PAC

PARLIAMENT

REPUBLIC OF TRINIDAD AND TOBAGO

TWENTY - FIRST REPORT OF THE

PUBLIC ACCOUNTS

COMMITTEE

FOURTH SESSION OF THE 11TH PARLIAMENT

Inquiry Examination of the Audited Financial Statements of the Chaguaramas Development Authority (CDA) for the financial years 2008 to 2014.

Public Accounts Committee[1]

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

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

Current membership

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

Committee Staff

The current staff members serving the Committee are:

Ms. Keiba Jacob	Secretary to the Committee
Ms. Hema Bhagaloo	Assistant Secretary to the Committee
Mr. Darien Buckmire	Graduate Research Assistant
Ms. Anesha James	Administrative Assistant

Publication

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

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

Email: pac@ttparliament.org

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Members of the Public Accounts Committee

ELEVENTH PARLIAMENT,

REPUBLIC OF TRINIDAD AND TOBAGO

Dr. Bhoendradatt Tewarie
Chairman

Mr. Taharqa Obika
Vice- Chairman

Mrs. Ayanna Webster-Roy
Member

Mr. Randall Mitchell
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Mrs. Paula Gopee-Scoon
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Dr. Lester Henry
Member

Mr. Adrian Leonce
Member

Mrs. Charrise Seepersad
Member

Executive Summary

The Public Accounts Committee (PAC) is the Parliamentary Financial Oversight Committee tasked with the responsibility of examining the Report of the Auditor General and Audited Accounts of Statutory Authorities and Bodies. The Committee presents its Twenty - First Report of the Eleventh Parliament which details is examination of **the Audited Accounts, Balance Sheets and other Financial Statements of *the Chaguaramas Development Authority (CDA) for the financial years 2008 to 2014*** and produced this report to highlight its findings and recommendations.

This report details the issues, endorsements and recommendations made by the Committee to improve CDA's performance. The issues identified in this report were found during the period under examination (2008 to 2014).

During this inquiry, the following issues arose:

- General issues relating to the performance of the CDA;
- The relationship between the CDA and other state entities;
- The role of the CDA in the development of leisure and recreational activities in Trinidad's North-Western Peninsula availability; and
- The challenges faced by the CDA in carrying out its duties.

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

- *The CDA should strengthen its internal accounting controls and processes to ensure the timely preparation and submission of Financial Statements to the Auditor General's Department (AGD) by the statutory deadline of January 31 in each year;*
- *The CDA should submit a report to the Parliament on the CDA's plans to reduce its total outstanding debt and the amount expected to be paid off as a result by February 28, 2019;*
- *The CDA should treat cost reduction/avoidance as an ongoing exercise to reduce the likelihood of backpedaling;*

- *The CDA should focus on the necessity of the expense by drawing an explicit connection to its organisational strategy. This should ensure that long-term value creation isn't damaged;*
- *The CDA should analyse the major categories of expenditure and develop targets based on regional benchmarks. This should give an idea on how aggressive the cost reduction should be;*
- *The CDA should actively pursue innovative strategies to expand its revenue stream to pay for the maintenance expenses, its day-to-day operations and capital projects;*
- *The CDA implement a standards checklist to its financial statement reporting process to help reduce the possibility of errors and omissions;*
- *The CDA should review trends in staff turnover, setting out a plan on how the shortage of personnel will be addressed over the next three months and provide the Committee with a plan by February 28, 2019 on how it plans to improve staff retention;*
- *CDA should take urgent steps to establish a proper Internal Audit Department to oversee its accounting function by February 28, 2019 and thereafter implement an effective Internal Audit function;*
- *The CDA should submit a report to the Parliament on all the withdrawals from this account including the purpose of the withdrawals and the persons who authorised the withdrawals by February 28, 2019;*
- *In addition to the valuations of property by the Commissioner of Valuations, if resources allow it, every three (3) to five (5) years, the CDA should conduct a comprehensive physical fixed assets verification exercise of all the fixed assets it owns to be at least up to date in its valuations;*
- *The CDA should include a market rent review clause in all its subsequent lease agreements. This would allow for changes to the rent payable which would reflect the true market value of the property/premises under the CDA's remit;*
- *The CDA should seek legal advice on how to extract rental payments from those tenants who have expired leases and those operating on properties by virtue of letters of offer;*

- *The Committee endorses the CDA's position on maintaining partnerships with the MoT with regards to rejuvenating, sustaining and marketing tourism activities in the Chaguaramas peninsula and requests the submission of a status report on this partnership by February 28, 2019;*
- *The CDA should ensure that in future, all transactions be supported by reliable and relevant documentation to provide indisputable evidence of agreements between Contractors, serviced providers, tenants and the Authority; and*
- *The CDA should continue its efforts to collect outstanding funds, including accounts receivables and rental incomes from all its state tenants.*

Introduction

Establishment

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

Mandate

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

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

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

Ministerial Response

The Standing Orders[3] provide for the Minister responsible for the Ministry or Body under review to submit within sixty (60) days a paper to the House responding to any recommendations or comments contained in the Report which are addressed to it.

Election of the Chairman and Vice Chairman

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

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

Establishment of Quorum

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

Determination of the Committee's Work Programme

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

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

The Inquiry Process

The Inquiry Process outlines steps taken by the Committee when discussing the findings in the Audited Financial Statements and Management Letters of the CDA for the financial years 2008 to 2014. The Inquiry Process agreed to by the PAC included the following steps:

I. Identification of issues in the Audited Financial Statements and Management Letters of the CDA for the financial years 2008 to 2014;

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

III. Questions for written responses were forwarded to the CDA on April 17, 2018 and responses received on June 6, 2018.

IV. A public hearing was conducted and the relevant witnesses were invited to attend and provide evidence on June 27, 2018.

V. Questions for additional responses were sent to the CDA on June 28, 2018 and were received on August 31, 2018.

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

Chaguaramas Development Authority (CDA) Profile[4]

Background: Chaguaramas Development Authority

The Authority is a Government Agency governed by the CDA Act No. 37 of 1972. Its principal function is the development of the North-West Peninsula in accordance with a development plan and development order. And, to ensure that such development is carried out in conformity with the requirements of the Town and Country Planning Act. The Authority's registered office is situated at Airway Road, Chaguaramas, Trinidad and Tobago.

Vision

To be the premier provider of the ultimate customer experience in a world-class, ecotourism destination, business and entertainment centre.

This Vision speaks to where the CDA sees itself in the future as a first-class provider of customer service by providing a wide array of product offerings to a wide market segment.

Mission

To provide exceptional customer experience through eco-friendly business, recreational facilities & services; utilizing a sustainable business model built on good governance, continuous learning, and employee development.

The CDA intends to achieve its vision by facilitating eco-friendly business, recreational facilities, and services. This will be achieved using a sustainable business model that is transparent and based on sound business practices and ethics. Our operations will be conducted in a learning environment that facilitates employee development.

Core Values

The establishment of core values governs the CDA's operations and relationships in the conduct of its business. These Core Values lead to a highly functional organisation in terms of its corporate culture, work ethic and the building of strong relationships with its stakeholders.

