



MEDIA RELEASE

5 August 2020

Today, the Minister for the Cabinet Office, Wayne Furbert, advised that Government has reached an agreement with some of its union partners on a package of austerity measures “aimed at greatly assisting in reducing its short-term expenditure”.

The Bermuda Public Services Union (BPSU), Bermuda Industrial Union (BIU), and the Bermuda Union of Teachers (BUT) have all agreed the following measures which became effective on August 1st, 2020 for most public officers. The package will come into effect on September 1st, 2020 for teachers and principals.

The measures include:

- a. Reduction of 10% to all salaries and wages for one year or until 31 July, 2021 (31 August for Teachers and Principals);
- b. All "overtime" (extra hours beyond the normal working hours and/or shift) for any reason, shall be paid at the standard work rate paid for normal working hours for one year or until 31 July, 2021 (31st August for Teachers and Principals);
- c. In accordance with the Public Service Superannuation Act 2000, as amended payments by the employee and the Government may be suspended for one year or until 31 July, 2021. If elected by the employee, no benefits will accrue during this period of suspension. Employees, at their own discretion, will be allowed to buy back the year of lost pensionable service;
- d. In accordance with the Contributory Pensions Act 1970, as amended the employee may suspend payments during the suspension period. The employee shall, on such form as the Director may prescribe, notify his employer that he has decided to suspend his contributions in respect of the suspension period; and
- e. Uniforms (where applicable) shall be provided on an as needed basis subject to the examination of worn uniforms.

Minister Furbert said, “In keeping with the Public Service Superannuation Act and the Contributory Pensions Act, the Government has released a digital invitation to each employee seeking authorization to suspend the employee contribution to their benefits. Notwithstanding the employee

decision however, the recent amendments to these Acts means the Government will be allowed to suspend its contribution during the period.”

The employee suspension of both the Social Insurance and the Public Service Superannuation Fund (PSSF) contributions offsets the ten percent salary reduction, which means that the take-home pay for public officers will not be negatively affected.

Minister Furbert went on to explain that while the negotiations with the BPSU, BUT and the BIU have reached favourable resolutions, the same cannot be said for the Government's negotiations with the uniformed services unions.

Minister Furbert continued, "Regrettably neither the Fire Services Association (FSA), nor the Prison Officers Association (POA) have agreed to participate in the austerity measures programme.

In these circumstances the Government will be required to implement rigid payroll measures within these Departments to achieve the required savings. The cost cutting measures may vary by Department, but could include significant operational changes and reduced services to support rolling lay-offs and other payroll related measures.

“The likely outcome for these officers, who are members of the uniform services unions, is likely reduced monthly income given their decision not participate in the austerity measures programme which was specifically designed to protect the earning power of public officers.”

Furthermore, the Government continues to await a response from the Bermuda Police Association (BPA) and remains hopeful that its officers will participate in the austerity measures programme.

Minister Furbert said, "The Government wishes to acknowledge that every effort has been made to achieve a 'win-win' outcome with the uniform services unions. Thoughtful consideration was given to all areas of concern expressed by the unions. And several commitments were made to overcome issues and impediments.

"Specifically, the POA shared a number of concerns, inclusive of Government's intent to appeal The Minister of National Security versus The Prison Officers Association Supreme Court decision in the matter of the Prison Officers versus the Labour Disputes Tribunal. The POA was notified of Government's intention to withdraw its appeal.

"It should also be noted that the Government currently underwrites the cost of healthcare by covering all of the insurance costs as well as co-pay for some uniform services, in particular, Prisons and Police. The POA continues to reject the Government's proposal for Prison Officers to pay the employee share of only their health insurance costs while Government continues to cover the co-pay."

The Minister notes that Government has offered two options as a remedy.

Option one is to increase the salary of all officers by the value of the employee share of the health insurance cost, which also has the effect of increasing their pensionable salary.

The alternative option offered is to grandfather all existing officers by continuing to pay for all

healthcare costs (health insurance contributions and co-pay) and causing all new officers hired into the service to pay only the employee portion of the health insurance costs while the government would cover the co-pay.

The Government believes that both of these positions are fair and equitable. The POA has reject both proposals.

Other grievances that the uniformed services union members have highlighted include, the FSA's frustration that its officers are required, like most other public officers, to pay the employee share of health insurance contributions and to pay their own co-pay.

This body is currently advocating for unified benefits for all uniform service officers, which to them equates to no employee contributions to health insurance and no co-pay for their officers.

The Government's objective however is a pathway to parity for all public officers, with all officers paying the employee share of their health insurance costs.

On the matter of outstanding building maintenance at the Prison facilities, the Government acknowledges that building maintenance has lagged and that the prison facility is in a deteriorated state. In these circumstances, the Government agreed to retain the capital funding in this fiscal year's budget to ensure that the works, already in progress, would continue uninterrupted.

Other items that the Government has agreed to address includes the retention of the existing capital budget for the replacement of outdated safety equipment and the training of new officers to ease staff shortages.

Despite Government's best efforts to reach a unified position and notwithstanding the Government's acceptance of a request from the Bermuda Trade Union Congress (BTUC) to defer the original start date from 1st July to 1st August, some union partners have opted out of an austerity measures programme designed to assist the wider community during these difficult economic times.

There has been a significant impact on the public purse owing to COVID-19.

The Government has experienced a major decline in tax revenue and at the same time was required to increase its expenditure to safeguard the health of Bermuda and its residents.

The deficit for 2020/21 is estimated to be in the range of \$300 - \$325 million and the austerity measures programme is expected to save the Government in the region of \$150 million at the end of the one-year period.

The Minister concluded, "In light of the current climate, it is disappointing that we could not reach agreement with the uniform services unions to aid the people of this country during these challenging times. Never-the-less we are most grateful to the BPSU, the BIU, and the BUT, who have worked with us to avoid mass layoffs or forced early retirement by agreeing measures that will save the taxpayers

millions of dollars. I take this opportunity to thank these partner, and by extension our dedicated public officers, for their active engagement and willingness to work with us in the best interest of Bermuda.”

ENDS