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(Letter sent via Electronic Mail)

17 July 2015

Mr George Fergusson
Governor of Bermuda
Government House
Hamilton
Bermuda

Dear Governor,

1. The Foreign Secretary has authorised me to address you on the subject of the external affairs of Bermuda and in particular the proposal that Bermuda contract with the Canadian Commercial Corporation (“CCC”), a Crown corporation of the Government of Canada, to redevelop the L.F. Wade International Airport (“the airport”).
2. This letter replaces the letter of entrustment dated 10 November 2014 and its amendment dated 6 July 2015. That letter of entrustment will cease to have effect from the date of the letter confirming your acceptance of the terms of this letter of entrustment, as per paragraph 8.
3. I must make clear at the outset that the United Kingdom retains overall responsibility for the external affairs of Bermuda, and that the special responsibility of the Governor for external affairs and defence under section 62 of the Constitution of Bermuda is in no way affected by this letter.
4. I believe the continued deterioration of Bermuda’s fiscal situation to be a cause of significant concern and taking on board more debt is unlikely to provide a sustainable solution over the longer term. However, I have also considered the assurances I have received from the evaluation work undertaken by an independent accounting firm of internationally reputable standing (Deloitte), which assessed whether the project for the redevelopment of the airport represents Value for Money for Bermuda according to the requirements of the Full Business Case under Her Majesty’s Treasury Green Book guidance for appraisal of public spending proposals.
5. Subject to the requirements set out in paragraphs 6 and 7, the United Kingdom Government delegates authority to the Bermudian Government to enter into a contract with CCC to redevelop the airport (“the Contract”).

6. (a) The cost of the construction of the airport must be wholly borne by CCC and the selected developer and sub-contractors. No debt should appear on the balance sheet of the Government of Bermuda that relates to the airport construction.

(b) The United Kingdom Government and the Government of Bermuda must agree on what measures are required to address the deficiencies that are identified by Deloitte in their assessment report(s).

(c) The Government of Bermuda must publish a written and evidence-based assurance that the required measures have been taken, before the Contract can be concluded.

7. The Government of Bermuda will keep the United Kingdom Government informed as to the progress of its negotiations with the CCC, including through the provision of a copy of the Contract at least one month in advance of signing and a copy of the Contract within one month of its conclusion. This is to ensure that:

(a) The United Kingdom Government's responsibility for the Government of Bermuda's compliance with its international commitments and obligations is not compromised; and

(b) All financial obligations and commitments arising from the Contract with the CCC are the sole responsibility of the Government of Bermuda, unless it has otherwise been agreed with the United Kingdom Government.

8. I should be grateful if you would acknowledge receipt of this letter and confirm that the Government of Bermuda accepts the authority delegated above, subject to the requirements set out in paragraphs 6 and 7 in relation to such delegation, which will come into effect on the date of your letter confirming acceptance thereof.

Yours sincerely,



Director, Overseas Territories