



TWENTY-SIXTH REPORT OF THE
PUBLIC ACCOUNTS

(E N T E R P R I S E S) C O M M I T T E E

FIFTH SESSION OF THE 11TH PARLIAMENT

Examination of the Audited Accounts, Balance Sheets and other Financial Statements of the National Helicopter Services Limited for the financial years 2008 to 2014



Public Accounts (Enterprises) Committee

The Public Accounts (Enterprises) Committee (PA(EC)) established under Section 119(5) of the Constitution of the Republic of Trinidad and Tobago is mandated to consider and report to the House of Representatives accordingly on:

“(a) the audited accounts, balance sheets and other financial statements of all enterprises that are owned or controlled by or on behalf of the state; and

(b) the Auditor General’s Report on any such accounts, balance sheets and other financial statements.”

Current membership

| | |
|------------------------------------|---------------|
| Mr. Wade Mark | Chairman |
| Dr. Tim Gopeesingh | Vice-Chairman |
| Mrs. Jennifer Baptiste-Primus | Member |
| Mr. Fitzgerald Hinds | Member |
| Mrs. Cherrie-Ann Crichlow-Cockburn | Member |
| Dr. Nyan Gadsby-Dolly | Member |
| Ms. Amrita Deonarine | Member |
| Mr. Foster Cummings | Member |

Committee Staff

The current staff members serving the Committee are:

| | |
|------------------------|-----------------------------|
| Ms. Keiba Jacob | Secretary |
| Ms. Hema Bhagaloo | Assistant Secretary |
| Ms. Vanna Jankiepersad | Procedural Officer Intern |
| Mr. Darien Buckmire | Graduate Research Assistant |
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| Ms. Anesha James | Administrative Assistant |
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Publication

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Members of the Public Accounts (Enterprises) Committee



Mr. Wade Mark
Chairman



Dr. Tim Gopeesingh
Vice Chairman



Dr. Nyan Gadsby-Dolly
Member



Mrs. Jennifer Baptiste-Primus
Member



Mr. Fitzgerald Hinds
Member



Ms. Amrita Deonarine
Member



Mrs. Cherrie-Ann Crichlow-Cockburn
Member



Mr. Foster Cummings
Member

Executive Summary

The Public Accounts (Enterprises) Committee (PA(E)C) is the Parliamentary Financial Oversight Committee tasked with the responsibility of examining the audited accounts of all State Enterprises that are owned or controlled by the state. The Committee examined the **Audited Accounts, Balance Sheets and other Financial Statements of the National Helicopter Services Limited (NHSL) for the financial years 2008 to 2014** and produced this report to highlight its findings and recommendations.

This report details the issues, endorsements and recommendations made by the Committee to improve NHSL's performance.

During this inquiry, the following topics were discussed:

- *The highly competitive nature of the helicopter services industry in Trinidad and Tobago;*
- *The status of the NHSL's reliance on Government subventions;*
- *The status of NHSL's outstanding financial statements;*
- *The accomplishments and constraints of the NHSL;*
- *The sustainability of the NHSL outside of the oil and gas sector;*
- *The status of the revenue received for providing support to Medical Emergency Evacuation transport to and from Tobago;*
- *The systems in place to ensure effective compliance in the maintenance of revenue and expenditure accounts;*
- *The status of an internal audit function at the NHSL and the recommendation to address this situation;*
- *The absence of an internal auditor at the NHSL;*
- *The status of the four (4) AW139 aircraft previously assigned to the Trinidad and Tobago Air guard;*
- *The requirement of the NHSL to hire the pilots of a helicopter leased by the National Operations Center at a cost of one million dollars per month;*
- *The status of the vacant positions of Corporate Secretary, Director of Maintenance and Business Analyst;*
- *The status of NHSL's safety record;*
- *The status of documenting and recording crash helicopters in the fixed asset register;*
- *The status of the investigation conducted by the Trinidad and Tobago Civil Aviation Authority into the crashed helicopter;*
- *The losses incurred as a result of the crashed helicopter;*
- *The significant increase in property plant and equipment between 2013 and 2014;*

- *The number of persons employed at the NHSL; and*
- *The number of critical positions that have market influenced salaries.*

In light of the Committee's findings, the following recommendations were made:

Recommendations:

- *NHSL should submit a report to the Parliament of the initiatives to be taken to ensure that its audited financial statements are submitted within the statutory deadline by August 31, 2020; and*
- *NHSL should also submit status update on the completion and submission of its 2017, 2018 and 2019 financial statements to the Parliament by August 31, 2020.*
- *NHSL should submit a report to the Parliament on the measures to be taken to increase its competitiveness given its smaller fleet size by August 31, 2020; and*
- *NHSL should submit a report to the Parliament on the steps to be taken to ensure the retention of its critical employees by August 31, 2020.*
- *NHSL should submit a report to the Parliament on the outcome of the measures it implemented to reduce the company's continued decline in profitability and liquidity by August 31, 2020.*
- *NHSL should submit a report to the Parliament on the level of revenue it anticipates its proposed diversification of its income portfolio will generate inclusive of the level of investment that will be needed to make the proposed initiatives feasible by August 31, 2020.*
- *NHSL should submit a report on the measures taken to acquire an internal audit function that has unquestionable integrity and conforms to the standards established by the State Enterprises Performance Monitoring.*
- *NHSL should submit a status update to the Parliament on the proposal to utilise the four AW 139 aircraft for commercial use and the official transfer of ownership to the NHSL by August 31, 2020.*
- *NHSL should submit a status update on the permanent filling of the positions of Business Analyst and Corporate Secretary to the Parliament by August 31, 2020.*
- *NHSL should forward a copy of the TTCAA's report into the helicopter crash as soon as it becomes available to the company to the Parliament by August 31, 2020.*
- *NHSL should submit a report to the Parliament on the details of arrangements it had with the National Operations Center to hire pilots for its aircraft and pay their salaries at NHSL's expense by August 31, 2020.*

Introduction

Establishment

The PA(E)C of the Eleventh Republican Parliament was established by resolution of the House of Representatives and the Senate at the sittings held on Friday November 13, 2015 and Tuesday November 17, 2015 respectively.

Mandate

The Constitution of the Republic of Trinidad and Tobago mandates that the Committee shall consider and report to the House on the audited accounts, balance sheets and other financial statements of all enterprises that are owned or controlled by, or on behalf of the State.

In addition to the Committee's powers entrenched in the Constitution, the Standing Orders of the House of Representatives and Senate also empower the Committee (but not limited) to:

- a. send for persons, papers and records;
- b. have meetings whether or not the House is sitting;
- c. meet in various locations;
- d. report from time to time; and
- e. communicate with any other Committee on matters of common interest.

Ministerial Response

The Standing Orders¹ provide for the Minister responsible for the Ministry or Body under review to submit within sixty (60) days a paper to the House responding to any recommendations or comments contained in the Report which are addressed to it.

State Enterprises Performance Standards

The PA(E)C used the State Enterprises Performance Monitoring Manual as a benchmark to examine the performance of State Enterprises. The manual outlines the framework for compliance with official policy and the monitoring mechanisms to be used in assessing such compliance. The Government of Trinidad and Tobago monitors the performance of State Enterprises to ensure that these enterprises

¹ Standing Order 110 (6) in the House of Representatives and 100(6) of the Senate.

successfully execute their mandates and maximize value for money for the national stakeholders and shareholders²

Election of the Chairman and Vice-Chairman

In accordance with section 119(6) of the Constitution, the Chairman must be a member of the Opposition in the Senate. At the first meeting held on Wednesday December 2, 2015, Mr. Wade Mark was elected Chairman and Dr. Tim Gopeesingh was elected Vice-Chairman of the Committee.

Establishment of Quorum

The Committee is required by the Standing Orders to have a quorum so that decisions can be made. A quorum of four (4) Members, inclusive of the Chair or Vice-Chairman with representatives from both Houses was agreed to by the Committee at its First Meeting.

Change in Membership

On December 1, 2017 a decision was made at a sitting of the House of Representatives to replace Ms. Shamfa Cudjoe as a Member with Dr. Nyan Gadsby-Dolly;

On November 27, 2018 a decision was made at a sitting of the Senate to replace Mr. David Small as a Member of the Committee with Ms. Amrita Deonarine;

On July 21, 2019 Mr. Foster Cummings' appointment as a Senator was revoked; and

On August 14, 2019 Mr. Foster Cummings' was re-appointed as Senator and as a Member of the Committee.

² <http://www.finance.gov.tt/wp-content/uploads/2013/11/State-Enterprise-Performance-Monitoring-Manual-2011.pdf>

Methodology

Determination of the Committee's Work Programme

At its second meeting on Wednesday January 13, 2016, the Committee agreed to prioritise thirty-four

(34) State Enterprises as follows:

- Caribbean Airlines Limited (CAL)
- Caribbean New Media Group (CNMG)
- Caroni Green Limited (CGL)
- Community Environmental & Protection Enhancement Programme Company Limited (CEPEP)
- Education Facilities Company Limited (EFCL)
- Estate Management and Business Development Company Limited. (EMBD)
- Evolving Tecknologies and Enterprise Development Company Limited (eTECK)
- National Commission for Self Help Limited (NCSHL)
- National Entrepreneurship Development Company Limited. (NEDCO)
- National Enterprises Limited (NEL)
- National Gas Company of Trinidad and Tobago Limited (NGC)
- National Infrastructure Development Company Limited. (NIDCO)
- National Insurance Property Development Company Limited. (NIPDEC)
- National Quarries Company Limited (NQCL)
- National Schools Dietary Services Limited (NSDSL)
- Palo Seco Agricultural Enterprises Limited (PSAEL)
- Petroleum Company of Trinidad and Tobago (PETROTRIN)
- Point Lisas Industrial Port Development Corporation Limited. (PLIPDECO)
- Port of Spain Waterfront Development Limited.
- Rincon Development Limited (RDL)
- Rural Development Company of Trinidad and Tobago Limited (RDC).
- Sport Company of Trinidad and Tobago (SportT)
- Telecommunication Services of Trinidad and Tobago Limited (TSTT)
- Trinidad and Tobago Fashion Company Limited.
- Trinidad and Tobago Mortgage Finance Company Limited (TTMF)
- Trinidad and Tobago National Petroleum Limited (NP)

- Tourism Development Corporation (TDC)
- Union Estate Electricity Generation Company Limited (UEEGCL)
- Urban Development Corporation of Trinidad and Tobago (UDECOTT)
- Solid Waste Management Company Limited (SWMCOL)
- Vehicle Management Corporation of Trinidad and Tobago (VMCOTT)
- National Flour Mills Limited (NFM)
- Community Improvement Services Limited (CISL)
- Government Human Resource Services Company Limited (GHRS)

Fifth Session Work Programme

At a meeting held on February 5, 2020 the Committee identified the following entities for examination in the Fourth Session of the 11th Parliament:

1. RDC;
2. ExporTT;
3. UDECOTT;
4. VMCOTT;
5. Development Finance Limited;
6. Metal Industries Company Limited (MIC);
7. National Enterprises Limited (NEL);
8. Follow-up:
 - PLIPDECO
 - NQCL
 - EMBD
 - NGC
 - CEPEP
 - SPORTT.

The Inquiry Process

The Inquiry Process outlines steps taken by the Committee to conduct the inquiry into the operations of NHSL. The following steps outline the Inquiry Process agreed to by the PA(E)C:

- I. Identification of issues in the Audited Accounts, Balance Sheets and other Financial Statements of NHSL for the financial years 2008 to 2014;
- II. Preparation of Inquiry Proposal for NHSL. The Inquiry Proposal outlined:
 - a. Background;
 - b. Objective of Inquiry; and
 - c. Proposed Questions.
- III. Questions were forwarded to NHSL on May 11, 2018. Written responses were received from NHSL on May 28, 2018;
- IV. Determination of the need for a Public Hearing based on the analysis of written submissions. In this instance, a public hearing was held on February 5, 2020.
- V. After the public hearing a written request for additional information was sent to NHSL, the Ministry of Works and Transport and the Ministry of Finance – Investments Division on February 13, 2020. All responses were subsequently received by February 27 2020.
- VI. Report the Committee’s findings and recommendations to Parliament upon conclusion of the inquiry.
- VII. Carrying out follow-up to monitor progress in the implementation of recommendations.

National Helicopter Services Limited's Background³

Company History

National Helicopter Services Limited (NHSL) formerly the Air Division (Helicopter Unit) of the Ministry of National Security is a joint venture between the Government of Trinidad and Tobago (GOTT) as an 82% shareholder, and The National Gas Company of Trinidad and Tobago Limited (NGC) holding the remaining 18% of the issued share capital. The Company was incorporated on October 3rd 1989 and commenced operations on February 1st 1990.

NHSL was formed for the purpose of providing offshore helicopter services to the Oil/Gas sector and other commercial entities as well as continuance of services to Government i.e. support to the National Security forces, Medical Evacuations (Medevacs) between Tobago and Trinidad and Emergency and Disaster Air Support. NHSL is the holder of an Air Operator's Certificate (AOC) and Approved Maintenance Organization Certificate (AMOC) issued by the Trinidad and Tobago Civil Aviation Authority (TTCAA) to carry out requisite aviation functions.

The Company's staff numbers approximately one hundred and forty (140), and includes Administrative and Accounting persons, Pilots, Licensed Aircraft Engineers, Aircraft Mechanics and ramp support personnel. There is a Pension Plan, Medical Plan, Workers Compensation, Pilots Loss of Licence, and Group Life Insurance, all provided by the Company.

Mission:

To Provide First Class Helicopter Transportation, Maintenance and Training Services.

Vision:

To Be The Leading Partner For Helicopter Services Wherever It Goes.

