

Reply to the  
**BUDGET**  
2016 - 2017



Introduction .....	2
The Harsh Reality of our Debt.....	3
Immigration.....	3
The Local Economy .....	7
End of the Recession.....	7
Imports.....	8
Construction.....	8
Employment & Demographics .....	8
OBA 2016/17 Budget .....	10
Headline Numbers .....	10
Tax Increases Across the Board .....	11
Payroll Taxes .....	11
The National Debt.....	12
Path to a Balanced Budget.....	12
Tax Reform.....	13
Payroll Tax Reform.....	13
General Services Tax .....	13
Airport Redevelopment .....	14
Tourism Development .....	16
The America's Cup .....	17
Education Short-Changed .....	18
Seniors Left to Wait.....	19
Our Alternative Vision.....	20
Reforming Government.....	20
Making Social Insurance More Progressive .....	20
Bringing Jobs Back to Bermuda.....	21
Reforming Occupational Pensions .....	21
Protecting Consumers.....	21
Establish a Cap on Fees at Banks .....	21
Debt Collection Reform .....	21
Regulate Payday Lenders.....	21
Vision 2025 – Agenda for Growth.....	22
Economic Diversification Unit.....	22
Create a Bermuda Fund .....	22
Establish New Trading Partners.....	22
Get Serious about Tourism .....	23
Transform Our Education System.....	23
Establish a Technology Incubator .....	23
Become a Leader in FinTech .....	23
Invest in the Green Economy.....	23
Increased use of Crown Corporations .....	24
Reforming Health Care .....	24
Affordable Homes for Young Bermudians.....	24
Investing in Domestic Food Production.....	24
Increase Savings & Financial Literacy .....	24
Conclusion.....	25

## Introduction

Mr. Speaker and Honourable Members of the House of Assembly, it is a great honour to present the fourth Budget Reply of this Parliament on behalf of the Bermuda Progressive Labour Party.

Mr. Speaker, what many may have missed in the budget book is that the Parliamentary Registrar has been allocated funds to prepare for a General Election, so there is a distinct possibility that this may be the last time that the Progressive Labour Party has an opportunity to present its economic vision to the people of this country before we are returned to the Government benches.

The people of this country deserve the choice between two competing visions of the future and they must understand the difference between the approaches to governance and the priorities between the Bermuda Progressive Labour Party and the One Bermuda Alliance.

The Minister of Finance's fourth Budget Statement falls short on one distinct measure; for the fourth year in a row the Minister of Finance has failed to lay out an economic growth and diversification strategy. The Minister is fond of saying the economic diversification is not an economic strategy. He says that diversification is an investment strategy, a strategy for reducing risk and not a plan for growth. Mr. Speaker, that may be true, however if the Minister doesn't want to talk about diversification, which is sorely needed, then why hasn't he presented a plan for economic growth? When commenting on the Minister's Budget Statement, a local economics lecturer said the following:

*"But he has failed to lay the foundation for sustained growth and, more importantly, growth that benefits the majority and not just the few." – Craig Simmons, February 20th*

Mr. Speaker, what Bermuda needs more than anything else is a plan for economic growth. What Bermuda and Bermudians desperately need is jobs. However, last week we learned that Bermuda has lost 2,266 jobs under this Minister of Finance. Before the election, the Minister famously promised 2,000 jobs and declared that he had investors that would be able to bring jobs and growth to Bermuda; the people of the country are asking right now, where are those investors? Where are the jobs?

This government has failed to produce the jobs promised; they have failed to improve education; they have failed at tourism; they have failed in providing hope and opportunity to Bermudians. Their term in office will be remembered as the great Bermuda exodus, where Bermudians were forced to flee their homeland to search for opportunities elsewhere.

The priorities of the next PLP government will be to focus on growing and diversifying the economy and creating jobs for Bermudians who are still here and those who want to return. We will create an economic diversification unit with the sole purpose of diversifying our economy. We will get serious about tourism and invest in that vital industry. We will make sure that we invest in the education, training and re-tooling of the Bermudian labour force. We will deal with the extremely high cost of living that is affecting Bermudians and making their life difficult. We will stop the exodus of Bermudians that

are fleeing the country because they cannot find work in Bermuda. Finally, we will give Bermudians hope and opportunity for a brighter future.

It falls to me to present that alternative economic vision on behalf of the Bermuda Progressive Labour Party, and it is my hope that after my presentation here today, the people of this country — black or white, Bermudian or expat, young or old, CEO or street sweeper — know where the Progressive Labour Party will take our economy after the next election.

### **The Harsh Reality of our Debt**

Mr. Speaker, the harsh reality is that our country's fiscal situation is daunting. We have a very significant debt challenge that we must address, and everything that we do must be done with a view to balancing the budget. This is not new; we have said in consecutive budget replies that getting to a balanced budget must be the priority. However, we have differed with the Minister on the approach.

These realities were laid bare in the report from the Fiscal Responsibility Panel. We applaud the Minister of Finance for commissioning this independent panel to provide an objective report to the country. The panel produced an excellent first report that contains many important recommendations, many of which I will touch on throughout my presentation today.

One important issue raised by the panel was that of the demographic challenges we face. People are living longer, and this is putting more of a strain on our long-established systems of social assistance and retirement security. The shrinking workforce attributed to jobs that are disappearing exacerbates this challenge.

In light of the issues raised by this panel, and the harsh realities that face us as a country, there are difficult choices that have to be made. I do not want the people of this country to believe that the Progressive Labour Party will come into office and reverse all of the cuts of the One Bermuda Alliance. It's just not possible, and that is because the biggest challenge that Bermuda must face is getting to grips with a debt burden that continues to grow. In the last 38 months, Minister Richards has added one billion dollars to our national debt.

Mr. Speaker, those are the realities that we as a country face and the next Progressive Labour Party government will have to play with the cards that we are dealt. While we may have differing priorities than the OBA, such as our commitment to public education and our seniors, there is one priority that is the same, and that is deficit reduction leading to a balanced budget enabling us to reduce the national debt.

### **Immigration**

Mr. Speaker, prior to my substantive remarks on the budget, I would like to talk about the very topical issue of immigration. Before I speak about the OBA's misguided approach to immigration reform, I would like to remind Bermuda of the policy position of the Progressive Labour Party as delivered in the

Reply to the Throne Speech in November by our Party Leader, the Hon. Marc Bean, where the PLP committed to immediate and comprehensive immigration reform when returned to government:

*“Our policy goal is to ensure that the rights of Bermudians are advanced and protected, while recognising the need to grow our economy with fair and balanced work permit policies, and the starting point is the Bermuda Immigration and Protection Act 1956. This reform process will have as an essential component an extensive public consultation. It will address the issue of Bermuda status grants – how they are to be granted going forward and what criteria needs to be met, and what number of PRCs should be issued on an annual basis. We will create a policy of equal political status for individuals in a family, rather than the current circumstance where one sibling could hold Bermuda status and the other have no rights at all to permanent residence. As the PLP recognises that our plans for diversification will require at least half the new jobs created to be filled by highly skilled and experienced international labour, balance is required. Our policies will reflect this reality.”*

Mr. Speaker, the One Bermuda Alliance’s “Pathways to Status” proposes to grow Bermuda's population as a means by which to ensure economic stability and sustainability. Theoretically, the growth of population for this purpose seems an attractive option. However, Mr. Speaker, where this theory meets reality is in the demographics, political intent and history of social engineering that overshadows the One Bermuda Alliance and its recent forebears, the UBP.

