SE

PARLIAMENT

REPUBLIC OF TRINIDAD AND TOBAGO

*6th REPORT OF THE*

JOINT SELECT COMMITTEE ON

# STATE ENTERPRISES

**on**

# An inquiry into the borrowing practices of State Enterprises with an emphasis on regulation of borrowing, purposes for borrowed funds, and sustainability of debt servicing ratios.

**September 2017**

An electronic copy of this report can be found on the Parliament website: www.ttparliament.org

**The Joint Select Committee on State Enterprises**

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PARLIAMENT
REPUBLIC OF TRINIDAD AND TOBAGO

# Joint Select Committee on State Enterprises

# An inquiry into the borrowing practices of State Enterprises with an emphasis on regulation of borrowing, purposes for borrowed funds, and sustainability of debt servicing ratios.

## Sixth Report 2016/2017 Session, Eleventh Parliament

Report, together with Minutes

Ordered to be printed

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# The Joint Select Committee on State Enterprises

## *Establishment*

1. The Joint Select Committee on State Enterprises was appointed pursuant to the directive encapsulated at section 66A of the Constitution of the Republic of Trinidad and Tobago. The House of Representatives and the Senate on Friday November 13, 2015 and Tuesday November 17, 2015, respectively agreed to a motion, which among other things, established this Committee to inquire into and report to Parliament on State Enterprises falling under its purview with regard to:

- their administration;
- the manner of exercise of their powers;
- their methods of functioning; and
- any criteria adopted by them in the exercise of their powers and functions.

## *Current Membership*

2. The following Members were appointed to serve on the Committee:

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

## *Powers*

3. The Committee is one of the Departmental Select Committees, the powers of which are set out principally in Senate Standing Orders 91 and 101, and HOR Standing Orders 101 and 111. These are available on the Internet via www.ttparliament.org.

## *Secretarial Support*

4. Secretarial support was provided by Mr. Brian Caesar, Clerk of the Senate, who served as Secretary to the Committee, Ms. Sheranne Samuel, Assistant Secretary and Mrs. Krystle Gittens, Graduate Research Assistant.

## *Contacts*

5. All correspondence should be addressed to the Secretary to the Joint Select Committee on State Enterprises, Level 3, Tower D, Port of Spain International Waterfront Centre, 1A Wrightson Road, Port of Spain. The telephone number for general enquiries is 624-7275; the Committee's email address is jscse@ttparliament.org.

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# General Findings

1. At the time of the inquiry, State Enterprise **Government Guaranteed** debt stood at **$19 billion**, while the **Non-Government Guaranteed** debt stood at **$25 billion**. This sums to a total figure for State Enterprise debt of **$44 billion**.

2. The Committee learned that State Enterprises with Government Guaranteed borrowing, as well as Non-Government Guaranteed borrowing, did not use debt to revenue ratios for financial or debt management analysis.

3. In relation to Non-Government Guaranteed loans, the Investments Division would examine the ability of the entity to repay the loans using indicators such as debt to equity ratios, standard profitability, liquidity and debt servicing ratios, as well as the general trajectory of the loan.

4. The Committee made the observation that debt to equity ratios simply indicated the level of risk being adopted by an entity to finance growth, and in themselves did not give an indication of the benefits gained from the debt. It is understood that the benefit of debt is gained if growth exceeds the cost of borrowing. Therefore, some measure of growth vs cost of borrowing would be a key metric for the Investments Division to track.

5. Companies that generated revenue and wished to borrow without a Government Guarantee are required to include a financial management strategy outlining their ability to service their requested borrowing, as well as an updated strategic plan.

6. The Committee learned that of the companies that borrow without Government Guarantee on the strength of their balance sheet, several did not have updated strategic plans.

7. In two (2) instances, State Enterprises were unable to pay their debt, or paid their debt at the expense of their statutory obligations.

8. There have been instances in the past when funds were borrowed without the proper approval process.

9. There were also instances where State Enterprises strayed from their stated mandate with minimal repercussions, primarily because the State Enterprise Performance Monitoring Manual is not legally binding, and does not have a penalty structure.

10. The Committee learned that despite the role of the Investments Division a lot of the responsibility for the monitoring of State Enterprise borrowing lay with the line Ministry in terms of ensuring that the money would be spent for the purpose given. The Ministry of Finance, through the reading of the board Minutes would get some information, but that information often would be dated.

# Summary of Recommendations

The following is a summary of the recommendations proposed by the Committee for the effective regulation of borrowing by State Enterprises:

1. The Investments Division should implement mechanisms to track returns on investments in order to ensure that the benefits of debt acquired outweigh the costs.

2. The Investments Division should ensure that liquidity ratios are used to determine whether entities are able to cover debt obligations, and be allowed acquire additional debt.

3. The Investment Division should immediately enforce a mandate to have the strategic plans of State Enterprises who borrow without Government guarantee completed and submitted within three (3) months of this report.

4. The Ministry of Finance should make having an up-to-date strategic plan a mandatory requirement when processing loan applications of State Enterprises.

5. The Ministry of Finance pursue avenues to give legal force to the State Enterprises Performance Monitoring Manual, including the insertion and enforcement of a penalty structure.

6. The Investments Division should seek to have proper consideration given to them having representation on the Boards of State Enterprises.

7. The Ministry of Finance, in collaboration with the Ministry of the Attorney General and Legal Affairs, should urgently liaise with the Service Commissions

Department regarding the staffing needs of the Investment Division, with the aim of filling all current vacancies within the shortest possible timeframe.

# Report Summary

This report examines the borrowing practices of State Enterprises, with an emphasis on regulation of borrowing, purposes for which funds are borrowed, and sustainability of debt servicing ratios. Focus is given to the quantum of State Enterprise debt, the sustainability of current debt obligations, the purposes for which monies are borrowed, and the mechanisms in place to monitor and evaluate the State Enterprises that have borrowed funds.

Recommendations are proposed by the Joint Select Committee on State Enterprises which are intended to improve the efficiency and effectiveness of the overseeing operations of the Investments Division of the Ministry of Finance.

# CHAPTER 1

# 1 Introduction

## 1.1 The importance of the Role and Function of State Enterprises

1.1.1 State Enterprises are corporate entities formed under the **Companies Act, Chapter 81:01** and owned by the State through the Minister of Finance (Corporation Sole).

1.1.2 State Enterprises can be wholly-owned (100%), majority-owned (more than 50%), minority owned (less than 50%) or indirectly owned.

1.1.3 According to the Companies Act Chapter 81:01,

*""Company" means any company incorporated in Trinidad and Tobago or incorporated elsewhere and registered under the Companies Act that is controlled by the Government or by any body corporate controlled by the Government*

*"controlled" here meaning that the Government or the body corporate, as the case may be –*

a. *exercises or is entitled to exercise control directly or indirectly over the affairs of the company or body corporate;*
b. *is entitled to appoint a majority of the directors of the Board of Directors of the company or body corporate; or*
c. *holds at least fifty per cent of the ordinary share capital of the company or the body corporate, as the case may be;"*

1.1.4 Currently, there are 54 State Enterprises as defined above:

- 47 wholly owned (100%)
- 7 majority owned enterprises (>50%)

1.1.5 There are an additional 63 State Agencies that fall outside of the scope of the above legislation. See **Appendix III**

1.1.6 State Enterprises are established with the objective of supporting Government's policies in sectors in which the Enterprise is functioning.

1.1.7 The objectives of State Enterprises include:

- the provision of public goods or services; and
- the provision of specific social outcomes.

1.1.8 Most State Enterprises are **not** revenue generating entities.

1.1.9 At the time of the inquiry, there were twelve (12) revenue generating State Enterprises, which are listed below:

| | |
|---|---|
| Petroleum Company of Trinidad and Tobago Limited (PETROTRIN) | Caribbean AirLines Limited (CAL) |
| First citizens Holdings Limited (FCH) | National Flour Mills Limited (NFM) |
| Point Lisas Industrial Port Development Corporation Limited (PLIPDECO) | Clico Trust Corporation Limited (Clico Investment Fund) |
| The National Gas Company of Trinidad and Tobago Limited (NGC) | Trinidad Generation Unlimited (TGU) |
| Telecommunications Services of Trinidad and Tobago Limited (TSTT) | Trinidad and Tobago Mortgage Finance Company Limited (TTMF) |
| National Helicopter Services Limited (NHSL) | National Quarries Company Limited (NQCL) |

1.1.10 Of the above twelve (12) revenue generating entities, the following are unprofitable and require Government subventions:

- Caribbean Airlines Limited; and
- Petroleum Company of Trinidad and Tobago Limited

## 1.2 Borrowing

1.2.1 Borrowing by State Enterprises falls under two (2) categories, Government Guaranteed and Non-Government Guaranteed.

- Twenty-eight (28) State Enterprises currently have debt facilities *(inclusive of three Non-operational companies British West Indies Airways Limited (BWIA), Caroni (1975) Limited and TIDCO*. **See Appendices IV and V**

- Eleven (11) of these companies borrow without Government Guarantee. **See Appendix V**

1.2.2 All Government Guaranteed borrowing of State Enterprises should be negotiated by the Ministry of Finance on behalf of the enterprises, under the **Guarantee of Loans (Companies) Act, Chap 71:82** .

1.2.3 The total State Enterprise **Government Guaranteed** debt stood at **$19 billion**, while the **Non-Government Guaranteed** debt stood at **$25 billion**. This sums to a total figure for State Enterprise debt of **$44 billion**.[1]

1.2.4 Government Guaranteed debt affects the **debt to GDP ratio**, which as at the time of the inquiry stood at approximately **60%,** with a potential of rising[2].

1.2.5 The benchmark for debt management by the Ministry of Finance is to maintain a debt to GDP ratio below 65% *(this would include direct Central Government borrowing as well as Government Guaranteed debt of the State Enterprises)*[3].

**Government Guaranteed Facilities**

1.2.6 The main purposes for Government Guaranteed borrowing for State Enterprises are:

[1] JSC State Enterprises - Ministry of Finance re Borrowing - Verbatim Notes- 24Apr17
[2] JSC State Enterprises - Ministry of Finance re Borrowing - Verbatim Notes- 24Apr17
[3] JSC State Enterprises - Ministry of Finance re Borrowing - Verbatim Notes- 24Apr17

- Government capital expenditure related projects such as construction of buildings for use as Government offices, hospitals, public housing, schools, police station, stadium;
- Road works and highways; and
- Refurbishment of sporting complexes and various community works.

1.2.7 Shorter term borrowings are also accessed for working capital purposes[4].

1.2.8 The process for contracting State Enterprises Government Guaranteed Debt, is initiated by a Cabinet Note from a Line Ministry which:

- Identifies a project
- Identifies a State Enterprise to execute the project on behalf of the Government; and
- Expressed the desire to finance the project via a Government Guaranteed Loan[5].

1.2.9 Once Cabinet conveys its approval of the project, and the issuance of Government Guaranteed borrowing, the Ministry of Finance, Economic Management Division approaches the domestic financial market to acquire financing through a tendering process or via the e-auction system administered by the Central Bank of Trinidad and Tobago.

1.2.10 The statutory limit for **Government Guaranteed** borrowings by State Companies under the **Guarantee of Loans (Companies) Act Chap 71:82** is **$45 billion**. The aggregate debt of the State Enterprises is managed within that limit.

**<u>Non-Government Guaranteed Facilities</u>**

1.2.11 The purposes for Non-Government Guaranteed borrowing by State Enterprises range from Government capital expenditure to working capital requirements.

[4] Ministry of Finance Responses dated 13 April 2017
[5] Ministry of Finance Responses 13 April 2017

1.2.12 According to the State Enterprises Performance Monitoring Manual (SEPMM): *"State Enterprises or their subsidiaries are required to obtain prior approval of the Minister of Finance for the acquisition of significant assets, new investments in non-Government securities, the incurrence of new/additional long-term debt and entering into significant contracts (relative to the Company).[6]"*

1.2.13 In terms of non-guaranteed loans the Investments Division examines the ability of the entity to repay the loans using such indicators as debt to equity ratios as well as the general trajectory of the loan[7].

1.2.14 According to submissions received on April 13, 2017, the process for contracting State Enterprises Non-Government Guaranteed Debt is initiated by the submission of a request for permission to borrow in writing to the Minister of Finance. The request must include the following:

- Quantum to be borrowed and the purpose/reasons;
- Terms and conditions of the loan from the financial institution;
- For capital programmes/investments, the due diligence report; and
- Schedule as to how the State Enterprise will finance the repayment of the loan.

The documents are reviewed and a brief is prepared which includes profitability, liquidity and gearing ratios and recommendations for the consideration/approval of the Minister of Finance.

1.2.15 In addition to the above, State Enterprises can also make a presentation to the Permanent Secretary and staff of the Investments Division.

[6] State Enterprises Performance Monitoring Manual (SEPMM) http://www.finance.gov.tt/wp-content/uploads/2013/11/State-Enterprise-Performance-Monitoring-Manual-2011.pdf
[7] Ministry of Finance Responses 13 April 2017

1.2.16 Additionally, the recommendation of the Line Ministry is considered in respect of the proposal to borrow.

1.2.17 The Ministry of Finance does not engage in the actual tendering process for Non-Guaranteed borrowings.

1.2.18 Currently there are eleven (11) companies that borrow without Government Guarantee, based on the strength of their balance sheet. **See Appendix V**

## 1.3 Rationale for inquiry

1.3.1 Based on the foregoing and considering:

- State Enterprises have the potential to serve as major vehicles to development in Trinidad and Tobago through focused participation in key sectors, as identified by the State, but can be derailed if saddled by excessive debt.

- State Enterprises' borrowing should be for the purpose of financing identified development objectives.

- Proper monitoring of State Enterprise borrowing would allow for more effective stewardship of resources, and safeguard against instances when the State becomes liable for loan payments.

- Regulation of borrowing practices may help safeguard against breaches and corrupt practices that affect major sectors of our society.

1.3.2 An inquiry the borrowing practices of State Enterprises was deemed suitable, to verify that that development objectives are being financed sustainably, and borrowed funds are productively used.

## 1.4 Objectives of the Inquiry

1.4.1 At a meeting held on March 27, 2017, the Committee agreed that the following would be the objectives of the inquiry:

1. **To verify that borrowed funds are being used prudently.**
2. **To determine whether State Enterprises are maintaining sustainable debt to revenue ratios.**
3. **To ascertain whether there are weaknesses in borrowing practices, and to provide recommendations.**
4. **To ascertain whether there is alignment between the purpose for which monies were borrowed, and realisation of the project.**
5. **To verify if the role of the Investment Division, relative to monitoring of indebtedness, is being effectively carried out**

1.4.2 The Committee agreed that at its next meeting, it would commence an inquiry into the borrowing practices of State Enterprises with an emphasis on regulation of borrowing, purposes for borrowed funds, and sustainability of debt servicing ratios.

## 1.5 Conduct of the Inquiry

1.5.1 On April 24, 2017 a public hearing was held with representatives of the Ministry of Finance, at which time the Committee questioned the officials on the various matters in connection with the inquiry objectives set out.

1.5.2 **Officials from the Ministry of Finance:**

| | |
|---|---|
| Ms. Suzette Lee Chee | Permanent Secretary (Ag.), Ministry of Finance |
| Ms. Lisa Phillips | 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 |

1.5.3 Prior to the public hearing, notice was given as to the general objectives of the inquiry and in response, written submissions were received from the Ministry of Finance on April 13, 2017. These responses provided a frame of reference for the questions posed during the hearing.

1.5.4 During the public hearing the Committee proffered supplementary questions for written responses to be obtained subsequent to the hearing. These responses were received from the Ministry of Finance on May 22, 2017.

1.5.5 The Minutes of the Meeting during which the public hearing was held are attached as **Appendix I** and the Verbatim Notes as **Appendix II**.

# CHAPTER 2

## 2 Key Issues, Findings and Recommendations

**Objective 1: To determine whether State Enterprises are maintaining sustainable debt to revenue ratios.**

2.1 Based on submissions received, the Committee learned that State Enterprises with Government Guaranteed borrowings, as well as Non-Government Guaranteed borrowings, did not use debt to revenue ratios for financial or debt management analysis.

2.2 In relation to Non-Government Guaranteed loans the Investments Division would examine the ability of the entity to repay the loans using indicators such as debt to equity ratios, standard profitability, liquidity and debt servicing ratios, as well as the general trajectory of the loan.

2.3 Additionally, according to submissions received on April 13, 2017, companies that generated revenue and wished to borrow without a Government Guarantee are required to include a financial management strategy outlining their ability to service their requested borrowing. This request would be sent through the relevant Line Ministry to the Investments Division, and subsequently forwarded to the Minister of Finance for approval.

2.4 Targeted debt to equity ratios for each State Enterprise were submitted on May 22, 2017 (see **Appendix VI**). According to the submission, "Actual" debt to equity ratios generally match the "Target" debt to equity ratios.

2.5 However, the Committee made the observation that debt to equity ratios simply indicated the level of risk being adopted by an entity to finance growth, and in themselves did not give an indication of the benefits gained from the debt. It is understood that the benefit of debt is gained if growth exceeds the cost of borrowing. Therefore, some measure of growth vs cost of borrowing would be a key metric for the Investments Division to track.

2.6 The Committee also learned that in two (2) instances, State Enterprises were unable to pay their debt, or paid their debt at the expense of their statutory obligations.

