

# **Report of the Ministers and Members of the Legislature Salaries Review Board**

**For Budgetary Years 2020 through 2022**

**October 2019**



**To: His Honour The Speaker of the House of Assembly  
And  
The President of the Senate**

Report of the Ministers and Members of the  
Legislature Salaries Review Board  
For Budgetary Years 2020 through 2022  
(The “Report”)

## I INTRODUCTION

Pursuant to Sections 1A and 1B of the Ministers and Members of the Legislature (Salaries and Pensions) Act 1975 (the “Act”) (*See Annex I*), a Board is set up to review the salaries of the Members of Parliament and of the Offices of the Legislature.

After consultation with the President of the Senate, the Speaker of the House and the Leader of the Opposition, Premier the Hon. E. David Burt, JP, MP established a Board known as the Ministers and Members of the Legislature Salaries Review Board (hereinafter the “Board”).

The current Board consists of the following persons\*:

- The Hon. Dame Jennifer M. Smith, DBE, JP, DHum.L, Chairperson
- Elizabeth Christopher
- Cheryl Packwood
- Warren W. Jones
- The Hon. Walter M. Lister, JP
- Robert K. Horton

Pursuant to Section 1B of the Act [Functions of the Board] –

*(3) the Board’s first review shall be carried out as soon as practicable after 1 June 2005, but not later than six months thereafter.*

*(4) The Board’s subsequent salary reviews shall be carried out every two years after the date of its first review.*

It has been observed that this Board had not been convened with the regularity required by the Act, as the last report produced in accordance with provisions of the Act was presented to the Speaker of the House of Assembly on 28 August 2008.

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\* Doug Soares, Managing Partner of Expertise, was appointed to the Board in June 2019. He attended two meetings and resigned with effect from 12 July 2019.

Further, pursuant to Section 1B (5) of the Act, *the Board shall –*

- (a) prepare a report setting out its recommendations relating to salaries and stating the reason for its recommendations;*
- (b) deliver its report to the Speaker of the House of Assembly to be laid in that House; and*
- (c) send a copy of the report to the President of the Senate to be laid in the Senate.*

The Board has reviewed the data on salaries of legislative officials from numerous jurisdictions, including Great Britain, Grenada, Canada, St. Kitts, Antigua and Barbuda and Cook Islands, among others (***See Annex IV***). The Board discussed and reviewed in depth the amount of the increases implemented by these legislatures in their jurisdictions. The Board analyzed the historic nature of the Bermuda Parliament and its compensation patterns. Finally, the Board considered the nature of the positions in Bermuda, the current political climate in the Island and the economic state, together with budgetary restraints.

It was noted that in 2013, the Parliament reduced all Ministers' salaries upon motion by 10%.

The recommendations presented in this report are for the budgetary years 2020-2021 and 2021-2022.

Pursuant to provisions of the Act, the next review is slated to take place in June 2021.

## **II POLITICAL CLIMATE AND NATURE OF THE POSITIONS**

By virtue of reviewing political blogs, social commentary and listening to radio talk shows, it should be noted that the public is severely concerned with the manner in which public funds are expended.

