



FOURTEENTH REPORT OF THE PUBLIC ACCOUNTS

C O M M I T T E E

SECOND SESSION OF THE 11TH PARLIAMENT

Inquiry

Examination of the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Year 2016 with specific reference to the Ministry of Energy and Energy Industries.



Public Accounts Committee¹

The Public Accounts Committee (PAC) established by the Constitution of the Republic of Trinidad and Tobago in accordance with Section 119(4) is mandated to consider and report to the House of Representatives on:

“(a) appropriation accounts of moneys expended out of sums granted by Parliament to meet the public expenditure of Trinidad and Tobago;

(b) such other accounts as may be referred to the Committee by the House of Representatives or as are authorized or required to be considered by the committee under any other enactment; and

(c) the report of the Auditor General on any such accounts.”

Current membership

Dr. Bhoendradatt Tewarie	Chairman ²
Mr. Taharqa Obika	Vice- Chairman
Mrs. Ayanna Webster-Roy	Member
Mr. Randall Mitchell	Member
Dr. Lester Henry	Member
Mrs. Paula Gopee-Scoon	Member
Ms. Marlene McDonald	Member
Ms. Melissa Ramkissoon	Member

Committee Staff

The current staff members serving the Committee are:

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Publication

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¹ The PAC of the Eleventh Republican Parliament was established by resolutions of the House of Representatives and the Senate at sittings held on Friday November 13, 2015 and Tuesday November 17, 2015 respectively.

² The Committee held its first meeting on Wednesday December 2, 2015. At this meeting the Committee elected Dr. Bhoendradatt Tewarie as Chairman, in accordance with Section 119(2) of the Constitution of the Republic of Trinidad and Tobago. At that same meeting, the Committee resolved that its quorum should comprise of three (3) Members, inclusive of the Chairman and any other Opposition Member.

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MEMBERS OF THE PUBLIC ACCOUNTS COMMITTEE

ELEVENTH PARLIAMENT,
REPUBLIC OF TRINIDAD AND TOBAGO



Dr. Bhoendradatt Tewarie
Chairman



Mr. Taharqa Obika
Vice- Chairman



Mrs. Ayanna Webster-Roy
Member



Mr. Randall Mitchell
Member



Mrs. Paula Gopee-Scoon
Member



Dr. Lester Henry
Member



Mr. Adrian Leonce
Member



Ms. Melissa Ramkissoon
Member

Executive Summary

The PAC presents its Fourteenth Report of the Eleventh Parliament which details its examination of the *Auditor General's Report on the Public Accounts of the Republic of Trinidad and Tobago with specific reference to the Ministry of Energy and Energy Industries for the Financial Year 2016*.

During this examination, the Committee took the opportunity to discuss with the Ministry of Energy and Energy Industries:

General issues relating to the performance of the Ministry of Energy and Energy Industries;

- The relationship between the Ministry of Energy and Energy Industries and other state entities;
- Role of the Ministry of Energy and Energy Industries in maintaining the accounting standard across the public service; and
- Challenges faced by the Ministry of Energy and Energy Industries in carrying out its duties.

Based on the Committee's examination the following recommendations were proposed:

- The Accounting Officer should make proper checks to ensure that the Appropriation Account is constantly updated and every variation accounted for;
- The Permanent Secretary in the interim should recommend officers to fill the vacant offices for short term periods, in accordance with Regulation 26 (1) of the Public Service Commission Regulations, whilst the High Court Order is in effect;
- The MEEI should develop an integrated system capable of compiling the information from the three divisions into a single reconciliation process when calculating revenue;
- The Auditor General should expand its audit scope of the MEEI to include the calculation of revenue;
- The MEEI should identify independent entities to act on its behalf in instances where individuals from the Measurement Unit are incapable of being present at the calibration of meters;
- Instances where oil companies are unable to honor their royalty obligations payment plans with interest rates should be established based on the amount outstanding;

- The Permanent Secretary should invoke the Penalties stipulated under Regulation 59 of the Petroleum Regulations of the Petroleum Act;
- The Permanent Secretary should ensure that existing software available to the Ministry is utilized in the creation of a filing system where logs of all forms of queries (letter, e-mail, fax, phone call) raised with operators and the resolutions made should be documented;
- The MEEI should submit a report to the Parliament on the initiatives undertaken to address the shortage of manpower constraints and lack of training at the Measurement Unit and provide a status on the restructuring of the Ministry by February 28, 2018;
- The MEEI should submit to Parliament a status on the number of quarries that have been regularized by February 28, 2018;
- The MEEI should institute progressive penalties to the operators who have outstanding royalties, licence fees and other payments owed to the State;
- The MEEI should submit a report to the Parliament on the status of the initiatives being undertaken to collect outstanding royalties from quarry operators by February 28, 2018;
- The Ministry should periodically conduct geological surveys and utilize LIDAR technology to reconcile the volume of material extracted from the particular site with the reported production figures submitted by the operators;
- The Ministry should consider the use of weigh bridges at various locations in order to capture loads of materials moving out of a particular site and particular areas so that each load that is removed is documented by representatives of the Ministry on a twenty-four (24) hour shift rotation;
- Submit a report to the Parliament on the status of the initiatives being undertaken to verify the accuracy of the production data submitted by the quarry operators by February 28, 2018; and
- The Environmental Management Authority in collaboration the MEEI ensure that all quarry operators possess a Certificate of Environmental Clearance and submit a status of this initiative by February 28, 2018.

Introduction

The PAC of the Eleventh Republican Parliament was established by resolution of the House of Representatives and the Senate at the sittings held on Friday November 13, 2015 and Tuesday November 17, 2015 respectively.

The Constitution of the Republic of Trinidad and Tobago mandates that the Committee shall consider and report to the House appropriation accounts of moneys expended out of sums granted by Parliament to meet the public expenditure of Trinidad and Tobago and the report of the Auditor General on any such accounts.

In addition to the Committee's powers entrenched in the Constitution, the Standing Orders of the House of Representatives also empower the Committee (but is not limited) to:

- a) send for persons, papers and records;
- b) have meetings whether or not the House is sitting;
- c) meet in various locations;
- d) report from time to time; and
- e) communicate with any other Committee on matters of common interest.

Election of the Chairman and Vice Chairman

In accordance with section 119(2) of the Constitution, the Chairman must be a member of the Opposition in the House. At the first meeting held on Wednesday December 2, 2015 Dr. Bhoendradatt Tewarie was elected Chairman of the Committee.

Establishment of Quorum

The Committee is required by the Standing Orders to have a quorum so that any decisions made by the Members during the meetings can be considered valid. A quorum of three (3) Members, inclusive of the Chair or Vice-Chairman), with representatives from both Houses was agreed to by the Committee at its First Meeting.

Determination of the Committee's Work Programme

The Committee agreed to a fifteen (15) entity work programme during its second meeting on Wednesday December 16, 2016. These entities included:

1. Judiciary of Trinidad and Tobago

2. Ministry of Agriculture, Land and Fisheries
3. Ministry of Education
4. Ministry of Energy and Energy Industries
5. Ministry of Finance
6. Ministry of Health
7. Ministry of Public Administration
8. Ministry of Public Utilities
9. Ministry of National Security
10. Ministry of Tourism
11. Ministry of Trade and Industry
12. Tobago House of Assembly
13. Land Settlement Agency
14. National Lotteries Control Board
15. Regional Corporations

After reviewing the proposed Work Schedule for the 2nd Session the Committee agreed to examine the following entities in the following order:

1. Ministry of Education;
2. Public Transport Service Corporation (PTSC);
3. Ministry of Health;
4. Eastern Regional Health Authority (ERHA);
5. Land Settlement Agency (LSA);
6. Judiciary of Trinidad and Tobago;
7. Ministry of Attorney General and Legal Affairs; and
8. Ministry of Public Administration and Communications.

Following the submission of the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2016 to the Parliament, the Committee agreed to invite the Auditor General's Department to a public hearing to discuss the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial

year 2016 and postpone the examination of the 3 entities listed below. This public hearing was held on June 14, 2017.

1. Judiciary of Trinidad and Tobago;
2. Ministry of Attorney General and Legal Affairs; and
3. Ministry of Public Administration and Communications.

Following the public hearing held on June 14, 2017 with the Auditor General's Department, the Committee agreed to examine the Ministry of Finance on June 28, 2017 and the Ministry of Energy and Energy Industries on September 13, 2017.

The Inquiry Process

The Inquiry Process outlines steps taken by the Committee when discussing the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2016. The Inquiry Process agreed to by the PAC includes the following steps:

- I. Identification of issues in the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2016 with specific reference to the Ministry of Energy and Energy Industries;
- II. Preparation of an Inquiry Proposal for the selected issues. The Inquiry Proposal outlines:
 - a. Background;
 - b. Objective of Inquiry; and
 - c. Proposed Questions.
- III. Approved questions were forwarded to the Ministry of Energy and Energy Industries for proposed discussion.
- IV. A public hearing was conducted and the relevant witnesses were invited to attend and provide evidence on Wednesday September 13, 2017.
- V. Report Committee's findings and recommendations to Parliament upon conclusion of the inquiry.

Ministry of Energy and Energy Industries Profile

Background

The Ministry of Energy had its earliest beginnings in 1904 when the Mines Department was established to deal with the production of manjak, a bituminous substance resembling pitch. Commercial oil production began in Trinidad in 1908 in a field located near the Pitch Lake in La Brea and in 1948 the Mines Department which was a branch of the Public Works was reorganized and re-designated the Petroleum Department. This Department was later assigned to the Ministry of Industry and Commerce. On May 17, 1963, the Department gained greater autonomy when the Governor General authorized the establishment of the Ministry of Petroleum and Mines which came into being on June 1, 1963 with the staff of the Petroleum Department forming the nucleus of the organization.

Commencing July 1979, there have been six changes in the name of the Ministry. With the development of natural gas based petrochemical industries and the iron and steel mill at Point Lisas, the name was changed to the Ministry of Energy and Energy-based Industries, to incorporate its increased responsibilities. In May 1981, there was another change to the Ministry of Energy and State Enterprises when the supervision of all State Enterprises was included in the portfolio of the incumbent Minister. A re-assignment of ministerial responsibility in December, 1981, resulted in the Ministry of Energy and Natural Resources and in April 1987, the name was shortened to the Ministry of Energy. In December, 1987, the Ministry of Energy was merged with the Ministry of Labour and took on the new designation of the Ministry of Energy, Labour, Employment and Manpower Resources. In March 1989, however, the portfolio of Energy was separated from that of Labour, Employment and Manpower Resources and the Ministry of Energy was re-established as a single entity.³

Role

The MEEI is responsible for the overall management of the oil, gas and minerals sectors in Trinidad and Tobago. These sectors are the largest single contributors to the GDP of the country

³ <http://www.energy.gov.tt/about-us/history/background/> web accessed 9 November 2017

and the revenues generated provide the resources for the future development objectives of the Government of the Republic of Trinidad and Tobago.⁴

Vision

A global leader in the strategic development of the energy and mineral sectors.

Mission

The mission of the Ministry of Energy and Energy Industries (MEEI) is to contribute to Trinidad and Tobago's prosperity, through the sustainable development of energy and mineral resources

Core Values

The Ministry of Energy and Energy Industries is committed to excellence in Service delivery and has an organisational culture summarised by the acronym CIPTI:

- Commitment;
- Integrity;
- Professionalism;
- Transparency;
- Innovation.

Divisions

The Ministry of Energy and Energy Industries of Trinidad and Tobago is organized into divisions in order to achieve the range of responsibilities entrusted to it.⁵

- | | |
|--|--------------------------------|
| • Contract Management | • Commercial Evaluation |
| • Downstream and Retail Marketing | • Energy Research and Planning |
| • Petroleum Asset Monitoring & Measurement (PAMM) Division | • Legal |
| • LNG and Gas Exports | • Minerals |
| • Resource Management | |

⁴ <http://www.energy.gov.tt/about-us/> web accessed 9 November 2017

⁵ <http://www.energy.gov.tt/about-us/the-organisation/divisions/> web accessed 9 November 2017

Units⁶

- Accounts
- General Administration
- Human Resources
- Internal Audit
- PSC Audit
- Communications
- GIS/Draughting
- Information Technology
- Library
- Subsidy Verification Unit

Functions of the Ministry of Energy and Energy Industries⁷

Today, the Ministry operates a range of activities including:

- Leasing and/or licensing of areas for petroleum exploration and production
- Regulation and management of all oil and gas development activities
- Regulation and management of upstream operations in oil refining activities
- Administration of domestic marketing of petroleum products, natural gas transmission/sales, petrochemical manufacture and other natural gas based industries
- Formulation and implementation of legal instruments for the petroleum industry
- Acquisition, analysis and dissemination of both local and international petroleum information
- Sharing responsibility with the Ministry of Finance for the collection of petroleum revenues accruing to the State
- Representation of the interests of Trinidad and Tobago at international petroleum fora and institutions
- Long term planning, development and implementation of policy initiatives in the petroleum sector.
- Sharing of the management of the State's interests and assets in the oil and gas industry
- Sharing responsibility for the administration and management of the minerals sector.