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[4] http://www.chaguaramas.com/index.php/about-cda/about-us/vision-mission-and-core-values 07/Aug/18

They will guide all employees in the conduct of business and day to day dealings with each other and stakeholders. These core values which govern CDA's activities and decisions are;

Service Excellence: Going the extra mile

Professionalism: The Character of employees

Team Work: Creating synergies

Respect: For each other's ideals & feelings

Innovation: Creative thinking

Leadership & Inspiration: Inspiring positive change & leading from front

Responsible Governance: Transparency & Accountability

Members of the Board of Directors

- Narine Lutchmedial (Chairman)
- Deborah Cheesman (Deputy)
- Wendy Inniss-Demas
- Juliet Roberts-Antoine
- Robert Cezair
- Annabelle Sooklal
- Bliss Seepersad
- Denise Dummett

Senior Management at the Chaguaramas Development Authority

- Deowattee Dilraj - Batoosingh - Ag. General Manager / Head Revenue Optimization and Land Development
- Peter Campbell Manager - National Park and Customer Services
- Karen Clark-Rowley - Corporate Communications Manager
- Lamaria Pierre - Golf Course Manager
- Tricia Dyer - Manager Legal Services and Lease Revenues / Corporate Secretary (Ag.)
- Susan Russell - Edwards - Manager Human Resources and Administration
- Simon Lendore - Superintendent of Police

Line Ministry

Ministry of Planning and Development

Accounting Officer

Permanent Secretary: Ms. Joanne Deoraj

Background: Auditor General

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

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

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

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

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

Also, Section 29(2) of the Chaguaramas Development Authority Act, Chapter 35.02 requires the Auditor General or a qualified auditor appointed by the Auditor General, to audit the accounts of the Authority.

Auditor General - Mr. Majeed Ali

Issues and Recommendations

During the examination of the Audited Financial Statements of the CDA for the financial year 2008 to 2014, the following issues were identified and recommendations proposed:

1. Status of Outstanding Financial Statements

There was a lack of accountability to Parliament for the utilization of public funds by CDA, due to its failure to submit audited financial statements for scrutiny in accordance with the Exchequer and Audit Act's stipulated four (4) month period. The CDA contracted an external consultant to assist in the timely preparation and completion of all the outstanding financial statements and at the time of the public hearing, the audited financial statements for 2015 were in the process of being reviewed by Management. Officials from the CDA expected the 2015 financial statements to be completed by October 2018 and anticipated that the financial statements for 2016 and 2017 would be completed six months thereafter of each period. Essentially, the CDA expected that within eighteen months, the financial statements would be up to date. In preparation of the 2015 financial statement audit, officials from the CDA indicated that they would address all the shortcomings identified by the Auditor General in 2008 – 2014 reports by making adjusting where necessary so issues don't reoccur.

Recommendations:

- ***The CDA should strengthen its internal accounting controls and processes to ensure the timely preparation and submission of Financial Statements to the Auditor General's Department (AGD) by the statutory deadline of January 31 in each year;***
- ***The CDA should include the timely submission of financial statements for auditing as a performance standards for the officer responsible for the preparation of financial statements; and***
- ***The CDA should submit a report to the Parliament on the initiatives undertaken to address the weakness in the financial reporting system by February 28, 2019.***

2. CDA's Outstanding Debt Situation

The CDA's total debt was an estimated $109,007,607.35. Officials from the CDA stated that some of its debt was amounts payable to service providers, some of which have not been paid since 2013. Of the total debt owed, approximately $16million was attributed to litigation matters that were filed against the CDA from contractors and service providers. The $16million constituted the approximate cost associated for the damages incurred in those matters. Also mentioned was that most of the debt was actually arrears of debt owed to CDA's own employees which also included pension arrears. Due to CDA's large debt, a special team was formed with the responsibility for conducting an intensive collection drive to recover the debts outstanding from lease tenants in an attempt to acquire funds to pay creditors. To ensure that the CDA's creditors received what was due to them, the Authority began negotiating payment plans with all its contractors. The measures that were instituted to ensure the debt collection drive for rent was effective included:

a) A rental status report was updated on a regular basis (2 to 3 times per week) by the Finance and Audit Department;
b) The rental status report was submitted to the Senior Compliance Officer, who is the lead in rental collection, for an assessment of payments received;
c) Most tenants were required to pay rent at the beginning of the month. Thus tenants whose rent remained outstanding after the due date were contacted by the Senior Compliance Officer to request urgent payment;
d) After, demand letters were issued to errant tenants, a strict tracking of payment of rent with respect to those tenants was conducted by the Compliance Department and a report was submitted;
e) Should the tenant not comply, at all, with the demand letter, a recommendation was submitted to the Board to seek approval to proceed to either re-enter the premises, forfeit the lease or to commence action in the Court to recover the arrears. Such recommendation was made no later than two (2) months if the tenant shows no indication of making good on rental arrears.

Recommendations:

- ***CDA should submit a report to the Parliament on the CDA's plans to reduce its total outstanding debt and the amount expected to be paid off as a result by February 28, 2019; and***

- ***CDA should submit a report to Parliament on the outcome of the initiatives for the collection of outstanding rent***

3. Cost Reduction Initiatives

While the CDA is capable of generating its revenue to some extent in relation to its ability to meet its operational costs, when particular debt payments are due, fulfilling the Authority's operational costs becomes a challenge. Officials from the CDA noted that while there was an overdraft facility, over the last year, it was underutilised because the CDA was able to meet its operational cost for the most part. With the CDA being obligated to pay off its debt, cost reduction reviews were initiated. In submissions to the Committee, the reviews revealed wastages and overspending in various areas. As a result, the Board sought immediate reductions and instructed that expenditure be cut throughout the organisation. These cost reduction initiatives contributed to:

i. Salaries and Salary Related Costs seeing a 15% reduction:
ii. Costs for Consultancy and Contract Services being reduced by 76%;
iii. Overtime costs reduced by 82%;
iv. Maintenance expenses being reduced by 91%;
v. Public relations cost reduced by 100%.
vi. Legal fees were reduced by 86%; and
vii. Sanitation and disposal costs reduced by 23%.

A review of all utility related operational costs was also conducted and this resulted in savings for the organisation with TTEC, TSTT and Insurance Companies. From these reviews, CDA discovered that they were being billed for services that were underutilized or in some cases, no longer required. An audit with WASA was also near completion and discussions were held with Columbus Communications (Flow) to further reduce the CDA's overall cost. Also noted in the submissions was that the outright purchase of rental vehicles resulted in a one (1) million cost saving. Finally, CDA indicated that all employees were encouraged to help reduce operating expenditure by turning off all electronic devices (lights, computers and air conditioning units) at the end of each work day and by reducing the printing, photocopying and personal calls.

