



ELEVENTH REPORT OF THE

PUBLIC ACCOUNTS

(E N T E R P R I S E S) C O M M I T T E E

THIRD SESSION OF THE 11TH PARLIAMENT

Examination of the Audited Accounts, Balance Sheet and other Financial Statements of The National Maintenance, Training and Security Company Limited (MTS) for the financial years 2008-2016.



Public Accounts (Enterprises) Committee

The Public Accounts (Enterprises) Committee (P.A.(E).C) established under Section 119(5) of the Constitution of the Republic of Trinidad and Tobago is mandated to consider and report to the House of Representatives accordingly on:

“(a) the audited accounts, balance sheets and other financial statements of all enterprises that are owned or controlled by or on behalf of the state; and

(b) the Auditor General’s Report on any such accounts, balance sheets and other financial statements.”

Current membership

Mr. Wade Mark	Chairman
Dr. Tim Gopeesingh	Member
Mrs. Jennifer Baptiste-Primus	Member
Mr. Fitzgerald Hinds	Member
Mrs. Cherrie-Ann Crichlow-Cockburn	Member
Dr. Nyan Gadsby-Dolly	Member
Mr. Foster Cummings	Member
Mr. David Small	Member

Committee Staff

The current staff members serving the Committee are:

Ms Keiba Jacob	Secretary to the Committee
Ms Hema Bhagaloo	Assistant Secretary to the Committee
Ms Melanie Chin	Graduate Research Assistant

Publication

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

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MEMBERS OF THE PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE



Mr. Wade Mark
Chairman



Dr. Tim Gopeesingh
Vice-Chairman



Dr. Nyan Gadsby-Dolly
Member



Mrs. Jennifer Baptiste -Primus
Member



Mr. Fitzgerald Hinds
Member



Mr. David Small
Member



Ms. Cherrie-Ann Crichlow-Cockburn
Member



Mr. Foster Cummings
Member

EXECUTIVE SUMMARY

The Public Accounts (Enterprises) Committee (PA(E)C) is the Parliamentary Financial Oversight Committee tasked with the responsibility of examining the audited accounts of all State Enterprises that are owned or controlled by the state. The Committee examined **the Audited Accounts, Balance Sheets and other Financial Statements of the National Maintenance, Training and Security Company Limited (MTS) for the financial years 2008 – 2016** and produced this report to highlight its findings and recommendations.

This report details the issues, endorsements and recommendations made by the Committee to improve MTS' performance. The issues identified in this report were found during the period under examination (2008 to 2016).

During this inquiry, the following issues arose:

- The Ongoing Issue of Wage Negotiations;
- High Level of Outstanding Receivables;
- Competing in an Uneven Playing Field;
- The Lack of an Official Whistleblowing Policy;
- The status of MTS vacation leave policy and the mechanisms in place to address the high liabilities incurred through the payment of vacation leave; and
- Status of MTS' Project Management Services.

Based on the Committee's examination, the following recommendations were proposed.

- The Ministry of Finance- Investments Division, as Corporation Sole, should act on behalf of MTS to renegotiate terms of payments by the Ministry of Education to MTS by June 30, 2018;
- MTS should meet with each of its debtors to renegotiate terms of payment in attempt to reduce its Receivable Accounts;
- The Committee endorses the initiatives in place to grow the business by marketing its services to more public service clients despite operating in a competitive industry;
- MTS should establish a formal Whistleblowing Policy by June 30, 2018 and report on its implementation to the Committee by July 31, 2018

- The Company should implement a fixed vacation roster at the beginning of each year to ensure that each employee is granted their allotted vacation without hindering the provision of security services to its clients; and
- MTS should consider publicly advertising its project management services to attract the attention of private entities.

INTRODUCTION

Establishment

The PA(E)C 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.

Mandate

The Constitution of the Republic of Trinidad and Tobago mandates that the Committee shall consider and report to the House on the audited accounts, balance sheets and other financial statements of all enterprises that are owned or controlled by, or on behalf of the State.

In addition to the Committee's powers entrenched in the Constitution, the Standing Orders of the House of Representatives and Senate 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;
- e) communicate with any other Committee on matters of common interest.

Ministerial Response

The Standing Orders¹ provide for the Minister responsible for the Ministry or Body under review to submit within sixty (60) days a paper to the House responding to any recommendations or comments contained in the Report which are addressed to it.

State Enterprises Performance Standards

The PAEC used the State Enterprises Performance Monitoring Manual as a benchmark to examine the performance of State Enterprises. The manual outlines the framework for compliance with official policy and the monitoring mechanisms to be used in assessing such compliance. The Government of Trinidad and Tobago monitors the performance of State Enterprises to ensure that these enterprises successfully execute their mandates and maximize value for money for the national stakeholders and shareholders.²

Election of the Chairman and Vice Chairman

In accordance with section 119(6) of the Constitution, the Chairman must be a member of the Opposition in the Senate. At the first meeting held on Wednesday December 2, 2015, Mr. Wade Mark was elected Chairman and Dr. Tim Gopeesingh was elected Vice Chairman of the Committee.

Establishment of Quorum

The Committee is required by the Standing Orders to have a quorum so that decisions can be made. A quorum of four (4) Members, inclusive of the Chair or Vice-Chairman), with representatives from both Houses was agreed to by the Committee at its First Meeting.

¹ Standing Order 110 (6) in the [House of Representatives](#) and 100(6) of the [Senate](#).

² <http://www.finance.gov.tt/wp-content/uploads/2013/11/State-Enterprise-Performance-Monitoring-Manual-2011.pdf>

Change in Membership

On December 1, 2017 a decision was made at a sitting of the House of Representatives to replace Ms. Shamfa Cudjoe as a Member with Dr. Nyan Gadsby-Dolly.

METHODOLOGY

Determination of the Committee's Work Programme

At its second meeting on Wednesday January 13, 2016, the Committee agreed to prioritize thirty-four

(34) State Enterprises as follows:

1. Caribbean Airlines Limited (CAL)
2. Caribbean New Media Group (CNMG)
3. Caroni Green Limited
4. Community Environmental & Protection Enhancement Programme Company Limited (CEPEP)
5. Education Facilities Company Limited (EFCL)
6. Estate Management and Business Development Company Ltd. (EMBDC)
7. Evolving Tecknologies and Enterprise Development Co. Ltd (eTECK)*
8. National Commission for Self Help Limited
9. National Entrepreneurship Development Company Ltd. (NEDCO)
10. National Enterprises Limited (NEL)
11. National Gas Company of Trinidad and Tobago Limited (NGC)
12. National Infrastructure Development Company Ltd. (NIDCO)*
13. National Insurance Property Development Company Ltd. (NIPDEC)
14. National Quarries Company Limited (NQCL)
15. National Schools Dietary Services (NSDSL)*
16. Palo Seco Agricultural Enterprises Ltd (PSAEL)
17. Petroleum Company of Trinidad and Tobago (PETROTRIN)
18. Point Lisas Industrial Port Development Corporation Ltd. (PLIPDECO)
19. Port of Spain Waterfront Development Ltd.
20. Rincon Development Ltd.
21. Rural Development Company of Trinidad and Tobago Ltd.
22. Sport Company of Trinidad and Tobago (SporTT)
23. Telecommunication Services of Trinidad, Tobago (TSTT)
24. Trinidad and Tobago Fashion Company Ltd.
25. Trinidad and Tobago Mortgage Finance Company Limited (TTMF)*
26. Trinidad and Tobago National Petroleum Limited (NP)
27. Tourism Development Corporation (TDC)
28. Union Estate Electricity Generation Company Limited
29. Urban Development Corporation of Trinidad and Tobago (UDECOTT)

* Examined in the First Session of the Eleventh Parliament. The Report can be accessed via the following link:
<http://www.ttparliament.org/reports/p11-s1-j-20160913-PAEC-R1.pdf>

30. Solid Waste Management Company Limited (SWMCOL)
31. Vehicle Management Corporation of Trinidad and Tobago (VMCOTT)
32. National Flour Mills Limited*
33. Community Improvement Services Limited
34. Government Human Resource Services Company Limited (GHRS)*

At a meeting held on November 15, 2017, the Committee identified the following entities for examination in the Third Session of the 11th Parliament:

- i. National Entrepreneurship Development Company Limited (NEDCO);
- ii. National Maintenance, Training and Security Company (MTS);
- iii. National Training Agency;
- iv. Union Estate Electricity Generation Company Limited;
- v. National Commission for Self Help;
- vi. National Helicopter Services Limited
- vii. Youth Training & Employment Partnership Programme Limited;
- viii. Lake Asphalt of Trinidad and Tobago (1978) Limited;
- ix. Trinidad and Tobago National Petroleum Marketing Company Limited (NP);
- x. Trinidad and Tobago Creative Industries Company Limited; and
- xi. Export Centres Company Limited

The Inquiry Process

The Inquiry Process outlines steps taken by the Committee to conduct the inquiry into the operations of MTS. The following steps outlines the Inquiry Process agreed to by the PA(E)C:

- I. Identification of issues in the Audited Accounts, Balance Sheet and other Financial Statements of The National Maintenance, Training and Security Company Limited (MTS) for the financial years 2008-2016.
- II. Preparation of Inquiry Proposal for MTS. The Inquiry Proposal outlines:
 - a) Background;
 - b) Objective of Inquiry; and
 - c) Proposed Questions.
- III. Questions were forwarded to MTS on November 20, 2017. Written responses were received from MTS on December 4, 2017;
- IV. Preparation of an Issues Paper, based on written responses received from the MTS. The Issues Paper identified and summarised any matters of concern in the responses provided by the MTS;
- V. Determination of the need for a Public Hearing based on the analysis of written submissions. In this instance, a public hearing was held on December 13, 2017.
- VI. Written request for additional information was sent to the MTS after the public hearing on November 16, 2017. The responses were subsequently received on December 14, 2017.
- VII. Report Committee's findings and recommendations to Parliament upon conclusion of the inquiry.

MTS' PROFILE

Background:

In its infancy, MTS was an American company called, EduSystems, which had a seven percent local shareholding. In 1976, the government of Trinidad & Tobago had embarked on the construction of nine (9) secondary schools, the company's first local project. In 1979, the government decided to extend the service to all secondary schools, and acquired 97% of the shares. The company was then registered locally under the name Secondary Schools Maintenance Training and Security Company Limited.

In 1982, the government purchased the remaining shares and, through the Memorandum of Association, amended the company's portfolio to provide services to customers other than government and its agencies, thus, fulfilling the thrust to self-sufficiency and viability. The company then underwent another name change to become National Maintenance Training and Security Company Limited (MTS), as it is now known. MTS was founded on the premise that it would provide a secure, healthy environment for school children. It now has thirty-five (35) years of proven success doing this. A decision was later made to provide services to customers other than government agencies in line with the government's thrust for all state enterprises to be financially viable and self-sufficient.

The organization is now structured with an appointed Board of Directors, managed by a Chief Executive Officer and Divisional Managers. The company has ongoing business with approximately 100 clients in approximately 1350 locations ranging from Cedros to Charlotteville, enabling prompt responses to our customer's needs. Today, MTS is proud to have customers in both the Public and Private Sectors.³

Line Ministry – Ministry of Public Utilities

Minister – The Hon. Senator Robert Le Hunt

Permanent Secretary - Mr. Gary Joseph

Chairman- Mrs. Jacqueline Lazarus

Chief Executive Officer – Mr. Lennox Rattansingh

³ Accessed from The National Maintenance, Training and Security Company Limited's website on July 13, 2017
<http://www.mtsco.com/new/index.php/our-history>

ISSUES, OBSERVATIONS AND RECOMMENDATIONS

In the Committee's examination of MTS, the following issues were identified and the corresponding observations and recommendations/endorsements proposed:

I. The Ongoing Issue of Wage Negotiations

At the time of the inquiry, MTS had a staff of approximately 6,000 employees. These included:

- Security Personnel (under the Estate Police Association);
- Maintenance workers, Agri-business staff, Secretarial (under the Transport Industrial Workers Union); and
- Administrative, Technical and Managerial (non-unionised), the issue of wage negotiations arose frequently.

Consequently, with such a high complement of staff, the issue of wage negotiations arose on a frequent basis at the company. At the time of the inquiry, there were outstanding matters with both the Estate Police Association (EPA) and the Transport Industrial Workers Union (TIWU).

