



CAYMAN ISLANDS

2009 Session of the

LEGISLATIVE ASSEMBLY

REPORT

of the

STANDING

PUBLIC ACCOUNTS COMMITTEE

on the Special Report of the Auditor General

on the Purchase of a Helicopter by the Royal Cayman Islands Police

Summary Report

Laid on the Table of Legislative Assembly on this 25th day of February 2010

TABLE OF CONTENTS

1.	REFERENCE.....	3
2.	PAPER CONSIDERED	3
3.	CHAIRMAN AND MEMBERS OF THE COMMITTEE.....	3
4.	MEETINGS OF THE COMMITTEE	4
5.	ATTENDANCE OF MEMBERS	4
6.	PERSONS IN ATTENDANCE.....	4
7.	WITNESSES CALLED BEFORE THE COMMITTEE	5
8.	PRACTICE AND PROCEDURE OF THE COMMITTEE (S.O 77 (6))	5
9.	INTRODUCTION	5
	ACKNOWLEDGEMENT.....	5
	REPORT OF THE COMMITTEE TO THE HOUSE	6

**REPORT OF THE STANDING
PUBLIC ACCOUNTS COMMITTEE
ON THE SPECIAL REPORT OF THE AUDITOR GENERAL
ON THE PURCHASE OF A HELICOPTER BY THE ROYAL
CAYMAN ISLANDS POLICE
SUMAMRY REPORT**

1. REFERENCE

The Standing Public Accounts Committee of the Cayman Islands Legislative Assembly, established under Standing Order 77, met to consider the Special Report of the Auditor General on the Purchase of a Helicopter by the Royal Cayman Islands Police, as prepared and submitted by the Auditor General.

2. PAPER CONSIDERED

In accordance with the provision of Standing Order 77(1), the Committee considered the following paper referred to it by the House:

- Special Report of the Auditor General on the Purchase of a Helicopter by the Royal Cayman Islands Police.

3. CHAIRMAN AND MEMBERS OF THE COMMITTEE

The following Members of the Legislative Assembly were the ***past*** Members of the Standing Public Accounts Committee and dealt with this Report of the Auditor General –

Mr. Osbourne V. Bodden, MLA – Chairman
Mr. Rolston M. Anglin, MLA
Mr. Cline Glidden, Jr, MLA
Mr. Moses Kirkconnell, JP, MLA
Mr. W. Alfonso Wright, MLA

The following Members of the Legislative Assembly are the present Members of the Standing Public Accounts Committee –

Mr. D Ezzard Miller, MLA - Chairman

Mr Cline A Glidden, Jr., MLA

Mr. Ellio A Solomon, MLA

Mr. Dwayne S Seymour, MLA

Mr Moses I Kirkconnell, MLA

4. MEETINGS OF THE COMMITTEE

The Committee reviewed the Minutes of three (3) meetings held to consider this Report:

- (i) Monday 27th July, 2009;
- (ii) Wednesday 29th July, 2009
- (iii) Wednesday 12th August, 2009

5. ATTENDANCE OF MEMBERS

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

6. PERSONS IN ATTENDANCE

In accordance with Standing Order 77(8), the following persons were in attendance at the meeting:

Mr. Dan Duguay – The Auditor General

Mr. Garnet Harrison – Deputy Auditor General

Mr. Terrence Outar – Deputy Accountant General

Mrs. Deborah Drummond – Assistant Financial Secretary

Mrs. Debra Welcome – Accountant General

7. WITNESSES CALLED BEFORE THE COMMITTEE

In accordance with the provisions of Standing Order 77(4), the Committee may invite Controlling Officers and support staff to give information or explanation to assist the Committee in the performance of its duties:

1. Civil Aviation Authority: Mr. Richard Smith, Director General
2. Portfolio of Internal & External Affairs: Mr. Eric Bush, Assistant Deputy Chief Secretary
3. Royal Cayman Islands Police: Mr. David Baines, Commissioner of Police.
4. Portfolio of Internal & External Affairs Hon. Donovan Ebanks, Chief Secretary.

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

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

9. PAC COMMENTS

9.01 The Committee endorses the recommendations of the Auditor General.

ACKNOWLEDGEMENT

The Committee is most appreciative of the efforts of the Auditor General and his staff in presenting a very fair, detailed and informative Report on the Purchase of a Helicopter by the Royal Cayman Islands Police Summary Report and for the support, assistance and constructive advice given throughout its deliberations.

Finally we wish to thank the staff of the Legislative Assembly for the assistance provided.

*Report of the Public Accounts Committee on the Special Report of the Auditor General
on the Purchase of a Helicopter by the Royal Cayman Islands Police*

REPORT OF THE COMMITTEE TO THE HOUSE

Your Committee agrees that this Report be the Report of the Standing Public Accounts Committee to the House on the Special Report of the Auditor General on the Purchase of a Helicopter by the Royal Cayman Islands Police.

