



## **Ministerial Statement**

**by**

**Lt. Col. the Hon. David A. Burch, OBE (Mil), ED, JP, MP**

**Minister of Public Works**

**Tabling of West End Development Annual Reports**

**1<sup>st</sup> December 2017**

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**Mr. Speaker**, in accordance with Section 25 *Annual Report to the Legislature*, of the West End Development Corporation Act 1982, the Minister shall lay before each House of the Legislature a copy of every statement of accounts and every report received by him under Sections 22 Accounts and Audit, Section 23 Auditor's Report and Section 24, Corporation's Annual report.

**Mr. Speaker**, you will note on the Orders of the Day that I will be tabling the West End Development Corporation (WEDCO) annual reports for years 2014 and 2015. One may wonder or ask why the 2014 and 2015 Annual Reports are being tabled on the same day and I can advise members that the 2014 Report was previously submitted by WEDCo but never tabled in the House as a result of an oversight within the Ministry. I invite either the Honourable & Learned Member who signed the report or the Honourable Member who should have tabled it to explain that oversight.

**Mr. Speaker**, with regard to the 2014 Report, in the opinion of the Auditor, "the consolidated financial statements present fairly, in all material respects, the consolidated financial position of WEDCO as at March 31<sup>st</sup>, 2014 and its consolidated results of operation, change in net debt and cash flow for the year then ended in accordance with the public sector accounting standards generally accepted in Bermuda and Canada". The 2014 Report is unremarkable, with satisfactory financial results and a clean audit opinion.

**Mr. Speaker**, with regard to the 2015 Report it is noted under the Consolidated Statement of Financial position, accounts receivables increased significantly during 2014/2015 in the amount of \$700k. WEDCO faces perennial challenges in the collection of outstanding rents due. All efforts to collect funds are made including legal recourse and this is highlighted in the General Manager's Report. In an effort to mitigate this problem a new application process has been expanded to include a more comprehensive assessment to ensure tenants are capable of meeting their financial obligations. Funds due from Government significantly decreased year over year and this represents Government contributions to meet principal

obligations of the Capital G (currently Clarien Bank) loan relating to the Waste Water Treatment Facility. This loan was fully paid in May 2016. With regard to Tangible Capital Assets, Hurricanes Fay and Gonzalo damaged certain properties of the Corporation in October 2014 and as a result, the Corporation recognized a write-down on tangible capital assets of \$6.3 million. Insurance proceeds of an identical amount were received and that amount was recognized in revenue (proceeds) and equally in the expenses (write-downs).

**Mr. Speaker,** other items and points worthy of highlighting from the 2015 report include;

**Government Grant:**

During 2014/2015 the Corporation secured loan financing through Butterfield Bank guaranteed by the Government. Government contributed approximately \$1m annually towards the interest costs. This amount is reflected in 'Government contributions' and 'Administration' expenses (financing costs). Except for the items mentioned above, revenues and expenses continued to meet forecast from year to year. The cash position increased significantly for the year due to the insurance proceeds received. However the cash position today is significantly reduced due in large part to expenditures made in upgrading/renovating properties in the Dockyard.

**Mr. Speaker,** WEDCO has advised that the delay in the submission of their annual reporting is a result of the Auditor General's Office completing their review and sign off of Audits from previous years. WEDCO has already completed the 2016 and 2017 audits and they are currently in the final review stage with the auditors Price Waterhouse Cooper (PWC). Once the review is completed, PWC will forward the reports to the Office of the Auditor General for their final review and sign off. It is anticipated that both sets of accounts will be available for WEDCO Board approval during the scheduled December 2017 meeting. Assuming the above schedule is maintained the reports for years 2016 and 2017 will be ready for tabling in early 2018 and at that stage WEDCO's annual reporting will be current.

Thank you, **Mr. Speaker.**