MTS indicated that for the EPA which covered approximately 2,900 security personnel, the most recent negotiating period (November 01, 2010 to October 31, 2013) was concluded in August 2015 and the new rates were implemented in October 2015. The Ministry of Public Utilities, as Line Ministry, provided the payment for the full 100% of the backpay owed to security personnel and subsequently paid 50% in August 2016 and 50% in April 2017. Since then, the EPA has engaged the Company in new negotiations for the period 2013 to 2016.

The last settlement period for employees under TIWU occurred for the bargaining period July 01, 2008 to June 30, 2011 when employees were paid a one- time payment of arrears of salary of \$30Mn from MTS funds in 2012, reflecting increases of 8%. Furthermore, on September 20, 2016, after more than a year of negotiations, TIWU agreed to the Company's last and final offer of an increase in wages in accordance with CPO's guidelines and cost items were also settled within the limits of the CPO's guidelines. The projected cost as at that time - September 30, 2016 - of settling at the 10% (2%, 3%, 5%) was \$54,695,150.25 with an annual increase in recurrent expenditure of \$17,985,743.84.

The Administrative, Technical & Managerial Staff (ATM) last received \$3.0 Mn in back pay in 2010, reflecting an average increase of 5% for past periods of employment. The Company indicated that they were awaiting guidelines on proposals submitted to our Line Ministry (Ministry of Local Government at that time) on October 09, 2014 for a salary review of the ATM Group for the period September 01, 2010 to August 31, 2013.

Inherent in all these outstanding wage negotiations was the issue of funding the increases in recurrent expenditure as well as the arrears of salary that were due given that the settlements occur after the negotiating periods have begun.

II. High Level of Outstanding Receivables

Though MTS has established a Receivables Department to monitor the amounts due to the company for services provided, the company was challenged with its debt collection mechanisms as many of its clients were Government Ministries and Departments. Thus, as a State Enterprise, MTS was not allowed to sue the State as outlined in the State Enterprises Performance Monitoring Manual.

Moreover, since the 2017-2018 Budget, Ministries were not allocated funds under goods and services for janitorial or security payments. As a result, the Company's receivables stood at \$335,606,324.16

Some of the major debtors included:

- Ministry of Education – \$ 154,376,231.89
- Judiciary of T & T - \$26,613,760.45
- T & T Fire Services - \$11,686,438.00
- Ministry of Works - \$ 16,955,132.54
- T & T Police Service - \$18,325,325.01
- Ministry of National Security - \$18,682,964.30

The Ministry of Education's debt of approximately \$154M has placed the Company in a very precarious financial position as its ability to meet payroll became increasingly difficult with monthly wages and operational expenses amounting to approximately \$35-40M. The Ministry of Education,

as MTS' largest client, accounted for almost half of the firm's revenue of approximately \$200 Mn. The Company provided security services valued approximately \$120 Mn Vat Exclusive to four hundred and fifty (450) Primary and Secondary Schools and maintenance services valued approximately \$80 Mn Vat Exclusive to ninety (90) Primary and Secondary Schools in Trinidad. This Ministry of Education contract was serviced by over 2,000 MTS workers.

In attempt to resolve the issue of outstanding receivables, MTS adopted several mechanisms to aid. These included:

- The creation of a Credit Control Department whose main responsibility was the collection of Accounts Receivables.
- Each member of the above department was assigned clients, which they visited to ensure delivery of invoices, interaction with client personnel and collections of receivables.
- The submission of customer statements to all customers each month quantifying the amounts outstanding.
- Letters were sent to senior personnel apprising them of amounts outstanding each quarter.
- Customers were called to follow up on outstanding amounts and deal with any problems that existed with invoices and arranged collection of any cheques.
- Occasionally sought the assistance of various Government Officials to remove some of the bottlenecks which may have prevented payment of receivables.
- The Ministry of Finance and the Economy was specifically written to requesting assistance in the collections drive and in this regard, submitted outstanding receivables to the Director of Budgets.

Recommendations:

- ***The Ministry of Finance- Investments Division, as Corporation Sole, should act on behalf of MTS to negotiate terms of payments by the Ministry of Education to MTS by June 30, 2018;***
- ***MTS should meet with each of its debtors to renegotiate terms of payment in attempt to reduce its Receivable Accounts; and***
- ***MTS should report on the progress made to recover its outstanding monies to the Committee by July 31, 2018.***

III. Competing in an Uneven Playing Field

Another challenge faced by the company was the competition it faced in an uneven playing field.

MTS, as a wholly owned State Enterprise bounded by the rules and regulations of the Government, was charged with the responsibility of ensuring that all of statutory obligations such as National Insurance, PAYE, Compliance Certificate, and Public Liability/Workmen's Compensation were current. This was not the case with the company's competitors who were not held to the same level of scrutiny.

Additionally, MTS as a State Enterprise was governed by a collective agreement with the Transport and Industrial Workers' Union (TIWU) and agreements with the Estate Police Association (EPA). The Company was heavily unionised unlike the competitors and were bounded by the terms and conditions of those collective agreements which affected wage expense and operating costs. Given the unionised nature of the Company, workers were given paid leave and were paid overtime which were superior to others in the industry. For instance, security officers were paid time and one half for the first two hours after the first eight hours; and double time for the next two hours whilst most organisations in the industry paid a straight rate for the full twelve hours.

Moreover, MTS was not the recipient of any subvention from the Government and survived from the revenue earned from various contracts. The Company had to compete for work on the open market with companies that did not carry the same level of accountability for its statutory responsibilities as MTS did.

To address these challenges, MTS has sought to improve its processes as much as possible to ensure the company remained competitive. The company also sought to grow the business by marketing its services to more public service clients.

Endorsement:

- ***The Committee endorses the initiatives in place to grow the business by marketing its services to more public service clients while operating in a competitive industry.***

IV. The Lack of an Official Whistleblowing Policy

Though there has not been an official whistleblowing policy in effect at MTS, the company indicated that culture of the organisation allowed persons to freely come forward without fear to

report any suspected wrongdoing such that in instances when it occurred, no detrimental effects came upon the whistle blower.

Notwithstanding, the approved Communications Plan (May 2017) of the Company addressed the need for drafting a formal Company Policy on Whistle Blowing that allowed employees to give feedback in a safe, confidential manner without fear of retribution. The Communications Department has already commenced work in this area. As such, it was advised that a policy would have been established within six (6) months of the public hearing.

Recommendation:

- ***MTS should establish a formal Whistleblowing Policy by June 30, 2018 and report on its implementation to the Committee by July 31, 2018.***

V. The status of MTS vacation leave policy and the mechanisms in place to address the high liabilities incurred through the payment of vacation leave.

It was noted that MTS had accrued liabilities of approximately \$43Mn and \$40Mn to employees for the payment of unused vacation leave at the end of fiscal years 2015 and 2016, respectively. Based on the company's cash flow challenges, the Committee became concerned about the measures in place to reduce the exorbitant liabilities incurred through the payment of vacation leave.

The company explained that where there was a shortfall in manpower in the security division, if persons were to take all their vacation leave, MTS being contractually obligated with its clients, would not have had the manpower to replace those persons. Therefore, if vacation was always granted to its employees, the Company may have resulted in a breach those contracts with its clients. Thus, MTS had to reject requests for persons from going on leave or persuade them to defer leave because of the manpower shortage. However, the company assured that once an optimal level of manpower has been attained, this issue should be addressed.

Recommendations:

- ***The Company should implement a fixed vacation roster at the beginning of each year to ensure that each employee is granted their allotted vacation without hindering the provision of security services to its clients; and***
- ***The Company should make every attempt to reduce the Vacation Leave liability by June 30, 2018.***

VI. Status of MTS' Project Management Services

MTS advised that its project management services was strictly done with the State, and from time to time the Cabinet would have approved MTS to be the project manager for a project.

It was advised that of recent times, MTS engaged in project management services with THA, NALIS, Ministry of Education, and the Ministry of Community Development with a community centre. At the time of the hearing, the company advised that they were actively seeking project management opportunities.

Recommendation:

- ***MTS should consider publicly advertising its project management services to attract the attention of private entities.***

The Public Accounts (Enterprises) Committee respectfully submits this Report for the consideration of the Parliament.

Sgd.
Mr. Wade Mark
Chairman

Sgd.
Dr. Tim Gopeesingh
Vice-Chairman

Sgd.
Mr. Fitzgerald Hinds
Member

Sgd.
Mrs. Cherrie-Ann Crichlow-Cockburn
Member

Sgd.
Mrs. Jennifer Baptiste-Primus
Member

Sgd.
Dr. Nyan Gadsby-Dolly
Member

Sgd.
Mr. Foster Cummings
Member

Sgd.
Mr. David Small
Member

Appendix 1

Minutes of Meetings

**THE PUBLIC ACCOUNTS ENTERPRISES COMMITTEE –
THIRD SESSION, ELEVENTH PARLIAMENT**

**MINUTES OF THE TWENTY-FOURTH MEETING HELD ON
WEDNESDAY, DECEMBER 13, 2017 AT 9:41 A.M.
IN THE A.N.R ROBINSON (WEST) MEETING ROOM, LEVEL 9,
AND IN THE A.N.R ROBINSON (EAST) MEETING ROOM, LEVEL 9,
OFFICE OF THE PARLIAMENT, TOWER D, THE PORT OF SPAIN
INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON
ROAD, PORT-OF-SPAIN.**

Present were:

Mr. Wade Mark	-	Chairman
Dr. Tim Gopeesingh	-	Vice Chairman
Mr. Fitzgerald Hinds	-	Member
Mrs. Jennifer Baptiste-Primus	-	Member
Mrs. Cherrie-Ann Crichlow-Cockburn	-	Member
Mr. Foster Cummings	-	Member
Dr. Nyan Gadsby-Dolly	-	Member
Mrs. Angelique Massiah	-	Secretary
Ms. Hema Bhagaloo	-	Assistant Secretary
Ms. Melanie Chin	-	Graduate Research Assistant
Excused was:		
Mr. David Small	-	Member

COMMENCEMENT

- 1.1 At 9:41a.m. the Chairman called the meeting to order and welcomed those present. Mr. David Small was excused from the meeting.

INTRODUCTION OF THE NEW COMMITTEE MEMBER- DR. NYAN GADSBY-DOLLY

- 2.1 The Chairman informed the Members that Dr. Nyan Gadsby-Dolly was appointed to the Committee as a Member with effect from Friday December 1, 2017 in lieu of Ms. Shamfa Cudjoe.
- 2.2 The Chairman welcomed Dr. Nyan Gadsby-Dolly to the Committee.

THE EXAMINATION OF THE MINUTES OF THE TWENTY-THIRD MEETING

- 3.1 The Committee examined the Minutes of the Twenty-Third (23rd) Meeting held on Wednesday November 15, 2017.

- 3.2 There being no omissions or corrections, the Minutes were confirmed on a motion moved by Mrs. Jennifer Baptiste-Primus and seconded by Mr. Foster Cummings.

MATTERS ARISING FROM THE MINUTES OF THE TWENTY- SECOND MEETING

- 4.1 With reference to item 3.1, the Chairman informed Members that the Ninth Report on the examination of the Telecommunications Services of Trinidad and Tobago Limited (TSTT) was laid in the House of Representatives on November 24, 2017 and in the Senate on November 28, 2017.
- 4.2 With reference to item 5.4, the Chairman informed the Members that the press conference to highlight the findings and recommendations in the Seventh, Eighth and Ninth Reports that was scheduled for November 21, 2017 was postponed. The Chairman sought feedback from the Members on a date for the Press Conference. The date proposed by the Members for the press conference was January 17, 2018.
- 4.3 With reference to item 7.5, the Chairman informed the Members that questions for additional information was sent to the National Entrepreneurship Development Company Limited (NEDCO) on November 16, 2017 and the responses were received by the Secretariat on December 11, 2017.

CONSIDERATION OF MINISTERIAL RESPONSES

- 5.1 The Chairman informed the Members that the Ministerial Responses to the Second and Eighth Reports of the PA(E)C with specific reference to SPORTT and NGC were submitted to the Committee on December 12, 2017 and November 28, 2017, respectively.

PRE-HEARING DISCUSSION RE: THE NATIONAL MAINTENANCE, TRAINING AND SECURITY COMPANY LIMITED (MTS)

- 6.1 The Chairman reminded Members that the purpose of the meeting was the examination of the Audited Accounts, Balance Sheet and other Financial Statements of the National Maintenance, Training and Security Company Limited (MTS) for the period 2008 -2016.
- 6.2 Members discussed issues of concern and the general approach for the public hearing.
- 6.3 Mr. Foster Cummings declared his interest in a company currently engaged in business with MTS and as such, recused himself from participating in discussions with the entity.
- 6.4 There being no further business for discussion *in camera*, the Chairman suspended the meeting at 10:09 a.m.

