PARLIAMENT

REPUBLIC OF TRINIDAD AND TOBAGO

FOLLOW-UP REPORT OF THE

JOINT SELECT COMMITTEE ON

STATE ENTERPRISES

on

An Inquiry into the Administration and Operations of Caribbean Airlines Limited.

June 2018

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The Joint Select Committee on State Enterprises

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PARLIAMENT
REPUBLIC OF TRINIDAD AND TOBAGO

Joint Select Committee on State Enterprises

Follow-up to An Inquiry into the Administration and Operations of Caribbean Airlines Limited

Follow-up to the Fifth Report 2016/2017 Session, Eleventh Parliament

Report, together with Minutes

Ordered to be printed

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The Joint Select Committee on State Enterprises

Establishment

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

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

Current Membership

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

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

Chairmanship

3. At its first meeting held on Wednesday December 02, 2015, the Committee elected Mr. David Small as Chairman, pursuant to Standing Orders 99(5) of the Senate and 109(5) of the House of Representatives.

Powers

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

Secretarial Support

5. 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

6. 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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CHAPTER 1

1 Introduction

1.1 Rationale for follow-up

1.1.1 A review of the Ministerial Response to the 5th Report of the Joint Select Committee (JSC) on State Enterprises re *"An Inquiry into the Administration and Operations of Caribbean Airlines Limited"* received from the Ministry of Finance on November 29, 2017 concerned the Committee as certain responses were gravely insufficient at addressing the recommendations of the Committee.

1.1.2 It was determined that a follow-up interaction was appropriate.

1.2 Conduct of the Follow-up Inquiry

1.2.1 On March 26, 2018 a public hearing was held with representatives of Caribbean Airlines Limited (CAL), the Ministry of Finance, the Airport Authority of Trinidad and Tobago (AATT) and the Trinidad and Tobago Civil Aviation Authority (TTCAA), at which time the Committee questioned the officials on the various matters in connection with the inquiry objectives.

1.2.2 **Officials from Caribbean Airlines Limited (CAL):**

Mr. Shameer Mohammed	Chairman
Mr. Michael Quamina	Vice Chairman & Chairman of Board Human Resource Committee
Mr. Garvin Medera	Chief Executive Officer
Ms. Marina Chase	Chief Financial Officer (Ag.)
Mr. Aneel Ali	Chief Information Officer
Mr. Roger Berkeley	Vice President, Human Resources

Capt. Jagmohan Singh	Vice President, Flight Operations
Mr. Colville Carrington	Vice President, Maintenance & Engineering
Ms. Nalini D. Lalla	General Counsel & Corporate Secretary
Mr. Marklan Mosley	General Manager, Cargo
Ms. Arlene Hunte	General Manager, Procurement & Cost Optimization
Mr. Kevin Padmore	Executive Manager, Internal Audit
Mr. Adrian Agarrat	Senior Manager Financial & Revenue Accounting

Officials from the Ministry of Finance:

Ms. Michelle Durham-Kissoon	Permanent Secretary (Ag.)
Ms. Mala Mohammed	Senior Business Analyst
Mr. Lester Herbert	Director, Central Audit Committee

Official from the Airports Authority of Trinidad & Tobago

Mr. Hayden Newton	General Manager
Ms. Carmela Wallace-Shanklin	Financial Controller (Ag.)

Officials – Trinidad & Tobago Civil Aviation Authority

Mr. Francis Regis	Director General, Civil Aviation
Capt. Thomas E. Lawrence	Chairman, TTCAA

1.2.3 During the public hearing the Committee proffered supplementary questions for written responses to be obtained subsequent to the hearing. These responses were received from the Ministry of Finance on May 11, 2018.

1.2.4 The Minutes of the Meetings during which the public hearings were held are attached as **Appendix I** and the Verbatim Notes as **Appendix II**.

CHAPTER 2

2 Key Issues, Findings and Recommendations

2.1 The Key Issues/Challenges and Insights

2.1.1 The Committee considers that CAL's responses to certain recommendations made in its Initial Report were gravely insufficient.

2.1.2 There was also concern that the recent recruitment and selection process engaged by CAL to recruit persons to its Management Team did not adhere to proper and established procedure. Of particular concern were:

i. the number of new managers who are former employees of Digicel Trinidad and Tobago, the former employer of the incumbent CEO at CAL;
ii. the fact that the incumbent CEO, sat on the interview panel that interviewed persons from Digicel, which is an obvious conflict of interest and breach of good HR practice;
iii. the terms and conditions of employment for new management positions created were not submitted to the Ministry of Finance or approved by the Cabinet Human Resource Advisory Committee. According to submissions receive from the CPO dated May 11, 2018, CAL *"is required to submit proposals for terms and conditions of employment inclusive of its senior management to the line Ministry for comments, recommendations and subsequent onward transmission to the HRAC for determination and approval";*
iv. the apparent intransigence during the public hearing when the significant shortcomings identified at (i), (ii) and (iii) above were drawn to the attention of the management;

v. CAL's bonus arrangements do not adhere to the stipulations of the State Enterprises Performance Monitoring Manual which states that "*the bonus to be paid to each employee is limited to one (1) month's salary annually. Payments which do not conform to the policy require specific approval of the Ministerial Committee for monitoring remuneration arrangements*";

vi. that critical vacancies still exist at the Management level in the organisation; and

vii. based on information provided to this Committee, security background checks were not carried out on several of the new hires at CAL, some of whom are in Senior positions, this in a clear breach of their own policy which states "*all staff are subject to security checks before being hired*".

2.1.3 Additional areas of concern included:

i. CAL's continued employment of individuals beyond the retirement age of sixty (60) years;

ii. CAL's continued practice of seeking overseas pilots to *"fly in the sunny Caribbean"* without seeming to make any effort to establish whether any local pilots could be sourced;

iii. the apparent absence of adequate succession planning for critical functions at CAL such as Pilots and Maintenance and Engineering; and

iv. according to submissions received dated 11 May, 2018, as at 30 April, 2018 CAL owed and outstanding sum of $193,268,850.15 to the Airports Authority of Trinidad and Tobago.

2.1.4 Despite the above concerns, according to oral submission dated March 26, 2018 by the Chairman of CAL, the Airline has acted immediately to implement several of the recommendations made by the JSC, and although *"there is still much to be done, Caribbean Airlines is turning the corner and has put initiatives and continues to work on a star plan centered around:*

- *enhancing the customer experience, through process optimization and a comprehensive review of the customer journey, supported by use of technology at all points.*
- *improving revenue generation*
- *managing and reducing costs; and*
- *focusing on financial sustainability."*

2.1.5 The full summary of recommendations that CAL has implemented, from the 5th Report of the JSC on State Enterprises can be found at **Appendix III.**

2.1.6 Indeed, the Committee was informed that CAL had its best performance since 2009 in Financial Year 2017/2018, despite a $10 million increase in fuel costs.

2.1.7 Additionally, during oral submissions the Committee learned that CAL was in the process of negotiating the Collective Agreement between CAL and TALPA, which opens a window for agreement on more suitable terms for the Airline.

Recommendations

2.1.8 The Committee acknowledges that CAL has developed a Strategic Plan and is aggressively pursuing a specific development path.

2.1.9 The Committee also acknowledges the staff retention challenges that CAL faces, and understands the rationale used to provide attractive compensation packages in order to attract and retain the most suitable employees.

2.1.10 However, the Committee emphasizes that as a State Enterprise, CAL must strictly adhere to the rules and regulations that govern its operations.

2.1.11 Therefore, the following recommendations are made:

i. that a compensation survey be conducted at CAL to ensure suitable compensation packages are being provided to all staff and where any adjustments are needed, the necessary approvals be sought;

ii. the Management Team should practice strict adherence to the stipulated guidelines contained in the State Enterprises Performance Monitoring Manual;

iii. for *all* positions that were filled via any recruitment process that did not adhere to the guidelines set by the Chief Personnel Officer and which flouted the requirements for a background security check, the process should be restarted;

iv. for salary arrangements for recent hires that were not in line with the approval process that applies to all State Enterprises, the Company should seek the necessary approvals for same;

v. for bonus arrangements that do not adhere to the prescription of the State Enterprises Performance Monitoring Manual, they should be immediately stopped, and approval must be sought from the HRAC;

vi. the entire approach to recruitment must be re-examined given the disparity in the length of time that vacancies were advertised, as top senior positions were mostly advertised for seven (7) days whilst very junior positions were advertised for twice that period of time; and

vii. in respect of pilot hires for short or longer term needs, CAL should first seek candidates from the local market before looking for international hires.

3 Conclusion

3.1.1 Caribbean Airlines is at an encouraging turning point in relation to its operations and management. This is very encouraging. However, more attention must be paid to the fact the company is a State Enterprise and that there must be strict adherence to the State Enterprises Performance Monitoring Manual to avoid actions that may be inimical to the best interests of the Shareholder.

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

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

3.1.3 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

Appendix I

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 26, 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. Ronald Huggins	Member

Mr. Brian Caesar	Secretary
Ms. Vahini Jainarine	Legal Officer I
Mrs. Krystle Gittens	Graduate Research Assistant

Also Present were:

Officials – Caribbean Airlines limited (CAL)

Mr. Shameer Mohammed	Chairman
Mr. Michael Quamina	Vice Chairman & Chairman of Board Human Resource Committee
Mr. Garvin Medera	Chief Executive Officer
Ms. Marina Chase	Ag. Chief Financial Officer
Mr. Aneel Ali	Chief Information Officer
Mr. Roger Berkeley	VP Human Resources
Capt. Jagmohan Singh	VP Flight Operations
Mr. Colville Carrington	VP Maintenance & Engineering

Ms. Nalini D. Lalla	General Counsel & Corporate Secretary
Mr. Marklan Mosley	General Manager, Cargo
Ms. Arlene Hunte	General Manager, Procurement & Cost Optimization
Mr. Kevin Padmore	Executive Manager, Internal Audit
Mr. Adrian Agarrat	Senior Manager Financial & Revenue Accounting

Official – Ministry of Finance

Ms. Michelle Durham-Kissoon	Permanent Secretary (Ag.)
Ms. Mala Mohammed	Senior Business Analyst
Mr. Lester Herbert	Director Central Audit Committee

Official – Airports Authority of Trinidad & Tobago

Mr. Hayden Newton	General Manager
Ms. Carmela Wallace-Shanklin	Financial Controller (Ag.)

Officials – Trinidad & Tobago Civil Aviation Authority

Mr. Francis Regis	Director General, Civil Aviation
Capt. Thomas E. Lawrence	Chairman, T&TCAA

CALL TO ORDER

1.1 The Chairman called the meeting to order at 9:11 a.m. Those present were welcomed.

CONFIRMATION OF MINUTES OF 27TH MEETING OF 12.03.2018

2.1 Confirmation of the Minutes was moved by Mr. Wade Mark and seconded by Mr. Adrian Leonce.

MATTERS ARISING FROM THE MINUTES

3.1 **Paragraph 3.1, page 2**: The EFCL report was laid in the House of Representatives by member Cherrie-Ann Crichlow-Cockburn on March 16, 2018, and in the Senate by Mr. David Small on March 20, 2018.

3.2 **Paragraph 3.3, page 2**: The Chairman informed Members that responses from Caribbean Airlines Limited to the Committee's Request for Additional Information dated March 1, 2018 were received on March 12, 2018 and circulated. Additionally, updated responses to the Committee's recommendations were submitted by CAL on March 23, 2018 and circulated to Members in their packages.

3.3 **Paragraph 3.4, page 2**: The Chairman informed Members that during a round robin exercise carried out by the Secretariat on March 20, 2018, the majority of members agreed that the Airports Authority of Trinidad and Tobago and the Trinidad and Tobago Civil Aviation Authority should be invited to attend today's hearing and accordingly, letters of invitation dated March 20, 2018 were dispatched to both entities.

3.4 **Paragraph 3.5, page 2**: The Chairman informed Members that the status update on the submission of the Annul Administrative Reports, was completed and circulated to members.

3.5 **Paragraph 5.1, page 3**: The Chairman informed Members that by letter dated March 13, 2018, Caribbean Airlines Limited was invited to a follow-up to the inquiry into the Management and Operations of CAL.

PRE-HEARING DISCUSSION: FOLLOW-UP TO THE INQUIRY INTO THE MANAGEMENT AND OPERATIONS OF CAL

4.1 The Chairman informed 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 CAL, the AATT, the CAA and the Ministry of Finance.

OTHER BUSINESS

5.1 The Committee agreed that the next meeting of the Committee would be held on Monday April 09, 2018, when the Committee would conduct a follow-up hearing with e TecK.

Suspension

5.2 The Chairman suspended the meeting at 9:41 a.m.

PUBLIC HEARING: FOLLOW-UP TO THE INQUIRY INTO THE MANAGEMENT AND OPERATIONS OF CAL

The meeting resumed at 10:00 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 CAL, the AATT, the CAA and the Ministry of Finance:

i. Concerns over CAL's responses to the Committee's recommendations;

ii. Confirmation that Ministerial Responses by State Enterprises whose line Ministry is the Ministry of Finance are reviewed by the Ministry prior to submission to the Parliament;

  viii. concern that despite the review by the Ministry of Finance, very flippant responses were not flagged;

iii. Information by CAL's Chairman that CAL has had its best performance since 2009 in Financial Year 2017/2018, despite a $10 million increase in fuel costs;

iv. CAL's Chairman also outlined that there were several factors responsible for achievement of the breakeven position in January, 2018;

v. Concerns by Committee Members over the recent recruitment and selection process engaged by CAL in recruiting persons to its Management Team;

  ix. concerns over the number of new managers who are former employees of Digicel Trinidad and Tobago;

  x. whether the compensation packages for new managers were approved by the Board of Directors and Human Resource Advisory Committee;

xi. whether background checks completed on the new managers adhered to regulations set by the aviation industry;

xii. whether a one week window for advertising vacant managerial positions at CAL was sufficient;

vi. Whether CAL employs non-nationals at its Piarco base;

vii. CAL's policy on members of management also performing duties as pilots;

viii. CAL's total employee complement and the number on short-term contracts;

ix. Details of the arrangement between CAL and the Port Authority of Trinidad and Tobago in relation to accepting boat tickets from passengers affected by the issues with the sea bridge;

x. Details of the arrangement between CAL and LIAT for the wet leasing of an aircraft to service the air bridge;

xi. An update on CAL's actions to address the issues of:

xiii. the abuse of the cockpit the "jump seat" for personal use by CAL staff; and

xiv. "benefit-in-kind" taxes that are due to the Board of Inland Revenue due to the use of the "jump seat" for personal use;

xii. CAL's actions to address the instances when employees continue to be employed by the company beyond the retirement age of sixty years;

xv. the need for adequate succession planning at CAL;

xvi. the Status of negotiations in relation to the Collective Agreement between CAL and TALPA

xiii. The process engaged for the development of CAL's Strategic Plan;

xvii. the key areas of focus for the Strategic Plan;

xviii. whether the Management Team at CAL is aware of the stipulations of the State Enterprises Performance Monitoring Manual in relation to bonuses;

xiv. Whether there have been any sanctions by the Ministry of Finance for breaches of the State Enterprises Performance Monitoring Manual;

xv. Concerns over the suitability of certain new managers to their posts;

xvi. The improvement in the Cargo business area since the assumption of the General Manager, Cargo;

xvii. The chronic instability over the past five (5) years that has been experienced at the Board and Management levels at CAL, and the impact on employee satisfaction;

  xix. concerns over the vacancies still existing at the Management level in the organisation;

xviii. Contingencies implemented by CAL to alleviate the impact of flight cancellations on the Tobago air bridge;

xix. Details concerning the relationship between CAL and the AATT;

xx. The security arrangements for the ports of entry by the AATT;

xxi. Whether there are any structural issues at the ANR Robinson International Airport, Tobago;

xxii. Whether the AATT has any concerns in regard to the running of the airports;

xxiii. The back pay owed to the Estate Police Association;

xxiv. Whether the Central Audit Committee of the Ministry of Finance has any concerns over the operations of the CAA;

  xx. whether any cheques went missing from the CAA;

xxv. Details of GIS survey conducted by the CAA;

xxvi. Whether any consideration is being given to amending the law that governs the operation of non-CAL airlines on the Tobago air bridge;

xxvii. Details concerning the resolution to the issues with the ATR airplanes;

  xxi. confirmation that no incidents have been experienced since the hearing;

xxviii. Request for details of CAL's monthly wage and overtime bills;

xxix. Recommendation that a compensation survey be conducted at CAL to ensure suitable compensation packages being provided to all staff;

  xxii. confirmation by CAL that compensation survey will be completed as an extension of the Manpower Audit process;

xxx. The full summary of recommendations that CAL has implemented, from the 7th Report of the JSC on State Enterprises.

(See Verbatim)

ADJOURNMENT

7.1 The adjournment was taken at 1:19 p.m.

I certify that these Minutes are true and correct.

Chairman

Secretary

March 29, 2018

Appendix II

Verbatim Notes

CARIBBEAN AIRLINES LIMITED (CAL)

Mr. Shameer Mohammed	Chairman
Mr. Michael Quamina	Vice-Chairman & Chairman of Board, Human Resource Committee
Mr. Garvn Medera	Chief Executive Officer
Ms. Marina Chase	Ag. Chief Financial Officer
Mr. Aneel Ali	Chief Information Officer
Mr. Roger Berkeley	VP Human Resources
Capt. Jagmohan Singh	VP Flight Operations
Mr. Colville Carrington	VP Maintenance & Engineering
Ms. Nalini D. Lalla	General Counsel & Corporate Secretary
Mr. Marklan Mosley	General Manager, Cargo
Ms. Arlene Hunte	General Manager, Procurement & Cost Optimization
Mr. Kevin Padmore	Executive Manager, Internal Audit
Mr. Adrian Agarrat	Senior Manager, Financial & Revenue Accounting

MINISTRY OF FINANCE

Ms. Michelle Durham-Kissoon	Permanent Secretary (Ag.)
Ms. Mala Mohammed	Senior Business Analyst
Mr. Lester Herbert	Director, Central Audit Committee

AIRPORTS AUTHORITY OF TRINIDAD AND TOBAGO

Mr. Hayden Newton	General Manager
Ms. Carmela Wallace-Shanklin	Financial Controller (Ag.)

TRINIDAD AND TOBAGO CIVIL AVIATION AUTHORITY

Mr. Francis Regis	Director General, T&TCAA
Capt. Thomas E. Lawrence	Chairman, T&TCAA

Mr. Chairman: Good morning everyone, I would like to call this meeting to order. It is 10 o'clock, so we are right on schedule. I would like to welcome everyone. We have a very full team here this morning. I want to thank everyone for taking the time out of their schedules to come and share some time with this Committee so as we can see what we can do to make things better.

I want to say that the purpose of this meeting is to follow up on to the enquiry into the management and operations of Caribbean Airlines Limited. In particular with respect to the fact that the Committee provides the recommendations, and it seems that Caribbean Airlines had views about the recommendations that were surprising to this Committee.

I want to say that the role of this Committee is to help. And the way in which we do that is to be able to get us all aligned in terms of understanding that we are here to provide assistance and to support getting Caribbean Airlines or any state entity into a place where it is managed efficiently on a sustainable basis.

I want to say that this meeting is being broadcast live on the 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 Caribbean Airlines via email to parl101@ttparliament.org, on our Facebook page at facebook.com/ttparliament or on twitter@ttparliament.

I would now like to invite the respective officials to introduce themselves, and the order we will go in is with the lead official. We will begin with Caribbean Airlines, which, I think, has the largest group, and then we would go down the line in terms of the Ministry of Finance, TTCAA and Airports Authority, in terms of members introducing themselves. So, I invite all members beginning with Caribbean Airlines to introduce themselves.

[*Officials introduce themselves*]

Mr. Chairman: Okay. Thank you very much for letting us know all who are here.

I will now return the favour and ask members of this Committee to introduce themselves, beginning with members on my extreme left.

[*Members of the Committee introduce themselves*]

Mr. Chairman: I would like to say that we will request all persons in the room to either have their phones on silent or you can switch them of so that we do not have any untoward disturbances. And in terms of the submissions, I think you can see from the amount of paper on your desk that we have received all of Caribbean Airlines' submissions, and we want to thank the officials of Caribbean Airlines for their submissions in terms of the responses to the questions that we have asked and we have posed to them.

I will now ask for very brief opening statements. Brief, because there would be enough time to give us responses over the next two or three hours as we go through this process here this morning. So I would like to begin for asking for opening comments, very brief opening comments from the Chairman of Caribbean Airlines.

