PAC

PARLIAMENT
REPUBLIC OF TRINIDAD AND TOBAGO

SIXTEENTH REPORT OF THE

PUBLIC ACCOUNTS

COMMITTEE

THIRD SESSION OF THE 11TH PARLIAMENT

Inquiry Examination of the Audited Financial Statements of the Trinidad and Tobago Electricity Commission for the financial years 2012 to 2015.

Public Accounts Committee[1]

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

"(a) appropriation accounts of moneys expended out of sums granted by Parliament to meet the public expenditure of Trinidad and Tobago;
(b) such other accounts as may be referred to the Committee by the House of Representatives or as are authorized or required to be considered by the committee under any other enactment; and
(c) the report of the Auditor General on any such accounts."

Current membership

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

Committee Staff

The current staff members serving the Committee are:

Ms Keiba Jacob	Secretary
Ms Hema Bhagaloo	Assistant Secretary
Mr Darien Buckmire	Graduate Research Assistant
Ms Anesha James	Administrative Assistant

Publication

An electronic copy of this report can be found on the Parliament website:
http://www.ttparliament.org/committee_business.php?mid=19&id=230&pid=28

Contacts

All correspondence should be addressed to:
The Secretary
Public Accounts Committee
Office of the Parliament
Levels G-7, Tower D
The Port of Spain International Waterfront Centre
1A Wrightson Road Port of Spain Republic of Trinidad and Tobago
Tel: (868) 624-7275; Fax: (868) 625-4672
Email: pac@ttparliament.org

[1]The PAC of the Eleventh Republican Parliament was established by resolutions of the House of Representatives and the Senate at sittings held on Friday November 13, 2015 and Tuesday November 17, 2015 respectively.
[2] The Committee held its first meeting on Wednesday December 2, 2015. At this meeting the Committee elected Dr. Bhoendradatt Tewarie as Chairman, in accordance with Section 119(2) of the Constitution of the Republic of Trinidad and Tobago. At that same meeting, the Committee resolved that its quorum should comprise of three (3) Members, inclusive of the Chairman and any other Opposition Member.

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MEMBERS OF THE PUBLIC ACCOUNTS COMMITTEE

ELEVENTH PARLIAMENT,

REPUBLIC OF TRINIDAD AND TOBAGO

Dr. Bhoendradatt Tewarie
Chairman

Mr. Taharqa Obika
Vice- Chairman

Mrs. Ayanna Webster-Roy
Member

Mr. Randall Mitchell
Member

Mrs. Paula Gopee-Scoon
Member

Mr. Adrian Leonce
Member

Ms. Melissa Vikki Ramkissoon
Member

Dr. Lester Henry
Member

Executive Summary

The Public Accounts Committee (PAC) is the Parliamentary Financial Oversight Committee tasked with the responsibility of examining the Report of the Auditor General and Audited Accounts of Statutory Authorities and Bodies. The Committee examined **the Audited Accounts, Balance Sheets and other Financial Statements of *the Trinidad and Tobago Electricity Commission (T&TEC) for the financial years 2012 to 2015*** and produced this report to highlight its findings and recommendations.

This report details the issues, endorsements and recommendations made by the Committee to improve T&TEC's performance. The issues identified in this report were found during the period under examination (2012 to 2015).

During this inquiry, the following issues arose:

- The irregular performance of the Trinidad and Tobago Electricity Commission;
- The relationship between the Trinidad and Tobago Electricity Commission and other state entities;
- The role of the Trinidad and Tobago Electricity Commission in the provision of a safe, reliable, high quality electricity supply in an environmentally responsible manner; and
- The challenges faced by the Trinidad and Tobago Electricity Commission in carrying out its duties.
- The additional 388 Megawatts power capacity that is budgeted and paid.
- Staffing challenges such as low productive as well as 300 staff employees presently on extended sick leave.

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

- T&TEC should continue engaging in discussions with the Ministry of Public Utilities, the Ministry of Energy and Energy Industries and the Ministry of Finance in finding a solution for the payment of arrears to NGC and submit a report to the Parliament on the initiatives taken to clear its debt by July, 31 2018;
- T&TEC should also look at options for absorbing renewable sources of energy on its grid;

- The Commission should actively pursue other ventures to expand its revenue stream other than the sale of electricity in Trinidad and Tobago;
- T&TEC should continue its efforts to collect outstanding funds, including accounts receivables from Government Ministries and Local Government Authorities;
- In cases where the arrears owed is deemed to be significant after a reasonable period of engagement, the name and address of the client concerned be published in the newspapers as a means of alerting the client of the Commission's intention to proceed with disconnection.
- The Commission should consult with the Regulated Industries Commission (RIC) with respect to the publication of clients with arrears owed in the newspaper and other strategies for encouraging customers to pay their dues;
- T&TEC should offer reward systems for zero absenteeism such as attendance bonus programs, sick leave incentives and annual recognition to reduce sick leave use;
- T&TEC should look at revising job descriptions to capture multi-skilled sets to reduce overtime challenges.
- T&TEC should consider the introduction of a productivity/"pay for performance" scheme for staff and managers to enhance performance; and
- Efforts should be made to partner with the police and local government to schedule maintenance work at off-peak hours during normal working days for crime hot spot areas.

Introduction

Establishment

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

Mandate

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

In addition to the Committee's powers entrenched in the Constitution, the Standing Orders of the House of Representatives also empower the Committee to:

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

Ministerial Response

The Standing Orders[3] 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.

Election of the Chairman and Vice Chairman

In accordance with section 119(2) of the Constitution, the Chairman must be a member of the Opposition in the House. At the first meeting held on Wednesday December 2, 2015 Dr. Bhoendradatt Tewarie was elected Chairman of the Committee. Mr. Taharqa Obika was elected Vice-Chairman of the Committee on December 13, 2017.

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

Establishment of Quorum

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

Determination of the Committee's Work Programme

The Committee agreed to an eight (8) entity work programme for the Third Session of the Eleventh Parliament during its twenty-first meeting held on Wednesday November 29, 2017. These entities included:

1. Water and Sewerage Authority (WASA);
2. Trinidad and Tobago Electricity Commission (T&TEC);
3. Trinidad and Tobago Bureau of Standards (TTBS);
4. Airport Authority of Trinidad and Tobago (AATT)
5. Chaguanas Borough Corporation (CBC);
6. Chaguaramas Development Authority (CDA);
7. Housing Development Corporation of Trinidad and Tobago (HDC); and
8. Regional Health Authorities (SWRHA, NCRHA, NWRHA & TRHA).

The Inquiry Process

The Inquiry Process outlines steps taken by the Committee when discussing the findings in the Audited Financial Statements and Management Letters of the Trinidad and Tobago Electricity Commission for the financial years 2012 to 2015. The Inquiry Process agreed to by the PAC included the following steps:

I. Identification of issues in the Audited Financial Statements and Management Letters of the Trinidad and Tobago Electricity Commission for the financial years 2012 to 2015.;

II. Preparation of an Inquiry Proposal for the selected issues. The Inquiry Proposal outlines:
   a. Background;
   b. Objective of Inquiry; and
   c. Proposed Questions.

III. Questions for written responses were forwarded to the Trinidad and Tobago Electricity Commission on December 21, 2017 and responses received on January 11, 2018.

IV. A public hearing was conducted and the relevant witnesses were invited to attend and provide evidence on January 31, 2018.

V. Questions for additional responses were sent to the Trinidad and Tobago Electricity Commission on February 5, 2018 and were received on February 26, 2018.

VI. Report Committee's findings and recommendations to Parliament upon conclusion of the inquiry.

Trinidad and Tobago Electricity Commission Profile

Background

The Trinidad and Tobago Electricity Commission came into being by virtue of the Trinidad and Tobago Electricity Commission Ordinance No. 42 of 1945. It was formed to generate electricity and to distribute it outside the city of Port of Spain and the town of San Fernando.

Trinidad and Tobago Electricity Commission is incorporated under the Trinidad and Tobago Electricity Commission Act, Chapter 54:70, to provide electricity for industrial, commercial and domestic use throughout the Republic of Trinidad and Tobago. The Act vests T&TEC with the following powers to:

a) manage and operate works acquired by the Commission pursuant to the Act;
b) establish, manage and operate such works as the Commission may consider expedient to establish;
c) promote and encourage the use of energy with a view to the economic development of Trinidad and Tobago; and
d) advise the Government on all matters relating to the generation, transmission, distribution and use of energy.[4]

T&TEC is governed by a Board of Commissioners whose members are appointed by the President of the Republic of Trinidad and Tobago. The Commission is subject to regulation by the Regulated Industries Commission.[5]

T&TEC is the sole retailer of electricity in Trinidad and Tobago. It is responsible for the design, construction, operation and maintenance of the country's electrical transmission and distribution network. The utility supplies electric power to customers on both islands via a single interconnected grid. Electrical energy is widely been purchased, metered and feed into the national grid from independent power producers. These producers are the Power Generation Company of Trinidad and Tobago (PowerGen) giving a total of 1,344 MW, Trinity Power Ltd. giving 225 MW and Trinidad Generation Unlimited (TGU) giving 720MW. All power stations in

[4] https://ttec.co.tt/default/freedom-of-information-act-2015 Web 17 Aug. 17
[5] T&TEC Financial Statements for the year ended 30, September 2015

Trinidad and Tobago are fuelled by hydrocarbons and supply over a million residential, municipal, commercial and industrial customers across Trinidad and Tobago.[6]

Vision

"Leadership in Energy Delivery, Excellence in Customer Service … enhancing the quality of life for all"

Mission

"To provide a safe, reliable, high quality electricity supply, in an environmentally responsible manner, utilizing best practices, through empowered employees committed to excellence and customer satisfaction."

Core Values

Employees

- T&TEC values the health, safety and wellness of its employees.
- T&TEC is committed to creating an environment conducive to the development of a highly empowered and motivated workforce.
- T&TEC respects and appreciates the contribution of its employees and their representative bargaining units in achieving T&TEC's objectives.

Customers

- T&TEC is accessible and responsive to its customers
- T&TEC serve its customers with humility and value their comments
- T&TEC is dedicated to providing excellent service

Leadership

- T&TEC values effective leadership
- T&TEC encourages and fosters teamwork, creativity, innovation and excellence
- T&TEC encourages the continuous and holistic development of its employees

Ethical Conduct

- T&TEC values integrity, transparency, exemplary conduct, professionalism, accountability, honesty, respect, trustworthiness, equity, fairness and confidentiality

Social & Environmental Consciousness

- T&TEC is committed to nation building and the protection and preservation of the natural environment

Communication

- T&TEC encourages and fosters open, effective, respectful and responsible communication

[6]https://en.wikipedia.org/wiki/Trinidad_and_Tobago_Electricity_Commission

Organisational Structure

A Board of Commissioners appointed by the Government of the Republic of Trinidad and Tobago and an Executive Management Team headed by the General Manager are responsible for the management of the Commission. The Commission is structured into six (6) functional Divisions: Administration, Engineering, Finance, Human Resources, Distribution and Transmission. An Assistant General Manager who reports directly to the General Manager heads each Division. Other Departments reporting directly to the General Manager are Secretarial, Internal Audit, Corporate Support, Corporate Communications and Regulatory and Compliance. The General Manager is responsible and accountable for managing all of T&TEC's operations to ensure that customers are provided with a safe, reliable and high quality electricity supply in an environmentally responsible and cost-effective manner. He reports to members of the Commission appointed by the President of the Republic of Trinidad and Tobago

The Board of Commissioners

- Mr. Keith Sirju – Chairman
- Mr. Glenford Cyrille – Deputy Chairman
- Mr. Clifford Campbell – Commissioner
- Ms. Janet Richards – Commissioner
- Mr. John Chapman – Commissioner
- Mrs. Wendy Ali – Commissioner
- Mr. Dinesh Bissoon – Commissioner
- Ms. Sharmaine Caballero Commissioner[7]

Senior Executives

- Mr. Kelvin Ramsook: General Manager
- Mr. Courtenay Mark: AGM – Engineering
- Mr. Neil Balgobin: Chief Financial Officer – Finance
- Mr. Ravi Shukla: AGM – Transmission
- Mr. Ian Ramrattan: AGM – Administration
- Mr. Rene Austin: AGM – Distribution
- Mrs. Jacqueline Cheesman: AGM – Human Resources

[7] https://ttec.co.tt/default/the-board-of-commissioners Web 7 Mar. 18

- Mr. Zainool Mohammed: AGM[8]

The Minister of Public Utilities - Senator the Honourable Robert Le Hunte

Permanent Secretary: Mrs. Vashtie Shrikrisen-Singh Jitman

[8] https://ttec.co.tt/default/the-executives Web 7 Mar. 18

Issues and Recommendations

During the examination of the Audited Financial Statements of the Trinidad and Tobago Electricity Commission for the financial years 2012 to 2015, the following issues were identified and recommendations proposed:

1. **Status of debt owed to the National Gas Company (NGC)**

The Commission owes NGC approximately TT$3.790 billion. NGC was the only supplier the Commission was unable to pay on time because of insufficient cash reserves. The Commission therefore defers its payments to NGC in order to meet other liabilities. Officials from T&TEC stated that a proposal to settle the debt to NGC was being considered by the Ministry of Public Utilities, T&TEC's Board and NGC. Also, a Business Plan was submitted to the Regulated Industries Commission (RIC) in consideration of the Commission's costs to supply customers which if accepted, should allow T&TEC to meet all its payments including future payments to the NGC.