Mr. Speaker, the argument made by the One Bermuda Alliance that these changes merely solidify the position of people who we know and who are already here is disingenuous. This ignores three critical factors. Firstly, the PLP accepts that something must be done for those people who know no other home but Bermuda, and through the convoluted state of the law have no legalised connection to what is essentially their home. Secondly, Mr. Speaker, consistently renewed work permits that give rise to individuals now on the cusp of 15 or 20 years in Bermuda speak to systemic issues within Bermuda's immigration policy. Thirdly, Mr. Speaker, where do we go from here? Does a work permit holder now arrive with a legitimate expectation of becoming a Bermudian in spite of the fact that his permit is time limited and despite the fact that all guest workers are required to sign a declaration that they have no right of residence?

It is wrong for the One Bermuda Alliance to pit us against our neighbours. It is wrong for the One Bermuda Alliance to advance an argument that suggests that Bermudians who oppose this radical change to immigration law are somehow unpatriotic, ignorant or xenophobic. Mr. Speaker, the history of immigration policy in this country and the responsibility borne for it by the One Bermuda Alliance in its original form, the UBP, is what drives the mistrust of the people.



The One Bermuda Alliance's approach to immigration seems to be rooted in their belief that Bermuda's economic problems are a result of less people living in Bermuda. It is true that there are less people living in Bermuda than there were at the economy's most recent height in 2008, but the question that we must ask is, why are there less people living on the island? Mr. Speaker, there are fewer people on the island because there are currently fewer opportunities and jobs existing in Bermuda than there were in 2008. This is due to a multitude of factors, but the main factors are not that of government policy — it is that of economics. It was not PLP policy that led to Butterfield Bank seeking assistance from taxpayers, brought XL to the brink of collapse, or caused AIG to be bailed out by the US government. It was not PLP policy that caused HSBC to relocate numerous jobs overseas, or drove local telecommunications and insurance companies to outsource their IT and customer service operations.

One of the false narratives that continue to be peddled by the OBA is that the PLP immigration policy caused an exodus of jobs from our economy. This comes from the same government that seems content to remind everyone who will listen that the most work permits in our history was under the PLP. Mr. Speaker, do you know why that is? It is because the highest number of jobs in Bermuda's history was under the PLP. That is why there were so many work permits, because between 1998 and 2008, under the PLP, there were 5000 jobs created in Bermuda!

Mr. Speaker, the people didn't leave because they didn't like the PLP; they left because their jobs disappeared via outsourcing, change of domicile or industry consolidation. And though a few may have left because they were unable to get a work permit for their nanny, most of the people in those 5000 jobs didn't have nannies and were not CEOs.

Mr. Speaker, it is simple; there are fewer people in Bermuda because there are fewer jobs in Bermuda.

However, everyone from the RG to the Chamber of Commerce to the OBA seem to be singing off the same hymn sheet that was dipped in snake oil; they are desperate to sell Bermudians on the narrative that the cure to our ills is that we need more people here.

Mr. Speaker, I repeat; there are fewer people in Bermuda because there are fewer jobs in Bermuda.

The One Bermuda Alliance seems to believe that they can just put 2000 more people here on the island and all of a sudden all of those 2000 people will have jobs. Mr. Speaker, that is not correct. The narrative that they are peddling is false. The problem that we face in Bermuda is not that we do not have enough people; it is that we do not have enough jobs. It is not the first choice for Bermudians to uproot their family and move overseas, however if there is no job to provide for their family in Bermuda, they have to go somewhere where they have an opportunity to earn a living.

Mr. Speaker, stopping that exodus should be the priority of the government, not designing schemes to replace those Bermudians who have emigrated with non-Bermudians. We must grow the economy and increase the number of jobs on the island and thus employ Bermudians and, where necessary, import the skilled workers to fill those jobs Bermudians are unable to fill.

Mr. Speaker, now that I have debunked the OBA's false rationale, I will speak to the specific proposals put forward by the OBA.

The OBA has proposed "pathways to status". It is important that when we discuss this program, we remember that we are talking about individuals that are already here on the island and, in most cases, working. What is not clear to Bermudians is how granting existing residents PRC or Bermudian status helps with the government's stated objective of "increasing the size of Bermuda's working population". They are already part of the working population. Allowing them to stay indefinitely doesn't mean there are more people on the island; it just means that it is one less job or position that is free from work permit controls.

With that stated, we must ask how removing persons from work permit control assists the government with its 'outcome' of increasing job opportunities for Bermudians. Again, these persons are already here, and working. How does granting them indefinite right of abode increase job opportunities for Bermudians? We have heard this over and over again from the same chorus, seemingly of the belief that if you repeat the falsehood long enough, it will become true.

If the argument is that with a PRC they will feel as though they belong to Bermuda and will be more likely to invest, that again exposes the fallacy of the OBA's blanket 'one size fits all' policy. We fail to see how removing work permit controls from a waiter who has been here for 15 years, who has sent most of his or her earnings back home, will unleash an avalanche of investment in Bermuda. Likewise, the "senior executive" in international business already has the option to be granted a PRC via Incentives for Job Makers, so they already have certainty for them, their spouse, and their children.

Mr. Speaker, I must also state one other thing that is key: the OBA's immigration reform does not only affect status and voting, it impacts the one resource that we have very little of, and that is land. Part VI of the Bermuda Immigration and Protection Act is entitled "Protecting Land in Bermuda for Bermudians". The vast majority of Bermudian wealth is held in real estate. Wholesale grants of status will lead to the transfer of wealth from Bermudian families to those persons who have newly acquired status. Permanent resident certificate holders are limited in the land that they can purchase. Once the status is granted, persons are able to purchase multiple pieces of property at their whim and pleasure without restriction. Though this may create a temporary boost to the housing market, it creates a long-term situation where born Bermudians will have less of an opportunity to own a piece of the rock. The impact of the OBA's new policy on land in Bermuda cannot be ignored.

Mr. Speaker, the rationale is flawed, the policy is flawed, and as we have seen across this country, Bermudians will not accept it. They will not accept it because it is not what they voted for. Prior to the last General Election, the OBA pledged that they would not grant status to long-term residents. If the OBA wishes to reverse their position on such a major issue then it is their duty to receive the clearly expressed will of the people for their actions via a General Election. If Minister Fahy is certain that the "wider community" support the blanket granting of status proposed by him and Minister Moniz, then we challenge the Premier of this country to seek the mandate of the people for the actions of his

government. If Premier Dunkley is unwilling or unable to go to the people, for the sake of stability we urge the OBA to withdraw this objectionable policy proposal, and commit to a collaborative approach to immigration reform.

Mr. Speaker, in February 2013, the Progressive Labour Party called for a Joint Select Committee to consider comprehensive immigration reform. Three years later, the OBA continue to ignore that call and press ahead with policies that break their election promises and generate anger on the streets of this country. If the OBA are really serious about immigration reform, they will abandon their unilateral and divisive approach to this topic, and let this Parliament work on a comprehensive policy that can earn the support of both parties.

Let us work together to fix the problems for those who know no other home but Bermuda, but have no legalised right of permanent abode to what is essentially their home. Let us work together to ensure that we can attract persons to our shores who are willing to invest and bring jobs to Bermuda. Let us work together to ensure that those who have contributed to the betterment of Bermuda can continue to stay in Bermuda to help make our island a better place.