2.7 In the case of Government Guaranteed loans, the vast majority would be contracted by State Enterprises on behalf of the Government, and in the majority of cases Government would ensure that the State Enterprises are provided with funds via the relevant Line Ministry to service the debt, therefore debt servicing ratios would not be relevant.

**Recommendations**

2.8 In light of the observation that there were no mechanisms in place to track returns on investments, the Investments Division should implement such mechanisms to ensure that the benefits of debt acquired outweigh the costs.

2.9 Additionally, liquidity ratios would be valuable metrics to determine whether entities are able to cover debt obligations.

2.10 The above ratio analyses would also be useful when determining whether entities should be allowed to acquire additional debt.

**<u>Objective 2: To ascertain whether there are weaknesses in borrowing practices, and to provide recommendations.</u>**

2.11 As mentioned in the Background section of this report, in the case of Government Guaranteed Debt, borrowings would be governed by the **Guarantee of Loans (Companies) Act**, and based on Government spending decisions.

2.12 With respect to Non-Government Guaranteed debt, "*State Enterprises or their subsidiaries are required to obtain prior approval of the Minister of Finance…*"

2.13 However the Committee learned that there have been instances in the past when funds were borrowed without the proper approval process.

2.14 Additionally, the Committee learned that of the companies that borrow without Government Guarantee on the strength of their balance sheet, several did not have updated strategic plans. **See Appendix VII.**

**<u>Recommendations</u>**

2.15 In light of the information that of the companies that borrow without Government Guarantee on the strength of their balance sheet, several did not have updated strategic plans, the Committee recommends that the Investment Division make efforts to have these plans completed and submitted within three (3) months of this report.

2.16 The Ministry of Finance should make the possession of an up-to-date strategic plan a mandatory requirement when processing loan applications of State Enterprises.

**Objective 3: To ascertain whether there is alignment between the purpose for which monies were borrowed, and realisation of the project.**

2.17 According to submissions received on April 13, 2017, line Ministries are responsible for reviewing the status of projects and ensuring that loan funds are expended according to Cabinet approval.

2.18 In addition, drawdowns on the facility are approved by the Line Ministry according to agreed terms and conditions with the State Enterprise.

2.19 The extent of implementation of each project is also a factor in determining access to further drawdowns.

2.20 If there are instances where identified objectives are not being met, the Ministry of Finance will inform the Corporation Sole. Some courses of action available to the Corporation Sole include but are not limited to:

- Writing to the Chairman to account for the situation described above;
- Requesting an Audit be conducted on the company by the Ministry of Finance's Central Audit Committee
- Initiating Court Action against the hired contractor/subcontractor, if in the review and analysis of the state of the project, the party is found to be liable.

2.21 However, the Committee learned during oral submissions on April 24, 2017, that there were instances where State Enterprises have strayed from their stated mandate with minimal repercussions, primarily because the State Enterprise Performance Monitoring Manual is not legally binding, and does not have a penalty structure.

**Recommendations**

2.22 The Ministry of Finance, in collaboration with the Ministry of the Attorney General and Legal Affairs, should urgently liaise with the Service Commissions Department regarding the staffing needs of the Investment Division, with the aim of filling all current vacancies within the shortest possible timeframe.

**Objective 4: To verify if the role of the Investment Division, relative to monitoring of indebtedness, is being effectively carried out**

2.23 The Investments Division provides oversight, monitoring and where necessary, the rationalisation of Government equity holdings in commercial enterprises. One of the ways this is executed is through the collection of various data from State Enterprises.

2.24 As part of their routine submissions, State Enterprises are required to submit the following:

- Strategic Plans to the Ministry of Finance for review;
- Estimates of Expenditure for the State Enterprises Investment Programme (SEIP) report;
- Estimates of Expenditure which cover deficit financing and debt servicing;
- Estimates of Expenditure for the Development Programme (submitted to the Ministry of Planning and Sustainable Development); and
- Monthly Loan Overdraft/Portfolio reports as part of the requirements of the State Enterprises Performance Monitoring Manual.
  - These reports contain information on Outstanding Balances, Actual Payments made on the loans, Principal and Interest figures, as well as the dates loans were originally contracted.

2.25 Additionally, local Financial Institutions also submit reports to the Ministry of Finance on a monthly basis, on the Government Guaranteed Loans held by State Enterprises.

2.26 The Research Unit of the Investments Division is responsible for collecting and recording all financial data, a subset of which, is data relevant to monitoring State Enterprises debt.

2.27 Listed below are officers assigned to monitor State Enterprise debt as part of their portfolio:

- One Acting Research Officer (RO) II assigned to monitor Guaranteed Debt;
- One RO II assigned to monitor Non-Guaranteed Debt; and
- One other Acting ROII assigned as a back-up officer.

2.28 On the establishment, there were fifteen (15) Research Officer posts as seen below:

- Three (3) RO I posts which were filled,
- Nine (9) RO II posts, four (4) of which were filled; and five (5) vacant
- Three (3) Senior Research Officers (SRO) posts, one of which was suppressed.

2.29 The Economic Management Division (EMD) comprised two Units; the Macro Fiscal Unit (MFU) and the Debt Management Unit (DMU).

2.30 The DMU performs Front, Middle and Back Office functions related to the Public Debt Portfolio comprising both direct Central Government Debt and Government Guaranteed Debt of the State Enterprises and Statutory Authorities.

2.31 To effectively monitor State Enterprise Government Guaranteed Debt, the Ministry of Finance (MoF), Economic Management Division, in collaboration with the Investments Division, the Central Bank and the Treasury Division, would engage in the following practices:

- Recording of State Enterprise Debt
- Servicing of State Enterprise Debt
- Monitoring of State Enterprise Debt

2.32 However the Committee learned that a lot of the responsibility for the monitoring lay with the line Ministry in terms of ensuring that the money would be spent for the purpose given. The Ministry of Finance, through the reading of the board Minutes will get some information, but that information often would be dated.

**Recommendations**

2.33 In light of the above, the Committee recommends that the Investments Division have representation on the Boards of State Enterprises.

2.34 Additionally, it is recommended that the Service Commissions Department pay special attention to the staffing needs of the Divisions, with the aim of filling all current vacancies within the shortest possible timeframe.

# 3 Conclusion

2.35 In light of the above, the Committee is optimistic that with diligent implementation of the recommendations proffered, the borrowing practices of State Enterprises will be better managed to ensure that development is financed sustainably, and borrowed funds are productively used.

2.36 Your Committee therefore awaits the response of the Minister of Finance to the recommendations listed above, in accordance with Standing Orders 100(6) and 110(6) of the Senate and the House of Representatives respectively which states inter alia that –

> *"The Minister responsible for the Ministry or Body under review shall, not later than sixty (60) days after a report from a Standing Committee relating to the Ministry or Body, has been laid upon the Table, present a paper to the House responding to any recommendations or comments contained in the report which are addressed to it….".*

2.37 Your Committee therefore respectfully submits this Report for the consideration of the Houses

Sgd.
Mr. David Small
**Chairman**

Sgd.
Dr. Lester Henry
**Vice-Chairman**

Sgd.
Mrs. Cherrie-Ann Crichlow-Cockburn, MP
**Member**

Sgd.
Mr. Wade Mark
**Member**

Sgd.
Mr. Fazal Karim, MP
**Member**

Sgd.
Brig. Gen. (Ret.) Ancil Antoine, MP
**Member**

Sgd.
Mr. Adrian Leonce, MP
**Member**

Sgd.
Mrs. Allyson Baksh
**Member**

# APPENDICES

# Appendix I

# Minutes of Proceedings

**MINUTES OF THE SIXTEENTH MEETING OF THE JOINT SELECT COMMITTEE ON STATE ENTERPRISES, HELD IN THE ARNOLD THOMASOS EAST MEETING ROOM, LEVEL 6, AND THE J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN ON APRIL 24, 2017**

**Present were:**

| | |
|---|---|
| Mr. David Small | Chairman |
| Dr. Lester Henry | Vice-Chairman |
| Mr. Fazal Karim, MP | Member |
| Mrs. Cherrie-Ann Crichlow-Cockburn, MP | Member |
| Mr. Adrian Leonce, MP | Member |
| Brig. Gen. (Ret.) Ancil Antoine, MP | Member |
| Ms. Allyson Baksh | Member |
| Mr. Brian Caesar | Secretary |
| Ms. Sheranne Samuel | Assistant Secretary |
| Mrs. Krystle Gittens | Parliamentary Intern |

**Absent were:**

| | |
|---|---|
| Mr. Wade Mark | Member (Excused) |

**Also present were:**

**Officials from the Ministry of Finance**

| | |
|---|---|
| Ms. Lisa Phillips | Permanent Secretary (Ag.) |
| Ms. Suzette Lee Chee | Permanent Secretary (Ag.) |
| 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 |

**PUBLIC HEARING WITH OFFICIALS OF THE MINISTRY OF FINANCE**

8.1 The meeting resumed at 10:18 a.m. *in public*, in the J. Hamilton Maurice Room.

8.2 The Chairman welcomed officials of the Ministry of Finance and introductions were exchanged.

8.3 The Chairman outlined the objectives of the inquiry and acknowledged receipt of the Ministry of Finance's submission.

**Opening Remarks**

8.4 The Permanent Secretary (Ag.) (Investments Division), Ministry of Finance made opening remarks.

8.5 Detailed hereunder are the issues/concerns raised and the responses proffered during the hearing with the officials of the 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.

8.6 The Chairman thanked officials for attending and they were excused. The Chairman also thanked the viewing and listening audience.

**SUSPENSION**

9.1 At 12:05 p.m., the Chairman suspended the *public* meeting to resume *in camera* for a post-hearing discussion *w*ith Members only.

**ADJOURNMENT**

11.1 There being no other business, the Chairman adjourned the meeting.

11.2 The adjournment was taken at 12:19 p.m.

I certify that these Minutes are true and correct.

Chairman

Secretary

**May 03, 2017**

# Appendix II

# Verbatim Notes

**VERBATIM NOTES OF THE SIXTEENTH MEETING OF THE JOINT SELECT COMMITTEE ON STATE ENTERPRISES HELD IN THE J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR (IN PUBLIC), OFFICE OF THE PARLIAMENT, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, #1A WRIGHTSON ROAD, PORT OF SPAIN, ON MONDAY, APRIL 24, 2017 AT 10.18 A.M.**

**PRESENT**

| | |
|---|---|
| Mr. David Small | Chairman |
| Dr. Lester Henry | Vice-Chairman |
| Mrs. Cherrie-Ann Crichlow-Cockburn | Member |
| Miss Allyson Baksh | Member |
| Brig. Gen. Ancil Antoine | Member |
| Mr. Adrian Leonce | Member |
| Mr. Fazal Karim | Member |
| | |
| Mr. Brian Caesar | Secretary |
| Miss Sheranne Samuel | Assistant Secretary |
| Miss Krystle Gittens | Parliamentary Intern |
| Miss Vahini Jainarine | Legal Officer I |

**ABSENT**

| | |
|---|---|
| Mr. Wade Mark | Member [*Excused*] |

**OFFICIALS FROM THE MINISTRY OF FINANCE**

| | |
|---|---|
| Ms. Suzette Lee Chee | Permanent Secretary (Ag.), Ministry of Finance |
| Ms. Lisa Phillips | 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 |

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|---|---|
| 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 |

**Mr. Chairman:** Good morning, everyone. Firstly, I want to apologize for a bit of a late start, please forgive us, we are probably just as busy as you guys. I am seeing the array of executive time across the table, we will try to be as efficient as we can today. I would like to welcome everyone to this meeting of the Joint Select Committee on enterprises. The purpose of this meeting today is to commence a public enquiry into the borrowing practices of state enterprises, with an emphasis on guidelines for borrowing, inclusive of purposes for borrowed funds, the sustainability of debt-to-revenue ratios, and the mechanisms for monitoring and evaluation by the Ministry of Finance.

The role of this Committee is, firstly, to examine the issues which have arisen based on the Ministry of Finance's written responses to the Committee's questions, and, secondly, to aid the Ministry of Finance in improving the mechanisms in place for the monitoring and evaluation of state enterprises by the Ministry, particularly as it pertains to borrowing. This meeting is being broadcast live on Parliament Channel 11, Parliament radio 105.5 FM, and the Parliament's YouTube channel, *ParlView*. Viewers and listeners can participate by sending comments relating to today's engagement with the Ministry of Finance via email to parl101@ttparliament.org, or on our Facebook page at facebook.com/ttparliament, or on Twitter @ttparliament.

I would like to welcome officials of the Ministry of Finance, and I would like to ask the Permanent Secretary to begin the introductions—the Acting Permanent Secretary, forgive me.

**Ms. Phillips:** Morning, Chair. Morning, Members, colleagues. The Investments Division and the Economic Management Division of the Ministry of Finance welcome this enquiry into the borrowing practices—

**Mr. Chairman:** At this stage, Madam Permanent Secretary, just do the introductions and I will give you an opportunity to give an opening statement.

**Ms. Phillips:** Okay.

[*Introductions made by the officials from the Ministry of Finance*]

**Mr. Chairman:** Thank you very much. I would like now to introduce the Members of the Committee, and I would start, beginning with the Member to my extreme right. Could you introduce yourself to the Committee, to the meeting?

[*Introductions made by the members of the Committee*]

**Mr. Chairman:** I would like to thank everyone for being here again, and I would like to request that all Members, all persons present in the room, in fact, have their phones either switched off or placed in the vibrant silent mode. And I will also ask that anyone when they are speaking that they engage the mike before they speak.

I would like to indicate that the Committee received the submissions from the Ministry of Finance, and I want to thank you for the written responses to the questions, and, further, I would like to say that the Committee is very pleased with the response from the Ministry of Finance. We have had probably challenges with responses in the past and our faith has been restored in the system by the tremendous document provided to this Committee by the Ministry of Finance, and we really, really appreciate the clear effort that went into being responsive to the Committee's request, and I wanted to put that on the public record.

I will now ask the Acting Permanent Secretary Phillips, to give a few opening remarks.

**Ms. Phillips:** Good morning, again, Chairman, and Members, as well as colleagues. The Investments Division and the Economic Management Division of the Ministry of Finance welcome this enquiry into the borrowing practices of state enterprises with an emphasis on regulation of borrowing, purposes of borrowed funds, and sustainability of debt-to-revenue ratios, as it will cause us to examine the effectiveness of our processes in terms of approving, recording, and monitoring debt of state enterprises, both guaranteed and non-guaranteed.

These two units, the Investments Division and the Economic Management Unit, are responsible for the borrowing of state enterprises. The Economic Management Division deals exclusively with guaranteed debt implementing the decisions of Cabinet and sourcing financing from financial institutions for these debts, while the Investments Division appraises requests by state enterprises to incur non-guaranteed debt, records debt, as well as ensures that debt under Head 18, Ministry of Finance, is serviced in a timely fashion. It must be emphasized, however, that the monitoring of debt in terms of money being used for the intended purpose is a collaborative exercise between the Investments Division and the line Ministry. The Investments Division and the Economic Management Division thanks the Committee for its invitation to discuss the debt of state enterprises, and looks forward to meaningful and fruitful discussions.

**Mr. Chairman:** Thank you very much, Madam Permanent Secretary, and we are very happy for your introduction. I would like to begin by putting on the record, based on the submissions that you have provided to us here, that on the schedule of state enterprises, and I want to be clear for members of the viewing public, we are dealing with state enterprises and what is not included within the remit of this Committee is statutory authorities, such as WASA and T&TEC, they are dealt with by a separate Committee, because we have already received some questions on that. In your submission here you have stated that of the total amount of state enterprises only 10 are revenue generating, I just want to be clear that that is correct, 10 of the entities are revenue generating. But I wanted to ask two questions on that, how many of those that are revenue generating are profitable? And then, also, are any of those that are revenue generating still receiving state subventions?

**Ms. Phillips:** In terms of the profitability, we have First Citizens Holding Limited, we have Point Lisas Port Industrial Development Corporation, National Gas Company of Trinidad and Tobago, Telecommunications Services of Trinidad and Tobago, National Flour Mills, Clico Trust Corporation Limited, Trinidad Generation Unlimited, and Trinidad and Tobago Mortgage Finance. In terms of revenue generating, the Caribbean

Airlines Limited receives support from the Government in terms of the payment of its loans.

**Mr. Chairman:** So out of the listing here, it is only Caribbean Airlines and Trinidad Generation Limited who are not profitable, and only Caribbean Airlines received subventions from the State at this time, and it is really to service loans?

**Ms. Phillips:** Yes.

**Mr. Chairman:** All right. I want to ask a question regarding—on page 3 of your submission, you dealt with, under the heading, "Non-Government Guaranteed Facilities", you indicated here that in order to purchase or the acquisition of significant assets, new investments that specific approval by the Ministry of Finance is required, so I want to ask a hypothetical question, so if, for instance, an entity, like Caribbean Airlines, wants to purchase planes then they would have to come to the Ministry of Finance to get a specific approval?

**Ms. Phillips:** Yes, they would have to come.

**Mr. Chairman:** And the Ministry of Finance will have that in their records?

**Ms. Phillips:** Yes.

**Mr. Chairman:** So, hypothetically, if Caribbean Airlines comes tomorrow and says they want to buy two new aircraft, they would have to do a justification, submit it to you, and then the Ministry would give a recommendation and you would have that in your records that they have requested it?

**Ms. Phillips:** Yes, we would.

**Mr. Chairman:** That is useful information, thank you very much. And to be clear, inside of that request for the information, they would be supporting, they would not just say we want to buy five planes, or 10 planes, they would have a justification, they would have all of the tendering procedures—I want to be clear about what would accompany that. Could you help me? I just want to be clear for the record.

