

Premier, the Hon. E. David Burt, JP MP
Cabinet Office
105 Front Street
Hamilton, HM12

13 June 2018

Mr. Premier:

Re: BermudaFirst Current State Update

We have completed our current state assessments for Education, Healthcare, Infrastructure, Tourism & Hospitality, Technology, International Business, Economic Diversification and Socioeconomic Foundations. We are poised to develop future state recommendations. Your feedback is a critical influence on our work, and we welcome the opportunity to engage with you on Thursday.

To frame our conversation, the eight elements of the Socioeconomic Plan have been summarized and placed within the categories noted below. These issues are matters for serious discussion if we are to systematically address root causes that impede Bermuda from realising its full potential.

Community

There is growth in the number of “working poor” and financially challenged middle class households. Financial hardship caused by wage disparities, the rising cost of electricity, food, and health care are significantly impacting many Bermudians. Furthermore, housing continues to consume a large portion of household income. The basic needs of nuclear families are not being met, and as a result, social dysfunction and financial hardship are on the rise. This inevitably leads to a decline in positive citizenship. Solving these problems require the development of new integrated strategies.

Moreover, by 2025, persons over the age of 55 will be the largest demographic component of our population. The requirements for housing, health care, quality of life and other related services have not been a priority and must now be urgently addressed.

In Bermuda the current state of health care can be described fractured, expensive, and inefficient. Premiums and co-pays are unaffordable for many in our community and the numbers of persons uninsured and underinsured continues to increase. There is a high prevalence of chronic disease and many would benefit from greater health literacy. Additionally, there is a need for reimbursement reform from a fee for service model to patient-centric and outcome based billing models.

In the area of public education, Bermuda is functioning like a system of schools rather than a school system. Additionally, there is limited oversight by the Ministry of Education of private schools inclusive of home schools. We would like the Minister to exercise his mandated authority for oversight of all educational institutions in Bermuda. Further discussion on education will take place at our meeting.

The evidence and adverse impact of these issues must serve as a call to action by both Government and our fellow citizens.

Talent Assessment/Immigration Policy

We believe that Government should conduct a talent assessment of those senior civil service roles that are critical to the Island's long term success. This assessment will inform and affirm the capacity of incumbents and identify existing gaps that can be addressed through professional development. This exercise will also identify those positions that require non-resident talent and serve as a framework to understand, communicate and implement immigration policy. We also believe that Government's leadership would serve as an example to the private sector to do likewise, and support the reconciliation of career expectations within our Bermudian workforce. The Talent Assessment Team should be private sector led, with support from globally recognised subject matter experts.

Outside of government, the need for, and challenges relating to, attracting necessary talent (Bermudian and International) has been identified across several working groups. More specifically:

- The lack of focus on skills that are required for 21st Century opportunities does not set Bermuda's young people up for success today or in the future.
- Unemployment and underemployment remain a challenge and are tied directly to the need for quality education and appropriate retraining opportunities that reflect the new and future employment needs of the Island

There is need to expand Bermuda's population to create a sustainable infrastructure and to ensure that where necessary, public and private sector are able to employ the skillsets required to be successful. Bermuda competes in a global economy and our population of 60,000, does not allow us to produce the level of talent required for all key positions at any given time. Appropriate immigration regulation and policy is required to ensure Bermuda has access to the level of talent, experience and inward investment needed to thrive while also ensuring that Bermudians are the ultimate beneficiaries.

Agility

We need to become a society that gets to answers quickly. Failure to do so will adversely impact our competitive advantage. Embracing agility will require Government reform/restructure as well as a change in mindset. We are constrained today by inadequate cash flow, a significant debt burden and a shrinking tax base, which impedes our attractiveness for inward investment. Social legacy issues, such as race and tribalism continue to plague the Country and requires our collective participation to resolve.

The current collection, assessment, manipulation and utilisation of data to inform policy is woefully inadequate. This leads to sub-optimal and under-informed decision making and policy choices. Government's existing technology infrastructure does not allow for efficient data collection, collation or sharing. Throughout Government, data is not current, insufficient, incomplete, not readily accessible, under-utilised and/or non-existent. In many cases, key demographic information such as race is not collected even though it is a key requirement for effective analysis and decision making. Multiple stakeholders including Government, private and third sector entities collect similar data, but with varying measurements and methodological approaches, making data comparison difficult, if not, impossible. We must utilize relevant data more effectively to reach our desired societal objectives. Our recommendation is that Government should identify and act on the areas/processes where an immediate 'data deep dive'

could create insights that would lead to the timely design and implementation of policies capable of substantially changing Bermudians' lives.

In the areas of regulatory oversight/legislative and policy reform, all regulatory bodies should have the leadership, subject matter expertise and experience necessary for enhanced decision-making. At present, the Bermuda Monetary Authority is the only undebatable example of effective oversight in Bermuda and should be a role model to other regulatory bodies.

Additionally, both legislation and policies need to be updated and reviewed to improve their effectiveness. In all respects, these frameworks must accelerate economic growth, improve the quality of decision making and our well-being. The majority of working groups identified the need for new or revised legislation as a critical to ensure the Country can evolve and become more competitive.

Right-sizing existing legislation, policy and regulatory oversight across multiple sectors will become an accelerator for Bermuda's success both with existing industries and Bermuda's ability to attract investment into new and emerging industries, with the ultimate opportunity for new job creation. The existing over-regulation, antiquated regulations and policies, currently act as a barrier to success across multiple sectors.

Furthermore, processes are not user-friendly and are a deterrent to investors (local and international). Bermuda is a 21-square mile island, with a population of approximately 60,000. Its legislative framework and accompanying regulatory oversight should reflect this. Except in the few strategic areas, we truly need to meet international requirements and remove the existing overly bureaucratic approach and reflect a jurisdiction that is not merely open for business but proactively engaged in promoting the development of the Country.

Infrastructure

At present, our infrastructure lacks resilience. It is inadequate for economic development and must improve social equity and quality of life. Action is necessary to avoid the impairment of public safety and position the Island for long-term success.

The City of Hamilton is aging and has few smart city initiatives. As the Country's capital city, we must prioritise its revitalisation. The aging energy infrastructure creates a financial challenge for residents and businesses, alike. It also puts the reliability of the electricity system at risk. Any failure or decline in system reliability would ultimately negatively impact Bermuda's economy overall.

In addition, the existing sewage treatment infrastructure creates public health concerns and puts Bermuda's brand at risk. Moreover, several bridges need major repair or replacement and the public transportation system has an aged and ill-maintained fleet.

Tourism and hospitality suffers from a lack of appropriate hotel accommodation to support growth in hospitality and tourism as well as an inadequate infrastructure to support anticipated larger cruise ships.



Tied directly to the challenges noted in the community section, there is an inadequate infrastructure for vulnerable persons and families inclusive of long-term residential housing for the elderly; low income affordable housing, and emergency shelters for persons in crisis (i.e. victims of domestic violence).

In closing, over the next several months working groups will define the future state vision and create an implementation plan that we believe will allow Bermuda to move forward.

Other issues that we would like to discuss with you include: Fintech, NAMLAC and Economic Substance. Thanks for your time, and we look forward to our discussion on Thursday.

Sincerely,

PB

Philip Butterfield
Chairman

Cc: Darren Johnston, Patrick Tannock, Gil Tucker, John Wight, Kerry Judd, Dawnnelle Walker