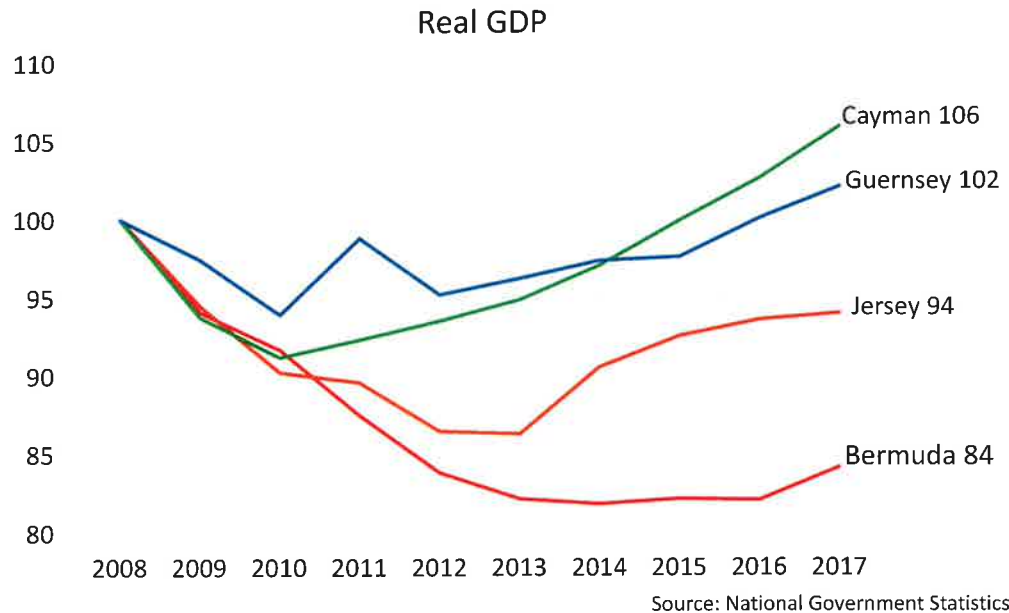
These positions have been evaluated against comparable positions in other jurisdictions. It is noted that the primary nature of the positions in question in Bermuda is that they are part-time.

## **III BERMUDA'S CURRENT ECONOMY AND BUDGETARY CONSTRAINTS**

The Global Financial Crisis of 2008 had a significant impact on the offshore international financial centers, especially Bermuda (Chart 1) where real GDP declined from 2008 to its bottom in 2014 by as much as 18.2%. Moreover, unlike its competitors, Bermuda's economy post-2008 has yet to register any significant economic growth. Growth of 2.5% recorded in 2017 was due solely to Bermuda hosting the America's Cup. Without hosting the event in 2017 and the race

preparations over the 2015-16 period, it is likely that Bermuda would have continued to experience declining real GDP of approximately 0.5% in each of the last three years as implied by the report entitled *Economic, Environmental and Social Impact of the 35<sup>th</sup> America's Cup on Bermuda*, PricewaterhouseCoopers Advisory Limited Bermuda, October 2017.

Chart 1



These statistics understate the financial hardship experienced by households, and in particular Bermudian households as a result of the economic crisis. Bermuda's 2016 Population and Housing Census Report indicates that median household income fell from \$103,657 to \$93,713 in the six years leading up to 2016, a percentage decline of 9.6%. From 2010 to 2016, Bermuda's cost of living increased by 12%, resulting in the median household income falling by 20.4% in real terms.

Additional data emphasizes the degree to which Bermudians are suffering in the present economy. Following the 2.5% growth experienced in 2017 due to the America's Cup, the Island returned to a persistent pattern of job losses amongst Bermudians, even as jobs for expatriates continued to expand. Bermudians lost 92 jobs in 2018 while expatriate jobs grew by 243 (Chart 2). Regrettably, this pattern is consistent with Bermuda's economic expansion prior to 2008 where Bermudians lost 1,701 jobs between 2000 and 2008, while employment of non-Bermudians expanded by 2,905 (Charts 3 & 4). (See *The Bermuda Job Market: Employment Briefs*, Department of Statistics, June 2019)

