PARLIAMENT

OF THE CAYMAN ISLANDS

2020/2021 Session

DRAFT REPORT

of the

STANDING

PUBLIC ACCOUNTS COMMITTEE

on the Report of the Office of the Auditor General on Owen Roberts International Airport (ORIA) Terminal Redevelopment Project - Progress Update as at August 2018 (January 2019)

Laid on the Table of Parliament on this day of 2021
# TABLE OF CONTENTS

1. REFERENCE ...........................................................................................................3
2. DOCUMENT CONSIDERED .................................................................................3
3. CHAIRMAN AND MEMBERS OF THE COMMITTEE ..............................3
4. MEETINGS OF THE COMMITTEE .....................................................................3
5. ATTENDANCE OF MEMBERS .........................................................................4
6. PERSONS IN ATTENDANCE .............................................................................4
7. WITNESSES CALLED BEFORE THE COMMITTEE ......................................4
9. PAC RECOMMENDATIONS .............................................................................5

ACKNOWLEDGEMENTS .........................................................................................6

REPORT OF THE COMMITTEE TO THE HOUSE ...........................................7

1. REFERENCE

The Standing Public Accounts Committee of the Cayman Islands Parliament, established under Standing Order 77(1), met to consider the following Report prepared and submitted by the Auditor General:

Owen Roberts International Airport (ORIA) Terminal Redevelopment Project - Progress Update as at August 2018 (January 2019)

2. DOCUMENT CONSIDERED

In accordance with the provision of Standing Order 77(3), the Committee considered the following Report which was referred in the House of Parliament:

Owen Roberts International Airport (ORIA) Terminal Redevelopment Project - Progress Update as at August 2018 (January 2019)

3. CHAIRMAN AND MEMBERS OF THE COMMITTEE

The following Members of Parliament are the present Members of the Standing Public Accounts Committee:

Mr. D Ezzard Miller, MP – Chairman
Mr. Christopher S. Saunders, MP – Member
Mr. Austin O. Harris, Jr, MP – Member
Mr. Bernie A. Bush, MP – Member
Hon. Barbara E. Conolly, MP – Member
Mr. David Wight, MP – Member

4. MEETINGS OF THE COMMITTEE

The Committee held meetings to consider the Report:

(i) Administrative Meetings between January 2019 and January 2021
(ii) 27th January 2021 (Hearing)
(iii) 28th January 2021 (Hearing)
5. **ATTENDANCE OF MEMBERS**

The attendance of Members at the meetings is recorded in the Minutes of Proceedings which are attached to and form part of this Report.

6. **PERSONS IN ATTENDANCE**

In accordance with Standing Order 77(8), the following persons were in attendance at the meetings held with witnesses.

- Mrs. Sue Winspear - Auditor General, Office of the Auditor General
- Ms. Angela Cullen - Deputy Auditor General (Performance Audit)
- Ms. Brittany Clarke – Audit Trainee, Office of the Auditor General
- Mr. Kenneth Jefferson - Financial Secretary & Chief Officer, Ministry of Finance and Economic Development
- Mr. Matthew Tibbetts - Accountant General, Ministry of Finance and Economic Development

7. **WITNESSES CALLED BEFORE THE COMMITTEE**

In accordance with the provisions of Standing Order 77(4), the Committee invited persons to give information and explanations to assist the Committee in the performance of its duties.

The following persons appeared before the Committee to give evidence on **Wednesday, 27th January 2021:**

- Mr. Tom Guyton - Chairman, Cayman Islands Airports Authority
- Mr. Albert Anderson - Chief Executive Officer, Cayman Islands Airports Authority
- Ms. Sheila Thomas - Chief Financial Officer, Cayman Islands Airports Authority
- Mr. Roy Williams - Senior Project Manager (Airport Development), Public Works Department

The following persons appeared before the Committee to give evidence on **Thursday, 28th January 2021:**

- Mr. Richard Noel - Managing Director, McAlpine, Ltd.
- Mr. Steve Gaffing - Project Manager, McAlpine, Ltd.
- Mr. Stran Bodden - Chief Officer, Ministry of District Administration, Tourism and Transport

8. **PRACTICE AND PROCEDURE OF THE COMMITTEE (S.O 77(6))**

The Committee agreed that in accordance with the provisions of Standing Order 77(6), all meetings at which witnesses were invited to provide information should be held in an open forum. This decision was taken to promote openness and accountability in Government.
9. PAC RECOMMENDATIONS

