

2025/2026

BUDGET STATEMENT

In Support of the Estimates of Revenue and Expenditure

PRESENTED BY

THE HONOURABLE E. DAVID BURT, JP, MP
Premier and Minister of Finance

FRIDAY, 2 MAY, 2025



FAIRNESS IN ACTION — BUILDING A BERMUDA WHERE EVERYONE BENEFITS



GOVERNMENT OF BERMUDA
Ministry of Finance



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Ministry of Finance

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Introduction

Mr Speaker, in a time when the world is uncertain, divided, and fractured, we meet again in this Honourable House to carry out one of the oldest and most important duties of parliamentary governance: the presentation of the Estimates of Revenue & Expenditure.

This, Mr Speaker, is the first Budget of this new parliamentary term, delivered after the Progressive Labour Party earned a fresh mandate from the people of Bermuda on 18 February 2025. But today is more than a routine exercise, and in my remarks, I plan to share with Honourable Members and every person living in Bermuda the good fiscal news that impacts all of us who call Bermuda home.

Mr Speaker, we deliver this Budget reflecting on where we were just five years ago and how far we have come. On 2 May 2020, the COVID-19 Shelter in Place order was lifted. Our country was emerging from lockdown, shaken by a global pandemic that threatened every institution, every household, and every person who calls Bermuda home. In that fragile moment, this Government made a promise: to rebuild Bermuda with Bermudians at heart, to chart an ambitious recovery, and to do so not with austerity, but with investment in our people.

We committed to an Economic Recovery Plan informed by the best minds in Bermuda. We stuck to that plan. And today, we stand here with the results:

- Four consecutive years of strong GDP growth;
- Record numbers of persons and Bermudians employed in international business;
- The lowest unemployment in 50 years;
- Record investments in affordable housing;
- The renovation of our largest hotel, Fairmont Southampton now underway; and
- A balanced budget!

Mr Speaker, these are not political talking points. These are facts. These are the results of hard choices, clear leadership, and a clear focus on rebuilding Bermuda with Bermudians at heart. Gone are the days of persistent deficits. Yes, we still carry debt, but now, for the first time in a generation, we are positioned to repay that debt, build up our reserves, and make investments for the future amidst a time of global uncertainty.

Mr Speaker, this is the eighth Budget of this PLP Government since returning to office in 2017, and through hurricanes, economic headwinds, and a once-in-a-century pandemic, this Government has stayed true to its mission: fairness, opportunity, and dignity for all Bermudians.

Our mission is why we cut payroll taxes for 86% of Bermudians. It is why we froze fuel prices and slashed energy taxes to protect household budgets. It is why we invested in our children through education reform, and in our seniors through expansion of FutureCare. These are not slogans. They are the hallmarks of a Government that governs with fairness as our core value.

Mr Speaker, Bermuda has been tested repeatedly, and we have prevailed. We stood firm in the face of new economic substance requirements that threatened our International Business sector. We remained resilient in the face of 40-year-high global inflation that increased prices everywhere. Each time, this Government responded, not with fear, but with action. And each time, Bermuda came out stronger and Bermudians were protected.

Now, Mr Speaker, we face new global tests.

The postwar global order that has underpinned our economy for the last 80 years is shifting. Historic alliances are being strained; trust in democratic institutions is under attack; even the ideals of free trade and liberal democracy are being questioned in global capitals once thought unshakable. And through it all, misinformation spreads faster than facts, leaving citizens around the world fearful, divided, and distrustful.

These are serious times, Mr Speaker, and serious times demand leadership that is focused on ensuring that Bermudians are at the centre of all that we do. As we debate this Budget in the weeks ahead, we must keep the broader global backdrop in view.

Bermuda, though small, is not insignificant. The last 5 years – and the 400 that preceded them, have also shown that Bermuda has always been resilient. Global headlines may have many worried, but the work of governance is to ensure that we are prepared for whatever may come our way.

Mr Speaker, this Budget sets the course for the next stage of our Island's journey. It supports growth, it protects the vulnerable, it invests in education, healthcare, and infrastructure. And it does all of this while building a budget surplus to repay our debts and prepare for whatever may lie ahead.

Today, Mr Speaker, it is my hope that in this statement, I can offer comfort and confidence to our people: comfort that they have not been forgotten and will benefit from Bermuda's success, and confidence in this Government's ability to continue leading this island through turbulent global waters.

Economic Review

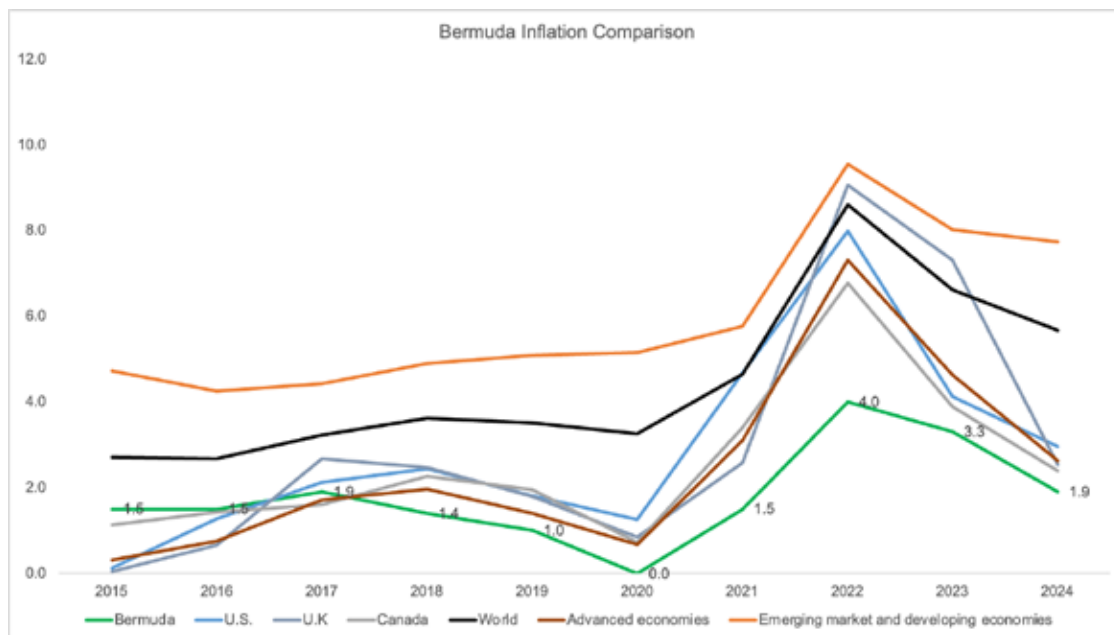
Mr Speaker, the last year has been shaped by growing uncertainty from shifting geopolitical alliances and economic realignments, to trade tensions that threaten to upend long-standing global supply chains. At home, our people continue to feel the weight of higher costs of living, even as our economy shows signs of sustained growth and resilience.

Mr Speaker, before I get to the details of this year's Budget, I will provide an overview of the National Economic Report for 2024 tabled in this Honourable House earlier today, which looks at the evolving global economic environment and its implications for Bermuda. The Report also reviews our local economy, which — though not immune to external pressures — continues to outperform regional peers. This performance has been underpinned by strong job growth, low inflation, record levels of employment in International Business, and a rebounding Tourism sector.

Global 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.

The International Monetary Fund estimates that global growth is projected to slow from 3.3% in 2024 to 2.8% in 2025, before picking up slightly to 3.0% in 2026. In advanced economies, growth is expected to fall from 1.8% in 2024 to 1.4% in 2025, and 1.5% in 2026. Emerging market and developing economies are also forecasted to decelerate from 4.3% in 2024 to 3.7% in 2025, before rising modestly to 3.9% in 2026.



Mr Speaker, global inflation has fallen faster than anticipated, with recent monthly readings nearing pre-pandemic levels. Global inflation is projected to ease from 5.7% in 2024 to 4.3% in 2025 and 3.6% in 2026. This decline has been supported by easing energy prices and a softening of labour market pressures. Faster disinflation may contribute to looser financial conditions, which could support global growth.

However, Mr Speaker, downside risks are significant. The escalation of global trade tensions through higher tariffs may have a profound effect on the global economy.

Since February this year, the United States has announced multiple waves of tariffs on key trading partners, some of which have responded with countermeasures. As a result, major economies including the US, China, and Canada are now increasingly engaged in tariff-based trade disputes that are reshaping global commerce. These protectionist measures if maintained, risk driving up the costs of goods and materials, inflating consumer prices, and distorting well established supply chains. As tariffs climb, businesses are faced with greater uncertainty and are responding with caution. This directly slows trade activity, curtails capital investment, and drives up costs that are inevitably passed on to consumers, raising prices, eroding purchasing power, and discouraging investment — risking a broader global slowdown.

Mr Speaker, global forecasts reflect the expected economic slowdown across major economies. While the United States has demonstrated resilience in recent years, growth is projected to slow from 2.8% in 2024 to 1.8% in 2025, and further to 1.7% by 2026. In China, growth is expected to soften from 5.0% in 2024 to 4.0% in 2025 and 2026. Canada is also expected to experience a moderate decline, with GDP growth easing from 1.5% in 2024 to 1.4% in 2025, before rising slightly to 1.6% in 2026.

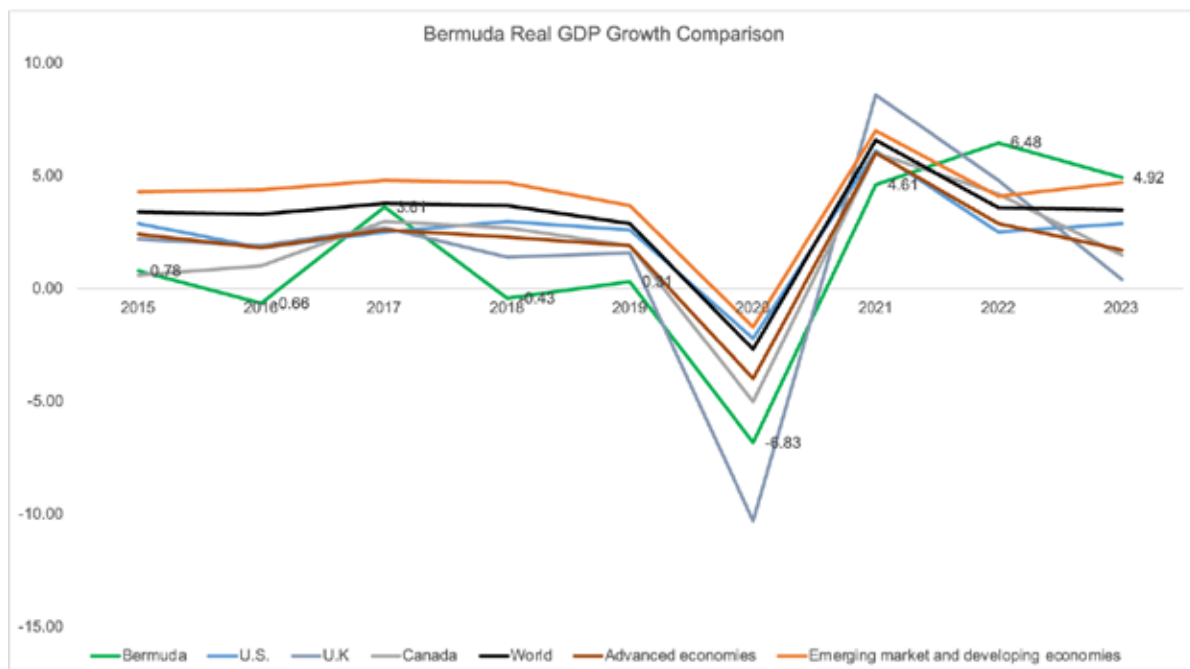
Mr Speaker, as the global economy continues to absorb the effects of past monetary tightening which led to increasing interest rates, many countries face mounting debt burdens and increased refinancing pressures. These financial vulnerabilities are further exacerbated by persistent geopolitical tensions and the rise in protectionist measures.

Together, these forces risk disrupting supply chains, fuelling price volatility, particularly in energy and food, and slowing the pace of global recovery. Navigating the year ahead will require a careful balance: managing global inflationary pressures, strengthening financial resilience, and advancing investments to boost productivity and support inclusive, long-term growth.

Bermuda's Economy

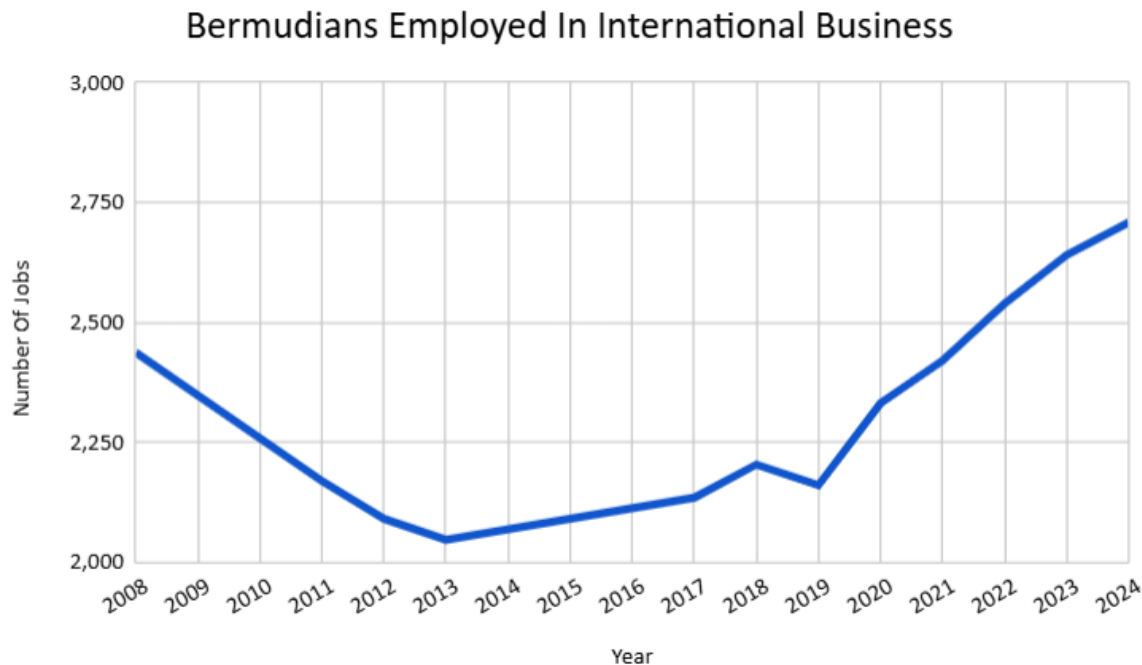
Mr Speaker, I will turn my focus to our local economy.

Bermuda's Gross Domestic Product (GDP), the main measure of economic growth, is estimated to have expanded in real terms between 4.5 and 5.0% in 2024. This positive momentum reflects the strength of our International Business sector and the continued recovery in tourism, supported by robust job growth, rising employment income, increased visitor arrivals and spending, and strong foreign currency earnings.



Mr Speaker, the International Business sector remains the main driver of economic growth. In 2024, 766 new international companies and partnerships were registered. The sector supported 5,047 jobs, an increase of 120 posts or 2.4% compared to the prior year. Total employment income in the sector further rose by 12.3% or \$195.9 million, contributing significantly to the broader rise in national income.

In 2020, for the third consecutive year, there is a record number of Bermudians employed in the International Business sector, clear evidence that the policies of this Government continue to create inclusive opportunities and ensure that Bermudians benefit directly from the growth of international business.