Why is it important for us to work together on this issue? International investors need to know that they have a stable platform on which to base their investment decisions. Currently, immigration policy can change from government to government; we will not attract the long-term investment that we need if potential investors feel that the rules may change after an election. That is why it is important for both parties to support a common approach that we can present to the international investment community.

Mr. Speaker, I repeat: there are fewer people in Bermuda because there are fewer jobs in Bermuda. If we grow the economy and create jobs, our residential population will increase. What Bermuda needs is a government focussed on economic growth and jobs, not a government that wants to make it more difficult for Bermudians to be employed in their own country.

I will now turn my attention to the Minister's 2016 Budget Statement.

## **The Local Economy**

Mr. Speaker, the Minister went through great pains to tell the story that Bermuda's economy is on the path to recovery. However, after a close examination of his statements, the Minister may not want to declare victory just yet.

## **End of the Recession**

At the outset of his statement, the Minister boldly declared:

*"We have worked our way out of The Great Recession, with five consecutive quarters of GDP growth."*

However, Mr. Speaker, that is false. In what must be a need to paint a better picture than reality, he has put 2014's Q1 figures next to 2014's Q4 figures on the graph. Simply put, he put the two positive quarters at the end to give the impression that the economy has been growing for five straight quarters.



I'm not sure why the Minister chose to present his graph this way, but to claim the data shows the economy has been growing for five straight quarters is not correct.

### Imports

Mr. Speaker, in looking for figures to support his assertion that the economy is recovering, the Minister sought to use the number of containers as an indicator of demand. The Minister opined the following:

*"However, the volume through the waterfront is an indicator of broad demand on-island. 2015 registered 19,067 containers versus 16,562 the previous year – a clear sign of growth."*

Mr. Speaker, the volume of containers has never been an indicator of demand. Though I cannot speak to what caused that volume spike, I can speak to the real statistic that matters in this case — imports. For the first nine months of 2015, imports were down 8% when compared to the first nine months of 2014. An 8% year-over-year decline in imports is not a "clear sign of growth".

### Construction

Mr. Speaker, when speaking about the construction industry, the Minister stated:

*"Construction is an important area of employment in Bermuda. Although the blockbuster projects have not yet commenced, the sector is already expanding."*

Mr. Speaker, once again the facts don't match the Minister's rhetoric. In 2015 the number of persons employed in the construction industry fell as they have in every year since the OBA came to power. Over the first nine months of 2015, gross additions to the housing stock and construction work put in place were the lowest recorded in at least 12 years. Gross additions to the housing stock declined by 45% from 2014 levels, and construction work put in place saw a reduction of 41% from 2014 levels. By any fair measure, the statistics above fly in the face of the Minister's declaration that the construction sector is "already expanding".

Mr. Speaker, the local economy is at its best mixed, and while the Minister trumpets retail sales numbers, outside of the auto sector, which is being supported by a local bank giving 100% financing for automobiles, other retail sectors continue to fare poorly. Though we cannot argue with the statistics that GDP is rising, most of this growth has not come from the Minister's policies but as he himself admitted, the falling price of oil. It is clear there is still much work to do to return our economy to growth strong enough to create jobs.

### Employment & Demographics

Mr. Speaker, there are 298 fewer jobs in Bermuda than there were a year ago; jobs were lost in 9 out of the 14 economic activity groups. Every year since the OBA came to office there have been fewer jobs in Bermuda than the year before. The Minister is keen to point out that jobs are a lagging indicator, and that may be the case, but unless the economy manages to create 4,000 jobs in the next year, Minister Richards will fall far short of his pre-election pledge to create 2,000 jobs.

Mr. Speaker, when speaking about the changes in employment, the Minister made the following comment:

*“As retiring baby boomers fall off the rolls of the workforce, they are not being replaced by equal numbers of young people because there are fewer of them. Thus, all other things being equal, the workforce is being shrunk by this demographic fact.”*

Mr. Speaker, as the Minister has often taken to his feet to remind us of his vast experience and to lecture us on economics, allow me to return the favour. There is a difference between the labour force and the workforce, and it seems that the Minister and his cabinet colleagues are not aware of the difference. According to the Department of Statistics, the labour force is defined as, “persons of working age who are either gainfully employed or looking for work”; workforce is defined as, “the number of persons who were employed”. The distinction is important as many times, the OBA when speaking of pathways to status, speak about expanding the workforce. The only way the workforce is expanded is by more jobs being created. Those persons unemployed, but willing and able to work, are not part of the workforce, they form part of the labour force. In reference to the Minister’s quote above, the workforce is not being shrunk by demographics; it is being shrunk due to the fact that there are fewer jobs to be filled in the economy.

However, Mr. Speaker, it was what the Minister went on to say that should concern all voters. When speaking about the shrinking labour force, the Minister declared:

*“There are those who conclude that the shrinkage in the workforce must be the result of emigration from Bermuda or people “giving up” on seeking work. There is no statistical evidence supporting such conclusions.”*

Mr. Speaker, does the Minister of Finance live in Bermuda? Does he knock on the doors of the houses in his constituency? To deny the fact that we have a crisis of emigration in this country is shocking for the person who is responsible for financial and economic policy in Bermuda. Mr. Speaker, has the Minister tried to get any statistical evidence to dispute this claim? Absence of evidence is not evidence of absence. The Department of Immigration has one of the most powerful IT systems in government, they could tell the Minister how many Bermudians have left the country and not returned. There are reports from the Department of Statistics that speak to emigration and the “Bermuda Brain Drain”, however let me provide the Minister with a data point that may assist him.

Between 2012 and 2015 there were 368 students who left the public school system to transfer to schools overseas. Out of that figure, 247 of those students were either at the primary or middle school level. Students at that level aren’t typically heading off to boarding school; they have left the public school system because their families have left Bermuda. Mr. Speaker, in its initial report, the Fiscal Responsibility Panel, when speaking about our demographic challenges, said the following:

*“At the same time, it is equally important to reduce emigration of Bermudians, especially of younger and more skilled citizens (and to attract back recent emigrants); clearly here the most important factor by far is employment opportunities.”*

Mr. Speaker, we in the PLP agree with that statement and, unlike the Minister, we are not going to deny the facts that are staring us in the face. We are in touch with our communities and we know the emigration challenge is real. This government cannot be trusted to fix the problem as this government continues to deny it exists.

## OBA 2016/17 Budget

Mr. Speaker, when asked about my initial comments on the Budget by the media, I stated that I felt as though it was vindication. Mr. Speaker, it seems as though the Minister of Finance finally read the Progressive Labour Party's reply to the 2013 and 2014 Budget Statement. And I say that, Mr. Speaker, because many of the items of which we raised in 2013 and 2014, which the Minister of Finance dismissed at that time, have made their way into his Budget Statement of 2016.

## Headline Numbers

Mr. Speaker, last week the Minister unveiled a Budget that increased taxes, increased current account spending, increased capital spending, and increased debt.

Current account expenditure budgeted at \$921 million is higher than last year's budgeted figures even when the expenses for the aircraft and shipping registries have been removed from the Budget. Without the transfer of those two departments, current expenditure would have been up \$18 million year over year.

