2026/2027

BUDGET STATEMENT

IN SUPPORT OF THE ESTIMATES OF REVENUE AND EXPENDITURE

PRESENTED BY | **THE HONOURABLE E. DAVID BURT, JP, MP** | FRIDAY, 20 FEBRUARY, 2026

Premier and Minister of Finance

RESPONSIBLE CHOICES...LASTING BENEFITS FOR BERMUDIANS

GOVERNMENT OF BERMUDA

Ministry of Finance

Budget Statement

In support of the

Estimates of Revenue and Expenditure

2026 - 2027

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Introduction

Mr Speaker, nine years ago, when this Government first took office, it did so at a time when Bermuda was facing fiscal challenges on many fronts. Our national debt had doubled, our island's credit rating had been downgraded, tourism had recorded the lowest air arrivals in decades, and Bermudian families, public servants, and our children were carrying the heaviest burden in an unfair approach to "shared sacrifice."

This Government was elected on a promise to build a better, fairer Bermuda, and govern in a way that put Bermudians first, even when the choices were difficult. That remains the guiding principle behind this year's Budget.

The theme of this Budget, "Responsible Choices… Lasting Benefits for Bermudians", reflects the balance this Government has tried to strike over the past nine years: making careful, disciplined financial decisions that safeguard stability, while ensuring that economic progress translates into investment in the future and real improvements in the lives of our people.

Over this period, Bermuda has faced global and local challenges that no government could have predicted. We endured the most severe economic disruption in modern Bermuda's history during the COVID-19 pandemic, at a time when our airport was closed, we were forced to shelter in place while thousands of Bermudians were suddenly uncertain about their livelihoods.

Through it all, this Government chose to protect jobs, continue public services, and support families and businesses through unprecedented support measures. We made decisions that were not always easy, and not always popular, but which kept Bermuda stable and positioned us for recovery.

Today, Bermuda's economy is stronger. Employment has grown. Investment has increased. International business continues to expand. And our public finances are on a more sustainable footing than they were nine years ago.

This Government has achieved this while introducing Bermuda's first minimum wage, increasing pensions for seniors every year, expanding access to affordable healthcare, investing in education, and delivering the largest programme of affordable housing development in a generation.

But Mr Speaker, this Government is also honest about the fact that many Bermudians are still feeling the pressures of the cost of living and housing affordability. Progress at the macro level does not always feel like progress at the kitchen table, and responsible government means recognising that reality, not ignoring it.

Mr Speaker, this year's Budget is shaped by a new and significant opportunity for Bermuda. Bermuda's new Corporate Income Tax allows our island to benefit directly from the profits generated by international companies operating here. This new revenue gives us the ability to make choices that previous governments simply did not have available to them.

And we have chosen to use this moment responsibly.

This Budget delivers the largest reduction in national debt in Bermuda's history, cuts payroll taxes for all workers in Bermuda, while also making major investments in capital projects and social programmes, including housing, healthcare, and education.

In doing so, this Government is sending a clear message: this is the time to build on the strong foundations we have laid, using additional funds responsibly to support the people of Bermuda, whilst also reducing our debt so that future generations are not burdened.

Mr Speaker, this Budget is also a personal milestone for me, as it will be my final one as Premier and Minister of Finance. When I entered public life, I did so with a deep sense of responsibility to serve this country and to help build a fairer, stronger Bermuda. Over the past nine years, I have seen first-hand how difficult, complex, and demanding this work can be. I have also seen what is possible when people come together with a shared commitment to progress.

I am proud of what this Government has achieved, not because every problem has been solved, but because Bermuda today is more stable, more resilient, and better positioned for the future than when this Government took office.

Economic Review

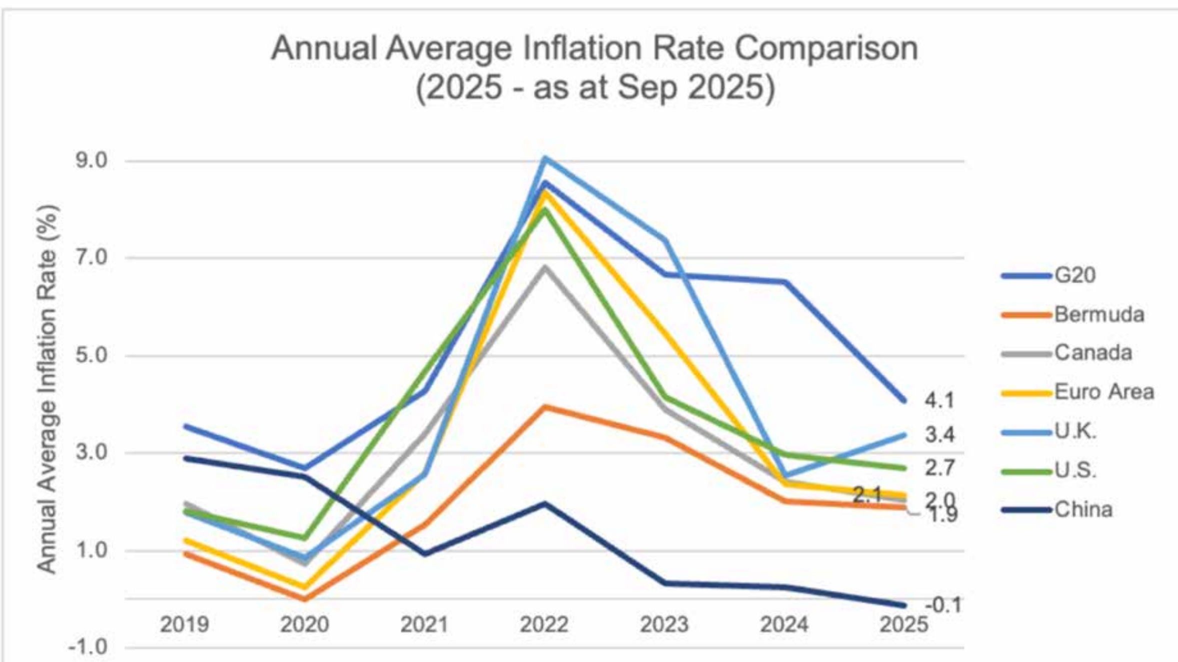
Mr Speaker, even prior to the recent upheaval in global markets due to international trade tensions, the year 2024 presented a range of global challenges. Geopolitical tensions, persistent inflationary pressures, volatility in food and energy markets, and the ongoing effects of past shocks such as the COVID-19 pandemic and the Russia-Ukraine war, have continued to impact global economic growth.

Global Economy

Mr Speaker, in 2025, the global economy continued to face a range of challenges. Ongoing uncertainty surrounding international trade policies, periods of volatility in energy and commodity markets, and the lingering effects of earlier monetary tightening, all continued to weigh on global economic growth.

The OECD estimates that global growth is projected to slow from 3.2 % in 2025 to 2.9% in 2026, before picking up to 3.1% in 2027. The International Monetary Fund (IMF) points to a similar overall outlook, estimating global growth at 3.3% in both 2025 and 2026, before easing slightly to 3.2% in 2027.

Growth in advanced economies is expected to remain broadly stable at approximately 1.7% from 2025 through 2027. The United States' growth is forecasted to increase from 2.1% in 2025 to 2.4% in 2026, before easing to 2.0% in 2027. Growth in emerging markets and developing economies is projected to moderately soften from 4.4% in 2025 to 4.2% in 2026, and 4.1% in 2027.



Mr Speaker, although still elevated, global inflation is expected to continue its downward trajectory, falling from 4.1% in 2025 to 3.8% in 2026, and further to 3.4% in 2027. This decline reflects lower energy and commodity price pressures, improving supply chain conditions, and gradually easing labour market tightness.

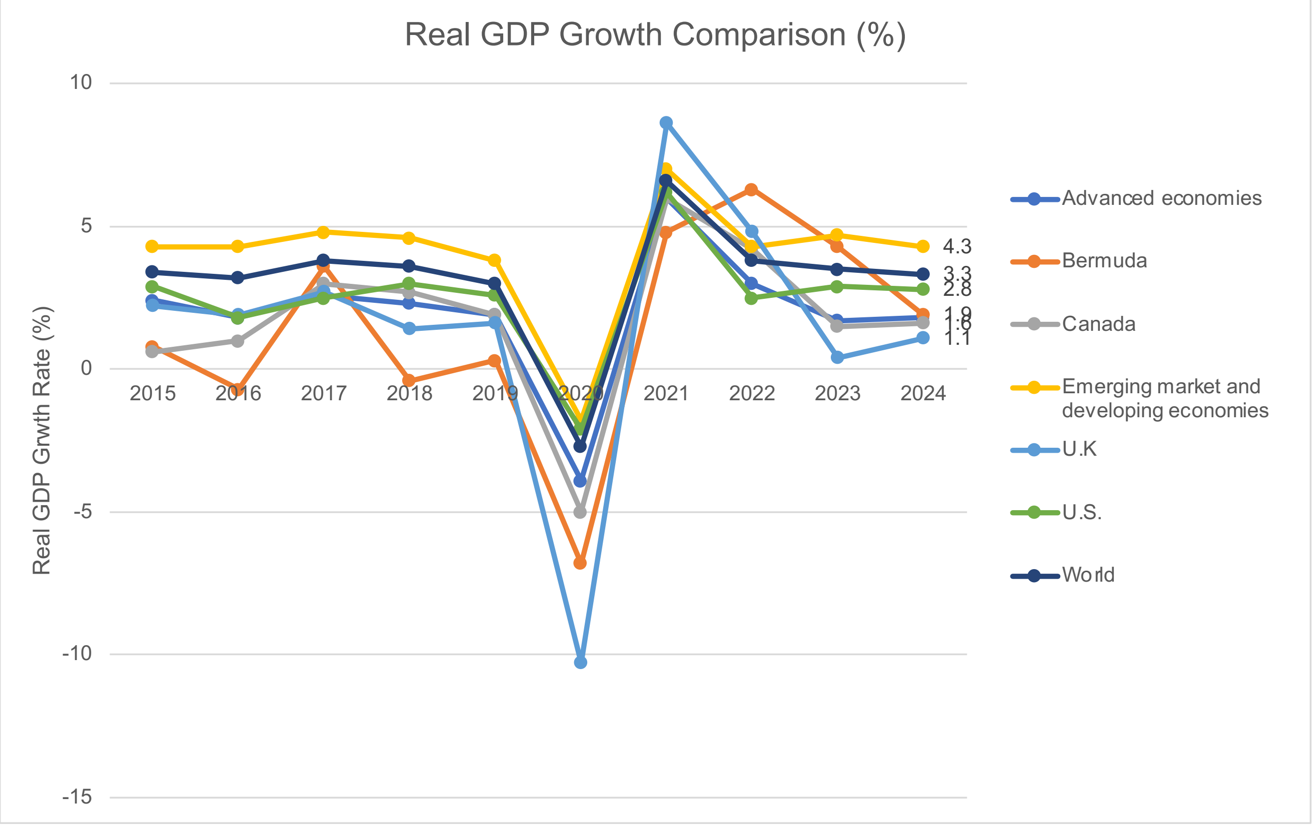
Despite this progress, Mr Speaker, downside risks have increased. The OECD identifies rising trade fragmentation as a key concern. Expanded tariff measures by the United States, along with retaliatory actions by trading partners, have heightened uncertainty in global trade. Such measures raise the cost of imported goods and production inputs, disrupt established supply chains, and dampen business confidence and investment.

In summary, Mr Speaker, the global economic environment is characterised by slower but continued growth, easing yet still elevated inflation, and heightened trade and policy uncertainty. While a severe downturn is not the central forecast, the balance of risks remains tilted to the downside. Continued progress on inflation, prudent policy management, and stable trade linkages will be essential in sustaining global economic stability.

Local Economy

Mr Speaker, I now turn my attention to the domestic economy.

Bermuda's real Gross Domestic Product (GDP), the primary indicator of economic growth, is estimated to have increased between 2.5% to 3.0% in 2025. This growth reflects solid performance in the International Business sector and further recovery in Tourism, supported by strong job growth, rising employment income, consumer spending, and foreign currency earnings.



Mr Speaker, the International Business sector continues to be the primary driver of economic growth. During the first three quarters of 2025, a total of 398 new international companies and partnerships were registered. For the year, the sector employed 5,112 persons, representing an increase of 72 jobs, or 1.4%, compared with the previous year. Total employment income within the sector rose by a further 5.5%, or $76.9 million, contributing significantly to overall growth in national income.

Mr Speaker, Bermuda's Tourism sector demonstrated resilience amid a challenging environment in 2025. Although air and cruise visitor arrivals declined, total visitor spending across air and cruise increased by 3.5% to $550 million. Hotel performance remained resilient, and superyacht tourism was the standout performer, with arrivals rising 50% and associated visitor spending increasing 64% year-on-year. Tourism activity also continued to support employment growth in the Accommodation and Food Services sector, with 64 additional jobs representing a 1.7% increase.

Mr Speaker, I am pleased to report that employment throughout our economy has strengthened during 2025. The total number of filled positions has risen by 279 posts, representing a 0.8% increase, which marks the fourth successive year of employment expansion. Growth has been concentrated predominantly in Public Administration, International Business, and Accommodation and Food Services, with these three sectors collectively accounting for over half of all new positions created. Conversely, the most significant contractions were registered in Financial and Insurance Activities, Information and Communication, and Real Estate Activities.

Unemployment has continued its downward trajectory, standing at 1.4% in November 2024, well below the 2.8% recorded a year earlier and representing the lowest rate since 1970. Among Bermudians, the unemployment rate also fell from 3.3% to 1.3%. Whilst this development is certainly welcome, Mr Speaker, The Government is mindful that a constrained labour market may generate inflationary wage pressures across the broader economy. It is therefore imperative that Government policy facilitates an adequate labour supply to underpin sustained economic expansion.

During the first nine months of 2025, employment income, a principal driver of consumer activity, expanded by 5.8% or $196.1 million, to $3.57 billion. Aggregate Retail sector turnover stood at $948 million over the first three quarters of 2025, reflecting a 1.5% increase compared with the corresponding period in 2024. Additionally, Personal consumer spending rose by 2.4% to total $4.0 billion throughout 2024.

Mr Speaker, moving on to the Construction sector, although the value of new projects started fell by 60% to $45.1 million over the first 9 months, the total estimated value of construction activity undertaken grew from $70.1 million to $112.8 million, an increase of $42.7 million or 60%. This expansion was driven by the Office, Retail and Warehousing category, which increased by $20 million.

Mr Speaker, Bermuda's annual inflation rate was 2.2% in September 2025, remaining below major economies such as the United States at 3.0 %, the United Kingdom at 3.8% and Canada at 2.3%. This increase reflected notable rises in Health and Personal Care (up 3.9%) and Rent (up 1.9%).

Mr Speaker, Bermuda's external position remains strong. In the first nine months of 2025, the current account surplus widened to $1.52 billion, up from $1.33 billion over the same period in 2024, representing 21.5% of GDP. This expansion reflects a solid performance in financial services exports, employee compensation, and investment incomes. Foreign currency earnings from the International Business sector reached $2.29 billion, a 4.5% increase year-over-year while tourism foreign exchange earnings rose to $436.7 million, up 1.4%.

Mr Speaker, in 2024, Bermuda recorded real GDP growth of 1.9%, marking the fourth consecutive year of growth. This expansion was supported by continued strength in International Business, our largest sector, which accounts for 29.3% of GDP and contributed an additional $48.5 million in value added. Growth was also evident across key domestic industries: Information and Communication services increased by 16.4%, Human Health and Social Work activities rose by 6.3%, and Construction and Quarrying expanded by 8.8%, reflecting ongoing development across the island. Although growth moderated from 2023, this is consistent with the economy transitioning from the rebound phase of recovery to steadier, sustainable expansion.

Mr Speaker, while the global economy has demonstrated resilience, the challenges emerging require our attention. The tariff escalations witnessed throughout 2025 are gradually influencing prices and business decisions across major economies. For Bermuda, these are not distant concerns, because our economy is closely connected to global markets, these developments have real implications for us here at home.

Mr Speaker, navigating this period will require discipline. Bermuda must prioritise fiscal prudence, advance economic diversification, and ensure our regulatory frameworks remain competitive. The global environment is shifting rapidly, and our policy responses must be strategic. Through disciplined fiscal management, this Government can mitigate external shocks and position Bermuda to emerge from this period of uncertainty on an even more solid footing.