Mr. Mohammed: Chair, good morning, again, and members. My opening comments would be around five minutes, and I ask for your permission to update this Committee—

Mr. Chairman: We would like you to keep it a little shorter than that, please, if you would? We have, one, two, three, four people to give opening comments, and I would like to keep it as short as possible, because we have, as you would surmise, the Committee has many questions. So, we would like you to keep your comments to one to two minutes so that we could proceed with the hearing in a few minutes time. Please, if you permit us?

Mr. Mohammed: I would try my best, but I do believe that my opening comments are essential to update the Committee and the wider viewing public in terms of what is happening at Caribbean Airlines.

Thank you for the opportunity to reappear and to update the Joint Select Committee on the progress made thus far with the financial performance and the many positive activities taking place at Caribbean Airlines. The current board of directors was appointed in October 2016, and we are now able to assess the company's performance for a full financial year. 2017 was a watershed year in Caribbean Airlines as is evident by our preliminary results. It is the best the airline has performed since 2009, and our 2017 combined operations, excluding the air bridge, improved by 57 per cent over 2016 at the EBIT level. Our EBIT year to date, that is January to February 2018, combined operations, excluding the air bridge numbers are significantly ahead of 2017, January and February by 103 per cent, and we are almost at a break-even position for the first months of 2018.

It is critical to note, these improvements in 2017 were achieved in spite of a US $10 million increase in fuel expenses year-on-year brought on by higher fuel prices. We also had cost containment of US $7 million from 2016 to 2017. I will continue later on with some—

Mr. Chairman: Thank you so much, Mr. Chairman, for being the good gentleman that you are. Madam Permanent Secretary, your brief opening comments, please?

Ms. Durham-Kissoon: Thank you, Chairman, very brief. We are happy to be a part of this follow-up conversation on the operations of CAL, and we are also very heartened to see the depth of material that has been presented to this Committee, particularly in this phase of the conversation, so we look forward to your recommendations from the Committee. Thank you very much.

Mr. Chairman: Thank you very much, Madam Permanent Secretary. I call now on the General Manager of the Airports Authority to give us a few brief opening remarks.

Mr. Newton: Chairman, good morning again, and thank you for inviting the Airports Authority to appear before this Committee. Caribbean Airlines is an important—in fact it is the most important stakeholder to the Airports Authority at both our estates and so whatever happens at Caribbean Airlines Limited is important to the Airports Authority. We will be willing to assist this Committee as far as possible in terms of its deliberations. Thank you very much.

Mr. Chairman: Thank you very much, Mr. Newton. I now call on the Director General, Civil Aviation Authority.

Mr. Regis: Good morning, Chairman and Committee. The Trinidad and Tobago Civil Aviation Authority is pleased to be here this morning to assist the Committee in its deliberations, and like the Airports Authority, Caribbean Airlines is the only international operator of passenger traffic out of Trinidad. So, the Civil Aviation Authority has a vested interest at what happens at Caribbean Airlines. Thank you.

Mr. Chairman: Thank you very much. Procedurally this morning I would like to remind all persons present that if you are addressing, to direct your questions through the Chair, and I would like to make sure that everyone remembers to activate their microphone when they are giving responses.

Now, as the Committee begins its work this morning, I want to say that this Committee is aware of the large public interest in what happens at Caribbean Airlines. This also extends to the staff who we are aware are looking on and listening with great interest to this enquiry. To the citizens of Trinidad and Tobago, I share with you that this Committee is resolute in its effort to support the board and management of Caribbean Airlines, and all state enterprises under our portfolio, in bringing them into sustained efficient operations.

And I want to share, this Committee is comprised of eight members: five Government members, two Opposition, and one Independent. Yet we work harmoniously towards one goal: efficiency in state enterprise operations. We work harmoniously, everyone around this table. Around this table here on this side I would tell you, there is over 120 years of business and professional experience that is leveraged into the work that we do, and then we are supported here by an institution with some of most patriotic and highest-calibre persons I have ever had the pleasure to work with anywhere in the world. And also for the benefit of all present here, and the viewing and listening audience, this Committee also has an attorney attached to it who provides legal advice on all matters under our review.

I say all of this this morning to share with CAL and everyone here, and all other entities that will be appearing here, that this Committee does not pull recommendations out of the thin air. A massive amount of time and rigorous effort go into our work output. And when we get some of the responses we received from Caribbean Airlines to some of our recommendations, the Committee could say that it is troubling. It is troubling. So, I spent time, one or two minutes to help people understand what we do here. This is not a magic trick where we pull things out of the hat. Rigour, that is what happens here.

I also want to say that I want us to be on the same page. The Chairman is seeking alignment in terms of what we are doing here today and what we have been trying to do over the past year with Caribbean Airlines. The alignment is that we are seeking the best interest of Caribbean Airlines for the benefit of the people of Trinidad and Tobago; that is why we are here. We are seeking the best interest of the airline, and if in approaching the things we have been asked, we have asked the company to do, you look at it through that lens, all of the recommendations are easily implementable. Easily. So I want to address one matter frontally.

Madam Permanent Secretary, we received the recommendations under a cover of a note from the Ministry of Finance dated November 29th. You are aware of this document being forwarded to us, Madam Permanent Secretary?

Ms. Durham-Kissoon: Chair, thank you for the copy that you shared with me.

Mr. Chairman: So, would you have seen this?

Ms. Durham-Kissoon: I did not have the opportunity to peruse it before this morning.

Mr. Chairman: So, let me ask a different question, Madam Permanent Secretary. If when an entity submits recommendations to the Ministry of Finance, is it reviewed internally before it is sent on to the Committee?

Ms. Durham-Kissoon: Yes, Chair, I have to admit that these responses were submitted to the Committee prior to my—

Mr. Chairman: I am just thinking in terms of process, Madam Permanent Secretary. But Madam Permanent Secretary, let me help you. I provided you with a copy. I want to ask a question of you first before I go to Caribbean Airlines. When the Committee, as I indicated, does its work, provides recommendations—and if you go to page 2 of the document—it is inconceivable, on behalf of this Committee that a state enterprise could respond to this Committee's recommendations with a one-word response, and the one-word response is "Noted". It is unbelievably bad form. So we look at it as the Committee, and Caribbean Airlines in response to several of our recommendations is one word, "Noted". Very dismissive. Is this something that the Ministry of Finance—because this is why I asked if somebody looked at this in the Ministry of Finance before it came to us. Because I will tell you, every single member of this Committee had views on the matter. So, we would like to understand, is this something that the Ministry would encourage from a state enterprise?

Ms. Durham-Kissoon: Chair, we ask that all state enterprises treat comprehensively with the recommendations of the Committee. If there are corrections to be made, we expect that the corrections may be added. But we expect that the recommendations be supplemented with probably what has been done, or what is intended to be done.

Mr. Chairman: Before I address Caribbean Airlines on this first issue, I want to share that this is the Joint Select Committee on State Enterprises. We have done reports and recommendations for several significant state enterprises in this country: Petrotrin, National Gas Company, UDeCOTT. And when we get back from them their attention to all of our responses, there is a status of the implementation of our recommendations. So, Caribbean Airlines stands out from the others, because we have the schedule of all the recommendations we have proffered to other enterprises and they have given us the status of the implementation. None of them has had the audacity to write back to the Committee and say, “Noted”. So I would like to get now from Caribbean Airlines, from the Chairman: Did you, Mr. Chairman, have a chance, as the Chairman of the board to review these recommendations before they went out?

Mr. Mohammed: Chair, if I am correct, please guide me here, is it a letter that you are referring from the—

Mr. Chairman: Ministry of Finance. There is a cover note from the Ministry of Finance indicating this is the submission from Caribbean Airlines in response to the Committee’s recommendations.

Mr. Mohammed: And that is a letter dated November 29th?

Mr. Chairman: No, a memo from the Ministry of Finance dated November 29th.

Mr. Mohammed: Yes?

Mr. Chairman: Yes, because we are trying to understand who would have done this in Caribbean Airlines to submit it to the Committee?

Mr. Mohammed: Under cover letter received from the Investments Division, addressed to Caribbean Airlines, dated November 1st. That letter was sent to us outlining the 25 to the 29 number page of the report, which had certain recommendations, and our response was required shortly thereafter. In our response to the request from the Ministry of Finance, and not having the opportunity to comprehensively review and commit to what the Committee suggested to us, we acknowledged the contents of the report and noted the recommendations.

Mr. Chairman: Mr. Chairman, your response troubles me because you have responded and you have not answered, so let me try to be a little more direct. You are responding to a committee—I would like to ask members here, do you understand where this Committee gets its authority from? This Committee gets its authority from the Constitution of Trinidad and Tobago. So, you are forcing the Committee now to try to help you understand the gravity of what has transpired, because your response is a non-response, respectfully.

This Committee gets its authority from the highest law in the land, the Constitution of Trinidad and Tobago, and we have a charter to conduct work in a particular way. When an entity that is owned by the State, that is owned by the citizens of this country, is responding to this Committee—a representative of the Parliament, where you have Government, Opposition and Independent represented here—I would have expected you to start saying, Mr. Chairman, that whatever the circumstances, a one-word response to a recommendation of this Committee is inappropriate. I would have liked to hear that. There may have been several extenuating circumstances. But I would like to hear your view on whether or not this was an appropriate response, Mr. Chairman. Mr. Chairman, please, help us, because we are trying to understand the thinking behind how Caribbean Airlines treated with some of our recommendations.

Mr. Mohammed: Chair, let me first say that it was in no way meant to, perhaps, insult the Committee in any which way based on the authority and jurisdiction that it has over state enterprises. We received the recommendations, the company read those recommendations and we were not in a position to immediately provide an update in terms of the recommendations coming forward. We note your concern of the use of one word, but I also have in my possession—and because I was limited to two minutes in my opening statement, a comprehensive update in terms of the several recommendations made by the JSC, and what we have in fact implemented thus far. So, I want to assure the Committee that the recommendations have not been ignored. In fact, they have been addressed, and continue to be addressed as we move forward.

Mr. Chairman: Well, I am happy to hear that, Mr. Chairman, and all I can tell you is that the document you referred to came to my email inbox around on 9.00 p.m. on Friday night. The update. I understand there were several meetings at the company last week trying to get this done to get it off on time. That is fine, and we appreciate the efforts in terms of trying to respond to the Committee. But when the Committee decided to call you, this is what we had. We did not have that document. And what was sent to us demonstrated, on the very least, some errant behaviour and some errant thinking, by whoever or whichever persons were party to putting this together. And then the fact that it came through the Ministry of Finance and it was not immediately flagged by the Ministry of Finance, that "Hey, you should not be responding to the Committee of the Parliament in this way." So, there is enough blame to go around.

So, all this Committee is seeking, Mr. Chairman and Madam Permanent Secretary, is that there will be no repeat of this. That is all we are seeking. We are trying to do the people's work, and all we are seeking is that we put a lot of effort on our side to make the recommendations, and there is no agenda on this Committee other than seeking the best interest of the people of Trinidad and Tobago. That is all we are doing. That is all we are doing. We are not trying to make anyone look bad, or anything of that nature. All we are trying to do is to make recommendations that we have assessed, based on the massive amount of data and research that we have put into this to try in our best way to assist the company. That is all we are trying to do.

But I would stop there, because the Chairman wanted to treat with this, because there are several other responses along the lines that, well, we will look at your recommendations and we will consider it, or whatever—give us inappropriate responses. Inappropriate. And I say that because we have responses from every other state enterprise under our portfolio, and none of them have even remotely responded to us like that. Caribbean Airlines stands out as the only entity to even go in the direction of disrespect to this Committee's recommendations. They are the only one. Yeah?

I want that to get into your system, that when the Committee meets here, we are serious, this is a serious Committee, there are serious people around this table, and we are here to do the people's work. And when we suggest to the company, and we make firm recommendations, we expect appropriate rigour be attached to treating with it. Not flippant responses. In other words, "Leave us alone, leh we run we business". Yeah? That is what we get from it.

So, I do not want you to respond on that. I want to open the floor—I have a request from Sen. Mark who has some specific questions he would like to address, and given the amount of interest by members in asking questions, I would ask Sen. Mark to be frugal in terms of how you manage your time and your questions so that we could allow all members to have the opportunity to ask questions. The Chairman only has nine pages of questions, so the Chairman will stay for last to ask his questions. Sen. Mark.

Mr. Mark: Yes, thank you very much, Mr. Chairman. I would like to direct this question to, maybe the CEO or the Chairman. We have been receiving information via the media, and you have now confirmed it, that since the new CEO was employed at this flagship company called CAL, the company recruited some 11 persons to senior management positions, which is Grade 6 and above, and we understand a considerable number of those persons came from Digicel—could you share with this Committee, one, how many of those 11 persons were former employees of Digcel; two, how many of those persons you, Mr. CEO, knew personally, either from your previous job, or since you left that particular company? And could you tell us whether the strategic plan and your manpower audit were used in determining the recruitment of these 11 senior managers to the airline?

10.25 a.m.

Mr. Medera: Member, good morning. I would like to start by speaking to the strategic plan first because I believe it actually informs a lot of what went on in terms of the recruitment. So upon joining Caribbean Airlines, I was privy to several pieces of information that really helped us to start to understand the business and that understanding came from several pieces of information. One of them would have included employee opinion surveys, which really reflected the feelings and the thought patterns within the organization and staff in general. Another would have been the financial reports from several years within Caribbean Airlines and, in addition to that, we would have also been privy to a few consultants' reports in terms of the direction that they believe that Caribbean Airline should take towards profitability.

As the Chief Executive in CAL, it was my duty therefore to set about understanding our position, where we stood and what would have been the key agenda items to take us forward. And those agenda items from my perspective really reflected the profitability of CAL, the people considerations, technology and process and the way we deal with stakeholders in general as an organization serving the region. So based on that, we crafted an initial plan to determine what structure would really be needed to support the strategy in those key areas. And two of the key factors that underpinned that plan really related to HR and technology. From an HR perspective, we recognized that there was a huge need to focus on employee engagement, focus on the entire journey of employees through Caribbean Airlines, from onboarding to succession planning, to performance management and talent management.

On the technology side of the business, we recognized that there were a few fundamental areas that Caribbean Airlines needed to focus on. One of those included customer experience and the use of technology in customer experience, and to put it straightforward that is everything from informing the population of disruptions with Caribbean Airlines, being able to communicate with our customers and, of course, ultimately providing a "wow experience" as a service organization.

In addition to that, we also looked at the idea of data-driven decision making within our commercial functions. Now, at the same time while we were looking at several items within the business we had to definitely take concrete steps towards improving the future position of CAL. And one of those came from the recognition that technology would provide that foundation for all of those elements that we spoke to. And it provides the foundation from the perspective of being able to do work more efficiently and more effectively, reducing waste in doing that work and, of course, using all the tools and systems that would be available today to actually provide a better organization.

Mr. Mark: Yeah. Thank you very much. I do not want to waste much time today as the Chairman said. Could you tell us, out of your 11 positions, how many came from Digicel and how many of those persons you as CEO had known personally whilst you worked at Digicel in your capacity as CEO of operations or whatever? How many of those 11 you knew personally?

Mr. Medera: Sure. So with the recruitment process, I recruited three persons at the senior management level who I knew from Digicel prior to joining CAL. The rest of the recruitment took place with the general HR team and managers within the IT function.

Mr. Chairman: Mr. Medera, you said something that has caused the Chairman to interject.

Mr. Medera: Sure.

Mr. Chairman: And I want to give you the opportunity to correct the statement. You said you recruited—I want to make sure I heard correctly, "I recruited three persons". I want to give you the opportunity to correct that statement.

Mr. Medera: Sure. So what I would say is at the senior executive level we created three new positions and those positions were filled ultimately by persons coming from Digicel. So that recruitment was in line with the exact strategic planning that I talked about earlier, to support the business in its goals.

Mr. Mark: Mr. Chairman, may I? Could you indicate to this Committee as the CEO, how many workers at the senior management level and at the technology level, IT level that is, are former employees of Digicel?

Mr. Medera: At the senior management level when we are talking, we have the executive management team and we also have the senior management team with VPs, et cetera. At the senior management team with the VPs, we had five persons prior to me joining and that was augmented with one person who was not from Digicel, so we moved to six, and then we added three more persons at that level to take the complement up to nine.

Mr. Mark: Are you aware, Mr. CEO, that the company has recruited five engineers in the software division of your company and all of them have been former Digicel workers?

Mr. Medera: Sure.

Mr. Mark: Are you aware of this?

Mr. Medera: Yes I am, member.

Mr. Mark: Well, why you did not tell the Committee this?

Mr. Medera: The first part was the question with respect to how many people I actually knew personally. And that was the first part that I answered. But you are right. So the second part to the question is, yes, there are five persons.

Mr. Mark: Mr. Chairman, I would like to request the following. I want details submitted to the Secretary, through you, Mr. Chairman, of the following: the interview panel that was established for all of these positions, software engineers and senior managers. We want to know also the dates that these things were advertised; we want to know where they were advertised. We also want provision of the shortlisting of all the offices that have now been filled, the shortlisting. We want to know the date the candidates were selected; the date the candidates began to work; the name of the interview panel; the salaries that these particular office holders received. The contract period, and as I am on contract, Mr. Chairman, could the Chairman or the CEO indicate to us whether it is a normal practice in the industry and particularly within government state-owned entities to have issued to employees a five-year contract as opposed to a three-year contract? Because I am seeing in a number of these positions, Mr. Chairman, where people have been given a five-year contract. So maybe you can also explain that to this Committee.

Mr. Chairman: Before you go on, Sen. Mark, I just want to be clear. The data-request information we will submit that to you in writing and then the request that the member now has to do with this specific matter, so that all of the information regarding the interview panel we will do a formal request to you to receive that information in writing. But the member is asking a question and I would like, with the permission of the member, I want to get the view of the Corporation Sole's representative here that it is not the Committee's understanding that five-year contracts are given out at state enterprises. So we would like also, in addition to the company's response, if the company has been used to doing it, that is fine. But we would also like to hear from Corporation Sole representative this issue of five-year contracts being issued, in a situation where around this country people working in state enterprises, many of them are working month to month. Some people cannot even get a one-year contract. So we are not sure what is so special about Caribbean Airlines that people are getting five-year contracts.

So we would like to get a response on this specific issue, because we have guidance from the public sector manual here and you see mine is all tabbed up. So I do not want to refer to that as yet, I will come to that. So through member Mark, with his permission, I would like—he has asked for the Caribbean Airlines to respond on this issue of the five-year contract, but I would also like for the Corporation Sole representative to guide us on whether there is any requirement for the Ministry to approve or to say, it is fine. I have no idea. We would like to be informed.

Mr. Mark: Mr. Chairman, we had recommended to Caribbean Airlines, and the Chairman had just said they have implemented our recommendations where we made it very clear that there should be an immediate discontinuation of the practice of annual incentives, which would include bonuses or merit payments, given the current unprofitable status of the company. That is a specific recommendation.

Mr. CEO, could you explain to this Committee who gave you the authority to put in the contracts of these newly minted managers, a six-month bonus where did that come from? Did you get authorization from Corporation Sole before you included that? And if you had adhered to our recommendation, this is a clear breach of the Parliament which is operating under the Constitution, this is a breach of our recommendation. Could you explain to this Committee how you were able to insert in these contracts a six-month bonus arrangement for these five-year contract officers when we had recommended a freeze on these matters? Explain to this Committee and to the country this development.

Mr. Medera: Member, there is a clear need for performance management at Caribbean Airlines in any organization in terms of bonus and incentives, and that is exactly what we are implementing. We are providing performance incentives primarily from the perspective of what profitability—

Mr. Mark: Mr. CEO, let me interrupt you.

Mr. Medera: Sure.

Mr. Mark: I am saying that this Committee submitted a recommendation, the Parliament of the Republic accepted our recommendations. You are not above the Parliament and you are not above the Constitution. We called for a freeze on incentives including bonuses which would be incorporated here. So are you telling me that you as the CEO have decided in your—you have decided rather, in your own way to violate the Parliament and the Constitution of this country?

Mr. Medera: No, definitely not, member.

Mr. Mark: Well, why did you implement bonuses in these contracts?

Mr. Chairman: Okay, I want to intervene, and there are levels to this.

Mr. Medera: Sure.

Mr. Chairman: The Committee made a recommendation and the recommendation is clear. There should be no bonuses, and in your responses you agreed. Okay? You agreed. So I am helping you with the disconnect for this Committee. It is a disconnect. Now, we are guided, I am not sure—I hope that you have a copy of this document somewhere inside of your system, Mr. Medera. And I would like to draw anyone's attention to page 21, Item 3.1.13, Payment of Bonuses. And I want to quote, Payment of Bonuses on the—

> "…attainment of a minimum of eighty percent (80%) of the approved performance targets, after approval by the Line Minister. The bonus to be paid to each employee is limited to one (1) month's salary annually. Payments which do not conform to the policy require specific approval of the Ministerial Committee for monitoring remuneration arrangements."