The goal of the Minister of Finance to eliminate the deficit is needed, but on this measure the Minister has shifted the goal posts. He has made the same pledge to balance the budget in 3 years in two consecutive Budget Statements:

*"It is the objective of this Government to balance the budget within three years."*

*Minister Richards – 2015 Budget Statement*

*"This Budget, accordingly, represents the first year of a three-year plan to eliminate the deficit." – Minister Richards – 2016 Budget Statement*

Why, Mr. Speaker, should we believe him this time, when he says we will balance that budget in three years? Last year's budget targets were described the following way by the Fiscal Responsibility Panel:

*"we doubt whether the trajectory set out in the Budget is entirely realistic"*

Mr. Speaker, we contend that the Minister's forward projections this year are also unrealistic. The idea that we can reform both the payroll tax system and implement a services tax in one year flies in the face of common sense. His projections are based on extracting \$215 million more in taxes annually, which most independent observers would consider fanciful at best. It should also be noted that the two "blockbuster" projects that the Minister hangs his hat on have both been extended payroll tax and custom duty exemptions, so the impact those projects would have on government revenues would be minimal.

The Minister is fond of saying that budgets have to mean something and that the government must stick to their budget targets to be credible. Similar to his now annual pledge to balance the budget in three years, the Minister's Budget calls for \$120 million more spending over the next two years than he said exactly one year ago. Yes, Mr. Speaker, in one year the Minister who said he would exact strict discipline on the public purse has increased his own spending target by \$120 million.

The Minister neglects to note that his projected deficit this year is \$50 million more than he projected it would be last year. Last year he told us this year's deficit would be \$150 million. Last week he told us that the deficit will be \$200 million and his colleagues stomped their feet in approval as though this was a great accomplishment. Mr. Speaker, missing your deficit target by \$50 million is nothing to stomp your feet about.

Mr. Speaker, in his statement last week, the Minister said the following:

*"Since March 31, 2013, Current Account spending levels have been reduced by \$74 million, or 7.4%. This is good news, but the Ministry of Finance's Medium Term Expenditure Framework (MTEF) called for a 15% spending reduction over a three-year period."*

The translation, Mr. Speaker, is his budget targets were unrealistic and he's given up! He set the target and only got halfway there; any independent observer would give the Minister a failing grade. Two years ago the Minister of Finance mocked the Progressive Labour Party's alternative budget, saying that we would spend more and did not understand how the economy works. Two years later he is following the Progressive Labour Party's plan of freezing current spending while looking to increase revenue over the long term. The problem, Mr. Speaker, is that it is two years too late. He didn't make the investments in growth that we called for, he didn't focus on inefficiencies in the civil service that we advised, he didn't make the investments in tourism that we urged, and now, he's trying to claw back taxes from citizens who have seen their real incomes fall every year under the OBA.

We warned the Minister of Finance many times that you cannot cut your way out of this problem. However, the Minister refused to take our advice. His belated acceptance of this reality means the Bermudian people will now have to pay the price with increased taxes across the board while he determines plan B.

### **Tax Increases Across the Board**

Mr. Speaker, the price of the Minister's poor decision making over the past three years is the across-the-board tax hikes he unveiled last week. His new taxes mean that electricity bills will increase, the price at the pump will increase, licensing your car will cost more, tourists will pay more for hotel rooms and alcohol, and the cost of food will likely rise, all while the take-home pay of workers will be reduced.

### **Payroll Taxes**

Mr. Speaker, in 2014 we stated that Bermuda must transition from deriving a large chunk of our revenue from employment taxes to gaining a larger share of our revenue from consumption taxes on goods and services. Back then we stated the economic case for this change: payroll taxes can depress employment. It came from the fact that in taxing the very thing we need in Bermuda — jobs — we could increase the incentive to outsource jobs and eliminate positions.

We thought the Minister of Finance came around to this view last year when he made the following statement:

*"Payroll taxes, our primary source of revenue, for example, is not a tax on consumption at all. It is a tax on labour — not a type of taxation that would tend to increase the number of jobs." – Bob Richards – 2015 Budget Statement*

It was therefore shocking, after the third consecutive year of job losses under his watch, to see the Minister of Finance increase payroll taxes for the second year in a row across the board.

The top rate of tax is now set at 15.5% while the portion of that tax recoverable from employees has risen to 6%, the highest level it has ever been! The tax hike is sure to cause more pain in our economy and will likely lead to more pressure on some employers to close their doors.

Mr. Speaker, though the Minister has dubbed this increase as an "interim measure", Bermudian employers and employees are paying the price for the Minister's stubborn refusal to heed evidence-based warnings on the need for tax reform. Unwilling to heed our advice, we received lectures on "how the economy works" instead of action. History will record the PLP as being right on the issue of tax reform.

## **The National Debt**

Mr. Speaker, since coming to office, the OBA have added \$1 billion to the national debt. In an interesting move, the Minister came up with a new chart to show his "progress" in reducing the deficit:

*"This graph shows the year-over-year percentage change in public debt levels. Clearly, between 2008 and 2012 the situation was out of control. Since that time, the increase in debt has slowed substantially."*

Mr. Speaker, instead of my trying to explain why the Minister's chart is misleading, let me share a simple fact. From 2008–2012, the same years the Minister labels as "out of control", the increase in net debt was \$958 million. Between 2012 and 2016, under his watch, the increase in net debt has been \$982 million. It seems the Minister is fuzzifying up the numbers once again. Does an increase in debt of \$982 million since the Minister took over the public purse merit the description "slowed substantially"? Of course it doesn't!

Mr. Speaker, remember the \$800 million that the Minister borrowed that was supposed to last for three years, but ran out in two? Last week the Minister told us that he's already used \$150 million of the extra \$200 million that he borrowed from Butterfield! It seems the facts contradict the Minister's boasting that he has a handle on our debt problem.

## **Path to a Balanced Budget**

Mr. Speaker, in 2014 the Progressive Labour Party laid out a path to a balanced budget that focused on making the right investments to boost economic growth while reducing and then freezing government spending. The additional investments were in education and training, alternative energy, tourism, infrastructure development and investments in technology to make government more efficient. We also called for phased ending of tax concessions over two years.

In November of 2013, we called for the creation of a Revenue and Government Earnings (RAGE) Commission to examine ways to enhance government revenue streams. Recognising that Bermuda

could not cut its way out of recession, we knew then that we had to focus on revenue. Instead of taking our advice, the advice of the private sector, and the advice of his very own SAGE commission to set up a body to look at revenue, the Minister's response was, "*We are not going to have a RAGE Commission.*"

Twenty-eight months later, the Minister of Finance has finally accepted what the PLP has been saying since 2013: that we cannot cut our way to a balanced budget. Last week we heard the Minister finally embrace tax reform, another suggestion we offered in 2013.

## **Tax Reform**

Mr. Speaker, in 2013 the PLP called for the examination of our system of taxation. At that time we were told by the Minister of Finance that you don't change your tax system when your economy is weak. Three years later, very few would argue that our economy is strong, but the Minister of Finance again has belatedly come around to yet another PLP position.

Before I get to the Minister's proposals, I would like to ask for the sake of transparency and good governance, that the Minister table the report from the Caribbean Regional Technical Assistance Centre (CARTAC) that formed the basis of his proposals. The release of this report would certainly assist the public discourse around the issue of tax reform.