Endorsement:

- ***The Committee endorses the cost reduction initiatives implemented by the CDA. ;***

Recommendations:

- ***The CDA should treat cost reduction/avoidance as an ongoing exercise to reduce the likelihood of backpedaling***
- ***The CDA should focus on the necessity of the expense by drawing an explicit connection to its organisational strategy. This should ensure that long-term value creation isn't damaged; and***
- ***The CDA should also analyse the major categories of expenditure and develop targets based on regional benchmarks. This should give an idea on how aggressive the cost reduction should be.***

4. Achieving Financial Self-Sufficiency

Amongst the series of measures and targets set out in the CDA's Strategic Plan, achieving financial self-sufficiency was one of the major areas of focus. To increase the CDA's chances of financial self-sufficiency, the CDA began implementing strategic projects geared towards:

a) Increasing Revenue from Existing Business;
b) Improving Financial Performance; and
c) Reducing Operating Costs.

With the implementation of these initiatives, the CDA's target goal was to increase revenue from $33M to $37M by the fourth quarter of the financial year 2019-20 whilst also reducing operating costs by 40% by 2020. Since the initiation of the action plans to achieve the aforementioned goals of the organization, CDA indicated that notable improvements in achieving financial self-sufficiency were observed when comparatives were drawn against preceding periods.

Recommendations:

- ***The CDA should actively pursue innovative strategies to expand its revenue stream to pay for the maintenance expenses, its day-to-day operations and capital projects;***
- ***The CDA should actively engage stakeholders to expand its customer base in a cost effective manner; and***

- ***The CDA should submit a report on the initiatives taken to ensure that total revenues sufficiently cover its total expenditure and provide a status update on the percentage increase of its revenue from the initiatives taken to expand its revenue stream to Parliament by February 28, 2019.***

5. Non-adherence to International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and the CDA Act.

The Management Letters from the Auditor General identified numerous instances where there were non-adherence to IFRS, (IAS) and the CDA Act. For example, a motor vehicle which was involved in an accident in February 2014 remained non-operational to date. No impairment review has been done in accordance with IAS 36.9 which states: "At the end of each reporting period, an entity is required to assess whether there is any indication that an asset may be impaired (i.e. its carrying amount may be higher than its recoverable amount)..." Also, it was observed that there were instances where the Act was not adhered to such as Section 10 of the Act states that "The Authority shall within a period of three years of its establishment, by rules confirmed by the Minister, provide for the establishment and maintenance of a Pension Scheme for the benefit of the officers and employees of the Authority and officers transferred to it or transferred on secondment." The AGD indicated that a Pension Scheme was not established during the period audited. Officials from the CDA also indicated that inaccuracies noted in the financial statements were as a result of errors made by accounting personnel employed with the organization at the time.

However steps were taken to address accounting deficiencies identified in the financial statements, such as:

- reviewing the financial policies and procedures manual; and
- implementing internal controls that ensured the adherence to all the international accounting standards.

The CDA assured the Committee that all deficiencies would be addressed and control mechanisms updated within the next six months (December 2018).

Recommendations:

- ***The CDA also implement a standards checklist to its financial statement reporting process to help reduce the possibility of errors and omissions; and***
- ***The CDA should, by February 28, 2019, review the Accounting Department's financial reporting process to ensure that it complies with IFRS, IAS and the CDA Act.***

6. Lack of Human Resources (HR) and High Employee Turnover in Certain Key Departments

Generally, human resources refers to the skilled and competent individuals who make up the workforce of an organization. The CDA has been plagued by insufficient human resources and high employee turnover no more so than in its Finance and Accounting Departments. Factors that may have contributed to the limited human resources identified by the CDA included:

i. Resignations;
ii. A lack of succession planning and cross functional team/teams. Employees were previously not mentored and or coached to move to the next higher position or become multi skilled in order to function in other areas; and
iii. A lack of training and development, employees lack the skills and learning to perform at the maximum.

The reasons for high employee turnover as expressed in the exit interviews conducted by the CDA revealed that:

i. Resources to conduct the job were not available;
ii. Dissatisfaction with avenues for conflict resolution;
iii. Persons lacked the (competencies) to carry out the functions; and
iv. Alternative job opportunities

The CDA disclosed that following a review of its human resources, the HR department prepared a Competency Gap Analysis. Thereafter a Training Plan was developed from the analysis and training commenced. Subsequently, in March 2017, the Board approved the scheduling of Manpower Audit. The Consultant (Eastman and Associates Ltd) submitted its report in June 2017 and thereafter, the Board agreed in August 2017 to proceed with the implementation of the recommendations which is still in progress to date.

Recommendations:

- ***The CDA should review trends in staff turnover, setting out a plan on how the shortage of personnel will be addressed over the next three months and provide the Committee with a plan by February 28, 2019 on how it plans to improve staff retention;***
- ***The CDA should develop a succession plan so that the Authority's departments and units will continue to run smoothly when experienced employees move on to new opportunities or retire; and***
- ***The CDA should submit a status update on the filling of the vacant positions in the Finance and Accounting Departments to the Committee by February 28, 2019.***

7. Absence of Internal Audit Function

From the Manpower Audit conducted by Eastman and Associated Ltd in 2017, no evidence of an Audit Plan was seen to show that operational audits or Electronic Data Processing audits were being conducted at the CDA. This led to many operational problems not being addressed, such as, low departmental efficiencies, non-utilization of software modules paid for by the Authority, and abuse of overtime. Officials from the CDA informed the Committee that there was no Internal Audit Unit at the Authority despite having one in place during the period under review (2008 to 2014). During the 2012/2013 audits, when the Auditors' concerns were divulged, the Ministry of Planning and Development (MPD) took note of this weakness at the Authority. To help alleviate the problems at the CDA, MPD provided its own internal audit services in an attempt to introduce better practices in accordance with the Exchequer and Audit Act. The hope was for the new practices to effect substantive changes in subsequent financial statements and accounts. While there was no dedicated Internal Audit Unit at the time, the MPD began implementing capacity building mechanisms at the CDA to help boost staff competency. Officials from the MPD indicated that this process would be repeated with the accounting unit at the CDA as a matter of urgency before the end of the year.

Recommendations:

- **CDA should take urgent steps to establish a proper Internal Audit Department to oversee its accounting function by February 28, 2019;**

- **CDA should take urgent steps thereafter to implement an effective Internal Audit function;**
- **The Audit Committee of the Board should immediately increase its monitoring capacity over the internal controls and Internal Audit functions of the CDA;**
- **CDA should immediately develop a new internal audit policy which would clearly outline targets, goals and standards in order to improve the efficiency of the Internal Audit function; and**
- **CDA should urgently establish key performance indicators in order to measure the Authority's Internal Audit Performance.**

8. Status of funds in US Dollar Account

The Auditor General's Department indicated that during its audit of the CDA, it was unable to acquire any source documents that related to a US dollar account opened in 2011/2012 at First Citizens Bank (FCB). Officials at the CDA indicated that the account was opened and funds were placed in the account as part of a lease arrangement where the tenant paid in US and was currently being investigated to find out where the funds from the account have since gone. Furthermore, it was stated that the account was opened with approximately US$1.45 million but had approximately US$763.82 as at June 6, 2018. In subsequent information submitted to the Committee, total withdrawals as at September 19, 2014 totalled US$644,317.21. Taking into consideration that the account was opened with US$1,449,830.41 and presently had US$ 763.82, there was approximately US$804,749.38 unaccounted for.