Corporate Social Responsibility:

It is the way that National Helicopter Services Limited (NHSL) will meet with its wider economic, social and environmental obligations, both to employees and to other interest groups including customers, suppliers, visitors and local communities. It includes, but is not limited to, sustainable development practices, corporate citizenship, corporate governance and business tactics.

³ National Helicopter Services Limited website accessed May 19th, 2020 <http://www.nhsl.tt/about-national-helicopters/>

As a responsible organization, NHSL recognizes that its activities have a wider impact on the society in which it operates and would take appropriate actions.

NHSL aims to achieve the following objectives:

1. Improved brand reputation and public relations with its clients and organizations that it interacts with.
2. Customer and employee loyalty.
3. Managing risk for e.g. through corporate governance procedures.
4. Improved internal and external relationships e.g. through commitment to community services, staffing policies and customer relations.
5. Encourage staff participation in local community activities and participates in charity fundraising events.

Services Provided⁴:

National Helicopter Services Limited is in the process of upgrading its fleet, increasing its fleet capacity and increased usage of state-of-the-art helicopter technology in an effort to be poised for increasing demands in the oil & gas sector and expansion opportunities regionally.

NHSL currently operates six (6) helicopters for commercial use i.e. six (6) medium twins and provides maintenance support for the National Security Operations Centre (NSOC) which operates two (2) medium twins and two (2) light twins.

NHSL operates from its main base at Camden, Couva and owns the Foreshore Helipad at Mucurapo, for the main purpose of facilitating medical evacuations (MEDEVACS). Apart from these, the only other approved passenger pick up points are the Piarco International Airport and the Arthur Napoleon Raymond (A.N.R.) Robinson International Airport in Tobago.

Helicopter Transportation Services provided to support the following:

- Offshore Oil and Gas production.
- Offshore drilling and seismic surveys.

⁴ National Helicopter Services Limited website accessed May 19th, 2020 <http://www.nhsl.tt/services/>

- Services to the Government of Trinidad and Tobago, offshore Search and Rescue (SAR), 24/7 emergency medical transfer (Medevac) mostly between Tobago and Trinidad, and V.I.P. transportation.
- Ad hoc local use (mainly for photography surveys and sightseeing).

The Company is the only local operator that can provide a product mix of a medium twin and light twin helicopters. This mix is enhanced by the Company's ownership and 'rights of access' to multiple operating bases and "pick up" points. Service delivery is conducted within an environment which continually withstands the scrutiny of the local aviation regulatory body; and independent international auditors, who act as agents of current and prospective customers.

NHSL's pricing model is basically driven by cost; but is structured and tailored to the individual customer, based on the service mix required. Overall NHSL's prices are competitive and in-keeping with industry standards.

Clientele⁵:

NHSL presently provides contractual services to GOTT, NGC, EOG Resources, British Gas and BHP Billiton. From time to time, services have been provided to other companies operating on a short-term basis in Trinidad, including:

- ❖ Mobil Corporation
- ❖ Pecten International Co.
- ❖ Mc Dermott Inc.
- ❖ GECO Geophysical Co.
- ❖ Western Geophysical Co.
- ❖ UNOCAL
- ❖ Shell Trinidad Limited
- ❖ Exxon Corporation
- ❖ Conoco
- ❖ Canadian Superior Energy Inc
- ❖ Bayfield

⁵ National Helicopter Services Limited website accessed May 19th, 2020 <http://www.nhsl.tt/our-history/>

Board of Directors⁶

- ❖ Mr. Larry D. McIntosh - Chairman
- ❖ Mr. Sean Balkissoon
- ❖ Mrs. Jennifer Boucaud-Blake
- ❖ Mr. Hayden Manzano
- ❖ Mr. Dan Russell Ethan Martineau
- ❖ Mr. Leighton Goodridge
- ❖ Captain Roderick CW Spicer

⁶National Helicopter Services Limited website accessed May 19th, 2020 <http://www.nhsl.tt/board-of-directors/>

Issues, Observations and Recommendations

In the Committee's examination of NHSL, the following issues were identified and the corresponding observations and recommendations proposed:

Observations:

1. The highly competitive nature of the helicopter services industry in Trinidad and Tobago

NHSL describes the provision of helicopter services to Trinidad and Tobago's offshore oil and gas industry as highly competitive because it includes two of the biggest helicopter companies in the world. At the beginning of 2015, Bristow Helicopters, a foreign multinational, was NHSL's only competitor with NHSL providing services to all oil and gas clients except BP Trinidad and Tobago, who was the main client of Bristow. The continued downward slide in oil prices forced companies globally to cut back on production and to assess operational costs. As a result, all NHSL's core clients requested reduced rates and re-tendered services with a view to obtaining competitive pricing. This allowed Petroleum Helicopters Inc. (PHI), a large US operator to register its business in the Trinidad and Tobago market later in 2015. Prior to obtaining approvals to operate from the Trinidad and Tobago Civil Aviation Authority (TTCAA), PHI was able to secure contracts with two of NHSL's long standing customers. Its Shell contract commenced on January 1st, 2016 for a period of ten years and its EOG Resources Drilling Contract commenced in September 2016. Both clients previously accounted for approximately 39% of NHSL's revenue. The Company also faced manpower challenges as eight Senior Captains and five experienced Engineers moved to PHI. As PHI was not certified to operate until the end of 2016, NHSL continued to provide services to Shell and EOG drilling. EOG resources subsequently tendered for production and drilling contracts and NHSL was successfully awarded the contracts from July 2017.

2. NHSL's request for Government assistance

Currently, NHSL operates its commercial activities relatively autonomously. The growth of NHSL's business from its inception to the period under review was largely accomplished without requiring any additional Government subvention or financial support. However, because of the stresses faced by the competitive helicopter industry, to retain clients its NHSL like all the other companies, had to reduce its rates. NHSL also had to re-tender some its contracts because with the downturn in the oil and gas industry at the time, clients scaled down their need helicopter needs. Both of these factors lead to NHSL's revenue declines during the period under review. When NHSL's incoming revenue could not

cover its administrative and operating expenditure, NHSL requested financial assistance from the Ministry of Finance (MOF).

3. The number of critical positions that have market influenced salaries

The NHSL was using Public Service salary brackets to pay its more critical positions and as a result, had significant issues filling those positions. After recognising this, NHSL approached the Chief Personnel Officer (CPO) about the difficulties it faced in attracting and retaining the specific skills that NHSL needed to substantiate and expand its operations. After receiving clearance from the CPO, the NHSL was allowed to fill specific positions based on industry remuneration standards. The Director of Maintenance was one such position as well Captain, Chief Pilot and Chief Engineer. Outside of those positions, NHSL continues to pay established positions based on the guidelines received by the CPO.

4. The significant increase in property plant and equipment between 2013 and 2014

Between 2013 and 2014 there was a significant capital investment in NHSL's plant property and equipment. NHSL stated that this was due to the phasing out of the older Sikorsky S76A++ models and acquisition of one (1) Sikorsky S76 C++ aircraft and two (2) Sikorsky S76 D aircraft to provide better payload over longer distances. The purchases were made because the company was confident of increased business from the oil and gas companies when oil prices climbed to \$130-\$140 US per barrel. Speculating that there would be expansion in the oil and gas industry and the growing anticipation of what was to come from Guyana's oil and gas exploration, the purchases were made so that the company could be on par with its competitors who made similar investments. Prior to these purchases, the company was conservative in its acquisition of aircraft to service the oil/gas sector, usually purchasing foreign-used aircraft. This changed when the oil and gas companies formed a committee that dictated the levels and the standards that the aircraft had to conform to. This factor also played a significant role in the purchase of the aircrafts between 2013 and 2014, because clients in their tenders began stipulating which model aircraft they wanted to service their oil platforms.

Issues:

5. The status of NHSL's outstanding financial statements;

The Committee was advised that on August 13, 2015, NHSL's Board of Directors decided to tender for external audit services as its then auditors KPMG had functioned as external auditors for the

preceding ten years. PricewaterhouseCoopers (PWC) was officially appointed as external auditors at a Special Meeting of the Shareholders of NHSL on July 25, 2016, ten months after NHSL's 2015 financial year end to audit the company's accounts for the audit periods 2015-2017. NHSL's Management team met with PWC on July 27, 2016 and PWC commenced its audit on August 3, 2016. Officials from the NHSL indicated that major delays were experienced in the audit of the financial statements, such as:

- Performing a 100% testing of NHSL's Accounts Receivables;
- Receiving the International Accounting Standard 19 Valuation Report for 2016 from the actuary on March 3, 2017;
- Challenges in the calculation of the deferred tax for 2015 which was completed in 2017;
- Conducting Impairment Valuations on the aircraft for fiscal years 2015 and 2016.

Officials from the NHSL advised the Committee that at the time of the public hearing, the audit status of the 2015 to 2019 financial statements were as follows is:

- FY 2015 and 2016 completed and planned to be submitted to the Parliament by the first quarter of 2020.
- FY 2017 and 2018 Field work completed and planned to be submitted to the Board for review by the first quarter of 2020 and the Parliament by the second quarter of 2020.
- FY 2019 Field work completed, planned to be submitted to the Board Audit Committee, full Board for acceptance and the Parliament thereafter by the third quarter of 2020.

To henceforth ensure that the audited financial statements will be submitted on time, NHSL indicated that it will meet early on with the auditors to determine clear schedules, timeliness of information and the audit timeframe. It was noted that adequate planning would allow NHSL's accounting team and PWC's audit team to direct the audit effort towards the areas expected to be most at risk of material misstatement., example: inventory, cash fixed assets etc. Additionally, proper planning would help identify and resolve problems on a timely basis and allow the auditor to organise the engagement, including selecting suitably experienced team members to deal with specific risks, so that it can be performed in an effective and efficient manner. NHSL's staff would then be briefed via a pre- audit meeting on the urgency of providing timely and accurate information to the auditors ensuring that the audited financial statements are submitted to the relevant Ministry and Line Ministry within the stipulated deadline.

Recommendations:

- *NHSL should submit a report to the Parliament of the initiatives to be taken to ensure that its audited financial statements are submitted within the statutory deadline by August 31, 2020; and*
- *NHSL should also submit status update on the completion and submission of its 2017, 2018 and 2019 financial statements to the Parliament by August 31, 2020.*

6. NHSL's constraints

Given that NHSL is the smallest of the three helicopter companies servicing the oil and gas companies of Trinidad and Tobago, NHSL does not have the resources to match neither PHI nor Bristow Helicopters. These companies have an extensive fleet of helicopters of varying sizes and seating capacities. Officials from NHSL indicated that if a deep-water contract called for a very large helicopter, for example an 18-seater, NHSL will experience difficulties sourcing an aircraft of that size on short notice. NHSL's competitors on the other hand would have an aircraft immediately available for use, with their only issue being getting the helicopter on location from wherever in the world it was operating at the time. High staff turnover has also constrained the organisation as is it is unable to effectively respond to market compensation changes in a timely manner. This often results in the loss of some of its more experienced pilots and engineers to direct competitors, as experienced when PHI started operations in 2015.

Recommendations:

- *NHSL should submit a report to the Parliament on the measures to be taken to increase its competitiveness given its smaller fleet size by August 31, 2020; and*
- *NHSL should submit a report to the Parliament on the steps to be taken to ensure the retention of its critical employees by August 31, 2020.*

7. The sustainability of the NHSL outside of the local oil and gas sector;

The majority of NHSL's revenue is derived from providing offshore helicopter services to the upstream oil and gas companies. With the fall of oil and gas prices, and the NHSL's clients requesting reduced rates, incoming revenue has significantly decreased. As a result, NHSL's Board and Management took decisions to immediately assess the company's financial situation and implemented measures to arrest the continued decline in profitability and liquidity. The main areas of focus were as follows:

- Selling the company's older S76C++ aircraft and their attendant spare part inventory;
- Restructuring the company's current loan arrangements;

- Cost Reduction Strategies aimed at reducing Administrative and Operating costs by 24% by eliminating external warehousing and the elimination and/or reduction of purchased services; and
- Preserving aircraft with spare capacity and sub-leasing idle aircraft.

The NHSL brought to the Committee's attention that given its over-reliance on the local oil and gas sector for revenue, there was a need to diversify its income portfolio. The following areas were being explored by the NHSL as alternative revenue generation opportunities:

- Offering helicopter transport services to the burgeoning Guyanese oil and gas market as well as supporting the activities of the Guyanese mining community operating in the interior;
- Introduction of full Search and Rescue (SAR) capability to the offshore oil and gas community of Trinidad and Tobago.
- Introduction of the commercial AW 139 aircraft operation in anticipation of local oil and gas companies advancing plans for deep water operations as well as potential opportunities on the South American continent (Guyana & Suriname) and wider Caribbean basin.
- Provision of third-party helicopter maintenance services to the Trinidad and Tobago Air Guard (TTAG) and the helicopter unit of the Strategic Services Agency.

