



"The challenge of our time is the opportunity of our time."

SPEECH FROM THE THRONE

ON THE OCCASION OF THE CONVENING OF THE LEGISLATURE

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2014 SPEECH FROM THE THRONE

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Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

History is replete with examples of people and their governments facing challenges that tested and revealed what they are made of.

The United States of America showed innovation, energy and optimism in weathering the Great Depression.

The United Kingdom demonstrated courage, composure and defiance when it stood alone against the might of Nazi Germany.

And South Africans, following the lead of Nelson Mandela, turned the other cheek to “work together” in their first post-Apartheid election.

These countries survived and progressed because their people faced the challenge and came together for the greater good.

Bermuda today is facing its own distinct challenges.

The one-two punch of Tropical Storm Fay and Hurricane Gonzalo, coming just five days apart, formed a challenge Bermudians have proven over time that they are well prepared to meet — drawing on the wisdom of ancestors and deep-rooted community spirit.

In the storms’ aftermath, Bermudians did what we have always done to recover — repairing the damage while reaching out to those in need; working as a society of helping hands to move the Island forward once more. The storms revealed the living character of Bermuda, anchored to qualities of composure, pragmatism, compassion and pride.

These are qualities that matter, qualities a society needs to face down the challenges that inevitably arise.

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

There is another challenge confronting Bermuda, and, unlike Fay and Gonzalo, it will not move off on its own accord. It is an economic storm that poses a grim threat to Bermuda’s way of life.

In the simplest terms, Bermuda is being tested by an economy no longer big enough

to meet the needs of many Bermudians, and by cost and debt pressures that, if left unchecked, threaten the Island's solvency and financial independence.

The situation is deeply challenging.

Government deficits in the past two fiscal years added nearly \$600 million to the national debt.

Interest on the debt this year totals \$113.5 million, with debt service charges costing an average of \$447,000 a day.

Economic hardship is widely felt, with Government this year setting aside an unprecedented \$46.9 million in financial assistance to help people in need.

These are significant facts of life for Bermuda, reflecting a situation that is unacceptable and unsustainable, constituting a national challenge that must be confronted and reversed.

It is a challenge that involves everyone because the consequences involve everyone. How Bermudians respond as a people will have an impact on the future.

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

The Government is focused on actions to stimulate economic recovery and build a new foundation of opportunity to help Bermudians grow and prosper.

It is pursuing a two-track strategy to grow the economy while imposing discipline on the public purse.

The primary aim is to invigorate the engines of the economy — principally tourism and international business — because of their potential to improve the lives of more people more quickly than anything else.

To achieve this, the Government is working on a broad front to rebuild investor confidence in the Island, opening new job and revenue-creating opportunities and new pathways for Bermudians to make a living.

This is the context within which reforms to immigration, changes in corporate law, negotiations for new hotel developments and the pursuit of the America's Cup can be seen.

The Government is also bringing forward changes to halt the unsustainable cost of government through strict spending controls, new efficiencies, contract negotiations and public reform.

The strategic objective is to expand possibilities for people to get a job, support their families and pursue new opportunities, while using the resources generated to strengthen community life through programmes that support better health, safer streets, effective schools and financial balance; in short, to build an Island that works for its people.

The Government's programme for the year ahead, therefore, will continue to focus on the need to grow the economy and stabilize government finances while implementing a broad range of commonsense, progressive measures to improve the quality of life for all Bermudians.

Bermudians can expect social support programmes to continue, new protections for the vulnerable, reforms to strengthen government accountability, worker retraining initiatives, the end of conscription and reform of marijuana laws.

Economic recovery will continue to be the national priority. Without recovery, there can be no broad-based human recovery from the setbacks of recent years.

Progress in the form of jobs and rising incomes will come as economic activity picks up; building on the strong body of evidence that shows the Island is moving in the right direction. For example,

- Bermuda's Gross Domestic Product — the measure of economic activity on the Island — increased by almost one per cent in 2013, the first growth in five years.
- New insurance company registrations for 2013 showed a remarkable 72% increase over 2012, reflecting strong increases in both traditional and alternative risk transfer sectors.
- The 16% growth in international company registrations in 2013 was the highest number of new exempt companies added since 2008. The resurgence continued in the first half of 2014 with an 11% increase over the first half of 2013 followed by a rise in commercial property rentals.
- Also in the first half of 2014, the value of new construction starts was up more than 25%, with a follow-on increase in construction worker income of 9.4%.
- The number of building permit applications in 2014 to date is 30% more than the 2013 total.
- Interest in hotel development has surged with work underway at Pink Beach and

the Hamilton Princess and with plans in progress or under negotiation at Ariel Sands, Morgan's Point, Grand Atlantic, South Beach and the St. George's hotel project.

- Crime remains at its lowest levels since 2000.

Progress is being made, but it is going to take community-wide effort to achieve a level of recovery that reaches into the lives of those who are suffering.

In his 1961 Inaugural Address, US President John F. Kennedy spoke to questions that all Bermudians should consider going forward.

He said to the American people: "Ask not what your country can do for you, ask what you can do for your country".

The President was urging the American people to think about their civic responsibility — that the state needs the support of its citizens just as citizens need the support of the state.

The circumstances confronting Bermuda today require the support of all who can help.

The Government is confident Bermudians will rise to the occasion not just because of the qualities manifested in the aftermath of Fay and Gonzalo, but because there is a clear opportunity to use these tough times to re-shape the way people live and work together, to forge new understandings, new connections and new bonds across the community; to make sure the road to recovery and renewal narrows the distance between people.