Minister of Energy and Energy Industries - Senator The Honourable. Franklin Khan

Parliamentary Secretary - Ms. Nicole Oliverre Member for La Brea

Permanent Secretary - Mr. Selwyn Lashley

⁶ <http://www.energy.gov.tt/about-us/the-organisation/support-units/>

⁷ <http://www.energy.gov.tt/about-us/what-we-do/>

Background: Auditor General

The Auditor General is required by law to examine and report annually to Parliament on the accounts of Ministries, Departments, Regional Health Authorities, Regional Corporations and such State Controlled Enterprises and Statutory Boards for which the Auditor General is the statutory auditor. The portfolio also includes the audit of:

The accounts of projects funded partly or wholly by International Lending Agencies

- All pensions, gratuities and other separation benefits paid by the State in accordance with the Pensions Acts and other Agreements; and
- The grant of credit on the Exchequer Account in accordance with the requirements of section 18 of the Exchequer and Audit Act, chapter 69:01

The audit services take the form of financial audits, compliance audits and value for money audits intended to promote:

- Accountability
- Adherence to laws and regulations
- Economy, efficiency and effectiveness in the collection, disbursement and use of funds and other resources.

The duties and powers of the Auditor General are defined in the Exchequer and Audit Act Chapter 69:01 of the laws of Trinidad and Tobago.

Auditor General - Mr. Majeed Ali

Issues and Recommendations

During the examination of the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year ended September 30, 2016 with specific reference to the Minister of Energy and Energy Industries, the following issues were identified and recommendations proposed:

1. Errors In/Omissions from Appropriation Accounts

In the written responses sent to the Committee following the public hearing, the MEEI indicated that the errors and omissions in the Appropriation Accounts submitted to the Auditor General occurred during the period when there was a changeover of responsibilities and resulted from the retirement of the head of the Accounting Unit. The Ministry indicated that better management control systems were being implemented to ensure the performance of the Unit, in delivering accurate information in a timely manner to eliminate typographical and other errors. Omissions on the Vote Books, Reconciliation Statements and the Abstract are corrected on a monthly basis. The Ministry indicated that the Appropriation Accounts are submitted to the Internal Audit Unit on a timely basis and are reviewed by a dedicated officer prior to submission to the AGD. In the interim, efforts were being made to ensure the Ministry has a properly designed Accounting Unit with properly trained and qualified staff. As part of these measures, the MEEI stated that Internal Auditor/Unit set a deadline date for the submission of a first draft by the end of the second week in January 2018. This will allow for a more detailed and rigorous check in the identification and correction of possible typographical errors at an earlier stage going forward from the periods 2016 /2017. The timely maintenance of the account will eliminate discrepancies of this nature before the audit.

Endorsement/ Recommendation:

- *The Committee endorses the steps being made by the MEEI and its Internal Audit Unit to promptly identify and correct the typographical errors and omissions in the Appropriation Accounts; and*
- *The Accounting Officer should make proper checks to ensure that the Appropriation Account is constantly updated and every variation accounted for.*

2. Human Resource Management

Based on previous discussions with the Committee, the Public Service Commission by memorandum dated May 15, 2017, decided that in accordance with Regulation 13 (5), the MEEI in consultation with the Director of Personnel Administration, should issue the Notice of Vacancy for the undermentioned entry-level offices, in the Ministry of Energy and Energy Industries, in accordance with the Service Commissions Department's ***"Guidelines for the Recruitment and Selection Process for Offices specific to Ministries and Departments"***. In accordance with the prescribed guidelines, the Ministry advertised the vacant positions, internally and externally via the print media and the Ministry's website, with effect from May 24, 2017. In keeping with the stipulated guidelines the MEEI reviewed candidates' applications and created particulars on all qualified, unqualified and incomplete applications. These particulars were submitted to the Director of Personnel Administration by memorandum dated August 4th, 2017 for direction. However, the process came to a halt due to a High Court Order arising from a challenge from the Public Service Association. As a result of the High Court Order the MEEI:

- stopped the recruitment exercise that was scheduled to fill approximately 41 vacant established positions;
- delayed the advertisement and filling of the 57 contract posts which were approved by the Cabinet for Phase I of the restructuring exercise;
- was impeded from achieving its mandate and by extension its contribution to the stakeholders in the sector and the citizenry of Trinidad and Tobago;
- delayed the processing of applications for various licenses in the energy and minerals sectors; and
- delayed the recruitment exercise conducted at the preliminary stage received over 1300 applications for employment, therefore, applicants have expectation for consideration to undergo a process in the recruitment exercise.

Recommendation

- ***The Permanent Secretary in the interim should recommend officers to fill the vacant offices for short term periods, in accordance with Regulation 26 (1) of the Public Service Commission Regulations, whilst the High Court Order is in effect.***

3. Lack of collaboration between the Measurement Unit and the Contract Management Division.

As reported in the previous three Auditor General's Reports, there was no evidence was seen that oil and gas production data received by the Ministry from companies, was used in the calculation of revenue collectible. With regard to the calculation of revenue, (Royalty and the Petroleum Oil Impost) this currently falls under the jurisdiction of the Downstream, Retail and Marketing Division (DRMD). The Measurement Unit (MU) of the Petroleum Asset Measurement and Monitoring Division (PAMMD) is involved in the regulation of measurement systems from design to commissioning stages and then to routine calibration. The Contract Management Division (CMD) is involved in the receiving and processing of upstream data, inclusive of production. The functions are therefore distinct and collaboration between the MU and the CMD should be prompted if there are discrepancies in production data attributable to measurement systems issues. When questioned about these issues, the MEEI indicated that "As a functionally-structured organization, all three divisions i.e. DRMD, CMD and PAMM, must work closely, together, in ensuring that accurate production data is provided and received to input into the necessary calculation for revenues." After the public hearing, the Ministry indicated that the process for collaboration between CMD and the MU was under review and upon completion the process would be documented, approved and implemented accordingly. To oversee this review, a working group of officers from the Measurement Unit, CMD, DRMD and the Commercial Evaluation Division (CED) was set up to conduct this review.

Recommendations:

- *The MEEI should develop an integrated system capable of compiling the information from the three divisions into a single reconciliation process when calculating revenue;*
- *The MEEI should contract the services of an independent third party to audit the reconciliation process used to calculate revenue;*
- *The Auditor General should expand its audit scope of the MEEI to include the calculation of revenue; and*
- *The MEEI should identify independent entities to act on its behalf in instances where individuals from the Measurement Unit are incapable of being present at the calibration of meters.*

4. Royalty Collection from Oil Companies

At the time of the audit in January 2017, Royalties from eleven Oil Companies as at 30th September, 2016 were outstanding. Royalty on crude oil is calculated using crude oil production data obtained from Contract Management Unit, Royalty Lease Evaluation Reports (on the company's crude oil) obtained from CARIRI and US Gulf Coast prices for petroleum products obtained from the Platts Oilgram Price Report. The MEEI stated that letters are usually prepared and expedited to companies which have outstanding quarterly payments, requesting urgent settlement of all outstanding royalties. The Ministry highlighted that in August 2017, letters were sent to three companies who had outstanding royalty payments for an extended period of time. Each letter indicated that all outstanding payments must be made within ninety (90) days and that failure to comply would result in the MEEI exercising his right to revoke each company's Exploration and Production (E&P) Licence(s). Subsequently, two of those companies made part payments, while the other suggested that the MEEI consider a payment plan once the company resumed production. In the responses received by the MEEI, from the main companies who had outstanding royalties, technical, legal and financial constraints were cited as reasons for their inability to honour their royalty obligations. As at January 2017, the outstanding royalty totalled approximately TT\$392.83 million and as at August 2017, only TT\$4.19 million was paid.

Recommendations:

- *Instances where oil companies are unable to honor their royalty obligations payment plans with interest rates should be established based on the amount outstanding; and*
- *The Permanent Secretary should invoke the Penalties stipulated under Regulation 59 of the Petroleum Regulations of the Petroleum Act.*

5. Maintenance of Query Logs

The 2016 Auditor General Report noted that a log was not maintained to reflect the queries raised by the Contract Management Unit with the Operators and the resolutions made. The responses received from the MEEI indicated officers often sought clarification or raised queries with operators, in the conduct of the review of routine submissions and applications for various petroleum operations. The Ministry indicated that it was the practice for all matters including queries raised either verbally, by letter or e-mail, to be documented and lodged on the appropriate file/s. These files were maintained by the Ministry's Registry Unit and circulated to the various Divisions. In some instances where the nature of the queries were either simple or repetitive,

queries were responded to via telephone or e-mail to expedite matters. However, the Ministry noted that it was still a requirement for copies of those e-mails be placed on files.

Recommendation:

- *The Permanent Secretary should ensure that existing software available to the Ministry is utilized in the creation of a filing system where logs of all forms of queries (letter, e-mail, fax, phone call) raised with operators and the resolutions made should be documented.*

6. Constraints experienced by the Measurement Unit

The Report of the Auditor General for the financial year 2016 stated that a shortage of manpower and a lack of measurement training, resulted in 75% of the unit's planned activities stated below incomplete:

- the witnessing of custody transfer gas meter calibrations; and
- the monitoring of Liquefied Natural Gas cargo loadings.

In the written response received from the MEEI on August 30, 2017, the Ministry stated that the Measurement Unit was collaborating with CMD to formalize a priority listing and a schedule for frequency of visits to essential areas. Priority was given to the areas of crude oil shipments and royalty sampling and blending. The MEEI under the directive of the Service Commissions Department advertised for the vacant posts of Petroleum Inspector I, and Petroleum Chemist positions to be filled. Advertisements were closed on June 30, 2017 and the MEEI was awaiting the next phase of the process. In addition, a proposal for the restructuring of the Ministry which included increased staffing of the Division was under consideration by Cabinet. The last occasion in which staff received formal developmental training specific to measurement was in 2012. Prior to this, staff received developmental measurement training from 2004-2007. The MEEI also identified additional measurement training programmes for the Measurement Unit, based on its current needs and is working toward rolling out this training in order to maximize the number of persons trained.

Recommendation:

- *The MEEI should submit a report to the Parliament on the initiatives undertaken to address the shortage of manpower constraints and lack of training at the Measurement Unit and provide a status on the restructuring of the Ministry by February 28, 2018.*

7. Reconciliations of Royalties due and received were not produced

Quarterly and Annual Reconciliations of Royalties due and received were not produced for nine of the eleven Oil Companies as required by the Petroleum Regulations, Chapter 62:01 paragraphs 70 (1) – (2) and 71 (1) – (3). The MEEI indicated that reconciliation of royalty payments was not conducted due to gaps in the information required to calculate royalty, particularly the results from the Royalty Lease Evaluation Reports (RLE) conducted by CARIRI. With regard to the RLE tests, the MEEI stated that CARIRI expressed that the procedure involved in RLE testing posed health risks to their employees and they were experiencing a staff shortage. The company also indicated that there was a backlog of crude oil samples and began conducting the tests on these samples. As such, the MEEI mentioned that it will be liaising with CARIRI regarding all outstanding RLE tests and establishing an alternative framework based on the Fair Market Value method as a means of addressing the gaps.

Endorsement

- *The Committee endorses the steps being made by the MEEI to help alleviate the backlogs of RLE tests at CARIRI and should submit a report to the Parliament by February 28, 2018.*

8. Operational Quarries with Expired Licences

Quarry Operators are required to apply for a Mining Licence which is valid for five years from the date of issue as referred to in the Minerals (General) Regulations. At the time of the public hearing, the Ministry supplied a status update on all the mining operations they were it was aware of.

Type in Mining Operations	Number
Operational quarries with licences	9
Operational quarries with expired five (5) year licences	35
Operational quarries with expired one (1) year licences	47
New applications (not operational)	66

The Ministry indicated that the Minerals (General) Regulations came into effect on June 8, 2015 and the regulations outlined a new process for the grant of mining licences. Operators and applicants were informed of the new provisions of the Minerals (General) Regulations 2015. However, to ensure that there was an adequate supply of aggregate to the local market at an affordable price, operators were allowed to continue without licences. As such, the MEEI began undertaking a regularization exercise which involved working with the companies who were going

through the licence renewal process and bringing them in line with the Regulations. The Ministry indicated that the process received pushback from operators because the legislation outlined certain rates based on the type of quarrying and the scale of the operation. MEEI noted that twenty-four (24) of the operators who previously held five (5) year licences and twenty-seven (27) of the operators who previously held one (1) year licences submitted applications for renewals. The applications were reviewed with the exception of one operator for whom MEEI was awaiting outstanding data.