Economic Development Strategy

Mr Speaker, Bermuda's Economic Development Strategy was endorsed by this Honourable House several years ago, and today the sustained implementation of that strategy is evident both in the data and in the lived experience of our economy. Unemployment is at historic lows, labour demand remains strong across multiple sectors and business activity has expanded.

Entrepreneurship remains a central pillar of this strategy. Through expanded access to capital, structured advisory support, and coordinated programmes delivered through the Bermuda Economic Development Corporation and its partners, The Government is strengthening the pipeline of Bermudian owned enterprises with hundreds of entrepreneurs receiving direct support.

Mr Speaker, youth employment has also been a priority. In the past year alone, hundreds of young Bermudians have been supported through structured training, apprenticeships, internships, and direct job placement initiatives. These placements span construction, hospitality, professional services, and emerging sectors.

Diversification continues to strengthen the base of the economy. While international business remains a core pillar, growth is visible in residential development, construction activity, small business formation, and sector expansion beyond traditional areas. Planning approvals and private sector investment levels demonstrate continued business confidence.

Mr Speaker, growth brings pressure. Labour shortages, housing demand, infrastructure strain. But these pressures are signs of expansion. They confirm that the strategy is working. That is why the housing investments outlined in this Budget are directly connected to economic policy. When you grow, you must build capacity. When you attract investment, you must ensure the infrastructure and workforce are ready.

Labour Market Reforms

Mr Speaker, economic growth does not sustain itself. It requires steady management and policies that are sound. One of the clearest signs that our economic policies are working is what we see in the labour market with unemployment at record lows. But Mr Speaker, we also have to be honest about what comes with success. A growing economy creates demand for more jobs, and one constraint on our continued growth is a lack of available labour.

If we are to keep this economic momentum going, this Government must take a balanced approach to the labour market, one that protects Bermudian workers while ensuring that businesses can access the talent needed to grow and invest. To address this, the Ministry of Economy and Labour will further modernise our work permit processes by reviewing and making adjustments to closed and restricted job categories to assist with closing the gap between the supply and demand for labour.

2024/25 Fiscal Performance

Mr Speaker, I am sure that many are anxious to hear this Government's plans for the upcoming fiscal year, but I must first update this Honourable House and the people of Bermuda on the audited results of the prior year. The audited financial statements for the FY 2024/25, which ended on 31 March 2025, were tabled in this Honourable House earlier today. I am pleased to report that these accounts received an unqualified audit opinion from the Auditor General, removing the previous qualification regarding provisions for asbestos abatement.

The removal of that qualification, which arose due to a change in accounting standards, is welcome news, and I want to take this opportunity to commend the teams in the Ministry of Public Works and Environment, and the Accountant General's office, for their work in getting the qualification removed.

FY 2024/25 Revenue

Mr Speaker, total revenue for FY 2024/25 reached $1.27 billion. This was $40 million or 3.3% higher than the original estimate of $1.23 billion.

Payroll tax collections were the primary driver of this growth, totalling $612.6 million. This represents a $42.6 million or 7.5% increase over the original estimate of $570 million. This performance was underpinned by continued job growth and rising salaries.

Customs duty receipts were recorded at $225 million, which was $9 million or 3.8% below the original estimate of $234 million. This was a deliberate consequence of The Government's decision to implement a 60% reduction in taxes on fuel imported by BELCO to provide direct relief to residents and businesses.

All other receipts totalled $432.4 million, performing broadly in line with expectations.

FY 2024/25 Expenditure

Mr Speaker, The Government maintained control over its spending while addressing critical social needs and delivering promised pay increases for public officers.

Current account expenditure for the year totalled $1.006 billion. While this was $14 million, or 1.4% above the initial estimate of $992 million, it reflects our decision to allocate additional funds toward social spending and provide essential support to the Bermuda Hospitals Board during the year.

Capital expenditure totalled $101.7 million, which was $10.6 million or 10.6% below the original estimate of $112.3 million. Despite being slightly under the budgeted amount, this represented the highest level of capital investment in the island's infrastructure since FY 2010/11.

Debt service and guarantee management were $129 million, which was approximately $1 million above the original estimate of $128 million. It is important to note that this amount was $2 million less than the previous year, which is a direct result of the $50 million debt repayment made by this Government in late 2023.

Achieving the Surplus

Mr Speaker, while The Government originally projected a modest surplus of $210,000, I am proud to confirm to this Honourable House, and the people of Bermuda, that Bermuda achieved a Consolidated Fund modified cash surplus of $29.0 million.

This surplus, the first achieved in 21 years, was delivered before a single dollar of Corporate Income Tax was collected. It is proof that this Government has successfully managed the island's finances while simultaneously reducing the tax burden on workers to the lowest level in our history.

When reviewing the results from FY 2024/25, the independent Fiscal Responsibility Panel said, "Bermuda's fiscal position is now stronger than at any time in two decades". On this Mr Speaker, The Government agrees, and our job is to now build on this solid foundation.

FY 2025/26 Fiscal Performance

Mr Speaker, before turning to the Estimates of Revenue and Expenditure for the coming fiscal year, I want to update this Honourable House on The Government's financial performance for FY 2025/26, which concludes on 31 March 2026.

The most recent revised forecasts confirm that the fiscal and economic strategy that this Government has executed is delivering sound public finances while continuing to deliver on the commitments we made to the people of this country.

FY 2025/26 Revenue

Mr Speaker, the latest revised forecasts project total revenue for FY 2025/26 to be $1.554 billion. This represents an increase of $123 million or 8.6% over our original budget estimate of $1.431 billion.

The most significant contributor to this increase is actual receipts from the Corporate Income Tax. Our revised provision for receipts in FY 2025/26 is $279 million—and that amount was transferred to the Consolidated Fund pursuant to section 50A of the CIT Act 2023 and section 9 of the CIT (Tax Refund Reserve Fund) regulations 2025, representing an increase of $92 million or 48.8% over our initial $187.5 million estimate.

Mr Speaker, other revenue sources remain resilient. Excluding Corporate Income Tax, revised revenue estimates have reached $1.275 billion, exceeding the original estimate of $1.243 billion by $32 million or 2.6 %.

FY 2025/26 Current Expenditure

Mr Speaker, current account expenditure for the year, excluding debt service, is now projected at $1.135 billion, an increase of $25 million or 2.2% from the original estimate of $1.11 billion.

This increase is largely driven by our commitment to invest in healthcare delivery. The Government increased the supplementary allocation to $86.25 million, which is $30 million higher than the original $56.25 million. This additional $30 million expenditure was necessary to provide support to the Bermuda Hospitals Board in meeting their obligations to their employees following wage negotiations.

Mr Speaker, despite these targeted investments, the baseline current account expenditure for ministry budgets has been maintained with the discipline recognised by the Fiscal Responsibility Panel. Baseline current account expenditure is projected to come in at $1.048 billion, a decrease of $5 million or 0.5% from the original estimate $1.054 billion, meaning that outside of the extraordinary contribution to the BHB all other expenses have been managed below budget.

FY 2025/26 Capital Expenditure

Mr Speaker, for the current fiscal year, capital investment was originally budgeted at $149.8 million. The revised estimate is now $138.1 million, $11 million, or 7.8% lower than the original estimate.

But Mr Speaker, let me put that in context. Even at $138.1 million, this year's capital spend is still $36.4 million, or 35.8% higher than the $101.7 million recorded last year. That means The Government is still investing and doing more. And, we have seen the progress made on roads, affordable housing, public transport, modern equipment for staff, and better facilities for Bermudians.

Debt Service

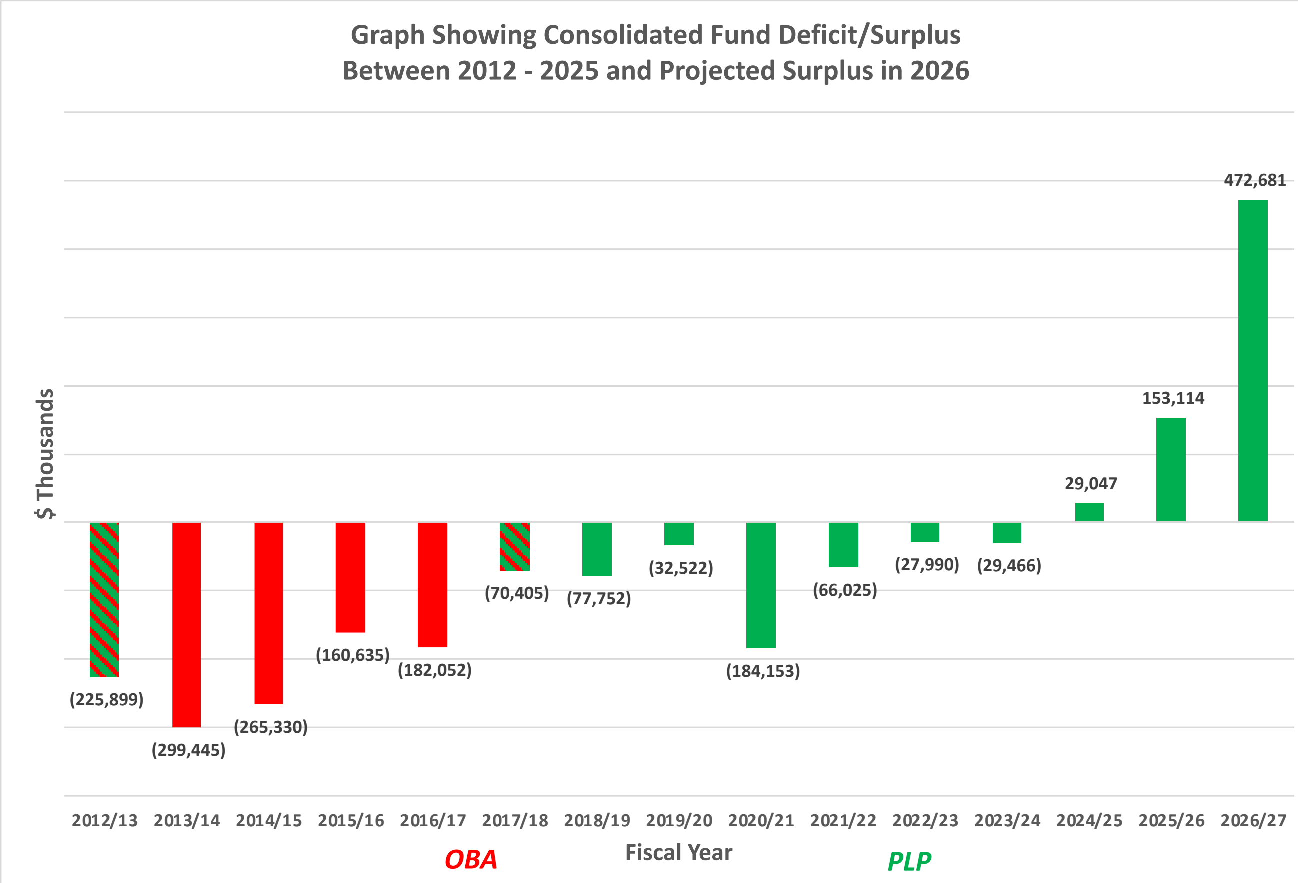
Mr Speaker, debt service and guarantee management costs for this fiscal year remain steady at $127.5 million, in line with our original projections. Bermuda's net debt remains on a downward trajectory as The Government continues to build our reserves for future repayments. It is also important to note that Bermuda's debt interest/revenue ratio, is now below 10%. This was a major milestone published in the first Fiscal Responsibility Panel report, and The Government has now achieved this goal.

Record Budget Surplus

Mr Speaker, it is with pride that I share that the projected Consolidated Fund modified cash surplus for the fiscal year ending March 2026 is now estimated at $153.1 million. This represents a significant increase over the original estimate of $43.3 million.

While this result has been supported by the windfall in Corporate Income Tax receipts, it also reflects our continued focus on maintaining a stable financial position. This Government has managed its spending to ensure that it capitalises on these increased revenues to strengthen the island's finances.

In a demonstration of our fiscal discipline, the $110 million achieved over the original estimate will be set aside and specifically utilised to repay debt due in 2027. By taking this action, this Government is ensuring that these revenues are used to improve Bermuda's financial position for the years ahead.



Setting the Stage for the Next Budget

Mr Speaker, as we present the estimates for FY 2026/27, it is necessary to pause and reflect on the journey this Government has taken over the last nine years. Since 2017, our mandate has been clear: to put Bermuda on a path of sustainable growth and social equity. This Government has stayed the course through global crises and domestic challenges, always with the aim of ensuring that we are masters of our own house.

This 2026/27 Budget is a defining moment. It is the first Budget fully shaped by the successful implementation of the Corporate Income Tax (CIT). While some may see this as a reason to permanently expand the size and scope of government services, this Government also sees it as an opportunity for debt repayment and strategic investment for the future.

Tax Reform Commission

Mr Speaker, I must express my sincere gratitude to the members of the Tax Reform Commission (TRC) for the comprehensive report published last August. The Commission engaged a cross section of our community, meeting with more than 500 individuals and more than 30 stakeholder groups.

Mr Speaker, the Commission's report is clear in its intent. It sets out a pathway to modernise Bermuda's tax system in the context of Corporate Income Tax, with a focus on reducing the cost of living and the cost of doing business, supporting job creation and growth, improving equity, and maintaining healthy public finances. The Government congratulates the Commission for producing a report that is both practical and ambitious, and accepts the recommendations put forward, recognising that the sequencing and detailed design of implementation may be guided by prevailing fiscal and economic conditions.

This Budget reflects the direction and discipline of that work. This Government is advancing the Commission's core themes of fairness and relief, ensuring that the transition to Corporate Income Tax delivers tangible benefit to Bermudian workers and local businesses. The Commission's waterfall model has been an invaluable tool in guiding priorities and sequencing decisions, so that tax relief, investment, and reform are delivered in a way that is responsible, transparent, and focused on real outcomes.

Mr Speaker, the Commission has completed its mandate, and this Government will now carry the work forward. The TRC report will remain a reference point as we continue to modernise Bermuda's tax system. The report also points us toward the future. It recommends that Bermuda should examine, in a careful and measured way, the merits of a low rate, broad-based income tax system, designed to maintain Bermuda's competitiveness while making our tax system more progressive and more transparent.

To support that work, the Ministry of Finance will advance the Commission's recommendations for enhanced data collection on personal and business income, so that any future decisions are informed by evidence.

Fiscal Responsibility Panel

Mr Speaker, the Fiscal Responsibility Panel's 2025 Annual Assessment provides an important independent view of Bermuda's progress. The Panel noted that our economy remains strong, driven by the performance of international business and an unemployment rate that has fallen to historic lows. The Panel recognised the milestone achieved in the 2024/25 fiscal year, the first surplus in the Consolidated Fund in more than two decades.

The Panel commended The Government for the smooth implementation of the Corporate Income Tax Agency, noting that the systems and staffing were established efficiently and that initial payments were received without incident. The Panel's conclusion was clear: Bermuda's fiscal position is stronger today than it has been in twenty years.

Mr Speaker, the Panel also made the point that strong years must be used wisely. They recommended clear fiscal guardrails, set in law, to protect transparency, support debt reduction, and strengthen macroeconomic stability. The Government has listened, and it agrees. That is why this Budget puts those guardrails in place, so we lock in the progress that has been made and protect Bermuda's finances against whatever comes next.

Fiscal Rules

Mr Speaker, to ensure that the unique opportunity presented by Corporate Income Tax is not lost to the short-term pressures of the day, and in view of the recommendations of both the Tax Reform Commission and the Fiscal Responsibility Panel, this Government recognises the need to institutionalise a stronger framework of fiscal discipline. This new framework is built on two rules, aligned with those recommendations.

First, a rule for disciplined annual operations. In plain terms, our day-to-day budget must remain in balance or surplus, excluding net Corporate Income Tax revenues, capital spending, and interest costs. This rule ensures that the ongoing cost of running Government is sustainable and not dependent on Corporate Income Tax revenue or borrowing.

Second, a rule for responsible use of Corporate Income Tax revenues. Over a rolling three-year period, at least 70% of net Corporate Income Tax revenues will be dedicated to paying debt interest, reducing net debt, and building net financial assets. This rule ensures that a substantial majority of these new revenues are used to strengthen the country's balance sheet and improve Bermuda's resilience for the future.