Recommendation:

- ***NHSL should submit a report to the Parliament on the outcome of the measures it implemented to reduce the company's continued decline in profitability and liquidity by August 31, 2020.***
- ***NHSL should submit a report to the Parliament on the level of revenue it anticipates its proposed diversification of its income portfolio will generate inclusive of the level of investment that will be needed to make the proposed initiatives feasible by August 31, 2020.***

8. The status of NHSL's internal audit function

Currently there is no Internal Audit Unit at NHSL, however, at the Board level there is an Audit Sub-Committee comprised of members who are chartered certified accountants with extensive auditing experience. This was the situation for some time until it was flagged in a report conducted by the Ministry of Finance's Central Audit Committee (CAC). In response to the CAC's Report, the National Gas Company (NGC) which holds a 18% stake in the NHSL offered to provide NHSL with an internal audit function in the interim while the Company sourced person(s) from the wider

market. This was communicated to the Ministry of Finance – Investments Division by letter dated December 19, 2019 from the Chairman of NHSL. The response also stated that establishment of the Company’s internal audit unit had been initiated and the auditor would be presented to the Board in the first quarter of 2020. Upon receipt of the letter, the Ministry of Finance informed NHSL that “best practice in good corporate governance suggests that an Internal Audit is useful as an independent, objective assurance and consulting activity designed to add value and improve the Company's operations. The provision of services of an internal auditor from a Shareholder Company does not provide for transparency”. The Ministry proposed that NHSL should “avail themselves of an Internal Audit function that will assist the company in meeting its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

Recommendation:

- ***NHSL should submit a report on the measures taken to acquire an internal audit function that has unquestionable integrity and conforms to the standards established by the State Enterprises Performance Monitoring.***

9. The status of the four (4) AW139 aircraft previously assigned to the TTAG

At the time of the hearing one main project in progress was the maintenance and restoration to operational capability of the four (4) AW139 aircraft previously assigned to the TTAG. Officials from the NHSL indicated that there was a commercial opportunity to provide SAR services to the oil/gas sector using these aircraft. This would allow NHSL to plug the existing niche market in this regard especially since the AW 139 is a proven aircraft that provides longer range and heavier payload than other aircraft currently in the company’s fleet. Ownership of the four aircraft still resides with the Ministry of National Security (MNS) but proposals for their change in use from the TTAG to the NHSL have been forwarded to the MNS for consideration. Whilst the aircraft are not in use, they are being preserved and maintained by the NHSL.

Recommendation:

- ***NHSL should submit a status update to the Parliament on the proposal to utilise the four AW 139 aircraft for commercial use and the official transfer of ownership to the NHSL by August 31, 2020.***

10. The status of the vacant positions of Corporate Secretary, Director of Maintenance and Business Analyst

Following the CAC Report which examined NHSL's organisational structure, NHSL identified the need to bring on persons to fill the positions of Corporate Secretary, Director of Maintenance and Business Analyst. The only function not being performed at the time of the hearing was that of a Business Analyst. The position of Business Analyst was a priority position given the volatility of the oil and gas industry and how reliant NHSL was on revenue generated from service provision to the oil and gas sector. The Director of Maintenance position was eventually filled. The position took some time to fill because NHSL was constrained in its ability to meet the salary requirements established by industry standards versus what was set out by the CPO. In the interim, the function of the Corporate Secretary was provided by an individual from the NGC who is both a lawyer and an accountant until the NHSL could hire its own personnel under its proposed organisational structure.

Recommendation:

- ***NHSL should submit a status update on the permanent filling of the positions of Business Analyst and Corporate Secretary to the Parliament by August 31, 2020.***

11. The helicopter crash of May 15, 2019

During a joint law enforcement search at Windy Hill in Arouca in which the MNS was associated, one of the NHSL helicopters experienced difficulties causing the aircraft to crash. A report on the incident was initiated by the TTCAA, but at the time of the public hearing, the report had not been released to the NHSL. Officials from the NHSL indicated that based on the regulations established in the Civil Aviation Act Chapter. 49:03, the company could not divulge or speculate the cause of the accident. The aircraft involved was an Airbus EC135 that seated seven persons inclusive of the pilot, but it was not used in company's offshore operations. The helicopter was leased, and both the manufacturer and the insurers deemed that the cost of repair would exceed the market value of the helicopter at the time and it would be impractical if initiated. The helicopter was insured for US \$6.5 million, became payable to the owner or lessor. The company was in the process of sourcing a replacement aircraft. While waiting for the TTCAA to complete its work, based on certain assumptions surrounding the incident, the company began identifying preventative measures to ensure that the situation did not reoccur.

Recommendation:

- ***NHSL should forward a copy of the TTCAA's report into the helicopter crash as soon as it becomes available to the company to the Parliament by August 31, 2020.***

12. Salary payments to pilots operating a helicopter leased by the National Operations Center

During the period under review, NHSL hired and paid the salaries of the pilots who piloted a helicopter rented by the National Operations Centre for roughly \$1 million per month. The helicopter in question was never in the service of the NHSL and the lease or rental arrangement for that helicopter was never divulged to NHSL. No figures relating to the amounts paid to the pilots were disclosed to the Committee.

Recommendation:

- ***NHSL should submit a report to the Parliament on the details of arrangements it had with the National Operations Center to hire pilots for its aircraft and pay their salaries at NHSL's expense by August 31, 2020.***

Conclusion

Given the nature of the services it provides, NHSL is one of a few state enterprises that has to compete with foreign competitors. The offshore oil and gas industry is so highly competitive that clients can dictate the types of helicopters preferred and renegotiate rates when needed. Despite competition from foreign based competitors with extensive fleets, NHSL has been able to hold its own and retain most of its clients. However, like most companies, NHSL operations and sustainability can be affected by external forces and with a decreased demand for energy came a decreased demand for helicopter services. NHSL which had been predominately self-sufficient up until 2010, began seeking assistance from the Ministry of Finance for assistance. After seeing the impact of being heavily reliant on one source of income, NHSL would have hopefully learnt to not to concentrate all its efforts and resources in one area and secure other commercial streams of revenue. Another inhibiting factor was the continued loss of key personnel to its competitors who offered better payment packages that were in line with industry standards. If the remuneration for more of these positions were allowed to be market influenced, NHSL would better stand a chance of keeping its key staff.

The Public Accounts (Enterprises) Committee respectfully submits this Report for the consideration of the Parliament.

.....

Mr. Wade Mark

Chairman

.....

Dr. Tim Gopeesingh

Vice-Chairman

.....

Mr. Fitzgerald Hinds

Member

.....

Mrs. Cherrie-Ann Crichlow-Cockburn

Member

.....

Mrs. Jennifer Baptiste-Primus

Member

.....

Dr. Nyan Gadsby-Dolly

Member

.....

Mr. Foster Cummings

Member

.....

Ms. Amrita Deonarine

Member

**THE PUBLIC ACCOUNTS ENTERPRISES COMMITTEE –
FIFTH SESSION, ELEVENTH PARLIAMENT
MINUTES OF THE FORTIETH MEETING HELD ON WEDNESDAY,
FEBRUARY 05, 2020 AT 9:49 A.M.
IN THE LEVEL 2 MEETING ROOM
PARLIAMEN TRAY COMPLEX, CABILDO BUILDING,
ST. VINCENT STEET, PORT OF SPAIN.**

Present were:

| | | |
|-------------------------------|---|-----------------------------|
| Mr. Wade Mark | - | Chairman |
| Ms. Amrita Deonarine | - | Member |
| Mr. Fitzgerald Hinds | - | Member |
| Mr. Foster Cummings | - | Member |
| Mrs. Jennifer Baptiste-Primus | - | Member |
| Ms. Hema Bhagaloo | - | Assistant Secretary |
| Mr. Darien Buckmire | - | Graduate Research Assistant |

Excused were:

| | | |
|------------------------------------|---|---------------|
| Dr. Tim Gopeesingh | - | Vice Chairman |
| Mrs. Cherrie-Ann Crichlow-Cockburn | - | Member |
| Dr. Nyan Gadsby-Dolly | - | Member |

COMMENCEMENT

- 1.1 At 9:49 a.m. the Chairman called the meeting to order and welcomed those present. Dr. Tim Gopeesingh, Dr. Nyan Gadsby-Dolly and Mrs. Cherrie-Ann Crichlow-Cockburn were excused from the meeting.

THE EXAMINATION OF THE MINUTES OF THE THIRTY- NINTH MEETING

- 2.1 The Committee examined the Minutes of the Thirty - Ninth (39th) Meeting held on Wednesday July 3, 2019.
- 2.2 There being no omissions or corrections, the Minutes were confirmed on a motion moved by Mr. Foster Cummings and seconded by Ms. Amrita Deonarine.

MATTERS ARISING FROM THE MINUTES OF THE THIRTY- NINTH MEETING

- 3.1 With reference to item 3.1 and 3.3, the Chairman informed the Members that the Twentieth and Twenty-Second Reports of the Committee were presented in the House of Representatives on September 20, 2019 and the Senate on September 25, 2019.

- 3.2 With reference to item 3.2, the Chairman informed the Members that the Twenty-First Report of the Committee was presented in the House of Representatives on June 07, 2019 and the Senate on June 04, 2019.
- 3.3 With reference to item 6.5, the Chairman informed the Members that questions for additional information were sent to the MTI and the InvesTT and the responses to the questions for additional were received by the Secretariat and used to draft the Twenty-Third Report of the Committee. Additionally, the Report was presented in the House of Representatives on September 20, 2019 and the Senate on September 25, 2019.

REVIEW OF THE COMMITTEE'S QUORUM

- 4.1 The Chairman proposed that the quorum for Committee's meetings be reduced from four (4) Members inclusive of the Chair or Vice-Chairman, with representation from each House to three (3) Members inclusive of the Chair or Vice-Chairman, with representation from each House. A discussion ensued.
- 4.2 The Committee agreed to the following:
- reduce the Committee's quorum at a membership of three (3) Members only for the Fortieth Meeting held on February 5, 2020; and
 - review the Committee's quorum at the next meeting of the Committee.

CONSIDERATION OF WORK SCHEDULE FOR THE FIFTH SESSION, ELEVENTH PARLIAMENT

- 5.1 The Chairman invited the Members to review the proposed work schedule for the Fifth Session of the Eleventh Parliament prepared by the Secretariat. A discussion ensued.
- 5.2 The Committee agreed to the following Work Programme for the Fifth Session of the Eleventh Parliament:
9. Rural Development Company of Trinidad & Tobago Limited (RDC);
 10. ExporTT;
 11. Urban Development Corporation of Trinidad & Tobago Limited (UDECOTT);
 12. Vehicle Management Corporation of Trinidad & Tobago (VMCOTT);
 13. Development Finance Limited;
 14. Metal Industries Company Limited (MIC);
 15. National Enterprises Limited (NEL)
 16. Follow-up;
 - PLIPDECO
 - NQCL
 - EMBD
 - NGC
 - CEPEP
 - SPORTT
 -

PRE-HEARING DISCUSSION RE: THE NATIONAL HELICOPTER SERVICES LIMITED

- 6.1 The Chairman reminded the Members that the purpose of the meetings was to examine the Audited Financial Statements of the National Helicopter Services Limited for the financial years 2008 to 2014 and to improve the NHSL's delivery of services in an efficient, effective and economic manner.
- 6.2 The Members discussed the issues of concern and the general approach for the public hearing.
- 6.3 There being no further business for discussion *in camera*, the Chairman suspended the meeting at 10:24a.m.

THE NATIONAL HELICOPTER SERVICES LIMITED (NHSL)

- 7.1 The Chairman called the public meeting to order at 10:34 a.m.
- 7.2 The following officials joined the meeting:

National Helicopter Services Limited (NHSL)

- | | | |
|------------------------------|---|--------------------------------|
| • Mr. Larry McIntosh | - | Chairman |
| • Ms. Jennifer Boucaud-Blake | - | Director – NHSL Board |
| • Capt. Nicholas Nothnagel | - | General Manager |
| • Capt. Homer Solomon | - | Director of Operations |
| • Mr. Vishwanath Maharajh | - | Director of Corporate Services |

Ministry of Works and Transport (MOWT)

- | | | |
|------------------------|---|----------------------------|
| • Ms. Chandrani Jagrup | - | Deputy Permanent Secretary |
| | | (Ag.) |

Ministry of Finance – Investments Division

- | | | |
|--------------------------|---|--------------------------|
| • Ms. Jennifer Lutchman | - | Permanent Secretary(Ag.) |
| • Ms. Kimberlene Pascall | - | Business Analyst (Ag.) |
| • Mr. Neil Heath | - | Research Officer II |
| • Mr. Varuna Ramdial | - | Senior Audit Analyst |

7.3 Key Topics Discussed:

1. The highly competitive nature of the helicopter services industry in Trinidad and Tobago;
2. The status of the NHSL reliance on Government subventions;
3. The status of NHSL's outstanding financial statements;
4. The accomplishments and constraints of the NHSL;
5. The sustainability of the NHSL outside of the oil and gas sector;

6. The status of the revenue received for providing support to Medical Emergency Evacuation transport to and from Tobago;
7. The systems in place to ensure effective compliance in the maintenance of revenue and expenditure accounts;
8. The status of an internal audit function at the NHSL and the recommendation to address this situation;
9. The absence of an internal auditor at the NHSL;
10. The status of the four (4) AW139 aircraft previously assigned to the Trinidad and Tobago Air guard;
11. The requirement of the NHSL to hire the pilots of a helicopter leased by the National Operations Center at a cost of one million dollars per month;
12. The status of the vacant positions of Corporate Secretary, Director of Maintenance and Business Analyst;
13. The status of NHSL's safety record;
14. The status of documenting and recording crash helicopters in the fixed asset register;
15. The status of the investigation conducted by the Trinidad and Tobago Civil Aviation Authority into the crash helicopter;
16. The losses incurred as a result of the crashed helicopter;
17. The significant increase in property plant and equipment between 2013 and 2014;
18. The number of persons employed at the NHSL; and
19. The number of critical positions that have market influenced salaries.

Please see Verbatim Notes for the detailed oral submission by the witnesses.

- 7.4 The Chairman thanked the representatives from the Ministry of Finance – Investments Division, the Ministry of Works and Transport, the National Helicopter Services Limited, members of the media and the public for their attendance.
- 7.5 The Committee agreed that additional questions for written submission should be sent to the NHSL and MoF-ID.

[Please see Appendix 1]

ADJOURNMENT

- 8.1 There being no other business, the Chairman thanked the Members for their attendance and the meeting was adjourned.
- 8.2 The adjournment was taken at 12:21p.m.

