



Ministerial Statement

by

Lt. Col. the Hon. David A Burch, OBE, ED, JP, MP

Minister of Public Works

BLDC Audited Financial Statements and Report on Operations

for the years ended 31st March 2012 to 2018

December 11th 2020

Mr. Speaker, I lay before this Honourable House the Bermuda Land Development Company's Audited Financial Statements and Annual Reports for the years 2012 – 2018.

Mr. Speaker, the purpose of the BLDC is to manage or oversee the management of the land entrusted to it generally for the purpose of integration of that land into the economic and social fabric, in particular, to the creation of opportunities for increased employment now and in the future in furtherance of the well-being of the present and future generations of Bermudians.

Mr. Speaker, in accordance with the Base Lands Development Act 1996 the Company shall prepare in respect of each financial year financial statements in proper form, which shall be audited by the Auditor General. The Company shall, as soon as may be after the end of each financial year, prepare a report on its operations during that year and on its policies and programs for future years. Every report in respect of the financial year shall include the text of every direction given by the Minister to the Company under Section 12 during that financial year.

The Company shall send to the Minister, within six months after the end of each financial year, a copy of the set of financial statements prepared and of the report prepared in respect of that financial year. The Minister shall cause a copy of every set of financial statements and of every report sent to him to be laid before each House of the Legislature in accordance with Section 16 of the Act.

Clearly that did not happen in this case, as I reported to this House in November 2018 and I quote:

I am advised that there are several reasons for the delay but you can imagine that none rise to the level of satisfaction for me, given that we are now in 2018 with the most recent accounts relating to March 31, 2012. The underlying explanation for the delay is that the Auditor General was concerned about the procurement processes at the Company in 2010. The Auditor General completed a Special Report that year and determined that a more detailed examination of the accounts was required, which necessitated more time intensive processes to complete the audit. The delay was compounded by a recommendation to write down the carrying value of the Company's assets by \$6.7m [which had been audited since 2004] based on a review by the new finance team. The 2010 Audit was finalized on February 2, 2015. The 2011 Audit was impacted by changes in accounting rules related to public entities and the 2012 Audit was completed in January 2018. End quote.

Mr. Speaker, the 2014-2017 audited financial statements for BLDC were completed on 31st August 2020. The 2013 audited financial statements for BLDC were completed on 30th May 2019 – and the 2012 audited financial statements for BLDC were completed on 25th January 2018. A combined 2012-2017 Annual Report on Operations was completed on the 29th August 2017. The 2018 audited financial statements for BLDC were completed on 31st August 2020 and the 2018 Annual Report on Operations was completed on the 22nd May 2018. I note for the information of Members that the Company has received a clean audit opinion for each of the years presented. The auditor did, however, comment on weaknesses in internal controls related to the Company's procurement processes during the 2012 and 2013 years which have been addressed by management and did not occur in the 2014 to 2018 years. As this report was combined, I have taken the liberty of including the 2012 audited financial statements in this submission for ease of reference although it had been previously presented.

Mr. Speaker, as of December 2020, the BLDC's finance department has completed six (6) years' worth of outstanding audits in the past 17 months and continue to work diligently to complete the 2019 and 2020 audits. The preparation schedules and files are nearly completed, with the BLDC team working with the Office of the Auditor General to schedule the audit field work for early 2021.

Mr. Speaker, the BLDC management team continues with their efforts to maximize the potential use of all buildings on the former baselands and in the St David's area generally. One of the financial goals of the BLDC is to become financially independent from the Government. To that end, I can report that for the years ended 31st March 2012, 2013, 2014, 2015, 2016, 2017 and 2018 they did not receive a capital grant from the Government.

Mr. Speaker, I would like to highlight a few of the accomplishments identified in the 2012-2018 Reports on Operations:

- a. 2012 - \$2.5m investment in infrastructure (demolished old Navy Hospital, Phase II Commercial Park buildings, new sewage plant and new saltwater reverse osmosis plant). Building improvements to building 1101 refurbishment for the Ministry of Education Headquarters and completion of cottage 211 renovations. Building 631 roof repairs, building 1563 asbestos abatement, and demolition of Ships Wharf warehouse building 17. Reservoirs 13 and 16 catchment cleaning were also carried out.
- b. 2013 – IT Network upgrade, MRI billing software upgrade and fresh water cast iron pipe upgrades to PVC were carried out. Building improvements to Building 1055 roof repairs and cottage 710 renovations were completed. Building 1564 (former Whites Supermarket at Southside) tenant abandoned building contents were removed and the building was professionally cleaned.
- c. 2014 – Fresh water pumping stations upgrade including the removal of large metal pneumatic pressure tanks at Turtle Bay and Ships Wharf, and fresh water cast iron pipe upgrades to PVC were carried out. Reservoirs 13 and 16 catchments and tanks were cleaned. Wastewater lift station 609 pump upgrades were completed. Improved signage was installed at Southside and Higgs Bay Marina repairs were completed. Salt water fire hydrant mains repairs were completed. Reservoir 3 tank structural repairs and fresh water cast iron pipe upgrades to PVC were carried out. Building 1564 repairs and roof membrane replacements were carried out. Building 1409 (Bermuda Triathlon Association) roof asbestos abatement and roof repairs were completed.