To get there, Bermudians will need to exercise faith, collaboration and trust — faith to overcome the uncertainty and fear brought on by significant challenge; collaboration for solutions to issues that impact people in different ways; and trust because nothing meaningful can be achieved without it.

The Government understands that trust will be a big step for many, but the seriousness of the challenges confronting the Island is such that it will be necessary for Bermudians to exercise the benefit of the doubt, to trust in the process, trust in each other and make headway towards a better way of life.

Let there be no mistake, the long road to recovery will be made shorter if Bermudians walk it together.

Bermudians have already shown they are willing to step up and play their part for the greater good. Since the start of 2013, unionized workers agreed to pay reductions and

furlough days, Cabinet Ministers took a 10% pay cut, grocers kicked in with 10% discount days and BELCO introduced a new discount regime to benefit lower consumption customers.

The Government believes that people and organizations not on the frontlines of community support can join with those who are to say: “We are with you. We can help.”

Opportunities to demonstrate solidarity and support are all around. Specific sectors of the community can step forward to set the example.

Bermuda’s accounting firms, for example, can support the good work of community clubs. Paying for their operations is a continuing challenge, in particular the cost of any audit or review required by the Charities Act. Accounting firms can adopt a club to help them in this regard, freeing up precious dollars to support their worthy operations.

Bermuda’s banks can address the island-wide need to increase the flow of credit to help reflate the economy, providing Bermudians with the support they need for their business ventures, their educational ambitions and their dreams of home ownership.

And to Bermuda’s grocers, in particular Lindo’s, Supermart and The Marketplace, the Government applauds their commitment to ease the cost of groceries with 10% discount Wednesdays from November 2013 to November 2014. Thousands of customers respect and appreciate them for it. These grocers have agreed to extend the discount regime until 15 February 2015 to help families through the Christmas and the New Year period. The Government takes this opportunity to urge its continuation through the year, for the greater good.

These are a few of many opportunities that people and organizations can support to help people in need. More must be done because the hardship is felt every day by many.

The greatest pressure is on the family, with incomes insufficient to meet the cost of basic living, with out-of-work parents struggling to provide and with the needs of children falling through household cracks.

The Government has strengthened and expanded the network of support to meet people’s needs, including financial assistance, business skills training and loan support for small businesses and unemployed Bermudians turning to entrepreneurial endeavours.

Bermuda is also blessed by the work of many caring and concerned residents who are committing their time and their skills to help ease the pressures.

But the situation calls for more, and so the Government takes this opportunity to urge people, who have yet to get involved, to commit to the life of the community and extend a helping hand wherever possible.

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

The success of both arms of the Government's economic strategy is vital for improving the quality of life.

The Government is encouraged by the gathering signs of recovery and by positive change in its fiscal position, with the first half of the current fiscal year showing a 6% reduction in spending and a 1.1% rise in revenue.

If current trajectories hold, the Financial Year 2014/15 will be the year in which the Island, after years of recession, finally moves from decline to real growth.

This macro-economic shift, however, has not yet had an appreciable effect on quality of life across the Island. The Government will continue to put in place confidence-building policies for broad economic recovery, but there clearly is some distance to go before the turnaround generates the level of activity that enables out-of-work and underemployed Bermudians to regain their role as providers for their families and dependents.

The work to revive the Island's economy is, first and foremost, for their benefit.

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

Growing Bermuda's economy is a Government priority.

Attracting new investment, whether it be in the form of hotel development, new company formations or the America's Cup, is the key to generating sufficient jobs and business growth to meet the needs of Bermudians.

The Government continues to work on multiple levels to build the conditions and the confidence to bring about infusions of new investment. The goal is sustainable economic growth and job creation.

In the hotel sector, a groundswell of investor interest in new developments is translating into job and career opportunities for Bermudians.

Groundbreaking is set to take place next week at Ariel Sands, the start of an \$85 million cottage colony development that will create between 50 and 70 jobs during construction.

Phase 2 of the \$90 million Hamilton Princess redevelopment is underway, creating more than 250 construction jobs at the historic Hamilton Harbour property and at South Beach in Southampton where the Princess Beach Club will be built. With Phase 2 construction completed by summer 2015, the hotel will be looking to hire 115 more people to staff its operations.

Bermuda's pursuit of the America's Cup is another example of the Government working to achieve economic growth and job creation.

To that end, the Government will introduce legislation in this session to establish an America's Cup Act — legislation that will be required for an America's Cup World Series Racing Event in 2015, and, if Bermuda is ultimately selected, to host the America's Cup Finals in June 2017.

In the event Bermuda has the privilege of hosting the Cup Finals, experience from former host venues indicates it will have a powerful impact on our economy over the next three years, attracting worldwide attention and generating jobs, investment and revenue across multiple sectors including, hospitality, construction, transport, security, retail, wholesale, real estate and telecommunications. It will highlight Bermuda's heritage as a maritime sailing destination and give our tourism product unprecedented exposure.

Hosting an event of this magnitude on Bermuda's shores will require teamwork, support and participation from all spheres of our community and a continuation of the spirit and dedication of the team of private sector volunteers, civil servants and other professionals who have worked tirelessly together to advance Bermuda's bid into the final two. The America's Cup Event Authority is expected to make a decision between Bermuda and San Diego before the end of the year. Regardless of the final decision, Bermuda will benefit considerably by hosting the World Series Event in 2015.

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

The Government is committed to strengthening the Island's reputation as the preferred

domicile for a variety of international business activities. And in partnership with the Bermuda Business Development Agency as well as the private sector, it has been working to diversify and improve the Island's business potential in a number of areas including fund and asset management, high net worth and trust services, and insurance-linked securities.