Recommendation:

- *The MEEI should submit to Parliament a status on the number of quarries that have been regularized by February 28, 2018.*

9. Outstanding Royalties from Quarry Operators

Section 40 (2) of the Minerals (General) Regulations states that “All payments of royalties shall be made to the Permanent Secretary of the Ministry on a quarterly basis as specified by the Minister. However, many operators were tardy in their royalty payments.” The Licence renewal process involves:

- the operator paying all outstanding royalties and submitting quarterly quarry returns and copies of the receipts to the MEEI;
- the generation of a report from the returns by an officer of the Minerals Division and sent to the Director of Minerals (DOM);
- the reports are then referred to the Internal Audit Department of the MEEI for certification; and
- once certified, letters are drafted to operators outlining outstanding royalties, licence fees and other payments owed to the State.

MEEI indicated that fifty-six (56) quarry operators were delinquent in the submission of outstanding royalty payments as at June 30, 2017 of which, twenty-five (25) operated on private lands whose mineral rights ownership were being determined. The Minerals Division followed up with the remaining thirty-one (31) quarry operators who were operating on State Lands for the submission of outstanding production data. The outstanding royalties was estimated to be \$196,432,478.45 TTD as at March 31, 2017 of which \$110,763,824.56 TTD was owed by operators on private lands.

Recommendations

- *The MEEI should institute progressive penalties to the operators who have outstanding royalties, licence fees and other payments owed to the State; and*
- *Submit a report to the Parliament on the status of the initiatives being undertaken to collect outstanding royalties from quarry operators by February 28, 2018.*

10. The Verification Process of Outstanding Quarry Royalties

The Ministry stated that its verification process of outstanding quarry royalties starts with the arrangement of site visits. At the site visits, audits were conducted by the Internal Auditors in conjunction with the Minerals Division whereby operators' books and records were perused, checked and verified to ensure accurate data was submitted in the Quarterly Quarry Returns. The audits were conducted every three months. Officials at the MEEI indicated that the information provided by the quarry operators was the exact data used to determine the amount of royalty that was paid. There was no basis by which the Ministry can determine the validity and accuracy of the daily loads of aggregate that leaves the quarries except from what was documented by the quarry operators. MEEI expressed their interest in utilizing technology to ensure checks and balances reported on the books and what was picked up using a physical scientific surveying method.

Recommendations:

- *The Ministry should periodically conduct geological surveys and utilize LIDAR⁸ technology to reconcile the volume of material extracted from the particular site with the reported production figures submitted by the operators;*
- *The Ministry should consider the use of weigh bridges at various locations in order to capture loads of materials moving out of a particular site and particular areas so that each load that is removed is documented by representatives of the Ministry on a twenty-four (24) hour shift rotation; and*
- *Submit a report to the Parliament on the status of the initiatives being undertaken to verify the accuracy of the production data submitted by the quarry operators by February 28, 2018.*

⁸ *Light Detection and Ranging* (LIDAR), is a remote sensing method that uses light in the form of a pulsed laser to examine both natural and manmade environments and generate precise three-dimensional maps outlining shape of the area under examination and its surface characteristics <http://oceanservice.noaa.gov/facts/lidar.html> accessed on November 23, 2017.

11. Quarries operating without Certificate of Environmental Clearance (CEC)

The CEC is a certificate issued to an applicant which certifies the environmental acceptability of a proposed activity, provided that all the conditions contained in the CEC are fulfilled. The CEC process is a measure adopted primarily for environmental protection and the application process facilitates ongoing interaction between applicants and relevant authorities. One of the concepts behind the CEC application process is the consideration of all possible impacts on human health and the environment in order to prevent or minimise such impacts. The Environmental Management Act No. 3 of 2000 provides for the management of the environment within Trinidad and Tobago. Section 6 of the Act establishes the Environmental Management Authority and Section 35 stipulates the need for a CEC mechanism to be facilitated through this Authority, hence providing the legislative framework for the CEC process. The objective of the CEC process is the attainment of integrated environmental management on a national level. To achieve this, proposed activities need to be assessed to consider likely impacts, environmental risk(s) as well as mitigation and monitoring for potential adverse effects. For a given proposed activity this method of analysis should demonstrate benefits that are appropriate for all factors involved and should examine alternatives to the proposed activity where necessary.⁹ Of the ninety-one (91) operational quarries, the Ministry indicated that only thirty-five (35) quarry operators have submitted Certificates of Environmental Clearance (CECs) to the Ministry.

Recommendation:

- ***The Environmental Management Authority in collaboration the MEEI ensure that all quarry operators possess a Certificate of Environmental Clearance and submit a status of this initiative by February 28, 2018.***

⁹ A Guide To The Application For A Certificate Of Environmental Clearance
http://www.ema.co.tt/new/images/guides/cec_application_guide.pdf

Ministry of Energy and Energy Industries – Concluding Remarks

Given the importance of the Energy Sector to Trinidad and Tobago's economy and the vital role of the Ministry of Energy proper systems need to be instituted to monitor the calculation and collection of royalties due to the country.

This Committee respectfully submits this Report for the consideration of the Parliament.

Sgd.
Dr. Bhoendradatt Tewarie
Chairman

Sgd.
Mr. Taharqa Obika
Vice - Chairman

Sgd.
Mrs. Ayanna Webster-Roy
Member

Sgd.
Mr Randall Mitchell
Member

Sgd.
Dr. Lester Henry
Member

Sgd.
Mrs. Paula Gopee-Scoon
Member

Sgd.
Mr. Adrian Leonce
Member

Sgd.
Ms. Melissa Ramkissoon
Member

APPENDIX I

Meetings

At the meeting held on Wednesday September 13, 2017, the witnesses attending on behalf of Ministry of Energy and Energy Industries (MEEI) were:

Auditor General's Department (AGD)

- Mr. Gary Peters - Assistant Auditor General
- Mr. Brian Caesar - Audit Executive II
- Mrs. Rajkoomari Mohammed - Audit Executive II
- Mr. Curtis Darbasie - Audit Supervisor (Ag.)

Ministry of Energy and Energy Industries (MEEI)

- Mr. Selwyn Lashley - Permanent Secretary
- Mrs. Penelope Bradshaw- Niles - Deputy Permanent Secretary
- Ms. Marilyn Jamunar - Auditor II (Ag.)
- Ms. Kaisha Deene - Accountant II (Ag.)
- Ms. Grace Corneal - Audit Manager
- Mr. Marc Rudder - Senior Petroleum Engineer
- Mrs. Kavar Cummings-Williams - Director Human Resource Services

**THE PUBLIC ACCOUNTS COMMITTEE –
SECOND SESSION, ELEVENTH PARLIAMENT**

**MINUTES OF THE TWENTIETH MEETING HELD ON WEDNESDAY,
SEPTEMBER 13, 2017 AT 10:12 A.M. IN THE CONFERENCE ROOM,
LEVEL 2 AND J. HAMILTON MAURICE ROOM, MEZZANINE
FLOOR, OFFICE OF THE PARLIAMENT, TOWER D, THE PORT OF
SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON
ROAD, PORT-OF-SPAIN.**

Present were:

Dr. Bhoendradatt Tewarie	-	Chairman
Mr. Rodger Samuel	-	Vice- Chairman
Ms. Jennifer Raffoul	-	Member
Dr. Lester Henry	-	Member
Mrs. Ayanna Webster-Roy	-	Member
Ms. Keiba Jacob	-	Secretary
Ms. Hema Bhagaloo	-	Assistant Secretary

Excused were:

Mr. Randall Mitchell	-	Member
Mrs. Paula Gopee-Scoon	-	Member

Absent was:

Ms. Marlene McDonald	-	Member
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COMMENCEMENT

- 1.1 At 10:12 a.m. the Vice - Chairman called the meeting to order and welcomed those present. Mr. Randall Mitchell and Mrs. Paula Gopee-Scoon were excused from the meeting.

THE EXAMINATION OF THE MINUTES OF THE NINETEENTH MEETING

- 2.1 The Committee examined the Minutes of the nineteenth (19th) Meeting held on Wednesday June 28, 2017.

- 2.2 There being no further omissions or corrections, Minutes were confirmed on a motion moved by Ms. Jennifer Raffoul and seconded by Dr. Lester Henry.

CONSIDERATION OF MINISTERIAL RESPONSES

- 3.1 The Committee agreed to provide feedback on the Ministerial Responses to the Seventh, Eighth and Ninth Reports of the PAC by September 26, 2017.

DETERMINATION OF WORK SCHEDULE FOR THE 3RD SESSION

- 4.1 The Vice – Chairman invited Members to review the proposed Work Schedule for the 3rd Session which was prepared by the Secretariat. After some discussion, the Committee agreed to examine eight (8) of the thirteen (13) proposed entities, in the following order:
- i. Water and Sewerage Authority (WASA);
 - ii. South West Regional Health Authority (SWRHA);
 - iii. Airport Authority of Trinidad and Tobago (AATT);
 - iv. Chaguaramas Development Authority (CDA);
 - v. Housing Development Corporation of Trinidad and Tobago (HDC);
 - vi. Trinidad and Tobago Bureau of Standards (TTBS);
 - vii. Trinidad and Tobago Electricity Commission (T&TEC); and
 - viii. Chaguanas Borough Corporation (CBC).
- 4.2 The Committee agreed that at each meeting, the Secretariat provide a status update on the implementation of the recommendations of the Committee's Reports during the 1st and 2nd Session.

PRE-HEARING DISCUSSION RE: MINISTRY OF ENERGY AND ENERGY INDUSTRIES (MEEI)

- 5.1 The Committee agreed on the focus of the meeting which were the concerns raised in the Report of the Auditor General of the Republic of Trinidad and Tobago on the Public Accounts of Trinidad and Tobago for the financial year ended September 30, 2016 with specific reference to the Ministry of Energy and Energy Industries.
- 5.2 Members discussed the issues of concern and the general approach for the Public Hearing.
- 5.3 There being no further business for discussion *in camera*, the Vice - Chairman suspended the meeting at 10:46 a.m.

DISCUSSION WITH THE MINISTRY OF ENERGY AND ENERGY INDUSTRIES (MEEI)

- 6.1 The Vice - Chairman called the public meeting to order at 10:53 a.m.
- 6.2 The Vice - Chairman welcomed officials from the Ministry of Energy and Energy Industries (MEEI), Auditor General's Department (AGD), members of the media and the public to the Twentieth (20th) public hearing with the PAC and introductions were exchanged.
- 6.3 The following officials joined the meeting:

Ministry of Energy and Energy Industries (MEEI)

- | | | |
|---------------------------------|---|----------------------------------|
| • Mr. Selwyn Lashley | - | Permanent Secretary |
| • Mrs. Penelope Bradshaw- Niles | - | Deputy Permanent Secretary |
| • Ms. Marilyn Jamunar | - | Auditor II (Ag.) |
| • Ms. Kaisha Deene | - | Accountant II (Ag.) |
| • Ms. Grace Corneal | - | Audit Manager |
| • Mr. Marc Rudder | - | Senior Petroleum Engineer |
| • Mrs. Kevan Cummings-Williams | - | Director Human Resource Services |

Auditor General's Department (AGD)

- | | | |
|----------------------------|---|---------------------------|
| • Mr. Gary Peters | - | Assistant Auditor General |
| • Mr. Brian Caesar | - | Audit Executive II |
| • Mrs. Rajkoomari Mohammed | - | Audit Executive II |
| • Mr. Curtis Darbasie | - | Audit Supervisor (Ag.) |

6.4 The following Key Issues were discussed:

- The measures in place to reduce the recurrence of errors in/ omissions from the Appropriation Account;
- The lack of succession planning at the MEEI;
- The challenges and structure of the Accounts Unit at the MEEI;
- The challenges experienced by the MEEI in the recruitment of staff to fill the vacant positions;
- The regularization of quarry operators in Trinidad and Tobago;
- The impact of the shortage of manpower and lack of measurement training at the MEEI;
- The status of the examination and review processes applied to the calculation, verification and management of revenue from royalties and share of profits from oil companies;
- The accuracy of the production data received in the calculation of revenue and the methods used to resolve discrepancies by the MEEI;
- The measures in place to improve the frequency of the verification of oil and gas production data;
- The plans in place to rectify the challenges of illegal quarrying in Trinidad and Tobago;
- The number of private sector companies, state enterprises and quarries under the purview of the MEEI;
- The lack of regulatory controls in place at the MEEI for the verification of data by quarry operators;
- The status of Petrotrin's Internal Audit report on alleged discrepancies in production data;
- The need for a proactive approach to improve the Ministry's technological capabilities; and

- The need for auditing on the calculation of royalties payments submitted from quarry operators and oil and gas producers.

Please see the attached verbatim notes for the detailed oral submission by the witnesses.

ADJOURNMENT

7.1 The Vice - Chairman thanked Officials from the Ministry of Energy and Energy Industries (MEEI), Auditor General's Department (AGD), members of the media and Members for their attendance and the meeting was adjourned.

