GOVERNMENT OF THE VIRGIN ISLANDS

# STATEMENT

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# Statement by the Minister of Communication and Works to the House of Assembly on Airport Runway Expansion Project

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**STATEMENT BY MINISTER FOR COMMUNICATIONS AND WORKS**

**HONOURABLE KYE M. RYMER AT THE FOURTH SITTING OF THE FIRST SESSION OF THE FIFTH HOUSE OF ASSEMBLY OF THE VIRGIN ISLANDS ON AIRPORT RUNWAY EXPANSION PROJECT**

**Thursday 8th May 2025**

Madam Speaker,

I rise today to provide a formal update on a matter of urgent and strategic national importance—the proposed expansion of the runway at the Terrance B. Lettsome International Airport. It is my duty to inform this Honourable House that the Outline Business Case for this expansion project has been received and is currently under review by the Steering Committee, preparing for submission to the Cabinet for consideration and approval.

This document signifies the conclusion of the second stage of the project development, as outlined by His Majesty's Treasury Green Book Five Case Model, a respected framework utilised to assess major public investment projects. The Outline Business Case builds upon the previously approved Strategic Outline Case and strengthens the case for investment through rigorous analysis across five key domains: strategic need, economic justification, commercial viability, financial affordability, and management delivery.

**Strategic Need and Project Justification**

Madam Speaker, our Territory stands at a crucial juncture. The existing runway at the Terrance B. Lettsome International Airport, classified as category 3C, significantly constrains our ability to meet current and projected airlift demand. The limitations imposed by our current infrastructure restrict the accommodation of larger aircraft, prolong travel times to and from key markets, and impede our efforts to enhance regional and international connectivity.

The Outline Business Case proposes an upgrade to accommodate larger aircraft, essential for improving our international connectivity and enhancing travel efficiency. This transformational project aligns seamlessly with our National Sustainable Development Plan and our aspirations for tourism, economic diversification, and global competitiveness.

The anticipated benefits of this expansion are substantial:

- A projected increase in annual passenger arrivals from 145,000 to over 500,000 by year 15.

- Enhanced disaster response capabilities and improved security.

- Long-term resilience in aviation infrastructure and service delivery.

- A phased development approach that strategically defers terminal expansion until traffic growth warrants it.

These benefits are reinforced by comprehensive consultations with industry stakeholders, technical advisors, and international experts. It is clear that this investment is not only timely—it is essential for the sustainable economic trajectory of our Territory.

**Economic Viability and Funding Strategy**

The economic rationale for this project has been meticulously evaluated. The Outline Business Case confirms that the preferred option, which includes extending the runway and expanding the apron, offers the most favourable economic return among the shortlisted alternatives.

A mixed public-private financing structure is proposed, with risks appropriately allocated and value for money prioritised. The Outline Business Case suggests a modest increase in passenger fees—comparable to regional peers—to support ongoing “availability payments” under a Public-Private Partnership model. Importantly, we will explore measures to protect residents of the Virgin Islands, including potential discounts or exemptions to mitigate the fee burden on local travellers.

**Procurement, Governance, and Delivery Model**

The Outline Business Case outlines a carefully structured two-phase procurement strategy to ensure efficiency and minimise risks:

1. Phase 1: Procurement of an Airport Development Partner

- A competitive Request for Proposal will be initiated to secure a reputable international partner with a proven history in airport expansion and management.

2. Phase 2: Project Delivery via Design-Build-Finance-Operate-Maintain Model

- Infrastructure is recommended to be delivered through a long-term, availability-based Public-Private Partnership, with private investors assuming the risks associated with design, construction, financing, and operations.

- Recommendation for a Special Purpose Vehicle, created by the private consortium, will oversee project implementation, while the Government retains control through Newco, a wholly-owned limited liability entity under the British Virgin Islands Airports Authority.

This model strikes a balance between public oversight and private sector efficiency, aligning with global best practices for infrastructure delivery in small island developing states and ensuring accountability, flexibility, and resilience.

**Approvals Sought and Next Steps**

The Outline Business Case is not a final investment decision; rather, it is a crucial enabling step requiring the formal endorsement of Cabinet for the following:

1. Approval to proceed with the procurement of the airport development partner;

2. A notional commitment to future funding phases, subject to further refinement and approvals;

3. Engagement with the United Kingdom Foreign, Commonwealth and Development Office to secure necessary permissions under the Territory’s fiscal governance framework.

Upon receiving these approvals, the next milestones will include:

- Finalisation of the airport master plan;

- Completion of the Environmental Impact Assessment and other regulatory clearances;

- Issuance of the Request for Proposal;

- Submission of the Full Business Case; and

- Commencement of construction by 2027, with project completion targeted for 2032.

**Closing Remarks**

Madam Speaker, the proposed expansion of the Terrance B. Lettsome International Airport is not merely an infrastructure project—it is a generational investment in the future of our Virgin Islands. It addresses our economic, social, and infrastructural challenges directly. This project empowers our people, opens new markets, and fortifies our position as a regional and global player.

This initiative is strategically sound, economically justified, commercially viable, and financially structured for long-term success. Let us seize this opportunity to enhance our Territory's future.

Thank you, Madam Speaker.