Recommendation:

- ***T&TEC should continue engaging in discussions with the Ministry of Public Utilities, the Ministry of Energy and Energy Industries and the Ministry of Finance in finding a solution for the payment of arrears to NGC and submit a report to the Parliament on the initiatives taken to clear its debt by August, 31 2018.***

2. **Financial viability and sustainability of the Commission**

T&TEC's inability to meet its financial obligations worsened over the period 2012 to 2015. There has been an increase in operating expenditure which resulted in a deficit over the years 2012 to 2015. A deficit indicated that the Commissions' revenue was not adequate to meet the expenses. Officials from T&TEC stated that the key factors contributing to the increase in expenditure were salary and wages and conversion and gas generation. Twenty-three percent (23%) of the expenditure was related to salary and wages while sixty-seven percent (67%) was related to conversion and gas generation which the Commission has little or no control over. Additionally, the deficits were also related to the price at which electricity was sold. A rise in rates would be necessary for the Commission to cover all its expenditures. This price has not been adjusted for almost eight (8) years.

Furthermore, T&TEC was purchasing more electricity than was selling which further worsen the financial position of the organisation. The Commission has signed contracts with the power producers to purchase all the electricity that the power stations produced. However, T&TEC's contracted capacity was 1758 megawatts while demand was approximately 1370 megawatts, meaning T&TEC has 388 megawatts of additional capacity on the grid that has to be paid for. With the cancellation of Alutrint Aluminium Smelter Project in 2010, T&TEC had to pay for the 240 megawatts due to Alutrint at a cost of$280 million per year with regard to the Power Purchase Agreement (PPA) signed in 2009 between Trinidad Generation Unlimited (TGU), Alutrint Limited and T&TEC. The Commission also engaged in a contract with ArcelorMittal to purchase capacity for $180 million and sell for $96 million. The Commission received revenue of $96 million. However, with ArcelorMittal closing down its steel plant in Trinidad and Tobago, the Commission's financial challenges increased as revenue decreased by $96 million even when contracted to pay the power producers $180. Officials from T&TEC stated that ArcelorMittal will cost the Commission $1 billion in 10 years. Officials from the Commission indicated that measures were taken to pursue ways aimed at stabilizing financial viability such as operating more efficient plants and engaging in discussions with generating companies on a mutually beneficial situation. The Commission was aiming for a reduction in the contracted capacity with the expectation of offering an alternative use of the excess electricity.

However, while more electricity consumers were being added to T&TEC's electricity grid, the electricity demanded, will only create a small dent in the 388 megawatts additional capacity.

Endorsement/Recommendations:

- ***The Committee endorses the steps being taken by T&TEC to reduce its excess capacity;***
- ***T&TEC should also look at options for absorbing renewable sources of energy on its grid;***
- ***The Commission should actively pursue other ventures to expand its revenue stream other than the sale of electricity in Trinidad and Tobago; and***
- ***T&TEC should report to the Parliament on the initiatives being taken to ensure that total revenues sufficiently cover its operating expenditure.***
- ***Engage stakeholders to find solutions or external partners for the additional capacity produced (388MW); as it can be promoted as a cheaper source of electricity.***

3. Deteriorating Liquidity Position

There has been a decline in T&TEC's liquidity position, with an increase in trade and other receivable and doubtful debts. The amount owed by debtors fluctuated over the period 2012 to

2015 with the debtor balance being the highest in the year 2015 in the sum of $652,746,662.00. Although T&TEC provision for doubtful debts decreased from $66,133,319.00 in the year 2012 to $53,703,637.00, the Commission lost millions of earned revenue due to the delinquency of customers in paying their bills and a delay in the collection of revenue from the sales of electricity. While state agencies make up the bulk of the bad debtors, there was approximately $40 million in total due from hundreds of small customers. T&TEC's Board was faced with the dilemma of either taking court action for every $1,000 - $5,000 delinquent customer or completely writing the debt off. With uncollected debt dated as far back as the year 2001, the Board took the decision to write off the debt because several cases became statute barred. Tenants who accumulated thousands of arrears on their account moved out without paying the amount due on their accounts before being disconnected. For disconnected households, it was stated that another family member usually apply for reconnection, and therefore a new account was created. T&TEC has deployed several night-off meters within the system that when the account holder has appeared on the Commission's delinquent debtors list and started accumulating debt, these debtors could be disconnected remotely. Also, for debt on closed accounts, investigations were conducted to determine if the customer has any active accounts and if so, the debt was transferred to the active account.

In a written submission to the Committee, the Commission stated that amounts owed were actively being pursued.

Recommendations:

- ***T&TEC should continue its efforts to collect outstanding funds, including accounts receivables from Government Ministries and Local Government Authorities;***
- ***In cases where the arrears owed is deemed to be significant after a reasonable period of engagement, the name and address of the client concerned be published in the newspapers as a means of alerting the client of the Commission's intention to proceed with disconnection;***
- ***T&TEC should pursue the establishment of a new practice/convention similar to WASA where it be mandatory that a T&TEC "clearance certificate" be a a condition of a conveyance on dealing with property;***
- ***The Commission should consult with the RIC with respect to the publication of clients with arrears owed in the newspaper and other strategies for encouraging customers to pay their dues; and***

- ***T&TEC should submit a report to the Parliament on the initiatives taken to develop and implement a more effective collection process and the savings anticipated by August 30, 2018.***

4. Abuse of the Sick Leave Provision

Employee absenteeism was a major weakness identified by the management team of T&TEC. Based on T&TEC's collective agreement, employees were granted a provision of twenty (20) sick leave days per year. Officials from T&TEC stated that many employees who hardly used their sick leave throughout the year started utilizing their entire sick leave provision and at the year end. Officials stated that the list of employees with extended sick leave was approximately three-hundred (300). The Commission has since developed an absenteeism policy and was reviewing the General Instructions for Sick Leave to treat with matters of absenteeism and abuse of Sick Leave. Officials stated that once the details of the policy were defined, and forcefully implemented, employee absenteeism will be curtail in the next one (1) to (2) two years. The Commission was engaging in discussion with the Ministry of Labour and Small Enterprise Development and the trade unions on the matter.

Endorsement/Recommendations:

- ***T&TEC should offer reward systems for zero absenteeism such as attendance bonus programs, sick leave incentives and annual recognition to reduce sick leave use;***
- ***The Committee endorses the initiatives taken by T&TEC to develop an absenteeism policy; and***
- ***T&TEC should submit a progress report to the Parliament on the initiatives taken to reduce absenteeism, by August 30, 2018.***

5. Low Productivity

The issue of productivity has stymied T&TEC's ability to provide quality services throughout the country. T&TEC officials indicated that crews were leaving the yards behind schedule, getting to the job sites late and working slow and ineffectively. To eliminate the low productivity issues, T&TEC devised a plan to remove the position of a dedicated driver from the Commission's collective agreement. The plan involves training /converting those drivers to craftsmen. Officials from T&TEC stated that this initiative would increase the number of crews going on the job site and which should effectively boost productivity. The Commission also stated that presently this plan was at the Ministry of Labour and Small Enterprise Development and the recognized majority union (Oilfields Workers' Trade Union - OWTU). To this end, the union aligned itself with management's views and this fostered the creation of a Productivity Committee. The Productivity Committee consisted of senior T&TEC officials and three (3) persons from the OWTU. The purpose of the Committee was to develop initiatives to foster a more productive workplace. As it stands, the Productivity Committee identified certain subcommittees to deal with different areas at the organisation.

Recommendation:

- ***T&TEC should consider the introduction of a productivity/"pay for performance" scheme for staff and managers to enhance performance.***

6. **High Overtime Costs**

One of the primary goals of the Commission is to provide an acceptable quality of service to customers at a reasonable price. Electricity supply is a 24-hour service and as such workers are required to work beyond conventional work hours and days. To compensate these workers, T&TEC's overtime costs was an estimated $120 million per year. Overtime was paid when crews engaged in work in the Port of Spain area after hours, because of severe weather. Crews were also deployed to areas considered crime hotspots. T&TEC shift schedules were 7.00 a.m. to 3.00 p.m. and 3.00 p.m. to 11.00 p.m. T&TEC officials stated that despite having crews for specific shift times, it sometimes become a necessity to call out additional crews due to the volume of work. T&TEC also explained that in instances where a crew was working a seven to three shift 7.00 a.m. to 3.00 p.m. but was in a remote location, that crew will be required to work beyond its shift to complete the job in a timely manner.

Recommendations:

- ***Efforts should be made to partner with the police and local government to schedule maintenance work at off-peak hours during normal working days for crime hot spot areas; and***
- ***T&TEC should look at revising job descriptions to capture multi-skilled sets to reduce overtime challenges.***

Trinidad and Tobago Electricity Commission – Concluding Remarks

It is important to note, that T&TEC is the sole distributor of electricity in the country. T&TEC's statutory mandate includes power generation, and it fulfils this aspect of its mandate through its operations at the power stations around Trinidad and the two at Scarborough and Cove in Tobago. The provision of a safe and reliable supply of electricity is a fundamental pillar for the growth of this nation, and it is imperative that T&TEC be commended for its role in the development of our nation over the last seventy (70) years. At the end of the day, T&TEC's Government subvention is really the taxes paid by the nation's citizens. In today's society, electricity is as essential as water because it supports almost everyone's daily activities. Therefore, it is truly, an essential service and the company should be efficiently and effectively run, with productive workers who are readily available to ensure the efficiency of this Commission.

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

Sgd.
Dr. Bhoendradatt Tewarie
Chairman

Sgd.
Mr. Taharqa Obika
Vice - Chairman

Sgd.
Mrs. Ayanna Webster-Roy
Member

Sgd.
Mr Randall Mitchell
Member

Sgd.
Dr. Lester Henry
Member

Sgd.
Mrs. Paula Gopee-Scoon
Member

Sgd.
Mr. Adrian Leonce
Member

Sgd.
Ms. Melissa Vikki Ramkissoon
Member

APPENDIX I
Meetings

At the meeting held on Wednesday January 31, 2018, the witnesses attending on behalf of Trinidad and Tobago Electricity Commission and Ministry of Public Utilities were:

Trinidad and Tobago Electricity Commission (T&TEC)

- Mr. Kelvin Ramsook - General Manager
- Mr. Keith Sirju - Chairman
- Mr. Rene Austin - Assistant General Manager - Distribution
- Ms. Jacqueline Cheesman - Assistant General Manager - Human Resources
- Mr. Ian Ramrattan - Assistant General Manager - Transmission
- Mr. Ravi Shukla - Assistant General Manager - Transmission
- Mr. Courtenay Mark - Assistant General Manager - Engineering
- Mr. Neil Balgobin - Chief Financial Officer
- Ms. Devecar Basdeo - Internal Audit Manager
- Mr. Curvis Francois - Area Manager- North
- Mrs. Lisa Mc Nicholls-Sargeant - Manager - Pensions & Investments
- Mr. Gerard Emmanuel Rodriguez - Head-Corporate Support
- Ms. Annabelle Brasnell - Corporate Communications Manager
- Mr. Reead Rahamut - Chief Accountant
- Mrs. Grace Maharaj - Corporate Secretary
- Ms. Janet Richards - Board Member
- Mr. Rodney Latchman - Commercial Manager
- Ms. Charlene John - Information Systems Manager

Ministry of Public Utilities

- Mr. Gary Joseph - Permanent Secretary (Ag.)
- Ms. Anika Sarah Farmer - Director, Legal Services
- Ms. Arlene Johnson- Lawrence - Senior Project Manager
- Mrs. Janette Cupid-St. Hillarie - Financial Specialist

THE PUBLIC ACCOUNTS COMMITTEE –
THIRD SESSION, ELEVENTH PARLIAMENT

MINUTES OF THE TWENTY-THIRD MEETING HELD ON WEDNESDAY, JANUARY 31, 2018 AT 10:11 A.M.
IN THE ARNOLD THOMASOS (EAST)MEETING ROOM, LEVEL 6, AND IN THE J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR, OFFICE OF THE PARLIAMENT, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT-OF-SPAIN.

Present were:

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

Ms. Candice Skerrette	-	Procedural Clerk
Ms. Hema Bhagaloo	-	Assistant Secretary
Mr. Darien Buckmire	-	Research Assistant

Excused was:

Mr. Adrian Leonce	-	Member

COMMENCEMENT

1.1 At 10:11 a.m. the Chairman called the meeting to order and welcomed those present. Mr. Adrian Leonce was excused from the Meeting.

THE EXAMINATION OF THE MINUTES OF THE TWENTY-SECOND MEETING

2.1 The Committee examined the Minutes of the Twenty-Second (22nd) Meeting held on Wednesday December 13, 2017.

2.2 There being no omissions or corrections, the Minutes were confirmed on a motion moved by Mrs. Ayanna Webster-Roy and seconded by Mrs. Paula Gopee-Scoon.

MATTERS ARISING FROM THE MINUTES OF THE TWENTY-SECOND MEETING

3.1 As per item 5.1, letters for Ministerial Responses to the Committee's Tenth, Eleventh, Twelfth, Thirteenth and Fourteenth Reports were sent to the Ministry of Health, the Ministry of Housing and Urban Development, the Ministry of Agriculture, Land and Fisheries, the Ministry of Rural Development and Local Development, the Ministry of Public Administration and Communications, the Auditor General's Department, the Ministry of Finance, the Ministry of Energy and Energy Industries, Ministry of Finance, Ministry of Attorney General and Legal Affairs and the Ministry of Planning and Development.

3.2 As per item 5.2, the Chairman informed the Members that a letter was received from the Auditor General clarifying his role in the auditing of the Authority and a discussion ensued. Going forward, the Committee agreed to send audited financial statements and management letters of Statutory Bodies to the Auditor General's Department for assessment.

