



9th REPORT OF THE

JOINT SELECT COMMITTEE ON

STATE ENTERPRISES

on

An inquiry into the operations of Evolving TecKnologies and Enterprise Development Company Limited (e Teck), and to determine its effectiveness in fulfilling its mandate to make suitable real estate available to qualified tenants, developers and operators in a commercially viable manner.

June, 2018

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The Joint Select Committee on State Enterprises

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Joint Select Committee on State Enterprises

An inquiry into the operations of Evolving TecKnologies and Enterprise Development Company Limited (e Teck), and to determine its effectiveness in fulfilling its mandate to make suitable real estate available to qualified tenants, developers and operators in a commercially viable manner.

Ninth Report 2017/2018 Session, Eleventh Parliament

Report, together with Minutes

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The Joint Select Committee on State Enterprises

Establishment

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

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

Current Membership

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

Mr. David Small

Dr. Lester Henry

Mrs. Cherrie-Ann Crichlow-Cockburn

Mr. Wade Mark

Mr. Fazal Karim

Brig. Gen. (Ret.) Ancil Antoine

Mr. Adrian Leonce

Mr. Ronald Huggins

Powers

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

Secretarial Support

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

Contacts

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

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General Findings

During the inquiry, the Committee made the following findings on e Teck:

1. e Teck manages nineteen (19) Business Parks and two (2) hotel assets;
2. The overall performance of the parks and the Hilton Hotel asset have been profitable, though possibly not optimal. However, the losses from the Tamana InTech Park and the Magdalena Grand Beach and Golf Resort have completely undermined these gains;
3. The Magdalena Grand has been operating at a loss since it opened in 2012;
4. The following challenges undermine the achievement of e Teck's mandate:
 - i. Cessation of PSIP funding allocations for e Teck's Industrial Parks (under PSIP Q276), Tamana InTech Park as well as for the Magdalena Grand;
 - ii. Unfavourable economic conditions having an adverse effect e Teck's returns from its assets:
 - a. Revenue from Hilton Hotel operations;
 - b. Insufficient revenue from the Magdalena Grand Beach and Golf Resort operations; and
 - c. Both land and factory building tenants
 - iii. Marketing and Tenanting of the Tamana InTech Park;
 - iv. Impending sale of assets;
 - v. Increasing aged debt portfolio;
 - vi. Collection of outstanding arrears;
 - vii. Portfolio of aged (99-year) leases, many with no rent review and/or service fee provisions; and
 - viii. Acquisition of head leases for state lands vested in e Teck in a timely manner.

5. In order to address the primary challenges listed above, e TeCK has developed a Strategic Plan (2018-2022) that will focus on eight (8) Strategic Initiatives:
 - i. Customer care and management;
 - ii. Financial self-sufficiency;
 - iii. Hotel asset optimization;
 - iv. Industrial/Business park assets optimization;
 - v. Real estate asset development;
 - vi. People development;
 - vii. Stakeholder management; and
 - viii. Technology improvement.

6. Additionally, in the past three (3) years, e TeCK has done the following to eliminate wastage and duplication:
 - i. The consolidation of the Facilities Maintenance and Industrial Parks Maintenance functions into one department;
 - ii. Budgeting process focused on critical works to address HSSE issues and enhanced revenue for hotel assets;
 - iii. Some staff vacancies were deferred and priority given to most critical positions;
 - iv. Relocation of the e TeCK Head Office to Flagship Complex Tamana InTech Park;
 - v. In house Legal handling of matters e.g. preparation and execution of Leases, Court appearances;
 - vi. Use of in house Technical experts as opposed to Consultants e.g. Financial Audits, preparation of Strategic Plan, construction supervision, debt recovery; and
 - vii. Use of value for money based approach in Tendering process.

7. e TeCK's main achievements for Fiscal 2016/2017 were:
 - i. Develop New Economic Zones/Parks:

- a. Obtained all statutory approvals for the Point Fortin Light Industrial Park.
 - b. Commenced design works (master plan) for the development of the Moruga Agro-Processing & Light Industrial Park. Engaged the Urban Development Corporation of Trinidad and Tobago (UDeCOTT) as the Project Manager.
- ii. Tamana InTech Park:
 - a. Completed roof repair works to south side, south block of Flagship Building
 - b. Completed assessment of the works and costs required for the completion of the Alutech facility
- iii. Industrial Parks Infrastructure:
 - a. New signage installed at the entrance to all Industrial Parks.
 - b. Completed road repair works at the following Industrial Parks: Biljah, Harmony Hall, Morvant, Sea Lots, and Trincity. Completed paving of the driveway at Milford.
 - c. Completed drain repair works at Biljah, Harmony Hall and Plaisance Park Industrial Parks.
 - d. Installed wire-wall fence at the back of Pt. Lisas Industrial Park.
- iv. Hotel Assets:
 - a. Developed and issued RFP to hire consultant who will assist the Cabinet appointed steering committee in seeking a long term Operator or Brand Manager for the Magdalena Grand Hotel & Golf Resort;
 - b. Developed and issued an RFP for procurement of an operator for the Hotel located at the National Academy for the Performing Arts (NAPA) on behalf of the MTI;
 - c. Completed upgrade of the fire alarm system the Magdalena Grand Hotel – new system installed, commissioned and fully functional;
 - d. Completed major repair works to Chillers and Cooling Towers at the Magdalena Grand Hotel;

- e. Tendered and subsequently engaged a consultant for the Design Services and Detailed Costing for the Construction of Beach and Coastal Protection Works, including a Breakwater;
- f. Installation of Demountable Walls in the Ballroom of the Hilton Trinidad Hotel and Conference Centre was completed;
- g. Design work completed for the Upgrade to Pool and Deck Works at the Hilton Trinidad; construction works ongoing.

v. Other:

- a. Completed consolidated audited financial statements for 2015 and 2016;
- b. Completed draft of new Strategic Plan;
- c. Review and re-organisation of company's Organisational Structure;
- d. Administrative and legal work with respect to arrears, tenants on hold and leases;
- e. Increased revenue through aggressive debt collection and finalization of leases.

8. In support of the achievement of the Government's policy objectives, as outlined by the Ministry of Trade and Industry, e TecK's focus over the next five (5) years will be:

- i. Completing and fully operationalizing Phase I of the Tamana InTech Park;
- ii. Providing necessary support to invesTT as it seeks to market and tenant TIP as per Cabinet's directive;
- iii. Collaborate with the MTI, invesTT and other ministries, state agencies/bodies for the provision of infrastructure and technical assistance to local and foreign investors to ensure the businesses have the right tools to operate successfully;
- iv. Upgrade of all existing industrial estates/parks;
- v. Establish new parks/economic zones for Agro-Processing, Mixed Use and Industrial Parks in designated new growth areas throughout Trinidad and Tobago;
- vi. Operationalize the Point Fortin Business Park;

- vii. Advocate for State lands and other investment necessities for commercial development; and
- viii. Conduct capital works on State-Owned Hotels.

Summary of Recommendations

The following is a summary of the recommendations proposed by the Committee:

1. In light of the financial vagaries of the 99-year lease arrangements, e TecK should engage in dialogue with clients to renegotiate the terms of these lease agreements so that they become more relevant to the current economic context as well as take account of the ever increasing value of land assets;
2. As an outcome of this dialogue, e TecK should seek to make all of the existing 99 year leases non-assignable thereby preventing existing tenants from assigning to other parties without first engaging with e TecK either on a new contract with a shorter period or, if continued, on terms and conditions that reflect current and forecast market conditions;
3. Despite the profitability of the majority of eTecK's Industrial Parks, e TecK should ensure that its current rental rates across all Industrial Parks are economically viable and allow for market-based adjustments, so as to maximise profits;
4. In light of the challenges being faced with the profitability of the Magdalena Grand Hotel, e TecK should endeavor, as soon as possible, to complete negotiations for a new hotel management firm, with more favourable contractual terms that allow for optimal risk sharing between e TecK and the management firm;
5. Additionally, a careful analysis should be conducted on the constituent parts that make up Magdalena's Operating Costs so as to identify measures that may be taken to contain same;

6. Despite the profitability of the Hilton Hotel asset, e TecK should, via comparative and other analyses, review the contractual arrangement between Hilton and e TecK to ensure that the existing terms of the arrangement are equitable to both parties ; and
7. Collaboration geared towards the optimal tenanting of the Tamana InTech Park must be a key area of emphasis to ensure that the asset begins to provide a reasonable and steady return on the significant investment made in its establishment;
8. E TecK should ensure that it conducts a regular review of the REVPAR (Revenue Per Available Room) for their hotel assets to assess their performance against other hotels in the same group (Hilton) and other similar regional hotels (Magdalena Grand);
9. E TecK should embark upon a detailed analysis of the operating costs of the Magdalena Grand in order to ensure that the operation model chosen places sufficient emphasis on keeping costs firmly under control;
10. In addition, given the excellent cost management seen from the Hilton Trinidad operation, e TecK should analyses whether there are any lessons learnt that can be applied to the Magdalena Grand;
11. In relation to the work conducted by CBRE when assessing the prospects for the Magdalena Grand, e TecK should ensure that there is full and proper engagement of Tobago stakeholders given the initial options placed on the table by the consultant; and
12. E TecK should consider placing a register online of all of its existing acreages listing the location, sizes, term of the lease and whether available or occupied so as to make public the real state of tenancy of its holdings.

Report Summary

This report examines the operations of Evolving TecKnologies and Enterprise Development Company Limited (e TecK) with the objective of determining its effectiveness at:

- i. fulfilling its mandate to make suitable real estate available to qualified tenants, developers and operators in a commercially viable manner; and
- ii. supporting the policy objectives of the Ministry of Trade and Industry.

Recommendations are proposed by the Joint Select Committee on State Enterprises which are intended to improve the efficiency and effectiveness of the operations of e TecK in order to drive the company towards optimal profitability.

CHAPTER 1

2 Introduction

2.1 Entity profile:

1. e TecK is a fully State-Owned Company (100% GORTT) established by the Companies Act, Chapter 81:01.
2. e TecK reviewed and revised its strategic direction in October 2011 and launched a 15-year Strategic Plan (2012-2027) to better align to the Ministry of Trade and Industry overall goal for diversification *“to drive the non-energy sectors for the sustainable long-term growth and development of diversified and knowledge-based economy that contributes to the creation of high quality jobs.”*¹
3. In April 2013, Cabinet approved the rationalization of e TecK's functions and operations giving e TecK the responsibility of achieving the following visionary mandates:
 - i. Develop new modern economic zones through, inter-alia, public private partnerships that can expand and diversify Trinidad and Tobago's economic base;
 - ii. Improve the infrastructure and operations of existing economic zones/industrial parks;
 - iii. Optimize existing industrial parks on a commercial basis; and
 - iv. Manage the assets of the Hilton Trinidad and Conference Centre and Magdalena Grand Beach Resort in Tobago.
4. According to information on the e TecK website, the following services are offered by the Company:
 - i. Lease Administration;
 - ii. Tenants Relations/Engagement;
 - iii. Commercialization of Assets; and
 - iv. Maintenance of Parks.

¹ E TecK Company Profile, <http://eTecK.co.tt/index.php/company-profile/> Accessed February 23, 2018

Mission:

5. To grow Trinidad & Tobago's Non-Oil & Gas sectors significantly and sustainably.

Vision:

6. To be the #1 ranked Investment Promotion Agency in the Americas and Caribbean leading the creation of a sustainable diversified economy

Industrial Park Locations²

Abattoir, Port of Spain	Biljah Industrial Park	Chase Village Industrial Park
Diamond Vale Industrial Park	East Dry River Industrial Park	Frederick Settlement Harmony Hall Industrial Park
Macoya Industrial Park	Milford Industrial Park	Morvant Industrial Park
O'Meara Industrial Park	Plaisance Industrial Park	Point Fortin Industrial Park
Point Lisas Industrial Park	Sea Lots Industrial Park	Tamana InTech Park
Trincity Industrial Park		

2.2 Significance of the Non-Energy Sector to Trinidad and Tobago

1. According to the Central Bank of Trinidad and Tobago (CBTT) Annual Report, 2016, “*Revised estimates from the Ministry of Finance for Fiscal Year (FY) 2015/16 show that the Central Government accounts registered a deficit of TT\$7.3 billion (5.0 per cent of GDP), compared with an initially budgeted deficit of TT\$2.8 billion and a FY 2014/15 deficit outturn of TT\$2.7 billion. Government revenue remained considerably constrained due to the persistent slump in the international energy market coupled with lower domestic energy production.*”³

² Park Directory <http://e.Teckparks.com/index.php/park-directory/> Accessed February 24, 2018

³ CENTRAL BANK OF TRINIDAD AND TOBAGO ANNUAL REPORT 2016, https://www.central-bank.org.tt/sites/default/files/reports/CBTT%20Annual%20Report%20%202016_OPTIMIZED.pdf Accessed February 22, 2018 pp3

2. This reality underscores the need for aggressive diversification of the economy of Trinidad and Tobago away from a dependence on the Energy Sector.
3. Table 1 below shows Annual Output Data gathered by the CBTT for the Non-Petroleum industry from 2005 – 2016.

Table 1

<u>Date</u>	<u>GDP at Market Prices - Non Petroleum (TT\$ Mn)⁴</u>
2016	\$112,093.00
2015	\$112,313.00
2014	\$109,888.00
2013	\$105,484.00
2012	\$95,632.70
2011	\$90,806.70
2010	\$84,749.90
2009	\$79,628.10
2008	\$85,344.60
2007	\$74,660.90
2006	\$60,767.20
2005	\$54,372.70

4. Despite the improvement in output over the period, the CBTT reports that *“The subdued performance of the energy sector was accompanied by declines in non-energy output. Production indicators monitored by the Central Bank indicate that all sub-sectors of non-energy activity with the exception of the finance and agriculture sub-sectors declined.⁵”*

⁴ Central Bank of Trinidad and Tobago GDP Output Data, <https://www.central-bank.org.tt/statistics/data-centre/output-annual> Accessed February 22, 2018

⁵ Central Bank of Trinidad and Tobago 2016 ANNUAL ECONOMIC SURVEY, <https://www.central-bank.org.tt/sites/default/files/reports/Annual%20Economic%20Survey%202016.pdf> Accessed February 22, 2018

5. The Ministry of Trade and Industry in its Special Economic Zone Policy for Trinidad and Tobago has outlined the following Policy Objectives⁶

Policy Objectives

6. The general objective of the Special Economic Zones Policy for Trinidad and Tobago is to modernize and strengthen the existing regulatory framework governing free zones, taking into account the progression of free zones worldwide, international best practices, and the unique national circumstances and developmental agenda of the GORTT. The specific objectives of the Trinidad and Tobago SEZ Policy are:
 - i. to develop a new, modern Special Economic Zone Regime;
 - ii. to expand the country's revenue base;
 - iii. to increase and diversify the exports and investments in economic zones;
 - iv. to increase and enhance private sector participation in the economy through inter alia SEZ development and operations;
 - v. to integrate SEZ enterprises with national developmental objectives to facilitate economic development across all regions of the country; and
 - vi. to increase compliance of SEZ operations with local, regional and international standards and laws.

Expected Policy Outcomes

- i. modern regulatory framework for a dynamic and attractive SEZ regime in Trinidad and Tobago;
- ii. increased number of SEZ operators operating in Trinidad and Tobago;
- iii. higher levels in the quality and quantity of investments by domestic and foreign firms in more industry areas; and
- iv. increased private sector participation in zone development and operation.

Role of e TecK

7. There are two types of zones that currently operate in Trinidad and Tobago:
 - i. light industrial parks and

⁶ Ministry of Trade and Industry Special Economic Zones Policy for Trinidad and Tobago <http://tradeind.gov.tt/yachting-policy-trinidad-tobago-2/> Access February 24, 2018

ii. free zones.

8. Industrial Parks are the responsibility of Evolving TecKnologies and Enterprise Development Co. Ltd. (e TecK), which is under the purview of the Ministry of Trade and Industry and encompasses numerous activities such as food processing, bonded warehouse facilities, the manufacture of plastic, steel, electrical, concrete and wood products, steel fabrication, engineering works, construction and maintenance of marine craft, and production of industrial materials and gases, among others.
9. e TecK is charged with developing and managing infrastructure through economic zones/industrial parks to expand and diversify Trinidad and Tobago's economic base.
10. Currently, e TecK owns and manages nineteen industrial parks across Trinidad and Tobago. These include the Tamana InTech Park which is designated for technology firms and sixteen others in Trinidad, and the Milford Industrial Park and the Sangster's Hill Mall in Tobago.
11. The Piarco Aero Park which targets inter alia aviation services, bonded warehouses and other commercial activities is under the purview of the Ministry of Works and Transport. The Cove Eco-Industrial and Business Park is managed by the Eco-Industrial Development Company of Tobago (E-IDCOT) Ltd. under the purview of the Tobago House of Assembly⁷.

2.3 Reported Issues/Challenges Experienced by e TecK

1. A newspaper report in the Daily Express dated January 30, 2018 titled "*Tamana InTech Park cost 'wrong' by \$1b*" raised questions on the occupancy rate at the Tamana InTech Park, as well as the cost of construction.
2. This shines the spotlight on a concern expressed by the Joint Select Committee Appointed to inquire into and report on Government Ministries, Statutory Authorities and State Enterprises (Group 2) in its Tenth Parliament report on e TecK's "*ability to attain a higher tenant occupancy rate at the Tamana Park and other new and upcoming Parks*".

⁷ Ministry of Trade and Industry Special Economic Zones Policy for Trinidad and Tobago
<http://tradeind.gov.tt/yachting-policy-trinidad-tobago-2/> Access February 24, 2018

3. The request was made that in its Ministerial Response, “*e TecK though it line Ministry provide the Parliament with a status update on the operations of the Tamana InTech Park inclusive of its tenant occupancy rate.*” **This Ministerial Response was never received.**

2.4 Previous Inquiries into e TecK.

1. During the Fifth Session of the Tenth Parliament of the Republic of Trinidad and Tobago, the Joint Select Committee Appointed to inquire into and report on Government Ministries, Statutory Authorities and State Enterprises (Group 2) conducted an inquiry into e TecK.
2. The following Key Recommendations were reported:
 - i. *We recommend that the Company, in the Ministerial Response to this Report, provide the Parliament with a status report on the implementation of initiatives set out in its new three-year strategic plan approved by Cabinet.*
 - ii. *A Strategic Plan that spans 15 years must be constantly reviewed and monitored. We noted that the Company has employed a number of mechanisms for monitoring its plans. As such, we recommend that the Company review the efficacy of these monitoring systems to ensure that the information/data is captured accurately and represents the conditions which prevail in the Company.*
 - iii. *Although, there may be some monetary savings to be gained by sharing human resources, we suggest that e TecK and InvesTT should as far as possible have separate human and physical resources.*
 - iv. *The Company’s line Ministry in collaboration with the Company’s Board of Directors must play an active role in ensuring that Audited Financial Statements and Annual Administrative Reports are prepared on time. The preparation of audits must be treated as an urgent and compulsory undertaking.*
 - v. *It is recommended that the Company provide a status report on the operations of its online tenant portal in the Ministerial Response to this report.*
 - vi. *The Committee recommends that in the Ministerial Response to this report, the Company’s line Ministry provide the Parliament with details on the findings of the Forensic Investigation that was spearheaded by the Ministry of the Attorney General.*
 - vii. *We also recommend that the Company introduce an anonymous “whistle blower” system, whereby employee can submit confidential reports about apparent or potential improprieties within the Company’s operations.*

- viii. *Although the Company may not have an appeals procedure at this time, the Company is strongly encouraged to note the recent developments in law regarding public procurement. In particular, Section 49 of the Public Procurement and Disposal and Public Property Act, 2015 (awaiting proclamation) which provides that a contractor may appeal a decision of a procuring entity. As such, we recommend that the Company arrange to review the provisions of this act to ensure that it would be in a state of compliance when the Act is proclaimed.*
- ix. *Perhaps the most direct way an enterprise can become more cost effective is to review and realign its own operations in order that it may function more efficiently and effectively. We recommend that the Company conduct a review of its operation with a view to eliminating elements of wastage and duplication. The Board must exercise more robust oversight of the Company's operations to ensure that they are in sync with its strategic objectives.*
- x. *We recommend that e TecK though it line Ministry provide the Parliament with a status update on the operations of the Tamana InTech Park inclusive of its tenant occupancy rate. The Response should also include updates on ongoing projects under e TecK's purview and details of the conceptualization and pre-planning processes associated with planned projects to be undertaken by e TecK in the short to medium term.*
- xi. *Arguably the Company's most significant challenge is its lack of financial resources and its heavy dependence on the state for assistance. We encourage the Company to collaborate with its line Ministry with a view to developing appropriate strategies for eliminating excessive operating costs and build its revenue earning potential.*
- xii. *The Company's goal of increasing its revenue earnings would depend on the Company's ability to attract tenants/investors to the various Industrial Parks/Estates. As attracting investors is the role of InvesTT, both entities must collaborate effectively to advance their success.*
- xiii. *We also recommend that in its Ministerial Response to this report, the line Ministry provide the Parliament with an update on the following:*
 - a. *efforts to have CAL institute a transfer desk and improve the airlift situation;*
 - b. *the progress made with regards to the Golf Plaisir Programme and its impact on improving the notoriety of the Magdalena Grand.*
- xiv. *We recommend that in the Ministerial Response to this report the Company provide a status report on the progress made in obtaining approval for the "99-year lease"*

arrangements. Finally, if approval has been obtained by Cabinet, the Company should provide information on how the approval has impacted its operations.

- xv. *We recommend that in the Ministerial Response to this report, the Company clearly indicate whether it has found permanent accommodation for its head office. We further recommend that the Company clearly outline the locations of its main offices and Parks on its website for the edification of clientele and the general public.*

3. **It was noted that no Ministerial Response to the abovementioned recommendations was laid.**

4. During the Second Session of the Eleventh Parliament of the Republic of Trinidad and Tobago, the Public Accounts (Enterprises) Committee laid its 1st Report of the PAEC - Examination of Audited Financial Statements of State Enterprises.

5. The following were the recommendations of that Report:

- i. Systems in place to adhere to Policies and Regulations:
 - a. e TecK should conduct quarterly checks to monitor the implementation of the key performance indicators (KPIs) and their progress;
 - b. The development and implementation of a strategic work force plan, identifying expected skill gaps and the resources needed for the successful operation of the organization; and
 - c. e TecK should prepare and report annually on the assessment of its strategic plans and policy initiatives in line with the Ministry of Finance – Investments Division guidelines. This report should be made available to Parliament to strengthen transparency.
- ii. Late Submission of Audited Financial Statements to the Parliament:
 - a. Each subsidiary should prepare separate audited financial statements as a true and fair representation of the state of affairs of the company;
 - b. Based on the measures implemented, e TecK should implement stringent measures to adhere to the stipulated deadlines set in Section 3.1 of the State Enterprises Performance Monitoring Manual which states that audited financial statements must be submitted to Parliament within four (4) months after a company's end of year and

within two (2) months of the mid-year date subject to the approval of the Minister of Finance;

- c. Strengthen the internal controls of the Company to ensure the timely preparation and submission of Statements;
- d. Intensify the monitoring of financial accounts to ensure prompt closure in books; and
- e. Internal auditors should conduct quarterly assessment and prepare a report on the financial and performance activities needed to oversee systems of delivery and manage accountabilities.

iii. Monitoring and Accountability of Major Projects:

- a. Hilton Hotel Trinidad Refurbishment Project and the Tamana Intech Park
- b. Implement robust procedures regarding the budget setting process and clear milestones towards reporting on how delivery to time, cost and quality has improved across projects;
- c. Set clear targets and deadlines for key milestones that must be realistic and transparent;
- d. Put in place plans for monitoring actual cost, effective prioritization and planning innovative projects in phases;
- e. e TecK should carry out a fundamental review of the effectiveness in planning major projects;
- f. e TecK should put in place accountability measures for major projects to avoid costly overruns;
- g. Implement tighter planning, costing and cost control throughout the organization; and
- h. Submit a proposal for controlling future costs and liabilities associated with these projects.

iv. Management of the Magdalena Grand Hotel Tobago

- a. The operator at the hotel needs to provide a coherent strategic vision and stronger leadership to ensure that the investment decisions it makes now do not result in increased costs in the long term;
- b. e TecK should prepare quarterly assessments of policy initiatives where there are concerns of feasibility and value for money. This assessment should be made available to the Ministry of Finance- Investments Division and Parliament to strengthen transparency and accountability;

- c. The Ministry of Tourism in collaboration with e TecK and THA should set out specific steps with deadlines and key milestones to develop tourism in Tobago, increase flight or airlift to Tobago especially during the peak periods;
- d. An assessment should be performed to ascertain whether to keep the Magdalena Grand Hotel in Tobago or to allow international entities to bid on the property. Through the international intervention, the hotel will also be transformed to international standard and it may also act as free advertising for Tobago which can also in turn increase tourist arrivals.
- v. Requisite Skills of Finance Personnel
 - a. e TecK should established regular reviews of the needs of its workers and put in place realistic targets for the skills required for specialist functions; and
 - b. Implement a strategic workforce plan, identifying expected skill gaps and other resource needs and how it will-be filled (including consultants and temporary staff).

6. **Ministerial Response by e TecK to the First Report of the Public Accounts (Enterprises) Committee is at Appendix I**

2.5 Suggested Rationale for the Inquiry

1. Given the forgoing and taking into account the following:
 - i. The company is 100% State-owned;
 - ii. In the wake of suppressed oil and gas prices, the economy is in dire need of cost effective strategies for developing a robust Non-Energy Sector;
 - iii. It is unclear whether e TecK is poised to support the achievement of the Government’s policy objectives as outlined by the Ministry of Trade and Industry; and
 - iv. It is unclear to what extent e TecK is achieving its mandate to make suitable real estate available to qualified tenants, developers and operators in a commercially viable manner.
2. An inquiry into this entity seemed appropriate.

2.6 Objectives of the Inquiry

1. To determine whether e Teck is achieving its mandate to make suitable real estate available to qualified tenants, developers and operators in a commercially viable manner.
2. To determine whether e Teck is poised to support the achievement of the Government's policy objectives as outlined by the Ministry of Trade and Industry.
3. To ensure that measures to boost and increase transparency and accountability are being implemented.
4. To determine progress made by e Teck in the implementation of recommendations made during previous inquiries into its operations by parliamentary Committees.

2.7 Conduct of the Inquiry

1. At its 24th Meeting held on Monday January 29, 2018 the Committee agreed to conduct an inquiry into e Teck.
2. On March 12, 2018 a public hearing was held with representatives of the e Teck, and the Ministry of Trade and Industry, at which time the Committee questioned the officials on the various matters in connection with the inquiry objectives set out.

3. **Officials of the Evolving TecKnologies and Enterprise Development Company Limited (e Teck)**

Mr. Imtiaz Ahamad	Chairman
Ms. Maureen Singh	President (Ag.)
Ms. Solange Henry	Assistant VP, Finance
Mr. Hayden Alfred	Manager, Financial Performance
Mr. Daniel Duncan	Manager, Capital Projects

4. **Officials of the Ministry of Trade & Industry (MTI)**

Ms. Frances Seignoret	Permanent Secretary (Ag.)
Mr. Randall Karim	Director, Policy & Strategy
Mr. Dennis Scott	Manager Alliances

5. Prior to the public hearing, a request for information on the general objectives of the inquiry was sent to e TecK on March 02, 2018, and in response, written submissions were received dated March 09, 2018. These responses provided a frame of reference for the questions posed during the hearing.
6. The Committee determined that a second (2nd) hearing would be necessary to further examine the inquiry objectives. The Committee proffered supplementary questions for written responses to be obtained from e TecK dated March 19, 2018. These responses were received dated March 23, 2018.
7. On April 09, 2018 a second (2nd) public hearing was held with representatives of the e TecK and the Ministry of Trade and Industry.
8. **Officials – Evolving Tecknologies and Enterprise Development Company Limited (eTecK)**

Mr. Imtiaz Ahamad	Chairman
Mr. Steve De Las	President
Ms. Maureen Singh	Vice President, Corporate Service
Mr. Ian Fletcher	Vice President, Real Estate Assets
Ms. Solange Henry	Assistant Vice President, Finance
Mr. Daniel Duncan	Manager, Capital Projects
Mr. David Cockburn	Manager, Special Projects

9. **Official – Ministry of Trade and Industry**

Ms. Frances Seignoret	Permanent Secretary (Ag.)
Mr. Randall Karim	Director, Policy & Strategy
Mr. Dennis Scott	Manager Alliances

10. During the public hearing the Committee proffered supplementary questions for written response. These responses were received from the e TecK and the Ministry of Trade and Industry.
11. The Minutes of the Meeting during which the public hearing was held are attached as **Appendix I** and the Verbatim Notes as **Appendix II**.

CHAPTER 2

3 Key Issues, Findings and Recommendations

Objective 1. To determine whether e TecK is achieving its mandate to make suitable real estate available to qualified tenants, developers and operators in a commercially viable manner.