Accordingly, the Government will introduce legislation to create a new limited liability corporate vehicle, to be known as the Bermuda Limited Liability Company (LLC). In the private equity arena, the LLC is well established in the United States and coming into greater use in competing jurisdictions. The global recognition of the LLC and its administrative ease and flexibility will strengthen Bermuda's competitiveness.

The Ministry will also introduce amendments to the Partnership Act 1902, the Exempted Partnerships Act 1992 and the Limited Partnership Act 1883, enabling Bermuda to compete effectively with other jurisdictions by providing greater flexibility relating to partnership conversions, re-domiciling, registering of charges and partners' powers.

Amendments will be introduced to the Government Fees Regulations to establish new fees for Bermuda's Radio Frequency Spectrum.

The amendments are in keeping with a new spectrum policy on the allocation, use and pricing of radio frequencies for wireless telecommunications providers, such as cell phone companies.

The policy has been designed to ensure fair access to the spectrum's frequency bands for all existing and new service providers. The new fee structure was designed to encourage greater competition amongst service providers, leading to customer benefits such as enhanced network speed and reliability and more rapid introduction of new mobile products to the market.

With the ever-increasing reliance on online services in daily life, the protection and integrity of the computing and telecommunications systems is more vital than ever. The Department of E-commerce will use the year ahead to research best practices for the adoption of a new customized cyber-security framework for Bermuda and complete their work on data privacy and protection legislation.

The Government, in keeping with its strategic goals to ensure a secure supply of energy for the Island and to reduce energy costs, fossil fuel dependency and greenhouse gas emissions, will use the year ahead to achieve regulatory reform and promote alternate energy use.

A new Energy Act will be introduced to transfer responsibility for regulating the energy sector from the Ministry of Education and Economic Development and the Energy Commission to the Regulatory Authority of Bermuda. This will provide greater clarity and scope to the regulatory decision-making process, an increased level of competition between power producers, equitable interconnection to the grid and the development of a robust licensing regime.

In the coming year, the Government will seek proposals for using the 'finger' peninsula at the airport as an ideal location for a large utility scale solar photovoltaic facility.

And on 13 November, the Department will co-host an Energy Summit that will discuss Bermuda's energy future, the reform of the energy regulatory environment, the diversification of Bermuda's energy mix, including the introduction of Liquefied Natural Gas (LNG) and measures to address energy conservation and efficiency.

**Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly**

The Government is acutely aware that plans to control public sector spending have generated uncertainty and fear amongst public sector employees.

These feelings are understandable. Public sector workers were duly hired by the government and the need to reform the civil service has come about through no fault of their own.

The overarching reality that must be addressed is that they are employed in an organization that Bermuda can no longer afford to maintain at current levels. The facts of the situation are indisputable.

Finance Ministry figures show that the cost to run the government in Financial Year 2013/14 produced a deficit of \$333 million. This year the deficit is expected to be \$267 million.

While the figures show that the Government, with the cooperation of the Bermuda Trade Union Congress, has made headway on deficit reduction, the situation requires deeper action.

The Government, consequently, will continue working with the BTUC to get under control a situation that presents a clear and present danger to the Island.

A working group comprised of representatives of the Government and the BTUC as well

as senior technical officers has been formed to identify opportunities to achieve a 5% savings on its operating budget for 2014/15.

In the meantime, the Government's Public Bodies Reform Act will be deferred should collaborative efforts continue to achieve budget reduction targets.

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

The Government will introduce amendments to the US-Bermuda Tax Convention Act 1986 and the International Cooperation (Tax Information Exchange Agreements) Act 2005 ('the TIEA Acts') to ensure consistency, transparency and compliance with new international standards for the automatic exchange of tax information.

The Government will also bring forward amendments to various tax laws to strengthen its debt collection capabilities. These changes will provide the additional resources Government needs to aggressively reduce the amount of money it is owed.

The Government is considering the benefits and applicability of initiating a reverse mortgage programme for seniors.

There are many elderly people in Bermuda who own their own homes — many valued at more than a million dollars — but who do not have the cash flow to maintain an adequate lifestyle or to pay for rising healthcare costs. Reverse mortgages can be an option for people who want to turn substantial home equity into cash in order to ease these challenges.

The Ministry is currently consulting with the Bermuda Bankers' Association on this initiative and the Government will report to the House of Assembly in due course.

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

Banking remains an important foreign exchange earning sector of the Bermuda economy. The Government is concerned about shrinkage in the banking sector, in terms of its lending policies and employee numbers. The Ministry of Finance, as a result, is examining policy reforms to expand and diversify the banking sector and, by extension, Bermuda's foreign exchange earnings and the capacity for job creation.

The Government is currently in consultation with stakeholders for feedback on its reform plans, which would involve amending the Banks and Deposit Companies Act 1999. The Finance Minister will provide the House of Assembly with an update on the consultation.

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

The protection of Bermuda's economic security through the development and implementation of fair, transparent and predictable regulation is a core responsibility of the Government and its relevant agencies. To that end, the Government, in conjunction with the Bermuda Monetary Authority (BMA), will continue supporting Bermuda's market competitiveness and development as a leading financial centre by bringing forward amendments, amongst others, the Money Service Business Regulations 2007 and the Insurance Act 1978. In addition, the Government will enact legislation that will enable the BMA to intervene in the case of a troubled bank.

The growth of Money Service Businesses globally has created new businesses in line with the changing electronic marketplace. Over the past 18 months, the BMA has received an increasing number of enquiries from entrepreneurs representing payment services businesses. The Authority has been unable to license these businesses because the Money Service Businesses Regulations do not provide sufficient details for appropriate oversight.