Mr Speaker, Bermuda's Tourism sector also continued to recover. Air visitor arrivals increased by 9.6% and cruise arrivals by 1.9%. Air visitor spending surged by 22% to \$416.5 million, exceeding pre-pandemic levels. Though cruise visitor spending declined by 7%, the overall impact of tourism remains positive. This rebound has also had a positive effect on the job market, particularly in the accommodation and food services sector, which recorded a net increase of 81 jobs or 2.2% compared to 2023, bringing total jobs in the sector to 3,780.

Mr Speaker, employment across the economy improved in 2024. The total number of filled jobs increased by 471 posts or 1.4%, marking the third consecutive year of job growth. Gains were primarily observed in the International Business, Administrative and Support Services, and Accommodation and Food Services sectors. These three areas alone accounted for half of all new jobs created. In contrast, declines were noted in Public Administration, Education, and the Utilities sectors. Unemployment continues its downward trend and was recorded at 1.6% in May 2024, which is lower than the rate of 2.5% from a year prior and the lowest since 1970. Though this is a positive development, a tight labour market can contribute to wage pressures across the economy. It is therefore essential that Government policy ensures a sufficient labour supply to sustain continued economic growth.

Employment income, one of the primary drivers of household consumption, grew by 8.0% or \$326 million, totalling \$4.39 billion in 2024. This growth contributed to a rise in personal consumption, which stood at \$4.1 billion, reflecting a 2.9% increase. Total gross turnover in the retail sector was estimated at \$1.27 billion, an increase of 2.7% compared to 2023.

Mr Speaker, turning to the Construction sector, the value of new projects started fell by 18.2% to \$164.7 million. However, residential construction remained a bright spot, with a 50.7% increase in completed dwelling units, particularly two-bedroom and studio apartments. The total estimated value of work put in place remained relatively stable at \$108.6 million. It is vital that the Government streamline planning processes to ensure that more projects can commence to support growth in the construction sector in the years to come.

Mr Speaker, inflation eased in 2024, averaging 1.9% compared to 3.3% in 2023. Declines in transport and foreign travel costs helped keep overall inflation lower, despite sectoral increases in fuel, food, and rent.

While inflation has fallen, Bermuda's external position remains strong. The current account surplus rose to \$1.69 billion in 2024 from \$1.36 billion in 2023, representing 18.8% of GDP. This was driven by increased employee compensation, higher business services exports, and stronger investment income. The International Business sector alone generated \$2.87 billion in foreign currency receipts, up 9.4% from 2023. The Tourism sector contributed an additional \$522 million in foreign currency receipts, up 3.3% compared to 2023.

Mr Speaker, Bermuda's economic performance over the past two years highlights its relative strength and effective macroeconomic management compared to both advanced economies and regional peers. In 2023, Bermuda recorded real GDP growth of 4.9%, outperforming the US (2.9%), Canada (1.5%), the UK (0.4%) and developing economies (4.7%). In terms of inflation, Bermuda posted the lowest inflation rate among the group in 2024 at 1.9%, compared to 3.0% in the US, 2.4% in Canada, 2.5% in the UK and 7.7% in developing economies. The lower inflation in Bermuda compared to our peers can be attributed to the measures that the Government has implemented to reduce taxes as a response to 40-year high global inflation. These indicators underscore Bermuda's macroeconomic stability, sound economic policy, and strong growth momentum heading into 2025.

Mr Speaker, while the domestic outlook remains positive, we are not immune to external risks that continue to shape the global economic environment. The recent imposition of higher tariffs between major economies, including the United States and its trading partners, may lead to increased costs in Bermuda. If realised, these added costs place upward pressure on prices and strain business margins, constraining long-term growth.

Elevated global trade costs, combined with high interest rates, are weighing on economic activity in key partner countries, particularly the United States. Slower growth in these markets can have spillover effects on Bermuda, including reduced tourism arrivals, lower levels of foreign investment, and potential disruptions to vital supply chains — all of which may hinder our economic performance. Geopolitical instability, particularly in Europe and the Middle East, could further impact global energy prices, while ongoing trade disputes may dampen investment and reduce consumer spending worldwide. These risks reinforce the need for continued prudent fiscal management to protect Bermuda's economic stability.

Mr Speaker, recent economic performance leaves the jurisdiction well placed to meet these global headwinds. Through sound and prudent fiscal policy, investments in infrastructure, and the implementation of our Economic Development Strategy, we will continue to protect Bermuda's economic interests and ensure that inflationary pressures and external shocks do not erode the gains we have worked so hard to achieve.

Bermuda's Economic Development Strategy

Mr Speaker, Bermuda's Economic Development Strategy 2023-2027 provides a strategic framework to guide Bermuda towards sustainable economic growth and development. Since its launch, the Ministry of Economy and Labour has been focused on advancing key initiatives aligned with the Strategy's five strategic priorities:

- Retaining and expanding existing and future international businesses within Bermuda.
- Attracting new businesses and promoting investment opportunities.
- Fostering entrepreneurship and the development of small businesses.
- Ensuring the continued execution of the Economic Recovery Plan.
- Investing in our people and workforce.

Mr Speaker, I will cover some of the key highlights, but during the debate in this House in the weeks to come, the Honourable Minister of Economy & Labour will share more details on the implementation of Bermuda's Economic Development Strategy.

Mr Speaker, under the priority of local and international business retention and expansion, important progress has been made. The Economic Development Department has completed the Draft Action Plan for the establishment of a one-stop permitting system for maritime tourism businesses, which was published under Goal 4 of the Bermuda Ocean Prosperity Plan.

The Bermuda Economic Development Corporation has been progressing development opportunities across Bermuda's Economic Empowerment Zones. The Urban Development Authority (UDA), as the lead body driving development and investment interest in the EEZs, received formal applications for two active development projects being considered under the Approved Residential Scheme — one for a 65 residential unit development and the second for a 28 residential unit development. This interest can be partly attributed to the Bermuda Government's announcement of an aggregate \$50 million government guarantee to jump-start residential development in the island's EEZs.

In tourism, the calendar of events for 2024 was filled with a diverse offering of events and experiences that contributed to a 15% increase in air leisure visits and a 34% increase in visitors attending sporting events. Since the beginning of 2024, five tourism investment orders for hotel projects have been approved, representing investor confidence in Bermuda's tourism future.

Meanwhile, Bermuda continues to enhance its reputation as a global leader in fintech, supported by our robust regulatory framework for digital assets and continued international exposure at major fintech events. Technology education initiatives are continuing, supporting workforce development through grants, training programs, and annual events that highlight fintech opportunities for Bermudians.

Mr Speaker, attracting new business and promoting investment continues to be a key focus. The Bermuda Business Development Agency has transitioned into an investment promotion agency with continuing outreach to attract investment. The Registrar of Companies has amended its policy to allow unrestricted mixed-use development on corporate landholdings. In addition, revised Family Office legislation is being finalised and will be tabled in this session, further supporting Bermuda's efforts to attract high-net-worth individuals and related business opportunities.

Mr Speaker, fostering entrepreneurship and supporting the growth of small businesses is a critical part of the Strategy. The Bermuda Economic Development Corporation continues to deliver results. In 2024, 22 entrepreneurs completed its Enterprise Bermuda Incubator and Accelerator programmes, while over 1,200 students have been engaged through youth outreach initiatives, inspiring the next generation of entrepreneurs. Educational programmes trained 96 participants through multi-week courses and a further 560 through seminars and webinars. In addition, the BEDC has conducted more than 650 client advisory meetings, maintaining a 94% satisfaction rating. Through its ByBermuda e-commerce platform, 29 businesses have received direct support, helping to strengthen the digital sales capacity of local entrepreneurs.

Investing in our people is at the heart of the Economic Development Strategy. The Department of Workforce Development has made significant improvements to its services, ensuring that all clients receive career guidance through the creation of Personal Employment Plans. A newly redesigned website has been launched to connect jobseekers, students, and employers with training and employment opportunities in an efficient and user-friendly manner. Reforms to the work permit policy that improves the processes and ensures that there is adequate labour supply to support Bermuda's growing economy have been drafted and will soon be released for industry consultation.

To strengthen the development of a skilled workforce, the National Certification and Apprenticeship Board has been established to further improve training and certification programs for Bermudians in trades and other high-demand sectors, ensuring that Bermudians are well-prepared to take advantage of employment opportunities now and in the future.

Mr Speaker, the Government is committed to the ongoing implementation of Bermuda's Economic Development Strategy which will continue the strong economic growth that resulted from the execution of Bermuda's Economic Recovery Plan. This Government will continue to collaborate with stakeholders and provide regular updates on the progress of this strategy to this Honourable House.

2023/24 Fiscal Year Performance

Mr Speaker, it has been almost eight years since the Progressive Labour Party was returned to Government, in July 2017. We have seen many changes and challenges since then, especially during the recent COVID pandemic. But throughout it all, we have stayed focused on improving Bermuda's economy to make life better for everyone.

Mr Speaker, the audited statements for Fiscal Year 2023/24 have been presented to this Honourable House. These statements demonstrate the Government's commitment to responsible financial management.

Mr Speaker, for the Fiscal Year that ended in March 2024, total revenue was \$1.176 billion, \$21 million (1.8%) more than the original estimate of \$1.155 billion and \$49 million more than the prior year's revenue of \$1.1 billion. This increase was mainly due to higher-than-expected payroll tax receipts.

Payroll tax collections amounted to \$537 million, \$24.5 million (4.8%) above the original estimate of \$512.5 million. Interest earned from deposits was \$11.1 million, \$10.3 million more than the original estimate of \$750 thousand.

Mr Speaker, the total current account expenditure for Fiscal Year 2023/24 was \$977.5 million, which is just \$4.9 million (.5%) more than the original estimate of \$972.6 million. Despite significant unbudgeted expenditure that arose through the year, such as a \$16.3 million funding boost for the hospital, \$19 million in negotiated pay increases with public sector unions — total expenditure only exceeded budget by \$4.9 million, demonstrating firm budget control from the Ministry of Finance.

Salaries & wages were \$401.8 million, which is \$8.9 million (2.2%) less than the original estimate of \$410.7 million. Government Employer Contributions totalled \$76.6 million, which is \$706 thousand (0.9%) more than the original estimate of \$75.9 million. This slight increase was due to negotiated pay awards for Public Officers, which required higher employer contributions to the Public Service Superannuation Fund (PSSF).

Capital expenditure for 2023/24 was \$97.1 million, \$1.1 million or 1.2% more than the original estimate of \$96 million.

All Other Expenditures amounted to \$499.2 million, \$13.1 million (2.7%) more than the original estimate of \$486.1 million. This increase was directly related to the aforementioned additional expenditure for the Bermuda Hospitals Board and was offset by savings in other areas.

Interest and guarantee management costs were \$131.5 million, \$1.1 million more than the original estimate of \$130.4 million. Interest expense was \$3 million less than forecast, while guarantee management was \$4.1 million more than forecast due to expenses related to Morgan's Point and the negotiation of the Fairmont Southampton redevelopment.

Mr Speaker, when the above factors are taken into account, the Consolidated Fund deficit for 2023/24 was \$29.5 million, \$14 million less than the original estimate of \$43.5 million. This was the third consecutive fiscal year where the fiscal deficit has been less than originally forecast.

2024/25 Fiscal Year Performance

Mr Speaker, before I share the Estimates of Revenue & Expenditure for this fiscal year, I would like to provide an update on the Government's financial performance, for Fiscal Year 2024/25 which ended on 31 March 2025.

Revenue

Mr Speaker, the latest revised forecasts, which can be found on page A-1 of the budget book, project total revenue for Fiscal Year 2024/25 of \$1.248 billion, \$16.1 million, (1.3%) higher than the original estimate of \$1.232 billion.

Payroll tax collections are projected to be \$606.5 million, \$26 million (4.5 %) above the original estimate of \$580.5 million. The \$69.5 million increase in payroll tax collections from \$537 million in the prior year is due to continued job growth in the local economy and higher salaries in the International Business sector, combined with last year's reform of the new hire relief introduced in 2018.

Customs duty revenue is projected to be \$225 million, \$8 million (3.4%) below the original estimate of \$233.9 million. This lower than budget result is due to the 60% reduction in taxes on BELCO fuel, which was implemented in July of last year.

All other receipts are projected to be \$417.0 million, which is \$2 million (0.5%) below the original estimate of \$419.0 million.

Expenditure Performance

Mr Speaker, current account expenditure is projected at \$992.1 million, just \$128 thousand higher than the initial estimate of \$992 million.

This on target expenditure has been achieved despite the Mid-Year Review allocating \$17.6 million primarily to social spending, and also includes increased salaries for public sector employees due to the multi-year compensation agreement reached with public sector unions.

Capital expenditure is projected to be \$107.9million. This is \$4.4 million (4.1%) below 2024/25 original estimate of \$112.3 million. This level of investment is \$10.7 million more than the prior year and represents the highest capital spending since the 2010/11 Fiscal Year.

Debt Service

Mr Speaker, debt service and guarantee management costs are estimated at \$128.8 million, which is \$1 million (0.8%) above the original estimate of \$127.8 million. This amount is \$2.7 million less than the prior year, a result of the \$50 million in debt that was repaid in December 2023.

Consolidated Fund Budget Surplus

Mr Speaker, last year during the budget statement, I announced that the Government was expecting its first balanced budget in 21 years.

At that time, there were many who said that it could not be done. Some called it electioneering, others labelled it as a fantasy! Nonetheless, this Government, supported by our hard-working public officers, has achieved what many countries in the world find challenging.

Despite delivering significant tax reductions to help our residents and businesses cope with 40-year high global inflation, including last year's 60% reduction in electricity taxes; and despite additional appropriations during the Mid-Year Review to provide support for the vulnerable and invest in tackling social challenges, we have grown our revenue and tightly managed spending.

Mr Speaker, last February the Estimates of Revenue & Expenditure projected a \$210,000 surplus for Fiscal Year 2024/25. It is with a combination of humility and pride that I can share with this Honourable House and members of the public, that the projected Consolidated Fund surplus for the fiscal year just concluded, will be **\$19.7 million**. This surplus is \$19.5 million more than originally estimated and represents the first Consolidated Fund surplus to have been achieved in 21 years.

Such a milestone is not just a testament to this Government's commitment to fiscal responsibility, but it is a culmination of many years of fiscal discipline. The people of Bermuda have experienced the effects of this discipline — whether in the conditions of our roads or the state of our national infrastructure. But, Mr Speaker, just as I declared three years ago that the era of austerity had come to an end, today I declare that the era of budget deficits has come to an end.

Fairness in Action – Sharing the Gains of Economic Growth

Mr Speaker, the 2025/26 Budget marks a turning point for Bermuda. For the first time in over two decades, our fiscal planning is no longer consumed by managing deficit after deficit. Instead, we stand today with a budget surplus, a strong economy, and later this year, we expect to receive the first revenue inflows from Bermuda's new Corporate Income Tax. This is not just a new budget year, it is the beginning of a new era of budgeting. And with that opportunity comes the obligation to ensure that the benefits of our economic growth are shared fairly across our society.

Mr Speaker, In the Pre-Budget Report tabled in this Honourable House in December, I outlined a number of tax reductions that were under consideration to ease the tax burdens faced by residents and businesses. This Government has a history of ensuring that better fiscal performance results in meaningful relief for taxpayers, and today I will share the tax reductions that will form part of this year's revenue estimates.

Reduction of Customs Duty on Building Materials and Supplies to 10%

Mr Speaker, home ownership, construction, and renovation are central to our economy and our way of life. As there is a national imperative to build and upgrade our existing housing stock, it is vital that we do all we can to reduce the cost of construction. Though the Government cannot regulate the rates charged for construction labour, we can reduce the amount of taxes paid on goods that are imported into Bermuda. Therefore, to support new homeowners, builders, and those improving their properties, the Government will reduce the customs duty rate on all building materials and supplies currently charged above 10%, such as air conditioners, paint, tile, steel, rebar, drywall, doors, windows, and bathrooms fixtures to a flat 10%. This reduction will reduce import costs for a wide range of construction materials, making construction and renovation more affordable for families and developers alike.

