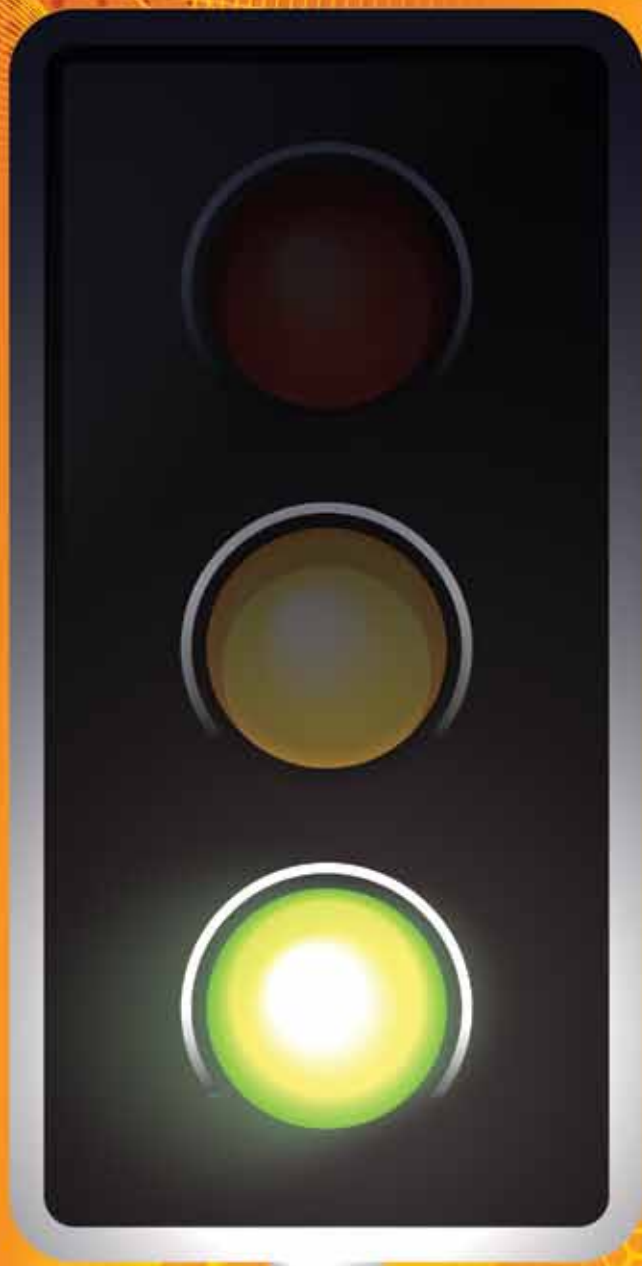


BUDGET STATEMENT

In support of the Estimates of Revenue and Expenditure

2010-2011



**ECONOMIC
RECOVERY**

**FUTURECARE
EDUCATION REFORM
NEW HOSPITAL**

The Road to Recovery

Presented by The Hon. Paula A. Cox, JP, MP

Minister of Finance

26 February 2010



GOVERNMENT OF BERMUDA
Ministry of Finance



BUDGET STATEMENT
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To His Honour the Speaker and Members of the Honourable House of Assembly

Rahm Emmanuel: *“You never want a serious crisis to go to waste. Things that we had postponed for too long – that were long-term – are now immediate and must be dealt with. This crisis provides the opportunity for us to do things that we could not do before.”*

Mr. Speaker

As we move from the economic crisis of 2009 to recovery in 2010, we stand on the cusp of a new beginning. We stand at a moment of great challenge and great opportunity.

The National Budget for 2010–2011 therefore will build upon the existing measures that have been implemented to assist families and businesses through one of the longest and deepest recessions that we have experienced in our lifetime.

The economic dislocation and the financial turmoil of the last two years was a one in 100 year event. No one could have predicted it. No one could have foreseen the depth of job losses and business failures in almost every sphere of economic activity in countries around the world.

While there are signs of economic recovery in many of Bermuda’s main trading and commercial partners such as the United States, Canada and the United Kingdom, the road to full economic recovery will be long and not without continuing challenges. The financial system cannot simply revert back to business as usual as if nothing of moment had ever happened. There has been a seismic change in the financial landscape. The consequences may be with us for many years to come.

Governments in many countries have borrowed huge amounts of money to help beleaguered institutions in the financial sector to survive. Due to bank bail outs, currency stabilisation measures and continued weakness in tax revenues, sharp rises in public deficits and debt, globally Governments around the world have grappled with thorny economic issues. This is a universal problem; not a problem unique to Bermuda.

In some cases massive public support has also been extended to assist strategically important businesses in the real economy. Here at home, the Government of Bermuda has entered into a Memorandum of Understanding with our hotel sector to provide much-needed relief to better protect jobs and the industry during the severe economic downturn.

Mr. Speaker

The economic outlook for Bermuda is more positive than it was at this time last year. While the economy is likely to have contracted by as much as 2.5 per cent in 2009, there is anticipation of a return to positive growth in 2010, perhaps in the range of 1 per cent.

Therefore we must use time wisely and build appropriately for the future and we must do it together.

What about the future? Budgeting reflects the ability to think ahead to years in the future, to plan what we want for our children, our communities, our island. We have to think about spending responsibly taking account of our values, those things we hold dear, and that we want to be reflected as to who we are.

With this Budget, more particularly than at any other time, I see my role as to chart and set out in broad brush strokes the path to economic recovery for Bermuda and her people.

We face sluggish GDP growth, employment gains that are too slow to prevent further increases in the unemployment rate and firms still very reluctant to hire vigorously. There is no quick fix as to how to accelerate a substantial recovery in job growth that will generate additional labour income. This is no excuse for inertia.

We have to have programmes that create some degree of confidence that the jobs can be created especially since consumer spending is likely to take some time to return to prior levels. The unemployed have to be supported. Ideally the financial support would be to employ labour in long-term major infrastructure projects. These would be stimulus programmes. Government spending on infrastructure – bridges, hospitals, modern airports, sewage plants and ports – has a high multiplier effect for adding jobs to the economy and we would fulfill a national need.

Mr. Speaker

We are providing economic stimulus by creating more jobs by investing in infrastructure. We will help those seniors and families who need help to cover their next month's bills and to obtain affordable housing. We will give relief to our taxi sector and to our ailing retail sector in the short term and also work together in the medium term for a sustainable solution. With FutureCare, we will lower health care costs for those who do not have insurance and make coverage affordable for those who do not have it. We can look to the future.

In Bermuda we are encouraging investment in renewable sources of energy like wind power, solar power and the next generation of bio-fuels. The belief is that the economy must grow to advance opportunity for all Bermudians. When it comes to the economy the Bermudian people are not the problem, they are the answer

We have talent and we have innovation. We have young, bright, dynamic people. We have tried and true experience and expertise – let us use all the talent – and not pit one against the other. We need it all. We have pragmatism in our public services. We have tremendous credibility as an international financial centre, and we have an opportunity with our workforce and public sector leadership to move this country forward and to position it for great successes long into the future.

Our Economic Plan is based on four elements: helping Bermudians keep and find jobs, making the necessary investments for growth, creating safe neighbourhoods and providing for more affordable healthcare options.

The ingredients for success are there. We have had a changing of the guard with the appointment of a new leadership team with a new Commissioner of Police and his team – building upon the foundation of the former Commissioner. Public safety is paramount. A safe community is a happier one and a productive one.

We are finding new ways to work together – public private partnerships – with the proposed redevelopment of the hospital as a prime example.

Having provided for social reinvestment in the community by granting tax concessions worth several tens of millions of dollars over the last several years, it is time now to refortify our tax base to meet the opportunities and challenges of the future. Fairness, sustainability and a sharing of the burden will be the guiding principles of the planned changes to the tax base.

The belief is that the economy must grow to advance opportunity for all Bermudians. If more Bermudians are succeeding our economy will be a success.

The public sector spending that sustains the long-term health of the economy will not be sacrificed. While working to sustain growth, Government will also pursue a credible strategy for fiscal stabilisation.

In 2010–2011, Government will:

- continue with the stimulus plan that puts money directly in the pockets of families in need, e.g. child daycare allowance;
- restructure components of the tax system on a temporary basis to provide relief to distressed industry sectors;
- institute the second phase of the FutureCare health care plan that provides affordable, accessible, quality insurance to seniors who opt for it with a competitive pricing model and the provision of quality generic prescription drugs;
- help Bermudians with a real need to get access to a portion of private sector pension funds based on prescribed criteria for hardship;
- continue to make Bermuda College affordable for those Bermudians who wish to further their studies
- launch a dynamic and innovative energy policy that encourages the development of a vibrant entrepreneurial climate for ‘green’ technology;
- keep Bermuda competitive by investment in our infrastructure, including roads, bridges, docks and modern computer-technology platforms – that will be key to Bermuda’s success in the 21st century; and
- provide the opportunity for every child to have a world-class education.

