

**VERBATIM NOTES OF THE FIFTH MEETING OF THE PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE HELD IN THE JOHN HAMILTON MAURICE ROOM, MEZZANINE FLOOR (IN PUBLIC) TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN, ON WEDNESDAY, APRIL 06, 2016, AT 10.05 A.M.**

**PRESENT**

Mr. Wade Mark	Chairman
Dr. Tim Gopeesingh	Vice-Chairman
Mr. Fitzgerald Hinds	Member
Miss Shamfa Cudjoe	Member
Mrs. Cherrie-Ann Crichlow-Cockburn	Member
Mrs. Jennifer Baptiste-Primus	Member
Mr. Foster Cummings	Member
Mr. David Small	Member
Miss Keiba Jacob	Secretary
Miss Hema Bhagaloo	Parliamentary Intern

**INVESTMENTS DIVISION, MINISTRY OF FINANCE**

Ms. Yvette Babb	Director, Social and Economic Transformation (Ag.)
Mr. Denis Cox	Senior Investment Portfolio Analyst
Mr. Shiva Ramroop	Business Support Analyst

**EVOLVING TECHNOLOGIES AND ENTERPRISE DEVELOPMENT COMPANY LIMITED (E TECK)**

Mr. Imtiaz Ahamad	Chairman
Mr. Robert Salandy	President

**UNREVISED**

Ms. Maureen Singh	Vice-President, Corporate Services
Mr. Hayden Alfred	Manager, Financial Performance
Mr. David Cockburn	Manager, Special Projects

**MINISTRY OF TRADE AND INDUSTRY**

Mr. Norris Herbert	Permanent Secretary (Ag)
Mr. Randall Karim	Director Policy and Strategy
Ms. Edwina Leacock	Chief Technical Advisor
Mr. Dennis Scott	Manager, Alliances

**Mr. Chairman:** Good morning, and may I on behalf of the Public Accounts (Enterprises) Committee and its members warmly welcome you: officials from Evolving Tecknologies and Enterprise Development Company Limited (e TecK), Ministry of Trade and Industry, the Ministry of Finance Investments Division, members of the media and members of the listening public, welcome.

The purpose of this meeting of the Public Accounts (Enterprises) Committee is to examine the audited financial statements of Evolving Tecknologies and Enterprise Development Company Limited (e TecK) for the period 2008—2009. This Committee is desirous of hearing from the key stakeholders at e TecK to learn of the challenges being faced, and to determine some of the possible solutions and/or measures to overcome these challenges.

The role of the Public Accounts (Enterprises) Committee is to help, and may I emphasize this. The role of our Committee is to help e TecK improve its delivery of services in an efficient, effective and economic manner. I must advise members and officials that this meeting is being held in public, and is being broadcast live on the Parliament's Channel 11 and its radio frequency 105.5 FM.

May I take this opportunity to ask the Chairman or the CEO of e TecK or the Permanent Secretary to introduce the officials from e TecK, and then we will go to the Ministry of Trade and Industry and then we will go to the Ministry of Finance, Investments Division. So I turn over to the officials now to introduce themselves from e TecK.

**Mr. Salandy:** Good morning Mr. Chairman, good morning members. My name is Robert Salandy, I am the President of e TecK. To my right is my chairman, Mr. Imtiaz Ahamad; on my left, Ms. Maureen Singh, Vice-President, Corporate Services; next to Maureen we have Mr. Hayden Alfred. Hayden is the Manager in the Finance Unit and, perhaps, the one who has been here by far the longest. Both Maureen and I only came here in 2014, but he has been here from since 2000 or before, so he is going to be of great help in the exercise we are looking at this morning. To my extreme left, we have Mr. David Cockburn, who is a manager in our company.

I just want to say thank you for having us here this morning.

**Mr. Chairman:** Thank you very much. The Ministry of Trade and Industry.

**Mr. Herbert:** Good morning, Mr. Chairman and members. I am Norris Herbert. I am the Acting Permanent Secretary at the Ministry of Trade and Industry. To my right is Mr. Randall Karim, who is the Director, Policy and Strategy in the Ministry; in the back row is Ms. Edwina Leacock, who is the Chief Technical Advisor at the Ministry; and we have Mr. Dennis Scott, who is the Manager, Alliances at the Ministry. Thank you.

**Mr. Chairman:** The Ministry of Finance, Investments Division, you can proceed.

**Mr. Cox:** Good morning, Mr. Chairman and members of the Committee. My name is Dennis Cox. I am the Senior Investment Portfolio Analyst, Ministry of Finance, Investments Division; to my near right is Mr. Shiva Ramroop, he is the

Business Support Analyst, Investments Division; and to my extreme right is Ms. Yvette Babb, who is Director, Social and Economic Transformation, Investments Division, Ministry of Finance. Thank you.

**Mr. Chairman:** Thank you very much, and then I would now ask members of our Public Accounts (Enterprises) Committee to introduce themselves, starting on my far right, Mr. Foster.

*[Members of the Committee introduced themselves]*

**Mr. Chairman:** Thank you very much members. May I take this opportunity to invite the President of e Teck to make a few opening comments before we begin our exchange of views on this matter of the 2008/2009 audited financial accounts. Mr. President?

**Mr. Salandy:** Thank you very much, Mr. Chairman. Let me take these few moments to share with you information about the company e Teck. E Teck, as you are aware, is a state enterprise and we fall under the Ministry of Trade and Industry. Our mandate, primary role and function really, is to develop the new industrial parks, to maintain and manage our existing industrial parks. We also manage the assets of two hotels.

In my overview this morning, I would take the opportunity to share with you a bit about the origins of the company—maybe our mandate has changed over the years—our current mandate, our vision and mission, our projects that we are engaged in at present and some of our assets that we have, and other pertinent and relevant information that I would like to share with you this morning.

The industrial parks: the origins really were with the IDC, the Industrial Development Corporation, 1960s, 70s, 80s; the parks were really invested in the IDC. In 1994, TIDCO was created and the assets of the IDC as well as the Export Development Corporation and the Tourism Development Authority were all now

vested in TIDCO and because of the large property portfolio a subsidiary company, PICOTT, was established, the Property Industrial Company of Trinidad and Tobago to manage the industrial estates and PICOTT became a separate entity, a state entity in 2003.

Around that time the hon. Prime Minister indicated to the national community that PICOTT will oversee the development of a modern, light industrial park at Wallerfield; there will also be the headquarters of the University of Trinidad and Tobago. So, in 2004 e Teck's—before that, there was a rebranding that took place, so we changed the name from “PICOTT” to “e Teck” because e Teck was now involved in developing this new modern industrial park at Wallerfield.

In 2004, an investment portfolio and country branding was now an additional mandate provided to e Teck. So no longer was e Teck involved only in property development and management of its existing estates, but it was also now engaged in investment promotion in the non-energy sector.

In 2011, two subsidiary companies were established within e Teck: invesTT and the Asset Optimization Company. Mr. Chairman, invesTT's role was to promote investment whereas the Asset Optimization Company was to manage and develop the existing industrial parks.

In 2013, not long after, e Teck's operations were rationalized and its mandate was refocused on real estate development, real estate management and the management of the hotel assets. In other words, the investment component and portfolio of the company was removed. InvesTT was created as a company in its own right, state enterprise, when the Asset Optimization Company was dissolved.

Cabinet, by Minute 513 of February 28, made the decision that the sole mandate of e Teck be refocused along the lines of asset management and

development and the facilitation of economic zones. So, purely an infrastructure division, that is e TecK's mandate.

E TecK's mission speaks to e TecK as a real estate developer in the non-energy sector. We make suitable real estate available to qualified tenants. Our vision speaks to us as professionals in the industry, to be highly reliable real estate development and management professionals, consistently developing modern economic zones and, of course, we have to add to that the management of our two hotels: the Trinidad Hilton and the Magdalena Grand in Tobago.

The Note to which I referred, in the Minute to which I referred from Cabinet, the responsibilities of e TecK were clearly enunciated, and these are the following:

- e TecK would develop new, modern economic zones;
- e TecK would improve the infrastructure and the operations of existing economic zones and industrial parks; and
- e TecK would optimize the existing industrial parks on a commercial basis and, of course, would manage the assets of the Hilton in Trinidad and the Magdalena Grand in Tobago.

From what I have said, Mr. Chairman and hon. members, you would realize that e TecK represents the infrastructure arm of the Ministry of Trade and Industry—the Ministry being in investments, but we are its infrastructure component.

What are some of the major projects e TecK is undertaking in this fiscal year? In terms of the development of new parks, e TecK has promised to deliver the Point Fortin Industrial Park and this was opened in November by the hon. Minister in 2015. So that has been delivered to the people of Trinidad and Tobago. E TecK has delivered on that park. E TecK has also promised to deliver

completion of phase I of the Tamana Intech Park, and by the end of this fiscal year, e TecK will deliver phase I of the Tamana Intech Park.

If we look at the whole issue of the maintenance and management of our existing parks, this is the softer side of e TecK, but we appreciate it is the side where we have a large tenant population. Our tenant population is about 320. And if you have to deal with one tenant you know how hard it is; to deal with 320, you could appreciate the challenges.

But let me just share with you, we have a maintenance programme that attempts to meet the needs of our tenants but, more importantly, I would like to share with you that this year we are doing our tenant survey, because we may feel that we are the best thing to our tenants, but they may feel differently, so our tenant survey is about to be completed. We in fact are going to be surveying more than 55 per cent of our tenant population. We want to get feedback—as large as possible a feedback from our tenants to know what they think of us. I mean, we get an idea of what they think of us, but to really know what they think of us and that, of course, would inform our programmes going forward once we get feedback from them. So that is about to be completed and we are getting the data to analyze the data. I think it is a very important exercise as you attempt to try to improve the services that you offer to those who you are mandated to serve.

I turn to the assets of the company. E TecK has vested in it, apart from the two hotels, 19 industrial estates—17 were inherited and we recently bought another two or three estates. In addition to that, importantly, e TecK has the head leases for seven large parcels of land, and that gives us the potential to develop industrial estates as and when required. You must appreciate we cannot simply wait until our Ministry says to us: “We need an estate”, and then look for land. We have to do a certain amount of planning ahead. We have these large estates. We

have the title to them.

You would imagine the challenges that you face when you have land that is vacant and you have squatters. If you are familiar with the issue of Dow Village and the pressure that e TecK had to undergo just because we were right, but we were not portrayed as being right. But, in other words, we must protect our assets and we will protect our assets.

We will continue working with the Commissioner of State Lands to identify other appropriate areas for industrial park development because what we find is a lot of our areas right now are centred in the more central to the closer southerly areas, where the topography lends itself to industrial estate development but, certainly, in the far reaches of our country, there must be an opportunity to develop small estates and bring life and economic activity to those areas. So that is a very important element of our asset.

I would like to say to you, I am extremely proud of the fact that after decades of not having a home or not having an office, e TecK finally has its own home and own office. We have moved to the flagship building at the Tamana Intech Park and, by so doing we have saved approximately \$2 million in rent annually for accommodation that is far more inferior than what we have, and I think for us as a team, as an e TecK team, I am certainly proud of my team in making the decision that we would move there. We had our teething problems, we had our challenges, but we have moved in and we are proud of what we have.

But, unfortunately—but before I go to the unfortunate part, we are a small company, not very big, 80 members, three main units: a unit that relates to the maintenance of our parks; a unit that relates to the capital development, that is the development of the estates; and the unit to which my Vice-President, Corporate Services is head, that refers to procurement, the ICT, corporate communications,

legal and financial, et cetera.

*[Mr. Hinds enters the meeting]*

But, you know, Chairman, I sit before you here not a very happy person, because it is unfortunate that I have to inform you that e TecK's audited financial statements have not been submitted from 2011 to 2015. We are in breach of the state enterprise performance manual, and there is absolutely no excuse for such a breach. But, Chairman, all I could share with you is where we are today, and I cannot give you an excuse, there is no excuse, but I can share with you an explanation. Permit me, with your permission.