7.2 At 12:40 p.m., the Vice - Chairman adjourned the meeting.

We certify that these Minutes are true and correct.

CHAIRMAN

SECRETARY

September 15, 2017

APPENDIX III
Notes of Evidence

VERBATIM NOTES OF THE TWENTIETH MEETING OF THE PUBLIC

ACCOUNTS COMMITTEE HELD IN THE J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR (IN PUBLIC) TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN, ON WEDNESDAY, SEPTEMBER 13, 2017, AT 10.53 A.M.

PRESENT

Dr. Bhoendradatt Tewarie	Chairman
Mr. Rodger Samuel	Vice-Chairman
Dr. Lester Henry	Member
Mrs. Ayanna Webster-Roy	Member
Miss Jennifer Raffoul	Member
Miss Keiba Jacob	Secretary
Miss Hema Bhagaloo	Assistant Secretary

ABSENT

Mrs. Paula Gopee-Scoon	Member
Mr. Randall Mitchell	Member
Miss Marlene Mc Donald	Member

AUDITOR GENERAL'S DEPARTMENT

Mr. Gary Peters	Assistant Auditor General
Mr. Brian Caesar	Audit Executive II
Mrs. Rajkoomari Mohammed	Audit Executive II
Mr. Curtis Darbasie	Audit Supervisor (Ag.)

**OFFICIALS OF THE MINISTRY OF ENERGY
AND ENERGY INDUSTRIES**

Mr. Selwyn Lashley	Permanent Secretary
Mrs. Penelope Bradshaw- Niles	Deputy Permanent Secretary
Ms. Marilyn Jamunar	Auditor II (Ag.)
Ms. Kaisha Deene	Accountant II (Ag.)
Ms. Grace Corneal	Audit Manager
Mr. Marc Rudder	Senior Petroleum Engineer
Mrs. Kevar Cummings-Williams	Director Human Resource Services

[MR. RODGER SAMUEL *in the Chair*]

Mr. Chairman: Okay, good morning everyone. I want to welcome all of you here, the officials from the Ministry of Energy and Energy Industries, officials from the Auditor General's Department, members of the Public Accounts Committee, members of the media and those that are visiting with us from the public.

We are here today and the purpose of this meeting of the Public Accounts Committee is to examine the report of the Auditor General on the public accounts of the Republic of Trinidad and Tobago for the financial year 2016, with specific reference to the Ministry of Energy and Energy Industries.

The Committee is desirous of hearing from you, the Ministry of Energy and Energy Industries, the challenges being faced by the key stakeholders, and our purpose is to determine some of the possible solutions to these challenges.

The role of the Committee is to help the Ministry of Energy and Energy Industries to improve its delivery of services in an efficient and effective and obviously an economic manner.

So, I want to welcome all of you. This public hearing is being broadcast on the Parliament Channel 11, Radio 105.5FM and the Parliament's YouTube Channel, ParlView. So I want to welcome all of you.

I would now ask the representatives of the Ministry of Energy and Energy Industries and the Auditor General's Department to introduce themselves. We will start with the Ministry of Energy and Energy Industries.

Mr. Lashley: Thank you, Chair and good morning to everyone. There is a small team from the Ministry of Energy here today. What I will do, with your permission, Chair, I would ask them to introduce themselves. I would start on my extreme left and we would come all the way down.

[Introductions made]

Mr. Chairman: Auditor General.

[Introductions made]

Mr. Chairman: My name is Rodger Samuel, the Vice-Chairman sitting in for Dr. Bhoe Tewarie, who is the Chairman of the Committee and I would ask members of the Committee to introduce themselves.

[Introductions made]

Mr. Chairman: Obviously, we have the Secretariat of the Committee here with us. We want to thank the parliamentary team for being with us.

I want to now give you the Permanent Secretary, Mr. Selwyn Lashley, an opportunity to make some brief opening remarks about your Ministry and your operations.

Mr. Lashley: Sure. Thank you, Chair. Just some brief comments. You know, the Ministry of Energy and Energy Industries, over the period in question, we continue to address issues that would have run over from some of the previous periods, some of them relating to constraints, in terms of staffing. We have been able to make some headway but certainly over the period there were some constraints and in our interaction with the stakeholders at times there would have been some challenges, in terms of delays, based on constraints in staffing.

Notwithstanding that, we have always embraced and taken on board the

comments of the Auditor General and certainly feedback coming from the stakeholders in an effort to improve the delivery of services as we have gone along. So I am hoping that, in terms of any sort of analysis done on our performance over the period, that there is some sort of manifestation of our efforts. Thank you, Chair.

Mr. Chairman: I want to thank you and I would want to take this opportunity to invite members of the Auditor General's Department, because I know that they are quite intrigued with regard to the performance of Ministries, and there may be questions or investigations that would have arisen from the report and that they would want to know clearly what is the status of it. So I want to invite anyone from the Auditor General's Department to ask questions, based on the report and the recommendations that you submitted and what was the kind of response you have had thus far, from Ministry of Energy and Energy Industries.

Mr. Peters: Well Chair, generally we find the representatives of the Ministry of Energy very accommodating to our requests and they usually look very hard to find the answers that we need. But we will be doing some more, during the course of this financial year, in-depth investigation, if you will, from the revenue side of things and we hope to have those, well the camaraderie and the assistance continuing in that regard.

Mr. Chairman: Okay, thank you. Anyone else?

Mr. Peters: As of now, we have no specific questions for the Ministry of Energy.

Mr. Chairman: Thank you very much. I want to ask, there was a serious issue that arose with regard to errors and omissions in the appropriate account that was submitted by the Ministry of Energy and Energy Industries for audit. You responded to us dealing with regard to the errors and omissions and you gave us an idea as to how you planned to approach the errors and omissions. The question is: Where are you at this time? What kind of checks and balances have you implemented to ensure that the same issue does not show its ugly face again in the Auditor General's Report

for 2017, and that you have been able to manage the affairs effectively? What have you been doing thus far?

Mr. Lashley: Thank you, Chair. In our response we did attempt to indicate some of the measures. Certainly, one area that we identified that contributed to some of the errors/omissions was the fact that there was a transition, in terms of the leadership of our accounting unit and in fact we identified a process for ensuring, in collaboration with some input from Comptroller of Accounts, in terms of reviewing our system, in terms of how we were set up, in order to deliver in accordance with the Financial Regulations. We took on board their comments and in fact we have had a series of interventions over the year where, in fact the staff now charged with the individual and collective responsibility for preparing/checking the submissions, have in fact been brought on board and trained up to the level where we feel a lot more comfortable. In fact the errors and omissions which would have occurred in the past would be eliminated or significantly reduced, if not eliminated.

Mr. Chairman: But when you read the response and you begin to assess the cause of the issues, the question arises whether there has been any system of succession planning and succession planning would really have alleviated some of the problems that you have, and there would be no shut off that would remove continuity. So, what kind of succession planning do you have in your system?

Mr. Lashley: Yes, I agree with you, Chair, that some of the issues are clear evidence of gaps, in terms of succession planning. Now, in a public service context I just want to—I am sure you are well familiar, notwithstanding the best efforts at succession planning we are subject, as any other Ministry, to movement of staff in and out from the department. It is based on seniority within the wider public service, et cetera.

So that, notwithstanding efforts to plan and prepare for the departure of persons, sometimes it is difficult to ensure that you have that seamless transition. Notwithstanding that, one of the things we recognize is, you know, proper

documentation, you know, having SOPs, in terms of, you know, ensuring that whoever would then be charged with the responsibility for a particular unit or a desk would have very clear guidelines, in terms of what is expected and what sort of procedures need to be adopted. So that is something that we have put place in some areas and we are moving towards ensuring that, given that environment, we, you know, have some degree of resilience because it is going to continue. I mean, it is something, it is a feature of the public service and we are part of it, so we just need to ensure that our systems are able to respond when, you know, persons, you know, for whatever reason, have to leave, be it by retirement or promotion out of the system.

Mr. Chairman: And how do we deal with the retirement situation with regard to succession? We know in advance people who are retiring in five years, 10 years, in 15 years. What are we putting in place to ensure that there is succession, and that these people's intellectual capacity is passed on to other staff members?

Mr. Lashley: If I can call on my Director HR just to give a little brief outline. But certainly in the general context, it is something that is very, very—it is something that is taken on board across the public service now. In fact, we have submitted some information to the Ministry of Public Administration regarding our plan for succession across the Ministry. So I would allow the Director HR just to give a brief insight into that process.

Mrs. Cummings-Williams: Good morning again. As PS indicated, we did develop a succession plan. That was submitted to the Office of the Prime Minister. That plan hinged on a rotation policy, which includes persons. We identified persons who are due to retire and to have persons rotated within departments and across functions so that they can build their skills capacity and to develop the necessary knowledge and competencies to do particular jobs so they would not be stymied in a particular function. Rather they would be understanding the different roles of various

departments.

In addition to that, we have been approaching the Commission to have persons who have been acting for extended periods have them promoted to those positions and also to fill entry-level positions.

Mr. Chairman: Are you saying that you are quite aware of the many persons that would be retiring shortly? Have you taken stock of it, account of it and begin to put things in train for that when it happens?

Mrs. Cummings-Williams: Yes we have. As I said, that was included in our succession plan and it is also part of our rotation policy to build that skill competency and also that is apart from our ongoing training process where we engage persons in technical skills training.

Mr. Chairman: Okay, I just wanted to be clear. I heard you mention that you submitted your succession plan document to the Office of the Prime Minister. Was that supposed to be the Ministry of Public Administration or were you correct with submitting it to the Office of the Prime Minister?

Mrs. Cummings-Williams: That submission was based on a request directly from the Office of Prime Minister from the Head of the Public Service.

Mr. Chairman: Okay. I just wanted to be clear.

But let us talk about your accounting unit because accounts is a big thing. The Auditor General responds to the effectiveness and efficiency of your accounting unit. What is the present status when it comes to staffing? Because I know you said that people are being shifted in and out of Ministries. What is the present status? You may be able to tell us what is the ideal structure, and then where the shortcomings are.

Mr. Lashley: Let me allow the head of our accounting unit, Ms. Deene, to just give you a sense of the current status and then I would ask our Director HR to give a little more detail, in terms of any sort of strengthening that we have envisaged.

Ms. Deene: Morning again. Presently the accounting unit is staffed with the head as the Accountant II, which is myself, and we have one Accountant I, six Accounting Assistants, three Clerk IIs and two Clerk Is. We are functioning in a unit of basically 16 people. I think that is the composition of it. In terms of, we are also faced with the problem of rotation of staff. So you will have people who are getting acting appointments coming in new to the division and we also have to retrain them in terms of the proper accounting procedures, based on the financial regulations.

Mr. Chairman: And is there a standard training across the board, or is there a training that is being developed by the Ministry of Energy and Energy Industries, specifically designed to develop the accounting unit?

Ms. Deene: I think HR would be able to attend to that question in terms of training.

Mrs. Cummings-Williams: We are guided by the needs and we are currently in a mode of looking at organizational competencies and/or efficiencies. So we would be working with accounting for them to indicate their current skills gaps and to develop a programme which will support those skills gaps.

Mr. Lashley: What we have been doing though is, the Comptroller of Accounts does offer, from time to time, intervention. They work with the officers, in terms of raising the level of skill and awareness and capacity, in terms of compliance with the financial regulations and procedures. So that is an ongoing training and intervention we have with the officers of the Comptroller of Accounts.

Mr. Chairman: Can I ask Mr. Peters if he has any comments?

Mr. Peters: I just wanted to add that the Public Service Academy offers structured course in accounts. Unfortunately, only a few people per Ministry can be accommodated. So that is a—although the courses are structured and excellent, not too many people can attend at the same time from the same Ministry or Department.

Mr. Chairman: And what is the limit per Ministry?

Mr. Peters: Usually one or two.

Mr. Chairman: Okay. I want to just open it to the Committee for the questions.

Mrs. Webster-Roy: Thank you Chair, through you. Just to follow up on what the Assistant Auditor General said. Yes, the training academy will only take a few but I know all Ministries have a training vote and how you utilize the training vote. So for the period, did the Ministry use that particular vote to have training specifically for the accounting unit?

Mrs. Cummings-Williams: I do not have that information before me, but once the opportunities arise, we do make it available for the officers to access that training whenever training becomes available.

Mrs. Webster-Roy: A follow-up again. Madam HR, could you tell me how much of your training vote has been utilized to facilitate training for the accounting unit?

Mr. Lashley: I think we will have to pull that information and supply it to the Committee. But certainly I understand, you want to get a sense of how much of the training funding has been directed towards that. We will pull that information and supply it to the Committee, by your leave, Chair.

Dr. Henry: Good morning again everyone. I want to give the Ministry and in particular, I guess, the PS, an opportunity to shed some light on the issue of the recruiting and that whole problem that was raised in the previous meetings about the shortage of staff, and so on. How has that been affecting you and what are the issues, especially we know that there has been this High Court ruling that put a little bit of a spoke in your wheel. I would like to give you an opportunity to inform the Committee of what is the stay of play on that.