Importantly, the few categories of building materials that are currently subject to a duty rate below 10% will remain unchanged. This means that no duty rates will increase — only reductions will occur. The goal is simple: to reduce the cost of building and renovating homes to help stimulate economic activity in the construction sector.

Mr Speaker, I would like to give a practical example of what this reduction means for consumers. Prior to these reductions, if you were looking to replace the air conditioning units in your home or business, and those units cost \$4000 to import into Bermuda, you would have paid \$1400 in custom duty charges as the duty rate for air conditioners was set at 35%. With these reductions, the duty payable for these imports would only be \$400, a saving of \$1000 or 71%.

These duty changes will take effect from July 1 and are estimated to reduce custom duty revenue by \$4.6 million.

Further Reduction in Electricity Taxes

Mr Speaker, electricity costs remain a significant burden for households and businesses, and we understand the frustration many feel when they open their BELCO bill. While the Government cannot control the cost of fuel on global markets, we are doing everything within our power to lower the underlying costs that contribute to those rates.

Two years ago, the fuel duty on fuel used to generate electricity stood at 20 cents per litre. In July 2024 we reduced that tax by 60% to 8 cents per litre. With this Budget we will reduce that tax to just 4 cents per litre. The combined effect of these changes will result in an 80% reduction in this tax over the last year.

To date, Government fuel duty relief has reduced the average monthly electricity rates by approximately 6%. The additional reduction announced today will bring the total relief to 8%, saving the average customer \$300 per year. This estimate is based on average residential usage, and actual savings will vary depending on consumption.

This measure demonstrates the Government's commitment to delivering sustained relief on energy costs. While there is more work to be done across the energy sector, this initiative ensures that our tax policy supports lower electricity costs for every household and business in Bermuda.

This further reduction in the duty paid on fuel will take effect from 1 July 2025 and is expected to reduce custom duty revenue by \$ 4.2 million.

Elimination of Customs Duty on All Motor Vehicle Parts

Mr Speaker, recognising the strain vehicle repair costs can place on families and businesses, customs duty will be eliminated on all motor vehicle parts imported into Bermuda. Whether it is keeping a family car on the road or a company's fleet operating, this measure is aimed at lowering maintenance and repair costs while the Government works to repave Bermuda's roads.

Mr Speaker, I would like to give another practical example what this reduction will mean for consumers. Prior to these reductions, if you were looking to replace the tires on your vehicle, and those tires cost \$500 to import into Bermuda, the importer would have paid \$175 in custom duty charges as the duty rate for tires was set at 35%. With the elimination of custom duty, there would be no duty payable for these imports, saving the importer \$175.

The duty elimination for motor vehicle parts will take effect from July 1 2025 and is estimated to reduce custom duty revenue by \$2.9 million.

Increase of Duty Exemption for Returning Residents

Mr Speaker, the Government will increase the duty exemption for returning residents by 50% from \$200 to \$300. This means that after any overseas travel, residents will be able to bring back up to \$300 worth of goods duty free. This adjustment will make it easier for families to manage travel-related expenses and provide immediate savings for residents who may shop overseas for necessities, clothing, and other goods. This rate allowance was last changed in 2012.

50% Reduction in Mobile Phone Taxes

Mr Speaker, access to communication is essential — for work, for education, for staying connected with loved ones. To ease the financial burden of mobile services, the Government will reduce the monthly tax on mobile phones by 50%, from \$12 to \$6. This measure will result in immediate savings for every mobile customer and is a part of our commitment to lowering the cost of essential services.

This tax reduction will take effect from 1 July 2025 and is expected to reduce revenue by \$2 million.

Reduction of the Base Rate of Land Tax by 50%

Mr Speaker, land tax is a significant revenue earner for the Government but can also represent a burden for homeowners and renters alike. In 2019, a new base rate for land tax was introduced and set at \$300 a year. Given the island's fiscal progress, the time is right to reduce this tax and provide more tax relief. The Government will reduce the base rate of land tax from \$300 per year to \$150. This reduction will apply to all homeowners and renters who pay land tax.

This land tax reduction will take effect from 1 January 2026 and is expected to reduce land tax revenue by \$2.5 million.

10% Reduction in Licensing Fees for Private Cars

Mr Speaker, as we work to reduce the overall costs associated with vehicle ownership, the Government will implement a further 10% reduction in licensing fees for private cars. When combined with the elimination of customs duty on all motor vehicle parts, this measure will provide further relief to families by lowering both the upfront and ongoing expenses of keeping a vehicle on the road.

Though this tax reduction is being announced today, it will be set to take effect from 1 April 2026 and will reduce revenue by \$2.6 million for Fiscal Year 2026/27.

Tax Proposals Not Being Advanced

Mr Speaker, though we have committed to significant relief, this Government is also firmly committed to fiscal responsibility. Two proposals previewed in the Pre-Budget Report have been postponed as the Ministry of Finance is determined to ensure that every measure is well-targeted, well-designed, and responsibly implemented. These deferred items include:

- The elimination of payroll taxes for employers who retain Bermudian employees over the age of 65.
- An increase in the tax-free threshold for local dividend income, from \$10,000 to \$15,000.

These measures will now undergo further policy review, with the intention to implement them in the 2026/27 budget.

A Consistent Record of Tax Reductions

Mr Speaker, this Government has consistently reduced taxes as economic conditions have improved. We make these changes not for the headlines they produce, but for the Bermudians who voted for a government that focuses on fairness. For that single parent juggling bills, for the seniors who stretch every dollar, for the entrepreneur trying to make payroll, and for every Bermudian who has made sacrifices during difficult times and deserves to now see receive some relief. Mr Speaker, let us not forget how far we have come. In the last three years alone, this Government has:

- Reduced payroll taxes for 86% of Bermuda's workforce;
- Expanded the child daycare allowance;
- Eliminated customs duties on essential goods;
- Cut energy taxes by 60%;
- Reduced private car licensing fees;
- Abolished land tax for charities and nursing homes;
- And froze local fuel prices during global price surges.

This year, Mr Speaker, we have gone further. We are proud of our record and grateful for the success of our economic vision that is rooted in fairness. But we are not satisfied. Because fairness is not a destination, it is our continuing mission. Together, these initiatives represent a comprehensive package of further relief that will help to ease financial pressures while supporting vital economic activity.

| 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 2017-2025 | Cumulative Tax Savings from 2017 - 2025 |
| \$36,000 | -\$270 | -\$720 | -\$180 | -\$360 | -\$1,530 | -\$7,110 |
| \$48,000 | -\$360 | -\$960 | -\$240 | -\$480 | -\$2,040 | -\$9,480 |
| \$60,000 | -\$270 | -\$720 | -\$180 | -\$450 | -\$1,620 | -\$7,380 |
| \$72,000 | -\$180 | -\$480 | -\$120 | -\$420 | -\$1,200 | -\$5,280 |
| \$84,000 | -\$90 | -\$240 | -\$60 | -\$390 | -\$780 | -\$3,180 |
| \$96,000 | \$0 | \$0 | \$0 | -\$360 | -\$360 | -\$1,080 |
| | 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 (2025) | The total amount of tax savings for a worker over the last 8 years |

2025/26 Budget Estimates

| Fiscal Year 2025/26 Consolidated Fund Budget Estimates | | | |
|--|------------------------------|--------------------------------|-------------------------------|
| | ORIGINAL ESTIMATE 2024/25 | REVISED ESTIMATE 2024/25 | BUDGET ESTIMATE 2025/26 |
| Revenue and Expenditure Estimates (000's) | | | |
| Revenue | \$ 1,232,341 | \$ 1,248,468 | \$ 1,243,148 |
| Corporate Income Tax | | | \$ 187,500 |
| Total Revenue | \$ 1,232,341 | \$ 1,248,468 | \$ 1,430,648 |
| Current Account Expenditure (excl.debt service) | \$ 992,017 | \$ 992,145 | \$ 1,053,778 |
| Healthcare Investment | | | \$ 56,250 |
| Total Expenditure | \$ 992,017 | \$ 992,145 | \$ 1,110,028 |
| Current Account Balance (excl. debt service) | \$ 240,324 | \$ 256,323 | \$ 320,620 |
| Interest on Debt | \$ 127,777 | \$ 128,760 | \$ 127,527 |
| Surplus (Deficit) Available for Capital Expenditure | \$ 112,547 | \$ 127,563 | \$ 193,093 |
| Capital Expenditure | \$ 112,337 | \$ 107,870 | \$ 149,766 |
| Budget Surplus | \$ 210 | \$ 19,693 | \$ 43,327 |

Mr Speaker, having just outlined the tax reductions that this Government will deliver to live up to our promise to make Bermuda more affordable, I will now turn my attention to the overall budget for the Consolidated Fund, for Fiscal Year 2025/26.

Revenue

Mr Speaker, revenue for Fiscal Year 2025/26 is expected to reach \$1.43 billion, which is 16% or \$198 million above the original estimates for 2024/25.

Payroll tax receipts are projected to increase by \$11 million, driven by expected job growth in the local economy. There are no changes to the existing payroll tax structure, as the Government awaits the recommendations from the Tax Reform Commission. This increase is lower than projected in prior fiscal years, reflecting the Ministry of Finance's consideration of forthcoming recommendations from the Commission to reduce the cost of doing business in Bermuda.

A provisional figure of \$187.5 million has been budgeted for revenue from the new Corporate Income Tax, which came into effect on 1 January 2025. This figure aligns with the expectations set in last year's Budget Statement.

Customs duty revenue is expected to decline to \$214.9 million, a reduction of 8% from last year's estimates, as a result of the package of customs duty reductions announced earlier. Land tax collections are estimated at \$87 million, representing a 5% decline compared to last year's estimates. Telecommunications receipts are projected to fall by 11% following the 50% reduction in monthly mobile phone taxes.

The other major changes in revenue are due to lower projected receipts from cruise ships, resulting from a reduction in cruise calls during construction works at King's Wharf.

Current Expenditure

Mr Speaker, Consolidated Fund current account expenditure for Fiscal Year 2025/26 is estimated at \$1.11 billion. This figure represents an increase of \$118 million (11.9%) when compared to the original estimates for Fiscal Year 2024/25.

This figure, without context, may seem high, especially given the fiscal discipline that the Government has exercised to reach a balanced budget. However, Mr Speaker, I will share the details of these changes so that taxpayers can understand how their tax dollars are being spent.

Baseline Increases to Ministry Budgets

Mr Speaker, all ministries were granted a baseline increase of 1.5% from last year's original estimates to account for inflation. This 1.5% increase is in line with the Medium-Term Expenditure Framework (MTEF) that was presented in last year's budget and amounts to \$13.7 million. In addition to this increase, additional funds were allocated to selected ministries to advance priority initiatives as outlined in the Speech from the Throne. The Ministries of Justice; Education; Housing & Municipalities; Public Works and Environment; Home Affairs; and Youth, Social Development and Seniors were allocated additional funding above the 1.5% baseline totalling \$4.7 million.

Social Investments

Mr Speaker, during last year's Mid-Year Review, the funds that were appropriated to ministries were not one-time investments. It was stated at the time that the new funding would be carried forward into this new fiscal year. These additional investments have been allocated to the respective ministries and represent \$14.9 million of the additional current account expenditure.

Union Pay Agreement

Mr Speaker, as mentioned earlier, the Government agreed to a four-year compensation agreement with public sector unions to assist in retaining our talented workforce. This agreement was a combination of inflation-indexed pay increases, combined with additional increases recognising that public sector compensation over the last decade has not kept pace with the rate of inflation. Additionally, to ensure that public sector workers did not experience a reduction in take home pay, due to required increases in pension contributions that I will detail later in this statement, the Government agreed to fund the increases in employee contributions for both the Government Employee Health Insurance Scheme (GEHI) and the Public Service Superannuation Fund (PSSF). The impact of the salary increases is \$22.3 million, and the additional overheads required for GEHI & PSSF contributions amount to \$3.8 million.

Investment in Healthcare

Mr Speaker, the Government is committed to introducing Universal Healthcare. This year's budget commits an additional \$56.25 million from the Consolidated Fund to invest in healthcare for Bermuda's residents. These funds will see additional investments made to the Health Insurance Department (HID) to support the expansion of the Health Insurance Programme (HIP) and FutureCare, additional funds to the Bermuda Hospitals Board, additional investments to ensure the launch of Universal Healthcare in 2026, and funding for the Government Employee Health Insurance Scheme.

Finalising Universal Healthcare to Launch in 2026

Mr Speaker, universal healthcare has been a longtime goal of the Bermuda Progressive Labour Party. This goal requires the resources necessary to ensure that changes to our healthcare system are well planned and executed to minimise the challenges faced by those persons currently insured, underinsured, or uninsured. \$3 million of this additional funding will be allocated to boost the human resources required to implement this initiative in 2026.

Funding Boost for the Health Insurance Department

Mr Speaker, last year, the Government used funds from the excess borrowing account to freeze the Standard Premium Rate for the third year in a row. This action shielded families and businesses from additional costs during a period of high global inflation. This year, we are moving beyond freezes and making investments to improve the healthcare benefits available to Bermudians. Through an allocation of \$13.25 million from the Consolidated Fund, this Government is delivering on the pledges set out in the Progressive Labour Party's 2025 Platform — transforming healthcare to make it more accessible, affordable, and preventative.

Mr Speaker, this investment will expand coverage in the following ways:

Elimination of Waiting Periods to Access the Personal Home Care Benefit

First, which will be welcome news to many in Bermuda, we will eliminate the 12-month waiting period for new HIP & FutureCare policyholders to access the Personal Home Care Benefit.

Mr Speaker, as our population ages, access to affordable home healthcare becomes increasingly essential. Under the current system, newly enrolled HIP/FutureCare members had to wait an entire year to access Personal Home Care benefits — even when immediate support was urgently needed. That will now change.

By removing this waiting period, new policyholders will be able to receive assistance to help defray the costs of home-based care services when they need it most. While this benefit will significantly ease the financial burden for families, it does not cover the full cost of private home care. It is designed to assist families, supporting them in providing care while helping to reduce the pressure on hospital services and long-term inpatient care.

This reform represents fairness in action — helping seniors to age with dignity in their own homes and providing vital support to Bermudian families who may need assistance caring for a disabled family member. It is also sound fiscal management: timely access to home care reduces hospital re-admissions, eases demand on inpatient beds, and leads to lower healthcare costs over time.

Expansion of Prescription Drug Coverage for FutureCare & HIP

Mr Speaker, this year's healthcare investment will also fund the expansion of prescription drug coverage for HIP and FutureCare policyholders. Though we have increased access to prescription coverage over the last few years, many Bermudians, particularly our seniors, continue to face financial barriers when trying to access essential medications. This additional funding will increase the coverage limit for HIP from \$1000 a year to \$3000 and increase the FutureCare limit from \$3000 to \$5000 a year.

By enhancing prescription drug coverage, we will make it easier for individuals to manage chronic conditions like diabetes, heart disease, and hypertension — leading to better health outcomes and reduced reliance on costly emergency care.

Expansion of Annual Examinations for FutureCare & HIP

Mr Speaker, preventative care saves lives. As we promised in the recent election campaign, this Government will introduce and expand coverage for annual health exams for all HIP and FutureCare clients. Regular annual checkups catch potential health issues early, before they escalate into costly medical emergencies. Ensuring that every Bermudian under HIP and FutureCare has access to an annual preventative health exam, with no out-of-pocket costs, is a transformational shift toward a healthier Bermuda.