Mr. Speaker

The Labour Force Survey conducted by the Department of Statistics in May 2009 produced some sobering facts about employment conditions in Bermuda during the recession. Unemployment was pegged at 4.5 per cent and there was data to show that many workers had been unemployed for more than a year.

The financial stress and strain placed on the shoulders on long term unemployed persons is very often unbearable. Such persons are put at risk of losing their homes, being evicted from their apartments, and some others have had to suspend college and university education for their children.

In their search for a solution, some unemployed persons have sought relief through access to their private sector pension funds. While they understand that the fund is for their retirement years, they have argued that they need the help now. The argument is compelling in the present economic conditions.

Accordingly, during this Budget Session, Government will also introduce an amendment to the National Pension Scheme (Occupational Pensions) Act 1998 to provide for a partial withdrawal of accrued benefits on the basis of financial hardship.

Mr. Speaker

Against the background of challenging but slowly improving economic conditions, Government has set the National Budget for 2010–2011 at \$1.2 billion with a focus on education, public safety, social rehabilitation and health. For the most part, Ministry budgets have been restricted to the previous year’s level and in some cases are below the approved budgets for 2009–2010.

There was a concerted team effort across all Ministries to keep the purse strings tight while trying to address the heightened demands for public services in these difficult times.

As I pledged last year in the National Budget Statement, there will be an appropriation from the Consolidated Fund for debt service and for the contribution to the Sinking Fund in 2010–2011.

The Sinking Fund contribution will include \$10 million in respect of 2009–2010 and the estimated contribution for 2010–2011 in the amount of \$18 million for a total contribution of \$28 million. The resulting balance on the Sinking Fund will be \$82 million.

Mr. Speaker

The Ministry of Education is provided a budget of \$143 million in 2010–2011. The Ministry’s focus during 2010–2011 is to achieve the objectives of the strategic plan for the Bermuda public school system.

I believe the children are our future. I echo the comments of the U.S. President who states: “I believe it’s time to lead a new era of mutual responsibility in education – one where we all come together for the sake of our children’s success.”

Education is seen as mired in the same debate that has consumed it for decades. We can create a consensus that true progress on education will require both more efficient directing of resources and more reform. Though most of all, it will require parents to be involved early and to stay the course in their children’s education. If we want our children to be able to better compete, then all of us have a role in ensuring that every child gets a world-class education.

This plan was produced by the Board of Education and the Department of Education, after consulting with as many stakeholders as possible, as a guide to improve the outcomes of the public education system.

The plan articulates clearly the outcomes that we wish to achieve for our students and how these outcomes are to be delivered by a number of strategic priorities that will include:

- effectively implementing the Cambridge and related curricula;
- strengthening principal leadership;
- improving the quality of teaching and learning in the classroom;
- facilitating the improvement of standards via accountability and transparency;
- improving the efficiency of delivery of the educational product;
- maximising the contribution of parents and the community; and
- improving school culture and school climate.

In turn, the delivery on the strategic priorities focuses on four different dimensions:

- people;
- curriculum;
- alignment and accountability; and
- school culture, climate and infrastructure.

The Cambridge International Curriculum will be delivered to all students by all teachers in all public schools starting in September 2010. The Department has acquired support from Cambridge to ensure that teachers, principals and officers have as much information as they need to effectively deliver the curriculum in September.

The Minister of Education has made it clear that his intention is to provide a world-class education system that meets global standards and ensures that students reach their full potential.

Mr. Speaker

The Ministry of Labour, Home Affairs and Housing is provided a budget of \$143 million in 2010–2011, an increase of \$6 million over the original budget of \$137 million dollars for 2009–2010. The Ministry's key initiatives and programmes for 2010–2011 demonstrate its responsibility to the

people of Bermuda to provide a safe and secure community that is free of violence and social unrest. Government intends to uphold its commitment to provide greater safety through higher police visibility, international support and training and increased use of community intelligence targeted at apprehending the perpetrators of criminal acts.

Concerns about the escalation of gang-related crime, its negative impact on our key areas of international business and tourism, requires urgent, decisive and vigorous action and \$65.7 million has been allocated for the Bermuda Police Service in this regard. Additional funding has been provided for full time monitoring of CCTV operations; professionally accredited training for investigations of serious crimes; and forensic accounting services to increase capacity to investigate complex financial and money laundering crimes.

Further a national task force will be established to coordinate cross-departmental efforts to tackle negative behaviour in our society. These initiatives are aimed at providing better trained and equipped officers in the Bermuda Police Service with enhanced technical support to proactively intervene in fighting deviant behaviour. The benefits of the Bermuda Police Service's Problem Oriented Policing and Partnership (POPP) operational approach, along with the Service's commitment to Police with the community, are now being seen. This focus on partnerships will see engagement with area Members of Parliament, parish councils, and other community representatives; meetings with key partners; increased involvement of community action groups; advisory groups in each of the three geographical areas to provide feedback to local area commanders; school programmes; and community impact assessments.

The Ministry will introduce a therapeutic community programme in the Department of Corrections' facilities aimed at providing an opportunity for inmates to free themselves from the ravages of addiction. Under this model, participants will undergo a treatment regime that is primarily a peer-driven 24-hour living environment in which offenders with similar problems learn to work and live together, thereby learning the skills they need to work and live outside the institution without drugs.

The Ministry of Labour, Home Affairs and Housing will provide re-training and cross-training opportunities for youth and persons seeking to re-position themselves in the job market. In addition, the Department of Labour and Training, with a budget of \$8.6 million, will continue its Summer Employment Programme and accelerate its National Certification and Apprenticeship Programmes.

The availability of affordable housing remains in the forefront of Ministry initiatives for the coming year. BHC will provide interest-free loans to qualified individuals who are first-time home buyers, work with private sector property owners to provide units to BHC clients, and expand the Rent-Geared-to-Income Initiative.

The interest-free loans initiative will provide first-time home owners with an opportunity to purchase a home that might otherwise not have been possible. Major developments will continue throughout 2010–2011. The highly successful Loughlands Development continues apace. Thus far, three of the four phases have been completed, with 66 Bermudian families joining other families that own a piece of the rock. The final stage will be completed this spring, and will enable another thirty families to own homes.

The Rent-Geared-to-Income Initiative will take a giant leap forward with the completion of the Perimeter Lane Development. This Development will provide homes for 38 families with rents determined as a percentage of the family income. Harbour View Village will provide 58 homes to families through the Bermuda Homes for People Programme. This Government is honouring the commitment of that project. We expect these homes to be ready by the end of 2010.

The Department of Immigration continues with the implementation of its system automation, thereby streamlining the application and approval process for work permits, land licences and passports.

The Bermuda Regiment continues to develop our young people to support the country in times of need, and to support our regional partners when necessary.

The Bermuda Fire and Rescue Service, the unsung heroes of the Ministry, continue to quietly and efficiently provide emergency support to all of Bermuda, including the L.F. Wade International Airport.

Mr. Speaker

The Ministry of Health is provided a budget of \$181 million in 2010–2011 to fulfill its primary mandate which include health care and services for seniors, children, and those who are unable to pay.

In 2009, Influenza AH1N1 was established as a global threat and regions around the world have had

to address this pandemic threat. Although not impacted to the extent of some of our neighbours, Bermuda has had to activate its Pandemic Plan and provide the infrastructure necessary to manage any risk scenario. In the upcoming fiscal year, the Ministry will have to maintain the Pandemic Plan in order to provide health education, health promotion, and vaccine administration in response to the Influenza A H1N1.

The Bermuda Hospitals Board (BHB) will move closer to breaking ground on their ambulatory care wing. In order to allow delivery of the ambulatory care wing, the Government Central Laboratory, Environmental Health and Vector Control Sections will be relocated. This will address safety concerns related to the old KEMH building and allow the BHB to move forward with the re-development of that facility.

In April 2009, the Health Insurance section of the Ministry of Health was given the added responsibility of implementing FutureCare along with its existing programmes including the Government Health Insurance Plan (HIP), the Mutual Reinsurance Fund and the Government Subsidy Programme. In the upcoming year, the Health Insurance Section will undergo a reorganisation which will see an increase in staff and further enhancements to their processes so that they can improve service to the public. This section will also complete the implementation of an automated claims management system.

FutureCare, was introduced on a phased plan in April 2009. The programme has been extremely successful with just under 2,700 seniors enrolled. Effective from April 2010, persons 70 years of age and older, and persons who turn 65 in the 2010 calendar year can access the Plan. This will mean that in its second phase, FutureCare will be available to two-thirds of Bermuda's senior population.

The Bermuda Health Council will undertake important work related to the regulation of insurers and cost containment of the health system and assist in the development of a national health strategy for Bermuda. They receive grant funding from the Ministry of Health.

In August 2009 The National Office for Seniors and Physically Challenged was transferred to the Ministry of Health. In the upcoming year, the National Office will develop and implement a strategy for vulnerable persons and develop proposals relating to the development and care of the learning disabled. They will also be charged with increasing awareness and accessibility for the disabled community.

