



Ministerial Statement

By

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Minister of Public Works

Wedco Prefab Housing

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Good Morning **Mr. Speaker**.

We have heard an interminable amount of lectures on the financial deficiencies of this government since assuming office in July 2017 – sadly coming from self appointed experts who are attempting to rewrite modern history – in the hope we have no historical memory.

Endless lectures about the servicing of our debt and if only we let 3,000 more people descend off British Airways – all our troubles would be over – well that isn't going to happen until hundreds of Bermudians without a job – get at least one. And might I remind those naysayers and their media mouthpiece that it was the former Minister of Finance, Bob Richards, who in 2013 doubled our national debt to over \$2 Billion with nigh a whisper from those lining up now to instruct the present government on fiscal responsibility.

Mr. Speaker, when there is a change in government – it is natural that certain items will be inherited by the next administration – what is not natural is that there is a mountain of issues simply left unaddressed. Since assuming this assignment last year, **Mr. Speaker**, I have spent an inordinate amount of time sorting through items simply ignored by the former administration and so I report today another occasion in what is becoming a regular occurrence.

Mr. Speaker, you may recall that in 2011 Wedco was requested by the former PLP Administration to assist in addressing the housing challenges by way of a new housing development in the Dockyard.

By early 2012, the Ministry and Wedco had signed off on the final design for them to construct a new 100 home development within the lands around the existing Victoria Row. The development was to be constructed in 2 phases so as not to displace any existing tenants. The first phase was the construction of 48 units to be immediately followed by the construction of the remaining 52.

Mr. Speaker, the project was to be carried out by Atlanta based Clark Construction International by building pre-engineered units, shipping them to Dockyard and then transporting them directly to the site. These units were to look and feel like traditional Bermuda housing and it was expected that they would have a very high efficiency value as they would be constructed of foam and concrete.

The plan was to provide 8 one-bedroom units, 46 two-bedroom units and 46 three-bedroom units.

The cost of the project was estimated at \$36 million or an average of \$360,000 per unit inclusive of all infrastructure that would extend from Boaz Island Village to the Dockyard Waste treatment facility. **Mr. Speaker**, the project commenced in the 4th quarter of 2012.

Of course there was also an election in December 2012 and the resultant change of Government saw the new OBA government reduce the number of homes from 100 to a mere 20 homes. **Mr. Speaker**, housing fabrication was already well underway and when production was halted - 28 units or 7 buildings had been completed. Wedco subsequently were directed to erect only 5 of the buildings containing 20 units.

Mr. Speaker, needless to say the change required a complete redesign of the infrastructure for sewage collection, flushing water as well as fresh water supplies. The final cost for production, infrastructure and erection of 20 units was an astonishing \$25 million. The remaining 2 buildings (8 units) were not erected and remained on the South Basin Dock for 3 years.

The directive to reduce the project size and scope dramatically impacted the cost and originally projected cash flow. The government had agreed to provide annual grants in the amount of \$ 2 million until the finance loan was paid in full - \$22 million remain outstanding.

Mr. Speaker, Wedco were further instructed that they could erect the remaining units in Dockyard – this was impractical so efforts were made to offer these units to other sectors of Government. (Ministry of Works, National Stadium, Ministry of Health and others) – all to no avail.

It should be noted that the panel and roof size was specifically designed for delivery and transport to Dockyard. (They are large and extremely heavy sections). This made it more challenging for them to be transported to other parts of the island (not impossible but both costly and risky to transport piece by piece.)

Mr. Speaker, the advent of the Americas Cup event forced the removal of the left over prefab units from the South Basin to a location just over the hill below Moresby House.

Several months later additional Americas Cup requirements then required the units to be relocated again. This time they were transported to the Sallyport as it was not anticipated they would need to be moved again.

Mr. Speaker, the units remain in the Sallyport and went through 2 hurricanes suffering significant erosion and many panels as well as roof sections were undermined, shifted and damaged.

The book value of the panels was \$300,000 but they have already been written off. There are still many panels in Sallyport but without an extensive review and an engineering sign off – no one is confident that there remains a complete functional structure. These structures have been exposed to the elements and moved several times during the 5+ years since their arrival.

Mr. Speaker, upon learning of this saga several weeks ago I requested the General Manager to ascertain their current status. Last month he met with engineers on site to look at the remaining prefab pieces. Without a major effort and cost to ensure each panels integrity the recommendation is to be very cautious about trying to use them now. What is in the Sallyport is only the wall and roof pieces, there are no interior fittings or fixtures, therefore any site that does not have existing sewage and water supply / collection will require the added expense of foundation slabs, water tanks and sewage pits. Additionally the electrical panels, which were formed into the walls, will need to be replaced in every unit. The engineers “unofficial” position is that they would not recommend using them for a host of reasons: cost of transport and erection, unknown condition of each piece, missing metal welding plates, lifting eyes and windows have all been exposed to salt for extended periods.

Mr. Speaker, the best fit previously was the National Stadium as they have central infrastructure already in place and were looking for housing. The previous Government would not fund the erection of the units when they were in better condition.

The summary recommendation based on limited research would be that using these structures at this stage comes with significant cost and risk. A full assessment will require moving each part by crane, counting, and then verifying that all the required pieces are in good condition.

With the current situation, **Mr. Speaker**, I have instructed Wedco to not invest any more money but to write off the remaining pieces and proceed to dispose of them.

So the reality of what we have here is – the former OBA government has completely and unequivocally destroyed a project that was to bring housing relief to 100 families in this country at a reasonable cost of \$360,000 per unit. By any measure - cries from all quarters for the immediate dismissal of the minister responsible would have resulted – if it were a PLP Government. The fact that there has not been a whisper of concern at the total financial irresponsibility of these actions that has resulted in the construction of 20 homes for the incredible amount of \$25,000,000 – or an astounding \$1.25 million dollars per unit, coupled with the wastage of a further \$2.2 million in unused materials. The level of sheer incompetence in this regard by the former OBA minister and government is simply breath taking.

What is equally astounding though, **Mr. Speaker**, but no surprise to me – is that the Auditor General has not seen fit to launch an investigation into this wanton waste of taxpayer's money – again history would record had it been a PLP Government – the report would have already been completed and released to the media.

Mr. Speaker, I will not speculate on the reasons for this complete demonstration of incompetence - that's not necessary as the then Minister continues to sit in this place and I invite him to explain his actions and culpability in this incredible waste of tax payer funds.

Mr. Speaker, of greater concern to me in my current assignment is that we are faced with an ever increasing challenge in providing adequate housing for the people of this country who are in the greatest need. We will continue to work hard every day to address this significant challenge and the people of this country can be assured that we will not stop until we have success.

Thank you, **Mr. Speaker**.