Are you aware of this requirement? Is anyone at Caribbean Airlines aware of this? I sense from the confused faces, no. This is where this Committee is trying to understand what is going on with the airline, because the airline seems to want to do things and we are not against someone trying to improve the operations, but it has to conform to the requirements laid out here. So that if this requirement is clear, it is crystal, we do not see how—there is no justification whatsoever for getting, one, five-year contracts and then giving people six-month bonuses. I am helping you understand our difficulty.

So I would like, from the Permanent Secretary, Ministry of Finance, Madam Permanent Secretary, I would like you to chime in on this because the Committee is working with the manual that we were given. When I joined this Committee four years ago I was given this and told this is the bible that the state enterprises operate within and we have been working with it. Mine is properly well tabbed up so I could easily find the—so that when we have a state entity that seems to be completely ignoring what is in the manual, I could only hope that the Ministry of Finance has given him approval to do that. Please, PS, Ministry of Finance.

Ms. Durham-Kissoon: Thank you, Chair. Any board member that is—who is appointed, their attention is drawn to the manual. In addition, we did write to all state enterprises reflecting the decision of the Committee. I believe that was in November last year.

Mr. Chairman: So Madam, I want your comment, Madam Permanent Secretary, because what we have here is a requirement in the manual and based on the documentation provided by Caribbean Airlines they have flouted that recommendation. Is there any action that you can think, because we have people now employed on contracts that, from where we sit, those contracts are null and void for more than one reason; for more than one reason. And we have other reasons that we are going to put on the table here this morning. But it is inconceivable in the current economic climate of Trinidad and Tobago that we are, one, employing people on five-year contracts in the state sector and then promising, under whatever rules, six-month bonuses.

This Committee is at pains, is at pains, to understand how we could have gotten here. We were assuming that they would have approached Corporation Sole and say, given the dynamics of the business and our strategic plan, and make a proper explanation, that on that basis you would have had sanction from the Ministry of Finance. Have they received sanction from the Ministry?

Ms. Durham-Kissoon: The normal process, Chair, is that the board would bring it to the attention of the line Ministry, in this case the Ministry of Finance, and a recommendation would be put forward to the Human Resources Advisory Committee. I am not aware that that process was followed in this case.

Mr. Chairman: Thank you very much, Madam Permanent Secretary. Mr. Chairman, given the response by Corporation Sole that the process is, the board should have brought that to the attention of the Ministry of Finance for the approval—did the board do that? You can take a minute.

Mr. Mohammed: Chair, what I am being informed at this point in time—but to answer your question, no, the board did not to follow that.

Mr. Chairman: That is fine. That is all we need to know. The board did not follow the requirements. The Ministry of Finance is clueless, but the CEO is running—doing things that are completely opposite to what is in the manual here. That is what concerns us. Because it seems that perhaps the board is not understanding what is happening in the day-to-day operations. We do not know.

So we will have some specific questions we will submit in writing on this, because I think that where this—this is troubling to the Committee Mr. Chairman. I wish you could sit on our side to understand our frame of reference for this and we are trying to help the company, but for some reason the company does not seem to help itself. We have a manual, we have procedures on how to do things and it does not seem that the company wants to conform. And if it were the first time that we have had challenges with Caribbean Airlines conforming to the requirements we might be able to give you “a bligh”, but this is not the first instance of this. So, again, I appreciate from the Ministry of Finance—I think Sen. Mark has one last—

Mr. Mark: One final question.

Mr. Chairman: One final question before I—

Mr. Mark: Relevant to the same thing, Sir.

Mr. Chairman: Please, Sen. Mark.

Mr. Mark: I want to go to recommendation—another recommendation that this Committee advanced on behalf of the people of the Republic of T&T, and I want to read that recommendation. It reads:

> The Board of CAL should take immediate action regarding the holding of positions by persons who in many cases are woefully unqualified for the post.
>
> This breach of good business practice must be rectified within six months.

Mr. Chairman, what we have witnessed here, the newly minted managers who were recruited by CAL, many of them to my mind are square pegs in round holes. They do not satisfy, they do not have the experience, they do not have the aviation knowledge.

Would you agree with me, Mr. CEO, that many of these people—I will give you one example, the gentleman who is in charge of cargo. What is his experience in this industry as it relates to cargo handling? Could you share with this Committee? And then when I look at his salary I think I should resign as a Senator and come across by you, because I do not get even—listen, this is totally unreasonable given the state of our economy and country. So could you really tell us whether you would agree with me that there appears to be a gap in the qualifications and experience of many of the managers? In this context I am referring to the gentleman in charge of cargo as an example. Could you share with us?

Mr. Chairman: And before you respond Mr. Medera, I want the public to understand, because the good Sen. Mark has couched it in very nice language. We have someone who is in charge of cargo, on paper here earning $71,000 a month, has no airline experience on the information we have been provided, has no aviation experience, no cargo experience. Last experience noted for us here has to do something with catering. So we try to understand the link between someone who has been involved in catering, some type of business around food management, being the general manager of cargo of an airline. The link for us does not exist. It stands out as something that should not have happened and just like Sen. Mark we would gladly, because what he is earning is five times what we are earning here.

So we are not hoping to earn that well, but when you are paying someone this type of money in this economy, $71,000, he is earning more than the Prime Minister. Let me put it in context, and he has zero experience on what you submitted to us here. So we are trying to understand how did this happen. This individual should have this contract terminated, post-haste, because he does not meet any of the requirements. When I read your requirements, first degree in Marketing, “duh, duh, duh”, a whole shopping list and his experience—it is deflating to this Committee that this could be happening at Caribbean Airlines after what we have been through with Caribbean Airlines in the past year.

So I want you to respond to Sen. Mark on his last question—how did we arrive here, because we have a recommendation how to treat with this, because this as it stands is untenable, unsupportable, should not have been allowed to happen in the first place and it is the responsibility to the management to undo it.

Mr. Medera: Chair and member, if I may, I am afraid I share a different opinion with respect to this. And I want to directly address your example and I also want to emphasize, of the people that we have hired in the last six months, we have over six—approximately seven people as national scholarship winners. People who did Electrical and Computer Engineering, Master’s Degrees and topped the faculty with respect to that. Some of these guys have had experience in top firms like IBM and so on and they are the cream of the crop in terms of talent.

In terms specifically of the experience you are talking about for cargo, with cargo there was an existing VP role that we filled within the existing range that we had historically for CAL. Now, the person in question has a Master's in Business Administration and extensive experience within the organizational dynamics that we desire. What we have missed for a long time in CAL, and I must bring this forward today, is leadership. We need business leadership to move out of this concept of somebody functionally performing in one area. The role that we created was the general manager for cargo and new business. So we are thinking for the future, we are not just the same CAL, we are innovating for the future. So we are thinking, what type of individual do we are bring in to lead the function and we are thinking about the tangential services, the integration that we will do vertically, horizontally, to do better for CAL.

So what we are saying is that the person in question had a combination of a Master's in Business Administration, extensive corporate experience in operations and commercial management and also an entrepreneur himself who is the CEO of a company that he has established and run for over 10 years. It is clear to me that the value that we need to bring to CAL, and this state enterprise, needs to come from leadership and that is exactly what we went out for, member and Chair.

Mr. Chairman: Thank you very much, Mr. Medera, and on this side the Committee respectfully disagrees. We hear your response. I agree with you on one thing, to run an airline and to be operating in a business you need people with good business fundamentals. There is no argument from me on that. I understand that. Once you have people who have good business fundamentals they could go into a place and they could try to with some remedial learning and training, get going. But we on this side of this Committee, I will share, understand this business. We spend a lot of time analyzing not only Caribbean Airlines but the airline business in general, and cargo management is a specialized area.

So I hear you, I understand your business rationale. I do not agree with it for this particular position. I agree with some of what you say, but for this particular position the Committee is of the view that cargo management is not something that you can go even with an MBA and understand the logistics of managing cargo. We as a Committee, we have gotten to understand what "block hours" means. We have gotten to understand what revenue—we understand all of the nice business terms that people in the aviation business—because that is our job. So that when we make a recommendation we understand what the implications of those recommendations are. That is the job of this Committee. So we do not do things willy-nilly as anybody maybe wishes to say.

I hear your explanation and the Committee will submit to you its thoughts in writing on this because we believe that in terms of specialized areas in your company's operations, I am saying that you should have at least somebody, even if they do not have to have airline experience, cargo management is a specialized skill. It is a specialized skill. And having someone with zero skill in that area earning $71,000 a month—way above the majority of employees, way above everybody in the Parliament here, more than the Speaker of the House, more than everybody in this building—who has zero experience in the job seems to be an incorrect fit.

And if you think that is irrational, well, then on this side, the Committee is comprised of people who are not fit for thinking, because it just does not seem to be a good fit. And that is our view on it. I want to open the floor now to Sen. Huggins.

Mr. Huggins: Thank you very much, Mr. Chairman. Just a follow-up. Does CAL have an official performance management system in place? One. And secondly, if you could just clarify what was the justification or the thinking behind the six-month bonus arrangement?

Mr. Medera: So, the six-month bonus arrangement really was at the executive level only, and it was not for all the software engineers. So we are talking the top level positions that we recruited. And that was done because it was consistent with the practice with former VP contracts that we had at CAL. So we applied the exact same concept to that and applied the six-month contract. And I also want to emphasize that we are very responsible about this. None of that will be paid, not one cent will be paid unless CAL does a significant turnaround in the financial performance and that is exactly what we are aiming for.

So, to your first point of performance management—at this time we had an annual scheme where performance was assessed based on specific performance outcomes at the end of the year. What we want to introduce now is a strategic plan that actually is divided into specific actionable outcomes and those actionable outcomes will then be divided into objectives for each employee. Those employees with specific objectives will achieve those based on the set criteria and we would want to move from an annual system to a six-month appraisal system. And just to add to that, for instance, if, for example, we were to hire a GM of cargo and as we have seen for instance in the last two months cargo which has been on the slide for three years has suddenly started turning around, we can now say that we are justified in the outcomes of hiring specific people so that they have clear targets to achieve with respect to what we are doing.

Mr. Huggins: Okay, thank you. With reference to CAL's decision to enter a wet lease agreement with LIAT and this would have been to facilitate those persons affected by the issues with the sea bridge, can you tell us what is the arrangement between CAL and the Port Authority of Trinidad and Tobago?

Mr. Medera: Sure, member. So the request to provide a wet lease came from the Ministry of Finance and we went out and investigated and secured a suitable provider for this wet lease for the period that the port would be affected. So the arrangement that was made really is a financial arrangement between the Ministry and the Caribbean Airlines and at an operational level CAL is committed to supporting the port and the sea bridge in terms of transporting passengers during the period that the port would be affected. We have started this arrangement from the 19th of March and the contract will go until the 30th of April and the provider that we secured for this arrangement is LIAT. So fundamentally we are supporting people who had previously purchased port tickets and were not able to travel by the sea bridge and we will be transporting them on Caribbean Airlines.

Mr. Huggins: Thank you. With respect to the difference between the ferry tickets and the air fare, who will be covering that cost?

Mr. Medera: The wet lease will be paid for by the Ministry of Finance and the Port Authority will pay the difference.

Mr. Huggins: The Port Authority. Okay, one final question. There are reports in the public domain that persons are not able at times to get on flights. Can you just clarify that for us please?

Mr. Medera: Member, if I may ask you, is this in reference to the port passengers?

Mr. Huggins: Yes, port passengers.

Mr. Medera: Okay. So we have an operational arrangement where persons with these tickets would come to the airport and we would facilitate them on the flights. Now, what we have done is ascertain the exact number of port tickets that were purchased and the lease supports that number of port tickets. So once these persons arrive at the airport they will be transported on the wet lease. Now, in some instances passengers may arrive earlier than our wet lease flights and as such they may have some time to wait in terms of getting on to that flight. But rest assured we accommodate them once we have any space on our commercial flights. But fundamentally we are and we are confirming that we are transporting all of these port passengers as per their tickets.

10.55 a.m.

Mr. Huggins: A final question, Mr. Chairman. Could you tell us how many of these flights take place per day?

Mr. Medera: Sure. So between the periods 19th of March to the end of March, we will have eight one-way flights. That is four return flights per day. That is a total of 544 passengers transported daily on those flights. For the April period, the wet lease will also support 10 one-way flights. So that effectively works out to 680 passengers that would be transported from the 1st of April to the 30th of April. And the total passengers accommodated by virtue of this wet lease works out to 27,000 passengers or 27,000 seats for the period 19th of March to the 30th of April.

Mr. Huggins: Mr. Chairman, one follow-up question. You mentioned that some persons may have come to the airport before the flights have started. Could you give us the time in which those flights take place, please?

Mr. Medera: Sure. So, Member, the wet lease arrangement has LIAT flying out of both airports in the afternoon. So passengers that we are re-accommodating on the port would be transported in the afternoon, or if there is space available on our flights on the early morning flights with CAL directly.

Mr. Chairman: Thank you very much. Member Crichlow-Cockburn, if you will permit me, member Leonce has asked for a follow-up on Sen. Huggins'—member Leonce, one follow-up please.

Mr. Leonce: Yeah, no problem. Just for the benefit of the national public, the cost of these flights, you said the Ministry of Finance pays for it. Now that cost will be borne to both LIAT operations and yourself. Correct?

Mr. Medera: The cost of the wet lease is strictly with LIAT.

Mr. Leonce: No, but the arrangement between the Port Authority and the tickets, you said your flights also take up some of this?

Mr. Medera: So what I am saying is that in some instances we have space on our flights and once we have space available—which does happen in the operation from time to time—we would be more than willing from a space perspective, to accommodate those passengers earlier.

Mr. Leonce: How is this cost captured?

Mr. Medera: The cost of those passengers transported on our flights?

Mr. Leonce: Yes.

Mr. Medera: Well, ultimately, what we are doing is fundamentally servicing the air bridge based on our capacity. Now we do have a challenge where passengers sometimes book and they do not show up. In that case, the flight is actually paid for by Caribbean Airlines in terms of our operations. But there are instances where passengers do not show up for the flights and we have standby space available. So from that perspective, that flight actually is absorbed by Caribbean Airlines in the first instance, but we do look to move around passengers so that we could use space on the wet lease as needed, to support passengers throughout the day.

Mr. Leonce: The question I am asking is: those passengers then, in terms of accounting the cost, what you are saying is the cost is absorbed—there is no record of anything?

Mr. Medera: No, sorry, Member. So the process is that the port passengers will show up with their ticket and by our regulations they have to be ticketed passengers on Caribbean Airlines, so we use that ticket as the purchase, almost, of our ticket. Those tickets are maintained and we use that as a reconciliation point between us and the Port Authority.

Mr. Leonce: Okay. You mentioned earlier the frequency in flights. Has there been an increase in the flight arrangements, or is that the typical flight arrangement operation of the CAL?

Mr. Medera: Definitely. So what we have had is, on a normal day we would have approximately 20 return flights on CAL, and what we do during the peak periods, namely Easter and the Jazz festival that is coming up, we would have increased the number of flights there. But the wet lease arrangement that we have with LIAT is incremental capacity to what we have mentioned there with respect to CAL.

Mr. Leonce: What I am asking, CAL flies at a particular rate, right? And LIAT will come to complement it. There would have to be some kind of coordination between the Airports Authority and yourself in terms of that increased frequency. How has that been done? And is there a cost associated to that?

Mr. Mohammed: Member, if I may. I think you are still trying to ascertain your answer.

Mr. Leonce: Yes.

Mr. Mohammed: So CAL's operations on the air bridge at this point is twofold: one, we have a core schedule which is operated by Caribbean Airlines, which Garvin said comprises approximately 20 round trips per day operating on our aircraft. Because of the sea bridge challenges and based on instructions from the Ministry of Finance, we were advised to proceed to wet lease an additional aircraft to supplement our core schedule. The cost of that wet lease is being covered by the Ministry of Finance. In relation to the reconciliation exercise, any passengers who would have previously held, or is holding a sea bridge ticket, they would present that to Caribbean Airlines as evidence that they were scheduled to travel on the sea bridge. And upon presenting that sea bridge ticket, CAL reissues an air bridge ticket and the difference between what CAL charges to the public, which is TT $300 per round trip less the difference from what the passenger would have paid to the Port Authority, is reconciled and forwarded to the Port Authority for reimbursement for all sea bridge passengers moved on our operations.

Mr. Chairman: Thank you very much. Member Crichlow-Cockburn. You have the floor.

Mrs. Crichlow-Cockburn: Thank you very much, Mr. Chairman. Caribbean Airlines indicated in its submission that you would have brought on five new positions at either the senior executive level—but in your submissions we got nothing that suggests that there was a change in the strategic plan or the strategic direction of the organization, in addition to which the manpower audit had not been completed. So on what basis would the decision have been taken to include five new positions at the executive level, and all of this within the context of Caribbean Airlines not being profitable?

Mr. Medera: Member, so whilst we are actively engaged in creating our strategic plan for 2018—2021, there are some key challenges that exist in CAL today. It would be remiss of me as the Chief Executive to not pay attention to that. So, for instance in the structure—and I will give an example because the example came up of the General Manager, Cargo, a new business. There was a structure in place where you had several managers and no executive representation for Cargo, yet still Cargo represented one of our significant revenue earners. So there was a clear-cut need for management in that area. It was very visible to me from the perspective of controlling the P&L for Cargo, that we needed that leadership.

A couple other areas that were very critical included the IT area, where we saw a clear need for differentiation from a technology perspective. So we absolutely invested in IT and the structure and the manpower to drive the business forward. Now, the question of whether or not these positions are critical, from our perspective will definitely be something that we would look through and confirm from the perspective of results. But, ultimately, we have seen where these positions have already returned several times over what we invested. So for instance, we are turning a corner in CAL where right now we have already saved from the IT perspective, over US $90,000 per month, which translates to US $1 million of savings by virtue of creating these structures, adding these roles and adding them to the complement of CAL.

So I would say the structural changes that took place really came about from my observation, the senior management team's observation, consultation with the board to show that clearly we needed improvement in specific areas, and then our appreciation of what would be needed to actually put that in place.

Mr. Chairman: Mr. Medera, I think what the Minister is asking, and I would like to see it too—we accept your explanation. I think what the Minister is asking for is the framework. You have outlined the mechanics and the results that you are getting, but I would—suppose you would come to the board with a document that says, "We have reviewed the business. In this area we have found these weaknesses. This is the proposed action and in order to support deliverables we would require the recruitment of this position." We were not provided with any documentation. All we have is new positions on the structure. So you have to understand from where we sit, it looks as if it came out of thin air.

So all I think the Minister is trying to get at is, what document do you have—and I am going to ask you to submit it—that allows us to understand that; one, you went through a proper process to be able to create these positions referenced to by the Minister, and then there was an appropriate rigour that we could examine to say, well, okay, someone did their homework to be able to take a position to the board. And we would like to understand that this would have gone to the board and would have had the requisite approval of the board. From what we have, we just have a listing of new positions. So I am just helping you with the disconnect. So that I am not arguing anything about your description of what is required and the various results. But above that, we want to know the causative, what led to it, and that is all. Madam Minister, please.

Mr. Medera: Chair, that is very reasonable, and I just wanted to add to that, that there are several pieces of information that we use to help us inform that decision. One would have been the Lufthansa Report that the JSC would have also commented on at the last meeting. We have reviewed that extensively and the positions that we have actually brought on in the short term actually coincide with many of the recommendations from that Lufthansa Report. In addition to that, the company engaged in a manpower audit with PWC. The report is to be finalized at the end of this month, but in January this year we received a preliminary report which also confirmed some of the positions that we recognized we would need within Caribbean Airlines.

With respect to the procedure, these positions were worked through from the perspective of a strategy-creation exercise that was started four months ago, and based on that, preliminary organizational structural changes were brought before the HRC and the board, and in specific areas: HR, Cargo, IT and Operations, we created documents showing not just the changes that we wanted at CAL, but the return on investment that we expected and that return would, of course, reflect in terms of profitability and customer experience.

Mr. Chairman: Thank you. Member Crichlow-Cockburn, any additional questions? Please.

Mrs. Crichlow-Cockburn: Yes. Thank you, Mr. Chairman. Mr. CEO, do you have a recruitment policy in place at Caribbean Airlines, and whether that would have been followed in the recruitment and selection of persons for those positions?

Mr. Berkeley: Through the Chairman, I will respond. Yes, we do have a recruitment policy. The process that was followed would be consistent with the policy in terms of advertising for the positions. They would have been shortlisted in terms of the candidates and then they would have gone through an interview process, and the selection process would have ultimately reflected the results. In all of the instances, the people who scored the highest were actually the persons who were hired.