Chair, today we were supposed to have our annual general meeting to table our 2011 and 2012 accounts, but we are here with you. So our annual general meeting will be held on Friday where we will table our 2011 and 2012 consolidated audited financial statements corporation sole.

Our 2013 consolidated audited financial statements have been completed, and on Friday we are going to present that to our audit committee—this Friday the 8<sup>th</sup>. By the following Wednesday we will go to the board for approval, and I would then be advised by my Corporate Secretary how to engage the Ministry of Finance to present it to them.

Chair, we have been advised by our auditors in writing—and I have communicated this to the Permanent Secretary in both the Ministries of Trade and Industry and the Ministry of Finance—the fact that our 2014 audited financial statements will be delivered no later than June 30 of this year. Our auditors have also advised that for 2015, our audited financial statements will be delivered no later than September 30 of this year. Chair, I cannot bring any consolation to anyone because we are wrong.

I would just like to share with you what may have caused this situation.

There was a major hurdle we had to deal with which was a challenge. When both Maureen and I joined the company in 2014, we realized that our subsidiary, Vanguard Holdings Limited, which was incorporated in e TecK in 2008, and Vanguard Holdings Limited had a single asset—that is the Magdalena Grand in Tobago—its accounts were never audited and instructions were given to have the audit done in order to have consolidation.

We did not recognize and realize the magnitude of the task that lay ahead, because it appeared that during those ensuing years there was a certain level of disorder that led to the fact that there was a tremendous amount of clean-up that had to be done, and this clean-up could not have been done internally by the company, and we had to engage a private consultant to work with us. We sent some of our most experienced members of staff for weeks on end to the Magdalena working with the consultant to do the appropriate clean-up. Chair, that has been completed and that is why I can sit here before you and say today that we are in a rush to deliver.

Before I was invited, I was begging your Secretary to your left, “Oh God, wait until we get our accounts in and then call meh”, because I thought that the flak from you would be less, I thought so. Nevertheless, what I can say, we have not complied. We are doing our best to comply, we will comply. I assure you, Mr. Chairman, hon. Members, 2016 we will comply in meeting our statutory requirement and from henceforth e TecK is going to comply with this situation. It is not pleasant for us. This has caused us some difficulty, but you put yourself at the mercy.

Mr. Chairman, hon. Members, thank you very much.

**Mr. Chairman:** Thank you very much, Mr. President. May I take this opportunity to recognize our member, Mr. Fitzgerald Hinds, who joined us a short

while ago? May I follow up on what you have just raised by asking: what mechanisms or measures do you intend to put in place to assure this Committee that there would not be a reoccurrence of this sad experience where so many years of statements of a financial nature, audited financial statements, have not been submitted to the Parliament? As we go forward, Mr. President, what are some of the measures, some of the steps and some of the assurances you would like to give to this Committee that we will not have such repetition in the future?

**Mr. Salandy:** Mr. Chairman, as I mentioned earlier that the major issue impacted upon the late delivery of our audited financial statements had to do with our subsidiary. What has caused this situation? Perhaps a lack of oversight, perhaps a lack of staff. I assure you Chairman and hon. Members that what we have done with immediate effect is that we have put systems in place to improve and tighten the oversight to the financial department of that hotel.

Mr. Chairman, we have our staff, senior members of our staff, including our Assistant Vice-President of Finance visiting Tobago on a monthly basis with members of staff to review the work that is being done there to ensure the accounts are being prepared accordingly and to ensure that we receive monthly management accounts. I think through this whole question of proper and effective oversight, this issue, Mr. Chairman, will never arise again, cannot arise. We will not allow it to happen again. And I say to you, therefore, I am assuring this Committee that we have, in fact, put measures in place to address this situation.

**Mr. Chairman:** Maybe our colleagues from the Minister of Finance could probably step in here, and to indicate to our Committee what steps would the Investments Division be taking to ensure that this situation does not reoccur in the future. Because, after all, the Investments Division monitors and assesses and evaluates these entities that fall under your jurisdictions, and for you to do a proper

job you must have these accounts before you to properly determine how they are performing. Could you share with us, first of all, your concerns over this area that has been outlined by the President, the absence of all these accounts, and what steps you intend to take to ensure that it does not reoccur in the future?

**Mr. Cox:** Thank you, Mr. Chairman, for allowing us the opportunity to bring clarity or to support in terms of the requirements of the Companies Act. We recognize that in 2008, e TecK had acquired the Vanguard Holdings Limited. Their accounts prior to 2008 had been, according to the auditors, they have demonstrated a true and fair view of the state of affairs of the company, and also in terms of the performance of the company prior to 2008.

However, based on the acquisition in 2008, the accounting for the Vanguard Holdings Limited, as the President explained, has led to a number of difficulties in terms of the accounting, in terms of presenting the consolidated accounts. We recognize that there are two ways we could probably treat with that situation, and which we have been engaged in at e TecK in terms of having discussion, in terms of getting the accounts presented in the proper way.

We recognize that they can prepare separate financial statements so that the holding company which is e TecK can present a true and fair view of the state of affairs of e TecK as a single or parent entity, and in the meantime to have the professional accountants review the accounts of Vanguard Holdings Limited so that you can bring Vanguard Holdings Limited to a point where we can present the financial statements of Vanguard Holdings Limited, and then we can consolidate Vanguard Holdings Limited later down as a subsidiary company of e TecK. So, we recognize that there are difficulties in terms of you acquiring a company that has a poor record, and now you have to take the responsibility of accounting for this entity, which is your subsidiary, and the record is totally unacceptable.

So we are working with e TecK in terms of bringing those accounts of the subsidiary company up-to-date so that we all would be in a position where we can have proper accounting in terms of the holding company and its subsidiaries. So we are working, Mr. Chairman, with e TecK in terms of bringing those accounts up-to-date.

I also want to add that I am very pleased to hear from the President that we will have the consolidated accounts presented by September 2016. We are very pleased to hear that because we have been talking in terms of having those accounts ready and presented to Parliament in a timely manner and fashion. Thank you.

**Dr. Gopeesingh:** Mr. President, thank you for your information that you provided to us. We are here this morning looking at the audited statements of 2008 to 2009, and you gave us a picture of what is happening now, but from PricewaterhouseCoopers—I know you came in in 2014, but you perhaps must have gone back to see what was going on prior to this. On page 4 of the 29 pages of the PricewaterhouseCoopers document, what they responded to in 2008/2009—and this is for the Investments Division as well—you would see that the figures, the publishing of financial statements by state enterprises for 2004 was only published on March 03, 2010. So there was a six-year lag. I do not know if you are aware of that.

**10.35 a.m.**

In 2005 that was also published for the first time on March 03, 2010, that is the financial statement. And for 2006, when PricewaterhouseCoopers did this for 2008/2009 it was not yet published, 2007 was not yet published, so what happened during—I know it is difficult for you to answer, but in their

recommendations they indicated that there is a weakness in their financial systems in terms of the management of e TecK, the Finance Division, and they made recommendations for strengthening that area. So it seems as though it is nothing new, e TecK from its inception in 2004 has been lagging behind in terms of getting their financial records in order, because quite in 2008/2009, 2004 was published for the first time.

Well, this letter is here, given to us on December 10, 2013, but this was given for the first time in 2010. I heard the investment—Mr. Cox indicated that the Investments Division has been looking at this, could both of you give us some assistance into why is there this delay? Let us say when it started in 2004, it took six years for us to have the first set of accounts published, and then what was the Investments Division's concern then from previous years, from 2004 to 2010. I know there are concerns now existing from 2010 to 2015, could you give us some answers on that?

**Mr. Cox:** Okay, I would want to talk on behalf of the Ministry of Finance firstly, if you would allow. The Ministry of Finance in 2008, we established, we put forward a set of guidelines, the State Enterprises Performance Monitoring Manual, so that we can regulate the behaviour of state enterprises. So it is only in 2008 that we had a document that we can use to wave as a wand to get the state enterprises to respond to the requirements, not only of the Ministry of Finance but the requirements of the Companies Act, which are legal requirements, statutory requirements. So in terms of prior to 2008, there have been some challenges there, and without regulation, or without some form of law or rules, you know, we can find breaches taking place that would be not,

you know, been reined in.

**Miss Cudjoe:** May I follow up on that, please, because you are saying that these regulations were created and published in 2008 but the problem still persists following 2008 because, based on the information that was just provided—we are in 2016, which is six years after 2010—and he is speaking about 2010 and 2011 reports still in the same position as those earlier ones. So if the regulations were created and provided in 2008, why does the problem still persist eight years later? And what is being done? I think that is the same question that the hon. Member, Gopeesingh, is asking. If the reason before was there were no regulations and now we have regulations, eight years later, why does the problem still persist? Is there any implementation?—any enforcement? It is one thing to have the regulations and another thing to, you know, follow up and make sure that what you have recommended is actually happening.

**Mr. Cox:** Minister Cudjoe, thanks for the question. I think that question is very relevant and pertinent to this situation. Our guidelines are not law. They are not enacted; they are not enforceable; they are just guidelines per se. What we do, we try to use, what we say—we try to use moral suasion to have these state enterprises comply. We feel that at the level of the board, the board has a responsibility to ensure that the organization complies, or meets its statutory obligations, and being a state enterprise and a state board we expect that level of consciousness at the level of the board. Well, we use moral suasion, in the first instance, to have state enterprises comply with the guidelines that we have here. However, in extreme cases, we invoke, you know, we use the stick, we advise the Minister, or make recommendation for the Minister to take drastic action,

which would include removal of the board for failure to comply.

**Miss Cudjoe:** Thank you very much. One follow-up question, has there been any consideration in looking at creating some form of legislation to treat with this enforcement problem?—because over the years, and as we continue to examine these state bodies you would see that this is a problem that is not just found in e TecK, you would find it across several of the state bodies. And if you look at most of the challenges that we are facing in financial management and the operation of the country’s business through the state bodies, you would find it year after year. We are talking here about eight years, and we need to come up with some kind of plan because we cannot just say, “It is a guideline and it is not law”, and just watch it happen. So has the Ministry of Finance, or your division, examined any recommendations or strategy so that we can rein in this situation?

**Mr. Chairman:** Before you answer that question, I just want to consolidate further, whether this manual, this State Enterprises Performance Monitoring Manual, to what extent this could be translated into legal regulations? That is the first thing, and just to follow up on what Miss Cudjoe asked, whether the time has not arrived for us to have legal, a legal framework, to compel state enterprises to uphold?—because they seem not to be interested in following the Companies Act, based on what you have said, in the case of e TecK. They are violating these guidelines, so what steps would you recommend from a legal perspective that would be essential to get these state entities to respect transparency, accountability, and to ensure that taxpayers’ moneys are properly expended and accountable for? I just want to get your view just in addition to

what Miss Shamfa Cudjoe asked.

**Mr. Cox:** Thank you, Mr. Chairman, for expanding the mandate. We at the Ministry of Finance have been talking to your Treasury Solicitor to see how best we can treat with this issue here because we have a number of situations similar to what, you know, exists with e TecK, and we are trying our best to see how far we can go in terms of enforcing, getting this thing to the point of meshing with the existing legislation, and where we can invoke penalties in some areas where we can force them to comply.

The Companies Act, per se, there are provisions in the Companies Act, and, you know, which we pulled from and we placed it in the manual, and still we have companies not, you know, complying with the Companies Act, which is a legal requirement. So, you know, by saying we need legislation, I mean, we are saying we need legislation and we already have legislation, and you have companies violating the existing legislation. So, you know, probably there may need to be penalties rather than just simply legislation. This is just a thought.

**Miss Cudjoe:** So the Companies Act, in its current construct, does not provide penalties for violation of the Companies Act?

**Mr. Cox:** The Companies Act makes provision for the submission of accounts, audited financial statements, every year, but there is no, as far as I know, there are no penalties or provision to penalize a company. The Securities and Exchange Act, there are provisions for companies who are registered as issuers, and there is a penalty there. I do not know if e TecK is registered as an issuer under the—

**Mr. Alfred:** [*Shakes head to indicate negative*]

**Mr. Cox:** Right. But there are penalties for non-submission of your quarterly financial statements or your annual financial statements.