**Ms. Phillips:** Well, they are supposed to have the tenure of the loan, the terms and conditions of the loan, the justification for the purchase, and we normally get their tendering procedures, so we would have had those already.

**Mr. Chairman:** I just want to extend this, if they say, we want to buy two planes tomorrow, and they would say, listen, all of the things that you have mentioned, the tenure of the loan, all of the procedures, and including they would say, listen, we have approached three vendors and out of the three vendors, this is the one we have selected?

**Ms. Phillips:** Yes.

**Mr. Chairman:** And they were supposed to submit that?

**Ms. Phillips:** Yes.

**Mr. Chairman:** Thank you very much, Madam Permanent Secretary, you have helped me tremendously. I now wish to invite Sen. Baksh to take the floor.

**Miss Baksh:** A pleasant good morning, again. According to your submission, line Ministries are responsible for reviewing the status of projects and ensuring that loan funds are expended according to Cabinet approvals. What is the reporting protocol between the line Ministries and the Ministry of Finance?

**Ms. Phillips:** Well, the line Ministries do not report to us in terms of their projects and so, except the state enterprises report to us with respect to their projects in the state enterprise investment programme, in terms of what they are doing and the progress of their investments, in capital investments.

**Miss Baksh:** Have there been instances where monitoring and evaluation of state enterprises reveals that identified objectives are not being met?

**Ms. Phillips:** Not to my knowledge, no.

**Miss Baksh:** All right. Thank you, Chair.

**Mr. Chairman:** MP Karim.

**Mr. Karim:** Thank you very much, Mr. Chairman, and welcome to your team. In terms of the amount of debt owed by various state organizations, can you say whether all of these are up to date in their payments? And if not, which ones, if you can give us a sense as to these entities, how much do they owe individually, and whether they are up to date or are they in default, or are they behind time in their payments?

**Ms. Lee Chee:** Well, first of all, there are two categories of outstanding debt to state enterprises, there is non-guaranteed debt, which totals $19 billion, a little more than $19 billion, and there is the—the non-guaranteed debt—sorry—totals around $25 billion, and the guaranteed debt is $19 billion. As per our records there are no enterprises that are currently in arrears. In some instances the Ministry of Finance would be working with some of the enterprises and the financial institutions to reschedule debt, but as of now we do not have any debt in default.

**Mr. Karim:** Okay, thank you, but if that is the case, maybe you could explain for us, and the benefit of the national community, on what basis or bases then would the credit rating of the country be affected?—because we are also aware that if the credit rating of the country is affected negatively that state enterprises would also be affected in terms of their ability to borrow, and maybe you could elucidate on that for us.

**Ms. Lee Chee:** Well, the credit rating would more or less apply to external debt of the state enterprises. So there are very few state enterprises that currently can access the international market, and they are mainly the ones that are revenue generating, so NGC, Petrotrin, TGU. So, really, the country's credit rating sets the benchmark for the state enterprises to access the international market.

**Mr. Karim:** On that regard then, in terms of the external borrowings, which will impact upon the country's rating, are any of these entities which are borrowing on the international market, are they current in their payments? And if so, you could tell us if not?

**Ms. Lee Chee:** Yes, they are current. They are all current. The central government's credit rating sets the benchmark for the state enterprises ratings. So our national rating would be the benchmark for Petrotrin's rating, or NGC's rating. Each of the enterprises have to get a credit rating before they access the market, and there is a whole process involved in that.

**Mr. Karim:** Is it true to say that the credit rating of Petrotrin is not where one would have expected it to be? Was it negatively impacted upon in any way in the recent times?—and, if so, why?

**Ms. Lee Chee:** I know the credit rating agencies did do an assessment recently. They have not published a rating on Petrotrin as yet but it is due, but, like I said, the state enterprises credit rating will be affected by the sovereign's credit rating.

**Mr. Karim:** But in terms of you, and you have a very powerful research team as part of your entire ministerial portfolio, what would you have noticed in terms of, say for example, Petrotrin, in terms of the research, where could that possibly lead us to in terms of the position of the rating of the company, Petrotrin?

**Ms. Lee Chee:** Well, I do not want to prejudge the credit rating agencies, but credit ratings are based on the outlook of the company, the industry in which it operates, as well as the sovereign ratings, so it is multiple factors that will impact on the credit rating, and the credit rating will impact on the cost of borrowing for Petrotrin, the interest rate that they would get on the international market, for example.

**Mr. Karim:** Again, based on the current economic scenario, are you seeing any signals that may negatively impact the portfolio of borrowings for Petrotrin on the international market?

**Ms. Lee Chee:** Well, there are signals, but, like I said, I would not want to prejudge, we would await the—the rating agencies have been to Petrotrin, they had spoken to the Ministry of Finance, they have all the information, and the rating for Petrotrin is imminent.

**Mr. Karim:** From your perspective, what will you consider to be red flags that you will identify from state organizations, and how will you deal with those red flags?

**Ms. Lee Chee:** Well, the outlook for the industry is a major red flag, and the enterprise's response to the industry, and the strategic direction, the strategic focus, of course the financial results of the company.

**Mr. Karim:** Just one more, just to find out, if companies are borrowing whether within, internally, or on the—that is the domestic or the international market, as the Ministry of Finance that looks after and supervises, in a sense, the financial sector, how do you ensure that what is borrowed is being used for the fitness of purpose for what it is intended to do?

**Ms. Lee Chee:** Well, I could speak for, in the case of the guaranteed debt, there is a Cabinet approval that specifies what the borrowing is to be used for, and the Economic

Management Division would work with the financial institution and the state enterprise up to the drawdown of the loan. If between the approval and the drawdown of the loan there is a change in use, the enterprise or the line Ministry wishes to change the use of the loan funds, then we would go back to Cabinet to get approval for the new use, and we would revise the loan documents to reflect the new use.

**Mr. Karim:** But have you seen any instances of mismanagement or misappropriation, or misdirection of the funds for which they were intended to?

**Ms. Lee Chee:** No. Generally there is a recourse back to the Ministry of Finance, because the financial institutions know the purpose of the funds too so it would be very difficult for them to release funds which are not geared for the purpose for which it was intended, because the document reflects the use of the funds.

**Mr. Karim:** But have you had any situation where you have had to inform the state enterprises that, listen, based on our evaluation and monitoring system we have noticed so and so, and we want to ensure there is compliance, have you had any experiences with that?

**Ms. Lee Chee:** Some experiences that I can recall is that sometimes the state enterprise would withdraw the funds and have it in an account, they might be holding it. So, I think, there were two instances of that where we did work with Cabinet and the state enterprise to do a revision for the use of the funds, but it was just that the purpose for which the funds were to be used did not materialize and they held it in an account, and we worked with them to repurpose the funds.

**Mr. Chairman:** Sen. Henry.

**Dr. Henry:** Morning, everyone. I would like, for my own purposes, and perhaps the purposes of the viewing audience and listening audience, for some of the members, other than the Permanent Secretary, to describe what they actually do there. I know the headline of your job title, but can I get an idea of the speciality areas of the members of the Committee to get an overall picture as to what this unit does?

**Ms. Lee Chee:** Could I just give you an overview of my unit, and so then it would put what they do in context?

**Dr. Henry:** Yes.

**Ms. Lee Chee:** So the Economic Management Division is responsible for front office and front, middle and back office operations related to the public debt, and we define the public debt, in our instances, as central government direct debt, as well as the guaranteed debt of state enterprises and statutory authority. So the unit is divided, it is 12 persons in all, 10 public service, two contract officers. We are divided into front, middle and back office operations. The front office is responsible for negotiating debt, finalizing debt documents, and recommending awards of mandate. The back office is responsible for debt service, ensuring that debt is serviced on time, and also maintenance of a centralized debt database. The middle office is responsible for the analytical aspects of the debt, so they do all the reports of the multilateral agencies, the internal reports for the Ministry of Finance, related to the debt maturity profiles, and such. So with that I can ask them to introduce themselves, and say in which areas they work.

**Mr. Khan:** Good morning, again, as part of the Economic Management Division I work in the front office of the Debt Management Unit, who, as Permanent Secretary said, we are charged with negotiating, all the way to finalizing documents for loans—well, in this case, specifically for state enterprises. We also do others, such as statutory authorities and central government.

**Mr. Wong:** Most of my time at the Ministry of Finance I spent at the back office. At current I am in the middle office, but for the previous years I spent at the back office, so what we would is record debt on our debt database, which is called the Commonwealth Secretariat Debt Recording Management System, and once debt is approved, guaranteed debt, we will record this onto the database, and we will maintain the database on a daily basis. And we could also use the database to give middle office reports for their analysis.

**Mr. Ali:** I am responsible for coordinating the work of the Debt Management Unit, front, middle, and back office operations.

**Mr. Henry:** Okay. This question goes back personally to me for a way back, when we—

**Ms. Lee Chee:** There is another team.

**Mr. Henry:** Oh, the other unit. Okay, sorry.

**Ms. Phillips:** The Investments Division is responsible for monitoring of state enterprises, according to in the context of the State Enterprise Monitoring Manual. In particular, with respect to debt, we appraise and give approval for non-guaranteed debt. We also record debt, and we ensure that debt is paid in a timely fashion in terms of the payments for guaranteed debt.

**Mr. Manzano:** Morning, again, I am the Director of the Economic Research and Policy Coordination Unit. Essentially, I am responsible for the research arm of the Investments Division, which includes collecting reports from the state enterprise with respect to their operations, generally, concerning debt, concerning their investments and securities, their cash flow, litigation proceedings, and all other aspects within the state enterprises. I am also responsible within my unit for the general appointment of all boards to state enterprises and statutory boards. My unit is also responsible for doing, what we would call on the policy side, the research of and the economic performance of entities, which we are actually beefing up right now to actually look at the entities, specifically with respect to their economic performance.

**Ms. Gordon:** Good morning, I also work on the Commonwealth Secretariat Debt Recording Management System. I work on the state enterprises side so I receive monthly reports from state enterprises, as well as monthly reports from the financial institutions they have contracted debt with, and I ensure that the payments side for state enterprises are updated on the system. I could also produce reports as is required. And, just as a side, also in our unit we are responsible for servicing all loans that fall under Head 18, so we actually do the physical payments side of that as well.

**10.45 a.m.**

**Mr. Heath:** Morning again. With respect to debts, I monitor the non-government guarantee debts, and I am also a sort of backup to the Commonwealth Secretariat Debt Management Monitoring System.

**Dr. Henry:** Some of you may know I am a consumer of the information that comes out of the Ministry of Finance for over 30 years, in my regular job as a lecturer and researcher. One of the things going back a long way was that we used to see discrepancies in debt information between the IMF and the World Bank, and when we go to Ministry documents. Could you give us some explanation as to why that frequently happens in terms of all the different recordings and the timing? What accounts for that discrepancy in your experience?

**Ms. Lee Chee:** In many cases it is a timing issue. It could also be a definition issue because, for example, in the Ministry of Finance in the *Review of the Economy* we would report on the net public sector debt. That is debt minus debt issued for open market operations, and why we separate it out is because the debt issued for open market operations is held or sterilized at the Central Bank. So the Government does not have use of those funds; so we report at the net debt.

So the IMF might include the open market operations. Some of the other agencies might give you the gross figure. The timing is an issue as well. We normally supply the information to the agencies, so it is a timing issue as well. So that is it. About four or five years ago, each agency: the Investments Division, the Economic Management Division, the Treasury and the Central Bank operated on separate databases. So according to where you got the information from there might be discrepancies.

**Dr. Henry:** That is crucial to know, that point you just made there, that they operated on separate databases.

**Ms. Lee Chee:** So currently we are operating on one system. The Economic Management Division is responsible for maintaining the system, and most of the agencies now generate their reports from the system. I think the Treasury Division is the only agency that still does not generate their reports from the database.

**Dr. Henry:** So it is quite possible that one agency could be aware of a certain debt that was incurred and another part of the division may not have known about it?

**Ms. Lee Chee:** Yes, it is a timing, because what would have happened is that we would have had to physically report it to that agency. Now we can input it. We input on the database and everybody knows that there is a new debt on the system.

**Dr. Henry:** What about cases of external borrowing that were not picked up until long after? Is there any such occurrence?

**Ms. Lee Chee:** As far as I am aware, no.

**Dr. Henry:** What about the case of non-guaranteed debt by these state enterprises?

**Ms. Lee Chee:** Ms. Phillips will have to speak to that.

**Ms. Phillips:** In terms of the uniformity of information?

**Dr. Henry:** Yes, and has there been any leakage in the sense that enterprises borrow money and your division is not aware of it?

**Ms. Phillips:** Yes, that has happened in the past and we have written to the company.

**Dr. Henry:** So they have gone out and acquired funds from a private institution, and it did not pass under your watch?

**Ms. Lee Chee:** Yes, but we brought it in subsequently, into our database.

**Dr. Henry:** How often has this happened?

**Ms. Phillips:** It does not happen very regularly.

**Dr. Henry:** Okay, I will stop here for now.

**Mr. Chairman:** The Chairman has a question. Forgive me, Madam Permanent Secretary—I will use surnames so that I am clear. Based on your submission here, the total debt of state enterprises guaranteed by the Government is about $19 billion. I would like to ask, in your experience, I understand from the documentation you provided that within the limit under the Act it could be as high as $45 billion. I want to understand $19 billion as it stands today, how does that measure to previous years? Is $19 billion a high number relative to previous times? Has it ever been higher than $19 billion or is it that $19 billion is the highest it has ever been? Would anybody be able to help us understand what is the level of debt, guaranteed by the Government, by state enterprises?

**Ms. Lee Chee:** It has been higher in previous years, but slightly higher. I think it has approached $20 billion, around September 2016. But we can get you the details of the growth—

**Mr. Chairman:** But $19 billion is probably close to the highest it has ever been?

**Ms. Lee Chee:** Yes.

**Mr. Chairman:** That is what I wanted to get at. So that we are in a situation where the current debt owed by state enterprises is almost the highest it has ever been in the history of us capturing those numbers?

**Ms. Lee Chee:** Yes, subject to—I will give you the details.

**Mr. Chairman:** But you will submit the detailed information. I have a follow-up question. In another part of your submission at page 9, you dealt with the tendering process. I wanted to ask, in terms of the existing $19 billion in Government-backed debt, you have a list of entities that you would go to for this debt. Would you be able to help us to understand, what would you say are the top three providers or who are the entities here that hold the majority or to whom you have sourced this debt from?

**Ms. Lee Chee:** These entities would be the initial underwriters of the debt, and the debt would eventually be sold off as it is. So the major holders of our debt are the banks and the non-bank financial intermediaries, which would include NIB and UTC. They are the holders of the debt. But we have a pretty even distribution of who actual wins the mandate, so it would be difficult for me to tell you. We have that information on who won the initial mandates but, like I said, the debt is not held with the company. It is normally sold off and held with other institutions.

**Mr. Chairman:** For the information of this Committee, we will request that you help us to understand, when you went out for the debt, which of these entities would have initially taken the mandate. So we will request that information in writing. I know it may be difficult to provide it now, but we can request that in writing. I have just one follow-up question for Madam Permanent Secretary Phillips. I see your Chairman is having fun this morning.

The total non-guaranteed debt is $24 billion, so when you marry that to the guaranteed debts, it is a total around $43 billion/$44 billion in debt currently as of January 31, 2017, by state enterprises in total. I have a similar question. In terms of the history of this debt profile, how does $24 billion rank? Is it a high number, is it a low number or is it a middling number? To help us understand the status, is it that as with government debt, it is probably close to the highest it has ever been? Help us to understand what that number is.

**Ms. Phillips:** It is close to highest.

**Mr. Chairman:** So essentially what the Committee is understanding now is that in terms of both government guaranteed debt and non-guaranteed debt, we are close to the highest it has ever been?

**Ms. Phillips:** Yes.

**Mr. Chairman:** So that means we are having a challenge. The Chairman will now give the floor to MP Karim.

**Mr. Karim:** Thank you very much, Chair. With respect to non-guaranteed loans, you indicated that the approval of the Minister of Finance is required. Could you give us some instances of such loans and the amount and when they were taken, and maybe for the purposes for which they were intended?

**Ms. Phillips:** We have Petrotrin which has a US $850 million loan.

**Mr. Karim:** When was that?

**Ms. Phillips:** It think it is sometime in 2009.

**Mr. Karim:** Is it possible to give us some more current figures, so we could understand, in terms of the question the Chairman had asked about the debt?

**Ms. Phillips:** The most recent I think is Trinidad Generation Unlimited which has a TT $962 million loan as well as a US $150 million loan.

**Mr. Karim:** I just want to ask a follow-up question. For example, where you have a situation where you borrow to spend on something that does not generate a rate of return that exceeds the cost of borrowing, what are the consequences of something like that? Have you had any experience in that recently?

**Ms. Phillips:** We have not had any experience in that recently, but in our analysis of the loan we would do a cost benefit analysis. We would look at the cash flows coming out of the company. We look at whether it is in line with your strategic plan. We would do an analysis, and if we see that it is not in accordance with our debt policy and that kind of thing, we would disallow.

**Mr. Karim:** What we saw in your response is that companies would normally get approval for borrowing on the basis of the presentation of their strategic plans. How many companies have current strategic plans that will entitle them to effectively borrow, or how many do not have?

**Ms. Phillips:** Can I submit that in writing? We cannot say offhand.

**Mr. Karim:** Do you know of any recently that did not have a strategic plan, that accessed borrowing that increased the debt ratio?