Mrs. Crichlow-Cockburn: So I want to go back to the CEO's comment. He said: "I recruited three persons and the rest were hired by HR." And the Chairman would have raised it to give him an opportunity to correct it, but he did not deviate from, "I recruited three persons". So the Committee and the listening public need to understand, was it that the CEO individually head-hunted these three persons, or whether those three persons would have gone through the normal process of advertisement, interview by a panel, recommendations being made; whether it is the board who decides these persons are to be appointed or not? Because in the state sector enterprise we really need to have transparency.

Mr. Medera: Member, if I may, I will just go through the process that we went through to get to this point. And as I mentioned, we used several sources of information and ultimately provided recommendations in terms of the structural changes and new positions that we would like to on-board at CAL. That was submitted to the HRC, the Human Resources Committee of the board and the board of directors for approval. In addition to that what would have happened in parallel with respect to the recruitment is that we would have advertised for all of these roles, and the specific roles that I would have been a member of the interview panel for—would have been the three roles. So I would have been one of three persons on an interview panel and ultimately my recommendation and the recommendation of those persons on the panel would have led to the persons selected there.

The other roles that were mentioned here today, the 11-odd roles minus the three, there would have been an interview process, a selection process that I would not have been involved in. And to be clear, I have been a part of the executive recruitment because of those roles reporting in to me. But we did have a clear advertising in the newspaper and Caribbean Jobs, followed by a shortlisting done by Caribbean Airlines' HR staff, followed by interviews held with all of the relevant candidates and then a final shortlisting based on the scores coming out from those interviews.

Mrs. Crichlow-Cockburn: Mr. CEO, I hear you and I really think it is in your interest to explain to the national community, why it would have been necessary for you to sit on a panel, particularly where a number of the candidates would have worked closely with you—as you said you knew them personally—and there would have been the perception of bias. So it is very important for you to get that cleared because the thinking may be that you should have recused yourself. You should not have sat on the panel. So just for you to explain that to the national community, please.

Mr. Medera: Sure, Member. And I would like to correct the record and state that I was a member of a recruitment panel that interviewed those candidates and ultimately made the decision to select those candidates. The persons in question, just as all the other candidates, applied for these vacancies. I totally accept that I knew these candidates before. They, however, had the requisite skills and experience that were needed at Caribbean Airlines to do exactly what we need to do in terms of improving performance. And I would like to again state—I am correcting the record and state that this was done with an interview panel, a clear and transparent process in terms of advertising and ultimately selection.

Mrs. Crichlow-Cockburn: Mr. CEO, I hear you and I am not disputing that, but given the whole issue of probability, it is highly unlikely that an organization would advertise 12 or 13 positions and you would have 11 of those persons coming from one organization and all being selected. I do not expect you to respond. I am just making an observation, because it has been in the public domain; it has been in the newspaper, and the thinking is that something is not right with that. But I want to go now to the—

Mr. Chairman: If you permit me, member Crichlow-Cockburn, I want to say to you, Mr. CEO and Mr. Chairman, particularly Madam Permanent Secretary: that is an issue that troubles this Committee. This Committee—often people get into difficulty not necessarily by what they do, but by how they do it. So that on the basis of just pure facts, if you engage a dozen employees and 11 of them come from an entity for which the former CEO was employed at, something—if you do not agree with me that something looks awry there, then, perhaps, you know, I am not a person whose head is turned on correct. Something looks awry. Let me try to use polite language. And on the basis of what we have been presented with, we have nothing in front of us to suggest that that coincidence of 11 people joining from Digicel after the CEO was appointed, is just a pure happenstance of just luck and chance, that "We went out to advertisement, we got several hundreds of application and then 11 of the positions were persons who were formerly Digicel employees".

Madam Permanent Secretary, I know you are a good civil servant. I want to get your view on this because this matter raised by member Crichlow-Cockburn, every member of this Committee was troubled by it. And we are not trying to cast any aspersion, but we looked at it and on the face of it—and certainly in terms of what was presented to us, it looks askance. It is something that probably requires a proper audit of what transpired there and we would request information. Because from where we sit, we are uncomfortable with what happened. Madam Permanent Secretary, please.

Ms. Durham-Kissoon: Thank you, Chair. Where instances such as this come to my attention, we ask that, at the very least, the board be asked to answer some questions on process. As I shared earlier, I am not aware of these positions and terms and conditions coming to the attention of the Ministry of Finance, but, certainly, this warrants some closer attention by the Ministry of Finance.

Mr. Chairman: Well, we look forward to the attention of the Ministry, because this Committee is really the last gap, last stop, in terms of activity. We would have thought that this matter engaging the attention of the public in several other places—and perhaps for information of the members on that table who are not aware, members of the public provide information to this Committee that we try our best to vet to make sure that it is correct information. But when you get information from 20 or 30 different—and it is all the same—then it suggests to you that something is amiss. And all we are trying to get here, understand—always understand—we are trying to put the company in a position where it can have a sustainable operation where it almost is invisible. We would like to have a nice, boring hearing and it is all about reporting on the operating profits and all is wonderful at Caribbean Airlines. We are not there as yet. And some of the things that are happening are causing questions to be raised that I do not think the management is ready to properly address. And I just wanted to put that on the record that every single Member of this Committee raised that as an issue. And the Members ask not for you to respond on it but to be aware that in terms of what you are doing people are looking on. People are taking note of what you are doing, and, certainly those of us here in public life, we are very much aware of that. So we try to manage that as we go along.

Mrs. Crichlow-Cockburn: I just have one last question.

Mr. Chairman: Yes, please.

Mrs. Crichlow-Cockburn: Mr. Chairman, in the public sector and even the state sector, the reason there is the Human Resource Advisory Committee is so that we can monitor salaries and compensation packages, because we do not want to be setting precedence. The Committee was also very much mindful of the fact that Caribbean Airlines was not profitable and one of the recommendations we made was that:

> CAL should immediately put in place a freeze on any increases in wages and salaries until such time that the operations of the airline is sustainably profitable.

And CAL's response was:

> Compensation of staff needs to support the strategic growth of the airline and also needs to be examined in the current context that employees face. Therefore, this will be aligned with the relevant strategic plans and a pragmatic approach taken with respect to any changes.

Now, this response suggested to the Committee that you all were telling us, "Listen, you can have your recommendations but we are going to do what we want to do." This seems to be supported by the fact that the salaries we see—in the compensation packages we see based on your submissions, range from the vicinity of $70,000 to as much as $90,000 to some of these new positions.

I am seeing, Mr. CEO, you are shaking your head, but I am going based on the document that was provided by Caribbean Airlines to this Committee. And we are seeing salaries ranging in the Category 8 from around $30,000 to $50,000-something. In salary grade 9, we are seeing salaries ranging from $60,000-something, $70,000, $86,000, $90,000. Now given the context of the airline, given the fact that the airline is not profitable and also the fact that—well, I should probably ask: were these compensation packages approved by the board and the Human Resource Advisory Committee? And Caribbean Airlines would be hard-pressed to say they are not aware of the system that is in place, because I sit on that committee and I remember the committee being requested to make a decision with respect to the compensation package for the CEO.

So I am having a grave difficulty, as are other Members of this panel, to understand on what basis these salaries were determined and, in fact, included in contracts for persons. Thank you.

Mr. Medera: Member, the salary structure that we used was consistent with the existing grade structure that exists at CAL. The new persons that were brought on, the highest position that was paid was TT $65,000 per month, nothing beyond that. The salaries that you are referring to, $80,000, $90,000, is potentially related to salaries for people who existed in the organization before I joined. So just to be clear, the positions that we brought on, the highest compensation that we paid in base salary was $65,000, and we went along with this based on the fact that those were the bands for bringing in somebody at the VP level.

Mrs. Crichlow-Cockburn: And those bands were approved by the HR committee?

Those new positions were approved by the Human Resource Advisory Committee? I am not speaking here about CAL's HR committee, I am speaking about the inter-ministerial Human Resource Advisory Committee. That committee would have given approval for those new positions and those compensation packages?

Mr. Medera: So, Member, to be clear, those bands were existing in CAL previously, so we simply stuck within the ranges that were existing in CAL before to advise us in terms of what should be paid to those roles.

Mrs. Crichlow-Cockburn: Well, you have your HR person there with you, but I want to humbly suggest that if you would have created new positions, then it would have been necessary for those new positions; one, to be approved, and two, compensation packages approved for those positions.

Mr. Chairman: Again, Mr. Medera, the hon. Member is hitting the point exactly. We are not trying to stop Caribbean Airlines from getting the talent it needs but there is a prescribed procedure for how to do it. If you are creating new positions, there is an approval process. And Madam Permanent Secretary is shaking her head. She is well aware that if you are creating these high ranking positions, particularly, as I said—I looked at the salary payments for all these senior Caribbean Airlines, I will share with you we have the salary structures of all of the major state enterprises. Caribbean Airlines is almost at the top of the heap. Several of your managers are earning more than CEOs at other state enterprises. In fact, the majority of your senior managers, what you call the execs, are earning double what some of the CEOs at other state enterprises earn. They are in a different place. And certainly I think about eight or nine of your top positions earn more than the Prime Minister of this country. So I think that when people earn that level and you are in a state enterprise, there is a responsibility to act in a different way, and understand that accountability for what you do is very important.

Now, the Chairman would like to interject here because I have an issue with one of your responses to our recommendations, and I want to direct you to Recommendation 2.230 and 2.231. I want to ask, Madam Permanent Secretary, what is your understanding of the retirement age that applies to staff of state enterprises?

Ms. Durham-Kissoon: Chair, may I ask my senior business analyst to clarify that issue?

Mr. Chairman: Please.

Ms. Mohammed: Chair, Members of the Committee, the age with respect to staff in the state enterprises, I may have to get back to the Committee on that. I would have to do further investigation and research.

Mr. Chairman: So you need to do further investigation to be able to advise this Committee of what your understanding is of the retirement age of people working at state enterprises? I just want to be clear.

Ms. Mohammed: Yes.

Mr. Chairman: Okay. Interesting. Luckily for you and everyone else, Caribbean Airlines has written to us and told us exactly what it is. And Caribbean Airlines has put in one of their submissions that all employees retire at the age of 60. We have that unambiguously in between all the various voluminous submissions that I have here. Okay? And I ask this because this is an issue that has, again, troubled this Committee. At the last occasion Caribbean Airlines told us that employees are retired at 60 and then if their positions are required, they are re-engaged on contract. I just want us to be clear because there is a mixture in the language here that is confusing us. So I want to be clear. Is it that when somebody arrives at the age of 60, they are retired from the company? They are a retiree. They receive their terminal benefits. Am I correct?

Mr. Berkeley: Mr. Chairman, that is correct.

Mr. Chairman: Good. I do not want—work with me. So you arrive at 60 and you are a retiree. You receive your retirement benefits. If the company decides it want to continue your services, you are placed on a contract. Is that correct?

Mr. Berkeley: That is correct.

Mr. Chairman: Good. So you are no longer a permanent employee. You are a contract employee of the company. Am I correct?

Mr. Berkeley: Yes, Mr. Chairman.

Mr. Chairman: Good. I am going slowly with this because this is something that the company is refusing to treat with and they have to treat with it. So that they are formally retired from the company and they are engaged on contract. What would be the term of that contract?

Mr. Berkeley: So in instances where people have been brought back on, those contracts would be for a one-year term in most instances.

Mr. Chairman: One year renewable?

Mr. Berkeley: Yes.

Mr. Chairman: Good. So that let me ask a different question because when we look at the—I am going to begin with the pilots and then I am going to deal with the maintenance crew, because this is a serious issue in the company, and the Committee team here, I would share, they have done tremendous work to help us understand what is happening with the pilot cohort globally. There is a shortage of pilots going around the world and every major airline is putting strategies in place to make sure that they have an ongoing cohort of new, young pilots joining on an ongoing basis. Caribbean Airlines is bucking that trend. And I understand also, correct the Chairman, am I correct to say that the negotiations with the pilots' union is ongoing or about to begin? Could someone confirm that?

11.25 a.m.

Mr. Berkeley: The current collective agreement has expired, so yes we are engaging with TTALPA with respect to negotiations for the pilots.

Mr. Chairman: I want to refer back to a comment made by the CEO earlier, where he said there are young graduates, really highly trained people. You would have heard that comment from many other public officials, that we have a whole cohort of young, bright people coming back with qualifications, needing jobs. The last time Caribbean Airlines, by their own admission, by their own records to us, advertised for pilots, they got over 100 applications. So we could not understand why you have pilots who are over 60 getting their pensions and then receiving the highest salary they have ever earned, and they are continuing to work until whenever—I think up to 65. That is untenable. The Committee made a specific recommendation, and your response is, Caribbean Airlines will consider this recommendation. We do not know what that means.

You have a situation where—and I want to share with you, because perhaps Caribbean Airlines is not keeping up, but take what I tell you, the Committee team here has advised me that for airlines around the world, aging of the commercial pilots issue is a global issue. A report out of CNN in July of last year indicated that US airlines will need to recruit 87 new pilots a day in order to keep pace with retirements, and then you look at the news around the world. I am sharing information with you to help you understand where we are approaching this.

You have some of the youngest pilots now. You have a captain for Air India at 30 years old, flying a 777 aircraft, previously somebody who was a 737 pilot. A 30-year-old woman, I might remark, captaining a 777 aircraft on long haul flights. So the move in the airline industry is to try to make sure you move your cohort up in age. And I am not saying you kick out the retirees, but it should be part of your process to say, "Guys, you have done your service". In order to accommodate that you need to make sure that you have the cohort coming up and you have the proper succession in place.

What we see—and I am giving a lot of background to this. I looked at the agreement existing between CAL and—there is an interesting clause:

> The company will not lay off or retrench any pilot during the tenure of this agreement unless circumstances other than as such as now developed.

So that in other words Caribbean Airlines cannot retrench a pilot. I do not know who agreed to that, but—I am raising these issues because you have negotiations going on now. And then another article:

> A pilot who attains the age of 60 years shall have the option—the pilot shall have the option, not Caribbean Airlines, understand this.

I do not know who negotiated these things. The languaging here is very centric to one party:

> A pilot who attains the age of 60 shall have the option to retire immediately with full pension benefits accrued at that date and to continue employment under contract under the same terms and conditions including seniority.

We dealt with this frontally at the last hearing. It is impossible, logistically in an HR system to be a retiree and have seniority over people on your establishment. You will recall I went through a process. You are retired from the company, you are no longer an employee. How could a contract service provider have seniority over people on the establishment? We recommended that Caribbean Airlines stop that, your response is: Caribbean Airlines will consider this recommendation.

Yes, and this is troubling to us, because that is an easy thing to fix. It is an easy thing to fix. It requires some fortitude, but it is an easy thing to fix, because by the CEO's own admission, and by the many public statements by many Government officials, there is a whole cadre of young people looking for work; bright young people highly educated, highly skilled. Many, many young pilots by CAL's own admission, yet it seems that we want to perpetuate those who are beyond 65, and we are operating in an environment where there is a global shortage coming up of commercial pilots, and every airline in the world—every airline in the world—is trying to fix that. I have one piece of context again, because the Committee has done its work. I am sharing with you how we have done our work.

There is a particular airline operating out of Trinidad and Tobago. I will not call the name, but their parent company, when they got into successive years of financial losses, the pilots' union and the mechanics' union agreed to a freeze on salary increases. If you look, we have the data for the US Department of Transportation, Form 41 submission, for all the years that they were making losses and while they were in bankruptcy the total salary for pilots and mechanics did not move, it held, and this is a major global airline, because the pilots understood that the survival of the airline means their survival—the survival of the airline means their survival. So the union agreed to hold on any increases, and it was for a period of 12 years. It was not just for a one-year period.

The last bit of context. When you go into the room negotiating on this agreement, the fact of the matter and the data we have, Caribbean Airlines has run operational losses of over $1 billion in the last five years of data that we have had. When you go to the room you should be able to say, "Hey, our operating losses for the period 2011 to 2016"—we do not have the 2017 data, "Our accumulated operating losses are well over $1 billion". We cannot afford any increase, in fact, we probably suggest a cut or a freeze, at the very least a freeze.

So I have laid a lot of information on you to demonstrate that this Committee, when it made this recommendation that is what framed the recommendation. We understand what is going on globally. We understand what happens in other places, and we understand what Caribbean Airlines needs to do. So we were thinking that you all in the aviation business, you understand this better than us, so this would be an easy thing to action. Yes? Mr. Madera, I see you are anxious to respond.

Mr. Madera: Chair, you have no disagreements with us with respect to your recommendations of the Committee on this, and as mentioned by the VP HR, we have the policy where people retire at the age of 60. I just want to point out that we will work on this, but we have to also appreciate the context that we are in now in terms of succession planning, and we cannot put the airline at a disadvantage in terms of safety and skills that are needed right now to run the organization. What is needed—

Mr. Chairman: Mr. Madera, let me stop you. I am not arguing with you. What we are saying is, if the Caribbean Airlines could listen, we agree that this is the policy that will be adopted going forward. There will be a transition period that will allow us to fully implement this recommendation. So if that is what you are saying, that is what I would like to see, that we understand that this is something we need to do. We will have the conversation with the parties that we need to have conversations with to implement it, to make sure that we have a better system. And here is what, we did some numbers for you.

Because your group of pilots is over the age of 55 to 65, they are at the maximum of the range in terms of salary. Given that pilots' salaries accrue to 53 per cent of the total wages and salaries bill of the airline—I am not sure if everyone knows—the pilot group is probably the smallest individual group in the company, one hundred and something people out of 1,700 or 1,800 staff, but they account for 53 per cent of the salaries and wages of the airline, so they are already well paid. They are already well paid.

And by any marker, when I did the analysis of the Department of Transportation statistics, all of the major US airlines, pilots' salaries as a percent of total wages and salaries is in the 25 to 30 per cent range. Caribbean Airlines is double that. Something is wrong.

I am not advocating a 50 per cent cut, but somebody needs to stop the bleeding, and these are things that should be addressed. The Committee recommended it, and I hope that in my discourse on this subject that we have provided you with the context, and we will support the company and the board and the management in getting this done. Because if you lop off all of the people who are earning on contract over 65, earning at the maxim, you would be surprised that that total wage Bill comes down immediately. I have the numbers. Our good support team has the numbers that you provided to us.

So Mr. Madera, that is what I wanted to share with you, and on these recommendations we look forward in terms of how we are going to treat with this, because these things in our view are critical. In any environment you go and you look at the highest cost, and say, we need to treat with that, and it should be easy to treat with. You could have the conversation, the frame is simple; we are haemorrhaging money; $1 billion accumulative operation losses in five years, something is wrong. And we should not be increasing salaries every year, every year, every year, because what? The State has a bottomless pit of money? It does not.

I want to open the floor back. I think my next request is for member Karim.

Mr. Karim: Thank you very much, Mr. Chairman.

To Caribbean Airlines, I noted here that in your comment, and I think it was the CEO that made the comment, that what we miss at CAL is leadership. Did I hear you say that?

Mr. Madera: Member, there may have been that as an element of what we missed, yes.

Mr. Karim: I am just quoting what you said. I just want to make sure I have the quotation correct, because if it is what we miss at CAL is leadership, and if I were sitting in the audience there, not too far from where you are sitting, with people who have been in leadership positions in this airline I would feel very indifferent to that comment, because the airline has been operating. It may not have been operating as maybe you would have liked to see it operate, but it could be construed as an indictment on those who would have gone before you.

I say that because I want to go to the question. I am saying this in the context that based on what all of us and the Chairman indicated that we had a concern in terms of the HR issues, in terms of how matters are being conducted. I would like to hear a comment, a response from the Ministry of Finance as well.

It is very clear to us, based on all that has transpired this morning that while a manpower audit was commissioned for the airline, decisions were taken before the final report was presented to the executive management, to the board and to the

Ministry of Finance. Am I correct? If that is correct, can I get a response, the opinion of the Ministry of Finance? Is this the normal tenable position or is this an untenable position?

Ms. Durham-Kissoon: Member, just to correct. The executive positions to my knowledge have not been submitted to the Ministry of Finance. However, we do ask all state agencies to submit their strategic plans and the relevant policies to inform recruitment.

Mr. Karim: So in other words this was an untenable position as conducted by Caribbean Airlines, vis-a-vis the Ministry of Finance guidelines?

Ms. Durham-Kissoon: It would seem so.