Mr. Lashley: Well, as you mentioned, it is a matter that is currently before the courts. So I am a bit limited in terms of what I want to say about it. But certainly, in a nutshell, we have been working, of course, with the relevant stakeholders, namely, of course, the DPA's office and we have been approaching them over time, in terms of the filling of vacancies.

What happened, the start of this year is the Public Service Commission invited the Ministry, among others, to volunteer in a sense to assist in the whole process of recruitment under strict, of course, guidance by the Service Commission. So I know there have been things in the press where they say that there is more power to Permanent Secretaries. Certainly, as far as I am aware, we are assisting the process. It is really still squarely in the control of the Service Commission. So we assisted by way of advertisement and facilitated the collection of submissions and under the guidelines provided by the Director of Personnel Administration, we would have collated and prepared a report and submitted back to them. So that is how we have been assisting.

Now the end game was, of course, to facilitate accelerated recruitment, but certainly under the direct guidance and control of the Service Commission. So that is, in a nutshell, what that entails.

Dr. Henry: Has this situation affected other Ministries, or was it something peculiar to you all?

Mr. Lashley: That I cannot say but I know the action that was brought is the Public Service Association against the Ministry of Energy. So I am not too sure if there are other actions against other Ministries or other Departments.

Miss Raffoul: Thank you. Let me start by thanking you all for your service to Trinidad and Tobago. The Ministry of Energy and Energy Industries is one of the most important Ministries. I am really curious about the section about query regulations. In a previous meeting, I am not sure if it was with the Ministry of Finance or if it was with the Ministry of Energy, it came up that a lot of the quarry contractors do not have to pay taxes, because it is seen as being a deterrent to the quarry industry and to growth of that sector. Is that policy still being held or is there being a reconsideration to that?

Mr. Lashley: Are you referring to the quarry industry?

Miss Raffoul: “Um-hmm”.

Mr. Lashley: Well my—I do not know if I am hearing you correctly. Is it that there was information suggesting that they are not liable for taxes? I know there was an issue with royalties.

Miss Raffoul: “Um-hmm”.

Mr. Lashley: And from the context of royalty payments, there are outstanding royalty payments. One of the issues involved, related to the determination of the title to not just surface rights but the title to minerals. So there may be, for instance a piece of property where the surface rights belong to a private individual but certainly the determination of where the mineral rights reside is something that is sometimes still under a process of determination. There is a lot of difficulty with the title searches. So that once that issue is in question, even though we would assert that there is a quantum of royalty payable, the operator would, I suppose, suggest that until that matter is definitively determined that they would not pay until that is determined that the rights belong to the State. Because that is the only instance where the royalties will then become payable.

Miss Raffoul: Okay.

Mr. Lashley: So that is on the royalty side. Your question regarding taxes, I was not aware that there was an issue.

Miss Raffoul: My apologies, I should have said the environmental clearance, rather. That is my understanding. So how many quarry companies now have environmental clearance certificates and is that still a requirement for obtaining a licence?

Mr. Lashley: Well, the certificate of environmental clearance is issued by the Environmental Management Authority.

In terms of the—what you are talking about is the bonds. Rehabilitation bonds may be, I think that was an issue. I do recall that there were some sort of pushback in terms of the quantum, because the legislation would have prescribed certain rates,

based on the type and its per hectare and those kinds of things, and there was some pushback. But certainly that is something that was determined after consultation across the board, across the various agencies responsible for, in particular, environmental protection and certainly those are some of the rates that were prescribed. So, it is the law right now.

We are in a process of regularizing a number of operators and it is a requirement of getting a valid licence. In fact all these things need to be in place. Because at the end of the day, I take your point, I mean, notwithstanding the pushback from the operators, there is also due cognizance of the general public and, of course the impacts that we hear over and over again, in terms of some of the negative impacts of activity and having some of these things in place is a safeguard, in terms of proper operation. And at the end of the operation, rehabilitation and return of the acreage.

11.20 a.m.

Miss Raffoul: Thank you. So currently is it a requirement that quarry companies do have, to have a certificate of environmental clearance? Or is that still in limbo and being considered?

Mr. Lashley: Yes, it still is that they do have to have a CEC, issued by the Environment Management—

Miss Raffoul: And the one—the quarry companies that are being regularized. How many of the total quarry companies in Trinidad would you estimate still do not have that?

Mr. Lashley: I will have to get that number for you. But, certainly it is a valid question in terms of where are we—in terms of bringing all operators within compliance. So I can get those numbers and submit it to the committee.

Miss Raffoul: If you could estimate a fraction?

Mr. Lashley: I would not want to proffer a guess at this point. But let me get—the

Director of Minerals who, was supposed to be here today—he phoned in ill today. And he would have those numbers, probably more at his fingertips.

Miss Raffoul: Okay, Thank you.

Mr. Chairman: As we are dealing with the quarry operators. How does the Ministry verify the accuracy of the production data submitted by the quarry operators?

Mr. Lashley: The production data is submitted via a return. That is submitted by the operators. When we get the returns, of course, that will be reviewed internally, and we charge our internal audit group to go out into the offices of the—on the site—the site of the operators to verify the submission in accordance with their—because they are required to keep books as well as— So they will do an audit of the books of the operator to determine whether their submissions are in compliance with that.

Mr. Chairman: But we have been faced in Trinidad, especially, with a tremendous amount of illegal quarrying. The public is aware of it, I have had people who have said to me that they have reported it. And, in many incidents, absolutely nothing is done, with regard to the illegal quarrying in Trinidad and Tobago. What are your plans as a Ministry to deal with the escalation of illegal quarrying in Trinidad and Tobago?

Mr. Lashley: Well, two things—in terms of illegal quarrying. It is illegal yes. Now, all reports of any activity which would suggest illegal activities not within the realms of a licence or “authoritised” activity. They are investigated by the Ministry. Now, we have some constraints of course. As you will know, the illegal quarrying activities, many times, occur in remote areas.

Some of those activities are associated with individuals who have questionable backgrounds and who have access to—you know—the officers who would have to investigate would be placing themselves at risk in terms of going out there by themselves. So what had been happening is we—we would have to engage the services of law enforcement to accompany the officers. We do that and we try to

co-ordinate visits to respond to those types of reports.

We have been doing that so I—the comment that many go uninvestigated. I am not sure whether—it is a comment, but that is not our information; all reports are investigated. The investigation though needs to take place within a context of ensuring that the officers being sent on the investigation are secure or they do not place themselves at undue risk of—you know—to themselves.

So that—that is one of the challenges. Now, at the end of the day we—the incidence of illegal quarrying. Our information and the sort of reports we have been receiving have been on the decline. So, I mean, that is a manifestation, I think, may be of the—where we are in terms of the demand for aggregate. But certainly, the comment of it being increasing is not something that we are seeing based on reports and our investigations going out into the field.

Mr. Chairman: Will you be able to share with this committee, or give us an idea of how many such investigations have been pursued? And what were the outcomes of the investigations? And how many?

Mr. Lashley: Yes, we can compile that information and submit it to the committee.

Mr. Chairman: What transpires when quarry operators fail to submit the outstanding production data after the Ministry sends reminders to them? Because they are very delinquent in some instances. What happens?

Mr. Lashley: We are in a process right now of regularizing a lot of the existing quarry operations. So you mentioned the particular circumstance where information has not been submitted. We the—the information we get is principally used for the determination of royalties. If it is that, there is an operator who has not complied over a period of time, we would send letters, reminders and ultimately we—within those letters we always remind that it is illegal to pursue operations without a valid licence.

We would ultimately take legal action against the operator to indicate that

whatever they are doing is in violation of the law and we will have to take them through the courts.

Mr. Chairman: And have you had to do that within recent times? And if that is the case, how many as an average of operators have been delinquent—with regard to the responses to the Ministry?

Mr. Lashley: I will have to get that information again and supply it to the committee—in terms of delinquency; in terms of the chain of correspondence and where we are at in the process in terms of bringing those errant operators into compliance.

Mrs. Webster-Roy: Thank you. Mr. PS, on page 52 of the Auditor General's report, it states that: "No evidence was seen that oil and gas production data received from companies and used in the calculation of revenue collectable was verified by the Ministry." I wanted to know which unit is responsible for ensuring the accuracy of data? And if you can outline the process for me please?

Mr. Lashley: We did supply some information with the supplemental response. It is a combination of divisions or of units within the Ministry so with respect to oil and gas operations upstream. There is a division called the Contract Management Division, who has the responsibility for engaging and monitoring the operations of the upstream stakeholders.

Now the—the submission of one of the requirements is—routine submission of returns by operators to the Ministry. The Ministry would review those submissions. The engineers and the contract management division together with the engineering assistants would compile information and do checks and balances across—so that for instance there are instances where there will be transfers between entities. There is custody transfer so that a submission by one party can be verified against the submission by another. So those are the kinds of checks and balances.

At the end of the day, the submission is for determination of the quantities of

production. There is another division called the Downstream and Retail Marketing Division, that actually has the responsibility—separate and apart from the contract management on a day-to-day basis for looking at it over the quarters to determine payments of royalty.

So there is a reconciliation done independent of the contract management division by getting information, and supplying to the operators and have them verify certain particular pieces of information, just to ensure that the numbers being used for the calculation of royalties are in line with the estimates.

The—all that information is auditable, in fact, we can audit the books of operators. We can go in and determine if there are any instances of discrepancies; determine what basis of the discrepancy and bring that— correct it in terms of getting that.

Now, there is one other division that is responsible for the calibration, so determining or the accuracy of measurement devices. That is the Petroleum Asset Monitoring Division which Mr. Rudder heads. So that periodically we have inspectors, a cadre of inspectors that will go out and either perform or witness the calibration of measuring devices, to ensure that they are accurate, in terms of— because that is where the operator will then, you know, derive the figures that are reported back to the Ministry.

So that is a combination of these three divisions working at times independently but, ultimately, collaborating to ensure that there are some checks and balances on the figures submitted.

Mrs. Webster-Roy: Mr. PS, you mentioned there is a contract management division that will collect. How often would they do that? Is this a daily? How many daily, monthly, quarterly? How often is this done?

Mr. Lashley: It is a combination. The returns from the operators are required to be done on a monthly basis. That is the figures that will be used for the official figures.

But they are also—there is also a daily submission that is compiled. It is—there are preliminary figures and checks and balances can be done on that, to see how production has been varying. Based on performance of wells and fields in order to, you know, to determine at the end of the day, how the return at the end of the month reconciles with the preliminary figures.

So there is a daily reporting, in some incidents there is a monthly report—every month. And then that is compiled, as I said, on a quarterly basis to determine the royalties payable. Some determination is done and then actually, at the end of the year there is an annual reconciliation for what is called the petroleum impost which is based on the production of the various companies. It is the lead up—it relates to the expenses of the Ministry of Energy. Where there is an order done which basically allocates a certain percentage based on production to each company. So there are checks and balances throughout several cycles which, at the end of the day, contribute to the determination of accuracy.

Mrs. Webster-Roy: How often would your inspectors go out to verify the calibration and so forth?

Mr. Rudder: The inspectors in the measurement unit—Petroleum Asset Monitoring and Measurement Division, we look at various companies on a set frequency. However, in terms of the calibration for units it depends on the type of meter system that they use. Metering systems are normally calibrated on a monthly basis. So really we cannot be at every certain calibration conducted by the company because of that set frequency that they have. However, in terms of if we are using a gauging method, for instance, a tank, those tanks are calibrated on a ten-year basis.

All right, so we would be there witnessing the calibration of those tanks and signing off for those calibrations for tanks. But for meters, they are done on a monthly basis mainly. So it is—you cannot say that we do it every single time, because of the said frequency that they have for all the companies conducting these calibrations.

Mrs. Webster-Roy: Are you satisfied with the frequency at which it is done?

Mr. Rudder: I am not satisfied with the frequency. Because as stated in the report, the number of inspectors we have in the measurement unit is about two persons. Normally, we will need about five persons in the unit to satisfy at least some sort of proper audit of the systems. But we currently only have two and, at times, we would have one on the basis of persons being on vacation and whatnot. So we have focused mainly, when we talk of privatization, in terms of the oil side of the business, based on the value of oil to the economy of Trinidad and Tobago.

Mrs. Webster-Roy: So it might be fair to assume that we may be losing out at some point if we only have two and we need five to verify? Mr. PS, what measures are being put in place to ensure we have the human resource—to ensure that the country is not robbed of revenue?

