assembly

By

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Premier and Minister of Finance

An Economic Relief Package for Working Families

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Mr Speaker, by any measure Bermuda is an affluent society. But that affluence has created a society in which economic pressures make it increasingly difficult for many hardworking people to keep up. Legitimate aspirations are frustrated by runaway costs of basic items which are necessities for life in this community. The high cost of living creates circumstances which sometimes defy economic theory but create a reality which the Government has a responsibility to address.

Mr Speaker, the package of relief we provide today is the start. This is what we can do now and the start point must be to provide assistance to those who need it most. Today's relief package is a beginning and represents a deliberate effort of this Government to put more money into the pockets of people who need it most. Today's relief provides support in key areas identified as critical to the people of Bermuda who need that hand up and the support of their Government to thrive.

Mr Speaker, in the 2022/23 Budget Statement this Government promised '*relief now and more relief to come*' and it is in keeping with that promise that I introduce a relief package which will provide working families direct support during this period of global inflation.

Mr Speaker, the challenges of today's economic climate are not unique to Bermuda as many countries around the world are grappling with inflation and supply chain disruptions. We have seen the consequences of governments not acting to protect their citizens against these increases. In Bermuda, this Government acted early, and as we have done since returning to office, provided relief to the workers of this country.

We acted early to protect the people of Bermuda from rising fuel prices. One of my first actions upon resuming the role of Minister of Finance was rejecting the increases requested by fuel companies. We have worked with the fuel importers to keep prices at the pump frozen. Without this action, the average working family would be paying \$23 more to fill up their cars that they use to transport their family to school, camp, activities, and work. Without this action, taxi & minibus operators would be paying \$35 more each time they filled up their tanks to transport tourists around our island. Mr Speaker, while we've heard a lot of comment from the opposition, the fact is no one on this island has paid more at the pump than they did in February to refill their vehicles - despite the significant fuel price increases that other countries around the world are experiencing.

Mr Speaker, the Government has listened to the concerns of many Bermudians regarding the cost of living and our record has shown that we have been responsive to the needs of the people. In this year's budget, we again reduced payroll tax for persons making less than \$96,000, reduced vehicle licensing fees by 10%, and provided land tax relief for charities and registered care homes. Yet we recognise more can and must be done. This Government has always looked out for working people and families, we have always done what we can, when we can, to provide support where support is needed. Since we've been in office, the cumulative payroll tax savings for a worker making \$48,000 a year is just under \$5,000. That is \$5,000 more that a parent has had in their pockets to provide for their families.

Mr Speaker, within the Budget Statement, under the theme of 'more relief to come', I announced that if the Government outperformed expectations we would ensure that half of the savings would be used to provide further relief. This strategy placed further importance on the Government's fiscal management as it has been designated as the means to create capacity to provide support for the people of Bermuda.

Mr Speaker, it is encouraging to report, as I mentioned in previous statements, for fiscal year, 2021/2022, original estimates anticipated a budget deficit of \$124.7 million and the most recent revised figures anticipate a \$30 million improvement with the deficit for the year forecasted to be \$94.6 million. These results are a direct reflection of the government's fiscal prudence, the island's expanding international business sector and increased revenue gained from the Travel Authorisation fee.

Mr Speaker, In keeping with our promise to return half of the amount of any improved performance to the taxpayers in this country, the Cabinet on behalf of this Progressive Labour Party Government, has approved a 15 Million dollar economic relief package to ease the burden on working families in Bermuda.

Mr Speaker, I am pleased to inform this Honourable House that part of the relief package will include a payroll tax rebate for workers making less than \$96,000, which makes up 75% of Bermuda's workforce. Individuals earning less than \$60,000 annually will receive a \$250 rebate and those earning between \$60,000 and \$96,000 will receive a \$100 rebate. It is expected that by September applications will be made available where 75% of Bermuda's workers will be eligible to apply for their rebate. Once approved, the applicant will receive a direct deposit in their bank account.

Mr Speaker, also as part of the relief package the Government will provide \$150 to parents and guardians for each student enrolled in public school. This payment is to assist with school essentials as we recognize the financial burden encountered annually when preparing to send children back to school. Mr Speaker, as the father of two children who seem to be growing by the day, I know that last year's shoes and uniforms may not fit in September. The Minister of Education will be sharing further details pertaining to the rollout of this initiative in the coming weeks.