The amendments to the Money Service Business Regulations 2007 will provide for regulation of this evolving industry and allow for the issuing of licences by the BMA.

The (re)insurance sector is one of the most important business sectors for Bermuda. In this regard, it is critical that the Bermuda Monetary Authority regularly keep under review and update where appropriate, Bermuda's insurance legislative framework in order to keep pace with major, insurance related international developments. Accordingly, the Insurance Act 1978 is proposed to be amended in 2015 (along with relevant and related legislation) in order for Bermuda to continue to maintain a favorable business environment for (re)insurers to thrive.

The International Monetary Fund's "Assessment of Financial Sector Supervision and Regulation in Bermuda", published in 2008, recommended that "legislation should be enacted to provide the BMA with more direct intervention tools in the case of a troubled bank."

To address this recommendation, the Government will bring forward legislation to establish a special resolution regime for banks licensed in Bermuda.

The purpose of this resolution is to address the situation where all or part of the business of a bank has encountered, or is likely to encounter, financial difficulties that cannot be resolved by any other means. The Banking Special Resolution Regime Act 2014 will establish a comprehensive bank insolvency framework that would meet international standards and operate independently of general insolvency law.

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

The Ministry of Home Affairs is working on a variety of fronts to facilitate economic recovery and maximize Bermudian participation in that recovery.

The Bermuda Economic Development Corporation plays a vital and busy role in that mission.

Between January and May, the Corporation met with 351 clients seeking business advice and supported 46 small businesses with loan guarantees of \$2,282,885, enabling a further \$6,537,710 in bank financing approvals.

Within Economic Empowerment Zones, BEDC guarantee certificates supported more than \$250,000 in commercial bank financing to assist six new businesses and an existing business, bringing 21 new jobs to the marketplace.

The Department of Workforce Development is another arm of Home Affairs supporting the development of Bermudians in the workplace — assisting in résumé preparation, building qualifications through certification training and sponsoring overseas training.

The Ministry of Home Affairs will oversee new opportunities for Bermudian workers when the new work permit policy comes into effect on 1 December, requiring all employers seeking work permits to advertise on its online jobs board.

The Department is also looking at Bermuda's future employment needs, developing The National Training Plan as a tool to match training needs with the job market over time. Part 1 of the Plan, which was completed earlier this year, produced an analysis of the economy and its anticipated development over the short and long term. Part 2 of the Plan will focus on the development and implementation of training and entry-level positions across industry sectors.

The Government sees the National Training Plan helping Bermudian workers to anticipate and meet the needs of the economy going forward, reducing reliance on overseas labour and helping sustain economic growth.

One of the Ministry's main objectives is to streamline processes to stimulate economic activity that contributes to job growth.

The Planning Department has made significant strides in this regard, reducing the average time determining planning applications from 12.1 weeks in 2013 to 8.8 weeks so far in 2014; and the average time taken to issue building permits from 5.4 weeks in 2013 to 3.6 weeks so far in 2014.

Streamlining these processes helps job-growing activities happen faster, most notably with the Department turning around the Pink Beach and Hamilton Princess Phase One applications in record time — approvals that created more than 200 construction jobs.

The Government will introduce legislation to increase the powers of the Director of Planning, giving the Director authority to investigate and correct breaches of Planning control, including the introduction of a planning contravention notice and civil penalties for unauthorized development.

The Government, after extensive consultation with trade union leaders, will introduce legislation consolidating seven labour laws into one Act. This initiative will modernize the legislation infrastructure underlying labour law to make it more fair, more responsive and more inclusive.

The Government will introduce legislation to repeal the 1894 Pedlars Act and replace it with a Vendors Act. The new legislation will make provisions for a tracking system to monitor expired pedlar licence permits, improve oversight of pedlar licence permit holders and work permit holders receiving pedlar licences. This initiative will also amend the Bermuda Economic Development Corporation Act 1980 to include regulations to govern vendors and vending.

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

The Government will complement and support the effective and important work of the Bermuda Tourism Authority. In the coming Parliamentary session, legislation will be introduced to establish a domestic gaming industry.

The primary policy objectives of the legislation are to promote and enhance development of the hotel industry through new construction and redevelopment of existing facilities and to increase tourism arrivals and investment to create jobs.

The legislative and administrative framework for gaming will include a Casino Gaming Commission and provisions for strict oversight of problem gaming, with casino gaming implemented on a limited basis.

The Government will also introduce amendments to streamline the Hotel Concession Act to assist developers and investors of new tourism resorts and products and upgrades to existing properties, which can lead to jobs and training for Bermudian hospitality workers.

The Government is preparing for the transition to new business models for Bermuda's Aircraft and Shipping Registries.

This work has been undertaken to modernize the registries to ensure that high standards are maintained and Bermuda remains an attractive jurisdiction for registration. The registries are important for the revenues they generate for the government and for the career opportunities they create for Bermudians.

Work will continue on a feasibility study for Bermuda to become a certified Air Navigation Service Provider. This would enable Bermuda-based Air Traffic Controllers to provide air traffic management services to aircraft landing at and taking off from Bermuda — a service currently provided by the US Federal Aviation Agency.

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

The Government, with the assistance of the Bermuda Road Safety Council, the Bermuda Police Service and other agencies, has completed research on roadside sobriety testing and its feasibility in Bermuda. The working group reviewed relevant legislation and schemes in several other jurisdictions. The research also included identifying a suitable testing device for Bermuda.