Mr Speaker, these initiatives are not just good policy — they reflect our values. They are directly delivering on the pledges contained in the PLP 2025 Platform: expanding HIP and FutureCare to make healthcare more accessible, reducing the financial burdens faced by seniors and working families, and building a healthcare system focused on prevention and fairness.

However, Mr Speaker, we must also be responsible stewards of our healthcare system. Medical inflation globally is forecast to exceed 10% this year, driving up the costs of medical care, equipment, and pharmaceuticals. Therefore, the Government will not be able to freeze the Standard Premium Rate (SPR) for the fourth year in a row, and it will be necessary to introduce an inflationary adjustment to the Standard Premium Rate to ensure that we can sustain these vital benefits and maintain adequate funding for the Bermuda Hospitals Board.

Additional Funding to BHB

Mr Speaker, the Bermuda Hospitals Board funding model was changed in 2018, and I must commend the board, management, and staff for their efforts during the worst healthcare crisis in a century. It is important that Government support the Hospital to provide a high level of healthcare in Bermuda and \$22 million of the additional healthcare funding will be provided to the Bermuda Hospitals Board.

However, I must state Mr Speaker, that the Government & taxpayer cannot do it alone. When Bermuda constructed the new acute care wing it was supported by \$24 million dollars of private sector fundraising by the Bermuda Hospitals Charitable Trust. The BHB has restarted fundraising activity, and I urge the private sector to assist in ensuring that our hospital can acquire the latest medical technology so that it can continue to provide top-tier life-saving healthcare on the island.

Support for GEHI Funding Shortfall

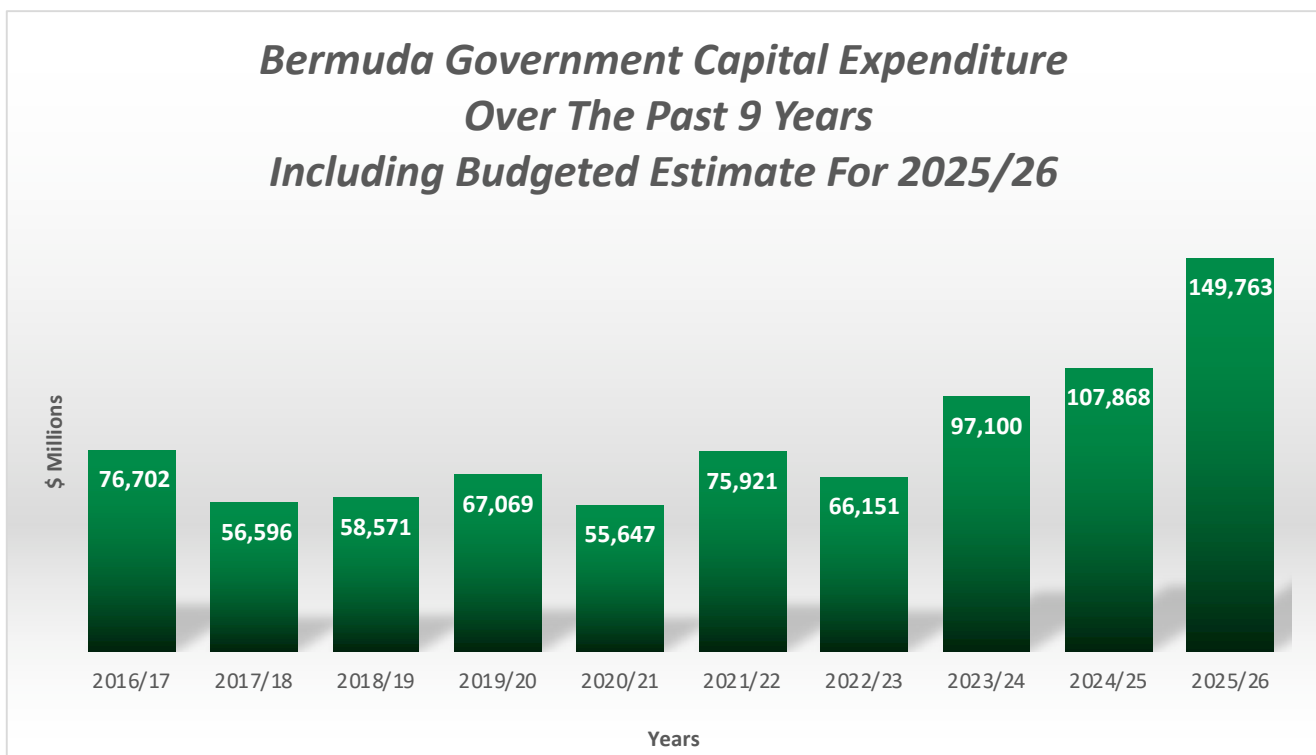
Finally, the Government Employee Health Insurance scheme has experienced a deficit in recent years, and shortfalls in funding have been financed from the excess borrowing account. This year, those shortfalls will be funded from the Consolidated Fund in the amount of \$18 million. This is not the full amount of the shortfall, which is estimated at \$31 million, however, GEHI rates will be increased for the first time since 2018 as part of the agreement with public sector employees and will be increased over the next 2 years to close this shortfall.

Managing Budgeted Expenditures

Mr Speaker, although this increase in current expenditure appears significant, it is necessary that the full amount of expected changes be put forward to this Honourable House in this Budget. However, as recent history has shown, it is unlikely that all funds appropriated will be spent. Public service recruitment normally lags behind forecasts, particularly in a tight labour market. As recent trends have shown, salary expenses are typically 8% lower than budgeted before retroactive pay increases are included. This year's Budget includes the full amount of negotiated pay increases as part of the union pay agreement. Given recent trends, the salaries spend will likely be closer to \$365 million, or \$20 million less than budget.

Mr Speaker, some may ask, if the Government is not expecting to spend all of these funds, why are they in the Budget? The answer is not simple, but it is a reality of public sector budgeting. If all these funds are not appropriated, then ministries will be constrained in the resources necessary to deliver public services that taxpayers expect. Experience has shown that it is better to allow these funds to be appropriated with the knowledge that some funds will not be spent, rather than try to reduce those funds prior to appropriation which results in reduced service delivery.

Mr Speaker, although the Government has made provision for significant additional investments in public services, healthcare, and our workforce, the expectation remains that current account expenditure will not reach the full \$1.11 billion that has been estimated. Any funds not spent will result in improved fiscal performance which the Government has experienced in every fiscal year since the pandemic.



Capital Expenditure

Mr Speaker, in last year's Budget the Government allocated the largest investment in capital expenditure in 14 years. This fiscal year we build on that significant investment with a provision for capital expenditure of \$149.8 million. This amount would represent the largest investment in our island's infrastructure since 2008 and is an increase of \$37 million compared to the 2024/25 original estimate. Investing funds for capital expenditure is essential because it lays the foundation for long-term economic growth and stability. By investing in physical and digital infrastructure, the Government can improve public services, foster job creation, and improve productivity in the public sector.

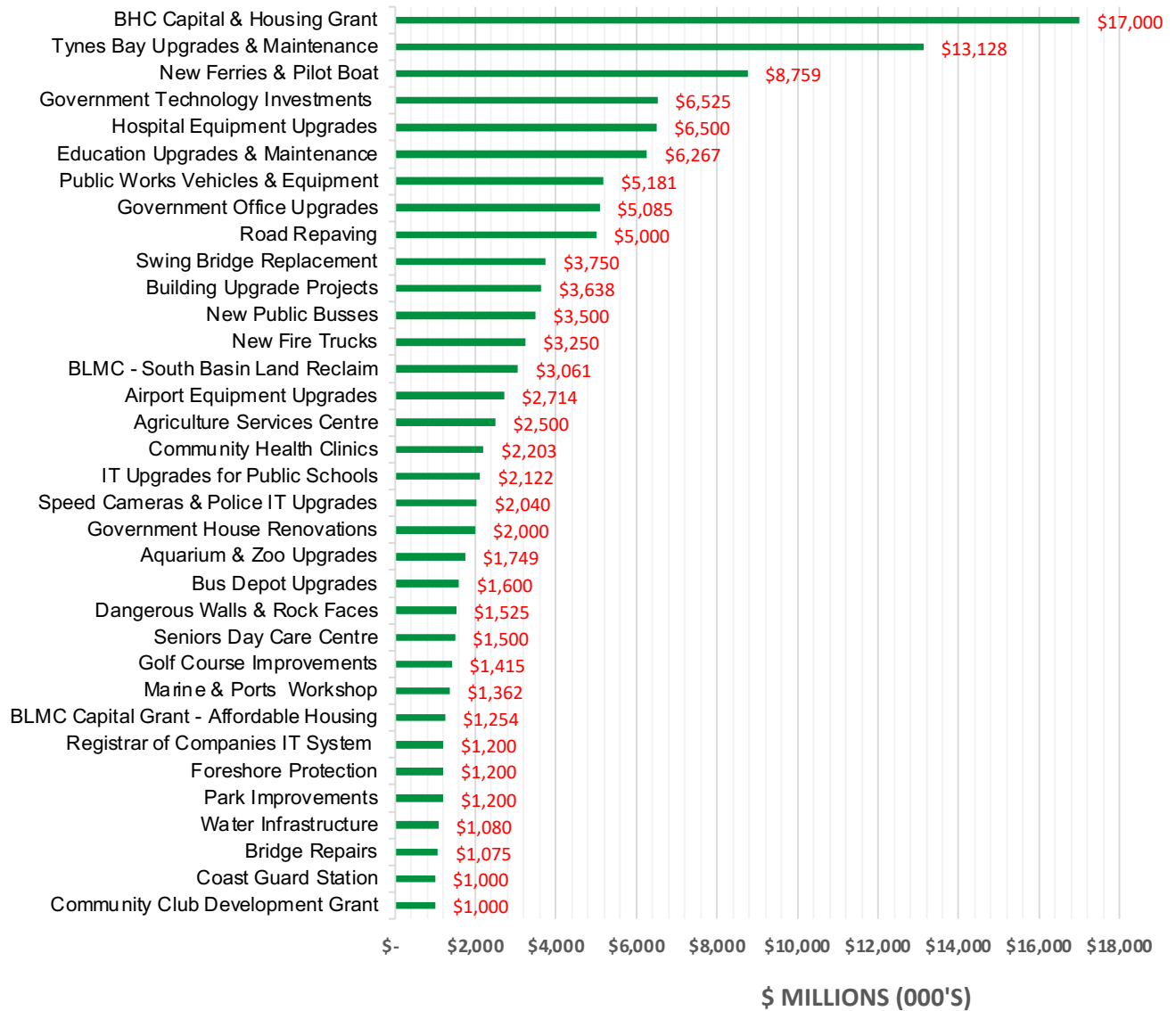
The most significant items of capital development in this Budget include road works and the installation of a new asphalt plant, investments in affordable housing, upgrades to the Tynes Bay Waste Treatment Facility, capital investments for the Hospital, and the commencement of the replacement of Swing Bridge. Projects such as the new Agricultural Services Centre; upgrades to the Bermuda Aquarium, Museum & Zoo; new facilities for signature schools and parish primary schools, and a new senior day care facility are also funded.

In terms of Capital Acquisitions, this budget allocates a record level of funding toward critical technology and equipment upgrades across Government. These investments include enhancements to the Government's IT infrastructure to support expanded online services, the procurement of new buses and ferries, upgrades to information technology and equipment for public schools, the installation of speed cameras to improve road safety, advanced border security technology, and new equipment for the Bermuda Fire & Rescue Service.

Mr Speaker, by investing in our infrastructure, from our roads and schools to public safety and digital services, this Government is ensuring that the essential services Bermudians rely on are strengthened, modernised, and maintained for the future.

Capital Projects Over \$1 Million (000's)

Fiscal Year 2025/26



Debt Service

Mr Speaker, debt service costs for the 2025/26 budget are projected to be \$127.5 million, largely in line with last fiscal year. There are no changes in long-term debt expected during this fiscal year, and with the prospect of budget surpluses for the foreseeable future, the amount of funds required to be committed to debt service is projected to decline in future fiscal years.

Projected Budget Surplus

Mr Speaker, to recap, revenue for Fiscal Year 2025/26 is expected to reach \$1.43 billion, which is 16% or \$198 million above the original estimates for 2024/25. Current Account Expenditure is estimated at \$1.11 billion, an increase of \$118 million, or 11.9 % above the original estimates for last year. The estimated Current Account Balance, before debt service, is expected to be \$320 million, \$80 million or 33% more than the original estimates for 2024/25.

The Current Account balance will cover the costs of servicing our debt, projected at \$127.5 million. This results in \$193.1 million of funds available to meet capital expenditure. Capital expenditure in Fiscal Year 2025/26 is estimated at \$149.7 million, \$37 million or 33% higher than the original estimate for 2024/25.

Mr Speaker, with the Budget that I have laid before this Honourable House today, this Progressive Labour Party Government is projecting a second consecutive Consolidated Fund surplus. This year's surplus of \$43.3 million is more than double the surplus achieved last year and places the country on an even stronger financial footing for the future.

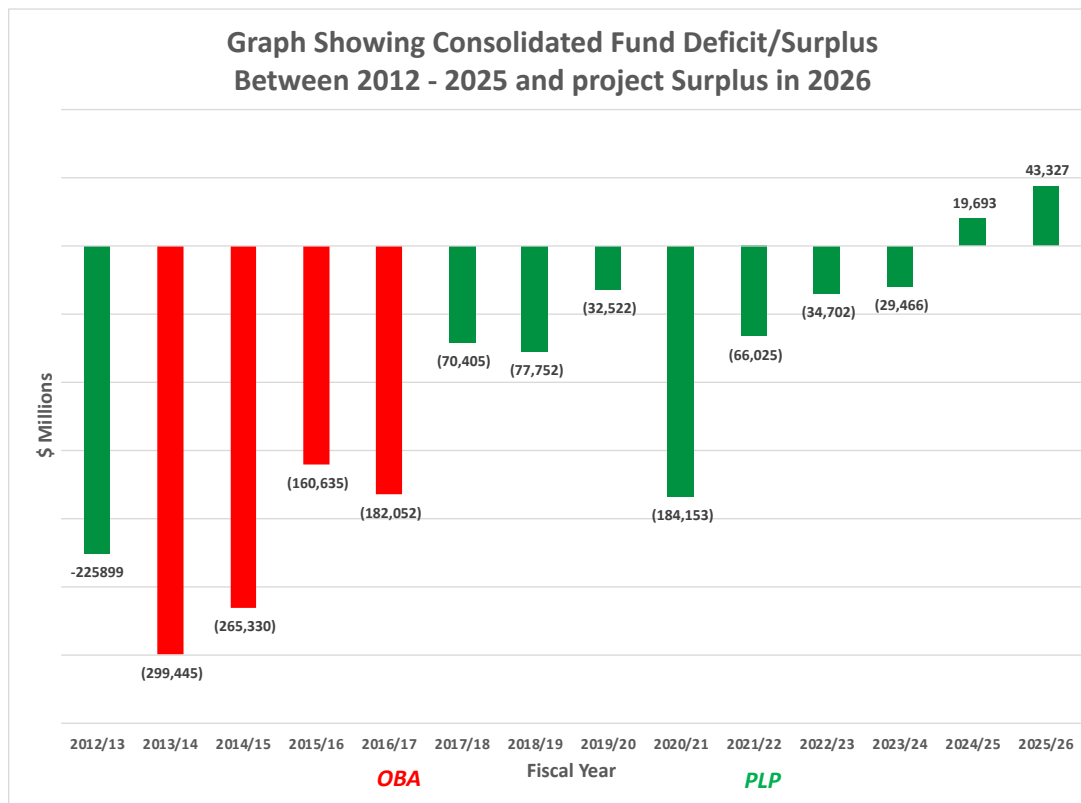
Mr Speaker, achieving and maintaining surpluses is critical to safeguarding Bermuda's financial stability. Surpluses provide the fiscal space needed to respond to global challenges without increasing the burden on Bermuda's taxpayers. Through disciplined financial management, combined with prudent investments, this Government will continue on a path to ensure Bermuda is positioned to reduce the Government's debt, leading to a brighter future for the next generation.