Mr Speaker, what matters most is not only that these rules exist, but that The Government lives within them. The Medium-Term Expenditure Framework presented in this Budget meets these fiscal rules, both the operational balance rule and the Corporate Income Tax allocation rule.

Mr Speaker, one of the most important shifts for Bermuda is that The Government now has the ability to save. Now, because of stronger revenues and disciplined spending, we can reduce debt, build financial reserves, and begin to manage national assets in a more deliberate way. That approach requires the use of dedicated funds.

- First, a Stabilisation Fund will provide a financial cushion during periods of economic stress, with contributions made during stronger years and withdrawals used to smooth the impact of downturns. The Tax Reform Commission recommended an annual contribution of $100 million to this fund. That contribution will start in FY 2027/28.

- Second, the Sinking Fund will continue to be used to manage debt, reduce refinancing risk, and meet sovereign liabilities in an orderly way. The Tax Reform Commission recommended an annual contribution of $200 million to this fund. That contribution will start in FY 2027/28.

- Third, a Sovereign Wealth Fund will be established to generate long-term returns and build national wealth over time.

Mr Speaker, the focus in the short to medium term will be on the first two funds, and our medium-term financial plan includes contributions to both. At the same time, The Government will legislate for the governance arrangements and guardrails needed to manage these funds, aligned with global standards.

Corporate Income Tax

Mr Speaker, the successful implementation of Corporate Income Tax marks a major change in Bermuda's fiscal position. As I have outlined in our current year performance, Corporate Income Tax transfers to the consolidated fund for FY 2025/26 came in well above our initial estimates, reaching $279 million. That is a strong result and reflects the success of international business and the work that has gone into building and administering this new regime.

Most companies in scope report on a calendar year basis, which means receipts do not arrive evenly across our fiscal years. The $279 million recorded in 2025/26 includes only an initial portion of the payments now coming in. For 2026/27, The Government projects Corporate Income Tax revenue of $753 million. That figure reflects the balance of payments related to 2025 activity, adjusted for expected tax credits once final returns are assessed later in 2026, and it also includes an initial portion of payments expected for the 2026 calendar year.

Mr Speaker, this level of revenue gives Bermuda options The Government simply has not had before, but we must be straight with the public about what it is and what it is not. These receipts will not be the same every year. Analysts have indicated that 2025 may represent the high point of a revenue cycle. As the cycle continues and the tax credit framework matures, we should expect gross Corporate Income Tax revenues to moderate over time.

Mr Speaker, it would be irresponsible to use volatile Corporate Income Tax receipts to fund the everyday costs of running Government. This revenue should not be treated as permanent money for recurring spending. Instead, this Government will use it to reduce debt, build reserves, and make targeted investments in infrastructure and permanently strengthening public services.

Bermuda's Debt

Mr Speaker, for years there have been those who speak about the national debt as though it is the only measure of good government. I do not share that view. But I do recognise this: debt must be managed, and when you can pay it down without compromising your plan for the country, you act.

Because of the way The Government has implemented Corporate Income Tax, and because of the fiscal discipline we have maintained while in office over time, we are now in a position to do something Bermuda has not been able to do in a long time, repay a significant portion of our debt.

In the Pre-Budget Report, The Government projected that it would repay $500 million of the debt maturing in January 2027. But Mr Speaker, collections and overall economic performance have come in stronger than projected. So, I am pleased to inform this Honourable House that this 2026/27 Budget now projects the repayment in full of the $605 million Senior Notes maturing in January 2027.

Mr Speaker, you heard that correctly, it is The Government's intent to repay the $605 million in debt in full!

This decision will reduce gross debt from $3.29 billion to $2.69 billion. More importantly, it moves Bermuda onto a clear path to eliminate net debt within a decade. By 2028/29, the end of this three-year Medium-Term Expenditure Framework, The Government projects that Bermuda's net debt to GDP ratio will fall to just 19.0%, far below the 50% limit put in place by the Fiscal Responsibility Panel.

Mr Speaker, to ensure the debt reductions strategy is executed well, the Ministry of Finance will re-empanel the Debt Management Committee this year. The Committee will guide the next phase of our debt reduction plan by advising the best way to ensure the continued reduction of our debt. Though there is a big debt payment in January 2027, there may also be the chance to reduce debt in advance of other repayment dates in the near future.

Keeping the Promise of Relief and Investment

Mr Speaker, before I turn to policies that this new budget will fund, it is important that the people of this country understand, in practical terms, what the new Corporate Income Tax means for them.

For many years, Bermudians have seen economic growth and strong performance in international business but have reasonably asked how that success translates into relief in their own daily lives. That is a fair question, and one that this Budget begins to answer in a more direct way.

The revenue generated from the Corporate Income Tax allows this Government to focus on two priorities that Bermudians have consistently raised with us: providing meaningful relief from rising costs and strengthening investment in the services and infrastructure that the country relies on.

On the issue of relief, this Budget delivers a significant reduction in payroll taxes. Every working Bermudian will see a reduction in their payroll tax burden, and no person working in Bermuda will pay more in payroll tax under this Budget. No business will pay more in payroll taxes, and most businesses will receive reduction in payroll tax.

At a time when families are dealing with the pressures of housing costs, food prices, and everyday expenses, this Government believes that people should be able to keep more of what they earn. This Budget also includes measures to help reduce the cost of electricity, to provide some relief on one of the most persistent household & business expenses.

Mr Speaker, while relief is important, Bermudians have also been clear that they expect this Government to invest in the future of the country, not simply manage the present. This Budget therefore provides for the largest capital programme since 2008/2009 and places Bermuda on a path to increase capital spending to 2% of GDP by next fiscal year, following the significant reduction in the national debt that this Budget achieves.

This level of investment allows us to move beyond maintenance and begin addressing long-standing infrastructure needs across the island. As part of this commitment, The Government will bring forward a capital programme to fund the renovation and modernisation of public schools, ensuring that students across all parishes are learning in safe, modern, and properly equipped environments.

This investment is focused on ensuring that every child has access to a learning environment that supports their development and potential.

These measures reflect a balanced approach: easing cost-of-living pressures where possible, while making strategic investments that underpin a healthy, fair, and resilient society for all of us. That is what the Corporate Income Tax makes possible, and that is how this Government is keeping its commitment to relief and investment for the people of Bermuda.

Discipline, Delivery, and Strengthening Capacity

Mr Speaker, as these relief measures and investments are outlined, it is also important to be clear about the discipline behind this Budget and how these decisions were made.

This is the first Budget prepared fully in the era of Corporate Income Tax. Naturally, there were those from His Majesty's Loyal Opposition who predicted that this Government would neglect the debt and by extension, neglect our people.

They were wrong. Additional revenue does not remove the need for discipline. If anything, it increases the obligation to show value, results, and follow-through.

Our approach has been guided by a few practical rules:

We have avoided automatic, across-the-board increases in recurring spending. New revenue should not create permanent obligations that cannot be sustained if conditions change.

We are also prioritised fixing systems, not just funding symptoms. That means focusing on delivery bottlenecks that drive cost and frustration, rather than repeatedly paying for the consequences when those systems fall short.

Mr Speaker, wherever possible, Corporate Income Tax revenue is being directed toward investments that strengthen national capacity, reduce long-term pressure on the public purse, and improve Bermuda's ability to do more for itself.

When we speak in this Budget about nation-building, Mr Speaker, we are speaking about whether we have the ability to house our people. Whether the healthcare system is affordable, stable, and trusted. Whether infrastructure projects move from approval to execution with minimal delay. Whether our courts function efficiently, and whether our public services work when our people need them.

This Budget therefore places priority on stabilising, reforming, and improving what is under strain. It strengthens housing delivery machinery and the activation of dormant and derelict properties. It supports our healthcare system, including additional long-term and step-down care capacity, so that hospital resources are used more effectively. It advances infrastructure renewal and modernisation. And it invests in government delivery capability so approved policies and projects are executed more reliably.

Mr Speaker, The Government is also taking steps to ensure that new Corporate Income Tax revenues contribute to long-term resilience. That includes funding for strategic, transformational investments that are focused on the future, and in keeping with our responsibility to remain good stewards for the next generation.

Simply put, Mr Speaker, this Government intends to use today's opportunity to strengthen Bermuda's foundations for tomorrow, improving delivery, and leaving core systems in better shape than we found them. That is the discipline behind this Budget. And that is how responsible choices are translated into lasting benefits for Bermudians.

Mr Speaker, it is important to note that this moment is not the result of Corporate Income Tax alone. It has been made possible by the hard choices this Government has made since returning to office: steadily reducing deficits while making our tax system fairer and restoring balance to the public finances. Corporate Income Tax now gives us additional room to act, but it builds upon foundations that were deliberately strengthened over the past nine years.

Mr Speaker, I will now outline the remaining policy pillars in this Budget, which together reflect a consistent approach: strengthen foundations first, improve delivery capacity, and invest in systems that reduce long-term pressure rather than simply funding short-term fixes.

Tackling the Affordable Housing Shortage

Mr Speaker, housing is a critical issue for our country. The reality is that high construction costs, limited labour, and financing constraints make it increasingly difficult to deliver affordable homes for our people. It may sound like a cliché to say that The Government must think outside the box, but Mr Speaker, that is exactly what this moment requires.

Modern Building Methods

The Bermuda Housing Corporation are advancing permanent, steel framed modular and precast concrete systems, as part of our housing delivery model. These methods allow us to build faster and more cost-effectively, while ensuring that local contractors and trades remain central to delivery. These are not temporary structures. They are durable, high-quality homes built to Bermuda's standards and designed to stand the test of time. By embracing proven modern construction techniques, we can build faster, build smarter, and expand supply, while continuing to support local industry.

Housing Delivery and Unlocking Supply

Mr Speaker, this Budget also focuses on fixing the practical blockages that keep homes off the market and places housing out of reach for too many Bermudians. As part of our long-term commitment set out in the 2025 Platform, Government has begun structured exploration of options for the future of the former Bermudiana Beach Resort and Grand Atlantic site, with the clear objective of returning this public asset to productive housing use for Bermudians over time.

Alongside this, The Government is advancing work to modernise the Acquisition of Land Act 1970, so it better equips The Government, acting through the Minister responsible for Public Works, to address the growing number of derelict and abandoned properties across the island. The policy aim is straightforward: to ensure that properties left vacant for years can be returned to productive and socially beneficial use, supporting housing availability, community renewal, and economic activity, while fully respecting constitutional safeguards, fair compensation, and transparent administrative process. This includes establishing a national framework for identifying, certifying, and managing derelict properties through coordinated action across government.

Mr Speaker, as legislation and supporting policy measures are put in place to address vacant and derelict properties, restored or acquired properties will be directed toward first-time homeownership, social housing, and homelessness reduction pathways, so that unused housing stock serves community needs.

Mr Speaker, I want to acknowledge that the use of compulsory acquisition powers in limited housing cases is not without historical sensitivity. Home ownership, family land, and property retention are deeply important to Bermudian families, especially Black Bermudian families, and this Government respects that history and that priority.

Any such powers will be applied narrowly, transparently, and only where properties have remained derelict or abandoned for extended periods and owners have not engaged despite repeated opportunities and support to bring those homes back into use. The objective is not to take family property, but to prevent long-term blight, restore housing stock, and return neglected properties to productive community benefit.

Taken together, these measures are about restoring balance to a housing system that is not functioning as it should, and ensuring that land and buildings in Bermuda are working for the people of this country, not sitting idle while families struggle to find a place to live.

Delivery capacity is also being strengthened. The Bermuda Housing Corporation will receive additional project and technical support so that approved developments can advance.

Health System Support

Mr Speaker, a health system must function reliably before it can safely absorb major structural expansion. Therefore, this Budget prioritises stabilisation and system efficiency as this Government prepares to make universal healthcare a reality.

One of the clearest pressure points today is patient flow. Too many acute hospital beds are occupied by patients who no longer require acute care but do not yet have appropriate step-down or long-term placements. That is difficult for patients, difficult for staff, and inefficient for the system.

This Budget allocates capital and programme funding to expand step-down and long-term care capacity outside the acute hospital setting. This includes additional facility capacity, alternative care models, and more integrated referral pathways so patients receive care at the appropriate level. These changes are designed to ease pressure on acute services and gradually improve system flow.

Mr Speaker, this Budget continues and strengthens the Universal Health Care implementation readiness work already underway. Universal coverage is a complex, multi-year reform requiring legislative design, actuarial and financing analysis, provider frameworks, data systems, and phased transition planning. Moving ahead without that work would create fiscal and operational risk. The work now being advanced is focused on ensuring that when expansion occurs, it is properly sequenced and sustainable.

Reinstating and Integrating Counselling Services

Mr Speaker, this Budget recognises that many of the pressures seen in our healthcare, justice, and education systems have roots much earlier in people's lives. Too often, access to counselling and early mental health support, particularly for young people, has been fragmented or inconsistent at the point when it could make the greatest difference.

This Budget provides for the reinstatement and phased integration of counselling services, including youth counselling, within a coordinated framework that aligns health, education, and social services. The intention is not to recreate isolated programmes, but to ensure that counselling support is accessible, properly resourced, and progressively embedded within the systems that already work with young people and families.

It is our view that help earlier means fewer emergencies later.

By intervening earlier and more consistently, we reduce the likelihood that manageable challenges escalate into crises that place heavier strain on hospitals, courts, and social services. This is a disciplined and preventative investment that improves wellbeing, supports families, and helps lower long-term public costs.

Making Essential Goods More Affordable: Food, Shipping, and Local Production

Mr Speaker, affordability is not only about prices at the checkout, but also about whether The Government has built the conditions for local production, competition, and supply resilience. This Budget therefore includes targeted steps to support domestic food production and reduce avoidable administrative costs that can stand between Bermudians and more affordable essentials.

This Budget provides for the waiving of certain government fees for registered farmers relating to applications, testing, inspection, and shipment processing for the regulated importation of approved pesticides, crop plants, and growing media used in local food production. These are technical charges, but for small and medium-sized producers they accumulate quickly and can slow expansion. Reducing them is a practical way to support farmers and lower barriers to increased output.

The goal is to make it easier for local producers to grow more food, more efficiently, and at lower cost.

This step sits alongside wider efforts to support community-based food initiatives, streamline processes for local producers, and explore additional shipping and logistics pathways to improve supply flexibility. Together, these measures are designed to strengthen food security and help ensure that more of what Bermudians consume can be produced, distributed, and priced sustainably closer to home.

Cooperative Legislation and Cooperative Seed Fund

Mr Speaker, as The Government prepares for the introduction of cooperatives legislation in Bermuda, this Budget recognises a practical truth: legislation alone does not create opportunity unless it is matched with practical support. New legal frameworks only deliver results when people have the resources and technical help to use them effectively.

This budget establishes a strategic investments envelope, a dedicated pool of funding designed to support future-focused initiatives in areas such as digital transformation, entrepreneurship, artificial intelligence deployment, and food security.

From within this strategic investment envelope, this Budget provides for funding to support the practical establishment and early development of cooperatives across Bermuda. This includes capitalising a Cooperative Seed Fund or Grants Programme to deliver targeted financial assistance and technical support for start-up costs, governance structures, compliance requirements, and initial business development.

The objective is straightforward, Mr Speaker: once cooperative legislation is enacted, there should be a clear and properly resourced pathway for new cooperatives to form and operate. By pairing legislation with funding support, technical guidance, and appropriate oversight, we are giving cooperatives a real pathway from idea to operation which will strengthen Bermuda's domestic economy.

The Budget also signals The Government's intent to broaden financial participation and support domestic competition by providing funding support to existing cooperative financial institutions to implement digital finance infrastructure. Work in this area will proceed with regulatory readiness as a prerequisite. The goal is to support a more diverse local financial ecosystem.

Increasing the Capacity of Government to Deliver

Mr Speaker, none of these investments deliver results if the State itself cannot execute effectively. For that reason, this Budget also targets core delivery capability.

Resources are being provided to strengthen justice system capacity and court modernisation, including staffing support, process improvements, and enabling infrastructure to improve case throughput and timeliness. An effective justice system underpins both social stability and economic confidence.