Recommendation:

- ***The CDA should submit a report to the Parliament on all the withdrawals from this account including the purpose of the withdrawals and the persons who authorised the withdrawals by February 28, 2019.***

9. Valuation Exercise for Property Plant and Equipment

The last revaluation of the Authority's property, plant and equipment was conducted in 1991 which is twenty three (23) years prior to this reporting period under review which is in contravention of IAS 16. International Accounting Standards 16, Property, Plant and Equipment requires that: “Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.” As such, the figures in the 2008 to 2014 financial statements may not be the fair value of the Authority's property, plant and equipment. The Authority's Accounting Policies and Procedure Manual stipulates that an independent professional market valuation should be obtained before figures are reported in the end of year accounts. While a valuation exercise would allow the CDA’s records and accounts to show a true and accurate reflection of the CDA’s assets, the Authority doesn’t have the sufficient finances readily available to conduct such an exercise. In the interim, CDA communicated in writing on August 28, 2018 to the Ministry of Finance - Valuation Division’s requesting a meeting to discuss the way forward on the matter. However, the Commissioner of Valuations advised the CDA that due to the vast number of properties and items to be valued, the process would take at least six (6) months to complete. Officials from the CDA indicated that historically, when interest was received for a particular parcel of property under its remit, an independent valuation would be done for that parcel of property. The CDA’s leasing policy dictates that rents be determined by property valuation.

Recommendations:

- ***In addition to the valuations of property by the Commissioner of Valuations, if resources allow it, every three (3) to five (5) years, the CDA should conduct a comprehensive physical fixed assets verification exercise of all the fixed assets it owns to be at least up to date in its valuations;***
- ***During the year, spot-checks should be conducted on selected assets or classifications of assets, and any differences, promptly investigated; and***
- ***The Ministry of Finance through its Valuation Division should prioritise the execution of the revaluation exercise at the CDA.***

10. Low Lease Rental Payments

The CDA stated that with the completion of long outstanding rent reviews for nine (9) tenants during the period 2016-2017, rental income from those tenants increased by 66%. The CDA has approximately one hundred and fifteen (115) tenants. Of this total, some have been holding leases which expired some time ago while others have been on their properties by virtue of letters of offer which haven't produced any kind of benefit for the CDA. Officials from the CDA indicated that while some of its highest earning leases paid as much as $300,000 per month, some tenants were paying a nominal rent of $100. It was indicated that these nominal payments of $100 were from lease arrangements made thirty years ago which didn't allow for the undertaking of periodic rent reviews at the time of signing. The CDA's lease regularization process involved examining all leases to determine whether there was compliance with leases and whether the rental value may require adjustments.

Recommendations:

- ***The CDA should include a market rent review clause in all its subsequent lease agreements. This would allow for changes to the rent payable which would reflect the true market value of the property/premises under the CDA's remit; and***
- ***The CDA should also seek legal advice on how to extract rental payments from those tenants who have expired leases and those operating on properties by virtue of letters of offer.***

11. Establishment of an Internal Tourism Specific Unit

The CDA offers a wide array of services that can be either categorized as resort/leisure-centred services or commercial/ industrial services. Officials from the CDA indicated that while the organisation had different departments which covered all the activities on the peninsula, they were not separated into leisure or commercial services. It was further stated that due to the limited resources available to the CDA, it is unable to have a unit purely dedicated to the promotion and administration of resort/leisure-centred-type services. While having a Tourism specific unit was definitely needed, officials from the CDA proposed having partnerships with the Ministry of Tourism (MoT) where the Ministry could market the peninsula to international tourists by advertising the marinas, the National Park, the caves and Down the Islands.

Endorsement/Recommendation

- ***The Committee endorses the CDA's position on maintaining partnerships with the MoT with regards to rejuvenating, sustaining and marketing tourism activities in the***

Chaguaramas peninsula and requests the submission of a status report on this partnership by February 28, 2019.

12. Documents not Produced for Audit

The Authority was not able to locate all the documents requested by Auditor General but was able to provide some of the supports. Limitations in CDA's storage capabilities directly affected its ability to provide the required documents for audit examination. Specifically, documents were either misfiled or misplaced. Currently, the CDA is guided by the following policies in relation to the filing and placement of supporting documents:

i. Records Management Policy
ii. Records Retention and Deposition Policy
iii. Records Management procedure

The CDA disclosed that in order to reduce those errors, it will conduct a Document Management exercise to review and revise its existing record keeping policies as well as its Accounting Policies and Procedures Manual. The aim is to implement systems that will allow for the proper filing, storage and retrieval of supporting documents both physically and electronically.

Recommendations:

- ***The CDA should ensure that in future, all transactions be supported by reliable and relevant documentation to provide indisputable evidence of agreements between Contractors, serviced providers, tenants and the Authority; and***
- ***The CDA should take urgent steps to ensure that a computerized document management system for storage and a filing system is implemented in a timely manner and provide a status update on the initiatives taken to ensure that such a system is implemented by February 28, 2019.***

13. Inability to Recover Rental Arrears from all State Tenants

Since the CDA’s implementation of its collection drive, the Authority was able to collect on average 96% of the current rental income monthly from State tenants. Efforts to collect rental arrears from these tenants included writing the tenants and their respective Permanent

Secretaries. The total sum owed by State tenants as at July 13, 2018 amounted to $12,332,103.00. The CDA disclosed that some of the reasons for the non-recovery of rental income from state tenants included:

i. Dispute of the amount of rent owed (Reconciliation ongoing)
ii. Age of debt (possibly statute barred)
iii. Tenant no longer occupies the property (transferred to Legal)
iv. Tenant no longer exists (Legal to advise and Board to approve write-offs)
v. Failed promises to pay
vi. Tenants complain that they have an inability to pay because of their own financial constraints
vii. Policy to not commence legal action against another state entity for recovery of rental arrears

Recommendation:

- ***The CDA should continue its efforts to collect outstanding funds, including accounts receivables and rental incomes from all its state tenants.***

Concluding Remarks

It may be reasonable to conclude that the CDA's difficulties with effectively overseeing tourism activities in Trinidad's north-west peninsula are a result of its operational shortcomings. This is not an issue unique to the CDA because regrettably, this Committee is aware of other statutory bodies who possess self-sufficiency capabilities but are unable to capitalize on it due to being plagued by myriad of operational deficiencies. This is quite unfortunate because Trinidad's north-west peninsula has often been regarded as an area with a substantial amount of space to accommodate and host multiple leisure and recreational activities simultaneously if needed. In this regard, the Committee is of the view that the CDA requires additional support from not only the Ministry of Planning and Development but also the Ministry of Tourism and or relevant tourism management stakeholders/agencies in order to do the work of tourism promotion and destination management effectively.