The Government will therefore introduce amendments to the Motor Car Act 1951 creating provisions for preliminary breath testing, an approved instrument order authorizing police to administer the proposed breathalyzer and 'test before arrest' for roadside breathalyzers.

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

Too often the peace of these Islands is shattered by violence rooted in the gang lifestyle. There continues to be bipartisan support for the multi-faceted approach required to address the issues that derive from this social phenomenon. To capitalize on the strengths of existing programmes, the Government will better align the work of the Mirrors Programme with that of Team Street Safe ensuring that there are no gaps in the delivery of services and that at every opportunity young people are provided with meaningful alternatives to the destructive cycle of gang activity.

Recent events demonstrate that periods of relative calm cannot be interpreted as justification for inaction. The dialogue, focus and intervention must be continuous. To counter the influence and allure of the gang lifestyle, the Government will facilitate a means by which sports clubs, educators, community leaders and parents are joined in a network of constant interaction designed to keep every aspect of the community in tune with the development of our young people and providing a consistent message of hope. This national strategy will build upon the recommendation of the Report of the Joint Select Committee from 2011 for a national youth summit, expanding that vision from a one-off event to a continuum of intervention and assistance.

As promised, the Government has led the debate on the issues surrounding cannabis use in this community. Significant public engagement, augmented by scientific research and a full consideration of the criminal justice implications, has helped to shape the Government's position on these matters. Therefore, in this Session, the Legislature will be invited to approve amendments to the Pharmacy and Poisons Act 1979 and the Misuse of Drugs Act 1972 to permit the use of specific forms of cannabinoid drugs (cannabis-containing products) for medical purposes.

Additionally, in consultation with the Office of the Director of Public Prosecutions, the Bermuda Police Service and the Ministry of Legal Affairs, the Caution Policy will be amended to permit greater discretion on the part of police officers when dealing with first-time offenders who might otherwise have been charged with simple possession of cannabis.

The Government will also examine the ramifications of fixed penalty notices for certain minor offences. Fixed penalties allow police to issue on-the-spot fines to persons committing an offence, giving them the opportunity to pay the fine out-of-court. Fixed penalties can ease the burden on the criminal justice system through the elimination of unnecessary court appearances.

In May of this year the Legislature took note of the Report of the Security and Defence Review Committee for Bermuda. The recommendations from that Report remain under active consideration and, where feasible, will form part of budgets prepared for the coming fiscal year.

In the spirit of one finding of the Report, the Government has supported the secondment of a senior police officer to the Ministry of National Security to act as disaster planner, secretary to the Emergency Measures Organization and to develop a strategy for the management of large-scale public events. This role will enhance the Island's preparedness for natural disasters and provide a single point of contact for those who have found it difficult to navigate the bureaucracy of permissions required to successfully promote and host large public events in Bermuda.

During this session, the Legislature will be advised of a comprehensive plan to extend ambulance coverage in the Eastern and Western ends of the Island whilst maintaining the core service in the central parishes.

Specifically, the Bermuda Hospitals Board Ambulance Service and the Bermuda Fire and Rescue Service will partner to ensure an improved emergency response across the island. These jointly manned ambulances will ensure a timely response to emergencies in the Eastern, Western and Central Parishes.

In the wake of its successful 135th anniversary celebrations, the Bermuda Police Service remains focused on a mission to lead the fight against guns, gangs, drugs and violence. The support of the community, effective partnership with the criminal justice system and the commitment of the Service itself has yielded landmark results in this effort. To further assist the police in the strategic focus demanded in these times, the Government will devise a means by which to devolve the responsibility for the police to attend and investigate minor road traffic accidents. Suitably qualified individuals, including existing Traffic Officers can be licensed to conduct these investigations to the satisfaction of the parties, the Courts and insurers.

Madame President and Members of the Senate

Mr. Speaker and Members of the House of Assembly

During this Session the Legislature will be invited to consider amendments to the Defence Act 1965 and related Orders to provide for the end of conscription and the requirement for an all-volunteer Bermuda Regiment. In keeping with the Government's public statements, this will not be done to the detriment of the Regiment's critical role and responsibility in Bermuda.

Additionally, arising from the Report of the Security and Defence Review for Bermuda, Cabinet has considered detailed options available for the assumption by the Regiment of the inshore maritime patrolling and enforcement responsibility. This expanded role will form part of the post-conscription Regiment and will enhance maritime enforcement across agencies thereby strengthening this aspect of national security.

Madame President and Members of the Senate

Mr. Speaker and Members of the House of Assembly

Bermuda needs a criminal justice system which is efficient, effective and fair; a system that addresses the needs of criminal defendants, the victims of crime and the public in general. All of us have an interest in a system that acquits the innocent and convicts the guilty expeditiously.

To these ends, and with the view that “justice delayed is justice denied”, the Government is reviewing Criminal Procedure for the purpose of modernizing the administration of justice to make it more efficient and effective.

Madame President and Members of the Senate

Mr. Speaker and Members of the House of Assembly

Bermuda must continue to be a society that protects its most vulnerable. The recent meeting of the Interpol Specialist Group on Crimes Against Children was a sobering opportunity to hear from leading experts on a problem that is ravaging lives, families and communities across the world. Bermuda is no exception. Government, accordingly, is assessing what new measures can be taken to protect and support children, starting with amendments to the Criminal Code Act 1907 outlawing simple possession of child pornography.

Madame President and Members of the Senate

Mr. Speaker and Members of the House of Assembly

Domestic abuse is a serious problem in Bermuda, creating untold trauma for its victims — women, children and men — and giving rise to other social ills. The extent of the problem is particularly troubling, with a 2011 Government Health Survey reporting one in three women affected by domestic abuse.