Funding is also provided for a coordinated upgrade in border, customs, coast guard, and immigration capability, including equipment modernisation, training, and operational coordination. Securing borders and ports of entry is a basic state responsibility and essential to public safety and international credibility.

Delivery capability within the public service is also being reinforced through continued investment in central policy coordination, ensuring that approved policies and funded projects are actually delivered successfully. In parallel, funded programmes are already under way to strengthen the public service talent and leadership pipeline.

2026/27 Budget Estimates

Fiscal Year 2026/27 Consolidated Fund Budget Estimates			
	ORIGINAL ESTIMATE 2025/26	REVISED ESTIMATE 2025/26	BUDGET ESTIMATE 2026/27
Revenue and Expenditure Estimates (000's)			
Non-CIT Revenue	$1,243,148	$1,274,768	$1,273,981
Corporate Income Tax Receipts	$187,500	$279,000	$753,206
Total Revenue	**$1,430,648**	**$1,553,768**	**$2,027,187**
Current Account Expenditure	$1,053,778	$1,048,771	$1,123,756
Strategic Investments	$56,250	$86,250	$124,000
Total Current Expenditure	**$1,110,028**	**$1,135,021**	**$1,247,756**
Current Account Balance (excl. debt service)	**$320,620**	**$418,747**	**$779,431**
Interest on Debt	$127,527	$127,527	$124,750
Fiscal Balance (Before Capital)	$193,093	$291,220	$654,681
Capital Expenditure	**$149,766**	**$138,106**	**$182,000**
Budget Surplus (Deficit)	**$43,327**	**$153,114**	**$472,681**

Mr Speaker, having reviewed the performance of the past and the progress of the current year, and having explained the policy rationale for the choices made in this budget, I now turn to the Estimates of Revenue and Expenditure for the fiscal year 2026/27. This Budget is framed at a unique and historic moment in our journey. It represents the first full year where the structural changes to our tax system, combined with years of disciplined economic management, converge to provide Bermuda with a level of fiscal capacity that was once thought to be out of reach.

FY 2026/27 Revenue

Mr Speaker, the revenue estimates for the upcoming fiscal year represent a historic shift in our financial position. Total revenue for FY 2026/27 is estimated at $2.03 billion. This is a landmark achievement, as it is the first time in our history that government revenue is projected to exceed the $2 billion mark. This represents a substantial increase of $596.3 million, or 41.7% over the original estimate for FY 2025/26 of $1.43 billion.

The primary driver of this increase is the provision for Corporate Income Tax receipts, which are estimated at $753.2 million for the coming year. This performance is the result of years of meticulous work by the Ministry of Finance, the Corporate Income Tax Agency, and the International Tax Working Group to ensure that Bermuda remains a premier jurisdiction while meeting our international obligations.

Mr Speaker, this Government has remained committed to the principle of fairness. We promised to reduce the burden on Bermuda's workers. Through these changes, The Government will ensure that no worker in this country will pay more in payroll tax. This is a deliberate policy to increase the take home pay of Bermudians and to stimulate activity in our local economy.

Tax & Fee Changes:

Mr Speaker, I will begin with a simple fact: no business in Bermuda will pay more in employer payroll taxes under this Budget, and no worker in Bermuda will pay more in employee payroll taxes. Every employer rate will either remain at its current level or will decrease. Similarly, the total tax bill for every worker on this island will go down.

Employer Payroll Tax Reductions

Mr Speaker, The Government is providing relief to the employers, ensuring that we can reduce their cost of doing business. The following employer payroll tax rates will decrease effective 1 April 2026:

- International Business (Exempted Undertakings): The rate will decrease from 10.25% to 9.75%.
- Large Local Employers (Remuneration greater than $1M): The rate will be reduced from 10% to 9.50%.
- The rates will be reduced for all medium-sized businesses (Remuneration between $200K and $1M) by 0.5%
- Hospitality (hotels, guest houses, and restaurants): To support our vital Tourism sector, the rate will be reduced from 5.00% to 4.00%.
- Retail (Special Retail Group): The rate will be lowered from 6.00% to 5.00%.
- Bermuda Hospitals Board & Corporations of Hamilton & St. George: The rate will move from 3.50% to 3% and Nursing & Rest Homes will be added to this category to reduce their expenses as they care for a growing senior population.
- Self Employed Caregivers: In line with our platform commitments, employer payroll taxes for self-employed caregivers will be eliminated.
- Support for Seniors: The employer portion of payroll tax is to be exempted on the first $96,000 of remuneration for Bermudian employees aged 65 and over, an initiative to support seniors who want to remain in the workforce.
- The Local Dividend Exemption is being raised from $10K to $20K.

The Government is also maintaining the 0% or 1% rates for our small businesses, charities, and Economic Empowerment Zones. No entity will pay more in taxes under this budget.

Employer Payroll Tax Rates			
Employer Payroll Tax Categories	Previous Rates	New Rates	% Change
Annual payroll < $200,000	1.00%	1.00%	0.00%
$200,000 ≤ Annual payroll ≤ $350,000	2.50%	2.00%	-0.50%
$350,000 ≤ Annual payroll ≤ $500,000	5.25%	4.75%	-0.50%
$500,000 < Annual payroll ≤ $1,000,000	7.50%	7.00%	-0.50%
Annual payroll > $1,000,000	10.00%	9.50%	-0.50%
Exempt undertakings	10.25%	9.75%	-0.50%
Gov., Gov. Boards, Parish Council, & Bda College	0.00%	0.00%	0.00%
Self Employed Farmers & Fishermen & Caregivers	0.00%	0.00%	0.00%
Educ, Sport, Scient Inst.	1.00%	1.00%	0.00%
Char, Schl, Relig and Cult. Organisations	0.00%	0.00%	0.00%
Economic Empowerment Zone	0.00%	0.00%	0.00%
BHB, Corp of Hamilton and St Georges, Nursing Homes	3.50%	3.00%	-0.50%
Qualifying Retail	6.00%	5.00%	-1.00%
Hotels & Rest. w/annual payroll ≥ $350,000	5.00%	4.00%	-1.00%

Employee Payroll Tax

Mr Speaker, moving to the employee payroll tax, this Government is delivering a comprehensive reduction in the tax burden for all people working in Bermuda. This will be achieved through a targeted adjustment of our marginal tax bands, ensuring that all workers have a tax reduction.

Starting 1 April, The Government is making the following adjustments to our marginal tax rates:

- Band 1 (Earnings up to $48,000): Reduced from 0.50% to 0.25%.
- Band 2 (Earnings $48,001 – $96,000): Reduced from 9.25% to 7.75%.
- Band 3 (Earnings $96,001 – $200,000): The marginal rate for this portion of income will move from 10.00% to 10.75%.
- Bands 4 & 5 will remain the same.

Mr Speaker, it is essential to "spell this out in full" so there is no confusion. Because our system is marginal, every worker, regardless of their total salary, benefits from the lower rates in the first two bands. These savings more than offset the adjustment in the third band, resulting in a net tax cut for everyone.

Employee Payroll Tax Rates				
New Income Bands	FY 23/24 Rates		New Income Bands	FY 26/27 Rates
$0 - $48,000	0.50%		$0 - $48,000	0.25%
$48,000 - $96,000	9.25%		$48,000 - $96,000	7.75%
$96,000 - $200,000	10.00%		$96,000 - $200,000	10.75%
$200,000 - $500,000	11.50%		$200,000 - $500,000	11.50%
$500,0000 - $1,000,000	12.50%		$500,0000 - $1,000,000	12.50%

Examples are as follows:

- A worker earning $48,000 will see their annual tax drop from $240 to $120—a 50% reduction.
- A public officer earning $96,000 will see their bill drop from $4,680 to $3,840—a direct saving of $840 per year.
- For a professional earning $120,000, the tax bill drops from $7,080 to $6,420—putting $660. back into their pocket.

Progress Since 2017: Delivering Real Fairness

Mr Speaker, we must also look at the long-term progress of this Government. When taking office in 2017, the tax burden on our workers was the highest ever, now all working-class Bermudians are paying far less in taxes than they were nine years ago.

- In 2017, a worker earning $48,000 paid $2,280 in annual payroll tax. Under this Budget, they will pay just $120. That is a 95% reduction in their tax burden since the PLP took office.
- In 2017, a worker earning $96,000 paid $5,820. Today, they pay $3,840—a nearly $2,000 annual saving for that worker or $4,000 more per year for a family.

PLP Has Reduced The Tax Burden On Workers In Bermuda						
	Reduction in Taxes in 2018	**Reduction in Taxes in 2020**	**Reduction in Taxes in 2022**	**Reduction in Taxes in 2023**	**Total Annual Reduction From 2017-2026**	**Cumulative Tax Savings from 2017 - 2026**
$36,000	-$270	-$720	-$180	-$360	**-$1,620**	**-$9,900**
$48,000	-$360	-$960	-$240	-$480	**-$2,160**	**-$13,200**
$60,000	-$270	-$720	-$180	-$450	**-$1,920**	**-$10,470**
$72,000	-$180	-$480	-$120	-$420	**-$1,680**	**-$7,740**
$84,000	-$90	-$240	-$60	-$390	**-$1,440**	**-$5,010**
$96,000	$0	$0	$0	-$360	**-$1,200**	**-$2,280**
	First PLP Payroll Tax reduction	Further Payroll Tax reduction	Further Payroll Tax reduction	Last Payroll Tax reduction	The difference in annual Payroll Tax b/w the OBA (2017) & PLP (2026)	The total amount of tax savings for a worker over the last 9 years

A Broader Agenda for Affordability

Mr Speaker, relief in this Budget does not end with payroll tax reductions. This Government has reduced the tax burden for working families time and again, and this Budget continues that work:

Lower Electricity Costs

Mr Speaker, The Government will eliminate the final 4 cents per litre of customs duty on fuel for electricity generation, resulting in lower energy costs for homes and businesses. This reduction will mean that over the past two years, this PLP Government has eliminated the taxes on fuel for electricity generation saving the average household $375 a year.

Essential Goods Duty Reduction:

Mr Speaker, to support the Affordable Bermuda Agenda, spearheaded by the Honourable Member, the Minister for Home Affairs, this Government will reduce or eliminate duty rates on a wide range of essential goods. These include everyday household hygiene and cleaning products, infant nutrition and care items, core dairy products, bakery goods and grains, pantry staples, selected meats, and fresh produce. These are the basics that families purchase week after week. This measure is designed to ease pressure at the checkout counter and to make a practical difference in the cost of living for Bermudian households.

Vehicle Licensing:

Mr Speaker, this Government will keep its commitment to reduce private car licensing fees by a further 10%, effective 1 April. For Bermudian families, vehicle licensing is a fixed annual cost, and this reduction provides direct and predictable relief. It is another practical step to lower recurring household expenses, ensuring that Bermudians benefit from the country's stronger financial position.

Mr Speaker, these measures are about one thing: putting money back in people's pockets and easing the cost pressures families are feeling. Corporate Income Tax gives us the ability to do that, and this Budget makes sure Bermudians benefit directly.

Further Custom Duty Changes

Mr Speaker, further adjustments will be made to customs duty.

- Recent changes to reduce or eliminate duty on all motor vehicle parts and building supplies unintentionally missed some tariff codes, these missing codes will be added.

- Following representations from florists in Bermuda, and to support our Hospitality sector, duty charged on imported fresh flowers will be reduced from 25% to 5%.

FY 2026/27 Current Expenditure

Mr Speaker, current account expenditure for FY 2026/27, excluding debt service, is estimated at $1.25 billion. This is an increase of $137.7 million, or 12.4% over the 2025/26 original estimate of $1.11 billion. This figure includes a baseline expenditure of $1.12 billion and a provision of $124 million for strategic investments.

The baseline expenditure represents the day-to-day costs of government services for all ministries which will be detailed later in this statement. The Government has maintained a disciplined approach to these costs, however there are increases for all ministries tied to agreements reached with public sector employees, which resulted in salary and overhead costs rising – contributing to the sizeable increase in baseline spending. Further contributors to the baseline current account increase are the mid-year allocations appropriated to ministries. Those amounts have carried over into this new fiscal year.

Transformational Investments

Mr Speaker, a stronger fiscal position gives us the ability to invest in areas that shape the long-term wellbeing of our people. This Budget allocates $124 million in strategic and transformational investments, primarily in healthcare, while also strengthening the capacity of our public service and investing in the future resilience of our economy.

Expanded Healthcare Support - $87 million

Mr Speaker, in our 2025 General Election manifesto, The Government committed to prioritising the health of our people. This Budget delivers on that commitment with $87 million allocated to the Bermuda Hospitals Board, the continued rollout of Universal Health Coverage, and additional investment in the Health Insurance Department to provide greater levels of healthcare access.

A further $3 million is allocated to advance Universal Health Coverage and digital health initiatives. This continues the work already underway to modernise how care is funded, delivered, and accessed.

$14 million is carried forward for the Health Insurance Department to fund the expansion of health services under HIP and FutureCare, including free annual health examinations and expanded prescription drug coverage. Further, the Department will expand preventative access with an additional number of primary care visits with set co-pay of $25. These are practical measures that reduce financial barriers to preventative care and improve long-term outcomes.

The Bermuda Hospitals Board will receive $55 million in time-bound support to meet statutory, contractual, and operational obligations, and to address near-term cash flow pressures. Mr Speaker, hospital services are not optional. Investment here ensures continuity of care, stability for frontline staff, and protection of essential services while longer-term reforms as mentioned earlier in this Budget speech continue.

Expanding FutureCare Support for Seniors – $15 Million

Mr Speaker, this Budget also takes a major step in implementing the recommendations of the Tax Reform Commission. This Government is allocating $15 million toward FutureCare premium subsidies for low-income seniors, partially implementing the first expenditure waterfall of the TRC's recommended priorities. While the Commission's full recommendation was $30 million, this first phase will provide coverage support for up to 2,200 seniors, approximately 15% of Bermuda's senior population.

This is significant as it represents the first direct deployment of Corporate Income Tax capacity into the waterfall framework that the TRC laid out for the island. It targets relief where it is most needed, among seniors living on fixed incomes, and establishes the foundation for expansion in future years as fiscal space allows.

Supporting the Public Service – $23 Million

$12 million is allocated to the Government Employees Health Insurance Fund to ensure its long-term sustainability in the face of rising medical costs. An additional $11 million is allocated for employee retention and benefits, reflecting our commitment to maintaining a professional and capable public service.

Transformational Project Funding – $14 Million

Mr Speaker, beyond healthcare, this Budget establishes a $14 million pool of transformational funding to support strategic projects that strengthen long-term economic resilience and government productivity. This is not a pre-allocated spending line, but a centrally managed fund that ministries may access for clearly defined and time-bound initiatives. To qualify for funding, projects must demonstrate measurable impact, align with national priorities, and be approved by Cabinet under existing procurement rules.

Importantly, this funding does not create permanent baseline obligations. It is deliberately structured as one-off funding and has not been automatically carried forward under the Medium-Term Expenditure Framework. This drives the need to ensure that priority reforms are accelerated without adding structural costs into future budgets.

- $5 million is allocated to advance Bermuda's "on-chain economy" and strengthen our global leadership position in digital assets. Projects will improve financial efficiency inside and outside of Government.

- $3 million is allocated to support entrepreneurship and cooperatives, strengthening local ownership and business formation.