The ongoing collaboration between the Ministry of Health, the Bermuda Hospitals Board and the Bermuda College will see the launch of Bermuda's Nursing Programme. With the assistance of an accredited overseas partner, Bermuda's prospective nurses will have the opportunity to do their course work on-island and clinical rotations in an overseas facility.

Mr. Speaker

The Ministry of Culture and Social Rehabilitation is provided a budget of \$72 million in 2010–2011.

The needs of children and young people should always be a high priority in any community. Government has been extremely encouraged by the success of its child day care allowance scheme operated through the Department of Financial Assistance. The initiative was launched in November 2008, and by the end of 2009 this scheme had assisted over 700 families and 750 children. The programme has been particularly beneficial to single mothers who have struggled to make ends meet financially.

A satisfaction survey conducted in 2009 revealed that nearly 90 per cent of child day care allowance recipients stated that their quality of life had improved; over 50 per cent reported spending more time with their children, with an emphasis on reading; 37 per cent reported better control of expenses; 35 per cent are pursuing a higher level of education; 31 per cent have pursued employment opportunities; and 28 per cent have implemented budget plans.

\$4.8 million has been allocated to the continuation of this important programme in 2010–2011.

Child and youth friendly budgeting requires measures to focus on young people to reduce the risk of producing a lost generation. There are real social costs when young people feel like outsiders. An ounce of prevention is better than having to find and to fund a cure and is also far more productive. The U.S. Department of Justice, Office of Juvenile Justice and Delinquency Prevention noted that the National Drug and Intelligence Centre's findings that "discouraging children and young adolescents from joining gangs may be the most cost-effective approach to reducing serious youth and adult gang crime."

The successful Mirrors Programme enters its fourth year of operation in 2010 and the Ministry of Culture and Social Rehabilitation has been allocated \$2.5 million in fiscal year 2010–2011 to continue this initiative. This will allow for the conduct of two intensive six-day residential training

courses, one for 15–18-year-olds (co-ed) and one for 19–23-year-olds (male only), as well as to introduce two new Middle School coaching for success training sessions. In addition, Mirrors will continue to deliver Parent Workshops and Professional Development Trainings for participants 21 years of age and over.

Mr. Speaker

Children flourish physically and mentally when they have support and a loving environment. When you support communities and families, this equates to a better life for children and young people. There is an ongoing need to treat some of our children with severe behavioural disorders at overseas facilities through the Psycho-Educational Treatment Programme. Last year this programme served over 50 children. The Ministry has allocated of \$3.1 million to the programme in 2010–2011 for assistance to a similar number of children.

The Cross-Ministry Intervention Team (CMIT) continues to strengthen families by providing intensive community-based social service intervention for at-risk families. Parenting and life skills coaching and training through group and individual therapy is provided as part of an integrated response across several agencies. The sum of \$1.7 million has been earmarked in 2010–2011 to enable CMIT to continue its important work.

Mr. Speaker

The Ministry of Justice is provided a budget of \$19 million in 2010–2011 in order to discharge their mandate of upholding the Constitution and legal system of Bermuda which includes the provision of legal and quasi-legal services. The Justice remit includes efforts to increase the access to justice for members of the community.

In response to the recent incidence of violent and serious crime, funding will be directed to the Witness Care Unit to provide information and support to witnesses in an effort to reduce feelings of intimidation and to encourage greater participation in the Court process.

Funding is also being provided to implement the video-conferencing initiative during this fiscal year. This initiative is an additional tool aimed at reducing witness intimidation; increasing public safety and facilitating the safe participation of expert witnesses and vulnerable witnesses during court proceedings.

There is an allocation of funding to retain the services of a legislative drafter who will be attached to the Law Reform Commission which is charged with responsibility for the systematic and

continuing reform of the law. The Attorney-General's Chambers will continue to fund the development of Bermudian legislative drafters. Simultaneously, the Pupil Barrister programme will continue, via funding allocated to Justice Headquarters, as a vehicle to provide professional development opportunities for Bermudians who possess a law degree to obtain their professional qualification and join the legal fraternity as public sector lawyers.

Mr. Speaker

The Ministry of the Environment and Sports is provided a budget of \$39 million in 2010–2011.

The health of Bermuda's marine ecosystem is entirely dependent on the health of the wider ocean that surrounds us. A feasibility study on a project of global importance – protecting the Sargasso Sea – will be completed in 2010–2011. The Bermuda Government will be actively investigating how Bermuda can partner with other governments and scientific agencies to act as a catalyst for the designation of the Sargasso Sea as one of the first High Seas Marine Protected Areas (MPA).

The Cooper's Island Management Plan will address habitat restoration and enhancement through a comprehensive invasive species management programme and the demolition of derelict structures. This uniquely beautiful natural public asset will continue to mature into Bermuda's premier ecotourism attraction.

The Bermuda Aquarium, Museum and Zoo will be fitting out and opening the Animal Health Care Facility and the attached Madagascar Exhibit. This new facility will provide the high level of animal care needed to secure exotic and endangered animals for the zoo exhibits and ensure that BAMZ and BZS continue to provide highly rated visitor experiences and educational programmes for Bermuda.

The Department of Planning will upgrade the Bermuda Environmental Management and Information System (BEMIS). BEMIS is a database and geographic information management system that helps the Department to more effectively manage all applications submitted to the Department.

The Bermuda Building Code will be reviewed to incorporate sustainable development principles through the adoption of green technologies as well as fully integrating accessibility requirements. Crime prevention standards will also be incorporated. The completion of a "green" building code

will be another important step to help manage Bermuda's built environment in a sustainable way.

The Department of Planning, the Historic Buildings Advisory Committee, the Bermuda National Trust and the Corporation of Hamilton have begun a survey of the buildings of historic and architectural importance within the City of Hamilton in a joined-up strategy to protect part of the unique character of our island's cultural and architectural heritage.

The Department of Youth, Sport and Recreation will continue the counsellor-in-training programme which was started in the community centres and the sports-based programmes in the After School Programmes last year.

All of these Ministry-wide initiatives and others continue to support and promote the Ministry's mission to secure a balance between the protection, conservation and enhancement of Bermuda's natural environment and the community's sustainable development need. The Ministry also continues its commitment to coordinate the development of Bermuda's young people through sports and recreation.

Mr. Speaker

With a budget of \$121 million, the Ministry of Tourism and Transport will work towards satisfying three core strategic objectives, namely, increasing revenue, decreasing traffic congestion and the resultant road accidents, and building a sustainable transport infrastructure.

There are currently more than 500 aircraft on Bermuda's Register. The vast majority of these aircraft are certified in the Commercial Air Transport (CAT) category while the balance falls into the Private category. The Register's growth can be attributed to the tremendous demand for western built aircraft in Russia. The leasing and financing companies for these aircraft require the aircraft to be registered in a jurisdiction outside of Russia given the Russian regulatory environment. Bermuda has benefited and become one of the Registers of choice.

Accordingly, the Department of Civil Aviation is considering the establishment of a satellite office in a European location. A European location is viewed as ideal for supporting current and future expansion of the aircraft registry.

During this fiscal year, a concerted effort will be undertaken to develop a new bus schedule to

incorporate the non-rostered work, increase efficiency of the system, and significantly decrease the cost to the tax payer. The current bus schedule being operated at the Department of Public Transportation was implemented in 1999. Since then significant numbers of 'pieces of work' have been added to the schedules.

This non-rostered work or grey schedule represents approximately 25 per cent of the trips and costs the Department approximately 30 per cent more to operate.

The implementation of the Bermuda Youth Licence will feature heavily in road safety efforts with additional funding being allocated towards Project Ride to accommodate the increased numbers as a result of what will become a mandatory education programme associated with acquiring a license to operate an auxiliary cycle at the age of 16 years.

The Department of Tourism will take decisive action to generate increased visitation from the air and cruise visitor segments.

Canada will feature heavily in Tourism's market development plan with the introduction of the Westjet Airways service effective May 2010. This service will effectively double the available seat capacity from Canada to Bermuda and represents a key development with the potential to significantly impact Bermuda's visitor numbers

Efforts will be directed towards establishing a Tourism Mega Fund. This Fund will complement the Tourism marketing budget and will be a private/public sector vehicle to be used for collaborative programmes.

Synergies between the Tourism and International Business segments will be leveraged. A stakeholder group will explore the opportunities and work towards understanding the barriers that need to be overcome in order for us to move towards the implementation of a multi-faceted programme designed to position Bermuda as the 'Business Meeting venue of Choice'.

Mr. Speaker

The Cabinet Office is at the heart of Government and provides coordination across the public service. Through its various Departments the Cabinet Office touches the preservation of Bermuda's heritage with the Archives; the promotion of the Government as an employer of choice through the Department of Human Resources and the communication of the Government's message through

the Department of Communication and Information. The proposed Cabinet Office budget for 2010–2011 is \$23 million.

Even in this time of economic stringency the Cabinet Office must effectively discharge its mandate.

The September 2009 opening of the Government of Bermuda office in Washington DC was hailed as a landmark event in the Bermuda story. During this fiscal year we will strengthen the activities of the Washington office. The importance of having a definitive presence in the capital of our most influential neighbour is proven almost daily as we monitor progress in the United States Congress of legislation and policies that potentially affect the principal pillar of our economy.

