



Ministerial Statement

By

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Premier

BUILDING ON THE FOUNDATION LAID FOR ECONOMIC DIVERSIFICATION – FORMATION OF AN ECONOMIC DEVELOPMENT DEPARTMENT

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Mr. Speaker,

Bermuda is at an economic crossroads. The historical norms of our economy have been challenged almost to breaking point by the accelerated pace of technological change and diverse factors of globalisation. Whether it be changes in retail habits powered by the internet, the outsourcing of job functions to far flung jurisdictions, or the impact that automation is having on employment levels, it is clear that Bermuda is in the midst of an economic transition.

After almost a decade of austerity and cuts to budgets both within the public and private sectors, our economic confidence is mixed at best, but it is this Government's responsibility to transform this economy with a continued, targeted effort at creating economic growth and diversifying Bermuda's economy.

As part of that effort, this Government is determined to provide the leadership required to promote the economic growth desired by the Bermudians who entrusted us with their vote. Therefore, Mr. Speaker, I am pleased to advise this Honourable House that in line with our 2017 Election Manifesto commitment which said:

*“Your next PLP Government will grow our economy by: Creating an **Economic Diversification Unit** to create new economic pillars in Bermuda. This unit will identify new opportunities for economic diversification and subject them to structured analysis and research. Once areas have been identified and agreed upon, the unit will seek local and overseas investment to develop new local industry, which will create jobs in Bermuda.”*

the Cabinet has approved the creation of a new department that will be called the Economic Development Department.

Mr Speaker, the creation of new economic pillars in Bermuda requires not only Foreign Direct Investment (FDI), business development, design of new products and services and an encouraging regulatory framework, but also the availability of suitable inputs such as qualified labour and upgraded infrastructure. The way these and other elements work together is also critical for sustained economic growth for Bermuda.

Mr Speaker, I requested Management Consulting Services (MCS) to conduct an assessment of the suitability of our existing organisational structure to meet this Government’s aims to grow and diversify our economy. The desired outcome of this assessment was an entity with the technical expertise to develop specific industries and promote Bermuda as an attractive location in which to do business. It would also identify new opportunities and develop strategies for economic diversification, growth and sustainability.

Mr Speaker, driven by the recommendations emanating from the MCS review, this new department is being created by the fusion of three (3) existing entities that are currently under the remit of the Cabinet Office. They are: the Department of ICT Policy and Innovation; the Business Development Unit and the FinTech Business Unit. I hasten to add, **Mr Speaker**, that the merging of these entities will not result in an increase in the number of posts within the civil service and likewise, it will not result in the loss of jobs for current staff.

Mr Speaker, the mission of this new department is:

To advance the sustainable growth, development and diversification of Bermuda's economy.

The objectives of this new department are to:

1. Maintain an Economic Development and Diversification Strategy for Bermuda;
2. Create and facilitate policies and implement plans that support the economic development and diversification goals;
3. Analyse innovative developments and trends through research and stakeholder engagement;
4. Position Bermuda as an ideal test-market for innovative product and industry development;
5. Develop a clear education and training plan to drive innovation through foundational learning, fostering entrepreneurship, up-skilling Bermudians and enabling broad access to knowledge;
6. Identify legislative and policy solutions that provide industry confidence;

7. Coordinate the work of external agencies such as the Bermuda Business Development Corporation and the Bermuda Economic Development Corporation; and
8. Provide a concierge service for new companies that are setting up operations in Bermuda.

Mr Speaker, this new Economic Development Department will concentrate our energy, resources and expertise in order to stimulate, grow and diversify our economy. It will capitalize on that which we are already doing well, with the existing departments and units, while keeping pace with new economic trends that can assist with the sustainable growth of our economy.

Mr Speaker, an enormous amount of time and effort has gone into this process. Having made significant progress thus far, we anticipate that this department will be fully operational within the coming months. It is interesting to note, that though Bermuda has had ministers responsible for economic development, there has never been a single department in the Government responsible for coordinating economic development activity. Sadly, this has led to duplicated efforts, companies being lost to other jurisdictions, and activities being advanced without the necessary foundation to ensure success.

Mr. Speaker, this department will not fix all of the woes in our economy, but it is a signal that this government is serious about modernising our structures and institutions so that we can better deliver for the people of Bermuda. The Department will not be starting from scratch, and will have the benefit of the latest Bermuda First report which was commissioned by this Government and the Cornell-Queens report, commissioned by the Bermuda Chamber of Commerce.

Additionally, it will build on the economic progress we've seen to date with Bermuda being recognised as a jurisdiction that is friendly to technology companies and a centre of innovation.

Mr Speaker, economies around the world are grappling with impact of technology. Almost daily we read of retail failures in countries with larger economies and populations in the millions. What retail and other industries are learning is that the business models of the past must be changed in order to survive in a space dominated by online retailers.

Yes, Mr. Speaker, we do have an issue in Bermuda around economic activity and growth that is not at the pace we desire. But any strategy that implores the Government or the people of Bermuda to defy international and technological trends to preserve a business model more akin to 1980 than 2020 may satisfy us in the short term, but it is unsustainable in the long term.

This Government is keenly aware of the challenging economic circumstances in our country and the impact on the lives of hardworking Bermudian families. The creation of this new department is one step we are taking to better serve the interests of the people and coordinate the delivery of this all-important work to achieve an economy that is sustainable and working to the benefit of all. I am confident that this move to create this new department will not only reap economic rewards for all of Bermuda, but also will assist in developing a sustainable economy that will benefit future generations of Bermudians.

Thank you, Mr. Speaker