[Signed]
Mr. Ezzard Miller, MLA - Chairman

[Signed]
Mr. Cline A Glidden, Jr, MLA, Member

[Signed]
Mr. Ellio Solomon, MLA, Member

[Signed]
Mr. Dwayne Seymour, MLA, Member

[Signed]
Mr Moses Kirkconnell, MLA Member



Legislative Assembly of the Cayman Islands

STANDING PUBLIC ACCOUNTS COMMITTEE

MINUTES of Meeting held Monday 27th July 2009 1:00 pm

Minutes of meeting of the Standing Public Accounts Committee held in the Chamber of the Legislative Assembly building on Monday 27th July 2009 at 1:00 pm.

Present:

Mr. D Ezzard Miller, JP, MLA - Chairman
Mr. Moses I Kirkconnell, JP, MLA - Member
Mr. Cline A Glidden, Jr, MLA - Member
Mr. Dwayne S Seymour, MLA - Member
Mr. Ellio A Solomon, MLA - Member

1. Calling of Meeting to Order by the Chairman

There being a quorum present (Standing Order 77(2) refers), the Chairman called the Meeting to Order at 1:30 pm.

2. Review of Special Reports of the Auditor General

The Chairman suggested that the backlog of reports be dealt with in the order in which they were presented to Parliament. The Chairman also suggested that the Auditor General only be invited to meetings should the Committee identify specific questions for him.

Mr. Cline Glidden stated that since the majority of the reports are dated, it would be beneficial to have the Auditor General present to provide information to the Committee.

2 (1). Special Report – The Affordable Housing Initiative

The Chairman requested feedback from the Committee on how to deal with the matter.

Mr. Moses Kirkconnell stated that from his understanding the Committee was awaiting the receipt of an additional report from the RCIP to the Auditor General on this matter.

AGREED that the Committee will defer this report until clarification has been received from the Auditor General on the status of the additional report from the RCIP.

2 (2). Special Report – Auditor General's Report on Government Financial Statements year Ended 30 June 2004

The Chairman stated that two Members of the Committee were past members and therefore familiar with this report. The Chairman made a motion that since this was a thorough report, it be reprinted, signed by the current Committee and tabled.

AGREED that the Report be the Report Standing of the Public Accounts Committee. This motion was moved by Mr. Cline Glidden, Jr.

2 (3). Special Report – Auditor General's Report on the Royal Watler Cruise Terminal Capital Project

The Chairman informed the Committee that there was no final report available on this project. The Chairman suggested that he work with the Clerk to prepare a report based on the Minutes.

AGREED that the Mr. Cline Glidden and Mr. Moses Kirkconnell will prepare a report on this project.

2 (4). Hurricane Ivan Insurance Settlement and Equity Investment in Cayman General.

Mr. Moses Kirkconnell informed the Committee that he has been involved with Cayman General Insurance for a number of years and therefore declares an interest and requests to be excused.

The Chairman accepted Mr. Kirkconnell's motion.

Mr. Cline Glidden moved a motion that the Auditor General be asked to go through the report and list areas of concern. Upon receiving the Auditor General's feedback, the Committee should proceed with interviews of witnesses.

AGREED that the Committee will invite the Auditor General to the next meeting to discuss this matter.

2 (5). The Review of Debt Financing Arrangements for Boatswain's Beach

AGREED that the Committee will defer this report until the Auditor General is present to answer questions.

2 (6). Special Report on the State of Financial Accountability Reporting

Mr. Cline Glidden discussed the reporting process with the Committee.

AGREED that the Committee will defer this report until the Auditor General is present to answer questions

2 (7). VFM Audit – The Scrap Metal Tender and Contract with Matrix International Inc

AGREED that the Committee will defer this report until the Auditor General is present to answer questions.

2 (8). VFM Audit – Purchase of a Helicopter by the Royal Cayman Islands Police

Mr. Cline Glidden suggested that witnesses from the Royal Cayman Islands Police (RCIP) be brought in to answer questions. He noted that many individuals who were involved in the project are no longer with the RCIP; however someone from the RCIP department needs to be present to bring clarity to the situation. Mr. Cline Glidden also stated that specific individuals should be called as witnesses.

AGREED: This motion was agreed by the Committee.

2 (9). VFM Audit – Pedro St James – Review of Gasoline charges for July 2003 – April 2007

Mr. Cline Glidden stated that there is a disconnect in regards to the Management response and the response of the Tourist Attractions Board (TAB).

The Chairman suggested that the two individuals be invited to a PAC meeting and that proper procedures are deciphered for the future.

3. Other Matters

3 (1). Process for Making Auditor General Reports Public

The Chairman raised concern as to the procedures in which reports are made public and when. He stated that the previous Standing Orders stated that the Auditor General reports were provided to Members in a confidential way. However, the

current Standing Orders now make reference that the Public is also in receipt of these reports.

Discussion ensued:

The Committee agreed that it is vital to determine who owns the reports and who makes them public.

AGREED that the Committee will schedule a meeting with the Auditor General and the Speaker to define an appropriate process for making Auditor General Reports public.

3 (2). Request for Auditor General Investigations.

Mr. Cline Glidden made a motion for the Auditor General to investigate the developments of the John Gray and Clifton Hunter High Schools. Specific areas to address were noted as the Value for Money (Scope definition and Project Management), Tendering Process, the Teaching Communities views on the development, and Capacity Management.