## **Payroll Tax Reform**

Mr. Speaker, in the introduction to his statement, the Minister made the following declaration:

*"We will make this happen by broadening the tax base, and doing so through progressive measures that require more from those who earn more."*

Though the Minister's statement was short on specifics, he outlined broad themes such as making the payroll tax structure more progressive, more equitable, and taking into account employee and employer ability to pay.

The PLP is open to support moves in this regard and we look forward to hearing more details about the changes before we give our support. We also encourage the Minister to raise or remove the cap on earnings subject to payroll tax. However, we warn the Minister that as he's committed to simplifying the tax code, any changes should be simple for employers to implement and not increase their administrative burden or cost of doing business.

## **General Services Tax**

Mr. Speaker, last week the Minister signalled his intention to introduce a General Services Tax at a rate of 5%. The PLP has advocated broadening the tax base since 2014 and will wait to hear more details about this proposal. We do caution that it will be unlikely this tax can be implemented in a year.

We do, however, want to lay down a marker. It is important that the implementation of this tax does not increase the overall tax burden on those who can least afford it. As we look to make payroll tax more progressive, we shouldn't introduce a services tax that in its implementation will be regressive.



## Airport Redevelopment

Mr. Speaker, I have risen to my feet many times in this chamber, and have held numerous town hall meetings and PAC hearings regarding the new airport terminal. This is a project that the Minister of Finance has committed the country to, and nonetheless there is a shocking lack of transparency that has been exhibited by the government in relation to what will be the largest capital project in our country's history.

Before I get into detailed criticism of this scheme, let me share with the public what the Minister's own Fiscal Responsibility Panel had to say about this project:

*"Although strictly speaking as a public-private partnership project, it would not involve public spending, the loss of airport revenues net of operating costs over the medium and longer term is probably best regarded as a form of expenditure commitment. In any event it is a fiscal cost that, given the fiscal situation, would need to be offset by other fiscal measures, in practice by some additional increase in taxes. So decisions should take into account not just whether the project has value for money (including in the sense of delivering an acceptable economic return) but whether the future fiscal costs involved represent the best possible use of limited budget resources."* – Fiscal Responsibility Panel

Mr. Speaker, I draw your attention to a line that bears repeating — *"whether the future fiscal costs involved represent the best possible use of limited budget resources"*.

This new airport project is about more than the short-term jobs it may create. The question is whether or not it is the **right** priority for the country given the limited resources at our disposal. It is clear that we cannot afford a new \$250 million airport, however the Minister is intent on foisting this project on Bermudian taxpayers without regard to the impact that it will have on the government balance sheet for the next 30 years.

The Minister has signed an Airport Development Agreement that:

- Frees Aecon from paying payroll taxes at the airport for the duration of the project. Not just during the construction stage, but for the entire 30-year period.
- Frees Aecon from paying electricity bills for the duration of the contract, which is 30 years of taxpayer-funded electricity costs.
- Guarantees with taxpayer funds the revenue that will go to Aecon over the next 30 years.
- When the project price is determined, if Bermuda checks to see if someone can give us a better deal or puts the project out to tender, Aecon can cancel the contract and the Bermudian taxpayers will have to pay a penalty.

Mr. Speaker, that is only from what we know. The Minister has "redacted" the entire schedules of the Airport Development Agreement, which runs directly counter to his pledge of transparency. In an age of PATI and Commissions of Inquiry, the Minister of Finance, whose own Accountant General told the PAC that he was not following financial instructions, will not share with the people of this country how much this deal will cost the treasury over the next 30 years.

Mr. Speaker, in January 2015, the BPSU posed a number of questions to the Minister about the airport deal. One of the questions asked was, *"Will the Government be responsible for guaranteeing the private sector's revenues?"* The Minister responded to the question with the following:

*"The answer to this question is simply no. No one is going to guarantee the private partner's revenues after construction – that will be part of their business risk."*

Mr. Speaker, the Minister who declared he would always "tell the truth" signed a contract that guarantees Aecon's revenues after construction, transferring the risk from Aecon to the Bermuda taxpayers, after explicitly declaring to the BPSU that he would do no such thing!

In justifying his approach to a sole source contract, the Minister of Finance boasted last year:

*"Heavy procurement costs, especially consultants' fees that became such a significant cost element in the new hospital wing project, are mitigated."*

And in 2014, he said:

*"The other thing that I want to inform the public is that with the P3 model that they used for the hospital, the PLP Government spent \$10 million on consultants—\$10 million on consultants on that project! We do not have that kind of money. All right? This model enables us to cut a lot of that stuff out."*

Mr. Speaker, one could be forgiven to think that this project would cost taxpayers nothing, as has been intimated by the Minister on numerous occasions. However, the budget book doesn't lie. After scoffing that "we don't have that kind of money", the Minister has found \$13 million to insert in this year's budget book on a line item entitled "Airport Redevelopment". While the Minister chided the RFP process for the Acute Care wing costing millions in consultancy fees, it appears the Minister is going to spend **more** than what was spent on the hospital project, and still, contrary to financial instructions and the Good Governance Act, there is no tender process.

Mr. Speaker, let's recap:

- The Minister told us that CCC **will** select a vendor when he already knew Aecon was the vendor from the start.
- The Minister told us that we would not be guaranteeing revenues after construction for a private firm and the contract he signed does exactly that.
- The Minister said we would not have heavy procurement costs and that the project would pay for itself, yet he has set aside \$13 million in the Budget for this project.

Mr. Speaker, why should anyone continue to trust what this Minister of Finance says regarding the airport redevelopment?

Let me attempt to give an illustrative example of the madness that is the Airport Development Agreement, by comparing it to an investment property.

Let's say an investment property that you owned was ageing and in need of upgrades. The property was generating a small profit, but not enough to fund a new loan. However, instead of renovating that property, you were convinced by a developer that they could replace your building free of charge on an

adjacent lot, if you lease your property to them for 30 years. The developer says that they will use the rent from subleasing your property to pay off the loan. Intrigued by the idea, you sign a memorandum of understanding to give this developer exclusive rights to replace your property while you work out the details. While working out the details, you are told by the developer that you will need to guarantee the rent payment going forward in case one of the tenants doesn't pay their rent; you are told that you have to pay for the electricity costs of the developer for 30 years; and you are told that after signing the contract, if you try get a better deal (keeping in mind you still don't know the price) from anyone else, you will have to pay the developer a penalty.

I ask you, Mr. Speaker — would you sign that contract? I ask the people of Bermuda, would you sign that contract? I will ask the One Bermuda Alliance backbenchers, would you sign that contract? The answer, I'm sure, would be **no**! However, the Minister of Finance said, this is a great deal — where do I sign?

Our position is simple: put Bermudians to work immediately by renovating the existing structure to extend its useful life by 10 to 15 years. Invest the money that would be going to Aecon into tourism development and marketing to grow air arrivals and create jobs for Bermudians. These jobs won't be short-term construction jobs that last for three years that we'll be paying off for 30 years; they will be long-term jobs in tourism.

## Tourism Development

Mr. Speaker, the Bermuda Tourism Authority has received bi-partisan support. There is agreement on both sides of the aisle that this second leg of our economy must succeed. The decline in our tourism fortunes has been well documented and the reasons for that decline widely discussed.

The BTA heralded a new way of doing business. Its independence was supposedly the single-most distinguishing factor that would unleash the wave of innovation and marketing expertise alleged to have been missing in Bermuda's tourism for decades.

