



## **REMARKS**

**By:**

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**THE MINISTER LABOUR**

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### **POLICY PROPOSAL IN SUPPORT OF ECONOMIC DEVELOPMENT**

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Good day to members of the media and the listening public.

I am joined here today by the Minister of Public Works. Lt. Col. David Burch.

In today's press conference I will share with you the Ministry of Labour's policy proposals in support of Bermuda's economic development. I will also provide an update on the Wage Commission's living and minimum wage initiative as well as the Unemployment Insurance Program to be established for the future.

#### **Immigration**

Firstly, let me speak about Immigration.

You should know that Immigration has been used globally as a tool to develop societies by bringing in the right people at the right times. For example, the 1-Year Work from Bermuda policy was brought to the fore *as a result of* the onset of the COVID-19 pandemic. It attracts persons who don't take jobs but instead contribute to the island's economy. The right people at the right time.

While we may not always agree with the way this tool should be used, it is imperative that it be used to stop the bleeding and to help move toward rebuilding an economy that benefits all Bermudians.

The Bermuda Department of Statistics' report: Bermuda's Population Projections 2016 – 2026 provides valuable insight as we consider Bermuda's immigration policy moving forward. This 2018 report made clear the need for Bermuda to 'take action' given the projected demographic shifts for 2016 – 2026.

These projected demographic shifts have significant implications for Bermuda's future. In summary:

1. Bermuda's population is expected to decline as the number of deaths exceeds births;
2. There will be a continued shift in the island's age structure as the population ages; and
3. Bermuda's evolving demographic profile will have fewer children, an older workforce and more seniors.

In order to combat the harsh realities resulting from a population decline we need positive **Net immigration**; that is less emigration or people leaving the country to live elsewhere, and more immigration or people entering the country to live.

It should also be noted that once a small segment, older residents are now an expanding portion of Bermuda's population. The implications of this aging population will result in an increased financial burden on the Government further exacerbated by the decrease in the number of working people.

As we know, a high number of skilled and talented workers who contribute to the economy by way of paying taxes, paying rent, purchasing houses etc. benefits the economy. In that vein, the aim of this immigration policy is to increase opportunity for Bermudians and to help improve Government's current fiscal position.

To put it plainly, the current reality is that Bermuda is in serious financial trouble. According to the Minister of Finance, the 2021 deficit of \$295 million is unsustainable. The steadily declining population was exacerbated by the exodus of many work permit

holders. It is important to note that population levels cannot *naturally* adjusted in a timely fashion and therefore immigration policy is required.

Progressive immigration policy will help increase our workforce helping to ensure sustainable economic growth and retention and expansion of the working population thereby supporting economic growth.

If we do not use immigration as a means to support economic growth we risk falling off a fiscal cliff which will prevent the Government from providing for Bermuda and her people in the way to which we have become accustomed.

If Bermuda is going to better her fiscal situation, we must all embrace the bold steps needed to confront this situation.

### **Immigration Policy Proposal**

In this regard, the Minister of Labour has or is embarking on the following:

1. Implementation of the Economic Investment Certificate that entitles a person to reside in Bermuda while contributing to the economic development of the Island.
2. Amending the current policy requiring Bermudian parents to prove domicile for children born overseas. This will make it easier for children born abroad to obtain Bermuda Status enabling them to take up permanent residency at some point.
3. Continuing with the One-year Work from Bermuda policy which has yielded nothing but positive results with over 530 applicants approved and interest from businesses wishing to set up their business in Bermuda on a long-term basis.
4. Increasing visitor stays from 90 to 180 days in an attempt to partially offset the drastic decline in tourism. Already we see

visitors wishing to reside in Bermuda longer than the 180 day period.

5. As indicated in the 2020 Speech from the Throne, seeking provisions to support normalized residency of long-term residents who consider Bermuda their home but cannot call Bermuda their home.

Additionally, the Immigration Reform Working Group will be looking to consider issues surrounding Bermuda Status

These initiatives may be considered bold to some; however, maintaining the status quo will undoubtedly bring about an untenable situation for Bermuda and her people.

These proposals provides immediate solutions to addressing Bermuda's declining financial position whilst other tools, such as increasing the birth rate, diversifying the economy, etc. require significantly more time to reach a sustainable level.

### **The Wage Commission**

Secondly, the Ministry can advise that the Wage Commission continues their work in determining the requirements for a basic standard of living in Bermuda, and will recommend the minimum hourly wage and on the living wage rates to be prescribed by the Minister. The Current Wage Commission is chaired by Mr. Cordell Riley.

A Report pertaining to a minimum wage is expected by the end of February 2021, while a subsequent report on a living wage is expected in the next fiscal period.

Upon receipt of the reports from the Wage Commission, the Government will review the recommendations and considerations with an aim to table in Parliament a wage bill that will establish a statutory minimum wage and a national living wage.

The establishment of minimum and living wage rates will help support families that are struggling because of low wage rates that do not allow them to cover their basic needs such as housing and food. Bermuda's high cost of living and decades of stagnant wages gives an even greater need for the establishment of a decent wage rate. It is no doubt that the current economic crisis has increased wage disparities leading to greater levels of income inequality. It is time for Bermuda to do away with starvation wages.

## **Unemployment Insurance Program**

Last but not least, in relation to the Unemployment Insurance Program (UIP), the Ministry has invited industry stakeholders to provide feedback through the Labour Advisory Council on the implementation of the Government's proposed Unemployment Insurance Program by Monday, February 8, 2021.

Pursuant to the Public Treasury (Administration and Payments) Act 1969, the Unemployment Insurance Fund (UIF) was established on 18 March 2002, with the Minister of Finance having the ability to set aside sums of funds from the Consolidated Fund. At this time, only the Bermuda Government makes contributions to the UIF to maintain its existence.

Since March of 2020, the Government has paid out over \$58 million in Unemployment Benefits. This level of expenditure by the Government is unsustainable.

An Unemployment Insurance Program supported by additional funding, by employee and employer contributions is being considered, reducing the burden on the Government and ensuring that funds are readily available when needed.

A successfully implemented UIP will provide financial support to individuals following job loss, assuming they have met all predetermined eligibility requirements.

I welcome any questions from the media.

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