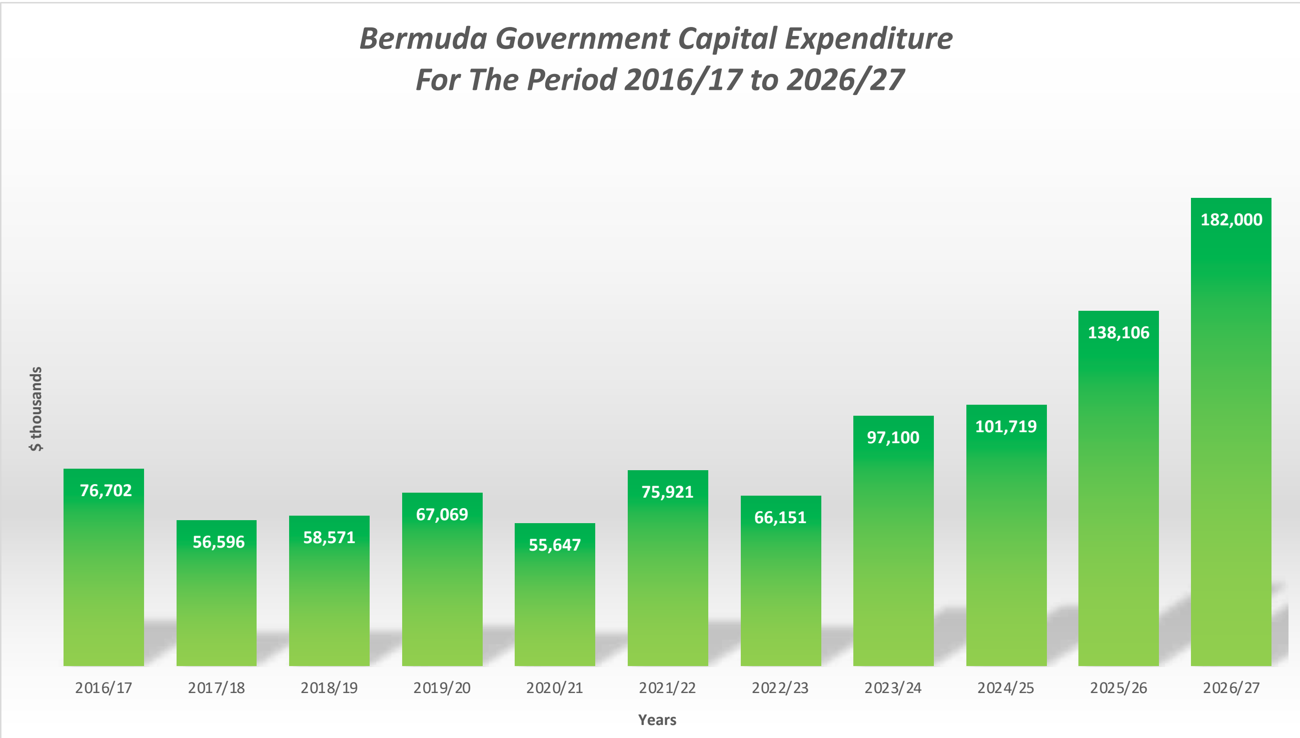
- $3 million is allocated for the deployment of proven artificial intelligence projects within government to improve the delivery of public services.

- $3 million is allocated to enhance food security and supply chain resilience, reducing vulnerability to external disruptions.

Mr Speaker, this is how you translate fiscal strength into lasting change for the future.

FY 2026/27 Capital Expenditure

Mr Speaker, capital expenditure for the 2026/27 fiscal year is estimated at $182 million. That is an increase of $32.2 million, or 21% over the original 2025/26 estimate of $149.8 million. This is the largest planned capital programme since 2008/09, and it is another step toward increasing capital spending to the goal of 2% of GDP.



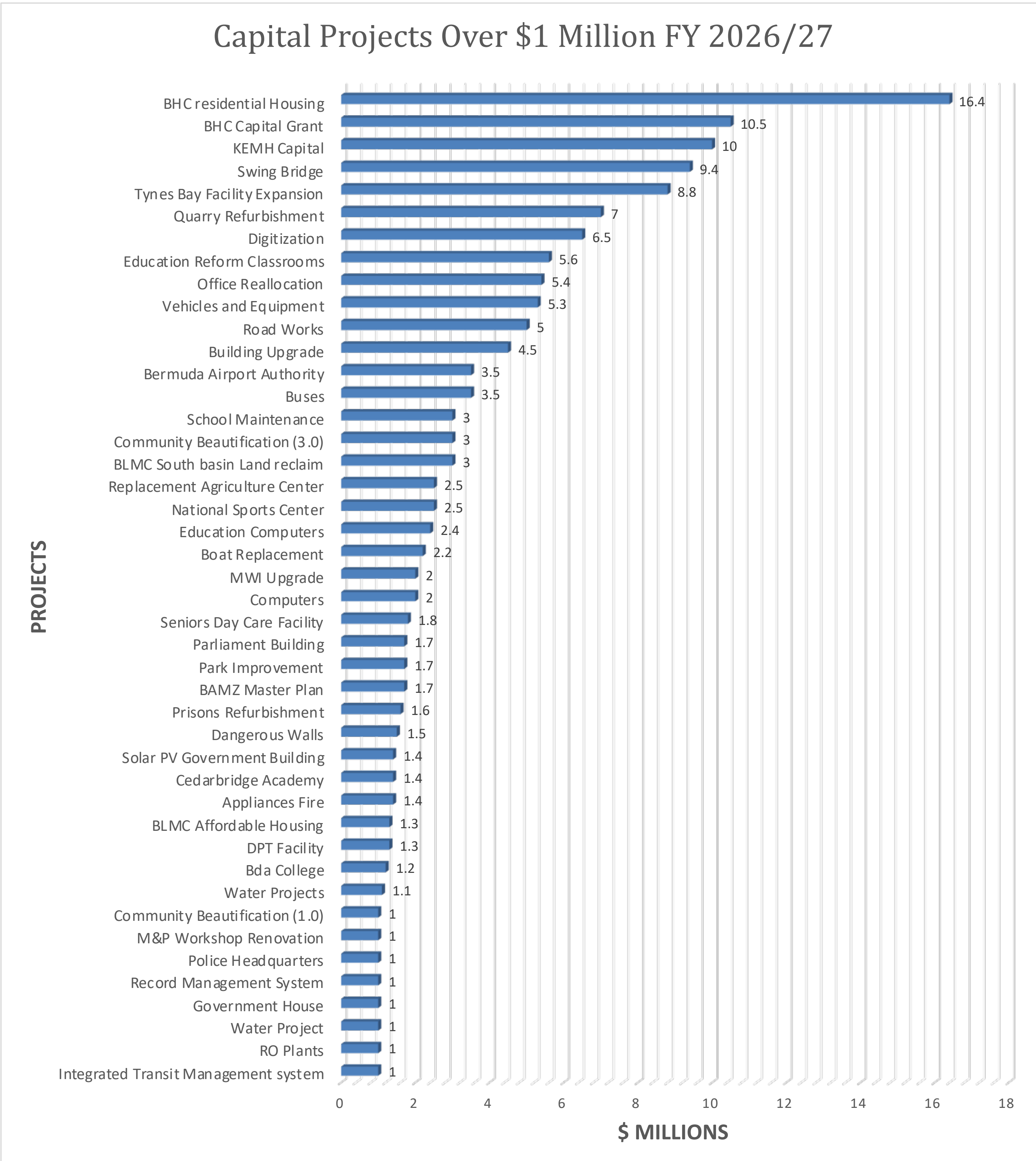
Mr Speaker, for too long The Government has been forced to stretch the life of critical assets because the finances simply did not allow us to do what needed to be done. That approach comes with a cost, and eventually that cost shows up in breakdowns, delays, and risks to public safety. With our stronger fiscal position, we are now better placed to invest for the future while being more proactive on maintaining existing assets.

This Budget includes $9.4 million for the Swing Bridge and $8.8 million for the expansion of the Tynes Bay Waste-to-Energy facility. These are national assets that must work. They affect the daily functioning of the country, and they directly touch public safety and public health.

The Government is also putting major resources into the facilities that serve families. This Budget allocates $26.9 million for the Bermuda Housing Corporation to accelerate refurbishments and move new affordable units forward. It also contains $14 million in capital funding for the Ministry of Education to upgrade facilities and invest in new technology at our public schools and the Bermuda College.

Mr Speaker, The Government is also investing in the things people see and feel every day. $1.5 million has been allocated to address dangerous walls and $5 million for a continued aggressive road works programme. We are also investing $1.4 million in solar PV for Government buildings to cut energy costs and reduce emissions, along with $3.5 million for new buses, and $5.3 million for vital vehicles and equipment.

Finally, this Budget includes, for the first time, a $3 million allocation to "community improvement projects". This funding will support projects in constituencies put forward by members of Parliament. Bigger capital budgets should not just fund large projects, but also the smaller improvements that increase the quality of life in Bermuda.



FY 2026/27 Debt Service

Mr Speaker, debt service and guarantee management costs for FY 2026/27 are estimated at $124.75 million. This represents a decrease of $2.75 million, or 2.2% compared to the original estimate for FY 2025/26 of $127.5 million.

This reduction in our annual interest expense is the direct result of the proactive debt management strategy I have shared with this Honourable House today. By utilising our improved fiscal capacity to repay our $605 million in Senior Notes in full, The Government is successfully reducing the total amount of debt outstanding and, consequently, the cost of servicing it.

Mr Speaker, while the savings in this fiscal year are a positive step, our medium-term financial projections show that as a result of the planned $605 million repayment, our interest costs are estimated to fall significantly to $102 million in the following fiscal year.

This means, Mr Speaker, that this single, decisive action to reduce the island's debt burden will save the taxpayers of Bermuda $25 million every single year in interest costs alone. It represents a permanent reduction in the cost of debt and an increase in our ability to fund the priorities of the people.

Ministry Highlights

Mr Speaker, this Budget reflects the priorities The Government has set for this island, and it funds the work required to deliver on those priorities. I will now highlight key allocations across a number of ministries and departments.

Ministry of Cabinet Office & Digital Innovation

Mr Speaker, the Cabinet Office and Digital Innovation have been allocated $58.9 million, an increase of $5.3 million or 10%.

In the Department of Libraries and Archives, funding supports a new Youth Library Outreach Officer to expand services for young people and students, continuing the digitisation of Bermuda's archival records to ensure they are preserved and accessible to the public.

In the Department of Planning, funding supports the use of artificial intelligence tools to expedite building permit approvals and improve decision-making, alongside efforts to update the Bermuda Plan and shorten approval timelines.

Digital Transformation funding advances the One Stop Shop and online payments for government services, expanding online access with an upgraded Government portal to be launched this year.

Within the Department of Information and Digital Technologies, funding expands the IDT Apprenticeship Programme, building local digital skills and preparing the next generation for careers in technology. Additional investment strengthens cybersecurity and ensures government systems remain secure and reliable.

The Department of Employee and Organisational Development receives additional funding to support training and workforce development, including the launch of the new Public Service Scholarship Programme. This programme provides tuition support to Bermudians pursuing priority fields of study in exchange for a five-year commitment to serve their country in the public service or public healthcare. It creates a clear pathway for talented Bermudians to build meaningful careers at home while strengthening the future leadership of our public service.

Under Capital Expenditure, funding continues for community club development, including a $500,000 allocation, alongside significant investment in digital infrastructure to strengthen cybersecurity and upgrade existing government systems.

Ministry of Justice

Mr Speaker, the Ministry of Justice has been allocated $63.24 million, an increase of $5.5 million or 9.5%. The majority of this increase is attributable to salary-related costs, reflecting approved increments in salaries across the Ministry's departments.

The Department of Corrections will recruit additional staff to strengthen frontline capacity and support the safe and effective management of Bermuda's correctional facilities. Capital funding has been allocated for the replacement of obsolete furniture and essential fixtures, addressing long-standing needs and improving the functionality and safety of working and living conditions within correctional facilities.

In addition, capital funding has been provided for the implementation of a Corrections Management System, a critical modernisation initiative that will introduce an electronic platform to support inmate records management, sentence administration, and operational oversight. This is consistent with the recommendations of the recent prison review.

The Department of Public Prosecutions will receive support in preparation for hosting the 2027 International Prosecutors Conference. This significant event will enhance Bermuda's international standing within the global prosecutorial community and strengthen professional networks that contribute to the continued development of prosecutorial excellence.

At the Ministry's headquarters, funding has been allocated to meet the Ministry's obligations under the National Anti-Money Laundering Committee (NAMLC) framework. This will support essential regional and international engagement, ensuring Bermuda remains aligned with global standards in anti-money laundering and countering the financing of terrorism, to protect its international reputation.

Additionally, funds have been allocated to support the relocation of the Legal Aid Office to provide a more functional and efficient work environment for staff and improve accessibility for clients.

Ministry of Finance

Mr Speaker, the Ministry of Finance has been allocated $277.3 million, an increase of $10.7 million or 4%. A total of $116.7 million for employee overheads, an increase of $13.5 million, and interest on debt, $124.8 million, together represent 87.1% of the funds assigned to the Ministry. The interest allocation reflects a small reduction due to the planned early debt repayment.

The Ministry has retained a budget of $3.5 million to work with external experts in progressing reforms to the tax framework, including implementation of housing tax credits. Other priorities for the Ministry include advancing contributory pension reform while continuing the work required ahead of Bermuda's mutual evaluation assessment.

Having transferred the beneficial ownership register from the Bermuda Monetary Authority, the Registrar of Companies will advance implementation of legitimate interest access, in line with Bermuda's international commitments.

The Ministry has been allocated $2.7 million of capital funding, primarily for IT upgrades throughout its departments. These upgrades are essential to support increases in operational efficiency, debt collection, and compliance across the Ministry.

Ministry of Education

The Ministry of Education has been allocated $156.5 million, representing an increase of $7.3 million or 5% over the prior year.

Capital funding has increased by 71%, supporting a stronger overall investment in the maintenance and upkeep of all public schools. This includes phased safety and security upgrades, electrical and ICT readiness improvements, and initiatives to improve air quality and cooling in classrooms. Capital and operating investments will also support continued enhancements to Signature Schools at The Berkeley Institute, Cedarbridge Academy, and Sandys Secondary School, alongside upgrades to technological infrastructure such as modernised computer labs, faster internet access, and expanded use of digital learning platforms.

The Ministry's Scholarships and Awards funding has increased by $420,000, bringing the total to $2.2 million for post-secondary education. This expanded investment provides more opportunities for young adults to access financial support and pursue tertiary education and training. The number of Bermuda Government Scholarships has increased by two, specifically to support students demonstrating proficiency and interest in creative arts and health and sports-related fields. Additional funding has been allocated across several award categories, including Technical and Vocational, Applied Science, Non-traditional, Teacher Education, and Teachers' Sabbatical awards.

Funding is also provided for Bermuda College, supporting delivery of its 2025–2030 Strategic Plan, expanded programme accessibility, stronger alignment with Bermuda's workforce and economic priorities, and preparation for an upcoming accreditation review.

Ministry of Health

Mr Speaker, the Ministry of Health has been allocated $302.5 million, an increase of approximately $57 million or 23% over the previous year. This increase reflects targeted investments to improve healthcare affordability, stabilise hospital services, and advance universal health coverage.

The Ministry of Health's priorities for the coming fiscal year focus on expanding community care, advancing Universal Health Coverage, and modernizing Bermuda's health system. Funding will support the Bermuda Hospitals Board while strengthening community services so residents receive appropriate care in the right setting. To meet growing long term care needs, the Ministry will advance the rebuild of new Lefroy House with increased bed capacity, advance the Sylvia Richardson Care Facility expansion, and establish a 30-bed unit to improve patient flow and ease Emergency Department pressure.

Primary care investments include refurbishing the Hamilton Health Centre, St. George's Clinic, and Somerset Clinic, implementing modern Electronic Medical Records, and expanding capacity for low acuity care.

Advancing Universal Health Coverage remains central and by October 2026, all local residents will have access to health benefits. This work includes finalizing the core benefits package with includes regulation of copays for those benefits, and continuing subsidies for HIP and FutureCare. The Ministry will also advance workforce development through extended nursing scholarships.

Ministry of Economy & Labour

Mr Speaker, the Ministry of Economy and Labour has been allocated $29.1 million, an increase of $1.5 million. This investment will advance the continued implementation of the Economic Development Strategy where significant progress has been achieved.

The Bermuda Economic Development Corporation will receive funding of $2.2 million, which will strengthen entrepreneurship and bolster the growth of small- and medium-sized enterprises. The Bermuda Business Development Agency, having completed its transition to an Investment Promotion Agency, will receive $4.3 million to enhance its role in positioning Bermuda as a premier blue-chip jurisdiction for foreign direct investment in an increasingly competitive global market.

The Department of Workforce Development will receive an additional $213,000 to support strategic planning and the delivery of high-quality programmes. Specifically, these funds will strengthen local and overseas apprenticeship training, improve workforce readiness, and expand digital literacy initiatives for sectors such as construction, hospitality, and digital finance.

The Registry General will receive an allocation that is increased by $265,000 to capitalise on the greater revenue opportunities created by the new Trademarks Act 2023, which went into effect last year. The funding will support continued modernisation of patent examinations and ensure adequate training and recruitment to meet demand.