PRE-HEARING DISCUSSION RE: THE TRINIDAD AND TOBAGO ELECTRICITY COMMISSION (T&TEC)

4.1 The Committee agreed on the focus of the meeting which were the concerns raised in the Audited Financial Statements of the Trinidad and Tobago Electricity Commission (T&TEC) for the financial years 2012 to 2015.

4.2 Members discussed the issues of concern and the general approach for the Public Hearing.

4.3 There being no further business for discussion *in camera*, the Chairman suspended the meeting at 10:28 a.m.

DISCUSSION WITH THE TRINIDAD AND TOBAGO ELECTRICITY COMMISSION (T&TEC)

5.1 The Chairman called the public meeting to order at 10:37 a.m.

5.2 The Chairman welcomed officials from the Trinidad And Tobago Electricity Commission (T&TEC), the Ministry of Public Utilities, members of the media and the public to the Twenty-Third (23rd) public hearing with the PAC and introductions were exchanged.

5.3 The following officials joined the meeting:

Trinidad and Tobago Electricity Commission (T&TEC)

- Mr. Kelvin Ramsook - General Manager
- Mr. Keith Sirju - Chairman
- Mr. Rene Austin - Assistant General Manager - Distribution
- Ms. Jacqueline Cheesman - Assistant General Manager - Human Resources

- Mr. Ian Ramrattan - Assistant General Manager - Transmission
- Mr. Ravi Shukla - Assistant General Manager - Transmission
- Mr. Courtenay Mark - Assistant General Manager - Engineering
- Mr. Neil Balgobin - Chief Financial Officer
- Ms. Devecar Basdeo - Internal Audit Manager
- Mr. Curvis Francois - Area Manager- North
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- Mr. Gerard Emmanuel Rodriguez - Head-Corporate Support
- Ms. Annabelle Brasnell - Corporate Communications Manager
- Mr. Reead Rahamut - Chief Accountant
- Mrs. Grace Maharaj - Corporate Secretary
- Ms. Janet Richards - Board Member
- Mr. Rodney Latchman - Commercial Manager
- Ms. Charlene John - Information Systems Manager

Ministry of Public Utilities

- Mr. Gary Joseph - Permanent Secretary (Ag.)
- Ms. Anika Sarah Farmer - Director, Legal Services
- Ms. Arlene Johnson- Lawrence - Senior Project Manager
- Mrs. Janette Cupid-St. Hillarie - Financial Specialist

Key Issues Discussed:

- The key challenges experienced by T&TEC;
- The financial constraints affecting T&TEC's revenue generation and measures in place to improve this situation;
- The plans to strengthen T&TEC's viability and sustainability;
- T&TEC's management of its excess supply of electricity and the sale of electricity to customers;
- T&TEC's strengths, weaknesses, opportunities and threats;
- T&TEC's high employee expectations in relation to low productivity and high absenteeism;
- The correlation between the high employee absenteeism and high overtime costs;
- The utilization of an operating shift management system;
- The strategies in place to increase productivity levels and the actions taken to address the high number of employee absenteeism;
- The innovative strategies taken by T&TEC to increase efficiency and effectiveness;
- The relationship between T&TEC and Trinidad Generation Unlimited (TGU) with respect to reducing cost;
- The impact on T&TEC as a result of the closure of Caribbean Nitrogen Company's (CNC);
- The status of T&TEC's administrative and staff expenses;
- T&TEC's ability to meet its short term working capital obligations;

- T&TEC's capital expenditure in relation to its aged accounts payable;
- The status of T&TEC's maintenance of its aged infrastructure;
- The status of T&TEC's internal audit function;
- The status of T&TEC's outstanding financial statements for the years 2016 and 2017;
- The status of T&TEC's liquidity position, bad debts and recovery of bad debts;
- The reconciliation of T&TEC's debt with respect to the National Gas Company (NGC);
- The renewable energy initiatives being considered by T&TEC; and
- The percentage of the population without electricity.

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

6.1 The Committee agreed to send additional questions to T&TEC.

ADJOURNMENT

7.1 The Chairman thanked the representatives from the Ministry of Public Utilities, the Trinidad and Tobago Electricity Commission (T&TEC), members of the media, and the Members for their attendance.

7.2 The adjournment was taken at 12:48 p.m.

We certify that these Minutes are true and correct.

CHAIRMAN

SECRETARY

January 31, 2018

APPENDIX III
Notes of Evidence

VERBATIM NOTES OF THE TWENTY-THIRD MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD IN THE J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR (IN PUBLIC) TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN, ON WEDNESDAY, JANUARY 31, 2018, AT 10.36 A.M.

PRESENT

Dr. Bhoendradatt Tewarie	Chairman
Mr. Taharqa Obika	Vice-Chairman
Mrs. Ayanna Webster-Roy	Member
Mrs. Paula Gopee-Scoon	Member
Mr. Randall Mitchell	Member
Dr. Lester Henry	Member
Miss Melissa Ramkissoon	Member
Miss Hema Bhagaloo	Assistant Secretary
Miss Candice Skerrette	Procedural Clerk
Mr. Darien Buckmire	Research Assistant

ABSENT

Mr. Adrian Leonce	Member

OFFICIALS OF THE MINISTRY OF PUBLIC UTILITIES

Mr. Gary Joseph	Permanent Secretary (Ag.)
Ms. Anika Farmer	Director, Legal Services
Ms. Arlene Johnson-Lawrence	Senior Project Manager
Mrs. Janette Cupid-St. Hillarie	Financial Specialist

OFFICIALS OF THE TRINIDAD AND TOBAGO ELECTRICITY COMMISSION (T&TEC)

Mr. Kelvin Ramsook	General Manager
Mr. Keith Sirju	Chairman
Mr. Rene Austin	Asst. General Manager Distribution

Ms. Jacqueline Cheesman	Asst. General Manager – Human Resources
Mr. Ian Ramrattan	Asst. General Manager – Transmission
Mr. Ravi Shukla	Asst. General Manager – Transmission
Mr. Courtenay Mark	Asst. General Manager – Engineering
Mr. Neil Balgobin	Chief Financial Officer
Ms. Devecar Basdeo	Internal Audit Manager
Mr. Curvis Francois	Area Manager – North
Mrs. Lisa Mc Nicholls-Sargeant	Manager – Pensions & Investment
Mr. Gerard Emmanuel Rodriguez	Head – Corporate Support
Ms. Annabella Brasnell	Corporate Communication Manager
Mr. Reead Rahamut	Chief Accountant
Mrs. Grace Maharaj	Corporate Secretary
Ms. Janet Richards	Board Member

Mr. Chairman: Good morning everybody. I want to take this opportunity to welcome all officials here from the Ministry of Public Utilities, the representatives of the Trinidad and Tobago Electricity Commission, members of the media who are present and also members of the public who are in the public gallery. My name is Bhoendradatt Tewarie. I am Chair of this Committee and the other members of the Public Accounts Committee will introduce themselves in a little while.

The purpose of this meeting of the Public Accounts Committee is to examine the audited financial statements of the Trinidad and Tobago Electricity Commission, better known as T&TEC, for the financial years 2012—2015. This Committee is desirous of hearing the challenges being faced by the key stakeholders at the Trinidad and Tobago Electricity Commission in an attempt to determine some of the possible solutions to these challenges, and we do after any examination of accounts an engagement of the stakeholders to make recommendations to the Parliament. The role of the Committee is to help the T&TEC improve its delivery of services in an efficient, effective and economic manner.

This meeting is being held in public and is being broadcast live on the Parliament's Channel 11 and also on Radio 105.5 FM, and on Parliament's YouTube channel *ParlView*. Viewers and listeners who are connected now to this programme can send their comments related to today's topic by email to parl101@tt.parliament.org, through Facebook at facebook.com/ttparliament and by twitter@ttparliament. So what I will do at this point is that I will ask members of the Ministry of Public Utilities and T&TEC to introduce themselves, and then I will invite the—Permanent Secretary is here?

Mr. Joseph: Yes, Chair.

Mr. Chairman: I will invite the Permanent Secretary to make an opening statement, and then we will begin the questions. Okay? So would you introduce yourselves?

[*Officials from the Ministry of Public Utilities introduce themselves*]

[*Officials from T&TEC introduce themselves*]

Mr. Chairman: Okay. Well thank you very much and good morning to you. Before we proceed, I will just ask the members of my Committee to introduce themselves so when they speak to you—although you might not know them, it is important to do this.

[*Members of the Committee introduce themselves*]

Mr. Chairman: Okay. Thank you very, very much, and again thanks to all of you for coming and for being present. I will ask the PS if you would please make your opening statement and then we can proceed.

Mr. Joseph: Thank you, Chair. Good morning to you and members of the Committee. Thank you for the opportunity that allows me to make some brief opening remarks. As you are aware T&TEC was formed in 1946 and incorporated under the Trinidad and Tobago Electricity Commission Act, Chap. 54:70. It is the nation's sole electricity utility and through its governing legislation the Commission has a statutory mandate to ensure the safe and reliable transmission and distribution of electricity throughout our twin island Republic.

It is also important to note, that its statutory mandate includes power generation, and T&TEC fulfils this aspect of its mandate through its operations at the power stations in both Scarborough and Cove in Tobago. The provision of a safe and reliable supply of electricity is a fundamental pillar for the growth of this nation, and I think it is imperative that we take the opportunity to commend the Trinidad and Tobago Electricity Commission for its role in the development of our nation over the last 70 years.

The role of the Ministry in respect of the Commission is threefold: to provide policy direction in accordance with the national economic policy framework as approved by Cabinet; to engage in monitoring of the implementation of the Government's policies and programmes; to ensure accountability for the expenditure of funds appropriated to the Ministry by Parliament for development projects in the sector and transparency in all aspects of its operations as a state agency. To this end, the Ministry has implemented a robust reporting and monitoring framework, and in compliance with this framework the Commission submits monthly corporate performance reports, monthly PSIP progress reports, quarterly financial statements, an annual administrative report, and an annual audited financial statement.

In addition to the above, the Ministry facilitates regular meetings of the Chief Executive Officers of the agencies under its purview. These meetings are used as a platform to strengthen the reporting and monitoring framework just mentioned. This Committee's mandate, Chair, as you indicated, is to examine the financial performance of state agencies, and for the purposes of today's enquiry the period under review is 2012—2015. Although the Commission's audited financial statements for this period show deficits, the financial statements present fairly in all material respects. The financial reporting by the Commission is consistent with international financial reporting standards. In spite of financial challenges during the period of review, the Commission was able to achieve critical milestones in the execution of its mandate.

In closing, I would like to mention just two of these achievements. The execution of the amended and restated 1994 Power Purchase Agreement and supporting Government implementation agreement. The PPA and the supporting guarantee were executed on December 05, 2014. A condition of this PPA was the decommissioning of the PowerGen Port of Spain facility. This has allowed the Commission the usage of the more efficiently generated power from TGU, resulting in an actual monetary savings of approximately 120 million per year, and then there is the completion of the Gandhi Village gateway and Brechin Castle Zone 4 substation which facilitates the transmission of bulk power from TGU to the northern section of Trinidad.

These two achievements are prime examples of the partnership between the Ministry and the Commission in the fulfilment of Government's policy for the continued development and modernization of the electricity sector. The Ministry and the Commission have shared an excellent working relationship, and as Permanent Secretary I lead a team of dedicated professionals who support me in overseeing the operations of the Commission and ensuring the accountability for the expenditure of public funds by the Commission. I thank you, Chair.

Mr. Chairman: Thank you very, very much for that submission and overview, and especially of the relationship between T&TEC and the Ministry. I wonder if I could ask the Chairman of T&TEC if he would give his opening statement and then on the basis of that we will begin the questions.

Mr. Sirju: Thank you, Chairman. Good morning to you and members. As requested, T&TEC has assembled here a team comprising the General Manager, Mr. Kelvin Ramsook, and an executive management to elaborate on or to clarify any of the queries raised in your correspondence to the Commission. Written responses were submitted on January 11, 2018. The focus of this board during its tenure thus far has been to ensure that the primary responsibility of providing a safe and reliable supply of electricity to all customers is achieved, to explore and devise plans that will put the Commission in a financially viable state, and to courage industrial calm in the workplace, all formidable undertakings.

I wish that I can say that all is well on each of these fronts. Yet, we think that much at T&TEC is good and we continue to build on its strengths as we strive to make this utility a world-class one. Feedback, limited though it may be, is that customers are in the main satisfied with this utility. In general, T&TEC meets international benchmarks for reliability associated with frequency of outages, duration and response times. It acknowledges that some rural areas sometimes fall below the desired levels, but usually these relate to terrain, landslides, weather, and excessive vegetative growth. Street lighting complaints, particularly associated with security concerns also attract our attention. Improvements to the performances in these areas are attracting the necessary efforts. On the industrial relations front, challenges with our financial circumstances have impeded our desire to settle outstanding negotiations. The patience and understanding of our workers are to be noted. The Commission continues to actively pursue ways aimed at stabilizing its financial viability. As a regulated service you will appreciate that there are constraints.

So with these brief words, Mr. Chairman, I trust that collectively we will be able to answer your queries, and at the end convince you that T&TEC, though not perfect, is an important national enterprise which, despite constraints, is continuously striving to efficiently fulfil its mandate. Thank you, Mr. Chairman.

Mr. Chairman: All right. Thank you very much for that overview again of T&TEC, and we concede the developmental role played by T&TEC over the years in the country raised by the Permanent Secretary, and we do acknowledged, as you said Chairman, that it is a very important national institution which is why we have this opportunity here for a scrutiny.