1. e TecK manages nineteen (19) Business Parks and two (2) hotel assets.
2. Based on submissions dated March 09, 2018, the overall performance of the parks and the Hilton Hotel asset have been profitable, though not optimal. However, the losses from the Tamana InTech Park and the Magdalena Grand Beach and Golf Resort have completely undermined these gains. In fact, the Committee learned that the Magdalena Grand has been operating at a loss since it opened in 2012.
3. Submissions dated March 09, 2018 also listed the following challenges that undermine the achievement of e TecK's mandate:
 - i. Cessation of PSIP funding allocations for e TecK's Industrial Parks (under PSIP Q276), Tamana InTech Park as well as for the Magdalena Grand;
 - ii. Unfavourable economic conditions having an adverse effect e TecK's returns from its assets:
 - a. Revenue from Hilton Hotel operations;
 - b. Insufficient revenue from the Magdalena Grand Beach and Golf Resort operations; and
 - c. Both land and factory building tenants
 - iii. Marketing and Tenanting of the Tamana InTech Park;
 - iv. Impending sale of assets;
 - v. Increasing aged debt portfolio;
 - vi. Collection of outstanding arrears;

- vii. Portfolio of aged leases, many with no rent review and/or service fee provisions; and
- viii. Acquisition of head leases for state lands vested in e Teck in a timely manner.

4. In order to address the primary challenges listed above, e Teck has developed a Strategic Plan (2018-2022) that will focus on eight (8) Strategic Initiatives:

- i. Customer care and management;
- ii. Financial self-sufficiency;
- iii. Hotel asset optimization;
- iv. Industrial/Business park assets optimization;
- v. Real estate asset development;
- vi. People development;
- vii. Stakeholder management; and
- viii. Technology improvement.

5. Additionally, in the past three (3) years, e Teck has done the following to eliminate wastage and duplication:

- i. The consolidation of the Facilities Maintenance and Industrial Parks Maintenance functions into one department;
- ii. Budgeting process focused on critical works to address HSSE issues and enhanced revenue for hotel assets;
- iii. Some staff vacancies were deferred and priority given to most critical positions;
- iv. Relocation of the e Teck Head Office to the Flagship Complex, Tamana InTech Park;
- v. In house Legal handling of matters e.g. preparation and execution of Leases, Court appearances;
- vi. Use of in house Technical experts as opposed to Consultants e.g. Financial Audits, preparation of Strategic Plan, construction supervision, debt recovery; and

- vii. Use of value for money based approach in Tendering process.

99-year Lease Arrangements

6. At the 17th meeting of the e Teck's Real Estate Committee held on 4 February 2016, the Committee advised that tenants who applied for the 99 year lease, but to whom no Letters of offer were issued, should be advised that the 99 year lease option was under review and on hold. A further decision was made for e Teck to stop issuing the 99 year leases due to the unsustainability of such leases.
7. Prior to this decision, Letters of Offer had already been made to three (3) tenants, therefore e Teck proceeded with those transactions. However, the covenants in the new form of lease were more stringent as follow:
 - i. all new forms of the lease have the provision for remittance of service charges by the tenant; and
 - ii. tenants cannot assign the property prior to the tenth anniversary of the commencement of the term of the lease.
8. This and other measures sought to allow e Teck to standardize its leases and eventually arrive at a position where all tenants will subsist under leases with the same terms and conditions to make for easier management of the portfolio.

Magdalena Hotel Asset

9. The Cabinet of Trinidad and Tobago appointed a Steering Committee comprising the Ministry of Finance, the Ministry of Tourism and the Tobago House of Assembly, to act together in order to take measures to secure a reputable internationally recognized brand Manager or Partner to handle the management and operational issues of the Magdalena Grand Beach and Golf Resort for a period of ten (10) or more years.
10. In April 2016, e Teck, as the parent organisation of the Magdalena Grand, was invited by the Ministry of Finance to sit on this committee. In July 2017 e Teck issued a Request

For Proposal seeking Consultancy Services for the Recruitment of an Internationally Recognized Brand Manager or Partner for the Magdalena Grand Hotel.

11. In October 2017 a contract for consultancy services was awarded to CBRE Hotels/CBRE Limited Valuation & Advisory Services (formerly PKF Canada). Commencement of Works of CBRE started on November 2, 2017. The duration of the contract is one year.
12. Over the period January 14 to 20, 2018, CBRE personnel visited Trinidad and Tobago to conduct an assessment of the physical state and performance of the Magdalena Grand Hotel, as well as, conduct various key stakeholder meetings in order to determine current market conditions in Tobago. CBRE submitted a draft Phase 1 Interim Report which was provided to members of the Steering Committee for their review and commenting. A meeting was confirmed between CBRE and the steering committee for Friday March 23rd, 2018 where CBRE's representatives presented the interim report and recommendations with the aim of confirming the next steps of the exercise.
13. Concurrently with the exercise of acquiring an operator for the hotel, efmHospitality Solutions continues to manage the hotel.
14. The Committee acknowledges the efforts being made to transform the performance of the Magdalena Grand Hotel. An observation made however was that the Operating Costs for the Magdalena Grand were uneconomically high, particularly in light of the low occupancy rates at the hotel.

Tamana InTech Park

15. Tenanting of the Tamana InTech Park persists as a challenge for e Teck and InvesTT.
16. According to oral submission dated March 12, 2018, *"if we were to get Tamana InTech Park tenanted and improve the performance of the (Magdalena Grand) hotel, the numbers would improve drastically."*

17. According to oral submission dated March 12, 2018, at the Tamana InTech Park, *“There are 21 fully-developed land sites... There is a 130,000- square-foot building...(with) just about 30,000 square feet in that building to be tenanted. Of the 21 land lots that are available, there are two very strong leads”*
18. *InvesTT has been Cabinet mandated to market and tenant TIP... there is a memorandum of understanding between e Teck and invesTT. The real estate department of e Teck and the sales team at invesTT meet once every two weeks and the two Presidents meet once per month.*
19. *e Teck hopes ... by the end of the year to be somewhere close to probably between five and seven more tenants, based on the pipeline that exists between invesTT and e Teck*
20. The Committee learned that in 2017 the Ministry of Trade and Industry, through its partner institution the Ministry of Planning and Development, engaged the IDB to look closely at the Tamana InTech Park, and to gauge how to optimize the use of the asset. Useful feedback was received on the type of interest that should be pursued and the Ministry is working with invesTT, as well as the Ministry of Planning and Development to pursue such optimization.

Sale of Assets

21. According to written submissions dated May 15, 2018, the *“sale of 50% of the industrial estates of e Teck to generate approximately \$500Mn was announced in the Fiscal 2017 Budget Statement and approved by Cabinet in September, 2016.”*
22. The assets to be sold include five (5) undeveloped estates along with the Duncan Street Complex and the East Dry River Industrial Park.

Recommendations

23. In light of the financial obsolescence of the 99-year lease arrangements, e TecK should engage in dialogue with clients to renegotiate the terms of these lease agreements so that they become more relevant to the current economic context.
24. In light of the challenges being faced with the profitability of the Magdalena Grand Hotel, e TecK should endeavor, as soon as possible, to complete negotiations for a new hotel management firm, with more favourable contractual terms that allow for risk sharing between e TecK and the management firm.
25. Additionally, a careful analysis should be conducted on the constituent parts that make up Magdalena's Operating Costs so as to identify measures that may be taken to contain same.
26. Finally, collaboration geared towards the optimal tenanting of the Tamana InTech Park must be a key area of emphasis to ensure that the burden that the asset places on e TecK's profitability is lifted.

Objective 2: To determine whether e TecK is poised to support the achievement of the Government's policy objectives as outlined by the Ministry of Trade and Industry.

27. According to submissions dated March 09, 2018, e TecK's main achievements for Fiscal 2016/2017 were:
 - i. Develop New Economic Zones/Parks:
 - a. Obtained all statutory approvals for the Point Fortin Light Industrial Park.
 - b. Commenced design works (master plan) for the development of the Moruga Agro-Processing & Light Industrial Park. Engaged the Urban Development Corporation of Trinidad and Tobago (UDeCOTT) as the Project Manager.
 - ii. Tamana InTech Park:

- a. Completed roof repair works to south side, south block of Flagship Building
 - b. Completed assessment of the works and costs required for the completion of the Alutech facility
- iii. Industrial Parks Infrastructure:
 - a. New signage installed at the entrance to all Industrial Parks.
 - b. Completed road repair works at the following Industrial Parks: Biljah, Harmony Hall, Morvant, Sea Lots, and Trincity. Completed paving of the driveway at Milford.
 - c. Completed drain repair works at Biljah, Harmony Hall and Plaisance Park Industrial Parks.
 - d. Installed wire-wall fence at the back of Pt. Lisas Industrial Park.
- iv. Hotel Assets:
 - a. Developed and issued RFP to hire consultant who will assist the Cabinet appointed steering committee in seeking a long term Operator or Brand Manager for the Magdalena Grand Hotel & Golf Resort;
 - b. Developed and issued an RFP for procurement of an operator for the Hotel located at the National Academy for the Performing Arts (NAPA) on behalf of the MTI;
 - c. Completed upgrade of the fire alarm system the Magdalena Grand Hotel – new system installed, commissioned and fully functional;
 - d. Completed major repair works to Chillers and Cooling Towers at the Magdalena Grand Hotel;
 - e. Tendered and subsequently engaged a consultant for the Design Services and Detailed Costing for the Construction of Beach and Coastal Protection Works, including a Breakwater;
 - f. Installation of Demountable Walls in the Ballroom of the Hilton Trinidad Hotel and Conference Centre was completed;
 - g. Design work completed for the Upgrade to Pool and Deck Works at the Hilton Trinidad; construction works ongoing.

v. Other:

- a. Completed consolidated audited financial statements for 2015 and 2016;
- b. Completed draft of new Strategic Plan;
- c. Review and re-organisation of company's Organisation Structure;
- d. Administrative and legal work with respect to arrears, tenants on hold and leases;
- e. Increased revenue through aggressive debt collection and finalization of leases.

28. In support of the achievement of the Government's policy objectives, as outlined by the Ministry of Trade and Industry, e Teck's focus over the next five (5) years will be:

- i. Completing and fully operationalizing Phase I of the Tamana InTech Park;
- ii. Providing necessary support to invesTT as it seeks to market and tenant TIP as per Cabinet's directive;
- iii. Collaborate with the MTI, invesTT and other ministries, state agencies/bodies for the provision of infrastructure and technical assistance to local and foreign investors to ensure the businesses have the right tools to operate successfully;
- iv. Upgrade of all existing industrial estates/parks;
- v. Establish new parks/economic zones for Agro-Processing, Mixed Use and Industrial Parks in designated new growth areas throughout Trinidad and Tobago;
- vi. Operationalize the Point Fortin Business Park;
- vii. Advocate for State lands and other investment necessities for commercial development; and
- viii. Conduct capital works on State-Owned Hotels.

29. e Teck's Main Corporate Targets for 2017-2018:

- i. Responsibility 1: Develop new modern economic zones:

- a. Achieve 75% completion of the Design-Build of Moruga Agro-Processing Light Industrial Park (Project Management Agreement between UDeCOTT and e TecK).
- b. Planned works at Tamana InTech Park:
 - i. Repair of street lighting
 - ii. R&D Facility – Assessment of the works and cost required for the completion of this project was completed in 2017.
- c. Flagship Building
 - i. Cleaning and Sealing of external walls & glazing inclusive of the Utilities Bldg.
 - ii. Glazing works to the Bldg. Link.
 - iii. Repair of leaks to Glazing and Panel to second floor.
 - iv. Replacement of Jointing Roof Joints in the Bldg. Link.
 - v. Restoration works to the rooftop ductwork (HVAC system).
 - vi. Restoration works to Louvered Panels and HVAC Grilles – south block roof.
- ii. Responsibility 2: To improve the infrastructure and operations of existing economic zones/Industrial Parks.
 - a. Implementation of capital works and maintenance works on current operating industrial parks:
 - i. Debe- Service and Repairs-Waste Water Treatment Plant (WWTP)
 - ii. Biljah Rd - Civil Works- Curb & slipper drains
 - iii. Diamond Vale - Road Repairs
 - iv. Frederick Settlement Industrial Park - Electrical Upgrade, Box Drain
 - v. Milford Industrial Park - Civil Works- Box Drain & Cylindrical Drains, Roof Refurbishment
 - vi. Chase Village Industrial Park - Civil Works- demolition of WWTP & construction of car park space
 - vii. O'Meara Industrial Park, Civil Works- Drain works

- viii. Pt. Lisas Industrial Park - Construction of Operator quarters at WWTP as per WASA requirement for periodic inspection, Paving of Road - Civil works, Construction of curb and slipper drain, swale drain, and asphalt works
 - ix. Plaisance Industrial Park - Construction of Operator quarters at WWTP as per WASA requirement for periodic inspection, One year Mtce contract re WWTP
 - x. Trincity Industrial Park, Road Repairs, Roof Refurbishment, Fencing
 - xi. Sangster's Hill - Guard booth and lift barriersAll Parks – ongoing maintenance works
- iii. Responsibility 3: To optimize existing industrial parks on a commercial basis
 - a. Improvement of the delivery of customer service:
 - b. Development of a Customer Service Excellence Policy & Framework
 - c. Initial roll-out of Customer Care Management Plan with regard to the handling of customer complaints.
 - d. Provide tenants who have in their possession, letters of offer or agreement to lease with Memoranda of Lease.
 - e. Tenant Site Visits – visit all tenants at least once for the year.
 - f. Reduction of Debt
- iv. Responsibility 4: To manage the assets of the Hilton Trinidad and Conference Center and the Magdalena Grand
 - a. Magdalena Grand Beach and Golf Resort
 - i. Consultancy:
 - Manage Consultancy contract for the development of an RFP seeking a long term operator for the hotel.
 - ii. Planned Works:
 - Replacement of guest room Door Locking System.
 - Design services for the creation of a beach facility and break water at the hotel.
 - b. Hilton Hotel and Conference Centre

- i. Planned Works:
 - Major Structural Joint Repair over Rooms 634-635.
 - Repair to Damaged Concrete Apron to Pump Room.
- v. Other Key Corporate Targets
 - a. Valuations for all existing operational parks excluding Tamana InTech Park to be completed by Q2 2018.
 - b. Preparation of Operational Plans for the period 2018/2019.
 - c. Consultancy Services for a Long Term Operator for the Magdalena Hotel
 - d. ICT works
 - i. Completion of Technology Analysis.
 - e. Completion of updated Disaster Recovery Plan.
 - f. Support the implementation of new systems re: Land Information System (LIS) and Customer Relationship Management System (CRM)
 - g. Management of contract for Consultant engaged for the disposal of certain assets. This planned disposal of assets relates to the announcement made by The Minister of Finance, in his 2017 Budget Statement delivered on September 30th 2016: *"In order to support the national budget in fiscal year 2017, I propose to dispose of the following assets.....an offer of sale through competitive processes for fifty (50) percent of the industrial estates now under the remit of Evolving TecKnologies and Enterprise Development Company Limited (e Teck). This measure is expected to generate TT\$500 million."*

Recommendations

- 30. Based on the above, it is clear to this Committee that e Teck is diligently working towards achieving economic stability and sustainability.
- 31. E Teck should ensure that it conducts a regular review of the REVPAR (Revenue Per Available Room) for their hotel assets to assess their performance against other hotels in the same group (Hilton) and other similar regional hotels (Magdalena Grand)

32. E Teck should embark upon a detailed analysis of the operating costs of the Magdalena Grand in order to ensure that whatever model for its future is applied, greater attention is placed on keeping costs firmly under control.
33. In addition, given the excellent cost management seen from the Hilton Trinidad operation, e Teck should analyses whether there are any lessons learnt that can be applied to the Magdalena Grand.
34. e Teck must prioritise the achievement of the recommendations listed at paragraphs 23 to 26.

Objective 3: To ensure that measures to boost and increase transparency and accountability are being implemented.

35. e Teck's system of internal controls are structured to ensure transparency, accountability and value for money through:
 - i. Strict adherence to the company's Tenders Rules and Procedures for the procurement of goods and services;
 - ii. Implementation of policies and procedures for all major business functions ensuring proper segregation of duties;
 - iii. Regular Internal Audit reviews of corporate-wide high risk business processes;
 - iv. Applying a cost-sensitive approach to all business decisions utilising cost-benefit analyses;
 - v. Publication and dissemination of audited financial information based on SEPMM guidelines and International Financial Reporting Standards;
 - vi. Structured Performance Management System;
 - vii. Governance Structure – Board Sub-Committees- Audit as an Independent function reporting into Audit Committee; and
 - viii. Finance Leader at an Executive Level.

36. In addition to the above, the Capital Projects Unit developed and implemented a Project Management Framework which details all the related processes inclusive of monitoring construction progress, quality and cost. Where projects require Engineering Consultants, e TecK ensures that the Terms of References for the consultants are robust such that they provide effective project monitoring and cost control. In addition, there are two sub-committees of the Board, that is the Board Tenders Committee and the Project Oversight Committee which have oversight of procurement for projects as well as project implementation respectively.
37. e TecK is up-to-date with its submission of Annual Administrative Reports and Audited Financial Statements.
38. e TecK is also meeting all of its financial commitments, statutory and otherwise.
39. The following is a list of policies that e TecK has to ensure accountability, transparency and value for money:
 - i. Fraud
 - ii. Ethical Conduct
 - iii. Human Resource
 - iv. Procurement / Tender Rules
 - v. Bad Debt
 - vi. Budgeting / corporate credit card / Investment
 - vii. Facility Access policy
 - viii. Corporate Philanthropy.

Recommendations

40. Based on the above, e TecK is implementing some measures to boost and increase transparency and accountability are being implemented.

41. In respect of the work conducted by CBRE in looking at the prospects for the Magdalena Grand, e Teck should ensure that there is full and proper engagement of Tobago stakeholders given the initial options placed on the table by the consultant.
42. E Teck should consider placing a register online of all of its existing acreages listing the location, sizes, term of the lease and whether available or occupied so as to make public the real state of tenancy of its holdings.

Objective 4: To determine progress made by e Teck in the implementation of recommendations made during previous inquiries into its operations by parliamentary Committees.

43. e Teck has diligently implemented recommendations made during previous inquiries including:
 - i. Submission of all outstanding Annual Administrative Reports and Audited Financial Statements;
 - ii. Elimination of wastage and duplications; and
 - iii. Adjustments to the “99-year lease” arrangements.
44. Additionally, in 2016 an awareness campaign was launched to educate tenants of the clauses in their lease with the features “Know Your Clause” and Did You Know.” The company also provided business tips to tenants with “Ideas At Work” and sought to bring together the tenants’ community through the “Tenants Spotlight”.
45. Since the portal’s launch in 2014, access to a tenants’ directory and option for tenants to report their issues and concerns are available. Tenants are accessing the information on the portal as evidenced by the number of pages being read and the open read rate of the electronic newsletter. Tenants have expressed their satisfaction with the updates provided on the maintenance schedule at the parks and updates on new projects and initiatives on the portal.

46. In 2017, the back-up content management system was upgraded and the interface was revised to improve the design, navigation and functionality of the site.

4 Conclusion

1. In light of the above, the Committee is optimistic that with diligent implementation of the recommendations proffered, e Teck will be better managed to ensure that it is effectively able to fulfill its mandate, and support the policy objectives of the Ministry of Trade and Industry.
2. Your Committee therefore awaits the response of the Minister of Trade and Industry (MTI) to the recommendations listed on pages 10 and 11, in accordance with Standing Orders 100(6) and 110(6) of the Senate and the House of Representatives respectively which states inter alia that –

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

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

Mr. David Small
Chairman

Dr. Lester Henry
Vice-Chairman

Mrs. Cherrie-Ann Crichlow-Cockburn, MP
Member

Mr. Wade Mark
Member

Mr. Fazal Karim, MP
Member

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

Mr. Adrian Leonce, MP
Member

Mr. Ronald Huggins
Member

APPENDICES

MINISTERIAL RESPONSE BY E TECK TO THE FIRST REPORT OF THE PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE

e Teck's Response to the First Report of the Public Accounts (Enterprises) Committee on the Examination of the Audited Financial Statements of State Enterprises.

Request for written submissions

1/31/2017

Recommendations

Recommendation/Comment	Response
I. Systems in place to adhere to Policies and Regulations • e TeCK should conduct quarterly checks to monitor the implementation of the key performance indicators (KPIs) and their progress • The development and implementation of a strategic work force plan, identifying expected skill gaps and the resources needed for the successful operation of the organization	There are several activities which e TeCK has in place to monitor the implementation of its Key Performance Indicators (KPIs). These include, but are not limited to, reporting on the company's Action Plan (i.e. major projects undertaken by the company for the year) on a quarterly basis, a bi-annual appraisal of employees and their individual KPIs which are tied to the company's KPIs, and a review of the company's performance which can be found in the company's Operational/Corporate Plan. Organizational chart review - A review was completed based on the revised e TeCK organizational chart in January 2015. This involved the filling of key positions based on changes in the structure. There are approved job descriptions for all positions on the organizational chart to date. Management has been monitoring and filling positions based on the requisite demands of the organization given current economic constraints. The organization has used the opportunities presented by way of a Performance Management system to track the skills gaps of existing employees in addition to matching the skills required for future jobs / needs of the organization. e TeCK operates a relational computerized web based Performance and Talent Management tool called "emperform". The main features are as follows: • Performance Planning and Goal Management to assure SMART goals/ Key Performance Indicators (KPIs) which are aligned with the Company's strategic intent inclusive of its Mandate and Vision • Performance Monitoring and Goal Progress which require Bi-annual / yearly KPIs updates and review; • Performance Reviews which are completed bi-annually and which target (a) Core and Role specific Competencies and (b) Goal Attainment. The employee self-appraises followed by his direct supervisor as the first appraiser and then by the Divisional Head as the second appraiser. Discussions are held at each stage of the process. • Analytical Reporting in respect of the competencies (competency matrix) and by extension the organizational capabilities or goal achievement and the identification of blockages in the deliverable system. These are generated by employee, department, division and Company. Benefits associated with the system are: • Accessibility of performance data across the Company; • Real Time performance information to take appropriate corrective action; • Performance visibility at the executive and management levels

• e Teck should prepare a report annually on the assessment of its strategic plans and policy initiatives in line with the Ministry of Finance – Investments Division guidelines. This report should be made available to Parliament to strengthen transparency.	• Performance spotlighting by employee, department, division and Company; • Relational pay for performance system; • Valid data to support staff movement initiatives, i.e. succession planning, promotions, etc. Employee recruitment and selection - Psychometric Testing was utilized for all Executive positions and also key positions in the organization over the 2014/2015 period. In addition to the above, e Teck will be developing a new strategic plan for the organization. During this exercise the workforce requirements will be reviewed to be in line with the needs of the organization during the period that will be covered by the new strategic plan. e Teck has an annual operating/corporate plan which is the implementation plan of the longer-term strategic plan. In the short-term the company will be seeking to develop a new strategic plan. Both plans are in line with policy initiatives as provided by e Teck's line ministry, the Ministry of Trade and Industry (MTI) as well as the MTI's own strategic plan 2016-2020. There is a section of the annual/corporate plan which has an assessment of the performance of the company for the previous year. e Teck will ensure that it is aligned by policy set forth by the Ministry of Finance as in the State Enterprises Performance Monitoring Manual (SEPMM).
II. Late Submission of Audited Financial Statements to the Parliament • Each subsidiary should prepare separate audited financial statements as a true and fair representation of the state of affairs of the company. • Based on the measures implemented, e Teck should implement stringent measures to adhere to the stipulated deadlines	This recommendation by the Committee is currently being done by e Teck. The separate accounts are up-to-date to 2016. The exercise of having the company's audited financial statements up-to-date is currently ongoing with statements for fiscal years 2014/15 and 2015/16 to be laid in Parliament prior to March 31, 2017. For prior years, all the Audited Financial Statements have been laid in Parliament. The following measures have been implemented: • Board and Audit Committee mandate that e Teck must be in compliance with the SEPMM with respect to its audited financial statements; • Monthly Management Accounts are completed and submitted to Executive Management by the 22nd of following month;

set in Section 3.1 of the State Enterprises Performance Monitoring Manual which states that audited financial statements must be submitted to Parliament within four (4) months after a company's end of year and within two (2) months of the mid-year date subject to the approval of the Minister of Finance. - Strengthen the internal controls of the Company to ensure the timely preparation and submission of Statements; - Intensify the monitoring of financial accounts to ensure prompt closure in books; and - Internal auditors should conduct quarterly assessment and prepare a report on the financial and performance activities needed to oversee systems of delivery and manage accountabilities.	- Close monitoring and oversight of the Finance department at Magdalena Grand Beach and Golf Resort by the Finance Department of e TeCK with monthly visits; - The Assistant Vice President, Finance is accountable for completion of Audited Financial Statements and forms part of Key Performance Standards which are used for completion of the annual performance appraisal. The exercise of having the company's audited financial statements up-to-date is currently ongoing with statements for fiscal years 2014/15 and 2015/16 to be laid in Parliament prior to March 31, 2017. For prior years, all the Audited Financial Statements have been laid in Parliament. It is expected that from the financial year 2017/18 and going forward the company will be compliant with Section 3.1 of the State Enterprises Performance Monitoring Manual. Executive management is closely monitoring ongoing status. The Management Accounts are prepared on a monthly basis by the 22nd of the following month. In order to meet this, accounts are reviewed and closed in a timely manner. The internal audit function of e TeCK reviews the internal controls and provides assurance on the effectiveness of the controls. The Internal Audit Department conducts frequent audits in all areas of company operations. Reports are prepared and submitted to Executive Management and presented to the Audit Committee by the Internal Audit Manager. In addition the Internal Audit Manager presents frequent Fraud Training to Managers.
II. Monitoring and Accountability of Major Projects: <u>Hilton Hotel Trinidad Refurbishment Project and the Tamana Intech Park</u>	

Implement robust procedures regarding the budget-setting process and clear milestones towards reporting on how delivery to time, cost and quality has improved across projects;	With respect to the budgeting process, this is based on the Company's mandate, goals, strategies, priorities and policy: - Budgets are prepared by Managers after careful study of their departmental mission/ objectives/ priorities for the upcoming year on a zero basis; - Department budgets are then scrutinized by the respective Vice Presidents, the Finance Services Department and the President, with a view to establishing their conformance to the Company's mandate, goals, strategies, priorities, policy, soundness and compatibility with each other so that they may be meaningfully combined into divisional plans and ultimately a single financial plan for the entire company. This is then forwarded for consideration by the Finance & Human Resource Sub-Committee of the Board (F&HRC) and thereafter the Board of Directors (BOD); - Budgets are used to assess the performance of the various departmental areas as well as Divisional and Company performance; - Budgets require approval by the Board of Directors; - A system of budgetary control is used throughout the Company to monitor and control revenue/receipts and expenses; - Each department is expected to operate within its budget; - The ongoing implementation of projects is assessed by the comparison of planned vs. actual expenditure; - The Finance Services Department prepares and circulates Monthly Departmental Reports to each department head for the ongoing monitoring of their actual results against planned/budgeted results for both operations and projects; - Department heads are required to review these Monthly Departmental Reports. In addition to the above, e Teck ensures that the scope of works for projects is clearly defined. Once defined, the technical team either internally or by independent consultants, completes detailed engineer estimates (where rates are based on market prices). Such estimates form the budget for the project in question. The technical team or independent consultants develop detailed work schedules that would highlight realistic delivery times to determine realistic project duration. Such realistic durations are determined prior to tender for the construction phase. During the implementation process, there would be weekly progress meetings, completion of daily reports by site personnel, completion of monthly progress reports etc...
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• Set clear targets and deadlines for key milestones that must be realistic and transparent;	e Teck has conducted a review of the approach to major and key infrastructure projects. The Capital Projects Unit completes detailed work schedules identifying realistic timelines based on an understanding of the projects (this schedule will highlight deadlines for key milestones). Once these schedules are established they are presented to the Project Oversight Committee of the Board of Directors to obtain a no objection.
• Put in place plans for monitoring actual cost, effective prioritization and planning innovative projects in phases;	On major projects, e Teck has engaged consultants to provide construction supervision services along with e Teck's Capital Projects Unit to provide project oversight/management.
• e Teck should carry out a fundamental review of the effectiveness in planning major projects;	Reports reviewing the company's major projects were prepared. In addition, e Teck has a "Lessons Learned" template which is used for analysis of completed projects. This is used by the company for continuous improvement of its processes and management of future projects.
• e Teck should put in place accountability measures for major projects to avoid costly overruns;	The Capital Projects Unit developed and implemented a Project Management Framework which details all the related processes inclusive of monitoring construction progress, quality and cost. Where projects require Engineering Consultants, e Teck ensures that the Terms of References for the consultants are robust such that they provide effective project monitoring and cost control. In addition, there are two sub-committees of the Board, that is the Board Tenders Committee and the Project Oversight Committee which have oversight of procurement for projects as well as project implementation respectively.
• Implement tighter planning, costing and cost control throughout the organization; and	In addition to the measures put in place with respect to budgeting as part of the planning process as well as the Project Management Framework with the aim of ensuring that projects are executed on time and within budget, there are sub-committees of e Teck's Board which have oversight of project implementation.
• Submit a proposal for controlling future costs and liabilities associated with these projects.	Some of the accountability measures include: (i) A review of the structure of the Capital Projects division would be done (ii) Project Oversight Committee (iii) Dashboards presented in monthly meetings (iv) Project planning. Variations to contracts are approved by the Project Oversight Committee (POC) and the Board Tenders Committee (BTC).