Furthermore, the Committee is concerned that although the CDA is contractually obligated to maintain the terms and conditions of its existent lease agreements, the lack of rent reviews clauses in the leases prior to 2010 was quite worrisome. The fact that there were lessors paying nominal payments of $100 because that was the value agreed thirty (30) years ago while other lessors were paying as much as $300,000 was very astounding. The Committee did note that while the larger monthly payments were for commercial/industrial activities, $100 was still deemed below market valuations. The peeper corn rents which offer doubtful value to the peninsula, the CDA or the economy need to be reviewed and revised upwards and brought in line with current property and commercial sales.

The issue of the First Citizens US dollar account has to be clarified because does it represent an abuse of power, maladministration and fiduciary irresponsibility or can the facts related to this account be rationally explained. The CDA must clarify and give clear facts on this matter by February 28, 2019.

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

Sgd.
Dr. Bhoendradatt Tewarie
Chairman

Sgd.
Mr. Taharqa Obika
Vice - Chairman

Sgd.
Mrs. Ayanna Webster-Roy
Member

Sgd.
Mr Randall Mitchell
Member

Sgd.
Mr. Adrian Leonce
Member

Sgd.
Mrs. Paula Gopee-Scoon
Member

Sgd.
Dr. Lester Henry
Member

Sgd.
Mrs. Charrise Seepersad
Member

Appendix I

Witnesses

At the meeting held on Wednesday June 27, 2018, the witnesses attending on behalf of the Chaguaramas Development Authority, the Ministry of Planning and Development and Auditor General's Department were:

Chaguaramas Development Authority (CDA)

- Mr. Robert Cezair - Board Member
- Ms. Wendy Inniss- Demas - Board Member
- Mrs. Deowattee Dilraj-Batoosingh - General Manager (Ag.)
- Mr. Wayne Lewis - Financial Consultant

Ministry of Planning and Development

- Ms. Joanne Deoraj - Permanent Secretary
- Ms. Melanie Noel - Director Human Resources
- Ms. Indra Jaikaran - Auditor II
- Mrs. Jacqueline Weekes-Penco - Director Planning Unit
- Ms. Andrea Julien - Senior State Counsel

Auditor General's Department (AGD)

- Mr. Shiva Sinanan - Assistant Auditor General
- Mr. Riaz Ali - Assistant Audit Director
- Ms. Cyntra Neemarcharan - Assistant Audit Director

**THE PUBLIC ACCOUNTS COMMITTEE –
THIRD SESSION, ELEVENTH PARLIAMENT
MINUTES OF THE TWENTY- EIGHTH MEETING HELD ON WEDNESDAY, JUNE 27, 2018 AT 10:08 A.M.
IN THE ARNOLD THOMASOS (EAST)MEETING ROOM, LEVEL 6, AND IN THE J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR, OFFICE OF THE PARLIAMENT, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT-OF-SPAIN.**

Present were:

Dr. Bhoendradatt Tewarie	-	Chairman
Mr. Taharqa Obika	-	Vice - Chairman
Dr. Lester Henry	-	Member
Mr. Randall Mitchell	-	Member
Mr. Adrian Leonce	-	Member
Ms. Keiba Jacob	-	Secretary
Mr. Darien Buckmire	-	Research Assistant

Excused were:

Mrs. Paula Gopee-Scoon	-	Member
Mrs. Ayanna Webster-Roy	-	Member
Ms. Melissa Ramkissoon	-	Member

COMMENCEMENT

1.1 At 10:08 a.m. the Chairman called the meeting to order and welcomed those present. Mrs. Paula Gopee-Scoon, Mrs. Ayanna Webster-Roy and Ms. Melissa Ramkissoon, were excused from the Meeting.

THE EXAMINATION OF THE MINUTES OF THE TWENTY-SEVENTH MEETING

2.1 The Committee examined the Minutes of the Twenty-Seventh (27th) Meeting held on Wednesday June 27, 2018.

2.2 There being no omissions or corrections, the Minutes were confirmed on a motion moved by Mr. Taharqa Obika and seconded by Mr. Adrian Leonce.

MATTERS ARISING FROM THE MINUTES OF THE TWENTY-SEVENTH MEETING

3.1 As per item 4.1, the Chairman informed the Members that the Ministerial Responses received from the Ministry of Finance with specific reference to the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Years 2014, 2015 and 2016 were email to the Members on Monday June 18, 2018.

3.2 As per item 5.1, the Chairman informed the Members that draft Seventeenth and Eighteenth Reports of the Committee were circulated for the Committee's consideration on Monday June 18, 2018.

CONSIDERATION OF DRAFT REPORTS

4.1 The Committee adopted the Draft Seventeenth and Eighteenth Reports and agreed to the following:

- The Reports be presented at the next Sitting of the House of Representatives and Senate; and
- Dr. Bhoendradatt Tewarie and Mr. Taharqa Obika will present the Reports in the House of Representative and Senate, respectively.

PRE-HEARING DISCUSSION RE: CHAGUARAMAS DEVELOPMENT AUTHORITY (CDA)

5.1 Dr. Bhoendradatt Tewarie declared his interest as the Minister of Planning and Development during the period 2011 to 2015. After some discussions, the Committee agreed that Dr. Tewarie can participate.

5.2 The Committee agreed on the focus of the meeting which were the concerns raised in the Report of the Auditor General of the Republic of Trinidad and Tobago on the Financial Statements of the Chaguaramas Development Authority (CDA) for the years 2008 to 2014.

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

5.4 There being no further business for discussion *in camera*, the Chairman suspended the meeting at 10:26 a.m.

EXAMINATION OF THE CHAGUARAMAS DEVELOPMENT AUTHORITY (CDA)

6.1 The Chairman called the public meeting to order at 10:35 a.m.

6.2 The Chairman welcomed officials from the Auditor General's Department (AGD), the Ministry of Planning and Development, the Chaguaramas Development Authority (CDA), members of the media and the public to the Twenty- Eighth (28th) meeting with the PAC and introductions were exchanged.

6.3 The following officials joined the meeting:

Chaguaramas Development Authority (CDA)

• Mr. Robert Cezair	-	Board Member
• Ms. Wendy Inniss- Demas	-	Board Member
• Mrs. Deowattee Dilraj-Batoosingh	-	General Manager (Ag.)
• Mr. Wayne Lewis	-	Financial Consultant

Ministry of Planning and Development

• Ms. Joanne Deoraj	-	Permanent Secretary
• Ms. Melanie Noel	-	Director Human Resources
• Ms. Indra Jaikaran	-	Auditor II
• Mrs. Jacqueline Weekes-Penco	-	Director Planning Unit
• Ms. Andrea Julien	-	Senior State Counsel

Auditor General's Department (AGD)

• Mr. Shiva Sinanan	-	Assistant Auditor General
• Mr. Riaz Ali	-	Assistant Audit Director
• Ms. Cyntra Neemarcharan	-	Assistant Audit Director