**Ms. Phillips:** Not to my knowledge.

**Mrs. Crichlow-Cockburn:** We just have a concern. If these entities do not have strategic plans, and the strategic plan is one of the tools used to determine whether the funds are going to be utilized for the correct thing, what do you do in the absence of strategic plans? Because we are aware that there are organizations who do not have current strategic plans, so if they would have approached the Ministry requesting funding, what do you do in the absence of those plans?

**Ms. Phillips:** In the absence of the plan we would look for some sort of justification in the presentation to the Ministry, in terms of some sort of cost benefit analysis, some sort of investment appraisal of what they are investing in, and we would decide based on that. But it is a requirement of the state enterprise monitoring manual that you submit a strategic plan.

**Mrs. Crichlow-Cockburn:** And in the absence of the strategic plan how do you monitor? I do not have a strategic plan, but I would have come forward to get approval. I got the funding. How do you monitor that those funds are in fact being utilized for the purposes for which it was intended?

**Ms. Phillips:** With respect to the monitoring, we depend a lot on the line Ministry in terms of implementation of the projects and that kind of thing, to ensure that the funds are being used for the purpose approved by the Ministry of Finance. So we do depend on the line Ministries to effect that kind of monitoring.

**Mrs. Crichlow-Cockburn:** If it is determined that the funds are not in fact being utilized for the purposes for which they were intended, what recourse does the Ministry of Finance have, what can you do?

**Ms. Phillips:** We can write to the Chairman, then we can have the Minister write to the Chairman asking for an explanation. We can send our Central Audit Committee in to investigate what is happening. The minister has the recourse to change the board in certain instances.

**Mrs. Crichlow-Cockburn:** Thank you.

**Mr. Chairman:** Before I give the floor to MP Antoine, this line of questioning is something that is very close to the heart of the Chairman. The issue of understanding what an entity is doing—if an entity is asking for money to pursue a particular exercise and there is no plan around what they are going to do, what they hope to achieve, I, in my former career I understand how very well to write, I could justify virtually anything. I say that, not to pat myself on the back, but I have been able to see how almost anything could be justified.

My concern is, especially now in this time where we have restricted funds or reduced funds flow to the Government, I do not see any entity should be even considered for any money without having a clear, mapped out, detailed plan of activity. Because the experience of this Committee is that entities have engaged on spending on all sorts of activities with no plan, and have found themselves in major difficulty. So I share that with Madam Permanent Secretary Phillips because it is a particular concern of this Committee.

Entities appear before us and there is no strategic plan or they are working on the plan or they are reviewing the plan, but in the meantime public money is being burnt, literally being burned and there is no cohesive strategy that we can rely on to say over the next three years this is what we hope to achieve. So that I am concerned.

I understand the pressures you would be under. The entity comes, they have the support of the line Minister and they want to get it done, but it should be a hard requirement, in my respectful view, that we must see your strategic plan. If you do not have a strategic plan, come back and apply for the loan when you have a strategic plan. That is my entreaty to Madam Permanent Secretary.

**Ms. Phillips:** Taken on board.

**Mr. Chairman:** Madam Permanent Secretary, we are all working in the interest of Trinidad and Tobago, and in this environment now where we have reduced money inflow, I think that, the Ministry of Finance, it is incumbent upon you to really, really be a little firmer. We are doing our job at this end. We are holding some of these entities hands to the fire, but we need your support so that when they come to you, you say, "Listen, I hear you, I understand what you are doing, but you need to do this in the proper way."

I give the floor now to MP Antoine.

**Brig. Gen. Antoine:** Good morning to all again. Maybe the Chairman could guide me if I am stepping out of bounds. The Ministry of Finance has given us a comprehensive breakdown of the guaranteed loans and non-guaranteed loans in terms of the state enterprises, but do you have the information to give us also, so I can get a complete picture, of the guaranteed loans and non-guaranteed loans in terms of the statutory bodies? So I can get an informal picture.

**Ms. Lee Chee:** Yes, we have that information. We can provide it for you.

**Mr. Chairman:** I have to come in and protect the Permanent Secretary. The statutory authorities do not fall under this Committee.

**Brig. Gen. Antoine:** I know, but I want to get an overall picture.

**Mr. Chairman:** I understand, and perhaps we can seek another avenue, but for purposes of this enquiry, we have to stick within the mandate of the Committee which are the state enterprises that fall under our purview. So forgive me, Brigadier, but I am here to protect the team from the Ministry of Finance as well. Do you have a follow-up question in another area? If not, I give the floor to MP Karim.

**Mr. Karim:** Thank you very much, Chair. Have you had instances where state enterprise are unable to pay their debt first of all, or secondly they pay their debt at the expense of not honouring their statutory obligations, and if so could you give us some examples?

**Ms. Phillips:** With respect to the non-guaranteed, yes we have had instances. We have a case with Petrotrin where they have been servicing their loans, but have been unable to pay their statutory obligations as regard their taxes and that kind of thing. That is the only case that I know of.

The other case was with respect to a guaranteed loan for CAL, Caribbean Airlines

Limited, where they were unable to make the payment and we stepped in. Because it was a guaranteed loan, we had made provisions for it in the estimates.

**Mr. Karim:** Could you give us some specifics in terms of the Petrotrin situation, how much was owed and not paid and in terms of CAL, so that we could get a sense as to what is the quantum of debt we are talking about or the non-compliance with obligations?

**Ms. Phillips:** Can I give you that in writing, because I want to be sure about the quantum.

**Mr. Karim:** Let me ask you it in a different way. You could give us that in writing. Have you had instances where you had to write to companies to indicate that the source of funds that they sought and obtained were not being properly directed to the projects in accordance with their strategic plan? I am just furthering the question that was asked before. Have you had to, in a sense, direct them and indicate to them, based on your audit or your research or what have you, that this is something that is an anomaly that needs to be corrected?

**Ms. Phillips:** No. Since I have been there we have had no instances.

**Mr. Karim:** Sometimes you hear in the public domain that companies are using funds for which they are not purposely supported to do. Have you had any instances like that, where a state company is using part of its—maybe it might be retained earnings, but that retained earnings may have come as a result of borrowings and may have been misdirected in its expenditure?

**Ms. Phillips:** We have heard of instances where companies have strayed from their mandate in terms of their expenditure. I think one example that recently came to mind is the NGC and their road paving and that kind of thing, but I cannot say of any other.

**Mr. Karim:** What action the Ministry of Finance would have taken?

**Ms. Phillips:** In terms of NGC?

**Mr. Karim:** As in the case of what you experienced, what would have been the corrective action?

**Ms. Phillips:** I am not sure that we took any action in terms of—

**Mr. Karim:** Was it a illegitimate expenditure, illegal, did it break any law?

**Ms. Phillips:** It was not illegal.

**Mr. Karim:** So it was within the remit of the company?

**Ms. Phillips:** They just strayed from their core operations.

**Mr. Karim:** But it was legitimately done so?

**Ms. Phillips:** Yes.

**Mr. Chairman:** Can I just ask a kind of a follow-up question, if you permit me, MP Leonce. Madam Permanent Secretary, if an entity is to undertake major capital expenditure, what is the requirement in terms of whether it is using loans or otherwise? I think I found something inside the manual regarding keeping proper documentation. Has it ever been the experience of the Ministry that an entity has purchased major capital equipment and then there is no documentation to support this? If you cannot answer now, I can take it in writing. I see I have you thinking.

**Ms. Phillips:** I cannot speak of any instances right now, but we can do some research and find out.

**Mr. Chairman:** I urge you to do that. That will be useful to this Committee. I will come back to that in another way later. MP Leonce, you have the floor.

**Mrs. Crichlow-Cockburn:** I just want to ask something, and I want to go back to MP Karim's question. It was stressed that it was not illegal, they just strayed from their mandate. Is it that the Ministry of Finance is saying that there are entities, state enterprises that are responsible for public funds, that can stray from their mandate and in the process of monitoring and evaluation, because it is legal, nothing is done? Is that what the Committee is being told?

**Ms. Phillips:** No. It would have been a requirement, once that is discovered, to write to the company and for them to provide an explanation.

**Mrs. Crichlow-Cockburn:** Could you tell us what would have happened in the instance of NGC? We sat here last week and the Chairman was very strong in putting forward what would have taken place in NGC, and the astronomical sums that were spent, that ought not to have been spent, for example under corporate social responsibility. I remember the Communications Manager indicating that given at a time gas prices were falling, profitability was also going through the window, and they had spent over $500 million on things that were not within the mandate of the company. I am trying to understand, in a situation like that what is the responsibility of the Ministry of Finance in protecting the public purse. I am just trying to understand.

**Ms. Phillips:** The Ministry of Finance, through submission of documents like the board Minutes, is supposed to be au courant with these instances where the company would have strayed from its core mandate. But I would have to provide in writing in terms of what would have been done in the particular instance of NGC.

**Mr. Chairman:** Can I have a follow-up on that same issue? I know, Madam Permanent Secretary, probably a little while ago, it was the practice of the Ministry of Finance or line Ministries to have a Ministry representative on the boards of directors of these entities, that allowed the line Ministry in particular to have real-time understanding of what is happening. Because the issue that was raised is that you would find out about it when you get the board Minutes. The process is that the board meets, then the Minutes have to be confirmed and then you would get it, so you are talking a lag of a couple of months after the meeting before you actually see what is in the board Minutes. And there was a practice where line Ministries used to have a senior staff member on, to at least keep the line PS up to speed with what is going on with the company. So he would be able to report back right after the board meeting, these are the key decisions that were taken, rather than having the PS wait two or three months after to get the documents. Has there ever been any consideration of revisiting that process?

**Ms. Phillips:** Not to my knowledge. That policy was discontinued. I think there was a time when that was in effect, where you had PSs or other officers on the board, but we do however have officers from the Central Audit Committee on the audit committees of the boards. So we do have that kind of supervision in terms of the audit committee.

**Mr. Chairman:** I have one follow-up question, following the line of Minister Crichlow-Cockburn. The issue of accountability comes to the fore, that we have entities straying from their mandate, so two issues arise. The manual, the wonderful document we have, seems to be a document that we can wave around, but because it has no legal force, entities have been able to navigate around it, for want of a better description. So entities have been able to navigate around the manual, and because there is no legal force to the manual, then you almost have no penalty to apply.

I would like to understand, one, has the Ministry ever considered having this being formalized in a way in which legally it can come into force, or has there been any discussion, consideration by the Ministry to say, listen this manual is a good, excellent document that would keep entities in line. Also, what it is missing is penalties, because people are able to do things and then they just get away with it. They write a report, explain the reasons why they do it, but nothing happens to them. Because of this lack of accountability, you find that things happen over and over again, because there is no penalty being applied.

So I would like to understand if the Ministry has ever considered, one, trying to see whether or not some consideration could be given to the existing manual framework, the *State Enterprises Performance Monitoring Manual*, to have become something more formal, more structured with weight and with penalties. Has there been any consideration within the Ministry?

**Ms. Phillips:** Yes, to my knowledge there has been consideration, but that has not gone forward. We will bring it to the fore again and have it considered again so that their document could have more weight.

**Mr. Chairman:** Thank you very much.

**Mr. Leonce:** Just a follow-up question. Everyone seems to pay their debts on time, however, there seems to be a disconnect between after identifying if an entity goes astray and having some kind of recourse. I listened to the research officer, and she receives a report every month. Is it that that report does not have sufficient information to capture when things go astray or, as the Chair said, in terms of not having someone there with the board, what then do we do to ensure in a timely manner when moneys are spent outside, that we capture it?

Being able to pay your debt is one thing, but being able to use the funds to execute the mandate is another thing. What is the time frame or the monitoring system that we have in place to ensure that it does not reach a point where an entity spends a significant amount of funds and then realize, listen, you all have been going astray and we must have some recourse.

**Ms. Phillips:** A lot of the responsibility for the monitoring lies with the line Ministry in terms of ensuring that the money is being spent for the purpose given. The Ministry of Finance, as I said, through the reading of the board Minutes will get some information, but that information is often dated, so we are a bit impotent as it concerns that.

**11.15 a.m.**

**Mr. Leonce:** Can I ask you then—Chair, I hope I am not being bold— what then would be your suggestion based on the restrictions that you currently have? What then would be your suggestion to avoid something like that happening? I hope I am not putting you in a position.

**Ms. Phillips:** [*Laughter*] No. Well, Chair just indicated that, you know, having someone on the board would be not necessarily Permanent Secretary, because the state enterprise answers to the Permanent Secretary and the Minister, but having an officer who could monitor the decisions of the board. But sometimes, again, some of the decisions do not even come to the boards. So—

**Mr. Leonce:** Now, I see you all also have some vacancies in your structure. Is it that you have—do you have enough resources to facilitate something like that, if allowed, or would you have to have additional resources to support something like that?

**Ms. Phillips:** We would need additional resources because we currently have quite a few vacancies that have not been filled.

**Mr. Leonce:** What is the strategy in filling these vacancies?

**Ms. Phillips:** Well, writing over and over again to the service commission, talking to them, that kind of thing. Yeah.

**Mr. Leonce:** I am feeling your frustration. [*Laughter*]

**Mr. Chairman:** Just before I allow Sen. Henry. And, Madam Permanent Secretaries, I feel your pain because that was one of the questions you asked. I was going to ask about the current structure of the organization to do this job, and I am unconvinced about the ability of this structure to do the job that is required. I am unconvinced, and I am talking about if it is fully staffed. I looked at the structures provided; there are numerous vacancies and critical positions vacant. So, I am unconvinced as the Chairman, and I am speaking in my own respectful view here of the ability of the structure to monitor these agencies properly.

I would ask a question though: Is there any way that the Ministry could look at having some type of electronic monitoring of how these entities operate? Can the Ministry engage a provider to develop a Ministry scorecard where someone at the entity starts with updating key decisions in a real-time basis rather than you have to sit and wait to get a hard copy delivered in an envelope come to your office through registry delivered to you and add to the mountain of documents for you to figure it out to pass on a file to the schedule officer. I worked in the system for a long time so I know how it works, you just cannot read everything. Schedule officer to PS, I have looked at it, these are the key issues. By the time that goes through the process, months have passed since the decision has been taken.

I would like to, in my thinking, where this is 2017, I would like to believe that the Ministry should be able to say, engage a provider. We need a scorecard that allows us, these are the things that we would like to know on a real-time basis as of today's date, April 24, 2017, what are the keys decisions that have been taken, key purchases, key whatever, develop the scorecard and you have that information in real time. So that when we ask for information you can say, as of Friday this is the total scorecard of all of the enterprises under our purview. Has there been any consideration to having some type of electronic monitoring system within the Ministry of Finance that would make your job easier?

**Ms. Phillips:** We are currently looking at our data management system, and we are looking at a system called SACMIS that would be more effective in terms of our monitoring that will make us more effective. But in terms of the real-time issue, I do not think we have explored that issue, but it is a good idea and it is something we will take on board.

**Mr. Chairman:** It is critical because we have in Trinidad multinational companies that have operations all around the world, and I have had the privilege of sitting in some of their strategy rooms, and you can sit and see exactly what every part of the operation around the world is doing as of the date as you are looking at the screen. What are the strategic decisions; who is the key; who is the vacancy; you can see everything. So, I know what is possible, and I am thinking now that where the Ministry is clearly constrained, let us use data, let us use the information superhighway, as they call it. I am probably showing my age, I do not know what is the current term, but I think that is something that the Ministry should seriously consider. I give the floor now to Sen. Henry.

**Dr. Henry:** Yes. I just have a couple of issues here in terms of the submission dates, what looks like Excel printouts on Appendix II. My comment is that I would have liked to see in the year in which these debt instruments were issued. I find it a little bit difficult to follow, when you do not have the correct time frame. Like, for example, you have British West Indian Airways: $222.9 million fixed rate, 6 per cent bond, 6.3 per cent, sorry, and so on. It would have been useful to just to have the time, the date when they were issued and so on.

And speaking of that particular bond issue on Appendix IV: outstanding debt stock; contingent liabilities; state enterprises; letters of comfort; outstanding balance in TT dollars as of, you have September 2016, October 2016, November 2016. Between October and November 2016, the British West Indian Airways debt dropped significantly. Is there any reason for that? Could you explain what happened from $18 million to $9 million?

**Ms. Lee Chee:** There would have been an amortization during that period for some of the debt. We amortized the principle, bullet at the end of the tenor. Some of them amortize during the life of the loan. So most likely but we would have to get the details for you. It was an amortization; either it was a full repayment of an existing debt or an amortization of a current debt that we still have on the books.

**Dr. Henry:** Okay. Because it is the only instance I have noticed where there is any significant change in a month to month change, that was the only one that had such a significant change of $9 million plus.

**Ms. Lee Chee:** Yes.

**Dr. Henry:** Okay. So some kind of—the explanation is some kind of—

**Ms. Lee Chee:** It is one debt so most likely it was an amortization of principal, so we would get you the details.

**Dr. Henry:** Most likely.

**Ms. Lee Chee:** Yes.

**Dr. Henry:** Okay. There are any other possibilities?

**Ms. Lee Chee:** Well, it might be a typographical error on the table, but I believe it would have been an amortization.