We certify that these Minutes are true and correct.

CHAIRMAN

SECRETARY

February 05, 2020

ADDITIONAL INFORMATION REQUESTED

Additional Questions arising from Meeting of the Public Accounts [Enterprises] Committee

THE NATIONAL HELICOPTER SERVICES LIMITED (NHSL)

Questions arising from the Public Hearing

1. What was the total cost attached to the aircraft that was procured but never arrived to provide services in Trinidad and Tobago?
2. Please indicate the law firm which provide legal advice to the company.
3. Provide a breakdown of the company's 157 employees.
4. How many salary packages in the company are influenced by the international market?
5. What has been done to the company's Mucurapo and Camden facilities? State the respective costs attached to each.
6. What was the reason for the inaccurate calculation for tax that delayed the submission of the financial statements?
 - When was this error detected?
 - What was the time period taken to rectify this issue of inaccurate tax calculation?

General Questions

Primary Responsibility of the NHSL

It was stated that the NHSL was formed for the purpose of providing offshore helicopter services to the oil/gas sector and other commercial entities as well as continuance of services by the Government **(Page 1)**

7. Given the depressed and volatility of the oil and gas market over the last few years, please state:
 - i. The effect on which this would have on the NHSL;
 - ii. NHSL's main competitors and the market share the company believes it holds;
 - iii. The 'other commercial entities' to which the NHSL provides offshore helicopter services;
 - iv. Whether the provision of helicopter services to other sectors can compensate for the loss incurred owing to the difficulty in the oil/ gas sector;
 - v. The other avenues to which the NHSL intends to venture for the purpose of creating revenue; and
 - vi. The list of services NHSL provides to and on behalf of the GORTT.

Services to the oil and gas sector account for approximately 95% of the Company's activity **(Appendix II, Page 5)**

8. What significant contribution does the NHSL make to the economy of Trinidad and Tobago?

9. Given the loss of some of its major clients, how is/ how does the NHSL intend to maintain its relevance in the industry?
10. Given the significant fall of oil prices and the drastic reduction of oil and gas activity in Trinidad and Tobago, is the NHSL seeking to do any of the following:
 - i. Dispose of helicopters;
 - ii. Reduce its debt; and
 - iii. Reduce its lease obligations?
11. Is the NHSL considering different streams of income? Please provide an explanation.
12. Who are the Company's lessors?
13. Has the Company experienced above-market lease obligations?
14. What is the process of booking a VIP flight service for clients interested in aerial photography, surveys and tours?
15. What is the traditional fee paid by a client interested in aerial photography, surveys and/or tours?
16. In what instances does the NHSL provide transportation for top Government Officials?
17. What is the status of the discussions with the Ministry of National Security to provide a turnkey solution to the Trinidad and Tobago (TTAG)?
18. What does the TTAG Scenario entail?
19. What has been the effects on NHSL's financial position from its core clients requesting reduced rates and re-tendered services?
20. With the registration of Petroleum Helicopters Inc. (PHI) in 2015, what has been the overall effect on NHSL's operations?
21. Given the advancing plans for deep water operations and upstream activities in Guyana, what are the NHSL's plans to capitalize on this attractive business opportunity?
22. Has the NHSL conducted an assessment of its fleet to determine the efficiency of its current helicopters and whether the fleet needs rationalizing or upgrading?
23. What are NHSL's current search and rescue capabilities?
24. Does the NHSL provide search and rescue services when requested by the Coast Guard?
25. What commercial opportunities either local or regional could the NHSL strategically place itself to benefit from?
26. What adhoc services does the NHSL provide?
27. What factors are used to determine when and to whom should the NHSL provide adhoc services?
28. What key performance indicators and/or benchmarks does the NHSL use to gauge its performances?
29. What key risk indicators does the NHSL use in the provision of its services?

Recent News

1. The NHSL avers to its 'excellent safety record' as stated in its response to question 5, page 5 of its written submissions. However, given the recent incident of a helicopter crashing during a joint law enforcement search at Windy Hill, Arouca ⁷to which the Ministry of

⁷Trinidad Guardian Newspaper, NHSL probes helicopter crash during manhunt <
<http://www.guardian.co.tt/news/nhsl-probes-helicopter-crash-during-manhunt-6.2.846642.092dc5edb0>> Accessed on June 11, 2019

National Security stated was owned by the NHSL⁸, how does the NHSL refute its safety record which stands as contentious?

- i. What is the model of the helicopter which was involved in the crash?
- ii. Was this asset reflected in the financials and the fixed asset register of the NHSL?
- iii. Who provides maintenance services to the NHSL's helicopters?
- iv. How often are helicopters maintained?
- v. Does the NHSL mandate that each helicopter be inspected prior to take off?
- vi. What corrective action was taken subsequent to this incident?

Strategic Plan (Page 4)

Questions:

1. In response to the question of “strengths, weaknesses, opportunities and challenges”, the NHSL stated that the present team benefits from very strong stakeholder relations.
 - a. Who are the NHSL's internal and external stakeholders?
 - b. What benefits are gained from these relationships (monetary etc.)?
2. How did the last Strategic Plan (for the period 2013-2018) enhance the performance of the NHSL's mandate?
3. What can be done differently, based on the last Strategic Plan, to strengthen the operations of the NHSL?
4. It was stated that Management reviews the strategic initiatives and assesses performance against planned.
 - a. Please specify the mechanisms used to review strategic initiatives and assess performance;
 - b. Are these assessments proven to be effective? Please provide a justification for your answer.

Finance Department Support

Questions:

1. What accounted for several critical financial policies and procedures not being documented or have remaining in draft form since 2010/ 2011?
2. What impact could the non-existence of clearly defined and standardized policies and procedures have on NHSL's performance and operations?
3. What human resource policies allowed for the Finance Department to be staffed with persons who are not appropriately qualified?
4. Why has the NHSL allowed its' Finance Department's staff members to receive little to no external training in recent years.
5. Why have no (KPIs) been defined for the Finance Department?
6. Why has the NHSL stunted the positive evolution of its Finance Department by not slow sufficiently training its staff members or incentivizing them to pursue or complete their ACCA qualification expeditiously?

⁸ LoopTT, Helicopter crashes during search for prison escapees <<http://www.looptt.com/content/watch-helicopter-crashes-during-search-prison-escapees>> Accessed on June 11, 2019

7. How does the NHSL expect its Finance Department to produce timely reports and effortlessly perform accounting processes if its IT systems are not integrated and/ or are not fully utilised or updated?

Risk Management (Page 5)

Questions

1. What is the reason for the NHSL for not having a formalised risk management policy?
2. The NHSL stated that it manages risk through policies and procedures, standards and manuals guided by regulations, project plans and checklists, and internal and external auditing (audit), however, given the absence of an Internal Audit Unit (which would rebut the NHSL's statement), what guarantees the NHSL that these mechanisms for managing risk is not proving to be insufficient and would thus prompt the need for a formalised management policy?
3. It was stated that the Board of Directors and Management has responsibility for managing risks throughout the Company, particularly, market risk, credit risk, liquidity risk and safety risks. For each of the four risks stated, what are the mechanisms/measures used by the NHSL in managing such?

Market Risk Management

4. What does the sensitivity analysis entail?
5. Is a report produced from the sensitivity analysis which would provide guidance to the Company on investment?
6. What guarantees the NHSL that there is coherence and structure to its current approach (that is, the use of a sensitivity analysis)?
7. Would the NHSL consider developing a strategy to manage market risk? Please provide a reason for your answer.
8. What were the NHSL's precise investment and diversification targets?
 - a. What was the basis for the setting of these targets?
 - b. To what extent were these targets met?
 - c. What challenges affected the achievement of these targets?
9. What weaknesses were detected in the Company's investment sourcing incentives?
 - a. What systems were in place to remedy these issues?
 - b. How successful have these systems been? Explain.

Credit Risk Management

10. What liquid securities are invested by the NHLS so as to manage credit risk?
11. Which reputable financial institutions are the NHSL's short term cash deposits placed?

Liquidity Risk Management

12. What methods are used by the NHLS to manage liquidity risk?

Internal Auditing (Page 6)

Questions

1. Given the absence of an Internal Audit Unit, how does the NHSL ensure that the internal controls which management has established to manage the risk of fraud is evaluated?
2. The organizational structure (Appendix II) includes position for an Auditor. The Auditor is the third person in command below the Director of Maintenance. What is the rationale for this chain of command?
3. Are there adequate internal controls over the Company's major risks? Please substantiate your answer.
4. With the absence of an internal audit function, how does the NHSL improve the following areas:
 - i. Value for money;
 - ii. Governance;
 - iii. Risk management; and
 - iv. Internal control processes?
5. What is the role of the Audit Committee in relation to Internal Audit?

Annual Operating Budget (Page 8)

The NHSL stated that some of its key initiatives are geared towards reducing cost and increasing revenue include restructuring its debt.

Questions

1. What methods were used in its debt restructuring exercise?
2. Did cash flow difficulties prompt the decision of the NHSL to restructure its debt?
3. Is the operating budget aligned with the Strategic Plan of the NHSL? Provide a reason for your answer.

Property, Plant and Equipment (Page 9)

The NHSL indicated that the last physical count verification and valuation exercise was conducted ten years ago.

Questions

1. Does the NHSL have a fixed asset policy?
2. When is the next physical count verification and valuation exercise scheduled to be conducted, given that the last one was ten years ago?
3. What procedures are used to count physical inventory?
4. Are high-value items value correctly and reflected in the valuation report?

In response to the question on the Company's policy for the replacement and disposal of equipment it was stated that "all sales of Company assets to Company employees along with donations.... are approved by the fixed assets and MIS Departments"

5. Which assets are resold to the employees?
6. What policy has guided the decision of resale of assets to Company employees?
7. Are these sales reflected in the financial statements of the Company?

Deferred Expenditure (Page 9)

The Management Letter for the year 2014 revealed the repetition an issue which occurred the year prior to 2014, that is, the untimely updating of the deferred expense schedule and untimely physical verification of deferred expense components. The risks identified were delays in the appropriate de-recognition of the asset and related reserve which can lead to the material misstatement of the deferred expense asset and also the related reserve in the statement of financial position.

Questions:

1. Has management of the NHSL implemented a system to properly monitor the deferred expense components? Provide a justification for your answer.
2. Is the physical verification of these components done in a timely and regular manner? If so, state how often the verification is done. If no, state the reason for not having done so.

Accounts Receivable (Page 12)

Questions:

1. Given that the current ratio for FY 2014 was 2.55. Please specify the ratio used and the importance attached to its use.
2. The NHSL's gave a list of its bad debtors as at April 30, 2019 being:

| Company | TTD (\$) |
|----------------------------------|-----------|
| JSL International (Trinidad) Ltd | 232,605 |
| Mora Oil Ventures | 1,131,607 |
| Pudgy Productions | 61,205 |

- i. Has the NHSL created a credit policy which addresses the issue of bad debts?
 - ii. What method is used to write off a bad debt?
 - iii. Are the current measures utilized by the NHSL sufficient and effective in collecting all outstanding monies on a timely basis? Please provide an explanation.
3. The NHSL indicated that it is currently evaluating its bad debts for possible write-off.
 - i. Was this exercise completed?
 - ii. If so, what were the results of the evaluation?
4. The NHSL's policy on debt recovery is to exhaust all internal avenues in collecting funds from customers and if unsuccessful, consider legal options.
 - i. Considering that legal and professional expenses for the last two years were in the sum of \$1,289,850 and \$915,600 (Approved Budget, written submissions) and there is currently no in-house attorneys at the NHSL, what percentage of the total sums accounted for matters related to debt recovery actions?
 - ii. Would the NHSL consider improving its internal avenues for collecting funds so as to reduce expenses in other areas?
 - iii. Page 11 of the Human Resource Assessment Draft Report indicated that interview approvals were granted for fifteen lawyers for the post of Legal Officer/Corporate Secretary in August 28, 2015, however, the interview process was halted. The NHSL, based on its written submissions, does not have a Legal Officer Corporate Secretary.

- i. How is the NHSL meeting its maximum efficiency given the absence of a Legal Officer/ Corporate Secretary?
- ii. How does the NHSL address its legal matters (e.g. through the retention of external counsel)?
- iv. How many matters involving uncollected amounts have resulted in litigation?
- v. What were the outcomes of these cases?
- vi. Has the NHSL considered the creation and implementation of a Debt Recovery Policy?

Trade and Other Payables (Page 18)

Questions:

The NHSL stated that an increase in the purchases of spares for new aircraft accounts for the increase in the trade payables as outlined below:

| 2014 | 2013 |
|------------|------------|
| TT\$ | TT\$ |
| 17,794,013 | 12,391,324 |

Questions:

1. What were the conclusions of the updated April 2019 risk assessment exercise?
2. What measures/ mechanisms/ methods are used by the NHSL to improve this account?
3. State the internal controls which are in place to ensure that the same invoices are not paid twice on the accounting system.

Retirement Benefit Obligation (Page 20)

Questions:

1. Provide a copy of the Retirement Policy of the NHSL.
2. What is the current balance of the retirement plan fund?
3. Who are the appointed trustees of the retirement plan ?
4. Has an audit of the plan been conducted ? If so, provide a copy of the audit.
 - i. If an audit has not been conducted, provide the reason for such inaction.
5. Has there been a suspicion of retirement plan fraud?
6. What measures have been instituted by the NHSL to guard against retirement plan fraud?
7. In 2014 all administrative expenses for the plan was drawn from the plan itself.
 - i. Is this the usual practice of the NHSL?
 - ii. Were any expenses met by drawing from the plan?

Compliance with State Enterprise Performance Monitoring Manual

Questions:

1. Are Board Minutes submitted to the Ministry of Finance and Transport within one week of confirmation (section 3.2.7 of the State Enterprise Performance Monitoring Manual)?