IV. Management of the Magdalena Grand Hotel Tobago

- The operator at the hotel needs to provide a coherent strategic vision and stronger leadership to ensure that the investment decisions it makes now do not result in increased costs in the long term;

The comments of the committee are noted.

Via letter dated April 1, 2016 e Teck was informed of Cabinet's agreement to the following:

- that a new contract be offered to the existing Management Operator of the Magdalena Grand Golf and Beach Resort (MGGBR) for a period of three (3) years (2016 to 2019) with the option for Evolving TecKologies and Enterprise Development Company Limited (e Teck) to terminate the said contract on the conditions of giving six (6) months' notice and at no additional cost to e Teck;
- that the Ministry of Finance (MoF), the Ministry of Tourism (MOT) and the Tobago House of Assembly (THA), acting together, take urgent measures to secure a reputable internationally recognized brand manager or partner to handle the management and operational issues of the MGGBR;
- that the Ministry of Finance (MoF), the Ministry of Tourism (MOT) and the Tobago House of Assembly (THA) and Caribbean Airlines Limited take urgent steps to procure improved airlift operations to Tobago from major metropolitan centres.

Via a letter dated May 19, 2016 from the Investments Division of the Ministry of Finance with the caption "*Magdalena Grand Golf and Beach Resort located in Tobago and Airlift to Tobago*" e Teck was invited to an initial meeting held at the Ministry of Finance. The meeting was convened on behalf of a committee comprising the MoF, MoT and THA. e Teck has also had representation at all meetings held by this committee. e Teck, is therefore working with this committee to implement Cabinet's decision to secure a reputable internationally recognized brand manager or partner. e Teck has hired an experienced hotel consultant to provide advice and guidance throughout this process.

The arrangement with the current operator of the hotel is short-term in nature while a long-term arrangement is sought. The hotel consultant advised e Teck "*Before the search for an appropriate operator begins, e Teck must clearly define its investment or asset's objectives*". In the hotel industry, a strategic vision for a particular hotel asset as well as any investments made is the responsibility of the owner of the hotel. Therefore, management operators of hotels are hired and compensated by the owner to manage the asset in a manner which achieves the owner's vision and objectives for the asset. The table below shows owner and management-driven responsibilities for Revenue and Gross Operating Profit (GOP) penetration:

	<table><tr><th>RevPAR Penetration</th><th>GOP Penetration</th></tr><tr><td>Owner Driven - Physical condition (CapEx) - Brand - Location - Physical attributes and amenities (size of rooms, quality of design, presence of a pool or a spa, etc.) </td><td>Owner Driven - Physical condition (efficiency of mechanical systems, ease of maintenance) - Efficiency of design and layout </td></tr><tr><td>Management Driven - Quality of management team - Sales efforts - Employee satisfaction - Service delivery and customer satisfaction - Yield Management - Public relations </td><td>Management Driven - Departmental revenue capture - Employee efficiency - Employee morale and turnover - Shrewd purveyance - Cash flow-through </td></tr></table>	RevPAR Penetration	GOP Penetration	Owner Driven - Physical condition (CapEx) - Brand - Location - Physical attributes and amenities (size of rooms, quality of design, presence of a pool or a spa, etc.)	Owner Driven - Physical condition (efficiency of mechanical systems, ease of maintenance) - Efficiency of design and layout	Management Driven - Quality of management team - Sales efforts - Employee satisfaction - Service delivery and customer satisfaction - Yield Management - Public relations	Management Driven - Departmental revenue capture - Employee efficiency - Employee morale and turnover - Shrewd purveyance - Cash flow-through
	RevPAR Penetration	GOP Penetration					
	Owner Driven - Physical condition (CapEx) - Brand - Location - Physical attributes and amenities (size of rooms, quality of design, presence of a pool or a spa, etc.)	Owner Driven - Physical condition (efficiency of mechanical systems, ease of maintenance) - Efficiency of design and layout					
	Management Driven - Quality of management team - Sales efforts - Employee satisfaction - Service delivery and customer satisfaction - Yield Management - Public relations	Management Driven - Departmental revenue capture - Employee efficiency - Employee morale and turnover - Shrewd purveyance - Cash flow-through					
Source: Rivera, M. (2011). <i>“Hotel Management Fees Miss the Mark”</i> . HVS Asset Management & Advisory							
Therefore, with respect to the committee’s recommendation for there to be <i>“coherent strategic vision and stronger leadership to ensure that the investment decisions it makes now do not result in increased costs in the long term”</i>, e Teck will be working with its hired hotel consultant to develop same.							
Policy initiatives are communicated to e Teck from its line Ministry. e Teck’s strategic and annual operating plans are developed to be in line with these initiatives. e Teck will work with its line Ministry in developing and conducting assessments as per the committee’s recommendations.							
e Teck should prepare quarterly assessments of policy initiatives where there are concerns of feasibility and value for money. This assessment should be made available to the Ministry of Finance-Investments Division and Parliament to strengthen transparency and accountability;							
The Ministry of Tourism in collaboration with e Teck and THA	Reference is made to the aforementioned letters dated April 1, 2016 and May 19, 2016 with respect to decisions made by Cabinet.						

should set out specific steps with deadlines and key milestones to develop tourism in Tobago, increase flight or airlift to Tobago especially during the peak periods; • An assessment should be performed to ascertain whether to keep the Magdalena Grand Hotel in Tobago or to allow international entities to bid on the property. Through the international intervention, the hotel will also be transformed to international standard and it may also act as free advertising for Tobago which can also in turn increase tourist arrivals.	e Teck is in agreement with the recommendation of the committee. In addition the company was advised by our hired expert hotel consultant that a comprehensive feasibility study would be the best way to perform such an assessment. Such an assessment will also help e Teck, as owner of the hotel on behalf of the Government of the Republic of Trinidad and Tobago, to clarify the objectives and strategic vision for the hotel. e Teck therefore will seek to conduct this assessment within the upcoming months prior to securing a reputable internationally recognized brand manager or partner as per Cabinet's directive.
V. Requisite Skills of Finance Personnel • e Teck should established regular reviews of the needs of its workers and put in place realistic targets for the skills required for specialist functions;	The performance management system has much to do with how e Teck reviews and assesses the needs of its employees. Over the past year the organization ensured that the needs of the Finance Department were met by filling the following vacant positions as they occurred: • Assistant Vice President – Finance; • Senior Financial Analyst; • Financial Analyst; • Manager – Accounting. Three (3) of these positions were filled by the promotion of internal resources. This was matched with a developmental plan to ensure the selected candidates were fully oriented and developed for the roles and to ensure proper succession. The Finance resources were trained and provided with subsidies for their Professional Memberships over the said period. Even though the organization was faced with budgetary constraints, the Finance Team was given priority to ensure proper development in skills. The following training and development was completed: • Annual International Financial Reporting Standard (IFRS) Update Course;

Implement a strategic workforce plan, identifying expected skill gaps and other resource needs and how it will be filled (including consultants and temporary staff).	- Shifting Function for Finance - Microsoft Dynamics GP; - NIB - All Benefits & Employer Compliance Seminar; - International Financial Reporting. During fiscal 2016/17 e TeCK will be developing a new strategic plan for the organization. During this exercise the workforce requirements will be reviewed to be in line with the needs of the organization during the period that will be covered by the new strategic plan. With respect to existing available positions, these will be filled based on the existing recruitment policy taking into consideration the current economic constraints. <u>Recruitment and Selection Procedures</u> This process is conducted in accordance with the HR Policy and is predicated on the selection of the highest caliber staff for all positions via clerical; customer service; technical and skilled; professional and managerial and who demonstrate potential to fill higher positions and on the basis of the following: - - An approved vacancy; - The posting of vacancy notices in the Company and in the media; - Recruitment Agencies may be engaged in the process to pre-screen and shortlist and or head hunt; - Internal applicant screening and short-listing is conducted by the HR Department and the Line Manager; - Applicant selection is accomplished through the interview and testing methods by a panel consisting of the Line Manager, the Human Resource Manager or the Senior Human Resource Officer (depending on the level of the position) and a suitably qualified independent official all of whom are competent in interviewing using the prescribed interview appraisal form; - Background checks are also carried out to ascertain validity of information tendered and other data as required; - The preferred candidate must also pass a pre-employment medical; - The recruitment and selection process does not consider sex, colour, creed or religion nor physical or age impediments once within the Company's minimum limit and retirement age regulation and as long as the factors do not affect the person's ability to perform the service requirements of the job; - Terms and conditions of employment are detailed in the engagement letter. Employment and employment practices are subject to and governed by the labour legislation of Trinidad and Tobago and that of the wider geographical community serviced.
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MINUTES OF PROCEEDINGS

**MINUTES OF THE TWENTY-SEVENTH MEETING OF THE JOINT SELECT COMMITTEE ON
STATE ENTERPRISES, HELD IN THE ARNOLD THOMASOS EAST MEETING ROOM, LEVEL 6,
AND THE J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR, TOWER D, THE PORT OF
SPAIN INTERNATIONAL WATERFRONT CENTRE,
1A WRIGHTSON ROAD, PORT OF SPAIN ON MARCH 12, 2018**

Present were:

Mr. David Small	Chairman
Dr. Lester Henry	Vice-Chairman
Mr. Wade Mark	Member
Mr. Fazal Karim, MP	Member
Mrs. Cherrie-Ann Crichlow-Cockburn, MP	Member
Brig. Gen. (Ret.) Ancil Antoine, MP	Member
Mr. Adrian Leonce, MP	Member
Mr. Brian Caesar	Secretary
Ms. Sheranne Samuel	Assistant Secretary
Ms. Vahini Jainarine	Legal Officer I
Mrs. Krystle Gittens	Graduate Research Assistant

Absent were:

Mr. Ronald Huggins	Member (Excused)
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Also Present were:

**Officials of the Evolving Tecknologies and Enterprise Development Company Limited (e
Teck)**

Mr. Imtiaz Ahamad	Chairman
Ms. Maureen Singh	President (Ag.)
Ms. Solange Henry	Assistant VP, Finance
Mr. Hayden Alfred	Manager, Financial Performance
Mr. Daniel Duncan	Manager, Capital Projects

Officials of the Ministry of Trade & Industry (MTI)

Ms. Frances Seignoret	Permanent Secretary (Ag.)
Mr. Randall Karim	Director, Policy & Strategy
Mr. Dennis Scott	Manager Alliances

CALL TO ORDER

- 1.1 The Chairman called the meeting to order at 9:37 a.m. Those present were welcomed.

Announcements

- 1.2 The Chairman indicated that Mr. Ronald Huggins asked to be excused from the day's proceedings of the Committee.

CONFIRMATION OF MINUTES OF 26TH MEETING OF 26.02.2018

- 2.1 Confirmation of the Minutes was moved by Mrs. Cherrie-Ann Crichlow-Cockburn and seconded by Mr. Wade Mark.

MATTERS ARISING FROM THE MINUTES

- 3.1 **Paragraph 4.3, page 2:** The Chairman indicated that the EFCL Report had been finalised and would be presented by Mrs. Cherrie-Ann Crichlow-Cockburn in the House of Representatives and Mr. David Small in the Senate.
- 3.2 **Paragraph 5.2, page 2:** The Chairman informed Members that the questions were dispatched to eTecK for written answer. The responses were received on March 09, 2018 and circulated to Members.
- 3.3 **Paragraph 6.5, page 2:** The Chairman informed Members that CAL requested an extension to March 26, 2018, the Committee granted an extension to March 12, 2018.
- 3.4 **Paragraph 6.6, page 2:** The Chairman informed Members that the AATT and TTCAA are both Statutory Authorities and as such are not under the remit of this Committee. However they may be invited to appear to assist if the Committee recalls CAL.
- 3.5 **Paragraph 7.2, page 2:** The Chairman informed Members that the document is a work in progress.
- 3.6 Members agreed that for future hearings, entities should, as far as practicable, be given a response submission date well in advance of the date of the hearing.
- 3.7 Members instructed the Committee's Secretariat to identify two (2) possible State Enterprises, with a view to the Committee approving at least one (1) for inquiry prior to the Parliamentary recess.

PRE-HEARING DISCUSSION: E TECK INQUIRY

- 4.1 The Chairman inform Members that an Issues Paper was prepared by the Secretariat and circulated.
- 4.2 Members discussed the approach to be adopted with respect to questioning during the hearing with officials of e TecK and the Ministry of Trade and Industry.
- 4.3 The Committee decided that e TecK would be alerted of the possibility of being recalled before the Committee at a later date.

OTHER BUSINESS

- 5.1 The Committee agreed that the next meeting of the Committee would be held on Monday March 26, 2018, when the Committee would conduct a follow-up hearing with Caribbean Airlines Limited.

PUBLIC HEARING: E TECK INQUIRY

The meeting resumed at 10:15 a.m. *in public*, in the J. Hamilton Maurice Room.

- 6.1 The Chairman welcomed officials and introductions were exchanged.
- 6.2 The Chairman outlined the objectives of the inquiry.
- 6.3 Detailed hereunder are the issues/concerns raised and the responses proffered during the hearing with the officials of e TecK, and the MTI:
 - i. The primary challenges being experienced by e TecK;
 - tenanting the Tamana InTecK Park (TIP); and
 - the profitability of Magdalena Hotel asset.
 - ii. Whether e TecK is satisfied with the revenue from its nineteen (19) Parks;
 - iii. The impact that “legacy parks and leases” are having on e TecK’s profitability;
 - Whether there is any legal avenue to address the issues with the legacy leases;
 - iv. e TecK’s challenge keeping up-to-date with the collection of receivables;
 - the proportion of the \$14 million in receivables that e TecK believes can be collected;
 - v. The reason for the variability from year to year in revenue from Hilton Hotel;
 - the reason for the increase in staff costs at Hilton;
 - vi. The reason for the increase in staff costs at Magdalena between 2011 and 2012;

- vii. How much has been expended on the TIP to-date, how much is required for completion of the Park and when the Park is expected to be completed;
- viii. Whether e TecK has been successful at tenancing Phase 1 of TIP;
 - e TecK and InvesTT are collaborating to address tenancing of TIP;
- ix. Whether InvesTT is using a Marketing Plan;
 - whether e TecK is satisfied with InvesTT's performance;
 - whether there is any overlap between the roles of e TecK and InvesTT;
- x. Whether e TecK has the required skills and competencies to achieve its mandate;
 - the impact of the existing of vacancies at the executive level of the organisation;
 - whether there is a Workforce Training Programme at e TecK;
- xi. Whether there are any issues that affect the functionality of e TecK's flagship building;
- xii. Whether e TecK employees are provided with a transportation facility to get to the Wallerfield location;
- xiii. The reasons for the high maintenance cost at TIP;
- xiv. Whether the enhancement work at Hilton Hotel was completed;
 - the final cost of the Hilton pool upgrade;
 - the procurement and construction process engaged for the Hilton pool upgrade;
- xv. Whether any contemplation is being given to disposing of the Magdalena Hotel Asset;
 - the due date for the long-term operator to become effective;
 - the agreements negotiated between Magdalena and efmHospitality;
 - whether the issues being experience at Magdalena are simply related to occupancy levels, or also linked to Operation Costs;
 - the losses realised by the Hotel as a result of the recent challenges with the air and sea bridge transport;
- xvi. The list of assets to be disposed of by e TecK;
- xvii. The objective of the Moruga Agro-processing and Light Industry Park;
 - the reason for choosing Moruga as the location for the Park;
 - status of the feasibility study on the Maruga Park;
 - how much spent to-date on the Moruga Park;
 - whether all sites at the Moruga Park are tenanted;
- xviii. Whether the Pt. Fortin Park is fully tenanted;
- xix. Whether there are any plans by e TecK to develop other areas in the South of Trinidad;

- xx. Concerns over e Teck's weaknesses as listed in their Strategic Plan;
 - measures being implemented by e Teck to increase revenue and reduce cost;
- xxi. e Teck's current debt;
 - e Teck's strategy for funding in the absence of PSIP allocation;
- xxii. The role of the Ministry of Trade and Industry as line Ministry for e Teck;
- xxiii. Whether all of e Teck's park tenants are OSHA compliant; and
- xxiv. The status of the legal matter against the former Board of Directors at e Teck.

(See Verbatim)

ADJOURNMENT

7.1 The adjournment was taken at 12:18 p.m.

I certify that these Minutes are true and correct.

Chairman

Secretary

March 20, 2018

**MINUTES OF THE TWENTY-EIGHTH MEETING OF THE JOINT SELECT COMMITTEE ON
STATE ENTERPRISES, HELD IN THE ARNOLD THOMASOS EAST MEETING ROOM, LEVEL 6,
AND THE J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR, TOWER D, THE PORT OF
SPAIN INTERNATIONAL WATERFRONT CENTRE,
1A WRIGHTSON ROAD, PORT OF SPAIN ON APRIL 09, 2018**

Present were:

Mr. David Small	Chairman
Mr. Wade Mark	Member
Mr. Fazal Karim, MP	Member
Brig. Gen. (Ret.) Ancil Antoine, MP	Member
Mr. Adrian Leonce, MP	Member
Mr. Brian Caesar	Secretary
Ms. Sheranne Samuel	Assistant Secretary
Ms. Vahini Jainarine	Legal Officer I
Mrs. Krystle Gittens	Graduate Research Assistant

Absent were:

Dr. Lester Henry	Vice-Chairman
Mrs. Cherrie-Ann Crichlow-Cockburn, MP	Member
Mr. Ronald Huggins	Member

Also Present were:

Officials – Evolving Technologies and Enterprise Development Company Limited (eTeCK)

Mr. Imtiaz Ahamad	Chairman
Mr. Steve De Las	President
Ms. Maureen Singh	Vice President, Corporate Service
Mr. Ian Fletcher	Vice President, Real Estate Assets
Ms. Solange Henry	Assistant Vice President, Finance
Mr. Daniel Duncan	Manager, Capital Projects
Mr. David Cockburn	Manager, Special Projects

Official – Ministry of Trade and Industry

Ms. Frances Seignoret	Permanent Secretary (Ag.)
Mr. Randall Karim	Director, Policy & Strategy
Mr. Dennis Scott	Manager Alliances

CALL TO ORDER

- 1.3 The Chairman called the meeting to order at 9:13 a.m. Those present were welcomed.

CONFIRMATION OF MINUTES OF 28TH MEETING OF 26.03.2018

- 2.1 The Minutes was amended as follows:

- i. **Page 3, item 4.1:** “inform” was replaced with the word “informed”
- ii. **Page 4, item 6.3, (iii) bullet point** was reworded to read as follows “CAL’s Chairman also outlined that there were several factors responsible for achievement of the breakeven position in January, 2018.”
- iii. **Page 4, item 6.3 (vi):** “CAL” was replaced with the word “CAL’s”
- iv. **Page 5, item 6.3 (ix):** “planes” was replaced with the words “an aircraft”
- v. **Page 5, item 6.3 (x), first bullet point:** “the” was inserted before the word “cockpit” and the word “the” was deleted after the word “cockpit”
- vi. **Page 5, item 6.3 (x), second bullet point:** “for personal use” was inserted after the words ““jump seat””
- vii. **Page 5, item 6.3 (xvi):** “experience” was replaced with the word “experienced”

- 2.2 There being no further amendments, the motion for the confirmation of the Minutes was moved by Mr. Fazal Karim and seconded by Mr. Adrian Leonce.

MATTERS ARISING FROM THE MINUTES

- 3.8 **Paragraph 6.3 (iv), page 4:** Concern was raised about CAL’s recent recruitment and selection process given the impending increased competition on routes serviced by CAL.
- 3.9 **Paragraph 6.3, page 4:** Member Karim highlighted questions related to CAL’s overtime wage bill to be included in the letter requesting additional information from the company.

PRE-HEARING DISCUSSION: CONTINUATION OF ETECK INQUIRY

- 4.4 The Chairman reminded Members of e Teck’s written submission in response to additional questions posed by the Committee. The submission was circulated to Members.
- 4.5 The Chairman informed Members that an Issues Paper was prepared based on this submission. Members confirmed receipt of the document.
- 4.6 Members discussed the approach to be adopted with respect to questioning during the hearing with officials of eTeck and the Ministry of Trade and Industry.
- 4.7 The Committee requested that research into agreements similar to that between Hilton and e Teck be conducted.

OTHER BUSINESS

Work Programme

- 5.2 The Chairman indicated that the draft NQCL Report would be circulated for Members' consideration prior to the next meeting of the Committee.
- 5.3 The Chairman also indicated that once the additional information requested from CAL was received, the follow-up report would be produced and the inquiry concluded.
- 5.4 The Chairman informed Members that the Secretariat was in the process of reviewing the Committee's Report into UDeCOTT to determine whether a follow-up inquiry would be necessary. The Secretariat was also directed to request a copy of the agreement between UDeCOTT and Hyatt.
- 5.5 The Chairman indicated that he would like all outstanding work of the Committee completed by the end of June, 2018. Members agreed.

Next Meeting of the Committee

- 5.6 The Committee identified Monday April 23, 2018 as a tentative date for its next meeting at which it will consider the draft NQCL Report and other matters.

CAL inquiry

- 5.7 Members discussed comments made by the CEO of CAL following the Committee's inquiry on March 26, 2018. It was suggested that the Secretariat obtain a copy of the recording of the CEO's interview on i95.5 and ascertain if any of the comments made by the CEO ascribes anything negative to the Committee.

Suspension

- 5.8 The Chairman suspended the meeting at 10:05 a.m.

PUBLIC HEARING: CONTINUATION OF ETECK INQUIRY

The meeting resumed at 10:14 a.m. *in public*, in the J. Hamilton Maurice Room.

- 6.4 The Chairman welcomed officials and introductions were exchanged.
- 6.5 The Chairman outlined the objectives of the inquiry.
- 6.6 Detailed hereunder are the issues/concerns raised and the responses proffered during the hearing with the officials of eTeCK and the Ministry of Trade and Industry:

- xxv. Whether the sale of assets required the approval of the Ministry and/or Corporation Sole;
- the sale of assets stemmed from a directive of the Minister of Finance in 2016;

- a Committee, comprising Corporation Sole, Ministry of Finance, Ministry of Trade and Industry and eTecK was setup to deal with the specific issue;
 - through public tender, a consultant was hired to assist with the sale of assets, with a deadline of September 30, 2018 to solicit proposals for the purchase of the assets and to present the best options to eTecK and the Steering Committee.
- xxvi. the plans for the funds received from the sale of assets;
- corporation Sole will determine what will be done with the funds earned;
- xxvii. whether the land was valued to ensure that maximum gains were earned from the sale;
- up-to-date valuations were completed in early 2018 by the consultant charged with managing the sale of assets process;
- xxviii. whether there is a purpose/framework for the use of land which has been sold;
- e TecK’s head lease on the land and permitted use stipulates “*industrial estate development*”;
- xxix. The reason for the continuation of the practice of issuing ninety-nine (99) year leases;
- After e TecK’s decision to discontinue the practice of issuing such leases, it was brought to the company’s attention that in the past when there were offers and advertisements for 99-year leases, the organization went through the procedure with some companies to the point of collecting the premiums, however, the leases were not executed. The company was now bound to fulfil these leases failing which there may be legal consequences to the company;
- xxx. The acreage related to each of the holdings under ninety-nine (99) year lease agreements;
- xxxi. What eTecK has done to address the risks highlighted in the Risk Assessment report for the Moruga Park;
- xxxii. Whether there is a policy to ensure a certain level of local inclusion and employment in relation to the Moruga Park Project;
- The Ministry of Trade and Industry has mandated that the local labour force at the construction phase of the project be at least sixty (60) percent and at least forty (40) percent of goods and services must be sourced locally;
- xxxiii. The size on the proposed Moruga site;
- xxxiv. The proposed funding arrangement for the Moruga project;
- xxxv. Plans for development of eTecK properties located in Central Trinidad;
- xxxvi. The situation of UTT’s indebtedness to eTecK since September, 2017, and whether there were any considerations to liquidate same;

- xxxvii. e TecK's preparations to receive UTT at its Tamana location from September/October, 2018;
- xxxviii. The current plans to improve the performance of the Magdalena Hotel;
- xxxix. e TecK's opinion on the consultant's report on the Magdalena Hotel and whether there was consideration to adjust the strategy or strategic plan to create alignment with the findings and recommendations of the report;
- xl. The need for discussions to take place concerning how the Magdalena Hotel should be managed.
- xli. Trinidad and Tobago's attractiveness as a location for "back office" operations for international organisations;
- xl.ii. The number of jobs generated over the past ten (10) years by e TecK's economic zones and industrial parks;
- xl.iii. The value of non-energy exports over the past ten (10) years from economic zones and industrial park operations;
- xl.iv. The status of implementation of the detailed action plans and budgets provided in the Investments Technical Report of the World Bank Group (WBG) on Special Economic Zones;
- xl.v. Whether the Ministry of Trade and Industry was sufficiently resourced to effectively fulfill its role;
 - the challenges faced by the Ministry;
 - the strategies in place to alleviate these challenges;
- xlvi. The status of the legal matter between eTecK and its former Board of Directors;
- xl.vii. The timeline set by eTecK for recovery of outstanding monies owed by clients;

6.4 Requests for additional information were made of e TecK and the Ministry of Trade and Industry.

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

(Please see Verbatim Notes for detailed oral submissions)

ADJOURNMENT

7.2 The adjournment was taken at 12:10 p.m.

I certify that these Minutes are true and correct.

Chairman

Secretary

May 07, 2018

VERBATIM NOTES

OFFICIALS OF e TecK

Mr. Imtiaz Ahamad	Chairman
Ms. Maureen Singh	President (Ag.)
Ms. Solange Henry	Assistant VP, Finance
Mr. Hayden Alfred	Manager, Financial Performance
Mr. Daniel Duncan	Manager, Capital Projects

OFFICIALS OF THE MINISTRY OF TRADE & INDUSTRY

Ms. Frances Seignoret	Permanent Secretary (Ag.)
Mr. Randall Karim	Director, Policy & Strategy
Mr. Dennis Scott	Manager Alliances

Mr. Chairman: Good morning everyone. I would like to welcome you here and call this session to order. I would like to welcome everyone present to this the 15th public hearing of the Joint Select Committee on State Enterprises.

The purpose of the meeting today is to commence an enquiry into the operations of e TecK and to determine its effectiveness in fulfilling its mandate to make suitable real estate available to qualified tenants, developers and operators in a commercially viable manner.

The role of this Committee is firstly to examine the issues which have arisen, based e TecK's written responses to the Committee's questions, and secondly to help e TecK improve its operations resulting in a more efficient and effective organization.

For your information, this meeting is being broadcast live on Parliament Channel 11, Parliament Radio 105.5 FM and the Parliament's YouTube Channel, *ParlView*. Viewers and listeners can participate by sending comments relating to today's engagement with the Evolving Technologies and Enterprise Development Company Limited (e TecK) via email to parl101@tpparliament.org, on our Facebook page at facebook.com/tpparliament, or on twitter@tpparliament.

I would like now to welcome the officials of e TecK and the Ministry of Trade and Industry and I would like for you to introduce yourselves, beginning with the Chairman

of e TecK and your team and then after the leader of the team from the Ministry of Trade and Industry. Mr. Chairman, please introduce yourselves.

Mr. Ahamad: Thank you Mr. Chairman. Good morning, Chairman and members of the Committee. From this side, we are pleased to be present to this sitting. We look forward to bringing further—

Mr. Chairman: You would get a chance to have an opening statement. This is just an introduction.

[Introductions made]

Mr. Chairman: Thank you very much for introducing yourselves. I would like now to call on the members of this Committee to introduce themselves, beginning with members on my left.

[Introductions made]

Mr. Chairman: Good morning, everyone. My name is David Small and I am the Chairman of this Committee.

I would like to request that everyone who has a cellular phone, especially people like me who have more than one, to make sure it is either switched off or on vibrate or on silent mode. And I would like to, at this stage, acknowledge publicly that we have received the communications from e TecK. Your submission was received. I want to thank you for submitting the information requested from the Committee, and I want to take this opportunity to put you on notice that it is very likely, given the substantive nature of the submission and some of the questions that have already arisen, the Committee may have to call you back again. I am putting that out there early, because the initial read of this document suggests that we may require another hearing, because the list looks very long at the beginning here. Do not be scared. This is a nice group. Yeah.

I will now ask the Chairman of e TecK to provide the Committee with a few opening remarks, brief.

Mr. Ahamad: Thank you. We are pleased to be here this morning on this appointed date to bring clarity to any of the answers to the questions, as well as any further insight into

the operations of e Teck. So we look forward to a very healthy discussion and a good way forward with your recommendations. Thank you.

Mr. Chairman: Thank you very much, Mr. Chairman. I see you went to the space we want—brief. Madam Permanent Secretary, I am giving you the opportunity to give a few brief opening remarks.

Ms. Signoret: Very pleasant good morning to all again. Chairman, the Ministry of Trade and Industry is particularly pleased to be here today and to lend support to this process. We look forward to any insights, any recommendations coming from this Committee, all with a view to ensuring that we have optimal execution of all mandates. Thank you, Chair.

Mr. Chairman: Thank you very much, Madam Permanent Secretary. I would not expect anything less of the Madam Permanent Secretary who is very well known to me, for the record. Thank you very much.