**Dr. Henry:** Okay. Well, I was expecting that we would have a more clear explanation.

**Ms. Lee Chee:** Well, we—this is generated by the CSTRM system and we input data on debt service, you know, in real time. So the reports generated are current, so that is to—

**Dr. Henry:** I am not doubting its accuracy, you know. We are just looking for the explanation.

**Ms. Lee Chee:** Right. In November there was a principal repayment of $9.8 million.

**Dr. Henry:** Oh.

**Ms. Lee Chee:** So that it was a principal repayment. Yes.

**Dr. Henry:** It was a repayment—

**Ms. Lee Chee:** Yes.

**Dr. Henry:**—a significant. Okay.

**Mr. Chairman:** MP Karim. I give the floor to MP Karim.

**Mr. Karim:** Thank you very much. We have noticed that in the recent times there has been increasing debt-to-GDP ratio and it is expected to increase again in the very short term. Could you tell us from your research and from what you would have garnered, experiences from other places too, what do you see as the alerted consequences or the contingent consequences of continued increasing debt-to-GDP ratio?

**Ms. Lee Chee:** Okay. Currently our target for debt-to-GDP is 65 per cent, so we do not want our debt-to-GDP ratio to go beyond 65 per cent. Beyond that there is a point at which Government's fiscal space or our ability to make decisions are constrained, because if more and more revenue is going towards debt service, you will be constrained in what you can do, yeah, as a Government. So, we operate with the target that we manage the debt, and this is the government guarantee debt plus the central government debt. This does not include the non-guarantee debt. So, we manage the guarantee debt and the central government debt to within 65 per cent of GDP debt, debt to GDP.

**Mr. Karim:** Well, I was asking you to be a little more specific in terms of increasing debt to GDP; what are the fallouts to a situation like this if it continues to increase consistently?

**Ms. Lee Chee:** Well, what I was alluding to is the fact that is will cause—the Government will have an inability to implement its policies, and the higher your debt-to-GDP ratio goes, the higher your cost of borrowing will also go. So the ability to finance your deficits or projects will go up. So it is a point where it is—you can get to a point where you really do not have the level of autonomy and independence that you would require.

**Mr. Karim:** So what macroeconomic fundamentals then will be affected? What is the fallout then?

**Ms. Lee Chee:** Okay. So, your revenue, more and more of your revenue would be constrained. So, if you have growing debt, more and more of your revenue would have to go towards debt service. So, you look at your—one of your key indicators is your debt service to revenue ratio, because if more and more of your income is going towards paying debt, then you have less and less to do the things that you would require to grow the economy and to come out of whatever economic constraints. Also, you have to look at the quality of the debt incurred too. So if you are borrowing for capital projects that will garner a return, then that would be a different position than if you are borrowing for recurrent purposes. So there are many indicators that you have to look at.

**Mr. Karim:** Will it affect investment; will it affect the number of jobs to be created; will it affect the revenue stream; will it affect other things in the society?

**Ms. Lee Chee:** Yes. It could affect your investment in the sense of your cost of investment. You would have to—if you have to borrow you would have to pay more for borrowing and your debt service would increase.

**Mr. Karim:** So you will caution whom in terms of, from your perspective? The Ministry of Finance, you will caution whom in terms of the escalating debt-to-GDP ratio that you would notice?

**Ms. Lee Chee:** Well, my caution would be that we have to look carefully at the quality of debt incurred and to ensure that the debt we invest in projects that would bring a return and would help us to wean ourselves out of debt financing.

**Mr. Karim:** You did indicate as well in one of your responses that where funds are sourced and objectives are not being met that there are resources that one could take. In fact, from the Ministry of Finance it may also move on to some action by the Corporation Sole. And one of the things that you indicated was that, initiating court action against a hired contractor or contractors, if in the review and analysis of the state of the project, the party is found to be liable. Have you had any instances of those? And if you do, can you give us some information?

**Ms. Phillips:** Well, we have not had any instances where we would have had to initiate court action, eh.

**Mr. Karim:** Have you had any instance where you had to alert the Corporation Sole that these things are of concern, of grave concern and something needs to be done to prevent this continued non-alignment of source of funding with objectives to be met?

**Ms. Phillips:** Not since I have been at the Ministry of Finance.

**Mr. Karim:** How long is that?

**Ms. Phillips:** May of 2016.

**Mr. Chairman:** Thank you, MP Karim. I just have a couple of information requests, Madam Permanent Secretaries. As we had discussed the issue of the establishment, I would like for you to—you submitted it in the form of an organizational chart, but we would like to get it in a table in a tabular form showing what is the total establishment of both the economic, the Investment Division and the EMB? We would like to request the total establishment in terms of contract and permanent?

And then, of those, how many positions both contract and permanent, how many are vacant and how many are filled?—so we could understand the current structure.

How many actual bodies you have operating in those positions, and then how many vacancies you have? So we could see it in a tabular form. It is a bit difficult working from the organization chart trying to tabulate how many vacant, how many are filled.

I have a follow-up question also, regarding the entire issue of the outstanding debt stock. Now, I listened very carefully to Madam Permanent Secretary Lee Chee about trying to make sure as we are looking forward about generating a return. When you look at your document, your Appendix IV and this is the outstanding debt stock as at January 2017, you would see out of the total of $19 billion, the largest contributors to this are entities that do not earn any revenue. So you would have, you know, UDeCOTT at $4 billion, you would have NIPDEC at $3.1 billion, and you would have, you know, NIDCO close to $1.5 billion. And this is of concern because these entities do not earn revenue, so the only way is that the Government has to finance all of this debt. Even for a company like Caribbean Airlines where the debt is moderate by these numbers, $825 million, they are generating revenue, but they are not generating profits. So their ability to service debt, as Madam Permanent Secretary Phillips has indicated on more than one, at least on one occasion, you have had to step in to assist them with paying their debt.

So the concern here is in the current scenario where government revenues are under pressure and you have all of this debt, the plan—what is the plan to manage this debt? Is it—I would like to understand how you guys look at this whole portfolio of debt? You have some huge numbers from where we sit, some huge numbers inside of here, and more importantly, the biggest numbers are from entities that do not generate revenue, so that it is only on the State to pay these debts. What exactly is the debt management plan? Could you help us with how you manage this portfolio?

**Ms. Lee Chee:** Well, if I may speak in terms of the government guaranteed debt. Most of the debt, as you indicated, has been incurred by the state enterprises that we deem special purpose companies. So these companies do not have a revenue stream, save and except for limited project management fees. So, Cabinet approves projects and deems that the state enterprise execute the project on behalf of Cabinet. So all of these projects are stimulative in nature; some of the projects will—for example, the highway projects.

So Cabinet would approve the projects and the economic management division together with the mandated financial institution, the state enterprise would finalize the terms and conditions of the loans.

So the projects are Cabinet approved and some of the projects, like I said, with NIDCO, one of the NIDCO projects was work on the Point Fortin highway. We have projects approved for the construction of hospitals, HDC housing. So the projects themselves could be stimulative and, you know, generate, stimulate the economy and generate revenues. It might not be a direct correlation, but indirectly, yeah, there may be a correlation.

**Mr. Chairman:** Madam Permanent Secretary Phillips.

**Ms. Phillips:** With respect to the non-guaranteed debt, these are being serviced by mostly revenue-generating companies. So at this present time we do not have an issue in terms of the servicing on these debts.

**Mr. Chairman:** Okay. I will pause here and allow MP Karim to have the floor once more.

**Mr. Karim:** Thank you very much. With respect to the—I want to go back to increasing debt-to-GDP ratio because, as you have the amount of debt increasing, it will impact upon the incentives for investment, it will have consequences for unemployment, productivity, competitiveness, even inflation; it will increase the cost of borrowing. Have you noticed anything with respect to—since you have a very powerful research department and you have close collaboration with the Central Bank—have you noticed any identifiable fallout in terms of the increasing debt and the confidence of investors; have you noticed any capital flight taking place that you needed to have a concern with; have you seen any increase in capital flight?

**Ms. Lee Chee:** Well, we have not really done any specific work on that and it is not really in our purview.

**Mr. Karim:** I was asking more in terms of the, certainly in terms of borrowings and the impact of borrowings, and you had indicated here in part of your submission that you work closely with the Central Bank. Have you noticed anything? Has that been an alert to you that there has been, within the recent times, lack of investor confidence because of the increasing debt-to-GDP ratio, and as a result of which the potential increase per capital flight? Because when you—one of the consequences of the downgrade is significantly that, that it will increase the cost of borrowing in the future and, of course, interest.

**Ms. Lee Chee:** Well, we have noticed a level of investor apathy in the system because there is growing, there is liquidity, there is considerable liquidity, there is an increased cost of borrowing, but really to link it to direct linkages to credit rating or borrowing or the growing debt, no, we would not be able to say that unless we study it specifically.

**Mr. Karim:** What will cause a situation of increased liquidity and investor apathy?

**Ms. Lee Chee:** Well, confidence in the economy, you know, confidence is at the heart of it.

**Mr. Karim:** And would you say that that confidence is also affected by the amount of debt that we accumulate as a country and through the state enterprises too?

**Ms. Lee Chee:** Yes. The more heavily, that is a factor, the more heavily indebted a country is, there would be as well a lack of confidence in the economy, the actors.

**Mr. Karim:** Based on the research you would have conducted, what are some of the things that we need to really keep in focus, and through our state enterprises and as a country, so that we would be able to better manage the effectiveness of the debt situation?

**Ms. Lee Chee:** I think the value for money and like I indicated earlier, the quality of the debt that we incur we should avoid borrowing for recurrent purposes, we should really be borrowing for investment purposes.

**Mr. Karim:** Have you had any instances of that happening, that we were borrowing for recurrent, as opposed to capital investment to bring in revenue?

**Ms. Lee Chee:** There are some instances.

**Mr. Karim:** Could you give us an example?

**Ms. Lee Chee:** We might have approvals for overdraft facilities, for example. We do not have a lot, but it is there, we will have applications.

**Mr. Karim:** Is this something that we need to be guarded against, would you say?

**Ms. Lee Chee:** Yes.

**Mr. Karim:** So advisedly so that we build capacity for return on investment?

**Ms. Lee Chee:** Yes. Yes.

**Mr. Chairman:** Earlier in the enquiry, Madam Permanent Secretary Lee Chee, a question was asked about red flags and I want to go back to that in the context of an issue raised by Minister Crichlow-Cockburn. Sometime last week the National Gas Company appeared before another committee, and in their submission they indicated that their financing, the operations right now through debt. Now, if I were where you are sitting, given the status of the NGC as one of the few reliable entities to provide dividends or funds for the Government, when a state enterprise as important as that is saying that it is currently financing operations through debt, would you consider that a red flag?

**Ms. Lee Chee:** Well, I will have to go back to what the debt is, what they are incurring the debt for, if it is for investment purposes to invest in new plant and equipment that would bring a return in the medium term. I would have to look at the tenor of the debt too. Short-term debt tends to be riskier. So, you would have to look at the metrics of the debt; is it external debt, what is our outlook for exchange rate, the tenor, is it too much, short-term debt would be an issue. So there are many factors, it is not—

**Mr. Chairman:** Well, to be clear, they said their funding using debt to finance their operations, so their day-to-day operations. That, for me, if I am sitting where you are, that is a red flag. I know you are trying to protect everyone, but the Committee Chairman could be more direct. So that if that is a red flag, if you are financing your operations through debt, it does not mean that the company is in any major turmoil, but it is a red flag that someone should be saying, whoa, something is going off the rails here, so before it completely goes off the rail, let us go in to try and understand we can do to make sure it stays on the track, and that is all I am saying. And the issue for me with that is that that came out at a public hearing dealing with a different issue, and it comes back to the same point that I made earlier.

In the absence of real-time information for how the companies are performing, your guys are doing a rescue act; after all has gone wrong, then the Ministry of Finance is brought in to see how—I "doh" have much hair again, but I mean, the Ministry of

Finance team is called in to really try to understand how we can fix the problem. And what I am trying to have in this discussion with your team here is that we need to move to a place where it is proactive rather than reactive, and that will allow all of you to sleep easier at night, probably get some sleep at all, given all of the challenges you are facing now.

I have a further question here regarding one of the things in your submission, you indicated that it is the government guarantee process, you indicated that there is a Ministry of Finance tendering process and then there is the e-auction system administered by the Central Bank. What is the split in terms of debt? How much can you, would you have an idea to share with this Committee—how, what is the split between the tendering process and the e-auction process?

**Ms. Lee Chee:** The majority is done via tendering. We can get the specific the figures for you and actual borrowings, but the majority in the case of state enterprises is done via the Ministry's tendering process.

**Mr. Chairman:** Okay. Very good. I have one other question before I give the floor again to another member. I wanted to find out about—oh yes, and it is a question that was raised by Sen. Henry. We would like to make sure that the submissions you received, the spreadsheets, we need to update them with the period when the loan was contracted and then the tenor. Some of them have them, some do not, so it is not consistent, so that we would like it to be consistent.

But I am looking here, we are still paying, you know, to Caroni (1975), $115 million is still owed. Okay? And even Caribbean—forgive me, not Caribbean—BWIA, BWIA as an entity should not even be on the books. Yeah. And these are entities that are certainly no longer operational by—and to say they are operational I am being polite, they are dead and gone, but we are still—and the question I have is, when we enter into these arrangements and these things have long gestation periods or long tenors, to use the correct term, these things have a knock-on effect especially now when we are in a situation where—has there been any consideration, when we look at some of the other larger portfolios here, to rescheduling some of this debt?

I mentioned several of these entities that have multibillion dollar debts, has there been ever any, or is there any discussion among the group to look in at some of these bigger numbers and, given the Government's revenue profile, has there been any consideration to rescheduling some of the debts?

**Ms. Lee Chee:** Well, a few years ago we did an exercise where we tried to call some of the higher interest debt, but some, most of these, all of these loans have specific contracts that have been signed and that have covenants, so the decision was made in many cases to—the better approach is to service the loan until maturity. Given the current revenue constraints now, I do not think we would be in a position to repay some of the loans. Some of them have penalties for prepayment or early payment as well. So it is difficult to say that we could, carte blanche, repay some of these what we call legacy loans that we have.

**Mr. Chairman:** All I am asking is that, in your review you would understand the covenants better than any of us here. I cannot even probably explain what a covenant is, but what I would like to say is that, looking at the portfolio of debt there must be some exercise that you can undertake to say, listen there is some of this debt that could potentially seek to have to push it out a little further or for those we can repay now and save some of the interest. Has that been done as a comprehensive exercise other than a few years ago, as you indicated?

**Ms. Lee Chee:** Yes. We have looked at some of the debt and we have made recommendations for probably approaching the market to see what could be possible in terms of refinancing. We have been looking with respect Petrotrin's 2019 bond. We have been, you know, looking at what could be possible in terms of refinancing, but it is nothing specific right now in terms of refinancing, significant refinancing.

**Mr. Chairman:** Well, you mentioned the Petrotrin bond—that is a bond issue that, you know, it is maturing very shortly, and the questions around the company's ability to pay that bond when it matures—there are many questions around that. What is your view now at the Ministry of Finance in terms of your interaction with Petrotrin on their ability to pay that bond on time, or is that you expect that they may have to go to refinance or extend the terms of the bond or make some other arrangement?

**11.45 a.m.**

**Ms. Lee Chee:** So, we have been having preliminary discussions on some of the options for refinancing that bond in 2019. It is the general practice to refinance significant bond issues, so we have been exploring several options. There is no decision as yet. What we would like to do is probably refinance, look at a potential partial refinancing on the domestic market and then go out to the external market but, like I said, it is early discussions and there is no decision as yet on the strategy.

**Mr. Chairman:** Well, I appreciate that. At the very least, Madam Permanent Secretary Lee Chee, I think that the important thing is to start the discussion early, and I want to support your team in what you are doing. I give the floor now to MP Karim.

**Mr. Karim:** Thank you, Chairman. Given the current economic situation that we are in with falling revenues, do you expect that you will be increasing the amount of borrowings that you are going to engage in, and therefore by extension the percentage of debt, first of all? Many figures have been thrown around, and some people are of the view that maybe there is a recorded percentage of debt to GDP, but then there is a truer position. Could you tell us what is the most accurate figure? So, the first question is in terms of, do you perceive in terms of the current situation that you would have to increase the amount of borrowings, and therefore debt, and if you can tell us what you would use that for?

Secondly, in terms of the true percentage figure as exists now, based on your research or collaboration with other institutions, what does it say? What is the figure?

**Ms. Lee Chee:** Well, as I indicated earlier, various entities would use various figures. In the Ministry of Finance the figure that we would use is the net debt to GDP which would take out the OMO's where we have the funds in the Central Bank for repayment. So, that net debt figure, our target in the Ministry is that we do not want it to get beyond 65 per cent of debt to GDP. What happened, we saw a jump—

**Mr. Karim:** What would you say it is currently at?

**Ms. Lee Chee:** It is around 60 per cent now.

**Mr. Karim:** Now the debt-to-GDP ratio is around 60 per cent?

**Ms. Lee Chee:** Yes.

**Mr. Karim:** With a potential to increase?

**Ms. Lee Chee:** We have some repayments, significant repayments due this year as well as, remember if the GDP goes up, the debt to GDP will go down, so we are hoping that we will see some traction on the GDP figures. But the indication is—okay, so the debt to GDP, that figure would entail not only state enterprise borrowing, it will entail statutory authority borrowing, and the borrowing of the Government to service the deficit. Now, we are looking at a zero deficit by 2020, so the pressures on borrowing really should go down between now and 2020 as the Government moves towards a balance budget, and also as we manage within the targets that we have.

**Mr. Karim:** Given the fact that there are still liabilities outstanding to be paid and the potential for borrowing and we are currently, you say, around 60 per cent?