- d. 2015 – Telecommunications duct network capacity upgrade was completed. Reservoirs 9 tank structural repairs and fresh water cast iron pipe upgrades to PVC were carried out. Reservoir 16 catchment wall repairs were completed. Higgs Bay Marina upgrade including electricity and water metering was completed. Former Morgan’s Point Commissioner’s House was demolished. Former Police Barracks building 633 roof repairs and building upgrades were completed. Building 1564 roof repairs and air-conditioning upgrade were carried out. Hurricanes (Fay and Gonzalo) emergency repairs were carried out.
- e. 2016 – Ships Wharf freshwater pumping station repairs and fresh water cast iron pipe upgrades to PVC were carried out. New Wastewater Treatment Plant (WWTP) redesign and build was completed and a wastewater mains realignment along Southside Road was carried out. Wastewater Lift Station 300 structural repairs and Lift Station 609 electrical repairs were completed. Building 1564 roof repairs and Commercial Park building sidings repairs were carried out. Cottage 513 renovations and Channel House building 349 air-conditioning upgrades was completed. Higgs Bay Marina Jetty Repairs were completed. Hurricanes (Fay and Gonzalo) damages repairs were carried out. The small public (western area) restrooms at Clearwater Beach were upgraded.
- f. 2017 – Reservoirs 14 tank structural repairs and reservoir 13 tank roof replacement were carried out. Fresh water cast iron pipe upgrades to PVC were carried out. Hurricane Nicole building damages repairs carried out. New self-cleaning WWTP screens were installed. Reservoirs 16 catchment cleaning was carried out. Daniels Head landscaping and property improvements were carried out including fresh water and electrical upgrades. Hurricanes (Fay and Gonzalo) damages repairs were carried out. Clearwater Beach (formerly Gombeys) Restrooms renovations, Cottage 441 renovations and building 830 roof repairs were carried out. Building 1564 roof membrane replacements were carried out and building 381 roof remediation was completed. Daniels Head building repairs were carried out.
- g. 2018 – Upgrades to both Clearwater Beach restrooms were completed as well as several general improvements to the Clearwater Beach area including landscaping and added benches and canopies. Works commenced on the new parking lot at Turtle Beach. Repairs to some of the Commercial Park building sidings were undertaken and building 1564 (former Supermarket Building) roof membrane replacements were carried out. The former Club Azure and Bermuda Triangle Club derelict building 511 was demolished and upgrades commenced on (the former Police Barracks) building 633.
- h. 2018 – A reliable infrastructure is a critical component for development at Southside. BLDC also upgraded its storage capacity for potable water, thereby providing increased certainty of supply during the peak summer months. Investment in the Wastewater Treatment Plant also ensured that BLDC continues to dispose of wastewater in an environmentally appropriate manner.

Mr. Speaker, the attached audited financial statements reveal that as of 2018, the BLDC had assets of \$29.18M, Liabilities of \$1.68M and Accumulated surplus of \$27.50M. Cash on hand stood at \$7.09M. Revenues were \$6.11M and Expenses \$7.98M with a deficit for the year of (\$1.87M). The deficit for the 2018 year is higher than normal due to increase in repair and maintenance expenses and utilities cost related to the reverse osmosis and wastewater treatment plants.

Mr. Speaker, you will recall that when I assumed responsibility for the quangos, the goal was to look at synergies and economies of scale. So one of the first things I did was to appoint the senior management team of the Bermuda Housing Corporation

to lead the team at the BLDC on an interim basis to determine what this could look like. Immediately the team of Major Barrett Dill (CEO) and Mr. Mark Melo (CFO) addressed a number of outstanding matters, with the unaudited financials and incomplete annual reports at the top of their list.

So at this time, **Mr. Speaker**, I extend my thanks for the countless hours they and their respective teams have put in over the past 17 months to complete these six years' worth of audits. It is my expectation that moving forward the BLDC, will be in a position to table the audited financial statements and annual reports in a timelier manner.

Thank you **Mr. Speaker**!