Just procedurally and in terms of going forward, I would like to remind members when you are responding please press the mike in front of you and direct your questions through the Chair.

All right. So, I would like to begin, in terms of looking at e Teck. The Chairman, I have seen that the mandate of the company is one that is, as stated here on page 4 of your submission, the sole mandate of e Teck is to be focused along the lines of asset management and several other things. But it references a 2012 technical report of the World Bank Group on Special Economic Zones. And the Committee is not privileged to have a copy of that document. So the first issue is if you have, you could share with the Committee a copy of that document that you referenced in your submission of the technical report of the World Bank Group on Special Economic Zones.

Now, my question is that e Teck is set up to manage assets. When I first looked at the asset portfolio of e Teck, the first question arises for me is that your return on assets is, in some years negative, and even in the years when it is positive it is very low. Could you help us to understand what are the challenges that your company is facing in being

able to—when I look at your accounts you are managing about \$2billion in assets, on paper. And the fact that the returns are very, very low, while we understand that estate management is a low-margin business, but several years your returns have been negative as well.

So that, we are trying to understand what challenges are you facing, in terms of being able to say that as a company you are managing a significant portfolio of assets, but you are not getting the returns that allow: (a) What do I consider even a fair return to the taxpayers? Could you help us with that, as a general overview, in terms of the performance of the company, Mr. Chairman?

Mr. Ahamad: A couple of the main areas which create this challenge in a return on assets would be the tenanting of Tamana InTech Park and the operations and performance of Magdalena Grand. Those were the two main areas that would impact negatively.

Of course, as you said, in this business there are also other challenges like in other any other business. So there are challenges, in terms of the leases, getting the head leases from the Commissioner of State Lands; getting lands fully occupied; creating new industrial parks. But certainly if we were to get Tamana InTech Park tenanted and improve the performance of the hotel, the numbers would improve drastically.

Mr. Chairman: So that, Mr. Chairman, because the first part of the numbers, while they are not horrific, I think that—I have seen horrific numbers so do not worry, but the numbers still are anaemic, using my own assessment. And I am just trying to understand. So you are saying part of your challenges is getting the leases from the respective government agency for that.

But, other than that, I am looking at, let us say your revenues from the business parks and the last set of numbers you provided for us here on page 7 of your submission is that 2017 seemed to have been the best year ever, at least in the period here, in terms of revenues. But \$31 million in revenues from all of these estates and parks still seems to be a low number.

So, Mr. Chairman, and anyone else from the team could support, are you okay,

happy with this level of revenues from these parks? Is it something that you are actively trying to find a way to increase this revenue base? Because, from where we look at it, and this has been the best year from 2008 to now, in the past 10 years, \$31 million does not seem to be a good return on the various business parks that you operate—you operate in Diamond Vale. From Diamond Vale to Point Fortin, there are so many parks and most of them seem to be well tenanted. So we are struggling to understand what is really holding back the business. Even if you have an arrangement now that you have to probably wait sometime for it to expire, what is the plan to try to see if you can increase these revenues?

Mr. Ahamad: Good. I will start with a response and then hand over for some details to the Acting CEO. We need to recall that quite a number of the leases, e Teck inherited these leases and some of these leases do not allow for a service charge. So that is one aspect where e Teck can move towards improving its revenue stream, if we were to have a service charge built into the lease. But some of the leases do not allow for a service charge.

Mr. Chairman: So it is just a flat payment, the lease? Those that do not have the service charge, it is just a flat payment fixed, no annual escalator, nothing along those lines?

Ms. Singh: Chairman, if I may?

Mr. Chairman: Yes.

Ms. Singh: All right. So as the Chairman was saying, there are a number of what you call legacy parks and legacy leases. As a matter of fact, those number 164, where the rental agreement or the lease agreement is also a little bit low because a lot of those arrangements were 99-year arrangements. They do not allow for rent reviews and they do not allow for service charges. We have a total of—

Mr. Chairman: 99-year lease, no rent review, no service charge.

Ms. Singh: Right. But remember those are legacy parks and legacy leases that e Teck in fact inherited. Of course, to do an addendum to those leases really you would not be very successful because if you pay a peppercorn rent at this point in time, what will motivate you to pay a higher rent? So you are constrained by the stream that you collect

from those leases. That, of course, significantly impacts the revenue that comes into the organization and of course the fact that, since you opened Magdalena Grand in 2012, that hotel has been operating at a loss, of course. And as a matter of fact, e Teck continued to inject funds into that hotel.

And, of course, in addition to which we must also recognize that with the downturn in the economy, collecting or being up to date on your revenue collection poses a challenge.

Mr. Chairman: All right. I am just doing some quick questions on the broad areas of your business and then I will open the floor to other members.

Ms. Singh: Sure.

Mr. Chairman: So those are my first passing questions on the parks.

On the performance of the Hilton Conference Centre, I have looked again at your revenue line and the revenue line is very variable. What is different? What causes this variability in the revenue line from the Hilton arrangement?

Ms. Singh: Right. So we would have given you the rental injection from Hilton for a period of, 2008, 10 years. Right?

Mr. Chairman: Yeah.

Ms. Singh: We would see that, of course, 2015/2016, well it started in 2014, the returns were in fact very healthy. But again, the revenue from the Hilton is based on occupancy and is based on economic times. So with the global downturn in the economy, the revenue or the rental arrangement from Hilton tends to fluctuate on an ongoing basis. But within recency, certainly it started, if you notice in 2012. From about 2008 to 2012, it stood at that \$18 million mark. Then it started to go up. We peaked at 32 in 2014, and then we are seeing the downward now 2016/2017. That is, of course, attributed to the global downturn economy.

Mr. Chairman: Yes, okay. I have a couple of quick items here on the Hilton issue, because I am still—I hear you because the Committee would request a copy. Is there an agreement between e Teck and the Hilton for this arrangement?

Ms. Singh: Yes, there is.

Mr. Chairman: We will be requesting a copy of that, so that we can, you know, put our minds, shape our minds around exactly what are the mechanics that give to these numbers.

Ms. Singh: Sure.

Mr. Chairman: Because as it is now, it seems all over the place.

Ms. Singh: All over, right.

Mr. Chairman: Yeah. So that we need to probably get the additional information.

Ms. Singh: Sure.

Mr. Chairman: I have one question further on Hilton, and it has to do with the staff-cost line. I noted from 2011 to 2013 there was like a 2 per cent increase in the staff cost. Is this because of a union arrangement? We do not know. First to begin, what does this staff cost represent, and then what caused the significant increase for the period? Between 2011 and 2013, it went up by 21 per cent.

Ms. Singh: Right. Remember the employees of Hilton—yes, it is a unionized environment and the employees at Hilton—are employees of Hilton Trinidad Conference Centre. So that, based on the arrangement we have, the lease arrangement we have with Hilton, Hilton is responsible in total for the staff cost. So that they are not required to seek approval from e TecK, in terms of incurring staff cost.

Mr. Chairman: It seems a quite significant increase in a one-year/18-month period. I mean, it is a huge number. So it just stands out to us.

Ms. Singh: Right.

Mr. Chairman: Again, so this is something that the Committee will try to understand. We need to understand this better.

Ms. Singh: Sure.

Mr. Chairman: And we would be requesting information to understand what happened here.

Ms. Singh: Sure, and certainly we will obtain the information from Hilton. Yes.

Mr. Chairman: Yes. And then my last question on this before I open the floor has to do

with the performance of the Magdalena Grand Beach Resort. Now, this particular one, I suppose of the three, this is the horror story in the three.

Ms. Singh: Abysmal, to say the least.

Mr. Chairman: Well, the Chairman is trying to avoid, you know, that type of language. But I like your words. It is abysmal, 10 years of consecutive losses; over \$400 million in losses over the 10-year period. Staff cost increased by 400 per cent from 2011 to 2012. We do not understand that. There are several issues that arise here from the operation of the Magdalena Grand that I would like to understand. The staff cost in 2011 was \$5 million. The staff cost in 2012 was almost \$20million. So that we are saying okay, we are not sure. Something may have happened. They may have reopened and expanded, I suppose.

Ms. Singh: Right.

Mr. Chairman: That is my thinking. But again, sometimes when you present this to the Committee these questions arise because it just looks—

Ms. Singh: Right, it just has the raw numbers.

Mr. Chairman: Yes.

Ms. Singh: So, for the period 2008 to 2011, the hotel would have remained closed. Yes? The hotel would have remained closed. In 2011, we would have restarted renovations process and then we would have reopened in 2012. So the jump in 2012 is a full-staffed hotel. Yes?

Mr. Chairman: Okay. Well good. That helps us, because like I said, this is just my first part. I have some harder questions coming up, but I understand. I have several requests on the floor, but I understand that the Brigadier Retired, has a follow-up question on the Magdalena Grand. I am going to allow one follow-up.

Brig. Gen. Antoine: On the Hilton.

Mr. Chairman: On the Hilton. Okay. Please.

Brig. Gen. Antoine: Yes, in terms of work at the Hilton, critical works, et cetera, we got these documents late and I am perusing the documents, and you said critical works to be

initiated in 2017/18, there are different types of work to be done.

Ms. Singh: Yes.

Brig. Gen. Antoine: But in the media recently, there was hype about refurbishment of the swimming pool in Hilton, but I am not seeing it anywhere in 2017/18 strategic plan. Where does that fit in?

Ms. Singh: That would have been captured in the works that you would have completed in 2016.

Brig. Gen. Antoine: 2016?

Ms. Singh: Yes. Sorry, it was approved in 2016 and completed in 2017. Member, the list of critical works that we gave you is for our fiscal, e Teck's fiscal, 2017/18. The pool would have been completed in December 2017.

Brig. Gen. Antoine: So it is completed?

Ms. Singh: Yes, it is completed.

Brig. Gen. Antoine: Okay.

Mr. Chairman: I would like to now open the floor, and MP Karim, you have the floor.

Mr. Karim: Thank you very much, Mr. Chairman. I want to join with all of us here in welcoming you to this morning's session. And since the Chairman's opening remarks focused substantially on two challenges, which is Tamana InTech Park and the Magdalena Grand, I have a number of questions, but I will want to start with Tamana.

Could you give us a sense as to how much has been expended from the inception of this project and how much is required for its full completion and when do you expect that to happen? That is the first question and I have a few questions that will follow from that.

Ms. Singh: Okay. The expenditure thus far for what exists currently at e Teck is \$1.128 billion. So \$1 billion.

Mr. Karim: Okay, and how much do you perceive will be required to complete this project as was originally envisioned?

Ms. Singh: Right. As the original PSIP allocation funding, a further \$95 million is required to complete.

Mr. Karim: Okay. With respect to your phase one, which is what I suspect that you might have been responding to—

Ms. Singh: Correct.

Mr. Karim:—you had a targeted percentage, in terms of tenants who you would have expected to occupy the facilities. Could you tell us whether that target was achieved? In other words, what I want to find out, as well, is how many available land lots are there in phase one, and how many of these have been leased?

Ms. Singh: Right. There are 21 fully-developed land sites, which means all the civil infrastructure, ICT infrastructure, 21 fully developed. There is a 130,000- square-foot building that is one, owner occupied, and two, tenanted by a foreign firm. There remains just about 30,000 square feet in that building to be tenanted. Of the 21 land lots that are available, there are two very strong leads: one, we hope to go to letter of offer in April of this year, next month; and the other one, we hope, probably within the next three months, that we go to an offer with that tenant.

Mr. Karim: Okay. So of the 21, you have no firm commitment of tenancy at this point in time?

Ms. Singh: The two are firm.

Mr. Karim: Okay. So you have 19. In other words, you only have two, with an expectation to be occupied.

Ms. Singh: Yes.

Mr. Karim: And you have 19 that have been left idle, in a sense?

Ms. Singh: Well, we are actively seeking leads and attempting to tenant. Yes.

Mr. Karim: What do you see as the future for those 19? Do you see them being bright? Do you have any offers to utilize those 19? And when do you expect, what amount would be utilized?

Ms. Singh: All right. InvesTT has been Cabinet mandated to market and tenant tip. Of course, we work in conjunction with invesTT. As a matter of fact, there is a memorandum of understanding between e Teck and invesTT. The real estate department of e Teck and

the sales team at invesTT meet once every two weeks and the two Presidents meet once per month.

The boards also, board of invesTT and e Teck, we would have last met in November of 2017, in an effort to resolve the tenanting and, of course, look at the pipeline, look at your prospects, with a view to, of course, tenanting tip. It was arising out of that meeting, as a matter of fact, that the two very strong leads were in fact gotten to the point where they are at this point in time. There is a strong pipeline, very strong pipeline.

The future for the 19 lots, certainly we hope by the end of the year to be somewhere close to probably between five and seven more tenants, based on the pipeline that exists between invesTT and e Teck and certainly we—again, because of the impact on e Teck’s revenue—we intend to have it—e Teck would like to have it tenanted as soon as possible. But we work realistically in a time frame as established by invesTT.

Mr. Karim: Is there an aggressive marketing strategy from, say invesTT, not necessarily only in terms of the local component, because we understand the economic conditions here, in terms of the internationalization of this flagship building and the other lots?

Ms. Singh: There is a good marketing plan. An excellent marketing plan exists, invesTT, that is in fact board approved. We have seen the plan. The plan has been presented also to e Teck’s board. But again, like I said, we are very active with invesTT, in attempting to tenant tip. Of course the tenanting, you know, is challenging as you said—

Mr. Karim: Are you satisfied with that arrangement, or would you have preferred to market it yourself? I mean, this is something to help. It is a developmental question.

Ms. Singh: No. We work very well with—

Mr. Karim: You know why I am asking you? Because when we look at the response and we look at that two of 21, and 19 that are idle, I am asking whether you are satisfied, or whether you would have preferred, you felt that you could have done it better, and have a better result on outcome or performance than what exists? Because you have millions of dollars infrastructure basically sitting idle.

Ms. Singh: But I mean, based on the pipeline that I see existing at invesTT, I know very

significant efforts are in fact made. But remember the downturn of the economy is not local, it is also international so—

Mr. Karim: I wanted to get a response to the question that I had asked really, in terms of: Are you satisfied and would you have preferred to do it on your own?

Ms. Singh: We are satisfied with the arrangement.

Mr. Ahamad: Through you, Chairman. Certainly we are not pleased with the tenanting. I mean, obviously, with two out of 21. It is clear that we would have preferred to be in a much better place. However, having had invesTT present its plan to us some time ago, we feel that the plan is workable.

And recently, I would go back to maybe about six months ago. I communicated with the Chairman of invesTT and we set a goal to have regular communications and have the two organizations meet on a regular basis, because we both have the same final goal to tenant the park. So we have developed a better working relationship as well to achieve the final goal.

Mr. Karim: Mr. Chairman, do you find that in some cases what you may have noticed, I mean you are a very astute and successful businessman in the country, do you find that there has been—and you would have noted an overlap of some of these responsibilities, which could have been more cost effectively done?

Mr. Ahamad: Well, in replying I will go back a bit where invesTT was once part of e Teck in the organization structure, and I am not sure, but it could be back in 2013. Back in 2013, the then thinking was invesTT would go out on its own and be able to focus on that mandate to tenant the e Teck parks and also direct its efforts to more foreign direct investment. I am certain it has worked to some extent, but we need to focus stronger and get more results.

Mr. Karim: Now, one of the things that we would note as a committee is that you have your institution where you have the estates. You have another company that is doing some bidding for you to utilize your infrastructure. But is it that you are confident that you have the requisite skills, competencies, talent, and the professional wherewithal within the

organization? Do you have those, that you feel can deliver to the mandate of e TecK?

Mr. Ahamad: Are you speaking about going out to tenant the park?

Mr. Karim: No, I am talking about within your staff that is.

Mr. Ahamad: For its current mandate?

Mr. Karim: Yeah, and I will tell you where I am going to, because I noticed that there are a couple of vacancies at the executive level, and one will want to ask: How long have these vacancies existed and why have they not been filled? That must be a challenge and a handicap, and when do you expect? So do you have, in your view, the requisite skills, talents abilities, competencies? In other words, is there a fit of purpose between the person and the qualifications of that individual?

Mr. Ahamad: In my opinion, the current, and when I say current, in the last six, four months or so, fit for purpose with employee and objective and mandate is much, much better than it was a year ago.

10.45 a.m.

Yes, there were some positions left vacant, and we have moved to fill those positions. For example, we made a decision to change the title of one of the VP positions, from Capital Projects to Projects and Facilities, to better handle the new mandate.

Also, we felt it necessary, as two hotels fall under e TecK, to have a manager hotels, and we went out to fill that position but we were unsuccessful.

Mr. Karim: Okay, I just want to find out, I will come back to some of those issues. Is the flagship building fully functional? Because you said you had space available for a tenant. Is this building fully functional?

Ms. Singh: Member, yes. It is, e TecK—

Mr. Karim: I just want to remind you, about how you answer in the Committee, right. Because we want to make sure, and I am not going to say that you are diverting from the facts. But if you know that there are any instances, any issues with the building, you might want to alert us to that. Because, I will ask a subsequent question. So, I ask the question again, is the flagship building fully functional?

Ms. Singh: Yes, the flagship building is fully functional.

Mr. Karim: Do you have an issue with your HVAC system?

Ms. Singh: No.

Mr. Karim: You do not have an issue with your HVAC system?

Ms. Singh: The building would have been remained—if I can just give a brief—

Mr. Karim: Sure.

Ms. Singh:—Right. So the building would have been constructed, and construction would have been partially completed in 2007. Because of funding issues, it reminded partially completed and reconstruction started in 2011 thereabouts. And was fully completed in 2014 and was opened in June of 2014. When it was initially opened, there were issues with several of the operating systems, simply because it was left unoccupied for such a long period of time.

E TecK moved its head offices into the flagship building in July of 2015. Yes, we did encounter issues during our move. But as at March of 2018 those issues have, in fact, been resolved and the building is fully functional. Of course, you continue to do what you call your routine maintenance work and you continue—like right now, we are resurfacing the building, we are power washing the building so you continue to do—

Mr. Karim: So, you have no issues with the HVAC, nor plumbing, nor electrical, nor generators?

Ms. Singh: Like I said, when we initially moved in the building in—

Mr. Karim: No, as we speak?

Ms. Singh: As we speak, no.

Mr. Karim: Okay.

Ms. Singh: Yes.

Mr. Karim: I want to ask you, with the Chairman's permission, because I want to give my other colleagues, I want to ask you a question. Because one of the articles I noted from the newspaper on e TecK, and it goes back to January 30, 2017. It spoke about the remoteness of this location. I am aware of the location, because UTT of which I was

formerly responsible for, as a substantial tenant at this facility.

Ms. Singh: Correct.

Mr. Karim: With respect to the remoteness of this facility. Do you have any challenges or any issue with respect to your employees getting to your facility, or do you have to facilitate the employees attendance to work with transportation?

Ms. Singh: Okay, so prior to us moving to—if I can again give you some history. Prior to us moving to the Tamana InTech Park, we were located in central in a rented building.

Mr. Karim: You seem to follow closely with UTT. *[Laughter]*

Ms. Singh: Yes, there you go. And, of course, we would have undertaken staff surveys, we would have met with focus groups to sort of get an idea of the feelings of the staff, in terms of the move. There were a number of persons residing in the south area that it in fact impacted. Those have since settled down, I am not saying it is not a far drive, it is a far drive. But those persons have since settled in, there is no negative impact or feedback in terms of—there were about six persons located in the south area.

In central it is easier, as a matter of fact, you go against the traffic, so it is easier. There are a number of us who live in the west, again it is a long drive, but against the traffic. E TecK has always since its location, I believe, in El Socorro, there were a number of employees that e TecK provided assistance to reaching to its location, there are just about four persons—

Mr. Karim: So, the question I really wanted to ask is, do you now provide any transportation facility to any of your employees to get to your location?

Ms. Singh: There are four persons that we provide service to, yes.

Mr. Karim: And how is this transportation facility provided and what is the annual cost of this facility?

Ms. Singh: We utilize a maxi, one maxi that at a certain pick up, they pick everyone up in Curepe and bring them down to the facility—

Mr. Karim: Is it a small one or a large?

Ms. Singh: A small maxi.

Mr. Karim: And what is the cost of this maxi annually or monthly if you will want? What is the annual cost of the transportation?

Ms. Singh: It is \$5,000 per month.

Mr. Karim: So it is \$60,000 you spend for a maxi to transport four persons from Curepe to Wallerfield?

Ms. Singh: Yes, we do.

Mr. Karim: What do you think about that given the circumstances of the economy and the fact that some of these persons who utilize this facility, in fact may live in the northern area?

Ms. Singh: Remember I said it was a service that we would have provided probably since a little while now and, of course, given the remoteness of—because we had stopped it when you moved to central. But given the remoteness of the Tamana InTech Park, we brought back on the service. These are young persons, these are persons—no other form of transport, so from an employee perspective and an employee engagement perspective, we thought it best that we continue—

Mr. Karim: How long has this been going on?

Ms. Singh: Well, 2015 when we moved.

Mr. Karim: So, in other words, you have what \$150,000 has been spent so far?

Ms. Singh: Yes.

Mr. Karim: Or more, in three years? I just want to conclude this part. So you are providing transport for four persons in a maxi at \$5,000 per month for the last three years.

Ms. Singh: Two and a half years.

Mr. Karim: Two and a half years, which is like, in our view something of a concern because it is not a normal practice for us to see it. But, I will return to some questions later on.

Ms. Singh: Sure, no problem.

Mr. Chairman: Thank you very much. Before, I give the floor to Sen. Mark. I want to go back to a point raised by MP Karim, and it has to do with the business model. His

question was about whether or not they had the resources within the company to achieve its mandate.

I have just looked at the results and it does not seem that the results have improved in any significant way over a ten-year period. So that the ability of your resources now to effectively achieve your mandate in my mind is in question. Because, just looking at the numbers, in front of me, the operating performance over ten years it suggests to me that it has been wobbly but it has been wobbly in a way that is in many cases negative.

So my question is how your level of comfort, that you are going to be able to change the trajectory of the business. I am not clear, because I am looking at it and it seems to be going along, meandering along and I am not seeing any clear trajectory, that listen okay, we have reached a stage where we think we have everything in place and we are going to be moving more or less positively in an upward direction. I am not getting that sense from the information in front of me. Mr. Chairman.

Mr. Ahamad: As I mentioned earlier. The two main areas of concern would be tenanting of Tamana InTech Park and Magdalena. So if we drill down and we look at those two entities, you will find that they produce the heaviest burden on the organization.

So, we spoke quite a bit about the relationship between e TecK and InvesTT and the different roles to tenant the Park, the different roles and responsibilities and if we were to improve the efficiency of the hotel, the Magdalena Grand, that will bring positive results.

In going along in that direction for the hotel we attempted to engage a new person on the org chart to manage the hotels. Unfortunately, the applications, the CVs received were not favourable. We postponed going back out to a later date. So we still have to go out to employ that new person on the chart. And we feel then we will be in a better place. But, of course, there are a number of challenges which I do not think we will go into, they are all well documented and mentioned for tourism in Tobago and hotel occupancy.

Mr. Chairman: Mr. Chairman, I thank you for responding. Because I looked at the strategic plan document inside of there, and I am still not seeing anything in there that

helps me to directly understand, okay these are the specific strategies we are going to turn or put the business on a growth path.

So I am not going to pursue that any further. But I am just sharing that on the broad strokes look, the business seems to be meandering; it does not seem to be in a place where you understand very clearly, very concisely what are the things it is going to do. And if you have the challenge, you listed the challenges, but some of those challenges I understand are largely outside of your remit. So it is a limiting factor to your growth.

So that I would have liked to see a statement in the strategic plan about that, that listen we have thoughts about how we can grow the business, but there are things that limit the ability of the company to operate in terms of the things that it is thinking about, being just operating on a pure business basis. And I think we have to get the entities to be real about that and state it. So you know, that way you manage expectations. This is just the Chairman.

I have one question before I give the floor again, and it is related to a similar issue raised by member Karim. So it is really a follow up. It is about the Tamana InTech Park. I have noted in your submissions here you have been doing some work: repairing leaks to the build and repairs to the roofing, and so on. I noted earlier when it was asked if it was fully ready and—are these problems maintenance related? Was the maintenance not done properly? What is causing what should be a new building to be spending— how much money you spend? Half a million dollars here, whatever when you add it up, in terms of repairing leaks to the second floor and repairing to the roofing system. Because it is not fully tenanted, so we are trying to understand what could have caused— what is the issue here?

Ms. Singh: Remember this building, like I said, was partially completed in 2007, but stayed unoccupied for a period of probably five to seven years, when eventually e Teck would have moved in, in 2015. So it is on-going maintenance simply because prior to now, let us say 2007, during the unoccupied stage, the attention to maintenance was not as active as it was supposed to be. So those are regular maintenance issues that we

continue to do on an ongoing basis.

Mr. Chairman: And I thank you for that, because again to the uninformed you have a relatively new complex and I am seeing lots of money being spent maintaining roof and you have a leaking roof. So we are just trying to get information to help us understand.

Ms. Singh: Right, it was that unoccupied state.

Mr. Chairman: Ma'am, we appreciate your response. Because that helps us to move on to other issues. So I am now going to give back the floor to Sen. Mark who has requested the floor. Sen. Mark.

Mr. Mark: Thank you very much, Mr. Chairman. Maybe the Chairman—the CEO. I know initially the enhancement work for the Trinidad Hilton and Conference Centre was estimated at some \$484million. Could you tell this Committee whether those enhancement works have been completed? Could you tell us the final figure that it cost the taxpayers to complete the upgrading and the other enhancement works at the Trinidad Hilton and Conference Centre?

Mr. Ahamad: Chairman, we will pass the question on to Ms. Henry and Mr. Alfred.

Ms. Henry: Member, through the Chair. To date the total cost for the upgrade works at the Trinidad Hilton stands at \$518.4million.

Mr. Mark: Could you tell us if there are any other major works to be completed at that hotel?

Ms. Singh: Okay, from those upgrade works which started in 2007, the only major work that remained outstanding from that budget and from those works would have been the pool upgrade.

Mr. Mark: The pool?

Ms. Singh: Correct.

Mr. Mark: As you talk about the pool, let me ask you about this pool. Could you tell us what was the procurement process involved in this construction or rehabilitation, I should say of this pool? And would you tell us, what was the final price? Because, I have here, based on your submission, a section that talks about approved revised contract sum for

this pool upgrade and it was \$6.649million. But I read somewhere that it cost the taxpayers \$7.6 million. I do not know if that is propaganda, or fake news. But, tell us what are the facts, as they relate to the final cost of the upgrading of the Hilton pool?

Ms. Singh: Right, and if I can just again give a brief history with regard to the upgrade of the Hilton pool. First of all, the upgrade of the Hilton pool or the necessity to upgrade the Hilton pool was really one of an HSE issue.

At the deepest end, that pool was 16feet, at the deepest end. The pool project or the upgrade of the pool was a two-pronged approach. Of course, you would have had a design or a consultant to do the design of the pool and then you would have had the construction aspect of it. So the total cost of 7.6 included the design and then the construction.

Mr. Mark: Would you be kind enough to tell us who did the design? What did it cost? Could you tell us who did the construction? And what did it cost to arrive at the final figure of seven and half million dollars?

Ms. Singh: Right, of course. The design through public procurement that was awarded to a consultant called MOCAD that is the design and construction—

Mr. Mark: You want to spell that for us?

Ms. Singh: M-O-C-A-D.

Mr. Mark: And who are they?

Mr. Chairman: I would like to interject. Could you provide the information and the details of the arrangements between e TecK and the entity regarding the pool? Could you provide a full summary of that in writing to us?

Ms. Singh: Absolutely, sure. So that includes, of course, construction?

Mr. Chairman: Yes.

Ms. Singh: Perfect, yes.

Mr. Chairman: Proceed Sen. Mark.

Mr. Mark: I also would like to ask, the Magdalena that the Chairman spoke about, seems to be a heavy weight around the neck of the taxpayers of this country. My information tells me, or the information that you have provided, that from its inception in 2008 to the

present time, this hotel has experienced massive losses. What can you tell us about its future? Is that one of the matters that you have up for sale under asset sales, which I have to come to or is it something you are contemplating disposing of?

Mr. Ahamad: Through you. Magdalena Grand Beach Resort is not one of the entities referred to under asset sale. However, in further response, I would point out that on page 8 of the strat plan, we identified that Cabinet agreed to offer a new contract to the current management provider as well as that e Teck, together with a committee of the Ministry of Finance, Tourism, THA, should go out and seek a new long-term operator, and the due date for the long-term operator to become effective is at the end October 2018. That is indeed one of the strategies to—one of the key strategies to move the hotel to a more profitable state or to a less losing position.

Mr. Mark: Would you be kind enough to provide this committee with a list of all those assets that e Teck would like to dispose of under sale of assets, and the value of each of those assets that you would like to dispose of?

And the Moruga Agro Processing Facility, I am trying to clarify in my own mind, is it a special economic zone? Is it an industrial park that you have embarked upon? Could you share with this committee what is the purpose? What is the objective of this Moruga Agro Processing Facility which, my information tells me, according to what you have supplied, will cost the taxpayers \$62.4 million upon its completion. What is this all about?