2. Are budgets prepared and submitted to the Board of Directors and the Ministries of Finance and Transport in time (**section 3.2.2. of the State Enterprise Performance Monitoring Manual**)?
3. Has there been consistent compliance with the reporting guidelines under **section 4.2 of the State Enterprise Performance Monitoring Manual**?

Internal Fraud Policy

Questions:

1. What was the reason for the absence of an internal fraud policy?
2. Would the NHSL consider the development of this policy?

Whistle-Blowing Policy

Question:

1. Does the NHSL have a whistle-blowing policy?

MINISTRY OF FINANCE – INVESTMENTS DIVISION (MoF –ID)

General Questions

The National Helicopters Company Limited (NHSL) is a state enterprise owned by the GORTT an 82.3% shareholder, the National Gas Company of Trinidad and Tobago Limited (NGC) owing the remaining 17.7% of the issued share capital.

Based on the oral submission provided by the NHSL and the Ministry of Works and Transport to the Committee that there was a proposal by the NGC to provide internal auditing functions to the NHSL, provide the following information:

1. State whether this proposal is acceptable by International best practices;
2. When was this proposal communicated to the Ministry;
3. What was the response from the Ministry to this issue;
4. Did the Ministry advise NHSL about any alternatives;
5. Are there any instances in the public service where a stakeholder audits a company in its portfolio; and
6. What is the Ministry's preferred internal auditing arrangement for the NHSL?

VERBATIM NOTES OF THE FORTIETH MEETING OF THE PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE, HELD IN THE COMMITTEE ROOM, SECOND FLOOR, (IN PUBLIC), CABILDO PARLIAMENTARY COMPLEX, ST. VINCENT STREET, PORT OF SPAIN, ON WEDNESDAY, FEBRUARY 05, 2020, AT 10.35 A.M.

PRESENT

| | |
|-------------------------------|-----------------------------|
| Mr. Wade Mark | Chairman |
| Mr. Fitzgerald Hinds | Member |
| Ms. Amrita Deonarine | Member |
| Mrs. Jennifer Baptiste-Primus | Member |
| Ms. Hema Bhagaloo | Secretary |
| Mr. Darien Buckmire | Graduate Research Assistant |

ABSENT

| | |
|------------------------------------|---------------|
| Dr. Tim Gopeesingh | Vice-Chairman |
| Mr. Foster Cummings | Member |
| Dr. Nyan Gadsby-Dolly | Member |
| Mrs. Cherrie-Ann Crichlow-Cockburn | Member |

NATIONAL HELICOPTER SERVICES LIMITED

| | |
|----------------------------|--------------------------------|
| Mr. Larry McIntosh | Chairman |
| Ms. Jennifer Boucaud-Blake | Director |
| Capt. Homer Solomon | Director of Operations |
| Mr. Vishwanath Maharajh | Director of Corporate Services |
| Capt. Nicholas Nothnagel | General Manager |

MINISTRY OF WORKS AND TRANSPORT

| | |
|----------------------|----------------------------------|
| Ms. Chandrani Jagrup | Deputy Permanent Secretary (Ag.) |
|----------------------|----------------------------------|

MINISTRY OF FINANCE – INVESTMENTS DIVISION

| | |
|------------------------|--|
| Ms. Jennifer Lutchman | Permanent Secretary, Ministry of Finance (Ag.) |
| Ms. Kimberlene Pascall | Business Analyst (Ag.) |
| Mr. Neil Heath | Research Officer II |
| Mr. Varuna Ramdial | Senior Audit Analyst |

Mr. Chairman: Good morning— **Hon.**

Members: Good morning.

Mr. Chairman:—and welcome to the Fortieth Meeting of the Public Accounts (Enterprises) Committee. I would like to welcome officials from the Ministry of Finance Investments Division, the Ministry of Works and Transport, and of course the National Helicopter Services Limited, as well as members of the media and members of the public. My name is Sen. Wade Mark and I am the Chairman of this PA(E)C.

Let me advise from the very outset that the Committee on Public Accounts (Enterprises) has a mandate to consider and report to the House of Representatives on the following: The audited accounts, balance sheets and other financial statements of all enterprises that are owned or controlled by or on behalf of the State; the Auditor General's report on any such accounts, balance sheets and other financial statements; and, finally, whether policy is carried out efficiently, effectively and economically and whether expenditure conforms to the authority which governs it.

The purpose of this meeting of the Public Accounts (Enterprises) Committee is to examine the audited accounts, balance sheets and other financial statements of the National Helicopter Services Limited for the financial years 2008 to 2014.

The Committee is desirous of hearing the challenges being faced by the key stakeholders at the National Helicopter Services Limited in an attempt to determine some of the possible solutions to these challenges. The role of the Committee is to help the National Helicopter Services Limited to improve its delivery of services in an efficient, effective and economic manner.

This meeting is being held in public and there will be a delayed broadcast on the Parliament's Channel 11 and radio 105.5 FM and the Parliament's YouTube channel *ParlView*.

First of all I would like to ask members and officials to introduce themselves. First of all I would call on members of the Investments Division of the Ministry of Finance, to be followed by the Ministry of Works and Transport, and the National Helicopter Services Limited in that order. So may I invite Ministry of Finance, Investments Division?

[Introductions made]

Mr. Chairman: Can I now invite the National Helicopter Services Limited? *[Introductions made]*

Mr. Chairman: Thank you very much. I want to apologize to my colleagues at the head table who I was supposed to ask to introduce themselves a little earlier on. At this time I will ask my colleagues at the head table, members of the Public Accounts (Enterprises) Committee, to introduce themselves. I will start with my colleague on my immediate right. *[Introductions made]*

Mr. Chairman: Thank you very much, members. May I at this time invite the Deputy Permanent Secretary, Ministry of Works and Transport, to make a brief opening statement at this time?

Ms. Jagrup: Good morning, Chair, members. The Ministry of Works and Transport is the Ministry entrusted with dealing with all the infrastructural works in the country as well as overseeing the transport services of the country. The National Helicopter Services Limited is one such company under our jurisdiction which the National Helicopter Services Limited is entrusted with providing search and rescue operations for the country as well as national helicopter services in terms of MEDEVAC services for the TRHA, as well as providing NOC support services for the National Operations Centre of the Ministry of National Security.

It is our pleasure to come to this Committee to answer any questions you may have for us in terms of the accounts, the audited accounts of the company for the period 2008 to 2014.

Mr. Chairman: Thank you very much, Madam Deputy Permanent Secretary. I will now invite the chairman of the National Helicopter Services Limited to make a brief opening statement.

Mr. McIntosh: Thank you Chairman. On behalf of the board, management and staff of National Helicopter Services Limited, I would like to thank the Chairman for giving us this opportunity to report to the Committee on our successes as well as our challenges for the period 2008 to 2014 and for the valuable insights and takeaways which we are sure will result from this meeting.

National Helicopter Services Limited, a state enterprise of Trinidad and Tobago, was created in October of 1989 to provide helicopter services such as disaster response, medical evacuation, and aerial surveillance to government agencies as well as commercial services to the offshore oil and gas industry. National operates in accordance with an Air Operator Certificate, an AOC granted by the TTCAA, the Trinidad and Tobago Civil Aviation Authority. National is also a CAA approved helicopter maintenance organization and works closely with the TTCAA on almost a daily basis.

Starting operations with two Sikorsky S-76A helicopters and two Airbus SA341 helicopters, National now operates a fleet of seven helicopters including, three S-76A, three S-76D, those are Sikorskies, and one Leonardo AW139. The growth of its business from early in its life to the period now under review was accomplished without requiring any additional government subvention or financial support. Commercially, National operates relatively autonomously.

The offshore oil and gas industry is a highly competitive industry and our competitors include two of the biggest helicopter companies in the world. To be successful in this environment National has had to meet or exceed our clients' very stringent requirements for international aviation standards for helicopter operations.

These clients verify our compliance by conducting regular audits of our flight operations, our aircraft maintenance operations, our safety, security and quality procedures and practices, as well as our facilities. In this competitive environment also, National must adhere to normal

constraints on public disclosure of competitive, sensitive or contractually protected information. National can provide such information in a manner that would not violate its requirements.

Following months of extensive work with the Guyana and Trinidad and Tobago Civil Aviation Authorities, National was granted a Guyana foreign Air Operator Certificate giving us formal authorization to operate in Guyana. National recently successfully completed a three-month contract with an oil and gas client in Guyana and expects to do additional work there later this year. Following a successful audit by the United Nations World Food Programme, National is now formally registered with them as an approved helicopter operator, making National eligible for contracts in the Caribbean and South American region.

In closing, I wish to thank the hon. Minister of Works and Transport, Minister Rohan Sinanan, for his unwavering support and guidance to National. I also wish to thank the hon. Minister of National Security, Minister Stuart Young, for working closely with us to improve our national helicopter security capability. I must also thank the hon. Minister of Finance, Mr. Colm Imbert, for his guidance as we build a stronger foundation for our business.

Finally I would like to recognize the men and women of National who contribute each in their own meaningful way to get the helicopters out on the line and up in the air each day ensuring that our clients get to their destination safely and on time. We appreciate their hard work. Thank you, Chairman.

Mr. Chairman: Thank you very much, Mr. Chairman, and I wish to thank you for your opening remarks as well. May I ask from the very outset for clarification? May I indicate from the outset I would like to have some clarification before I ask some pertinent questions relevant to those accounts that were mentioned earlier that this Committee will be examining a short while from now?

You did say that there is some level of autonomy within the helicopter services company, meaning you do not depend or rely for subventions on the Government. Am I correct or did I not hear you properly?

Mr. McIntosh: Chairman—

Mr. Chairman: In other words, what I am asking, does this company receive any subvention from the Government of the Republic of T&T on an annual basis? **Mr. McIntosh:** The first answer to that question is, on an annual basis, as far as I am aware, National has not received subventions. However, because of the stresses on the helicopter industry as a whole which placed tremendous stress on all the helicopter companies that support oil and gas, National very recently worked closely with the Ministry of Finance to get us through the very difficult period that followed when the oil prices collapsed and the oil companies reduced dramatically their operations requiring helicopter support.

So only very recently—I do not have the dates, but I am sure we can provide them—have we received some support from Government to get us through but we do not expect that this will be an annual requirement that continues for any number of years.

Mr. Chairman: Okay. I would also like to ask very early from your good self or through you the Deputy Permanent Secretary. Can you provide this Committee with some degree of clarity as to why your financial audited accounts for 2015,

'16, '17, '18 and '19 have not been submitted to the Parliament through the Minister of Finance thus far? We have not yet received your 2015 to 2019 financial audited accounts. Can anyone explain to this Committee why and when are we to expect those accounts?

Mr. McIntosh: Chairman, if I may ask our Director of Corporate Services who is familiar with the status of those accounts at this time?

Mr. Maharajh: Morning again all, Chairman, members. The auditor was changed in 2015. That took a little while, about 10 months and then the audits had to be updated from '15 to '16. Those audits, '15 and '16, have now been completed and will be presented to the board next week Wednesday. The audits for 2017 and '18, the field work has been completed, and it is expect to be presented to the board for acceptance in April 2020, and then for furtherance to the Parliament.

Mr. Chairman: I do not know if you are aware of a statement that we would have received from the Ministry of Works and Transport on this matter. We have a statement that we received from the Ministry of Works and Transport in which we were advised that the financial accounts for this company for 2015 were being reviewed by the board. That is for 2015.

In terms of 2016, they were supposed to be submitted to the board by the year end of 2019. And then 2017, we were told that field work had been completed and the board would receive those reports or accounts by the first quarter of 2020, both for 2017 and 2018. Are you aware of this submission?

Mr. Maharajh: Yes, yes, Chairman.

Mr. Chairman: So what has happened to shift the goal post again?

Mr. Maharajh: We were about to fulfill this when an error was discovered in the taxation calculation, which meant that our tax consultant had to rework the figures.

That was then accepted by the auditor and the '15 and '16 accounts were presented to the Board Audit Committee in mid-December and will now be presented to the full board next week Wednesday.

Mr. Chairman: Can you give this Committee an undertaking as to when you would be able to complete and submit to this Parliament through the relevant Minister, all outstanding accounts for 2015 right up to 2019? When can we expect all those financial audited accounts from this company to be submitted?

Mr. Maharajh: I would say 2015 and 2016 in Q1, 2020; 2017 and '18 in Q2, 2020; and 2019 in Q3, 2020.

Mr. Chairman: All right. Well, we will hold you to those dates. Mr. Corporate Secretary.

Mr. Maharajh: Vishwanath, Vishwanath Maharajh.

Mr. Chairman: Yes, Mr. Maharajh. I just would like to ask if you could just update us Mr. Chairman or whoever you would like to suggest, tell this Committee, explain to this Committee some of your accomplishments as well as some of your constraints at the National Helicopter Services Limited. Share with us briefly.

Mr. McIntosh: Chairman, if I may—

Mr. Chairman: Could you press your—thank you.

Mr. McIntosh: If I may, I would like to start briefly and then I would like to have the general manager address some of the details in that regard. National Helicopter started on a very small scale, now serves three of the oil and gas companies in Trinidad and has been providing that support for many, many years, successfully, and we continue to get a vote of support from the companies as they continue to renew with us. I think basically, if I could put it very briefly, we are conscious that those companies are looking at their bottom line and we try to operate in a way that saves them money, that we can give them the best quality service at the best price. And that is a general statement of what keeps us in business commercially and what we expect, what growth, how we expect to base our growth, is basically on that very simple fundamental model.

In terms of some more specifics I would like the general manager, Mr. Nothnagel to address some of that.

Mr. Chairman: Yes, Sir.