So I will start off with a few questions and then I will pass on to my colleagues who will all ask questions from their point of view. I would start by asking the question: what is the biggest challenge facing T&TEC today and how are you proceeding to address that big challenge? I know that there must be a thousand things. I have gone through the documents that you have sent, but what is the biggest challenge that you are facing today?

Mr. Ramsook: Good morning, members. My name is Kelvin Ramsook. So one of our biggest challenges is the issue related to finances. We at T&TEC have been trying our endeavour best, given the present scenario with rates and so on, to manage the business and to meet the reliability requirements of the country. Of course, in doing it, it becomes our primary focus and we have been able to manage so far, but I would imagine in the dialogue you would pick up that we owe certain agencies, one of them being the National Gas Company, and as a utility it is certainly not the best way to operate. So certainly that is one of the top factors that is engaging our attention at T&TEC.

The issue of reliability as the Chairman mentioned is also equally important. So we are doing whatever is necessary to improve reliability, and while I am saying we have a cadre of highly skilled employees, productivity is also engaging our attention. I would not want to say different to that. So that issue of productivity is also engaging our attention because our focus, as the Chairman also rightly said, is to deliver the best service to the country, and the point is, the fact that we are here we are not only going to talk about finances, clearly what we are doing internal to T&TEC to make it better given whatever resources we have. So that is a factor that is engaging our attention.

On the issue of safety and security, I would say that we would have had a period where we really were not doing very good, but I could say at this point in time, over the last five years or four years, we have moved significantly forward in that aspect. So in terms of safety, the Commission I would say, we are fortunate we have had no fatalities in terms of our employees and we have engendered a much hyped safety focus within T&TEC. So that is one of the items that is also engaging our attention.

So basically in a nutshell those are some of the issues. Of course, on the outside you would see one or two little issues that we continue to grapple with is the issue of the safety of our employees when they have to access certain areas and so on, because as you know our business is a 24-hour operation. But we do what is necessary, and as a utility, at the end of the day we have to deliver and we do as I say what is necessary. So those are some of the major issues that are engaging our attention at T&TEC at this point in time.

Mr. Chairman: You raised finances and you raised NGC, when you take income, expenditure, profit issues, debt, receivables, your development strategy because you have to keep moving on, when you take all of these things into account what is T&TEC's reality situation today? What is the reality situation that is the puzzle that must be resolved, the challenge that must be resolved?

Mr. Sirju: Chairman, I think the main issue, as Mr. Ramsook has indicated, is that T&TEC's—if you look at the accounts you would see from around the year 2011 to present, T&TEC's income simply cannot meet its expenditure. So every year, for the past how many years that is, it is running at a loss, and I think that that is a hurdle that has to be overcome. As I said in my opening statement, that there are constraints. These things are managed by the RIC and other inputs, but clearly if the company is running at a loss every single year, it means that something must be wrong. Is it wrong structurally? I think the performance of the service does not suggest that. It suggests that it is providing the service to the country. Is it excessive? This is what has engaged this present board to see whether there is, as we would say in local parlance, fat to be trimmed, and clearly the amount of the deficits I think is really related to the price at which we sell electricity. That price has not been adjusted for almost eight years.

Mr. Chairman: Okay. So you are basically saying that you need to have a rise in rates in order to meet the expenditure challenges which your current revenue cannot meet. But besides this particular solution that you are suggesting, what are the other opportunities that T&TEC has to deal with the big challenge that it is facing, which is viability, sustainability?

Mr. Ramsook: So, Chairman, as you rightly said, so even in analysing—just for the record before I go to the point you are asking—our old expenditure, about 23 per cent is related to salary and wages, and everything else, the majority of our expenditure is related to conversion and gas generation. In other words, the majority of our expenditure is really where we have little control over, but within that we as a utility—I should start off clearly by pointing out, have been trying even in that segment, and as the PS rightly said, to see where we could operate more efficient plants, where we could save on gas. Equally, we have started to have dialogue with the generation companies because we do have additional capacity of roughly 400 megawatts that we pay for, and we have been engaging the generating companies in terms of trying to get them to look at that and see whether in fact we could work out a mechanism with a win-win situation where we could at least get a reduction in the contracted capacity with the expectation that we could offer some other options to them so that both sides could leave the table at least with something. So certainly that is one of the efforts we are making on that forefront in terms of trying to see how we could deal with that aspect of the accounts.

Mr. Chairman: So you have an oversupply of power now?

Mr. Sirju: We do. So when you look at what we have, our contracted capacity is 1758, our peak demand is 1370. So you have 388 roughly of additional capacity on the grid. Yes, you will have a small amount for spinning reserve, but really and truly you have, let us say for ease of calculation, you have about 400 megawatts of additional capacity that we pay for. Bearing in mind with the cancellation of ALUTRINT, 240 megawatts became available to T&TEC that we had to pay for, and, of course, that carried a significant cost. The cost of that was $280 million per year, and that was—remember in how T&TEC did its load flows, it was not expected that we would have had a return of that capacity, of the 240 megawatts related to ALUTRINT, and we pay for that now. That is how the PPA is set up.

Mr. Chairman: I notice that identifying some of the things that you are worried about, one of them is also a possible rise in gas price?

Mr. Sirju: Yes, it is going to have a direct impact on your cost. I think the other thing the General Manager may have omitted is that MITAL left—

Mr. Chairman: Yes.

Mr. Sirju: MITAL was a big user. So that has compounded the problem in terms of the sale of electricity.

Mr. Chairman: Okay. Based on the oversight that you have now, have you, done any work on where it might be possible, or what kind of growth, or what kind of investment you need in the country, or what kind of asset build-up you need in the country to be able to deal with that oversupply; or are there options for doing it outside of Trinidad and Tobago?

Mr. Ramsook: Chairman and members, again it depends on the customers that you expect to get in the system. At this point in time, one of our major customers that is coming on, but their capacity is not as significant as Caribbean Gas and they are doing what you call 19 megawatts of capacity and we are talking about 400 megawatts of available capacity at T&TEC, but, of course, there are other users. One particular user has indicated that they are prepared to relook at the MITAL situation to operate one of the DRIs. So we are not sure if, of course, that requires all the permissions and so on. That is a possible option, but beyond that we are not seeing other than the housing developments that are coming on stream in terms of the kind of developments that are taking place over the next couple of years.

So even if we look at what we have, we expect that the generation that we have based on our load forecast will be used up by 2024. Of course, we have to maintain what you call a reserve margin of between 20 to 25 per cent, and by 2024 we expect that that capacity will be used up. But between that time, as I said, the only option which is what we are doing is negotiating with the generating company to see if we could get a reduction and, of course, it could be ramped back up once you have customers coming on board.

Mr. Chairman: So the three big challenges you are facing there then in terms of your current financial situation is that you have electricity that you are paying for that is not being utilized; you have a low cost to the customer for electricity which is a challenge for you; and thirdly, you have a debt to NGC which you need to meet, but you might also be faced with an increased cost for gas depending on how the cookie crumbles so to speak. Is that correct?

Mr. Ramsook: Right. So, Chairman, that is correct. So at this point in time the price charged by the National Gas Company is $145 per MMBtu. We had initially pegged our budget even internally at $118, but we had to eventually go up to that $145. That has a 3 per cent escalation. Of course, that price of gas is not what the market price of gas it. In fact, that is less than one-half of the market price of gas. So certainly that is one of the issues that is going to come at the Commission now.

If you look at the cost for gas, the Commission pays $900 million for gas at $145, and our income light and power is $3.2 billion. So if you do the mathematics and it tells you in terms of how it is going to affect the company if the price goes up to even double that value. So that is the issue that is the challenge that we have. And in the MITAL situation we had two challenges, just to clear the thing. MITAL going was a benefit to the country in one way. I am sorry to say it like that, but the point is we were buying for $180 million and we were selling for $96 million. That is the challenge we had. But the point is, the fact that they have left at least they were giving me

$96 million because remember even when they leave I still am contracted to go and pay the power producers. I have no choice because I have a contract whether they go or whether they stay, I have to pay the power producers because I am contracted, and I have a signed contract. So even when the leave I have no choice, I have to find that $96 million internal to the organization to be able to face that cost itself, but to the country, of course, I could certainly say MITAL cost T&TEC a loan of $1 billion in 10 years.

Mr. Chairman: You were serving them at a loss.

Mr. Ramsook: In 10 years, yeah. And that is at the gas price of $118 per MMBtu. So you could imagine if the gas price was at its true cost because that had two inputs in it. So that was just a point to raise in the MITAL, but certainly it has affected us and those are the little challenges that we continue to grapple with when it comes to T&TEC.

Of course, Chairman, we are making every effort wherever we could bring in income, and we are doing everything possible. One of the things is that we do what you call pole rentals and we leverage just the fibre, not in terms of going the full way, we just leverage the access to the fibre and the poles. So we gain money that way. Wherever we could get revenue we are not sitting by, we are not coming to anybody and say, hear what, T&TEC, and we just want any increase or whatever. We are doing everything possible to bring in that revenue, and we are doing everything that we could do as I said with the board directive, the board has been—one of the first item always on the board agenda in every meeting, is finances. So we are doing everything that we can do to bring in that revenue, but you are talking about quanta that are not very high. So really and truly that is the issue, and the rate in this country is four cents US per kilowatt hour. That is the rates. I would probably say the lowest in the world. Suriname was higher at one time, but they are up to eight cents. Sorry, they were lower at one time.

Mr. Chairman: All right. I have a lot of questions, but I will pass on to my colleagues so that they can probe some of the other issues and I will get back to you. So Representative Mitchell, are you able to—

Mr. Mitchell: Thank you very much, Mr. Chairman. Good morning again. You mentioned earlier that the rates charged that is not solely under your purview, it is under the RIC, but certainly the expenditure, you are able to manage your expenditure. And I am looking at your strategic plan and you have mentioned certain weaknesses, opportunities and threats, I want to commend you on the fact that 98 per cent of metres are read remotely and I would imagine that

that would have reduced cost to you. So it tells me that you are using technology and that has reduced cost, and I am sure that you can measure the cost reduced. But I am also seeing here inadequate accommodation and it tells me that—I am looking at your staff cost which are also increasing—perhaps you all are increasing your staff complement. Now where there is an increase in technology I would imagine that your staff complement would also be reduced, can you comment on that?

Mr. Ramsook: So just to clear the air, our staff cost is $900 million and our employee related benefits—because it is two categories we deal with, your actual staff cost and employee related benefit—is $1.15 billion. So that deals with staff cost. Now what we look at in the industry is the customer to employee ratio. So our customer ratio would have been increasing over the years and when you match that with the number of employees that you have on board, the figures tend to show almost similar. The issue though is that when you benchmark that internationally though we—I mean I will say our numbers are higher. Our employee to customer ratio averages 1—148 in that region and the benchmark in the world is 1—180 which tells you probably it may be over by about 450 people. However, we have a peculiar operation in the sense that I have different sections of the country that we have set up.

So sometimes you have to have parallel operations where, let us say I am in South I may have a commercial officer there and I will also have a commercial officer in the North, and I will have a commercial officer in the East. Some of the operations how you have them based on the nature of our operation is in fact so. But having said that though, the board—and we are looking closely—via directive has asked us again to look to our customer to employee ratios. We are looking at that very closely. We are looking at our numbers and so on, and I want to say we are not looking at—we are looking by attrition, wherever we could deal with it by attrition. The board has asked us to do a paper, we have done that paper and we have done all the details, and so on, and provided that information. So that is an item on the agenda and it is an item that we are looking at also. It is a factor which could be looked at in terms of cost.

Mr. Mitchell: So you are actively pursuing increasing efficiencies in the organization?

Mr. Ramsook: Yes, Sir.

Mr. Mitchell: And that is good. But let me go to another one which interests me. Weaknesses, high employee expectations, can you describe what you mean by high employee expectations and why? I am matching that here now with low productivity and high absenteeism. What do you mean by high employee expectations and why do you think they have them?

Mr. Ramsook: Well I would grade high employee expectation with job satisfaction. That is equally important. So they expect job satisfaction. Job satisfaction starts with trust within management, that whole issue comes up, that is one of the items that comes us before we reach to the stage of increase in pay or anything of that nature. So a good working environment, comfortable working environment and so on. These items that you see here were actually what the employees would have indicated to us when we were formulating the strategic plan. So we would have had all the stakeholders involved including all our employees and we would interacted with all of them, and this was one of the items that they did in fact speak about and, as I said, these are the things that when they speak about it, what they talk about, trust, in terms of a good working environment, appreciation for what they do, when they do their appraisals that you are fair and so on. So these are items that actually came up in terms of the employees' expectation. Of course, at the end of the day, decent pay is also a factor that must be provided and it is one of the items that they did raise in the interaction. So this information that is here is also with a lot of interaction with our employees.

Mr. Mitchell: Also the low productivity and high absenteeism, you know it speaks to a culture within the organization and I am not sure if—I mean the culture should be that T&TEC provides a public good. It is a monopoly, it exists without competition and it is funded by the Government and is subsidized by the Government and there is no bottomless pit and it tells me that the organization somehow believes that it is a bottomless pit because you are increasing staff cost, yet you are not paying NGC.

Mr. Ramsook: Well, Sir, you are quite right. I have clearly pointed out to the entire staff and not by memo, by actually going and—not only me, our entire team—really highlighted the whole issue of productivity. I am not satisfied. I want to be straight, I am not satisfied, Sir. There is room for improvement in productivity. I have made that abundantly clear. We have been doing everything that we can do, sometimes we are stymied by decisions that are taken at the level of the courts and so on, we have to respect those decisions, but we are not giving up. Certainly the issue of productivity is a factor that we are dealing with. Absenteeism is a factor, Sir. I quite agree with you. I would not say differently. I would not want to present myself here and say that all it well with us, yes that is a factor.