6.4 Key Topics Discussed:

1. The status of the CDA's outstanding financial statements;
2. The status and the composition of debt owed by the CDA;
3. The strategies in place to manage debt and improve the sustainability of the CDA;
4. The measures in place to reduce operational cost;
5. The proposed establishment of the Chaguaramas peninsula as a National Park;
6. The new infrastructural works conducted to improve Chaguaramas' attractiveness;
7. The costs incurred to rebrand Chaguaramas as a leisure and commercial destination;
8. The strategies in place to enhance tourism and commercial services and activities;
9. The prospect of the creation of a Tourism Unit to handle all leisure activities and recreational sites at the CDA;
10. The status of the CDA's rent receivables and collection initiatives implemented as of June 2018;
11. The sanctions in place to address outstanding rent payments;
12. The absence of a formal rent settlement policy at the CDA;
13. The CDA's desired business model;
14. The strategies in place to increase accommodation across the Chaguaramas peninsula;
15. The number of lessees and the number entered into for the years 2015 to 2018;
16. The highest and lowest lease rental payments per month;
17. The non-adherence to the International Accounting Standards (IAS);
18. The role of the Ministry of Planning and Development in addressing the CDA's lack of an internal audit Unit and function and the non-adherence to the (IAS);

19. The pervasive weaknesses in the CDA's financial management process and the steps taken to address this issue;
20. The reasons an asset revaluation exercise has not been conducted since 1991;
21. The percentage of CDA's debt for litigation cases;
22. The reasons for the use of recurrent expenditure for developmental projects;
23. The reason for the opening of a US dollar account and the status of the funds deposited into this account;
24. The reasons for the fluctuations in the revenue for the years 2008 to 2014;
25. The CDA's submission of Board minutes to the Ministry of Planning and Development;
26. The non-receipt of government subventions by the CDA;
27. The role of the Ministry of Planning and Development in the provision of oversight for projects managed by the CDA;
28. The CDA's approach to increasing industrial lease tenancy;
29. The prospect of the CDA income generation from tenants who own/operate marinas;
30. The business activities expected from the three leases entered into for the years 2015 to 2018 by the CDA ;
31. The measures in place to strengthen the CDA's procurement strategies; and
32. The CDA's approach towards strengthening partnerships and customer relations.

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

6.5 The Committee agreed to send additional questions to the CDA for written submission. [**Please see Appendix 1**]

6.6 The Chairman thanked the representatives from the Auditor General's Department, Ministry of Planning and Development, CDA, members of the media, the public and the Members of the Committee for their attendance.

ADJOURNMENT

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

We certify that these Minutes are true and correct.

CHAIRMAN

SECRETARY

June 27, 2018

VERBATIM NOTES OF THE TWENTY-EIGHTH MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD IN THE J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR (IN PUBLIC) TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN, ON WEDNESDAY, JUNE 27, 2018, AT 10.35 A.M.

PRESENT

Dr. Bhoendradatt Tewarie	Chairman
Mr. Taharqa Obika	Vice Chairman
Mr. Adrian Leonce	Member
Mr. Randall Mitchell	Member
Ms. Keiba Jacob	Secretary
Ms. Hema Bhagaloo	Assistant Secretary
Mr. Darien Buckmire	Research Assistant

ABSENT

Dr. Lester Henry	Member
Ms. Melissa Ramkissoon	Member
Mrs. Ayanna Webster-Roy	Member
Mrs. Paula Gopee-Scoon	Member

AUDITOR GENERAL'S DEPARTMENT

Mr. Shiva Sinanan	Asst. Auditor General
Mr. Riaz Ali	Asst. Audit Director
Ms. Cyntra Neemarcharan	Asst. Audit Director

MINISTRY OF PLANNING AND DEVELOPMENT

Ms. Joanne Deoraj	Permanent Secretary
Ms. Melanie Noel	Dir. Human Resources
Mrs. Indra Singh-Jaikaran	Auditor II
Mrs. Jacqueline Weekes-Penco	Director, Planning Unit
Ms. Andrea Julien	Senior State Counsel

CHAGUARAMAS DEVELOPMENT AUTHORITY

Mr. Robert Cezair	Board Member
Ms. Wendy Inniss-Demas	Board Member
Mrs. Deowattee Dilraj-Batoosingh	General Manager (Ag.)
Mr. Wayne Lewis	Financial Consultant

Mr. Chairman: Good morning to each and every one of you. I want to welcome the members of the Auditor General's Department, the representatives of the Ministry of Planning and Development, the Chaguaramas Development Authority, the members in the public gallery and, very importantly, members of the media.

My name is Bhoendradatt Tewarie. I am the chair of the Committee. The purpose of this meeting of the Public Accounts Committee is to examine the report of the Auditor General of the Republic of Trinidad and Tobago on the financial statements of the Chaguaramas Development Authority for the years 2008/2014. The Committee is desirous of hearing the challenges being faced by the key stakeholders at the Chaguaramas Development Authority (CDA) in an attempt to determine some of the possible solutions to whatever these challenges might be. The role of the Committee is to help the CDA improve its delivery of services in an efficient, effective and economic manner.

This meeting is being held in public and is being broadcast live on the Parliament's Channel 11 and Radio 105.5 FM and the Parliament's YouTube Channel, *ParlView*. Viewers and listeners can send their comments related to today's topic via email, *parl101@ttparliament.org*, *facebook.com/ttparliament* and *twitter @ttparliament*.

Before I proceed, I want to indicate and declare my interest in this matter. Part of the period that is covered here, 2012 to 2014, are years during which, in my capacity as Minister of Planning and Sustainable Development, the CDA fell under my charge. So three of the reports would be related to the period in which I served. I raised this matter in the prehearing with my Committee and indicated that I would be prepared to recuse myself or to declare my interest here, and the Committee agreed that I should proceed to declare my interest and proceed with the meeting. So I state that at the beginning.

This will be conducted as any other meeting and we will do it with the greatest of objectivity and fairness, and the objective is always to take a developmental role and a corrective stance in terms of ensuring that the entity that we are examining is better off when they leave this meeting and, secondly, that they will be better advised in proceeding with their business as they go forward.

I will ask my other colleagues on the panel to introduce themselves. And there are just three of us this morning. We may be joined by other members of the Committee later. And after that I will ask the members representing the Ministry of Planning and Development and also the CDA to introduce themselves, and then I will ask the Auditor General's team to introduce themselves and then we will ask the Permanent Secretary and the Chairman of the CDA to make short statements, and we will begin the questioning. Okay?

Introductions made.

Mr. Chairman: Is there any reason why your chair is not here?

Mr. Cezair: Well, I believe the invitation asked for senior officials, so we are representing the CDA.

Mr. Chairman: Okay. All right. The Secretary has just advised that an invitation was sent to the

Chair. So could I ask the Auditor General's—

Introductions made.

Mr. Chairman: We will proceed now, Permanent Secretary, you will make a statement and you will make a statement of behalf of the board, then.

Mr. Cezair: Yes, I will.

Mr. Chairman: Right, okay.