THE NATIONAL MAINTENANCE, TRAINING AND SECURITY COMPANY LIMITED (MTS)

- 7.1 The Chairman called the public meeting to order at 10:13 a.m.
- 7.2 The following officials joined the meeting:

National Maintenance, Training and Security Company Limited (MTS)

- Ms. Jacqueline Lazarus - Chairman
- Mr. Keith Mc Donald - Deputy Chairman
- Mr. Lennox Rattansingh - Chief Executive Officer
- Ms. Adilah Elahie - Corporate Secretary/ L.A.
- Mr. Richard Ferguson - Chief Financial Officer
- Ms. Alana Hosein - Divisional Manager, H.R.
- Mr. Sherwin Gosine - Divisional Manager, Marketing
- Ms. Aritha Ram - Internal Auditor

Ministry of Public Utilities

- Ms. Beverly Khan - Deputy Permanent Secretary (Ag.)
- Ms. Janette Cupid-St. Hillaire - Financial Analyst
- Mr. Joel Straker - Senior Economic Policy Analyst

Ministry of Finance – Investments Division

- Ms. Yvette Babb - Director Social and Economic Transformation (Ag.)
- Mr. Ryan Maharaj - Senior Business Analyst (Ag.)
- Ms. Nisa Churaman - Senior Audit Analyst

7.3 The Chairman welcomed officials from the Ministry of Finance – Investments Division, the Ministry of Public Utilities, MTS, members of the media and the public and introductions were exchanged.

7.4 Before engaging in discussions, the Chairman commended the MTS for having its financial statements for the year 2016 ready within three months of the close of the financial year.

7.5 Key Issues Discussed

1. The status of implementation of MTS strategic plan for the period 2016 to 2021.
2. The structural changes of MTS since its establishment.
3. The key accomplishments of MTS during the period 2008 to 2016.
4. The key challenges of MTS during the periods 2008 to 2016 and the actions in place to address the stated challenges.
5. The actions taken by MTS to address the failure of the company to pay employees' salary deductions to financial institutions in a timely manner.
6. The expansion of MTS' services to the private sector in attempt to boost revenues.
7. The status of MTS' project management services.
8. The MTS' recruitment process for security officers.
9. The allocation of staff to the Security, Maintenance, Technical, Agri-business and Administrative Units.
10. The reasons for the increase in staff, during periods of declining revenues, particularly in fiscal years 2014-2016.
11. The issue of high turnover rates within the Security Unit.
12. The actions taken by MTS to settle wage negotiations in a timely manner in attempt to address the issue of back pay.

13. The prioritisation of the initiatives highlighted in the Strategic Plan for the period 2016 to 2021 in achieving the company's vision.
14. The absence of an official whistleblowing policy.
15. The diversification of MTS' portfolio into facilities management.
16. The status of MTS debts and bad debts.
17. The status of MTS vacation leave policy and the mechanisms in place to address the high liabilities incurred through the payment of vacation leave.
18. The recommendations made by the Ministry of Public Utilities to address the operational inefficiencies faced by MTS.
19. The role of the Ministry of Finance-Investments Division in providing oversight and accountability to State Agencies with respect to MTS.
20. The status of the bond issued by Ministry of Finance on MTS' audited financial statements.

Please see Verbatim Notes for the detailed oral submission by the witnesses.

- 7.6 The Committee agreed to send additional questions to MTS.
- 7.7 The Chairman thanked the representatives from the Ministry of Finance – Investments Division, the Ministry of Public Utilities, members of the media, MTS and the Members for their attendance.
- 7.8 The adjournment was taken at 12:05 p.m.

We certify that these Minutes are true and correct.

CHAIRMAN

SECRETARY

December 14, 2017

Appendix 2

Attendees

Attendees

National Maintenance, Training and Security Company Limited (MTS)

- Ms. Jacqueline Lazarus - Chairman
- Mr. Keith Mc Donald - Deputy Chairman
- Mr. Lennox Rattansingh - Chief Executive Officer
- Ms. Adilah Elahie - Corporate Secretary/ L.A.
- Mr. Richard Ferguson - Chief Financial Officer
- Ms. Alana Hosein - Divisional Manager, H.R.
- Mr. Sherwin Gosine - Divisional Manager, Marketing
- Ms. Aritha Ram - Internal Auditor

Ministry of Public Utilities

- Ms. Beverly Khan - Deputy Permanent Secretary (Ag.)
- Ms. Janette Cupid-St. Hillaire - Financial Analyst
- Mr. Joel Straker - Senior Economic Policy Analyst

Ministry of Finance – Investments Division

- Ms. Yvette Babb - Director Social and Economic Transformation (Ag.)
- Mr. Ryan Maharaj - Senior Business Analyst (Ag.)
- Ms. Nisa Churaman - Senior Audit Analyst

APPENDIX 3

List of entities falling under the purview of the PAEC:

1. Agricultural Development Bank (ADB)
2. Caribbean Airlines Limited (CAL)
3. Caribbean Leasing Company Ltd (owned by ExportTT)
4. Caribbean New Media Group Limited (CNMG)
5. Caroni Green Limited
6. Clico Trust Corporation Limited
7. Cocoa Development Company of Trinidad and Tobago Ltd
8. Community Environmental & Protection Enhancement Programme Company Limited (CEPEP)
9. Community Improvement Services Limited
10. East Port of Spain Development Company Limited
11. Education Facilities Company Limited (EFCL)
12. Estate Management & Business Development Company Ltd. (EMBDC)
13. Export Centers Company Limited
14. Export Import Bank of Trinidad & Tobago (EXIMBANK)
15. ExportTT (formerly BDC: Business Development Company Limited)
16. Evolving TecKnologies & Enterprise Development Company Limited (eTeck) (formerly Property & Industrial Development Company of Trinidad & Tobago)
17. First Citizens Bank (FCB)
18. First Citizens Holdings Limited
19. Government Human Resource Services Company Limited (GHRS)
20. Government Information Services Limited (GISL)
21. Human Capital Development Facilitation Company Limited
22. InvesTT
23. Lake Asphalt of Trinidad & Tobago (1978) Ltd.
24. La Brea Industrial Development Corporation
25. Metal Industries Company Limited (MIC)
26. National Agricultural Marketing Development Corporations Limited (NAMDEVCO)
27. National Commission For Self Help Limited
28. National Energy Corporation of Trinidad and Tobago Limited
29. National Entrepreneurship Development Company Ltd. (NEDCO)
30. National Enterprises Limited (NEL)
31. National Flour Mills Limited (NFM)
32. National Gas Company of Trinidad & Tobago Limited (NGC)
33. National Helicopter Services Limited
34. National Information & Communication Technology Company Limited (NICTCL)
35. (iGovTT) (ttconnect)
36. National Infrastructure Development Company Limited (NIDCO)
37. National Insurance Property Development Company Limited (NIPDEC)
38. National Maintenance, Training & Security Company Limited (MTS)
39. National Project Development Services Ltd

40. National Quarries Company Limited (NQCL)
41. National Schools Dietary Services Limited
42. National Training Agency (1997) Ltd.
43. Natpat Investments Company Ltd.
44. Oropune Development Ltd. (owned by UDECOTT)
45. Palo Seco Agricultural Enterprises Limited (PSAEL)
46. Petroleum Company of Trinidad & Tobago Limited (PETROTRIN)
47. Phoenix Park Gas Processors Ltd.
48. Point Lisas Industrial Port Development Corporation Ltd (PLIPDECO)
49. Point Lisas Terminals Ltd. (owned by PLIPDECO)
50. Portfolio Credit Management Limited
51. Port of Spain Waterfront Development Ltd.
52. Rincon Development Ltd.
53. Rural Development Company of Trinidad & Tobago Limited
54. Seafood Industry Development Company Limited
55. Sports Company of Trinidad & Tobago Limited (SportT)
56. Taurus Services Limited
57. Telecommunications Services of Trinidad & Tobago Limited (TSTT)
58. Tourism Development Company Limited (TDC)
59. Trinidad Nitrogen Company Limited (TRINGEN)
60. Trinidad Northern Areas Ltd.
61. Trinidad & Tobago Entertainment Company Limited (TTent)
62. Trinidad & Tobago External Telecommunications Ltd.
63. Trinidad and Tobago Fashion Company Limited
64. Trinidad & Tobago Film Company Limited
65. Trinidad & Tobago Fish Processors Ltd.
66. Trinidad & Tobago Food Processors Ltd.
67. Trinidad & Tobago Free Zones Company Limited
68. Trinidad & Tobago International Financial Centre Management Company Limited
69. Trinidad & Tobago Marine Petroleum Company Ltd.
70. Trinidad & Tobago Mortgage Finance Company Limited (TTMF)
71. Trinidad and Tobago Music Company Limited
72. Trinidad & Tobago National Petroleum Marketing Company Limited (NP)
73. Trinidad & Tobago Solid Waste Management Co. Ltd. (SWMCOL)
74. Trinidad & Tobago Tourism Business Development Limited
75. Trintoc Services (owned by PETROTRIN)
76. Union Estate Electricity Generation Company Limited
77. Urban Development Corporation of Trinidad & Tobago Limited (UDECOTT)
78. Vehicle Management Corporation of Trinidad & Tobago Limited (VMCOTT)
79. Youth Training & Employment Partnership Programme Limited (YTEPP)

APPENDIX 4

VERBATIM

VERBATIM NOTES OF THE TWENTY-FOURTH MEETING OF THE PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE HELD IN THE A.N.R. ROBINSON (WEST), LEVEL 9 (IN CAMERA), AND THE A.N.R. ROBINSON (EAST), (IN PUBLIC), TOWER D, INTERNATIONAL WATERFRONT CENTRE, #1A WRIGHTSON ROAD, PORT OF SPAIN, ON WEDNESDAY, DECEMBER 13, 2017 AT 10.13 A.M.

PRESENT

Mr. Wade Mark	-	Chairman
Dr. Tim Gopeesingh	-	Member
Mr. Fitzgerald Hinds	-	Member
Mrs. Cherrie-Ann Crichlow-Cockburn	-	Member
Dr. Nyan Gadsby-Dolly	-	Member
Mrs. Jennifer Baptiste-Primus	-	Member
Mr. Foster Cummings	-	Member
Miss Angelique Massiah	-	Secretary
Miss Hema Bhagaloo	-	Assistant Secretary

ABSENT

Mr. David Small	-	Member
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MINISTRY OF FINANCE - INVESTMENTS DIVISION

Ms. Yvette Babb	-	Director, Social and Economic Transformation (Ag.)
Mr. Ryan Maharaj	-	Senior Business Analyst (Ag.)
Ms. Nisa Churaman	-	Senior Audit Analyst

NATIONAL MAINTENANCE, TRAINING AND SECURITY COMPANY LIMITED

Ms. Jacqueline Lazarus	-	Chairman
Mr. Keith Mc Donald	-	Deputy Chairman
Mr. Lennox Rattansingh	-	Chief Executive Officer
Ms. Adilah Elahie	-	Corporate Secretary/L.A.
Mr. Richard Ferguson	-	Chief Financial Officer
Ms. Alana Hosein	-	Divisional Manager, H.R.
Mr. Sherwin Gosine	-	Divisional Manager, Marketing
Ms. Aritha Ram	-	Internal Auditor

Mr. Chairman: Good morning. May I on behalf of the Public Accounts (Enterprises) Committee warmly welcome all of you to this meeting of the Public Accounts (Enterprises) Committee. I would like to welcome officials from the Ministry of Finance Investment Division; also the Ministry of Public Utilities; the National Maintenance, Training and Security Company Limited (MTS); of course, members of the media; and, of course, members of the public who would be viewing these proceedings live. May I, at the same time, inform all of us that this meeting is being

held in public and is being broadcast on the Parliament's Channel 11 and Radio 105.5 FM and the Parliament's YouTube Channel called *ParView*.

Now, the purpose of this meeting of the Public Accounts (Enterprises) Committee is to examine the audited accounts, balance sheet and other financial statements of the National Maintenance, Training and Security Company Limited (MTS), for the period 2008 to 2016. Our Committee is desirous of hearing the challenges being faced by the key stakeholders at MTS in an attempt to determine some of the possible solutions to these challenges. The role of our Committee is to help MTS improve its delivery of services in an efficient, effective and economic manner. May I repeat? The role of our Committee is to help MTS improve its delivery of services in an efficient, economic and effective manner.