The Cabinet Office will continue to fully fund and support the Jumpstart Programme. This internship opportunity has been afforded to almost 20 young Bermudians who are receiving invaluable public sector experience across a broad array of Government Departments. The initiative has stayed true to its name and has provided a jumpstart to young Bermudians fresh out of university and will be continued with a view to encouraging our best and brightest to pursue careers in the public service.

In fulfillment of this Government's Throne Speech 2008 undertaking the reform of the Island's Municipalities will formally commence in fiscal 2010–2011. The preparatory work has been completed, a service provider identified and a contract for the leadership of the reform executed.

In a process that will touch every resident, Bermuda will join numerous other countries in conducting a Census in May 2010. The Department of Statistics will lead this mammoth task. The importance of this exercise cannot be overstated. From the Census data we will have a powerful and cogent tool for the making of policy to benefit all Bermudians.

Mr. Speaker

The Ministry of Energy, Telecommunications and E-Commerce is provided a budget of \$32 million for 2010–2011. Government is committed to maintaining Bermuda's position as one of the world's leading jurisdictions in the adoption and provision of Information and Communications Technologies (ICTs) and to reducing Bermuda's reliance on fossil fuels.

In order to accomplish these goals, the Ministry will implement the much anticipated telecommunications regulatory regime changes, continue to develop regulations designed to service the global satellite operator community and publish the White Paper on Energy.

Government's internal ICT services are maintained by the Information Technology Office (ITO), which has been provided with a budget of \$8.6 million for the new fiscal year. These funds will be used to support the IT infrastructure required to service the many business systems deployed throughout Government, including the network communications facilities installed in all Government locations. The IT Office is also continuing its major re-engineering project, which began last year and will continue into the next fiscal year and beyond. This project will not only result in the implementation of a more stable and secure network; but will also enhance the overall governance of the Government's IT infrastructure.

The E-Government Department is responsible for the technical support of the Government's portal and is now facilitating Business Process Management initiatives throughout Government to enhance customer service and continuous improvement through the use of appropriate technology. The Departmental budget for these initiatives is \$1.4 million.

Mr. Speaker

With the economic slowdown, repairing and upgrading our infrastructure is an effective way to revive it and create new jobs. Investment in infrastructure is a national priority. That is why many economists embrace intelligent infrastructure spending. The Ministry of Works and Engineering is using its wherewithal so as to help keep people working.

The Ministry of Works and Engineering is provided a budget of \$72 million in 2010–2011.

The Department of Operations and Engineering, which has an operational budget of \$36.5 million in 2010–2011, continues to experience difficulty in attracting qualified Bermudians. Consequently, the Department will pursue vigorously the training, employment and retention of Bermudians in the various fields of engineering.

The Highways Section will continue with its roads improvement initiative, with the focus on extending the longevity of the surfaces of major roads and deferring less critical maintenance works to the following fiscal year. The Structures Section will concentrate on the design development of a number of projects, including the flood control structure at Mill Creek and inspections and prioritisation of refurbishment works for the Island's major bridges and docks. The Electrical Section will install the new Tynes Bay Fire Protection System and establish a maintenance programme for the major Ministry back-up generators in the event of a power outage.

The Solid Waste Section will continue its concentration upon improved fleet management in order to improve operational efficiency and to reduce overtime. An Environmental Assessment of the impact of the Airport Waste Management Facility will be undertaken to determine the impact of the site and operations on the waters of Castle Harbour. In addition, a 'user-pay' charges system for waste disposal at the Airport and Marsh Folly sites will be initiated.

The Water/Wastewater Section will be undertaking maintenance of the existing water plants to improve reliability, concentrating on improving plant safety and developing field procedures to improve resource efficiency.

In collaboration with the National Training Board, the Ministry's Apprenticeship Programme, whilst it has experienced a reduction in number of the apprentices, will continue to provide young, technically minded Bermudians with the opportunity to become fully qualified tradesmen.

The Department of Lands, Buildings and Surveys has an operational budget of \$26.4 million in 2010–2011. The Land Title Registry Office will continue to compile a comprehensive electronic record of land ownership which will provide legal security for owners and other interested persons.

The Estates Section will work with the various Ministries to deliver asset management plans, setting down a policy for managing the Island's property resources more efficiently and effectively, and assisting in the identification of facilities and buildings in which Ministries might offer improved services to the public.

The Buildings Section manages and maintains Government-owned and occupied buildings, ensuring that all occupants are operating in a safe and healthy environment. Introduction of a more preventative maintenance strategy to the aging inventory of properties will result in significant savings to the capital purse, as opposed to the high costs associated with reactive or emergency repairs.

The Ministry has implemented a number of strategies designed to attract greater numbers of suitably qualified and experienced professional staff, architects and architectural draughtsmen and architectural technicians in particular. In this regard, the Ministry will continue to work with local private sector firms to second staff that would otherwise be laid off during this particularly challenging period.

Mr. Speaker

The Ministry of Finance is provided with a budget of \$196 million in 2010–2011. This includes the budget allocation for the Sinking Fund contribution and debt service.

As competition in the global economy continues to intensify, the twin strategic goals of advancing and safeguarding Bermuda's economic interests remains high policy priorities for the Ministry of Finance. The emphasis of our regulatory policy is development rather than control. We do closely consult with industry to review our regulatory environment. The focus is not just more regulation, but better regulation. Business – small, large, local, and international businesses want a level playing field, certainty and transparency.

The Ministry's work in this space has led to new strategic relationships that will provide a firm foundation for the additional work to come. Ministry of Finance now includes two important organisations in the United States in its network of contacts, namely, the National Foreign Trade Council and the United States Council for International Business. Both organisations have strong mandates that support competitiveness, open markets and free trade.

Such relationships will assist Bermuda immensely as we diversify and further develop our international investor base while safeguarding the prospects of existing stakeholders in international business.

In so doing, the Ministry of Finance also provides an overarching framework for the vital role conducted by the Bermuda International Business Association whose promotional work has contributed to raising the Island's profile in the global arena of international business. Government proposes to increase the Association's grant in 2010–2011 to \$2.8 million.

Some of the new work the Ministry is doing in the area of international business development includes opportunities related to Sharia-Middle Eastern finance and the general development of economic relations with the Middle East and Asia through Bermuda's network of tax treaty partners.

Also work is being done to consolidate the partnership with the international business sector and to continue to foster a warm and welcoming environment for international business in Bermuda. A recent policy change on landholding by companies will be reflected in an amendment to the Companies Act. The first stage will permit companies to acquire an interest in residential units

forming part of a tourism development. This amendment should provide companies that acquire such an interest to have greater security of tenure with respect to accommodation for their staff. The policy change is intended to provide a boost for the tourism sector and should have a stimulus effect on the real estate sector as well.

Also on the domestic front, the Ministry of Finance will continue its partnership with the Bermuda Small Business Development Corporation in the roll-out of Economic Empowerment Zones across Bermuda as we seek the next generation of entrepreneurs.

Mr. Speaker

We cannot have a Reid Street-doing-fine mentality and a North Street that suffers. Productivity growth is fuelled by innovation. When it comes to sustainable growth, creating jobs and wealth, entrepreneurs can provide a significant boost to the economy. Those companies that tend to do well are the companies that innovate. It has been said: “The world does not require more factories. What we need are new ideas. The market starves for innovation.”

Entrepreneurs cannot end a recession but they can help us weather the storm and set the stage for a whole new cycle of growth. That is why the Bermuda Small Business Development Corporation is doing everything possible to encourage entrepreneurship in our community. That small and effective team is opening business incubators, holding boot camps for aspiring entrepreneurs, organising business plan competitions, and expanding the amount of early stage seed capital for start-ups. The grant to the Bermuda Small Business Development Corporation is \$2.4 million in 2010–2011.

In keeping with the general thrust to stimulate entrepreneurship and business expansion in EEZs, the Ministry of Finance has widened the scope of the concessions available in an EEZ to include a new branch or subsidiary of an existing business.

Mr. Speaker

The scourge of illegal firearms in the hands of criminals has been a terrible blight on our community during the past year. In order to improve controls at our major cargo port, HM Customs will introduce container scanning technology at the container dock in Hamilton as it ramps up its interdiction efforts against illicit imports including firearms and drugs. This is at some considerable cost as the total cost is in excess of \$2.6 million. The cost will be partially funded from the Confiscated Assets Fund.

Government services must be of the highest quality and delivered in a cost efficient manner. Ministry of Finance will continue to implement a series of enhancements aligned to international best practice to ensure the highest level of compliance with internal controls for awarding and managing capital projects and other large contracts including the procurement of services. The enhanced governance measures will include disclosure requirements, stricter reporting regimes, and improved change order management.

This will work in tandem with the existing controls that are in place, such as Financial Instructions, the supervision and oversight that is exercised by the individual Ministers and their senior officials, the Office of the Accountant-General and Internal Audit. In addition, penalty provisions for non-compliance will be reviewed.