Ms. Singh: So, the Moruga—it is intended that it is an agro-processing and light industrial park. So you would offer to Moruga and its environs, six factory shells and 18 land sites. Six factory shells, multiple purpose factory shells and land sites which will allow the occupants to process its agro-processing and then, of course, to do a degree of light manufacturing on that park.

It is an 18-acre park. We would have commissioned a feasibility study and master plan in early 2017 and it is, of course, a project that is being done in conjunction with UDeCOTT; UDeCOTT being the project developer, e Teck being the project owner. In its completed state, like I said, what we would allow is multi-purpose agro-processing

units and land sites suitable for light manufacturing and the feasibility study which we would have conducted through our consultant, indicated to us that is, in fact, needed in Moruga and its environs.

Mr. Mark: Do you want to share with us, through the Chair, whether that feasibility study has been completed.

Ms. Singh: The final study was provided to UDeCOTT simply because the consultant was engaged through UDeCOTT. Yes.

Mr. Mark: Would you—well, you have a very good relationship with UDeCOTT.

Ms. Singh: Yes, of course.

Mr. Mark: Would you be kind enough to make a copy of that study available to this Committee? What about the master plan?

Ms. Singh: The feasibility study is built—

Mr. Mark: Is part of the master plan?

Ms. Singh: Correct. Yes.

Mr. Mark: Could you also indicate to us the consultant that was involved in this feasibility study and what did it cost the taxpayers?

Ms. Singh: The consultant was GSAL and the cost was \$1.2 million.

Mr. Mark: Madam CEO, given the fact that so many factory shells in your different locations, 19 locations, remain vacant if I am not—do you have vacant sites available at this time?

Ms. Singh: There are eight factory shells, six we have very active engagements to tenant; six very active engagements. There are just eight vacant factory shells.

Mr. Mark: Yes, eight.

Ms. Singh: Correct.

Mr. Mark: And what is the state of play as it relates to the Port Fortin Industrial Park? How many sites are there and have they been occupied or when do you indeed to have them occupied?

Ms. Singh: Point Fortin Industrial Park, there are 11 building sites, or land sites in that

area. They are all tenanted in terms of persons having leases. However, those leases were issued in 2016 and those tenants have—sorry, 2017. Those tenants have, really, a three-year period in order to complete construction. One year to obtain all the requisite statutory approvals and then two years to complete construction.

Mr. Mark: And could you tell me in this final question, in my round one, of all the areas in the south land, could you share with use the rationale for the Moruga area being identified? And are there plans on the part of e Teck to embark upon further developments among other areas of the south land, maybe in the area of agro-processing or something similar in nature? Or is that the end of the show after that particular exercise?

Ms. Singh: Moruga was deemed to be—of course, based on the master plan and feasibility study—most suitable, especially given the agro-processing requirement in that specific area. Yes, there are in fact plans. E Teck is always—remember there is a divestment of assets that we are currently undertaking. So there are always ongoing plans to increase the asset base. There are plans for, of course, other developments but remember those would be very contingent on your cash flow, on cash, on the availability of financing.

Mr. Ahamad: Chair, also e Teck's newest industrial park will be located at Pleasant's Park, sorry, Phoenix Park. The site is approximately 133 acres and we are actively engaged in preparations through the Ministry to get the Phoenix Park site up and running. It will take some time but that is the next site for an industrial park.

Mr. Mark: And Mr. Chairman, if you may allow me. Ma'am Chair, CEO, could you tell this Committee how much money have been expended thus far on this Moruga site and could you give us that in writing—no, give us an estimated amount and then give us in writing a detailed breakdown of what the moneys would have been spent on? So, first of all, how far are we in terms of expenditure and a detailed breakdown of the cost of the expenditure in terms of an itemised basis?

Ms. Singh: Sure. The only expenditure that we have incurred thus far is that cost allocated to the consultant for the master plan; 1.2 was in fact allocated. The exact spent

is—I will get that, Chair, subsequently. But, with regard to the total expenditure, the budgeted cost of the Moruga Park is \$69 million. Like I said, it is in partnership with UDeCOTT. UDeCOTT is responsible for the construction aspect of it. Funds, however, will flow through e Teck. We are just at the point where we went public tender for the construction aspect of it. UDeCOTT would have completed—UDeCOTT in conjunction with e Teck would have completed the evaluation for the contractor and as far as I understand, that would have gone to UDeCOTT’s board tenders committee last week, but we have not yet—we do not have the results. So, so far all you have expended is a portion of the \$1.2 million towards the master plan and the total budgeted cost is \$69 million.

11.15 a.m.

Mr. Chairman: Thank you very much, Sen. Mark. Just before I go quickly to member Crichlow-Cockburn, I have a question, Mr. Chairman, and this is related to the performance of the Trinidad Hilton. Now, I have noted that when you look at the net margin it is very small. I want to get, if you have it, I would like the Committee to be provided with a break out of this line here called “Operating Costs”, because the margin for the operating of the Hilton is small, it is tiny.

Now, we have had the Committee team here do some research on understanding what is the net margin for hotel groups. You can go on companies’ websites and see what their margin is, and you will be surprised what Hilton’s operating margin is—Hilton global as opposed to what we are getting here. So I suspect that somewhere inside of this number called “Operating Costs” where the margin is 3 per cent, 4, per cent and 2 per cent in several years, that is where they factored in the operation, and because we do not have—and that would link us with the agreement—but I want us—you could put it in writing—I want to request on behalf of the Committee that this line item that is “Operating Costs”—because when you take this away from revenues, you are left with a very, very small number in terms of distributable between the parties and when you compare to what—you go on Hilton’s website and you go to their operating performance and you go to their hotel’s page and you see what the margin is, these numbers are horrific compared to what

they are earning.

I am not saying they are bad people. I am saying we are trying to understand the business model and to, perhaps, allow e Teck to be in a stronger place going forward in your discussions, because these are the types of things—the analysis that we need to understand that okay, perhaps the agreement needs to be adjusted, amended or proposed to make some changes to allow us to share a little more in the way in which the Hilton is operating. So I am just sharing that with you. Mr. Chairman, you want to jump in?

Mr. Ahamad: I would ask the CEO to make a comment regarding the structure of the lease so that the Committee could better understand the type of lease, the type of long-term lease as opposed to these numbers shown here which are genuine, which have come from Hilton's accounts.

Ms. Singh: Right. So in terms of—now in all fairness, Hilton reports to us every quarter in terms of their financial achievements. They meet with the board on a semi-annual basis and their budget is, in fact, approved jointly with e Teck. Certainly, we would be able to get the information from Hilton, but understanding that it is a long-term lease arrangement with Hilton International for Hilton Trinidad.

Mr. Chairman: That is fine. We are with you, and we are appreciating your responses. Okay. I would now give the floor to member Crichlow-Cockburn.

Mrs. Crichlow-Cockburn: Thank you very much, Mr. Chairman. Could you clearly identify for us what is e Teck's mandate and also identify what are the major challenges that e Teck currently faces in terms of achieving that mandate?

Ms. Singh: So in 2013 well e Teck was, in fact, restructured into investTT e Teck. Our mandate became, through Cabinet, the sole mandate—and may I read it member?

Mrs. Crichlow-Cockburn: Sure.

Ms. Singh: The sole mandate of Evolving Technologies and Enterprise Development Company Limited (e Teck) be focused along the lines of asset management and development and facilitation of economic zones and in accordance with the recommendations of the September 2012 technical report of the World Bank Group on

special economic zones. We then, of course, the then board of directors, would have restructured your vision and mission in order to achieve that mandate. Right?

So the mission became to make suitable real estate available to qualified tenants, developers and operators in a commercially viable manner and the vision, of course, to be highly reliable real estate development and management professionals, consistently delivering modern economic zones and hotels on time and, of course, at optimal cost. So at that time that is what would have happened.

In terms of challenges, again, as we would have said, certainly the downturn of the economy affects your ability to on time collect your revenues. So your current debt and, of course, your aged debt, because of the climate in which we operate, that has hampered or slowed up, as a matter of fact, the collection of your revenues.

In terms of its internal operations, we believe our processes are, in fact, solid and, of course, however, within recency since 2016, PSIP funding for your maintenance work on your park, on TIP, PSIP has, in fact, been dried up. So we do not get PSIP funding to carry out maintenance work on your parks, on your hotels. So those are funded by e Teck's internal revenues.

So if, of course, you have an issue with regard to collecting, on time, your rents, but you are required to carry out all, let us say, \$10 million, \$15 million of maintenance work, then we recognize the funding issue, of course, would be the major challenge that we, in fact, faced. So I would say the major challenge, of course, would be the funding issue.

Mrs. Crichlow-Cockburn: So what is e Teck doing? What plans do you have to treat with particularly that challenge because, of course, it is going to affect your ability to operate, and operate effectively?

Ms. Singh: Right.

Mrs. Crichlow-Cockburn: So what is e Teck doing?

Ms. Singh: Within the last year, we would have focused very heavily on collecting your outstanding debts. The debt recovery unit has been restructured to report directly into finance. Before it was in the real estate asset area, that has been restructured to report

directly into finance, so your focus there, of course, is greater, because of course, they understand the bottom line aspect of things.

So, majorly, we focused on debt recoveries and collecting revenues on time as best as we possibly could. In addition to which, the maintenance aspect of things is conducted through what you call a list of critical works. So at the start of every fiscal year, certainly 2016/2017, what we have done is through our internal processes—our maintenance officers, our property officers—we would have developed what you call a list of critical works for both your parks and your hotels. So those works that would have direct impact on revenue, those are the works that we structure into what you call a list of critical works, and those are the works that we undertake bearing in mind it is funded by e Teck internally.

Mrs. Crichlow-Cockburn: Madam President, you made reference to debt, what is the current debt due to e Teck?

Ms. Singh: In total, your current debt stands at \$14 million.

Mrs. Crichlow-Cockburn: Just \$14 million?

Ms. Singh: \$14 million.

Mrs. Crichlow-Cockburn: So in our submission, you would have identified a number of challenges. Included in that you mentioned impending sale of assets. Well, you spoke about the ageing debt portfolio and you said it only stands at \$14 million—that is age—all of your debt?

Ms. Singh: All of it, total debt. Yes.

Mrs. Crichlow-Cockburn: And you also made mention of aged leases, and then you made mention of the unfavourable economic conditions and you mentioned revenue from Hilton Hotel. I listened to your response just now and I am not getting in terms of all of these challenges, how is e Teck going to move forward in a positive manner.

Mr. Ahamad: Member, through you Chair, there are a number of issues or matters that e Teck would have addressed in order to increase its revenue stream. So cost control measures is an obvious item. Then we talked about the aggressive debt collection to

collect rent and arrears. We are exploring implementing service-fee arrangements on leases that permit the service fee. There is also the aspect of leases which were on hold for various reasons. We have e Teck's personnel who would have gone out and met with the client, removed many of these leases that were on hold and have been able to issue or arrange payment plans to bring those customers back on to a proper stream.

And, of course, we talked a lot about the ongoing sale—not sale, the ongoing lease arrangements between investTT and e Teck to tenant the remaining spaces. So there are active measures to increase revenue and reduce cost.

Mrs. Crichlow-Cockburn: Okay. Member Karim would have raised the issue with the human resources. Do you have the human resources with the right competencies, capacities and so forth, and you indicated within the last four months things have gotten better. But based on your submission, I am still seeing a number of positions that I consider very critical to the operations of e Teck being vacant and that is your President, your Vice-President, Projects and Facilities and your Manager Hotel Assets. I am wondering, based on these vacancies still existing, what happened in the last four months that would have caused you to indicate things have gotten better?

In addition, has there been a restructuring exercise subsequent to the submission of this? Is this org structure dated? Because I have noted we have three VP positions here, one is listed as vacant and I am not seeing your Vice-President, Real Estate Assets or your Vice-President, Corporate Services here today and I am also seeing some positions that are not here. For example, your Manager, Alliances and your Manager, Financial Performance. So is it that the Committee has been presented with a dated org structure?

Mr. Ahamad: If you were to turn to page 36 and look at the management structure on page 36, this management structure presented on page 36 is current. It is not dated. Recognizing e Teck's revised role for facilities maintenance and so, the board decided to engage in a reorganization. So the structure presented here is the approved reorganized structure. The President post has been filled and the President is expected to pick up duties—the new President is expected to start in the first week of April. Acting President,

Ms. Singh, who sits here at my left will then revert to here substantive post as Corporate Services.

The position as shown as Projects and Facilities, that position was also filled. At about just a few days before the person was to pick up duty, unfortunately, we received an email, a message saying that he will not be accepting the position.

And as I had mentioned earlier, on the extreme right, hotel assets, e TecK put out an advertisement for the position of hotel assets. After review, we were not satisfied with the quality of the CVs to meet the job description, and we had put that on hold until we fill some other positions and we will devise a strategy to come back to fill that position. I hope that meets with your—

Mrs. Crichlow-Cockburn: Okay, but you mentioned earlier that the former Manager, Capital Projects, you were now looking at having a Projects and Facilities position. Did I hear you correct?

Mr. Ahamad: Yes.

Mrs. Crichlow-Cockburn: But we have a Manager, Capital Projects present here this morning.

Ms. Singh: The position that is vacant is a Vice-President position, but there is a Manager, Capital Projects, yes.

Mrs. Crichlow-Cockburn: Okay. So I go back to my original question, in light of the fact with you acting up as President, it would seem that we have the three Vice-President positions vacant, and I am wondering how has that impacted e TecK's ability to achieve its mandate because these are very critical positions. You have your hotel assets, your have your real estate assets and you have projects and facilities. Given e TecK's mandate, these are positions that are critical. When I looked at your submission, you would have indicated, well based on the figures presented here, since 2015/2016, there has been no change in your total staffing numbers, so it suggests that these positions have been vacant for approximately two years.

Ms. Singh: The Vice-President Real Estate Assets is not vacant. There is an incumbent

in that position. The Vice-President, Real Estate Assets. My substantive role, of course is Vice-President, Corporate Services.

Mrs. Crichlow-Cockburn: So you are satisfied that given your arrangements over the last two years, your HR has not impacted the performance of the organization?

Ms. Singh: Not negatively. No.

Mr. Chairman: Thank you very much. I have a quick question before I give the floor to MP Leonce. Mr. Chairman, I have looked at the—we asked a question about e TecK's debt and we understand that the debt is being serviced by the Ministry of Finance. So that based on the numbers I have here—I want to make sure I have the correct number—\$455 million in total is your current debt.

At a previous time, the Ministry of Finance appeared before this Committee last year and said that as the beginning of last year, your outstanding debt at that time was \$519 million. So I gather there would have been some payments during the year. So this is correct, \$455 million is your current debt. I just have a question, because I have noted that the—

Mrs. Crichlow-Cockburn: Mr. Chairman, sorry.

Mr. Chairman: Forgive me—

Mrs. Crichlow-Cockburn: Excuse me, no. I just want to go back. The current debt is 400 and something million? Was I not told \$14 million just now?

Ms. Singh: The \$14 million is your receivables; that is your bad debts. The \$14 million is what people owe you.

Mrs. Crichlow-Cockburn: No, but I asked for your total debt position. So that is why I asked twice, “Are you saying that your debt is 14”? So your total debt, total debt is 400 and something million?

Mr. Chairman: Perhaps what the Member was seeking was your total debt position and, perhaps, it was interpreted to mean the debtors by you.

Ms. Singh: Correct.

Mr. Chairman: That is what you are saying. So the \$14 million that you responded has

to do with money that people owe you?

Ms. Singh: Correct.

Mr. Chairman: Okay.

Mrs. Crichlow-Cockburn: I am very happy it has been cleared up because I was sitting here—

Mr. Chairman: I am happy too. [*Laughter*]

Mrs. Crichlow-Cockburn:—wondering if it is I was being provided with false information.

Mr. Chairman: No, no, no. I think, thus far, as the Chair, I could say that the team from e Teck here has been very helpful and very forthcoming.

Yes, I was just going back because I just wanted to be clear about the debt numbers for the company. I had a question. Yes, my question was that the \$488 million bond which was for remodelling Hilton, when was that bond taken out? What year?

Ms. Singh: 2007.

Mr. Alfred: The bond was finalized in 2010.

Mr. Chairman: And the balance on that right now is just about 293—well no, forgive me that is the old numbers?

Mr. Alfred: Yes.

Mr. Chairman: Okay. So that in 2010 you took out a bond for \$488 million to do the work at Hilton, but I think earlier on you said so far you have spent over \$518 million.

Mr. Alfred: That is correct.

Mr. Chairman: So how is the gap? Where is the gap, the difference coming from?

Mr. Alfred: Initially, the project was funded by, out of PSIP. So PSIP would have taken up the difference.

Mr. Chairman: Okay. And, again, there is a loan for the Vanguard Hotel, from a local institution, \$160 million. What year was that again?

Mr. Alfred: Again, that would have been finalized in 2012.

Mr. Chairman: 2012. Yeah? And the expenditure to date on—well, it is no longer the

Vanguard Hotel, that would have been the—

Mr. Alfred: The Magdalena Grand.

Mr. Chairman: It is now the Magdalena Grand.

Mr. Alfred: Yes.

Mr. Chairman: So, what I am getting at—because I am just trying to understand the use of the debt—so that you have taken the debt, it is still outstanding and I am trying to understand okay, you took out \$488 million where the balance is down, and then on the local end, this \$160 million for the Vanguard, I assume all of that has been used and you still need more?

Mr. Alfred: In the current expenditure going forward there it has been funded by internal resources as best as we could.

Mr. Chairman: Internal resources? As best as you could. And then, bear with the Chairman. The Chairman is just going through the numbers here. I like to understand the numbers, because how it is presented here, it is not clear. So that I understand what you did. You provided it to us on page 44 of your document, but like when it was contracted, and so those things. So that is why I am asking those questions because the number here, I cannot wrap my head around it.

Mr. Alfred: If you wish, Mr. Chairman, we could provide you—

Mr. Chairman: Yes, we will request that in writing. You do not worry. The team here is very, very efficient so we will request that, but just for us to understand what these numbers mean, your clarifications are helpful, so that we understand when the bond was taken or when the loan was taken and then is it completely drawn down, and then everything now is at the Ministry of Finance to pay back.

Mr. Alfred: Yes.

Mr. Chairman: The other loan from the local institution for \$148,000, what was that for?

Mr. Alfred: \$48 million.

Mr. Chairman:—original currency, \$148 million?

Mr. Alfred: Yes.

Mr. Chairman: What was that loan for?

Mr. Alfred: Those funds were used towards the Tamana project.

Mr. Chairman: Okay. So all of that went towards the Tamana project?

Mr. Alfred: All of that went towards the Tamana project.

Mr. Chairman: I will have some questions on that going forward, but thank you for helping me for the uses of these loans because I just wanted to get a handle on that. I now give the floor to MP Leonce.

Mr. Leonce: Thanks Chair. Mr. Chairman, just some clarifications. Initially, in your opening statement you spoke about two main areas of concern, in terms of the operation of e TecK, one would have been the tenancy of the e TecK Park and the other would have been the returns from the Magdalena Grand. Now, I have listened to you about what are the plans and having a long-term operator for the Magdalena Grand, but you were very careful not to say that it will become profitable. You said that it will reduce the negative impact. Is that correct?

Mr. Ahamad: Very careful not to say it will reduce the negative impact, but at the same time I think I did say that having a recognized long-term operator was a serious recommendation in order to bring the hotel up to a more acceptable standard. But we must caution to add that there are a number of other factors that will impact upon the number of arrivals and the tourist industry in Tobago. That will be out of our reach.

Mr. Leonce: The reason why I am asking is because at current, the Magdalena Grand appears to be one of the major risks in terms of your financial stability in the company. Is it that this new arrangement would be a transferring of the risk to the new operator?

Mr. Ahamad: It is difficult to put an actual answer to that question. We do not expect—I should say, we expect to have the final list of a summary report of the possible ventures or new long-term operators by the month of June, and then the committee will sit, discuss and negotiate among themselves and come up with the best option and after enter negotiations. So it would be not right to choose to talk about transfer of risks.

Mr. Leonce: I am asking all of these questions for a reason. Now, the hotel—based on the information provided—is an asset that we are not willing to release. It is an asset that we want to keep, and it being an asset, should suggest it bring some form of revenue to the company. I am just asking because I know from way, way, way back that it has posed some serious challenges in terms of maintenance and safety and all of that. What is the strategy? Now, I understand you said one of the strategies is to form a long-term arrangement. But what is the strategy? And I am not speaking about the fact that we have low occupancy rates now. In looking forward, we expect to increase it, but what is the strategy to bring this hotel into profitability and how long do we anticipate that will be?

Mr. Ahamad: Through you, this is a very challenging question, I must admit. The company CBRE that has been charged and given the job to source the long-term operator has met with the committee members on a couple occasions and is due in, I think next week to present its interim report. From that interim report we will have a better guide in terms of answering that kind of question. But I too will support the idea of not parting with the asset.

From the documents presented in the package you can see that tremendous sums of money were spent on upgrading the hotel. It is in a much better state than a few years ago, and I think that with the long-term operator, with the right negotiations, we have to aim towards having occupancy rates up to the 70 per cent.

Mr. Leonce: And, thank you Chair, and I appreciate the efforts, and I too find the hotel is a beautiful hotel with a lot of possible growth.

Within all of this here, in terms of the financial strength of e Teck, you said investTT is actively pursuing filling the vacancies at the Intech Park, but your financial strength—and correct me if I am wrong—seems to come from the rentals of the industrial parks throughout the country, correct?

Mr. Ahamad: Correct.

Mr. Leonce: There are a number of tenants that pay rates that are way, way, way less than market value. Now, I heard the Acting President speak about the fact that it is not

going to be economically feasible to increase it, it will deter people from paying. Is that correct?

Ms. Singh: Well, it would be based on what you call those legacy parks. Remember I said there are 164 leases which e Teck would have inherited from the olden days, right. So it would be based on those, but under normal circumstances our leases, the land leases are subject to rent reviews every five years, and the building sites, every three years.

Mr. Leonce: What I am getting at is there are a number of projects that e Teck has now embarked on in terms of upgrading and developing new parks. Correct?

Ms. Singh: Yes.

Mr. Leonce: Which means there is a market for this park business. Would that not negate the risk of changing those legacy leases? What is the risk there?

Ms. Singh: Well, the new parks, for example, remember you now have the rents on those new parks are established by an independent valuator, so it is not internal to e Teck. We go, we get a valuator and he will value the rental values of those parks and that is how rent is established, certainly for your new parks and even your existing parks, where you are permitted, the three and five years, those rates are established by an independent valuator also.

Mr. Leonce: What I am asking is, is there any way that those rates that are not close to market rates? Is there any way that those can be addressed? Because I am saying that your major source of income that shows some level of profitability are these parks, and I am thinking maximizing efficiency of these parks, not just the new ones, but even the old ones, is there a legal way—I do not know—that this can be addressed even though, as you said, you would have inherited this? But I think there is a significant amount of leakage that is there because of being trapped, if you want to say that. Is there a way that that can be addressed and is that being considered now?

11.45 a.m.

Mr. Ahamad: The matter of the 164, or so, legacy leases without service charges was considered and the answer is only through legal means, which can be challenged. That

legal opinion can be challenged by the companies that currently hold those leases. On the other side—

Mr. Leonce: Sorry, Chair, just say that again, please.

Mr. Ahamad: Only through a legal process can e Teck challenge the leases, the legacy leases which do not make allowance for service charges, and if we challenge it legally the holder of the lease can mount a challenge as well.

Mr. Leonce: Chair, there are leases and, correct me if I am wrong, that—I am told—there is a cost of \$1 for a year, are there leases like that? You are talking about your major revenue for the company, and there are people paying \$1 for a year.

Ms. Singh: Right, but those would be what you call your long-term leases, like your 99-year leases, for example, where up front you would have collected a significant premium. Right? So those are the longer-term leases, your 99-year leases where that economic benefit was up front and, then, of course, you establish what you call a peppercorn rent.

Mr. Leonce: I saw the up-front payment, and stuff; my question is really simple, because there are also assets that I am aware of—I am not sure if those are for sale, like the one on Duncan Street, at the bottom of Duncan Street which right now is a risk to the residents around there. I am not sure—it is a building that the Government used to rent, and stuff—I am not sure what is the status of that building, but what I am saying, there are a lot of assets that the e Teck currently holds, that I am saying, your major income—because, clearly, the hotel business right now is not working the way we want it to work, but your major income, I am just saying that we can look at these types of arrangements and, legally, some process, some strategy must be had so that we can maximize the output. That, and can you just tell me the status of the building at Duncan Street as I asked about?

Ms. Singh: Duncan Street, for example, is one of those assets that e Teck has in fact targeted with the Ministry of Finance for divestment.

Mr. Leonce: Okay. And those would not be at peppercorn rates?

Ms. Singh: No. No. No. No. No. Actually a valuation was in fact established on that

building—a value, sorry.

Mr. Leonce: Okay. It would be nice if e Teck can pursue some legal directive in terms of those assets that would have been a legacy, or—I do not know.

Ms. Singh: Sure, and we would take that on board, and certainly it is something, of course, absolutely, we would look into again. Yes.

Mr. Leonce: Yeah. Thank you. Thank you, Chair.

Ms. Singh: Thank you very much.

Mr. Chairman: All right. Before I could defer to Sen. Henry, I would share that that is a matter of significant consternation for this Committee, and it should be a matter of significant consternation for the members of the public that we have entities sitting on a 99-year lease. And we understood that there may have been a payment, but in every business there is an opportunity to go in and have a reopen of discussion. If we sit at e Teck as say, well, you know, they have a 99-year lease and it might be hard, it might cause legal—the Committee does not accept that that is a strategy.

The strategy should be to say, listen, let us have a business discussion, and the circumstances have changed—the circumstances have changed—and I think that this is something that the Committee would certainly likely form part of recommendations. There must be an opportunity to go in, go in there and have the discussion and say, guys, circumstances have changed, we would like the opportunity to reopen this agreement, and have an agreement that reflects more commercial terms in the reality of doing business in 2018. And I would share with you from my background, on the reverse, private sector entities have no problem coming to the Government, where they have a contract for many years, and saying, there are changed circumstances, we would like to renegotiate some elements of this contract.

That has been my personal professional experience, private entities have no problem knocking the Government's door, we have a 30-year agreement, however, circumstances have changed and we would like to renegotiate. So I do not see why anyone in, at least in the state sector should be concerned about any blowback. At least have the

discussion and then report on the outcome of that discussion, because we cannot have people sitting on prime property paying \$1 a year for 99 years, which means that the State would have gotten \$99 in lease rates. That just does not make any sense. And, I mean, when I look also at the current rates that you have, that you submitted—and let me put it this way, anybody paying, on a square-foot basis, less than \$100 a square foot for property in Diamond Vale, and I am not going to put the real number out there, but all the numbers are low. The numbers are low.

You look at all the various, some areas are lower than others, but all your numbers on a square-foot basis are low, low numbers, and these are service lots. So that was part of my earlier discussion in terms of looking at these numbers and saying—I understand it is licensed valuator, we need to understand who is that valuator, because 84, or whatever the number is, per square foot for some of these areas is low.

I am sure if you advertise that on the streets people would gladly buy it from you, but the lease rates are very, very low, and we think that that is something that the company needs to actively, really look at to try to see how you could come and at least have a discussion. And I do not mean you do it by yourself, you engage with your tenants. You engage with your tenants, say, this is the reality of the real estate revaluation that applies the market rates, and given that you are a longstanding tenant, or whatever, let us have a discussion with how we could move the bar so that we get a fair return for the asset, because as it is now the company—I keep going back to this—the return on the assets is too low; the return to the citizens of Trinidad and Tobago for the assets that you are sitting on is too low. And I think you need to have a combination of strategies to try to move the clock on that. I now give the floor to Sen. Henry.

Dr. Henry: Yes. Thank you, Mr. Chairman. I did not have a chance to read the full document, as some of us got the documents late, but based on what was prepared by the Parliament staff, I see in your strategic plan you listed several weaknesses of the company, and two of them I just want to flag because I find it astounding; one is lack of information on our competitors, and two is lack of understanding of our customer needs. I would like

to know—I mean, to me that is a startling admission—who was responsible for this? How could you be in operation for so long and list this as one of your major weaknesses?

Ms. Singh: All right. Of course when we were undertaking the 2018—2020 strat plan we undertook that process internally, and we would have listed the weaknesses as we see it right now in the organization. Who is responsible for the lack of information on our competitors and lack of understanding of our customer needs, I will say the entire organization, simply because from an accountability perspective we are all supposed to have that information and know that information, albeit that the information exists but not in a formalized way. So that a customer survey was done in 2015, we have the results of that customer survey, so we have the information in terms of what the customer needs are, 2015, but does it reside in a data-driven environment?—no, it does not. So hence the reason why we would have stated it.

Dr. Henry: No, but I am still trying to understand, I mean, because to me that is the core of what you should be doing. I mean, how could you make decisions if you are admitting that you are not au courant with what your customer needs and who are your competitors. For example, let me put it this way, who are your competitors, when you say the lack of understanding of your competitors? Who are your competitors? Who is competing with e TecK?

Ms. Singh: Well, there are private industrial developments, and those are what we consider as our competitors, certainly on a local basis.