At this point in time, I would like to ask the officials from the Ministry of Finance Investments Division—in that order—the Ministry of Public Utilities and officials of the National Maintenance, Training and Security Company Limited in that order. But before I ask you to introduce yourselves, may I take the opportunity to ask my colleagues, who all comprise our Committee called the PA(E)C to introduce themselves. I will start on my far right and we will continue and then go to the Investments Division, Public Utilities and MTS.

[Introductions made]

Mr. Chairman: Well may I, once again, formally welcome all of you to this meeting of the Public Accounts (Enterprises) Committee. At this time, I would like to invite the Chairman of the MTS to make a few brief opening remarks before we engage in our formal enquiry and discussions. I invite the Chairman to do so at this time.

Ms. Lazarus: Thank you very much, Mr. Chairman. MTS is in the business of ensuring a clean, safe, secure and sustainable environment for its customers and the people who use its facilities. During the 38 years of evolution, MTS has built a committed and knowledgeable workforce and a solid customer base. It prides itself by being a state enterprise that does not receive government subvention. As a responsible state enterprise, we are up to date with all our statutory obligations including, tax and VAT payments, annual reports, audited financial statements, OSHA, minimum wages, industrial relations and other labour-related laws.

MTS is a business success and a national asset. Throughout the company's history, we have demonstrated that MTS fills an important need for our country, its employees and its shareholders. As the Chairman of such an outstanding state organization, it was my goal upon appointment to develop on the existing framework of the company, improve it, make it more efficient and expand its role to meet those of the clients' current and future needs. In this way, as a board of directors, we will ensure the company remains relevant to the needs of the people of Trinidad and Tobago. Thus, the 2016 to 2021 strategic plan for managing the nation's facilities and protecting people was developed.

I believe the objectives and strategies that we have set for ourselves are the right choices to move MTS forward and give it a future position of even greater value to all our citizens. The plan is intended to help MTS capitalize on the current opportunities by charting a course to navigate the political, economic and social environment in which we do business. It deepens our core responsibilities in security and expands what we do to manage our nation's facilities. The plan focuses on three strategic objectives: institutional strengthening, expanding facilities management and protection of people, and enhancing MTS's social responsibility. All three relate to each other and success in all three will provide a foundation to sustain MTS in the future.

If I may say a little bit about the objectives: institutional strengthening is our objective one, and that is to remain relevant and play a leading role in the facilities management industry. To do so, we need to strengthen our key institutional capacities by becoming more strategic through initiatives to improve the quality of the processes and services and ensuring that it is meeting the needs of employees and customers.

Strategic objective two, facilities management and protecting people. MTS will reposition itself from a provider of maintenance and security services to become the leader in comprehensive facilities management and deepen people protection. Given global security threats and propensity for crisis or disaster, we believe as a state enterprise seeking the public's interest, we are best positioned as the guardian of the Government's mission-critical facilities. These are the sites that must remain functional and secured during any time of disruption or crisis.

MTS will also position itself as the steward of our national building treasures and other government assets. There is enormous savings to be achieved by caring for these facilities in a business-like manner. In times of economic downturn, there is an even bigger need to protect and preserve government facilities and more efficiently manage their life cycles.

Our strategic objective three, which is enhancing our social responsibility, MTS will strengthen its role in fulfilling its social responsibility in protecting the environment—that is MTS going green—and the health and safety of our employees and facility users, working to establish expanded role for MTS in helping to reduce school violence and working with the Government to develop a regulatory framework to improve and set standards for the security industry.

Our circumstances are not unique. Health care, agriculture, energy and many other industries face similar financial challenges. MTS can only go in one direction, and that is to make bold changes in order to help shape our future and become relevant and more valuable as a national asset. This does not mean growing in numbers, but growing in our capacity to manage the tasks that need to be accomplished with best-practice processes and accountability. We believe that we have an ethical obligation to choose this path and our strategic plan is a road map for doing just that.

With the delegation of our talent of our employees, friends and stakeholders and with the support of the board of directors, we are very confident that this plan will help us build on past success and navigate the challenges and threats we still face and, ultimately, ensure the future of our company and country.

Thank you, Mr. Chairman. May I ask that the CEO is allowed to say a few words at the start please, Chair?

Mr. Rattansingh: Thank you very much, Mr. Chairman. I just want to put MTS from a historical perspective and where we are now. The Chairman outlined where we are going.

In 1979 when we were created, we had one client which was the Ministry of Education—that is the purpose we were created for—providing security, maintenance, training, technical services and project management. We had one client in six locations with 300 employees and a revenue base of about \$6 million. Today we have 100 clients, 1,000 locations, a revenue base of \$450 million per annum and a staff of approximately 6,000 employees.

I want to say, Mr. Chairman, that MTS is profitable for the period under review 2008 to 2016. The accumulated profits were about \$125 million. From 2006/2007, we started making profits. We changed the company from a negative retained earnings of \$100 million to presently approximately positive \$50 million. However, we operate in an unregulated industry and an uneven playing field and I want to talk about that later, Mr. Chairman.

I want to also bring to the attention of the Committee, during the period of the review, 2008 to 2016—it is just something I thought that the Committee should know for state enterprises. The changes and the dynamics that took place over that eight-year period are fantastic and phenomenal. We had three separate governments. We had three different line Ministries—the Ministry of Works and Transport, the Ministry of Rural Development and Local Government and the Ministry of Public Utilities—all of that happening in an eight-year period. We have had nine line Ministers, 11 PSs, and in terms of our major client, Ministry of Education, the same changes would have taken place. I just wanted to bring that to the attention of the Committee and for the Committee to understand the dynamics that happen with state enterprises with these changes. Thank you, Mr. Chairman.

Mr. Chairman: Thank you so very much for those remarks. May I begin the proceedings on our side by indicating that I, too, would like to recognize the fact that when state enterprises are able to observe and rigidly stick to the state manual on state enterprises performance by ensuring that at the end of three months of your financial year you can have your financials in order and your books audited, that we today can have before us your audited accounts for 2016, to my mind it is a very positive and commendable position of a state enterprise.

I hope that some of our colleagues who have been coming before us could take a leaf or a page out of your book as it relates to being on time in submitting, as Ms. Lazarus said, not only the statutory obligations, but even following a document even though it is not legal, it is there to offer guidelines, which is the state manual—the manual, rather, issued by the Ministry of Finance. So, I want to start off by putting that on record.

I would also like to ask immediately of the Chairman and maybe the CEO could join in, first of all, if you could share with us what were some of your key accomplishments over the last period that we are examining, although you may not be able to go back to 2008, but you will be able to tell us, you know, what are some of your key accomplishments.

Secondly, what have been some of your key challenges during the period that you have made those achievements, and also what actions you would have taken to address the challenges that you would have faced as a company. So that is the first area that I would like to have you share with us so we can understand a little more about MTS.

Ms. Lazarus: Chair, may I ask the CEO to take this question please. I have been Chairman for less than two years. He has been there for the entire period under review and, therefore, I think he is better equipped to answer those questions.

Mr. Rattansingh: Thank you, Mr. Chairman. Between the period 2008 to 2016, we have been able to provide audited financial statements as one of our achievements, timely every year; annual reports, timely every year. We have been able to make profits every year—turn the company from a negative to a positive—and the accumulated profits as I mentioned is \$125 million.

We also pride ourselves of being good industrial relations people and we would have settled nearly seven to eight collective agreements during that period. We would have paid most of it from our funding and our savings. We would have paid over \$210 million in back pay during that period to our employees, janitorial workers and security workers. We are OSHA compliant 100 per cent. And, Mr. Chairman, the achievements continue, more so, with respect to the new strategic plan. So when I reach the new strategic plan we can talk a little bit on it.

With respect to some of the things that we have done, we have done a whole lot in training and we will talk about that a little later, but let me go to the challenges. Major challenge: we have 6,000 employees so the question of collective agreements comes up every period. Presently, there is an

outstanding matter with TIWU that we are trying to settle and that is an outstanding challenge. There is another agreement that we need to deal with, with the EPA, which is on the table also. So, collective agreements continue to be a challenge for a state agency.

I want to say the other challenges, because the playing field is uneven. It is uneven because we tender on the open market with private sector firms and we tender mostly in the Ministries and these Ministries would bear price as the number one factor for accepting a tender. While we are observing all our statutory obligations and fulfilling all the things on the table, I do not know if that is being done by the private sector. So, comparing us with price alone—but we are still competitive, for example, security, our rates are \$30 an hour, the market rate is between \$29 to \$32 an hour. So we tender and we are reasonably within the market space.

The other challenge, Mr. Chairman, obviously, cash flow. While we are making profits, cash flow becomes a main issue for us. Presently, there is an outstanding sum of \$320million being owed, most of it from the Ministry of Education—\$150million from the Ministry of Education. And the third challenge is that we have a rate in security that we need to move to in terms of the Ministry of Education. We have been having that for a little while and we need to move the rate from the \$24 an hour to something a little more practical, closer to the market rate. So those are some of the challenges that we would have had.

What we did, Mr. Chairman, is in terms of going forward and trying to rectify some of these things; later on in the proceedings we will talk more about our Receivables Department that we created and a number of strategies we would have put in place with respect to cash flow. Despite this, we have been able to pay our salaries on time. The average salary for MTS per month is about \$35 million because it is 6,000 employees roughly. It is a task, it is a Herculean task. We have been able to pay salary on time and every time.

Mr. Chairman: Could you share with us what actions, as I ask, you have been taking to address those challenges that you outlined?

Mr. Rattansingh: With respect to the union agreements, we continue to meet with our unions. We did that up to last week. We continue to speak with them and negotiate in good faith. With respect to the debt collections, we have created a Receivables Department and we are in a funny position as a state enterprise because 99 per cent of our business is in the State. We are not allowed to go to court. We are not allowed to sue the State based on the state monitoring manual. So we have to use suasion, but we have corrected our end of it.

Wherever invoicing is lagging behind, we have ensured that our invoicing is within 30 days. We ensure that we are visiting our clients. But because of so many changes in various Ministries, Mr. Chairman, over time with PSs, it becomes a task, a Herculean task, to go back and repeat ourselves over and over and over trying to convince PSs that these bills are outstanding—this is the situation, this is where we are—and when things change and it goes into another year then those figures got to be audited and audited and audited. So it becomes a problem for us.

Nonetheless, we have been collecting on an average, up to about six months ago, about \$30 million a month from our clients and within recent times that has become a bigger challenge in terms of collections. When we fail at the level of the Receivables Department, the matter goes straight to myself. I myself attend meetings with PSs. The matter goes to the chairman and the board and the finance committee of the board and those things are taken up at a higher level with various PSs and ministerial committees if needs be.

Mr. Chairman: Before I ask Mr. Hinds to come in, could you share with us how MTS is addressing an issue that I read in the newspapers just recently—and it was in the *Guardian*—where

they talked about deductions being made by MTS from the salaries of workers for different loans and credit union obligations, but somehow whilst they are getting their payslips with those deductions being taken out, the institutions that those money are supposed to be going to are not receiving them. I know that you have cash flow problems, but how do you intend to rectify this situation because that could leave a bitter taste in the mouth. And, you know, I do not know if it is propaganda, but when I read where the workers are saying that the institutions are calling them before the MTS. I do not know if that is true or if that is just propaganda, but you may share with us—with all the cash flow challenges, how are you dealing with that matter?

10.40 a.m.

Mr. Rattansingh: Thank you very much, Chairman. This matter has never happened before. This is the first year this is happening to MTS, and it is directly linked to the cash flow. What we did is call in the unions and spoke to them, and we indicated to them that this is the situation, this is what is happening. The unions are aware. In a company with 6,000 persons, it is a very minute number of persons who are making these allegations.

We have also called in the credit unions, the financial institutions that we have an obligation to, and they are working with us and they understand, and they have also vowed they will not charge interest to the workers and so on. We are presently about four fortnights backlog, and just only yesterday we tried to clear one. We are meeting with our clients, and we are expected to get moneys. As soon as those moneys come in, those things would be released. I am hoping to do it before Christmas, Mr. Chairman.

Mrs. Baptiste-Primus: Thank you kindly, Mr. Chairman. With regard to the deduction, in furtherance of the question raised by the Chair, in situations where the employees of MTS with regard to their financial obligations, for example to a financial institution where if they renege through no fault of their own and there are interests, additional interest charges, how do you all deal with that? Do you all assume that responsibility?

