



Government of Bermuda

The Ministry of Finance

Ministry of Finance Headquarters

Ministerial Statement

To the House of Assembly

By

The Hon. Everard T. Richards, JP, MP

Minister of Finance

Bermuda Fiscal Responsibility Panel

Annual Assessment, 2015

Date: 11th December, 2015

Mr. Speaker, I rise today to advise Honourable Members of the completion of the first Annual Assessment Report of the Bermuda Fiscal Responsibility Panel. The final report was tabled in this Honourable House today.

Mr. Speaker, Honourable Members will recall that in the 2015 Budget Statement, I announced the intention to establish a Fiscal Responsibility Panel in order “To increase transparency and international credibility, Government intends to establish an international, independent committee to review, monitor, assess and publicly report on the fiscal progress of the Government.”

Mr. Speaker the panel's more detailed remit is “to provide Bermuda's Parliament, Minister of Finance and Financial Policy Council with an annual published assessment of the island's fiscal strategy, focusing on progress in meeting our medium term objectives for public spending, taxation, borrowing and debt reduction.”

In its initial report the panel was asked to “review progress towards the Bermuda

Government achieving a balanced budget by 2018-19...[and] prospects for further progress towards meeting the aims of reducing debt and debt service to less than 80% and 10% of revenues, and for implementing the rule that net borrowing can only be considered to finance capital spending.” In making its assessment the panel was asked to “review the impact of the most recent Bermuda Government annual budget; the credibility of macro and fiscal assumptions underlying Government projections; and the risks that could affect progress in meeting the island's fiscal goals...[offering]...advice where needed on ways to refine these goals, and on adjustments to fiscal strategy and tax and spending policies needed to achieve them.”

Mr. Speaker, the Panel had meetings with various institutions/individuals during the course of its discussions in Bermuda during the period November 23-27, 2015. During these discussions the Panel heard views about Bermuda's economic prospects (and risks to those prospects) and challenges, in the short, medium and longer term; the Government's plans to achieve budget balance by 2018-19 and the desirable speed of progress towards meeting its longer term debt targets; and the desirable and feasible balance between expenditure and revenue measures and preferred options for both. While the Panel consulted many individuals and organisations it should be noted that they are an independent panel and the judgements and recommendations made are their own.

Panel members

Mr. Speaker, the Panel is chaired by David Peretz, CB, an independent consultant on international financial issues who has worked in the UK Treasury, the International Monetary Fund and the World Bank, and has experience in advising on strategic and economic issues affecting small countries. The other members are: Jonathan Portes, Principal Research Fellow at the UK National Institute of Economic and Social Research, whose expertise covers a wide range of economic policy issues, including fiscal policy, labour markets and immigration, poverty, and international economic and financial issues; and Peter Heller, retired Deputy Director of the Fiscal Affairs Department of the International Monetary Fund, who has written extensively on public finance issues, pensions and health care, and long-term demographic challenges.

Mr. Speaker, the Government is certain that the Panel's Report will be a useful document to assist with the Government's deficit and debt reduction strategy and I will encourage Honourable Members and the general public to thoroughly read the report to get a better understanding of the various fiscal challenges facing the Government.

Thank you, Mr. Speaker