Government Debt

Mr Speaker, as of 31 March 2025, gross debt stood at \$3.29 billion. After accounting for the sinking fund, the island's net debt stands at \$3.25 billion.

At the end of Fiscal Year 2025/26, the sinking fund is projected to grow to \$85 million. This includes the \$40 million balance carried forward, anticipated surplus of \$43 million for Fiscal Year 2025/26, and anticipated interest earnings of \$2 million. Net debt is projected to decline to \$3.20 billion at 31 March 2026.

Mr Speaker, during Fiscal Year 2026/27, the Government expects to have sufficient reserves to repay at least \$500 million of Government debt, thereby reducing the Government's gross debt by \$500 million, ending the year with net debt of \$2.8 billion.



Ministry Highlights

Mr Speaker, this Budget fulfils the Government’s pledge to invest in our people and our island’s future. I will now cover highlights from various ministries that are funded in this Budget. It is vital that budgets match the pledges made in our Throne Speech, and this Budget delivers on those priorities.

Cabinet Office & Digital Innovation

Mr Speaker, The Cabinet Office has been allocated \$53.6 million, an increase of \$4 million (8%).

The ongoing digitisation of the Archives will expand public access to historical records and ensure their long-term preservation. The Digital Transformation Team, with an allocation of \$975,000, will continue advancing the One Stop Shop initiative for online government services. Priorities include expanding the online payment portal and building a unified digital interface to make more Government services accessible online.

Funding has been allocated to expand the Public Service Bursary Programme, increasing the number of scholarships awarded in exchange for a commitment to public service employment upon graduation.

Under Capital Expenditure, the Department of Information and Digital Technologies has received \$6.5 million in capital funding to strengthen cybersecurity, modernise network systems, and improve public access to digital government services, including continuing enhancements to the Government’s online portal. In addition, \$1 million of capital funding has been given for a new round of community club development grants, and \$500 thousand of capital funding is allocated for the cooperative food supply initiative.

Ministry of Justice

Mr Speaker, the Ministry of Justice has been allocated \$57.7 million, an increase of \$2.9 million (5%). This allocation will support various departments under the Ministry in fulfilling their mandates more effectively.

The Attorney-General's Chambers will enhance its resources and staffing levels to support the drafting of robust legislation and to provide comprehensive legal advice and representation to Government ministries and departments. These additional resources will prevent backlog and ensure that the Government can swiftly move forward with matters of law reform that will benefit all of Bermuda.

This year, the Judicial Department will benefit from capital expenditure funding to implement a new electronic case management system, which will modernise services and expedite justice. In addition, renovations to the Dame Lois Browne-Evans Building will begin this year to add purpose-built courtrooms and administrative space, aimed at easing pressure on the court system and reducing delays.

The Department of Corrections will recruit new corrections officers to restore operational capacity and meet security standards. Funds will be allocated to officer training and welfare, as well as enhanced and individualised rehabilitation and education programs for inmates that incorporate principles of restorative justice. Works will also commence this year on long overdue repairs at Westgate Correctional Facility

The Department of Court Services will complete its hiring initiative to strengthen the Department's ability to meet a broader range of client needs in-house, including support for the new Domestic Violence Court Programme.

Ministry of Finance

Mr Speaker, the Ministry of Finance has been allocated \$266.6 million, an increase of \$25.2 million (10%).

85% of the funds assigned to the ministry are for employee overheads (\$99.9 million) which has increased by \$19.8 million, and interest on debt (\$127.5 million). Most of the remaining increase is due to a \$4.8 million grant to the Corporate Income Tax Agency.

Key priorities for the Ministry include advancing pension reform while progressing critical international tax and regulatory reviews. Ministry Headquarters will support the Tax Reform Commission's work to recommend a revised tax framework for Bermuda. This will take place alongside the work required to support the Corporate Income Tax Agency (CITA) in implementing the new Corporate Income Tax. The Registrar of Companies will advance implementation of a central register for beneficial ownership, in line with Bermuda's international commitments.

The Ministry of Finance has been allocated \$2.1 million of capital funding, primarily for IT upgrades in the Registrar of Companies, Office of the Tax Commissioner, and the Accountant General.

Ministry of Education

The Ministry of Education has been allocated \$149.2 million, an increase of \$9.8 million (7%).

These funds will ensure programs thrive and necessary resources are in place to deliver quality, safe learning experiences. The Ministry's Scholarships and Awards have increased by \$222,525, bringing the total to \$1.8 million for post-secondary education, providing more opportunities for young adults to access funding and pursue their dreams.

A 26% increase in substitute teachers will support education reform efforts while assisting school leaders with day-to-day operations, in response to concerns raised by our cherished educators.

Capital funding has increased by 52% to support the infrastructure projects for the Harrington Sound & Elliot Parish Primary Schools opening in September 2025. This funding will also support the transformation of Prospect Primary to an Exceptionalities Signature School, and continued enhancements for Signature Schools at the Berkeley Institute, Cedarbridge Academy, and Sandys Secondary Middle School.

In addition to capital works, these additional funds will be used to improve technological infrastructure within schools, including updating computer labs, faster internet access, and incorporating more digital learning platforms into the curriculum.

Ministry of Health

Mr Speaker, the Ministry of Health has been allocated \$245.4 million, an increase of \$45 million (22%).

A significant portion of this funding supports the Bermuda Hospitals Board (BHB), including \$112.5 million in patient subsidies for youth, the elderly, and those in need, along with a \$42.1 million operational grant for the Mid-Atlantic Wellness Institute (MWI). As mentioned earlier, additional funding has been allocated for hospitals, the Health Insurance Department, and Ministry headquarters to launch universal healthcare. The BHB continues its efforts to enhance service quality through advancements in its electronic medical records system.

For capital projects, the Ministry has been allocated \$3.3 million for renovations at Mangrove Bay Clinic, St. George's Clinic, and Hamilton Health Centre, as well as architectural planning for the expansion of Sylvia Richardson Care Facility and Lefroy House.

Additionally, \$6.6 million of capital funding is designated for BHB infrastructure upgrades, maintenance, and system improvements at King Edward VII Memorial Hospital (KEMH) and MWI. The total capital allocation for 2025/26 reflects a 9.83% increase over the previous year.

Ministry of Economy & Labour

The Ministry of Economy and Labour has been allocated \$27.5 million, an increase of \$1.8 million (7%).

Funding will support the implementation of the Economic Development Strategy, with the Bermuda Economic Development Corporation receiving an additional \$100,000 to deliver Bermuda's first National Entrepreneurship Strategy. The Bermuda Business Development Agency's funding of \$4.23 million will continue to drive investment promotion and targeted economic growth initiatives.

At the Department of Immigration, an additional \$629,000 has been allocated to modernise the border management system, strengthen recruitment, and enhance customer service as part of the Department's digital transformation project.

The Department of Statistics will receive an additional \$816,000 to complete the Household Income and Expenditure Survey and begin preparations for the 2026 Census, including the hiring of Assistant Statisticians and the engagement of consultants to automate reporting.

The Department of Workforce Development's allocation increases by \$305,000, supporting greater access to overseas apprenticeships, local skills certifications, and job training programmes that prepare Bermudians for new economic opportunities.

Ministry of Public Works & Environment

Mr Speaker, the Ministry of Public Works and Environment has been allocated \$84.1 million, an increase of \$4.4 million (6%).

The Government has allocated an additional \$3.75 million in funding to commence the replacement of the Swing Bridge, a critical link between St. George's and the rest of the island. Maintaining and improving road infrastructure remains a priority, with \$5 million allocated again for road paving. Preparatory works for the new asphalt plant are fully funded and underway, which will enhance the efficiency and quality of future road maintenance.

To better manage stormwater and reduce flood risks, the Ministry will ensure sufficient funding for modern drainage cleaning equipment. In addition, over \$1 million has been allocated for the repair and restoration of large water tanks critical to the island's water supply, ensuring greater resilience during drought and periods of high demand.

Environmental stewardship remains central to our work. An additional \$400,000 will support coastal protection projects to combat erosion and safeguard shoreline communities. The refurbishment of the Tynes Bay Waste to-Energy facility also continues to advance, securing Bermuda's long-term environmental health.

Finally, to promote safety and enhance enjoyment at public beaches, the Government will invest in hiring additional full-time lifeguards who will provide expanded coverage at major beaches for the benefit of residents and visitors alike.

Ministry of Tourism & Transport, Culture & Sport

Mr Speaker, the Ministry of Tourism & Transport, Culture & Sport has been allocated \$101.6 million, an increase of \$3.7 million (4%).

\$8.7 million has been allocated to strengthen Bermuda's ferry fleet, supporting the delivery of two new 550-passenger ferries expected by the end of the year. In addition, \$404,000 has been provided to continue the rollout of the digital fare media system under the Shorelink project, modernising public transportation payment options for residents and visitors.

Capital funding of \$3.5 million has also been allocated for the purchase of additional electric buses, allowing the retirement of more diesel buses and improving the reliability and environmental sustainability of Bermuda's public bus service.

An increase of \$274,000 for the Department of Culture will expand grants to cultural organisations, enhance Bermuda Day celebrations, and support the induction of a new National Hero to strengthen national pride and cultural heritage.

The Department of Sport and Recreation has received an additional \$1.6 million, supporting the launch of the new Active Kids Programme under the National Sports Policy, salary uplifts at the National Sports Centre, and expansion of summer day camps to provide more affordable recreational opportunities for Bermuda's youth.

Ministry of National Security

The Ministry of National Security has been allocated a total of \$126.9 million, an increase of \$10.9 million (9%).

This funding will enable departments under the Ministry to fill 18 additional posts in the Bermuda Police Service, Customs, and the Cybersecurity Unit located in Ministry Headquarters. The Royal Bermuda Regiment Coast Guard has been allocated funding for the impending opening of the St. David's Coast Guard station. This station will result in Bermuda's maritime capabilities being significantly extended, particularly in the east end of Bermuda.

Funding will provide for the implementation of the Uniformed Services Training Programme, which aims to prepare Bermudians for careers in our uniformed services.

Funding has also been allocated for the provision of individual and family counselling, intervention initiatives, and educational programmes through our Gang Violence Reduction Team. Additional funding has been allocated for community and sports organisations to support their youth programmes and to enhance their security infrastructure.

Capital funding in the amount of \$9.3 million will cover the costs of completing the St David's Coast Guard Station, the Police Headquarters in Prospect, the purchase of new fire trucks, upgrades to the public safety communication system, a scanner for Customs at the Heritage Wharf in Dockyard, upgrades to the Police network servers, and a new building on the Hamilton docks to house Customs' x-ray machine.

Ministry of Youth, Social Development & Seniors

Mr Speaker, the Ministry of Youth, Social Development & Seniors has been allocated \$91.2 million, an increase of \$5.9 million (7%).

Funding has been allocated to support the hiring of a Project Manager to lead the implementation of the National Seniors Strategy as we work to improve the lives of older Bermudians. In addition, the Ministry will continue the successful dementia care pilot programme, which is providing vital navigation and support services to seniors who are uninsured or underinsured.

Recommendations from the Multi-Agency Risk Assessment Committee will be actioned with the introduction of a structured treatment programme for perpetrators of domestic abuse, and the hiring of a Domestic Abuse Liaison Social Worker to improve response and prevention efforts.

To support Bermuda's youth, funding has been allocated to fully restore staffing for the MIRRORS programme. In addition, long overdue wage increases have been provided for miscellaneous staff at Bermuda's community centres, many of whom have not seen a pay adjustment in more than fifteen years.

Finally, an intensive family preservation programme will be launched, supporting high-risk families with coordinated, immediate interventions to keep them safely together and address the root causes of instability.

Capital funding will progress the new senior daycare facility at the former Gilbert Institute site in Paget, with architectural planning now underway. This project will help provide much-needed care options for our ageing population and support families caring for elderly loved ones.

Ministry of Home Affairs

The Ministry of Home Affairs has been allocated \$5.8 million, an increase of \$856 thousand (17%).

Consumer Affairs has rejoined the Ministry Headquarters, and operational funding has been increased to accommodate additional personnel to advance the Throne Speech initiatives, with a particular focus on energy reform and addressing cost of living concerns.

The Ministry will hold a Cost of Living Summit in June focused on food and utility costs, confirming necessary legislative changes to provide economic relief and strengthen oversight across both regulated and unregulated sectors to ease cost pressures on residents and businesses.

The capital budget includes funding to upgrade the IT system within the Land Title and Registration Department, which is expected to assist in reducing the backlog of property and title registrations.

Ministry of Housing & Municipalities

The newly formed Ministry of Housing and Municipalities has been allocated \$7.5 million, an increase of \$1 million (15%).

Capital funding to the Bermuda Housing Corporation has increased by \$4.2 million (33%) to \$17 million. These funds will continue the record investment in affordable housing made by this Government and are expected to support the delivery of 30 additional affordable housing units in 2025.

Funding to the ministry will support the development of a long-term affordable housing strategy in collaboration with local stakeholders. Additional funding has been provided to complete the master planning for key residential neighbourhoods, including Mary Victoria Road, Alexandra Road, and Cedarpark, focusing on improvements to water and sewage infrastructure, lighting, and general home upgrades.

Building a Sustainable Future for Public Sector Pensions

Mr Speaker, in this budget, we do more than invest in today; we are also taking the necessary steps to ensure a secure fiscal future, and that means tackling the large unfunded liabilities in our public sector pensions.

Public Service Superannuation Fund (PSSF)

Following extensive consultation with our union partners, the Government will table amendments to the Public Service Superannuation Fund Act during this Budget session, placing the PSSF on a sustainable footing for the future. These changes reflect years of careful analysis and many rounds of consultation and revision. When implemented, they will eliminate the growing unfunded liability for the PSSF, ensuring that the commitments made to current and future public service retirees can be honoured.

These changes will result in phased increases in the age where public sector workers will be eligible to receive a pension; increases in contributions from 8% to 10% for most employees, and from 9.5% to 11.5% for uniformed service employees; and a revision to the calculation of the reference wage for retirement from the final salary, to the average salary for the last 10 years. Finally, these changes when passed will reintroduce annual cost of living increases for public sector retirees which have been frozen since 2014.

Mr Speaker, while the tabling of this bill will represent significant progress, there is more work to be done.

Contributory Pension Fund

Mr Speaker, with PSSF changes set to advance, the Ministry of Finance will turn our attention to the challenging task of securing the long-term sustainability of Bermuda's Contributory Pension Fund (CPF), which underpins the Social Insurance benefits for more than 14,000 Bermudians.

Mr Speaker, at the outset, let me address a misconception directly. Some have wrongly claimed that the need for reform in the CPF arises from mismanagement or misuse of funds. That is simply not true. The Contributory Pension Fund is soundly managed, prudently invested, and regularly reviewed by actuaries. The challenge we face is demographic. Like many nations around the world, we are grappling with longer life expectancies, fewer contributors, and rising benefit demands.

This is not unique to Bermuda. In the United Kingdom, the state pension age has been raised, with further increases scheduled. Barbados enacted major pension reforms in 2022 to prevent depletion of its National Insurance Fund. The United States Social Security Trust Fund will be exhausted in just over a decade if changes are not made. The Bahamas, Trinidad and Tobago, and the British Virgin Islands have all acknowledged similar pressures and begun their own difficult but necessary reform journeys. These realities are shared. And like others, Bermuda must take action.

