

August 13, 2020

Ministry of Home Affairs  
Government Administration Building  
30 Parliament Street  
Hamilton HM 12

**Attn: The Hon. Walter H. Roban, JP MP**

Dear Minister Roban,

**Re: Staff and Honoraria Covid-19 cost savings Relief initiative**

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The Regulatory Authority of Bermuda (the "RA") writes further to your letter of May 28, 2020 and its letter of July 22, 2020 to advise of its cost-saving efforts in light of the COVID-19 Global Pandemic.

This letter provides insight into the current cost-saving efforts of the RA (staff/employee and Commissioners) due to the COVID-19 economic impact. The RA expects revenue short falls due to this economic impact on the regulated sectors. This is currently estimated at -15% (-\$429,150) for the electricity sector and -12% (-\$415,200) for the electronic communications sector.

Consequently, the RA has reviewed its budget and taken a number of steps to reduce its operating costs:

- 1) Targeted reduction of a minimum of 20% for non-employee costs (\$460,997); and
- 2) 13.63% reduction of RA staff and employee-related costs (\$619,940).
- 3) Total cost savings in this regard are \$1,080,937.

The RA also wishes to address the procedural and substantive deficiencies of the requested changes in the letter of May 1, 2020 solely submitted from the Chief Executive to yourself. In truth and in fact, sections 10 and 24 of the RAA were not at that time invoked or engaged by the then Board of Commissioners, or at all, per the Board minute of August 10, 2020; and additionally, per the Executive Committee meeting minutes of 18 and 30 June 2020; 3, 7, 16, 20 and 22 July, 2020.

As such, the Board now formally, and statutorily under sections 10 and 24 of the RAA; respectfully requests that the Minister approve the requested changes to the current five Commissioners' honoraria remuneration from the pre-existing and otherwise unchanged \$9000 per month, to \$8100 per month per Commissioner with no distinction being made or allowed for at a different scale or rate for or to the Chairman of the RA Commission. This change represents a 10% reduction of the currently and lawfully established \$9,000 per month per Commissioner honoraria remuneration. This change or reduction to \$8,100 per month per Commissioner, if approved, will become operative at the next pay period of September 23, 2020; and will continue until August 23, 2021, after which time this measure will be reviewed. This change over the stated period will yield a contribution

to the Covid-19 relief effort from the Commissioners of a sum of \$54,000, or \$10,800 per Commissioner. The 10% reduction also mirrors the contributions being made by Cabinet Ministers and various other union bodies etc.; and is considered in alignment with this general trend. This reduction too, parallels the shared reduction of RA staff and employee-related costs which stands at 13.63%.

In summary, these efforts will result in a gross savings of \$1,116,937 versus projected declining revenues of \$844,350 and unbudgeted costs of \$161,844, thus further resulting in a projected net surplus of \$110,743.

The RA thanks the Minister for his continued support as we navigate these challenging times.

Sincerely,



Denton E. Williams

Chief Executive, Regulatory Authority of Bermuda

cc: Board of Commissioners of the Regulatory Authority of Bermuda.