On review of the Report of the Office of the Auditor General on Owen Roberts International Airport (ORIA) Terminal Redevelopment Project - Progress Update as at August 2018 (January 2019) and critical analysis of two days of witness testimonies, the PAC make the following recommendations:

9.01 The Committee heard evidence from all of the public sector witnesses that a number of lessons had been learned from the ORIA Terminal Redevelopment Project. These lessons included the need to always complete a Final Business Case that has updated cost estimates, ensuring an adequate contingency is built in to cost estimates, not setting the budget before the design is complete, employing an independent cost consultant that works directly for the client, and ensuring that oversight groups have regular formal meetings, and that all decisions are formally documented. It is important that these lessons are formally captured and shared with others to avoid similar mistakes being made in future projects.

The Committee recommends that the Cayman Islands Airport Authority (CIAA) and Ministry of District Administration, Tourism & Transport (MDATT) complete a formal post-project evaluation exercise of the project as soon as possible. They should then prepare a report, which identifies lessons learned and share this widely across the public sector so that all can benefit.

9.02 The Committee heard that despite the redevelopment project, prior to the COVID-19 pandemic, the airport was almost at maximum capacity, leading to congestion, at certain times. This was largely because the passenger growth numbers had significantly surpassed the projections included in the Outline Business Case, and that many airlines and private planes preferred Saturday flight times and CIAA always accommodated these.

The Committee recommends that CIAA should review the current capacity of the airport and potential growth in demand to determine: what can be done to accommodate any expected growth in passenger numbers, any further expansion needed, and assess whether this is achievable on the current site before any additional money is spent.

The Committee also recommends that CIAA and Ministry of DATT (through the Department of Tourism) should start discussion with airlines and local hotels immediately with a view to introducing a ‘slot system’ for arrivals and departures to alleviate peak periods. Ideally these discussions should happen while the borders are closed, as a result of COVID, with a view to having a revised flight schedules in place for when the airport reopens. Any changes considered should be assessed to ensure minimal impact on tourism.
9.03 The Committee heard evidence that the current baggage handling area is, in some parts, exposed to the weather. The Committee is concerned that this could reduce the lifespan of the baggage handling system and/or nullify any warranty.

The Committee recommends that the CIAA should determine any additional works that are needed to ensure that the baggage handling area is safe and secure, and remedy this as soon as possible.

9.04 The Committee heard that large numbers of errors and omissions were identified in drawings prepared for the project and that these contributed to significant delays and cost over-runs. The Committee is concerned that no-one was checking these prior to issuing them to potential vendors or for planning approval.

The Committee recommends, for all major capital projects, that the public sector project manager appointed has the technical capability necessary and carries out sufficient checks of drawings prior to them being issued.

9.05 The Committee heard from all witnesses that the lead consultant for the project did not have a permanent local presence. This meant that the lead consultant was not able to carry out its project management role effectively or be the main conduit between the client and contractor as intended.

The Committee recommends that, for all future major capital projects, if a lead consultant is appointed to manage the project that they are required to have a full-time local presence for the duration of the contract.

10. GOVERNMENT MINUTE

The Public Accounts Committee wishes to draw Government’s attention to Standing Order 77 sub-order 7 which reads:

“The Government Minute shall be laid on the Table of the House within three months of the laying of the report of the Committee and of the report of the Auditor General to which it relates.”

The PAC expects the Government to honour the requirements of this Standing Order.

ACKNOWLEDGEMENTS

The Committee is most appreciative of the efforts of the Auditor General and her staff for the support, assistance and constructive advice given throughout its deliberations.

The Committee also wishes to thank the staff of the Parliament for the assistance provided.
REPORT OF THE COMMITTEE TO THE HOUSE

The Committee agrees that this Report be the Report of the Standing Public Accounts Committee to the House on the following Report of the Office of the Auditor General:

Owen Roberts International Airport (ORIA) Terminal Redevelopment Project - Progress Update as at August 2018 (January 2019)

Mr. D. Ezzard Miller, MP – Chairman
Mr. Bernie A. Bush, MP – Member

Mr. Christopher S. Saunders, MP – Member
Hon. Barbara E. Conolly, MP – Member

Mr. Austin O. Harris, Jr, MP – Member
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