The Ministry of Finance will also work on behalf of the Government to sustain growth while pursuing a credible strategy for fiscal stabilisation. The Government has sought to maintain the balance between spending restraint and tax increases and has ring-fenced education, public safety, social rehabilitation and health and maintained due regard for our key sectors of tourism and international business.

Mr. Speaker

The capital expenditure component of the National Budget 2010–2011 is \$144 million. While most of the planned investment is related to construction projects that are underway, there is provision also for IT development, new communications equipment, and a new search and rescue boat.

Some \$34 million in the capital plan is earmarked for the completion of the Police/Court/Office building complex in the City of Hamilton and \$33 million is allocated for expansion and capital maintenance of the Tynes Bay Waste Treatment Facility.

In particular, the Tynes Bay Waste Treatment Facility will be concentrating on the refurbishment of the existing incineration streams combustion and pollution control systems as a top priority. The construction of the new Ash Processing plant will commence in 2010–2011.

In an effort to build a sustainable transport infrastructure, the Department of Airport Operations will continue with the development of its comprehensive and highly advanced instrument flight procedures for arriving and departing aircraft. This is an important component of its regulatory

certification, and includes the installation of a new multi-million dollar radar system that will expand Bermuda's capability to provide radar coverage not only to flights bound for Bermuda, but for the tens of thousands of flights that fly over our airspace. The airport is working closely with the FAA to share in the required investment in order to minimise the cost to the Bermuda taxpayer.

Similarly, the Bermuda Maritime Operations Centre's existing vessel tracking surveillance system is obsolete and will be replaced.

The Bermuda Hospitals Board will receive a \$10 million capital grant to assist with the redevelopment of the acute care hospital and \$3 million is earmarked for further work on the refurbishment of Lefroy House.

Mr. Speaker

Government is projecting a revenue budget of \$1.05 billion in 2010–2011. The borrowing requirement to assist with the financing of the planned capital expenditure plan is \$143 million.

Sustainable public finance requires that we make every effort to live within our means and although the public may not wish to pay more for the increased public services they desire, it is incumbent that we have a tax model that does not perpetuate spending without an increase in the revenue stream. Anything less would not add up or be a sensible and prudent approach.

In 2010–2011, Government proposes to increase payroll tax, foreign currency purchase tax, stamp duty on estates, vehicle licences and implement the biennial review of government fees.

The standard rate of payroll tax which was last adjusted in 2008 will be set at 16 per cent in 2010–2011, an adjustment of two percentage points. There will also be a similar adjustment of two percentage points for the other rate categories.

The rate of tax recoverable from employees which was last amended ten years ago in the year 2000 will be set at 5.75 per cent in 2010–2011. This is so that the increase is shared by both employer and employee. In these economic times, it is important to share the burden to avoid undue hardship on any one sector.

The salary cap for purposes of the payroll tax was last reviewed in 2007. It was scheduled for a biennial review last year but the review was postponed given the anticipated downturn in the economy. The salary cap will be re-set at \$750,000 from April 1, 2010 and will continue to be subject to regular periodic reviews.

The yield from the revised rate structure for payroll tax is estimated at \$427 million in 2010–2011.

A relief provision is being built into the payroll tax structure for retail establishments during the months of January, February and March when tax will be payable at a reduced level. In addition, in an effort to provide greater relief to the retail sector, we will be looking to see how during the course of this fiscal year we can reduce pressure on cash flows for businesses in relation to up-front payment of customs duty on specified items. Innovation will be needed as we seek to help to position businesses to benefit from the anticipated economic recovery.

Also incentives for green technology will be encouraged and the Ministry of Finance will work closely with the Ministry of Energy, Telecommunications and E-Commerce to expand the duty relief for duly certified energy efficient products.

We will continue the existing relief for the restaurant sector. The relief from payroll tax will also be continued for the hotel sector as set out in the Memorandum of Understanding that was entered into between the Bermuda Hotel Association and the Ministry of Finance.

In addition, the taxi sector has made strong representations for relief and a special temporary measure will be introduced during this Session to exempt the taxi sector from payroll tax for the tax period beginning January 2010. The relief will take the form of a rebate of payroll tax paid by taxi owners, taxi drivers and specified taxi dispatchers for that tax period.

The payroll tax exemption for trainees, interns and apprentices is still in force.

The yield from customs duty in 2010–2011 is estimated at roughly \$232 million. Following consultation with the Retail Division of the Bermuda Chamber of Commerce, the customs tariff will be amended to reduce the rate of duty on certain consumer electronic items such as televisions to bring the assessed duty in line with other consumer electronics.

The fuel concession for commercial fishermen also will be extended for an additional year to March 2012, and gasoline will be included in the concession. Previously the concession was for diesel fuel only.

The increased yield from the land tax, estimated at \$50 million in 2010–2011 is driven almost entirely by the revised Annual Rental Values that came into effect in January 2010. The tax rates in the tiered incremental structure have been left unchanged except for the top tier where the

incremental rate has been re-set at 19.20 per cent from 18.23 per cent. This adjustment was made to mitigate the downward effect on the tax yield from this tier arising from the general downward valuation of properties above the threshold of \$110,000.

Government fees for an array of services provided to the public will be increased generally by 3 per cent and motor vehicle licenses will be increased by 5 per cent. The stamp duty structure on estates will be modified to increase the yield.

There will not be any increase in bus and ferry fares. Passenger tax, hotel occupancy tax and company license fees have also remained unchanged.

Mr. Speaker

As Government guarantees are charged against the statutory debt ceiling whether they are contingent liabilities or actual debt, it makes sense to include an identifiable provision under the debt ceiling for such purposes.

Accordingly, the Government Loans Act will be amended to provide an additional buffer of \$250 million to the statutory debt ceiling, taking the ceiling to \$1.25 billion.

Mr. Speaker

There is a brave new world out there and we have competitors. No longer can it be seen as good enough for us to bicker at each other so that while the global competition is focusing on how to outdo Bermuda, we are focusing on how to outdo each other. We cannot waste time and allow the opportunities to re-brand Bermuda as a key tourist and international financial centre to pass us by. That truly would be a tragedy, as Bermuda has the capacity to be one of the greatest countries in the world.

No matter how great the challenge or how difficult the circumstances, change is always possible if you are willing to work for it. The choices we face are about the past versus the future. Bermuda succeeds when the playing field is level and open and people do not fall behind. Our economy is strongest when we reward work not just wealth and when all Bermudians can prosper from growth.

We have been no stranger to adversity down through the ages. Each time we do face adversity, our people summon the will and find a way to conquer the challenges. There has been a resurgence of treasured values that our citizens in Bermuda hold dearly, namely, peace, integrity, progress and good leadership.

Enlightened, visionary and principled leadership is the essence of new beginnings. That is the dynamic that drives forward the process of positive social change for the world, and indeed, for Bermuda. The time is now for citizens of Bermuda and resident guests in Bermuda to join hands to achieve the great potential that is within our grasp.

Delivering that potential will require hard work, sacrifice, fortitude, courage, and belief in the goodness of the human spirit. Those requirements are not beyond any one of us. It is said that ever so often there are moments that define a generation. As stated at the outset, we stand at a moment of great challenge and great opportunity.

Let us write a new chapter based on improved governance and in the manner of John Wesley:

*“Do all the good you can,
By all the means you can,
In all the ways you can,
In all the places you can,
At all the times you can,
To all the people you can,
As long as ever you can.”*

Thank you, Mr. Speaker.