Mr. Cline Glidden also made a motion for the development of Roads in Grand Cayman to be investigated and areas to be addressed were noted as the Value for money, the Tendering Process, and the Recurrent Cost of NRA.

The Committee accepted these motions and the Clerk was advised to notify the Auditor General of the requests.

4 Adjournment

There being no further business the meeting adjourned at 3:35pm until 9:00am Tuesday 28th July 2009.



Legislative Assembly of the Cayman Islands

STANDING PUBLIC ACCOUNTS COMMITTEE

MINUTES of Meeting held Wednesday 29th July 2009 9:00 am

Minutes of meeting of the Standing Public Accounts Committee held in the Chamber of the Legislative Assembly building on Wednesday 29th July 2009 at 9:00 am.

Present:

Mr. D Ezzard Miller, JP, MLA - Chairman
Mr. Dwayne S Seymour, MLA - Member
Mr. Moses I Kirkconnell, JP, MLA - Member

Apologies:

Mr. Cline A Glidden, Jr, MLA - Member
Mr. Ellio A Solomon, MLA - Member

In Attendance:

The Auditor General – Mr. Dan Duguay
The Deputy Auditor General – Mr. Garnet Harrison

1. Calling of Meeting to Order by the Chairman

The meeting was delayed until 10:00 am to allow the UDP to complete a scheduled meeting. At 10:25 am the Chairman placed a call and was informed the Members would arrive as soon as possible. The Chairman noted this was unacceptable and adjourned the meeting until 1:00 pm.

There being a quorum present (Standing Order 77(2) refers), the Chairman called the Meeting to Order at 1:05 pm.

2. Review of Special Report of the Auditor General – Purchase of a Helicopter by the Royal Cayman Islands Police.

The Chairman requested a summary from the Auditor General.

The Auditor General informed the Committee that this was an unusual report as it was requested by the Governor. He stated that it was unique to a specific situation. The Auditor General stated that the Helicopter was purchased from a UK company who were selling the aircraft due to European standards for helicopters changing in 2010 and it would have been too costly to retrofit to meet the new standards. The Auditor General informed the Committee that the Government had paid to have the helicopter refitted. He stated that there were certain operational and procedural issues in relation to this purchase, and also noted that the Helicopter was not in the Cayman Islands, nor was he privy as to why. The Auditor General stated that as per his report he can provide two recommendations;

1. Conclude that the Helicopter is not suitable and sell.
2. Take the necessary action to get the craft on island.

The Chairman asked for clarification as to who presented the papers to Cabinet.

The Auditor General informed the Committee that the papers were submitted by the Commissioner of Police and the Deputy Chief Secretary.

Discussion ensued as to the whereabouts of the Helicopter and its capabilities. It was stated that the craft is currently in the United States in storage. Alternate aircrafts were also discussed. The consensus of the Committee was that the report could not be completed until witnesses have been called.

AGREED that the Committee would call the following individuals as witnesses:

1. Commissioner of Police
2. Chief Secretary
3. Assistant Deputy Chief Secretary
4. Director, Civil Aviation Authority

Mr. Moses Kirkconnell noted that it is important that the Helicopter be able to service the Sister Islands as well as Grand Cayman.

Mr. Dwayne Seymour raised concern over the Governments policies and procedures in selecting equipment. He stated that more input and sureties for Government are needed.

3. VFM Audit – The Scrap Metal Tender and Contract with Matrix International Inc.

A summary of the report was provided by the Auditor General. He informed the Committee that the Government entered into an agreement with Matrix International, where by one million dollars would be paid to CIG for the scrap metal which had accumulated after Hurricane Ivan. The Auditor General stated that only a small amount of scrap metal was removed, and \$300,000.00 dollars received by CIG

from Matrix. The Auditor General stated that he did not feel the Government did due diligence in researching the capabilities of Matrix.

Mr. Dwayne Seymour did not support that the document be tabled. He informed the Committee that there are a number of small Caymanian business owners who are still owed payment by Matrix. He stated that answers are owed to these individuals.

The Chairman stated that this may be beyond the scope of the PAC as these were private individuals entering into private contracts with Matrix. He stated that these individuals were not hired by CIG, but with Matrix. The Chairman stated that he understood Mr. Seymour's concerns and supported them, but was unsure as to what the PAC can do.

Mr. Kirkconnell raised the question of the Caymanian partner for this company, as it was established in the Cayman Islands.

The Auditor General confirmed the company did have Caymanian partnership and would research the name of the Caymanian partner and report back to the Committee.

AGREED that the Committee would call the following individuals to address the questions raised in relation to the contract between Matrix Inc and CIG:

1. Mr. Carson Ebanks (former Permanent Secretary of the Ministry of Communications, Works and Infrastructure).
2. Mr. Roydell Carter, Director of the Department of Environmental Health.
3. Mr. Sean McGinn, Assistant Director of the Department of Environmental Health.

4. VFM Audit – Pedro St James – Review of Gasoline charges for July 2003 – April 2007

The Auditor General provided the Committee with a brief summary. He stated that whilst this was not a large sum of money to discuss, the fact that procedures were not in place nor followed is the issue. He also noted that there were differing points of views between the two parties involved; CEO of Tourism Attraction Board and the Manager of Pedro St. James.