**Mr. Chairman:** I recognize Mr. Hinds, and then Mr. Small, and then Mrs. Baptiste-Primus.

**Mr. Hinds:** Yeah, I was simply agreeing with Mr. Cox, there is already a legal regime, and, as so often is the case in this place, it is about enforceability. It appears to me that once the entity, and this might be a little controversial but this is my gut feeling on the matter, once it is about the State and the Government a whole different set of attitudes set in, and, I mean, this record here is a very horrific one. I agree, again, with Mr. Cox, it means, therefore, that the principals, the State will have to ensure that those who are placed on the boards to manage in these affairs, the board and management, step up to the plate and do what is required. I am simply agreeing with Mr. Cox on that particular point, and I would reserve some other comments for later.

**Mr. Chairman:** Mr. Small.

**Mr. Small:** Thank you very much, Mr. Chairman. I appreciate the opportunity to join in this examination here. My concern, Mr. Chairman, and this is addressed to both the Investments Division and also to the President and Chairman of e TecK. This is deeply troubling to me because what I have heard today, and I want to be corrected if my analysis is wrong, part of the challenge with completing the company's accounts is that they have a subsidiary that has not completed the accounts, okay, am I correct?

**Mr. Cox:** Yes.

**Mr. Small:** So who is running the subsidiary? Is the subsidiary running an

office in Miami? Where is the subsidiary? Who are the directors on the subsidiary? I have a concern about the governance here, because I do not accept—let me take that back—it is difficult for me to conceive of me being a chairman on a board and then there is a subsidiary company that is violating all of the regulations and we are not taking action. So that there is a failure of governance. There is a failure of governance, and it is difficult, even more difficult to accept, because I am not sure how the board was structured. Is it that Vanguard has a completely different board than e TecK? Or, were there members of the e TecK parent board on the Vanguard board as there should be? So that if that is the case it is a complete failure of governance, and I lay no blame because I know the current President has only just come in, but we are dealing with a systemic problem here that is, according to my colleague here, is horrific. I am not sure what we need to do to fix that, but I am deeply—this is deeply troubling to me because I cannot accept—you, a parent company, you have a subsidiary company; the parent is ready to account and the subsidiary is not ready. There must be at least one director from the parent on the subsidiary, so that where is the governance control?—and that for me is the failure. That is the root of the failure, because if the governance stepped in and said you need to have your accounts, we would not be talking about 2009 accounts in 2016. Thank you, Mr. Chairman, and I reserve my right to have several other questions later.

**Mrs. Baptiste-Primus:** Thank you very much, Mr. Chairman, and I endorse all the concerns that have been raised regarding the past accounts. Mr. Chairman, through you, I would like to ask the President, who, in his presentation earlier,

made a very interesting comment, and I would like to ask him to expand a bit on that to help in a formulation in understanding what were some of the challenges over the past. You indicated that there is a level of disorder that you all had to deal with, I would appreciate a bit of expansion on that because I also heard you say that you all have put mechanisms in place. While I am concerned about what happened in the past, I am equally concerned about the way forward. I have embraced the information that on Friday, the accounts from 2011 to 2015—

**Mr. Salandy:** 2011, 2012 will be presented at our AGM on Friday, and 2013 audited financial statements are ready and we will present it to the audit committee on that same Friday to present to the board on the following Wednesday, and then the time frame that I mentioned had to do with 2014—will be presented on June 30<sup>th</sup>—

**Mrs. Baptiste-Primus:** On June 30<sup>th</sup>, and 2015 on September 30<sup>th</sup>. I heard you correctly. So am I to understand, or are we to understand that your accounts at this present point in time are up-to-date?

**Mr. Salandy:** The answer is in fact, yes, that is why we can deliver. We have cleaned up the subsidiary company, and that is why we can say definitively to you, as our auditors have said to us, we are going to deliver those accounts in the time that we have indicated because the exercise has in fact now been completed. And from henceforth, hon. Member, because your question is very—it ties in with hon. David Small's issue: What have you done? I want to share with you, hon. Member, that the board of the subsidiary company, at this point in time, is the entire board of e TecK.

Our Chairman—I know the point was made that boards should be held accountable and responsible but, let me assure you, when this board was only recently appointed one of the first issues the Chairman raised is his grave concern with the accounts, and, in fact, because of the situation at VHL, and to the past it is very difficult to go back because it is difficult, but I am saying to you this board has said that the entire board is going to be that board and that company, and now there is going to be very rigid oversight. And you asked what measures, we have strengthened our own internal department, our accounting department. That is why I can say to you on a monthly basis there will be visits from our key personnel, and this forms part of the KPIs of our Assistant Vice-President, Finance, to deliver those financial statements. This is part of her KPI.

So on a monthly basis we have strengthened the department. We have brought new persons on board. We have brought, we think, well-qualified staff on board. We had recognized the issues of the past. We are taking measures through, as I said, more frequent visitations, reviewing the accounts. If we have to engage additional personnel at the Vanguard Hotel in the finance department, well trained, we will do so, but I assure you at this point in time because of the situation, which is not a very pleasant one, and we are taking the kudos for it—

**Mrs. Baptiste-Primus:** Through you, Mr. Chairman, and I would like to thank the President for the detailed explanation, because while we are sitting here examining the accounts for 2008/2009, we want to ensure ourselves that the state company is not burning with additional issues. So I am quite happy to learn that you all have overcome those problems and more stringent

accountability measures are in place. But I trust that with the new board of e TecK, being the new board of Vanguard, that we would not have a situation of literally “himself to himself, not accounting to himself”, but I understand and I am quite happy to hear that you all have cleaned up that situation.

**Mr. Chairman:** Before you go on, I think Mr. Foster Cummings and then Mr. Hinds.

**Mr. Cummings:** If Mr. Hinds’ questions follow up to that I will allow—

**Mr. Hinds:** No, you go ahead.

**Mr. Cummings:** In relation to, I want to draw your attention to the PricewaterhouseCoopers document on the first page, Findings, (a), and they are speaking about e TecK here, where it says, the company’s finance personnel do not possess, et cetera, et cetera—can you indicate what steps have been taken to correct that situation?

**Mr. Salandy:** Thank you, hon. Member, I assure you very significant steps have in fact been taken to strengthen the department, but in order to elaborate further on that I want to ask my Vice-President, Corporate Services, to share with you what steps we have in fact taken, with your permission.

**Mr. Chairman:** Yes, sure.

**Ms. Singh:** Thank you very much, President, Mr. Chairman, Vice-Chair, hon. Members. With specific—the 2008/2009 management letters that were issued by the then auditors speak specifically to the bench strength in the finance department, and it was indicated that it was felt that we did not have the requisite knowledge, skills and capabilities in the finance department at that point in time in order to have the accounts prepared, and prepared in a timely

manner. So since then what we have done is we have done a complete restructure of the entire organization, of course, which includes the finance department.

In 2011/2012, the finance department was restructured to have a position at a top level, which is an Assistant Vice-President, Finance, who had the overall accountability and responsibility of the finance department. Of course, that is a highly qualified accounting position, so it comes with the requisite knowledge, so it is an accountant. Then there are two managers who are, again, of course qualified accountants at that level; one is responsible for your receivables aspect and one is accountable for your financial reporting aspect.

So positions were recruited at the Assistant Vice-President level, the managers level, and then you had employees under those managerial levels. All the positions in the finance department are recruited based on qualifications because they are specialized positions, and it is, of course, based on ACCA qualifications, analytical capabilities and experience. It is a 13-member department from a two-member department in 2004.

**Mr. Cummings:** You have received—you have, now ready, the audited financial statements for 2011 and 2012?

**Ms. Singh:** That is correct.

**Mr. Cummings:** That is what is going to your AGM on Friday?

**Ms. Singh:** That is correct.

**Mr. Cummings:** Has the Auditor made any similar comments in relation to those accounts?

**Ms. Singh:** No. 2011, 2012, no.

**Mr. Cummings:** Okay, thank you.

**Mr. Hinds:** Mr. Chairman?

**Mr. Chairman:** Yes, go ahead.

**Mr. Hinds:** When we look at the said PWC report dated December 15, 2011, it is—quite frankly, when we look at the entirety of it, it is more than a litany of woes. I feel for the public of Trinidad and Tobago who are listening to us here today, they must be asking themselves what is happening with their moneys. How are we managing their affairs? They are listening. This is more than a litany of woes. When I read the pages of that 29-page document and see the issues, I know from my general understanding of things that some of these matters may not only be explained in terms of shortage of financial skills, as has just been put by Madam Singh, there may be other issues leading to this very poor state of affairs. Would you like to agree before I continue with that?

**Mr. Salandy:** Hon. Member, I would prefer if you could continue.

**Mr. Hinds:** Yes, but I am suggesting that it may very well be far more than deficiencies in accounting techniques or human resource capacity, as has been explained by Madam Singh. Would you like to agree with that before I continue or disagree?

**Mr. Salandy:** I would prefer neither to agree nor disagree. I think I cannot disagree with you, but what I can say with you—

**Mr. Hinds:** Let me press on then, you can reserve your agreement or disagreement. Let me press on. Have you been paying deeper attention to these woes to see whether there are other explanations than the one we have just heard?

**Mr. Salandy:** The answer is, at this point in time, no. We had been focusing on getting our audited financial statements that are outstanding moving forward. We think we have taken the appropriate measures and steps to ensure that, as Ms. Singh had indicated to the member, that some of the issues raised there have not been repeated in our 2011 and 2012 audited financial statements. But the question, “have you gone critically into that area and looked at it deeply”—no, hon. Member, we have not done so.

**Mr. Hinds:** Because, speaking as a Member of Parliament and as a member of this Committee, the people of Trinidad and Tobago, they are crying out for accountability. They want to know what went wrong, who did it, if anything went wrong. That is the reality of it. Let me bring your attention to two matters now that I have noted: at page 5 of the PWC report under the rubric, New Matters, Unreconciled Accounts—you are following me? You are there?

**Mr. Salandy:** I am following you, hon. Member.

**Mr. Hinds:** We have a list where they said:

We have noted the following balance sheet accounts were not reconciled during the year, and the risks—as they put it—the issues to concern us are: one, non-reconciliation of these accounts may result in untimely detection of errors, exceptions and anomalies, and is not in line with established best practice.

—went on to say:

Expense reports may not be submitted on a timely basis, and the management accounts prepared during the year were misstated.

Those are serious issues, right? You have a duty to look behind them, do you

not agree with that?

**Mr. Salandy:** Yes, I do, and I want to assure you those issues at this point in time no longer exist. We have strengthened our department, and to give a fuller explanation to the points you have just raised—now we are looking at an audit for 2008 and 2009, and we have done a considerable amount of strengthening in the company. Hon. Member, you speak to transparency, and I agree 100 per cent with you, this present management on board places tremendous emphasis on transparency and accountability, because it is not just the taxpayers—I am a taxpayer just as well as anybody else—but to respond to that, may I ask my Manager, who was here at the time, of Finance, to the period to which you speak, to probably provide with some explanation as to the then and the now, with your permission.

**Mr. Hinds:** Very, very much so, and before he gets going on that I want to bring his attention to another matter, I am not an accountant, but my eyes have seen, when we look at the 2010 and 2009 consolidated statements of comprehensive income—this is on page 4 of the 2010, consolidated financial statement—we see here in this 2010 report, under the rubric, Operating Loss, it shows that for 2010 it was \$251.4 million, and for 2009, which is next to it, it is restated as \$562.3 million. You see that?

**Mr. Salandy:** Yes.

**Mr. Hinds:** Now, in the 2009 report, at page 3, that operating loss for 2009 is shown in this document as \$99.9 million I would like, as a layperson in the business of accounting, some kind of insight into how that could be.