In fact, only recently I was at the Ministry of Labour and Small Enterprise Development and we were talking at length about that with the union, and certainly there is room in there and I would dearly say decent room for improvement.

Mr. Mitchell: All right, last question.

Mr. Sirju: Can I just add a little bit member just for clarification?

Mr. Mitchell: Let me just ask the last question first and then you can add. Is there a nexus between absenteeism and high overtime cost at the T&TEC?

Mr. Ramsook: To some extent, but our overtime cost—I would give you the figures one time in case anybody ask that—$120 million per year, and when I did the analysis and I did a thorough analysis. The nature of our business, Sir, a large part of that overtime is necessary because—I could certainly tell you I have gone into it in detail and looked at when we had to deploy our crews and where we have to deploy them and all the details. However, having said that, again there is room in there for improvement and we have conveyed that, Mr. Rene Austin is the Asst. General Manager - Distribution, where most of that activity is taking place and we have conveyed that to our staff, and in fact that directive we looked at it very closely and we have conveyed that with our staff.

What we have looked at though, while I have looked at the overtime we have looked at our overtime to basic, it has come down, but it has not come down to the level that we want it. But at the same time, Sir, there are situations where we have no choice. I could tell you in the city of Port of Spain, you get in the city of Port of Spain you really barely could do anything other than after hours, where you have to deploy your crews after hours because the customers would not want outages. Once you have an outage you have to respond immediately. We would have had four situations in 2017 that were periods of significant weather that we had to deploy our crews round the clock because you get your calls and you have to go out there to get your customers back on. So I could tell you we respond immediately. Having said that though, I want to repeat again, there is room for improvement. Certainly there is room for improvement which we have been looking at very, very closely.

Mrs. Webster-Roy: You mentioned just a short while ago that you have to do after hours, you have a shift system operating?

Mr. Ramsook: Ma'am, yes, that is quite correct. We have a shift system that operates and they go round the clock. We have our cable crews that operate, our emergency crews round the clock that operate. Our maintenance crews, we have some of them on shift and the majority of them on daylight, but a lot of our crews are on shift. As I said, the emergencies, the cable crews, utility crews on shift and we have our daylight crew. When you are doing maintenance though, one of the issues you have to grapple with a little bit is that if you are doing maintenance especially in the afternoons people do not like the noise when you are replacing poles and your trucks are there and so on. We have had complaints. So there are some sensitive issues that you have to deal with especially if you are doing maintenance along the routes where—you could do it mainly in the industrial zones, but not in the domestic zones because remember our shifts are 7.00 a.m. to 3.00 p.m., 3.00 p.m. to 11.00 p.m., and that is one of the issues. But we have and we have looked at our crews and how we deploy them, and the best way we can to avoid additional overtime. But I am saying there is room for improvement, yes, I quite agree there is room for improvement.

Mrs. Webster-Roy: Could you outline for me what are some of the strategies that you have developed or developing to treat with the issue of productivity and absenteeism? I want to hear step by step what are some the things you all have done, please.

Mr. Ramsook: All right, I will put you on to the Asst. General Manager – HR and then I would probably come back.

Ms. Cheesman: Hi, good morning again. So let me deal first with the absenteeism. It is very high. We have developed an absenteeism policy where, of course, there is the humane side to it. If it is persons have specific problems we would refer them to our Employee Assistance Programme because we do face difficulties from time to time. But other than that, we will be monitoring people's absenteeism as we go along with certain actions to be taken if we do not see improvement.

So, for example, we do have persons allowed based on our collective agreement a certain number of sick leave days per year. So we will have one bargaining unit that it is 20 days. So we have employees who feel that being absent from work is not—and their sick leave allotment is not really something that you have to take. It is really a provision in the event you are ill. So you would find that people use up the full 20 days and especially coming down towards the end of the year if they would have had days that were not utilized, they seek to use it up. So we have this issue with the absenteeism.

So our policy addresses certain measures we will take in the event we see this consistent pattern. So we will be looking year-on-year to see if you used up your full leave, for example, for 2017 and we will start off the process with a warning to you. If it happens again in the year after—

and even we manage it as we go along. So if, for example, in the first nine months, or say the first six months we see you used up a certain percentage of your leave, we may go as far as issuing a warning letter and it could take right up to possible dismissal.

Mr. Ramsook: And we have dismissed people.

Ms. Cheeseman: Persons have been suspended, they have received letters and once we are forceful with this policy, I could see within say the next year or two, we should be able to manage this absenteeism.

With respect to productivity, we continue to talk to our employees and I must mention that the union, our recognized majority union, they have aligned with us at management level to create a productivity committee. So we do have some buy-in from the union towards us having a more productive workplace, and discussions are ongoing. We have a committee from the Commission represented by some of our senior people. We have three persons from the OWTU as their representatives and they have been meeting at that level and coming up with initiatives. They have now identified certain subcommittees to deal with different areas, and these subcommittees, it is like a team effort even though drive by a specially appointed committee. So we are expecting that we have some benefits coming out from that initiative.

Mr. Ramsook: Could I also ask, Mr. Austin.

Mr. Austin: Good morning again everybody. What we are also doing is formalizing the way we do maintenance on our overhead line system, and we are implementing a computerized maintenance management system that will aid our engineers in better planning and executing maintenance work and tracking the work system. So we are also looking at that technology to help us with the maintenance process which takes up a lot of our cost and productivity.

Mrs. Webster-Roy: So that is one type of innovation you have introduced and I want to commend you for that, but what are some of the innovative strategies that you are considering to ensure that T&TEC becomes more efficient, effective and responsive to the citizens of Trinidad and Tobago?

Mr. Austin: Okay. What we also have is a collective agreement that gives conditions on all crews: fixed crew sizes; we are still required to have a dedicated driver to take out our crews; and we are also looking to implement something where the craftsmen also drive the vehicle instead of having a dedicated driver.

Mrs. Webster-Roy: That is cross trading?

Mr. Austin: Correct. Right now the collective agreement calls for a position of driver, a dedicated driver. So we are trying to move that because we could see clearly if we have drivers doing craft—we have some hundred plus drivers that we could convert into craftsmen, increase the number of crews, get greater productivity. So we are pursuing that.

Mrs. Webster-Roy: Do you have any timeline of that?

Mr. Austin: It is at the Ministry of Labour and Small Enterprise Development right now.

Mr. Ramsook: Let me take that one. Ma'am that is one of the most sensitive issues. If I solve that problem in T&TEC, I feel we could go forward in a big way. So we are at the Ministry of Labour and Small Enterprise Development, but I could tell you if you go anywhere in the world you will get not drivers, except in the skilled environment. We have made it clear, we have said that we do not want to send home anybody. We have said listen, we do not want to send home anybody—through attrition people will go, but I have 215 drivers with the name driver's position, I could make 100 two-man crews. I could pay that guy who drives as a technical person a higher pay. He does not lose his job. I have been trying my best to get there. He does not lose his job and I could get 100 more two-man crew.

I have said we have looked at Jamaica, we have looked at Barbados, we have looked at Ontario, we have looked at Florida light and power. So I am not saying anything in a vacuum. So we have told them this is and we have given the evidence. We are not saying we are sending home anybody who is there. Of course, who wants to be trained we train them. We have got to move in that direction. So we moved the matter now to the Ministry of Labour and Small Enterprise Development. For the first time the Ministry of Labour and Small Enterprise Development said okay, T&TEC has raised this as a dispute, we are having dialogue there. It will significantly solve our productivity issue that we have.

And as I say, in terms of the numbers, we are not saying that it will change at this point in time, but certainly in terms of the technical staff. So what we want is our linesman, our electrician, our crew supervisors, all of them must be in a position to drive the Commission vehicle and get on the job site, and that is one significant one. And equally important is that things like crews leaving the yard early and so on, Mr. Austin has been looking at that very, very closely. Leave the yard early, get on the job site, get the work done and look at the level of productivity and make sure they account for it. So these are factors that are taking place; a lot of significant factors.

Just to point out, I know Miss Cheesman has spoken to you about, we have reduced pay. We have cut pay for people on leave when we do our checks and realize you are on leave but you are out there doing something else, and we are doing the checks. So correspondence is going back out to all our employees reminding them when you are on leave you are to be home recuperating, except if you have to go to the doctor—sick leave and extension sick leave. So we are looking at that very, very closely.

Mr. Chairman: Sen. Obika.

Mr. Obika: Good day gentleman, I know time is of the essence, so I will be brief. Three broad areas, one, regarding the subsidiary. I noticed that there is a subsidiary in the financials and the dividends declined as a per cent of income from 4, to 3, to 2, to 1 per cent, can you give some information as who the subsidiary is?

Mr. Ramsook: I will ask Mr. Rahamut, Chief Accountant.

Mr. Rahamut: Good morning, Reead Rahamut, Chief Accountant. The subsidiary referred there is PowerGen. We own 51 per cent of PowerGen.

Mr. Obika: Okay, I suspected as much. I will look at that separately. So TGU—we want to find out, just tell me if this is correct or if it is wrong, the relationship between TGU has helped in some level of cost reduction? I just want to get if that is correct first.

Mr. Ramsook: Right, that is quite correct.

Mr. Obika: So given that, I noticed that transmission and distribution fell in 2015 from 945 million to 695, what was that in relation to? Transmission and distribution specifically, was that related to MITAL or was that specifically on the relationship with TGU?

Mr. Rahamut: Now that fell mainly because of our accrual in—it appears that it has fallen. In 2014, we made a $456 million accrual for back pay for the period '12 to '14. So when that accrual hit in 2014 it would elevated the operating cost. However, in '15 it would have gone down because the accrual was only 146 million.

Mr. Obika: Sorry, I am seeing transmission and distribution, you are saying back pay. I am not sure.

Mr. Rahamut: Yeah, because our staff cost is allocated across those different divisions.

Mr. Obika: Okay. All right. So that is an accounting function there.

Mr. Rahamut: Correct.

Mr. Obika: You are looking at a shortfall in terms of your load, the gas prices, would Mitsubishi plant help take off some of that when it comes on stream?

Mr. Ramsook: So the plant will be 19 megawatts, certainly it will help in terms of allowing us in terms of additional capacity that we could utilize the contracted capacity that we have, that is sitting there, that we are paying for, that we do not have anybody to buy. So certainly it will help. That will be one of the items that would certainly help.

Mr. Obika: On that same thing—I am trying to bring my questions within quick succession so I do not take too much time—in regarding the current issues with the midstream players in Point Lisas, CNC for example, do you supply them, and would that affect your income stream?

Mr. Ramsook: Yes. We provide an electrical supply to them and while one of their plant would be on a standby mode and they use some of the internal supplies, but yes certainly it will affect us in terms of providing the service. At this point in time it is not affecting us significantly because we have what you call a reserve capacity and if they do not use they still have to pay. So at this point in time until that circumstance change they would be paying a minimum bill to the Commission.

Mr. Obika: And they are paying for how much megawatts?

Mr. Ramsook: CNC would be using an average—if I am not mistaken they would be in the region of about eight megawatts. I will have to just juggle back my memory, but they are not very big.

Mr. Obika: So the last question has to do is with a social issue regarding crime and the impact that having lights out can affect it. For example, Monday night I reached home in Point Fortin to realize that the entire town was black, and there has been an increase in crime in Point Fortin, armed robberies, et cetera. When I stayed in Maraval, when I worked at the bank and I travelled then, if there is lights out taxis would not work because people get robbed. What is T&TEC doing to resolve the responsiveness? Because you are saying that there is an excess supply, but yet we are seeing an increase in power outrages which is not what we expect if our country is developing. So I want to know what the plan to address that is.

Mr. Ramsook: I will put you on to Mr. Austin, that zone also falls under his jurisdiction.

Mr. Austin: T&TEC operates a mostly overhead line systems, and overhead line systems are prone to various things, vehicle impact, animals, vegetation. So what we have implemented at T&TEC is a vigorous maintenance programme and inspection programme. There were things like infrared scans where we detect hot spots on the lines that could lead to bust conductors, we have a vegetation management programme where we clear along lines, but even with all this there is still the exposure we have being overhead to the elements, animals, trees, and when these things do occur from time to time we do go out there and we respond very quickly. Our average response is two hours to outages and we bring back supply very quickly. But we are an exposed system and these things will impact on the system from time to time because of the very nature of it being overhead and exposed.

Mr. Obika: The last thing I have to say—

Mr. Ramsook: I just want to make one comment here, Sir, and the nation is listening. I know the nation is listening. You see, our team and I want to give you the assurance, including the board, the board has made a strong clear directive from the board. Anytime customers go out we are always on the ball to respond. I want to give you that assurance. In the background there is a lot happening—we are not happy when our customers go out of supply. I want to give you that full assurance. The point I think will be in your mind is that we should be doing something about it to avoid it going out, and that is something we have been looking at very closely. All the increase in technology we have been trying our best to get that in there to avoid these outages.

Mr. Obika: And one more thing—

Mr. Chairman: Sen. Gopee-Scoon and then—

Mr. Obika: Okay, thanks.

Mrs. Gopee-Scoon: Thank you very much, Chairman. This morning we spoke a lot about expenses and made reference to your working capital situation. You spoke about your payables to NGC and I note that, and I think the public knows that there are also high receivables from Government, Government agencies, local government, and so on. We spoke about your admin expenses and I looked at it, in 2012 it increased from 134 million to 327 million in 2015. So that it more than doubled, your administrative expenses. You spoke about your high staff cost and increase in staff cost. I referenced as well and went to your property plant and equipment, the way your accounts are laid out, and I see the assignment of Salaries and Wages to work in progress and so on, and again you increased from 2012 from 136 million to 284 million.