Mr. Dwayne Seymour stated that a message needs to be sent that the PAC will not tolerate entities that do not follow proper procedures.

AGREED that the Committee would call the following individuals as witnesses:

1. Mr. Carson Ebanks - Manager, Pedro St. James
2. Mr. Gilbert Connolly – Chief Executive Officer, TAB

5. Special Report – The Affordable Housing Initiative

The Chairman stated that this report had initially been deferred as the Committee believed that there was another report to be reviewed. He stated that the Auditor

General had informed him that there was no additional report, therefore the Committee should review this report.

The Auditor General informed the Committee that they should note there were three (3) reports completed on this topic; Two (2) which were made public and one (1) which has remained out of the public domain. He stated that it is important for the Committee to fully understand all three (3) reports prior to making a decision.

Mr. Dwayne Seymour noted that Mr. Ellio Solomon has an interest in this report and would like to be present for the discussion.

The Chairman moved a motion to defer this report until after the Committee had reviewed the additional two (2) reports mentioned by the Auditor General.

AGREED that the Committee will defer this report until the additional reports have been reviewed.

5. Other Business

5 (1). Procedures for investigation requests to the Auditor General

The Committee discussed the procedures in which requests for investigations are received and carried out by the Auditor General. The Auditor General confirmed that requests are made not only by the PAC, but other entities as well. He stated that he will decide on which investigations to pursue, but that the PAC will be notified of any investigations taking place and the PAC will also receive the final report.

The Committee felt that proper procedures are needed as it raises concerns over the control PAC has over its budget.

5 (2). Update from the Auditor General

The Auditor General provided the Committee with an update on Tempura. He stated that they are currently awaiting management responses and should have the report completed within the next two (2) weeks. He informed the Committee that they should expect to receive another report in approximately a month.

The Auditor General also informed the Committee that his office is currently working on an investigation into the construction of Boatswain's Beach and completing the updated report on Financial Accountability Reporting.

6. Adjournment

There being no further business the meeting adjourned at 2:19pm until 9:00am Wednesday 5th August 2009.



Legislative Assembly of the Cayman Islands

STANDING PUBLIC ACCOUNTS COMMITTEE

MINUTES of Meeting held with Witnesses Wednesday 12th August 2009 9:00 am

Minutes of meeting of the Standing Public Accounts Committee held in the Chamber of the Legislative Assembly building on Wednesday 12th August 2009 at 9:00 am.

Present:

Mr. D Ezzard Miller, JP, MLA - Chairman
Mr. Dwayne S Seymour, MLA - Member
Mr. Ellio A Solomon, MLA - Member
Mr. Moses I Kirkconnell, JP, MLA - Member

Apologies:

Mr. Cline A Glidden, Jr, MLA - Member

In Attendance:

Mr. Dan Duguay – The Auditor General
Mr. Terrence Outar – Deputy Accountant General
Mrs. Deborah Drummond – Assistant Financial Secretary

Witnesses:

1. Civil Aviation Authority: Mr. Richard Smith, Director General
2. Portfolio of Internal & External Affairs: Mr. Eric Bush, Assistant Deputy Chief Secretary
3. Royal Cayman Islands Police: Mr. David Baines, Commissioner of Police.

4. Portfolio of Internal & External Affairs Hon. Donovan Ebanks, Chief Secretary.
5. Ministry of Tourism: Mr. Carson Ebanks, Chief Officer (Former Permanent Secretary for the Ministry of Communications, Works and Infrastructure).
6. Department of Environmental Health: Mr. Roydell Carter, Director.
7. Department of Environmental Health: Mr. Sean McGinn, Assistant Director
8. Matrix International LTD: Mr. William Bodden, Owner.

1. Reference

In accordance with Standing Order 77(4) witnesses were invited to appear before the Committee to discuss various issues set out in the Reports of the Auditor General:

1. On the purchase of a Helicopter by the Royal Cayman Islands Police.
2. On the scrap metal tender and contract with Matrix International Inc.

2. Meeting to Order

At 9:20 am the Chairman called the meeting to order.

3. Welcome

The Chairman gave a brief welcome and introduction to those attending.

4. Witnesses Report of the Auditor General Report on the Purchase of a Helicopter by the Royal Cayman Islands Police.

4.1. Civil Aviation Authority (CAA) – 9:20 am

The first witness appearing before the Committee was **Mr. Richard Smith, Director General** of the CAA.

The Chairman welcomed Mr. Smith to provide an opening statement to the Committee.

Mr. Smith provided the Committee with a brief overview of the CAA's involvement with the acquirement of the helicopter. Mr. Smith stated that in 2006 the CAA was approached by the ex-commissioner of police, Mr. Stuart Kernohan, for advice on the purchase of a helicopter. He stated that the CAA was supportive of the initiative and provided information from a regulatory perspective. Mr. Smith stated that in March 2007, Mr. Kernohan presented a paper to Cabinet on the helicopter and the aircraft was purchased shortly after. In June 2007 there were meetings held with CAA and the RCIP concerning the Air Operations Certificate. He stated that the issues of crew, maintenance requirements, etc were discussed, as well as what needed to be done to receive a Police Air Operations Certificate. Mr. Smith stated that the helicopter was inspected by one of CAA's surveyors in July 2007 whilst it was still in the UK; after this inspection it was shipped to Louisiana. Mr. Smith informed the committee that on September 19th 2007, the helicopter was registered with the CAA.