Mr. Nothnagel: Chairman, as the chair said, we have provided most of our services in the oil and gas sector over the past several years. Recently we have had a request or a requirement to go to, in 2017, September, to Dominica/Barbuda on behalf of the Government here to provide disaster relief. We continue to provide MEDEVAC services between the Scarborough Hospital in particular and the Port of Spain General for patients who cannot be contained across on that side. We do that day and night and there are approximately 14 of those MEDEVACS flights every month.

We have recently completed support services to an oil company in Guyana. We had to gain our Guyanese foreign Air Operator Certificate to achieve that as well as line station approval from the TTCA here. We provided those services from middle of October to recently the 14th of January, and we have now regrouped here excepting to go back at the end of this year, 2020.

Basically, I think we are coming through a very difficult phase as the chairman described. The downturn in the oil prices has caused a reduction in offshore activity wherein lies our business. We are seeking to mitigate that by achieving new business. If it cannot be achieved here in Trinidad and Tobago because of the market conditions, going outside, and we have just recently done that in Guyana. Suriname is another frontier that we are looking at.

Mr. Chairman: Could you tell us about some of your constraints?

Mr. Nothnagel: Our constraints are the very highly competitive environment now. We have, as the chairman mentioned, we have operating out of Trinidad here two of the largest helicopter companies in the world. We are a very small company— **Mr. Chairman:** Who are they?

Mr. Nothnagel: One is the Petroleum Helicopters Inc.. That is a large Gulf of Mexico operator in the USA. And the other one is Bristow, Bristow Helicopters, who are across the world. Some of the constraints that—they have recourse to assets that we may not be able to source in a timely manner. In other words, if a particular contract in the deepwater calls for a very large helicopter, an 18-seater, it is not easy for National to source that kind of equipment on short notice. But these companies have those assets. I am not saying lying idle but available to them in various locations of the world.

Mr. Chairman: Okay. Thank you. I will ask Mr. Hinds to come in at this time. **Mr. Hinds:** Thank you very kindly, Mr. Chairman, through you. Mr. Nothnagel, in the circumstances, and I can understand the need for an entity like yours trying to be self-financing, self-sufficient rather than be a drain on the Treasury, apart from the oil and gas issue, I would like you to demonstrate to this Committee the need for this establishment outside of the gas. I know you make a contribution to national security, you mentioned that you do some MEDEVAC services from Tobago. Are those paid services, the MEDEVAC services are paid?

Mr. Nothnagel: Well, the relevant authority is invoiced but we have not received substantial payments for some time.

Mr. Hinds: So I would like you to just tell this Committee, quite apart from the very competitive atmosphere in the oil and gas sector which brings you most of your income, can you justify your existence outside of that? That is what I am getting to. Can you put a case to us to justify your existence outside of that? I just want to hear what you do otherwise.

Mr. Nothnagel: As mentioned earlier we have provided support services to the NOC, SSA group in Cumuto. We continue to work with the Ministry of National Security providing whatever assistance we can to bring that entity, the Air Guard in particular, to an operational capability once again. So we are working on that at this point in time. I think we are guardedly optimistic that something may happen very soon. We have provided services to the Government but on a very ad hoc basis. The security services call on us from time to time for assistance if they do not have any other asset available.

Mr. McIntosh: Chairman, if I may? I would just like to briefly also add that helicopter operations require a certain amount of longer term foresight and planning. They are not as simple they sometimes appear to be so that coordination is required between government or national agencies and the helicopter providers.

11.05 a.m.

We do not see ourselves as deciding what things the helicopters should be doing. We see ourselves as providing—what things are we capable of doing?—but then there is always some cost. If it is not commercial there is always some cost, and the decisions as to the benefit and the priority for the Government regarding these services is more of an interactive, or interactive activity, so that National can either participate in or assist with additional services to the Government in the areas of national security and so on. Helicopters can be quite useful to various national security agencies as well as the medical agencies, land use, et cetera. There are many areas in which helicopters can be used. However, the decision as to whether the expense of

acquiring those services as against the value of those services to the Government, that is something that is outside of our purview, but that we stand ready to participate if called upon.

Mr. Hinds: And I know part of that is search and rescue operations as well.

Mr. McIntosh: Yes.

Mr. Hinds: In which case, all that you have said suggests that revenue and expenditure are very important.

Mr. McIntosh: Yes.

Mr. Hinds: If you had substantial revenues, then you might have been able to compete better with the two major operators in the platform in the oil and gas sector based on the submission of Mr. Nothnagel. Am I correct?

Mr. McIntosh: Yes.

Mr. Hinds: And therefore, I would like to ask—because this is within your purview—what systems have you implemented to ensure effective compliance and the proper maintenance of your revenue and your expenditure as an entity? **Mr. McIntosh:** Again, if I may, Chairman, I would like to just begin that answer and then let the general manager give some of—

Mr. Hinds: And I might add while you contemplate that, one of the reasons why I asked this question, and it is a matter to which I will return, has to do with the fact that the entity's records—and I am mindful that most of you are relatively new appointees either to the board or to the management. Am I correct?

Mr. McIntosh: Yes.

Mr. Hinds: But we are dealing with records from 2010—2014 in front of us today, so our questions would necessarily range from as far back as then. So with that in mind, I ask this because the company's records do not show always a very acute observation of the issues of compliance and the maintenance of revenue and expenditure patterns. Please.

Mr. McIntosh: If I just may, and then Nick, I will let you get a little bit more into the details. The basic model for offshore oil and gas support, which is the driver of our revenues, is relatively simple. We need to be better at getting their people out to the rigs and back safely at the best price, and that is what we strive to do and we have to maintain that capability if we expect to get follow-on contracts from these oil and gas operators. So fundamentally, what we focus on is efficiency in terms of providing the services that they require at a better cost or a better price than our competitors.

In terms of the management of the revenue for the period that you mentioned, member, I could not address that. However, in terms of how we are doing that going forward, certainly I would let the general manager speak a bit more about that, but one of our main focus is we are looking at structuring the company now for more of a 21st Century approach to providing the services effectively, expanding our business base, and thereby growing our revenues. I would let Mr. Nothnagel, the general manager, say a bit more about that.

Mr. Nothnagel: Chair, as Mr. McIntosh said, the environment is very competitive. Our contracts are won by a tender and bid process so that we have to manage our expenditure very carefully. We have to be mindful at the same time that the civil aviation regulations require certain minimum standards and we have to adhere to those regulations if we are to continue receiving approval for our AOC. Things like revenue management, we, on a weekly basis, carefully decide who or what disbursements are to be made. We are aware of incoming revenue and people who pay us late. Sometimes these things—our cash flow is as any other company and these days it is tight. So these things are managed on a weekly basis, and we adhere to the accepted best practice accounting principles and we are also guided by the State Enterprises Performance Monitoring Manual.

Mrs. Baptiste-Primus: Thank you kindly, Chairman, and good morning once again. My concern revolves around the fact that there is no internal auditor within the organization. Is that the current status quo?

Mr. McIntosh: Yes, that is the current situation. However, I would not describe it as status quo because we are in the process of and have been in the process of addressing that situation. National Gas Company is a shareholder and we have people on our board. I think two members are on the board of National Helicopters and they are in the interim because the board instructed that we should go out and remedy that situation by getting an internal audit function in accordance with our plans for the restructuring of the management of the company.

Given the timeline that that requires, the National Gas Company offered to provide us with internal audit function that will be independent management. As chairman, I have written to the chairman of NGC thanking him for the offer and accepting that we would appreciate that offer in the interim. And so, that mechanism is being implemented as far as—currently, that is what we are trying to set up as a temporary measure until we are able to restructure the management team to include an audit function.

Mrs. Baptiste-Primus: Mr. Chairman of the company, I think I have to blame myself for not clearly understanding. So let me ask this question: Is it that what you have just said meant that you all have contracted out the services of an internal auditor?

Mr. McIntosh: At this point we have not contracted out the services formally.

Mrs. Baptiste-Primus: But how do you explain—National Gas is not part of the structure of this company? **Mr. McIntosh:** That is correct.

Mrs. Baptiste-Primus: And I am trying mentally to grapple with the information you just shared. What is National Gas doing in your business of internal auditor? **Mr. McIntosh:** National Gas as a shareholder of National Helicopter—National Gas Company is a shareholder—I think 18 per cent shareholder of National Helicopters—and they have offered because of the time sequence that we were advised that it would take to set up the internal audit function which we have pursued. But in the interim, because of the importance of this, they have offered to work with us to provide, or to address the problem of not having an internal audit function.

Obviously, if they are not an inherent part of the company, it is not the same as having an internal audit function. However, it would provide some independent oversight of management in the area—this is for the board, for the purposes of the board that there is some other entity that is providing oversight over the functions of the company during the interim while we try to set up a formal internal audit system.

Mrs. Baptiste-Primus: But that would be a shareholder who has an interest. Mr. Chairman, I would like at this point in time to ask the Investment, through the acting Permanent Secretary, Ms. Jennifer Lutchman, to guide this Committee with regard to the information that has just been shared with regard to a shareholder of the company providing audit services to the company in which it has a natural financial interest. Guide myself in the first instance and the Committee, please.

Ms. Lutchman: Through you, Chair. One of our concerns with the company was that the company did not have an internal audit function, and we wrote to the company and they provided us with the same explanation, that NGC would provide internal audit services for National and—as you stated, there may be—well, an auditor is not just supposed to be independent but also must be seen to be independent, and ideally the internal audit function, as member, you would have alluded to, should either be contracted, outsourced, or the internal audit function should reside within the company and the internal auditor would report directly to the board through the audit committee. So that is the ideal situation.

Mrs. Baptiste-Primus: Permit me, Mr. Chairman. And may I further enquire whether or not your department conveyed qualified advice to the company in that regard?

Ms. Lutchman: We have not conveyed that information to them. The last time we wrote, closer to the end of November last year, and we would have gotten a response. So we have not had the opportunity to advise them accordingly. We also represent corporation sole who is also a shareholder.

Mrs. Baptiste-Primus: May I advise at this point in time, Mr. Chairman, I will not proceed further with the other questions that I have in mind to ask the company. May I advise that such advice be conveyed to the company as a matter of urgency?

Thank you.

Ms. Lutchman: So noted.

Mr. Chairman: Before my colleague proceeds, I just want to follow-up on what my colleague, the hon. Sen. Jennifer Baptiste-Primus just alluded to and stated. I just wanted to ask, Mr. Chairman, how long has this arrangement been in existence with NGC doing your internal audit function? Can you share with this Committee? **Mr. McIntosh:** Mr. Chairman, that arrangement has not yet been instituted. We are in the process of setting up the arrangement. The board has requested of—NGC indicated and we have requested of NGC, and the formal process has not been set up. This approach really came from the fact that setting up the internal audit, the board was not comfortable with the time period it would take to set up the internal audit function. And so, board members recommended that we should do something in the interim. It may not be the ideal situation or even a desirable one, but it had to be compared against doing nothing in the

interim period, and the board took a decision that it was better at least that the board have an independent source of assessing what was happening rather than continuing until we were able to set up the function internally.

Mr. Chairman: May I ask the Deputy Permanent Secretary in the Ministry of Works and Transport to clear the air, because like Mrs. Jennifer Baptiste-Primus, that arrangement is totally, absolutely unacceptable and you need to take urgent action to disengage yourself from this arrangement. And I would suggest that if the Deputy Permanent Secretary could provide to this Committee what measures as the overall entity looking at the operations and being responsible to corporation sole for this entity, what steps have been taken by the Ministry of Works and Transport to even approach the Minister of Finance to have established an internal audit function, whether it be contracted or whether it be internally generated? Could you advise this Committee on this matter?

Mrs. Baptiste-Primus: Chairman, if you would permit me before the acting Permanent Secretary? I understood what the Chairman was saying, that the process has not yet been implemented in the organization hence my advice to the acting Permanent Secretary, Ministry of Finance. The Investment Division would clearly convey the required qualified—that is why I said qualified—advice to the company so that the process that they are engaged in would be aborted and an alternative option that I have no doubt that will be presented by the investment committee to the company, would be the more acceptable option that would not convey the impression of looking after oneself so to speak.

Mr. Chairman: Can I ask before you—I understand and I agree with what everybody has said, but—

Ms. Jagrup: Chair, I understand your question. What has happened is that the Central Audit Committee of the Ministry of Finance had gone in to National

Helicopters to look at their financial statements and their systems and processes.

They had done a report subsequent to that, which was submitted to the Minister of Finance, a copy of which was sent to our Minister and our Ministry which we studied, and they had made very cogent recommendations as to the steps that National Helicopters need to take in order to make their processes more streamlined with standard accounting practices.

National Helicopters has engaged on the implementation and a rigid implementation of such recommendations, and they have submitted their response in terms of their implementation of the recommendations from the Central Audit Committee to both the Minister of Finance and through our line Minister which the Ministry has found to be quite satisfactory. We liaise very, very closely with the Investments Division in terms of governance processes as stated in the State Enterprises Performance Monitoring Manual, and what has happened is the National Helicopter Services Limited has recently completed a strategic plan. That strategic plan is being reviewed currently by the consultants because we found that there were some changes that needed to be made. Subsequent to it being approved by the Cabinet, a new structure would be—there will be an organizational restructuring and an internal audit function will be necessary.