The largest increase within the Ministry is for the Department of Statistics, which will receive an allocation of $1.25 million more than last fiscal year. This additional funding is dedicated to the 2026 Census of Population and Housing.

Ministry of Public Works & Environment

Mr Speaker, the Ministry of Public Works & Environment has been allocated $90.9 million, an increase of $6.8 million or 8%.

Improving infrastructure and community safety remains a central priority. As such, The Government has allocated an additional $1 million in funding to address safety concerns on private roads. Once legislative changes are in place, this funding will improve safety standards and ensure consistent maintenance across affected neighbourhoods.

With an investment of $9 million, the Ministry will begin the construction of the new Swing Bridge, a critical piece of our national infrastructure and vital transport corridor for the people of St. George's. In addition, $500,000 will be allocated for additional workers and machinery to address overgrown roadside verges, improving safety along our main roads as well as the island's overall appearance.

The Ministry will also be investing $2.5 million to break ground on the new Agricultural Centre, strengthening Bermuda's food security and modernising local food production.

To preserve and revitalise public assets, $4.5 million will be used to refurbish and redevelop several underutilised Government properties, including Montpelier, the Admiralty House Ballroom, and St. David's Lighthouse. These improvements will return valuable assets to productive use and enhance community engagement with these historic sites.

A further $1.7 million will support restoration works across national parks and public lands, including the Botanical Gardens, Admiralty House, and several public beaches.

Environment sustainability remains central to our work. As such, $9 million has been allocated to initiate the full refurbishment of the island's waste management infrastructure at the Tynes Bay Waste-to-Energy Facility to ensure its long-term reliability.

Finally, $1.4 million will advance The Government's renewable energy commitment through the rooftop solar programme by installing systems across multiple public buildings, reducing operating costs, and supporting Bermuda's transition to sustainable energy..

Ministry of Tourism, Transport, Culture & Sport

Mr Speaker, the Ministry of Tourism, Transport, Culture & Sport has been allocated $109.1 million, an increase of $7.5 million or 7%.

The Department of Public Transportation has been allocated $3.5 million in capital funding to support the arrival of twenty electric buses, along with additional funding to cover the down payment to order a further twenty new buses. The Ministry will continue providing grant funding that directly supports grassroots community and cultural events that help local vendors, artists, and small businesses. In 2024/25, the programme supported 36 local vendors, and so far in 2025/26, it has already supported 37 vendors, showing the continued focus on uplifting community led initiatives and local participation.

The $4 million increase in the Bermuda Tourism Authority's grant funding represents a targeted investment in strengthening Bermuda's Tourism sector, with a particular focus on driving visitor demand during the months outside the summer season. This additional funding will support the expansion of sales and marketing initiatives to effectively promote the 617 new hotel rooms expected to come online later this year.

An overall increase of $759,000 has been allocated to the Department of Sport and Recreation's operating budget. Of this, $560,000 is specifically designated to support the operations of the Government Golf Courses.

The Department will continue to support parents by offering Camp Connect again this summer, providing approximately 4,000 Summer Day Camp spaces for school-age children during the summer break. The support of national sporting bodies and elite athletes also remains at the forefront of the Department's mandate, with over $2 million allocated toward these initiatives. In addition, $2.5 million in capital funding has been allocated to the National Sports Centre to advance critical infrastructure improvements. These include the completion of repairs to the grandstand roof, pool cleaning and maintenance works, asphalting of the main parking lot, and upgrades to the North Field lighting system.

An increase of approximately $1 million in Bermuda Airport Authority's grant funding for its operational budget will support succession planning and talent development initiatives for the Authority's aging professional workforce as part of its strategic plan. The Airport Authority's capital budget will increase by $792,000 and will resource critical projects for IT and cyber-resilience related initiatives, structural health and safety improvements, and infrastructure upgrades for the Bermuda weather radar.

Ministry of National Security

The Ministry of National Security has been allocated a total of $137 million, an increase of $9 million or 7%.

This increase will provide funding to cover the salary increases that were awarded to all government employees, while enabling departments to continue their recruitment drives to fill vacant posts in critical areas of operations within the Bermuda Police Service, Customs Department, and the Bermuda Fire and Rescue Service. Moreover, this additional funding will enable the Royal Bermuda Regiment to increase its border protection and maritime operations via recruitment for new posts within the Coast Guard.

The Ministry Headquarters, as part of the National Violence Reduction Strategy, has been allocated funding to continue its support of outreach and counselling services in the community. This funding will provide for education programmes and anti-violence campaigns, as well as individual and family counselling and support services, all of which are aimed at reducing violence in the community.

Funding has also been allocated to the Bermuda National Drug Control (BNDC) for its Adolescent Substance Abuse Treatment programme. This is to address the fact that at present there is no specific addiction treatment programme designed to provide services to adolescents between the ages of 10 and 18 years.

Capital funding of $9.3 million has been allocated for 2026/2027. This funding will cover the costs of purchasing new vessels for the Coast Guard, as well as the completion of the Coast Guard Maintenance Shed. This allocation will also fund the purchase of a new fire truck for the Bermuda Fire and Rescue Service, and the continued renovations of the Police Headquarters in Prospect. In addition, capital funding has been allocated to Customs for the construction of a scanner hall at the docks.

Ministry of Youth, Social Development & Seniors

Mr Speaker, the Ministry of Youth, Social Development & Seniors has been allocated $97.2 million, an increase of $6 million or 6.6%.

New funding will establish a Disability Unit within the Ageing and Disability Service for enhanced care and alignment with the UN Convention on the Rights of Persons with Disabilities. This new unit will support accessibility and inclusion policy, services, and awareness for individuals living with disabilities.

Amendments to the Child Day Care Allowance Act will boost assistance for families with multiple children under age four, improving affordability for working parents. The income threshold for Financial Assistance pensioners has increased from $500 to $800. This Budget will support this increase, enabling recipients to retain more income.

A National Youth Council will ensure young Bermudians' voices are considered in policymaking. This includes providing more avenues for youth engagement in civic affairs, promoting leadership opportunities, and actively soliciting feedback through forums and community events.

The Charities Act will be modernised to strengthen anti-money laundering and counter-terrorism measures, protecting non-profits from exploitation. This update aims to increase transparency and accountability, safeguarding charitable organisations and fostering public trust.

Increased funds will support nursing homes and homelessness initiatives, with a comprehensive strategy to prevent and address homelessness through early intervention and essential services.

Capital investment will continue the development of a new senior day care facility at the former Gilbert Institute site in Paget. This will provide structured day programmes, respite services, and recreational activities for seniors, enhancing their overall well-being and community integration.

Ministry of Home Affairs

The Ministry of Home Affairs has been allocated $6.6 million for the 2026/27 fiscal year, representing an increase of $800,000 or 14%.

The 2026/27 budget moves from foundation to sustained delivery, translating the framework established in 2025/26 into the institutional capacity and legislative reform the public has requested.

A Policy Analyst will be hired to address a critical staffing gap and advance the implementation of affordability initiatives that emerged directly from public engagement, including the expansion of the Grow-Eat-Save Programme, which addresses food security.

A Residential Rent Registry covering all rented units will be established to protect residents against unfair and arbitrary rent increases, responding to the housing concerns that topped the public's list of priorities. A human resources structure will also be developed for Consumer Affairs to support piloting the transfer of consumer protection functions, other than housing to the Regulatory Authority, strengthening market oversight for residents and businesses.

The Department of Energy will receive an additional allocation to support the implementation of this Government's energy policy and the diversification of Bermuda's energy sector. A Renewable Energy and Business Innovation Officer will be hired to support Bermuda's energy transition and will develop strategies for emerging industries. The Officer will also drive the delivery of energy-driven initiatives such as clean energy funding mechanisms, solar pilot programmes, and community solar initiatives that directly address utility costs.

Allocated funds will be used to invest in the next generation of Bermudians through expanded bursary support succession planning and to build technical, commercial, and policy expertise within the Department for energy transition. Capital investment will also modernise the Land Title and Registration Department's IT systems and advance a Pilot Community Solar Project to expand access to clean, affordable energy for residents.

Ministry of Housing and Municipalities

Mr Speaker, the Ministry of Housing and Municipalities is allocated an operating budget of $8.2 million, an increase of 8.64%, alongside a significantly expanded capital programme of $32.9 million, representing a 43% increase over the previous year.

This Budget supports the Ministry's work to advance and prepare for the implementation of the Draft Affordable Housing Strategy 2025–2035.

Increased funding for the Bermuda Housing Corporation will support the delivery of new housing units, expanded maintenance and refurbishment works, and additional project managers to advance a myriad of affordable housing projects. These investments will strengthen the quality and availability of public housing and deliver housing infrastructure improvements in existing developments such as Cedar Park, Mary Victoria, and Alexandra Road.

Over the last several months, The Government has been developing a comprehensive affordable housing strategy, while also undertaking detailed research into modern construction methods and engaging with companies capable of delivering these solutions, including precast concrete and modular construction. Through this work, more than 30 potential sites have been identified, along with a first phase of development that is ready to proceed and capable of making a material impact on the island's housing needs.

Three priority sites have now been confirmed, namely the former Albert and Victoria Row housing sites owned by the Bermuda Land Management Corporation, and a vacant Government-owned site adjacent to Dr. Cann Park in Southampton. Financing in the near term, will be provided through local financial institutions, supported by a Government letter of guarantee of up to $90 million.

Pension Reform

Mr Speaker, last year this Government did what many said could not be done by taking on the long overdue reform of the Public Service Superannuation Fund (PSSF). And this Government delivered it.

For more than a decade, the sustainability of that Fund hung over the public service and over the country's finances. People talked about it. Reports were written. Promises were made. But the hard decisions were avoided. Through the Public Service Superannuation Stabilisation Amendment Act 2025, The Government acted. We stabilised the Fund and we put the pension plan on a stronger footing for the long term.

Mr Speaker, this matters because the pension promise matters. It matters to the teacher in the classroom, the nurse on the ward, the police officer on patrol, and the firefighter who answers the call. These are the people who keep Bermuda running, and when they serve this country, they deserve the certainty that the pension they earned will be there.

Mr Speaker, with the Fund stabilised, The Government is now able to address a matter that public sector retirees have raised with me repeatedly, and rightly so. Public service pensions have been frozen since 2014. That is more than a decade in which the cost of living has moved, but pension benefits have not.

Mr Speaker, after a lifetime of service, retirees should not be left falling further behind. Many are living on fixed incomes, and when prices rise year after year, the pressure is real. This is about basic fairness and respect for those who served Bermuda.

That is why I am pleased to announce that The Government will provide a one-time 10% increase for public sector retirees. This will be legislated later this year, and increases will be effective from 1 April 2026.

Mr Speaker, this uplift is possible because the Fund has been stabilised and because it is now being managed on a stronger and more responsible footing. And Mr Speaker, while The Government is not yet in a position to return to automatic annual cost-of-living adjustments, because it must stay focused on improving the funded position over time, this one-time 10% increase provides real and well-deserved relief now to those who spent their working lives serving Bermuda.

Mr Speaker, having dealt with the PSSF, The Government must now turn its attention to the Contributory Pension Fund, the social insurance safety net for every working Bermudian. The same basic truth applies. If we want the Fund to be there for the next generation, we have to face the realities in front of us.

First, we must deal with the "retirement age". As longevity across societies improve, systems put in place long-ago must change with it. That will mean, that as with the PSSF, there will need to be a gradual increase in the age that one receives social insurance benefits.

Second, as I have stated many times Mr Speaker, we must modernise the way contributions are collected. For too long, the burden has not been shared in a way that is fair or just. The cashier should not be paying the exact same a month as the owner of the supermarket. Moving toward a percentage-based approach with a suitable cap, is a more modern, progressive, and fair approach.

Mr Speaker, The Government intends to bring forward a position paper of the reforms in this session as we progress towards legislating the changes. Businesses have asked for a pause on the implementation of changes, and while The Government understands the pressures that businesses are facing, the longer we wait to fix the issue, the harder it will be to fix. So, The Government will be measured, will consult, and will time implementation responsibly, but we must act. The goal is straightforward: a social insurance system that Bermudians can rely on, that is fair, and that will be there for the years to come.

Acknowledgements

Mr Speaker, before I conclude my presentation today, I must thank the persons who made the delivery of this speech a reality. Though I serve as Premier & Minister of Finance, today I stand here as a representative of this Government, and though I deliver the speech, there are so many other unsung heroes that have done the heavy lifting, whereas I just need to carry a suitcase.

I wish to give my thanks to the Ministers of this PLP Government, some of whom I have served non-stop with for almost nine years. I must recognise the Honourable Members of the Government backbenches whose input helped to form the policies put forward by their Government today.

I thank the hardworking Public Service Executive, the Heads of Department, and the ministry controllers whose work ensures that we complete the Estimates of Revenue & Expenditure in good time.

I would also like to thank the public officers who deliver government services to the residents of Bermuda, and those who deliver services to the Ministers of the Government. I especially remember at this time the late Gwen Johnson, who was well known to all in this chamber for her expertise having drafted most of Bermuda's recent financial services legislation. Her untimely passing leaves a void hard to fill and is a reminder that no matter the role we play, all of us in public service sacrifice for the greater good.

Mr Speaker, this speech would not be possible without the work of the Honourable Member for Hamilton West, the Honourable Wayne Livingston Fubert. We have worked together on many a budget, even when he wasn't in finance, when I needed help, I would just call Wayne. Thank you, Honourable Member, for working with me and the team, and filling the void sometimes left in the Ministry of Finance so ably.

I would like to thank the team at the Ministry of Finance led by Financial Secretary Chid Ofoego, who support the work of the Minister of Finance in preparing the annual budget. I wish to extend a special thank you to the members of the Budget Office, led by the Budget Director Ms Tina Tucker, and the communications team who ensure the document is printed on time.

When I first moved back to Bermuda in 2003, and started working with the Government in 2004, Ms Tucker was there as the Budget Director. While the Ministry of Finance has seen many changes over the years, she is a constant voice of calm under pressure – delivering for her Minister and her country year in and year out. Mr Speaker, I understand Ms Tucker's time of public service may be coming to an end, given that may be the case – I ask all of us in this Honourable Chamber to thank her for her service to Bermuda.

Conclusion

Mr Speaker, as I conclude this Budget Statement, the final one I will deliver as Premier and Minister of Finance, I am struck by the scale of the journey we have shared over the last nine years. Since 2017, it has been the honour of my life to serve the people of Bermuda and to lead a Government that has remained steadfast in its commitment to a fairer and stronger country.

Our journey has not been a straight line, nor has it been without its share of trials. When this Government first took office, it set out with a clear plan to restore Bermuda's public finances. By 2019, through careful management and difficult choices, it had brought this country to the very cusp of a balanced budget, within reach of a milestone that had eluded Bermuda for a generation.

And then, Mr Speaker, the world changed. A global pandemic reached our shores and brought hardship and uncertainty that few could have imagined. In those dark hours, our priority was not the balance sheet, but the lives and livelihoods of our people. Like responsible governments everywhere, we took the decisions required to protect families, support workers, and keep Bermuda whole. This Government did what was necessary, and we did not hesitate.

Mr Speaker, this Budget rests on something that makes progress possible: stability. Economic stability, fiscal discipline, and policy follow through. Public finance is not improved by slogans, it is improved by sustained work over time. Over the past nine years, this Government has faced real tests, a pandemic, inherited guarantee obligations, and external shocks. We adjusted where we needed to, but we never lost sight of our mission.

There were those who suggested that the pandemic would define our future. But as the late Dr Martin Luther King Jr reminded us, we must accept finite disappointment, but never lose infinite hope. We did not lose hope. We worked. We developed and executed Bermuda's Economic Recovery Plan. And today, the evidence of that work is before this Honourable House.

We have moved from pandemic uncertainty to real fiscal strength. This Government delivered an audited budget surplus of $29 million before a single dollar of Corporate Income Tax was collected. We are now using that strength to deliver the largest tax cut for workers in Bermuda's history, with some workers paying 95% less payroll tax than they did when we took office in 2017. And today, as I have announced, this Government will repay $605 million in debt in full, reducing gross debt by 18% and cutting annual interest costs by 20%.

Mr Speaker, Bermuda is well positioned for the future. We know there are challenges ahead, but we also know that we have built credibility, stability, and a clear strategy, not only in international business, but as a recognised leader in digital finance and the innovation that will define the next era.