Mr. Moses Kirkconnell asked Mr. Smith to provide more detailed information on the requirements of this helicopter in terms of maintenance, hangers, man hours, etc.

Mr. Smith stated that in discussions with the RCIP on how to obtain their Air Operations Certificate, it was explained that it was a requirement of the CAA that the RCIP produce an Operations Manual. He informed the committee that this manual is what would dictate the scope of the requirements of the aircraft. He informed the committee that a draft manual had been developed by the RCIP, but the role of the CAA was purely from a regulatory guidance stand point.

Mr. Moses Kirkconnell asked whether the helicopter would require a different certification or refitting, to fly to the Sister Islands.

Mr. Smith stated that it would depend on the scope of operations. He informed the committee that if the helicopter was being used strictly for police purposes, the issues of where it is able to fly can be overcome. He stated that if the purpose of the helicopter was to incorporate evacuations, the aircraft would be considered a public transport vehicle and would require different certifications. He stated that the aircraft could only be used to transport police officers if it was certified for police business only.

The Chairman asked whether Mr. Smith felt that this aircraft meets the scope of what it was purchased to do.

Mr. Smith informed the Committee that the CAA was not presented with the scope of operations from RCIP. He stated that the helicopter can perform in a police role between islands with certain limitations. Mr. Smith stated that without being presented with the full scope of the intentions of the helicopter, it is difficult to state whether the aircraft meets the intended scope.

Discussion ensued regarding the helicopters capabilities:

Mr. Ellio Solomon asked whether the CAA was invited to any of the six (6) meetings between Cabinet and the RCIP concerning the helicopter.

Mr. Smith stated that the CAA had not been in attendance at any of these meetings.

Mr. Dwayne Seymour stated that in November 2006 there was a meeting between CAA and Mr. Kernohan. He asked that within his professional capacity, did Mr. Smith believe he had received sufficient information during this meeting on the intentions of the helicopter.

Mr. Smith stated that the meeting with Mr. Kernohan was for RCIP to present the idea of establishing a police unit [helicopter] and whether the CAA would object. Mr. Smith informed the Committee that to date the helicopter has not been issued a Certificate of Air Worthiness, but it has been registered.

Mr. Dwayne Seymour asked Mr. Smith whether the CAA has sought information as to if the helicopter was the right choice for the Cayman Islands.

Mr. Smith stated that the CAA had not done this, because from an Authority point of view the CAA was there only to provide guidance. He stated that the research and selection of the correct aircraft would be the responsibility of the organization making the purchase.

Mr. Ellio Solomon asked whether any consultants were used by the RCIP or Cabinet.

Mr. Smith stated that no consultants had been used in the selection of the aircraft. He informed the Committee that CAA had only gotten involved after the helicopter had been purchased.

Mr. Dwayne Seymour asked whether CAA has made any adjustments in the way in which it provides advice and guidance to persons seeking to purchase aircrafts.

Mr. Smith stated that the processes at CIAA are still the same. He reminded the Committee that as an Authority, the CAA's role is very clear and they are not in a position to provide commercial advice. He stated that the CAA can only provide regulatory guidance and indicate the process to follow.

Mr. Moses Kirkconnell asked whether the point person from the RCIP was Mr. Kernohan.

Mr. Smith informed the Committee that at the beginning the main person of contact at the RCIP, was Mr. Kernohan. He stated that after the helicopter had been purchased, there were other persons at RCIP that were appointed to obtain certification for the helicopter. He informed the Committee that the process still has a ways to go. Mr. Smith stated that the helicopter can be brought to Cayman, however it would still need to go through the certification process.

The Chairman asked Mr. Smith whether the new helicopter regulations being put into place in the UK in 2010 will apply to the Cayman Islands. He raised concern that the helicopter purchased will no longer meet the requirements of the UK in 2010.

Mr. Smith stated that the Cayman Islands abide by overseas aviation regulations, therefore the strict RFI regulations in Europe may not extend to overseas territories, however there is a possibility since the regulations are written in the UK.

4.2. Portfolio of Internal and External Affairs – 10:00 am

The second witness appearing before the Committee was **Mr. Eric Bush, Assistant Deputy Chief Secretary.**

The Chairman requested that Mr. Bush provide a brief overview of the level of involvement of the Portfolio of Internal and External Affairs with the purchase of the helicopter.

Mr. Bush reminded the Committee that he took up his post in January 2007, after the initiative of bringing in the helicopter had begun. He stated that his role was to assist Hon. Donovan Ebanks in the procurement of the helicopter and bringing it to Cayman.

Mr. Ellio Solomon asked whether Mr. Bush's portfolio had been in attendance at any of the meetings between Mr. Kernohan and Cabinet. He also asked whether Mr. Bush was aware if the scope and intentions of the use of the helicopter were provided.

Mr. Bush stated that on 29th November 2006, a paper was presented to Cabinet. He stated that the paper highlighted seven (7) intended functions of the helicopter.