**11.05 a.m.**

**Mr. Alfred:** Hon. Member, with respect to your first question, I do not have in my possession the Pricewaterhouse management letter. So—

**Mr. Hinds:** So you must be familiar with it.

**Mr. Alfred:** Yes. Like as the president said earlier—

**Mr. Hinds:** A copy will be made available to you now. And along with your general familiarity as finance man, you should not have too much difficulty keeping step.

**Mr. Alfred:** Okay. 2008 represented the year when we implemented a new accounting system. What had happened in 2004 when e Teck became an independent entity, right, the accounts were kept in Excel. So we had to move quickly to implement some accounting systems. What we did initially is that we implemented Peach Tree. Subsequently, we engaged some consultants. They did a review of our requirements at the time and we subsequently implemented an enterprise-wide accounting system based on Microsoft Great Plains. And in 2008, what we were doing is that because of this transfer from Peach Tree to Great Plains, we were in the process of reconciling all the accounts that were transferred, and some of these accounts at the time of the audit had not yet been reconciled. Subsequent to these, accounts were reconciled and the issues were remedied.

**Mr. Hinds:** You know, Mr. Chairman, I must say for general application this Committee has as a mandate to improve the governance in this country and particularly the state enterprises. Mr. Chairman, I must say, though this may not be the appropriate forum for it, this Government is determined to achieving that. Yeah? And we really, for me, and I have some more comments, but for the time being I want to place on record now, we really do hope, because you see in the meantime while this state entity was operating, all the employees of the state entity

that is e TecK would have been paid monthly their salaries in full and on time. And while all this madness was happening—and yours is not the only state entity—while all the madness is taking place, individuals are being paid, but the entity and the country continue to suffer.

I hope, speaking as a member of this Committee that the assurances that we have had that this will not continue, I hope that they are real because e TecK from its mandate manages the Magdalena, it manages our Hilton. I mean, I have a number of questions and issues around that and others too, but for the time being suffice it to say, yours is a very important entity based on your mandate and your responsibility and the fact that you are a state enterprise alone, very, very important. That is part of the governance of my country, our country and we really do hope not just e TecK, all, avoid us having to confront these kinds of issues in future again, especially in light of the simple fact that it pays our salaries. We are paid. Never missed a month since 2004. Am I correct? But meanwhile fire is raging around us. That cannot be right on behalf of the people of the country and it will not be accepted by this Committee since, as I said earlier, our mandate is to ensure that there is improvement in the governance platform. Central government and the state enterprises that are responsible for a major aspect of the governance of Trinidad and Tobago. I will content myself with that until—

**Mr. Chairman:** I recognize Mrs. Cherrie-Ann Crichlow-Cockburn and then Dr. Tim Gopeesingh.

**Mrs. Crichlow-Cockburn:** Mr. President, members of your team, I would have noted your statements with regard to your human resources and the fact that you now have the capacity. But my concern is that at e TecK some of the things that would have happened were not directly as a result of persons not having the capacity, because the same Pricewaterhouse report indicates that the company was

in breach of the provisions of the state enterprise monitoring manual. The company also is in breach of its own investment policy and they would have failed to adhere to established policies and procedures. Now persons may not the relevant technical capacity, but at the very least there is an expectation that they would adhere to policies and regulations.

So this Committee would like to assured that you all have systems in place that can guarantee persons are going to be adhering to policies and regulations or if they failed to, it will be detected and some sort of relevant action can take place.

**Mr. Chairman:** Yes. Mr. President.

**Mr. Salandy:** Let me ask my Vice-President to response to that, please.

**Ms. Singh:** Sure. Thanks. Mr. Chairman, hon. member, if you could permit me just to go through what exists in the organization now. Can I do that?—in terms of the monitoring and the accountability aspect? Everyone is absolutely correct in stating the reason why we are the position that we are in. The position now is lack of accountability and monitoring. That is all it boils down to. So since 2013 in the organization what we have done is as follows: at the start of every year the management of the company meets and we craft both our financial and non-financial objectives. The financial objectives are, of course, predicated on your recurrent expenditure and, of course, your PSIP allocation. So your financial objectives are set. And then out of that now you have your non-financial objectives.

Your non-financial objectives are dependent on, of course, your mandate from your line Ministry and the objectives that you as the organization would like to achieve and the mandate of your board. So at the start of every fiscal year we craft those. Coming out of that we then develop what you call an operational plan and out that your action plan. Your action plan is what you are expected to achieve

or how you will achieve your non-financial objectives during that fiscal.

We then take the action plan and we develop key performance indicators at the first level, at the executive level. So the board develops KPIs for the president, the president drills those down to the vice-presidents, the vice-presidents then drill that down to the management. Management is then required to drill that down to the employee level. There ought to be meetings to ensure that everybody agrees with the established KPIs and signs off on those established KPIs. Once we meet and there is agreement, the KPIs are then entered onto the organization's performance management system which is an online system. And all the vice-presidents are required to sign off on the online system. Usually we give ourselves a bit of slack in terms of having that whole process completed because, of course, we would like to know what our PSIP allocation is, what our board's mandate is and, of course, what our line Ministry's mandate is.

KPIs are specific. We actually take the action plan and based on your department objective, the KPIs are then drilled to a manager and the manager then drills that down at a tactical level to the employees. Every month we are required to do a report to the president. All the vice-presidents do a report to the president. That is then rolled up at a board level whenever there are board meetings. So that departmental achievement is rolled up to the board at the board level.

We then do reporting at the employee level on a six-month basis that is at the end of second quarter of the fiscal and then, of course, annually at the end of the fiscal. So reporting at the employee level is six months and annually.

There is another level of reporting on a quarterly basis and, of course, it is based on your state performance manual requirements. Some of the reporting is done on a monthly basis and on a quarterly basis. We also report on achievements of the action plans to the Ministry of Trade and Industry. So line Ministry requires

reporting based on your achievements of the objectives in your action plan.

At the financial level, the finance department is required to do monthly management accounts which again is rolled into your board reporting and each department gets what your budget is and what your current spend is. So you know if you are over budget or under budget or where your overspending is to put measures in place.

So that sort of reporting and accountability takes place at an employee level, at an organization level and, of course, at a board level and line Ministry level. It happens. It absolutely happens.

**Mr. Hinds:** Let me just break your stride just to ask a question. All of this took effect from when? This new invigorated wholesome approach, when did that take effect?

**Ms. Singh:** I would like to confirm 2013.

**Mr. Hinds:** 2013. And if that has taken effect since 2013, it is 2016 now. Right?

**Ms. Singh:** Correct.

**Mr. Hinds:** You mean we still are devoid of your consolidated statements, your financial statements since then, and I think the last we have had is 2010. Am I correct? Well 2010 is in the precincts, but not yet formally so.

**Ms. Singh:** Right. But we also have completed—

**Mr. Hinds:** But I am just finding it interesting, to say the least, that these very stringent measures and the KPIs and all of that have taken effect since 2013 and we are still without these reports, so to speak.

**Ms. Singh:** Understandably so.

**Mr. Hinds:** How do you explain that then?

**Ms. Singh:** Understandably so.

**Mr. Hinds:** How do you explain that?

**Ms. Singh:** Okay. Remember the account we would have given in terms of when we would have discovered that the clean-up of the VHL account was more extensive and exhaustive as we first anticipated. So, by and large, the clean up the VHL accounts from since 2008 have really stymied—

**Mr. Hinds:** All of your attention. Yes. Let me ask another question.

**Dr. Gopeesingh:** Thank you.

**Mr. Chairman:** Wait. Wait. Wait. You want to just follow?

**Mr. Hinds:** Yes. Yes. Member Small had asked earlier and I have noted that no answer was immediately forthcoming, I would like to hear one. Who is the board—who is responsible? What is the structure in respect of the Vanguard?—that subsidiary?

**Ms. Singh:** Currently?

**Mr. Hinds:** Well, yes.

**Ms. Singh:** All right. All of the board members of the e TecK board currently form the board of the Vanguard Holdings Limited.

**Mr. Hinds:** And prior to subsequently, what was the arrangement? Not the same?

**Ms. Singh:** Some of the members of the board of e TecK formed the board of Vanguard Holdings.

**Mr. Hinds:** And this brings me back to Mr. Small's question which you could treat with after Mr. Gopeesingh's. How then, you know, you seemed to be unable to manage, if some at the very least, to manage the issues around the Vanguard, the subsidiary as opposed to the principal, the main e TecK. It is difficult to understand, and I am right here close up.

**Ms. Singh:** Sure. No problem. Thanks, President. Okay. The Magdalena Grand Hotel is run by what we call an operator. E TecK engaged an operator in 2012 to manage the hotel. This operator has full control of the hotel—

**Mr. Hinds:** Yes.

**Ms. Singh:**—in terms of its day-to-day operations, in terms of its monthly reporting and its annual reporting. Sorry. The operator has absolute, based on the agreement, the existing agreement, the operator has—

**Mr. Hinds:** Control.

**Ms. Singh:** Correct—control. Again, it goes back to the level of monitoring on behalf of the parent company. Let us confirm, that it was not at the level at which it ought to have been during those years, hence the state of the accounts.

**Dr. Gopeesingh:** Thank you very much, Chair. Mr. President, and members in keeping with what our fellow member, Mr. Hinds, has indicated the need for tremendous accountability to the taxpayer and to the nation as whole, I want to refer you to the same PWC report of December 15, 2011, to page 22 of the 29 pages. I heard the President speak about the difficulty of obtaining and creating financial statements for Vanguard because of inherent difficulties. I did not hear you mention anything about the Hilton hotel, but the report also indicates that you obviously had similar difficulties in getting e TecK to work with Hilton to provide the necessary information for proper auditing functions.

And I would like to have your comment on the difficulties you were experiencing similarly with Hilton which is recorded in PricewaterhouseCoopers' audited statement. And I want to refer you to the same page 22 of actual versus budgeted expenditure on major projects in terms of accountability. And your finance director is here and Pricewaterhouse's finding is, the company's major projects which you said are Vanguard and Trinidad Hilton and Tamana InTech Park, "these major projects comprise the following for which there was significant cost variances as noted in the table below". And you have Trinidad Hilton renovation, the initial cost estimate was \$484 million, and the current cost estimate

that is being reported on December 15, 2011 is \$634 million with a variance of \$150 million overspending on the Trinidad Hilton renovation from \$484 million to \$634 million. And Tamana InTech Park, the initial cost estimate was \$1.1 billion and as reported on December 2011, the current cost estimate was \$2.7 billion with a variance of \$1.6 billion. So just in two projects which e TecK managed and from the report that Pricewaterhouse gave in December 2011, prior to that, this is report to management on December 30, 2008, Trinidad Hilton renovation had a variance of \$150 million and Tamana InTech Park \$1.6 billion.

And there were comments from PricewaterhouseCoopers on the Hilton, termination of initial project manager, escalation in labour and material cost and Tamana InTech Park unbudgeted expenditure, termination of major contracting related claims, scope changes to infrastructural works, example, underground electrical cables. Has your board or have you, as management, since you have been there, Mr. President, in 2014—as you had indicated earlier with your finance manager and your vice-president, when she said that a lot of new work was undertaken for the financial areas in 2013—have you sought to have an analysis of this? And why should the taxpayers have had to pay \$1.75 billion in cost overruns for two projects of the Trinidad Hilton and the Tamana InTech Park prior to 2008?—which is the report to management of September 30, 2008.

**Mr. Chairman:** Yeah. Mr. President.

**Mr. Salandy:** You know in my closing remarks one of the points that I would have liked to make was the fact that coming here before you gave me an opportunity to go back into these projects. I was going forward.

**Dr. Gopeesingh:** No. But we are came here today to answer questions based on what we asked you for, for 2008/2009.

**Mr. Salandy:** Yes. But the point I am making. Yes. I am answering. But I am

talking of benefit of appearing before you today was the fact that it forced me to go and find out what took place because it is indeed frightening. You have a project estimated at \$488 million and you are asking now the taxpayers to pay \$634 million, and I was not even thinking about e TeckK. As a taxpayer, I did not know that this existed, so I went into the records. You would imagine it is quite extensive.