Responsible choices are not always dramatic or headline generating. Often, they are measured. Sometimes they are cautious. But over time, they protect a country's finances and expand opportunity in a way that lasts. The decisions in this Budget to establish a Sovereign Wealth Fund and a Stability Fund are decisions rooted in responsibility, acts of planting for a future we may not personally inhabit, but one our children surely will.

This success belongs to the people of Bermuda, those who have worked, who have struggled, who have persevered, and who never lost belief in what this country could be. There is an old proverb that says, *"A society grows great when its people plant trees in whose shade they shall never sit."* Mr Speaker, today this Government is planting those trees.

As we look toward the horizon, let us do so with confidence in the foundations that have been laid. It has been a long road from 2017 to this moment, but we have reached it together.

Mr Speaker, last year, our manifesto was titled: *Building a Fairer, More Stable and Affordable Bermuda.* That was not simply a slogan, it was a commitment to our people, one that this Budget delivers on today.

Mr Speaker, this Budget strengthens our island home for the years ahead by protecting stability, expanding opportunity, and making Bermuda more affordable for working families.

And it is my privilege, on behalf of This Progressive Labour Party Government, to commend the Estimates of Revenue and Expenditure to this Honourable House.

Thank you, Mr Speaker.

Table I

GOVERNMENT OF BERMUDA

SUMMARY OF CONSOLIDATED FUND ESTIMATES FOR 2026/27 TO 2028/29

ACTUAL 2024/25 $000			ORIGINAL ESTIMATE 2025/26 $000	REVISED ESTIMATE 2025/26 $000	ESTIMATE 2026/27 $000	ESTIMATE 2027/28 $000	ESTIMATE 2028/29 $000
		Revenue and Expenditure Estimates					
1,265,611	1	Revenue	1,243,148	1,274,768	1,273,981	1,282,940	1,307,258
0	1a.	Corporate Income Tax	187,500	279,000	753,206	600,000	600,000
1,265,611		**TOTAL REVENUE**	**1,430,648**	**1,553,768**	**2,027,187**	**1,882,940**	**1,907,258**
1,005,711	2	Current Account Expenditure(excl.debt & s/fund)	1,053,778	1,048,771	1,123,756	1,157,469	1,192,193
0	2a.	Strategic Investment	56,250	86,250	124,000	112,000	115,000
1,005,711		**TOTAL EXPENDITURE**	**1,110,028**	**1,135,021**	**1,247,756**	**1,269,469**	**1,307,193**
259,900	3	Current Account Balance(excl.debt & s/fund)	320,620	418,747	779,431	613,472	600,065
129,134	4	Interest on Debt /Guarantee Management	127,527	127,527	124,750	102,276	102,276
130,766	5	Surplus Available for Capital Expenditure	193,093	291,220	654,681	511,195	497,789
101,719	6	Capital Expenditure (See line 15 below)	149,766	138,106	182,000	203,489	211,629
29,047	7	Budget Surplus (Deficit)	43,327	153,114	472,681	307,706	286,160
		Capital Appropriations					
112,337	8	Appropriations in Original Estimates	149,766	138,106	182,000	203,489	211,629
11,016	9	Supplementary Appropriations	0	0	0	0	0
123,353	10	Appropriated During the Year	149,766	138,106	182,000	203,489	211,629
(22,642)	11	Appropriations Lapsed	0	0	0	0	0
100,711	12	Net Appropriations	149,766	138,106	182,000	203,489	211,629
2,980	13	Unspent Appropriations from Prior Year	0	1,972	0	0	0
103,691	14	Appropriations to Meet Spending	149,766	140,078	182,000	203,489	211,629
101,719	15	Capital Spending	149,766	138,106	182,000	203,489	211,629
1,972	16	Unspent Appropriations Carried Forward	0	1,972	0	0	0
		Consolidated Fund Balance (March 31)					
1,000	17	Contingency Fund	1,000	1,000	1,000	1,000	1,000
1,972	18	Unspent Capital Appropriations	0	1,972	0	0	0
(4,494,159)	19	Undesignated Surplus (Deficit)	(4,448,860)	(4,341,045)	(3,866,392)	(3,558,686)	(3,272,526)
(4,491,187)	20	Consolidated Fund Surplus (Deficit)	**(4,447,860)**	**(4,338,073)**	**(3,865,392)**	**(3,557,686)**	**(3,271,526)**

TYPE	DESCRIPTIONS	2025/26	2026/27	2027/28	2028/29
Revenue	Growth and Tax Reform	22.8%	41.7%	-9.3%	-1.3%
Expenditure	Spending Reductions/Increases	12.9%	12.4%	1.7%	3.0%
Debt Refinance/ Repayment	Senior Notes Due $000			(605,000)	
Budget Surplus	Debt Re-purchases and/or Sinking Fund Contributions	up to 100%	up to 100%	up to 100%	up to 100%
NET DEBT	Position as at end of year	**3,116,895**	**2,635,364**	**2,327,657**	**2,037,497**

Table II

ANALYSIS OF CURRENT ACCOUNT REVENUE

HEAD (1)	REVENUE DESCRIPTION (2)	2024/25 ACTUAL ($000) (3)	2025/26 ORIGINAL ($000) (4)	2025/26 REVISED ($000) (5)	2026/27 ESTIMATE ($000) (6)	DIFFERENCE 2025/26 vs 2026/27 ($000) (7)	% (8)
TAXES & DUTIES							
10	CORPORATE INCOME TAX	0	187,500	279,000	753,206	565,706	302
12	CUSTOMS DUTY	225,879	214,887	218,513	218,513	3,626	2
38	PASSENGER TAXES	24,953	23,200	23,200	25,600	2,400	10
38	STAMP DUTIES	31,244	25,113	26,000	26,368	1,255	5
38	LAND TAX	89,754	87,000	87,000	85,000	(2,000)	(2)
38	FOREIGN CURRENCY PURCHASE TAX	32,374	32,972	35,000	35,800	2,828	9
38	PAYROLL TAX	612,607	621,663	637,010	634,901	13,238	2
38	HOTEL OCCUPANCY	5,012	7,100	7,100	7,300	200	3
38	CORPORATE SERVICE TAX	5,388	5,800	5,800	5,916	116	2
38	FINANCIAL SERVICES TAX	14,308	15,252	15,252	15,557	305	2
38	TRANSPORT INFRASTRUCTURE TAX	11,422	10,900	10,900	12,900	2,000	18
38	TIMESHARING TAX	30	31	31	31	0	0
94	SALE OF LAND TO NON-BERMUDIANS	6,218	5,500	6,500	6,218	718	13
FEES, PERMITS & LICENCES							
03	LIQUOR LICENCES	999	913	925	1,000	87	10
12	OTHER CUSTOMS FEES & CHARGES	1,933	2,223	2,037	2,078	(145)	(7)
12	WHARFAGE	960	1,180	1,011	1,134	(46)	(4)
13	POST OFFICE	1,806	2,500	2,675	2,837	337	13
27	IMMIGRATION RECEIPTS	18,791	18,561	20,267	20,690	2,129	11
29	TRADE & SERVICE MARK	2,059	1,950	2,084	2,100	150	8
30	FERRY SERVICES	602	850	800	850	0	0
30	SERVICES TO SEABORNE SHIPPING	3,272	4,135	4,094	4,175	40	1
32	PLANNING FEES AND SEARCHES	1,553	1,525	1,545	1,585	60	4
34	VEHICLE LICENCES AND REGISTRATION	30,972	31,540	31,532	29,813	(1,727)	(5)
35	BUS REVENUES	5,229	5,525	5,525	5,525	0	0
36	SOLID WASTE	5,133	4,865	5,163	5,233	368	8
36	WATER	2,050	4,000	4,000	4,000	0	0
36	RENTALS	3,445	3,603	3,599	3,599	(4)	(0)
39	COMPANIES - INTERNATIONAL	63,626	70,200	69,465	70,200	0	0
39	COMPANIES LOCAL	2,418	3,317	3,000	3,317	0	0
39	COMPANIES LICENCES	879	816	816	896	80	10
79	PLANT PRODUCTION & MARKETING CTRE	233	203	203	233	30	15
89	TELECOMMUNICATIONS RECEIPTS	18,337	15,208	14,942	13,946	(1,262)	(8)
OTHER RECEIPTS							
03	FINES AND FORFEITURES	2,702	3,133	3,133	3,898	765	24
11	INTEREST ON DEPOSITS	4,586	500	500	2,000	1,500	300
	OTHER REVENUE	34,837	16,983	25,146	20,768	3,785	22
		1,265,611	**1,430,648**	**1,553,768**	**2,027,187**	**596,539**	**42**

Table III

SUMMARY BY DEPARTMENT OF CURRENT ACCOUNT EXPENDITURE

HEAD	DESCRIPTION	2024/25 ACTUAL ($000)	2025/26 ORIGINAL ($000)	2025/26 REVISED ($000)	2026/27 ESTIMATE ($000)	DIFFERENCE 2025/26 vs 2026/27 ($000)	%
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
NON-MINISTRY DEPARTMENTS							
01	GOVERNOR & STAFF	1,659	1,484	1,484	1,611	127	9
02	LEGISLATURE	5,028	5,811	5,810	6,701	890	15
05	OFFICE OF THE AUDITOR	3,887	4,397	3,939	4,686	289	7
56	HUMAN RIGHTS COMMISSION	1,412	1,434	1,434	1,526	92	6
63	PARLIAMENTARY REGISTRAR	1,459	1,333	1,333	1,420	87	7
85	OMBUDSMAN'S OFFICE	969	1,100	1,100	1,174	74	7
92	INTERNAL AUDIT	909	1,115	1,115	1,177	62	6
98	INFORMATION COMMISSIONER'S OFFICE	1,131	1,200	1,200	1,280	80	7
101	PRIVACY COMMISSIONER'S OFFICE	2,063	2,242	2,242	2,393	151	7
		18,517	**20,116**	**19,657**	**21,968**	**1,852**	**9**
CABINET & DIGITAL INNOVATION							
09	CABINET OFFICE	11,990	13,834	14,450	15,387	1,553	11
13	POST OFFICE	10,198	10,130	10,130	10,404	274	3
18	LIBRARIES & ARCHIVES	3,223	3,393	3,393	3,561	168	5
32	DEPT. OF PLANNING	3,575	4,049	4,157	4,992	943	23
43	DEPT. OF INFORMATION & DIGITAL TECH.	8,354	9,211	9,361	10,203	992	11
51	DEPT. OF COMMUNICATIONS	3,288	3,614	3,614	3,800	186	5
61	DEPT. OF EMP & ORG. DEVELOPMENT	8,132	8,458	8,847	9,646	1,188	14
80	PROJECT MANAGEMENT & PROCUREMENT	898	925	925	990	65	7
		49,658	**53,614**	**54,877**	**58,983**	**5,369**	**10**
MINISTRY OF JUSTICE							
87	MIN. OF JUSTICE HQ	6,030	6,755	6,755	8,220	1,465	22
03	JUDICIAL DEPARTMENT	9,408	10,334	10,334	11,023	689	7
04	ATTORNEY GENERAL'S CHAMBERS	4,743	7,052	6,505	7,242	190	3
25	DEPT. OF CORRECTIONS	29,176	24,710	25,321	26,882	2,172	9
74	DEPT. OF COURT SERVICES	3,527	4,888	4,888	5,471	583	12
75	DEPT. OF PUBLIC PROSECUTIONS	3,729	4,001	4,001	4,403	402	10
		56,613	**57,740**	**57,804**	**63,241**	**5,501**	**10**
MINISTRY OF FINANCE							
10	MIN. OF FINANCE HQ	13,910	11,817	12,615	25,386	13,569	115
11	ACCOUNTANT GENERAL	81,818	106,552	111,531	120,649	14,097	13
28	SOCIAL INSURANCE	2,822	2,894	2,526	2,508	(386)	(13)
38	OFFICE OF THE TAX COMMISSIONER	2,922	4,303	4,303	5,309	1,006	23
39	REGISTRAR OF COMPANIES	8,090	12,517	9,535	11,707	(810)	(6)
49	LAND VALUATION	903	977	951	945	(32)	(3)
58	DEBT & LOAN GUARANTEES	129,133	127,527	127,527	124,753	(2,774)	(2)
		239,598	**266,587**	**268,988**	**291,257**	**24,670**	**9**
MINISTRY OF EDUCATION							
16	MIN. OF EDUCATION HQ	6,915	7,515	7,715	6,968	(547)	(7)
17	DEPT. OF EDUCATION	119,624	126,102	126,102	133,918	7,816	6
41	BERMUDA COLLEGE	14,654	15,574	15,574	15,574	0	0
		141,193	**149,191**	**149,391**	**156,460**	**7,269**	**5**

Table III

SUMMARY BY DEPARTMENT OF CURRENT ACCOUNT EXPENDITURE

- continued

HEAD (1)	DESCRIPTION (2)	2024/25 ACTUAL ($000) (3)	2025/26 ORIGINAL ($000) (4)	2025/26 REVISED ($000) (5)	2026/27 ESTIMATE ($000) (6)	DIFFERENCE 2025/26 vs 2026/27 ($000) (7)	% (8)
MINISTRY OF HEALTH							
21	MIN. OF HEALTH HQ	10,154	15,634	11,979	23,721	8,087	52
22	DEPT. OF HEALTH	31,224	36,764	31,320	41,700	4,936	13
24	HOSPITALS	155,530	177,141	207,193	211,146	34,005	19
91	HEALTH INSURANCE	2,561	15,901	13,503	25,911	10,010	63
		199,469	**245,440**	**263,995**	**302,478**	**57,038**	**23**
MINISTRY OF ECONOMY & LABOUR							
44	MIN. OF ECONOMY & LABOUR HQ	717	1,075	1,075	1,099	24	2
14	DEPT. OF STATISTICS	2,357	3,358	3,358	4,613	1,255	37
27	IMMIGRATION	5,808	6,867	6,942	7,061	194	3
29	REGISTRY GENERAL	1,817	1,944	1,944	2,210	266	14
60	WORKFORCE DEVELOPMENT	4,263	4,519	4,482	4,732	213	5
94	DEPT. OF ECONOMIC DEVELOPMENT	7,751	8,623	8,584	7,933	(690)	(8)
99	DEPT. OF LABOUR	864	1,199	1,199	1,437	238	20
		23,577	**27,585**	**27,584**	**29,085**	**1,500**	**5**
MINISTRY OF PUBLIC WORKS & ENVIRONMENT							
36	MIN. OF PUBLIC WORKS & ENVIRONMENT HQ	8,330	6,620	6,620	6,993	373	6
68	PARKS	8,870	11,547	11,548	11,839	292	3
79	ENVIRONMENT AND NATURAL RESOURCES	8,668	9,148	9,148	10,210	1,062	12
81	PUBLIC LANDS & BUILDINGS	23,193	22,469	22,469	22,682	213	1
82	WORKS & ENGINEERING	38,483	34,316	34,616	39,177	4,861	14
		87,544	**84,100**	**84,401**	**90,901**	**6,801**	**8**
MINISTRY OF TOURISM & TRANSPORT, CULTURE & SPORT							
71	MIN. OF TOURISM & TRANSP., CULT. & SPRT. HQ	18,684	34,079	34,729	39,120	5,041	15
20	SPORT & RECREATION	8,402	9,948	9,948	10,708	760	8
30	MARINE & PORTS	21,696	23,787	23,787	24,494	707	3
34	TRANSPORT CONTROL DEPARTMENT	5,286	6,008	6,008	6,047	39	1
35	PUBLIC TRANSPORTATION	24,210	25,279	25,279	26,083	804	3
48	MIN. OF TRANSPORT HQ	15,709	0	0	0	0	0
52	DEPARTMENT OF CULTURE	1,938	2,497	2,497	2,646	149	6
		95,925	**101,598**	**102,248**	**109,098**	**7,500**	**7**
MINISTRY OF NATIONAL SECURITY							
83	MIN. OF NATIONAL SECURITY HQ	2,367	4,966	4,966	5,315	349	7
06	DEFENCE	9,579	9,810	9,810	11,249	1,439	15
07	POLICE	70,105	69,769	70,769	74,395	4,626	7
12	CUSTOMS	18,919	19,493	19,493	20,864	1,371	7
45	FIRE SERVICES	20,841	17,916	17,916	19,176	1,260	7
88	NATIONAL DRUG CONTROL	4,132	5,035	5,035	5,989	954	19
		125,943	**126,989**	**127,989**	**136,988**	**9,999**	**8**
MINISTRY OF YOUTH, SOCIAL DEVELOPMENT & SENIORS							
86	MIN. OF YOUTH, SOCIAL DEV. & SENIORS HQ	11,562	14,111	13,976	16,052	1,941	14
23	CHILD & FAMILY SERVICES	19,627	21,133	22,161	22,821	1,688	8
55	FINANCIAL ASSISTANCE	55,735	56,030	56,030	58,401	2,371	4
		86,924	**91,274**	**92,167**	**97,274**	**6,000**	**7**