Chart 2

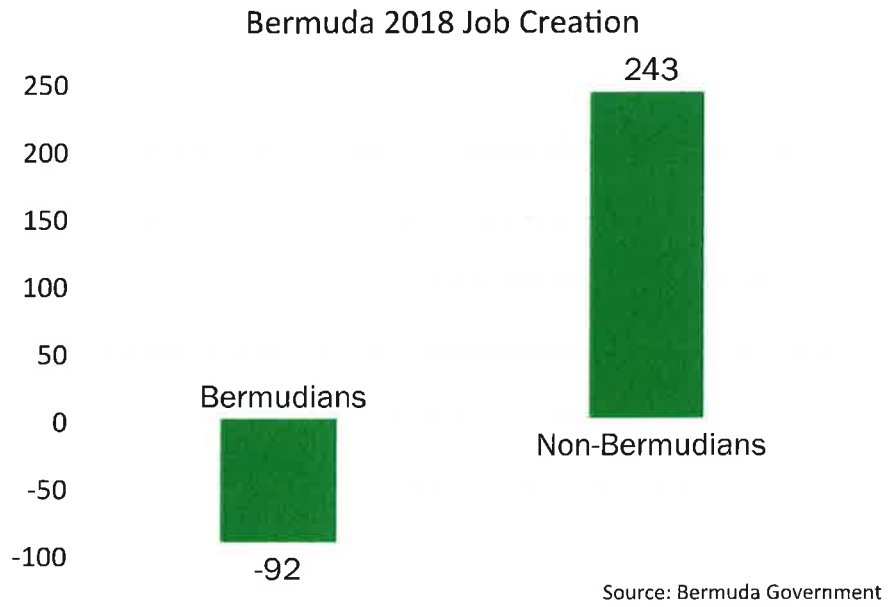


Chart 3

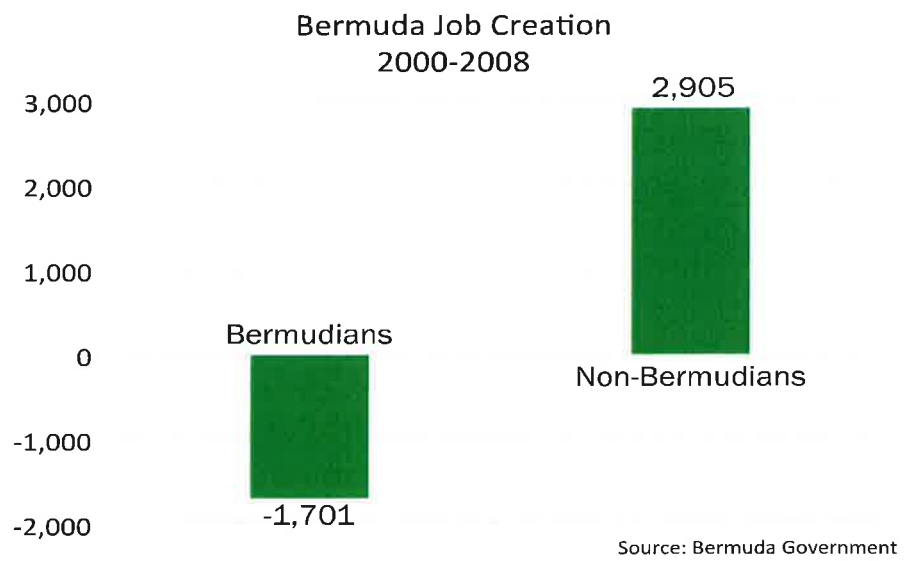
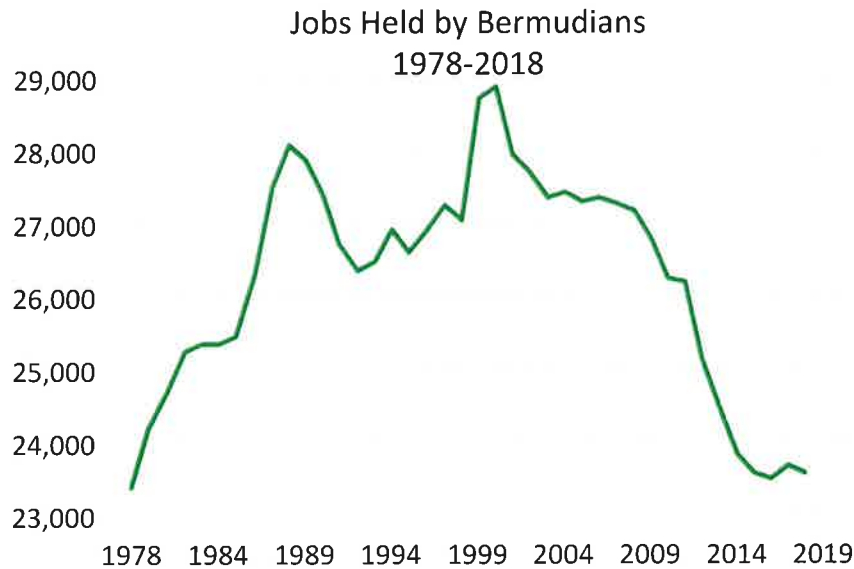