Ms. Deoraj: Good morning, Mr. Chairman and members of this Committee. On behalf of the Ministry of Planning and Development and the Chaguaramas Development Authority, I would like to state that we welcome this chance for open discussion before the national community via this special parliamentary Committee. One of the key objectives of the Chaguaramas Development Authority is ensure that all developmental initiatives undertaken by the Authority are in the best interest of the people of Trinidad and Tobago. The Ministry of Planning and Development is committed to working with the CDA to ensure that these objectives are met and achieved. The Ministry has been looking at systems and other ways to support the CDA in moving the development of both the Authority and the peninsula forward in accordance with national development objectives. And, therefore, we thank the Committee for this opportunity to have further discourse on how to move this process forward. Thank you.

Mr. Cezair: Thank you and good morning, Mr. Chairman and other members of the Public Accounts Committee. On behalf of the CDA, I take this opportunity to thank you all for convening this session, as the CDA has come prepared to elaborate and clarify any queries on its audited financial statements for the period 2008 to 2014. We are well aware of the importance of examining the audited accounts of all state enterprise, as the Committee pays close attention to the comments made by the Auditor General regarding financial management.

Rest assured, Mr. Chairman, that this morning our representatives have come prepared and stand ready to assist with any information, for we understand and accept that the Committee is here to help. Here with me today are Ms. Wendy Inniss-Demas, CDA Board Member; Mr. Wayne Lewis, financial consultant and Ms. Deowattee Dilraj-Batoosingh, the CDA's Acting General Manager. I have the privilege of leading the CDA's team at this morning's enquiry.

Mr. Chairman, following the decision to close the naval base and hand over the peninsula to the Government of Trinidad and Tobago in 1967, the Chaguaramas Development Authority was, by an Act of Parliament in 1972, established to undertake the layout and development of the northwest peninsula and offshore islands. This was formulated in the interest of the people of Trinidad and Tobago in conformity with the requirements of the Town and Country Planning Act, Chap. 35:01.

Mr. Chairman, the CDA's new board was appointed on March 15, 2018, and I must say it has benefitted greatly from the hard and unrelenting work of the previous board. The current board is once again under the astute direction of Mr. Narine Lutchmedial, who will surely continue the mandate of its predecessors in developing the northwest peninsula in the interest of the people of Trinidad and Tobago. In so doing, the board, together with the management team, will continue to administer the following strategic objectives:

- Continued implementation of the strategic plan which will guide the management team for the next three years and provide a road map to achieve its strategic goals and objectives.
- Strategically devising ways to continue to decrease the organization's debt.
- Continued organizational strengthening through the approved manpower audit that is now in its second phase as it increases alignment in the organization with its core mandate.
- Continued review of all operational costs with an aim of reduction.
- Improving our financial stability as we streamline the CDA's fiscal operations to improve financial reporting and management.
- Improving our relationship with stakeholders.
- Development of the agricultural lands at Tucker Valley and the development of Chaguaramas as a national park.

In closing, Mr. Chairman, allow me, again, to assure all our stakeholders that it is within the context of this board that we will continue to review the state of the CDA aggressively, leveraging and reinforcing its initiatives towards conserving and developing this national treasure that is the northwest peninsula. Mr. Chairman, I thank you.

Mr. Chairman: Thank you very much, both of you, the Permanent Secretary and the representative of the board of the CDA, for your presentations. I will start with a few questions and then I will ask my colleague to continue.

I mean, the challenge for CDA has always been in terms of fulfilling its obligations for audited reports. I remember in 2012 there was a significant backlog before that. And the board has taken the position now where it has completed audit reports up to 2014, examined by the Auditor General, and you still would then have 2015, 2016, 2017. Can I ask when you are likely to bring your audit reports up to date and submitted to the Auditor General?

Mrs. Dilraj-Batoosingh: The 2015 audited reports are in draft. However, the board has looked at it and it requires review. We expect it to be completed with the assistance of Mr. Lewis, who was brought on board, within these four months. That is the 2015. We anticipate the '16 and '17 would be completed six months thereafter of each period. So within a year, a year-and-a-half, we expect to be up to date.

Mr. Chairman: So in a year-and-a-half we can expect the CDA to be current with its submission of audited reports to the Auditor General?

Mrs. Dilraj-Batoosingh: Right. Not only submission of audited reports, but we intend to address all the shortcomings that have been noted by the Auditor General in all the reports coming straight from 2008 through 2014. This is one of the reasons we have not yet completed and merely submitted the reports. The intention is to fix the shortcomings and adjust where necessary. So when we present the 2015, all, if not most, of the issues will be sorted out.

Mr. Chairman: So you have a plan and resources for addressing, for fixing, some of these issues?

Mrs. Dilraj-Batoosingh: Well, that is one of the things we have—as I have indicated, Mr. Lewis has very recently been brought on to work specifically on the preparation of the reports. In terms of the resources that have to become available, we do have limited resources within—but we acknowledge that it is an important part of our function. It is required by the statute, so we will, in fact, be putting things in place, yes.

Mr. Chairman: Okay. From your point of view, how would you describe the financial situation of the CDA today?

Mrs. Dilraj-Batoosingh: Our financial situation is not good, in terms of what our debt is—outstanding debt to the organization. We do really have in excess of $100 million in debt, which we are trying to manage, as well as to deal with all current operational cost. So the debt in itself is something that has stifled the way we can operate and move ahead in terms of development. But we have not let it stop us from trying to put certain developments in place. But it is one that continues to stifle us as we try to get out of the debt, but at the same time, cover all current operational cost and try to generate further development and revenue.

Mr. Chairman: What constitutes the debt? Is part of it receivables or leases? And is it from other things?

Mrs. Dilraj-Batoosingh: That was actually one of the questions in the submission that was made to the group under 15, where we would have set out the full list of all the payables for $109 million, some of which is service providers that have not been paid since—some 2013, ’14, ’15. Most of it is, in fact, arrears of debt that is owed. Some of it is arrears that we actually owe to our own employees. Some of it is also pension arrears that is owed.

Mr. Chairman: Okay. So the pension arrears are part of that?

Mrs. Dilraj-Batoosingh: It is part of it, yes.

Mr. Chairman: Okay. In what projects are you now engaged and that are likely to come to fruition within the next two to three years, let us say?

Mrs. Dilraj-Batoosingh: New projects or existing—

Mr. Chairman: Are you engaged in projects that are likely to yield something in a year, two years, three years?

Mrs. Dilraj-Batoosingh: Yes, we are. One of the first priority items which is also addressed in our strategic plan is the development of the Chaguaramas peninsula as a national park. Right now we do de facto operate as a national park where we offer tours and other services to local as well as international tourists. The focus has been over the last year or so, and going into the next year, on developing the national park and really bringing the peninsula as a serious tourism destination to add to income for not just the CDA but for the country at large.

Mr. Chairman: So your main objective is to focus on establishing the peninsula as a national park destination. And do you have projects in that to attract people to the destination?