So escalating expenses right through. Coming out of that there are two questions: What is your working capital scenario in terms of your short-term obligations? Is T&TEC able to meet its short-term obligations? And this is NGC apart. I know that is a separate matter to be settled. And the second question is: despite all that is going on with your day-to-day expenses, high staff cost, et cetera, you do have CapEx requirements and your CapEx requirements would relate to your aged infrastructure, it will relate to your planned exercises with renewables. What are your CapEx requirements in the short-term, and how do you plan to finance those; and give me a little bit about the bigger picture and how you are going to make the kind of capital expenditure that is required even to be reliable? So working capital obligations and CapEx requirements.

Mr. Ramsook: Morning, Minister. Morning again, Ma'am. So our average capital in terms of our ability to get work done is $300 million and that capital really—given our situation financially that money comes internal from T&TEC because we would not have a review for any period of time. Normally once you have a review the regulator would look at the CapEx projects and identify which ones they will be willing to fund and, of course, the rates itself will be based on those projects that they have agreed, based on the cost of those projects.

Where we are getting a lot of help, I would really say this is from the Government. We have been getting a lot of—I mean it is not the best, but certainly it has been very helpful in terms of what you call Public Sector Investment Programme funding. We have included a category for infrastructure and in terms of upgrades of infrastructure, and we have gotten some funding from the Ministry in this budgetary allocation. So that has helped us significantly. So present funding that we have been getting has helped us. So that has sort of bridged some of the gaps especially with the bigger projects like Westmoorings; you have the TGU project that is ongoing, Pinto Road, you have St. James substation, you the Point Cumana, you have the Cove power station. We were grateful for all the help in there because we were able to put that additional machine. That project is well on the way to add additional capacity, another 20 megawatts of additional capacity, and it was well in time, at least in the Tobago issue, and the issue is because—I know we would have the issue in terms of capacity in Trinidad, but you really need to connect via submarine cable in Tobago.

So we have one cable and when we analysed it we also want to also have—we already have generation in Tobago. So we want to also make sure we have that alternative. So that has helped us significantly. So under Public Sector Investment Programme we have been getting some funding that has helped us in terms of our capital projects.

11.35 a.m.

In terms of our internal funding, our capital averages $300 million per year in terms of our ability to do works. You would get requests more than that. You could get request in the region of $500 million from the various operating zones but our ability restricts us to about $300 million, and that comes internally which—when I say that, so the question is what is affected. So what is affected is not paying NGC. So we have met all our commitments but we have not paid NGC at this point in time.

Mrs. Gopee-Scoon: So then you are meeting all your short-term obligations apart from NGC?

Mr. Ramsook: Right. But I want to be careful in that statement. So having said that, while I am doing that, I am also curtailing some works also but not to affect safety and that significant amount of reliability. I have to say that, right, because I am there holding the steering wheel and it is a factor. So whatever I can do, I mean with what we have, we manage in there but certainly it would have been better if it was different because it would allow us to do more capital works to allow us, of course, to further improve the reliability but certainly, we are not jeopardizing anything in terms of our safety of our plant and as best as possible what reliability we could manage, right, in there. And that is what we are doing at this point in time.

Mrs. Gopee-Scoon: Good. So you talked about reliability, how do you measure your reliability and what is it per area?

Mr. Ramsook: Right, so we benchmark our reliabilities with statistical figures called SAIDI, CAIDI and SAIFI. So I will ask Mr. Austin and we are benchmarking with other utilities from North America and you would see—so those figures are—response time we speak about very often, we measure our response time, we actually track all those key indicators and of course, it is reported on a regular basis. Mr. Austin will be one of the key persons dealing with them.

Mr. Austin: Our CAIDI which is the average time if a customer goes out, he could expect to be out for. So if you loses supply, how long could you expect to be out for, that is 1.5 hours. Right, so if you lose electricity, you should get it back within 1.5 hours, that is CAIDI and that is an international standard.

Mrs. Gopee-Scoon: And is it 1.5 for Tobago as well as Trinidad?

Mr. Austin: Yes.

Mrs. Gopee-Scoon: Or. Could you break it down? Could you separate it for me, please?

Mr. Austin: Okay. In North, it is 2.12 hours. That is the north part of the country; in the southern area, it is 1.7; in the eastern area, it is 1.6; in central, it is 1.1 and in Tobago, it is 2.7.

Mrs. Gopee-Scoon: 2.7 and what are you doing to improve the reliability—do you have any special projects on for reliability? Tobago in particular, that project, you said, is well on its way.

Could you give an idea of how it changes the picture for Tobago?

Mr. Austin: Okay. In Tobago, we are doing a big project on the North Coast Road, on the north coast feeder where we are changing a number of poles, installing insulated covered conductors. So with that project, we hope to improve the response time—the reliability in Tobago drastically.

Mrs. Gopee-Scoon: What are you aiming for?

Mr. Austin: We want to bring Tobago down to 1.5 like the rest of Trinidad. Presently, it is at 2.7.

Mrs. Gopee-Scoon: Last little question about your age infrastructure. Are your poles, et cetera—some of them are falling down all over the place. What are you doing about that? Are you on the ball with your infrastructure?

Mr. Ramsook: So, yes we are. We did a change out sometime ago and we had installed a number of steel poles and they have been lasting for quite some time. We have moved the wooden poles, and we also have the concrete poles and so on. The bigger issue is in the transmission infrastructure and as I said, we have gotten some funding, not that significant from PSIP, and that has been helping. Wherever possible, we have been looking at our transmission and whatever change outs that we have in that aspect. Like anything else, we manage it.

Certainly, in terms of the distribution, it is an annual process where we look all our poles. We inspect them, we look and see whether in fact they are going to fail and what sort of lifetime they have and we make a decision if has to be changed. We have been very fortunate not to have any failures of poles falling over, I would say, the last year or so. If at all, it might be one; if at all any, other than when vehicles or anything collide with it basically at this time.

Mr. Chairman: Sen. Henry.

Mr. Henry: Morning to everyone. I have two lines of questioning for the Commission. One, based on the issue of contracting of labour. I understand that it is a practice that T&TEC has been using despite having a very significant workforce. What has been the cost of contracting in relation to the actual cost of your permanent work force? Has that been an increasing share of your labour cost and to what extent? Could you quantify it and explain the rationale for increasing contracting? Then I will go to my second.

Mr. Ramsook: Right. Contracting cost averages $100 million a year which is 10 per cent of the employee-related cost and the answer to whether they are increasing or not, the answer is no, it is decreasing. We have trained a number of our people internally. Tree trimming, we brought in an arborist from aboard to give them the technical support. So we have been doing a lot of that internally. We have recruited a number of our security personnel internally. We even tried to do a little redeployment of our own internal staff so that figure is coming down. So that issue of contracted cost is a factor that is coming down.

But, I want to say this and say this clear because, you know, sometimes we say these things and sometimes you want to just be clear with what happens to us at times. On a number of occasions, we have had to write the bargaining unit and express concern. And I remember very clearly, Old Year's Day, I had a lot of customers out in the eastern zone, I had my employees not turning out to work, right, and that had me very unhappy and I had to restore service and had it not been for some of the contractors—let us be clear. Had it not been for some of these contractors, I would have had people out for lengthy periods of time. Just what I am saying to you, I have also said to the Vice-President of the OWTU. All right and we have put it in writing and of course, we are dealing with it. But I am saying that these are some of the challenges that we also have. So the reality of it is sometimes it comes at you, because you are sitting there, you are getting the calls, I get the calls regularly and you have people, and really I mean Old Year's Day is a sensitive time of the year, people do not want to be out of supply.

Mr. Henry: Okay and my last and second set of question, it relates to the succession planning in terms of craftsmen for the utility. I understand that there is concern over the amount of craftsmen, mechanics, machinists and so on coming into the ranks of the utility to provide the kind of support needed going forth from proper running of the utility, and I understand there is particular concern at the Cove plant in Tobago. The question is: what is the utility doing to have an adequate staff at that level?

Mr. Ramsook: Right, so I will start off and Ms. Cheesman will give you an overview. So yes, I want to agree to what has been said here in terms of our trainees. Yes, our technical staff are equally important and very important when we look at the attrition and the retirements and so on, we have put a number of things in place. Our training facility has been opened. We have recruited personnel and we have started the training process there. We have also recruited an equal amount personnel to do training internal to the compound in the various zones: East, South, Central, Tobago and North. So that process has started.

I would want to feel that I can make this statement that I am not convinced—while yes, there is room for adding of personnel, certainly at the Cove power station, I feel convinced that I have a staffing that is acceptable. Certainly there is room for improvement in training and so on.

But when you look at—

Mr. Henry: I think the question on Cove was not the numbers but the actual trained people with the right skill, the requisite skill. Not the numbers.

Mr. Ramsook: Not the numbers, okay, Sir.

Ms. Cheesman: Okay, we started preparing for persons who would retire or whatever in our craft area. So in August last year, we would have started back our training facility. We would have appointed 23 persons to begin training. It is a three and a half year training programme and we have made a start to resume this training.

Additionally, we have an initiative where we are training our C class linesmen, that is like the lowest class of the linesmen that come in and we have 30 persons who are about to start training already identified, et cetera, to begin a training programme to prepare them to assume the C class position. So we have started, yes, we could do more and with time, we would benefit, you know, a lot of more people would be exposed to these levels of craft training.

Mr. Chairman: Sen. Ramkissoon.

Miss Ramkissoon: Thank you, Mr. Chair. Before I ask my question, I want to focus on internal audits but before I go there, I just wanted to get some clarity on some of the numbers that were presented by T&TEC this morning. On question number three in your package, you did give a summary of the persons employed from 2012 to 2015 and it showed that you had an increase in permanent staff: 2012, you had 2,500; 2013, 2,600; 2014, 2,600 and then 2015, 2,942. But then when you look at your Property, Plant and Equipment values, it shows a salary that is at 2012, $92 million; then 2013, $92 million; 2014 when you had 2,698 permanent staff, you went down to $88 million, and then you went back up to $91 million, in 2015. And I did not understand the reasoning for this because I believe when member Mitchell asked his question, you said it is because you have a lot of—an increased in permanent staff but I am not seeing that outlined in the figures before us. So you just want to clarify that? Because also, we are increasing permanent staff so you have your shift system but yet we still have a $10 million monthly overtime rate. So I am not sure how the figures are being aligned.

Mr. Ramsook: I just want to get that clear. Okay, so our permanent staff numbers have increased. Sorry, you could repeat exactly what is being asked?

Miss Ramkissoon: Okay, so if you look at the Property, Plant and Equipment, you will see 2012, you had salaries. So you gave a number earlier about—is it $90 million, $900 million? It is $900 million. Is that in the package before us? Okay, that is not in the package before.

Mr. Chairman: No, that was articulated by them.

Miss Ramkissoon: All right, so the $900 million in salaries.

Mr. Ramsook: Salaries, that is correct.

Miss Ramkissoon: But in the package, you gave us in your work in progress, you have salaries of $91 million. So is there a difference? Or is that an incorrect figure that you have given in the package?

Mr. Ramsook: I am just trying to get where you are seeing the $91 million. I just want to make sure—

Miss Ramkissoon: All right, so Property, Plant and Equipment, Item 124000. This is what was submitted but it has no page numbers.

Mr. Ramsook: Well, so just to be clear, the amount I indicated is correct. I just want my people to clarify. Our salary and wages figure is $900 million. That is very clear, very accurate.

Miss Ramkissoon: So would you be resubmitting to the Committee?

Mr. Ramsook: So I want to just double-check—yeah, if you could just clarify it one time.

Mr. Rahamut: The figure showing here in the Property, Plant and Equipment is the salary portion that is capitalized if they work on a capital project. So this is the portion of that that is put here.

Miss Ramkissoon: Known as CapEx budgets.

Mr. Rahamut: Right, so the employees work on recurrent and capital projects, both. So the portion that they work on the capital to the property, plant is put on to Property, Plant and Equipment.

Mr. Chairman: Okay, so it is really an alignment of proportion and time.

Mr. Rahamut: Correct, correct.

Miss Ramkissoon: And what about the last line which is Salaries, Wages and Overheads? What is that about then?

Mr. Rahamut: Yeah, that is exactly what I was explaining. That last line of the salaries, wages.

Miss Ramkissoon: Okay and the line before that which is salaries, which is $91 million. Because the one with Salaries, Wages and Overheads is $284 million. So all of this is salaries?

Mr. Rahamut: Yes, it is all the same thing but the work in progress is there—it sits as work in progress until we actually move it into plant so if the project is incomplete, it will sit in work in progress.

Mr. Balgobin: This is not what is incurred during the year. You know capital projects would transcend from one year to the next. So for those projects that are in progress at each balance sheet date, that is the accumulated value of Salaries, Wages and Overheads that have been capitalized from the inception of those projects up to the balance sheet date.

Mr. Chairman: To the present time.

Miss Ramkissoon: Okay. Did you all submit a list of those projects? Because we have a figure for 2012, 2013, 2014, 2015 but what you are telling us is these project costs that are just showing up at the balance sheet but we do not have that information, how many projects this deals with or anything like that.

Mr. Ramsook: We will submit it. Certainly, we will submit it. We will take a note of it.

Miss Ramkissoon: All right, thank you. So my question is to the committee, there are internal audits that are conducted annually and are approved by the 18-member team, the audit committee for T&TEC. Now I would like to know when the last internal audit was executed and if you can share some of these findings?

Mr. Ramsook: Right, so I will put you on to the Internal Audit Manager, Ms. Devecar Basdeo.