Chart 4



Source: Bermuda Government

Since 2000, there has been a significant increase in the number of Bermudians living in poverty, as documented by journalists and documentary filmmakers. (See Spurling, Lucinda, *Poverty in Paradise: The Price We Pay*, April 2011). As evidenced in these documentaries, poverty in Bermuda is not restricted to the homeless men seen in the street. Instead, it affects a much larger portion of our population, including women and children living in dormitories and substandard housing, surviving on poverty-level wages or minimal Government financial assistance and some church-supported activities. It should be noted that “Able Bodied Unemployed” and “Earnings Low Recipients” as reported by the Department of Financial Assistance rose from BD\$ 5,400,525 in 2011/12 to BD\$11,656,692 in 2016/17, an increase of 116 %. Total financial assistance outlays by the Department was BD\$75, 318,264 during the period 2011 to 2018. (See *Report of the Parliamentary Joint Select Committee on the Establishment of a Minimum/Living Wage Regime*, July 13, 2018, p. 17)

Moreover, there was also a wage freeze within the Government sector from 2011 to 2017.

Finally, the Bermuda Government Budget for 2019/20 indicates severe financial constraints with regard to additional expenditures. Notably, the Government increased land taxes, foreign currency purchase tax, duties on tobacco and alcohol, among other things, as required to increase Government income. In addition, in order to avoid a budgetary deficit, the Government not only removed the annual sinking fund contribution, but it also appropriated the amount of BD\$180,000,000 from the sinking fund, leaving a remainder of BD\$36,000,000. It should be noted that the Bermuda Government has recently been required to raise debt by BD\$250,000,000 as a result of the call on the Morgan’s Point debt repayment guarantee valued at

BD\$165,000,000, as announced on 13 September 2019 by the Minister of Finance, the Hon. Curtis L. Dickinson JP, MP.

#### **IV RECOMMENDATIONS**

Accordingly, Mr. Speaker, the Board offers the following recommendations with respect to salaries for the period 1 April 2020 to 31 March 2022:

1) All salaries of the Members of the Legislature and Officers of the Legislature shall remain the same as set forth in the current Table of Salaries as signed by Premier the Hon. E. David Burt, JP, MP, on 1 July 2019 (*See Annex II*).

2) A suitable administrative and research office(s) shall be provided to the Members of the Legislature in order that they may carry out more efficiently and effectively the duties associated with their positions. This office shall be appropriately staffed with an executive assistant and other necessary resources\* for administrative needs and substantive projects.

3) The Board reviewed whether the Members of the Standing Committees, Sessional Select Committees and Joint Select Committees should be compensated in addition to their regular salaries. The Board resolved that these Members should not be additionally compensated but, instead, agreed that they should view service on such Committees as a privilege and opportunity.

#### **V APPRECIATION**

Mr. Speaker, this report is one that the Board considers to be “fair and reasonable” mindful of the prevailing economic and social climate.

The Chairperson is most appreciative of the efforts of the Board, individually and collectively, in achieving this final result. The Chairperson is also most grateful for the assistance provided to the Board by the Clerk to the Legislature. Additionally, the Chairperson expresses gratitude to Brandon M. Sousa for his excellent administrative and technical support.

#### **VI LEGAL REQUIREMENT**

**Mr. Speaker, as required by section 1B of the Act, a copy of this Report is being sent to you and the Honourable President of the Senate, to be laid in the House and the Senate.**

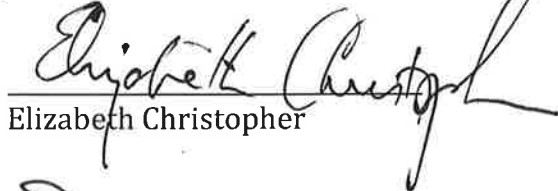
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\* Necessary resources would include additional administrative and professional personnel if demand requires.

Signed:



The Hon. Dame Jennifer M. Smith, DBE, JP, DHum.L, Chairperson



Elizabeth Christopher



Robert K. Horton



Warren W. Jones



Cheryl Packwood



The Hon. Walter M. Lister, JP