Mr. Lashley: We come back to the issue raised earlier, in terms of filling of vacancies. So, as Mr. Rudder indicated, there are two things actually: one, filling of vacancies, one of the positions advertised is the position of petroleum inspectors. As I mentioned, that particular process is under question by legal actuaries and it is something that we have been asking the Service Commission to fill, because of the importance. In addition to that we recently went to Cabinet with respect to the restructuring exercise of the Ministry, expanding the cadre of—among other positions, inspectors; inspectors, engineers, et cetera, and those, we expect that when those positions are approved for filling we would want to fill them as soon as possible. Again, in light of the recent action, we go through the process and as soon as we have the clearance to go ahead with certain procedures we will proceed post-haste.

Mrs. Webster-Roy: Mr. Lashley, as the accounting officer are you satisfied with the overall process in terms of data verification and monitoring? And if you are not satisfied, do you have any recommendations?

Mr. Lashley: Well, ultimately, the verification process—one of the areas I see we can strengthen is integration. So, we have separate units doing particular functions. There is value in the separation, of course, because you really want to ensure that the parties responsible for verification of particular items do not mix with others.

But at the end of the day when you do a reconciliation in a holistic way there needs to be an improvement in terms of how we integrate information from the various units into a whole. So I do—we are moving as far as—when we do periodic reserve audits, which go right back to the sub-surface. One of the things we are looking at is seeing how we integrate the results from a reserve audit which is done, normally done by an independent third party to see how that will be reconciled with the figures we get on an on-going basis. But, of course, that is going to be done post-facto but certainly it will provide some sort of assurance that in fact what we have been measuring, what we have been reporting on is actually based on the estimates of the resources in place.

Mrs. Webster-Roy: Thank you.

Mr. Chairman: PS, it is one thing to be short staffed; it is another thing to have a mechanism, to take the data as to what impact the shortcoming has on the operations of the Ministry. I am reading from the issues you have had with the calibration problems that a log is not maintained to reflect the queries raised by the contract management unit with operations—with operators and the resolutions made. If there are no records as to—I am going back to what Mr. Rudder was saying. The shortcoming of staff and the impact how many units are not calibrated within a period of time as a result of the shortcomings. What is it costing the nation if there are no records? What are we basing our operations on?

Mr. Lashley: I do not think it is accurate to say that there are no records. In a response, we indicated that there was the question of whether there is a log. Yes, what—the procedure that is normally in place. If there is reporting by way of reports

or, you know, a communication by email and then that is then documented on the Ministry's files. So, with respect to a particular issue raised, until that matter is resolved you will have a trail of the interaction leading to the resolution of the particular issue. So I think the question of a log. I think the answer to that is no we do not maintain a log, I mean, it is a suggestion which, of course, we will take on board. But certainly just reporting on what the current practice is or was, that is actually what takes place.

Mr. Chairman: The reason why, I sort of broaden the scope of the log or the reporting mechanism is that, if I were to ask Mr. Rudder. Based on the shortcomings of staff and the inability to do the kind of calibration that you would like to, if you were full staffed, what impact it is having on the Ministry—Ministry's reporting mechanism? Are we losing based on that? And how are we to now justify, you know, whether it is five you need, you know six you need, ten you need, you know? What it is that you have recorded that you can say, well as a result of this we are unable to calibrate, and as a result of our inability to calibrate, this is what it is costing, these are the losses, these are the situations?

Mr. Lashley: Is the question directed to Mr. Rudder or—All right, let me allow him just to say a few words.

Mr. Rudder: Okay, when I said that, in terms of the Ministry being unable to witness, the calibrations are conducted, as I said, at a frequency normally on a monthly basis. All right, the calibrations are conducted by the companies and they would hire an independent company to conduct the calibrations. So it is not that the calibrations are not occurring—they are occurring. However, it is just whether the Ministry is there to witness that it is being done. The Ministry does not conduct the calibrations, the Ministry witnesses the calibrations and signs off—as witnessing. If the Ministry is not present, the Ministry will not sign off the tickets, but they will be signed off by the operator and the contractor. So there is a record which the Ministry

can appropriate from the companies in terms of those calibrations that were conducted for the units.

Mr. Chairman: But because you do not witness it—

Mr. Rudder: No, we would not have witnessed it. Yes, correct. But they are occurring all right. In terms of the amount of calibrations that are occurring in terms of my calculations and in terms of frequency—I do not think, as you rightly said, whether we have five inspectors in the unit, we will be able to witness all.

Mr. Chairman: Okay.

Mr. Rudder: I am saying that we will not be able to witness all, even if we had five inspectors. I think what we have to look at is in terms of an auditing function and not actually witnessing every single one taking place in and around the country.

Mr. Chairman: Okay, thank you. Dr. Tewarie.

Dr. Tewarie: Thank you very much, good morning everybody. I will start with quarries and then I want to get to some of the issues related to oil. The—here you have the information operational quarries with licences (9) and then you have others whose licence have expired which are much, much larger 35 and then 47. From how many of these quarries are you now receiving revenue? Because it says that 47 plus 35 plus 9 are, in fact, operational?

Mr. Lashley: I will have to get the full numbers for you. But certainly from all the quarries that we are aware are operational we would require returns from them. Now, I mentioned earlier there are some that would be delinquent in terms of timeliness of submissions. But certainly from all of the quarries that are operational that we know of we receive returns and where their—the royalties should accrue to the State. Those are royalties that are calculated and the operators are informed that these are due and liable. The question was asked earlier in terms of how much of that is outstanding and paid and there are some numbers here in terms of what has been determined, there are some matters—

Dr. Tewarie: But you cannot tell me whether it is 9, 12, or 15. You do not know?

Mr. Lashley: I cannot tell you today.

Dr. Tewarie: But you can supply it.

Mr. Lashley: I can supply it.

Dr. Tewarie: But who determines how much a quarry could pay?

Mr. Lashley: It is determined by the Ministry based on the returns from the quarries.

Dr. Tewarie: Does the quarry determine the number on the basis of which the Ministry then determines how much revenue is due?

Mr. Lashley: Yes, it would be based on their submission.

Dr. Tewarie: So you do this on trust then?

Mr. Lashley: Well, to a certain degree, but it is followed up by an audit of their books.

Dr. Tewarie: How often is the audit?

Ms. Jamunak: The audit is conducted every three months.

Dr. Tewarie: Every three months you do an audit? And how do you verify, how do you raise the possibility of discrepancies and how is that resolved?

Ms. Jamunak: Whatever information the quarry operators give us with respect to their books we use that data to determine the amount of royalty that is paid.

Dr. Tewarie: So you operate on an honour system with the quarries?

Ms. Jamunak: More or less.

Dr. Tewarie: Okay. So that there is no basis on which you can basically determine from day-to-day how many loads of gravel, let us say, leave a quarry, except from the indication by the quarry operators?

Ms. Jamunak: Correct.

Dr. Tewarie: That they give themselves—

Ms. Jamunak: Correct.

Dr. Tewarie: Now, do the same people who monitor and audit quarries or the oil

companies, or is this different? I know that you have a contract management unit, and you have a measurement unit, is that for everything that you monitor or it that only for oil?

Mr. Lashley: With respect to the quarry side there is the minerals division so they will be stakeholder interface with respect to the quarries. With respect to oil and gas the stakeholder interface is the contract management division and then there is a unit called the PSC Audit division that looks at auditing some of the cost and revenues with respect to upstream oil and gas.

Dr. Tewarie: Okay. I gather from the information here that you really have jurisdiction over 11 private sector oil companies. Is that correct?

Mr. Lashley: In all?

Dr. Tewarie: How many state enterprises do you have jurisdiction over?

Mr. Lashley: Across the board?

Dr. Tewarie: Yes.

Mr. Lashley: It is six state enterprises.

Dr. Tewarie: Huh?

Mr. Lashley: Six state enterprises.

Dr. Tewarie: Six. So you have 11 private sector and six state enterprises? Is Petrotrin one of those?

Mr. Lashley: Yes, Petrotrin is.

Dr. Tewarie: What is the relationship between the monitoring function of the Ministry of Energy and the expected monitoring function of the Board of Petrotrin?

11.50a.m.

Mr. Lashley: The difference?

Dr. Tewarie: Explain it to me, and especially the—

Mr. Lashley: Well, the Ministry of Energy and Energy Industries is the regulator, so, I mean, Petrotrin, notwithstanding that it is a state company, they have an

exploration and production licence so they are treated like any other company, private or state company, they have to comply with—

Dr. Tewarie: So they are one of the companies?

Mr. Lashley: They are one of the companies—

Dr. Tewarie: Which happens to be owned by the State.

Mr. Lashley: Which happens, yes, certainly.

Dr. Tewarie: And so they would be responsible for all their internal auditing and calibration, and checking, and, basically, determination of things within the company.

Mr. Lashley: Yes, that is correct.

Dr. Tewarie: And where would the Ministry of Energy and Energy Industries get into the picture, at what point? Is it on the basis of a report from the board or minutes of the board, or what?

Mr. Lashley: No. No. No. Well, as an operating oil company having an exploration and production licence there are certain requirements under the licence, they have a responsibility to provide information, to report. There are responsibilities in terms of the conduct of their operations. We have access to and can enter their premises to conduct audits to check on just like any other company. So the Ministry of Energy and Energy Industries will exercise that regulatory authority under that ambit. As a state company, that has nothing to do with the Ministry of Energy and Energy Industries as the regulator, it is separate and apart. So being a state company with their unlimited liability company, with a board, the company is accountable to the board for certain things. The Ministry of Energy and Energy Industries as the regulator, the company is responsible to the Ministry, you know, within the context of their licence.

Dr. Tewarie: I mean, would the Ministry of Energy and Energy Industries have an interest in how much oil Petrotrin processes, for instance?

Mr. Lashley: Certainly, together with all operators, all producers, we keep records in terms of production, in terms of refining, in terms of those kinds of things.

Dr. Tewarie: When is it likely that the Ministry of Energy and Energy Industries would know that a company, like Petrotrin for instance, is processing less oil than it is actually paying for?

Mr. Lashley: When you say, processing less oil, from the context of—they are separate, Petrotrin as a company would have a refining arm, and there is a producing arm, so that the refinery would have information which they have to supply to the Ministry with respect to their operations. So they would supply information, routinely, on a monthly basis in terms of quantum that is being processed, quantum purchased, quantum, you know, et cetera, et cetera.

Dr. Tewarie: Would the Ministry of Energy and Energy Industries have that information?

Mr. Lashley: With respect to Petrotrin?

Dr. Tewarie: Yes.

Mr. Lashley: Yes, certainly, along with all the other operators.

Dr. Tewarie: Okay. Was the Ministry ever conscious or alert to the fact that something was going wrong in Petrotrin where one producer of oil was billing for more oil than was actually produced, or billing for oil that was not produced?

Mr. Lashley: If you say if the Ministry of Energy and Energy Industries was aware, now Petrotrin submitted to the Ministry a preliminary report alerting the Ministry to the fact—

Dr. Tewarie: The auditor's report?

Mr. Lashley: A preliminary report indicating that there was a concern over what they called overage and underage, and that it was under investigation by their internal audit. So that is how it would have been reported to the Ministry. On the first instance, the indication was that it is something that is under investigation, and

that, in fact, it is a determination, on completion something would be submitted to the Ministry. All right? So that that is the status of it as of today. Now, having had that indication of some sort of underage and overage—now, it is something that occurs on an going basis where, depending on reported volumes and the way a system is configured, there can be, you know, some under-reporting and over-reporting, during different parts of the cycle. So, certainly, what would be of concern to the Ministry, and is of concern to the Ministry, is where, in fact, there is a report, which we would investigate, of any sort of under-reporting or over-reporting by parties within the system. So that is something when it comes to the Ministry for investigation or determination, it is something we will look at.

Dr. Tewarie: But in this particular case did the Ministry leave it to Petrotrin internal processes and, therefore, the board ultimately to manage this process and then report to the Ministry, or did the Ministry take an active approach in terms of possible intervention in Petrotrin on this matter? What stance did they—I am not making a judgment about it, I am just trying to find out. What stance did the Ministry take? It had knowledge, there was a process going through, the process was not completed, what did you then do?

Mr. Lashley: So that having an indication of perhaps there is a concern of under or over-reporting, the measurement division—

Dr. Tewarie: Which is more like overpaying though.

Mr. Lashley: Well, that is another dimension, but, certainly, let us deal with the volumes first of all. From a Ministry's standpoint, the Ministry would have returns submitted by the company, that is Petrotrin, with respect to production, various fields, et cetera, and what we would look at is in terms of trends in production, et cetera. When this report of any sort of variance would have occurred, or an indication, of course, and then the indication would have come with a determination that it is under scrutiny by their internal audit, that report would have been sent to

our measurement division; our first thing would be, is there any sort of measurement, something that would arise for measurement, yes. So that is something which, on an ongoing basis, we would look at, but when we get the report and, certainly, the issue of the quantum, the issue of the parties involved, the issue of who would have signed off on what, those are some of the things that, of course, we would query into to determine, in fact, if there is accuracy, or there is lack of accuracy with respect to the reporting volumes.