Table I
GOVERNMENT OF BERMUDA

SUMMARY OF CONSOLIDATED FUND ESTIMATES FOR 2010/11

ACTUAL		ORIGINAL	REVISED	
2008/09		ESTIMATE	ESTIMATE	ESTIMATE
\$000		2009/10	2009/10	2010/11
		\$000	\$000	\$000
Revenue and Expenditure Estimates				
952,866	Revenue	969,621	934,159	1,058,811
<u>966,397</u>	Current Account Expenditure(excl.debt and s/fund)	<u>966,888</u>	<u>987,678</u>	<u>991,292</u>
(13,531)	Current Account Balance(excl.debt and s/fund)	2,733	(53,519)	67,519
<u>18,186</u>	Interest on Debt (i)	<u>0</u>	<u>0</u>	<u>38,427</u>
(31,717)		2,733	(53,519)	29,092
<u>9,447</u>	Sinking Fund Contribution (ii)	<u>0</u>	<u>0</u>	<u>28,625</u>
(41,164)	Surplus Available for Capital Expenditure	2,733	(53,519)	467
<u>200,271</u>	Capital Expenditure (See line 19 below)	<u>150,478</u>	<u>140,424</u>	<u>143,949</u>
<u>(241,435)</u>	Budget Surplus (Deficit)	<u>(147,745)</u>	<u>(193,943)</u>	<u>(143,482)</u>
Sources of Financing				
24,185	Consolidated Fund	0	0	0
<u>217,250</u>	Borrowing	<u>147,745</u>	<u>193,943</u>	<u>143,482</u>
<u>241,435</u>	Total Financing	<u>147,745</u>	<u>193,943</u>	<u>143,482</u>
Capital Appropriations				
119,385	Appropriations in Original Estimates	134,515	134,515	143,949
<u>31,759</u>	Supplementary Appropriations	<u>0</u>	<u>1,139</u>	<u>0</u>
151,144	Appropriated During the Year	134,515	135,654	143,949
<u>0</u>	Appropriations Lapsed	<u>0</u>	<u>13,019</u>	<u>0</u>
151,144	Net Appropriations	134,515	122,635	143,949
<u>66,916</u>	Unspent Appropriations from Prior Year	<u>15,963</u>	<u>17,789</u>	<u>0</u>
218,060	Appropriations to Meet Spending	150,478	140,424	143,949
<u>200,271</u>	Capital Spending	<u>150,478</u>	<u>140,424</u>	<u>143,949</u>
<u>17,789</u>	Unspent Appropriations Carried Forward	<u>0</u>	<u>0</u>	<u>0</u>
Consolidated Fund Balance (March 31)				
1,000	Contingency Fund	1,000	1,000	1,000
17,789	Unspent Capital Appropriations	0	0	0
<u>(745,948)</u>	Undesignated Surplus (Deficit)	<u>(883,540)</u>	<u>(922,102)</u>	<u>(1,065,584)</u>
<u>(727,159)</u>	Consolidated Fund Surplus (Deficit)	<u>(882,540)</u>	<u>(921,102)</u>	<u>(1,064,584)</u>

Note: (i) In 2009/10 Interest on Debt was funded from the Sinking Fund
(ii) 2009/10 and 2010/11 Sinking Fund Contributions will be funded in 2010/11

Table II
ANALYSIS OF CURRENT ACCOUNT REVENUE

HEAD (1)	REVENUE DESCRIPTION (2)	2008/09 ACTUAL (\$000) (3)	2009/10 ORIGINAL (\$000) (4)	2009/10 REVISED (\$000) (5)	2010/11 ESTIMATE (\$000) (6)	DIFFERENCE 2009/10 vs 2010/11	
						(\$000) (7)	% (8)
Taxes and Duties							
12	Customs Duty	224,160	242,565	225,435	232,560	(10,005)	(4)
27	Sale of Land to Non-Bermudians	15,813	13,000	13,000	11,000	(2,000)	(15)
29	Timesharing Tax	233	230	200	200	(30)	(13)
38	Passenger Taxes	29,750	30,570	25,070	26,070	(4,500)	(15)
38	Stamp Duties	46,194	49,709	44,259	45,561	(4,148)	(8)
38	Betting Tax	957	1,400	1,000	1,400	0	0
38	Land Tax	45,707	50,000	46,000	50,000	0	0
38	Foreign Currency Purchase Tax	14,465	16,000	14,500	29,000	13,000	81
38	Payroll Tax	356,526	350,000	355,000	427,145	77,145	22
38	Hotel Occupancy	11,103	11,500	9,000	9,500	(2,000)	(17)
38	Corporate Service Tax	3,718	3,500	3,500	3,600	100	3
Fees, Permits and Licences							
03	Liquor Licences	344	320	320	350	30	9
12	Other Customs Fees and Charges	809	2,435	1,852	2,060	(375)	(15)
12	Wharfage	1,817	1,535	1,304	1,535	0	0
13	Post Office	6,065	7,127	6,825	7,255	128	2
27	Immigration Receipts	11,560	14,141	14,141	16,956	2,815	20
29	Trade and Service Mark	1,545	1,511	1,507	1,383	(128)	(8)
30	Ferry Services	1,930	1,989	1,989	1,930	(59)	(3)
30	Services To Seaborne Shipping	2,447	2,895	2,897	2,678	(217)	(7)
31	Air Terminal and Aviation	11,122	11,681	11,681	11,505	(176)	(2)
32	Planning Fees and Searches	1,655	2,200	935	1,194	(1,006)	(46)
34	Vehicle Licences and Registration	27,172	25,963	25,963	28,006	2,043	8
35	Bus Revenues	8,011	7,728	8,003	8,016	288	4
36	Solid Waste	2,716	2,900	2,900	3,520	620	21
36	Water	3,212	4,105	3,693	4,738	633	15
36	Rentals	2,615	2,492	2,291	2,498	6	0
39	Companies - International	64,766	56,045	56,045	67,833	11,788	21
39	Companies Local	3,233	3,000	3,000	3,117	117	4
39	Companies Licences	562	352	380	471	119	34
46	Telecommunications Receipts	13,793	12,500	12,600	12,700	200	2
57	Aircraft Registration	13,069	16,175	16,175	19,860	3,685	23
72	Plant Production and Marketing Ctre	443	425	425	425	0	0
73	Registration of Shipping	3,659	2,950	2,950	3,000	50	2
Other Receipts							
03	Fines and Forfeitures	3,575	5,285	4,329	4,327	(958)	(18)
11	Interest on Deposits	3,482	3,200	2,130	3,500	300	9
11	Bermuda Monetary Authority	818	0	0	0	0	0
	Other Revenue	13,820	12,192	12,861	13,919	1,727	14
		952,866	969,621	934,160	1,058,812	89,191	9

Table III
SUMMARY BY DEPARTMENT OF CURRENT ACCOUNT EXPENDITURE

HEAD	DESCRIPTION	2008/09 ACTUAL (\$000)	2009/10 ORIGINAL (\$000)	2009/10 REVISED (\$000)	2010/11 ESTIMATE (\$000)	DIFFERENCE 2009/10 vs 2010/11	
						(\$000)	%
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Non-Ministry Departments							
01	Governor and Staff	2,117	1,695	1,695	1,705	10	1
02	Legislature	4,616	4,780	4,780	4,904	124	3
05	Office of The Auditor	2,922	2,973	2,949	3,305	332	11
08	Public Service Commission	72	81	81	81	0	0
63	Parliamentary Registrar	586	739	712	1,151	412	56
85	Ombudsman's Office	684	698	698	713	15	2
92	Internal Audit	0	0	0	1,734	1,734	0
		10,997	10,966	10,915	13,593	2,627	24
Cabinet Office Departments							
09	Cabinet Office	8,423	6,479	7,661	6,848	369	6
14	Department of Statistics	2,578	3,571	3,221	6,120	2,549	71
15	Dept. of Management Services	777	0	0	0	0	0
19	Department of Archives	1,574	1,745	1,570	1,729	(16)	(1)
26	Department of Human Resources	3,788	6,431	5,774	6,196	(235)	(4)
51	Dept. of Communication and Inform.	2,470	2,618	2,618	2,678	60	2
		19,610	20,844	20,844	23,571	2,727	13
Ministry of Justice							
87	Ministry of Justice HQ	3,872	3,349	3,349	3,399	50	1
03	Judicial Department	8,107	8,452	8,452	8,452	0	0
04	Attorney General's Chambers	4,268	4,964	4,964	4,924	(40)	(1)
75	Dept. of Public Prosecutions	2,330	2,927	2,927	2,917	(10)	(0)
		18,577	19,692	19,692	19,692	0	0
Ministry of Finance							
10	Ministry of Finance HQ	12,387	12,963	11,960	12,983	20	0
11	Accountant General	82,001	75,060	80,458	82,455	7,395	10
12	Customs	17,802	21,740	20,741	21,740	0	0
28	Social Insurance	15,323	4,424	6,032	4,424	0	0
38	Office of The Tax Commissioner	3,264	3,607	3,607	3,680	73	2
39	Registrar of Companies	2,857	3,964	3,964	3,875	(89)	(2)
58	Interest on Debt	18,186	0	0	38,400	38,400	0
59	Sinking Fund Contribution	9,447	0	0	28,625	28,625	0
		161,267	121,759	126,762	196,182	74,424	61
Ministry of Education							
16	Education HQ	0	0	0	3,127	3,127	0
17	Department of Education	130,666	128,436	128,436	120,138	(8,298)	(6)
41	Bermuda College	20,290	20,702	20,702	19,869	(833)	(4)
		150,956	149,138	149,138	143,134	(6,004)	(4)
Ministry of Health							
21	Min. of Health HQ	8,506	16,834	19,834	18,098	1,264	8
22	Health Department	27,820	32,558	31,558	32,460	(98)	(0)
24	Hospitals	119,243	122,954	137,954	125,199	2,245	2
91	Health Insurance	0	5,457	5,457	5,489	32	1
		155,569	177,802	194,803	181,246	3,443	2