Mr Speaker, the time for contemplation is over. With the reforms to the PSSF moving forward this year, Social Insurance must be reformed to reflect the realities of our time: a population living longer, and a contributor base that is no longer sufficient to sustain the growing number of beneficiaries. When Social Insurance was put into place, life expectancy was less than 65, now, life expectancy is 81 years. Advances in modern medicine have extended lifespans, a welcome achievement, but one that means the Fund is now supporting more people for longer periods than it was ever designed to do.

To ensure our pension system can continue, as a community, we must adjust our expectations as we plan for our retirement. Why is this necessary? Because today's 45-year-old — who has contributed to the Fund for 20 years, who still has nearly 20 more years left to contribute — deserves to know that the Fund will be there when they retire. If we fail to act, we will fail them, and this Progressive Labour Party Government will not fail those who have paid into a system with the expectation of receiving a benefit when they retire.

Mr Speaker, this Government will bring forward proposals to ensure that Bermuda's Social Insurance system is not only sustainable, but more equitable. These changes will include adjustments to contributions combined with a phased increase in the age that contributors can receive social insurance benefits.

Mr Speaker, we welcome bipartisan cooperation on this vital national issue as pension sustainability should not be a partisan matter. It is a question of economic security for future generations, driven not by politics, but by the realities of changing demographics.

Mr Speaker, the Government remains fully committed to our policy of increasing pensions in line with the rate of inflation and will do so again this year. However, until a full Social Insurance reform package is implemented in 2026, that continued commitment, while necessary to protect our seniors, also means there must be increased contributions.

Mr Speaker, the Progressive Labour Party has demonstrated consistent fiscal responsibility. We have balanced the budget while supporting families, investing in housing and expanded healthcare. Our legacy will be one of sound economic management — not only by balancing the books but ensuring that our public pensions are stable and fair for generations to come.

That is the true test of leadership, the true record of fiscal responsibility — doing what is right, even if it is hard.

Progress on Tax Reform

Mr Speaker, meaningful progress has been made to modernise Bermuda's tax system. Reforms must be anchored in fairness, aligned with global standards, and focused on long-term stability. The introduction of the Corporate Income Tax (CIT) marks a major shift, and with implementation now underway, broader reforms are expected to ensure Bermuda remains a jurisdiction of choice for international business.

Corporate Income Tax

Mr Speaker, on 1 January 2025, Bermuda's new Corporate Income Tax regime took effect, and the new Corporate Income Tax Agency (CITA) has been set up to administer this new regime. The CITA's role is paramount to reinforcing Bermuda's continuing commitment to global compliance and transparency, and maintaining Bermuda's international competitive positioning.

A tax professional with significant relevant experience joined the CITA as CEO in January 2025. He is in the process of progressing the workplan and road map, including hiring further qualified employees to operate the agency to ensure the implementation is a success.

As part of the road map, the CITA is implementing a Tax Administration Platform (TAP) which will be the key interface and collection vehicle for taxpayers. This platform will provide a modern digital interface so that taxpayers can liaise effectively with the CITA. The CITA is tasked with balancing the effective collection and determination of tax liabilities with the need to minimise taxpayer's administration and compliance costs.

Mr Speaker, the CITA has been granted an operational grant of \$4.78 million in 2025/26 which is in line with last year's grant. Further funding will be required in the current year to support successful implementation of the IT system infrastructure and to ensure there are the required staff and related resources. It is envisaged that the CITA will be self-funding in future years through the interest from revenues that they collect and any additional funding for this year will likely be as a loan against that future expected revenue.

The full year tax filings for 2025 will be due in 2026, however, the CITA will collect the first instalments in August 2025. This Budget includes prudent revenue estimates of \$187.5 million and allows sufficient headroom to support any variability in receipts and, as necessary, adjustments to payments made.

Mr Speaker, the Corporate Income Tax Agency and the Ministry of Finance will continue to work together on all legislative changes relating to CIT. We will continue to hold public consultations to ensure legislation is developed to meet our international obligations whilst addressing the needs of our community.

Recent Global Developments

Mr Speaker, the work to implement the new Corporate Income Tax has required a herculean effort from Ministry of Finance staff, external technical experts, industry bodies, and colleagues at the Corporate Income Tax Agency. We are grateful for the support and will maintain this collaborative approach as we continue to develop legislation in support of successful implementation.

Mr Speaker, we acknowledge that work is ongoing globally to finalise the details of the Global Tax Framework, and we are actively engaged in monitoring developments through our international advocacy. Of course, there are ongoing discussions on how best to achieve the balance of tax sovereignty, certainty, and fairness. Bermuda will continue to participate in these discussions to support the achievement of a fair outcome for all. We recognise that this is a significant change in the jurisdiction's tax framework and that implementation of the Corporate Income Tax is an important step required for this jurisdiction to remain globally competitive.

Tax Reform Commission

Mr Speaker, this change in our framework requires diverse thinking and collaboration amongst those with technical expertise who have a vested interest in a stable and secure economic future for our island. The Tax Reform Commission is nearing the conclusion of its work to make recommendations to the Government on tax reform to sustain Bermuda's economic strengths, reduce the cost of living and doing business, and to support increased equity with the advent of the new Corporate Income Tax.

Their work has significantly progressed through three key workstreams:

First, Mr Speaker, they are reviewing the implications of the CIT for local and international business. They also have a broader remit to recommend a framework to encourage investment and economic activity in Bermuda through appropriate incentives.

Second, the focus is on reducing the cost of living and business operations and the opportunity to assist with equity in Bermuda. This includes evaluating the social and economic impacts of proposed reforms on various demographics and modelling the impacts of revising two larger cost categories – payroll tax and healthcare – for both individuals and companies.

Third, the TRC have been working to inform, educate, and engage stakeholders. This education has been through town hall meetings, radio, and a website for public engagement. Over thirty stakeholder group meetings have been held since the start of the TRC's work. This "listening tour" has provided a strong indication of the various stakeholder preferences that the TRC will seek to address over the medium term through their recommendations.

The Government looks forward to receiving the report of the Tax Reform Commission in June 2025 and is committed to implementing recommendations arising from their report during the 2025/26 Fiscal Year. This will provide stability and certainty to our international business community while embracing the reforms that may bring fairness to Bermuda's tax system.

Making Government Work Better for You

Mr Speaker, last year, as promised in the 2024 Budget Statement, the Government launched the Red Tape Reduction Consultation, inviting feedback from individuals, businesses, and organisations across Bermuda. This consultation closed in May 2024 and received nearly 100 submissions, reflecting a wide range of thoughtful suggestions on how to streamline processes, enhance accessibility, and make government services more efficient.

Since then, we have honoured that call by advancing a series of impactful enhancements grounded in the feedback we received.

Mr Speaker, on 1 July 2024, the Government launched pay.gov.bm, initially enabling residents to pay for parking tickets quickly and conveniently online. This platform will continue to expand, eventually supporting nearly all transactions that currently require a visit to a cashier.

Mr Speaker, in February, we upgraded the Online Services section of the Government's website. This new site offers simplified navigation, enhanced search functionality, digital application submissions, permit requests, and online payments.

Additionally, in response to the public's requests for more accessible services for Social Insurance needs, the Department of Social Insurance has enhanced its digital capabilities. Applications for pensions, name changes, contribution records, and various benefits can now be accessed online via socialinsurance.gov.bm. This move enhances convenience, significantly cuts down on paperwork and processing time.

Mr Speaker, one specific area for which respondents to the Red Tape Reduction consultation submitted ideas was simplifying processes at the Transport Control Department. The Government took this feedback on board and implemented more digitised services for TCD. On 31 March 2025, the Department launched the first phase of these services, which are now available on at forms.gov.bm with online applications for Project Ride Instructors; Exemptions for Tint, Seatbelt, Signage, and Licensing Fees; and Importation and Replacement of Vehicles and Vehicle Parts.

These services represent just the beginning. In the coming months, more TCD services and applications will be digitised, continuing our work to modernise how residents interact with government services by reducing in-person visits, eliminating outdated manual processes, and increasing processing efficiency.

Mr Speaker, we are delivering on the responses made in the Red Tape Reduction Consultation.

The combined investment across government in new IT programs and applications is \$15 million. This year we will see more applications placed online, additional online services launched, and improved customer experiences from the Department of Immigration to the Judiciary, to the Office of the Tax Commissioner, and on public transport. To aid in simplifying navigation of government services and laws, we will implement AI powered customer support, allowing people to better find the information they need from the Government at any time, not just during working hours.

Cutting red tape is not merely about eliminating unnecessary steps; it is also about reshaping the way people experience and interact with the Government. While there is still work to do, the progress we have made demonstrates our commitment to listening to the people we serve. We will continue to modernise, streamline, and innovate, making it easier for Bermudians to get the services they need.

Acknowledgements

Mr Speaker, before I conclude my presentation today, I must thank the persons who made this budget surplus 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 statement, many others have done the work.

I wish to pay homage to the Ministers and the Public Service Executive, the Heads of Department, and the ministry controllers who have laboured to ensure that we complete the Estimates of Revenue & Expenditure in good time.

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, who work with Ministries to ensure budget control and the preparation of this year's budget book, and the communications team who ensure the document is printed on time.

I would also like to thank the public officers who deliver government services to the residents of Bermuda, and I must recognise the Honourable Members of the Government backbenches who I have no doubt will hold this Government's feet to the fire, ensuring that the priorities of the Government match the feedback from the doorsteps.

Conclusion

Mr Speaker, the world's political and economic landscape is shifting before our very eyes. Institutions that once commanded deference now face growing scepticism. A decade ago, we spoke of adjusting to a "new normal." Today, Mr Speaker, there is no normal — new or otherwise.

We are global citizens shaped by a shared past. Nations that once found common ground in measured immigration, public engagement, and expanding trade find those shared goals now under strain. And while today we can still find stability, the real question is: what does tomorrow bring?

Mr Speaker, these global changes demand that Bermuda be prepared to meet the challenges that could so easily beset us. Uncertainty must be matched by strong leadership and a clear vision for the future. The Progressive Labour Party has always been a Party of vision both in Opposition and in Government. In January of 1997, the Jennifer Smith who was not yet Premier set out this Party's timeless vision for the International Companies Division of the Chamber of Commerce. She said:

"Bermuda must become a place where we work together to meet our responsibilities, where people's differences are respected so that we live together in harmony, a place where hard work is rewarded fairly and equitably..... There is only one way an economy like ours can succeed in the new global marketplace. The greater the opportunities in education and work for each of us, the better the prosperity for all of us....Fairness will be the rule and social justice the hallmark of public policy."

Dame Jennifer H Smith, JP
January 1997

Mr Speaker, building that fairer, more stable, and affordable Bermuda is no slogan formulated in the quest for votes. It is the core philosophy that undergirds all that the Progressive Labour Party, over generations, has set out to do. Three successive mandates won in varying economic conditions is a clear indication that the people of Bermuda know that we, the PLP, have their best interests at heart.

Mr Speaker, our economic success does not make us triumphant. The facts in support of our policies' positive impact on the people of Bermuda represent a discharge of the solemn trust placed in us by the people. The pride in what we have achieved since 2017 is tempered by a healthy dose of humility, because we know that there is much more work to be done.

Mr Speaker, as I commend these Estimates of Revenue & Expenditure to this Honourable House, I do so, on behalf of my parliamentary colleagues and the members of the Bermuda Progressive Labour Party - staying true to the ideals of those women and men who ushered in the greatest era of political change Bermuda has seen. When we act together, when we lead with fairness, and when we keep our focus on what matters - **the people**; Bermuda, and Bermudians will always prosper.

This Budget further cements our determination that **all** should benefit from the economic success of Bermuda, and Mr Speaker, this Budget will deliver a fairer, more stable, and affordable Bermuda for all.

Table I

**GOVERNMENT
OF
BERMUDA**

**SUMMARY OF
CONSOLIDATED FUND
ESTIMATES FOR 2025/26 TO 2027/28**

| ACTUAL 2023/24 \$000 | | ORIGINAL ESTIMATE 2024/25 \$000 | REVISED ESTIMATE 2024/25 \$000 | ESTIMATE 2025/26 \$000 | ESTIMATE 2026/27 \$000 | ESTIMATE 2027/28 \$000 |
|---|---|--|---|------------------------------|------------------------------|------------------------------|
| Revenue and Expenditure Estimates | | | | | | |
| 1,176,703 | 1 Revenue | 1,232,341 | 1,248,468 | 1,243,148 | 1,238,658 | 1,194,011 |
| 0 | 1a. Corporate Income Tax | 0 | 0 | 187,500 | 600,000 | 600,000 |
| 1,176,703 | TOTAL REVENUE | 1,232,341 | 1,248,468 | 1,430,648 | 1,838,658 | 1,794,011 |
| 977,599 | 2 Current Account Expenditure(excl.debt & s/fund) | 992,017 | 992,145 | 1,053,778 | 1,085,391 | 1,117,953 |
| 0 | 2a. Healthcare Investment | 0 | 0 | 56,250 | 65,000 | 75,000 |
| 977,599 | TOTAL EXPENDITURE | 992,017 | 992,145 | 1,110,028 | 1,150,391 | 1,192,953 |
| 199,104 | 3 Current Account Balance(excl.debt & s/fund) | 240,324 | 256,323 | 320,620 | 688,267 | 601,058 |
| 131,470 | 4 Interest on Debt /Guarantee Management | 127,777 | 128,760 | 127,527 | 127,527 | 105,053 |
| 67,634 | 5 Surplus Available for Capital Expenditure | 112,547 | 127,563 | 193,093 | 560,740 | 496,005 |
| 97,100 | 6 Capital Expenditure (See line 15 below) | 112,337 | 107,870 | 149,766 | 162,000 | 200,000 |
| (29,466) | 7 Budget Surplus (Deficit) | 210 | 19,693 | 43,327 | 398,740 | 296,005 |
| Capital Appropriations | | | | | | |
| 96,007 | 8 Appropriations in Original Estimates | 112,337 | 107,870 | 149,766 | 162,000 | 200,000 |
| 460 | 9 Supplementary Appropriations | 0 | 0 | 0 | 0 | 0 |
| 96,467 | 10 Appropriated During the Year | 112,337 | 107,870 | 149,766 | 162,000 | 200,000 |
| (10,254) | 11 Appropriations Lapsed | 0 | 0 | 0 | 0 | 0 |
| 86,213 | 12 Net Appropriations | 112,337 | 107,870 | 149,766 | 162,000 | 200,000 |
| 13,874 | 13 Unspent Appropriations from Prior Year | 0 | 2,987 | 0 | 0 | 0 |
| 100,087 | 14 Appropriations to Meet Spending | 112,337 | 110,857 | 149,766 | 162,000 | 200,000 |
| 97,100 | 15 Capital Spending | 112,337 | 107,870 | 149,766 | 162,000 | 200,000 |
| 2,987 | 16 Unspent Appropriations Carried Forward | 0 | 2,987 | 0 | 0 | 0 |
| Consolidated Fund Balance (March 31) | | | | | | |
| 1,000 | 17 Contingency Fund | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| 2,987 | 18 Unspent Capital Appropriations | 0 | 2,987 | 0 | 0 | 0 |
| (4,102,153) | 19 Undesignated Surplus (Deficit) | (4,098,956) | (4,082,460) | (4,036,146) | (3,637,406) | (3,341,401) |
| (4,098,166) | 20 Consolidated Fund Surplus (Deficit) | (4,097,956) | (4,078,473) | (4,035,146) | (3,636,406) | (3,340,401) |

| TYPE | DESCRIPTIONS | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|---------------------------------|---|------------------|------------------|------------------|------------------|
| Revenue | Growth and Tax Reform | 6.1% | 16.1% | 32.7% | -2.4% |
| Expenditure | Spending Reductions/Increases | 1.5% | 11.9% | 3.6% | 3.7% |
| Debt Refinance/ Repayment | Senior Notes Due \$000 | | | (500,000) | |
| 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 | 3,253,942 | 3,208,617 | 2,793,614 | 2,485,189 |