Mr. Rattansingh: Thank you, Mr. Chairman. Member, in our discussions with the various institutions they have assured us they are not going to be charging interest. The matter has not arisen as yet, and if it comes to the fore we will deal with it. But I want to say, when it comes to people's mortgage with HDC or TTMF, we are not interfering with that whatsoever. This is simply the credit union Progressive, which is really MTS Credit Union, I think Island Finance and Millennium Insurance, basically those are the three institutions, and those institutions have been called in. In fact, Mr. Chairman and member, what they have said to us is that we are still the best payer. Many of their clients are not paying at all because of the situation in the country.

Mr. Hinds: Thank you very much. Mr. Rattansingh, Madam Chair, MTS. The compliment that was directed from the Chairman of this committee a while ago was obviously very sincere and said on behalf of all of us. Now that I have listened to you, Mr. CEO, I recognize that MTS is doing a very great job in the most trying circumstances, and for that I would like to personally congratulate you all in sincerity, for that; it is particularly difficult.

You said 99 per cent of your business—because we are aware of course, and the country ought to be aware, that when your company was incorporated in 1979 it had to deal with schools and training institutions owned by the Government, largely the Ministry of Education. That was expanded in 1989 to deal with all Ministries and, of course, state bodies, and of course to provide project management services. So you do have an element of private business as well in your portfolio. Tell us a little bit about that. Tell us how you intend using your expanded mandate to get further into the private sector and of course, in particular, I would like to hear a bit about your

project management services, whether that has been a very active part of your portfolio and if not, your impressions as to why not.

Mr. Rattansingh: Thank you very much, member. Mr. Chairman, with respect to the private sector, we really tender for Ministries and for state enterprises. We rarely tender for households and the private sector; we leave that for the private companies to do. It has to do also with the union agreements that we have and how flexible those union agreements are, because there are some limitations to our people working on weekends, and overtime and triple time, so we are very careful how we deal with that.

The new strategic plan is speaking to issues of growing revenue, and growing revenue in the private sector also. For example, one of the plans that we have, and we are almost there, is having MTS certified with the NTA, National Training Agency, where we, because of know-how and our knowledge over the last 40 years, we are willing to take on board training and offer it to the private sector, even our competitors, janitorial and security firms, and not only in Trinidad and Tobago, but throughout the islands, because the manual and the know-how that we have with security and training is tantamount to the best in the country, in the Caribbean I dare say. So training is critical. In fact, we not too long ago, won a contract, I am now being reminded, with Nestle, and that was a private sector contract that we won, because we are tendering for the private sector also from time to time. So NTA is one of them.

The other thing that we are trying to do, Mr. Chair, is, apart from providing training, we are also going to enhance our security department, and we are providing right now an electronic security plan to the board. When that plan comes to the board that would be offered, not only to clients, but probably to the private sector also. So in terms of electronic security, we are looking to see exactly where we can enter the market on electronic security, instead of just offering manpower or armed and unarmed security.

With respect to agri-business, we have also just brought to the board's attention a new plan for agri, and we want to grow the agri-business, and get the business—we are trying to get STOW certified to get business in Point Lisas and in the energy sector with respect to our landscaping and our agronomy skills, dealing with golf courses, playgrounds, et cetera, throughout the country. There are a whole lot of things that we can do in that area. We were even thinking of forming alliances with mom and pop nurseries in the country, so we can create some kind of alliance with small private sector people to grow MTS, instead of having the nurseries ourselves.

With respect to project management that is strictly done with the State, and from time to time the Cabinet would approve MTS to be the project manager for a project, and we would move forward with that project management.

In recent times we would have done some work for the THA. We have done some work for NALIS, Ministry of Education and NALIS with some libraries, and we were doing some work for Community Development with a community centre. We are on the market right now searching for work with respect to project management, but as you know in terms of construction in the country, wherever we can get the work we are hunting for it, and we are providing the kinds of proposals to tender for project management.

Mr. Hinds: In this segment, one more. I have observed that a number of private security outfits are working for the State in the face of the existence of MTS. What do you think might be the reason or reasons for it? What do you think might be the reasons for that, given all that you have said?

Mr. Rattansingh: Thank you again member, Mr. Chairman. The private sector industry, I said earlier, is unregulated.

Mr. Hinds: You mean, in particular, security?

Mr. Rattansingh: In particular, security; also to some extent the janitorial. Our recruitment process for security is so rigid, in that, we do not see a guy pitching marbles in the morning, and in the evening with an MTS security clothing. First, he must have a certificate of good character. He must be a national of Trinidad and Tobago. He must be drug free and he must join our team for a two-week training up front. It is that recruitment process, Mr. Chair, that allows MTS—right now we have about 150 persons that we require for security. We have a shortage of security, the manpower is limited with respect to security.

So, to come to your question with respect to private sector security all over Trinidad, as opposed to MTS in some of the Ministries, private sector people can provide that manpower faster than we in some areas, because they are selecting persons in a way that we are not selecting people. So the availability of their manpower—for example, if I get a contract now and I win a tender now in the Judiciary in Port of Spain, I would have a challenge to provide security, so it might go to another security firm because of the way we do our recruitment.

Mr. Hinds: Okay, point taken. I must let you know that at the moment with great haste the State is moving to have the private security establishment properly well regulated. When that is done I suspect it would bring obvious benefit to you in that regard, and particularly where you provide—well, in the state sector you have a number of high profile persons. Let me get really flat on this. I have sat in my office already, and my secretary presses the buzzer, and the next thing you know somebody from MTS is coming in to wet the plants or something like that. I, security conscious as I am, would often wonder about your vetting procedure and that sort of thing.

So yes, it is heartening to know that you are so robust in your assessment of the people used as security. Finally I will tell you, with the regulation that should even the playing field a little bit and make life a little easier for you. But I must put on record that wherever I have operated as a Minister of Government and I have encountered MTS staff, everywhere, from the Ministry of Works and Transport to the Ministry of Public Utilities, I can tell you and I want to place this on public record, I have been extremely impressed by the efficiency and the standards displayed by your officers. So you must keep that going, against even all the odds.

Dr. Gopeesingh: Thank you very much, Mr. Chair. Chairman, Ms. Jacqui Lazarus welcome, and Mr. Rattansingh with his team from MTS, Permanent Secretary, DPS and other members of the Ministry of Finance, good morning.

I would just want to ask some questions on the finance aspect and the human resource aspect. First of all, congratulations on your ability to generate approximately \$150 million in income annually, and to have a savings of close to \$100million. We notice that a significant amount of your revenue comes from security, which is approximately \$220 million, and maintenance \$180 million.

Could you give us an idea of the breakdown in terms of the provisions of security, who are your main clients with that? I know education is a significant part, and I want to congratulate you and thank you. Within my stint in a former place, you were able to give tremendous support.

So, could you give us an assistance of how many personnel you have in security, and how much you have in maintenance, so we could have an idea of your 6,000, of what is the breakdown there?

Mr. Rattansingh: Thank you, Mr. Chairman. Thank you, member Gopeesingh. With respect to security, we have approximately 3,000 security officers. With respect to maintenance there is

another 2,500 employees. I could ask my team to correct me as I go along with those figures. With respect to the technical aspect of it, we might have another 100 members; agri business another 300, and the general secretarial and administrative staff about 150. That should make up about 5,700 employees.

I want to say, before I go to break down further, that we pride ourselves of having an office in Tobago, and the office in Tobago has 300 employees, all Tobagonians, including the manager in Tobago. We have hired every single in Tobago from Tobago. We provide services for the THA, so that is one of our clients. Security is about \$8 million and maintenance is about \$5 million or \$6 million in the THA.

With respect to the school sector, our schools contract, we provide security for 500 schools, and maintenance for roughly 90 schools, and our security value for the schools contract is approximately \$120 million, and with respect for maintenance in the schools, it is about \$80 million. So nearly \$200 million comes from the Ministry of Education out of the \$450 million.

The next largest client that we have, apart from education, would be the Judiciary, where we provide security and maintenance for all the courts in Trinidad and Tobago. I just want to stick a point as I remember. A lot of people underestimate MTS, but at any point in time MTS would interact with about 350,000 people in Trinidad daily, based on the schools, the courts and the Ministries wherever we are. We are in some critical areas in the country, like the court, BIR, Ministry of Finance, Ministry of Works and Transport, TTPost, the police stations. We are in all the police stations. We provide janitorial, maintenance. Our contract in the police stations is about \$40 million.

We provide janitorial for the fire service, for the coast guard, the Ministry of Works and Transport, those are our main clients, Ministry of Finance. We just won the BIR building, the new building, because that is part of our strategic plan to go to the high-rise building. So we won the Ministry of Education towers, the BIR building, Legal Affairs building, and Customs building. We just won those, based on our aggressive marketing that we would have put in place. So those are some of our major clients.

Dr. Gopeesingh: Thank you, and I appreciate your direct knowledge on this offhand, so that is my sincere congratulations.

Mr. Rattansingh, you have been doing a tremendous job with the security and maintenance at schools, which comes up to about \$200 million altogether, so Ministry has big bills to pay to you. While we were there we discussed some weaknesses in the system in terms of the maintenance programmes, that you were to have about 10 officers in each one of the schools that you were maintaining, and we found during our time that there were some deficiencies in that area. So that the maintenance programmes for the schools depend a lot on what your team does to prevent the decay in the environment. Has that been strengthened to some extent?

Mr. Rattansingh: Thank you again member, Mr. Chairman. We did a lot of work during your period, and we in fact visited almost every school with you. Things that have been put in place with respect to the maintenance, on an average we have about eight workers per school. These schools are different sizes, so you would have a school on five acres of land, another school on 10 acres of land, one school with 1,500 students, another school with 500 students. What we have done, we have categorized all the schools, and in categorizing the schools we know exactly the labour that is required for one school, the security that is required for another school, which the Ministry would have agreed with us.

But with specific reference to the maintenance, we have taken out the scope of works, because there the issue was, as opposed to EFCL and ourselves what was supposed to be done. Bearing in mind these plants are almost 50 years old, and in some cases more, so the attention is required on a daily basis.

We have taken out the scope of works and we have put it in the hands of the Internal Audit Department, and we have created a check list, and we have appointed three quality assurance persons specifically to go and look at the checklist and to ensure that the scope of works is being fulfilled on a daily basis. And this report comes straight to the office of the CEO. Because of the importance of this client to Education, we have decided that this is not going to remain at a lower level in the organization. This is going to come straight to the office of the CEO. CEO then calls a meeting with the head of the maintenance division and the regional managers, and ensure wherever the deficiencies, these things are fixed. So what we have done is put it in an independent body in the organization called the audit to ensure that these things are rectified.

Dr. Gopeesingh: Thank you, CEO. The other area is the area of the security in the schools. I remember some of the schools had seven of your security officers and some to the minimum three, but yet still we found that there were some difficulties in the maintenance of discipline in the school. The internal environment is different from the security for the premises. There were some questions about whether all seven security officers placed there on a morning remained within the compound for the day, or are taken out, leaving the school vulnerable and put into other places. Has that been corrected to some extent? I have one more question.

Mr. Rattansingh: Thank you. What we have instituted, and again it was by your guidance at that time, is a register that the principal would now have, and the principal would sign off on the register. So the security officers ought to go in the morning in the principal's office, sign off the register and the principal would only okay the register in the evening. More so, manpower forms have been developed. So if we say we have five officers in this school, or three officers in this school, no bill is honoured by the Ministry of Education unless the principal signs the completion certificate and the manpower sheet, which then goes to our department for processing for payment and then goes to the Ministry of Education.

The Ministry of Education from time to time, if there is a bill before it without a principal's signature, will not pay. And one more thing I want to mention. The first thing this board did when it came into existence was we need to give back to the country, and one of the areas in giving back to the country was the area of reducing school violence. So what we have done, part of the strategic plan is in terms of crisis management and reducing school violence. We have brought in a criminologist on board, and the criminologist trained some of our officers. We have targeted all 1,200 officers in the schools to be trained with respect to gang violence, to be trained with respect to bullying, to be trained to avert those things.

Presently the programme is actually called "School-based Law Enforcement Programme". It was successfully executed and over the last year, Mr. Chairman, we would have trained nearly 300 of the 1,200. Now, you would appreciate I cannot do all one time, so I have set up a framework over the next year or two to train all 1,200. So we are trying to do a retraining with respect to recognizing what challenges are faced in schools. So notwithstanding all of that, some of challenges in the schools still remain with respect to broken fences, poor lighting, those things that you know would affect school discipline.

Dr. Gopeesingh: Thank you. I appreciate it.