Now, as you know, standard best practice for internal audit functions is really—we should have it embedded within the organization and not necessarily outsourced or contracted out, and I think the company was offered this service by the NGC as a support mechanism, seeing that NGC is itself an 18 per cent shareholder in the company. I understand the need, you are saying it seems to be a situation of himself or himself, but at the end of the day internal auditors reside in every institution and are paid by the particular institution. Am I not correct? So the ethos of an internal audit function is independence. Independence from management's influence, and the National Gas Company, as far as I am aware—I used to be in the Ministry of Energy and Energy Industries as well—has conducted its operations in a manner that is transparent, and I feel that the expert services that we would have gotten there in the interim, as opposed to doing nothing—because Central Audit in their report has insisted that there must be an internal audit function—we felt would have been a reasonable alternative. Now that we are getting the advice of our Investments Division who we work closely with us, we certainly are going to look at an alternative. Of course, in consultation with them, they have the best. Our colleague, PS, from the Ministry of Finance came from the

Auditor General's Department. She has extensive experience in audit and we will rely on her advice and so implement.

Mr. Chairman: Thank you. And now I will ask my colleague, hon. Hinds. **Mr. Hinds:** Thank you very much, Mr. Chairman. Mr. Nothnagel, as part of your priority projects you have in front of you the matter of four AW139 aircraft which are now with the air guard. What is the status of that arrangement as a priority project for you? Where is that headed? Where is it now; and where is that headed? **Mr. Nothnagel:** Chair, National Helicopters has provided the Ministry with various proposals over the years. The proposal, the last one was recently revised and submitted to the Minister of National Security. It encompassed the Minister's particular vision whereby the helicopter assets of Government would be vested in air guard—I think the Minister spoke to that in Parliament—and that was submitted on the 10th of January and it resides there for the Minister's consideration. It was developed in coordination with the Trinidad and Tobago Air Guard. So we did not want to put something out there that was not agreeable in principle at least with the air guards. So that now resides with the Ministry of National Security.

Mr. Hinds: Does that development involve the possibility of these aircraft being transferred to the National Helicopter Services Limited?

Mr. Nothnagel: Yes. The transfer of ownership came about through Cabinet and I think it was in November 2017. There has been some—because of the financial arrangements between the lender and the Government, there has been some difficulty in effecting the actual transfer of ownership. However, it is not entirely necessary for the ownership to be transferred for the AW129 helicopters to become operational again under National Helicopters AOC airborne. They have been assigned by the Minister of Finance. The TICA, in order to grant approval for those helicopters to be operated under the National AOC—

Mr. Hinds: Before you go further, Mr. Nothnagel, these deliberations are in large part for the benefit of the public, and while you are familiar with those acronyms and abbreviations I would like you to bear patience with some of us who may not be. I know that you spoke of the Civil

Aviation Authority, I know you spoke of your Air Operator Certificate, but I would like you to bear with the public in mind as you speak.

Mr. Nothnagel: Certainly.

Mr. Hinds: Thank you.

Mr. Nothnagel: So the proposal resides within the Ministry of National Security at this point in time. We await a respond.

Mr. Hinds: And for the time being you are responsible for the upkeep of these aircraft?

Mr. Nothnagel: Yes. They are maintained by National Helicopters at this point in time, but they are not flyable.

Mr. Hinds: Yes.

Mr. Nothnagel: They are in what we call preservation, but they could be removed from preservation, become operational in a relatively short period of time and we are talking about maybe two months or so, three months.

Mr. Hinds: I was just reading from your response to some questions that were directed to you and I saw in this response that it envisages not only the transfer to you, but also the possibility NHSL intends to market two of these aircraft and so on, that is what I was focusing on. That is part of the thing?

Mr. Nothnagel: Yes. There is an opportunity for a commercial benefit to approve by providing search and rescue services using two of these four helicopters to the oil and gas sector.

Mr. Hinds: If I may, Mr. Chairman? I am aware that—and I am a bit historical because the documents are in front of us—at some stage you—if not you personally, I meant the entity—hired, rented, or leased two aircrafts, one of which never made it to Trinidad and Tobago and remained in Delaware in the United States. You are familiar with that?

Mr. McIntosh: Yes. I was not with the company at the time, but I am familiar. **Mr. Hinds:** I am aware of that fact. But again, as I said, we have some historical data in front of us and that is what I am treating with. I would like to hear a little bit about that because I am operating in my mind the context of your revenue and your expenditure.

11.35 a.m.

And I am aware that an aircraft at great expenditure was hired, paid for in US dollars and it never made its way to the service of the people of Trinidad and Tobago. I wish that one of you present might be able to tell us a little bit about that.

Mr. McIntosh: If I may? Thank you for the question.

Mr. Hinds: Indeed, Mr. Chairman.

Mr. McIntosh: When I came on board, there were new members on the board in February of 2017, and as you might expect, we had an audit done and discovered that there was such a

situation and then we had to determine how to get legal advice really to determine because we did not intend to pursue the use of this aircraft for various technical reasons but the aircraft was of no use to National, but it had been leased by the former management of National Helicopters and so we then sought legal advice on how to terminate this lease or what were our options.

Basically, we got support from the Attorney General's office and that matter has subsequently been resolved. However, I am limited because I am pretty sure the resolution entailed some non-disclosure requirements. The Attorney General's office may be in a position to provide more information regarding this but that matter was brought to a final resolution and we no longer had that issue or that aircraft at National.

Mr. Hinds: It is not part of your agenda anymore?

Mr. McIntosh: It is not. We have no interest in, no relationship. **Mr. Hinds:**

Except, of course, that it costs you quite some money— **Mr. McIntosh:** Yes, it was very costly.

Mr. Hinds:—in its acquisition and its residence in Delaware.

Mr. McIntosh: That is correct. It was very costly but the company was unable to use the aircraft.

Mr. Hinds: Any idea as to what the cost altogether for the company and by extension, the citizens had to bear as a result of that?

Mr. McIntosh: Again, member, because the Attorney General's Office was directly involved in the resolution of that situation, as you would imagine, certain legal things that are outside the scope of National Helicopters and so, one, I am not fully aware of the final cost and two, I think even if I were, I would not be at liberty to disclose it publicly.

Mr. Hinds: But it would appear in your accounts.

Mr. McIntosh: Well, it could be provided—again, I would have to defer to the Attorney General's Office because we are a helicopter operator and as far as I understand, this required a lot of legal resolution which is beyond the scope of National Helicopters.

Mr. Hinds: Discontented as I am— I will content myself with that for the time being, I thought there was another aircraft that was hired by the NHSL that was utilized more—well, certainly not in the oil and gas industry and certainly not in the other aspects of your operation as described so pellucidly by Mr. Nothnagel earlier today, search and rescue and so on, and I understand that that costs you just about \$1 million per month. Another helicopter I am talking about, that was not engaged in anything that had to do with the company for a very sustained period. Are you familiar with that of which I speak?

Mr. McIntosh: If I understand, member, what you are referring to, that helicopter was never contracted by National Helicopter Services Limited. It would have been contracted—was it?—done by the Government but National Helicopters had no involvement whatsoever.

Mr. Hinds: Except you operated it.

Mr. McIntosh: National Helicopters had an arrangement which we have subsequently terminated where the National Operations Centre, in order to get pilots for its aircraft, would request National to— **Mr. Hinds:** Request your company?

Mr. McIntosh:—our company, to hire the pilots and then the pilots of National Operations Centre by nature of its operations which are not transparent to National Helicopters would then do whatever its mandate is for it to do. So National was not involved in the operations of National Operations Centre.

Mr. Hinds: You simply hired the pilots?

Mr. McIntosh: Yes, that is all.

Mr. Hinds: So nothing of that expense reflected on your accounts?

Mr. McIntosh: Not as far as I know other than the salaries for those persons.

Mr. Hinds: So, National Helicopter Services Limited hired and paid the salaries of the pilots who piloted a helicopter rented by the National Operations Centre for roughly \$1 million per month and that helicopter was never in the service of the National Helicopter Services Limited. That is a correct proposition?

Mr. McIntosh: It is correct except I am not familiar with what the lease or rental arrangement was for that helicopter but it was external to National Helicopters.

Mr. Hinds: The only attachment is that you hired the pilots and paid them?

Mr. McIntosh: That is correct.

Mr. Hinds: Okay, Mr. Chairman.

Mr. Chairman: May I ask Mr. McIntosh some questions? Mr. Chairman, you are aware that there are some vacant positions on the organizational structure of your company and may I remind you of some of those key positions that, at the material time, were vacant. You have to advise us whether they are now filled. One, the director of maintenance. Well, we know about the internal auditor, we spoke about that. That is two. And a business analyst. I would like to ask you how long have these positions been vacant and what is being done to address this situation. I know we have spent some time on the internal auditor and that matter is being addressed but if you can deal with the director of maintenance and the business analyst. Can you let us know if these positions have been filled?

Mr. McIntosh: The director of maintenance position has been filled. The business analyst, I think you mentioned, Chairman, we are still pursuing setting up or getting that individual on board. There have been some constraints in terms of the pace of the expansion of National Helicopters. You had addressed the issue of constraints earlier and one of the constraints, of course, is that our revenues are not what they were in the days of the very high oil prices, and so, there are some things that we have to do according to our budgetary allocations. So the business analyst position is a priority. We have advised management that the board wants to see that position filled. Management has indicated that it is being pursued in the context of the

restructuring of the organization, especially in the management team in accordance with our draft strategic plan.

So the director of maintenance took some time because we were constrained in our ability. We were not able to meet the salary requirements initially because we were under the CPO's office, that is the Chief Personnel Officer, and so we then had to apply for some variance to be able to pay something closer to industry standards. So that caused a certain amount of delay in bringing on board the people in key positions because those are the people who are able to command salaries that were higher than what we were able to pay. So yes, we now have the director of maintenance which is a very critical position and we are moving as quickly as possible to get the business analyst position filled.

Mr. Chairman: Now, I know that you guard very jealously— **Mr.**

McIntosh: I am sorry, Senator?

Mr. Chairman: I said that I am aware that you guard, very jealously, your excellent safety record.

Mr. McIntosh: Yes, Chairman.

Mr. Chairman: This was revealed in your submission. However, there was a recent incident of a helicopter crashing during a joint law enforcement search at a place called Windy Hill in Arouca to which the Ministry of National Security stated—well, to which the National Security Ministry was associated. Tell us, did this development in any way affect your excellent safety record? That is the first thing I would like you to clarify for us. Could you also tell us, what was the model of the helicopter which was involved in this particular accident or event, and was the asset reflected in the financials and the fixed asset register of the National Helicopter Services Limited?

Mr. McIntosh: Chairman, I am going to address part of that and then I will allow the general manager to continue. First of all, any specifics or details related to that incident, we are constrained by regulations because the Trinidad and Tobago Civil Aviation Authority, who have been doing the investigation, have not yet released a report on that, and therefore, we cannot say or do anything that would appear to prejudice what their findings may turn out to be.

Mr. Chairman: How long this event took place? That was a year ago, two years ago?

Mr. McIntosh: May 15th of 2019.

Mr. Chairman: 2019. And do you have any idea when that report would be completed?

Mr. McIntosh: Well, we checked with the TTCAA, Civil Aviation Authority on a regular basis but, as you might imagine, we are not in a position to press them, but we let, you know— it is important to our business that we get a final report from the TTCAA. We have taken the aftermath of the incident. We liaised with our clients and assured them that this would not affect their commercial offshore transport and after some very close coordination with them, it is reflected in the fact that they have continued to renew their contracts with us, demonstrating confidence in our services. They audited our company as I mentioned in my opening statement

and so it is always regrettable when we have an incident like that but we have to be guided by the very professional analysis that I am sure the TTCAA is conducting and we will then be in a position to implement their recommendations as to what needs to be done to ensure we do not have a recurrence. Internally, we did institute some procedures and I would allow Mr. Nothnagel to say some more about that.

Mr. Nothnagel: Senator, just to answer, the aircraft involved was an Airbus EC135. It was what we call a light twin helicopter. It seats seven people inclusive of the pilot. It is not in extensive use in our offshore operations. The report from the TTCAA is pending. We remind them from time to time because we would like to put the matter to rest. Whatever remedial action is necessary as a result of what the cause of the accident was, we want to institute those processes and put the matter to rest.

Mr. Chairman: But may I ask, whilst the report is pending, can the National Helicopter Services Limited repair this helicopter to put it back into service seeing that we need to generate revenues out or am I assuming something that has already taken place? The helicopter has been repaired and it is back in service on a limited basis. I am not too sure, I am trying to clarify.

Mr. Nothnagel: Senator, the helicopter was leased, it is not owned by the National Helicopter Services. It is a leased machine. The manufacturer came here and together with the insurers, they deemed a total constructive loss. In other words, the cost of repair would exceed the market value of the helicopter at this time. So no, repairs are not contemplated. The company is in the process of sourcing a replacement aircraft.

Mr. Chairman: Okay. The National Helicopter Services Limited is not in a position to conduct any investigation on its own, it has to be conducted by the Civil Aviation Authority. Am I right?

Mr. Nothnagel: Whilst waiting for the TTCAA to complete their work, we have done certain in-house, what you may call preventive measures. So we can make certain assumptions and do whatever we can to ensure that this situation does not reoccur.

Mr. Chairman: What losses would be incurred and by whom for this particular incident?

Mr. Nothnagel: The helicopter was insured for US \$6.5 million. That was the agreed hard value with the insurer. Those moneys would now be payable to the owner or lessor.

Mr. Chairman: And you also indicated that you have already taken corrective action to ensure that there is no subsequent incident of the kind that we would have experienced?

Mr. Nothnagel: Yes, we have done what we can internally to make sure that there is no repetition.

Mr. Chairman: Okay. You said also or I read somewhere, I think it was the Deputy Permanent Secretary indicated to this Committee that there was a revised strategic plan.

Ms. Jagrup: Yes.

Mr. Chairman: Can you make a copy of that plan available to this Committee?

Ms. Jagrup: Well, after it has been resubmitted by the consultants to the board, yes, and the board of directors have signed off on it, yes we can. Now, just remember, Chair, that strategic plan has to be approved by the Cabinet, eh, so it would be a draft document that we can make available to the Committee.