But first of all let me assure you, Mr. Chairman, hon. members, that the project, first of all Hilton—let us take Hilton, for example, as the first project—\$488 million.

**Dr. Gopeesingh:** That is the initial cost.

**Mr. Salandy:** Correct.

**Dr. Gopeesingh:** Project cost \$634 million.

**Mr. Salandy:** Correct. Yes. Initial budget \$488 million. Approved by Cabinet, a budget of \$488 million. In 2009, Cabinet approved a budget of \$634 million. Approved by Cabinet. Okay? What is interesting to note, hon. member, is that the State did not, in fact, spend \$634 billion. It was approved by Cabinet, but the spend on that project—as my manager of finance has shared with me—is \$508 million. That is a budget approved of \$634 billion, but I have been informed that what was actually spent was \$508 million. What happened was that there were some elements of the work that were not completed. Elements of work were not completed. And what we are doing now is a very structured, phased approach, some of those critical elements at the beginning of the fiscal year we will meet with the general manager of the Hilton Hotel and some of those areas which we think critical. For example, this year using our own PSIP funding—

**Dr. Gopeesingh:** Could you stop—sorry—for a minute?

**Mr. Salandy:** Sorry.

**Dr. Gopeesingh:** The initial cost estimate was 484 and you said so far \$508 million has been spent.

**Mr. Salandy:** This is my information.

**Dr. Gopeesingh:** But there are certain areas yet to be done based on that original cost estimate. So if these areas which were supposed to have been done with the estimate of \$634 million, what would you envisage, having spent \$508 million so far, that what was supposed to have been done and spent to account for the \$634 million, how much do you believe that it will now cost you do the other areas which were left undone and which were partly included in the \$634 million? How much does it cost now?

**Mr. Salandy:** Well our approach—we recognize that there were some areas identified—works that were not done. But to what extent those were critical areas, important areas, we are not sure. What I am sharing with you—I want to approach this, the response to you in terms of, one, what we are doing now as a company. We have done a tremendous amount of work with \$508 million, the critical areas of the hotel, and as we go forward with the Hilton International, those areas that we think are critical which were identified together with the management, we address. So this year I am addressing the pool and the terrace.

Now, I want to speak to the issue, hon. member, of why. Why the increase? Because if we were to complete the whole project—

**Dr. Gopeesingh:** I crave your indulgence and just ask you: what you are saying is where you want to go and what you want to do in terms of—

**Mr. Salandy:** What we are doing.

**Dr. Gopeesingh:**—in certain areas. Now what I brought to your attention was in 2008 which is eight years ago. The current, the cost estimate done as said by PricewaterhouseCoopers on page 22 is \$634 million. Could you, would you be

able to provide any information of what went on then prior to 2008 that went from \$484 million to \$634 million? I know you have plans to continue work and so on, but we are speaking about before, prior to 2008. Have you looked at it? You have your finance director there who can give you some assistance, who must have been there for a while.

**Mr. Salandy:** But I will share with you some of the reasons that have led to that cost escalation over the period. First of all in, you know, when I looked at the review of this project, the point that was made—and it is unfortunate that I seemed not to have got that exact wording—that it was extremely unique type of feature, that is to refurbish a hotel like Hilton, a live hotel, you keep it open and you are refurbishing a significant part of its infrastructure. I have been advised that this is a unique feature, extremely unique. I am not too sure if it has been done anywhere in the world. In other words, you could not have closed down your most—one of the biggest hotels in the country to do the refurbishment. What impact would that have had? So the approach was to refurbish while you maintain your hotel operational. That posed an extreme challenge to the company e Teck.

**Dr. Gopeesingh:** So to the extent that the variation would be a cost overrun of \$150 million?

**Mr. Salandy:** Well there is a number of other factors, but I will just give the context in terms of—it was a project which was unique in its nature. So that is not an issue of building a brand new hotel. It is a question of—you know when you build a home or renovate a home it tends to be two different challenges associated. The renovation tends to be—well I am a difficult, miserable, et cetera, than building a brand new home. After, you feel that you should implode this and build a new structure.

In fact, if you look at the response we have given, I think, I take note of the

president at the time's response to this and I may not agree with, but it simply said, you know, and quoting such a nature, of such age, one would tend to implode and build a new one rather than tend to refurbish it. I have heard that mentioned on more than one occasion.

But I share with you the context in terms of the challenges that the company faced at the time. You know, as I sit back and I really empathize with the individuals who were here. In addition to that, the company really attempted to think out of the box for this project. They put in place, hon. member, something referred to as a design consortium, recognizing that the nature of this project was perhaps beyond the capacity of our own country, because we have never done it. We then put together a consortium comprising local and hopefully foreign-type expertise who are qualified, experienced and can deliver. And the consortium had the mandate, and you find that the elements of the consortium you find project managers, foreign/local; architects, foreign/local; designs, foreign/local. So you hope to bring the foreign expertise and the local to a unique feature for the first time ever.

Chairman and hon. member, things that look good on paper sometimes are not equally good in practise. And when I read the scathing comments by the then chairman of the board, scathing comments, it shocked me because I have seen such comments written on performance. As much to say, Mr. Chairman and member, the design consortium who had the—who by the way were evaluated through that procurement process came and made their presentations, et cetera. The fact they had to do project management, they had to provide designs, they had to provide a budget. Major difficulties with it, poor leadership. Bringing individuals from different countries working with yours. You could imagine what the leader had. And out of that poor leadership what happened?—termination. So when you

terminate you enter into the realm of difficulty. You have to terminate, you have to start back again. How do you start back? I make no excuse, but I can appreciate the challenges being faced. What about our local contractors? Were they—are they knowledgeable? I read from the review.

There is a lack of construction contractors in the local market with specialized hotel renovation experience.

So once again, what happened? You engage contractors through a procurement process, an RFP. You do your details, you do due diligence, yet the lack of experience is there and it is manifested in the poor performance of work. You have to, again, terminate.

While that is taking place the country is preparing itself to host three major events in which Hilton will be the hotel of choice for many in terms occupancy. You had the World Cup Cricket in 2007. You had two major conferences in 2009; the Summit of the Americas and the Commonwealth Heads of Government. You are going through with a project and you are enveloped in poor performances, not through lack of due diligence of trying on your part as a company, but sometimes you are faced with challenges which are unique to you.

### **11.35 a.m.**

What I find was useful in this exercise was that the management at the time was beholden to make changes. They chose another project manager, again, difficulties and problems with deliverables in terms of budget, in terms of scope of works, and, as I said, the remarks and the comments of the then chairman of the board to the Minister, it is scathing to the extreme. Eventually, we were able to—as I review the information—engage a consultant who was able to carry the job forward, to engage a locally based international contractor who was at the time doing some building work at a major hotel in the country and, therefore, had some

experience, but time was not on your side because of the stoppage, start, et cetera. So, you now had to rush your projects, expedite. It means there was a need for additional fees. You have brought on board a new contractor and you are now paying him to speed up the exercise. In addition, there were requirements from the national secretariat for additional requirements. I think they wanted how many presidential suites more?

**Ms. Singh:** Fifty-two.

**Mr. Salandy:** Fifty-two presidential suites. Suddenly your scope is changing. Through this all you recognized there was increased inflation also eating away. Hon. Member, I cannot—the actual detail of each activity—

**Mr. Chairman:** Yes, all right. Before you go on to Tamana—and then Mr. Small will come in—could you tell this Committee, President, what time frame are we envisaging for the conclusion or completion of the renovation at Hilton? That is one. And, two, what lessons are we to learn so as we go forward if there is another renovation that has to take place in the future? What lessons can we draw? What recommendations would you advance to this Committee arising out of that experience? Before we go on to Tamana.

**Mr. Salandy:** Lessons learnt, Mr. Chairman, I mentioned earlier if I had to do another renovation, no doubt in seeking a consortium, because I certainly sought to look externally for expertise to match with my local entrepreneurs, not just to build capacity, but you appreciate the local knowledge. But, I am not going to accept your paper CV and the nice words that you have to offer. I need very hard-core references. I share with you at this point in time one of the projects we are attempting to deliver this year at Hilton is the pool. A pool is a showpiece of an institution such as Hilton. When you enter you look at the pool. You want to resize the pool. We can prepare a technical specification. My local contractors

could respond to those specifications excellent. Do they have the experience, the skill, the knowledge?

Chair, I feel that when you engage in these sensitive type of activities, it is not wrong to pay a trip to see what has been done by people who say they know what to do. You can say what you know on paper and know nothing. And I think the core of this was the fact that they knew nothing and they came to our shores and presented themselves as experts. So, I have a whole list of things in terms of experience, of lessons to be learnt. But the first core lesson is know who you are engaging to undertake a sensitive and major work, in any works, of course. But if you are looking at sensitive and major works, know who you are engaging to do so. I feel that is an important lesson if I had to undertake such a project.

**Mr. Chairman:** How soon you anticipate the completion of this project?

**Mr. Salandy:** Chair, we are not looking in terms of to complete the project. I feel we are looking in terms of a phased approach to critical areas of development, and this is what we are doing at this point in time. We are using the TeCK funds and we are focusing on two critical areas at this point in time. Next time we meet with the general manager again, we identify a critical area and we so will proceed. But some of those areas at this point in time may not be necessary. The car park, for example, is not very necessary at this point in time. This is our approach to the Hilton Hotel.

**Dr. Gopeesingh:** Can you give us, if you can, the answer for the cost overrun of the Tamana InTech Park with the initial cost estimate of \$1.1 and the cost estimate as given on 208 of \$2.7 billion, variance of \$1.6 billion? Is there any—

**Mr. Hinds:** Before we do, based on—thank you very much colleague. Before we do that, based on the report of PwC from the text that you have read, you will see, and I think you made reference to the comments on the right column, where in

respect of Tamana it spoke of unbudgeted expenditure, termination of a major contract and related claims, very similar to what we have been hearing earlier, but most poignantly at the foot of the page PriceWaterhouseCoopers speaks about risks. Now, I gather Sen. Small this thing called risk, I think it is a bit of a euphemism, is it not? But they call it risks issues. I suspect it was. How would you call that if you could help me? If it is a euphemism, what does it really mean in dignified accounting language? It speaks to risk, but let me read it while Sen. Small comes up with a definition, another one. It says:

The budgeting process may be ineffective.

See? And then, secondly:

Cost control procedures may be ineffective notwithstanding the fact that certain elements of the projects such as these are outside of management's control.

So, they gave us a clue as to what the issues are, and it would not be prudent to merely call it a cost overrun.

So, I make this intervention to protect the national interest, if you like. Because, you know, in fairness to all concerned, PricewaterhouseCoopers gives a bit of an explanation here. But, more than that, let me just take the opportunity, with your kind leave, Mr. Chairman, to say, while we vigorously and robustly put these issues, as we must, to those in front of us, what I am hearing here is a very general applicability, and this stands for every development in the country and so on. I mean, just to say quickly, I had the opportunity to sit at a similar committee in the UK when they looked at the Olympics that the UK hosted, that was a massive billions of pounds project, and the kind of thought, and the kind of deliberate plans and actions that go in.

What I am hearing here shows that these things do not really exist when we

attempt major projects like this here. So, it is really one of the lessons, to answer your question. We really need to invest a lot more cerebral and a lot more power, and a lot more time and planning in a serious way. And I must say in conclusion, once the thing is a government project there seems to be an attitude of mind that we have a fall-back position at the end of the day it is not my loss, is “dem” own. That, I submit, is one of the reasons why we find ourselves in positions like these. For what little it is worth, Mr. Chairman.

**Dr. Gopeesingh:** Mr. Chairman—

**Mr. Chairman:** After you I will go to Mr. Small.

**Dr. Gopeesingh:** Thank you member Hinds. As he indicated written here by PricewaterhouseCoopers, one of the risks was the budgeting process may be ineffective. So, that is a budgeting process by e Teck and its consultants. All right, you had a little deviation, what I would say is a variance, what PwC—it is a variance from 1.1 to \$2.7 billion; 1.6. As member Hinds indicated, of course, there are issues there which he explained, but, could you put your issues across to us to explain this variance of \$1.6 billion?