1. Boarder Security, including drug interdiction
2. Police Pursuits
3. Critical Incident Response i.e. Post Hurricane / Firearms incidents, other natural disasters
4. Surveillance
5. Search and Rescue
6. Long Range Deployment of resources in "quick-time" to support policing requirements (Cayman Brac / Little Cayman)
7. Casualty Evacuations, including possible cruise ship incidents

Mr. Moses Kirkconnell asked whether the paper brought to Cabinet was submitted by the Chief Secretary as a representative of Mr. Kernohan.

Mr. Bush confirmed this.

The Auditor General commented that there were early indications that the helicopter was expected to be all things to all people. He stated that the scope outlined police and civilian requirements. The Auditor General commented that the background information should have been given to cabinet in terms of the restrictions, requirements, cost, etc.

The Chairman asked Mr. Bush what type of license is required for the helicopter to perform all capabilities and whether it is possible for the helicopter to perform all seven (7) intended functions.

Mr. Bush informed the Committee that since the report of the Auditor General, Internal and External Affairs has retained a police expert, Mr. Fitzgerald. He stated

that Mr. Fitzgerald has made assessments and produced two reports which state that out of the seven (7) intended functions, the helicopter can perform the following;

1. Boarder Security
2. Police Patrols
3. Critical Incident Responses (surveillance, video, evaluate damage)
4. Search (cannot rescue, due to public transport issues)
5. Long range deployments of police requirements.

Mr. Bush sated that the helicopter cannot perform the function of casualty evacuations.

Mr. Dwayne Seymour asked Mr. Bush whether the Chief Secretary's Office has changed any of their processes in terms of equipment that the government purchases. He commented that he felt there was a lax approach towards purchasing of specialized equipment.

Mr. Bush stated that he understands Mr. Seymour's concerns and agrees that there were mistakes made with the purchase of the helicopter. He stated that mistakes were made because there was no proper research conducted prior to the purchase of the helicopter. He informed the Committee that the consultant was brought in to assist with the procurement of the already selected aircraft.

Mr. Moses Kirkconnell stated that the government needs to ascertain what it really needs and place a value on what it has.

Mr. Bush commented that his portfolio can confirm that the seven (7) intended functions that were presented to Cabinet cannot happen. He stated that he was not aware if the current RCIP wants all of the same functions, but some are not normal police functions. (i.e. evacuation and rescue)

Mr. Dwayne Seymour commented that he felt the country has been embarrassed by this situation and the government took the blame. He stated that he felt the aircraft should be sold and government should reevaluate exactly what it needs.

Mr. Moses Kirkconnell asked Mr. Bush what the plan is for the helicopter.

Mr. Bush stated that the plan is to continue to get the helicopter to Cayman. He stated he anticipates that the helicopter should be on island later this year.

Mr. Moses Kirkconnell raised his concern that the helicopter will not meet the needs of the Sister Islands. He stated that since there is a consultant now, the government should utilize him to look at the value of the helicopter and the cost to make it achieve the scope of all seven (7) functions. He asked Mr. Bush how long the consultant will be on hand and the amount government has spent on hiring the consultant.

Mr. Bush stated that the consultant's contract expires in September 2009 and to date the government has spent CI\$33,000 on this consultant. He stated that if there are funds available, the portfolio plans to keep him on until the helicopter arrives.

The Chairman asked Mr. Bush whether a Caymanian has been identified to train to operate the helicopter.

Mr. Bush stated that he was not aware of any individuals that have been identified to operate the helicopter. He stated that the portfolio would like to identify a company that can provide piloted services as one pilot cannot fulfill the flight requirements of 400-450 hours. He stated that it will be decided whether to send this out to tender.

Mr. Dwayne Seymour asked the cost of storage for the helicopter in Louisiana.

Mr. Bush stated that no fees have been charged for storage.

4.3 Royal Cayman Islands Police - 11:00 am

The third witness appearing before the Committee was **Mr. David Baines, Commissioner of Police**.

The Chairman welcomed Mr. Baines and asked him to provide the Committee with an overview.

Mr. Baines stated that he is new to the post of Commissioner (June 1st 2009) but he has researched the helicopter situation and is aware of the concerns. He stated that the Police Air Operations Certificate is subjective due to the jurisdiction the helicopter is in.

Discussion ensued regarding helicopter capabilities:

Mr. Moses Kirkconnell asked whether the helicopter could transport a prisoner from Cayman Brac to Grand Cayman.

Mr. Baines stated that the RCIP would not transport a prisoner via helicopter because it is a highly sensitized area which places crew members in danger should the prisoner become dangerous.

Mr. Moses Kirkconnell asked whether the helicopter could be used for a medical emergency.

Mr. Baines stated that the purpose of the RCIP is to save life and secure property. He informed the Committee that staff would be trained to provide medical assistance. He stated that he would rather be challenged on the process taken, than

have a loss of life. He stated that there needs to be discussions with CAA as there will be situations that are not covered in the manual.

Mr. Dwayne Seymour asked whether the UK is moving away from helicopters to fixed winged aircrafts.

Mr. Baines stated that the movement is from fixed wing towards rotary aircraft. He stated that helicopters are able to conduct casualty evacuations and can hover and illuminate areas, something a fixed winged aircraft cannot do. He informed the Committee that all aircrafts have their strengths and weaknesses and it is important that the government make the best choice without extra expenditure.