Mr. Karim: The second thing that I wanted to ask, it appears as though Mr. CEO that there has been a very heavy emphasis on IS, on IT systems. I am wondering whether the employee satisfaction survey, have you conducted one recently? If one has been conducted, it would be useful to see the results of that employee satisfaction or maybe dissatisfaction survey, whichever side you want to look at it, because it may be interpreted or perceived by some that you have walked with your side into CAL. That might be a perception. It may be wrong as well; it might be right based on what we are seeing. That you have walked with your team, and how does that really mesh or integrate or have the purpose driven organization that CAL is expected to be.

Mr. Madera: Member, I think they are some very valid points. I am very happy to answer them. So on the point of leadership, yes, I do agree we have challenges in leadership, but let me clear about how that came about. We have had significant instability at the board and senior management level within CAL over the past 10 years. By that I mean we have had several changes of boards, we have had several changes at the Chief Executive positions and the VP level.

Mr. Karim: Do you mind explaining what the instability means, because we have people here in this audience who ran the airline, you know?

Mr. Madera: The instability is the changing of the board constantly, the changing of the senior management team constantly, and by virtue of that you would have had several persons acting in certain positions for extended periods of time.

Now, from my assessment within the first four months, this has had a significant impact on the leadership within the organization, and that is what I am referring to. This is nothing specific about an individual. At CAL we have some of the hardest working employees, some of the best and most conscientious people you would find. But what I am saying is that we need to complement that now as the leadership of CAL. We need to put stability back. We have had it for a year. We have a great board in place, and we need to set up a great senior management team that would be there for the years, to provide that stability and the leadership I am referring to. So yes, I do agree there is a challenge of leadership, and that is exactly what we are starting to sort out within the airline. Do you want me to answer on the IS?

Mr. Karim: Yes, you could go ahead.

Mr. Madera: With respect to IS I will again reiterate, from my perspective there are two main areas that we need to focus on in CAL as a starting position. The first is HR, and that includes employee engagement, taking care of people within the organization, communications, et cetera, and developing people within the organization. It comes back to the position Mr. Chairman referred to as well in terms of people retiring and how people can take over in the long-term.

In addition to that, we need to think in terms of the force multipliers that we have within the organization. Right now if we have challenges with people with flight disruptions, we could potentially treat with that in a very manual way. Right now if we have problems on the air bridge and people have to be notified, we are treating with that in a very manual way. The public needs to appreciate what we want to do is change that for them. We want to take IT into CAL and bring it into 2018, where people have a mobile app to check in on a flight, where people have technology telling them that their flight is disrupted. We ultimately see it as our goal to support the entire organization through HR and technology. That foundation is where we want to build to make CAL profitable.

Mr. Karim: And that may be so, but you might have a very good technological platform. But do you have vacancies that you have not filled in maintenance and engineering?

Mr. Madera: Very good point, member. So when I came in again, we looked at all the vacancies within the organization and we actually had, from the perspective of the list of vacancies, over 100 vacancies. Now again, the question is, where do we actually start with respect to our implementation in terms of turning CAL and making it profitable? That is the responsibility of senior management. Our responsibility is to determine, based on our experience and assessment within the organization where we need to focus to provide that maximum impact. And I am saying that the next stage for me is clearly commercial, because we have seen where we have done it. The Chairman mentioned it at the start, where January and February we actually made 103 per cent improvement at the profitability level. In fact, January month, we are proud to say, we were profitable for the first time ever in January. So I am saying the order of events, providing data that commercial could use and then actually create that profitability, is key to our decision-making.

Mr. Karim: With respect to the profitability, if I may just interject. Since the advent of the wet lease, the ATR from LIAT, have you had any flight cancellations, and if you have, what kind of cost is involved in that, and what is the payload you have experienced? Around the vacation weekend, the Easter weekend, you might have a heavier payload, but have you had to cancel flights to Tobago on the air bridge, and if so, why, and what is the cost of that?

Mr. Madera: So if I may member, are you referring to ATRs that we own?

Mr. Karim: Well, I am talking about the wet lease particularly that you have got.

Mr. Madera: Is it the recent wet least with LIAT you are referring to?

Mr. Karim: The recent wet lease.

Mr. Madera: Okay, no; so what we do ultimately is to provide the service that we have gone into the contract to, with respect to providing the seats for the port. If there were any cancellations on our side, what we do at CAL is to provide the service to the people of Trinidad and Tobago, and many times we consolidate flights. So you may find that a flight might have been cancelled, but ultimately for that day we transport the passengers, and the guys in operations are actually doing an excellent job. It was seen for the Carnival period as well when we had the disruptions, where we actually went with 4,000 empty seats for that period.

So what we are saying is that we do provide the seats. In instances where there may be cancelled flights for whatever reason, we consolidate those and potentially add on flights to make sure that passengers are transported.

Mr. Karim: Is this as a result of bringing the 737s on as well?

Mr. Madera: No, what we do from time to time is augment the service with the 737s.

Mr. Karim: And that must be at an additional cost?

Mr. Madera: Of course.

Mr. Karim: Do you want to tell us like for a return trip on the 737 what that could cost?

Mr. Madera: I do not have it right before me now, member.

Mr. Karim: With respect again to the operations at Caribbean Airlines, would you say that all of these decisions that you would have made with respect to hiring have been approved by the board of directors, and the executive management team is well aware of it?

Mr. Madera: Yes, so what we have done is follow the process in terms of bringing structural change to the HRC. The HRC would have reviewed those structural changes. They would have been brought to the board and the board would have approved structural changes within the organization. Any role that was hired was based on us getting structural approvals or approvals of specific positions to be recruited for.

Mr. Karim: Do you have non-nationals working in the airline?

Mr. Madera: Potentially we may have consultants and non-nationals in contract positions. Yes, we may have non-nationals in the airline.

Mr. Karim: Do you have non-nationals flying the aircraft?

Mr. Madera: I would have to confirm that.

Mr. Karim: It might be useful.

Mr. Madera: But our policy has always been to hire local pilots, and the only time we actually utilize foreign pilots, to your question of flying, is when we actually have our local pilots away for extended periods of training. So these foreign pilots would sit in to substitute for these pilots during this period. Our policy has always been to hire local pilots.

Mr. Karim: So maybe you may want to give us in writing if you have any non-nationals in the complement of staff in Caribbean Airlines. You can always give it to us in writing.

Mr. Madera: But we operate throughout the Caribbean region.

Mr. Karim: No, I am talking based here at Piarco International. I would expect that if you are operating in Cheddi Jaggan you would not have many Trinidadians there or Kingston, but we are talking about out of your home base.

Mr. Madera: Sure.

Mr. Karim: Mr. Chairman, I just want to ask one or two questions as we have the Airports Authority here with us present. Nobody has asked you any questions as yet, so maybe I would want to ask you a question.

If you can tell us the relationship with Caribbean Airlines and the Airports Authority. Do they owe you any outstanding moneys, and if they do, what for and the amount and over what period of time has this been incurred?

Mr. Newton: Good day, Chairman and members. The relationship between the Airports Authority and Caribbean Airlines is a good relationship we want to say.

On the second question, the question with respect of owing us moneys, Caribbean Airlines would have come into operations from January 2007. From that period to the present there has been a challenge in terms of a particular issue, and it is a challenge that I would want to go into some detail about.

With respect to the rental for one area, which is their head office and the hangar space area, there has been no agreement with respect to the rate that is payable. We have insisted upon a particular rate based upon board approval, and these are the rates that are in fact paid by other concessionaires and tenants on the estate. Caribbean Airlines did not agree to that rate. Caribbean Airlines went back to a rate that was charged to BWIA in 1998 of US 55 cents per square metre for the entire premises.

Mr. Karim: So what is the amount of money, the accumulated debt as it were?

Mr. Newton: Based upon our records, the accumulated debt is in the region of $192 million.

Mr. Karim: $192 million.

Mr. Chairman: Permit me to request that the Chairman or the General Manager, could you prepare a submission to this Committee dealing with that? This is new information to the majority of members of this Committee, so we would like a detailed submission from you on that, and I suspect Caribbean Airlines would want to be able to—if nothing else the Committee is magnanimous, but this is a new issue that we are completely unaware of, so before we digest it we would like to get a written submission. This is, again, more troubling news, and we would hope there is an easy resolution.

Mr. Karim: Just in terms of the expansion of taxiway Alpha, westwards; what is the latest on that with respect to Caribbean Airlines?

Mr. Newton: The challenge with respect to taxiway Alpha is the fact that according to civil aviation requirements, where the Caribbean Airlines headquarters is and the hangar area really is in breach of—well, there is an exemption granted by Civil Aviation with respect to that area. If you notice, when an aircraft comes onto the active runway, it goes across the active runway, turns and come back around. The intention really is to have a parallel runway, and Caribbean Airlines headquarters and hangar are directly in the area where that is to be done.

Mr. Karim: That is the holding point, A-1?

Mr. Newton: Yes. Now, Chairman and member, I want to make a point. One of the points I want to make is that with this new administration in Caribbean Airlines, I want to say the new CEO, we have had one meeting to discuss the question of the debt. So there is in fact now an arrangement where in fact—and we have agreed in principle that we will meet again to get some kind of agreement with respect to this issue of the debt. We have tried over the years of Caribbean Airlines to deal with successive CEOs on it and it was not in fact internalized in Caribbean Airlines.

Mr. Chairman: Mr. Newton, can I ask a question? Have you addressed this? You all are both state entities. Have you approached the Ministry of Finance on this matter?

Mr. Newton: We approached our line Ministry as the requirement.

Mr. Chairman: It is a requirement yes.

Mr. Newton: There was an agreement way back 2009/2010/2011 somewhere, where we in fact would sit with Caribbean Airlines, and an independent valuator assist in determining the question of the rates. The Airports Authority acquiesced, Caribbean Airlines pulled out and it did not come to fruition.

Mr. Chairman: Interesting, Mr. Newton.

Mr. Karim: Mr. General Manager, you said the relationship is a very good one, and we are very proud of our national airline. What about the scanners at the airport for people using them to go into these aircraft and so on? Are all your scanners working? Because there was a newspaper report in 2017, and I know the person who wrote the report very well, in terms of the functioning of these scanners and the risks of these scanners that could not detect certain items. Could you elaborate on that? Are all your scanners working in Trinidad and Tobago?

Mr. Newton: All our scanners in Trinidad and Tobago are working. Member, the question with respect to some of the security apparatus with respect to the Airports Authority I would crave the indulgence of the Committee to not discuss that in public.

Mr. Karim: Sure, we do not want you to—

Mr. Chairman: And the Chairman concurs.

Mr. Newton: But we could in fact make representation in writing to the Committee.

Mr. Chairman: Please, the Committee would prefer that for more than one reason, you submit any issues or concerns in response to the question enquired by the member in writing to us.

Mr. Karim: Was there a payment to the EPA at any time in the past? If there was, how much and was it approved by the board and the Ministry?

Mr. Newton: The Estate Police Association which represents the security officers, there is an agreement with the Estate Police Association with respect to a back pay and—

Mr. Karim: How much was the amount paid?

Mr. Newton: We have paid $140 million in total. There is a remainder of sixty-something million that is due and payable, and we have met with the EPA and there is in fact concurrence that in fact we will pay it based upon the ability and the cash flow of the Airports Authority.

Mr. Chairman: You have any vacancies? [*Laughter*] Forgive me.

Mr. Karim: What was the last payment made, what was the amount?

Mr. Newton: The last payment made was $20 million.

Mr. Karim: Was this approved by the board?

Mr. Newton: All payments are approved by the board.

Mr. Karim: And the Ministry?

Mr. Newton: Well, the board would have approved the payment. The agreement with respect to settlement would have in fact been brought to the attention of the Ministry.

Mr. Karim: With respect to the Civil Aviation Authority, and this is a question, it is twofold to the Ministry of Finance as well: Are there any concerns with respect to the operation of the Civil Aviation Authority from Central Audit?

Ms. Durham-Kissoon: Member, can I ask my Director of Central Audits to respond to your question please?

Mr. Herbert: Currently there are no concerns from the Central Audit with Civil Aviation Authority.

Mr. Karim: Was there any cheque missing from the Civil Aviation Authority property– any cheque that went missing for any substantial amount that a former judge of the Industrial Court was asked to investigate?

Mr. Herbert: Not to my knowledge.

Mr. Karim: Was there any cheque or any amounts missing from the Civil Aviation Authority to the tune of $700,000 that was found somewhere at a bank or tendered at a bank in Trinidad?

Mr. Herbert: Not to my knowledge.

Mr. Karim: So there is no record of any, from Central Audit, there is no concern about the operation of the Trinidad and Tobago Civil Aviation Authority's financial operations.

Mr. Herbert: No.

Mr. Karim: Okay. With respect to the CAA, do you have any concerns with respect to the control tower at Tobago? Are there any structural issues?

Mr. Regis: Mr. Chairman, and member, at this point in time, no, we do not have any structural issues with the tower in Tobago.

Mr. Karim: Are there any concerns with respect to the operations of both airports in Trinidad and in Tobago from your point of view?

Mr. Regis: Mr. Chairman and member, no.

Mr. Karim: Okay. In accordance with your Act 2001, are you in compliance with your strategic plan? Do you have an existing plan that is in place?

Mr. Regis: Mr. Chairman and member, yes, we do. We have a strategic plan that was done in accordance with the Act and submitted to the line Ministry.

Mr. Karim: Okay. With respect to the announcement recently of a $500 million expansion to the ANR Robinson International Airport in Tobago, was there any consultant or any award of any contract for any aerial surveillance in terms of photography of that area?

Mr. Regis: Mr. Chairman, I am not sure what the question is because the Civil Aviation Authority—

Mr. Chairman: Member Karim, if you are trying to get to a point I want to try to manage time, so could you—

Mr. Karim: I just wanted to find out whether you had allowed or permitted or you had engaged anybody to do any aerial photography for the possible expansion of the airport on behalf of the—or maybe it is Airports Authority. Is it the Airports Authority?

11.55 a.m.

Mr. Newton: Yes, the Airports Authority would have engaged in a GIS survey in support of the—

Mr. Karim: Can you tell us who did you allocate that job to and the cost of it?

Mr. Newton: I cannot offer and I do not have that information—

Mr. Chairman: Could you please provide it to the Committee in writing? Thank you very much.

Dr. Henry: I just have one question for, I think it might be really for the Civil Aviation administration people. In terms of the wet lease with the LIAT, and in terms of their ability to transport people from Trinidad to Tobago, certain cabotage laws or whatever would have had to be examined, is there any consideration for amending these laws, or making that a permanent arrangement where additional airlines, non-CAL planes, can travel between Trinidad and Tobago to help improve the overall throughput of people travelling from Trinidad and Tobago to put a long-term solution towards the air bridge problem? Could the Civil Aviation people address that?

Mr. Regis: Mr. Chairman and member, the answer is two-fold. The issue of cabotage does not arise with the current arrangement. The current arrangement is that the aircraft is a wet lease aircraft. It is on the Caribbean Airlines operations specification as a wet lease. That is one. The second issue of cabotage is an issue that has to be dealt with at the level of the Ministry and a determination by the

Government of Trinidad and Tobago with respect to whether or not Trinidad and Tobago will facilitate cabotage.

Dr. Henry: So you are just saying it is strictly a Government policy issue, not something beyond your range then?

Mr. Regis: Mr. Chairman and member, once the relevant policy directions have been given with respect to cabotage, the Civil Aviation Authority will ensure compliance with the relevant regulation.

Mr. Chairman: I would like to follow-up on two things, so to the Director General of CAA. So I heard you, that you are essentially waiting on policy direction, but could it not be that in your understanding of what is going on, or what has been going, that this is something you could say to the Ministry, we are the entity that is responsible for managing this area and it is our suggestion that based on our analysis that this may be something that the Government should consider?

Mr. Regis: Mr. Chairman, the short answer to that is, yes. It is being considered within the sphere of the multilateral air services agreement for Caribbean states. So it is an item there.

Mr. Chairman: Yes, because part of the challenge with the air bridge is that the service is not what we would like it to be, and I think that if you give the—it becomes possible for another entity to decide to fly and charge whatever they want to charge within whatever is allowed, I think people may be surprised that people would go on that service if not just only for the reliability. I have one other question for you, the Director General. Could you give us an update—the last time you were here you provided to us some undertakings or some understanding of what is happening with Caribbean Airlines ATR operations. The Committee's information is that the ATR while the operational challenges have not all gone away, the issue regarding the fire warnings that while there is not a mechanical fix—this is our understanding so I want you to correct me—for the problem, there is an operational fix where the aircraft has operational requirements about keeping at a certain height and a certain angle in terms of their approach. Am I correct in that?

Mr. Regis: The manufacturers have provided certain operational requirements to which the operator is required to adhere, and that largely addresses the issues that arose earlier on with the operation.

Mr. Chairman: So since your last visit here there has been no incidents regarding any issue with the ATR operations?

Mr. Regis: Since the last visit, no, because we have would submitted our response to you, or the last thing would have been the one in Grenada.

Mr. Chairman: The only reason I asked that, Sir, is that because there is no publicly available information, we do not know. So you should have understood where I was going because at the last hearing I had suggested that even if your update says, listen, for the month of October there have been no issues, everything is fine, there has been nothing reported, we would know, but where we sit we do not know. It is not a complaint. It is just perhaps going forward, more information is better than less. Okay.

I want to go back to an issue regarding the Caribbean Airlines building because it was raised by another member. I understand that there are some challenges with that building and I would Caribbean Airlines—because what has been provided to the Committee is that the building is very old and there is potentially some issues with asbestos removal in that building. If I am incorrect, if the Committee is incorrect, could you please advise us, and as far as we are aware, that building is not OSHA certified. So if this Committee is incorrect, or wrong, please update us. From what we have been informed the building is not OSHA certified. In fact, your own safety people had raised concerns. So that we would like to understand what is the status of that building in terms of the health and safety of the workers of Caribbean Airlines.

Mr. Quamina: Mr. Chairman, the building at Caribbean Airlines has been something that has been engaging my attention since I have been on the board of Caribbean Airlines. I think almost from the first or second meeting we have raised it. We have sent out members of the relevant departments to identify a suitable alternative location for Caribbean Airlines in an effort to address concerns that we have in relation to the building. The building has been examined. We have reports as to work that can be done to the building in order to bring it up to a standard where we can stay there for a little while. The board has been somewhat concerned about spending that money and then finding somewhere else to go right away. So we have been trying to balance that. Up until probably the last board meeting there has been significant discussion in that respect.

In fact, I am just being reminded it is an agenda item for the meeting tomorrow, because what happened at the last occasion was that management recommended that repairs be done to the building. The board is concerned still about that whether that would be sufficient, whether in fact we could rectify some of the concerns we have in relation to safety, et cetera, and that is why it is coming back up tomorrow again with further recommendations from—

Mr. Chairman: Well, I am happy to hear it is getting the attention of the board—

Mr. Quamina: It is absolutely—

Mr. Chairman:—because if the information in front of this Committee is correct, there is an issue that there is asbestos in the building, is that correct? Please confer.

Mr. Medera: Mr. Chairman, my understanding is that there is a concern that was raised with respect to the asbestos. A study was done by external party and all safety measures were taken with respect to it, but there is no doubt that there will be some work that we will need to do in the future to take care of any potential issues that may come up. At this time, we have no hazards with respect to that asbestos issue, but it will require attention in the near future.

Mr. Chairman: Well, the Committee is concerned for the employees. Asbestos is a carcinogen, and to the extent that there may be asbestos in the building, has the company engaged in any screening or checking of the employees, voluntary or otherwise, to make sure that employees who have been there for some time that there is no negative effect showing up at this point in time?

Mr. Medera: So the asbestos issue is really in a separated segment to where the bulk of employees actually work on a day-to-day basis, and from the studies from our external party there is no risk at this point in time, but there is a clear need in the future to take action with respect to the asbestos.

Mr. Chairman: Well, this Committee is heartened that at least it is engaging the attention of the board because if Caribbean Airlines staff did not understand, the Committee is very concerned about their welfare. We want to make sure that everything is good with Caribbean Airlines, but we also want to make sure that the people at Caribbean Airlines are in a good working environment that allows them to be able to do their job. So, I now give the floor to MP Leonce.

Mr. Leonce: Yes, good day. Just a quick question in terms of the dynamics of all the changes, some popular, some not so friendly. Last year you made a submission, Chairman, that you are confident that CAL will resume to at least break even this year, and I was pleased to hear the CEO say that in January they made a profit, in your view where is CAL in terms of this, in terms of becoming a profitable or least break-even entity; and what timelines, if it has not already, do you see the entity to reach this state?

Mr. Mohammed: Member, so if I can just recap a bit from my opening statement, it has been approximately a little over one year since this board has been installed at Caribbean Airlines. The management last year was able to improve the performance of the airline by 57 per cent. Year-on-year so far, we are ahead of that by 103 per cent. For 2018, we are forecasting a loss in Caribbean Airlines, but we do believe that 2019 would be a critical turning point, and one needs to take that in the context that this year we do have an additional US $10 million fuel bill based on the price of fuel. We are certain that the structural changes taking place, the commercial initiatives, and also the other projects in terms of the use of technology and cost optimization would bring us very close to that point.

