

Ministerial Statement

More relief for the people - March 2022 Fuel Prices

The Hon. E. David Burt

Premier and Minister of Finance

18th March 2022

Mr. Speaker, among the most expensive items we must buy in our everyday lives is gas or diesel for cars and bikes. We make time to work, we take our children to school, we take an elderly relative for a drive or we use a vehicle to ply our trade. Every Bermudian makes use of fuel and is impacted by an increase in its cost.

Mr. Speaker, Honourable Members and the public may have noted that in January there was an increase of 1.7% for gasoline and an increase of 3.2% for diesel. In February the increases were 4.9% for gasoline and 4.7% for diesel.

Mr. Speaker, earlier this week I was invited to approve increases for March of 5% for gasoline (increasing the price of gasoline by 45 cents per gallon – in addition to the 56 cents per gallon increases of January & February) and 6.7% (54 cents a gallon) for diesel. Mr. Speaker, this Government promised to reduce the cost of living for the people of this country. In the Budget Statement made in this Honourable House on 25th February, I laid out two key themes: ***“relief now and more relief to come”***. Mr. Speaker, I am pleased to add to the ***“relief now”*** column and can advise this Honourable House and the public that in keeping with the promise made to the people of this country **I have rejected the recommendation to increase the cost of gasoline and diesel and ordered a review that will look to see if price reductions can be made.**

Mr. Speaker, although prices may increase over time depending on supply chain issues and more recently Russia’s invasion of Ukraine, the situation in Bermuda is different from many other countries in the world. Due to several factors, the local fuel companies import fuel on average 3 to 4 times a year which often results in the cost of their inventory differing from the global fuel prices even when there is a significant change in global pricing. Essentially, Mr. Speaker, the local fuel companies are often carrying inventory that is either more or less expensive than the current world fuel prices at any given time. At the present time the fuel companies would mostly likely be carrying less expensive inventory given that fuel prices have increased fairly recently.

This allows the fuel companies to successfully navigate this price freeze in the short-term without significant operational impact. I am advised by technical officers in the Ministry of Finance that the existing practice is to adjust prices monthly and as such I have instructed technical officers in the Ministry of Finance to review the way in which price changes are approved with a view to reducing gasoline prices as much as possible. My aim as Premier & Minister of Finance is to lead a people-centred recovery of this economy, and that means reducing the financial burden for workers in Bermuda. Next month, it is my aim to approve a reduction in the price of gasoline and diesel.

Mr. Speaker, representatives of the Ministry of Finance spoke with a fuel company stakeholder and I am pleased that they have indicated their support of my decision to temporarily freeze the fuel prices. To do otherwise would place an undue burden on the public; hardworking Bermudians who are now looking to renew this economy and improve personal financial situations. Mr. Speaker, jointly, fuel suppliers and the Ministry of Finance have committed to further meetings to analyze necessary changes to the pricing model that is currently being used in this area to ensure that prices can be reduced.

Mr. Speaker, let there be no doubt, this Government is determined to lead the effort to renew this economy and provide tangible financial relief for the people of this country.

Mr. Speaker, in this Budget Session alone, we will have:

- Reduced the cost of private car license fees by 10%
- Instituted no across the board increase in Government fees
- Reduced payroll tax for workers making less than \$96,000 for the 3rd time since taking office in 2017
- Extended the supplementary unemployment benefit until the end of August
- Extended tax relief for hotels, restaurants, bars and clubs
- Extended new hire tax relief
- Advanced land tax relief to the charitable sector
- Advanced land tax relief for nursing homes;
- Reduced telecommunications fees; and
- Provided a further pension withdrawal to help those Bermudians who need it.

And today, Mr. Speaker, we can add to that list a **rejection of a price increase of gas and diesel** with a new policy approach to reduce these costs in the very near future.

Thank you Mr. Speaker.