The Government recognizes there is a need to do more in terms of education, intervention and support for the victims and the perpetrators of domestic violence. To that end, the Government will form a committee to review domestic violence in Bermuda with an initial focus on protective legislation.

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

The Government recognizes that poor health can have serious ramifications for individuals and families, and that the cost of care may limit a person's ability to provide for their dependents.

The Government also recognizes that Bermuda's healthcare system in its current form and as it currently operates is not financially sustainable in the long term.

To address the strain the cost of healthcare places on families and Bermuda's economy and to provide the most effective care possible, the Government will introduce the Bermuda Health Plan, which will put prior healthcare proposals in the context of today's economic climate and re-prioritize health system goals.

The purpose of the Bermuda Health Plan is to provide a strategic approach to improve equity, quality and sustainability of our health system. Its mission, and that of the Ministry, is "Healthy People in Healthy Communities".

Key objectives of the Plan will be to:

- Review the Government's hospital subsidy programme to provide for universal access to basic health coverage based upon need,
- Expand the standard hospital benefit to enhance preventive care and reduce reliance on hospitalization,
- Develop strategies to meet the long-term healthcare needs of seniors and the disabled, and
- Enhance the effectiveness of our health promotion programmes as a means to encourage healthy lifestyles.

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

The emergence of regional and global public health threats such as Ebola, Chikungunya and

MERS has highlighted the fact that legislation governing the arrival of ships and aircraft at Bermuda's ports of entry needs updating to bring it into line with new international health regulations.

To keep Bermuda safe, the Government will introduce amendments to the Quarantine Act 1946 and associated Regulations to update Bermuda's ability to manage and control the entry of contagious diseases via ships and aircraft.

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

There is a legal requirement for employers to provide their employees and their employees' unemployed spouses with health insurance. In difficult economic times employers may be tempted to cut corners, but it is critical that employees be protected to ensure they have current health insurance.

The Bermuda Health Council, as the responsible arm for ensuring health insurance is provided to employees, will have its Act amended to give it the authority to publish the names of employers who fail to provide such coverage.

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

A 2012 survey conducted for the Department of National Drug Control reported that children first start using cigarettes at 7.7 years of age.

The introduction and rising popularity of Electronic Nicotine Delivery Systems (ENDS), otherwise known as e-cigarettes, which are devoid of health warnings, often lead minors to assume that they are a "healthy" tobacco cigarette alternative.

Candy flavourings increase their appeal, providing a gateway to tobacco product consumption.

To address these concerns, the Government will

- Introduce further controls of tobacco products to prevent children from obtaining and using tobacco products,
- Introduce controls for the use of e-cigarettes by including them as a tobacco product, an approach in line with the US Food and Drug Administration;

- Regulate electronic cigarettes and their refills under the Pharmacy and Poisons Act by requiring them to be sold behind the counter at pharmacies only, the same as is nicotine gum; and
- Designate cigarette-rolling papers as tobacco products.

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

The Orange Valley Centre and the Opportunity Workshop have made great strides in improving the services provided for a segment of Bermuda's cognitively and physically disabled population

In order to further enhance their services, the Orange Valley and the Opportunity Workshop will merge to become one unit providing a full range of day programmes for their clients. The consolidated programme, located at Roberts Avenue, will be able to provide a wider range of services to a greater number of clients.

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

To help protect Bermuda's inshore waters from pollution, amendments will be made to the Water Resources Act and Regulations to require boats with heads to have holding tanks for black water to prevent its discharge into inshore waters. In addition, new marinas will be required to have pump-out facilities to remove black water from boat holding tanks.

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

Bermuda has a long and distinguished history of vegetable and flower production. As our population has grown, less land has been available for food production and farming the land has become less important to Bermuda's economy.

However, the potential for aquaculture, including fresh water aquaculture, marine aquaculture, and combined freshwater aquaculture with hydroponic vegetable production, is a concept that needs to be explored. The Government has already issued a permit for a small-scale fish farm, and will investigate how the infrastructure required for larger scale aquaculture can be developed to help Bermuda to address long-term issues of food security.

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

The Ministry of Community, Culture and Sports will introduce a National Cultural Heritage Policy to promote understanding and appreciation of the Island's rich and diverse heritage both locally and abroad.

A draft policy will be put before the community and stakeholders for consultation and input during the course of the Parliamentary year.

A National Cultural Heritage Policy will provide a framework for Bermuda to showcase its rich cultural heritage here on the Island and to the world through cultural tourism opportunities and a sustained exposure of our cultural identity.

The Policy will also provide a foundation for an Action Plan to focus on the exposure, preservation and celebration of Bermuda's unique culture and heritage for the benefit of current and future generations of Bermudians, strengthening national identity.

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

The Government believes decision-making has a better chance to succeed when it is informed by the views and interests of the people affected by the decisions.

Young people have always played a role in the civic life of Bermuda, but circumstances today warrant getting them more involved, to make sure the expression of their views is part of the decision-making structure.

The future depends on the young and it needs them participating today to prepare for that future.

The Ministry of Community, Culture and Sports, therefore, will develop a National Youth Policy to recommend ways to give Bermuda's young people greater voice in decisions affecting their lives and the life of the country.

Integral to the policy is the need to build and encourage qualities of decision-making and leadership, helping them to influence public policy, particularly issues affecting them directly, such as youth unemployment, education, bullying and gang culture.

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

Bermuda's sporting heroes reflect the best of Bermuda — talent, ambition, discipline and flair. Their record reflects the rich history of the local sporting scene and the Island's remarkable success on the world stage.