**Mr. Chairman:** I know that you said that these things are going to be very detailed, earlier. So, if you can give us a concise submission, and submit in writing to this Committee a little more detail so that members could have the benefit of it, because time is of the essence, we have to conclude within a certain period. So, if you could give us a summary to respond, and you can submit, including lessons to be learnt. You submit that in writing. So, the floor is yours again Mr. President.

**Mr. Salandy:** Thank you, Mr. Chairman and hon. Member, and hon. Member, Mr. Fitzgerald Hinds. You made a point, which I agree with you 100 per cent. I always felt as a people we are laid-back, expect when it comes to projects you just rush into them, and I agree with you. Often, I have seen big projects and there is a

need for proper and detailed planning, and I think at times what we see as the end product represents absolutely poor project management, lack of proper scoping of the works, proper risk management, proper scheduling, proper cost management, and that is the impact. But I want to come to Dr. Tim Gopeesingh, you said that the project initially was \$1.1 billion, that is an estimate given in 2003. By 2009 the chairman of e TecK had approached—did not approach, but his revised budget was now an additional \$1.7 billion. I always like to start from the present. We have spent right now at the Tamana InTech Park just approximately \$1.1 billion. That is what we have spent.

**Dr. Gopeesingh:** Altogether?

**Mr. Salandy:** Yes. And what we have is at the end of this fiscal e TecK will deliver to the people of Trinidad and Tobago, Phase I, completed, of the Tamana InTech Park. Just quickly what phase 1 means, we have established our headquarters there, that is the flagship building, 130,000 square foot flagship building established; we have completed the utilities building which house our plant and equipment to satisfy those buildings; we have established a 1.2 kV T&TEC substation on the park to satisfy the needs of our tenants on the park; we have also included a waste water treatment plant on the park, and at the end of this fiscal year we would have available to the community for investors, 21 ready-to-build lots with all modern infrastructure: lights, roads, water. Remember, this park was touted to be a modern industrial park where all infrastructure lay below the ground, with a very robust and strong telecommunication system involved, and we are going to have 21 lots available. That is what \$1.1 billion spent, and this is what we have achieved. But, Senator—sorry. You are saying to me—

**Dr. Gopeesingh:** Is that phase 2?

**Mr. Salandy:** Phase 2 of the project we anticipate will be to bring on stream

approximately 32 additional lots which should begin within the next fiscal year moving forward, which will take approximately two years to execute. The cost of that we estimate at \$144 million. What we are doing right now, we have recognized the challenges of the past, and all what you have said today and this morning is indeed quite correct. We talked about inflation, poor performance, types of funding. All quite correct. Our approach to the project right now is a phased approach, but focusing on the point that Mr. Hinds raised, proper and thorough management. Far more emphasis being placed on proper project management.

**Mr. Chairman:** All right. Mr. President, please submit the rest in writing for us. I recognize Mr. Small next, and then after Miss Cudjoe, and then Mr. Foster Cummings.

**Mr. Small:** Thank you very much, Mr. Chairman. I have listened intently to the submissions here today and I want to place on the record before I ask my question, Mr. Chairman, with your permission, that there is a systematic failure of governance that has happened at this company, and that the excuses or the information provided regarding the subsidiary being on a frolic of its own, I do not accept, and I believe that the company should provide to us the governance arrangements of the parent and the subsidiary board for the information of this Committee. So, we could try to understand what was going on over the period of time that these accounts were not prepared.

Mr. Chairman, I want to ask a question directly about the Trinidad Hilton upgrade, and here is the frame. I listened very clearly to the President and he made a comment earlier about, know who you are engaging, and often in Trinidad and Tobago we just rush into projects, and this is my concern: why are we doing these projects? What is the rationale? And here is my logic, because I need to

understand and I want the public to have proper information. If e TecK takes a decision to spend \$500 million on an upgrade of Hilton, why are they doing it? When I look at it on a pure financial basis, I look at the returns from—the increase returns from Hilton over the first five years or six years total \$150 million. And, if I assume, the largest number so far in 2015 is \$38 million; I assume \$38 million and I add 5 per cent going on for the next 10 years. When I do a DCF analysis it comes back as a massive negative return.

So, I am asking, when you decide to do projects, what is it based on? Is it that the Hilton is an infrastructural project of the Government and we are effectively subsidizing Hilton? Because there is no cash on a financial pure discounted cash-flow analysis, there is no return to the Government of Trinidad and Tobago on the \$500 million investment for the next 15 years. On pure numbers, yes, but when you apply, because we all know that with the time the value of money decreases. And I have run my own spreadsheet and it comes back as a huge negative NPV. So, I am saying when you decide to do a project, what is the basis? Is it that the Cabinet tells you to do so and that is all you work with? And if that is the case then someone should say, well, this is purely an investment project, the Hilton is an investment project and we are subsidizing Hilton.

I would like to understand what is driving these decisions, and then what is the supporting information, so that the public can be aware, because I think the president indicated, before he joined he is a taxpayer and he is shocked at what is happening with taxpayers' money. I am still a lowly taxpayer and I am shocked at what is happening with my money. And if my money is going to support Hilton international, and the only benefit that is coming to the Government of Trinidad and Tobago is jobs and taxes, but the money we spend we will never get it back. Then I need to understand.

So, one, what is the basis for your decisions? Two, when you do your financial analysis, is there a positive return to the country on this project? Because you can do it two ways. You can also look purely at the project but you can also look whole country. You add up salaries, taxes and do a complete analysis. And I have done this on several projects to get to a justifiable number that says, well, okay, we can get some total national benefit, but I am not hearing that from anyone. I have seen nothing in these submissions. So I need to understand what is going on within the company with that. Thank you, Mr. Chairman.

**Mr. Salandy:** I can just simply say that the decision to refurbish Hilton was not e TecK's decision; that is a Cabinet decision; and we are guided by the Cabinet decision. That is all I can add at this point in time.

**Mr. Small:** Mr. Chairman, if you could permit me? Did the company do any type of financial analysis as to, we are making an investment guided by the Cabinet, even for internal purposes, are we trying to understand, internally, whether or not this is something that yields benefit to the Government? Because if you get a Cabinet decision I am sure that the company would have had an input into informing the Cabinet, this is the amount of money we are going to spend. And a part of that process, if you are really rigorous, is to say to the Cabinet, but, we understand that, the return it is really an infrastructure investment, and the benefit is not really a dollar return for this money. I am really digging into this, Mr. Chairman.

**Mr. Salandy:** I am not aware that we did that type of analysis. I am not aware. It may have been done. I am not aware.

**Miss Cudjoe:** Mr. Chairman, I would like to pose some questions. And while you are on Tamana I wanted to ask, when exactly would Tamana park be opened? Because I know in March 2014, the last time you were here, the record of March

17<sup>th</sup>, said that the park would be opened at the end of March. And later on that year on June 27, 2014, the former Minister would have unveiled a plaque signalling the opening of Tamana park, and I understand today that Tamana park is not opened as yet. So I would like to know, one, when would the park be really opened for real?

My other questions are based on Tobago. In 2014 Magdalena would have boasted about being totally self-sufficient, and now two years, or should I say a year and a half after that claim, I want to know how did we move from being totally self-sufficient to now being totally dependent on e TecK? What would have happened from 2014 to now 2016?

Secondly, what is your recommendations, based on your experience in managing Magdalena, do you recommend that we retain this indigenous brand of Magdalena hotel, or should we pursue an international brand like a Hyatt or something else?

My third question in relation to Tobago, because we could talk all day about Trinidad so give me a little minute on Tobago, please? The third point is Rocky Point, better known to Tobagonians as Back Bay. That is under the remit also, under the purview of e TecK, and over the years Rocky Point has not been properly maintained; the bush has been left to grow at very tall heights, and there has been reports of crime in the area from people being robbed to attempted rapes, and so on in Rocky Point, and this is under the remit of e TecK. I know that there is some move being made right now to transfer that property to the Tobago House of Assembly, what is the status of that arrangement? And right now while it is still under your purview, what is being done as it relates to maintaining Rocky Point for proper security and upkeep of the area?

And, finally, e TecK owns two and a half acres of land in the Shore Park

area along Milford Road near to where the Tobago House of Assembly laundromat is, what are the plans for that piece of land? Thank you.

**Mr. Salandy:** Thank you very much, hon. Member. Let me see. Let us take the first question you raised, the Tamana InTech Park, you heard several opening dates, but the question is, what is opening? And also we opened the building, so Tamana is open for business, and we moved into the building. Then I have just said we are going to open the park, and I am saying we will open the park at the end of this fiscal year when the lots are available.

So, the park is in fact opened. We have hundreds of people right now in the park; we have a tenant in our building. It is a call centre. So, at present hundreds of people occupy the park in our building, but at the end of the fiscal year we will also bring on stream an additional 21 lots to make available for investors. Does that respond to the opening? Because the opening is different in people's eyes. The building was opened and a ribbon was cut to show the building is opened, and we will also now open the infrastructural element of the park. So, lots are available.

**Miss Cudjoe:** All your reports state Tamana park now open for business, end of March 2014; June 2014; and now you are promising another opening date for June/July of this year, maybe you guys should use a different term so that we are clear as to what you are opening and what opening means.

**Mr. Salandy:** I like how the Chairman says it is a phased opening, but I have just shared with you what we have. We opened the building and we are now opening the—

The second point you raised had to do with Magdalena. You communicated that in 2014 Magdalena was self-sufficient, only in terms of its recurrent expenditure cost. We did not require any recurrent income from us to support

them in 2014, but, we were still investing back in terms of the capital infrastructure. We do the infrastructure works there. That is what e TecK does. This year was a particularly bad year, it appears, for the tourist industry in Tobago. The level of occupancy dipped drastically. I have been told that they lost a number of flights coming to the island and that impacted very significantly on the tourist industry and the visitors to Tobago. This is what I have been informed. In fact, I was quite happy to see there is a new direct flight coming from Munich, in November, directly to Tobago and then onward. But the operative schedule was a major factor in the whole issue of their poor performance this year, and that is why they have called on us for help in terms of meeting so much operation expenditure.

I also take note it was a Cabinet decision that speaks to Caribbean Airlines, working assiduously with two or three other Ministries, to look at the whole question of flight and airlift to Tobago. So, it is promising for us when I see that Cabinet decision taking place. The focus is on getting people there.

**Miss Cudjoe:** Have you also taken into consideration that for a period around July/August of 2015, because of poor maintenance of the property, Magdalena had to reimburse a host of visitors because you had problems with the AC?

**Mr. Salandy:** That took place not during July/August. It took place during September. September being the lowest period for the hotel. That is schools are back out so your local tourists have gone back to school, or back to their business, and the local—that is a low period for foreign visitors coming. It took place in September. But, yes, there was a breakdown in the HVAC system, and we attended to it immediately. Immediately we had our consultants, there were contractors there attending to it. It took a month off the hotel, and there was some fallout with respect to that. I am aware of that, and we have taken steps to address that situation.

**Miss Cudjoe:** And what about the other maintenance issues?

**Mr. Salandy:** We are very much engaged in the maintenance issues. This year, for example, there are a number of areas of maintenance which, in fact, are being addressed. You are familiar with the hotel, I will imagine, you know the lobby glass has gotten a leak. That is going to be repaired. The HVAC system as well; the fire alarm system; the locks on the door; the pool. All these are areas to be addressed using the Teck budget and we are in fact at this point in time doing the tenders to get those projects going.

Hon. Member, the hotel is critical to us. It is the only four-star hotel in Tobago and it is important to the country in terms of tourists, so we take this hotel extremely seriously and therefore we do all our endeavour to ensure it maintains its four-star status.

**Miss Cudjoe:** Do you agree that from the list of items for maintenance that you have just mentioned, we have been talking about the same items for a couple of years? Yes, you would agree, based on the reports from Magdalena.