Table III continued

SUMMARY BY DEPARTMENT OF CURRENT ACCOUNT EXPENDITURE

HEAD	DESCRIPTION	2008/09 ACTUAL (\$000)	2009/10 ORIGINAL (\$000)	2009/10 REVISED (\$000)	2010/11 ESTIMATE (\$000)	DIFFERENCE 2009/10 VS 2010/11	
						(\$000)	%
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Ministry of the Environment and Sports							
50	Min. of Environment and Sports HQ	1,296	863	863	908	45	5
20	Youth, Sport and Recreation	15,488	13,475	13,475	12,475	(1,000)	(7)
32	Department of Planning	3,835	4,336	4,336	4,336	0	0
49	Land Valuation	652	857	857	812	(45)	(5)
68	Parks	11,493	11,146	11,146	11,146	0	0
69	Conservation Services	5,494	5,538	5,538	5,538	0	0
72	Environmental Protection	3,735	3,845	3,845	3,845	0	0
		41,993	40,062	40,060	39,060	(1,000)	(2)
Ministry of Tourism and Transport							
48	Transport Headquarters	1,275	1,284	1,284	2,657	1,373	107
30	Marine and Ports	22,729	22,357	22,357	22,510	153	1
31	Airport Operations	22,364	20,861	20,861	20,833	(28)	(0)
33	Department of Tourism	35,802	32,148	30,148	38,149	6,001	19
34	Transport Control Dept	4,929	7,860	7,860	7,548	(312)	(4)
35	Public Transportation Board	23,112	19,454	19,454	19,775	321	2
57	Civil Aviation	5,380	4,998	6,998	7,901	2,903	58
73	Maritime Administration	1,602	1,733	1,733	1,732	(1)	(0)
		117,193	110,695	110,695	121,105	10,410	9
Ministry of Works and Engineering							
36	Works and Engineering HQ	6,092	7,023	7,023	7,052	29	0
80	Architectural Design and Const.	880	1,513	1,513	1,513	0	0
81	Lands, Buildings And Surveys	27,355	26,415	26,415	26,415	0	0
82	Operations And Engineering	42,172	36,541	36,539	36,541	0	0
		76,499	71,492	71,490	71,521	29	0
Ministry of Culture and Social Rehabilitation							
71	Min. Of Culture and Soc. Rehab. HQ	3,799	4,459	4,704	4,871	412	9
18	Libraries	2,452	2,436	2,446	2,369	(67)	(3)
23	Child and Family Services	17,715	17,831	17,831	17,680	(151)	(1)
52	Community and Cultural Affairs	4,374	6,515	6,170	4,599	(1,916)	(29)
55	Financial Assistance	24,496	28,374	28,374	28,662	288	1
56	Human Affairs	3,620	4,377	3,278	3,231	(1,146)	(26)
74	Department of Court Services	4,487	5,280	5,280	5,293	13	0
88	National Drug Control	5,175	4,734	4,784	6,109	1,375	29
		66,118	74,007	72,867	72,814	(1,192)	(2)
Ministry of Labour, Home Affairs and Housing							
83	Min. Of Lab., Home Aff. and Housing Hq	3,980	2,213	2,213	1,738	(475)	(21)
06	Defence	8,845	8,601	8,601	8,310	(291)	(3)
07	Police	71,601	60,541	60,541	65,705	5,164	9
25	Department of Corrections	28,868	29,472	29,472	30,163	691	2
27	Immigration	5,874	5,959	5,959	5,659	(300)	(5)
45	Fire Services	11,964	15,794	15,794	15,497	(297)	(2)
53	Bermuda Housing Corp	6,000	7,250	7,250	7,750	500	7
54	Security Ser. and Delegate Aff.	297	491	491	74	(417)	(85)
60	Labour and Training	7,431	7,220	7,220	8,613	1,393	19
		144,860	137,541	137,541	143,509	5,968	4

Table III continued

SUMMARY BY DEPARTMENT OF CURRENT ACCOUNT EXPENDITURE

HEAD	DESCRIPTION	2008/09	2009/10	2009/10	2010/11	DIFFERENCE	
		ACTUAL	ORIGINAL	REVISED	ESTIMATE	2009/10	vs
(1)	(2)	(\$000)	(\$000)	(\$000)	(\$000)	2010/11	%
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Ministry of Energy, Telecommunications and E-Commerce							
90	Min. Energy, Telecomm. and Ecomm. HQ	395	553	553	618	65	12
13	Post Office	14,856	14,861	14,861	15,142	281	2
29	Registry General	1,810	2,139	2,119	2,179	40	2
42	Rent Commissioner	562	657	657	657	0	0
43	Information Technology Office	7,570	8,359	8,360	8,593	234	3
46	Telecommunications	2,751	2,170	2,170	2,170	0	0
67	E-Commerce	896	1,263	1,263	1,263	0	0
84	E-Government	996	1,380	1,380	1,380	0	0
89	Energy	555	1,508	1,508	888	(620)	(41)
		30,391	32,890	32,871	32,890	0	0
		994,030	966,888	987,678	1,058,317	91,429	9

**Table IV
ANALYSIS OF CURRENT ACCOUNT EXPENDITURE BY OBJECT ACCOUNT**

EXPENDITURE						DIFFERENCE	
OBJECT CODE	DESCRIPTION	2008/09 ACTUAL (\$000)	2009/10 ORIGINAL (\$000)	2009/10 REVISED (\$000)	2010/11 ESTIMATE (\$000)	2009/10 vs 2010/11 (\$000)	% (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Salaries		312,362	343,857	337,396	343,168	(689)	(0)
Wages		101,259	78,056	79,443	81,519	3,463	4
Employer Overhead		66,767	64,382	67,788	71,707	7,325	11
Other Personnel Costs		5,155	9,074	9,495	10,247	1,173	13
Training		7,956	9,828	9,545	11,210	1,382	14
Transport		6,588	7,353	7,472	2,298	(5,055)	(69)
Travel		6,439	6,321	6,312	6,287	(34)	(1)
Communications		9,609	9,775	9,967	9,129	(646)	(7)
Advertising and Promotion		16,850	17,346	15,750	19,737	2,391	14
Professional Services		95,456	96,871	100,560	99,845	2,974	3
Rentals		16,644	17,007	17,207	18,526	1,519	9
Repair and Maintenance		23,385	19,873	20,016	21,203	1,330	7
Insurance		11,571	11,189	11,166	11,557	368	3
Energy		23,786	20,819	20,647	21,608	789	4
Clothing and Uniforms		2,566	2,642	2,727	2,617	(25)	(1)
Materials and Supplies		37,043	33,491	33,778	30,218	(3,273)	(10)
Equipment		2,066	1,422	1,508	1,442	20	1
Other Expenses		5,912	3,895	4,050	3,576	(319)	(8)
Receipts Credited to Prog		(23,579)	(31,462)	(30,303)	(18,806)	12,656	(40)
Transfer to Other Funds (i)		9,447	0	0	28,625	28,625	0
Grants and Contributions		234,920	244,659	261,100	243,504	(1,155)	(0)
Public Debt Charges (ii)		21,827	490	2,055	39,100	38,610	n.a.
		994,030	966,888	987,678	1,058,317	91,429	9

Note: (i) In 2009/10 Interest on Debt was funded from the Sinking Fund
(ii) 2009/10 and 2010/11 Sinking Fund Contributions will be funded in 2010/11

Table V
Expansion (Reduction) of Programmes in 2010/11 Current Account Expenditure Estimates

The following are the major variations from 2009/10 Original Estimates which, in the main, do not relate to pay awards or increases in prices.

HEAD		\$000	
<u>NON-MINISTRY</u>			
05	AUDITOR GENERAL	3 Staff Auditors - PS 28	252
		Operational Costs	60
63	PARLIAMENTARY REGISTRAR	Apostille Officer - PS 16	55
		Boundaries Commission	35
		IT Software License	40
		Ministry Controller (shared cost)	129
92	INTERNAL AUDIT	Additional Staffing:	
		IT Audit Forensic Officer - PS 31	93
		Administrative Assistant - PS 18	59
		3 Internal Audit Officers - PS 24	219
		2 Internal Audit (Senior) - PS 29	174
		IT Audit Officer - PS 24	73
		Assistant Director - PS 41	135
		Administrative Officer - PS 22	69
		Internal Audit Manager - PS 35	108
	SUB TOTAL NON-MINISTRY		1,501
<u>CABINET OFFICE</u>			
09	CABINET OFFICE	Washington Office	320
		Additional Staffing - Sustainable Development	
		2 Sustainable Development Officers - PS 33	199
		Jumpstart Programme (7 Interns) - PS 18	416
14	STATISTICS	2010 Census	2,400
	SUB TOTAL CABINET OFFICE		3,335
<u>MINISTRY OF HEALTH</u>			
21	HEALTH HQ	Transfer of Office of the Physically Challenged and National Officer for Seniors	1,164
	SUB TOTAL HEALTH		1,164
<u>MINISTRY OF TOURISM and TRANSPORT</u>			
33	TOURISM	Advertising and Marketing Prog.	6,000
48	MINISTRY HQ	Golf Courses Operations	1,300
57	CIVIL AVIATION	Aircraft Registry Operations	2,900
	SUB TOTAL MINISTRY OF TOURISM AND TRANSPORT		10,200