Mr. Ellio Solomon asked Mr. Baines if he was satisfied with the capabilities of the helicopter.

Mr. Baines confirmed that he was satisfied. He stated that there will need to be some additions to the aircraft, but this will be done as efficiently as possible. He stated that trained RCIP officers, a pilot and executive officer will be needed to secure the confidence of the CAA.

Mr. Dwayne Seymour asked when the RCIP expected to receive the helicopter.

Mr. Baines stated that if agreements continue, the helicopter should be on island by September. He informed the Committee that subject to training it should be live by December.

Mr. Moses Kirkconnell asked for clarification as to whether the RCIP was given a budget for the purchase.

Mr. Baines stated that records showed that in November 2006 authority was given for 1.1 million, together with a costing budget. He stated that in March 2007 Mr. Kernohan's research had brought about 36 advertised helicopters for sale, but only one had police specifications.

4.4 Portfolio of Internal and External Affairs – 11:50am

The fourth witness appearing before the Committee was the **Honorable Donovan Ebanks, Chief Secretary**.

Hon. Ebanks stated that in his role as Chief Officer he has the responsibility to provide advice to Cabinet and other departments. He stated that the RCIP has a unique relationship with the Governor. However, this particular episode has provided a classic lesson in the number of areas and the fundamental one being the lack of expert advice in the decision making process.

Mr. Dwayne Seymour raised concern over the role of Internal and External affairs with the purchasing of equipment. He stated that based on the Chief Secretary's statement, it would seem that he too [Hon. Ebanks] felt there were gaps and a lack of expertise in the decision making process.

Hon. Ebanks stated that he is firmly of the view that expertise was not a part of the decision making process in this situation and that he has expressed the lack thereof to government. Hon. Ebanks informed the Committee that Mr. Kernohan felt that he did not need an expert to supplement him and a consultant was only hired after the helicopter had been purchased. Hon. Ebanks stated that he has no objection to the area the RCIP wanted to get into, but there was a definite lack of expertise. He stated that the government owns the aircraft and the current market for selling is not good, therefore he saw no sense in selling it. He stated that he felt the best option for the government is to bring in the helicopter and try and get it into service until the market for selling is stronger and then the government can decide whether to sell. He stated that it makes no sense to own something and just have it sitting in another country.

Proceedings Suspended at 12:00 pm

Proceedings Resumed at 1.10 pm

5. Witnesses Report of the Auditor General Report on the Scrap Metal Tender and Contract with Matrix International Inc.

The Chairman informed the Committee that he had attended a meeting between the Caymanian partner and the US partner. He stated that he wished to declare this and if the Committee wished he would step down from this meeting.

The Committee did not feel there was a conflict and declared that the meeting proceed with the Chairman.

5.1 Ministry of Tourism – 1:10pm

The first witness appearing before the Committee in this matter was **Mr. Carson Ebanks, Chief Officer of the Ministry of Tourism** and former Permanent Secretary of the Ministry for Communications, Works and Infrastructure.

Mr. Ebanks stated that his role in this project was to assist the Department of Environmental Health (DEH), prepare tender documents and advertisements. He stated that the project then went to the Central Tenders Committee (CTC). Based on CTC's recommendations, the contract was awarded and the progress monitored. Mr. Ebanks informed the Committee that it was important to note that in a previous

discussion with the Cuban government, the scrap metal would have been given away to Cuba. He stated that the Cayman Islands government would have had to accommodate the Cubans and transport them. With the contract with Matrix, the government would actually be receiving monies for the scrap metal.

Mr. Ellio Solomon asked whether any local companies had presented a proposal for this project and if so, why they were neglected.

Mr. Ebanks stated that there was one Caymanian company that had submitted a proposal, that was substantially less, but the proposal lacked vital information. He stated that the proposal was only one page in length.

The Chairman asked whether Mr. Ebanks was aware of the present status of this contract.

Mr. Ebanks stated that 6,000 tons of the 15,900 tons of scrap metal have been removed. He informed the Committee that the initial contract stated that government would receive \$1.2 million dollars for the 15,900 tons of scrap metal and the government had received a payment of \$300,000. Mr. Ebanks informed the Committee that they should note this is the first time government has received payment for scrap. He stated that the contract had been concluded because there was no progress being made. Mr. Ebanks also informed the Committee that the project has been put out to tender twice since this and no bids have been received.

Mr. Dwayne Seymour asked Mr. Ebanks whether he had received any complaints from local businesses regarding non-payment for services rendered.

Mr. Ebanks confirmed there had been complaints received prior to the contract being terminated. He asked the Committee to note that Matrix was the company who had contracts with local contractors, not the government; therefore the money owed to these local contractors was owed to them by Matrix.

Mr. Dwayne Seymour asked Mr. Ebanks to explain to the Committee why the contract was terminated.

Mr. Ebanks stated that Matrix encountered a number of problems. He stated that the first shipment of scrap metal was seized in the US, and when trying to transport the second shipment, a storm prevented the boat from reaching the destination and Matrix had to try again once the storm had passed. The second try proved successful, however the shipping company charged Matrix for two (2) voyages which Matrix refused to pay. Mr. Ebanks informed the Committee that Matrix had been taken to court in the U.S and was made to pay the charges, and therefore was unable to pay government.