Dr. Henry: Now, like I said, I think it is a very interesting, alarming admission that the company would come out and say that—the customer needs—because to me it is supposed to be the reason that it existed in the first place. Now, I want to go over to another question here in terms of the role of the Ministry in all this, what is the—perhaps the Permanent Secretary or Mr. Karim might, who I know very well—I hope he is not related to you, you know, outside, but he was my former student at UWI so—[*Laughter*—could help me out in terms of what is the Ministry’s role in all of this. You know, we have heard about a lot of the problems of the company and the issues that the company is facing, but what it is

Ministry's role and how is the articulation between e TecK and the Ministry? Because in some previous joint select committees we have heard of issues, challenges that the Ministry faces in terms of dealing with particular entities. Can you help us understand that?

Ms. Signoret: Thank you very much, member. In terms of the role of the Ministry of Trade and Industry, it would be to place before the state agency the strategic overview. Of course, we are guided by the official policy framework of September 2015, that is further aligned in the National Development Strategy 2016—2030; Vision 2030, as it is better known, and in particular theme for, which is, Building Globally Competitive Businesses, and e TecK has a crucial role to play in that. If we break down that specific theme, we are looking at issues pertaining to investment, diversification, ensuring that key areas are the focus.

So, for example, manufacturing, business process, outsourcing, and even if one were to look at the second theme, which also includes improving infrastructure, although it is not necessarily pertaining to the work of e TecK within the policy documentation, but the emphasis must be on building globally competitive businesses, and ensuring that manufacturing gets a fillip, and ensuring as well that there is room for investment. And as the colleagues from e TecK mentioned earlier, there is interest in new spaces, in new lands, in new industrial parks, and for that reason there is a focus on the creation, the shoring-up of existing parks, and so the maintenance of existing parks, the upgrade of existing parks, that remains crucial, and that is what the Ministry has also been insisting that there be focus on, in addition to the development of the new parks.

And in terms of the overview as well, Mr. Chair, I would just want to say, if we look at the Tamana InTech Park—I know a lot has been said about that for the morning already, but you queried, and you asked a very pertinent question about the competitors, about the persons who are going to be coming to use, who are interested in using the facilities. Last year the Ministry, through its partner institution, the Ministry of Planning and Development, we engaged the IDB to have a sense and look particularly closely at the

Tamana InTech Park, and to have a gauge as to how we can utilize optimally that asset.

And so, we have got some very useful feedback on the type of interest that we would be likely to pursue, that we should pursue, and we are working with invesTT, as well as the Ministry of Planning and Development to pursue those aspects. So in terms of the role of the Ministry, we do look at oversight. We also have, apart from the strategic value we see where there may be some timelines that are not adhered to, and we would raise these with the agency, and where need be seen where we may be able to assist if there is a need for reaching out, say for some statutory approvals that may have to be processed, where there may be that type of collaboration.

Dr. Henry: Okay. Just a quick final question, I know we are up close to time. I want to go back to the Magdalena for just briefly, because—to the acting President—I am still not sure that we got to the root of what really is the problem with the Magdalena, why does it continue to be such a loss-making entity? I mean, we know in hotels it all has to do with occupancy rates, and so on, but is there something else going on there that we are not being fully abreast of?

Ms. Singh: The reason simply is that it continues to show such figures simply because of the occupancy levels. Certainly, within the last two years the occupancy levels stood at between 35 and 40 per cent, but based on your comparative competitive set, Magdalena is one of the better-performing hotels in Tobago at this time.

Dr. Henry: Thirty-five per cent?

Ms. Singh: Right. And of course it is simply based on the whole industry in Tobago at this point in time. We would see that for the period of 2005 to 2017 visitor arrivals in Tobago, I believe, 2005 would have stood at somewhere around 88,000; 2017 it was 18,000.

Dr. Henry: The question I was asking is, is it just that problem or is there something else, because, you know—so the main purpose of whoever comes to take the long-term operation of this hotel, as you are trying to get, their main task would just be to increase occupancy rates and that should solve the problem, or is there a cost structure or something

else hampering the performance of the hotel?

Ms. Singh: The cost structure is, for the most part, consistent. Remember the major capital works or any capital infrastructural works undertaken are undertaken through e Teck. So, absolutely, you have to raise your revenues, hold your cost firm, raise your revenues, and of course that will improve the performance of the hotel.

Dr. Henry: Thank you.

Mr. Chairman: Thank you, Senator. I just have a follow-up on Sen. Henry's question, because those are some of the questions I was planning to come back to on the Magdalena, because based on the data presented, if I look at 2017, the operating costs are almost double the revenues. So, I mean, you are running a business—so that when the operating cost is this high and the revenues—okay, we understand but at a 30 per cent occupancy, so if you multiply it out you would say, okay, if you have double the current occupancy and you double the revenues on that basis, then you are still just about breaking even. So I am on Sen. Henry's camp that perhaps something else is wrong. Something else is wrong. If I double the existing revenues and I leave the operating cost as is, it is just about breaking even on these numbers—a little, slight profit.

So that, something else seems to be wrong; that is what we are getting at. There is something else in there that—I mean, on the face of it, on the data we have. So I hear your response that if you get an operator and they increase the occupancy, it is about 35 per cent. If you double that, on the basis of the 2017 performance, that still means you are just barely breaking even, and that is assuming that when you double the occupancy I am sure operating costs would go up, you would use more resources. Yeah? I am not an economist. I am not a learned economist like my colleague, or Mr. Karim who is very well trained. He is also my very good colleague of many years, but what we are suggesting here is that something else is going on at Magdalena that is not immediately obvious from what we have been presented with, that inside of here it seems that there is some other problem or a combination of issues that is causing the operation to perform so horribly.

Ms. Singh: Right. So we conduct regular audits, but based on the feedback of the

Committee what we will undertake to do is perhaps probably do a more in-depth study.

Mr. Chairman: I suggest a deeper dive into what makes up the operating costs and a deeper dive into what constitutes the various constituent elements. We have questions to ask on that, because as this Committee, we are very rigorous. So we want to understand what are the constituent parts of what this line item says is revenue; what are the constituent parts of this line item that says operating costs, so we could try to understand what is happening with the business, yeah, because that what is key.

Because on the face of it, even if you double the occupancy you are still running a marginal business, and that should not be. So I have two requests—I would like to close shortly, so I am going to ask the members who I am going to call on—I have two requests to take the floor, could you please limit your requests to probably one or two questions without any sub-questions so that we could close in a few minutes. Thank you very much. I now give the floor to MP Karim.

Mr. Karim: Thank you very much, Mr. Chairman. I am focusing now on Magdalena since you were last there. Within the recent times we have seen the virtual collapse of the air bridge and the sea bridge to Tobago which must have impacted upon the viability of the hotel, can you tell us from your own research, from your investigation, and certainly from your financials, what losses, what amount of money, could you give us a figure as to what this collapse would have cost you in terms of the hotel?

Ms. Singh: Okay. We have not placed a dollar value on that. Certainly we can get that information, absolutely, but in terms, we can say on the occupancy level, it certainly has in fact impacted.

Mr. Karim: What about in terms of supplies and services, would that have affected you significantly?

Ms. Singh: No, it did not.

Mr. Karim: Okay. But it would have affected your viability?

Ms. Singh: Well, based on occupancy level, yes.

Mr. Karim: So we would like to get from you an estimate as to what that cost would

have been because you must take into consideration.

Ms. Singh: Sure.

Mr. Karim: Now, earlier on you were asked about the \$14 million receivables, what amount of that you will have to write off? Is that collectable at all? Is there a potential to collect?

Ms. Singh: I would say probably, and I am subject to correction here, I would say probably 75 per cent of that debt is in fact collectable.

Mr. Karim: And what is the age of those receivables, if you can give us a span?

Ms. Singh: Up to 120 days.

Mr. Karim: One hundred and twenty days only?

Ms. Henry: In fact, over 120 days.

Mr. Karim: And you are talking about \$14 million receivables, eh.

Ms. Singh: Sorry, I made an error.

Ms. Henry: Through the Chair, member, over 120 days. So some of them may be as long as four years.

Mr. Karim: So you have no tenants who are owing you money?

Ms. Henry: No, that is what I am saying—

Mr. Karim: Very good.

Ms. Henry: No. The debt of those tenants for the \$14 million are in excess of 120 days, some of them as long as four years.

Mr. Karim: Oh, as long as four years. That is the answer I was really looking for.

Ms. Singh: My apologies.

Mr. Karim: That is all right. That is all right. Now, I would just ask one more. Do you have a fraud policy?

Ms. Singh: Yes, we do.

Mr. Karim: Do you have a whistle-blower policy?

Ms. Singh: Contained in the fraud policy, embedded in the fraud policy is a whistle-blower component.

Mr. Karim: It is not necessarily identical, eh, a whistle-blower policy. A fraud policy, you are saying that it is in there, but—

Ms. Singh: It is embedded, yes.

Mr. Karim:—when you look at the whistle-blower policy it is something—it has an identity of its own, but I think you should consider that because it is an important question.

Ms. Singh: Absolutely, yes.

Mr. Karim: And the last thing I wanted to ask you is in terms of the training plan, do you have a training plan for, for example—or have you seen one of the Magdalena, because you have spoken, and we talk about HR issues and people in vacant positions, and so on, so do you have a workforce training plan? Do you have a document that says that? And has the Ministry given you any new policy directives since the turn of this administration?

Ms. Singh: You are asking specific to Magdalena?

Mr. Karim: Well, I mean, if you want to answer to any one.

Ms. Singh: Right. So, e TecK, at the start of every fiscal year we sit with all the managers of the various departments and we craft a training plan which is rolled out during the course of the year.

Mr. Karim: And what about in terms of your asset at Magdalena? Have you seen one?

Ms. Singh: Within recency, no.

Mr. Karim: How long have you not seen it?

Ms. Singh: I probably saw it the last 2015/2016. Yes.

Mr. Karim: Okay. Are all of your facilities OSHA compliant, your tenants, because I would have seen two large fires at Macoya? Do you have a policy to ensure that all of your tenants are OSHA compliant as part of your asset integrity?

Ms. Singh: There is a senior officer responsible for OSHA, HSE. She has rolled out, or is in the process, as a matter of fact, of rolling out a tenant plan for all of the parks.

Mr. Karim: Just quickly, because the Chairman will stop me, how many of your tenancies or tenants do you have, if you have X amount, say 100, can you tell us how

many of those you have noted or they have complied in terms of the OSHA?

Ms. Singh: I will have to get that information, hon. Member, yes.

Mr. Chairman: Thank you very much, MP Karim, and I am asking you to hold the remainder of your questions, we will have the pleasure of this group again in a few weeks. Do not hang your head. I am now going to give the last opportunity for one or two questions, Sen. Mark, please, so we can wrap up in about five minutes.

Mr. Mark: Yes, thank you, Mr. Chairman, I would be very disciplined, and just ask two quick questions. Could you provide us with copies of any agreements negotiated between the Magdalena and this EFM Hospitality Solutions? We would like to know what are the terms and conditions involved in this arrangement. Is that the same company, Mr. Chairman, had its contract extended pending its long-term solution?

Mr. Chairman: Yes.

Ms. Singh: Yes. And sure, we will provide the operator agreement.

Mr. Mark: And the second and final point I will like to raise is this, we know that former directors of e TecK, they were based on a lot of matters that went before the courts about mismanagement, lack of accountability, and the rest lost their matter at the level of the Privy Council recently, e TecK directors—could you tell this Committee what is the status of that? What is e TecK going to be doing about this matter seeing that the Privy Council has cleared the deck on this matter and given you the all-clear to proceed with any legal action you may deem fitting, necessary and appropriate to deal with this whole issue? Mr. Chairman, you want to give us a status report on this matter?

Mr. Ahamad: Thank you. The matter was heard on December 6th and the Privy Country ruled in favour of e TecK, essentially meaning that the matter, the preliminary matter was not statute barred. So, as you said, it cleared the process for bringing back the substantive matter. So, at this time what I will say is that it is a legal matter, we know that it will be directed to the High Courts of Trinidad and Tobago. We will have to sit with our attorneys, with the legal firm and determine the correct direction. But certainly the matter will be returned to the High Courts of T&T and we will have to engage.

Mr. Chairman: Thank you very much, Sen. Mark, for your excellent time management there. And on that last issue, Chairman, the Committee would like to receive any kind of, you know, status in terms what has happened with the matter, anything that does not breach any privileges. Just help us to understand what actually transpired. You know, we get information in the newspaper but the Committee would like to be better informed than the newspaper.

So if you could just trace for the Committee a chronology of the events without breaching any issues to help us understand what transpired and what led to where it is today, and, as you said, what is your proposed course of action in the broadest terms to help us understand what this matter is about, because, as I say, members of the Committee are informed on this matter from the press and we prefer direct information where we can. So, I thank you, Mr. Chairman. I would now like to call on the Chairman of e TecK to give a few brief closing remarks, but, certainly, press on, Mr. Chairman. Go ahead.

12.15p.m.

Mr. Ahamad: Thank you. Before closing though I would like to just take a moment, a very brief moment, to point out that well-known land valuator BCQS was engaged by e TecK, and I think it started operations back in November 2017. The remit was simply to conduct a valuation exercise of all the assets, all the industrial parks, et cetera, the land base as well as the factory shells. That is in keeping with e TecK's move towards updating all its rents, et cetera.

The second point is regarding the 99-year leases. The point was made regarding the high premium peppercorn rent going for 99 years. The board last year, sometime in the first half of last year, took a decision not to go forward with issuing 99-year leases anymore, and this is purely from an economic standpoint, because we really do not know what sort of terms and conditions would come into play for 99 years.

We thank you for the opportunity. We thank you for the manner in which the meeting was conducted. We have taken our notes. We have some information to circulate. We are sure that your Secretariat will get us the Minutes quite early. Your comments on

the way forward and to meet with some of the clients and discuss new ways of doing business, et cetera, et cetera, are well taken and we look forward to the next sitting and to improving the efforts and the revenue stream of e TecK. Thank you.

Mr. Chairman: Thank you, Mr. Chairman.

Madam Permanent Secretary Seignoret, could you take the opportunity to share with us a few closing comments.

Ms. Seignoret: Thank you, Mr. Chairman. I will also on behalf of the Ministry of Trade and Industry wish to thank the members of the Committee, yourself and your colleagues, for the insightful and thorough reading, even though you received the document—

Mr. Chairman: Friday night.

Ms. Seignoret:—Friday evening. We did try, I believe e TecK tried to stick within the time frame, and your comments have been very, very useful, whether they pertain to HR, certainly the profitability of e TecK, the business model, the legal issues that one should not shy away from, the transportation matter that was raised. And so the Ministry of Trade and Industry undertakes to follow up on all of the matters with regard to e TecK. Again, we have a national development strategy that we look forward to all of Trinidad and Tobago working towards. Thank you, Chairman.

Mr. Chairman: Thank you, Madam Permanent Secretary Seignoret. I would like to say before we close, on behalf of the Committee, the Committee wants to thank the members of e TecK in particular. This Committee is very pleased with the way in which your team has come here and been very forthcoming in your responses. It has been a relatively dull hearing, these are the ones we like, because it allows us to get information, seek information from the entity and get information back from you. That is how it is supposed to work, so we can work together to make the entity a better one for the people of Trinidad and Tobago. We are well on the road to that process today.

So on behalf of the Committee, I want to thank you for coming here. I want to thank for your fulsomeness in your responses, because that is what we expect as the Joint Select Committee on State Enterprises. I will say, that is not always the experience of the

Committee, but it is a work in progress and we go ahead.

So I want to thank the members of the media and the viewing and listening audience, and I will like to say now that this meeting is now suspended.

Thank you very much.

12.18 p.m.: *Meeting adjourned.*

10.14 a.m.: *Meeting resumed in the J. Hamilton Maurice Room.*

OFFICIALS OF e TecK

Mr. Imtiaz Ahamad	Chairman
Mr. Steve De Las	President
Ms. Maureen Singh	Vice-President, Corporate Services
Mr. Ian Fletcher	Vice-President, Real Estate Assets
Ms. Solange Henry	Assistant Vice-President, Finance
Mr. David Cockburn	Manager, Special Projects
Mr. Daniel Duncan	Manager, Capital Projects

MINISTRY OF TRADE & INDUSTRY

Ms. Frances Seignoret	Permanent Secretary (Ag.)
Mr. Randall Karim	Director, Policy & Strategy
Mr. Dennis Scott	Manager, Alliances

Mr. Chairman: Good morning everyone. Thank you for taking your time to be here, to be with us this morning. I would like to welcome everyone to this the 29th meeting of the Joint Select Committee on State Enterprises.

I would like to state that the purpose of this meeting is to continue the enquiry into the operations of e TecK and to determine its effectiveness in fulfilling its mandate, to make suitable real estate available to qualified tenants, developers and operators in a commercially viable manner.

I want to state that the role of this Committee is firstly to examine the issues which arose, based on e TecK's written and oral responses to the Committee's requests/questions, and secondly to help e TecK in improving its operations resulting in a more efficient and effective organization.

I would like to let everyone know that this meeting is being broadcast live on Parliament Channel 11, on Parliament Radio 105.5 FM and the Parliament's YouTube Channel, *ParlView*. Viewers and listeners can participate by sending comments relating to today's engagement with the Evolving Technologies and Enterprise Development

Company Limited (e TecK) via email at parl101@ttparliament.org, on our Facebook page at facebook.com/ttparliament, or on our Twitter feed @ttparliament.

I would like now to invite the officials of e TecK and then followed by the officials of the Ministry of Trade and Industry to introduce yourselves.

Mr. Ahamad: Good morning, Chair. Thanks, Imtiaz Ahamad, Chairman. At our last meeting, just roughly a month ago, I did indicate that e TecK would soon be engaging with the President, so Mr. De Las would introduce himself.

Mr. De Las: Good morning to all, Steve, De Las, President, e TecK.

Mr. Chairman: Warm welcome to you from the committee.

Mr. De Las: Thank you.

[Introductions made by Officials]

Mr. Chairman: Thank you very much for those introductions. I would now like to invite the members of this Committee to introduce themselves, beginning with members on my left.

[Introductions made by Committee members]

Mr. Chairman: Good morning everyone, again. My name is David Small and I am the Chairman of this Committee.

I would like to ask all members and all persons present in the room to please remember to keep your phones either switched off or placed on silent so that we do not have any untoward interruptions during the proceedings. And I want to firstly publicly acknowledge the receipt of the submission from e TecK and the very light submission that we received. I think I referred to it as the 700 page document, but let us say that the Committee is very pleased with e TecK's response and I want to put on the record that the Committee is very, very happy with the way in which e TecK has responded to this Committee, both at the previous hearing. And in terms of the data request that we have made, we want to congratulate and commend the company on doing what we think is expected. And that should also be noted by the Permanent Secretary, Acting, in the Ministry, that your entity understands its role and its requirements to report to this

Committee in full. And the Committee is very, very, very, very thankful for that.

I would now like to ask that, firstly the Chairman followed by the Acting Permanent Secretary to give a few brief opening remarks before we begin the enquiry.

Mr. Ahamad: Thank you again. On our side, we were very pleased with the first hearing. We were very surprised to be invited back in such a short time and the team performed admirably to present the package in such a short space of time. I must say for myself that it has been a really revealing exercise, in terms of accountability, pertinent information and digging deeper into the organization. So in that sense too, we do appreciate. Thank you.

Ms. Signoret: Good morning again, Chairman and members. On behalf of the Ministry of Trade and Industry, I also wish to indicate that the exercise has been a very rewarding, constructive one, in terms of having a little bit more information on the perspectives that have been shared by the committee members are in alignment with moving forward with greater transparency and accountability.

We also appreciate the efforts of e TecK in making the information available and we look forward again, to the outcome of this session, providing, perhaps, insights that may not have been considered previously and which can ultimately go towards making for a much stronger entity and all in the service of the Government and people of Trinidad and Tobago.

Mr. Chairman: Thank you, very much, Mr. Chairman and Madam Permanent Secretary, Acting. This Committee is here, I want to reiterate, this Committee is here to help. And to the extent that, you know, and we have noted, I have noted in the Chairman's opening comments that he essentially said he is seeing value in what has come out of this process and that is the general idea. I think that these committees, we are here to help. And to the extent that both parties understand that we are here to help, we could actually work together to improve the companies. The Chairman does not want to say anything more about that at this point in time, other than we are thankful of the response.

I want to begin by just procedurally, remind members in terms of addressing their

questions, to direct the questions through the Chair and that please activate your microphones, in terms of pressing your mikes to make sure we capture everything, all your comments and all your contributions.

So, I want to begin this morning by firstly acknowledging that e TecK's combination of your submissions has allowed the Committee to understand this business very well. We understand the business, all the components of your business. I did not think everyone understood exactly what comprise e TecK. I think everyone thought e TecK was just the business park. But now that we understand the scale of your operations, we understand how big and significant an entity e TecK is.

And then it is diverse because managing a business park and managing a hotel, I would say that they are very different from where we sit. So we understand that that is a challenge for any group of good managers and good professionals. And I think that at least in the information presented to us, we recognize that you have some challenges. We appreciate that the company clearly is willing to acknowledge what those challenges are and has started to take action to deal with those challenges.

I also want to note that the issues with the hotel arrangements, in terms of the way in which those things are constructed, they are of concern to the Committee and several members will have other questions, in terms of—I think what we are trying to get at is to make sure we get, I think the words of the last statement, bang for the buck; making sure that we get, it is probably not a clean phrase, but we want to make sure that in these straitened times, in the economic circumstances of the country, we want to make sure and look at every contract, every deal, to just make sure. It may be that it is fine, but let us reassess. So that is part of my opening comments this morning. I want us to make sure.

I want us to get aligned that we are not saying anybody is bad. We are not saying any of your tenants are bad or any of your business partners are bad. All we are saying on our end, we need to make sure that it is good. Let us just do our part on our end to make sure it is good. And if we think that it could be improved, as I have indicated to the Chairman the last time, the Committee is supportive of the company taking the position

of having conversations to reopen discussions. It cannot be that anything that the company has entered into is cast in stone forever until the end of the contract. There must be an opportunity for reasonable business people to say: “Good morning, good afternoon. We have looked at this. It is presenting some challenges for us operationally. We would like to be able to engage you in a discussion. Let us start the discussion.” That is all. Yeah? And I think that that is something that the Committee would advocate for e Teck to look at as a strategy going forward.

We have a new President. Mr. De Las is here and I would like to share with you, Mr. De Las that at the last hearing the members of e Teck presented and responded to this Committee very admirably, very fully, very completely, and in some cases very bluntly as to status of some of the parts of the operation and the Committee appreciates that. And it is only when you acknowledge the challenges that we could work together with you to see how we can craft together, recommendations that will help you improve the organization.

So let me run quickly to my first issue that I would like to raise before I open the floor to members. I have noted in your submissions that you have something described as an asset sale. Now, I have noted in the submission that it is comprised mostly of lands, and based on the, I would not go into the individual valuation, because this is probably commercially sensitive, but the total value is several hundred million dollars, by your estimates. Let us leave that number out there. I would like to ask, one, does this asset sale require any approval from your line Ministry and/or Corporation Sole? I am not sure. I want to be guided. And if so, have you sought the necessary approvals?

And then two, if, let us say in a best-case scenario that you are able to realize the funds, based on your estimates, it works out to several hundred million dollars, what is the plan? So that, one, did you have go through the approval process? And let us say in a best-case scenario, you actually get the approval to sell these assets and you realized the funds, what, in your thinking currently, is the plan for those funds? Is it that you are going to use those funds for further development projects, or you are going to use those funds to repatriate back to Corporation Sole? We would like to get some information from you on

those two issues. Mr. Chairman and Madam Permanent Secretary, you are free to take the floor and respond.

Mr. Ahamad: This exercise referred to as sale of assets came out of the Minister of Finance's speech back in 2016, where he referred to words that meant that e TecK would sell some of its assets under its remit.

Subsequently, meetings were held and a decision was then taken that e TecK will put forward some options of undeveloped lands. So actually, the sale of assets is not the sale of any existing industrial park with tenants; sale of undeveloped lands and one building that is unoccupied. We have received the necessary approvals. E TecK issued tender. The tender was won by a company who has been awarded the business. The business is well on the way. PS will fill in the other parts.

Ms. Signoret: Yes, thank you, Chairman. In essence, the approval that was sought came from the Corporation Sole. Corporation Sole has chaired a meeting, a committee, which deals with the specific issue. It is an Inter-ministerial Committee and at the end of this process, the decision on what next will happen with those funds will also be determined by Corporation Sole.

Mr. Chairman: Okay. This Committee just know—and I acknowledge that we have noted also that it is mostly lands, as described by e TecK in its submission; it is mostly undeveloped lands, and we take the position as a Committee that Trinidad and Tobago, we are islands. So the amount of space is really finite. So we want to make sure that we are getting, we have sharpened the pencil, in terms of your estimates for those lands. We know that the economic climate is what it is but land is one of the few things in most places that tend to appreciate in value. If is one thing that tends to not, you know, lose value over time, it tends to be land. So we want to make sure that one, we have done a proper initial valuation and then when the final decisions are taken to move forward, we try to make sure we optimize the value.

And then there is part of it that speaks to—e TecK is selling the land but I am not sure, in terms of how you get to the stage. I am sure this will be part of your consideration,

or the Committee is positing to you part of your consideration is that you have to be deliberate, in terms of people buying the land and the use to which you are going to put the land. The Committee would like to believe that that would be part of your considerations, that you are not just selling the land to, whoever. You are selling the land and that it has to fall within some framework of the use to which the land—could you advise me on whether or not there is any consideration by e TecK around that?

Ms. Singh: Yes, okay. So with regard to the valuations mentioned in our report, those are up-to-date valuations as completed by the consultant who is assisting us with the sale of assets. Right? So those valuations took place probably about early this year.

Mr. Chairman: Excellent.

Ms. Singh: So those are in fact up-to-date valuations. With regards to the use, e TecK's head lease on the land and the permitted use is for industrial estate development. So the sale of assets is based on the premise that the assets would be sold for industrial estate development. Yes.

Mr. Chairman: Very good. Go ahead, Chairman.

Mr. Ahamad: We could just add unto this matter that the closing date for the company awarded with the job to bring forward proposals, is September 30th, this year.

Mr. Chairman: Let us be clear, the company who is currently charged with managing the sale process for you.

Mr. Ahamad: Correct.

Mr. Chairman: So they will be the one soliciting the proposals?

Mr. Ahamad: Yes.

Mr. Chairman: On your behalf?

Mr. Ahamad: Yes.

Mr. Chairman: I want to be clear about the process because, you know, Trinidad is a place where people love to say that the process is not clear. So I am giving you the opportunity to be as clear as possible with the process, in terms of what is going to happen, because we are talking as I said, I do not want to put the individual valuations in the public

domain, but the sum total is several hundred million dollars, so that it is not insignificant. So I just want us to be clear. I would like to give you the opportunity to go step by step about what is the process for this.

Ms. Singh: Okay, perfect. So we would have engaged a consultant to assist us with the sale of assets. Actually, the sale of assets is chaired by a steering committee that comprises Corporation Sole, Ministry of Finance, Ministry of Trade and Industry and e TecK. Meetings are held on an ongoing basis. So through public tender, we would have on boarded a consultant to assist us with the sale of assets. The first undertaking, of course, was to do the valuations on the property. Well, one of the first undertaking was e TecK to develop those parcels or those assets which it believed to have been probably those that are attractive, as it were.

So, that would have been approved. Those options would have been approved by both Corporation Sole and Ministry of Trade and Industry and that is what we would have presented to the consultant to offer for sale. The consultant, like I said, completed the valuations and the consultant would have put out an advertisement, which we are engaged in right now, for the sale of assets.

The prospectus, as it were, is being handled directly by the consultant. So if you would have seen the advertisement, you responded to the advertisement. You would have called. Based on the directions provided in the advertisement, you would be presented with a prospectus by the consultant. They would then field the offers. So they will receive the offers and the consultant would review the offers, come up with the best options, and then present best options, first to e TecK, through its board, then steering committee for approval and moving forward.

Mr. Chairman: Well, I would like to request, on behalf of the Committee, if you could just give us a document on that process that you have outlined.

Ms. Singh: Sure.

Ms. Singh: The history and what your current plans are, in terms of how you understand the process to follow. So we could have that in our records.

Ms. Singh: Sure.

Mr. Chairman: I appreciate, as usual the fullness of your response. The Committee is—we are having a good day this morning.

Okay I have one other issue before I give the floor to other members. The Chairman only has five pages of questions this morning. This is a much easier morning than the last time.

So I have looked, I want to understand something about these 99-year leases. I want to understand what is the company's current thinking on those leases? Because I recall that you indicated that some of those leases would have been legacy issues. I have looked at the documentation. Some of those go back to 1972. So that, you know, I was a young chap at that time. But I mean, what I also note is that some of those 99-year leases would have been entered into, after 2015/2016. So I am not sure. What the Committee is trying to understand, is it that the company has no defined policy on these 99-year leases? Or is it that—because I looked at, I was able to pull out from your tremendous submission here. And for the record, we did look your whole submission. So I have a nice list of several or all of these entities who would have received leases from 2015 and 2016 and it is a relatively long list.

