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Cabinet Memo
No. 212/00

The Capital Expenditure Plan 2000

Memorandum by the Minister of Finance

The purpose of this paper is to seek Cabinet's endorsement of a revised Capital Expenditure Plan (the "Plan") for the years 2001/02 through 2006/07.

2. Cabinet, by Conclusion 2(98)13(iii), agreed that the Standing Cabinet Committee (the Capital Development Committee) should be established which inter alia, would review the Government's Capital Plan at least once a year. This Committee, comprising the Ministers of Transport, Environment, Development and Opportunity, Works and Engineering and Tourism and chaired by the Minister of Finance, has reviewed all existing schemes in the Plan and after examining various options recommends the revised Plan attached as Annex I.

3. The financial implications of the proposed Plan, particularly as it relates to the impact on Government borrowing is shown on Annex II, attached. Cabinet will note that at row e, estimates of Current Account balances (after funding debt interest and Sinking Fund) based upon current projections, remain very modest throughout the years of the Plan. While it is estimated that the Consolidated Fund will generate relatively modest current account balances, Government is nevertheless faced with major capital project commitments over the coming two to three years, particularly from those arising out of the Education Restructuring programme for the new Berkeley Institute.

4. While Government's revenues have been very buoyant for the past several years early indications for the current fiscal year appear to point to a likely outturn either on budget or only modestly above the approved revenue estimate of \$591.8m for 2000/01. Despite these concerns however because of anticipated economic growth, albeit rather modest, it is not expected that the borrowing requirements will exceed the policy guideline limit of 10% of GDP (Shown at row n on Annex II) throughout the years covered by this Plan. However based upon the net debt and guarantee projections (shown at row m) it appears that consideration of a revision to legislated debt limits may be required during fiscal 2003/04.

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