Mr. Rattansingh: And technology also is another area that we are going into.

Dr. Gopeesingh: Just last one. A number of the private security companies from general introspection have hired a number of non-nationals to meet the demands. Do you have non-nationals on your listing at all? I hope not.

Mr. Rattansingh: Absolutely not.

Dr. Gopeesingh: Right, thank you. And just one more, the agriculture aspect. In your strategic planning and your forward thinking, while Trinidad and Tobago is looking to diversify and one of the areas is in the agricultural sector, what strategic plans can you offer the state sector, the Government in helping the agricultural diversification in terms of what you can do from your perspective as MTS?

Ms. Lazarus: Member, MTS is going to stick within the parameters of maintenance, training and security. We are not going to be growing eddoes and bananas soon. However, we do recognize that there are green spaces that we can enhance and seeing that we are in the business of getting more and more into the— deeper into facilities management, landscaping would be an area that we would develop, mainly for state enterprise and this is where he mentioned that we would be working with the mom and pops in the area of growing plants to supply the nursery, et cetera. But that is as far as we go, enhancing green spaces.

Dr. Gadsby-Dolly: Thank you, Chair. With your permission I would like to ask two questions. The first deals with the period between 2014 and '16. In your written submission you indicated that there was a decline in the company's income during that time, but that is matched with an increase in the number of employees by 293. Now, you also stated that one of the strategies to deal with the fact that a number of the security contracts would have been terminated by clients at that time, you are looking at focusing on facilities management as one of the areas to pick up the slack.

So what I want to know, the number of employees that was increasing in that time, 293, in what areas would those employees have come in? Would it have been security? Would it have been facilities management, and continuing now with your focus that is dealing with facilities management, is your number of staff increasing at this point in time and where would be your focus of increase?

Mr. Rattansingh: Thank you very much. In the years 2014 to 2016, the staff increased mostly in the area of maintenance. Presently we are looking for more security officers. There is a deficit of about 100 security officers to fill us. We have a tender, we have a contract that we are not honouring fully and the Judiciary is awaiting us to supply these workers, and in the Judiciary for example, it is just not ordinary security officers. What we have done, we have done some product differentiation. So we have an elite security. If you go to the Ministry of Finance you would see somebody with a white shirt and a green pants. If you go to the courts you will see white shirt and green pants. Not all in total green. So those officers are what we are in demand for, in particular, in the Judiciary.

Did I get your full question?

Dr. Gadsby-Dolly: Yes, I think you answered my full question and before I ask my second question may I just follow that up. The recruitment for those elite officers, that is taking place how?

Mr. Rattansingh: The first strategy we are using is persons within the organization. Because the organization has a history of good officers, we try to use those good officers in the organization. As a matter of also, employee motivation, because they are paid a higher salary with respect to these elite security positions. So while we remove persons in the existing system that are trained,

retrained, already aware of security procedures and protocols and have a good track record with MTS, we put them into the elite security, then it creates a gap to fill other contracts that we require new entrants from.

Dr. Gadsby-Dolly: And is there a very rapid turnover and a high rate of attrition with your security officers at the lower level.

Mr. Rattansingh: That is one of the challenges, very good question. Mr. Chairman, last year and this year, we recruited about 300 officers and we would have lost about 150. We lose officers to several things. One: Persons who are just playing around and need a job may just pop in for a security job and realize the challenges in security and may leave. Two: They may leave because they are using it as a stepping stone and our training and the good name and the brand equity of MTS to move into the police service and the coast guard. So we do a lot of national service to Trinidad and Tobago at our cost, at our expense.

And thirdly, because the industry is where it is, we have a rigid disciplinary process in the organization and sometimes when discipline and tribunals start, an officer thinks before he goes through this it is better he walks away and pick up another security job in another “fly by night” company. So those are some of the reasons for the attrition. But we continue to press on to see what can be done. Thank you.

Dr. Gadsby-Dolly: Sorry if I may just ask my last question on this point. I know that MTS is also involved with project management because the Ministry of Community Development, Culture and Arts is also a client in that regard. What I wanted to know is, when did that start? Just a little more information about it. When did you start getting into that area and how many clients do you actually have and are you properly staffed in that project management area and are you continuing to seek further, just like how you know you are going into facilities management, are you going to further the thrust into project management?

Mr. Rattansingh: Mr. Chair, let me see if I could address that. This started almost about 20 years ago as far as I can remember. Our main client was the Ministry of Education school repair programme and of course with EFCL that is no longer. So we have had a team of engineers and project accountants and supervisors and civil people on board. Some of them have left because there is not enough work to keep them on board. Our main clients presently would be Community Development, NALIS, and THA. Those are our main clients presently.

We have had very few new projects on board. Most of the projects are old projects that we are trying to complete and they are almost on 90 per cent completion stage. Most of them—some of them have not been completed based on funding or change in use of the project in many cases. And yes, project management is something we want to keep and we want to continue with, the question is, because we are not tendering in the private sector for project management, we continue to solicit with our Ministries and our agencies. Just this morning before coming here I got a call from the THA who asked if we are interested in doing some project management for the THA and they may want to invite us to a meeting next week to discuss some project management. I look forward to that meeting.

Mr. Hinds: You described your security arrangements at school and you very commendably outlined the issues that are in your contemplation: school bullying, school violence. The one thing I did not hear was concerns for terrorism. A school as the world experience would have shown us is a very fertile place for terrorist activity, lots of innocent children running around. I think you need to factor that into your considerations when it comes to security. We are living in a different world today. That is a matter I would just like to point out. And I would like as well—we have

come today, to perhaps an obvious conclusion that your organization, board and management, have been doing a pretty good job over many years. We are aware, as I indicated earlier, the nation is experiencing very tough economic times and therefore your clients with cash flow problems themselves, the Ministry of Education, and unable to pay you and you cannot sue based on the performance monitoring manual from the Finance Ministry. As we say convivially sometimes, “massa bull, massa cow” you know, but we understand where you are in the midst of that.

11.10 a.m.

I want to say this, I was to ask this, Madam Chairman, in light of all of the good things that we are hearing from you and in which we express pride as parliamentarians on behalf of the citizens who we represent, the of back pay becomes necessary when you do not complete the negotiation within the negotiation period and therefore, you go outside of it. There are institutions where you have, they are into their third negotiating period and they have not settled the first.

What are you doing or can you do more to ensure that you do not have this issue of back pay?—because I am aware you owe some money to some of your workers. Can you or are you taking action to ensure, to perfect the ensemble, to perfect your performance record whether you could settle these negotiations within the time obviating the need for back pay and the problems that it generates?

Your financials show that at this time in very difficult circumstances the last accounts that I observed really you are almost operating to keep your workforce in place. I think you are just about keeping your workers on line, for which they should be very grateful to be able to hold their jobs in this time. But for specifically, what action are you taking, what are doing to ensure that you do not have this back-pay issue that is so prevalent across the sector generally?

Ms. Lazarus: Chair, member, at this point in time we are requesting of the Ministry of Finance through our Ministry of Public Utilities to simply get the Ministry of pay us some of our bills. We are not asking for all, we are asking for some. We believe that we are currently in a position to start paying the current increase however, we recognize that the country just does not have the resources and so we have been in discussion with the Ministry to defer the back pay once we are in a position, once we start rolling out the current interest in salary.

With respect to being in a position to be ahead of the game, that is not going to happen until such time that we get a large percentage of our bills paid. And so I will use the words that my CEO has used, prayers. [*Laughter*] We get through on a month-to-month basis sometimes by just praying and a cheque comes through just in time. So I do not know that we have a strategic position on how we could be current. It is something that we would ideally like to do, and we would always keep it in mind when things begin to turnaround.

Mr. Hinds: Thank you, madam Chairman.

Mrs. Crichlow-Cockburn: Thank you, Mr. Chairman. Madam Chairman, I just want to be very clear with respect to our collective agreements. Is it that you are not up to date because you owe retroactive payments or is it the actual negotiation of the contracts?

Ms. Lazarus: The 2011 to 2014 is due. We have had agreement in principle with the union. Just yesterday we met with the Ministry of Finance, Ministry of Public Utilities and the CPO to just sign off on it, and we are requesting permission to start paying the current payment so that there could be a reprieve.

Mr. Chairman: Sen. Baptiste-Primus.

Mrs. Baptiste-Primus: Thank you very kindly, Mr. Chairman. Madam Chair, I have two questions to ask. I was very heartened to hear you in your opening remarks advise that there is a

strategic plan for the period 2016 to 2020. Could you share some of the critical elements of that strategic plan insofar as the visioning for the organization?

Ms. Lazarus: Chair and member, that is very easy for me to do because I sleep and breathe this thing. The first item on the agenda is really strengthening the institution. You know, MTS was built on a really good foundation, and the result manifests itself by how compliant they are and how stable an organization they are however, it does need modernizing and so we are in the process of a company reform, so to speak. There is an extensive rollout of the strategic plan with respect to modernizing the processes and accountability within the organization. That is number one.

The second item on the agenda is the relevance. I mean, one can ask the question, there are many private organizations out there, why they could be doing what you are doing. Yes and no. We are driven by public interest much more so than profit, and so we do not cut corners and give less of a value to our clients. We consider ourselves critical to the Government, especially focusing on mission critical facilities to the extent that where there is a disruption in the country for any reason, we are not going to flee, we are part of the Government and therefore, we would be there to protect and secure Government personnel and Government facilities, and so there is a factor that goes into ensuring that we enhance and improve our ability to do that and to get into those facilities.

The third aspect of it that we looked is that there is a big opportunity with respect to facilities management. So many of our government buildings go into disarray because they are not managed, the maintenance is not managed and so there is a lot of down time and a lot of opportunities for disruptive personnel to shut down and to not work because there are problems with air conditioning and all that. And it is no Einstein stuff that if you put in place a process that manages the maintenance of the facilities, even with schools, I mean, while we are not responsible for schools, there is no need for us to be in this crazy drama over summertime to maintain schools. We could run a maintenance system that ensures the facilities of the schools are kept properly maintained all year round, and summertime you just to the big jobs that would displace students, but there are many other things that you can do on evenings and weekends and even during school time.

So schools are not under our purview as of this time, maybe it will come back under our purview, but facilities management is where we are taking it. And let me say that we are not proposing to increase—firstly, let me say that we are requesting the Ministry to put forward a Cabinet Note to give us the green light as to whether they want us to do facilities management.

The second thing is, if we do then we will do all of the feasibility and the research, et cetera, to get it done.

And thirdly, we do not propose that we will increase staff to do this, but that we will take into consideration the Government's intention for local government reform and therefore, we will position facilities and contractors within the regions to carry out the work under the MTS blueprint, under MTS standards and under MTS rules and methods of operation.

Mrs. Baptiste-Primus: On the assumption that MTS obtains the Cabinet approval, what is the roll-down time for the building capacity? Well, it is diversification you are engaging in with regard to facilities management.

Ms. Lazarus: It is diversification within our, I mean, we are a maintenance company.

Mrs. Baptiste-Primus: What is the timeline—

Ms. Lazarus: Expansion.

Mrs. Baptiste-Primus:—that you all have looked at?

Ms. Lazarus: I would imagine that we have indicated that we should be fully up and running within two years. It will be on a phased basis, but that we would have been able to have teams on board within a two-year period. MTS actually celebrates 40 years in 2019, and I am hoping that by the year 2019 when that time comes we would have been a renewed organization with all of these plans well on their way and some element of rebranding at that point in time.

Let me also add that part of the strategic objective is to go green. We want to have safer chemicals and that kind of thing in our organization so that we maintain a level of safety, increase our level of safety, and also to look at the broader protection matters at hand, which would have included averting the more perceptible and being in a position to avert violence, terrorist acts, et cetera, and being in a position to do that kind of mass protection when and if a situation occurs.

Mrs. Baptiste-Primus: Is this strategic plan home grown or have you all engaged a company to assist you all in the crafting of such a plan?

Ms. Lazarus: Chair, we certainly are engaged to guide the plan, but it is fully home grown.

Mrs. Baptiste-Primus: Who did you all employ to guide the plan?

Ms. Lazarus: There is an organization known as the governance network; it is a Trinidad and Tobago company.

Mrs. Baptiste-Primus: Mr. Chairman, I would like to ask one more question. From your written responses we understand that there is no whistleblowing policy in the organization. How soon does the company intend to embrace this very necessary mechanism, particularly in light of the recent situations that have occurred in this country? Will the company be developing a whistleblowing policy and if so, how soon?