Mr. Speaker, with independence should come accountability. Sadly, there is little to none with respect to the BTA. Every metric by which the BTA has demanded that they be judged has shown no improvement. Air arrivals have hit a 49-year low, visitor spending is down, and the signature programme by which they claim some success is one that makes Bermuda a value option for travellers through virtually 50% discounted rates. Mr. Speaker, these are not signs of "arresting the decades-long decline of vacation air arrivals", yet their staff still collect bonuses contrary to the Minister's declaration that they would be "compensated based on their performance". The Minister also said that the professionals at the BTA will be "accountable for their performance". I ask, Mr. Speaker, who will the OBA hold accountable for the 49-year low in air arrivals? Is it the Minister of Tourism, the Chairman, or the CEO? Will anyone be held accountable for this continued dismal performance?

Mr. Speaker, it is clear that the marketing of Bermuda is not drawing visitors in the numbers that would validate the claims of a turn-around in this industry. Mr. Speaker, Bermuda cannot afford to continue to invest millions of dollars into a structure and strategy that does not deliver and is not held accountable.

In his National Economic Report for Bermuda, the Minister of Finance repeats the BTA's excuse of the "weakness in the Canadian dollar in 2015" as "a major contributing factor in preventing the air arrival

performance from reaching positive territory". Mr. Speaker, it's worth noting two important facts regarding Canada:

1. Both West Jet and Air Canada posted record months for January 2016, up 7.4% and 7.1% respectively year over year. West Jet plans to increase its scheduled flights from Toronto as a result. Air Canada put its increase for that month to more traffic in all the markets it serves, including Caribbean routes.
2. The Caribbean region reported that it had outperformed every major tourism region in the world in setting new arrival and spend records in 2015. At the core of this growth, the Canadian market **grew** by 4.5% to 3.4 million visits.

There is potential in the Canadian market, Mr. Speaker, but it is untapped by our marketing and we are being undone by our competitors. To couch the BTA's failure against the background of the Canadian dollar is simply not supported on the facts. We must look inward. We must decide if we are present in a meaningful way in this significant market. We must determine if an outpost in Oakville, Ontario, 40 minutes from Toronto, is sufficient to meet the challenges of a diverse, cosmopolitan and increasingly influential marketplace in one of North America's most important cities.

Though it is clear the BTA can do better with the resources they have, we must also accept that the OBA has not made investment in tourism a priority. We have repeatedly called for more to be spent on tourism development as it is a productive investment that will yield a return for Bermuda; unsurprisingly, the Fiscal Responsibility Panel agrees with us as they said:

*"Similarly, increased resources for tourism marketing and development could have a significant pay off in terms of growth and employment – and ultimately government revenues."*

Therefore, Mr. Speaker, it is welcome that the BTA will receive more resources this year to promote Bermuda overseas. It is hoped they will use it wisely and will spend less on adverts in the Royal Gazette, programs on ZBM and fish sandwich competitions, and will spend our money on getting tourists to Bermuda. The time for spin and excuses is over; it is time for the BTA to produce.

## **The America's Cup**

Mr. Speaker, the saying goes "all that glitters is not gold". The America's Cup has been presented to the people of Bermuda with much glitter. The concern in this community is that "the gold" has not yet been seen and that those who have or will see it are few in number.

There has been economic impact, Mr. Speaker. There is work being done in support of the 2017 events and there are pockets of success stories that make for good PR and local "feel good" stories. But is this event the transformational initiative promised by the One Bermuda Alliance and the event organisers? The jury is still out. It cannot be denied however, that this niche, elite event has limited appeal globally and is unlikely to transform our tourism to the point where on its shoulders will come sustainability as a result of its presence in Bermuda.

Take for example, Mr. Speaker, the promise that "the world would be watching" October's World Series Challenge in Bermuda. The television ratings for the event placed the AC in 92nd place in those ratings.

The world was watching baseball, football and even poker as only 73,000 viewers tuned in for the World Series Challenge. I do not cite these statistics to denigrate the event or its potential positive impact on Bermuda, but to provide some much needed perspective for the public who run the risk of being overrun by the gospel according to the America's Cup.

Mr. Speaker, commenting on the October event's impact, the CEO of the BTA said:

*"For that month, total visitor arrivals were up 44 percent, total air arrivals were up 15 percent, vacation air arrivals were up 12 percent, hotel occupancy was up 16 percent and tourism-related retail spending was up about one third."*

That paints a picture of success, but without comparative data and actual numbers, percentages do not give an accurate picture. Total visitor arrivals up 44%? Are we expected to believe that the 54% increase in cruise passengers for the month was due to the three-day America's Cup event? Hotel occupancy for the month of October was only 55% — not a number that hoteliers will call great. For the entire month of October, only 1,186 visitors declared "America's Cup" as their reason for travel.

Mr. Speaker, like any other event in support of tourism renewal, the Progressive Labour Party shares the desire for the America's Cup to succeed. However we must remember that this event will cost taxpayers millions of dollars. Larry Ellison's net worth is 20 times greater than the size of Bermuda's national debt. We are constructing a full village in Dockyard to host an event for billionaires that will last one month, and paying them for the privilege of hosting it.

Mr. Speaker, at a time when we are reducing investments that directly benefit our people, and sending our children to rodent-infested schools, it is important that this event delivers the promised return to the people of Bermuda. Though we are hopeful for its success, early indicators seem to show that the return on Bermuda's investment will be less than the \$250 million predicted by the Minister of Finance last year.

### **Education Short-Changed**

Mr. Speaker, the core measurement of any society is found in how it treats its most vulnerable citizens. The voiceless must find in its leaders a voice that champions their cause and advocates for their needs and aspirations. More than landfills for yachts and bricks and mortar for a new airport, the children of this country require the investment and resources that demonstrate their value to the continued success of Bermuda. The continued reduction of investments in education under the OBA is a sad reflection of the priorities of this Government. The OBA always seems able to find the money for its pet projects and no-bid contracts for friends & family, but is content to short-change our children.

Mr. Speaker, the turmoil that has been created by the potential for school closures - not founded in academic performance or outputs - has crossed racial and neighbourhood boundaries. Paget, Southampton and St. David's have been forced into protest at plans that rob them of the opportunity for success.

The next Progressive Labour Party Government will be guided by student needs first in determining how best to craft a system of education that produces citizens positioned to assume the jobs of the future that will drive this economy. Teaching and learning must be fostered in atmospheres that meet best practice which starts with high quality teaching and educators supported by their government with the resources they need to fulfil the sacred trust that is educating our future leaders.

### **Seniors Left to Wait**

Mr. Speaker, in most cultural traditions, the elders are revered. They bring wisdom, they connect us with our history and their golden years enrich the society through their continued contributions. Bermuda's culture is no different. Every government has the responsibility to ensure that its senior population enjoys a quality of life that reflects the value we place on them as citizens.

Policies that increase the financial burden on seniors reach through the community and add to the stresses of family life. Families struggling to make ends meet see their incomes further strained by having to meet the burdens imposed on their senior relatives by a Government that has increased the costs of healthcare, car licensing and even attempted to raise land tax on senior citizens.

Mr. Speaker, the Minister's reluctant reference to just thinking about an increase in pensions is not enough to stabilize the hardships too many of our seniors now endure. Our seniors have not had an increase in their pensions since 2011 and should not be forced to choose between medication, necessities or food.

