



GOVERNMENT OF BERMUDA

The Ministry of Finance

Ministry of Finance Headquarters

Ministerial Statement

To the House of Assembly

By

The Hon. Curtis L. Dickinson, JP, MP

Minister of Finance

COVID-19- Fiscal Plan

Date: March, 16th 2020

Good morning,

Mr. Speaker, I rise this morning to provide this Honourable House with an update on some of the proactive economic and fiscal measures to be taken by the Ministry of Finance to combat the likely systemic threat that the COVID-19 Pandemic will have on the economy of Bermuda and by extension Government's finances.

Mr. Speaker, during this crisis, the Government of Bermuda is committed to ensuring that we communicate as often as possible, with information that is vital to our community, who are looking for answers to natural concerns.

The COVID-19 Pandemic has already had significant health, economic and social impact on people and countries around the globe. This Government has therefore already taken key steps to address this serious threat to the safety and welfare of the residents of Bermuda. As countries have had to take extraordinary measures to prevent the spread of this virus, it has had a very negative impact on global markets and economies. In light of the potential impact of all of this on Bermuda, the Government is taking proactive steps to help provide appropriate financial assistance to Bermudians and to protect our Island's economy.

Mr. Speaker, this Government takes seriously its responsibility to assist the most vulnerable in our community, especially during times such as this, and the public can be assured that this continues to be one of our main focuses. To this end, the relevant sub-committees of Cabinet are meeting on an ongoing basis as needed to ensure that this crisis is appropriately managed.

Mr. Speaker, the current actions being taken as part of the Ministry of Finance COVID-19 Pandemic - Fiscal Plan are as follows:

- To provide financing to supplement reduced revenues, the Ministry is taking the necessary action to secure emergency liquidity lines of credit with local financial institutions. The required discussions have been held with all relevant parties, to gain the necessary approvals, including an associated \$150 million increase in the debt ceiling. These facilities will be used only when it is absolutely necessary.
- The Ministry will provide additional funding for the Department of Financial Assistance to further assist Bermuda's unemployed.

- Lower priority expenditures will be curtailed to ensure that spending needed for COVID-19 matters can be maintained. To that end, over the next 3 months Government will:
 - Delay the start of any capital projects that have not commenced;
 - Institute an immediate freeze on posts that are not required to address COVID 19 or to protect Bermuda's national interests;
 - Continue the ban on non-essential government travel; and
 - Reduce all discretionary spending including training, materials and supplies, clothing and uniforms etc.

Mr. Speaker, no spending reductions will be made that will jeopardize the health, safety, and security of the people of Bermuda. Bermuda's unemployed will be assisted, and fiscal prudence will be strictly maintained. To be clear, protecting Bermuda from the health and economic impact of COVID-19 is our priority.

Additionally, the Ministry of Finance has stepped up its monitoring of global economic conditions and its interaction with key stakeholders in the public and private sector. To this end, the Ministry has already had very productive meetings with the Bermuda Bankers Association and is in regular communication with our Union partners, representatives of key employers and other critical public agencies. We have sought their input in fine-tuning contingency plans in the event of a severe downturn in Bermuda's economy, while also having discussions with them in relation to appropriate actions they should take to assist the people of Bermuda during this challenging time.

Mr. Speaker, the future is not clear, but we do anticipate that there will be economic and fiscal consequences for Bermuda stemming from COVID- 19.

The implications for Bermuda will likely include:

- A downturn in visitor arrivals - air and cruise passengers;
- A reduction in consumer spending;
- Retail sales may slow further in 2020;
- Slower growth in Bermuda's economy;
- A rise in unemployment;
- Reduction in Government revenues.

The Ministry of Finance will continue to evaluate probable economic scenarios, including economic circumstances that may result in even more severe reductions in business conditions, employment and Government revenues. This will allow for further temporary emergency measures to be taken, if necessary, so that Government can maintain essential public services and continue to service the needs of our community.

In closing, I am confident that Bermuda and her people will emerge from this crisis stronger. Together we have already considered a wide range of possibilities and made plans to address them and strengthen Bermuda's capacity to weather the storms on the economic and fiscal horizons.

Mr. Speaker, I wish to once again assure the people of Bermuda that the Government is sensitive to the challenges facing us from COVID-19 and with your support and cooperation, we will continue to take required steps to navigate our Island through these difficult economic and financial conditions.

Thank you.