**Ms. Lee Chee:** Yes.

**Mr. Karim:** How much do you expect it will increase to in another year or so?

**Ms. Lee Chee:** I think our target for this year is that it will get to about 63 per cent, I think.

**Mr. Karim:** Sixty-three per cent?

**Ms. Lee Chee:** Yes. But I can confirm that subsequently.

**Mr. Karim:** Okay, no problem at all. So, you did confirm that given the present scenario the potential is there for further debt to increase and also for the percentage as you indicated within the near future to go up?

**Ms. Lee Chee:** In the short term you might see it, but we have to balance it against the repayments. Like I said, we have some significant repayments in this fiscal.

**Mr. Karim:** Are there any new directions that you would to advise the state companies to go into as a result of your intention or your desire to reduce the debt-to-GDP ratio? If you can give us some of the guidelines you would want to give to these state enterprises?

**Ms. Lee Chee:** Well, I would just go back to the general guideline of the quality of debt we need to be borrowing for, capital projects that will bring returns in the near to medium-term.

**Mr. Karim:** Would there be any specific measures you might want to advise them to take in order to reduce the potential for increased debt or to manage the existing debt?

**Ms. Lee Chee:** I cannot.

**Mr. Karim:** I was asking specifically in terms of any cost cutting measures then that you may want to look at. Because, like in a household, if you feel that your liabilities are increasing you would want to do certain things. I am asking whether there are any guidelines or any revised guidelines in terms of the current situation with the potential for increasing debt which would put us in a potentially risky position for a future credit rating, what would those guidelines be?

**Ms. Lee Chee:** The non-guaranteed debt is not included in the debt-to-GDP ratio. But, yes, we take on board your suggestion that they could be given stricter guidelines with respect to incurring debt, and as Suzette said, that the debt should be investment related and not recurrent.

**Dr. Henry:** I would also like add to this, that given the questioning of Sen. Karim, how do we rank overall in terms of other countries, in terms of our debt to GDP projections? Because, as you know, given the significant drop in energy revenue, as we have heard about from the Minister and other sources, that managing the debt becomes extremely difficult in this type of situation, and to keep your economy from crashing you cannot stop spending, so compared to other Caribbean countries and so on, how do we stack, and also internationally?

**Ms. Lee Chee:** Well, I would say we are in a good position, because apart from the debt we have significant buffers still. We have our Heritage and Stabilisation Fund, that is more than US $5 billion. We also have significant reserves, I think it is about 10 months of import cover. So, we have significant buffers for two of the four of the international bonds. We have set aside funds—sinking funds to assist with repayment. So, we have—there is a significant buffer.

**Dr. Henry:** Which ones are they?

**Ms. Lee Chee:** Those are the two earlier—we have four international bonds that we have taken on. There is a US $250 million due, I think, next year?—2017. There are two bonds that we have sinking funds. So, the point I am making is that we have significant buffers. The debt-to-GDP ratios in some of the islands are in the vicinity of 100 per cent GDP, so ours is still very manageable. We also have the prospects of the energy sector improving over the medium term. So, our prospects are a lot better than some of the other countries.

**Dr. Henry:** Does anyone else care to contribute to the answering of this question? I mean, I know some you do the specific work while the PSs are in charge. I know it is somewhat difficult to cover all the bases Madam PS, so I would like to give other members of the Committee a chance to chime in.

**Mr. Manzano:** I just want to add a comment as we are on the discussion of debt, and as the Chair alluded to, sometimes it is not about really the size of the debt but it is exactly what you are taking the debt on for, whether it is for investment purposes as well as recurrent. Secondly, when we look at debt generally, we have to look back at taking on debt for specific purposes and the country's ability to repay its debt.

I have been hearing the discussion all the time and sometime I compare, as an economist, debt, what Trinidad takes on as against other debt-to-GDP ratios around the world in other comparative economies, and when you look at their ratios, I mean, they can tell you great thing when you say over 100 per cent, 120 per cent for some frontline countries. But their core for taking debt is their ability to use the debt for investment and to generate value, as well as their ability to repay the debt, and I do not think at this point we are in a bad position, because if we continue taking on debt but we can utilize that debt for investment purposes, I think in the long run it would benefit the country. Personally, I am not too concerned about where the debt goes, but what we are doing with the debt we incur.

**Dr. Henry:** I have a specific question here again back to your Excel printouts on FCB holdings. I noticed that the figure of $136 million is constant for the reporting period that you gave us here? That is Appendix 3 on page 1. Anyone on the committee could remember what this loan was about, and it seems to have come to a standstill? FCB holdings, the $136 million? That is the point I was making about the year, I suspect this was some kind of long-term bond and so on, because it is due to mature somewhere I saw, 2022, so we have no—

**Mr. Chairman:** I would request that the Ministry submit that information in writing, because it seems that you do not have it at hand. Anything further Sen. Henry?

**Dr. Henry:** I am through.

**Mr. Chairman:** As I am beginning to wind up my questioning, Madam Permanent Secretary—Mr. Manzano, you want to respond?

**Mr. Manzano:** Can I?

**Mr. Chairman:** Certainly.

**Dr. Henry:** Go ahead.

**Mr. Manzano:** I think we have some preliminary information that we can share with you right now.

**Ms. Gordon:** Basically the report captures September to January. The payments are in March and September. So you would see the September balance, because a payment would have been made in September, and that would run throughout until March 2017, but March is not captured in the report.

**Mr. Chairman:** Okay.

**Mrs. Crichlow-Cockburn:** I would request of the Ministry of Finance that they provide us with the organizational structure that they believe would be more in alignment with what they have to achieve. Because we have looked at this organizational structure and we recognize it is deficient, and it would not allow you to achieve your full mandate. So, if you all are in a position to present us with an organizational structure that you believe is more in alignment with your mandate, if you can submit that to us also.

**Mr. Chairman:** Madam Permanent Secretary, the suggestion by the good Minister there is an excellent one, because remember the Committee is here to help you, and if to the extent that you have within your good offices some thoughts or some considerations around what may be an appropriate or proper structure, and staffing, to help the organization really deliver on all of the things that it is expected to deliver, and you submit it to us, we will certainly consider it and make recommendations going forward.

This is where the Committee can help you. It is not that you are trying to go around anyone. It is a request, so please share with us.

I have just a couple of my closing questions before I give MP Karim, and I want to be clear for the regular person in the street, because, you know, we are talking about debt-to-GDP ratio, and you are excluding things. If the Government guarantee debt is $19 billion, that is what is captured in the debt-to-GDP ratio, but for the man in the street, if he goes to the bank and he borrows $19, he owes the bank $19. If you go by the money lender and you are owing him $24, you are owing him $24. Your total debt is $43 billion, so that my concern here is about—Mr. Manzano—the ability to repay debt, and then what are you using the debt for.

So that the $24 billion in debt that is not government guaranteed is a huge number, but it does not factor into the nice GDP to nice calculations, but it is still a number that has to be repaid by the Government and these entities. So, my question is about the ability to repay that debt, are there any concerns about that? Because when you marry that with your $19 billion you have a total debt of $43 billion owed by the state enterprises as at, I think, January of this year. That is a huge number from where we sit. And while I accept the economic separation of the $19 billion and the $24 billion, it is all debt, which is where we are trying to understand, get our minds around the total debt of these enterprises. So that the issue for me is around not so much the $19 billion but the $24 billion, because we have entities that are needing to probably look at ways of refinancing. Petrotrin is a good example, they have this large bond that they will very likely have to.

So, the strategy is to be employed to help entities or Government manage the non-guaranteed debt. Government is on the hook for the $19 billion. We understand how that is going to be managed, but the $24 billion, if entities start to fall off the rails, what is the plan? If they start to fall off the rails. A good example is Petrotrin, they are having issues with the current oil prices and their ability to generate revenue to sustain their operations. Paying these huge bonds becomes a challenge. So, what is some of the thinking of the Ministry of Finance team regarding the non-guaranteed debt which is actually larger than the guaranteed debt?

**Ms. Phillips:** Every month we receive a status with respect to the non-guaranteed debt in terms of the repayments. We would be alerted early o'clock whether there are any problems. Thus far we have had no problems in servicing the non-guaranteed debt. As you say, the upcoming Petrotrin one is questionable, and we are working assiduously on refinancing, if possible, that debt.

**Mr. Chairman:** So right now your level of comfort is high, that the non-guaranteed portion is under control?

**Ms. Phillips:** Under control.

**Mr. Chairman:** Well, your comfort is my comfort, so if you are comfortable I am comfortable. MP Karim.

**Mr. Karim:** The situation where we are facing increasing debt and interest payments means that there is going to be an increased burden on all of us as citizens of this country. And clearly, that the Government of Trinidad and Tobago has to do a lot of work in managing this situation which, as you alluded, if it goes in excess of $65 billion will be a point of crisis. One of the ways in which the debt could be managed, and we know about this as well, is through the sale of assets or through various inflows. From where you are, is there any indication that there is an intention to sell any state assets for inflows or dividends from state companies? Or, in fact, in terms of going back into the Heritage and Stabilisation Fund? Do you see that scenario being possible again?

**Ms. Lee Chee:** Well, I can say in terms of the HSF we would not have the option of accessing the HSF for the next fiscal year because of the current rules of the HSF. In terms of sale of assets, that has been a strategy utilized over the last fiscal years, what that would really do is reduce the amount of deficit which would be, reduce the amount of central government borrowing we would need to do.

**Mr. Karim:** The other one I asked about is with respect to dividends from state companies.

**Ms. Lee Chee:** Right, so the dividends would work in the same, it will be an inflow revenue so it would reduce the amount of deficit and the amount of financing required going forward.

**Mr. Karim:** I do not know if you will be permitted, but would you want to make any comment in a similar vein in terms of the Clico situation and inflows?

**Ms. Lee Chee:** Well, it is not my area of expertise, but I know there are some scheduled inflows which would buffer the Government's revenues and reduce the need to borrow by central government.

**Mr. Karim:** So, if in the next fiscal year we do not have an improvement in the debt position, a reduction significantly, but we continue to have increasing in terms of the amount of debt and the debt-to-GDP ratio after the next fiscal year, then the potential exists again for dipping into the HSF?

**Ms. Lee Chee:** Yes, the formula for dipping into the HSF has to do with the budgeted revenue for a specific—so once we comply with all the rules the option is always there. It depends on the Ministry of Finance, the Minister of Finance as well as the Cabinet to access the fund.

**Mr. Chairman:** Thank you very much, MP Karim and everyone who asked questions today. I would like to begin to close this session, and I want to invite closing comments from Madam Permanent Secretary Phillips, on behalf of the officials of the Ministry of Finance.

**Ms. Phillips:** Well, we would like to thank the Committee for this opportunity to examine the borrowing of state enterprises, and we will take your recommendations on board, and thanks again.

**Mr. Chairman:** And on behalf of the Committee I want to thank you again. I think the Committee was very, very happy to see the submission from the Ministry of Finance. It is rare for someone—for an entity such as yourself or anyone to answer every single question completely, and the Committee wishes to commend the Ministry of Finance for being thoroughly professional in both its submission and its responses here today. We want to extend our appreciation for that, it has made all of our jobs a bit easier today.

I want to thank the media, and the viewing audience, and the listening audience, and I would like to say now that this meeting is now adjourned. Thank you very much.

**12.05 p.m.:** *Meeting suspended.*

# Appendix III

# Complete List of State Agencies

Ministry of Finance
Investments Division

# List of State Agencies

## Wholly-owned

| Company Name | Ownership |
|---|---|
| **Energy and Energy Based** | |
| 1. Lake Asphalt of Trinidad and Tobago (1978) Limited | 100% GORTT |
| 2. National Quarries Company Limited | 100% GORTT |
| 3. Petroleum Company of Trinidad and Tobago Limited | 100% GORTT |
| 4. The National Gas Company of Trinidad and Tobago Limited | 100% GORTT |
| 5. Trinidad and Tobago National Petroleum Marketing Company Limited | 100% GORTT |
| 6. Union Estate Electricity Generation Company Limited | 100% GORTT |
| **Financial Services** | |
| 1. Clico Trust Corporation Limited | 100% GORTT |
| 2. Export-Import Bank of Trinidad and Tobago Limited | 100% GORTT |
| 3. First Citizens Holdings Limited | 100% GORTT |
| 4. InvesTT Limited | 100% GORTT |
| 5. Portfolio Credit Management Limited | 100% GORTT |
| 6. Taurus Services Limited | 100% GORTT |
| 7. Trinidad and Tobago International Financial Centre Management Company Limited | 100% GORTT |
| **Manufacturing and Agro-Based** | |
| 1. Caroni GREEN Limited | 100% GORTT |
| 2. Cocoa Development Company of Trinidad and Tobago Limited | 100% GORTT |
| 3. National Agricultural Marketing and Development Corporation | 100% GORTT |
| 4. Palo Seco Agricultural Enterprises Limited | 100% GORTT |
| 5. Seafood Industry Development Company Limited | 100% GORTT |
| **Service** | |
| 1. Community Improvement Services Limited | 100% GORTT |
| 2. East Port of Spain Development Company Limited | 100% GORTT |
| 3. Education Facilities Company Limited | 100% GORTT |
| 4. Estate Management and Business Development Company Limited | 100% GORTT |
| 5. Evolving TecKnologies and Enterprise Development Company Limited | 100% GORTT |
| 6. Export Centres Company Limited | 100% GORTT |
| 7. Government Human Resource Services Company Limited | 100% GORTT |
| 8. Government Information Services Limited | 100% GORTT |
| 9. Human Capital Development Facilitation Company Limited | 100% GORTT |
| 10. National Commission for Self-Help Limited | 100% GORTT |
| 11. National Entrepreneurship Development Company Limited | 100% GORTT |

| | |
|---|---|
| 12. National Health Services Company Limited | 100% GORTT |
| 13. National Information and Communication Technology Company Limited | 100% GORTT |
| 14. National Infrastructure Development Company Limited | 100% GORTT |
| 15. National Maintenance Training and Security Company Limited | 100% GORTT |
| 16. National Schools Dietary Services Limited | 100% GORTT |
| 17. National Training Agency | 100% GORTT |
| 18. Rural Development Company of Trinidad and Tobago Limited | 100% GORTT |
| 19. The CEPEP Company Limited | 100% GORTT |
| 20. The Sports Company of Trinidad and Tobago Limited | 100% GORTT |
| 21. The Trinidad and Tobago Solid Waste Management Company Limited | 100% GORTT |
| 22. The Vehicle Management Corporation of Trinidad and Tobago Limited | 100% GORTT |
| 23. Tourism Development Company Limited | 100% GORTT |
| 24. Trinidad and Tobago Creative Industries Company Limited | 100% GORTT |
| 25. Trinidad and Tobago Free Zones Company Limited | 100% GORTT |
| 26. Trinidad and Tobago Tourism Business Development Limited | 100% GORTT |
| 27. Urban Development Corporation of Trinidad and Tobago Limited | 100% GORTT |
| 28. Youth Training and Employment Partnership Programme Limited | 100% GORTT |
| **Transport and Communication** | |
| 1. Caribbean New Media Group Limited | 100% GORTT |

**Total: 47**

## Majority-Owned

| Company Name | Ownership |
|---|---|
| **Energy and Energy Based** | |
| 1. Alutrint Limited. | 60% GORTT, 40% Sural Barbados Ltd. |
| **Financial Services** | |
| 1. Agricultural Development Bank of Trinidad and Tobago | 97.2% GORTT, 2.8% others |
| 2. ExporTT Limited (Formerly Business Development Company Limited) | 64.4% GORTT, 34.3% Financial Institutions, 1.3% Other |
| 3. National Enterprises Limited | 66% GORTT, 17% NGC, 17% Individuals |
| **Service** | |
| 1. Point Lisas Industrial Port Development Corporation Limited | 51%GORTT, 49% Individuals |
| **Transport and Communication** | |
| 1. Caribbean Airlines Limited | 84% GORTT; 16% GOJ |
| 2. National Helicopter Services Limited | 82.3% GORTT, 17.7% NGC |

**Total: 7**

## Less than 50% Ownership

| Company Name | Ownership |
|---|---|
| **Financial Services** | |
| 1. Development Finance Limited | 49.75% GORTT, Maritime 49.75%,DFL Caribbean 0.5% |
| 2. DFL Caribbean Holdings Limited | 28.1% GORTT, 38.8% Int'l Fin.Inst.,33.1% Private |
| 3. Trinidad and Tobago Mortgage Finance Company Ltd. | 49% GORTT, 51% NIB |
| **Manufacturing and Agro-Based** | |
| 1. MIC Institute of Technology Limited | 46.7% GORTT, 14.9% DFL, 38.4% Other |
| **Transport and Communication** | |
| 1. LIAT (1974) Limited | 2.9% GORTT, 29.2% BWIA, 26.6% Reg.Govt, 41.3% other |
| **Total: 5** | |