**Mr. Salandy:** To a certain extent, yes. I would not disagree with you, hon. Member. I would not.

**Miss Cudjoe:** Thank you.

**Mr. Salandy:** But this I say to you, we commit ourselves. We have the funding and we understand and appreciate the hotel. Not only that, but, remember, I think Cabinet made a decision that we want to engage in a long-term operative for the hotel and, as such, if you need to do that, you need to present—this is not the reason—but certainly you need to upgrade and present your facility in a certain fashion because you attempt to attract your best possible operator, hopefully with brand, coming to the environment. But the key thing, we have committed ourselves to do critical works this year on the Magdalena hotel.

You raised the issue of—let me go to the easier ones before I come to the last question that you asked of me. The Rocky Point versus Back Bay. Yes, we have that property. It is vested in e TecK. I was not aware that steps are being made to move it from e TecK to the Tobago House of Assembly. I was not aware of that. You have now shared with me it is a maintenance issue, and until you mentioned it this morning—

**Miss Cudjoe:** It has been a maintenance issue for years.

**Mr. Salandy:** —I was definitely not aware of it.

**Miss Cudjoe:** So, the fact that this piece of property has been under your purview for these years, what have you actually done over the years to maintain this property that is under your purview? Maintain the upkeep and to keep it secure taking into consideration its location.

**Mr. Salandy:** As far as I am aware, what we have done is only to ensure that there were no squatters on the property. But we have done nothing else in terms of the—we have done nothing else. We have done nothing else. What surprised me in that question is, I spoke with the Chief Secretary mere months ago, but the point he was raising with me is the issue of, perhaps, squatters coming where the property is concerned, and he said to me, ensure that there are no squatters. But, until you mention it, it is the very first time. But, what I say to you, I am going to look into it because I think it is an important issue, and measures will be taken to at least cut the grass to ensure that crime is not impacted upon. And I will present information to you in writing on that.

You spoke about a two and a half acres of land, I need to get back to you on that. I am not aware. The last point you raised had to do with the issue of a small type hotel institution, vis-a-vis branding of a hotel, an international brand. I think that is the point you raised? You are comparing a small, like what it is at present,

to internationally what you thought was better from our own experience, was that the issue raised?

**Miss Cudjoe:** No, the question actually was, do we think we should retain the local brand and management or try to bring Magdalena under a more internationally recognized brand? If that would be of any benefit to the operations of the hotel?

**Mr. Salandy:** I do feel in fact an international brand will, in fact, raise the profile of the tourist industry in Tobago and redound to the benefit of Tobago. That is my personal opinion. I am not an expert in the industry. I think the experts may have a say on that. But I do feel it could add value to the tourist sector. That is my personal position.

**Mr. Chairman:** All right, Mr. Foster Cummings.

**Mr. Cummings:** Thank you, Chairman. That sort of answered some of the questions I had. But, before we move off the Tobago property, the Magdalena, you said earlier that the operator came on board in 2012, is that correct?

**Ms. Singh:** That is correct.

**Mr. Cummings:** Could you inform the Committee how this came about? How was the operator procured?

**Mr. Salandy:** I may not be able to provide information with respect to that. I have seen no record. I have seen records, but not of that item, so I am unable to provide you with that information. I could continue to—

**Mr. Cummings:** Is there anyone?

**Mr. Salandy:** I could respond to you in writing on that matter.

**Mr. Cummings:** Is there anyone who was at the company at that time who would have information as to how this operator came on board?

**Mr. Salandy:** I really, hon. Member, would have to get back to you in writing on

that matter.

**Mr. Chairman:** All right, well, you would submit that in writing to us. Okay? Continue, Mr. Cummings.

**Mr. Cummings:** Can you inform the Committee in terms of the tenure of the operator, what is the term of the agreement? For how long this particular operator is supposed to—

**Mr. Salandy:** This operator has been there now for three years. He has had yearly extensions but Cabinet in its recent deliberations—I have seen correspondence addressed to me indicating that we will now engage this present operator for an additional three-year period, but there is a six-month pull-out clause, that is, if during that period we are able to engage a long-term operator—because the ultimate aim is to have a long-term operator for this institution.—and once we have engaged them we will just provide a six months' notice without any penalty. But in the first instance we have been advised that the current operator should be engaged for additional three years with effect from 2016 to 2019. That is what I have been guided by.

**Mr. Cummings:** So am I to understand that in moving forward that the Teck's plan would involve getting the plant up to the standard where you will be able to attract an international brand to operate that plant?

**Mr. Salandy:** Yes, that is, in fact, the intention.

**Mr. Cummings:** Okay. You have answered my question. I just want to make one note. The Chairman did indicate that we should get some additional information with respect to some of the questions that were posed by member Gopeesingh in relation to findings of PricewaterhouseCoopers on page 22 of their report. Now, I just wanted to note, and correct me if I am wrong, these initial cost estimates are 2003 figures? And where we see current cost estimate, those figures

relate to a further period, that will be 2009? Am I correct?

**Mr. Salandy:** Yes. I have been advised that it is indeed correct.

**Mr. Cummings:** So can I just ask in that in submitting your additional information, because I get the impression as we were deliberating earlier on that there is some assumption that what is referred to as “current cost estimate” is in fact expenditure. It is not expenditure?

**Mr. Salandy:** I have been advised that it is not expenditure.

**Mr. Cummings:** Okay. So in your further submission could you please clarify that for us for the benefit of the Committee and indicate where necessary if there were scope changes that inform those increases in expenditure, so we will have a proper understanding of the information before us please.

**Mr. Salandy:** Hon. Member, I will so do.

**Mr. Chairman:** Dr. Gopeesingh and then Mr. Hinds.

**Dr. Gopeesingh:** In keeping with the question by Minister Cudjoe, in terms of the thinking that you may be having now in carrying it from Magdalena to an internationally recognized hotel chain, my recollection is that what is now Magdalena was previously Vanguard, and what was previously Vanguard was Hilton. Could you enlighten us from this Committee and on a national level if you have the information, when Hilton sold over to Vanguard what was that cost and then Vanguard sold over to Magdalena, what was that cost? And then how much money was spent to refurbish, because from Vanguard to Magdalena it took a long while, in abeyance, nothing was done. And how much was spent to refurbish when Magdalena owned it to its present situation? If you have that answer we will appreciate it, ballpark figure, or if you do not we will ask you for a submission for that.

**Mr. Chairman:** Yes, if you have the figures you can provide us, if not, please

submit it in writing.

**Dr. Gopeesingh:** Just a rough figure, from Hilton to Vanguard and Vanguard to Magdalena.

**Mr. Salandy:** I have been advised on both sides with the actual information. I have been advised that \$138 million was the purchase price of the Tobago Hilton.

**Dr. Gopeesingh:** Mr. Karim is trying to—can we hear Mr. Karim on that?

**Mr. Karim:** Thank you member. The hotel had belonged to Vanguard Holdings—

**Dr. Gopeesingh:** Prior to that was Hilton.

**Mr. Karim:** Well, Hilton had shares in Vanguard Holdings as well as Tobago Plantation. When the Government took the decision in 2008 to purchase the hotel it paid the equivalent of TT \$138 million for the shares which Trinidad Hilton had in Vanguard Holdings. So there was no further transfer—it was not two transfers, just one purchase of shares. So TT \$138 million was the purchase and then approximately \$160 million was the full cost of renovation to get the hotel opened in 2012, because immediately after the purchase in 2008 the hotel was closed for about two or three years. So \$160 million refurbishment, 138 purchase.

**Mr. Hinds:** I would like to return to a less exciting issue, a more mundane one actually. I am back just to conclude to the summary of responses. I know you all provided a whole lot of written responses, but I am dealing with the summary now and I am on page 18 of that. One of the questions that you were asked to respond to was the question of a fixed asset policy and the discussion that just ensued brought me straight to this. If we are talking about repairs and all of that, the revelation that we, at least up to the time of this report, did not have a comprehensive fixed asset register for building improvements, furniture and fixtures and equipment, was troubling and, of course, if we are going to be doing

repairs and so on—so the other question that arises is, what systems are in place for proper record keeping of invoices and acquisition of cost of equipment and those kinds of things?—because these things are important.

I hope and I would like to hear for the record whether this has been rectified, whether we now have a fixed asset register and whether we have a proper system of record keeping. All that I say is applicable to you but of general applicability in this country. And I want to say for what little it is worth, as I conclude, I just did a little google here and I saw that the Hilton, up to last year around the world, has been showing signs of profit. Thank you.

**Mr. Salandy:** I will just respond to last matter. Signs of profit and we do benefit a bit from that profit because we see our income from Hilton rising.

**Mr. Hinds:** Well this is happy news.

**Mr. Salandy:** Yes. But in response to the earlier question that you raised, I will ask my Manager of Finance to respond to the fixed assets and your concerns.

**Mr. Hinds:** Thank you very much. And I want assurance, if I can be given, that the situation is rectified and going forward, we have solved that problem.

**Mr. Alfred:** With respect to e TecK we have a fixed asset register. With respect to Hilton we have fixed asset register. We have to effect a fixed asset register for Vanguard, for Magdalena, and that process we are about to engage, do the RFP and engage the consultants to do that.

**Mr. Hinds:** I conclude to say, make haste.

**Mr. Alfred:** Your comment is noted.

**Mr. Hinds:** We are all being paid. Thank you. Thank you, Mr. Chairman.

**Mr. Small:** Thank you, Mr. Chairman. I just have a quick couple of questions. Could the person who is responsible for finance advice, what is the estimate of the current accumulated deficit of e TecK? Or if you do not have it—[*Crosstalk*] You

do not have any idea of how close an estimate? We will like the exact numbers because we have not received those numbers. I would like to understand that the accumulated deficit, what does it stand at now. Do you have any idea?

**Mr. Chairman:** Would you provide us with that in writing?

**Mr. Alfred:** We will be able to provide that exact number in writing.

**Mrs. Baptiste-Primus:** Thank you, Mr. Chairman. Mr. President, I sat here and I have listened with great interest to the discourse that has been taking place. You have been with the organization you said from 2014?

**Mr. Salandy:** Yes, that is correct.

**Mrs. Baptiste-Primus:** From 2014 to now, and I am asking you for your personal assessment here because you have been in a leadership position in the organization. Would you say that e Teck's core operations are profitable?

**Mr. Salandy:** I am not sure what you mean by profitable. If it means that the returns we get from our real estate, it meets our operating expenses, yes, we do, but I see our mandate is far greater than mere profitability to the company. I think our key mandate is being a landlord and providing the space for the kind of investment that will deal with the issues as our country faces today. We are faced with significant issues. You need businesses here, you need to generate employment and generate foreign exchange. I think e Teck has a critical role to play and I think we are playing an extremely good role as I mentioned within the last year and a half I have been here, we have opened the Point Fortin Industrial Park to bring additional tenants on stream, to create employment. By the end of this fiscal year we will have an additional 21 lots.

So I see it in the context of the contribution we are making to the country, but if you ask the question in terms of a pure cash flow approach whether our operating expenses, I should have mentioned this earlier, that we do not approach

the Ministry of Finance to meet our operation costs for the company. In addition to that, the maintenance to which I speak of, the industrial estates, we use our own funding that we generate from our internal assets to meet that.

You speak about the capital projects. When I refer to the capital projects of the hotels we do not approach the State which we have done in the past for funding. We recognize that we must take—particularly in these circumstances, we must take our responsibility in whatever income we have realized, we are going to give that back not just to maintain our own costs but to maintaining the assets that we have. And, yes, we have PSIP votes in which we could ask for funding but we have taken the position that we are going to reduce that dependence on the Treasury and we are going to use the income we generate to maintain our assets. So I have answered the question from that perspective. I do not know if I have been able to deal effectively with what you are asking. Have I?

**Mrs. Baptiste-Primus:** Just a follow-up. While it is important to draw lessons from past experiences, I am more interested in being given the assurance that the company has a clear vision as it goes into the future. I recall Ms. Maureen Singh your Vice- President indicating the fundamental changes that have taken place over the last couple of years, and at the beginning of each year financial and non-financial objectives are set and then converted into action plan. Give this Committee some degree of assurance that as you go forward, for example, for the next year, what can we expect to emerge from e TecK?

