

Joint Select Committee on State Enterprises

Public Hearing Summary

Monday April 24, 2017 at 10:18 a.m.

TOPIC:

Inquiry into the borrowing practices of State Enterprises with an emphasis on regulation of borrowing, purposes for borrowed and the mechanisms in place for monitoring and evaluation by the Ministry of Finance.

COMMITTEE MEMBERS:

The following Committee Members were present for the meeting:

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

WITNESSES WHO APPEARED:

Officials from the Ministry of Finance:

- Ms. Lisa Phillips Permanent Secretary (Ag.), Ministry of Finance
- Ms. Suzette Lee Chee Permanent Secretary (Ag.), Ministry of Finance
- Mr. Hayden Manzano Director, Economic Research & Policy Co-ordination, Investment Division
- Mr. Neil Heath Research Officer II, Investment Division
- Ms. Takiyah Gordon Research Officer II, Investment Division
- Mr. Abuzar Ali Assistant Director, Economic Management Division
- Mr. Mykel Khan Policy Analyst, Economic Management Division
- Mr. Jimmy Wong Policy Analyst, Economic Management Division

KEY ISSUES DISCUSSED WITH MINISTRY OF FINANCE

Objective: To ascertain whether there is alignment between the purpose for which monies were borrowed, and realization of the project.

- i. The number of revenue-generating State Enterprises that are profitable.
- ii. The number of revenue-generating State Enterprises that are receiving subventions from the State.
- iii. Whether there are instances where the cost of borrowing funds exceeds the gains from borrowed funds.
- iv. The Ministry's recourse in instances when mismanagement of funds has been detected.
- v. The cases when State Enterprises are unable to meet debt obligations, or do so at the expense of meeting statutory obligations.
- vi. Repercussions for State Enterprises which deviate from their mandate.
- vii. Initial underwriters of debts incurred by State Enterprises.

Objective: To ascertain whether there are weaknesses in borrowing practices, and to provide recommendations.

- i. The procedure for purchasing major equipment or undertaking major capital expenditure by State Enterprises.
- ii. The procedure for accessing loans by State Enterprises.
- iii. State Enterprise loan repayment schedules.
- iv. The impact of State Enterprise debt on the credit rating of the country.
- v. The issue of Petrotrin's credit rating, and its possible impact on the national economy.
- vi. Instances when State Enterprises have borrowed funds without Ministry approval.
- vii. Comparison between current government guaranteed and non-government guaranteed debt, and that of previous years.
- viii. National consequences of rising debt to GDP ratio.
- ix. Signals that may negatively impact the portfolio of borrowings from Petrotrin on the international market.

Objective: To verify if the role of the Investment Division and Economic Management Division, relative to monitoring of indebtedness, is being effectively carried out.

- i. The roles and responsibilities within the Investments Division and the Economic Management Unit of the Ministry of Finance.
- ii. Suitability of the current organisational structures of the Investments Division and Economic Management Unit, to fulfill their respective mandates.
- iii. Consideration of strategies for filling current vacancies at the Ministry of Finance.
- iv. The reporting protocol between line ministries and the Ministry of Finance.
- v. Performance “red flags” for State Enterprises.
- vi. Procedure for monitoring of State Enterprise use of borrowed funds.
- vii. Reasons for discrepancies between the International Monetary Fund (IMF)/World Bank (WB) publications on Trinidad and Tobago debt, and those of the Ministry of Finance.
- viii. The strategies and approaches taken by the Ministry of Finance when it is required to monitor how a State Enterprise is using borrowed funds, in circumstances where the State Enterprise does not have a strategic plan.
- ix. Consideration of the Ministry resuming the practice of having a Ministry representative sitting on the boards of State Enterprise.
- x. Consideration of attaching legal weight to the State Enterprises Manual.
- xi. Consideration of methods for electronically monitoring State Enterprise performance.
- xii. Plans to manage debt portfolios for State Enterprises that are not revenue-generating.
- xiii. Suggested areas of focus for the improvement of debt to GDP ratio.
- xiv. The possibility of rescheduling debt.
- xv. Comparison between Trinidad and Tobago and the Rest of the World when debt to GDP is considered.
- xvi. Government options for creating cash inflows.

View the Hearing:

The hearing can be viewed on our YouTube page via the following link:
https://www.youtube.com/watch?v=GzR-L1Awock&list=PL-SY0ndJDfa6_Y1Jc7H3z_6_c_BnQ0ttE

Contact Information:

You may contact the Committee's Secretariat at jscse@tparliament.org or 624-7275 Ext. 2309/2283.

Committees Unit
April 24th, 2017