To capture this history and the great athletes who populate it, the Government will work toward the establishment of a permanent location for a Sports Hall of Fame.

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

The Government has recognized the value of having both parents involved in a child's upbringing and will take steps this Parliamentary session to ensure that parents who are separating remain involved.

Accordingly, the Government will introduce the Children Amendment Act 2014 requiring the courts to offer mediation to the parents of a child whose custody or access is being determined by the courts.

The aim of mediation is to facilitate amicable agreements between parents concerning the upbringing of the child before the court issues co-parenting orders.

This process will be fortified by the establishment of a Co-Parenting Mediation Council to provide regulatory oversight and support for dispute resolution.

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

The Government will continue to implement its strategy to transform the public education system for the achievement of its vision: *to deliver a first-class education of global standards, ensuring students reach their full potential.*

Key components of this strategy are the execution of a System Improvement Plan, expansion of the Career Pathways Programme, an upgrade of the Bermuda National Curriculum in key subjects, the continued promotion of parental and community involvement and public consultation supporting the revision of the 1996 Education Act.

The execution of a System Improvement Plan will give specific direction to teachers, school leaders and support staffs, who are key drivers of transformation in the public school system. This direction encompasses the roll-out of a Middle School Transformation Plan that identifies 10 high-impact actions necessary to improve the learning outcomes of middle school students.

The System Plan also details a phased approach to the introduction of national strategies for Mathematics and Literacy. These national strategies will be systemwide starting at preschool and continuing through to senior school. There will also be a new school code of conduct focusing on improving student behaviour, and a framework will be introduced to require specific academic and behaviour interventions for the improvement of student academic achievement.

The System Improvement Plan will be followed by all public schools as the basis for heightened school improvement and professional development of our educators.

Expansion of the Career Pathways Programme will also see the coordinators of the programme introduce M3 students to various pathways within the programme in Applied Technology, Business and Hospitality, Health and Human Services, the Arts, Athletics and Community and Academics. The aim is to begin preparing M3 students for career employment experiences such as work shadowing, workshops and job visits to help them focus on post-secondary education and career opportunities.

The Ministry of Education and Economic Development will review and upgrade the Bermuda School Curriculum in the key subjects of Business Studies, World History, Design and Technology and Physical Education and Health as part of a larger comprehensive revision of the current curricula. Teachers will also receive training to effectively implement an information and communications technology curriculum across all primary schools, hence acquiring the tools and supports needed to deliver a first class education.

Work on the priorities outlined in the Green Paper on Inclusive and Special Education is continuing. To that end, an Inclusive and Special Education Advisory Committee will be established to harness the experiences and knowledge of parents and community organizations to advise on the execution of the Government's priorities in these areas.

The Government has been consistent in emphasizing the importance of parent and community involvement. This remains a priority for the Ministry as studies have shown this to have a positive impact on student learning, academic achievement and behaviour.

A Parent Involvement Committee will be established. Changes to the Education Act 1996 to improve parental and community involvement will be introduced and parents, community members and educators will be called upon to help shape its implementation. This Committee is a direct response to parent interest in better communication between parents, schools and the Department of Education.

The Ministry of Education will work in partnership with experts in early childhood education including the Child Development Programme and other child-focused agencies and specialists to produce recommendations for key actions and policies for young children and their families. This work will reflect local and international research and knowledge in the foundational area of early childhood education, and result in a national policy for early childhood education development. This policy will highlight the importance of parental involvement and free access to universal screenings for all young children.

The Bermuda College Act will be updated and modernized to improve board governance and to meet the requirements of its accreditation with the New England Association of Schools and Colleges (NEASC).

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

In July, the Government tabled regulations to advance Public Access to Information (PATI) and announced the plan to have PATI fully operational by April 2015.

Much work has been done to prepare for the 1 April launch, including the search for an Information Commissioner, the completion of a readiness assessment to support the lead-up to the 1 April launch, the production of guidance materials for all public authorities, the completion of requirements for a PATI request tracking system, the development of a PATI website and the preparation of training materials for staff.

A public awareness campaign will be launched to provide guidance on how a PATI request can be made and how it will be processed.

PATI, which was passed into law by the Legislature more than four years ago, will finally enable the public to shine light on the work of government — asking questions, getting answers and bringing new levels of transparency and accountability to the public sector.

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

To further realise its commitment to make government more open, transparent and

accountable, the Government will strengthen public engagement in its decision-making process.

Members of the public soon will be invited to serve on one or more of the 100 statutory and advisory boards and committees that support the Ministries.

In the past, Department Heads, Permanent Secretaries and Ministers would recommend persons they thought would be good candidates to serve. The process will be now opened to the general public, with access to the Government website where they can complete an application to join a Board or Committee that interests them.

This change will enable greater participation and enlarge the pool of qualified persons to assist government in its deliberations.

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

Bermuda's territorial waters, which cover some 180,000 square miles, is our largest physical asset and yet it is an asset whose potential has been largely unexplored. Last year, the Government announced its intention to consult widely with both the general public and interested stakeholders on the approach that Bermuda should take with respect to the future use of the Island's Exclusive Economic Zone. Its approach to the consultations was to listen carefully to all stakeholders with a view to getting right the planning for this vast asset.

The first phase of this important consultation has now concluded, and the report of the findings and conclusions has been published. Government is now moving ahead with the second phase investigating the feasibility of a range of economic and conservation opportunities proposed for the EEZ.