**Mr. Salandy:** First of all the company has a very clear vision going forward. We must appreciate that our vision, our strategic plan is not done in isolation. We are part of the Ministry of Trade and Industry. So at this point in time, for example, as the Ministry of Trade and Industry is working on its strategic plan we are also together working on our own strategic plan to ensure that there is coherence and

congruence between the two plans. And, of course, you identified clearly a strategic objective, and when my Vice-President spoke to our operational plans in the context of those strategic objectives rolling down to our operation objectives or plan into our action plan.

So we have a very clear vision of our direction going forward. There is no doubt about what we plan to do, what we intend to do and you ask me the question, what are you looking at for this year, this close of the fiscal year? I mentioned earlier that we intend to develop, to bring on stream two additional industrial estates, the Point Fortin and the present Tamana InTech Park. And if you ask me, what about the next year, what are your plans and you start thinking about next year, we continue to talk about bringing on stream additional industrial space to provide for investors. For example, building out the Tamana Park again. We are an implementation division and therefore we work very closely with investTT, with the Ministry of Trade and Industry as we move forward in our implementation.

**Mr. Chairman:** May I ask three questions? First of all to the President, then to Mr. Cox and my last would be Mr. Herbert, acting Permanent Secretary.

Mr. President, what specific recommendations would you wish to advance, to address the issues of transparency and accountability at e TecK, in particular? And as we chart the way forward, that is for you, for Mr. Cox, what lessons have the investment division learned from today's experience, especially on the issue of oversight of e TecK and recommendations on the way forward?

To our distinguished acting Permanent Secretary, what is the role and responsibility of the Permanent Secretary in ensuring that audited financial statements are submitted on a timely basis? And is the Permanent Secretary satisfied that the way e TecK is currently functioning and what can be done to improve the operations of e TecK? That is the question I would like to put to the

Permanent Secretary. So, Mr. President you can start and then Mr. Cox and then finally the Permanent Secretary.

**Mr. Salandy:** Strengthen functionality of the company. Let me share with you, it was in 2013 that e TecK established a department for audit. So we now have on board our internal auditor. I think that is a very important feature of the company because the internal auditor is independent. He does not report to the President. He reports to the chairman of the audit committee and at the beginning of every fiscal year he prepares his own chart and his own plan in which the chairman of the committee has to approve it. And the audit plan really speaks to reviewing and auditing all aspects of the company's operation.

I think that has been a very important feature of the company within the last couple of years, because you can initiate controls and measures to ensure compliance and accountability and transparency and if you are not under a continuous audit you are not too sure that they are being effective. Internal audit gives an additional instrument by which he is able to review the controls, the processes that we have in place. Those audit reports go to the management of e TecK who have to review them and are held accountable. They are presented to the President for review and of course they go to the board audit committee. And I do not have the time to share with you the extent of what has been done since he has been brought on board. And as I said I think that is a significant feature.

Compliance. Our audited financial statements, I do not want to continue to pursue that but we need to bring them up-to-date and we need to have them prepared promptly, on time and have them reviewed critically to ensure that we are compliant and we are transparent. But critical to our operations is the fact that there is a State Enterprise Performance Monitoring Manual and while we must appreciate that there is nothing in the law that binds us to it, I think there is an issue

of integrity and it binds you to it, that is your manual, that guides you.

When we talk procurement, I will say, match your procurement against the State Enterprise Performance Monitoring Manual because I like what it says. I like how it speaks to when you call emergency measures. You know that is an abused term, “emergency”? I like how the state enterprise manual deals with emergency issues and the controls in it. And therefore in this way we must ensure compliance in all of the areas, whether it is legal or not that is not the issue. The issue is about transparency and accountability for each and every—funds that we put out as taxpayers. So in these three areas I share with you, this is how the company attempts to deal with transparency and accountability.

**Mr. Chairman:** And remember, any additional points you wish to advance please commit them to writing and submit them.

**Mr. Salandy:** I will do so.

**Mr. Chairman:** Mr. Cox.

**Mr. Cox:** Thank you, Mr. Chairman, for allowing me the opportunity to give the Ministry of Finance perspective on what we learned today. Firstly, I would say that our major challenge is being highlighted or are being highlighted. In fact, the use of the performance monitoring manual, without legal status, does not allow or does not encourage state enterprises to adhere to good corporate governance principles. So therefore we see the need, in terms of the way forward, we see that there is a need to giving us teeth so that we can use coercion rather than continue using moral suasion to little or no effect.

Secondly, I just want to raise the issue in terms of the board and the senior level management, in terms of their perspective in running a state enterprise. I think the focus should be redirected in terms of establishing systems of internal control because you need the systems of internal control so that you can prevent

fraud—I use the word “fraud” loosely—and irregularities, in that, if you are not recording or properly recording your transactions you would have the issue which would be perennial, in terms of the auditors giving you a qualified account because you are not accounting or not recording your transaction according to international accounting standards.

So there is need for internal control, a robust system of internal control to treat with the recording of your accounting transaction. I know it is very challenging especially when you are dealing with a subsidiary which is physically outside your control, but at the level of the board you should ensure that the subsidiary established, put in place and that you are satisfied that the systems of internal control whereby they can narrow the gaps because your stakeholders or your third parties, those that you treat with, they can take advantage of those cracks in your internal systems and take advantage of you financially to expose you to greater risk. Thank you.

**Mr. Herbert:** Thank you, Chairman, and I must say that e TecK is one of the 15 agencies that fall under the Ministry. And for us, myself, I got into the position sometime in 2014 also and we have been working with a number of the agencies, including e TecK, to at least to try to get their records up to at least management level because that is the first stage before it goes on to being audited and submitted and that sort of thing. I think that we have made some progress in that time and we look forward to having the September deadline met and thereafter to move into the stage where accounts are submitted four months from the end of the fiscal year and that is a goal we set ourselves with e TecK. We hived off invesTT which was the investment promotion arm and e TecK still does some financial management for invesTT in terms of the processing of the records and that sort of thing and payments.

So we are working to have that compliance level in place. This morning there was the whole discussion about the difficulties of that effort but we are working to try to reach that place. Chair, also in terms of the overall functioning of e TecK, e TecK moved from a strategic plan which expired sometime last year and in unison with the Ministry's plan and we are trying now to get some more coherence between the objectives we set at the Ministry level with the element of e TecK's strategic plan, because as far as we are concerned e TecK is an implementation entity in the sector. So we are working towards that coherence, and also there is the issue of the responsibility of the boards and management.

As Permanent Secretary I have instituted monthly meetings with the boards, e TecK being one of the boards where we go through the list of requirements in the state performance manual and where there are gaps we try to implore on them. We do not have the big stick but we implore on them to fulfil those gaps. So we are working to have those elements put in place so that the day can reach when e TecK is in alignment with all the requirements of the state performance manual. So, Mr. Chairman, thank you.

**Mr. Chairman:** For final input, Dr. Tim Gopeesingh and Mr. Small and then we will wrap up.

**Dr. Gopeesingh:** Last question. This is to provide a little guidance for the finance director and for the president. When asked by Mr. Small in terms of the debt and so on, the liabilities, in your response, the summary of responses from e TecK to questions raised on the Audited Financial Statement for the period 2008/2009, on page 14, you indicated that—you were asked what major transactions did the company undertake, provide a copy of all major transactions—and in it you stated the major projects, the development of Tamana Intech Park and you have a debt in the amount of \$148 million and associated interest. And for renovation of the

Trinidad Hilton, you have debt in the amount of \$488 million and associated interest. And for Bamboo Networks Limited, investment in Bamboo Networks Limited, debt in the amount of \$30 million and associated interest. So if you are to sum up these—488 plus 148, that is 636, plus 30—\$666 million in debt in these three areas, Tamana, Hilton and Bamboo Networks Limited plus associated interest. Where do you stand as e TecK when you owe \$636 million plus interest by e TecK at the moment? Could you give some answers on that?

**Mr. Chairman:** Yes, Mr. President?

**Mr. Salandy:** I will ask my manager to respond please. Thank you.

**Mr. Alfred:** With respect to the e TecK debt, all of it is guaranteed and is being serviced by the Government of Trinidad and Tobago.

**Dr. Gopeesingh:** It is being paid by the State?

**Mr. Alfred:** It is being paid by the State.

**Dr. Gopeesingh:** And the others?

**Mr. Alfred:** Same, all the debts.

**Dr. Gopeesingh:** So you have a part of your budget to pay your debts that is given to you by the PSIP, whatever. How is that? I will ask the Permanent Secretary to give us on that, if you are saying that the debt is being serviced by the State could the Permanent Secretary give us some assistance, how is the Ministry helping e TecK to service this \$636 million in debt?

**Mr. Herbert:** Chair, through you, to the member, since I have been in the position, there was one payment that was made by e TecK and the Ministry of Finance services these debts directly. So the ANSA McAL debt which is for the Hilton, they pay that directly and other debts the Ministry of Finance services these debts, directly. So it does not come in to the coffers of the company.

**Dr. Gopeesingh:** Those debts are paid for separately by the Ministry of Finance.

So e TecK—does e TecK come to take the responsibility in terms of having to manage all of this at all or the Ministry of Finance pays it directly and leaves out e TecK from the whole picture?

**Mr. Herbert:** It is direct. There was a time when there was a debate about whether e TecK can pay some but it has been direct. For instance, the ANSA McAL debt is paid half yearly and the Ministry of Finance pays from their coffers to the recipients.

**Mr. Chairman:** What we will do is to write to you, Trade and to e TecK some of these questions and you will provide more detailed answers for us. I will ask Mr. Small to ask the final question.

**12.35 p.m.**

**Mr. Small:** Thank you very much, Mr. Chair. I was going to ask a question but I think I will phrase it as a suggestion, given my understanding here is that eTecK, I understand, that they are not necessarily profit-driven. Has the company ever done a value-for-money audit? Or is that something that—and this is probably for the Ministry of Finance also, because in other jurisdictions where you have entities that are essentially running on State funds and are taking directions from the Cabinet, there is something called a value-for-money audit where you bring in an auditor to establish—so that citizens in the country understand, or have a view as to whether or not maximum value is being extracted from the expenditure of taxpayers' dollars.

**Mr. Chairman:** Before you answer that, that is a question that we may wish to raise with the Auditor General, because we would have, as a Committee, to look at that issue as well, concerning not only e TecK but other State entities.

So, Mr. President, I think this is a good point where, on behalf of this Committee, I would like to extend our appreciation for your presence and the presence of your officials accompanying you; also the acting permanent secretary, Mr. Herbert and, of course, Mr. Cox and his team from the Investments Division. We look forward to all your written statements to be submitted because at the end of the process we would like to improve the standards in terms of delivery of services of e TecK to make it more efficient, more effective and more economical in its overall operations.

I will ask you if you have any final closing remarks to make, to do so at this time.

**Mr. Salandy:** Mr. Chairman and hon. Members, when I heard I was coming before the Public Accounts Committee, it was not an easy issue to fathom. I had some sleepless nights. Let me just share with you that you have made some comments and recommendations here to me today which I genuinely believe that you are not here just to be inquisitive and interrogative, but really to drive performance and improve the performance of the company, from what I have heard, even the last issue raised by the hon. Member. And I asked my VP, have we done that? He said, no. But you know, it is something that, in fact, we should do.

So I appreciate your comments from each and every one of you. I thank you for these comments. Certainly, as my team and I return to our offices we will sit and we will deliberate on what transpired here today. And once again, on behalf of e TecK's team—I do not know if my Chair would like to say some few closing remarks—but on behalf of all of us I say thank you for having e TecK.

**Mr. Chairman:** Thank you very much. Members of the media, members

of the public, all of our colleagues who have been here with us, we would like to thank everyone. This meeting is now suspended.

Thank you very much.

**12.38 p.m.:** *Meeting adjourned.*