Table II

ANALYSIS OF CURRENT ACCOUNT REVENUE

| HEAD | REVENUE DESCRIPTION | 2023/24 ACTUAL (\$000) | 2024/25 ORIGINAL (\$000) | 2024/25 REVISED (\$000) | 2025/26 ESTIMATE (\$000) | DIFFERENCE 2024/25 vs 2025/26 (\$000) % | |
|-------------------------------------|-----------------------------------|------------------------------|--------------------------------|-------------------------------|--------------------------------|---|-----------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| TAXES & DUTIES | | | | | | | |
| 10 | CORPORATE INCOME TAX | 0 | 0 | 0 | 187,500 | 187,500 | 0 |
| 12 | CUSTOMS DUTY | 227,648 | 233,864 | 225,000 | 214,887 | (18,977) | (8) |
| 38 | PASSENGER TAXES | 22,780 | 26,400 | 25,000 | 23,200 | (3,200) | (12) |
| 38 | STAMP DUTIES | 24,140 | 27,500 | 24,500 | 25,113 | (2,387) | (9) |
| 38 | LAND TAX | 88,729 | 91,250 | 89,500 | 87,000 | (4,250) | (5) |
| 38 | FOREIGN CURRENCY PURCHASE TAX | 31,352 | 31,108 | 32,168 | 32,972 | 1,864 | 6 |
| 38 | PAYROLL TAX | 537,004 | 580,459 | 606,500 | 621,663 | 41,204 | 7 |
| 38 | HOTEL OCCUPANCY | 7,146 | 5,500 | 7,100 | 7,100 | 1,600 | 29 |
| 38 | CORPORATE SERVICE TAX | 5,315 | 5,250 | 5,800 | 5,800 | 550 | 10 |
| 38 | FINANCIAL SERVICES TAX | 13,585 | 14,611 | 14,880 | 15,252 | 641 | 4 |
| 38 | TRANSPORT INFRASTRUCTURE TAX | 10,648 | 12,000 | 11,600 | 10,900 | (1,100) | (9) |
| 38 | TIMESHARING TAX | 33 | 31 | 31 | 31 | 0 | 0 |
| 94 | SALE OF LAND TO NON-BERMUDIANS | 5,340 | 5,500 | 5,500 | 5,500 | 0 | 0 |
| FEES, PERMITS & LICENCES | | | | | | | |
| 03 | LIQUOR LICENCES | 975 | 913 | 1,012 | 913 | 0 | 0 |
| 12 | OTHER CUSTOMS FEES & CHARGES | 2,167 | 2,320 | 2,046 | 2,223 | (97) | (4) |
| 12 | WHARFAGE | 929 | 951 | 1,180 | 1,180 | 229 | 24 |
| 13 | POST OFFICE | 1,929 | 2,914 | 2,419 | 2,500 | (414) | (14) |
| 27 | IMMIGRATION RECEIPTS | 17,655 | 21,631 | 19,033 | 18,561 | (3,070) | (14) |
| 29 | TRADE & SERVICE MARK | 1,969 | 1,762 | 1,997 | 1,950 | 188 | 11 |
| 30 | FERRY SERVICES | 638 | 848 | 607 | 850 | 2 | 0 |
| 30 | SERVICES TO SEABORNE SHIPPING | 4,166 | 4,084 | 3,289 | 4,135 | 51 | 1 |
| 32 | PLANNING FEES AND SEARCHES | 1,566 | 1,430 | 1,525 | 1,525 | 95 | 7 |
| 34 | VEHICLE LICENCES AND REGISTRATION | 30,176 | 31,540 | 30,973 | 31,540 | 0 | 0 |
| 35 | BUS REVENUES | 4,215 | 4,179 | 5,186 | 5,525 | 1,346 | 32 |
| 36 | SOLID WASTE | 5,081 | 4,865 | 4,865 | 4,865 | 0 | 0 |
| 36 | WATER | 1,403 | 4,000 | 4,000 | 4,000 | 0 | 0 |
| 36 | RENTALS | 3,254 | 3,596 | 3,560 | 3,603 | 7 | 0 |
| 39 | COMPANIES - INTERNATIONAL | 68,519 | 71,700 | 70,200 | 70,200 | (1,500) | (2) |
| 39 | COMPANIES LOCAL | 2,886 | 3,317 | 3,317 | 3,317 | 0 | 0 |
| 39 | COMPANIES LICENCES | 857 | 958 | 1,027 | 816 | (142) | (15) |
| 79 | PLANT PRODUCTION & MARKETING CTRE | 210 | 216 | 200 | 203 | (13) | (6) |
| 89 | TELECOMMUNICATIONS RECEIPTS | 18,783 | 17,171 | 17,168 | 15,208 | (1,963) | (11) |
| OTHER RECEIPTS | | | | | | | |
| 03 | FINES AND FORFEITURES | 2,137 | 2,711 | 2,505 | 3,133 | 422 | 16 |
| 11 | INTEREST ON DEPOSITS | 11,142 | 2,000 | 1,500 | 500 | (1,500) | (75) |
| | OTHER REVENUE | 22,326 | 15,765 | 23,280 | 16,983 | 1,218 | 8 |
| | | 1,176,703 | 1,232,344 | 1,248,468 | 1,430,648 | 198,304 | 16 |

Table III

SUMMARY BY DEPARTMENT OF CURRENT ACCOUNT EXPENDITURE

| HEAD | DESCRIPTION | 2023/24 | 2024/25 | 2024/25 | 2025/26 | DIFFERENCE | | |
|--------------------------|-----------------------------------|---------|----------|---------|---------|------------|---------|--|
| | | ACTUAL | ORIGINAL | REVISED | | ESTIMATE | 2024/25 | |
| | | (\$000) | (\$000) | (\$000) | | (\$000) | vs | |
| (1) | (2) | (3) | (4) | (5) | (6) | 2025/26 | % | |
| | | | | | | (\$000) | (8) | |
| NON-MINISTRY DEPARTMENTS | | | | | | | | |
| 01 | GOVERNOR & STAFF | 1,471 | 1,411 | 1,511 | 1,484 | 73 | 5 | |
| 02 | LEGISLATURE | 4,986 | 5,441 | 5,430 | 5,811 | 370 | 7 | |
| 05 | OFFICE OF THE AUDITOR | 3,676 | 4,180 | 3,742 | 4,397 | 217 | 5 | |
| 56 | HUMAN RIGHTS COMMISSION | 1,291 | 1,380 | 1,390 | 1,434 | 54 | 4 | |
| 63 | PARLIAMENTARY REGISTRAR | 700 | 1,279 | 1,758 | 1,333 | 54 | 4 | |
| 85 | OMBUDSMAN'S OFFICE | 975 | 1,050 | 1,049 | 1,100 | 50 | 5 | |
| 92 | INTERNAL AUDIT | 837 | 1,055 | 1,003 | 1,115 | 60 | 6 | |
| 98 | INFORMATION COMMISSIONER'S OFFICE | 1,073 | 1,117 | 1,117 | 1,200 | 83 | 7 | |
| 101 | PRIVACY COMMISSIONER'S OFFICE | 1,970 | 2,130 | 2,130 | 2,242 | 112 | 5 | |
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Table III

SUMMARY BY DEPARTMENT OF CURRENT ACCOUNT EXPENDITURE

- continued

| | | | | | DIFFERENCE | | |
|--|---|------------------------------|--------------------------------|-------------------------------|--------------------------------|----------|-------|
| | | | | | 2024/25 | | |
| | | | | | vs | | |
| | | | | | 2025/26 | | |
| HEAD | DESCRIPTION | 2023/24 ACTUAL (\$000) | 2024/25 ORIGINAL (\$000) | 2024/25 REVISED (\$000) | 2025/26 ESTIMATE (\$000) | (\$000) | % |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| MINISTRY OF HEALTH | | | | | | | |
| 21 | MIN. OF HEALTH HQ | 9,668 | 10,302 | 10,082 | 15,634 | 5,332 | 52 |
| 22 | DEPT. OF HEALTH | 29,013 | 31,300 | 30,163 | 36,764 | 5,464 | 17 |
| 24 | HOSPITALS | 171,553 | 155,398 | 155,485 | 177,141 | 21,743 | 14 |
| 91 | HEALTH INSURANCE | 2,853 | 3,442 | 2,592 | 15,901 | 12,459 | 362 |
| | | 213,087 | 200,442 | 198,322 | 245,440 | 44,998 | 22 |
| MINISTRY OF ECONOMY & LABOUR | | | | | | | |
| 44 | MIN. OF ECONOMY & LABOUR HQ | 1,397 | 1,201 | 1,451 | 1,075 | (126) | (10) |
| 14 | DEPT. OF STATISTICS | 2,012 | 2,542 | 2,542 | 3,358 | 816 | 32 |
| 27 | IMMIGRATION | 5,599 | 6,238 | 6,238 | 6,867 | 629 | 10 |
| 29 | REGISTRY GENERAL | 1,692 | 1,801 | 1,814 | 1,944 | 143 | 8 |
| 60 | WORKFORCE DEVELOPMENT | 3,830 | 4,214 | 4,426 | 4,519 | 305 | 7 |
| 94 | DEPT. OF ECONOMIC DEVELOPMENT | 7,277 | 8,426 | 8,424 | 8,623 | 197 | 2 |
| 99 | DEPT. OF LABOUR | 0 | 1,272 | 1,272 | 1,199 | (73) | (6) |
| | | 21,807 | 25,694 | 26,167 | 27,585 | 1,891 | 7 |
| MINISTRY OF PUBLIC WORKS & ENVIRONMENT | | | | | | | |
| 36 | MIN. OF PUBLIC WORKS & ENVIRONMENT HQ | 10,547 | 6,327 | 5,565 | 6,620 | 293 | 5 |
| 68 | PARKS | 8,357 | 10,269 | 8,485 | 11,547 | 1,278 | 12 |
| 79 | ENVIRONMENT AND NATURAL RESOURCES | 8,205 | 8,869 | 8,299 | 9,148 | 279 | 3 |
| 81 | PUBLIC LANDS & BUILDINGS | 22,203 | 21,766 | 23,934 | 22,469 | 703 | 3 |
| 82 | WORKS & ENGINEERING | 36,303 | 32,436 | 37,934 | 34,316 | 1,880 | 6 |
| | | 85,615 | 79,667 | 84,217 | 84,100 | 4,433 | 6 |
| MINISTRY OF TOURISM & TRANSPORT, CULTURE & SPORT | | | | | | | |
| 71 | MIN. OF TOURISM & TRANSP., CULT. & SPRT. HQ | 908 | 19,061 | 18,363 | 34,079 | 15,018 | 79 |
| 20 | SPORT & RECREATION | 9,893 | 8,335 | 8,181 | 9,948 | 1,613 | 19 |
| 30 | MARINE & PORTS | 20,571 | 22,996 | 20,879 | 23,787 | 791 | 3 |
| 34 | TRANSPORT CONTROL DEPARTMENT | 4,937 | 5,561 | 4,825 | 6,008 | 447 | 8 |
| 35 | PUBLIC TRANSPORTATION | 22,668 | 23,840 | 22,274 | 25,279 | 1,439 | 6 |
| 48 | MIN. OF TRANSPORT HQ | 15,270 | 15,849 | 15,642 | 0 | (15,849) | (100) |
| 52 | DEPARTMENT OF CULTURE | 1,619 | 2,223 | 1,821 | 2,497 | 274 | 12 |
| | | 75,866 | 97,865 | 91,985 | 101,598 | 3,733 | 4 |
| MINISTRY OF NATIONAL SECURITY | | | | | | | |
| 83 | MIN. OF NATIONAL SECURITY HQ | 2,000 | 3,170 | 2,873 | 4,966 | 1,796 | 57 |
| 06 | DEFENCE | 8,445 | 8,827 | 8,318 | 9,810 | 983 | 11 |
| 07 | POLICE | 63,791 | 64,838 | 66,712 | 69,769 | 4,931 | 8 |
| 12 | CUSTOMS | 17,851 | 18,372 | 18,372 | 19,493 | 1,121 | 6 |
| 45 | FIRE SERVICES | 20,033 | 16,825 | 20,382 | 17,916 | 1,091 | 6 |
| 88 | NATIONAL DRUG CONTROL | 3,758 | 4,054 | 3,791 | 5,035 | 981 | 24 |
| | | 115,878 | 116,086 | 120,448 | 126,989 | 10,903 | 9 |
| MINISTRY OF YOUTH, SOCIAL DEVELOPMENT & SENIORS | | | | | | | |
| 86 | MIN. OF YOUTH, SOCIAL DEV. & SENIORS HQ | 6,878 | 11,494 | 11,294 | 14,111 | 2,617 | 23 |
| 23 | CHILD & FAMILY SERVICES | 18,658 | 19,680 | 19,218 | 21,133 | 1,453 | 7 |
| 55 | FINANCIAL ASSISTANCE | 53,029 | 54,121 | 55,197 | 56,030 | 1,909 | 4 |
| | | 78,565 | 85,295 | 85,709 | 91,274 | 5,979 | 7 |

Table III

SUMMARY BY DEPARTMENT OF CURRENT ACCOUNT EXPENDITURE
- continued

| HEAD | DESCRIPTION | 2023/24 | 2024/25 | 2024/25 | 2025/26 ESTIMATE | DIFFERENCE | |
|--------------------------------------|-------------------------------------|-----------|-----------|-----------|---------------------|------------|-----|
| | | | | | | 2024/25 | |
| | | ACTUAL | ORIGINAL | REVISED | | vs | |
| (1) | (2) | (\$000) | (\$000) | (\$000) | (\$000) | % | |
| | | (3) | (4) | (5) | (6) | (7) | (8) |
| MINISTRY OF HOME AFFAIRS | | | | | | | |
| 93 | MIN. OF HOME AFFAIRS HQ | 1,072 | 1,856 | 1,796 | 3,584 | 1,728 | 93 |
| 89 | ENERGY | 711 | 503 | 550 | 526 | 23 | 5 |
| 97 | LAND TITLE & REGISTRATION | 1,378 | 1,575 | 1,575 | 1,657 | 82 | 5 |
| | | 3,161 | 3,934 | 3,921 | 5,767 | 1,833 | 47 |
| MINISTRY OF HOUSING & MUNICIPALITIES | | | | | | | |
| 90 | MIN. OF HOUSING & MUNICIPALITIES HQ | 0 | 0 | 0 | 914 | 914 | 0 |
| 53 | BERMUDA HOUSING CORP | 6,550 | 6,550 | 6,640 | 6,640 | 90 | 1 |
| | | 6,550 | 6,550 | 6,640 | 7,554 | 1,004 | 15 |
| | | | | | | | |
| | | 1,109,065 | 1,119,795 | 1,120,905 | 1,237,555 | 117,760 | 11 |