Ms. Basdeo: Good morning, Devecar Basdeo, Internal Audit Manager. We conduct audits on a regular basis. As of now, we have a number of audits that are currently being under investigation. What would occur with respect to an audit report, after we complete our audit report, we do have discussions with the relevant management personnel highlight our recommendations to make improvement with respect to the systems of internal controls. And subsequent to that, after implementation, we monitor to ensure that the recommendations are, in fact, implemented.

With respect to specifics that you were asking, for example, we recently completed some audits with respect to our inventory. So this would take the form of stock count where we are comparing what our physical balances are with respect to our systems. If there are shortages or overages, we may do some investigations with respect to that but in the main, it is presented to the management staff to investigate and advise why there are differences, for example, in our stock, and improvements into the internal control system to prevent errors in overstock.

Miss Ramkissoon: And when was this done? When that audit was completed and when it was started?

Ms. Basdeo: Yes. We did some audits on stock in 2016, the end of 2016, throughout 2017, and last December, we had our end of year stock count. Those reports are presently being finalized and are being discussed with the relevant distribution managers, et cetera.

Miss Ramkissoon: And to the management now, is the management satisfied with the internal audit contributions in terms of achieving and maintaining its accountability, the good governance and effective service delivery?

Mr. Ramsook: Right, so I am going to answer in two parts. One, yes, we have a very active sub-committee internal audit and I am convinced that their intentions are very good and they have moved internal audit significantly to where it is. So I am happy in terms of the work at the level of the General Manager. Having said that, there are some other concerns that I have which I have already conveyed to the Chairman of the Board. I will prefer not to say anything further on that.

Mr. Chairman: Any more questions? That is it? A couple of things before we go on, based on what you have articulated so far, we have audited accounts up to 2015 but have the 2016 and 2017 been submitted to the Auditor General and made available to Parliament? I do not think they are at Parliament.

Mr. Ramsook: Right. So we have completed, for all intents and purposes but the little unfortunate thing is that 2016 is completed. Normally, we submit at the end of the year, we are behind in terms of the final submission and we have changed our auditor so we have a new auditor, external auditor that is on board. So some of their ideas are different and certainly, we are working with them in terms of some of their ideas. Like anything else, it is a very important task that is being done. So for the information we have, for all intents and purposes, the process is completed but it is in the final stages, we expect that we will be able to submit, I say, by the middle of February—by the end of February.

Mr. Chairman: This is for both years?

Mr. Ramsook: That is 2016; 2017 process, we would have already been putting things in place to start because we have just started 2018. But we are all up to date with right up to 2015, we are totally up to date and as I said, 2016 is completed for all intents and purposes.

Mr. Chairman: T&TEC is not subject to the scrutiny of the Auditor General. Right? You have your books audited and you send to the Ministry and the Ministry submits to Parliament. Is that right?

Mr. Ramsook: Right, so that is quite correct and I will make this clear. So we have written the Auditor General and we have clarified that issue. We still provide a copy of the information for completeness sake to the Auditor General.

Mr. Chairman: Okay that is very good, thank you.

Mr. Ramsook: No problem, Sir.

Mr. Chairman: Another matter, the NGC issue is a nagging issue and has been for some time, it will continue for some time. Has the Ministry, T&TEC and NGC sat down to try and reconcile, first of all, how you deal with the current situation and secondly, how you are going to proceed?

Mr. Ramsook: Yes, Sir. That is engaging significant attention by our line Minister, our board and we have been having a lot of dialogue in that process, including NGC, to work out a mechanism for dealing with that matter.

Mr. Chairman: PS, you have been involved in that?

Mr. Joseph: I have not been directly involved in those discussions, Chair, but I know our Minister is very involved and he has been engaging the Ministry of Finance as well as T&TEC on this matter.

Mr. Chairman: Okay. The reason I asked that is that, I mean, from all the things that have transpired here this morning and my colleagues asked some questions which helped to elicit this response that I am making now to you, which is that you have a financial challenge, you have some problems that you need to resolve to address the financial challenge at the level of your customer, at the level of NGC, at the level of how you deal with over-supply, at the level of national development and therefore, higher demand for your over-supply. So you have those challenges.

But there are some bigger challenges that I see which that is—I mean, the whole world is moving from fossil fuel dependence, there is a movement to greener energy. Trinidad and Tobago is likely to move in a direction over time where you are looking at other forms of power and electricity generation. Is T&TEC thinking about these things and how it is going to affect them? Is T&TEC thinking about power that it has or is able to accrue beyond Trinidad and Tobago and how are you thinking about that? And is there a strategy that T&TEC has, notwithstanding your strategic plan, which takes into account the development strategy that is needed to absorb your electricity supply ability as T&TEC and as an agent?

So for instance, if I have a 200-acre farm or I even have a small house on a lot of land and I want to generate my own electricity, whether I am a farmer or whether a homeowner, how is this to fit into the picture, not to mention the bigger things, the larger things, about Government strategy for sustainable development or transformation of the energy matrix?

Mr. Ramsook: Right. So, Chairman, yes. T&TEC, I would say, as a company in terms of moving forward and recognizing that that is the future, it is a significant item on our agenda. Of course, anything with generation really falls under the Ministry of Energy but T&TEC is equally there at the forefront with regards to renewables.

But before I go there, I know it is a very passion issue with the line Minister, Minister Le Hunte, in terms of conservation. Every Mcf of gas that we can save will save the country in the future and Ms. Brasnell, who is our Corporate Com, has been going out on a number of programmes notifying the public and we have started the process and we have to ramp up that process even more by convincing the population that we got to save, because that gas is not infinite, it is going to eventually not be there. And therefore, that is a factor that the country has to understand. It may cost more now or there might be a transition cost but we got to get there because we got to look at the future and you are right. So that is one item that we are looking at, conservation.

But in terms of renewables, we have a number of small renewable projects that we have right now in our facilities. However, we are looking at one particular one that is at the Piarco airport there, in terms of between five to 10-megawatt photovoltaic arrangements. But I just want to say, it is important to note these things so that we can understand the impact of renewables. So if you were to go with a 10-megawatt plant at Piarco and install that plant to be available to the grid, the cost would be at an average of 0.92 cents per kilowatt hour. Remember, at this point in time, the domestic customers pay 26—[*Interruption*] yes, US cents, sorry, and our price four cents. Sorry, 0.92 cents. So that will be the cost in terms of making that project feasible.

Now, when you are dealing with renewables, there is a little concern that you have because you have what you call dispatchable and non-dispatchable. So what has to happen and let me explain that clearly. If I put a 10-megawatt plant in Piarco and—for one megawatt, you need 2.2 acres average of land. So one megawatt, you need about 2.2 acres so you would probably need about 20, 25 acres of land which is available because those areas, you have areas around the airport that, of course, you are not able to construct any high-rise arrangement and so on. The point though is that 10 megawatts would have an availability—two things. When the sun is not available, you need to start up your plants to provide capacity, except if you go with a battery powered arrangement which is equally expensive and is not as feasible with these projects. So it means that you have to have the equivalent amount of generation still available to be able just to go back on to grid when you do not have that renewable coming in, be it sunlight or whatever is necessary. That is one. So what you are really saving is on gas.

Of equal importance is that a 10-megawatt plant—and the experts are telling me—with a load factor will give you about three megawatts at maximum because you have to look at weather conditions and all those factors. So by the time you output, you get about three megawatts. The savings in gas in terms of the calculation is pointing about $3 million with that project. So we have started to look at these things but the point is, it really has to go forward. So we are looking at it very closely. The point I am saying is that the reason why I called these figures is because it also is not going to be a full solution unless you really go step by step, but there is going to be a cost.

But at the end of the day and at the end of the tunnel, you have to realize that that gas will not be available or the country could monetize that gas for a better purpose instead of having that gas come to T&TEC at one quarter of the price, so that is a factor.

Mr. Chairman: It is small and it is not cost-effective.

Mr. Ramsook: Yeah, correct. But we have to get there. We have to make that transition.

Mr. Chairman: [*Inaudible*] 100 per cent renewable.

Mr. Ramsook: That is the thing, yes. But certainly as a utility, we are in the forefront, I know the Chairman is very sensitive about that issue of renewable and we are in the forefront of trying to get there, and we are pushing, Sir, and I give you the assurance, T&TEC is not sitting by, we are pushing to get there.

Mr. Chairman: And you have that in your thinking and in your planning?

Mr. Ramsook: We have that in our top level in our thinking. In parallel to that, we have what you call solar streetlights. We have started to introduce them. It is going to be coming in the Manzanilla area. That process is already completed and we are just waiting for final approval and we would be installing these solar streetlights in the Manzanilla area to start off.

Mr. Chairman: That has been going on for a little while?

Mr. Ramsook: We are moving now to LEDs also. So we have a process where we want to change out to LEDs. The analysis is showing that the consumption of the LEDs is one-half the amount. So these are things that we are doing when it comes to the point you are raising, Sir, and certainly, it is at the forefront of T&TEC because if we do not, we are not going to survive as a company.

Mr. Chairman: Okay. Member Mitchell.

Mr. Mitchell: Thank you, Mr. Chairman and I commend T&TEC for that initiative. I want to state with the liquidity position of T&TEC and I want to engage the Chairman of T&TEC. So I am looking at trade and other receivables and I am seeing that for 2015, your total account receivable is $652 million. My question to your, Mr. Chairman, since you have come in as the Chairman of the board of T&TEC, what is going wrong with your commercial management function and your legal function? Because I am seeing in your Trade Receivables that there is a provision for Doubtful Debts of at least $16 million per year and I am assuming that it is because many of these debts are being statute barred. So what is going wrong with your commercial management function as well as your legal function?

I am also turning one time in the interest of time to your top 10 debtors to T&TEC and I am seeing TSTT and Desalcott. TSTT is a profitable organization, they owe $51 million; Desalcott owes $36 million, that is a private sector organization. I am seeing the rest of them are Government institutions. So the other question is whether there is a perception out there that there are institutions that are too big to fail so they do not have to pay T&TEC? That is the other question. And my last question is with respect to these high-consuming customers, is there an active policy or programme by T&TEC—just piggybacking on what the Chairman just asked—to go out to these customers and try to get them energy-efficient? Because there is a building that just went up around the Savannah that is supposed to be energy-efficient. Is there a programme that you go out to these Government institutions and TSTT and Desalcott to get them more energy-efficient?

Mr. Sirju: Okay, Minister, let me see if I can start with the easy one. In terms of the going out, I would say very little. So I do not think, in a real sense, T&TEC does not have a financial interest in not selling its electricity because as we explained to you earlier on, we pay for more electricity than sell. That is at a mean accounting level, not at a national level. And I am not saying what you are saying ought not to be done, I believe it is on the agenda. We wish to involve ourselves more in a programme of conservation generally and as the General Manager mentioned, Ms. Brasnell working on that particular—

Mr. Mitchell: I am asking because "they doh pay". They simply do not pay.

Mr. Sirju: Yes, right but the breakout shows that a lot of the delinquent customers belong to—is really the state, state agencies: WASA, TSTT, sometimes Petrotrin and the like and all of them add up to that. What I can say is that a part of that too had been an accumulated debt over a long period of time and a number of the smaller customers that added to quite a significant sum. I believe in the vicinity of over $40 million. The real question the board faced was whether—do you take these 500 customers and go after lawyers trying to collect $1,000 from each of them and some of them had grown to the extent of over 10 years or more, they become statue barred, and they just kept going on and on in the books, and this board then just took the decision that it is really lost and it was not worth pursuing. So there was a certain amount that was written off in the figure that you talked about.

The others, I think, you know, Mr. Ramrattan's department, I think, is fairly diligent. I mean they go out to these customers and speak to them and seek to get payment. I suppose a little bit of what we are doing to NGC is what some customers are doing to us so there is that situation. But I think a fair effort is being made and it really is a question of do you say, well, can you close down WASA; can you turn off the power from WASA. You cannot and I think that is some of the challenges we face. When you asked about some of the challenges that we face, it might be that, that the Government agencies pay T&TEC in a prompt manner.

Mr. Mitchell: Is there an opportunity to set off? Do you pay WASA and do you pay TSTT?

Mr. Sirju: Yes, all our bills, save and except NGC, are paid.

Mr. Mitchell: But TSTT owes you $51 million?

Mr. Sirju: Yes, this is for pole rentals. It is a matter in dispute that we are actively pursuing. In fact, I believe I meet with the Minister on Friday and the Chairman of TSTT to see whether it can be resolved. So efforts are being made, Minister, to really improve on that situation but it is a little more complicated, and not as straightforward as a simple business transaction.

Mr. Mitchell: Okay. I anticipate that the ultimate sanction would be that the delinquent customers, electricity is turned off and there is a high cost to that. There is about $500. What other sanctions? Could that customer reapply for electricity? What is the cost for that delinquent customer having their account switched off to reapply for electricity?

Mr. Sirju: It is a matter that has attracted the attention. I think we try to do it on the basis of the cost of doing it that a crew goes out and has to disconnect, then the crew goes back and has to reconnect, and I believe in the new application, there is the request to increase that cost so that it is more punitive. It ought to be more punitive.

Mr. Mitchell: Is there an opportunity, technology wise, for remote switching off and remote switching on as there is with the cable companies?

Mr. Sirju: Yes, there is.

Mr. Ramsook: I just want to be fair in one of the questions that you have asked, I feel I have to say this. The line Minister has started the process of engaging all the public—it came at the Ministry, all the PSs. He made that clear, that was discussed and he is making that interaction with all the PSs to have a meeting to discuss that whole issue of conservation. That discussion has already started. But we have not met with the PSs but I could certainly say that the directive given is that that has to happen very, very quickly. So that will clear up the issue with regard to even that building in Port of Spain.