So it suggests that of relatively recent vintage, the company has still been issuing 99-year leases at \$1 a year. So we are trying to understand what was the policy position? What is the current policy position? And then what would have transpired that would have led the company to still enter into new leases in the fairly recent past?

Mr. Ahamad: Very good point, Chair. In early 2016, the board, having examined the matter of the 99-year leases, took a decision that e TecK will stop or put a hold first. Actually the first decision was to put a hold on any further 99-year leases until we had a much better understanding of the impact. E TecK actually issued letters to some of the clients that were pending. So, after deeper consideration the final decision was taken to stop issuing 99-year leases. And this was generally based upon the economic circumstances of a 99-year lease.

However, it was brought to our attention that in the past when there were offers and advertisements for 99-year leases, the organization went through the procedure with some companies to the point of collecting the premiums. But the leases were not executed. So we felt, all things being equal and having received advice, it would be necessary for e TecK to avoid conflict and it was a difficult case not to issue the lease, and so those leases were issued from 2016 and 2017. That is the reason why you see some 99-year leases being issued in 2016, mainly. So the policy stands that e TecK will not issue 99-year leases.

Mr. Chairman: Okay. I thank you for that submission, Mr. Chairman. What I would like to request, because we have looked at the submission. What the committee would like to understand is that—we did not get the acreage information. In terms of the size of these various holdings, we have the details on the lease, the name of the entity, when it started, how long the lease is, but we do not have the acreages. Yeah? So we would like to request in writing also that you provide us with the acreage. We want to understand how much acreage or how much land is actually under these 99-year leases. Because in order for us to make a recommendation on whether—we understand the current board's policy but let us say you have 50,000 hectares under 99-year lease, it may require the Committee to make a different type of recommendation.

So I want to help you on why we are requesting the information. The Committee does not request information because we have nothing to do. We are trying to—some people may think that but this Committee is very deliberate. What we are trying to understand is that you have these leases, and I understand the legal predicament I think you found yourselves in, that you would have accepted a payment and then the normal transaction after that would have been to complete and issue the lease. So that, in order to avoid potential litigation, you essentially went along this path. That is unfortunate. But it has happened, but it still does not mean we cannot do anything about it.

The Committee is of the view, and I would reiterate this, if you feel, in the best interest of Trinidad and Tobago, that something else needs to be done and that you have a

strategy, please submit your thoughts on it to the Committee. Believe you me, the Committee will share its thoughts with you. Yeah? So I would now like to open the floor to MP Leonce. MP Leonce, you have the floor.

Mr. Leonce: All right, thanks Chair. I just wanted to ask a question in terms of the project that you all are doing down at Moruga, a very exciting one. I believe that the persons in Moruga would benefit greatly.

I was looking at the risk assessment, and in it you indicated some key risks that seem to be significant. And you also have some mitigation measures. Some of the risks were not reaching the stakeholders, lack of trust from farmers, and the negative impact of internal/external environment. These mitigation methods against those risks, what have been done, or what is the process of implementation for these risks? Because you do not want to have a project that will benefit the community so greatly and identifying these risks and they are not addressed in a timely manner and then you have a project completed and you do not have the buy-in of the community to the benefit of them.

10.40 a.m.

Ms. Singh: Thank you member, Chairman, through you. So, of course, right, first of all the best thing we could have done, of course, was in fact the feasibility study. So, that feasibility study or “master plan” as we call it would have revealed to us, like you said all the risks and the mitigating measures you need to put in place to take care of those risks.

So in terms of the reaching the appropriate stakeholders, we would have held two—actually inter-ministerial stakeholder meetings in the community. The first one was May of 2017, the second one was November of 2017. A cross-section of Moruga and its environs, stakeholder with the Ministry of Trade and Industry, Ministry of Agriculture, Land and Fisheries, the MP for the area, so we held those meetings.

eTecK in its internal operations continue to hold and host those stakeholder meetings through our sales team and our Vice President, Real Estate Asset. So we go into the community, we meet with the community. There are several infrastructural factors that exist that require attention. So in our project plan and in the development of the site we

propose, of course, to look after—it might not be included in the current budget, but we propose to look after those infrastructural factors that exist that, of course, will make the site more plausible.

Mr. Leonce: Is there a timeframe for that?

Ms. Singh: Well, the project is due to be completed January of 2019. So certainly before, you know, like I said it is ongoing; we continue to do it all during the life of the project. But the site is targeted to be completed January 2019.

Mr. Leonce: And is there a policy— besides the planning and I am happy that you are having the stakeholder meetings. The actual development of the project, what is the percentage of, including residents from within the community to be part of the actual development? Because that tends to break the ice a lot, in terms of community feeling like this is part of our thing, you know.

Ms. Singh: Well, the intent of the stakeholder meetings was, in fact to ensure that there is that—exactly that community involvement. So that it was generalized, it was not targeted to specific areas or specific persons. The entire community, Moruga community and its environs were, in fact, invited to the two stakeholder meetings. They were huge stakeholder meetings.

Mr. Leonce: What I am saying is, in terms of the development, is there a policy or something to ensure, for example, when there is a large project and we bring entities from aboard, sometimes we do agreements to ensure that there is a certain level of local content—

Ms. Singh: Right.

Mr. Leonce:—right, to ensure knowledge transfer and that kind of stuff. What I am saying, in terms of having the community buy-in and feel like this is part of their project, besides the consultation and the planning and the discussion is there a policy with the actual development that there is a certain level of local inclusion there?

Ms. Singh: Yes, understood. PS?

Ms. Signoret: Thank you very much, Member Leonce. The aim as of now, finally is to

have the Moruga light industrial and agro-processing park completed; at the same time, ensuring that all stakeholders are integrally involved throughout the stages. In terms of the policy per se, the aim is to ensure that there is greater participation by the residents; by those in the catchment area, Moruga and environs. That is perhaps the stated policy. I would just like to refer to the meetings that the Vice-President, Corporate Services mentioned a little while ago, those were very well attended, in terms of having, not just an outreach to the people in Moruga, but again the surrounding areas.

The aim is to encourage that type of engagement, that type of participation. Equally, there has been—because of the nature of the project there has been engagement actively by the Ministry of Agriculture, Land and Fisheries and they, in fact, have perhaps a little better sense of some of the farmers and the stakeholders who may be able to use such a facility and benefit from such a facility.

So that in the way forward, a good deal of emphasis is being placed by them, as we understand it, to move the process forward.

The Urban Development Corporation of Trinidad and Tobago (UDeCOTT) has been engaged as the project manager, and they are on spot with the previous consultant has done a lot of reaching out to the different stakeholders. In terms of what it will eventually be, in January 2019 we are hopeful that the time period from now when that engagement continues and with also the support that could be lent by agencies such as NAMDEVCO, and I not really wish to speak for the Ministry of Agriculture, Land and Fisheries, but we are really hopeful that there will be the awareness, the capacity building so that when the Moruga agro-processing and light industrial park comes on stream that it will really be a very beneficial organization for all.

Mr. Chairman: Thank you very much, before I have two more requests from the floor, I would like to just do a follow up on the matter raised by MP Leonce. Now, I have looked at this and again I—the Committee is pleased that in terms of the work that has been done to support this strategy of the development in Moruga agro-businesses.

I am a paper junkie and I would say that I went through this document and in

particular, I appreciated in the financial analysis where you did a sensitivity, and that sensitivity analysis included things like; increases in water rates, increases in electricity rates. It represents, you know, what I would call proper business thinking by a State entity, that we are planning an exercise but there are things on the horizon that we understand and at least let us make sure that in terms of how we demonstrate whether the thing has a positive NPV (Net Present Value) but you guys understand my lingo.

I think that—I appreciated—the Committee appreciates that you have done the work and you have been very robust about it. And inside of here I want to note that with a note of appreciation from this Committee that you have done the work and sending lots of paper is good, but inside of the data is actually a lot of information about the depth of research conducted to get us to have the state where we have a plan to develop this agro-processing centre.

I have one follow-up question. I have looked at the estimated cost for this project, I have looked at, in particular the civil works estimate, it is close to \$50 million right now. I want to ask two questions. How large is this proposed site? And then in terms of the funding, how do you propose to fund this arrangement? Will this come from PSIP funds, IDF funds, what is the plan with funding? I suppose the Ministry of Trade and Industry, PS will be able to respond, in terms of the proposed funding?

Ms. Signoret: Yes, thank you very much, Mr. Chairman. Funding has been allocated in tiers if you like, under fiscal 2018 and it is expected that fiscal 2018/2019, that the remainder of the funds will be allocated for the completion of the park.

Mr. Ahamad: Chair, the park is 18.83 acres.

Mr. Chairman: Acres? Thank you very much. Again, I think that the estimate now—when I looked at the estimate and I am trying to marry my reasonable understanding of civil works, what is required and then given that this is really not, its civil works, but I do not know the condition of the site as it is now. So, that is where I was looking at the number, but I think there is enough robustness in the work that you have done that my confidence is high about the estimate that you have in front of here.

I now want to move to the next request, I have MP Karim who has requested the floor. MP Karim, you have the floor.

Mr. Karim: Thank you very much, Mr. Chairman. Maybe I should just stay for the time on the Moruga light industrial and agricultural park. Mr. Ahamad, you indicated it was about 18 acres of land and might you be able to remind us about what is the investment cost by the State in preparation and developing of this area?

Mr. Ahamad: Thank you, through you Chair. On page 34 of report we indicated that the budgets for project development is \$73,000, consultancy services \$3.487 million, construction \$62.381 million, project management \$3.291, with a total of \$69 million.

Mr. Karim: Okay, thanks. One of the other things that was mentioned was that you would have had your stakeholder interest group meetings in that area.

I am particularly interested in when you would have had those meetings, what would you have told the residents or the stakeholders there about the manpower requirements to construct and ultimately to operate this facility? The reason why I am asking that is that people will be asking you: “So what are the jobs, going to be available?” So what jobs are going to be created in the construction stage and what jobs are going to be created for the operational stage?

Ms. Singh: So, with regard to the construction stage, certainly any contractual arrangement, you would enter into with a contractor to complete the project and the site. eTecK and through its line Ministry—Ministry of Trade and Industry—has mandated that your local content labour has to be at 60 per cent. So you utilize 60 per cent local content labour in the construction phase of the project.

With regard to the operational phase we have not mapped it out in its entirety as yet, but the site proposes to be five factory shells and 18, what we call “land sites”. So, and it is all dependent on the level of engagement that we continue to do in the community and the number of persons—like we have quite a number of persons already interested in factory shells—50 plus employees. So that a determination at the operational stage we have not mapped that out as yet in its entirety.

Mr. Karim: What about in terms of the construction stage? Because I am going in particular direction; if I was living in that area and I am listening to this programme this morning, I would be very excited and the question that I will want to ask is, will I be able to get a job there? So the question I am asking on their behalf who cannot ask, but will be able to look on, how many jobs—and maybe if you can tell us, is it going to be more in the semi-skilled area, or is it going to be in the skilled area? I am sure you as the major operator of this facility, or the owner as it were, you must have had some manpower discussions with whoever is going to ultimately be constructing to tell the community because when you go, one of the things they will ask you, “So what jobs are going to be available?” And I am just going to repeat the question, have you done an analysis, a labour market demand as to what is going to be required? And I want to specifically ask the question because of the socio-economic dynamics of that area, are you going to have a substantial amount of semi-skilled labour required in the construction phase, and if so how many?

Ms. Singh: All right, so the exact numbers again, like I said, 60 per cent, does 60 per cent add up to a 100? Does 60 per cent add up to 200? We have not mapped that out as yet, simply because we have not awarded— through the project developer, we are in the stage of awarding so—

Mr. Chairman: If you will permit me, I think that in order to fulfill the request of the Member, you may have to provide something to us in writing, in terms of what your understanding of what is going to happen now, and eTecK should be in a place to be able to say what the expectation is of the contractors.

Ms. Singh: Absolutely.

Mr. Chairman: I have a question though. When you say your policy is 60 per cent of local content. You need to be a little bit more granular for this Committee. Is it 60 per cent of the total jobs? Or is it 60 per cent of the total value of the contract, in terms of goods and services and everything wrapped up together? So I am not sure what is your basis for your 60 per cent so if you can help us with what is your basis for the 60 per cent;

how is it measured.

Ms. Singh: Sixty per cent of the labour force, so of jobs.

Mr. Chairman: Of jobs.

Ms. Singh: Correct.

Mr. Chairman: So you do not have any component in there in terms of local services—no that is important because what you do not want is a contractor to come and there are services that you can get in the area but he is bringing in externally depending of course—cost is always a factor.

Ms. Singh: Right.

Mr. Chairman: But I think that part of your consideration, in terms of 60 per cent of the jobs but also in terms of local service. I am not sure what is entailed in developing an agro-business park. But I suspect there may be services available in the region in the area that the contractor should at least consider.

Ms. Singh: So, goods and services, 40 per cent.

Mr. Chairman: 40 per cent.

Mr. Karim: So, you might be able to give us in writing what is the quantity of that 60 per cent and the various areas, occupational areas that might be required for construction.

Ms. Singh: Sure, absolutely.

Mr. Karim: How soon might we be able to get that, do you think?

Ms. Singh: Probably within the next two weeks.

Mr. Chairman: The Committee will—all our requests we will forward in writing and we will give you the submissions.

Mr. Karim: The second thing is—I have about just two more questions in this rounds. But with respect to your ownership in terms of property in the central area, because this is of course in the deep southern area. And you have, I think, if I remember correctly, you would have Connector Road, you will have Dow Village, you will have Endeavour, you might have Factory Road. What are the plans you have for those areas in the near future?

The question should be, do you have any plans for those areas for development

purposes, like you are having in the agricultural and light manufacturing in Moruga? In this part of the country with these estates that you own, do you have any plans for any development of these properties, including maybe Dow Village. Mr. Ahamad did indicate on the last occasion he spoke about Dow Village and the proximity to Point Lisas but in terms of further north of that or more north of central, Endeavour, Factory Road, Connector Road do you have any plans?

Ms. Singh: So, Factory Road is in fact partially developed. There is a private partnership that we are currently engaged in with a foreign firm, as a matter of fact, so Factory Road is in fact partially developed. There is a lot of interest by other private entities in Factory Road. So those private partnerships are good partnerships to the organization. With regard to other central areas, there is a plan to develop 133 acres in Phoenix Park, so that will come on stream very soon, that is the other big park—certainly bigger park that we will be engaged in, certainly within the upcoming fiscal.

Mr. Karim: Anything planned for Endeavour?

Ms. Singh: Not at this moment.

Mr. Karim: Okay, all right. On to my other question. Chairman, if it is all right with you? Okay, I just want to confirm, in fact, it is a rhetorical question for me in a sense, but UTT has been in the news recently and even up to yesterday and UTT is one of your clients in Tamana. Are they among the receivables you have outstanding to collect? Do they owe you money? Are they indebted to you? And if so, for how much and what is the reason for that indebtedness? How many acres are they renting from you, or have they leased from you and if you can give us a historical sense? So No. 1: What is UTT relationship with you in Tamana? Do they owe you money? If they do, how much to they owe you? And whether there is any consideration at all to liquidate that debt from UTT?

Ms. Singh: Right, so UTT, yes, has built a campus on the Tamana Intech Park and the administrative offices are due to be relocated, we have been told September/October of 2018. With regard to the lease arrangement with UTT it is a lease arrangement; we have presented a letter of offer last September/October, we have presented a letter of offer we

have been engaged with UTT since—well, a while now and the latest is that they are seeking the necessary funding in order to satisfy the requirements of the letter of offer.

Mr. Karim: How much are they indebted to you?

Ms. Singh: That letter of offer was \$4 billion plus.

Mr. Karim: So that is what they have outstanding and owing to you at this point in time?

Ms. Singh: At this point in time, yes.

Mr. Karim: How many acres?

Ms. Singh: One hundred and forty acres.

Mr. Karim: Okay, given the financial situation as currently obtains at the University of Trinidad and Tobago, have there been any discussions, any requests from UTT to see how they could ameliorate this indebtedness? Are you giving any consideration to them, in terms of the request for liquidating the receivable?

Ms. Singh: Well, they have actually said to us that they are dealing with it certainly through their PS and through their Ministry, and that it looks positive. We have been in discussions with UTT like I said, since the letter of offer was, in fact presented.

Mr. Karim: How long you will say this indebtedness has been outstanding?

Ms. Singh: The letter of offer was presented September of 2017.

Mr. Karim: And therefore, what period of time would you say they have owed this money, only from that time?

Ms. Singh: This is correct, yes.

Mr. Karim: Okay, I just wanted to go on to the Magdalena project, just quickly. Much has been said, we have heard a lot about it, we have read about it, we know what is happening in terms of both the air and the sea bridge. But how are you proposing to really aggressively market or is it that it is going to be in the hands of the consultant? I think Mr. Ahamad did give us as well as a sense of timing as to by which time a report is going to be sent in. Could you give us an update of it, please?

Ms. Singh: We have presented the initial consultant report in the package that we have presented, it is contained in the package. Again, just to hold on the timeline, it is intended

that a long-term operator is certainly sourced and we would have gone to contract in October of 2018. In terms of the short-term measures, of course, you have to look at the effectiveness and the efficiency of the hotel. So there are several short-term measures that we are in fact taking almost on a daily/monthly basis to ensure that we hold the operations tight, the cost of the operations tight.

The marketing aspect of it is geared towards, of course, the local market that being in excess of 50 per cent of our market. So it continues in the local market—in the Trinidad market, our marketing efforts. With regard to international flights, we understand there are talks to commence two flights in November, in next winter, November 2018. So, we understand that that will happen, that is to take place.

Mr. Karim: There has been a concern by some in Tobago about the nature of the international marketing strategies? Are you concerned about that as well? And if so, what do you propose to do to enhance the marketing strategies for the Magdalena Grand, internationally?

Ms. Singh: Well, the hotel undertakes it international—like the operator, for example, goes to tour operators’ conferences, they go to the European market; they present at those markets. So they undertake—and there is an international agency that also markets the hotel for us, especially in the Europe market.

Mr. Chairman: Thank you. MP, well you have gone into an area that was the subject of my next question. I want to be deliberate. I have looked at the voluminous and significant submissions on the issues of Magdalena. I looked at the consultant’s report and I want to share with you and members of the viewing public, the Committee’s satisfaction that I think inside of here, the initial report from the consultant, presents an unvarnished assessment of the Magdalena.

In terms of one, the condition of the physical assets, the consultant was very specific and I think sometimes it is good—while it is never a good thing, I suppose, to look down on what is yours, but it is also good sometimes to get an external view on exactly what it is, and I think the consultant here provide an unvarnished view and description of the

physical assets at Magdalena. It provided a view in terms of the ability of the resort, depending on what actions we take to be able to attract and I think one of the recommendations—I will not go into the details, because I know it is confidential.

But I think what is important is that the consultant outlined recommendations here, preliminary looks that if we are really brutally honest, we have to probably accept that we have to scale back our thinking and our ambitions in terms of what we visualize the Magdalena to be. That it has to probably be a different type of hotel if you want it to be financially viable, and I think that is the key thing, set of takeaways from the report in there.

That if you want the business to be financially viable we have to refocus the way in which we view the Magdalena as this three star, four star resort, when really and truly the physical condition one, does not say that; two, the market segment that we are probably targeting we are not likely to get that market and that perhaps it needs to be branded and restructured, in terms of how we market and the market that we are targeting has to be different.

So I think that eTecK has a really, really strong document here. Now, I have looked at the numbers and I have looked at the RevPAR, revenue— we know you are helping the Committee become familiar with all of these wonderful buzz words in the hotel business. But, we note the steady decline in the RevPAR at Magdalena from 2014 it was 98 and up to 2017 it was like \$55 US. That is really, really below par, really.

And again, we did some work to understand what happens in other hotel groups. So for instance, we looked at a couple of the hotel groups that have business in Trinidad and some of them break out their operations by global and then they have them by region. So for one of the other major chains here, their average RevPAR in the Caribbean region is \$131 and then another one of theirs is like \$115.

So, if the Magdalena is at \$55, we are way, way out of the market and that suggests one or two strategies: either we make a whole bunch of investments to bring it up to what we consider or we probably go with a different strategy to look and say, listen, let us try

to see how we can optimize what we have and try to make sure it is turning over revenue and profits in a way which is sustainable.

So that I want to say that also the reason why I am raising the question on RevPAR is that we have some concerns about whether or not— I suppose you have this data in terms of how Hilton operates, in terms of the RevPAR, because we were able to source from Hilton’s wonderful website all of their investor presentations, in terms of—and again they have it by global and then by regional.

So we do not have a break out for Tobago or Trinidad, but we have a break out for the region and their RevPAR numbers, so the Committee is hopeful that the work that we are doing to support you, is work that you are doing also because we want to make sure that we get the bang for our dollar. In terms of we are making investments to these assets, we have spent a lot of money upgrading Hilton, recently in terms of their pool, and we want to make sure that we the citizens, the ultimate shareholders get the returns or we have a deal that allows us to get the best returns, given what is prevailing in the market; what are the market norms.

So one of the things I would like to request from eTecK is in terms of the agreements that you have. You submitted the agreements both with the management team for the Magdalena and for the Hilton. In terms of the due diligence to establish whether or not these agreements are fair, we want to find out one, did you do any work to establish whether or not these agreements that you have submitted here present fair value in terms of the assets we have and in terms of international norms? Did you do that work? And if you did that work, we would like to be provided with a copy of that analysis.

None of us on this team are experts in the hotel business; we have gotten up with some of the lingo, but we want to make sure that this is done. We assume it is done, but we would just like to see what you have done so that we could have the information upon which we can make some proper analysis of the numbers. Because we looked at the contracts; the contracts there are several things in there. I noted in particular that I think the Hilton one, I saw at the front page of it, there is someone called Solomon Hchoy OBE

1959, so I am like— on page 1. So that contract in particular has some vintage. So we have several questions on that and Members have other questions on that. But I am laying this out for you to help you understand we have looked at this and we have concerns. We like the CBRE, forgive me, the consultant's report on Magdalena; it presents an unvarnished view of the assets and presents a real analysis of what is required to make the business viable.

11.10 a.m.

Mr. Chairman: Their focus is trying to make it make money for the people of Trinidad and Tobago, and that should be your focus. Whether you have other directions that it has to be this glamorous operation, that is a policy decision the Government would have to take. But on the basis on what is presented here, another model is being proposed. So, I would like now to move—once Sen. Mark is fine, I would allow MP Leonce to do a follow up.

Mr. Leonce: Yes, just a follow up on it. From the CBRA report, which we all found was very interesting, I just wanted to get the view of management in terms of what was your take on it? And if you agreed with it? Has there been consideration to adjust the strategy or the strategic plan to be more in line with it?

Ms. Singh: Okay, with regard to the CBRA—sorry, the consultant report, like you, we were also very impressed with—and like Chairman is saying, Chairman has it spot on in terms of what it would have presented, the picture of the hotel. It was a very stark view in terms of how they viewed the operations, the condition of the asset, et cetera. In terms of adjusting the strategy, of course, in the report it would have called for a certain financial injections in terms of bringing the property up to standard. We believe that the turnaround of the property is finding a long-term operator. So, if you are asking if we have changed that strategy in terms of the operations and in terms of the turnaround of the operations of the hotel, no, we have not. What will turn the hotel around is finding a long-term operator. So, we have taken on board the contents of the report in terms of the initial capital outlay. We are in the process with the board, et cetera, in terms of working out how we will

approach that injection, but in terms of finding a long-term operator, we are geared towards finding a long-term operator.

Mr. Ahamad: Committee, in addition, if you wish we can point out individual jobs, but I can tell you that over the last two years, this would be '16 and '17, e TecK commissioned many jobs, or renovations, or repair works on the hotel, and if you wish, we are prepared that we can list out some of those jobs or renovations. I would also add that a point I made last hearing, that repair work, renovation, flights, the new operator, all well and good, exactly what is needed partially, but still, the island, Tobago, the tourist island of the twin-island republic certainly needs to have direction, and there are bigger issues to be had in the tourism sector in determining the way forward that certainly do not lie in e TecK's mandate. So, we need to be cautioned that these different components need to come together.

Mr. Chairman: I would like to say that I appreciate that. That is contained in the document. They did not want to go into the details, but the consultant was clear. There is things needed to be done with the airlift. They need to have airlift and they need to have international airlift improved, we need to have airport facilities improved, you need to have arrangements in terms of transport between Trinidad and Tobago for that clientele improved. Everything is covered. I think that we looked at this document in depth. We spent some time with it, and we felt that it represented a clear, impartial view of what is required, so that there are things that are within e TecK's control in terms of doing infrastructural work to improve the plant, to bring it up to what they would consider to be good standard.

You look at their comments on several of the areas, their operation is fair to poor and whether we agree to it or not is irrelevant. I think it is always useful to have a clean pair of eyes look at something and give you the assessment. So we would look at it and have one feeling about it, but somebody's who is in the business, there is their job, and analyzing hotels real estate around, and if they say it is fair to poor in many areas, then we have to accept that. Perhaps we are not looking at it through the proper lens. I think that

the work is here. The Committee would look forward to the e TecK in terms of what are the next steps in terms of what you are going to do with Magdalena Grand, but certainly from where we sit we think that you have a document here that is a map that could guide you. And whatever decisions are taken at another level are taken, but at least you have the core information which could help you. I now would like to open the floor to Sen. Mark.

Mr. Mark: Yes. Thank you, Mr. Chairman. Good morning once again to the team. I have a few questions I would like to have some clarification on. The first one is one that was raised by the Chairman earlier. That is the Chairman of our Committee. And that has to do with the driving forces behind the policy for the sale of assets owned by e TecK, and essentially, land. Could you share with us, or elaborate for us, whether there is a distinct and clear articulated policy by e TecK, supported and approved by the Cabinet for this particular drive that you have embarked upon? Could you share with us whether that exists, as the first area of clarification? Through you, Mr. Chairman.

Mr. R. Karim: Thank you, Sen. Mark. As indicated by the Chairman and Permanent Secretary, the sale of assets portfolio rests, of course, with the statement by the Minister of Finance in his budget presentation in fiscal 2017. But it also linked to a wider policy to make additional real estate available to the private sector for business activity. The Committee would appreciate that e TecK as a company does not at this time have sufficient capital to roll out the massive development of additional industrial space.

Within the Ministry of Trade and Industry we have developed a new special economic zones policy. That policy has been approved by the Cabinet, and among other things it envisages greater private sector participation and involvement in the development of industrial parks. You would appreciate that the model we have used for several decades in the country was the state investments in these industrial parks. We believe at this time, given the economic environment, that perhaps a wiser approach, and more in line with best practice internationally, is to get the private sector involved in investing in industrial parks on their own, both in developing, and owning, and managing these real estates. That

is why the clarification that, I believe, the Vice-President gave in response to the question by the Chairman with respect to the usage of these parks. These lands will be sold, but it is intended that those lands are going to be sold, and maintain, and preserve the original usage of these parks. So that the private sector, who would be, and whoever win the respective bids, would be involved in developing those lands on their own. So, the policy is both oriented to, of course—admittedly it is to generate addition revenue for the company, and ultimately Corporation Sole. But it is part of a wider policy orientation to get greater private sector participation in the development and management of new economic spaces.

Mr. Mark: So, would you say that there is somewhat a paradigm shift in what existed, or what currently exists whereby the Government is now moving away from the provision of factory shares, and with the appropriate infrastructure to a new approach where they are going to be selling lands owned by the State to the private sector, whether it is local or foreign, and they would have the responsibility under, maybe, some clear guidance and guidelines to develop their own factory space. Is that what you are sharing with us?

Mr. R. Karim: Yes. I can confirm that is the contemplation of the special economic zones' policy.

Mr. Mark: Now, this is where I wanted to further my discussion with you on clarification. My understanding is that e TecK is supposed to be an agent of change, according to the document that we have before us. And e TecK is supposed to be the driving force for diversification of our economy away from the energy sector, and into the non-energy sector. But the evidence, the hard economic data that we have in our disposal would reveal that over the last three years we have been heading south as it relates to negative economic growth in terms of non-energy exports. That is one.

And, secondly, we have seen where there have been complete minuses in '16, in '17 in Trinidad and Tobago, and the International Monetary Fund is projecting that up to 2022 we are going to be in the negative zone as it relates to non-energy exports and growth. Now, what I am asking is that, has e TecK and the Ministry of Trade and Industry failed

in its mandates to really bring about the kind of revolution in diversification of our exports, and the diversification of the economy of our country, that would be manifested in greater exports that would generate, let us say greater foreign exchange levels in streaming in, rather than the opposite that is taking place?

So I am asking you whether, given the hard economic data that we have from the Central Bank, from the International Monetary Fund, about what is taking place with e TecK and the Ministry, whether there are serious, serious challenges you are faced with? And what can be done by e TecK and the Ministry to overcome these challenges? What strategies are you advancing so that this e TecK organization along with the Ministry can remain relevant? It seems to me that these two entities are in serious trouble, and I would like you to clear the air with us as to what is being done to revolutionize our export growth and make this economy of Trinidad and Tobago more diversified and less dependent on the energy sector? That is what I would like to have clarified at this time.