Dr. Tewarie: All right. Suppose the preliminary findings of the audit report turned out to be fairly accurate, I imagine you are awaiting another report now, when you get that report what would be the options of action from the Ministry? I imagine the Permanent Secretary would know, would the Minister know? Does the Minister have knowledge of what is transpiring before this became a public matter?

Mr. Lashley: Just to my knowledge, let me just let you—the preliminary report had no details. There is a report circulating right now in the public space, those details are part of a final report which is still to come to the Ministry.

Dr. Tewarie: That is still to come to the Ministry?

Mr. Lashley: Still to come to the Ministry.

Dr. Tewarie: So you have no knowledge of that report?

Mr. Lashley: Apart from what is circulating in the public space, all right. So that because the preliminary report would have just indicated there is an investigation ongoing, it would have indicated that—and the genesis of it would have been oil received at the refinery and oil sent out or shipped out by production. Drilling into that is what the internal audit report would have been doing, and that is what would have come to the Ministry, or would come to the Ministry, eventually.

Dr. Tewarie: Could you speculate on why the report has not come to the Ministry if it is all over the place?

Mr. Lashley: No. No. Well, I cannot speculate, but, certainly, there is a process, as

I understand it, where within a company if something is sent for investigation by internal audit there is a process coming through the company before it goes outside the company, so that is where we are at.

Dr. Tewarie: So except for the public exposure of this report you did not have knowledge as Permanent Secretary of this report prior to its dissemination in the public domain?

Mr. Lashley: Not at all.

Dr. Tewarie: You did not?

Mr. Lashley: No, Sir.

Dr. Tewarie: And the Minister did not?

Mr. Lashley: I cannot speak for the Minister. It was not submitted to the Ministry, officially.

Dr. Tewarie: The process of official submission to the Ministry would be through the board, or would it be through the CEO?

Mr. Lashley: The submission of what, in particular?

Dr. Tewarie: Of an official report to the Ministry.

Mr. Lashley: What I can tell you is the preliminary report, there was an indication from the president that there was a matter being investigated, and that at the end of it something would come to the Ministry. So the expectation is that something will come officially from the company to the Ministry based on the findings of any report, and the Ministry will then, of course, based on that information do further investigation in terms of—

Dr. Tewarie: Now, Petrotrin, there has been a hiatus between boards at Petrotrin, a board resigned, and then you had the appointment of a new board, is that correct?

Mr. Lashley: Well, there is a new board in place now.

Dr. Tewarie: Yes, but prior to that what happened?

Mr. Lashley: Well, there would have been a previous board in effect, and when

there is a change there would be a process of appointment, revocation and appointment. So I am not too sure what you described as a hiatus, but there would be a—

Dr. Tewarie: But how much time transpired between the exit of one board and the taking up of office, the instruments, being passed on to the other board, the new board?

Mr. Lashley: That I cannot answer, that will have to be answered by the Corporation Sole, the Ministry of Finance, they are the ones who would have issued the letters of appointment and letters of revocation.

Mr. Lashley: But you are the Permanent Secretary, and you are on the new board, would you not know?

Those are two distinct functions, Chair.

Dr. Tewarie: You know, but the Permanent Secretary must know who is on the board of Petrotrin, if he is the Permanent Secretary of the Ministry of Energy and Energy Industries, and if the Permanent Secretary is now on the new board, the Permanent Secretary must know whether or not he got an instrument of appointment. I mean, am I incorrect?

Mr. Lashley: There are two functions, and let us try not to clutter them, please; the Permanent Secretary in the Ministry of Energy and Energy Industries has one function. Another individual, or the same individual, let us say, appointed to the board would have received instruments of appointment to be on the board of Petrotrin, and those instruments would have been received late last week, all right, so that is my information. Regarding the revocation of instruments for others, I cannot say.

Dr. Tewarie: Okay. You would not have known about that.

Mr. Lashley: It is not something that we get directly involved in. When a board is appointed then we will get the information. But that is handled, I mean, quite frankly, it is handled out of the representative of the shareholder, which is the Corporation

Sole, Ministry of Finance.

Dr. Tewarie: When is the last Minutes that you got from the board of Petrotrin?

Mr. Lashley: I will have to check on that, but, certainly, we receive them on a routine basis.

Dr. Tewarie: Generally, that is on a monthly basis?

Mr. Lashley: Generally, on a monthly basis.

Dr. Tewarie: Okay, thank you very much. I will have more questions.

Mr. Lashley: Sure.

Mr. Chairman: Sen. Raffoul.

Miss Raffoul: Thank you. I had a question about the lack of manpower that is said to be one of the reasons behind the lack of monitoring when it comes to equipment, and one thing that was submitted in the written responses was this from the Ministry; it said that 75 per cent of the planned activities were not done, and the question on our behalf was, what is being done in the interim to rectify it. And the response from the Ministry was this:

The Ministry acknowledges that manpower constraints have severely hampered its level of work activities, and, as such, many of its targets were not achieved.

This is page 8 of the written responses.

Some of the areas that were not executed included the witnessing of custody transfer gas meter calibrations and the monitoring of liquefied natural gas cargo loadings. The measurement unit is currently engaged in discussions with the relevant divisions of the Ministry to determine if a reordering of the current programme should be effected based on possible altered priorities.

My question—I have two questions and then a follow-up. How long has this shortfall in manpower been a problem within the Ministry? Has it been 75 per cent for a year or two, or has this been sustained for five or six years? And the answer

alluded to the fact that there are possible reconsiderations to what other mechanisms could be done to address the need to have a consideration to a reorganization of the current work programme given the current manpower. So I am wondering if there is a look at different technology, perhaps different calibration equipment. What other, you know, mechanisms is the Ministry pursuing to be a bit proactive in addressing the needs of the Ministry in the priorities given the shortfall and the fact that budget allocations are so unpredictable, and that, you know, you have priorities that are recognized within your Ministry? So what else have you been doing to really address the problems with the shortfall in manpower?

Mr. Lashley: All right, specifically, I mean, the shortfall in manpower is something that has been with us for quite a while. Regrettably, the process for getting approval for increases in the complement of staff, you know, it takes a while. We are at a stage where we have made some progress, but there is more progress to be made. Given that situation, as you know with any organization, what would have been done is identification of priority areas for deployment of your existing resources. You mentioned, as well, employing different technologies in terms of, you know, technologies that require less personnel, but, certainly, you are still able to achieve some of the objectives in terms of monitoring, in terms of verification, in terms of calibration.

Those are some of the things we have looked at, and, in fact, not only ourselves, but the companies themselves, as well, in terms of upgrading their systems, which would assist with, you know, with better use of technology, one, but at the end of the day you are charged with optimally utilizing the resource that you have at the material time, and that is what we do. Now, in our response, what we have indicated is that it is an ongoing exercise where, in collaboration with the various units, we try to come up at any one point in time with what is the best way to deploy the existing resources, based on where we see some of the areas that we

need to address in terms of urgency, but that is what we have to do.

I am foreseeing where—well, hopefully, post the resolution of the court action, we will be able to bring on board additional manpower resources which would greatly assist in, you know, ensuring that we have closer to the sort of complement that we require to discharge. In addition to that, with the restructured exercise that we have taken to the Cabinet, once we get approval for additional numbers, that will also assist with that. And then, finally, in terms of deployment of technology, certainly that is something which we are looking at. Perhaps I could ask Mark to comment, if he will, in terms of the technology aspect, because it is something we look at on an ongoing basis.

Mr. Rudder: In terms of the technology, it is something that we had looked at in our discussions with the other divisions at the Ministry in terms of being able to witness activities, or to appropriate data. And in terms of how the companies get their data in terms of the production of data, it comes into the control room. From the meter it comes into the control room, and from that they will then process the data and package it and give it to the Ministry. The question now is whether, does the Ministry of Energy and Energy Industries want to get the raw data from the meters, ourselves? That will then, may require even more personnel to actually harness the data and process the data ourselves, as opposed to giving it to the company to process the data.

So I think it would be difficult to use technology to actually witness activities in the sector, but it is something we are looking at. We had some meetings in the past couple of months, and it is something we are looking at to see how we can optimize and prioritize the work that we do in terms of areas that are more challenging, areas that bring more value to the country in terms of revenue. So we would actually be restructuring our programme in tandem with the Contract Management Division and Downstream and Retail Marketing Division in terms of—

because they are the ones who look at the revenue, they look at the figures, we just look at the instruments. We are trying to marry all of the parts together to optimize it currently, but it is something we are looking at.

Miss Raffoul: Could I ask two follow-up questions? I am a bit unclear as to how a change in technology that would make it easier to read, or come straight to your office, how that would make it require more personnel. Is that because it would be more expertise, so there would be an increase in manpower skills needed to then deal with that change in technology? So that is my first question, and second question is, is there a timeline attached to these considerations and these deliberations?

Mr. Rudder: Yes, it would involve an increase in manpower because it will be taking data, not just from one company, all the companies operating in Trinidad and Tobago, the Petrotrins, BPs, and so on, and so forth. Currently, we get the data from them, but if we have to do it ourselves we will have to get the equipment, and the equipment will have to be deployed in such a way that you are harnessing the data from all the companies, and then processing that data and packaging the data in a form that we will then use to calculate the revenue; that would also require manpower, as well.

Miss Raffoul: Thanks for clarifying. The timeline?

Mr. Rudder: We are working with a timeline currently by probably within the next couple of months. We are working in terms of—we do not want to, in terms of a reporting to the Auditor General, and in terms of their interview, we are trying to make it by the next fiscal year to have a new programme in place in terms of our priorities for looking at how to deal with the revenue aspect in terms of measurement and production. So we are looking in the next couple of months, but we are taking it company by company, all right, analysing each company, the details, in terms of the instruments, productions, and we so far have gone through a couple, probably one or two companies so far. But we are taking each company on its own, in each session

that we have in order to rationalize this whole system. So you are not just looking at the, yes, we may have an issue with, maybe Petrotrin, but we are looking at each company, all the companies on the oil and gas line.

Miss Raffoul: Okay. And just to clarify, you said there are 12 private sector companies, eight state-owned entities, and over 30 quarry companies.

Mr. Lashley: We can get the actual numbers to verify, but, certainly, in terms of the volume and scope, if that is the line of questioning, we need to ensure that when we move towards a system that is more automatic or technology, in basic terms, that it in fact captures all the stakeholders, yes, so that when we receive the data, interrogate the data, audit, that in fact it is part of one integrated system.

Miss Raffoul: I have another question, if that is okay with you all. As a follow-up, I think it was the Vice-Chairman, Sen. Samuel, was saying that, it seems as if it is an honour system in the sense that each company self-reports. It is not necessarily a bad thing if they are being honest. What are the penalties if they are caught being dishonest? And do you think that the penalties, as existing in the law, the regulations, are harsh enough, or do you think those should be changed, from a legislative standpoint?

Mr. Lashley: Well, the penalties under the Petroleum Act involve revocation of licences. There is the power of, what is called the distraint, where you can levy on property to recover any sort of amounts outstanding. So those are some of the measures. In terms of fines and penalties, I will have to—I mean, given in relation to any sort of—if there is any sort of quantification of the value that is being lost, certainly, I am assuming here that if there is some sort of damage that can be demonstrated, the State could probably then bring action in the courts to recover, or to be compensated for any sort of loss that would occur.

Mr. Chairman: PS, I mean, just like in other activities, criminal activities we are talking about, detection is the important factor, and if you cannot detect it and you

do not have the technology to detect it the other aspects of it would not be realized. I want to shift to MP Webster-Roy, so she has a question, and then I come back to Dr. Tewarie.

Mrs. Webster-Roy: Thank you, Chairman. I want to bring the Auditor General's Department into the conversation. I listened to the response from the Auditor at the Ministry and I was a bit troubled, and I wanted to get your take on it. How do you feel about the process they described in terms of verifying the information, especially in terms of the quarries and for oil? How do you feel? And if you could make recommendations to help improve it.

Mr. Peters: Well, as described, I would not see any discrepancies coming up at all. I have a question in mind concerning the calibration of the meters, if I may, Chairman.

Mr. Chairman: Yes.

Mr. Peters: Does the Ministry have the right to get its own expert to go to an oil company or a gas company and say, I want to check your meter and I want to check it now, can you do that?

Mr. Lashley: Yes, we can, short answer.

Mr. Peters: Okay.

Mr. Lashley: The process would be—well, the power would lie with the Ministry, so, certainly, we will have to clearly indicate that this entity is acting as an agent of the Ministry in getting that information.

Mr. Peters: Right, so to answer your question, unless that can happen, and there is a truly independent examination of the meter, then anything that follows we can have a reasonable assurance that it is correct. Concerning the quarries, nobody is there to look at the operations from dusk to dawn or dawn to dusk to see what is happening. So, again, they are relying on the data provided by the same company or operator, so hardly likely you will find any discrepancy showing up. Mr. Caesar has a

comment.