Table III

SUMMARY BY DEPARTMENT OF CURRENT ACCOUNT EXPENDITURE - continued

HEAD (1)	DESCRIPTION (2)	2024/25 ACTUAL ($000) (3)	2025/26 ORIGINAL ($000) (4)	2025/26 REVISED ($000) (5)	2026/27 ESTIMATE ($000) (6)	DIFFERENCE 2025/26 vs 2026/27 ($000) (7)	% (8)
MINISTRY OF HOME AFFAIRS							
93	MIN. OF HOME AFFAIRS HQ	1,230	3,584	3,556	3,899	315	9
89	ENERGY	539	526	680	795	269	51
97	LAND TITLE & REGISTRATION	1,476	1,657	1,657	1,873	216	13
		3,245	**5,767**	**5,893**	**6,567**	**800**	**14**
MINISTRY OF HOUSING & MUNICIPALITIES							
90	MIN. OF HOUSING & MUNICIPALITIES HQ	0	914	914	937	23	3
53	BERMUDA HOUSING CORP	6,640	6,640	6,640	7,269	629	9
		6,640	**7,554**	**7,554**	**8,206**	**652**	**9**
		1,134,846	**1,237,555**	**1,262,548**	**1,372,506**	**134,951**	**11**

Table IV

ANALYSIS OF CURRENT ACCOUNT EXPENDITURE BY OBJECT ACCOUNT

EXPENDITURE OBJECT CODE DESCRIPTION (1)	(2)	2024/25 ACTUAL ($000) (3)	2025/26 ORIGINAL ($000) (4)	2025/26 REVISED ($000) (5)	2026/27 ESTIMATE ($000) (6)	DIFFERENCE 2025/26 vs 2026/27 ($000) (7)	% (8)
SALARIES		350,005	384,964	374,953	411,465	26,501	7
WAGES		89,953	83,296	84,514	87,814	4,518	5
EMPLOYER OVERHEAD		77,914	99,914	105,312	113,880	13,966	14
OTHER PERSONNEL COSTS		6,500	6,402	6,453	8,360	1,958	31
TRAINING		2,576	4,849	4,880	5,904	1,055	22
TRANSPORT		1,638	2,185	2,223	2,588	403	18
TRAVEL		2,953	4,147	3,937	4,630	483	12
COMMUNICATIONS		6,947	7,907	7,809	7,499	(408)	(5)
ADVERTISING & PROMOTION		1,248	1,834	1,654	1,978	144	8
PROFESSIONAL SERVICES		51,740	71,000	70,991	99,245	28,245	40
RENTALS		11,372	14,698	13,794	15,397	699	5
REPAIR & MAINTENANCE		21,118	23,739	23,447	27,077	3,338	14
INSURANCE		9,579	9,961	9,902	10,485	524	5
ENERGY		16,434	17,431	17,376	17,801	370	2
CLOTHING & UNIFORMS		1,364	1,325	1,281	1,300	(25)	(2)
MATERIALS & SUPPLIES		21,602	25,371	24,849	27,698	2,327	9
EQUIPMENT		1,603	973	1,099	1,039	66	7
OTHER EXPENSES		4,158	4,315	4,353	5,558	1,243	29
RECEIPTS CREDITED TO PROG		0	(19,083)	(18,915)	(22,174)	(3,091)	16
GRANTS & CONTRIBUTIONS		329,296	364,705	395,014	420,114	55,409	15
PUBLIC DEBT CHARGES		126,846	127,622	127,622	124,848	(2,774)	(2)
		1,134,846	**1,237,555**	**1,262,548**	**1,372,506**	**134,951**	**11**

Table V

GOVERNMENT DEBT TRANSACTIONS & AMOUNTS OUTSTANDING 2015/16 TO 2028/29

YEAR (1)	GROSS BORROWING ($000) (2)	REPAYMENTS ($000) (3)	NET BORROWING (REPAYMENTS) ($000) (4)	GROSS DEBT OUTSTANDING ($000) (5)		MEMORANDA INTEREST ON DEBT ($000) (6)
2015/16	150,000	0	150,000	2,335,000		116,217
2016/17	212,169	63,234	148,935	2,483,935		121,500
2017/18	85,000	0	85,000	2,568,935		119,500
2018/19	620,000	508,935	111,065	2,680,000		124,031
2019/20 (ii)	187,361	180,000	7,361	2,687,361	(ii)	120,482
2020/21	662,639	0	662,639	3,350,000		129,363
2021/22	66,024	0	0	3,350,000		127,159
2022/23	133,892	140,000	(6,108)	3,343,892		136,515
2023/24	0	50,000	(50,000)	3,293,892		129,209
2024/25	0	0	0	3,293,892		127,527
2025/26 Rev)	0	0	0	3,293,892		127,527
2026/27 (Est)(i)	0	605,000	(605,000)	2,688,892		124,750
2027/28 (Est)(i)	0	0	0	2,688,892		102,276
2028/29 (Est)(i)	0	0	0	2,688,892		102,276

(i) Budget Surplus up to 100% towards Debt re-purchase and/or Sinking Fund Contributions

(ii) In 2019/20 Gross Debt includes $182.4M borrowing in relation to Morgan's Points/Caroline Bay Loan Guarantee commitments, along with $3.8M interest incurred on this borrowing

Table VI
BERMUDA GOVERNMENT
DEBT AND LOAN GUARANTEES

UTILISATION OF STATUTORY BORROWING POWERS

ACTUAL 2024/25 ($000)	DETAILS	REVISED ESTIMATE 2025/26 ($000)	ESTIMATE 2026/27 ($000)
	DEBT & LOAN GUARANTEES OUTSTANDING AS OF MARCH 31		
3,293,892	BORROWINGS UNDER LOAN FACILITIES (GOVT)	3,293,892	2,688,892
3,293,892	TOTAL DEBT OUTSTANDING (GOVT)	3,293,892	2,688,892
22,746	Less: SINKING FUND CONTRIBUTIONS (i)	176,997	53,528
3,271,146	NET CUMULATIVE GOVERNMENT DEBT & GUARANTEES OUTSTANDING (ii)	3,116,895	2,635,364

(i) Government introduced a Sinking fund with effect 31st March, 1993. The intent being to set aside a sum equivalent to 2.5% of the public debt outstanding at the end of the preceding year, in order to repay the principal sum borrowed after approximately 20 years.

In 2013 the Government Loans Act 1978 was amended to allow excess funds borrowed to be deposited and extracted from the Sinking Fund to fund future years.

With effect from August, 2020, the statutory debt limit was increased to $3.5 billion.

(ii) The Government has the following guarantees:

Guarantee	$ Millions
Bermuda Housing Corporation	23.7
West End Development Corporation	54.5
Bermuda Economic Development Corporation	1.0
Bermuda Hospitals Board	663.9
Hotel Bermuda Holdings Ltd.	25.0
Bermuda Land Development Corporation	28.5
Bermudiana Development Company Limited	34.5
National Sports Centre	2.4
Bda Commercial Bank-Mortgage Guarantee	7.2
Fairmont Southampton Hotel	75.0

(iii) With effect 1st April, 2011 these guarantees are no longer charged against the statutory debt ceiling unless the guarantee obligation becomes due and payable by the Government, pursuant to the amended Gov't Loans Act 1978. The total amount of utilized Loan Facilities are restricted by the Government Loans Act 1978, as amended.

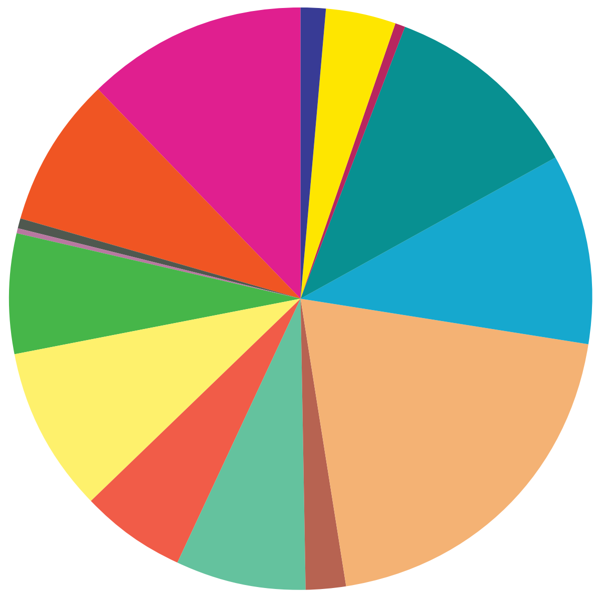
Table VII **PROFESSIONAL SERVICES**

(1) ACCOUNT DESCRIPTION (2)	ACTUAL 2024/25 ($000) (3)	ORIGINAL ESTIMATE 2025/26 ($000) (4)	REVISED ESTIMATE 2025/26 ($000) (5)	ESTIMATE 2026/27 ($000) (6)
5260 Local Consultants	16,306	27,881	27,300	53,812
5265 Overseas Consultants	8,340	12,300	12,933	11,063
5270 Contractors	14,215	16,465	16,578	20,215
5275 Medical	3,202	3,682	3,370	3,478
5280 Optical Services	20	22	22	30
5285 Educational Services	108	200	190	226
5290 Chiropodist Services	3	4	20	5
5295 Psychological Services	45	20	20	20
5300 Dental Services	94	63	63	83
5305 War Pension Award	741	696	540	528
5310 Counselling Services	402	334	444	452
5315 Child Care Services	82	187	111	167
5320 Recreational Services	743	1,001	1,055	1,032
5325 Legal Services	3,142	2,735	2,835	2,759
5330 Liquidation Fees	16	50	30	50
5340 Membership Fees - Govt.	349	781	702	817
5345 Forensic/Lab Services	452	573	570	411
5350 Forensic/lab accounting	121	107	107	57
5355 Security Services	1,318	1,466	1,469	1,588
5360 Conservation Services	19	45	30	20
5365 Animal Control Services	17	20	20	84
5370 Board & Comm. Fees	1,145	1,466	1,710	1,466
5375 ID Parade - Police	10	40	40	40
5380 Jury & Witness Fees	118	110	110	110
5385 Court Costs	422	100	100	109
5390 Audit Fees	0	55	25	25
5395 Examination Fees	286	573	573	573
5415 Research related expenses	24	24	24	25
	51,740	**71,000**	**70,991**	**99,245**

Table VIII

Estimated Expenditure 2026/27 in BD$ Millions

Non-Ministry	22.0
Cabinet & Digital Innovation	59.0
Justice	63.2
Finance	166.5
Education	156.5
Health	302.5
Economy & Labour	29.1
Tourism & Transport, Culture & Sport	109.1
Public Works & Environment	90.9
National Security	137.0
Youth, Social Development & Seniors	97.3
Home Affairs	6.6
Housing & Municipalities	8.2
Interest/Guarantee Mgmt.	124.8
Capital Estimate	182.0



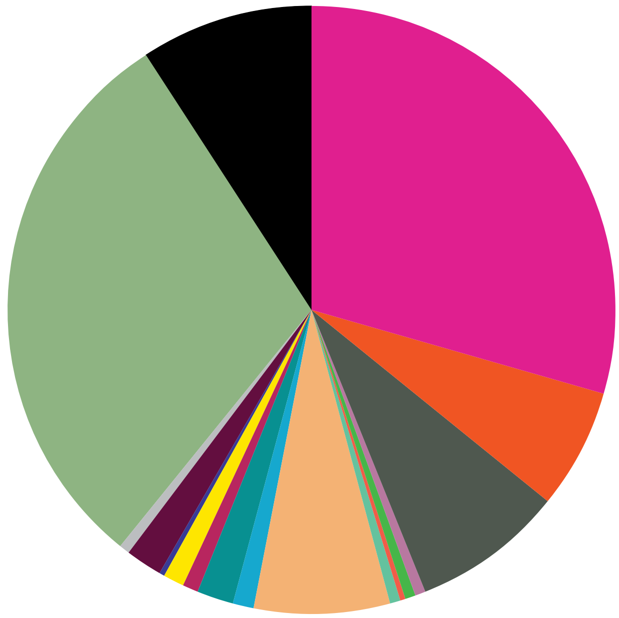
Expenditure expressed as a percentage of total estimated expenditure for 2026/27 of $1,554.5 million

Capital Estimate	11.7
Interest/Guarantee Mgmt.	8.0
Housing & Municipalities	0.5
Home Affairs	0.4
Youth, Social Development & Seniors	6.3
National Security	8.8
Public Works & Environment	5.8
Tourism & Transport, Culture & Sport	7.0
Economy & Labour	1.9
Health	19.5
Education	10.1
Finance	10.7
Justice	4.1
Cabinet & Digital Innovation	3.8
Non-Ministry	1.4

Table IX

Estimated Expenditure 2026/27 in BD$ Millions

Total Current Account Expenditure $1,372.5, excluding Capital Expenditure



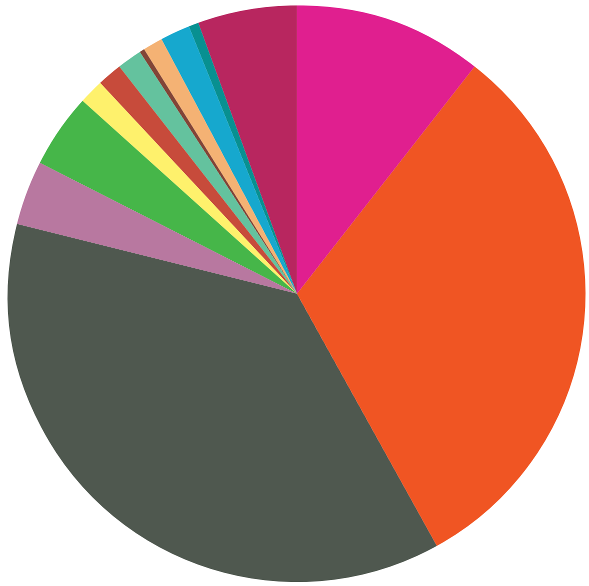
Salaries	411.5
Wages	87.8
Employer Overhead	113.9
Other Personnel Costs	8.4
Training	5.9
Transport	2.6
Travel	4.6
Communincations	7.5
Advertising & Promotion	2.0
Professional Services	99.2
Rentals	15.4
Repair and Maintenance	27.1
Insurance	10.5
Energy	17.8
Clothing, Uniforms, Laundry	1.3
Materials & Supplies	27.7
Equipment Purchases	1.0
Other Expenses	5.6
Receipts to Credited to Program	-22.2
Govt. Grants & Contributions	420.1
Debt Charges	124.8

Table X

Estimated Revenue 2026/27 in BD$ Millions

Total Revenue $2,027.2 million

Customs	218.5
Payroll Tax	634.9
Corporate Income Tax	753.2
Companies Fees	70.2
Land Tax	85.0
Passenger Tax	25.6
Vehicle Licences	29.8
Stamp Duties	26.4
Hotel Occupancy	7.3
Immigration	20.7
Foreign Currency	35.8
Transport Infrastructure Tax	12.9
All Other	106.9



Categories of revenue expressed as a percentage of total estimated revenue for 2026/27 of $2,027.2 million

Customs	10.8
Payroll Tax	31.3
Corporate Income Tax	37.2
Companies Fees	3.5
Land Tax	4.2
Passenger Tax	1.3
Vehicle Licences	1.5
Stamp Duties	1.3
Hotel Occupancy	0.4
Immigration	1.0
Foreign Currency	1.8
Transport Infrastructure Tax	0.6
All Other	5.3

GOVERNMENT OF BERMUDA

Ministry of Finance