Joint Select Committee on State Enterprises

SUMMARY OF PUBLIC HEARING
held on Monday March 21, 2016

An Inquiry into the management and operations of
the Petroleum Company of Trinidad and Tobago (PETROTRIN)

1. Meeting

1.1 A public hearing was held on Monday March 21, 2016 from 10:00 a.m. to 12:20 p.m. at the J. Hamilton Maurice Room at the Parliament of the Republic of Trinidad and Tobago.

2. Attendance

2.1 The following Members of the Committee were present:

- Mr. David Small (Chairman)
- Dr. Lester Henry (Vice-Chairman)
- Brig. Gen. (Ret.) Ancil Antoine, MP
- Mr. Adrian Leonce, MP
- Mrs. Cherrie-Ann Crichlow Cockburn, MP
- Mr. Fazal Karim, MP
- Ms. Allyson Baksh
- Mr. Wade Mark

3. Key Issues Discussed

(i) PRICING STRUCTURE

3.1 Pricing structure for the sale of oil in the regional market and the Caricom Common External Tariff (CET). 30% of Petrotrin’s products are sold locally to National Petroleum of Trinidad and Tobago (NP) and UNIPET, 30% or approximately 44,000 barrels are sold on the Caricom Market of which 32,000 barrels are sold to the Eastern Caribbean Market and 12,000 to Jamaica. In determining its pricing strategy, PETROTRIN considers the location of the market, the weight and size of cargo, the type of products requested and the quantity requested. Petrotrin’s pricing strategy is pegged against international pricing.

(ii) SALE OF PETROTRIN’S GAS-TO-LIQUIDS PLANT

3.2 The conditional agreement for the sale of PETROTRIN’s Gas-to-Liquids plant to NiQuan Energy Trinidad Ltd.
(iii) PROJECT MANAGEMENT ISSUES

3.3 PETROTRIN’s project management issues. Petrotrin has a number of projects that were delayed for up to five to six years. There is a lack of Project Management Officers to manage specifically large projects.

(iv) HR CAPACITY

3.4 HR capacity and the termination/non-renewal of contracts. Succession planning.
- Approximately 931 employees will retire in the next five (5) years.
- Competition from other Companies such as REPSOL and BP has resulted in a drain on the Company’s professional staff.
- During the period 2003-2005, the Company engaged in reviewing the Organisational Structure, process mapping, identifying competencies and reviewing the apprentice programme.
- The Company underwent a recruitment audit and reviewed its employees Curriculum Vitae’s to determine where they should be appropriately placed, no employee was terminated as a result of this exercise.

(v) BOND

3.5 US $850 million due in 2019, is being traded internationally. If the Company decides to end the bond early, US$1.70Bn will have to be paid in interest.

(vi) GRADUATE-IN TRAINING PROGRAMME

3.6 The low retention of candidates of the PETROTRIN’s Graduate-In Training programme. 14% of students who participated in the Graduate-In Training Programme were retained by Petrotrin. Of the remaining 86%, some were absorbed by the contractors.

(vii) ULTRA LOW SULPHUR DIESEL PLANT

3.7 PETROTRIN’s Ultra Low Sulphur Diesel plant and the termination of the contract with Samsung Engineering. 3bn was spent on the failed Ultra –Low Sulphur Diesel Unit (ULSDU) project. Officials emphasized the importance of completing the project.

(viii) CONTRACTORS

3.8 The Company has over 1,000 procurement contractors and over 2,000 service providers.

(ix) GASOLINE OPTIMISATION PROGRAMME (GOP)

3.9 The Gasoline Optimisation Programme (GOP) has been operating at a higher level at over 49,000 and is expected to continue to increase in production.
3.10 PETROTRIN has decided to defer any further work on its Corporate Headquarters.

3.11 The Chairman of PETROTRIN stated that he was not present when the Board took the decision regarding the lawsuits against a former Chairman at the Company.

4. MEETING WITH PERMANENT SECRETARIES

At 1:30 p.m. to 3:00 p.m., the following Permanent Secretaries appeared before the Committee re non-submission of Administrative Reports of State Enterprises falling under their purview:

- Permanent Secretary (Ag.), Ministry of Housing and Urban Development
- Permanent Secretary (Ag.), Ministry of Agriculture, Land and Fisheries
- Permanent Secretary, Ministry of Community Development, Culture and the Arts
- Permanent Secretary, Ministry of Energy and Energy Industries
- Permanent Secretary, Ministry of Finance
- Permanent Secretary, Ministry of Rural Development and Local Government
- Permanent Secretary, Ministry of Tourism
- Permanent Secretary, Ministry of Works and Transport

5. View the Hearing:

The hearing can be viewed on our YouTube page via the following link:
https://www.youtube.com/watch?v=0KEVKLGwHz0

6. Contact Information:

You may contact the Committee’s Secretary at jscse@ttparliament.org or 624-7275 Ext. 2828/2309.

Committees Unit
Monday March 21, 2016