Table V continued

HEAD			\$000
<u>MINISTRY OF CULTURE AND SOCIAL REHABILITATION</u>			
52	CULTURAL AFFAIRS	Bermuda 2009 400th Anniversary	(2,000)
71	MINISTRY HQ	Transfer of Office of the Physically Challenged and National Officer for Seniors	(1,164)
SUB TOTAL MINISTRY OF CULTURE AND SOCIAL REHABILITATION			(3,164)
<u>MINISTRY OF LABOUR, HOME AFFAIRS AND HOUSING</u>			
25	CORRECTIONS	Therapeutic Community Prog.	690
SUB TOTAL MINISTRY LABOUR, HOME AFFAIRS AND HOUSING			690
TOTAL MINISTRY-WIDE REDUCTIONS			(3,130)
<u>GRAND TOTAL NEW MONEY ALL MINISTRIES</u>			10,596

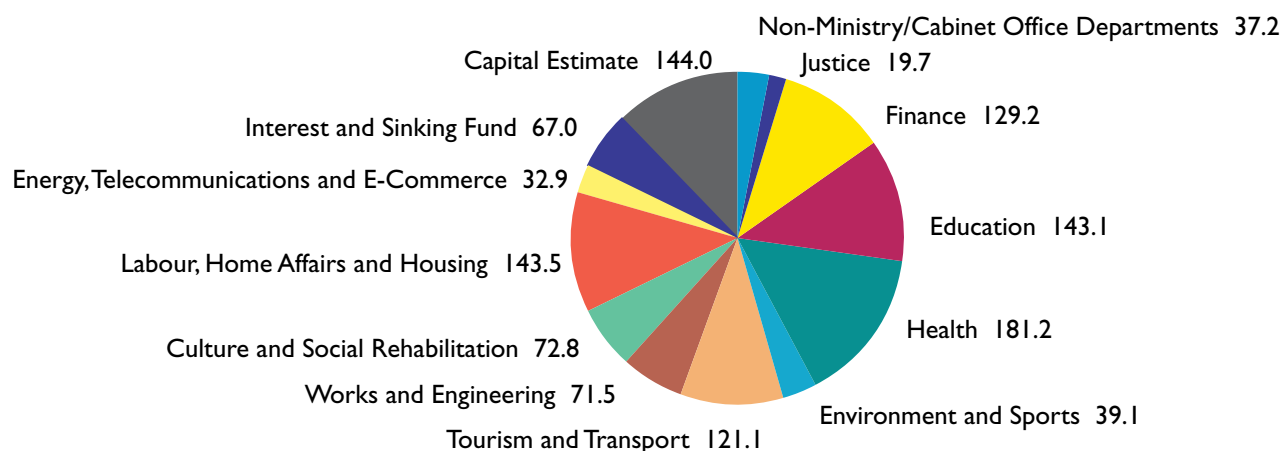
Table VI
GOVERNMENT OF BERMUDA
THE CONFISCATED ASSET FUND

MINISTRY/DEPARTMENT	ESTIMATE 2009/10 (\$000)	ESTIMATE 2010/11 (\$000)
MINISTRY OF FINANCE		
CUSTOMS		
X-ray Scanner Equipment	700	3,000
	<u>700</u>	<u>3,000</u>
	700	3,000
MINISTRY OF HEALTH		
HOSPITALS - MAWI		
Turning Point Substance Abuse Programme	2,495	0
	<u>2,495</u>	<u>0</u>
	2,495	0
MINISTRY OF CULTURE AND SOCIAL REHABILITATION		
MINISTRY OF CULTURE AND SOCIAL REHABILITATION HQ		
Co-ed Substance Abuse Drug Treatment Facility	4,400	0
	<u>4,400</u>	<u>0</u>
NATIONAL DRUG CONTROL		
Camp Spirit programme	0	300
National Drug Commission Grant	50	0
Focus Counselling Services	1,416	0
PRIDE - Parent Resource Inst-Drug	402	0
CADA - Ctr - Alcohol and Drug Abuse	230	0
BACB-Bda Addict Cert Board	200	0
Grants to support Preventive Efforts	500	0
Mandatory DUI Education programme	0	100
Mental Health Treatment Programme	0	225
	<u>2,798</u>	<u>625</u>
	7,198	625
MINISTRY OF LABOUR, HOME AFFAIRS and HOUSING		
POLICE		
Bermuda Criminal DNA Database	350	0
	<u>350</u>	<u>0</u>
	350	0
MINISTRY OF JUSTICE		
MINISTRY OF JUSTICE HQ		
Financial Intelligence Agency	1,800	1,840
National Anti-Money Laundering Office	593	593
	<u>2,393</u>	<u>2,433</u>
	2,393	2,433
MINISTRY OF THE ENVIRONMENT AND SPORTS		
YOUTH AND SPORT RECREATION		
Bermuda Council for Drug Free Sports Grant	700	0
	<u>700</u>	<u>0</u>
	700	0
	<u>13,136</u>	<u>6,058</u>

Table VII
GOVERNMENT OF BERMUDA
DEBT AND LOAN GUARANTEES
 UTILISATION OF STATUTORY BORROWING POWERS

ACTUAL 2008/09 (\$000)	DETAILS	ESTIMATE 2009/10 (\$000)	ESTIMATE 2010/11 (\$000)
	Debt and Loan Guarantees Outstanding As Of March 31		
562,251	Borrowings Under Loan Facilities (Govt)	830,000	973,464
562,251	Total Debt Outstanding (Govt)	830,000	973,464
792	National Education Guarantee Scheme	800	800
0	Bank of N.T. Butterfield Guarantee	200,000	200,000
0	West End Development Corp. Guarantee	10,000	10,000
563,043	Total Loan Facilities & Guarantees	1,040,800	1,184,264
79,781	Less: sinking Fund Contributions	51,000	82,810
	NET CUMULATIVE GOVERNMENT		
483,262	DEBT & GUARANTEES OUTSTANDING	989,800	1,101,454

Estimated Expenditure 2010/11 in BD\$ Millions



Categories of expenditure expressed as a percentage of total estimated expenditure for 2010/11 of \$1,202.2 million

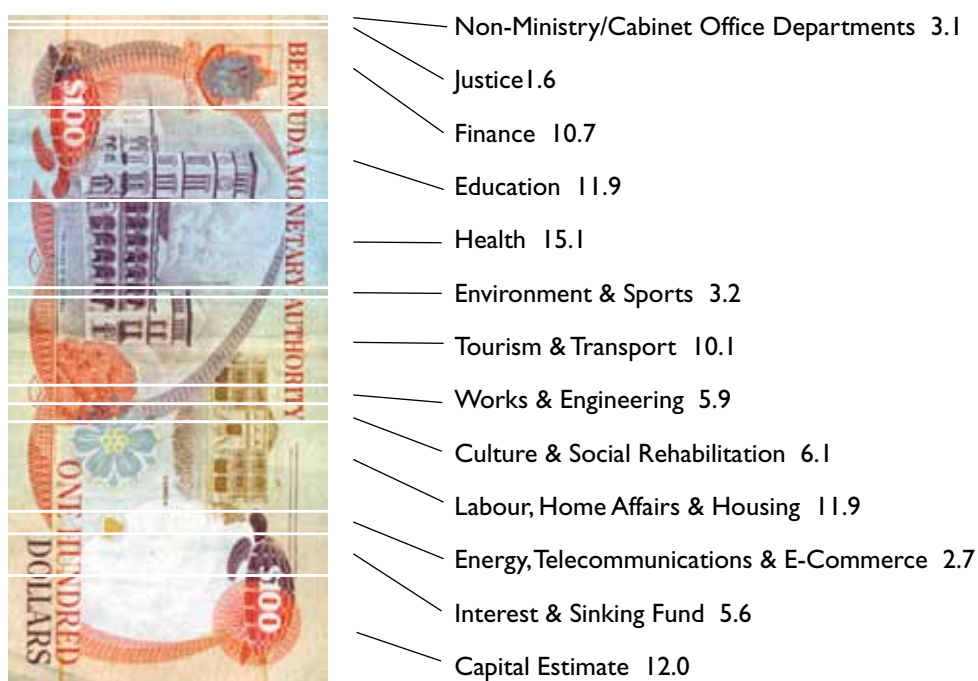
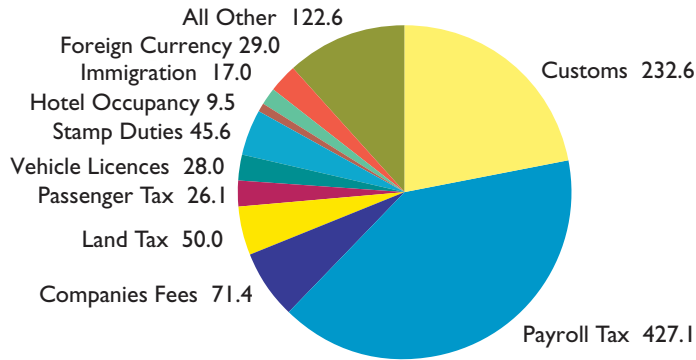


Table IX

Estimated Revenue 2010/11 in BD\$ Millions

Total Revenue \$1,058.8 million



Categories of revenue expressed as a percentage of total estimated revenue for 2010/11 of \$1,058.8 million