I need to say though that the commercial or the commercial fare that should be charged on the air bridge remains a challenge. It is a critical issue that needs to be addressed, and if the Committee does allow me in my closing remarks to update in terms of 16 recommendations that the Committee would have made and how they were addressed at Caribbean Airlines.

Mr. Leonce: Thanks Chair. In terms of the losses that you anticipate for this year, you would have indicated before that the losses were at a decline, is this loss a significant decline as last year's loss?

Mr. Medera: Member, if I may, yes, it is. As the Chairman mentioned, based on the increase in oil prices, we anticipate that for this financial year 2018 we would potentially experience US $12 million incremental operational expenditure for our fuel. What we are saying is that based on this fuel increase the trajectory in terms of profitability will be slowed a bit, but we are projecting that we would improve the business year-on-year by US $6 million EBIT to take us to a point where we could bridge the gap and ultimately become break-even in 2019. But on a performance basis, yes, this will definitely reduce the losses that we have seen from operations bar the fuel increase.

Mr. Leonce: Just a follow-up on that.

Mr. Karim: Chairman, with your permission, just a quick cost item. Could you tell us what is—because you have the CFO here—CAL's monthly wage bill and what is your monthly overtime bill?

Ms. Chase: Mr. Chairman, member, I am asking that we can produce this in writing to the Committee, please?

Mr. Karim: You are not in a position to give us an idea like even—you have your number of employees—

Mr. Chairman: I am sure as the Chief Financial Officer, you would be able to give us a reasonable number as to what the—

Mr. Karim: Just tell us what the ballpark figure is and what is the overtime figure per month?

Mr. Chairman: Overtime might be difficult, but at least the wage bill.

Mr. Karim: Overtime, you can also say that on the basis of what happened is an historical situation, for the past three months what is your overtime bill and what is your wages bill for the past three months.

Ms. Chase: We can produce the overtime in writing. Okay? Monthly which should be about $5 million.

Mr. Karim: So monthly is $12 million—

Ms. Chase: Five million dollars. Approximately $5 million.

Mr. Karim: Approximately $12 million per month for your wages?

Ms. Chase: Five million.

Mr. Karim: Five million dollars, sorry. Five million per month, could you get an idea of that, or in addition to that how much on the average may be your overtime?

Mr. Chairman: Excuse, just the $5 million, is that US dollars, TT dollars? The $5 million that—the number you referred to, that you just—

Ms. Chase: US.

Mr. Chairman: Okay. Thank you.

Mr. Karim: Five million US dollars per month for your wages bill, and could you give us an idea, in US as well, how much is your overtime bill because you see it impacts upon your response.

Ms. Chase: That we will have to produce in writing, Sir.

Mr. Karim: Well, can you remember for example what it may have been from any month between January to February, or December, or any month at all?

Ms. Chase: Cannot recall readily, but we will have to produce it in writing.

Mr. Chairman: Before you move on, MP Leonce, let me be correct. I am addressing the CFO. Based on your information presented to this Committee, Caribbean Airlines indicated that the average monthly salary for a pilot is about TT $65,000 a month—that is the data you presented to us—and that the average monthly salary for exec is about $66,000 a month based on the information you supplied to us. I am sharing this with you because when the Committee did a comparison for pilot salaries and we looked at some comparable airlines operating out of Trinidad and Tobago, from the department of US, and when you look at what the salaries for pilots are, the average salary—not the highest, the average—it is almost the same as couple of the competitors here.

So that the ballpark, Caribbean Airlines for a tiny airline with 17 aircraft is paying in the same region as large airlines who have hundreds of planes, something is wrong with that, but here is the difficulty. While that is on par, the average salary for flight attendants is one-quarter of almost all the other airlines that we looked at. So that the flight attendants' salary seems to require some adjustment given based on the data you supplied to us in terms of what the average salary—I am not going to call it because I do not want to embarrass the flight attendants. I just do not want to embarrass them. But when we look at what other airlines like JetBlue, Spirit and other small US airlines provide, it is three to four times what Caribbean Airlines' average salary is.

So I am sharing that with the Committee and the members of the public that, yes, the member is correct. You have an issue with salary and overtime, and perhaps then there needs to be a rebalancing of this. There needs to be some rebalancing because when this Committee and I—again I commend the Parliament team here for doing an analysis for us to help us understand. It is not just Caribbean Airlines standing alone and this is the number, this is how this number applies or looks compared to others. So comparing Caribbean Airlines with JetBlue is unfair because it is a completely different airline—they compete on some routes—but when the salaries for pilots average are very close. It is a little more for JetBlue, but it is very, very close.

It suggests that okay we are probably even overpaying. We should not be that close because if I go down to regional airlines, like Mason and other airlines who run regional operations, or even your other competitor COPA Airlines, who interestingly if you try to understand the average age of a captain at COPA Airlines you would be shocked. It is certainly below 35—a captain—but that is part of the information the Committee will share with you. So I thank the member for allowing me to interject to put this information on the record, so that when Caribbean Airlines is looking at our recommendations we did not come to these recommendations lightly. It is on the basis of hard analysis of the business of Caribbean Airlines and doing a market comparison to see what else is happening in the business to say well this is perhaps where Caribbean Airlines lines up, and perhaps certainly on this basis some rebalancing is required. Forgive me.

Mr. Quamina: Mr. Chairman, just to respond quickly to your point. Sometimes also there is an element of practicality because in far be it for me to advocate on behalf of the pilots because I agree we are going into negotiations and it has to be tough and I absolutely agree with your points on the retirement, et cetera. But the fact about it is that we, like other entities in Trinidad, suffer with a problem where we train the pilots, the pilots work for us, they get very senior, and then they go off to different airlines that pay better than us. So the fact about it is, is that there is a retention issue. So it is not so easy to say with respect that we only have 17 odd aircraft because the fact about it is that if we do not pay competitively they will go elsewhere and we would lose our senior pilots.

Now, I absolutely agree with you and we will look at that aspect about training up, but there is that problem that we face because I in fact, bearing in mind your recommendations, one of the phrases was on hiring pilots, but the fact about it is that we are constantly training the pilots and losing them to competitors. So that is a concern that we have to deal with.

Mr. Chairman: And I agree with you, and I am not going to say anything further than I agree with you.

Mr. Leonce: Just one thing because it dovetailed into what I was going to ask. In terms of the strategy—because in our previous discussion we spoke about the entity seeming to be a top heavy entity and you all did acknowledge that you are going to have a strategy to address that, what is the strategy—for example, so like for flight attendants is there any consideration of changing their packages; and how soon is this strategy going to be implemented so that the staff feels a part of what is being shared among?

Mr. Medera: Member, we do have an intention to look at the entire workforce to understand where people fit in, in terms of their compensation levels. Now that we have a VP HR on board we will be taking that as an exercise to look at the levelling across the organization, but this has to be done within the context of the environment that we operate in, but it is absolutely something that we are committed to look at to see where employee should fall within their respective ranks.

Mr. Leonce: Is this going to be part of the manpower audit?

Mr. Medera: Yes. So the manpower audit which we expect to get at the end of this month will help us understand the manpower requirements. It may help us somewhat with respect to this, but this is an exercise we would potentially need to get further advice and information on to understand what we should be looking at with respect to compensation across the board in CAL.

Mr. Leonce: Chair, can I ask through you, if with the manpower audit can you provide the Committee with ideal recommendations based on the operation of CAL as opposed to what the packages should be because as the Chairman would say, we may be overpaying and we may be underpaying in certain areas. With this manpower audit if we can get that?

Mr. Medera: So member the manpower audit would specifically talk to the numbers and the people that would actually be needed in specific areas, and I am saying we would use that somewhat, but we would need to commission a separate study, another compensation survey to understand exactly where our levels fit.

Mr. Leonce: Because this, I am assuming, would greatly impact on your profitability—

Mr. Medera: Of course.

Mr. Leonce:—it will impact on the employee morale and the way how everybody operates in CAL.

Mr. Medera: Yes, of course.

Mr. Leonce: So if we can get something like that, some commitment to the Committee in terms of a delivery of that, in terms of not just the manpower audit findings, but the recommendations as to the remuneration structure that would fit based on the operation of CAL.

Mr. Medera: Sure.

Mr. Huggins: Through you, Mr. Chairman, quick follow-up. We have a report here response dated September 2017, where we spoke to the manpower audit in terms of some positions of persons who may not be suitably qualified for positions, and our recommendations was to have this rectified in six months. Your response was you will be guided by the findings and recommendations of this said manpower audit. What has been the cause of delay in getting this manpower audit done? Because this recommendation which was clearly stated that will be responded to, based on the manpower audit was six months ago. So could you tell us what has been the delay in getting this manpower audit done?

Mr. Mohammed: Member, I think there is probably a lack of information and I was not afforded the opportunity to fully update the Committee on 16 recommendations that they made at the previous hearing. If I am allowed to, again, we would address that, but I want assure the Committee that we are in possession of a Draft Manpower Audit Report from PWC, both dated January and updated in March and, therefore the perception that the Committee is operating that we are in a vacuum, I think it is somewhat misguided. The recommendations of PWC and if I can just quickly quote some critical elements in this report—

Mr. Chairman: I do not want you to quote. Could you supply it to this Committee?

Mr. Mohammed: Certainly.

Mr. Chairman: Supply a copy of the draft, and that would help us to save time because the Committee would like to study the document.

Mr. Mohammed: Agreed, Chair, and we most certainly would do that and forward to the Committee, but we are being broadcasted live—

Mr. Chairman: No, no, I am not disagreeing with you.

Mr. Mohammed:—and I think it is our responsibility to correct the record or the perception.

Mr. Chairman: I will allow you the opportunity to correct the record. What you are saying is that we have taken a position based on the information we have been provided and that information is not complete. Is that correct?

Mr. Mohammed: That is correct.

Mr. Chairman: Right. So we are aligned. We are aligned that we have taken asking the question on the basis of what we actually have in front of us. What we are saying is that you have additional information in front of you that justifies some of the things that you are doing and that is fine, but there is no disagreement, Mr.

Chairman. There is no disagreement.

Mr. Mohammed: Unfortunately, comments coming from the floor did not entirely reflect that.

Mr. Chairman: Is because we are now hearing that you have the document. We did not know prior. So we could only work with what we had and that is all. It is not a complaint. It is just a statement of fact, and I would also say now that we are aware there is a draft that has been updated on more than one occasion, supply it to us so that when you all are referring to it we could be informed. Because as it is now, you would have the advantage on us because you would have the document, you would have looked at it and we are now hearing for the first time and that is not how this process should work. That is all we are saying.

I have a couple more requests from the floor, but I want to go back to the beginning of this hearing. There were two recommendations from this Committee. If I go to page 2, item 2.2.12 and 2.2.13 and this is an issue to which the Caribbean Airlines—the initial response at least is noted. So the recommendation is that Caribbean Airlines should manage the use of the jump seat for personal use by CAL staff and that people who are using the jump seat for personal trips should pay all the relevant taxes for personal jump seat trips. This has nothing to do with people being moved around and the jump seat for operational purposes, but if you want to go to New York, or Jamaica, or Barbados, or wherever you want to go, for a personal jump seat trip pay the taxes, because what has been happening is that Caribbean Airlines, by its own admission, was not aware that it was a benefiting kind and they may have run afoul of the Board of Inland Revenue because they were providing a benefit to staff and were not providing the relevant taxes to the state.

So that the Committee recommended that where persons are using jump seats for personal use, whatever the taxes are applied, they should pay. Caribbean Airlines response is: Noted. So we struggle with that because we could not understand—and again perhaps for the benefit of Mr. Medera, the data presented to us demonstrated that there was abuse of this privilege. There was abuse. There was one instance where one particular traveller who made 100 personal jump seat flights in one year. We were trying to figure out when this person was working, and this is where the classic case of Peter paying for Paul. If you are one person who is earning very well wants to fly 100 individual flights in one year and the company, and by extension the taxpayers are paying the taxes for that, that is wrong. I thought we had that clear understanding at the last session that that is wrong. If someone is making four or five trips a year perhaps we could turn a blind eye, but you sent us a schedule, some guys are making 60, some guys are making 55. That is a lot of personal flights. That is a lot. I cannot see a pilot in American Airlines making 100 jump seats flights a year. I do not see it as being possible.

So that the Committee recommended that if you want to ride Caribbean Airlines jump seat 100 times a year, at the very least pay the taxes that apply. We did not think that that was an unreasonable recommendation, but your response to that recommendation is one word: Noted. So the Committee is flummoxed—let me use some proper English. The Committee is flummoxed that something that you could easily fix, the policy is, going forward issued by the CEO's office, pilots using the jump seat for personal use, you pay the taxes. Issue a release and that is it. It is over, but perhaps there is more to it than—I see the Chairman is anxious to respond.

Mr. Mohammed: Chair, and again I really would like to come back to the point that the Committee made recommendations, we have addressed 16 of those which—

Mr. Chairman: So you have addressed this one?

Mr. Mohammed:—afforded the opportunity—

Mr. Chairman: Please, please, show us how you have addressed this one.

Mr. Mohammed:—we can address. First of all, it is two-fold. One, it is a question of usage, but then it is also a question of abuse of privilege.

Mr. Chairman: Let me get something from you. Do you agree—would you as—

Mr. Mohammed: I fully accept it is abuse when you get to a certain number.

Mr. Chairman: Thank you very much. We just wanted to make sure we are not realigned.

Mr. Mohammed: We can absolutely agree on that. But the question of usage does not only apply to pilots because anybody, or any employee sorry, in Caribbean Airlines, they do have an allotment to use. I think it might be 20—

Mr. Chairman: We are not—

12.25 p.m.

Mr. Mohammed: No, I need to—[*Interruption*]

Mr. Chairman: This is not the rebated tickets, this is purely jump-seat flights for personal use.

Mr. Mohammed: But it comes down to taxes so I need to take it there. So it is not just the question of whether a pilot flies on the jump seat or whether he flies on a passenger seat and it is not a question only of whether an employee flies not in the jump seat but in a passenger seat. Both groups of persons do enjoy a benefit of kind in any which way and therefore the question of taxes cannot only be ascribed to the pilots, it must also be ascribed to any other employee who is using that benefit in kind. So I think for us to say only pilots or the pilots, it must be that it is equitable and that the treatment for the benefit in kind applies across the board.

And Caribbean Airlines, we have engaged our auditors to assess what would be a reasonable figure to ascribe that benefit in kind to so that we can deduct the applicable PAYE for that benefit, so we are addressing it. But we should not take it in the context of an isolated position of only the pilots, it must be everyone across the board. In terms of abuse, I certainly agree that that matter is being addressed and it would also form part of the collective—the renegotiated collective agreement we hope to have now.

Mr. Chairman: And I hope that when you go into the room for those negotiations, you would say that the Joint Select Committee on State Enterprises has cajoled and suggested to the entity that this is something we need to treat with and while we may discuss it, this is something that has been abused. The Chairman has admitted that his company is aware that there had been officers of the company who have abused a privilege and it is time for the company to put some controls and we are very happy to hear, Mr. Chairman, that it is being addressed and you are addressing it in a holistic way. Rather than looking at a particular group, you are addressing it on a holistic manner so we look forward to the update on that because that is what we were expecting to hear, certainly not "Noted". Okay, I will now open the floor—[*Interruption*]

Mr. Mohammed: And there are also 16 other matters that we have addressed—

Mr. Chairman: Wonderful.

Mr. Mohammed:—and which we really would like to share with the public and also the Committee so that there is no perception that we have ignored all of the recommendations of the Committee.

Mr. Chairman: No, no, and all I am saying to you, again, to be clear, when we received this, this is what it is, the document you are referring to came to us—I got it in my inbox after 9.00 on Friday night so there was no time to properly prepare. I have it, I have looked at it and I agree, but the other members do not have the luxury of the time that I have to spend all weekend reading through this document; so we prepared on the basis of this and that is all I am saying. I am not disagreeing that you submitted subsequent to this but when we were planning this hearing, it was based on this and that is all we are saying. Yeah?

So that I understand from you and you have repeated it and I will agree that you have treated with all of the recommendations but when your first response came, perhaps, your first response needed a second look. It needed a second look before it came out and if that was the case and you could have written to the Committee and said, listen, could you permit, within the rules, give us two more weeks to fully respond, the Committee would have looked at it and would have treated it rather than sending what was sent. So let us stop there. I have a request from the floor, Sen. Mark and MP Antoine. So Sen. Mark.

Mr. Mark: Yes, thank you, Sir. Mr. Chairman, I would like to ask, maybe the CEO here, given the nature of the aviation industry which is a regulatory industry coming under IATA and the FAA, could you share with this Committee whether the appropriate security background checks would have been executed on these newly recruited personnel to CAL? And if you did, could you share with us the document? Mr. CEO or whoever would like to—

Mr. Berkeley: Through you, Mr. Chairman, regular security checks are done by a security department on all new employees and those are often ongoing. So the new employees would have gone through a background check and would have had security checks done on them. For clarification though, not all of our employees are required to access security areas that require that kind of security background, but all of our employees do go through security checks with our security department.

Mr. Mark: Yeah, could you put that in writing for the Secretary so we will have that? The other thing, I have a couple of small areas I would like to get clarified. The employee survey, we had an interview here with Caribbean Airlines recently and we were told by, I think, was Hyacinth Guy, who was then the HR person, that there were two issues that were confronting the employees at that time: the issue of trust, the absence of transparency and they were concerned about—they had dissatisfaction with their salaries. We are being told today, unless there is a new employee survey that we will ask you to supply to us, from the CEO, that based on your analysis of the employee survey, the two issues that stood out were HR and IT. So what I am trying to get, Mr. Chairman, whether the employee survey that we were informed about by Hyacinth Guy when we met her through the CAL, whether that was the same survey that was used by the CEO to arrive at this conclusion, that the two main areas would have been HR as well as IT? Could you clarify for us?

Mr. Medera: Sure. Member, I was privy to the last employee opinion survey and that survey dealt with the HR issues as you mentioned. The key issues, according to the survey, that faced employees related to leadership, HR policies, communication and then compensation and those would have been the main areas that came out from the employee opinion survey. And to be clear, I am stating it for the record, multiple sources of information including customer experience inputs into the business would have been used to determine, among other things, that we also need to focus on technology. But the actual employee opinion survey did not specifically talk to technology. That would have been gathered from information outside of that employee opinion survey.

Mr. Mark: You talked about crafting a plan to deal with some of the main driving forces. You want to share with us a copy of that plan that you crafted that would have led you down that particular path in terms of the key issues that you had to address? You said that you crafted a plan.

Mr. Medera: Member, we could absolutely share with you the preliminary plans that we are working on and just to let you know, those are the plans that we are using as the basis for our strategic plan 2018—2021.

Mr. Mark: Mr. Chairman, could you remind me if we got a copy of the employee survey? Do we have a copy of the employee survey?

Mr. Chairman: I do not recall us having that.

Mr. Mark: Can we ask the CEO to provide this Committee with a copy?

Mr. Chairman: Certainly. Through the Chairman, that request will be from the Committee.

Mr. Mark: Right. The other area I want to get clarified, Mr. CEO is this: Do we have a business corporate plan for the cargo section of the operations and if you do, can you provide a copy of this plan for this Committee? Since this new General Manager came on board, he cannot operate by guess, he has to have a plan, a road map. Has he been able to formulate a road map for that particular section of your operations?

Mr. Medera: Member, I fully agree. We need a full road map for the cargo operations and what we did not have before was that road map. So the General Manager for Cargo and New Businesses would have started in January of 2018, so approximately two months ago. So right now, we are in the midst of actually crafting that plan but to be clear, what we would like to understand are the external conditions, the competitive situation and of course, we would like to gather feedback from experienced employees in functional areas to inform that plan. So we are in the process of working that plan and that will also contribute to the final document that will form the basis of the strategic plan for CAL.

Mr. Mark: Yeah, but tell me: How long will it take this newly recruited manager to complete this plan for that segment of your operation which is very critical in terms of revenue generation?

Mr. Medera: Absolutely. So member, two things are in question here. We are talking about a plan for the sustainability of the Cargo division and we are also talking about the short-term actions that we need to take as managers and good stewards of this company. So I would like to inform the Committee again that for the period—from the start of this year until present, we have improved profitability in cargo and—

Mr. Mark: No, no, no, I am not asking you all those things, Sir. What I am asking specifically: Could you tell this Committee when will we be able to have a copy of a corporate business plan for the cargo segment of the operations of CAL? That is what I would like to know.