Ms. Lazarus: Chair, member. With an organization of 5,600 employees you could imagine the amount of whistleblowing that takes place on a regular basis, and over the years there has been no—so while there has not been a written policy, and I understand the question, there has been a policy in effect because no one has ever been in any way affected by—their job has not been affected by whistleblowing. I recall prior to coming into the organization there were a number of whistleblowing in my ears, but we did look into the matters that were at hand. They are usually quite petty. Within, I would say, the next six months we will have a written whistleblowing policy within the organization.

Mrs. Crichlow-Cockburn: Thank you very much, Mr. Chairman.

Mr. Rattansingh: Just to add to the whistleblowing, Mr. Chair, I think the Chairman herself would have approved her plan, a corporate communication plan just last month, and part of the plan is a whistleblowing policy that is already in a draft form and it should be approved in the first quarter of next year.

Mrs. Baptiste-Primus: I am very heartened with that bit of information.

Mrs. Crichlow-Cockburn: Thank you, Mr. Chairman. As my colleague would have indicated previously that he was very heartened by MTS having their audited accounts up to date, I am also very heartened and I wish to commend MTS for having their strategic plan up to date.

Now, during your opening statement, Madam Chairman, you would have indicated that this strategic plan is critical to the organization's success. In light of that I would like you to indicate to the Committee whether the plan is being implemented and if you have achieved any milestones thus far?

Ms. Lazarus: Good question. I will let the chair answer that—the CEO. *[Laughter]* I am sorry.

Mr. Rattansingh: Thank you, madam Chair, Mr. Chair. The strategic plan, let me just go back and say, within the first three months of the board coming into existence, the chairman instituted

a plan and it was approved within the first six months of her coming into existence. The plan was submitted to the Ministry of Public Utilities, the Ministry of Finance, the plan was approved. The plan took into consideration Vision 2030, local government reform and the relevance of MTS because we had to answer some questions about our relevance, so we thought it necessary to deal with our relevance at this point in time also.

So the first plank of the plan which has to do with institutional strengthening, and under institutional strengthening we would have talked about stabilizing our finances. Now obviously, stabilizing our finances would have to do with cash flow. We have tightened and we have had several things put in place to tighten our invoicing procedures. We have also instituted a human resource information system that is being put in place now to ensure timeliness of information from HR into finance, so payroll and all of those things could be sorted out in a faster way. So stabilizing our finances is important, dealing with our backpay to the union, the EPA, for example, was a full \$50million was paid to them in full. So that was part of the stabilizing of our finance.

Under that same heading of institutional strengthening, the company conducted an HR review. We reviewed the entire organization's structure, persons, capacity, whether we needed institutional strengthening. Coming out of that we started doing some supervisory training and we would have completed about 60 persons already on the supervisory training. And coming out of that, we developed a performance a management system. And that management system, again, we are trying to save some money, so what we have decided to do is, in developing the system we trained some trainers, and we are now training our supervisors and our managers on how to implement this performance management system.

We also have institutional strengthening quality control. I indicated to member Gopeesingh one of the planks of the school system was to put some quality officers in place. We are presently doing a new quality assurance plan, and that is in progress.

The second part of the plan had to do with facilities management. And under facilities management, the first thing that we did is that we developed a Cabinet Note, an extensive Cabinet Note defining facilities management, itemizing timelines, the capacity, and what we will be doing with respect to facilities management. That was submitted to the Ministry of Public Utilities and it ought to go to the Cabinet soon.

The second thing under facilities management is that we decided to look at new revenue streams and our relevance. So under new revenue stream one of the objectives there would have been asset management.

In Trinidad and Tobago, Mr. Chairman, presently there are about \$150 billion to \$200 billion in government buildings and assets. I do not know if it is inventoried anywhere in one spot or one person or one organization. Because we are in many of Ministries we saw the need, I would say an opportunity where we can propose to the Government an asset management system, and that will help the Government, but it will also diversify MTS and we are already in these buildings and it will help grow our revenue. We would grow the revenue without being labour intensive, because you would recognize when you have to grow security, by and large, you have to employ persons to grow security. In some of these new measures we will not be labour intensive, it will be more scientific and technology.

The third plank under achievement is heritage buildings. Because of our experience with the Heritage Library and our success there, to some extent, in learning from some outsiders who were brought in to do it, we have decided to target heritage buildings in Trinidad and Tobago for

restoration work. So that is another area that we are looking to with respect to project management. So a plan was already developed, so it is just the achievement.

And under the plan also, mission critical, what the Chairman was alluding to earlier, all the buildings that are of a security nature that we are in, we are also developing a plan and it is almost 90 per cent complete, where these buildings will have certain protocols in case of an emergency or terror act or some form of dissidence in the country, we will be there to deal with it.

So by and large what I am saying is that many of the things in the plan, the electronic security aspect, the electronic technology, we have a plan that is almost 99 per cent completed, and it will come to the board at the next board meeting.

I want to say to you, member, that this board is very rigid, and this board does not allow this CEO to sleep. So this board has asked that very quarter a full report comes to the board. So I report to the implementation of this plan on a quarterly basis to the board, and a full report is done which we will now be submitting to the Ministry of Public Utilities also for oversight. And we could go on and on, but I suspect you could ask.

Mrs. Crichlow-Cockburn: No. The last question here. It is has to do with the debt owed of \$320-something million. I wanted to know over what period has that debt accrued; whether any of it is statutebarred; and if so, what percentage MTS may need to write-off?

Mr. Rattansingh: Mr. Chair, member, when it comes to writing off debt, especially if for the state sector, I am very reluctant. So we are guided by the auditors as to what is. Presently there is a bad debt write-off of about \$12million that they are asking for. That had to go through scrutiny. The process for that, we could go through the scrutiny with the finance division and it goes through the auditors, internal auditors and the external auditors before we decide on this. But the majority of the moneys have been owed within the last these years or so. For example, this year alone the Ministry of Education has not paid me \$72 million out of the \$320 million.

Mr. Chairman: All right. Before I invite my colleagues Dr. Gopeesingh, Mr. Hinds and Dr. Gadsby-Dolly, I have a few areas that I would like to clarify. Now, I have observed that the company has a policy, I think, it is clause 3.01 on company's vacation leave, and I have noted that because of that policy which allows people to accumulate unused vacation leave, we have a situation where at the end of 2015 there is an outstanding amount of \$43 million, and there is an amount at the end of 2016 of \$39.7 million almost \$40million.

Now, in light of the company's cash flow problems and or challenges, what does MTS plan to do to address this particular policy which seems to be generating further difficulty for a company that appears, from all intents and purposes, to be extremely cash strapped? So I wanted to get your views on—and is this part of the collective agreement or is this just a company's policy?

Mr. Rattansingh: Thank you, Mr. Chair. The policy is not what is causing the accumulated vacation leave. What we do we try to encourage persons, the Divisional Manager HR, she probably can speak to it later, would write and ask that people go on vacation leave on a yearly basis. The real problem here is in our security division, where there is a shortfall in manpower, and if persons were to take all their vacation leave, and we are contractually obligated with our clients, we will not have the manpower to replace those persons. So those contracts, we will not be legally binding with those contracts, we would be short-changing our clients. So in many cases, we have to turn down persons from going on leave or persuade them to defer leave because of the manpower shortage. But that is a matter—the moment we get up with our manpower to the optimum level, that matter should be addressed, and we will continue to look at it. It is a matter that I am very concerned about, Mr. Chairman, and I will continue to look at it.

Mr. Chairman: May I ask the Chairman whether you can make available a copy of your strategic plan to this body so we can further study your direction?

Ms. Lazarus: By all means, you will get that before the end of the week.

Mr. Chairman: Yeah. Now, I want to go the Ministry of Public Utilities. Now, the Ministry of Public Utilities is supposed to have an oversight role, and we have seen from your submission that you employ both a monthly and an annual approach to monitoring and evaluating the operations of MTS. This concept of an operating ratio tells us that in 2013 the ratio stood at 96 per cent; in 2014, 99 per cent; in 2015, 99 per cent; in 2016, 98 per cent. The literature tells us that a band of between 0.5 to 75 per cent indicates that the company is operating efficiently. If you go outside of that band, inefficiencies step in. So we are seeing where MTS is in the range or zone of 96 to 98 per cent.

I would like to know, given the work that is being done by the Ministry's Economic, Research, Policy and Planning Division, what recommendations have the Permanent Secretary advanced to address these inefficiencies facing MTS, given what I have outlined? And if you can probably provide this Committee with some appreciation of the actions that have been taken by the Ministry of Public Utilities to bring down those levels of inefficiencies. I think MTS might be able to get some more, you know, their cash flow situation might improve somewhat. Because there is, in fact, from the raw statistics based on your own research, Permanent Secretary, that there is, in fact, some inefficiencies at the level of MTS, and you need to tell us how the Ministry as the oversight and having its overall role of supervision and monitoring, how are you going to bring down that with the MTS.

Ms. Khan: Thank you, Mr. Chairman. Yes, indeed that is one of the indicators that we are now putting in place to review the performance of all the agencies that fall under the Ministry of Public Utilities. And yes indeed the MTS is now falling outside of the range of what is considered to be operationally inefficient. It is not considered highly inefficient yet, it has not reached the range; that is over 1.5 per cent. But I will ask the financial specialist who has prime responsibility for looking at all the income and monthly statements to throw some light in terms of some of the things that she has seen and what she would recommend.

Mr. Chairman: Okay.

Ms. Cupid-St. Hillaire: Thank you. In terms of MTS, on a monthly basis, I have been looking at their financials. What they do submit to the Ministry is a cash-flow statement, right, which is examined on a monthly basis to see whether there are any things that, you know, would cause any problems. So far I have not seen anything that, you know, could cause any serious concerns to the Ministry. We have also been looking annually at their financial statements which, I think, you all also have sight of. These statements have been showing—

11.40 a.m.

One of the concerns I think we had, it had to do with the increase in the staffing which, I think they have also addressed where there is need for them to increase staff in their security area. So, I think it has been justified.

Their cash flow situation is one that has been serious, and again they have mentioned that the Ministry of Education is their main client, and that is where they have been having problems and they will want to increase the charge out rates in that regard. So that in our oversight we would recommend that going forward the Ministry takes a more active role in making sure that funds are provided on a monthly basis to meet these responsibilities. Because the thing is that MTS is going through very serious cash problems because of all of these receivables, over \$300 million that is

outside there. And as a Ministry we have to take an active role in helping to bring down that figure by going through the Ministry of Finance and seeing if we could get that problem rectified going forward.

Ms. Khan: If I may add, Mr. Chairman, that we are in discussions with the Ministry of Finance, with the intent of reducing the receivables on a monthly basis across all the Ministries that now have moneys, including the Ministry of Public Utilities, for MTS. So, we are in discussions and our intent is to reduce that receivable amount of about \$323 million by at least half in the current fiscal year.

Mr. Chairman: My question is to the Investments Division. Could the Investments Division share with this Committee how are you able to ensure oversight and accountability in an enterprise like MTS? And do you conduct site visits to state enterprises to ensure that your duties and responsibilities re monitoring in accordance with the manual and guidelines are in fact effective? Could you explain to us and share with us how the Investment Division is able to effectively do this?

Mr. Maharaj: Chairman, thank you. First of all, I would say that the monitoring of state enterprises is shared between the line Ministry and the Ministry of Finance. The operational nature is more for the line Ministry. The Ministry of Finance really does not, on any regular basis, visit, let us say MTS, because our monitoring is more document based, but we ensure that things like the board minutes, the financial statements, monthly statements, cash flow statements, and strategic plans are basically up-to-date.

Mr. Chairman: I take the hon. Dr. Gopeesingh and then Mr. Hinds.

Dr. Gopeesingh: Thank you. We noticed that in 2008 you had approximately 44 monthly paid employees out of the approximately 5,700, and now that has gone to 100, which makes it approximately one to 60 for your monthly to the other members being paid. The rest are classified in what grouping? Are they daily-paid employees, fortnightly-paid employees? And, what measures that you as a company are taking to give some degree of emotional satisfaction and security to the employees who have been there with you for a period of time? Could you give some comment on that?

Mr. Rattansingh: Thank you, member. Chair, some of the monthly employees that would have moved up from the 44 has to do with fortnightly. We pay fortnightly. Some of fortnightly members indicated that they wanted to be paid monthly. So we would have moved them from the fortnight to the monthly, so that is what takes place there. So, basically there are two forms of payment, monthly and fortnightly. With respect to employees, a lot of persons are retiring at this stage because we have about 40 years almost in service. So persons who would have started very early are now retiring. Over the years we have provided training, we have provided educational opportunities, we have provided promotional opportunities, and we have provided, as I said in terms of collective agreements for this group, we have settled nearly eight agreements and paid out about \$210 million in back pay over this eight-year period. I would not say that MTS workers are the best paid in the country, but in terms of the industry, they are reasonably well paid.