Mr. Speaker, there is a new campaign, funded by the OBA government, that ends with, "it's the right thing to do". Mr. Speaker, the right thing for the OBA to do is to give our seniors the pension increase they deserve!



## **Our Alternative Vision**

Mr. Speaker, as the recent bye-election in Devonshire North Central demonstrated, Bermudians have grown tired of the One Bermuda Alliance. It is our responsibility to hold the government to account, but we must also present a plan and vision for the future. The public discourse is better served when we compete on ideas. Though the Progressive Labour Party has presented various economic reforms and proposals over the past three years in both our Throne Speech Replies and our Budget Replies, it is important that we take this opportunity to lay out our different approach to governing and what the priorities of the next Progressive Labour Party government would be.

Mr. Speaker, though I don't want to review all of the policies proposed in 2013, 2014 and 2015 in depth, there are some important items that I will highlight briefly.

## **Reforming Government**

Mr. Speaker, one of the keys to balancing the budget is to reform government and increase the efficiency of the civil service. Reforming government is not an overnight job — it will require time and patience — but it must be rooted in the aim of identifying efficiencies. The OBA has failed to learn from the PLP's mistakes in this regard, and though advised against it, they attempted to implement cuts across the board to meet their budget targets:

*"Budget cuts have often reduced productive investment spending rather than cutting into inefficiencies in service delivery, which undermines future fiscal capacity to service debt." - Pre-Budget Report 2012*

The advice we gave last year was confirmed by the fiscal responsibility panel which said:

*"across-the-board cutbacks, or hiring freezes, while looking simple, are rarely an approach that improves efficiency, effectively avoiding the hard challenge of discriminating between services with very different marginal productivities or value."*

Mr. Speaker, across-the-board cuts do not tackle inefficiency, which is the core of the problem; and they often reduce productive investment. This means that cuts without focusing on efficiencies can make our budget problems worse. The PLP will focus on making the Civil Service more efficient, via technology, departmental reviews and effective human resource management, and will look to implement some of the recommendations in the SAGE report.

Additionally, we should further professionalise the civil service and introduce fixed-term contracts and performance-based pay for senior managers. Individuals should be rewarded for increasing department revenues, reducing department expenses, and increasing the performance and efficiency of a government department or ministry.

## **Making Social Insurance More Progressive**

Mr. Speaker, the next PLP government will complete a comprehensive examination of the social insurance programme, including the impact of changing employer and employee contributions from a fixed rate to a percentage of earnings, and the appropriate level for the cap on social insurance

contributions. The objective of the review will be to increase the take-home pay of low earners and put more money in their pockets.

### **Bringing Jobs Back to Bermuda**

Mr. Speaker, the Minister has ended the payroll tax exemption for New Bermudian Hires. The Minister said that the measure would boost Bermudian jobs, however during his time in charge of the economy the number of Bermudians employed has continued to fall.

The next PLP government will reintroduce this concession and apply it to Bermudians who plan to relocate to Bermuda, incentivising employers to hire our young students who are overseas who would like to come back and work. Additionally the PLP will extend this tax concession to any Bermuda company that decides to repatriate previously-outsourced jobs back to Bermuda.

### **Reforming Occupational Pensions**

Mr. Speaker, the next PLP government will end the discrepancy that makes employing guest labour more cost effective than employing Bermudians. The National Pension Scheme does not apply to guest workers; this means that by comparison, Bermudians are more expensive to employ than non-Bermudians.

### **Protecting Consumers**

Mr. Speaker, since 2013, the PLP has proposed a number of measures to assist consumers from being taken advantage of in our economy.

### **Establish a Cap on Fees at Banks**

Mr. Speaker, certain fees at banks punish and compound distress for those in financial difficulty. The next PLP government will increase the transparency of fees at banks and implement regulations similar to other jurisdictions to end the practice of multiple charges for credit card over-the-limit fees.

### **Debt Collection Reform**

Mr. Speaker, many Bermudians, as a result of losing their jobs, now fear being sent to prison for debt. The next PLP government will end that practice. We will also reduce the statutory interest rate for judgment debts, and update regulations for debt collection agencies. Finally, we will introduce legislation that will enable a unified system of consumer credit reporting.

### **Regulate Payday Lenders**

Mr. Speaker, as a result of our economic challenges, a new type of company has found a home in Bermuda, and that is the payday lender. Payday lenders in Bermuda are lending money and charging interest at the rate of 260%. These companies prey on the desperate and the next PLP government, similar to many jurisdictions, will enact rules to regulate these firms.

## **Vision 2025 – Agenda for Growth**

Mr. Speaker, last year the Bermuda Progressive Labour Party unveiled Vision 2025, a long-term economic plan for the transformation of our economy. Vision 2025 is a plan that will increase jobs and transform our workforce and economy to one that is ready for the future, and not one that is clinging on to the glory days of the past. I will touch on some of the items mentioned previously; however members of the public can visit [vision2025.plp.bm](http://vision2025.plp.bm) to learn more about our plan.

### **Economic Diversification Unit**

Mr. Speaker, the next PLP government will create an Economic Diversification Unit. This permanent organisation will consist of a small number of persons with a proven history of developing economies. The mission of this organisation would be to identify new opportunities for economic diversification outside of financial services and subject them to structured analysis and research. As a small island, we cannot be all things to all people, but we can develop focussed centres of excellence that leverage our location, reputation, and regulation to find sectors that can thrive in Bermuda. Once areas are identified and agreed upon, the unit will seek partners and investment to develop the new local industry to bring jobs to Bermuda. This unit will complement the work of the BDA whose mandate is primarily focused on protecting, growing and diversifying the international business sector.

The Economic Development Unit will be able to research and, if feasible, develop plans for the blue economy and online gaming.

### **Create a Bermuda Fund**

Mr. Speaker, if we are to create long-term economic growth, we need to use all of the tools at our disposal to invest and generate economic activity in Bermuda. There is a high level of investment expertise in Bermuda and the next PLP government will take advantage of this expertise by creating a local sovereign-wealth fund called the “Bermuda Fund”. This fund will be seeded with a small portion of the pension funds that are under the control of the government and would allow Bermuda to tap into the investment expertise on island while providing an additional outlet for our large private pension funds to invest more of their monies in Bermuda-based equity investments. The Bermuda Fund would be managed independently and would be free from interference by the government of the day. Its mission would be simple: to make investments that diversify our economy and bring jobs to Bermuda.

### **Establish New Trading Partners**

Mr. Speaker, part and parcel of diversifying our economy is also diversifying our trading partners and our trade links. That means expanding from our traditional markets of North America and Europe to those in the Caribbean and Latin America. This is important as we know that cost of living is the top concern in the mind of our people. New trade links can bring less expensive goods to our shores that will relieve the pressure that Bermudians face when it comes to staple goods.

### **Get Serious about Tourism**

Mr. Speaker, Tourism is a global industry and we must compete globally. That means that we must invest in our product, invest in our marketing, invest in our people, and understand the basis of tourism. Tourism is about experiences, tourism is about escape, tourism is about letting go, and most of all, tourism is about fun. In order to compete in tourism we need to remember that if people don't get it in Bermuda, they will go somewhere else to get it. The next PLP government will make changes to our laws to keep Bermuda competitive with other tourism destinations.