Mr. Medera: Sure. So short term aside, we are looking at the strategic plan being completed by the end of June.

Mr. Mark: By the end of June, right. And what about that dovetailing corporate plan for the segment of that operation?

Mr. Medera: That plan will be determined by the end of June.

Mr. Mark: So by the end of June?

Mr. Medera: Yes, yes.

Mr. Mark: All right. The other thing I want to get, through the Chairman, you mentioned that there was a lot of transparency in the recruitment of personnel, but when I went through the list of 11 persons who were recruited, I saw only one advertisement in one newspaper, the rest were online. Would you agree with me that because of the nature of these positions and the critical importance of them and given the salaries that have been attached, do you think that one week, one week—and in some instances, it included Saturday and Sunday because I have looked through these things, I have seen where they went out on a Thursday and then Saturday and Sunday would have been part, so really it is about five days, citizens would have been given and that was online, on Caribbean online arrangement.

Do you think that is a fair approach and do you think that does justice to transparency if you only have, out of 11 positions, only one being advertised in the newspapers and the other 10 online? And not only that, only one week given. So you know, Mr. Chairman, people get the impression as if this was a pre-arranged plan or—something seems amiss because I would believe, Mr. Chairman, that you need at least a minimum of about three weeks so that people can apply throughout Trinidad and Tobago, but one week and only on your online arrangement. Could you explain to us?

Mr. Berkeley: Sure. Okay. Through you, Mr. Chairman. Over the period, we provided recruitment on both Caribbean Jobs as well as on our internal website and our external website. So those would be the three sources that we used for recruitment. We have an arrangement with Caribbean Jobs where they allocate us space which is the more cost-effective approach than really using the newspapers. Just to highlight, we get significant feedback from Caribbean Jobs. As an example, we have had situations where we have received upwards of 200 applicants through that process for individual jobs. In one instance, we actually got close to 600 applicants for an HR role that was advertised through that medium. So we do use that medium and it is, given the current best practice, a suitable medium that we consider to be used in terms of advertising.

Mr. Mark: But do you think a week is adequate, Sir, for citizens to respond?

Mr. Berkeley: But some of our vacancies are advertised for somewhere between a week and two weeks.

Mr. Mark: No, no, no, in this instance, 11 vacancies or new positions, all, from what I have seen, one week.

Mr. Chairman: Mr. Berkeley, I want to ask you the same question but differently. In your experience as a VP, I look to you, you seem very well qualified for the position.

Mr. Berkeley: Thank you.

Mr. Chairman: So that, you know, we have no issues with you. But in your experience, a company advertising for senior management positions, and the—I have no issue with it being advertised online but the period of one week online for the advertisement seems terribly short, it seems really, really short. Perhaps, because of my own experience in other places where I do other things and we have tried to engage people, you cannot—running an advertisement for a week is not on. You have to run probably three weeks to four weeks to be able to get the pool of respondents and then you can cull from there. But I want to get from your experience, your long experience that is listed here.

Mr. Berkeley: Right. So just based on my experience, given that the bulk of applicants would have come in during the first three or four days, you do have a reduction in terms of the numbers of applicants that come thereafter. So in that regard and given the critical nature of the roles, that I would submit that a one-week period, in that context, would be adequate.

Mr. Chairman: So you are saying that one week is adequate?

Mr. Berkeley: Again, in the context.

Mr. Chairman: That is on the record, so I just want to get your view. I am not an HR professional so that I just want to be guided by your experience.

Mr. Mark: May I continue, Sir?

Mr. Chairman: Please.

Mr. Mark: Mr. CEO, I observed that we requested in writing what were your terms and conditions of employment including your salary. You chose, for whatever reason, to leave your space blank. You had an opportunity to give us in writing. So since you have chosen to leave your space blank and you are an employee of the taxpayers of this country, would you now tell this Committee what are your terms and conditions of employment?

Mr. Medera: Member, we will submit that in writing once I get the full details of that and send it on to you.

Mr. Mark: No, no, no, listen, Mr. Chairman, we asked that that be submitted in writing. You had an opportunity to submit it in writing, you refused. You refused to submit it in writing. Now, you are now coming at this 11th hour to say that you are going to put it in writing again. Sir, I will be guided by the Chairman on this matter.

Mr. Chairman: The Chairman is minded to have the Chairman of Caribbean Airlines respond on that. The Caribbean Airlines and, again Mr. Chairman, Caribbean Airlines is a victim of its history with this Committee. You do not want this Committee to share with the public some of the challenges we have had with Caribbean Airlines in terms of requesting information and getting the full information. I do not want to put the gory stuff out in the public domain. Caribbean Airlines had—we requested the information, the member has requested a response and I, as the Chair, would ask you to respond directly to the member in terms of the numbers that are—we have the document here and where in every case, it has: base salary, vehicle allowance, other allowances. Could you please tell us those numbers?

Mr. Mohammed: Chair, just permit me a second to retrieve the submission.

Mr. Chairman: Seeing that this is proving to be a difficulty for Caribbean Airlines—[*Interruption*]

Mr. Mohammed: Chair—

Mr. Chairman: No, Chair, I understand your challenge, I understand your challenge and all it demonstrates again, from where the Committee asked, the Committee is a polite set of people here, we made a request, Caribbean Airlines chose not to respond, the sheet is blank. You have now asked to submit it in writing as the Chair. The Chair is not unreasonable, I am managing these procedures, we will accept your submission in writing. Okay? We will accept your submission in writing but we want to say that this is not the first time that we have requested information from Caribbean Airlines and when we look at the document, the information requested is not there. It is not the first time, it is not the second time, it is not the third time. I do not want to put the history in the public domain. So I am going to leave it there. Member Mark, the Chairman has ruled on this. Please submit it in writing. And all this Committee is asking for, when we ask for information, we do not expect blank spaces. We do not expect blank spaces so that whether it was an error, we accept that.

Mr. Mohammed: Chair, I really need to clarify this because, again, there may be a perception and it is critical that we address these, not just in writing. The question asked of us is subject to interpretation and we interpret the question since the hire of the CEO and it did not ask specifically for the CEO, that the question was structured in such a way that after he was recruited. And I want to assure you that—

Mr. Chairman: Mr. Chairman, I am not going to respond, we are fine. I am hearing you.

Mr. Mohammed:—we would be happy to provide the information in writing but it was not deliberately left out.

Mr. Chairman: The Committee has given you the opportunity to submit it in writing. We would like to move on.

Mr. Mark: May I go on, Sir?

Mr. Chairman: Please.

Mr. Mark: Mr. Chairman of CAL, right, there is a very important position that is essential for the success of this enterprise called CAL. It is called the chief commercial office or officer. I read some disturbing news in one of the newspapers where you were literally forced out of office. I am telling you what I learnt.

Mr. Mohammed: Me?

Mr. Mark: No, not you, you are not responsible. What I would like to clarify is the following, Mr. Chairman, through you. Were interviews conducted by Caribbean Airlines for this position in December? And if you answer in the affirmative, could you share with this Committee whether one Mr. Sean Quong Sing who was then the acting Chief Commercial Officer was interviewed and if he was, was he shortlisted; and if he was, why was he not given the post if he came first or second? I have no information. What I do have is that he was in the first three, three. The first man got another job elsewhere and the second man on the list was a chap called Sean. Yet still, from my information, he was not given the job, Mr. Chairman, and that he was forced as a result to tender.

Now, this is a gentleman, I understand, has 34 years of airline experience and he is very critical for the success of this organization called CAL. I would like, through the Chairman, to find out from you, Mr. Chairman, whether you are aware of this development and whether, for instance, you are concerned that an employee of 34 years of aviation experience in that company, which was before that BWIA, could just leave your organization and could you share with us why this happened.

Mr. Chairman: I would like to interject here and I would like for the company, this is an issue that is new to the ears of the members of the Committee and I would like to request that the Company respond to Sen. Mark in writing to this Committee on that issue and provide us—I do not want you to respond now, please, I would like you to respond in writing on that issue. Because what we try to stay away from in this Committee is naming names and personalizing anything. So if there is an issue, as raised by Sen. Mark, regarding this particular employee or former employee, I would like you to submit something to us in writing so that we could look at the issue, because the idea with what we are trying to do here, this is not a personal gain or attack on anyone, we just want to try to understand that procedures were followed and that is all.

Mr. Mark: May I have one more question, Sir.

Mr. Chairman: Last one.

Mr. Mark: Last one, Sir. I just want to ask again to the CEO or to the Chairman, you did indicate that for the first time in January of this year, we were able to break-even as a company, right, in January and we are on a good course. Could you provide to this Committee in writing what were some of the factors that would have been responsible for this break-even position of the airline? Yeah, put in writing in detail what were some of the factors and which elements, within your operation, you would suggest would have been critical in driving this bottom line that has now been described as break-even in the months of January and February. Again, Mr.

Chairman, in writing.

Mr. Chairman: Thank you very much. I will have one last question from—and I will allow the Chairman. The Chairman will get the opportunity to deal with the 16 recommendations. I have carved out time for you, Chairman, I have not forgotten you. I have one last question from MP, Brigadier Retired.

Brig. Gen. Antoine: Yes. Good day to everyone once again. I want to know: What is CAL's policy on members of management performing dual roles as pilots? How many members of management are also flying aircraft as pilots? How are they compensated? Are they members of the regular staff as pilots? Are they contract workers? And when they are flying, who are performing their roles, their managerial roles? And the Chairman pointed out when we were speaking about the taxation with the jump seat that it should go across the board. Are there other members of staff who are also carrying out duties as pilots and in their absence, who perform the duties of these people?

Mr. Medera: So, member, we do at this time, have a challenge in terms of the number of vacant pilot positions we have open and that puts a strain on the operations and our ability to maintain the scheduled flights that we have at CAL. So we do have instances when a couple of members of senior management are, in fact, called upon to fly and that is something that we are addressing now by the recruitment of six pilots specifically in Trinidad and Tobago. So we hope in short order to fix that issue so that we actually have management dedicated to the activities of management throughout the time.

Now, we do have several executive manager positions that support some of these persons, so in those instances, and as I mentioned, based on the short-term approach, we would work with those executive managers to manage the operations of those said areas and effectively continue the operations of Caribbean Airlines.

Brig. Gen. Antoine: How are they compensated? Are they compensated in their managerial position or are they compensated as a pilot?

Mr. Medera: Their substantive positions, member, but I would also have to go back and investigate because those salaries would have been determined prior, but as I understand it, it is their substantive position.

Mr. Chairman: Some people in this country cannot get one job, some people have two. I understand the operational requirements but something seems amiss with that and I am happy to hear that the company is recognizing that that is a challenge. Because if you have somebody at a senior management position but he is also a pilot and then he is needed to fly to Toronto today, he is gone for two days, so who does his job? The question is correct: What is he paid at for those two days? Is he paid as a pilot or is he paid as a senior manager? We do not know. Something seems wrong with that. I mean, it just seems wrong.

And I understand the operational realities and the operational realities have to do with how you manage your pilot cohort so I look forward to hearing how you can improve that management of your pilot cohort so that that becomes something from the past or something that is an emergency rather than guys routinely being rostered to fly but they are senior managers of the company. Something is wrong with that. That means people are able to bite both cherries, they having two cherries and biting from both cherries and as it is, we would like to get to understand, in persons who are performing that role: What is their payment? How is it calculated? Is it that they get a prorated salary for the pilot's salary and then they get a prorated management salary? We do not know so I think that will be something that we will request from you to help us understand what is really going on there. Because we looked at the numbers and some of these people are already earning significant sums. Some of them close to six figures. Okay, very, very close. So that if that person is performing two jobs, I am hoping you have vacancies, I may need to apply [*Laughter*] because something—it just seems wrong.

So, I have member Karim who has indicated one question. One question. Member Karim, I have allotted 10 to 15 minutes to the Chairman of Caribbean Airlines to be able to make his presentation to us on this, so could you please.

Mr. Karim: All right. I will stay on the question of jobs because I was going to maintenance but since you are only allowing me to ask one.

Mr. Chairman: Please.

Mr. Karim: Could you indicate to us your total employee complement? How many persons? And of those, how many of those are on short-term contracts?

12.55 p.m.

Mr. Berkeley: The current complement of staff is 1,666, around there. I do not have the breakdown, in terms of who are on short-term contracts and who are not. That is our total complement.

Mr. Chairman: You can supply that to us in writing.

Mr. Berkeley: And we could supply that in writing.

Mr. Chairman: Thank you very much. Mr. Chairman, you wanted to put on the record, and I have carved out time in the schedule for you to put on the record the fact that the company has been compliant, this is my understanding, in terms of treating with recommendations, and you wanted to go into some responses on this. Please, you have our attention.

Mr. Mohammed: Thank you kindly, Chairman. But before I go into that, I really would like to address on—Sen. Mark is not in the room but I will proceed—the matter in relation to Sean Quong Sing.

Mr. Chairman: I would prefer, Mr. Chairman, work with me. I have ruled on that matter and I would like for you to provide a submission in writing on that. The Committee is not one where we try to deal with individual issues. We would not like to treat with that. If we were in a private hearing it might be different, but on public here, we would not like to treat with personal individual staff matters. So, please provide something, a report, and update us in writing, and we would decide how we respond to you on it. Please, if you would permit me.

Mr. Mohammed: Okay Chair, noted, but maybe I can deal with it from the office of Chief Commercial Officer. Yes?

Mr. Chairman: Again, Mr. Chairman, I am asking you, because we know he was the holder of the position. So it is the same issue. We do not want to personalize—

Mr. Mohammed: No, and I certainly would not.

Mr. Chairman:—what we are doing here, please.

Mr. Mohammed: I certainly would not. But what I do need to say publicly is that that post was advertised. Candidates were shortlisted and none of the applicants, none of the shortlisted applicants were successful. I have had the opportunity of working with Mr. Quong Sing. I understand it is 34 years.

Mr. Chairman: Mr. Chairman, I am asking you for the last time, could we move on?

Mr. Mohammed: Sure. I would move on.

Mr. Chairman: Could we please move on? Thank you very much.

Mr. Mohammed: I would move on. So, Chair, if you permit me, the company received the recommendations coming out of an extensive hearing out of the JSC, and I would like to reassure this Committee that we have not ignored your recommendations. In fact, while our responses said "Noted", they were noted in the context that we would address them.

Mr. Chairman: Well, you could have said that they will be addressed.

Mr. Mohammed: And they have been. So, if I can move on.

Mr. Chairman: Please.

Mr. Mohammed: I would just like to say, further December 2017, January and February 2018, saw our best performance since 2010, for these months. These were achieved through significant focus on one, revenue-generating enhancement, prudent cost management and improving the customer service experience.

When we last appeared before the JSC, the Committee made certain recommendations to the company, some of which we are still in the course of implementing, but others which we acted immediately upon. For example, our audit reports, the team is committed to improving the compliance with timely financial reporting to the Ministry of Finance, and in this regard the signed audited accounts for 2014 were completed and adopted at the company's fifth AGM, which was held on 22 February, 2018. These adopted financials have since been duly forwarded to the Ministry of Finance for submission to Parliament.

Our external auditors, KPMG, are currently on site at CAL completing 2015 and 2016 audit reviews and we advise that we can expect these to be completed by April 30th. KPMG is also engaged for 2017 financial year audit and the planned completion date for that is 30th of June, 2018. Our quarterly reporting to the Ministry of Finance has also been timely for 2017.

Another recommendation out of the Committee would have been the hiring of the CEO. Firstly, we are delighted, quite delighted, to introduce our CEO, Garvin Medera who joined us on 10 October, 2017. The board conducted a comprehensive search for a suitable candidate to lead the airline and determined that Mr. Medera has a strong combination of leadership, governance and communication skills to meet the challenges of this competitive business environment.

It should be noted that Mr. Medera was also the previous candidate, the previous preferred candidate, of the prior board led by Mr. Philip Marshall. Filling of the vacancies of our CFO and COO, we have also completed our advertisements for the post of CFO and COO and are in the course of completed interviews of the shortlisted candidates for these positions.

In relation to our manpower audit, the Board of Directors requested the company to conduct a manpower audit and in this regard PricewaterhouseCoopers was awarded the contract based on our tender process. We have since received a draft report from PWC in January and a further update in March. We will continue to work with them, to look at a structure that is most suitable for the organization going forward. The final report will be produced in due course.

Cost optimization: In line with our objectives of improving our financial performance and achieving a better cost management, we have focused on cost optimization through contract management, third party management, procurement initiatives and better fuel management.

Credit card fraud: On the issue of credit card fraud, a new fraud screening software was implemented for the website and call centre transactions. Since October 2017, we have seen a massive reduction in the cost of credit card fraud by 63 per cent. We are now within, well within, international standards for fraud of less than .09 per cent of sales revenue.

Jump seats: In respect of your concerns around the jump-seat arrangement with the pilots, the airline is in discussion with TTALPA on this matter.

Hiring of new pilots: We are completing the process of hiring 12 new pilots, six in Jamaica and six in Trinidad. In addition, our Trinidad base is staffed entirely by a team of local pilots, and I am pleased to advise that our recent recruitment of pilots were all locals.

Commercial: A snapshot of our commercial operations will also reveal many positive developments. We have realigned our routes and are seeing the results in our financial performance and EBIT performance. The initial phase of this activity was completed at the end of 2017, and over the past months, we have made frequency and capacity adjustments to our North American routes to better align market with demand and supply. We continue to closely monitor all routes and make adjustments, depending on prevailing economic conditions in the particular market.

The management of our commercial strategy is now more data-centric. We will enhance our revenue management across all routes. To this end, we have begun a technology revamp, starting with the creation of a data warehouse. This means collecting customer details at every system that we use, including the PSS and using this data to better understand our customer needs, which is integral to drive our customer experience strategy.

Once the data warehouse is completed, we will be in a better position to make more informed decisions and make more strategic use of our resources, which is critical for an airline in a highly competitive environment. To support our new data focus we are also investing in marketing and promotion to grow our brand presence and build loyalty.

Network expansion: Our vision is to connect the Caribbean by sharing more of it with our customers. On April 14, 2017, we started a new service to Argyle International Airport, St. Vincent and the Grenadines, which was our 19th destination. Caribbean Airlines was also one of the first airlines to offer nonstop flights to Argyle International Airport, which also serves as an international gateway to the Grenadine Isles.

On 14th March, this year, we launched a nonstop service between St. Vincent and New York, making it easier for our customers in the Eastern Caribbean to connect to the United States, and vice versa. Flights to our 20th destination, Cuba, began on January 13, 2018, and the average load factor is 83 per cent to date.

Marketing: We also launched a campaign, Hello Caribbean, which highlights the uniqueness of all the destinations we serve. This campaign recently won several advertising awards from the Caribbean Advertising Federation, which is the first leg towards competing at the American Advertising Awards or ADDYs, which is the world's largest advertising competition. On certain routes customers now pay for all bags.

Our focus on product development will continue with the introduction of

Caribbean Plus, an extra-legroom product, which would represent another phase of our shift in our commercial strategy from a traditional sales strategy, one which is geared towards the merchandising of ancillary products as key drivers to revenue enhancement. This product is also the first phase of our fleet renewal and fleet modernization strategy since, in addition to increased legroom, our aircraft will be outfitted with new carpets and seat covers.

The second phase of this product improvement involves introducing onboard Wi-Fi on our 737 fleet. We are in the final stage of selecting a solution that will enable us to provide Wi-Fi content to customers on their personal devices.

Fleet renewal: With respect to the operating of our Boeing 737 fleet itself, we have narrowed down our search to two jet options and will soon issue an RFI and then an RFP thereafter.

Technology: The airline strategic direction is underpinned by technology and we have made major strides and cost savings in this regard. We continue to focus on technology to ensure that we drive efficiencies and effectiveness throughout the business process automation. Technology will also support our delivering innovative communication and customer-focus solutions.

Some quick wins in this area include insourcing the building and maintenance of our website, as we now have the competency base internally through the new human resources in our IT department. This insourcing will save a minimum of US $11,000 per month. We now have the capability to undertake several other initiatives. So far, the total value of capital savings is US $100,000, and this is expected to increase. These savings are linked to flight updates on the website, which are now executed internally.

Commission calculations automation for the Cuba launch, which was done internally, taking over the Amadeus booking engine, CSS and change request cost, now done in house.

NAVBLUE Interface, which is an airline operations software, this rebuilt was done internally. An estimated US $5,000 per month will be saved as we build out a portal to facilitate in-house training at what we call CAL University.

A mobile intranet application is currently being developed internally and will save us another US $9,000 per month. A specialized type of messaging known as type B messaging is now being optimized in-house, realizing a monthly savings of US $60,000. Several other IT projects are in the pipeline and we will further reduce cost and enhance customer experience. These include, but are not limited to the capability to track cargo and the development of a cargo website, which are both currently in progress.