The other issue is the issue of the bad debt and the Chairman is right. So that issue occurred prior to 2012 but the board gave us a clear directive not to have it repeated again because the matters came statute barred and we had no choice. So what happens with some of these accounts? So let us say I open an account, so I open an account and I get supply and the bill goes up to $1,000, $5,000, whatever, then you come and you cut me, I do not apply back for a supply. My uncle or my brother goes and he applies back for supply so it is a new name so now you have to try to chase down that account, and that is some of the problems that we are having. You have tenants that go into buildings and when they go into the buildings, they incur quite a tidy amount and then they leave. But where we have to capture that is we have to be more vigilant in the disconnections so you are right.

And just to answer the other question, we have what you call a new type of meter that we have installed, it is a night-off meter and, yes, we have a number of those meters deployed within the system that we could disconnect remotely. So what we have done is we have done the analysis and we looked at the customers who tend to come up often on the list. So those are the ones that we would have done the installations and certainly, once there are issues, remotely we disconnect and as time goes by, we are increasing the numbers. It is a little more costly but we are increasing the numbers, so the answer to that question is yes.

Mr. Chairman: I will allow for one more question by each Member as we close. Mrs. Webster-Roy.

Mrs. Webster-Roy: Thank you, Mr. Chairman. So my last question is directly from my constituents. In Tobago East, we have a serious problem where in some areas, we have low voltage and in some areas, we have surges and appliances are lost and there is a reluctance, a perceived reluctance for T&TEC to compensate. What do you intend to do about that?

Mr. Austin: All right, each damaged appliance claim is dealt with on an individual basis and settled accordingly. There is a requirement for installations to be inspected at certain intervals in Trinidad and Tobago and customers do not do that re-inspection. Sometimes they have slack connections in their meter base and things like that. That could cause their own appliances to get damaged. We do not cover for act of God, lightning strikes and things like that could also travel along the system that we have no control off that will damage the people's appliance but we do compensate for damage appliance claim when we find that we are the cause of the customer's damaged appliance.

Mrs. Webster-Roy: In terms of the voltage situation.

Mr. Austin: I will have to investigate that voltage problem.

Mrs. Webster-Roy: Will you get back to me on this?

Mr. Austin: Yes, I know.

Mr. Ramsook: And coming again, the Chairman only sitting here but that was one of the items you have raised, Chairman, with regards to getting the appropriate monitoring tools to go and check these voltages. And we have been getting a lot of complaints. That is another issue that we are looking at very closely. Yes, we are not happy about it at all, at all, at all and certainly we would look at it.

Mrs. Webster-Roy: Especially in Tobago.

Mr. Ramsook: Especially in Tobago, yeah. I give you that assurance and I would certainly record it and look at it again.

Mr. Chairman: Sen. Obika.

Mr. Obika: Thank you, Chair. My question is something that affects persons generally and it is not about if there is a force measure so if there is a natural disaster or anything like that. We know T&TEC will come in and if there are trees that are near to lines after significant periods of rain, et cetera. But under normal circumstances, persons are saying that if they call T&TEC, there is a tree that is by a power line and they want to cut it, T&TEC is advising them that they should cut it but not doing so and telling them they must pay on their own and get someone else to do it. Is this accurate or is this someone—because you know, what could end up happening is persons getting PJs to cut trees that they should have done on the job.

Mr. Ramsook: All right, so I could answer you in twofold. So one, we have had calls where customers have called us about cutting trees and when we have done the investigation, we realize those trees are not a threat to our infrastructure so we do not go and cut at all. All right. We also expect that the customer, if you are planting a tree, that you will do whatever is necessary to keep it clear from the lines and if you have to do the necessary tree trimming to avoid it coming into contact with the lines, certainly that will be the ideal thing, to avoid the trees from coming into contact with the line. However, once we have to respond, there is no charge. Once the tree is a threat to the Commission's infrastructure, there is no charge. So that is definitely our position with regards to that.

Mrs. Gopee-Scoon: What percentage of the population is still without power?

Mr. Ramsook: 1.5 per cent.

Mrs. Gopee-Scoon: And what attention is being given to those areas?

Mr. Ramsook: Right. So together with T&TEC, so we would have had the request from customers, I do not know, you would have seen the one in Plum Road. That one, in particular, though, in Plum Road, we did give them a cost in 2016 but they did not pay the cost. You know we are guided by the Regulator and guidance in terms of giving cost to customers and so on. And so we have done that, we have complied with our requirements but unfortunately, they did not come forward and make any payments so the job remains outstanding.

But on the whole, wherever possible, I know there is twofold. There is the option of the electrification programme that the Ministry offers. There is a means test. The Ministry will probably guide you on the means test for customers who really cannot afford. I can tell you and where I sit there, I have seen a lot of correspondence coming from the Ministry of Public Utilities where they have been giving approvals. But like anything else, I am sure they are looking at the means test and they are looking at whether in fact the people are capable of funding the job and so on. So that definitely is a factor. I know that the Ministry also have solar project that looks at these areas.

So, Madam Minister, there are areas where you have very remote locations where to get to some of the customers is quite costly. Some of the locations could take you as much as 30, 40, 50 poles and there is a cost. Well, I mean, today's discussion, majority of it is on cost, right, and there is a formula and a mechanism that we work out in terms of charging the customers and we do comply.

Mr. Henry: Just quickly, it may not be your call but what is to become of that building on Wrightson Road there, the plant that is discontinued?

Mr. Ramsook: Right. So we have twofold. We have constructed a building on 35 Wrightson Road and our field staff is in that location. At the building adjacent to PowerGen that we occupy which is the administrative building, we have been looking at a number of options. The manager of the north seems to be convinced that the best option is Benbow Road to start the construction of a building. We are behind with that so I would probably have to bend my head in a little bit of shame with regard to that but certainly, we have to move forward with that project.

Mr. Chairman: Sen. Ramkissoon.

Miss Ramkissoon: Thank you, Mr. Chair. In relation to the procurement procedures, there is procurement without tender and I want to know if this is a rare practice and how many projects are under this? Because there is under 18.1.3, Services and Supplies Retained on Contracts, and there is a list and this could go to more than $1 million.

Mr. Ramsook: Right, so we have a pre-qualification process and so we advertise and we have a number of—so this is publicly advertised and not only once. On a number of occasions, we would have publicly advertised our pre-qualifications and we have brought in. Am I going correct?

Miss Ramkissoon: No, you are not.

Mr. Ramsook: Right, help me out a little bit. My apologies.

Miss Ramkissoon: This is under procurement without tender, this method is used when contracts have been awarded, and services have been retained by the board. It is not cost-effective to be tendered and it is for a relatively short, but the thing is it can go up to $5 million but the board has to approve it, and there are other things that have long-term contracts too that can go over $1 million which the General Manager needs to direct. So this is what I am asking. How many projects follow this method of procurement without tender?

Mr. Ramsook: Right. So I would say without tender, you would probably have about 5 per cent, 5 per cent that follow the process. And yes, it is a necessary item also because what you have is direct supplier. Sometimes you buy a particular equipment from GE or from ABB, right, so you have a part that you have to replace, you go directly to the supplier. So there is a direct process that engages our attention, the tendering procedure clearly identifies that process. But of course, it is avoided wherever necessary, we avoid it. Wherever we could go public, that is our standard process, public engagement of our tenders but we have had situations where we have had to go with direct particulars.

Miss Ramkissoon: Mr. Ramsook, with all due respect, you are a little bit off.

Mr. Ramsook: That is why—I am trying to get.

Miss Ramkissoon: Because in contracts, it is on fuel, bulk power, leases, legal fees, medical fees, telephone bills, advertising, transport service, gasoline, cleaning offices, employee benefits and loans. All of these are under this section Procurement without Tender. So this is what I am asking. What kind of cost are we looking at? Because if you say it is 5 per cent of the project, what kind of cost are you looking at?

Mr. Ramsook: Right, in terms of cost and in terms of figures, I would put it in the region—it could be in the region of, let us say in the case of fuel which is one of the major factors whenever we have to deal with Cove in Tobago, I would put it in the region of about 30 to $50 million. It could be in that region.

Miss Ramkissoon: Maybe I think I need to see—well, is this for one contractor or how many projects are you looking at, $30 million?

Mr. Ramsook: So take, for example, fuel, we go to the national NP and we purchase fuel directly for the Cove power station. Remember that there is an alternative fuel there, diesel. So whenever there are issues with the gas, we purchase diesel directly from national.

Miss Ramkissoon: Would you be able to share this with the Committee?

Mr. Ramsook: Oh, certainly. Yes, certainly.

Mr. Chairman: Okay. So anything you promise to the Committee, please make sure and comply in writing.

Mr. Ramsook: I have taken notes, Sir, yes.

Mr. Chairman: On the issue of overtime, I just want a quick response. You said T&TEC was a 24-hour operation and you have a daytime staff deployed, a daylight staff deployed.

Mr. Ramsook: Yes, Sir.

Mr. Chairman: Is it not possible to manage your field—the people in your employ who are not administrative, they are involved the field work. Is it not possible to manage these people by assignments to shifts that would then change the overtime requirement in a 24-hour cycle?

Mr. Ramsook: Yes, Sir. So we have our entire cable department is on shift; our entire emergency section is on shift. We have a number of utility crews on shift and we have our street lighting crews on shift. But we are looking closely at other crews—

Mr. Chairman: No, so what costs the overtime then?

Mr. Ramsook: Right, so you would have overtime if you have to deploy—take for example, an emergency crew or you have outages, you may have three crews registered to work in a particular shift but the volume of work is now exceeding the—

Mr. Chairman: Is more than your—right.

Mr. Ramsook: That is right and therefore, you have to call out crews. As I said, there were four occasions during that month when we had the major flooding but we moved in there, we did what we had to do and we move in there wherever we could. You would have noticed also we bought these trailer mobile substations, wherever possible we use them to avoid where we could put on supply and then go back the next day and do whatever work.

But the point is, even though you have your crews, you may have to call out crews because they are on shift. So you may have to call out additional crews given the volume of work. And what we also do is that there may be some area affected more than others so we move crews from one area to the other and then you may have a crew working seven to three but because of where they are, they may either be in Toco or in some other area, you have to continue them because the workload, you have no choice because you have continue with them to get the job completed because they would have started the process and so on and to actually deploy another crew would not make sense in some of the cases.

Mr. Chairman: All right. And final question. I mean you outlined some of the problems, the challenges and how you are trying to address them. But where are the creative opportunities that you see? Is there any?

Mr. Ramsook: As I said, in terms of making changes, my biggest creative opportunity is that issue with the driver.

Mr. Chairman: This?

Mr. Ramsook: The driver, the issue with the driver. If I can achieve that, Sir, and as I said, it is a win-win situation throughout. If I could achieve that, I can make an additional hundred crews, two-man crews or—you know, while I am here and we are talking cost, I know the population—two issues that the population has been complaining about in a big way: street lighting. They have been coming at me with street lighting and I feel badly about it.

And the other issue is the call centre. We have done something about the call centre. We have introduced an app. We have a total of—nearly 5,000 people have already downloaded the app. So people are starting to use the app. So we have made changes with the call centre so that has started to create an improvement so that is one. If can do that and I can get that aspect of things going, fine.

Then the issue of productivity, convincing my employees to make sure at least they get out on the job site early o'clock. Get on the jobsite, actually get the productive work done. Then the issue of absenteeism. I am saying it is a concern that I have. We are doing something about it, we are doing something very serious about it and in the coming months, when I looked at my list of employees with extended sick leave, it would have crossed about 100 or—300 extended sick leave, Chairman. That is not good at all. Not good at all, at all, at all.

Mr. Chairman: Can you get the cooperation of unions in this matter?

Mr. Ramsook: Yes, we are having dialogue with them. They are in a committee involved with productivity so they are working with us. But like anything else, at the end of the day, management has to do whatever is necessary. Certainly the union is an equally important partner and we are making every effort, but as we are saying—now it is not as if it is happening now eh. We have been doing these things over and over and trying our best to see how we could achieve some of these issues. We also get judgments, we have no choice, we have to comply and we respect the view of those judgments, but we are not stopping. But it is a concern, I want to say that, I do not want you to think that I am here to say everything is nice and good, it is not and we are certainly making every effort.

Mr. Chairman: All right. Well, thank you very, very much. I want to thank you for your full participation and cooperation, we appreciate that very much. I think I can speak on behalf of the Committee to say that I felt we got full and complete answers to the things that we asked. You have some commitments to us in terms of questions to be answered, please do that. If there are any other questions that members ask that we might like to probe, I did not raise half of the questions that I had on my list because some of the issues came out and I did not want to just pursue them for the sake of asking the question. But there may be other questions that members have which we may write to you and ask for submissions on.

We want to thank you very, very much for your cooperation this morning and for making the information available to the public. At the end of the day, remember all Government's money is really the citizens' money, taxpayers' money, and the citizens demand a service, they demand reliable service. They want electricity. It is as essential as water today. It supports everything that people do and therefore, this is a truly, essential service and people want to know that the company is being efficiently and effectively run, that workers are productive, that they are going to get service. They are going to have support when things go wrong, like when they do not have electricity or when there is a problem and for that reason, we are happy that the answers that you shared would now be available to the public and they would know what is happening in T&TEC which is their institution as much as ours. Thank you very, very much.

Mr. Ramsook: Thank you very much, Sir. Appreciative for everything. Miss Ramkissoon, my apologies, I assure you I will get all the responses to you.

Mr. Chairman: So this meeting is adjourned. Thank you.

12.31 p.m.: *Meeting adjourned.*