### **Transform Our Education System**

Mr. Speaker, the next PLP government will ensure the education of our future leaders is a priority. Unlike the current government, we will not pay lip service to the public while reducing investments in public education. We will make public education a priority, and ensure it is the first choice for Bermudian taxpayers. We will phase out middle schools, and implement a curriculum with an increased focus on science, technology, engineering and math. We will also invest in technology to ensure our students are sufficiently prepared for postgraduate education and/or employment in a future where technological ignorance is a barrier to success.

We will continue to enhance the Bermuda College to be relevant and we will work in cooperation with the college to promote local mobile application development. This practical work will provide real-world experience to our students, and will provide benefit to the college as the applications developed can be licensed to other governments worldwide.

### **Establish a Technology Incubator**

Mr. Speaker, to grow our economy over the next decade, the next PLP government will create a technology incubator at Southside. This will allow start-ups in the technology field, that require little more than a computer and an Internet connection, to enjoy introductory tax incentives while developing their new products and services and creating jobs in Bermuda.

### **Become a Leader in FinTech**

Mr. Speaker, complementing the technology incubator, the next PLP government will make the required changes in law to make Bermuda a leader in FinTech. FinTech denotes an industry comprised of companies that use advanced technologies to make financial services more efficient. These companies can range from those that provide mobile banking services, peer-to-peer lending, micro financing in the developed world, and insurance. It is one of the fastest growing areas in terms of the global financial services industry and one that can lead to growth and jobs in Bermuda.

### **Invest in the Green Economy**

Mr. Speaker, the next PLP government will take the lead in investing in the Green Economy by outfitting government buildings with renewable energy generation technologies. We will convert the government fleet of light vehicles to hybrid and electric vehicles. Additionally, we will make recycling mandatory, which will lower the cost of shipping to Bermuda as we could export our recycled waste, which means more export traffic for our ships and lower overall shipping costs for consumers.

### **Increased use of Crown Corporations**

Mr. Speaker, as we move to diversify our economy over the next decade, we must also increase efficiency and productivity in the civil service. The next PLP government will make increased use of Crown Corporations. The structure is simple; instead of privatising government assets to the private sector, assets and employees are transferred to an organisation that is wholly owned by the government. The corporation is given the flexibility to manage its own affairs under the oversight of a Board of Directors, operating at arm's length from government. When the organisation is successful and earns a profit, those profits return to the government, boosting government revenue.

### **Reforming Health Care**

Mr. Speaker, the cost of health care is a major expense for the government and the private sector, which reduces our competitiveness globally. As a country we must work to reduce these costs, which will lead to savings that will promote economic growth. The next PLP government will promote healthy living and, where necessary, tax habits that lead to chronic disease that are too prevalent in Bermuda.

### **Affordable Homes for Young Bermudians**

Mr. Speaker, the next PLP government will incentivise the construction of studio and one bedroom apartments that will be affordable enough for young Bermudians to purchase. This will enable the students, who we so desperately want, to return home to become property owners at a young age while they build equity in their own homes.

### **Investing in Domestic Food Production**

Mr. Speaker, the next PLP government will lease the many acres of arable government land that is currently not being used to boost domestic food production. Additionally, we would promote and develop community gardens that can assist in meeting the needs of the less fortunate in our community.

### **Increase Savings & Financial Literacy**

Mr. Speaker, government cannot be the only entity to invest in our country's future. As a people, we must save and invest more to create wealth. The next PLP government will foster a culture of saving, and develop a mind-set where every Bermudian strives to spend the dividends of our wealth and not our wages. To promote saving and investment, we will develop domestic capital markets to create on-island investment vehicles for Bermudians to invest in Bermuda.

Mr. Speaker, Vision 2025 is the Progressive Labour Party's long term economic plan that will create pathways to Bermudian success for our people. In a rapidly changing world we must be bold and adapt to ensure that the promise of Bermuda lives on for future generations. It is now time to embrace forward thinking progressive solutions so that our people can seize the promise of the future. We again encourage all to visit [vision2025.plp.bm](http://vision2025.plp.bm) to get more details on the PLP's Vision 2025.

## Conclusion

Mr. Speaker, in the opening of his budget speech last week the Minister proved how out of touch he and his government are with the realities facing Bermudians by comparing our current economic situation to our local power grid after a hurricane.

There are Bermudians in this country who have been out of work for years, Bermudians who have been forced to uproot their families, Bermudians who cannot feed their kids and have been pushed into a life of crime, Bermudians who have lost their homes and many who have lost their dignity. Comparing their situation to the temporary loss of convenience after a hurricane is insensitive and offensive.

But, this is par for the course for the OBA, a party who thinks that they know better than the people who sent them here. They cling to the false notion that their narrow election victory 38 months ago gives them the freedom to do whatever they like, whenever they like, to whomever they like, even if they pledged before the election not to do so. Whatever decision they make, no matter how contrary to the pact they made with the voters before the election they throw around the word “mandate” as if that is a valid excuse to break your word and trust with the people of this country.

The string of broken promises is long, but none of them is as consequential as this one made by the Minister of Finance before the last election:

*“Ending unemployment and underemployment is the biggest challenge in Bermuda today. The OBA has a plan to create 2000 jobs to do just that.”*

*Minister Bob Richards, December, 2012*

38 months later it is clear, the Minister of Finance didn’t have a plan then and he certainly doesn’t have a plan now. History will judge this Minister of Finance by his misleading statements, his poor decisions, and his unwillingness to listen.

See Mr. Speaker, Bermudians don’t expect their government to have all of the answers and they don’t expect their government to be perfect. What they expect is a government that will listen to their needs, respond to their concerns, and not dismiss their feelings by telling the people what is best for them.

I will never forget the following quote uttered by the Honourable Premier exactly 52 weeks ago:

*“Mr. Speaker, that is the difference. When you sit on that side you can say things and they sound good. It might get a headline in the newspaper on a Saturday morning. You might even get the news at seven o’clock at night. But by Monday it is forgotten.”*

*Premier Michael Dunkley, Feb 27, 2015*



That one statement epitomises what is wrong with our government under his leadership. When the leader of the country states that what the opposition says will be forgotten by Monday, it means that he himself isn't listening. All of us represent Bermudians. Our opinions, thoughts and ideas are representative of those people who elected us to be here. When the premier says he forgets, it means he ignores the voice of the people of this country. And as we can see in the streets, the people feel ignored.

Mr. Speaker, for 38 months as the Opposition we have held the Government to account and put forward recommendations to make our island home a better place for all of us. In this session of Parliament, with our Throne Speech Reply and this Budget Reply we have laid out a vision that Bermudians who have been ignored and forgotten by the One Bermuda Alliance can embrace.

Mr. Speaker, I will close with a quote from the Minister of Finance as he concluded the General Economic Debate in 2013:

*"I will say this to my friends on the other side: When they can come up with policies that are for the greater good, then they will be qualified to run the economy of this country."*

*Minister Bob Richards – March 1, 2013*

Mr. Speaker, today we have put forward our long term economic plan that will create pathways to Bermudian success. It is a plan that will grow and transform our economy so that we can meet the challenges of the future. It is a plan that contains concrete policies that are for the greater good. It is a plan that let's Bermudians know that we in the Progressive Labour Party are qualified and ready to run the economy of this country.

Thank you, Mr. Speaker.