5.2 Department of Environmental Health – 1:30pm

The second witness appearing before the Committee was **Mr. Roydell Carter, Director** and accompanying him was **Mr. Sean McGinn, Assistant Director**.

Mr. Carter provided the Committee with an overview of the involvement of DEH in this project. He informed the Committee that DEH's involvement came about due to DEH being responsible for the management of waste. Mr. Carter informed the Committee that after hurricane Ivan, there was a lot of scrap metal and it became unmanageable. He informed the Committee that in 2006, a tender was released to have scrap metal removed and ten (10) companies placed bids, which were sent to the Central Tenders Committee (CTC) for review. Mr. Carter stated that the CTC narrowed it down to five (5) companies and the process of selection led to Matrix International being awarded the contract. He stated that Matrix was a locally incorporated company and they had removed approximately 6,500 tons in four (4) shipments. Mr. Carter informed the Committee that initial estimates of the amount of scrap metal at the landfill were calculated using an engineering formula. He stated that this was the best effort in assessing the amount of scrap metal to be removed. Mr. Carter also raised his concern over the large amount of scrap metal at the landfill and that these volumes not only reduce the landfill space, but present eminent risks during hurricane season due to strong winds and lose metal. Mr. Carter stated that should DEH take on the cost of running this project themselves [scrap metal removal] they would run a loss of \$1.1 million dollars. Mr. Carter informed the Committee that the dollar value of scrap metal is based on its cleanliness and at present all metals on the landfill are mixed together as there is not a specific strategy to separate them. He stated that it is the plan of DEH to have the present mound of scrap metal removed and then a proper strategy of separating the different metals implemented.

Mr. Moses Kirkconnell stated that the government had a contract that was for value and if the scrap metal was an asset in 2007 and only part of it was removed, it is still an asset. He asked Mr. Carter if there had been any attempts to sell the scrap metal since the failure of the Matrix contract.

Mr. Carter stated that a second tender went out in 2008 in which the recommendations of the Auditor General was incorporated, which requested payment upfront prior to the scrap metal being removed. He informed the Committee that five (5) submissions had been received, but none met the tender requirements. Mr. Carter informed the Committee that DEH had recently received inquiries from overseas and local companies wishing to acquire the scrap metal. He stated that a new tender is being prepared and the department is assessing whether they will bail and sell or chose a contractor to deal with entire site.

The Chairman asked what the current estimated value is of the site.

Mr. McGinn stated that the price does vary however; currently it is at \$50 per ton. He informed the committee that DEH already has 6,000 tons bailed and ready to sell. Mr. McGinn also commented that the formula used to estimate the amount of

scrap metal at the landfill was a US Army engineered formula and whilst not 100% accurate was the best tool to use.

Mr. Carter stated that it has always been the objective of DEH to get rid of the scrap metal and that previously it had been given away to a Cuban company. He informed the Committee that the fact that the government can now get money for this scrap metal is an added bonus to its removal. He stated that the main objective now is to get rid of what is currently at the site and establish a structured program.

Discussion ensued regarding the logistics of the removal of the scrap metal:

5.3 Matrix International Inc.

The Chairman played a telephone message from Mr. Bruce Young, the owner of Matrix International Inc.

Mr. Young stated that Mr. William Bodden was a silent partner and would not be able to shed light on what occurred with the contract. He stated that he would be available to present his side of the story via telephone and provided his contact details. (506) 321-9064

The Chairman asked the Committee that since Mr. Bodden was not a part of the day-to-day operations, did they still want to hear him as a witness.

The Committee agreed to hear from Mr. Bodden.

Mr. Dwayne Seymour stated that he had received an email from Mr. Young and moved that the Committee should call him as a witness.

5.3 Matrix International Limited – 2:45 pm

The third witness appearing before the Committee was **Mr. William J. Bodden**, caymanian partner of Matrix International Limited.

Mr. Bodden stated that he was grateful for the opportunity to present his side and read a statement to the Committee. He informed the Committee that he was the 60% owner of Matrix Ltd. and he had invested US\$500,000 in the company, US\$310,000 of which was paid to government. Mr. Bodden stated that he had lost his life savings in the business and had not once received a pay check or payment from the company.

The Chairman asked Mr. Bodden to clarify that he was the 60% owner in Matrix International Limited and not Matrix International Inc; that these were two different companies.

Mr. Bodden confirmed that they were two different companies and his interest lay with Matrix International Limited.

Mr. Dwayne Seymour stated that he sympathized with Mr. Bodden and informed the Committee that he would like to hear from Mr. Young and he should be called as a witness.

Mr. Ellio Solomon also stated that he would like to hear from Mr. Young and the former Minister, Mr. McLean.

The Chairman stated that Mr. Young was asking for all of his travel expenses to be paid for by the government and he could not justify this expenditure. He stated that Mr. Young can be reached by phone.

6. Adjournment

The Chairman thanked the Witnesses for their testimony to the Committee and the meeting adjourned at 3:00 pm.