## Indirectly Owned

| Company Name | Ownership |
|---|---|
| **Energy and Energy Based** | |
| 1. Atlantic LNG Company of T&T (Train 1) | 10% NGC |
| 2. Atlantic LNG Company of T&T (Train 4) | 11.11% NGC |
| 3. East Caribbean Gas Pipeline Company Limited | 10% NGC |
| 4. ELF Exploration Trinidad B.V | 100% NGC |
| 5. La Brea Industrial Development Company Limited | 83% NGC & 17% Petrotrin |
| 6. National Energy Corporation of Trinidad and Tobago Limited | 100% NGC |
| 7. NATPET Investments Company Limited | 100% NPMC |
| 8. NGC CNG Company Limited | 100% NGC |
| 9. NGC E&P (Barbados) Limited | 100% NGC |
| 10. NGC E&P Investments (Barbados) Limited | 100% NGC |
| 11. NGC E&P Investments Limited | 100% NGC |
| 12. NGC E&P Netherlands Cooperatief U.A | 100%NGC |
| 13. NGC NGL Company Limited | 80% NGC 20% NEL |
| 14. NGC Pipeline Company Limited | 100% NGC |
| 15. NGC Trinidad and Tobago LNG Limited | 100% NGC |
| 16. Petrotrin Panama Incorporated | 100% NGC Petrotrin |
| 17. Phoenix Park Gas Processors Limited | 90% NGC; 10% Panwest |
| 18. NGC Trinidad and Tobago LNG Limited (formerly NGC LNG (Train 4) Ltd.) | 62.16% NGC, 37.84% NEL |
| 19. South East Coast Consortium | 4% NGC |
| 20. Teak, Samaan, Poui | 15% NGC |
| 21. Total E&P Trinidad B.V. | 100% NGC |
| 22. Trinidad and Tobago LNG Limited | 100% NGC |
| 23. Trinidad and Tobago Marine Petroleum Company Limited | 80% Petrotrin, 20% NGC |
| 24. Trinidad Nitrogen Company Limited | 51% NEL & 49% Norsk Hydro |
| 25. Trinidad Northern Areas Limited | 100% Petrotrin |
| 26. Trintoc Services Limited | 100% Petrotrin |
| 27. NEL Power Holdings Limited | 100% NEL |
| 28. Trinidad and Tobago NGL Limited | 100% NGC |
| 29. NGC Petrochemicals Limited | 100% NGC |

| | |
|---|---|
| **Financial Services** | |
| 1. Caribbean Leasing Company Limited | 100% ExporTT Ltd. |
| 2. First Citizens Financial Services (St. Lucia) Limited | 100% FCB |
| 3. First Citizens Asset Management Limited | 100% FCB |
| 4. First Citizens Bank Limited | 77.2% FCB |
| 5. First Citizens Bank (Barbados) Limited | 100% FCB |
| 6. First Citizens Costa Rica SA | 100% FCB |
| 7. First Citizens Investment Services Limited | 100% FCB |
| 8. First Citizens Securities Services Limited | 100% FCB |
| 9. First Citizens (St. Lucia) Limited | 100% FCB |
| 10. First Citizens Trustee Services Limited | 100% FCB |
| 11. First Citizens Brokerage & Advisory Services | 100% FCB |
| 12. First Citizens Investment Services (Barbados) | 100% FCB Limited |
| **Manufacturing and Agro-Based** | |
| 1. National Flour Mills Limited. | 51% NEL & 49% Individuals |
| **Service** | |
| 1. Oropune Development Limited. | 100% UDECOTT |
| 2. Petrotrin EAP Services Limited | 100% Petrotrin |
| 3. Port of Spain Waterfront Development Limited | 100% UDECOTT |
| 4. Rincon Development Limited. | 100% UDECOTT |
| 5. Trinidad and Tobago Film Company Limited | 100% CreativeTT |
| 6. The Trinidad and Tobago Fashion Company Limited | 100% CreativeTT |
| 7. The Trinidad and Tobago Music Company Limited | 100% CreativeTT |
| 8. Point Lisas Terminals Limited. | 100% PLIPDECO |
| **Transport and Communication** | |
| 1. Telecommunications Services of Trinidad and Tobago Limited | 51% NEL & 49% C&W |

**Total: 51**

## Statutory Corporation

**Statutory Authority**

1. Airports Authority of Trinidad and Tobago
2. Port Authority of Trinidad and Tobago
3. Public Transport Service Corporation
4. Trinidad and Tobago Electricity Commission
5. Trinidad and Tobago Housing Development Corporation
6. Trinidad and Tobago Postal Corporation
7. Water and Sewerage Authority

**Total: 7**

# Appendix IV

# List of Government Guaranteed Loans

## Government Guaranteed Loans (with tenure)

**Appendix IV**

| State Enterprise | Instrument Description | Lender | Issue Date | Maturity Date | Tenor | Currency | Instrument Amount |
|---|---|---|---|---|---|---|---|
| **British West Indies Airways** | | | | | | | |
| | BWIA TT 222.9MN 6.30% Fixed Rate Bond | Unit Trust Corporation | 4-May-05 | 04-May-17 | 12 years | TTD | 222,900,000.00 |
| **Caroni (1975) Ltd.** | | | | | | | |
| | Caroni: 400Mn. 6.25% Bonds Due 2018 Series 2 | RBTT Merchant Bank | 30-Jul-03 | 30-Jul-18 | 15 years | TTD | 400,000,000.00 |
| | Caroni (1975) Ltd. TT$489.3 Mn 6.45% Bonds Due 2018 | First Citizens Merchant Bank | 1-Sep-11 | 01-Sep-18 | 7 years | TTD | 230,320,191.00 |
| **Caribbean Airlines** | | | | | | | |
| | CAL- Refinanced Short term loan USD $14.200 Mn increased to USD $64.200 Mn | First Citizens Merchant Bank | 28-Nov-12 | 22-Apr-19 | 6.4 years | USD | 64,200,000.00 |
| | CAL US$75 Mn Commercial Demand Loan Facility for Assistance in Operations and Attaining Strategic Goals | First Citizens Merchant Bank | 21-Jan-15 | - | Revolving | USD | 75,000,000.00 |
| **Education Facilities Co. Ltd.** | | | | | | | |
| | EFCL Brodge Facility up to TT$285,300,000.00 for Construction of Early Childhood Facilities | Unit Trust Corporation | 20-Aug-14 | 30-Apr-17 | 2.7 years | TTD | 285,300,000.00 |
| **Estate Mgmt & Business Development Comp** | | | | | | | |
| | EMBD TT$400Mn 4% Loan Facility for Payment to Contractors | First Citizens Merchant Bank | 27-Jul-15 | 02-Jul-19 | 3.9 years | TTD | 400,000,000.00 |
| **Evolving TecKnologies & Ent. Dev. Co** | | | | | | | |
| | E-Teck TT$ 160MN 5.25% 2021 Vanguard Hotel Ltd | First Citizens Merchant Bank | 14-Sep-11 | 14-Sep-21 | 10 years | TTD | 160,000,000.00 |
| | E-Teck TT$ 148MN 4.25% 2021 | Scotia Trust and Merchant Bank | 20-Apr-11 | 20-Apr-21 | 10 years | TTD | 148,000,000.00 |
| | E-Teck TT$ 488MN 3% 2022 Bond Remodelling of Hilton Trinidad and Conference Centre | ANSA Merchant Bank | 19-Dec-12 | 19-Dec-22 | 10 years | TTD | 488,000,000.00 |
| **Export Import Bank of TT** | | | | | | | |
| | EXIM Bank TT - Credit Facility TT$44.680Mn | Scotia Trust and Merchant Bank | 9-Jun-95 | - | Revolving | TTD | 44,680,000.00 |
| | EXIMBANK OF TT TT$50 Mn (US$8 Mn) Revolving Credit Facility. | Scotia Trust and Merchant Bank | 14-Mar-14 | 30-Sep-17 | 3.6 years | TTD | 50,000,000.00 |
| | EXIMbank TT US$20 Mn (EQV TT126.746Mn) Non-Revolving Loan Fac | Banco Latinoamericano S.A. | 1-Jan-07 | 09-Jun-17 | 10. 4 years | USD | 10,000,000.00 |
| | EXIM Bank us $10 Mn (EQV TT64Mn) Revolving Credit Facility | FirstCaribbean International Bank | 29-Jul-16 | - | Revolving | USD | 10,000,000.00 |
| **First Citizens Holdings** | | | | | | | |
| | First Citizens Holdings TT$ 350MN 11.5% 2022 | Central Bank of Trinidad and Tobago | 30-Sep-02 | 30-Sep-22 | 20 years | TTD | 350,000,000.00 |

Based on submissions received 22 May, 2017

**Government Guaranteed Loans (with tenure)** **Appendix IV**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | First Citizens Holdings TT 86,200,000 increased to TT$ 104,281,645 11.5% 2022 | First Citizens Merchant Bank | 30-Sep-02 | 30-Sep-22 | 20 years | TTD | 104,281,645.00 |
| **National Flour Mills** | | | | | | | |
| | NFM US $15Mn Revolving Loan Facility | Citibank Trinidad and Tobago | 7-May-12 | - | Revolving | USD | 15,000,000.00 |
| **National Helicopter Services Ltd.** | | | | | | | |
| | NHSL USD 11,663,012.77 5.055 % 2023 Purchase of Helicopter | Republic Bank Limited | 8-Apr-11 | 08-Apr-23 | 12 years | USD | 11,663,012.77 |
| | NHSL USD 7,453,734 3.501% 2019 Acquisition of 1 Sikorsky Helicopter Loan # 2 | Private Export Funding Co | 28-Apr-11 | 25-Aug-19 | 8.3 years | USD | 7,453,734.00 |
| | NHSL USD 3,000,000.00 3.501% 2019 Financing for Aquisition of one Sikorsky Helicopter Loan # 1 | Private Export Funding Co | 28-Apr-11 | 28-Apr-21 | 10 years | USD | 3,000,000.00 |
| **National Infrastructure Development Co.** | | | | | | | |
| | NIDCO TT$ 344.75MN 6.7% 2024 Bonds Construction of the Aranguez/El Socorro Interchnage | Citicorp Merchant Bank Ltd | 27-Aug-09 | 27-Aug-24 | 15 years | TTD | 344,750,000.00 |
| | NIDCO TT$ 53MN 7.9% 2024 National Traffic Managemnt System (Beetham & Churchill Highway | RBTT Merchant Bank | 10-Dec-09 | 10-Dec-24 | 16 years | TTD | 53,000,000.00 |
| | NIDCO TT$ 153.8MN 5.85% 2018 Trinidad Rapid Rail System | First Citizens Merchant Bank | 17-Dec-10 | 17-Dec-18 | 8 years | TTD | 153,800,000.00 |
| | NIDCO TT$1.5 Bn FRB DUE 2031 - Refinancing of PT. Fortin Highway | RBTT Merchant Bank | 14-Jun-16 | 14-Jun-31 | 15 years | TTD | 1,500,000,000.00 |
| | NIDCO- Export Credit Facility: Fast Ferries for the Water Taxi Service | Australia New Zealand Banking Group | 10-Jul-09 | 15-Dec-18 | 9.4 years | USD | 53,421,446.68 |
| **National Insurance Property Dev. Co** | | | | | | | |
| | NIPDEC TT$286.3 MN 8.75% 2018 Bonds | RBTT Merchant Bank | 6-Oct-06 | 06-Oct-18 | 12 years | TTD | 286,252,764.00 |
| | NIPDEC TT$ 682MN 6.8% Guaranteed Bonds 2022 | Central Bank of Trinidad and Tobago | 21-Jul-09 | 21-Jul-22 | 13 years | TTD | 682,000,000.00 |
| | NIPDEC BOND DUE SEP TTD 360Mn 6.1% due 2028 | E-Auctioned | 2-Sep-10 | 02-Sep-28 | 18 years | TTD | 360,000,000.00 |
| | NIPDEC TTD $500 000,000 ,FRB 6.25% DUE MAR 2028 | E-Auctioned | 19-Mar-10 | 19-Mar-28 | 19 years | TTD | 500,000,000.00 |
| | NIPDEC TT$ 500MN 6.05% Guaranteed Bonds 2026 | Central Bank of Trinidad and Tobago | 25-Oct-11 | 25-Oct-26 | 15 years | TTD | 500,000,000.00 |
| | NIPDEC TT$ 750MN 6.55% Guaranteed Bonds 2030 | Central Bank of Trinidad and Tobago | 17-May-11 | 17-May-30 | 19 years | TTD | 750,000,000.00 |
| | NIPDEC FRB TTD $339,000,000 FIXED RATE BOND 5.15% DUE AUG 22, 2025 | E-Auctioned | 22-Aug-12 | 22-Aug-25 | 13 years | TTD | 339,000,000.00 |
| | NIPDEC FRB TTD$1,000,000,000 4% due 2029 | E-Auctioned | 25-Oct-13 | 25-Oct-29 | 16 years | TTD | 1,000,000,000.00 |
| | NIPDEC TTD $250 Mn. Private Placement Bond for NIB 6.25% Due 2032 | National Insurance Board | 15-Oct-12 | 15-Oct-32 | 20 years | TTD | 250,000,000.00 |
| | NIPDEC TT$ 150MN Stepped Bonds Series B 2017 | Scotia Trust and Merchant Bank | 27-Oct-05 | 27-Oct-17 | 12 years | TTD | 150,000,000.00 |
| **National Maintenance Train. and Sec. Co** | | | | | | | |

Based on submissions received 22 May, 2017

**Government Guaranteed Loans (with tenure)** **Appendix IV**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | NMTS TTD 174,082,278 Fixed 11.75% Bonds | Citicorp Merchant Bank Ltd | 1-Jan-00 | 15-Jun-20 | 20 .5 years | TTD | 174,082,278.00 |
| | NMTS - Construction of Ten Secondary Schools Under SEMP TT$ 225 MN 10.15% Bonds | Unit Trust Corporation | 16-May-02 | 16-Nov-21 | 19.5 years | TTD | 225,000,000.00 |
| | NMTS TT$ 175MN 10.25% 2022 Bonds | Unit Trust Corporation | 16-Nov-02 | 16-May-22 | 19.5 years | TTD | 175,000,000.00 |
| **Petroleum Company of Trinidad and Tobago** | | | | | | | |
| | PETROTRIN US$25 Mn Short Term Loan Facility to Facilitate Working Capital Requirements | Republic Bank Limited | 27-May-16 | 27-Apr-17 | 1 year | USD | 25,000,000.00 |
| | PETROTRIN US$55 Mn Short Term Working Capital Financing Facility | Citibank Trinidad and Tobago | 27-May-16 | 22-May-17 | 1 year | USD | 55,000,000.00 |
| | PETROTRIN US$50 Mn Short Term Working Capital and Trade Financing Facility | First Citizens Merchant Bank | 27-Jul-16 | 21-Jul-17 | 1 year | USD | 50,000,000.00 |
| **T&T Mortgage Finance Co.Ltd.** | | | | | | | |
| | TTMF TTD200MN Floating Rate Bond for NIB 2020 | The Mercantile Banking and Fin. Corp | 1-Oct-00 | 30-Sep-20 | 20 years | TTD | 200,000,000.00 |
| **Tourism and Industrial Develop. Co** | | | | | | | |
| | TIDCO 180MN 12.25% 2020 Bonds | First Citizens Merchant Bank | 29-Nov-00 | 29-Nov-20 | 20 years | TTD | 180,000,000.00 |
| | TIDCO TT$595MN 11.85% 2027 Bonds | First Citizens Merchant Bank | 2-Oct-03 | 02-Apr-27 | 23.5 years | TTD | 707,259,718.00 |
| **Taurus Services Ltd.** | | | | | | | |
| | Taurus Services Ltd. TT$ 1.369BN 11.50% 2022 | First Citizens Merchant Bank | 30-Sep-02 | 30-Sep-22 | 20 years | TTD | 1,369,711,878.29 |
| **The Sports Company of T&T** | | | | | | | |
| | SPORTT TTD 495,937,500 3.8% Fixed Rate Bonds 2029 - Development of Nine Regional Recreation Facilities | ANSA Merchant Bank | 19-Dec-13 | 19-Dec-30 | 17 years | TTD | 495,937,500.00 |
| **Urban Development Corporation of T&T** | | | | | | | |
| | UDeCOTT TT$230.1 Refinanced due 2021 #2356927 | First Citizens Merchant Bank | 1-Sep-16 | 01-Sep-21 | 5 years | TTD | 230,100,000.00 |
| | UDeCOTT TT$90,000,000 Brian Lara Cricket Stadium | ANSA Merchant Bank | 25-Nov-16 | 25-Nov-21 | 5 years | TTD | 90,000,000.00 |
| | UDECOTT TT$ 192MN 7% Bonds 2018 | Central Bank of Trinidad and Tobago | 18-Jan-06 | 18-Jan-18 | 12 years | TTD | 192,000,000.00 |
| | UDECOTT TT$213Mn 3.35 % Fixed Rate - 2020 | E-Auctioned | 31-Oct-12 | 31-Oct-20 | 8 years | TTD | 213,000,000.00 |
| | UDECOTT Short-Term Facility- Real Spring Housing Development ProjectTT$223,097,000 Fixed 1.95% | ANSA Merchant Bank | 20-May-13 | 03-Oct-22 | 9.4 years | TTD | 223,097,000.00 |
| | UDECOTT- Chancery Lane Administrative Complex Phase 2A Fixed Rate Loan TT$ 399,019,000 | ANSA Merchant Bank | 25-Jun-13 | 20-May-22 | 8.9 years | TTD | 399,019,000.00 |