Table IV

ANALYSIS OF CURRENT ACCOUNT EXPENDITURE BY OBJECT ACCOUNT

| EXPENDITURE | | | | | DIFFERENCE | |
|---------------------------|-----|------------------------------|--------------------------------|-------------------------------|--------------------------------|---------------------------------------|
| OBJECT CODE DESCRIPTION | | 2023/24 ACTUAL (\$000) | 2024/25 ORIGINAL (\$000) | 2024/25 REVISED (\$000) | 2025/26 ESTIMATE (\$000) | 2024/25 vs 2025/26 (\$000) % |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) (8) |
| SALARIES | | 319,834 | 361,114 | 346,312 | 384,964 | 23,850 7 |
| WAGES | | 81,973 | 74,543 | 80,397 | 83,296 | 8,753 12 |
| EMPLOYER OVERHEAD | | 76,591 | 80,096 | 76,645 | 99,914 | 19,818 25 |
| OTHER PERSONNEL COSTS | | 7,772 | 5,752 | 6,436 | 6,402 | 650 11 |
| TRAINING | | 2,708 | 4,107 | 2,854 | 4,849 | 742 18 |
| TRANSPORT | | 1,614 | 2,179 | 1,586 | 2,185 | 6 0 |
| TRAVEL | | 2,988 | 3,362 | 3,487 | 4,147 | 785 23 |
| COMMUNICATIONS | | 6,687 | 7,281 | 7,132 | 7,907 | 626 9 |
| ADVERTISING & PROMOTION | | 1,176 | 1,945 | 1,599 | 1,834 | (111) (6) |
| PROFESSIONAL SERVICES | | 59,789 | 60,497 | 55,955 | 71,000 | 10,503 17 |
| RENTALS | | 10,729 | 13,345 | 11,384 | 14,698 | 1,353 10 |
| REPAIR & MAINTENANCE | | 19,328 | 21,816 | 21,668 | 23,739 | 1,923 9 |
| INSURANCE | | 8,731 | 9,506 | 15,605 | 9,961 | 455 5 |
| ENERGY | | 15,004 | 16,861 | 16,217 | 17,431 | 570 3 |
| CLOTHING & UNIFORMS | | 1,347 | 1,243 | 1,343 | 1,325 | 82 7 |
| MATERIALS & SUPPLIES | | 23,631 | 23,915 | 24,238 | 25,371 | 1,456 6 |
| EQUIPMENT | | 1,110 | 1,166 | 1,100 | 973 | (193) (17) |
| OTHER EXPENSES | | 905 | 3,504 | 5,432 | 4,315 | 811 23 |
| RECEIPTS CREDITED TO PROG | | 0 | (19,828) | (14,557) | (19,083) | 745 (4) |
| GRANTS & CONTRIBUTIONS | | 337,912 | 319,769 | 328,645 | 364,705 | 44,936 14 |
| PUBLIC DEBT CHARGES | | 129,236 | 127,622 | 127,427 | 127,622 | 0 0 |
| | | 1,109,065 | 1,119,795 | 1,120,905 | 1,237,555 | 117,760 11 |

Table V

**GOVERNMENT DEBT TRANSACTIONS & AMOUNTS
OUTSTANDING 2014/15 TO 2027/28**

| YEAR | GROSS BORROWING | REPAYMENTS | NET BORROWING (REPAYMENTS) | GROSS DEBT OUTSTANDING | MEMORANDA INTEREST ON DEBT |
|------------------|--------------------|----------------|----------------------------------|------------------------------|----------------------------------|
| (1) | (\$000) (2) | (\$000) (3) | (\$000) (4) | (\$000) (5) | (\$000) (6) |
| 2014/15 | 0 | 120,000 | (120,000) | 2,185,000 | 113,223 |
| 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 (Rev) | 0 | 0 | 0 | 3,293,892 | 127,527 |
| 2025/26 (Est) | 0 | 0 | 0 | 3,293,892 | 127,527 |
| 2026/27 (Est)(i) | 0 | 500,000 | (500,000) | 2,793,892 | 127,527 |
| 2027/28 (Est)(i) | 0 | 0 | 0 | 2,793,892 | 105,053 |

(i) Budget Surplus up to 75% 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 2023/24 (\$000) | DETAILS | REVISED ESTIMATE 2024/25 (\$000) | ESTIMATE 2025/26 (\$000) |
|------------------------------|---|---|--------------------------------|
| | DEBT & LOAN GUARANTEES OUTSTANDING AS OF MARCH 31 | | |
| 3,293,892 | BORROWINGS UNDER LOAN FACILITIES (GOVT) | 3,293,892 | 3,293,892 |
| 3,293,892 | TOTAL DEBT OUTSTANDING (GOVT) | 3,293,892 | 3,293,892 |
| 93,930 | Less: SINKING FUND CONTRIBUTIONS (i) | 39,950 | 85,275 |
| | NET CUMULATIVE GOVERNMENT | | |
| 3,199,962 | DEBT & GUARANTEES OUTSTANDING (ii) | 3,253,942 | 3,208,617 |

- (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 | 25.1 |
| West End Development Corporation | 56.2 |
| Bermuda Economic Development Corporation | 1.4 |
| Bermuda Hospitals Board | 696.6 |
| Hotel Bermuda Holdings Ltd. | 25.0 |
| Bermuda Land Development Corporation | 29.0 |
| Bermudiana Development Company Limited | 31.8 |
| National Sports Centre | 2.6 |
| Bda Commercial Bank-Mortgage Guarantee Programme | 4.1 |
| 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

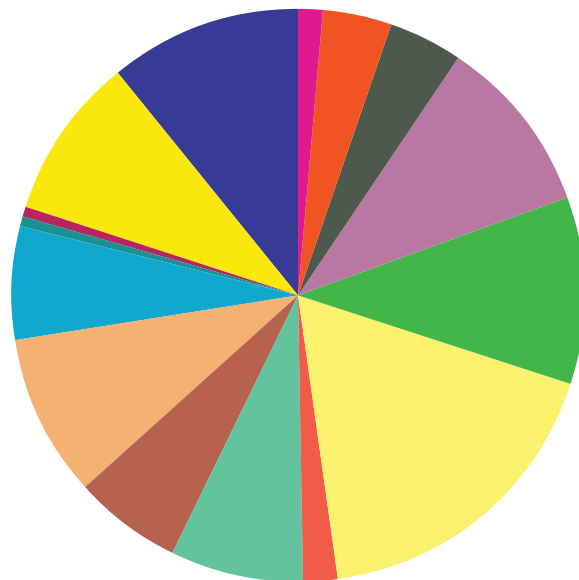
PROFESSIONAL SERVICES

| ACCOUNT DESCRIPTION | | ACTUAL 2023/24 (\$000) | ORIGINAL ESTIMATE 2024/25 (\$000) | REVISED ESTIMATE 2024/25 (\$000) | ESTIMATE 2025/26 (\$000) |
|--------------------------------|-----|------------------------------|--|---|--------------------------------|
| (1) | (2) | (3) | (4) | (5) | (6) |
| 5260 Local Consultants | | 20,247 | 22,798 | 18,551 | 27,881 |
| 5265 Overseas Consultants | | 11,320 | 9,133 | 9,125 | 12,300 |
| 5270 Contractors | | 15,950 | 14,779 | 14,376 | 16,465 |
| 5275 Medical | | 4,152 | 3,641 | 3,262 | 3,682 |
| 5280 Optical Services | | 30 | 22 | 28 | 22 |
| 5285 Educational Services | | 63 | 234 | 157 | 200 |
| 5290 Chiropodist Services | | 4 | 4 | 4 | 4 |
| 5295 Psychological Services | | 5 | 20 | 45 | 20 |
| 5300 Dental Services | | 71 | 66 | 125 | 63 |
| 5305 War Pension Award | | 881 | 864 | 745 | 696 |
| 5310 Counselling Services | | 359 | 362 | 425 | 334 |
| 5315 Child Care Services | | 64 | 190 | 74 | 187 |
| 5320 Recreational Services | | 292 | 849 | 742 | 1,001 |
| 5325 Legal Services | | 2,998 | 2,146 | 3,214 | 2,735 |
| 5330 Liquidation Fees | | 39 | 50 | 50 | 50 |
| 5340 Membership Fees - Govt. | | 419 | 710 | 445 | 781 |
| 5345 Forensic/Lab Services | | 396 | 568 | 441 | 573 |
| 5350 Forensic/lab accounting | | 24 | 107 | 114 | 107 |
| 5355 Security Services | | 1,337 | 1,430 | 1,490 | 1,466 |
| 5360 Conservation Services | | 0 | 20 | 19 | 45 |
| 5365 Animal Control Services | | 20 | 20 | 17 | 20 |
| 5370 Board & Comm. Fees | | 677 | 1,659 | 1,739 | 1,466 |
| 5375 ID Parade - Police | | 20 | 40 | 10 | 40 |
| 5380 Jury & Witness Fees | | 85 | 110 | 110 | 110 |
| 5385 Court Costs | | 45 | 74 | 384 | 100 |
| 5390 Audit Fees | | 0 | 25 | 25 | 55 |
| 5395 Examination Fees | | 288 | 573 | 214 | 573 |
| 5415 Research related expenses | | 3 | 3 | 24 | 24 |
| | | 59,789 | 60,497 | 55,955 | 71,000 |

Table VIII

Estimated Expenditure 2025/26 in BD\$ Millions

| | |
|--|-------|
| Non-Ministry..... | 20.1 |
| Cabinet & Digital Innovation | 53.6 |
| Justice | 57.7 |
| Finance | 139.1 |
| Education | 149.2 |
| Health..... | 245.4 |
| Economy & Labour | 27.6 |
| Tourism & Transport, Culture & Sport | 101.6 |
| Public Works & Environment | 84.1 |
| National Security..... | 127.0 |
| Youth, Social Development & Seniors | 91.3 |
| Home Affairs..... | 5.8 |
| Housing & Municipalities | 7.6 |
| Interest/Guarantee Mgmt..... | 127.5 |
| Capital Estimate..... | 149.8 |



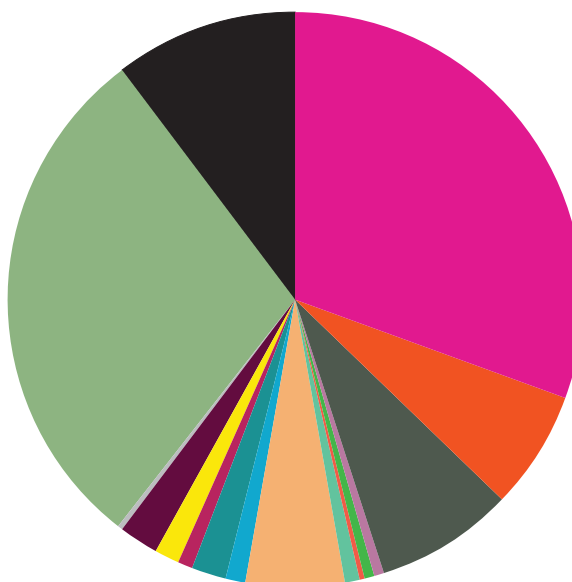
Categories of expenditure expressed as a percentage of total estimated expenditure for 2025/26 of \$1,387.3 million



Table IX

Estimated Expenditure 2025/26 in BD\$ Millions

Total Current Account Expenditure \$1,237.6, excluding Capital Expenditure



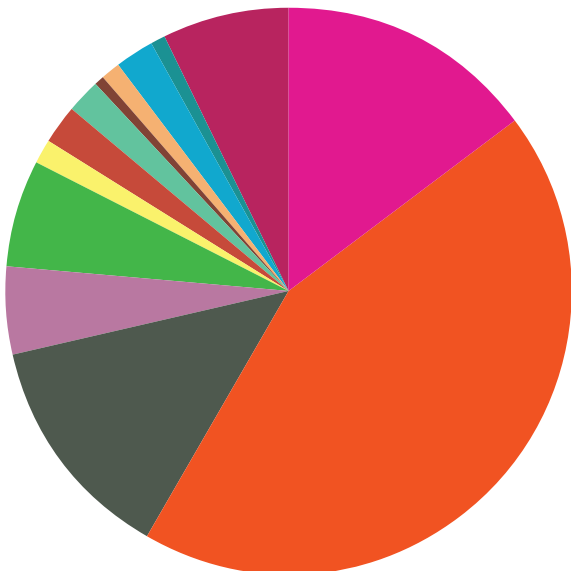
| | |
|--------------------------------------|-------|
| Salaries..... | 385.0 |
| Wages..... | 83.3 |
| Employer Overhead..... | 99.9 |
| Other Personnel Costs..... | 6.4 |
| Training..... | 4.8 |
| Transport..... | 2.2 |
| Travel..... | 4.1 |
| Communications..... | 7.9 |
| Advertising & Promotion..... | 1.8 |
| Professional Services..... | 71.0 |
| Rentals..... | 14.7 |
| Repair and Maintenance..... | 23.7 |
| Insurance..... | 10.0 |
| Energy..... | 17.4 |
| Clothing, Uniforms, Laundry..... | 1.3 |
| Materials & Supplies..... | 25.4 |
| Equipment Purchases..... | 1.0 |
| Other Expenses..... | 4.3 |
| Receipts to Credited to Program..... | -19.1 |
| Govt. Grants & Contributions..... | 364.7 |
| Debt Charges..... | 127.6 |

Table X

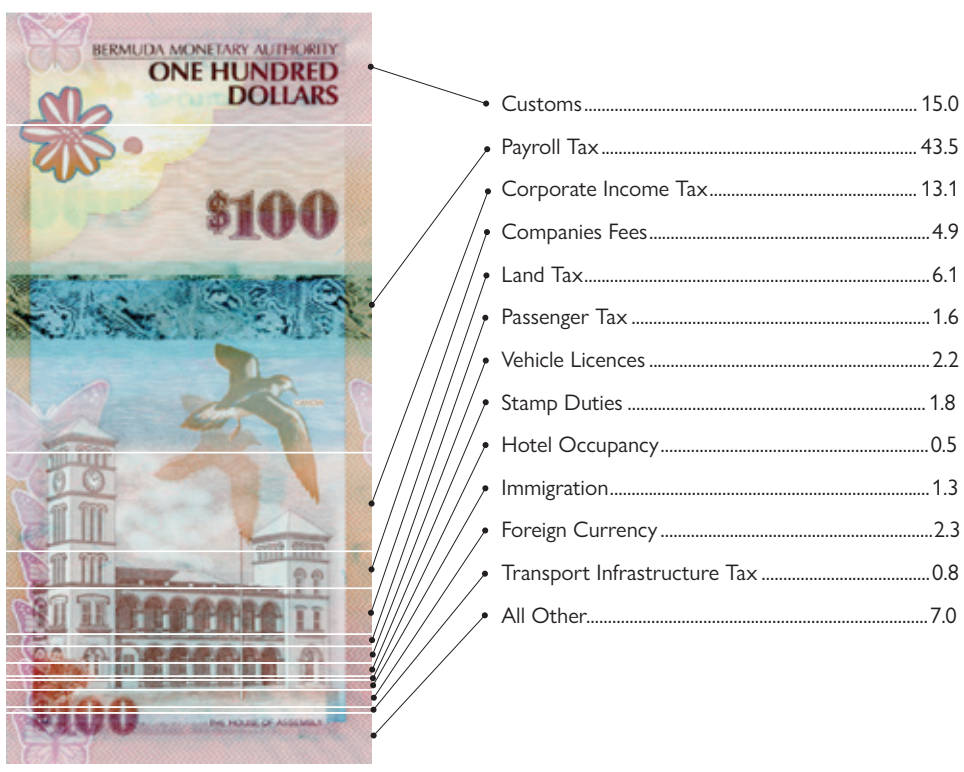
Estimated Revenue 2025/26 in BD\$ Millions

Total Revenue \$1430.6 million

| | |
|------------------------------------|-------|
| Customs | 214.9 |
| Payroll Tax | 621.7 |
| Corporate Income Tax | 187.5 |
| Companies Fees | 70.2 |
| Land Tax | 87.0 |
| Passenger Tax | 23.2 |
| Vehicle Licences | 31.5 |
| Stamp Duties | 25.1 |
| Hotel Occupancy | 7.1 |
| Immigration | 18.6 |
| Foreign Currency | 33.0 |
| Transport Infrastructure Tax | 10.9 |
| All Other | 100.0 |



Categories of revenue expressed as a percentage of total estimated revenue for 2025/26 of \$1,430.6 million





GOVERNMENT OF BERMUDA
Ministry of Finance

