

Pro-Growth
Policies



*Our Pathway to
Peace & Prosperity*

Policies

Reduce Government

The public sector must be scaled correctly to suit the needs of Bermuda. Scaling down the size and role of the government is critical to the success of all other reforms that are necessary.

The size and cost of the Bermuda government has grown inordinately over the last 15 years, whilst the tax base has been reduced from previous levels. The working population that funds it has also diminished. These realities require Bermudians and residents to make serious decisions on the way forward and how best to tackle unsustainable costs.

Cost Reductions

The FDM acknowledges that Bermuda is burdened with unsustainable debt. Our collective responsibility to our young people, and future generations, is to reduce this burden. This acknowledgment inevitably leads to discussions around the reduction of Government spending, and specifically reducing the cost of labour. This represents a double edged sword; social and political unrest vs fiscal responsibility. A dilemma that impacts us all.

The FDM will reduce the cost of Government by successfully implementing three strategies: ministry reforms, economic diversification, and salary / wage deductions.

A. Our policy proposals for education reform, health reform, and security reform, while not fully costed, are expected to produce substantial savings across the three largest Ministries within Government.

B. FDM will fully implement our colour coded economic diversification strategy, which encourages public employees to consider leaving government for greater opportunities in a growing private sector. This provides for a seamless transition from bureaucracy to private sector management, ownership and entrepreneurship.

C. Select activities will be outsourced to existing employees on a contractual basis. The focus will start with public works and parks maintenance. These departments should reorganise to transition existing staff towards outsourced contracts. This will enable the same staff to continue their work, not as employees, but as business owners. These contractors will

also be free to compete in the private sector, providing them with more income generating opportunities as a tangible alternative to the ingrained practice of "moonlighting". These areas will be the simplest to outsource to these new private companies and results can be readily achieved in a short time frame, which will be visible for all to appreciate. With this shift, the government will be better positioned to ensure that projects are managed and executed more efficiently. Roadside retaining walls being started and completed in weeks and months rather than months and years, along with the improved maintenance of parks and railway trails will be visible signs of progress to taxpayers. The results will be evident when compared to the lower overhead costs when private businesses are contracted to do the work.

Success with outsourcing in these areas should build support for expanding contract work in other areas of Government. The FDM accepts the fact that this is a form of wealth redistribution and it is a necessary action to lower cost to provide a source of economic empowerment for government workers.

D. The FDM will take immediately salary and wage deductions of up to 40% for the Premier and all Government Ministers, and a 5% adjustment will be made for all other employees of Government. These cost savings will be used entirely for tax cuts for a minimum period of two years.

The FDM will introduce the additional policies such as:

- Appointing negotiators independent of the government for bargaining purposes. Bermuda should not have union members negotiating with other union members over how much of taxpayers' money they will give themselves.
- Rationalise public sector benefits structure and bring it into line with what prevails in the private sector.
- All public sector workers should contribute equally to pension and medical costs.
- Analyse every expenditure by the public sector and ask two questions: Is it necessary? If so, can it be done cheaper or better outside of Government?

- Any new requests for Government spending must identify cost savings in other areas to offset the new spending request.
- All Government departments will be required to reduce their budget by 3% each year over the next five years. The savings from these cuts will be applied directly towards Bermuda's debt repayment.
- Reduce Taxes and Fees
- Government should become as lean as possible. Every tax dollar extracted from the pockets of the public is a dollar that is not spent on opening new businesses, funding new ideas or creating more jobs for hard-working Bermudians.
- The private sector is the engine that drives the economy. It creates all the wealth that every one of us uses each day to support ourselves and our families. The Government merely re-distributes what has already been produced.
- Taxes act as a restraint on growth, and it is a fundamental truth that if you want less of something you should tax it. We want economic growth and we also want and need increased employment opportunities for Bermudians. Therefore, we should tax the people as lightly as possible as tax policy should be designed to encourage entrepreneurship. We should be encouraging the establishment of new businesses in every way as they are an engine of growth and are the creators of an aggregate number of jobs in the economy.
- An FDM Government will create a level playing field for all by eliminating the old practice of establishing tax codes that almost always pre-determine which businesses thrive and which ones do not survive. Government should not be deciding who the winners are – consumers should – and the opportunity to compete in a market that is fair for all should be a right for everyone.
- The FDM will eliminate the sugar tax. It did not make sense when conceived and is not working well in practice.
- Reduce or eliminate excessive regulations
- Regulations are unseen and uncounted taxes on economic activity, while compliance requires time and resources. Excessive demands on businesses and excessive bureaucracy on the part of the public sector hinder economic activity and hit smaller businesses harder, as they have less administrative capacity to absorb the costs of compliance.

Some of the examples of actions that the FDM will undertake are;

- Institute maximum decision deadlines for planning applications – if not fully approved, in say six weeks, then applications should be automatically approved, as long as they meet the basic building code requirements.
 - Institute maximum deadlines for other applications – maximum sixty day turnaround for real estate licenses for example.
 - Relax transportation regulations in relation to types, size and use of various vehicles.
 - Permit licensed establishments to operate 24hrs per day, thereby extending employment and entrepreneurial opportunities, in addition to enhancing our nighttime tourism product.
 - Permit the development of beach facilities that will enable entrepreneurship to enhance our tourism product.
- The FDM will:**
- Create incentives to encourage job growth and remove existing barriers that limit growth.
 - Eliminate / Reduce payroll tax.
 - Eliminate the employer pension matching contribution for the first two years of employment.
 - Rationalise fees across Government, eg: TCD commercial licensing fees – HC permit is \$3,090. HC for hire is \$82,400! A minibus permit is \$5,150 but a luxury limousine permit is \$51,500!
 - Eliminate the Dividend Tax. This tax falls disproportionately on unlisted local businesses and it is manifestly inequitable that only dividends from non-publicly listed companies are taxed.
 - The FDM will transition to strict proportionality in tax rates.



www.fdmbermuda.com