Based on submissions received 22 May, 2017

**Government Guaranteed Loans (with tenure)**

**Appendix IV**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | UDECOTT Chancery Lane Bridge Facility Domestic TTD 180.3 MN [EURO 20,805,000 Conversion] | FirstCaribbean International Bank | 25-May-13 | 25-Nov-17 | 4.5 years | TTD | 180,300,000.00 |
| | UDECOTT- Education Tower Fit out TTD$ 227.140,000 0.51% | Republic Bank Limited | 25-Mar-14 | 31-Mar-17 | 3 years | TTD | 227,140,000.00 |
| | UDECOTT- TT$ 496 Mn Fit Out of Government Campus Plaza | FirstCaribbean International Bank | 12-Sep-14 | 12-Dec-17 | 3.25 years | TTD | 496,000,000.00 |
| | UDECOTT US$375 Mn Financing for Port of Spain International Waterfront due 2023 | Wells Fargo Bank Limited | 1-Jan-07 | 01-Jan-23 | 16 years | USD | 397,570,320.00 |
| | UDECOTT TT$233.19 Mn 5.05 % Term Loan Facility Refinancing of Bridge Loan Facility | ANSA Merchant Bank | 24-Jun-16 | 24-Jun-26 | 10 years | TTD | 233,191,981.93 |
| | UDECOTT TT$512,815,580 Syndicated Loan Facility Refinancing of Government Campus Plaza due 2025 | RBTT Merchant Bank | 25-Jul-16 | 25-Jul-23 | 7 years | TTD | 512,815,580.00 |
| | UDeCOTT - Short-Term FacilityTT$320Mn 2021 | First Citizens Investment Services Ltd. | 31-Dec-09 | 15-Sep-21 | 11.7 years | TTD | 320,000,000.00 |
| | UDECOTT TT$497mn Brian Lara Cricket Academy | First Citizens Merchant Bank | 5-Oct-09 | 30-Sep-19 | 10 years | TTD | 497,000,000.00 |
| | UDECOTT US$88Mn Fixed Bond Facilty 5.63% - 2021 | Citicorp Merchant Bank Ltd | 4-Jun-11 | 04-Jun-21 | 10 years | USD | 88,000,000.00 |
| | UDECOTT USD Stepped Bond due 2021 | FirstCaribbean International Bank | 11-Apr-11 | 11-Apr-21 | 10 years | USD | 100,000,000.00 |
| | UDECOTT Gov't Campus Plaza Fit-Out Project TT$3.5 Bn | Republic Bank Limited | 1-May-14 | 01-Nov-28 | 14.5 years | TTD | 3,539,895,497.00 |
| **Vehicle Maintenance Corp. TT** | | | | | | | |
| | VMCOTT TT$ `41.3MN 4.9% 2020 Bonds | Unit Trust Corporation | 31-Mar-10 | 31-Mar-20 | 10 years | TTD | 41,300,000.00 |

**Source CSDRMS 11.04.17**
**Updated 25.04.17**

cross check 21,639,443,546.67

Based on submissions received 22 May, 2017

# Appendix V

# List of Non-Government Guaranteed Loans

# Loan Listings Non Govt Guarantee

15-May-2017

| Lender Name | PRINCIPAL | | START DATE END DATE |
|---|---|---|---|

## Caribbean Leasing Company Limited

**LOCAL**

| | | | |
|---|---|---|---|
| Government | TT | 21,752,000 | 01-Jan-2008<br>01-Dec-2017 |

## Export-Import Bank of Trinidad and Tobago Limited

**LOCAL**

| | | | |
|---|---|---|---|
| Bank of Nova Scotia | TT | 24,560,000 | (Series of short term loans) |
| RBC Royal Bank Trinidad and Tobago | US | 2,000,000 | (Series of short term loans) |
| Unit Trust Corporation (Investment Line)<br>Trade Certificate | TT | 12,000,000 | (Letter of Credit – Various amounts) |

**FOREIGN**

| | | | |
|---|---|---|---|
| Banco Latinoamericano De Exportaciones S.A (BLADEX) | US | 10,000,000 | (Series of short term loans) |

## First Citizens Bank Limited

**FOREIGN**

| | | | |
|---|---|---|---|
| Various Lenders | US | 175,000,000 | 09-Feb-2011<br>09-Feb-2016 |

## National Energy Corporation of Trinidad and Tobago Limited

**OTHER**

| | | | |
|---|---|---|---|
| National Gas Company Ltd | US | 58,518,498 | 01-Jan-2009<br>01-Jul-2039 |
| National Gas Company Ltd Consolidated US$58 and | TT | 482,000,000 | 02-Jun-2016<br>01-Jun-2026 |
| National Gas Company Ltd | US | 65,819,544 | 27-Nov-2009 |

| | | |
|---|---|---|
| | | 01-Dec-2022 |

| Lender Name | PRINCIPAL | START DATE<br>END DATE |
|---|---|---|

## National Enterprises Limited

### LOCAL

| | | |
|---|---|---|
| Republic Bank Of Trinidad And Tobago Ltd.<br>NEL $29.5Mn | US 29,500,000 | 21-Apr-2015<br>21-Oct-2015 |
| Republic Bank Of Trinidad And Tobago Ltd. | US 9,200,000 | 31-Oct-2015<br>31-Jul-2018 |
| Republic Bank Of Trinidad And Tobago Ltd.<br>NEL Power Holdings $16.3Mn | US 16,300,000 | 14-Nov-2014<br>14-Nov-2024 |

## National Helicopter Services Limited

### LOCAL

| | | |
|---|---|---|
| RBC Royal Bank Trinidad and Tobago | US 11,500,000 | 14-Dec-2012<br>01-Jan-2023 |
| Republic Bank Of Trinidad And Tobago Ltd.<br>9Y-MAD and 9Y RKD | US 27,075,336 | 30-Jun-2015<br>30-Mar-2025 |

## Petroleum Company of Trinidad and Tobago Limited

### LOCAL

| | | |
|---|---|---|
| Various Local Banks<br>PromissoryNotes/Trade Finance | US (Series of Short term loans to fund operations) | |

### FOREIGN

| | | |
|---|---|---|
| Bank of America | US 750,000,000 | 08-May-2007<br>08-May-2022 |
| Deutshe Bank Canada | US 850,000,000 | 14-Aug-2009<br>14-Aug-2019 |

## Point Lisas Industrial Port Development Corporation Limited

### LOCAL

| | | |
|---|---|---|
| Citicorp Merchant Bank Ltd. | TT 55,194,094 | 01-Dec-1994 |

| | | | |
|---|---|---|---|
| | | | 01-Dec-2016 |
| First Citizens Bank<br>$5Mn Facility C | TT | 5,000,000 | 01-Dec-2015<br>01-Dec-2020 |
| First Citizens Bank<br>$117Mn Facility B | TT | 117,743,430 | 01-Dec-2015<br>01-Dec-2020 |
| First Citizens Bank<br>FCB US$12.39mn (Facility A) | US | 12,390,428 | 01-Dec-2015<br>01-Dec-2025 |

| Lender Name | PRINCIPAL | | START DATE<br>END DATE |
|---|---|---|---|

## Telecommunications Services of Trinidad and Tobago Limited

**LOCAL**

| | | | |
|---|---|---|---|
| Ansa Merchant Bank<br>Bridging Loan 1 | TT | 135,637,000 | 22-Apr-2016<br>31-Mar-2017 |
| Ansa Merchant Bank<br>$700mn consolidated | TT | 700,000,000 | 20-Mar-2016<br>17-Mar-2017 |
| Ansa Merchant Bank | TT | 252,690,000 | 31-Mar-2015<br>31-Mar-2021 |
| Ansa Merchant Bank | TT | 270,000,000 | 08-Dec-2011<br>08-Dec-2017 |
| Ansa Merchant Bank | TT | 200,000,000 | 30-Jun-2015<br>30-Jun-2021 |
| Ansa Merchant Bank<br>Bridging loan 3 | TT | 27,000,000 | 03-Jun-2016<br>31-Mar-2017 |
| Ansa Merchant Bank | TT | 125,000,000 | 30-Sep-2015<br>30-Sep-2021 |
| Ansa Merchant Bank<br>Bridging loan 2 | TT | 33,000,000 | 18-May-2016<br>31-Mar-2017 |
| Ansa Merchant Bank | TT | 141,000,000 | 26-Mar-2010<br>26-Mar-2016 |
| Scotiabank Trinidad And Tobago<br>TSTT US$17.79Mn | US | 18,522,847 | 01-Apr-2011<br>31-Mar-2017 |

**FOREIGN**

| | | | |
|---|---|---|---|
| Ansa Merchant Bank | US | 19,590,332 | 31-Jul-2012<br>31-Oct-2019 |
| Ansa Merchant Bank | US | 13,324,349 | 30-Jul-2010<br>14-Jan-2016 |

| Lender Name | PRINCIPAL | | START DATE<br>END DATE |
|---|---|---|---|

## The National Gas Company of Trinidad and Tobago Limited

**FOREIGN**

| | | | |
|---|---|---|---|
| Various Lenders<br>Cross Island Pipeline | US | 200,000,000 | 23-Dec-2004<br>23-Dec-2020 |
| Various Lenders<br>NGC $400MN | US | 400,000,000 | 20-Jan-2006<br>20-Jan-2036 |

## Trinidad and Tobago Mortgage Finance Company Limited

**LOCAL**

| | | | |
|---|---|---|---|
| Ansa Merchant Bank | TT | 500,000,000 | 01-Dec-2014<br>01-Dec-2015 |
| Ansa Merchant Bank<br>AMBL $300Mn Commercial Paper | TT | 300,000,000 | 01-Sep-2016<br>01-Sep-2017 |
| Ansa Merchant Bank | TT | 250,000,000 | 14-Feb-2014<br>14-Feb-2024 |
| Ansa Merchant Bank<br>AMBL $247m Bridge facility | TT | 247,000,000 | 31-Jul-2015<br>31-Jul-2016 |
| Ansa Merchant Bank<br>$1,047Mn Tranche 1-$400mn | TT | 1,047,000,000 | 30-Nov-2015<br>30-Nov-2021 |
| Ansa Merchant Bank<br>$1,047Mn Tran 2-$274,000,000 | TT | 1,047,000,000 | 30-Nov-2015<br>30-Nov-2025 |
| Ansa Merchant Bank<br>$1,047Mn Tran 3 - $247,000,000 | TT | 1,047,000,000 | 30-Nov-2015<br>30-Nov-2025 |
| Bank of Commerce | TT | 250,000,000 | 01-Jul-2012<br>31-Jul-2022 |
| Citibank Trinidad And Tobago Ltd. | TT | 25,000,000 | 01-Aug-2016<br>01-May-2017 |
| Citibank Trinidad And Tobago Ltd.<br>Citibank Revolving Credit | TT | 25,000,000 | 31-Jul-2015<br>17-Nov-2015 |
| First Citizens Bank | TT | 500,000,000 | 15-Aug-2013<br>15-Aug-2023 |

| | | |
|---|---|---|
| First Citizens Trustee Services Limited | TT 247,000,000 | 09-May-2013<br>05-Nov-2015 |

| Lender Name | PRINCIPAL | START DATE<br>END DATE |
|---|---|---|

## Trinidad and Tobago Mortgage Finance Company Limited (cont…)

| | | |
|---|---|---|
| First Citizens Trustee Services Limited | TT 600,000,000 | 06-Feb-2013<br>06-Feb-2023 |
| National Insurance Board<br>NIB Debentures | TT 114,172,380 | 01-Jun-1999<br>01-Jun-2018 |
| National Insurance Board<br>NIB Debentures | TT 16,590,000 | 15-Dec-1994<br>01-Dec-2018 |
| National Insurance Board<br>Bond Issue | TT 41,290,000 | 01-Sep-1995<br>01-Dec-2020 |
| National Insurance Board<br>Bond Issue | TT 25,000,000 | 02-Dec-1994<br>02-Dec-2019 |

**GOVERNMENT**

| | | |
|---|---|---|
| Government | TT 127,489,976 | 15-Dec-1994<br>01-Dec-2018 |
| Government<br>$20,670,616 restructured amt | TT 15,158,452 | 01-Dec-1981<br>01-Dec-2018 |
| Government<br>$50,000,000 | TT 50,000,000 | 01-Dec-1983<br>01-Dec-2018 |
| Government | TT 91,626,738 | 15-Dec-1994<br>15-Dec-2018 |

## Trinidad Generation Unlimited

**LOCAL**

| | | |
|---|---|---|
| First Citizens Bank<br>TGU US$300Mn - Series 1 | TT 962,000,000 | 01-Dec-2015<br>01-Nov-2016 |

**FOREIGN**

| | | | |
|---|---|---|---|
| Creditanstalt Fur Wederaufban<br>US$300Mn - Series 2 | US | 150,000,000 | 01-Oct-2015<br>01-Nov-2016 |

## Urban Development Corporation of Trinidad and Tobago Limited

**LOCAL**

| | | | |
|---|---|---|---|
| Home Mortgage Bank | TT | 33,900,000 | 22-Dec-2008<br>22-Dec-2018 |
| Home Mortgage Bank | TT | 108,000,000 | 27-Mar-2009<br>27-Mar-2024 |

# Appendix VI

# Debt to Equity Ratios for year ended 2016

| Name of Company | Target Debt to Equity Ratio | Actual Debt to Equity Ratio |
|---|---|---|
| **Petroleum Company of Trinidad and Tobago Limited (PETROTRIN)** | 0.50:1 | 0.50:1 |
| **First Citizens Holdings Limited (FCH)** | N/A | N/A |
| **Point Lisas Industrial Port Development Corporation Limited (PLIPDECO)** | 0.13/1 | 0.13/1 |
| **The National Gas Company of Trinidad and Tobago Limited (NGC)** | 0.75/0.25 | 0.75/0.25 |
| **Telecommunications Services of Trinidad and Tobago Limited (TSTT)** | | 4.95/1 |
| **Caribbean Airlines Limited (CAL)** | | |
| **National Flour Mills Limited (NFM)** | | |
| **Clico Trust Corporation Limited (Clico Investment Fund)** | N/A | N/A |
| **Trinidad Generation Unlimited (TGU)** | 0.75/0.25 | 2.91/1 |
| **Trinidad and Tobago Mortgage Finance Company Limited (TTMF)** | 2.91/1 | 2.91/1 |
| **National Helicopter Services Limited (NHSL)** | 1.11 | 1.26 |
| **National Quarries Company Limited (NQCL)** | Outdated financials | Outdated financials |

# Appendix VII

# List of Updated Company Strategic Plans as at 31st March 2017

| Name of Company | Last Strategic Plans |
|---|---|
| **Education Facilities (EFCL)** | 2014 - 2016 |
| **Export Import Bank (EXIM BANK)** | 2015 - 2018 |
| **First Citizens Holdings (FCHL)** | Holding Co |
| **National Helicopters Services Limited (NHSL)** | Strategic Plan 2013 – 2018 |
| **National Infrastructure (NIDCO)** | 2011-2015 |
| **National Maintenance, Training and Security (MTS)** | 2016-2021 |
| **Taurus Services Limited (TAURUS)** | Bus. Plan 2013-2014 |
| **Trinidad and Tobago Mortgage Finance Company Limited (TTMF)** | 2012-2015 |
| **Urban Development Corporation (UDECOTT)** | 2003 - 2005 |
| **Petroleum Company of Trinidad and Tobago Limited (PETROTRIN)** | 2012- 2016 |
| **Caribbean Airlines Limited (CAL)** | 2014 |
| **Estate Management (EMBD)** | Draft Plan 2015-2017 |
| **National Flour Mills Limited (NFM)** | Bus Plan 2014-2018 |
| **The Vehicle Management Corporation of Trinidad and Tobago Limited (VMCOTT)** | 2014 - 2015 |
| **Evolving TecKnologies ( ETECK)** | 2012-2017 |
| **Sport Company of T'dad & Tobago Limited (SPORTT)** | 2012 - 2016 |

| | |
|---|---|
| **The National Gas Company Limited (NGC)** | 2011-2015 |
| **Point Lisas Industrial Port Development Corporation Limited (PLIPDECO)** | Business Plan 2013 |
| **National Energy Corporation** | Subsidiary Company of NGC |
| **Telecommunication Services of Trinidad and Tobago (TSTT)** | Strategic Plan 2013-2018 |
| **National Enterprises Limited (NEL)** | *Procedures Manual* |
| **TGU** | |

# Appendix IV

# Attendance Register

# ATTENDANCE REGISTER

## 2016/2017 Session, Eleventh Parliament

| Name | 11th Meeting 04.11.16 | 12th Meeting 09.01.17 | 13th Meeting 07.02.17 | 14th Meeting 13.03.17 | 15th Meeting 27.03.17 | 16th Meeting 24.04.17 | 17th Meeting 08.05.17 | 18th Meeting 05.06.17 | 19th Meeting 16.06.17 |
|---|---|---|---|---|---|---|---|---|---|
| **Mr. David Small** | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| **Dr. Lester Henry** | √ | Exc. | √ | √ | Exc. | √ | √ | Exc. | √ |
| **Mrs. Cherrie-Ann Crichlow-Cockburn** | √ | Exc. | Exc. | Exc. | √ | √ | √ | Exc. | Exc. |
| **Brig. Gen. (Ret.) Ancil Antoine** | Exc. | √ | Exc. | √ | √ | √ | √ | √ | √ |
| **Mr. Adrian Leonce** | √ | √ | Exc. | √ | √ | √ | Abs. | √ | Exc. |
| **Mr. Fazal Karim** | √ | √ | √ | √ | √ | √ | Exc. | √ | √ |
| **Ms. Allyson Baksh** | √ | √ | Exc. | √ | √ | √ | Exc. | √ | √ |
| **Mr. Wade Mark** | Exc. | √ | √ | √ | √ | Exc. | √ | √ | √ |