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

In keeping with the Government's support for St. George's, the Ministry of Public Works will conduct a study to provide the Government with a strategy to improve wastewater servicing and infrastructure in St. George's, including the wastewater collection system, ocean outfall and flushing water system lying generally to the east of the Old Town. The study will consider several wastewater servicing solutions and will recommend a preferred option.

The Ministry, working with Ministry of Tourism Development and Transport, will finalize channel upgrades to accommodate the next generation of cruise ships, such as Royal Caribbean Cruise Line's Quantum Class vessel in 2016.

Work has progressed well to date with engineering, consultation and planning for the project conducted by local professionals. The coming financial year will see Requests for Proposals issued for the main contract.

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

The Land Valuation and Tax Act 1967 mandates a revaluation of all properties on the Island for tax purposes every five years. This is a significant project involving the revaluation of more than 35,500 valuation units and requiring all available department resources to complete.

The current 2009 Valuation List was scheduled to be replaced at the end of 2014. However, because of a Supreme Court ruling, there was a need to revise certain sections of the legislation pertaining to the revaluation and the compilation of the next Valuation List. The necessary legislative changes were completed in July 2014, the next Valuation List will need to be postponed to 2015. The Government, consequently, will seek approval for the one-year postponement when the House of Assembly resumes business in this session.

The Bermuda Land Development Company Limited, in keeping with its mandate to reintegrate the former base lands into the Island's social and economic fabric, has opened Ships Wharf to developers for Expressions of Interest. The aim is to transform the wharf area into a vibrant commercial site creating job opportunities for Bermuda.

The company also will replace the ageing Southside wastewater treatment plant and realign St. David's Road for a smoother commuter transit at the junction with Southside Road.

The Department of Parks, in partnership with the Friends of the Bermuda Railway Trail, will install a new footbridge above Store Hill. The project will provide walkers with a safe crossing while continuing the Department's work to connect separate sections of the Railway Trail Park.

Following the completion of the John Smith's Bay rest room and lifeguard facility, Parks Department will use the year ahead to implement a phased plan to upgrade and improve rest room facilities in National Parks.

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

Bermuda has what it takes to overcome any challenge, any storm. The assaults of Fay and Gonzalo were just the latest episode in a history of storms the Island has absorbed to grow again. The economic storm Bermuda faces today is the challenge of our time, confronting the Island with uneven pressures, uncertainty and difficult decisions.

Bermudians have all the qualities necessary to emerge from the storm in better shape, upholding the greater good to secure individual growth and family life, spread new understandings and enlarge the future for all.

The challenge of our time is also the opportunity of our time; the opportunity to make sure goodness prevails and Bermuda builds a better world for its people.

Success will depend on Bermudians recognizing that this is a moment of truth for Bermuda and their future.

And if there is a question about the way ahead, people need look no further than the example set by hundreds of emergency workers in the aftermath of the storms, helping fellow Bermudians and their communities get back on their feet.

In closing, the Government of Bermuda takes this opportunity to thank the men and women of the emergency services who manned the front line for Bermuda in the aftermath of Fay and Gonzalo, day and night, in difficult conditions, protecting, serving and assuring — helping hands leading the way to recovery and renewal: the Emergency Measures Organization, the Bermuda Police Service, Bermuda Fire and Rescue Service, the Bermuda Reserve Constabulary, the Bermuda Regiment, the Bermuda Weather Service, BELCO restoration crews, Works and Engineering, the Parks Department, Bermuda Hospitals Board hospital workers, municipal employees and many others.

These are the people, one and all, who make community real and a better Bermuda possible.

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

In addition to those legislative items already mentioned, during this Session the Legislature will be invited to consider some new statutes and amendments to a number of existing Acts, including:

Stamp Duty Act (1976)

Payroll Tax Act 1995 (PTA 1995)

Taxes Management Act 1976

Corporate Services Tax Act 1995

Land Valuation and Tax Act 1967

Foreign Currency Purchase Tax Act 1975

The Insurance (Prudential Standard) Rules made under the Insurance Act 1978

The Bermuda Monetary Authority Act 1969 (Fees Bill)

By kind tradition, I am allowed to add a few words to this speech.

Bermuda is often said to be at a crossroads. This seems to have been said for many years, even decades. If so, we seem to have dealt with a very complicated road layout remarkably well. But it is probably as true as it has ever been that we are at one of those crossroads again. There will clearly be difficult decisions ahead. And, in a rapidly changing world, not to change means going backwards.

The recent past has been tough for many. It may also be tough work to the way ahead. It is a welcome feature of a mature democracy like Bermuda that policies are developed and debated in a robust and open way. But I would urge everyone to avoid stirring unnecessary division. Bermuda's size and intimacy give us advantages. But they also give a particular obligation to exercise these rights responsibly, on all sides.

Going around Bermuda, on foot, or pushbike, or car; at official gatherings or sports or social events, I have the privilege of meeting a wide range of people. All are friendly. Some are generous with giving their clear views. More recently our twin storms have tested the community: they underlined that it really is a community. There is much more sense of purpose and unity than any observer would guess from the politics as reflected in our media, our radio phone-ins and, above all, the blogs — which everyone claims not to read but everyone discusses.

Bermuda's divisions, whether between rich and poor or different races and nationalities, and our other problems are blessedly small when we look at almost all of the rest of the world. I hope that, as we address our nonetheless very real problems, we can keep in mind the enormous challenges elsewhere and — as many do already, individually and collectively — give help where we can and keep our problems in perspective.

Madame President and Members of the Senate
Mr. Speaker and Members of the House of Assembly

I declare this Session of the Legislature open; and may God guide you and grant you wisdom in your deliberations.

George Fergusson
Governor and Commander-in-Chief
Bermuda

7 November 2014



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