Mrs. Baptiste-Primus: Chairman, I would advise against a draft document coming to this Committee. I believe the Committee should await Cabinet's approving the document before it comes before this Committee. And while I am at it, may I enquire for what period that revised strategic plan is for?

Ms. Jagrup: 2019—2021.

Mrs. Baptiste-Primus: Thank you. Chairman, while I am on my verbal legs, I would like to ask the Chairman, one of three vacant positions that I have seen relates to the corporate secretary—*[Interruption]* Pardon me? No, no, I am dealing with a particular—under the organizational structure, we are advised that the following positions are vacant: the director of maintenance, but I think you said that position is now filled; the internal auditor is a work in progress; and the other one is the corporate secretary/legal secretary and I want to link that to whether or not—that position is not filled. Who advises the board on legal matters? I will not want to assume.

Mr. McIntosh: Senator, on legal matters that come before the board, those matters are referred to—I do not remember the name of the law firm at this time. It is external counsel. We do not have in-house counsel that is available to us but I do not recall at this moment the name of the law firm but there is a law firm that is used when we require legal advice. I am sorry, I do not want to mislead you by guessing the name of the law firm so we can get that information and provide it to you.

Mrs. Baptiste-Primus: Who performs the duties of corporate secretary to the board? Who records the minutes of the board? In the absence of that position being filled, someone has to perform certain functions, particularly the recording of the minutes of the board. Who is assigned such a function?

Mr. McIntosh: The function of the corporate secretary is provided by an individual from the National Gas Company who is both a lawyer and an accountant in the interim and has been doing, I might say, an excellent job as corporate secretary. So that we have been able to access those services until we can—under the new structure, I think you mentioned there corporate secretary/legal secretary.

Mrs. Baptiste-Primus: But how often does the board meet?

Mr. McIntosh: The board meets every month, once a month and so the corporate secretary is at all of those meetings.

Mrs. Baptiste-Primus: Thank you, Chairman.

Mr. Hinds: May I, Mr. Chairman?

Mr. Chairman: Yes, you can.

Mr. Hinds: Mr. Chairman, recognizing, of course, as I indicated earlier that a lot of the material before us and for our contemplation here today is historical, recognizing that you are relatively new to this platform and cannot be personally responsible for some of the matters in my consideration today, and the fact that you have been so stoic and measured and wonderful and candid in your submissions to us, I must admit makes it rather difficult to press some of the issues that I contemplated. Put frankly, I am in admiration of your submissions to us today and I say so candidly.

But I would like to know from on the basis of the records that you would have perused as you assumed this job of Chairman of the NHSL, if you could tell this Committee what essentially was responsible for the significant and obvious increase in NHSL's plant and equipment between the years 2013 and 2014 and the attendant loans that the accounts attached to them, please?

Mr. McIntosh: Member, if I may, I would like to just put some brief context to that area.

Mr. Hinds: May I thank you, Mr. Chairman.

Mr. McIntosh: The oil and gas business at the time was an expanding—there was a period when the oil prices were on a rise. In fact, I may not be absolutely precise in my time but there were knowledgeable people, internationally, saying and it was reported in the news that we would never see—the prices were \$130, \$140 a barrel—oil prices as low as \$100 a barrel again. So in this environment, expansion was driving or the anticipation of an expansion was driving a lot of activity in that business, and so—

Mr. Hinds: You mean as late as 2013 and 2014?

Mr. McIntosh: The oil prices—I am sorry, I may be off on my timing.

Mr. Hinds: Okay. But you gather that the company is the ethos in the NHSL at that time, would have been stimulated and driven by this anticipation of a brighter future, never to go past a certain threshold, below a certain threshold again. But I am just asking, as late as 2013 and 2014? To my mind, the signals had become clear to the world a little bit before that.

Mr. McIntosh: If I recall, member, there was a lot of speculation in the oil and gas business which is not always directly tied to the economic cycles that happen. I think around 2008, there was an economic crash and so. So that there was still anticipation of things going on in Guyana and other places because as the oil prices were maintaining these high levels, it was driving a lot of expansion. In fact, I might say that even some of the biggest helicopter companies in the world had to seek protection under Chapter 11 because of that sudden, unanticipated fall in the price of these energy commodities.

So that, you asked my assessment as we came in through the company and tried to understand exactly what you have just described, why was such an investment made and it was clear that the downturn had not been— **Mr. Hinds:** Factored.

Mr. McIntosh: I do not want to anticipate what may have been in somebody's else mind but we found a situation where the level of activity in the industry could not support the kind of

investments and so on that the trajectory that the company had been on at the time, and so we had to go about very quickly changing that approach too. So, in other words, we made sure that we did not invest any further in equipment, helicopters or their support unless we were quite confident that we had contracts to support that activity and that has helped to pull us out somewhat from the situation that we found when we took over in 2017.

Mr. Hinds: So for the benefit of the public and greater specificity, that anticipation led the NHSL—mindful that you were not involved as Chairman at the time, we are dealing with the records. More specifically, it led to the acquisition of one Sikorsky S-76C aircraft and two Sikorsky S-76D aircraft.

12.05 p.m.

What has become of those assets as we speak, given that the situation has not even stabilized but it has to some extent worsened since then?

Mr. McIntosh: From the specifics, Nick, you talk about the specifics of— **Mr. Nothnagel:** Chairman, the first Sikorsky S-76C, I believe that was in 2011; that was acquired in 2011. It was for a specific contract with the British Gas Trinidad and Tobago. I remember that because I was there at the time and for Cabinet approval for the loan involved in purchasing that aircraft we had to provide substantial information to the Minister of Works and Transport at the time, Mr. Imbert. So I can speak to that aircraft which was purchased specifically to service the British Gas business.

Mr. Hinds: Well, just for the record and before you proceed just so that we will be on the same frequency, or let me use your language, on the same flight, I gather that three aircraft were purchased between 2013 and 2014, purchased, three aircraft. That is what I am dealing with and I am submitting as a back drop that by that time there were so many signals to tell us so many other things. I am talking about those three aircraft that were purchased as late as 2013 to 2014, increasing your assets, and the public must understand that unlike my “Pilot”—interesting name—unlike my Pilot P-700 pen, the maintenance of an aircraft by NHSL or any other entity is a very, very, very costly exercise to keep it air worthy, to keep it even—what is the word you used earlier with those that are not yet air worthy but—

Mr. McIntosh: Preservation.

Mr. Hinds: Even to preserve an aircraft, much less to make it air-worthy is a very costly exercise and against the records of your accounts it must be overly costly and burdensome. So I am talking about those between 2013 and 2014, three aircraft.

Mr. Nothnagel: Chairman, the company was operating an older model of that helicopter at that point in time. That was the “A” models. Those were becoming more and more difficult to maintain. They were found to have structural defects and they were due for retirement. These were replacement—some of these helicopters here were for replacement purposes. The last two that were acquired, the two S-76D helicopters, I was not there at the time, but I can just come back to what the Chairman referred to where there was a perceived expansion in the market and to accommodate that, again the business, this was the decision of management at the time.

Mr. McIntosh: If I may, GM. The process that we generally follow is to be very confident of business from an oil and gas operator before we go out and acquire additional aircraft assets. Now, the variation to that is what the general manager has said, that the oil companies themselves will not give a contract or sometimes specify what models of aircraft they will accept and what they will not accept. That is putting it in layman's language.

So that the company from time to time has to make decisions even if they are not absolutely sure that they have 100 per cent guarantee of business but they may know that if they stick with the older ones like the S-76A, that they will not be able to win further contracts. So that is part of the management process that they have to go through. In such a situation, if there is a certain downturn, the company, like the other helicopter companies can find themselves having made commitments in anticipation of something and then that situation did not materialize so that they then are left with the situation which we found when we came into the company. **Mr. Nothnagel:** Just to add briefly to what the Chairman has said. The company has been conservative in its acquisition of aircraft to service the oil/gas sector prior to, I would say, 2010, in that the company purchased a number of foreign-used aircraft which served very well. But the scenario was changing quite rapidly in that the oil and gas companies formed a committee that dictated the levels or the standards that the aircraft had to conform to, hence the need for new aircraft. **Mr. Hinds:** And I rather suspect that other players were at that time threatening the market, coming in, and maybe offering things that, based on intelligence they knew you did not have. And your clients knowing what you had and knowing what was on offer were playing the field and pushing you, telling you "Look, you will lose this business because so and so may be able to give us a 24-seater as opposed to an 18 or 12", and you found yourself in a cold, not a cold war, but in an economic war that you could never win. Am I correct, Mr. General Manager? **Mr. Nothnagel:** Yes, Sir. The company actually had to match the standards of the competition otherwise it would fall by the wayside.

Mr. Hinds: And notwithstanding your attempts, the business still was ceded in some ways to those coming in. Am I correct?

Mr. Nothnagel: Yes. Some of the companies coming to Trinidad to engage in offshore exploration already had relationships with some of these international operators in—

Mr. Hinds: US and in other parts.

Mr. Nothnagel: And National Helicopter is a relatively small company. We had to market ourselves very aggressively.

Mr. Hinds: Suffice it to be so, I understand. Thank you.

Mr. Chairman: I think we are reaching a point where we will have to start wrapping up, winding up our enquiry, but before I get to that point in a few moments, may I enquire, Mr. Chairman, what is the size of your employed force, your workforce? How many workers do you have in your company?

Mr. McIntosh: Chairman, at this point we have 157 on staff and if you require a further breakdown, I am sure the general manager can provide that.

Mr. Chairman: Well, he can submit those things in writing, a breakdown of your employees, the number of employees rather, that you have.

Tell me something, how do you go about benchmarking your salary packages for your senior managers within National Helicopter Services Limited? How do you benchmark? How do you make a comparison to ensure that you are not above or you are not below but you are competitive? How do you go about doing it?

Mr. McIntosh: Ms. Boucaud-Blake is the chair of our HR subcommittee.

Ms. Boucaud-Blake: So far we have been using the Public Service measure that is in the establishment that is guided by the CPO. But in recent time we recognize we had so much difficulty in attracting and retaining the specific skills that National needs to move on and expand, that we got clearance to—in specific positions to work with the market, with the industry standards. The Director of Maintenance is one such position. I think a couple of captains, chief pilots, and given the nature of the industry we will be guided by the need as it arises for certain positions. Beyond that we work within the established positions as guided by the CPO.

Mr. Chairman: So at this time, or this point in time, you would say—how many categories or specific number of critical positions within the National Helicopter Services Limited would be falling under that purview where the market will determine your final decision re compensation to ensure that you attract the kind of personnel needed to do what you have to do?

Ms. Boucaud-Blake: I will take the risk to say about four or five. But to be more specific we could give it to you in writing.

Mr. Chairman: Now, there are many, many other questions we would like to raise but time will not permit us to do so. So “risk management” is one of them. We would have liked to get into that. We were not able to do it today. There is an element called “deferred expenditure”. We have something dealing with “accounts receivable”; “trade and other payables”. There is something called “retirement benefit obligation” and there is something there that we would have liked to pursue. And maybe I can ask you to provide us with a copy of the retirement policy of your company. And you can also tell us what is the current balance of the retirement pension fund and who are the appointed trustees of the retirement plan. Have you conducted an audit, and if you have, could you provide this Committee with a copy of that audit?

Has there been a suspicion of retirement plan fraud? We would like you to provide that in writing for us. And if there is, what measures have been taken to guard against retirement plan fraud? These are some of the issues that we would have liked to raise under the retirement benefit obligation among others.

So we do not have the time to go through all these things. So we put you on notice Mr. Chairman, the Deputy Permanent Secretary, that we shall be writing you on many areas that we were not able to explore at this meeting today. Yes, Mr. Hinds would like to add two items.

Mr. Hinds: Thank you. I would like to, by way of writing, and in anticipation of our next interface, understand what was done to the Mucurapo Foreshore Facility and the Camden Base Facility. What was done and the respective costs? May I thank you, Mr. Chairman.

Mr. Chairman: So, I would like on behalf of the Public Accounts (Enterprises) Committee, we do have a sitting, if I may say, of the Senate at 1.30., so we have to bring our proceedings to a close at this time. Normally we would invite closing remarks, but we have to forego that today. But we put you on notice that the Committee will meet and treat with what you have done so far, what we have done so far, and if there is need, Mr. Chairman, Deputy Permanent Secretary, we shall be inviting you again to clear the air on a couple of areas. But that is a decision of the Committee. The Committee may not wish to meet based on your written submission that we are going to be getting from you based on the questions that would be coming your way very shortly.

I would like to—my colleague is saying, and I am sure you would not object, if I were to speak on this matter. He indicated and I would like to indicate too, Sir, Mr. Chairman, Mr. Larry McIntosh, we would like to really thank you for the manner, the style, the way that you were able to conduct yourself. The manner in which you were able to answer our questions, we were quite impressed. So we want to record that appreciation on behalf of the members of this Committee.

Mr. McIntosh: Mr. Chairman, thank you, and on behalf of the board and the management and staff of National Helicopter Services Limited. Certainly for me it is an honour to be asked to serve on a state enterprise and I hope that I have done my best to enlighten the Committee as to the activities of the company. I will say, as I alluded to in my opening statement, that we, myself and Mrs. Boucaud-Blake, will go back to the board and place emphasis on those things that have been emphasized here.

It has been very enlightening to me and certainly has provided some guidance as to where we need to increase our emphasis and our oversight. We think obviously that National is a valuable state asset and we will do our best to return it to a profitable status and something the country can be proud of.

Mr. Chairman: Thank you very, very much. We would like to thank you and at this moment this meeting is suspended to facilitate our colleagues' departure. Thank you so very much.

12.23 p.m.: *Meeting adjourned.*