Mr Speaker, with this payroll tax rebate and school supply support, a family of four with two school-aged children can receive up to \$800. We are determined to put more money back into the pockets of working families.

Mr Speaker, as part of this relief package, the Government will purchase and distribute LED light bulbs to families to assist in reducing their energy bills. It is widely known that the cost of energy in Bermuda is amongst the highest in the world and is a contributory factor to the country's high cost of living. In response, the LED lights distributed under this proposal will use up to 85% less energy which will help reduce the household energy costs for Bermuda's families. The Deputy Premier will share more details about this investment that will reduce energy bills in August.

Mr Speaker, our fellow Bermudians who receive financial assistance are often seniors, differently abled or those who have not yet found employment. They have themselves and their families to feed and support. These are our fellow Bermudians whose circumstances mean that they need help. This relief package contains a 15% increase in the food allowance budget for the Department of Financial Assistance to provide more support to families in need of food assistance.

Mr Speaker, earlier today I tabled a Supplementary Estimate that Honourable Members will be invited to support which will fund:

- The payroll tax rebate
- The school supply support
- The purchase of LED lights for Bermudian families; and
- An increase in the food allowance budget for the Department of Financial Assistance

Mr Speaker, the relief package also include an extension of duty relief on the importation of vehicle fuel to ensure the ongoing freeze in fuel prices at the pump. This extension will help families, taxi operators, fishermen, tour operators and local businesses. The amount of this relief for this Fiscal year is estimated to be \$6.4 million. The Customs Tariff Amendment Act that I will table in this Honourable House later today will grant the Minister of Finance the ability to vary the rate of vehicle fuel duty.

Mr Speaker, it must be noted that fuel taxes were doubled under the previous administration. However, this Government is committed to reducing the tax burden in Bermuda and over the last 5 years, we have continuously reduced taxes for working families.

Mr Speaker, many will say this relief package is not enough, and as a Government - we get it; but it is also critical we balance being fiscally responsible while providing relief. This package is not perfect but it is a start and will make a difference in the lives of many Bermudians who want to know the Government is on their side and has their best interests at heart.

Mr Speaker, I must also emphasise that this package is not the end of the relief this PLP Government will deliver. The cost of food is increasing and, in concert with the Cost of Living Commission, food importers and supermarkets, this Government will reduce the price for essential goods that many families must buy weekly. In consultation with the Commission, the Government will reduce the duty on staple goods and ensure those savings are passed on to consumers. Part of this \$15 Million relief package includes a provision for this duty relief that will result in reduced prices for working families.

Mr Speaker, this is incredibly complex work, but it is work that I hope will engender bipartisan support in this Honourable House, as it reflects what we all promised to do on entering elected service: to serve the people.

Mr Speaker, it is important to reiterate that these relief items would not be possible without the increase in revenue received from the travel authorisation and tourism-related taxes. Bermuda's budget, like countries around the world, has been affected by Russia's invasion of Ukraine. However, as the Minister of Tourism will share with this Honourable House later today, Bermuda is enjoying a stronger than expected tourism season and this increased revenue from the Travel Authorisation & tourism taxes has exceeded the losses from the war and is supporting this relief to working families.

Mr Speaker, I wish to also advise this Honourable House that Cabinet will shortly be invited to approve further measures which will be directed to meeting the staffing shortages in key areas like the Bermuda Police Service and the Bermuda Fire & Rescue Service to ensure the safety and security of Bermuda. Additional measures will also include increased provision of mental health options for Bermudians, independent living coordinators for young people ageing out of care, support for increased local entertainment, resources to boost youth employment and expanded summer camp spots.

Mr Speaker, next Monday will mark five years since this PLP Government was elected. During that time workers have seen their taxes cut, support for the vulnerable has been increased, seniors have seen their pensions rise, and Bermudians have received increased scholarships, training, and apprenticeships.

In May, Standard & Poors said, *"Economic recovery is underway in Bermuda"*.

Mr Speaker, as our economy recovers, Bermuda can be assured that this Government is committed to providing even more relief to ease the burden on working families. For five years we've demonstrated that commitment, and today we add to that record by delivering a first-of-its-kind relief package for working families in Bermuda.

Thank you, Mr Speaker.