Dr. Gopeesingh: And they feel relatively satisfied that their jobs are—

Mr. Rattansingh: Well, one of the things that we enjoy in MTS, Mr. Chair, member, is that employees at MTS are extremely loyal. They consider themselves as family members, and they go beyond the call of duty. So much so, that even in education the principals treat them as family members, and most of our clients treat our employees as family members. They are very happy, they are satisfied in MTS.

Dr. Gopeesingh: All right, thanks. Just one more on the issue of the accruals, of aged payable accruals, we have about \$123 million. I think there was some alluding to answer to that previously, but I am not clear in my mind, how are you dealing with that \$123 million in aged accruals? That is on page 28 of one of your reports. The report is headed “Summary of the responses to the follow up questions raised in the examination of the audit accounts”, page 28, at the bottom of it. You have \$123 million. And then the debtors, I think your head of finance was responding, you have approximately \$330 million outstanding in receivables, and you have about 16 Ministries that are owing, of course the Ministry of Education owing \$160 million, and about four other Ministries owing close to about a total of \$80 million. Beside moral suasion, is there anything else you are considering to help you with your cash flow problems?

Mr. Rattansingh: Thank you, member. Chair, the chairman was alluding earlier, yesterday we had a meeting with the Minister of Finance, and the Minister of Finance has asked the Director of Budgets to look into our matter to see where moneys should be allocated to pay for the security and maintenance for the various Ministries. So, we have gone to the Minister of Finance for assistance on this matter.

Dr. Gopeesingh: What about the accruals issue? The \$123 million?

Mr. Rattansingh: Could I ask my CFO to address that?

Mr. Ferguson: Thank you, Chair. Vice-Chairman, the \$123 million, the majority of it is made of accruals of \$80 million, of which is the back pay, which is the bargaining units, which is for the EPA and the TU, which has accrued and is due to be settled. The other amounts are fairly small, given the size of the company.

Dr. Gopeesingh: All right. Projects, \$29 million? Just last one.

Mr. Ferguson: Yes, this would represent moneys that we collected for projects, but the work has not yet been done, so it is due to be paid to the clients once the completion certificate has been signed off by the engineers and the project accountants and so on.

Dr. Gopeesingh: Okay, thank you.

Dr. Gadsby-Dolly: Just a very quick question. It is my impression, looking at the approximately 300 security officers and 2500 maintenance workers, and juxtaposing that with the vacancy for about 150 security officers, it is my experience—I may be wrong—and my impression that the maintenance workers are mainly female and the security workers are mainly male, and in the context of the attrition rate and all of that, what I want to know is, if that is the fact, that the vacancies for the security officers will most likely attract the male, is anything being done or considered in the strategic plan to bring more females into that area and what provisions can be made? Because, obviously, there are a lot of single mothers and so on, how can we assist? Because I have so many females coming and looking for jobs, and always asking for maintenance because of the hours of security and so on. Can anything be done, or has that been considered in the recruitment strategy?

Mr. Rattansingh: Thank you, member. Chair, firstly MTS does not discriminate on gender, so persons who seek job, we employ. But what we had to do with respect to security, we had a ratio, more men than women in security over the years, but because of the shortage in security we actually opened it up over the last eight or nine years. And so now in a recruiting class of 25, you will have 20 women coming and five men, which is posing another problem. Because many of our clients are saying they want strong bodied able men to be in security, so we have to balance it. It is a balancing act. In terms of maintenance, presently we are not dealing with hiring maintenance personnel unless we get a contract. We win a contract, then we will hire persons for that contract.

Soon we will have to reach a point where if when we tender for a contract and it is won, we employ persons, we will link them to that contract, and the moment that we lose that contract we will have to terminate. Presently, MTS does not do that, we try to keep the employed and wait for contracts to come. So far we are thankful that we are almost optimal with respect to some of that.

Mr. Hinds: Thank you very much, Mr. Chairman. Madam Chairman, Madam PS, we have noted, again, admirably that you have run a pretty steady ship. We have noted that some of the worst excesses of things that would have transpired in some of the state agencies over recent years seem to have escaped MTS. Someone said to be poor is a crime, but maybe, although you are not exactly poor, that has worked to your advantage, so I have observed from your accounts you have maintained a pretty steady ship. However, we have noted that you issued some bonds long time ago, back in 2001 totalling about \$574 million and you would have made steady payments, and you have now brought that to about \$167 million, which is still a liability. In your current economic circumstances and based on the audited financials, it must be quite burdensome to have to treat with that. I would not ask you to comment upon whether, because those bonds were issued to fund the SEM Programme, the Secondary Education Modernization Programme, and I see that that liability, at least \$167 million worth of it has remained over many years on your accounts. Tell us a little bit about that?

Mr. Rattansingh: Thank you, member. Mr. Chair, the good news is that—the bad news is it is on our book, the good news is that we do not pay for it. It is being paid by the Ministry of Finance. The loan was taken on our name, the guarantee is the Government of Trinidad and Tobago. So, the Ministry of Finance will honour that payment on a regular basis as per schedule, and as far as I am aware they have been paying on a regular basis. I do not know if the CFO would want to comment more on it.

Mr. Hinds: I would like to hear his thoughts on the matter.

Mr. Ferguson: Thank you, Chair. The loan was taken a long time ago. It was used to purchase schools.

Mr. Hinds: Build schools.

Mr. Ferguson: To build schools, sorry. It is being paid biannually, twice per year. MTS does not pay it. It is paid by the Ministry of Finance, but MTS is legally binding. So as such it is required to be placed on our accounts. But in reality it is financed by the Ministry of Finance every six months. And as far as I know it is up-to-date, and it is okay.

Mr. Hinds: All right, nothing more on that matter. Thank you very much.

Dr. Gopeesingh: Can I, Mr. Chairman, just ask a follow-up question on that? This is for the Ministry of Finance, following on Minister Hinds' questions—

Mr. Hinds: Member.

Dr. Gopeesingh: Member, all right, I give you your respect, member. There is a question of \$167 million. From the comments, based on the 2015 management letter, there are contradicting views from the audit observation and MTS's response with regard to the amount due to bond holders in the sum of \$167 million. MTS's response has been, it is a legally binding financial transaction between MTS and the various financial institutions, and as such there is a valid liability of the company. So, on one hand there is a question being asked about the \$167 million, and there are contradicting views. Has this come to your attention from the Ministry of Finance on how you might be able to deal with that based on the contradiction that is existing for this large sum?

Mr. Maharaj: Thank you, member. I do not want to rehash what Mr. Ferguson was saying, but the bonds were raised, they could not have raised by the Ministry of Finance so they used MTS to

raise the bonds, and there were project managers for the Secondary Education Modernization Programme. However, because it is on MTS's books, they are legally liable for the bonds—they are liable for the payments of the bonds. However, it is not paid by MTS. It is guaranteed and serviced by the Ministry of Finance.

Dr. Gopeesingh: Is there a contradiction existing anywhere, because it is stated here that there are contradicting views on this issue?

Mr. Maharaj: Member, I think I will have to get back to you on that. I will liaise with MTS and provide a written response to that question.

Dr. Gopeesingh: Thank you.

Mr. Chairman: Yes, you want to make a point?

Mr. Ferguson: Thank you, Chair. The reason that there is an international financial reporting standard which states that you should report its economic form not its legal form, and that is what the auditor was bringing up. But if we follow that standard in this case, the liability, if you move it from MTS it would not exist anywhere, and therefore we say it must exist somewhere in the Government, and that was the reason for it. But the auditor has to follow his protocol and bring up the standard of legal forum versus economic reality.

Dr. Gopeesingh: So, to bring some clarity to it, the responsibility falls with you all still?

Mr. Maharaj: Yes.

Ms. Babb: Legally.

Mr. Maharaj: Legally.

Dr. Gopeesingh: Legally, as the borrower of the funding?

Mr. Maharaj: Yes.

Dr. Gopeesingh: But, the Ministry of Finance has undertaken the responsibility to pay it on your behalf? But this \$167 is still outstanding?

Mr. Maharaj: Yes, it is. Yes, it is.

Dr. Gopeesingh: All right, okay.

Mr. Maharaj: Thank you.

Mr. Chairman: I just wanted to ask the CEO, based on your submission, you also indicated that there was an \$8.7 million increase in operating expenses over the period 2008 to 2016, and that was attributed to the rates of inflation over that period, 2008 to 2016. You care to elaborate on that for us?

Mr. Rattansingh: Mr. Chair, I think the answer, if I could recall, unless we did not correct it, it also added that the revenue increased over that period by \$80 million. So, there would have been a direct correlation between new contracts won, supplies, et cetera, that would have caused the overrun. So, apart from inflation it is linked, and there is a correlation between \$80 million increase in revenue caused by winning new contracts.

Mr. Chairman: Well, I did not see that. So, that was left out, right? So you need to correct that one. Is there any other question members that you would like to ask? All right, well, listen, I think that—first of all I think that we would have dealt with the areas that we would have liked to deal with this morning. We always reserve the right as a Committee, either to recall you, or to write to you, or both for further clarification issues that members may wish to clarify, because a report will have to be generated to the Parliament.

So, what I would ask of you, and maybe that would be part of the plan that you are going to make available to us, if there are areas of improvement that you would like to put on the record as we seek to bring our meeting to a close, I would ask that you can do so. Or if you would like to share

with this Committee recommendations for addressing some of the major critical areas in a more detailed way with this Committee, you can also put those in writing and we can use those as part of our formulation of the final report that we will have to generate and submit to the Parliament. So, maybe I would like to suggest that any additional thoughts you may have—Chairman, you may have—that you would like to share with this Committee on the way forward to address the challenges that you have, please feel free to put those in writing and have same submitted within the next 14 days to us, before we generate our final report.

Mr. Rattansingh: Thank you, Chair.

Ms. Lazarus: Thank you, Chair.

Mr. Chairman: So, in closing I would now ask you madam Chair, if you would like to make any closing remarks at this time, and I would also give the CEO a few seconds to also add to what you may have advanced. So, I will give you the opportunity to make final closing remarks.

Ms. Lazarus: I would like to thank the Committee, Chair, members, for the time that you all take—for an exercise like this, sometimes it gives us the opportunity to get a new idea or to have clarity, or to be commended publicly, and I thank you all for that. We just would like to reiterate that MTS would continue to operate in a manner that does not require Government's subvention. We will continue to improve and enhance our capability and our future plans to meet the need of our clients, which is the Government, and as such the people of Trinidad and Tobago. I, again, thank you and wish you a Merry, Merry Christmas and a very productive and Happy New Year.

Mr. Chairman: Mr. CEO.

Mr. Rattansingh: Thank you, Mr. Chairman. I concur with the Chairman of the Board of Directors. I want to thank the Committee for having us, my first experience here. And I want to thank the Committee for exposing some new thoughts and ideas in my head. Because while the session was going on, I have been thinking a lot about some of those things. I want to give the commitment to the Committee and to the country that MTS will continue to respect itself and continue to be the best it can for Trinidad and Tobago. Thank you.

Mr. Chairman: I wanted to reiterate the point that Mr. Fitzgerald Hinds mentioned, particularly at the level of recruitment, given the new world that we are living in, with so many unpredictabilities and uncertainties, and with the real possibility of terror attacks in countries like ours. These are matters that you have to factor into your plans, your training, your recruitment. And again, because you emphasized some of the strategic buildings and areas of operations that you have these workers operate in, we have to be very, very mindful that MTS does play a very critical role, but because of the dynamics of our global environment, you need to really be on top of your game, and making the relevant and necessary changes through new protocols and training methodologies to ensure the safety and the security of the personnel that you all are charged with, at least safeguarding during those projects and contracts that have been awarded to MTS.

So, on behalf of the Public Accounts (Enterprises) Committee, may I once again thank officials from the Ministry of Finance, Investments Division for being here; officials from the Ministry of Public Utilities and, of course the team lead by the Chairman of MTS and, of course your good self as the CEO, as well as other members of your team for being here with us in this season of goodwill and peace toward all men and women. We too would like to extend to you warmest greetings for the season and a very productive, rewarding and a very progressive 2018.

This meeting is now suspended. Thank you very much.

12.05 p.m.: *Meeting adjourned.*