



Bermuda Government 2024 Position on Retaining the Local Workforce

Key Features and Deloitte Perspectives

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The Ministry of Economy and Labour of the Bermuda Government in March of 2024 issued a position paper entitled “Consultation on Retaining the Local Workforce Position Paper 2024” (the “Position Paper” or “Paper”). The Position Paper follows the Government’s broad-based Economic Development Strategy (“EDS”), released in 2023, which identified a number of key priorities intended to boost Bermuda’s economic prospects. Among its multiple initiatives, the EDS cited the importance of retaining and expanding the resident and working populations of Bermuda, and identified immigration policy as a lever that could facilitate the achievement of that objective. The EDS specifically referred to action steps around immigration reform, improvements in immigration processes, and reduced eligibility criteria for obtaining a Permanent Resident Certificate (“PRC”) in Bermuda.

In our synopsis of the [EDS from June of 2023](#), we cited immigration reform as a foundational success factor that would impact the success of most of the initiatives within the EDS. We outline below the key features of the recent Position Paper and offer our perspectives on how its recommendations might impact the achievement of economic growth in Bermuda.

Bermuda’s Workforce Demographics

The Position Paper cites Bermuda’s aging population and increased emigration as key challenges that will, without mitigating actions, hamper economic growth and strain healthcare and social security systems. The Paper specifically calls out labour shortages and skills gaps, increased labour costs, and increased pension and social security costs as consequences of the current trends in Bermuda’s workforce and population.

Whilst the Paper is silent on the specific impact of a shrinking working population on Government finances and Bermuda’s debt obligations, it is well understood that Bermuda’s tax system (which is based to a meaningful extent on payroll taxes and consumption levels) and the country’s ability to manage its debt obligations will also be impacted negatively by a shrinking workforce¹.

The Position Paper indicates that, of the 32,000 Bermuda jobs reported in Government employment survey in 2022, 75% were held by Bermudians, 23% by work permit holders and 2% by holders of PRC (“PRC Holders”). One of the key arguments within the Position Paper is that, at 2%, more could and should be done to expand the numbers of PRC Holders in Bermuda. In addition, while acknowledging that insufficient data exists to quantify the levels of emigration and the reasons for it, the Position Paper points to a perceived increase in levels of emigration in recent years and the Government’s desire to encourage Bermudians to return to Bermuda to participate in the workforce.

Recommendations to Retain Bermudians

The Position Paper outlines several proposed courses of action:

- Gathering data on the extent of and reasons for emigration which would then inform policies the Government could implement to encourage Bermudians to remain in Bermuda or to repatriate
- Strengthening labour protections for the local workforce, including measures to strengthen the trade unions, increase severance payment requirements, progress minimum wage levels, and protect Bermudians in the event of redundancies, amongst others
- Encouraging Bermudian students studying abroad to return to Bermuda to work after their education, including maintaining a register of Bermudian graduates living abroad, and amending the Workforce Development Scholarship to require students to return within a specified period post-graduation
- Encouraging the retention of older Bermudians in the workforce, including eliminating the employer’s share of payroll tax for Bermudian workers over the age of 65

¹ In December of 2023, the Government of Bermuda introduced a Corporate Income Tax (“CIT”) which will become effective for certain Bermuda companies beginning in calendar year 2025. The impact of the CIT on future Government revenue collections and on the Bermuda tax system in general are uncertain at this time.

Recommendations to Retain Guest Workers

The Position Paper's focus with respect to retaining guest workers is on the timeframe and criteria for guest workers to become eligible to apply for a PRC. The Paper notes that just over 200 PRC applications have been approved to date and argues that making the process of obtaining a PRC easier will have a direct positive impact on retaining the existing working resident population, making Bermuda more attractive to employers when they are deciding where to locate personnel in the future, and encouraging more investment in Bermuda. The paper also compares Bermuda's PRC criteria to those of other jurisdictions, some of which Bermuda competes with directly for talent and investment capital in key industries (financial services, tourism, infrastructure).

The specific proposals of the Paper relate to reducing the length of the residency requirement for PRC eligibility, as follows:

- For individuals meeting the definition of a Job Maker², from 10 years to 5 years
- For certain occupational categories, such as registered nurses, technology professionals, and some finance, risk and accounting professionals, to 5 years
- For all other guest workers, from 20 years to 10 years, provided the candidate also meets an annual income requirement of \$BD 83,000.

² In Bermuda, a job maker refers to senior executives or individuals who are responsible for creating jobs for Bermudians and are critical to the continuity of a company on the island. These job makers can apply to be exempt from needing a work permit.

Deloitte Perspectives

Deloitte agrees with initiatives to better understand the extent and drivers for emigration, as well as initiatives to encourage Bermudian students to participate in the economy after their education. Making this a requirement for students who have received Government financial support for their studies does not seem unreasonable. We also believe, however, that the value of obtaining overseas work experience is significant and could be a source of competitive advantage for Bermudians in a global talent pool. We believe that Bermudians currently living overseas, including students, will be inclined naturally to return and live in Bermuda if the economy is healthy, if Bermuda offers a vibrant and safe lifestyle, and if interesting career pathways are available to them, without the need for additional Government incentives.

In our experience, companies doing business in Bermuda and in most other countries are generally accustomed to immigration regimes which will, to varying degrees, provide a level of preference to the country's citizens in matters related to employment. The balance between protecting a country's citizens and employment rights on the one hand, and maintaining attractiveness to outside investors as a jurisdiction to locate employees and deploy capital on the other, can be a difficult one. Actions that have the end result of increasing the cost or complexity of employing individuals in Bermuda may run contrary to the objective of building the resident working population and could, more broadly, impede rather than accelerate

progress against other objectives of the EDS, such as attracting investment into key industries such as tourism or into major infrastructure projects.

We believe that shortening and simplifying the process of obtaining PRC should have a positive impact on the attraction and retention of working people in Bermuda. We would expect increasing the number of PRC Holders to have a positive impact on Bermuda's tax base and on levels of personal investment in the economy. Employers of PRC Holders will benefit from the savings in work permit fees and from the added flexibility and certainty in workforce planning.

We support continued study of other jurisdictions with which Bermuda competes for both talent and for investment capital. We would recommend policy choices that position Bermuda's attractiveness ahead of such competing jurisdictions in the areas of employment laws and immigration policy.



Appendix

Permanent Resident Certificate

Under current Bermuda legislation, a PRC Holder is allowed to live and work in Bermuda on an ongoing basis without the need for a work permit or other form of residency permission, including post-retirement. Holders are also able to purchase certain categories of Bermuda real estate that would otherwise be available exclusively to Bermudians or those possessing Bermudian Status. As well, PRC Holders may, subject to meeting additional eligibility criteria, have a path to obtaining British Overseas Territory Citizenship. This is not an avenue to Bermudian Status, but may enable the recipient to obtain a British passport.

PRC Holders are not exempt from foreign purchase tax on transactions in Bermuda real estate. They do not have the right to vote, or the right to own Bermuda companies without the participation of Bermudian owners. Further, PRC Holders are not eligible for financial assistance in Bermuda.

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