Mr. Caesar: Thank you. I was just wondering if the Ministry has any intention of, for example, the honour system, you know, from an auditor's perspective it is indicative of very weak controls, if none at all; from a management perspective it is not acceptable because you cannot manage what is not measured. So, I mean, there is a need for some sort of strengthening or controls with regard to the information received from the quarrying companies and that honour system, you know, from our perspective it is just not acceptable. So we would like to know if the Ministry has any intention of strengthening those controls so that they can obtain more veracious, with regard to the production data coming out from those quarrying companies.

Mr. Lashley: I think in an earlier session there may have been mention of the conduct of surveys, periodically, geologic surveys, and how that dovetails into the reported production figures would be over time—if you do your surveys you can determine, to a reasonable degree, the volume of material extracted from a particular site. The reconciliation of that with the reported numbers to my mind would give some measure of assurance, all right. In the past there has been consideration of the installation of weigh bridges at various locations in order to capture loads of materials moving out of a particular site, or particular areas, that in itself also presents some issues. You mentioned from dusk to dawn, my understanding, and I do not know, is that a lot of these activities take place in the night, the illegal activities that is. So that the whole monitoring of—capturing that information by way of monitoring loads, it presents a bit of a challenge as well. So that to answer your question, the introduction of periodic, geologic surveys at sites is one of the ways that, you know, you can reconcile extraction of material with the reported numbers in terms of volumes produced.

12.20 p.m.

Mr. Caesar: But I am thinking that is long after they have already gone with the

minerals extracted. I mean, what we were thinking of is something that is more proactive that could take place at the point in time when the minerals are being removed, not long after when you do a survey and do a reconciliation. As far as bringing in revenues into the Consolidated Fund you need to be in there and have a system that would measure as real time as possible, to increase revenues that may be conveyed as far as mineral extraction is concerned. So, I mean, if it involves somebody from the Ministry monitoring, let us say, through a turnstile operation and weighbridge so that each load that is removed is documented by some representative of the Ministry, I think there will be more control and measurement in that regard.

Mr. Lashley: It is a suggestion which we can take on board, but I pointed out that is something which has been looked at in the past, and again, it is just another way of introducing a check and balance in the system. I suppose once you have a series of checks and balances, every element in that whole construct would, of course, add a level of assurance.

Mr. Chairman: PS, quarrying and the entire energy sector is nothing new to Trinidad and Tobago. We are now in the 21st Century and we are discussing things in the 21st Century that, to me, should not be discussed now. As a matter of fact, we should be thinking about how we can advance the technology and how we could take it into a different direction, but we are now talking about physical monitoring and stuff like that as if we are in some ancient day. It tells me from what I am hearing that we are still backward with regard to how we operate.

I am not too sure about the vision that has been brought forth with regard to the energy sector. I mean, I am not hearing the proactive approach to it that we have been, you know, for the last years reviewing and realizing that we are losing in this area and we are losing in this area, and we are now doing this to plug the holes and to stop this, and the technology is stepping in and stuff like that. I am still left in the air as to how effective we are, how efficient we are, and what we are doing

consistently to get it right. I am getting the feeling that you are kind of laid back and we are accustomed doing this, and, well, we are looking on this. I mean, illegal quarrying is nothing new, but we are no closer to solving it than we were years ago, and we are still talking about well, we may have to implement checks and the thing, and employ people here, in the 21st Century. And I am getting the feeling as if we are still lost somewhere, Mr. PS.

Mr. Lashley: I would try to bring a “lil” more comfort to you, Vice-Chair. The utilization of technology—so, for instance, I mentioned the whole aspect of the way we do surveys. Now, one of the projects that is currently underway, in collaboration with the Commissioner of State Lands who has responsibility for state lands, is ensuring that we do these surveys, utilizing technology, and we mentioned up in the air, and the introduction of the use of drones which would, of course, allow for an improvement in the frequency, some of the completeness in terms of getting information, and the periodicity in terms of conducting these surveys over areas that are under active exploitation.

So, for instance, if you can fly a drone over a particular quarry that is in operation, on a monthly basis you can get information regarding the progress of extraction, which you can then, utilizing the mapping techniques, determine this is the sort of quantum of material that has been removed over time, and then reconcile with the reported—the returns from the operator. That sort of reconciliation utilizing some of the technologies that is what is being undertaken right now. In fact, we are in the process of sourcing the provider of the instruments with the sort of accuracy that can allow for those types of surveys to take place. And having that technology available would, of course, speed things up in terms of the number of surveys that can be done, the areas that can be accessed, et cetera, et cetera. So, I do not know whether that gives you any more comfort, Vice-Chair. But certainly I take your point that in fact we need to employ technology, we need to move into the modern era in

terms of having methods and employing the sort of technology that is available. I appreciate it, and then we will come back to you.

Dr. Tewarie: You know, this is the second time we are examining or engaging the Ministry of Energy in relation to the Auditor General's Report, and I must say that I am not comforted at all, especially in a time when our revenue situation is so difficult, that the Ministry of Energy is providing a very viable, enough control over the revenue situation from energy to the Government and people of Trinidad and Tobago.

On the last occasion issues were raised about whether or not we were truly able to verify numbers from the private sector, and we have the calibration issue that came up and how that might be done. Based on the question asked by the representative of the Auditor General's office, clearly, you have the authority to go in and demand the numbers on site but, clearly, that has not been exercised in any way at any time, I would guess in our history of engagement of the private sector firms. In the situation of Petrotrin, I do not know how much calibration is done there, for instance, for the producers who sell to Petrotrin, or whether calibration as required; and whether there is, in fact, any witnessing of that calibration in terms of Petrotrin.

But if there is then that raises another question about how things could go so awry, and we only end up when the matter becomes a scandal. And then you have the situation case with the mines, that is to say, with the quarries where there is on an honour system that really cannot be managed and monitored except by query when you go to audit every three months. So you are looking at prime assets in this country's quarries, all right, vital to the construction and building of everything on the face of the earth in Trinidad and Tobago. You are looking at oil from the foreign producers in Trinidad and Tobago over which we have oversight but no real control. You are looking at production from local suppliers to the state oil company which

we seem not able to have control over, and we have had recurrent in the energy sector questions about the smuggling of diesel in the energy sector.

Now, when you look at that and you look at the revenue situation in Trinidad and Tobago, and you look at the measures for revenue generation including taxation on both businesses and ordinary citizens, and you look at the losses in the state enterprises which the recent audit reports suggest are a reality, and you look at the potential for not being able to truthfully verify all the oil on which taxes are to be paid by the private sector—I mean, I think this is a major cause of worry for Trinidad and Tobago, and the question really arises, I mean, is the Ministry of Energy really equipped as it should be to do the work that is required of a small state that happens to be an oil and gas producing country at a time when these resources are being depleted, at a time when the price is low, and a time when the revenue challenge for Trinidad and Tobago is perhaps the worst it has ever been for a long time. And I find all of this very, very disturbing, and I think the casual nature of the conversation is, in fact, to me, even more disturbing.

I wonder if I could not ask the Permanent Secretary in the Ministry of Energy to try to fast-track the report that is due on this matter that has now become a public issue in Trinidad and Tobago, and on the basis of that report if it is in alignment with the audit report that we ask for a taxation audit on the producer who has under-supplied and been overpaid in this particular instance?

Miss Raffoul: Thank you, just one final question on my end—well, a comment on the issue of taxes—one statistic that was raised by the Extractive Industries Transparency Initiative, is that the amount of revenues collected from quarry companies in taxes in the first year of the EITI being expanded to include the quarry companies went from \$34 million in one year to over a billion in the following year.

So, in one year the tax revenues collected from quarry companies was \$34 million, the year following it was \$1,000,050,000, if my memory is correct. So, a

lot of companies were not even registered. The volume that we could be collecting seems like it is quite large, and I commend the efforts that are being made or the considerations that are being done. As a citizen, as a taxpayer, I would really like to see timelines attached to the discussions. And, my final question is, what are the timelines for transitioning the reporting to less of an oversight role and more of a regulatory role, if that makes sense? I do not know if my question is clear, but basically what is the timeline for really enforcing the collection of revenues? Thank you.

Mr. Lashley: Just to answer your question and maybe take it back a bit, in terms of—and I start probably with the quarrying side of it, you did mention the EITI report and a suggestion in terms of taxes. Again, the numbers, of course, would go with the sort of volumes coming through the system in terms of the demand for—has been made at the time in terms of projects, et cetera. But certainly we recognize, and I hope it was not misunderstood when the internal audit was saying, things are done on a quarterly basis. Royalties are paid on a quarterly basis.

So, it is not that there is an exceptional lag between some sort of audit of the books of the company by the Ministry and the sort of due date for payment for royalties, except the fact that, in fact, in terms of the verification process, and I think it was borne out by the comment coming from the Auditor General, that in fact some sort of independent verification by way of looking—and we are moving towards acquiring information independent of the operator, which would then be used to crosscheck and to strengthen that whole process of verifying the numbers.

Regarding oil and gas, the issue of whether in fact the numbers are audited or looked at, the PAC audit division, in fact, conducts quarterly audits on the book of operators in terms of worth, the cost and revenues with respect to the determination of the revenues that are supposed to flow to the State coming out of oil and gas operations. So that it is not that it is something that is left to flounder. There are, in

fact, resource constraints. So, we did point to the fact that based on resource constraints there is some prioritization that has to be done. We are making efforts to improve the cadre of staffing. There are some obstacles in the way which we hope will not be there for an extended period of time. We intend to employ, to the widest extent possible, technology. We do, in fact, engage independent third parties, we are required to assist with the verification process.

So, there are a number of things that are done on an ongoing basis to ensure that, notwithstanding the constraints, in fact, we deliver to an extent that can give us some sort of reasonable assurance. Some of the things pointed out by the Chair with respect to that particular Petrotrin matter, which is a matter of recent vintage, I did point out the process that we believe is correct that has to be followed. So, it is not trivializing or making light work of the issue. It is a serious issue, but we must recognize that in fact in the conduct of the operations there are certain processes that need to be followed. There is due process and there is a procedure that the Ministry—and I do not think there will be an inordinate amount of time really lapse between the submission of a report and the Ministry conducting anything that it needs to do. So, I just want to give that assurance, Chair.

Dr. Tewarie: If I could ask one quick question? Let us say in that particular case where the report will come to the board and has to go to the Ministry, would you be compromised in any way as a Permanent Secretary sitting on the Board of Petrotrin?

Mr. Lashley: Absolutely not, Sir.

Dr. Tewarie: Could you explain to me how the two officers will be able to function independent of each other, that is to say, board member of Petrotrin and Permanent Secretary in the Ministry?

Mr. Lashley: My role as Permanent Secretary in the Ministry of Energy is a regulatory one. Right! I get my instruments of authority under the Petroleum Act, and I discharge it in that context. My recent appointment to the board, there are very

clear directions in terms of the duties of directors and how those duties are to be discharged. I have consulted with the relevant parties, and in terms of any areas or instances where there may be some sort of issue that we need to address there are procedures that we can implement to ensure that there is no conflict of interest.

Mr. Chairman: Okay. I truly want to thank the representatives of the Ministry of Energy and Energy Industries for being here with us today. Permanent Secretary, I want to thank you and your team. I also want to thank the representatives of the Auditor General's department, and I want to offer you a one-minute window to make some closing remarks. I will go to first, you PS and then I will come to the Auditor General's department.

Mr. Lashley: Thank you, Chair. And as always both in this forum and in other instances where we engaged the officers from the Auditor General's department and any other stakeholders, we value the comment and the feedback in terms of how it contributes to ensuring that we improve our performance, in terms of the sort of processes that we have in place. Because at the end of the day we are all here to discharge the responsibilities on behalf of the people of Trinidad and Tobago. So, I welcome the opportunity to be here today, myself, and on behalf of the team, certainly we have taken on board the comments, we have some information to supply to you, which we will, and, certainly, we continue to work again in the best interest of the people of Trinidad and Tobago.

Mr. Chairman: Thank you very much. Representative from the Auditor General.

Mr. Darbasie: Thank you, Mr. Chairman. What we have seen today clearly demonstrates that we have a lot of work to do on both sides: from the Auditor General side and the Ministry of Energy. What transpired here will certainly be factored into our future work at the Ministry of Energy. We will use it to the fullest extent that we could.

Mr. Chairman: From my standpoint we always use the acronym PUSH, and from

where I stand that is to pray until things happen, but I want to ask you to push until it happens. The reason for that is that your sector is critical to where we go as a society and as a nation, and if you get your act right, if you get it the way it ought to be, and up the ante as they say, I think other areas will benefit and the country would move forward as it ought to move forward. So I want to thank you, but I want to encourage you, please push. Please push.

With that I want to thank the members of the media. I want to thank those who have sat with us in the public sitting and the public area. I want to thank the team, members of the Committee, I want to thank the secretariat. And it is my pleasure to suspend this sitting at this point in time. Thank you very much.

12.41 p.m.: *Meeting adjourned.*