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## PRESS RELEASE

### **Airport redevelopment project will cost more and be delivered later than originally estimated**

The report "*Owen Roberts International Airport (ORIA) Terminal Redevelopment project: Progress update*," issued by the Office of the Auditor General (OAG) today assesses progress made with the ORIA Terminal Redevelopment project as at 30 August 2018.

"The ORIA Redevelopment project is of significant importance for the Cayman Islands economy as we see both the population and the numbers of tourists grow year on year," Ms. Winspear notes. "However, as with any major capital project it is essential that it is well managed to ensure value for money."

The report was originally issued to the Public Accounts Committee of the Legislative Assembly on 30 August 2018 as a private report as it contained some commercially sensitive information that the Auditor General considered would not be in the public interest to release at that time.

"I prepared this report in August 2018 and issued it only to key stakeholders and the Public Accounts Committee at that time because it was a "live" project and contained information that I considered to be commercially sensitive. I felt that by publishing it at that time, risked increasing the costs of the project to the public purse," Ms. Winspear explains. "The project is still not complete and risks from publishing the report remain but I judge that these are sufficiently diminished that the public interest is best served by publishing this now with a small number of redactions remaining in place at this point."

The report highlights that estimates as at August 2018 indicated that the project was likely to cost around \$64.37 million, almost 20 per cent more than contract prices and would not be complete until February 2019.

The Auditor General adds. "At the time of my report in August 2018, the project was estimated to cost over \$64 million, around \$10.5 million or 20 per cent more than contract prices. Almost \$5 million of these cost increases are as a result of additions in scope made to the project after contracts were signed, including hurricane rated glass and canopies. Making changes to the scope of a project after a contract has been signed is not good practice."

The report states that governance and oversight of the project has improved over time but there have been challenges in managing the project. Project management has been hampered by the performance of the lead consultant.

More information about the report can be obtained by contacting Sue Winspear at (345) 244-3201 or Angela Cullen, Director of Performance Audit at (345) 244-3220.

This report and the original OAG reports on which this report is based are available at [www.auditorgeneral.gov.ky](http://www.auditorgeneral.gov.ky).

Notes to the editor:

1. The Owen Roberts International Airport (ORIA) has been operating well beyond its planned capacity (of 500,000 passengers a year) for almost two decades. Statistics from 2000 show that around a million passengers a year were flowing through the airport.
2. The ORIA Terminal Redevelopment project has two main phases:
  - Phase 1- Enabling works. These included the western extension to the airport terminal building and the baggage handling area.
  - Phase 2 – Main works. These include renovation and extension of the main terminal building. Phase 2 is split into nine smaller phases (Exhibit 1 on page 6 of the report).
3. The project is overseen by a Project Steering Group and follows the Cayman Island Government’s Major Projects Office governance framework.
4. The estimated costs of the ORIA Terminal Redevelopment Project have changed over time (see Exhibit 2 on page 19 of the report) as follows:
  - \$51.9 million per the Outline Business Case (May 2014).
  - \$55 million when the tender documents were issued (October 2014).
  - \$56.62 million as at August 2015 as a result of \$1.62 million of scope and design changes made after the Phase 1 contract was signed.
  - \$53.8 million based on signed contracts (August 2016).
  - \$64.37 million per revised cost estimates (August 2018). This includes around \$3.3 million as a result of scope and design changes made after the Phase 2 construction contract was signed.
5. The ORIA Terminal Redevelopment Project was estimated to be largely complete by the end of 2018 but not fully complete until February 2019.