Ms. Signoret: Mr. Chairman, if I may? And to respond to Sen. Mark's question. Certainly, the imperative to diversify has never been more urgent in Trinidad and Tobago, we are perhaps a little fortunate that the price of oil has gone back up from \$43 a couple years ago to now just about \$60, \$60-something. What we have been focused on at the Ministry of Trade and Industry, and e TecK is a part of that in terms of our own strategy plan for the period 2016 to 2020, certainly deals with enabling businesses to be more competitive, and yes, we are hoping and looking forward to greater exports. But we have to look at the different areas that one would need to focus on.

I just would like to look at a very important component which remains the Tamana Intech Park, and which will be home to the University of Trinidad and Tobago in another few months. Crucial linkages with the information and communication technology sector, the area is of great significance. Under Vision 2030, there are seven cluster areas that have been identified, including software development, maritime, creative industries, agriculture, agro-processing, fish and so on. But if we just look at Tamana and e TecK's responsibility for Tamana, the development and the successful creation of those linkages

is of immense value. We have recently had a report from the Inter-American Development Bank that highlighted the importance of the business process outsourcing sector, and the Information Technology Enabled Services Sector, and the contribution that that can make to the Caribbean region, in particular, and, of course, here in Trinidad and Tobago.

If I may just digress one second, last week we saw what BPOs can bring to Trinidad and Tobago. Last week Scotiabank in collaboration with the International Financial Centre, they had a launch of their new shared services facility, which moved from employing 500 persons to 750 persons. At Tamana currently we have a global services promotion programme, again, supported by the IDB, which has been a project, I think started in 2012?

Mr. R. Karim: 2013.

Ms. Signoret: 2013, and they had just moved their global services internationalization hub to Tamana. We are quite hopeful, we recognize that things do not happen overnight, but these are significant elements that are in place. And in terms of e TecK ensuring that Tamana is ready to receive the University of Trinidad and Tobago, the GSI hub that is currently there to ensure that that focus on the ITES sector, that that is continuing apace. We also want to take on board the comment about the need for the private sector to be more engaged. We have had some very encouraging news of investments in the last year or so, domestic investment indeed, and that is going into about TT \$800 million or thereabouts.

We are looking in respect of e TecK to ensure that there are state of the art facilities created in the newest development of an industrial park in Phoenix Park, and those 133 acres. The area of agro-processing was mentioned earlier, and the Moruga Park is also one where that focus is going to be. Now, interestingly enough, Moruga and Phoenix Park will have close access to ports, and we envisaged that that too will lend support to persons who may want to import raw materials and, of course, for exports.

So in terms of e TecK's contribution, we think it is still important. Very, very important; very critical. And those were just a couple areas I would want to put on the

table.

Mr. Mark: My colleague rather would like to prosecute a question further on UTT, and when he is through he would revert to me, because I have, and I may tell you before Mr. Fazal Karim speaks, that I would want to get some more concrete data. You see, we have invested billions and billions of dollars in this country in e Teck and in the Ministry over the years, and what I would like to determine is whether there is any hard data available from e Teck and from the Ministry, that would provide us with the following: In hard terms, data terms, how many jobs through the economic zones and the industrial estates have we been able to generate over the last 10 years? What has been the extent of the non-energy exports from those zones, the economic zones, the industrial estates over the last 10 years? What percentage of that has represented overall exports in Trinidad and Tobago? How much foreign exchange have these economic zones been able to generate in Trinidad and Tobago over the last 10 years. As an example? You know.

So, what I am saying is that we need to drill down so that this organization, e Teck, along with the Ministry, can be able to tell this Committee, and through this Committee, the country, with all the efforts of diversification through e Teck and the Ministry driving that process through policy initiatives. These are the end results over the last 10 years. We have been able to generate \$10 in US foreign exchange through our industrial estates and economic zones. We have been able to export in the non-energy sector, right, so much percentage of export as a percentage of the GDP, and the value therefore. We have been able to generate so many jobs. So that we would be able to have concrete proof of what is being done.

So there are many questions I have that I want clarified, but I would like my colleague who had asked that he would want to follow up on UTT, to come in, and then, Mr. Chairman, if you would allow me to just further prosecute some of my areas.

Mr. Chairman: So, you give the floor to MP Karim for a follow up.

Mr. F. Karim: Thank you very much, and thanks to my colleague. PS, I just wanted to ensure that I did hear what you said, and that is that e Teck will be ready to receive UTT,

for operations, in September of 2018?

Ms. Signoret: I would want to say that e Teck is preparing to receive UTT, and that would depend on UTT. But our information is that it should be September/October of this year.

Mr. F. Karim: Okay. Will you be able to just briefly elaborate how are you going to prepare or proceed to receive UTT, assuming that they would be ready for September, the new academic year?

Ms. Signoret: I would probably have to ask e Teck the arrangements that they are putting in place in terms of lease and so on.

Ms. Singh: Sure. Chair, through you, so, like I said we would have provided a letter of offer. In terms of the financial aspect of it we would have provided letters of offer last September, which we are in discussions with UTT to accept and move forward. In terms of the infrastructural development, the campus, as far as we are aware, it is physically there. So we look at it, it is probably 90 per cent completed. Certainly, in terms of the administrative offices, those are in fact completed. UTT has developed its own entrance on the park, so it is separate and apart from the entrance into the flagship building, and/or the 21 developed lots. So, all of those infrastructural developments are in fact completed. In terms of the transportation of students, et cetera, UTT will in fact work out those logistics.

Mr. F. Karim: I really wanted to find out from your perspective, from e Teck's responsibility, what infrastructure work is left to be done to ensure a successful start-up of the academic year in September 2018? Do you have any outstanding works there that you need to—

Ms. Singh: No.

Mr. F. Karim: So you have—

Ms. Singh: Not e Teck.

Mr. R. Karim: Everything is okay?

Ms. Singh: Yes. Yes.

Mr. F. Karim: Whatever needs to be done, so any glitch as it were to operations in September would be UTT's responsibility?

Ms. Singh: UTT, that is correct. Yes.

Ms. Seignoret: Mr. Chairman, if I may? Our information is that the UTT will be operationalized at Tamana in September/October. The nature of that, I am not able to say at this point. So, I would just wish to put that on.

Mr. F. Karim: I was just trying to clarify the responsibility in terms of that. Thanks.

Mr. Chairman: If you would permit me, I have a follow up comment and question to the Permanent Secretary. I noted, just like you, the issue in terms of the Scotiabank operation and services hub, that it is expanded. I am aware that that operation has been in place since 2013. That is when they started.

So, while the expansion was launched it has been there, I was actually surprised when I found out that it was operating, and it is a credit to a company operating in Trinidad, when I found out that you have an operation in the Central with 500 people, I was astounded. I was surprised. And it was very low on the radar, and I think it represents the type of thing that the Ministry, in terms of looking for where—because Scotiabank uses that as its operational and shared services not only for Trinidad, but the Caribbean and Latin American operation of Scotiabank.

So, it is not just for Trinidad, it is for the entire operation in this part of the world. So it is a significant operation with Scotiabank, and as a corporate client. That is the type of things we should be looking to encourage, where there are opportunities for companies to leverage the existing resources in Trinidad and Tobago. We have the land space, we have the infrastructure, we have people who are well-skilled, and there is no reason why other entities operating different types of business cannot look—I was actually very, very impressed with that operation.

I noted there was an event last week, but I know from before that that has been operating for some time under the radar. But it is the type of thing that I would like to understand where the Ministry—and it does not require, let me say, it is not rocket science.

Shared services works for them, and they chose this location, but this is the type of thing we should be having conversations with companies operating here to say, listen, there are things that you use for your operation in this part of the world. Trinidad is a good place. Have you considered Trinidad and Tobago? We have the Tamana Intech Park. We have a great facility there. Is this something that the Ministry is actively engaging in?

Ms. Signoret: Thank you very much, Mr. Chairman. Yes, in fact last week was tour. My apologies, not a launch per se. So, yes. I would say that this is an area that the Ministry is certainly pursuing actively. We are really very excited about this particular niche because of its impact. Because of jobs that are generated. In fact, the current hub at Tamana is likely to bring, I think, a couple international brands to conduct seminars and so on within the next few months.

We also recognize that, I think, another significant player in the energy sector, they have relocated their office services back to Trinidad and Tobago as well, last year, if I am not mistaken. Their accounting. And they are an international entity. We take on board that there has been another business process, outsourcing firm that started off in Trinidad and Tobago, I think, with about 200 individuals, and that has also risen to about 500, also located at Tamana, with increased employment on the horizon. And depending on the season—so, for example, I understand Christmas they may employ another 100 or so persons; Easter, Mothers’ Day and so on. And Trinidad and Tobago is a very attractive location, not least of which, because we have skilled workforce, reasonably priced low energy cost. Our geographical location is one in which we certainly throw out to most investors, and it is a great interest.

I would say very recently, another entity interested in this particular area was actively pursued by InvesTT, and initially they were unsure whether they could come to Trinidad and Tobago. From our statistics, it looks as if we may have full employment, and that we are doing fairly well as a country when one looks at our GDP per capita. But they were surprised when they decided, let us have a look. And more so because of the wealth of the talent that exists in this country. Another company has said to e Teck and

InvesTT that when our ICT people have been engaged with them they realize that they have taken it to another level. That they can work on expanding the nature of the operations again, because of the talent, the educated workforce that we have in T&T.

11.40 a.m.

Mr. Chairman: And, Madam Permanent Secretary, that is where I was going. Because I think that is important to note. I think also in your Scotiabank tour, this is not just a call centre. This is a—it is skilled people—

Ms. Signoret: Correct.

Mr. Chairman: The jobs there are skilled jobs. I mean I have nothing—there is nothing wrong with call centres, but the type of work that has been happening at the Scotia centre is the back room services to support the operations of the business. And these require highly skilled people and these are well paid jobs from my understanding. So that if you could—one entity in Trinidad and Tobago, Scotiabank, could find a way to have 500 now 750 Trinidad nationals employed in high skilled jobs, you know, it is something that should be held out. And certainly in terms of what we are looking forward we will never always get everything in the realm that I suppose, we want, but that is the kind of thing we should be targeting to try to see, because I think there is enough public statements here about the amount of people who are well qualified in Trinidad and Tobago and having a difficulty getting what they considered to be meaningful work in terms of, you know, the things for which they have been trained.

So I like the initiatives from the Ministry, I support— I am very glad to hear that you have several other things going on. That is what I wanted to understand, whether or not the Scotiabank endeavour was just the one that is happening now and you are highlighting it as opposed to, one of several in the pipeline. So what I have heard from you is that there are several others in the pipeline that are moving in that direction and from this Committee we are very happy to hear that.

Ms. Signoret: And I would just like to say in fairness, the Ministry of Planning and Development they have been at the forefront of interacting with the IDB on the global

services promotion programme and, in particular, that emphasis is on the ITES, Information Technology Enabled Services Sector. So, yes, it is a major focus of the Government.

Mr. Chairman: Thank you very much. I now give back the floor to Sen. Mark.

Mr. Mark: And, Mr. Chairman and Permanent Secretary, this is where I was coming from. We need to document, highlight, even if there is a relationship as you have pointed out between planning and development, and the Ministry through e TecK, there must be hard driven data indicating to the country what has been done to diversify this economy over the last 10 years. As I said, foreign exchange, non-energy export growth as the case may be, job creation.

Now, I have a report that you have made available to us from the World Bank entitled, the Promotion and Servicing of Foreign Investment in T&T, A way forward. And on page 19, through the Chairman, if I may be allowed to quote, it states in the second paragraph on page 19, and I quote:

In Trinidad and Tobago economic zones including industrial estates have played an insignificant role in growing and diversifying the economy.

This is what—a report commissioned by the World Bank based on our intervention asking them to come and do this piece of work. And they made a comparison with what could be the potential of these economic zones. What goes on in the Dominican Republic, 80 per cent of its total export come from the economic zones in the Dominican Republic. China, through the same economic processing zones, they employ millions of people. Malaysia, 61 per cent of total inward foreign direct investment, and not to mention Mexico, where they talk about \$1.2 billion in total investment in 02/03 alone.

So what I am saying, Madam Permanent Secretary, and the Chairman of e TecK, when we talk about our economic zones and industrial estates we need to really drill down and provide us and not only this Committee but the country with more hard data. What are we doing? And this is where I am asking you if it is possible, I do not know if you have the data, I cannot say. I do not know what you have available. But if you do please

share them with this Committee. What has happened over the last 10 years, whether it is e Teck or the earlier manifestation or incarnation of e Teck? In these—and highlight all the critical indicators, employment levels, foreign exchange, as I said, export growth as the case may be, coming from that sector, so we can have an understanding and appreciation that your Ministry, e Teck, these are some of the positive initiatives that are being taken in order to diversify. Because that is your main mandate, that is e Teck. E Teck's main mandate is to diversify this economy and to make Trinidad and Tobago less dependent on the energy sector. And I am saying, what I am seeing here does not read well. It says that these zones have made an insignificant—right. So you can clear the air on that. I do not know if you have data, you can make a submission, but please advise us if you can do it, we would welcome such a submission in writing over the last 10 years if that is possible.

Ms. Signoret: Chairman, yes, through you, Sen. Mark, thank you for that request. We will—I do not think we have that information readily available but we will give that commitment to undertake to source it and make it available to the Committee. I would also like to refer to—Mr. Karim mentioned a little while ago, the Special Economic Zone Policy that was recently approved and throughout this document to which you referred there were a number of suggestions, a number of recommendations.

Mr. Mark: Right.

Ms. Signoret: And the Special Economic Zone Policy did in fact follow up on what is the best practice in different parts of the globe. So that policy looks at a couple of the countries within more recent vintage and what works for them in this digitalized economy. We will work towards amassing the information and making it available.

Mr. Mark: May I follow up, Mr. Chairman, by just sharing with you and the members who are here with us, the officials that is, in that said technical report of the World Bank group on Special Economic Zones which you have, e Teck has, the Ministry of Finance has, detailed action plans and budgets were provided at the request of the Ministry of Finance and the Economy, as well as the Ministry of Trade and Industry and you could

find this on pages 19 to 22 of this World Bank report.

I would like to ask the following question, Mr. Chairman, based on this matter I have raised. Based on the timelines provided in the document, all of the activities should have been completed or implemented within 12 months of the submission of the report. Could you share with us how many of these activities have been completed? This is the World Bank technical report on this whole matter of special economic zones and how we could go about making them more relevant and useful. And could you also indicate to this Committee in writing a status update on each of the activity listed in the action plan along with the total amount of money spent on these activities. I think that we would need to find out what is happening with this report that has been commissioned by the World Bank.

There are specific timelines in this report which e TecK, under your guidance, the Ministry that is, is supposed to have implemented and we would like to know what has been done. And this is all in an effort to do what Mr. Karim said, to get private sector engagement in the whole diversification thrust of our country. So you do not have to answer because you can provide it in writing to us so we will know.

And the other area I would like to clarify, Mr. Chairman, before I pause for another round if you would allow me later, I have two final questions. One, can you tell us and you can give us a tight summary and then later in writing, is the Ministry of Trade and Industry sufficiently resourced to effectively fulfill its role? For example, could you tell us and share with us some of the challenges being faced by the Ministry of Trade and Industry in carrying out its responsibilities and what strategies are in place to alleviate these challenges? Again, you may not be able to give us all the answers now, but you may want to share with us briefly and then put in writing answers to these questions. So, Madam Permanent Secretary, or Mr. Karim you all can advise us. And I only have one final question, Mr. Chairman, and then I will come back to my next rounds. I just have one final question after.

So, Madam Permanent Secretary, as I said you can put those things in writing,

because it is really to help the Ministry as the Chairman has said, we are here to help e TecK; we are here to help the Ministry of Trade and Industry. So we would like to know what are your challenges and what strategies you have put in place to overcome those challenges, so that when we submit our report to the Parliament, the Parliament would be seized of the challenges and we would put forward findings and recommendations to make the Ministry more efficient, more effective, more economical and to make e TecK, more efficient, more effective and more economical in carrying out their mandate. That is our responsibility as the JSC. So I just wanted you to know that. So do not suffer yourself at this time or detain yourself at this time in giving answers. Put it in writing and we will take it from there. Okay.

The final question I would like to place to you.

Mr. Chairman: Final question, Sen. Mark.

Mr. Mark: My final question, Sir, I would like to raise with the team here, through the Ministry and e TecK, has to do with this judgment that came out from the Privy Council. This has to do with US \$5 million that was invested in some bamboo operation by the former board of directors of e TecK some years ago. The Privy Council on the 19th of February dismissed that attempt by the former directors not to pursue this matter because they argued it was stale-dated.

What I would like to ask through, the Chairman, is the following: we have been advised through your document, that given that decision you were supposed to file with the Court of Appeal the original Order of the Privy Council dismissing this final appeal. The question is, has that been done? And also, you are awaiting a document from some Ms. Almeida. We would like to know whether e TecK has written to the Registrar of the High Court for directions as to how to proceed in this matter, given the fact that it has been dismissed by the Privy Council and you are in the clear to pursue this matter.

So could you advise us whether the original Order from the Privy Council has been made available to the Court of Appeal in Trinidad and Tobago and could you also advise us, have you written to the Registrar of the High Court for directions as to how this matter

should be proceeded with? That is my final question, Mr. Chairman.

Mr. Ahamad: Through you, Chair. The document from the Privy Council to e Teck which is to be lodged at the High Court was received last week and has not yet been filed but will be filed shortly. E Teck's VP Legal has met with the High Court to determine and understand directions of the process and has since written and is awaiting a response.

Since our last hearing, this report is very similar to what was mentioned back in March, but the main, or the only update is that that document was received last week, will be filed shortly and e Teck's Legal VP is in communication with the High Court to determine and understand the procedure for directions for filing and going forward.

Mr. Mark: And is the Attorney General's Office playing any role in this matter or is this a matter that is completely within the purview of e Teck?

Mr. Ahamad: Yes, under the purview of e Teck.

Mr. Mark: Mr. Chairman, I have several more, Sir, on second round.

Mr. Chairman: Noted my colleague. I now give the floor to MP Antoine. We are working with a—hopefully at 12.15 p.m., because we are aware that there is another activity in this building for which the services are required. So we want to be tight going forward. I apologize MP Antoine for now bringing you in. You have the floor.

Brig. Gen. Antoine: Good morning. In your submission on the 23rd March, you noted that several state entities were owing moneys to e Teck. Have the respective line Ministries been engaged in relation to the recovery of moneys owed to e Teck and what time frame do you hope to recover these moneys?

Ms. Henry: Through the Chair. We continue to pursue; there is always discussion and we send follow-up correspondence to each Ministry requesting their payment plans, because we are trying to even work with the Ministries also utilizing the payment plan structure to ensure that we are able to recover all amounts owed to us.

Brig. Gen. Antoine: So you do not have a time frame when you will be recovering moneys from the Ministries?

Ms. Henry: For each Ministry what we do is we work with each one on an individual

basis and we allow for a 12 months' timeline similar to what we do also for our tenants to recover outstanding amounts. [*Crosstalk*]

Mr. Chairman: Please continue. I have some questions, but you continue, Sir.

Brig. Gen. Antoine: I am finished.

Mr. Chairman: You are finished? Okay. I am now going to begin to close this session and I have just some data request, but I have a couple of short questions, easy ones. And I also look at your debtors' profile. You sent a very good schedule of your debtors' profile. It is about \$14 million but I have noted that there are several, about eight of them that are owing over half a million dollars and one is almost a million dollars. And those are significant, significant owings in terms of people paying lease rents.

Now I have noted in your submission you have said that, I think you have passed these to legal. I am not sure, as this Committee, we are not sure what that means. And I have just heard in your response that you work with a 12-month window, which is, quite, quite, very generous. I would like to suggest from the Committee's view, if someone is owing you monthly they are supposed to be paying you monthly and you are giving them 12 months to deal with arrears, it seems that that is very generous, but you are in the business, you understand probably better than us what works or what works best. So what does it mean when you say the account has gone to legal? What does that mean when someone is owing you \$900,000 or several others owing you \$600,000, several. I have a long list here of people owing quite a bit of money to e Teck.

Ms. Singh: Chair, with regard to the most significant debt on the list, we have actually exerted that client and we have engaged external council to recover moneys owing.

Mr. Chairman: Because I suspect these people are running businesses, they are making money. If they have closed down it is one thing, but if they are running their operation every day and they cannot pay their rent I would like e Teck to be a little firmer in terms of you address this. I think 12 months is exceedingly generous.

Ms. Singh: But the 12-month period is what we called a payment plan. So if, for example, the debt is \$600,000 we develop a payment plan to pay that, the entire \$600,000 within

that 12 month—

Mr. Chairman: Along with current.

Ms. Henry: Along with current.

Ms. Singh: Of course, you have to remain current. Of course.

Mr. Chairman: I just want to make sure we are aligned. So that if that is the explanation then I understand better and that is fine.

Ms. Singh: Legal action usually entails, of course, the very—

Mr. Chairman: You try to go to avoid legal as best as possible. Legal, I have nothing against the legal profession, but it is just the way in which things work. It is costly and it does not always get you what you are looking for.

Ms. Singh: Right.

Mr. Chairman: So you try to avoid legal as far as possible. All right, I just have one other observation. I have noted—I want to go back to the Magdalena. I have noted all of the strategies, but one of the things that needs to be, we need to—I think that e Teck—I would like to flag with you. I have looked at, I have compared Hilton with Magdalena Grand and I have compared the—for every dollar revenue what is the cost profile of—for every year that I have looked at, 2013 to 2017, the data you have provided, Hilton's number is positive, which means that they earn—the revenue is greater than the operating cost. What you find with Magdalena is that for every dollar revenue it earns, its operating cost in 2017 was \$1.70. It was \$1.68 in 2016, \$1.60— so that there is something underlying in the way in which—so you go back through the years of the data that there is something wrong in the way in which the core business is operating, that for all the years that you have, you spend more to run the business than you make in revenue. So that something is—and I am talking about even the years when you had relatively good occupancy. Go back to 2013/2014 and it was looking okay. It was still not near the numbers when I compare with Hilton. Hilton has much better numbers.

So I am suggesting that in the way in which you are looking at the business, while we are thinking about the plans to improve the infrastructure, fix the marketing, if we do

not fix this, we are going to perpetuate the same issue of not getting the returns to this. So it require tears. So I agree with the consultant's thinking and the plans and all of the other—that is wonderful, but we need to put some closer attention to what is going on inside of the numbers of the business that is causing this profile, where for every dollar of revenue you would get your operating cost, \$1.70, \$1.68. It means that at the core level of the business something is wrong. Something needs fixing within the core level of the business. And when I compared it also in terms of how your employee cost, in particular, grew at Magdalena, I found it very interesting in the Hilton numbers that the employee costs were almost stable. And this is an entity operating within a unionized environment.

So I did not have enough time to delve in, but I found it very interesting that the employee costs at Hilton were more or less the same for the past four or five years in aggregate sum. And given that they have an annual escalator inside of the collective bargaining agreement that means the people are working out ways, so there are probably lessons that are to be learned. There is something that the Hilton group is doing to manage and keep that within a particular tolerance that we could probably apply at the Magdalena. So I think that is a task for you guys to have a conversation about how the business should be managed. I think Hilton has a good handle on it. If you are operating in a unionized environment and you have a built-in annual provision for increases, but you are keeping that line tight, I mean the increases are small, it is within a small margin as opposed to the Magdalena it is clearly going up. So I think that that speaks to how the business is being managed and I think you have a good operator at the Hilton understanding how to run a tight operation and perhaps we need to learn some of lessons applied to the Magdalena.

So I want to begin to close our session. I want so say that, again, on behalf of the Committee, this has been a really, really, informative session. I did not get through all my five pages but I think I touched on almost all of the key issues that I wanted to talk about. Because I think that where we are here, as a Committee, we are here to try to assist and try to guide and try to be supportive of the work that these entities are doing. We understand many times there are constraints operationally with resources and other things,

but we are here to help you. So as I begin to close I would like to ask the officials of the, the Chairman of e TecK to make a few closing remarks followed by the Permanent Secretary, acting, in the Ministry of Trade and Industry. Mr. Chairman.

Mr. Ahamad: Thank you. As I indicated at the opening this was a very revealing and rewarding exercise. E TecK's team has put tremendous work into the preparation of the responses. I have congratulated them, commended them on their diligence and hard work. The team is committed and I am quite certain that the issues that were ventilated, the notes that we have taken, the points raised are going to be very valid in taking the organization forward. I want to assure the Committee that one of the very recent points raised regarding the debt issue, e TecK's board and management take this matter very seriously. It is a serious matter of concern. We are not—I myself did not go to e TecK to run this company to be owed so much money. That is not in my portfolio. We are taking many actions and the actions are bearing fruit. I could safely tell you that the legal department, I think is busier than they have ever been. We are going to make significant progress in collections.

So on behalf of the e TecK team we thank you for all your suggestions and recommendations and we will be able to work in a much more diligent and forceful fashion.

Mr. Chairman: Thank you, Mr. Chairman. Madam Permanent Secretary.

Ms. Signoret: Yes, thank you, Mr. Chairman. I would like on behalf of the MTI team to express our appreciation for the perspectives shared this morning, to underscore the importance of e TecK to the Ministry's mandate. In fact, in our strategic plan, e TecK is going to be a key partner in ensuring that we reach towards a couple of our pillars which include, increased investment and ensuring competitive businesses. We do believe that the focus on having a more accountable and more transparent exchange is beneficial to all. Thank you, Mr. Chairman. And we do undertake to respond within the time frame to the questions that have been posed this morning. Thank you.

Mr. Chairman: Thank you, Madam Permanent Secretary. And as I begin to close, we note the presence of the new President of e TecK and again I want to reach out, the

Committee is here to help. This Committee is here to assist and guide state enterprises that are having challenges to see how we can overcome those challenges and turn around the operations where need be or turn around aspects of the operations.

I think that—I noted the Chairman’s final comments and if you look at the data I did not get a chance to get to it, but I mean if you look at the loans that you have taken recently that are being serviced by Ministry of Finance, it is nearly \$800 million. And you could have taken the view that what is the return on those loans? What are we getting back? And I mean, it is tough. And all we could do is learn the lessons of the past, improve on our strategies going forward so that we try to avoid situations where taxpayers dollars are spent and we are not getting the returns that we are getting. That is all we are trying to do here. We cannot change the history. All we can do is try to reshape the future and that is what this Committee is here to help you do.

And I think that also it is important to understand that this Committee wishes to place on the record its satisfaction with the responses, oral responses from the e Teck team; its satisfaction with the way in which the e Teck team responded to our request for information. There was no request for extra time. We have had challenges with other entities. But let us say this, I think e Teck has grasped its responsibility to the people of Trinidad and Tobago. You are a state entity, this is the Joint Select Committee on State Enterprises. It is an entity of the Parliament and while we do not want to put undue pressure on any entity, we understand and we appreciate the effort it takes to do this. It does not go without notice and the Committee wishes to extend its appreciation for your understanding on how important this work is to us, how important it is to Trinidad and Tobago and then by your seriousness and your frankness in your responses here and understanding that you have a lot of state assets under your control and that the way in which you are going along trying to fix these problems, it is methodical. You are going along it in a methodical business strategy mentality, which is something that we are expecting to see. There is nothing flamboyant or flippant about the way in which you are doing the business and that is what we expect from state entities.

12.10 p.m.

And certainly to the Permanent Secretary, Acting, you should be proud of this entity in terms of the way in which the management is working through the problems. I think that this is what we expect to see, that people approach this work with seriousness, with a level of sobriety that we are managing state resources. Everything under the control of these state enterprises belongs to every citizen of Trinidad and Tobago. And for those who do not understand that, well we will get them there.

So, I want to thank you for taking your time; there is a lot of expensive Executive time in this room. On behalf of the Committee, I want to thank you for coming here and being fruitful and frank with us. And I would like to say now that this session is suspended. Thank you very much.

12.11 p.m.: *Meeting adjourned.*

ATTENDANCE REGISTER

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2017/2018 Session, Eleventh Parliament

Name	21 st Meeting 06.11.17	22 nd Meeting 20.11.17	23 rd Meeting 11.12.17	24 th Meeting 29.01.18	25 th Meeting 19.02.18	26 th Meeting 26.02.18	27 th Meeting 12.03.18	28 th Meeting 26.03.18	29 th Meeting 09.04.18	30 th Meeting 07.05.18
Mr. David Small	√	√	√	√	√	√	√	√	√	√
Dr. Lester Henry	Exc.	√	Abs	Exc.	√	Exc.	√	√	Abs.	Abs.
Mrs. Cherrie-Ann Crichlow-Cockburn	Exc.	Exc.	Exc.	√	√	√	√	√	Abs.	√
Brig. Gen. (Ret.) Ancil Antoine	√	Exc.	√	√	√	√	√	√	√	√
Mr. Adrian Leonce	√	√	√	√	√	Exc.	√	√	√	√
Mr. Fazal Karim	√	√	√	√	√	√	√	√	√	√
Ms. Allyson Baksh	√	Exc.	-	-	-	-	-	-	-	-
Mr. Ronald Huggins ⁱ	-	-	√	Exc.	Exc.	√	Exc.	√	Abs.	√
Mr. Wade Mark	√	√	√	√	√	Exc.	√	√	√	√

ⁱ Mr. Ronald Huggins replaced Ms. Allyson Baksh w.e.f 28.11.17