Our corporate social responsibility: The airline has a clearly defined corporate social responsibility commitment, which provides guiding principles and ensure our activities are aligned with our vision to achieve sustained profitability through becoming the preferred airline serving the Caribbean. The year 2017 was a challenging year for the Caribbean, with the passage of Hurricanes Irma and Maria, and as the leading carrier in the region, we provided relief flights to support our Caricom brothers and sisters. The total cost of these flights was around US $85,000. We recognize and take seriously our role as a socio-economic contributor to Trinidad and Tobago and the region and this commitment is reflected in our engagement with our stakeholders.

Air bridge: The domestic air bridge is a significant part of Caribbean Airlines operations, and the management team continues to treat it as a priority. One of your recommendations included looking at the fare structure of the air bridge. You would be pleased to know that the airline did in fact ask the Government of the Republic of Trinidad and Tobago, through our line Minister, for a review of the fare and an adjustment of the subsidy, but these were not approved. However, the Government of the Republic of Trinidad and Tobago did allow for the implementation of a TT

$50 change fee one way, in December 2017, to promote passenger behavioural change and discourage the hoarding of seats and indiscriminate no-shows.

In terms of capacity on the air bridge, for 2017, the total number of seats provided was 1,122,790 seats. Of this number, we carried 962,459 passengers, with an on-time performance of 73 per cent and the total number of flights operated was 14,878.

For January and February 2018, the total number of seats provided on the air bridge, 172,426, of which we carried 150,153 passengers, and I am happy to report we have had significant improvement in our on-time performance, which is now at 85 per cent. We have operated thus far 2,413 flights. It is a well-known fact that the airline is working closely with the Port Authority of Trinidad and Tobago to ensure that inter-island commuters can successfully travel between both islands.

ATR fire warnings: With respect to the fire warnings on the ATR aircraft, a complete blueprinting exercise was done on the ATR fleet by Skyways Technics. In addition, the airline engaged consultants, at Embry-Riddle Aeronautical University who produced a comprehensive review of the situation. The recommendations of increased maintenance checks and the changes in the aircraft approach configuration have led to the elimination of the fire warnings issue. We are currently finalizing the details to ensure that we have a resolution that will not reoccur.

Also, our maintenance and engineering department continues to execute a rigorous maintenance and engineering programme on our entire feet, including sea checks, resulting in our being able to save several hundred thousand US dollars per for annum in foreign exchange, as well as reducing the time that the aircraft is out of service. Doing the checks internally allows us to base our checks on operational requirements.

In closing, although there is still much to do at Caribbean Airlines, we are turning the corner and have put several initiatives and continue to work on a star plan centred around enhanced customer experience through process optimization and a comprehensive review of the customer journey supported by the use of technology at all points; improving revenue generation; managing and reducing cost; and focusing on financial stability.

To realize these objectives, we are placing significant focus on our most important resource, our people, through on-boarding, training and development, succession and talent management, creating a positive working environment and performance management to incentivize and develop an outcome-oriented culture. This process would better enable the management team to create a culture of profitability mindset, so as the airline remains for a sustainable future.

The development of this plan is under way and we are working with the management team and staff through the entire network to gather the relevant inputs. We will now work with these inputs and studies to create a transformation plan that will have the airline in a significantly improved position in the future.

Thank you for the opportunity to share these details with the Committee.

Mr. Chairman: Mr. Chairman, thank you very much for your very comprehensive statement. And I have a short question for you, two in fact. I would like to request a copy of that because what you have done there is given a whole overview of the company's business that this Committee did not have the benefit of. So if you would be kind to share it with us.

But based on your statement there, I have noted. I have taken lots of notes. The key thing for me is about updating the technology. Anybody who has flown on a Caribbean Airlines aircraft recently—perhaps people like you who travel with other people all the time—the technology gap is not even a gap. It is just there is no technology on Caribbean Airlines planes.

And then I am glad that you are looking at your configuration. I recall from the Lufthansa Report, one of the recommendations was that you should remove this business class and just go all economy and have a premium economy at the front of the cabin. So at least, in terms of your Caribbean Plus initiative, I think that is something you all are actively looking at. That is supportive for me, because when I look at the comparative options out of Trinidad and Tobago, really and truly there is no need for any heavy catering on a first-class service or a business-class service between here and those destinations. In fact, because if you look at your customer profile, your customer profile is one who tends to be, you know, people who are looking at managing their cost, in terms of what they pay for tickets.

So, I think—I have listened to also about the issues about expanding your route network, or optimizing route network. I have noted the success. I am happy to hear the success of the Cuba route so far.

I have also noted that, you know, your discussions with TTALPA. We look forward to that because that is critical for the airline. It is not—and I have shared with you. It does not have to be a difficult discussion. The frame is simple. The company is now starting to turn around but we have carry-over losses of over a billion dollars over the past several years and we simply cannot afford it. If TTALPA is insisting that the people who are earning the most money in the airline get more from a losing company, I mean, come on. Where is the patriotism? Where are you—what are you trying to do? This is a business and the sole objective of Caribbean Airlines, when you look at it, it is an entity that is chartered to move passengers from point A to point B.

But I am sure the Ministry of Finance would love to be able to, on a regular basis, receive dividends. The Ministry of Finance would love to receive dividends. The data provided to us shows that over the past several years, the State has contributed over $2 billion, over $2 billion to support Caribbean Airlines, to keep it operating. So we have supplied $2 billion. It has lost over $1 billion operating. There is no rationale for anybody to really expect anything other than we are trying to keep the ship running. We will do incremental and fix this and try to see how we could make the business. So I am happy to hear. I was actually listening, Mr. Chairman. That is what we do here, and we are on board and we are supportive.

So I take it that that would be your closing statement, Mr. Chairman, as we begin to close up this session. I will now ask the Permanent Secretary, Ministry of Finance to give us a few closing statements.

Ms. Durham-Kissoon: Thank you, Chairman. Yes, we would appreciate if we could soon get some dividends.

Mr. Chairman: Well, you hear it directly, Mr. Chairman.

Ms. Durham-Kissoon: So, Mr. Chairman, members, this has been a most useful conversation and the information laid before this Committee has been truly helpful. We in the Ministry of Finance as the line Ministry and also in our role as Corporation Sole, we will continue to work with CAL and with you in bringing forth these recommendations and the other recommendations that Chairman has just outlined. Thank you.

Mr. Chairman: Thank you very much, Madam Permanent Secretary. Mr. Newton, General Manager of the Airports Authority, any closing comments?

Mr. Newton: Just briefly, Chairman. Thank you very much. The fortunes of the Caribbean Airlines is important to the Airports Authority. In my initial conversation with the new CEO, I indicated that to him and I indicated that in other jurisdictions where in fact the major airlines operate, there is an arrangement between the operator and the airlines that is not like what happens in Trinidad and Tobago and we need to sit down and come up with arrangements that in fact are mutually beneficial to both of us. So we look forward to in fact having those discussions with Caribbean Airlines for the benefit of Trinidad and Tobago. Thank you.

Mr. Chairman: Mr. Newton, the Committee is well aware of those arrangements between where you have an airline operating and it is a major hub. There is a special arrangement between the airport operator and the airline that is really the major operator out of that operation. And because you are both important to each other, there is a symbiotic relationship. So we were surprised to hear that you all are having challenges, in terms of, you know, some issue overhanging. So we hope, and if this Committee could help, this Committee will try to help, and I think that is what we are trying to do. Thank you very much, Mr. Newton. Mr. Regis.

Mr. Regis: Chairman and members, the Civil Aviation Authority is pleased to be able to provide support and clarification for any of the matters that were raised this morning with respect to Caribbean Airlines and we will continue to work with them to ensure that the level of safety and security is maintained.

Mr. Chairman: Thank you very much, Mr. Regis. So I want to begin to close this session. Do not panic, members. I want to say that this has been a long session, but it has been needful because I think that the information shared here has cleared the air on several issues. As I close, this Committee is here to help. This Committee is here to try to see if we could work and support the board and management of Caribbean Airlines to turn the company's fortunes around. We are happy to hear that the initial results in the most recent period start to become positive. What we need is for that to be sustained and growing forward.

So that, with those words, I want to thank the members of the listening and viewing audience and I would like to say that this meeting is adjourned. Thank you.

1.19 p.m.: *Meeting adjourned*.

Appendix III

CAL Chairman Opening Remarks - JSC Hearing March 26, 2018

CHAIRMAN OF CARIBBEAN AIRLINES OPENING REMARKS

JOINT SELECT COMMITTEE- MARCH 26, 2018

Thank you for the opportunity to re-appear and to update the Joint Select Committee, on the progress made thus far with financial performance and the many positive activities taking place at Caribbean Airlines.

The current Board of Directors was appointed in October 2016 and we are now able to assess the Company's performance for a full financial year. 2017 was a watershed year for Caribbean Airlines, as is evident by our preliminary results.

It is the best the airline has performed since 2009 and our 2017 combined operations excluding the Air Bridge, improved by 57% over 2016 at the EBIT level. Our EBIT year to date i.e. Jan - Feb 2018 combined operations excluding the Air Bridge numbers are significantly ahead of Jan- Feb 2017 by 103% and we are almost at a break even position for the first two months of 2018.

It is critical to note that these improvements in 2017 were achieved in spite of a US$ 10M increase in fuel expenses year on year brought on by an increase in oil prices. We also had a cost containment of US$7M from 2016 to 2017.

Further Dec 2017, Jan and Feb 2018 saw our best performance since 2010 for these months. This was achieved through significant focus on:

- **Enhancing Revenue Generation**
- **Prudent Cost Management**
- **Improving the Customer Experience**

When we last appeared before the JSC, the Committee made certain recommendations to the Company, some of which we are still in the course of being implemented, but others which we acted upon immediately -

For example:

AUDIT REPORTS

The team is committed to improving our compliance with timely financial reporting to the Ministry of Finance, and in this regard the signed audited accounts for 2014 were completed and adopted at the Company's 5th AGM which was held on 22nd Feb 2018. These adopted financials have since been duly forwarded to the Ministry of Finance for submission to Parliament.

Our external auditors KPMG are currently onsite at CAL, completing 2015 & 2016 audit reviews and we are advised that we can expect to complete the audits for the financial years 2015 & 2016 by April 30, 2018.

KPMG is also engaged for the 2017 financial year audit and the planned completion date for that is June 30, 2018. Our quarterly reporting to the Ministry of Finance has also been timely for the year 2017.

HIRING OF CEO

Firstly, we are delighted to introduce our CEO Garvin Medera who joined us on October 10th 2017. The Board conducted a comprehensive search for a suitable candidate to lead the airline, and determined Mr. Medera to have a strong combination of leadership, governance and communication skills to meet the challenges of this competitive business environment. It should be noted that Mr. Medera was also the preferred candidate of the previous Board of Directors (led by Mr. Phillip Marshall).

FILLING THE VACANCIES FOR CFO AND CCO

We have also completed our advertisements for the posts of Chief Financial Officer and Chief Commercial Officer, and are in the course of completing interviews of the short-listed candidates to fill these positions.

MAN POWER AUDIT

The Board of Directors requested the Company to conduct a manpower audit and in this regard Price Waterhouse Coopers was awarded the contract based on our tender process. We have since received a draft audit report from PWC in January and a further update in March 2018. We will continue to work with them, to look at a structure that is most suitable for the organisation going forward. The final report will be produced in due course.

COST OPTIMIZATION

In line with our objectives of improving our financial performance and achieving better cost management, we have focused on cost optimization through contract management, third party management, procurement initiatives and better fuel management.

CREDIT CARD FRAUD

On the issue of Credit Card fraud, a new fraud screening software was implemented for the website and Call Centre transactions. Since October 2017, we have seen a massive reduction in the cost for credit card fraud by 63%. We are now well within the international standards for fraud of less than 0.9% sales revenue.

JUMP SEAT

With respect to your concerns around the jump seat arrangements with the Pilots, the airline is in discussions with the Trinidad and Tobago Airline Pilots Association.

HIRING OF NEW PILOTS

We are completing the process of hiring 12 new pilots: 6 in Jamaica and 6 in Trinidad and Tobago. In addition, our Trinidad base is staffed entirely by a team of local pilots and I am pleased to advise that our recent recruitment of pilots were all locals.

COMMERCIAL:

A snapshot of our operations will also reveal many positive developments:

We have re-aligned our routes and are seeing the results in our financial performance and EBIT improvement. The initial phase of this activity was completed at the end of 2017 and over the past months we made frequency and capacity adjustments to our North American routes to better align market demand with supply.

We continue to closely monitor all routes and make adjustments depending on the prevailing economic conditions in the particular market.

The management of our Commercial strategy is also now more data centric, which will enhance our revenue management across all routes. To this end we have begun a technology revamp starting with the creation of a data warehouse. This means collecting customer details from every system that we use including the Passenger Service System and using this data to better understand our customer needs, which is integral to drive our Customer Experience strategy. Once the data warehouse is completed we will be in a better position to make more informed decisions and make more strategic use of our resources which is critical for an airline in the current highly competitive environment.

To support our new data focus, we are also investing in marketing and promotions to grow the brand presence and build loyalty.

NETWORK EXPANSION

Our vision is to connect the Caribbean by sharing more of it with our customers.

On April 14 2017, we started service to Argyle International Airport, St Vincent and the Grenadines – our 19th destination.

Caribbean Airlines was one of the first airlines to offer non-stop flights to the Argyle International Airport which also serves as an international gateway to the Grenadine Islands. On March 14th this year, we launched non-stop service between St. Vincent and New York, making it easier for our customers in the Eastern Caribbean to connect with the United States and vice-versa.

Flights to our 20th destination Cuba, began on January 13th, 2018 and the average load factor is 83% to date.

MARKETING

We also launched a campaign **"HELLO CARIBBEAN",** which highlights the uniqueness of all the destinations we serve. This campaign recently won several advertising awards. From the Caribbean Advertising Federation (CAF), which is the first leg towards competing at the American Advertising Awards or ADDYs, the world's largest advertising competition.

- On certain routes, customers now pay for all bags.
- Our focus on product development will continue with the introduction of ***"Caribbean Plus"***, an extra leg room product which represents another phase

of a shift in our commercial strategy from a traditional sales strategy to one which is geared toward the merchandizing of ancillary products as key drivers to revenue enhancement. This product is also the first phase of our fleet renewal and fleet modernization strategy, since in addition to the increased leg room, the aircraft will also be outfitted with new carpets and seat covers.

- The second phase of this product improvement involves introducing "on-board wi-fi" on the B737 fleet. We are in the final stage of selecting a solution that will enable us to provide wi-fi content to customers on their personal devices.

FLEET RENEWAL

With respect to the upgrade of the B737 fleet itself we have narrowed down our search to two jet options and will soon issue an RFI and an RFP thereafter.

TECHNOLOGY:

The airline's strategic direction is underpinned by technology and we have made major strides and cost savings in this regard. We will continue to focus on Technology to ensure that we drive effectiveness and efficiencies through business process automation. Technology will also support our delivering innovative communications and customer focused solutions.

Some quick wins in this area include:

- Insourcing the building and maintenance of our website, as we now have the competency base internally through the new human resources in our IT department. This insourcing will save a minimum of USD 11K per month.
- We now have the capability to undertake several other initiatives internally: so far, the total value of Capital savings is USD 100k, and this is expected to increase. These savings are linked to:
    - Flight updates on the website, which are now executed internally.
    - Commission calculation automation for the Cuba launch, which was done internally
    - Taking over the Amadeus Booking Engine CSS and change request costs, now done in house.
    - Navblue interfaces (an airline operations software) This rebuild was done internally

- An estimated USD 5K a month will be saved as we build a portal to facilitate in-house training courses for CAL University
  - A mobile Intranet application is currently being developed internally which will save USD9k per month
  - A specialised type of messaging known as TYPE B messaging is now being optimised in-house realising monthly savings of USD 60K
- Several other IT projects are in the pipeline, which will further reduce costs and enhance the customer experience. These include but are not limited to: the capability to track cargo and the development of a Cargo website which are both currently in progress.

CORPORATE SOCIAL RESPONSIBILITY:

The airline has a clearly defined Corporate Social Responsibility commitment which provides guiding principles and ensures that our activities are aligned to our vision**:** ***to achieve sustained profitability through becoming the preferred airline serving the Caribbean*****.**

2017 was a challenging year for the Caribbean with the passage of hurricanes Irma and Maria and as the leading carrier in the region, we provided relief flights to support our Caricom brothers and sisters. The total costs of these flights were around USD 85,000.

We recognize and take seriously our role as a socio-economic contributor to Trinidad and Tobago and the region and this commitment is reflected in our engagement with all our stakeholders.

Caribbean Airlines CSR initiatives include many projects involving the youth, aimed at exposing students at the primary and secondary school level to the critical role of Tourism and aviation to the development of Trinidad & Tobago as a country, and to the Caribbean region in general. Last year alone, we connected with well over 3,000 young people whose roles in the near future will be to ensure that the warmth and hospitality for which the Caribbean is well- known is maintained and enhanced.

AIR BRIDGE:

The domestic air bridge is a significant part of Caribbean Airlines' operations and the management team continues to treat it as a priority.

One of your recommendations included looking at the fare structure of the air bridge. You would be pleased to know that the airline did in fact ask the GORTT through our line Minister for a review of the fare and an adjustment of the subsidy, but, these were not approved. However, the GORTT did allow for the implementation of TT$50 change fee (one-way) in December 2017, to promote passenger behavioural change and discourage the hoarding of seats and indiscriminate no shows.

In terms of capacity on the air bridge:

For 2017, the total number of seats provided was **1,122,790**

- The total number of passengers carried: **962,459.** This is 13, 728 more than was carried in 2016.
- On Time Performance within 15 minutes: **73%**
- **t**he number of flights operated: **14,878**

For January and Feb 2018:

- The total number of seats provided: **172,426**
- The total number of passengers carried: **150,153**
- On Time Performance within 15 minutes: **85%**
- The number of flights operated: **2,413**

It is now a well-known fact that the airline is working closely with the Port Authority of Trinidad and Tobago, to ensure that inter-island commuters can travel successfully to and from Tobago, in the absence of sailings by the passenger ferry.

A LIAT wet lease now supports the operation on the air bridge and will do so until April 30 2018.

To date, Caribbean Airlines has operated around 150 additional flights on the air bridge to ensure that there is sufficient capacity for all, in addition to its core schedule.

We continue to closely manage the air bridge and confirm that we have met and continue to meet, demand expectations during peak periods including Easter, the Jazz Festival and other holiday weekends.

ATR FIRE WARNINGS

With respect to the fire-warning issue on the ATR aircraft, a complete blue-printing exercise was conducted on the ATR fleet by Skyways Technics. In addition, the airline engaged consultants at Embry Riddle Aeronautical University (AbM) who produced a comprehensive review of the situation. The recommendations of increased maintenance checks and changes in the aircraft approach configurations have led to an elimination of the fire warning issue. We are currently finalizing the details to ensure that we have a resolution that will not recur.

Also, our Maintenance and Engineering Department continues to execute a rigorous maintenance & engineering programme on our entire fleet, including C checks, resulting in our being able to save several hundred thousand per annum in foreign exchange as well as reducing the time that the aircraft is out of service. Doing the checks locally also allows us to base the checks on our operational requirements.

CLOSING:

Although, there is still much to be done, Caribbean Airlines is turning the corner and has put initiatives and continues to work on a star plan centered around:

- **enhancing the customer experience, through process optimization and a comprehensive review of the customer journey, supported by use of technology at all points.**
- **improving revenue generation**
- **managing and reducing costs and**
- **focusing on financial sustainability**

To realise these objectives, we are placing significant focus on our most important resource, our people, through:

- onboarding

- training and development
- succession and talent management
- creating a positive working environment and
- Performance management to incentivize and develop an outcome oriented culture

These processes will better enable the Management Team to create a culture of a profitability mindset, so that the airline remains sustainable for the future.

The development of this plan is underway, and we worked with the management teams and staff throughout the entire network to gather the relevant inputs. We will now work with these inputs and studies to create a transformation plan that will have the airline in a significantly improved position in the future.

Thank you for the opportunity to share these details with this Committee and the nation.

[End of Document]

Appendix IV

Attendance Register

ATTENDANCE REGISTER

2016/2017 Session, Eleventh Parliament

Name	21st Meeting 06.11.17	22nd Meeting 20.11.17	23rd Meeting 11.12.17	24th Meeting 29.01.18	25th Meeting 19.02.18	26th Meeting 26.02.18	27th Meeting 12.03.18	28th Meeting 26.03.18	29th Meeting 09.04.18	30th 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