Mrs. Dilraj-Batoosingh: So just to correct, it is not the main project, it is one of the projects. There are other small things in terms of, like the current leasing arrangement that we have. We do have some available lands that we are reviewing to see what may be available for new leasing opportunities in line with the development plan. In terms of the national park development, yes, we do have sites. We have locations that we do need to improve or develop, for example, the Gasparee Cave, the golf course facility, Samaan Park, lots of activities within the peninsula that do need some measure of infrastructure or improvements in order to bring that level of national park and tourism that we speak of.

Mr. Chairman: Well, that brings me to the next question. What new infrastructure work have you done or are doing, or going to do, in order to support the development of the peninsula? Do you have anything in your plan?

Mrs. Dilraj-Batoosingh: Thus far, what we have done is, we have started at the Gasparee Cave, where we have done major works on the cave itself, in terms of electrical, upgrading the rails, et cetera. The cave, unfortunately, was left unmaintained for quite a number of years, for some reason. The CDA has taken, recognizing that it is a most treasured asset that we have, to really listen to what our stakeholders want in terms of what it represents for the country and CDA, and we are trying to do improvements there. So that has, more or less, been completed in terms of the small maintenance work.

Going forward, we have, in fact, started drafting business strategies on each of our facilities, including the Gasparee Cave, the golf course, Samaan Park, all our hikes and trails, and what do we do as a company for each service or each facility to develop it as a business plan and a business unit to generate sustainable income for the CDA.

Mr. Chairman: All right. I will ask my colleague to continue. MP Leonce.

Mr. Leonce: Good morning. Just on your last point where you spoke about the business strategies to ensure these assets become self-sustainable. With the challenges you expressed in terms of the large debt, what is the strategy for the CDA overall? What are the current moves right now to manage the debt and to bring the CDA itself to some form of financial self-sustainable entity? And where are we now with that, and when do we plan to achieve this self-sustainable entity called the CDA?

Mrs. Dilraj-Batoosingh: Okay. Well, one of the things that we have recognized—because of the financial debt that we are in, in order to get a lot of what we envision, we have to enter into certain partnership or stakeholder engagements. So that is actually one of the things that we have started doing with various state entities or even private groups, to help us to bring all the parties together to improve or even maintain some of our facilities. It is actually one of the points that was raised at the Joint Select when we were here last year, and it is something that we have taken back and we are actually moving towards that, and we have, in fact, done a lot of improvements to some of our facilities, using this sort of strategy.

In terms of when we expect to be self-sufficient, $100 million is a lot for us to get past to be self-sufficient. Self-sufficient, I understand to mean that we are able to pay out all our debts, pay all current operational costs and even to be making profits to contribute towards the Consolidated Fund. We are continuing in that manner. However, if the debt itself is not something we can control or are able to cover very quickly, it will delay how fast we can become sustainable. But it is part of our strategic plan. And we were hoping by 2020 we would grow closer to that, but it is something that we are continuously working on and strategizing as to how we treat with the debt.

Mr. Leonce: What you said, by 2020?

Mrs. Dilraj-Batoosingh: 2020. That is what our strategic plan would have envisioned, or hoped, in terms of aligning ourselves both with the core functions of the CDA—once everything that we have set out lines up. But, of course, there are many things that come. You know, we have debtors who are not as patient in terms of saying that they will wait for their payments, in terms of part payments. We have an unfortunate situation where persons may end up filing a court matter and we end up with a huge debt to pay within a couple of weeks or months, and that kind of throws us back a little bit in terms of our plans.

Mr. Leonce: Okay. You also indicated in your submission that you have difficulty just meeting operational costs. The business plans and strategies that you are implementing now just to meet the operational cost right now, when do you envision that happening?

Mrs. Dilraj-Batoosingh: That is actually happening now. We are able to meet most of our operational cost. We do have an overdraft facility that is available to us, but over the last year or so, we have not always had to use it because we have been able to generate or sustain our revenue to some extent to cover operational cost. But it does not always happen because when we have debts for a particular month, for example, that have to come in and get paid. So then our operational cost gets affected, for example like our utilities, et cetera.

Mr. Leonce: Okay. I will allow somebody else—

Mr. Mitchell: Thank you very much. Good morning, all. Just following on from the last line of questioning from the Chairman, you keep referring to the peninsula. I have seen in the documentation before us that you would have done significant work and you would have hired consultants for re-branding exercises. Is the peninsula the re-branded Chaguaramas? Or have you all branded Chaguaramas in a certain way?

Mrs. Dilraj-Batoosingh: The significant cost for re-branding that you speak of would have been prior to this board. The re-brand at the time, I believe it was Chaguaramas—

Mr. Mitchell: You are General Manager?

Mrs. Dilraj-Batoosingh: I am, yes, but I was not there as General Manager at the time. But the significant cost for that re-branding was "Somewhere Close to Magic". That was the logo at the time. What we have been branding ourselves now, not necessarily "Somewhere Close to

Magic", but in terms of Chaguaramas, a place to be, national park development, et cetera. But we have not spent any money in that re-branding at all.

Mr. Mitchell: Okay. But we are examining a particular period.

Mrs. Dilraj-Batoosingh: Yes.

Mr. Mitchell: So that is where I am focused on. Okay. So that re-branding has been cancelled.

Mrs. Dilraj-Batoosingh: It has not been cancelled, but in terms of, we continue to use the logos; we continue to use the Facebook. Things that we would have paid millions of dollars, of course, for, it continues. But in terms of additional advertising and all of that, we simply do not have the funds for it.

Mr. Mitchell: Okay. Now, I am asking because, as Minister of Tourism, Chaguaramas can be segmented geographically, and I understand that Chaguaramas—you all offer quite a number of services: Leisure services—leisure offerings, just one of them. What is your strategic plan with respect to the leisure, the tourism side of things, as compared to the other services like boat building and the oilfield industry? How are you all separating all those things in that one peninsula?

Mrs. Dilraj-Batoosingh: You mean in terms of locations of the activities, or just generally how we are treating with it?

Mr. Mitchell: Okay. So the CDA, you all are responsible for the entire peninsula.

Mrs. Dilraj-Batoosingh: Yes.

Mr. Mitchell: And you all operate in the pursuit of profit. Yes? But you offer quite a number of different types of services. One of them would be tourism-type services, the other industrial. In your strategic plan, how do you separate? And what is your strategic plan with respect to the tourism-centred-type services as compared and as opposed to the industrial-type services?

Mrs. Dilraj-Batoosingh: Okay. So in terms of the practicality of how the strategic plan envisages the division between commercial leases and resort leisure-type activities, we do have different departments that are established to deal with the—so, for example, we have a manager of national park. The national park ought to then cover all the activities for the development of the national park which would include tours, hikes, resort packages, et cetera. Then we have the manager of legal and leases revenue. That covers all the leases, which may include some recreational, but mostly the commercial. So in terms of the strategic plan, the intention of the plan—and it is set out in the body of it—is that the manager of national park is responsible for ensuring that the Chaguaramas peninsula becomes placed as a serious eco destination location site for the country.

Now, it does not go into the details of exactly how it will be established, but what we have been doing thus far with the limited or no finances, is really forging stakeholders. I am not sure, Minister, if you might be aware, we have had meetings with the Ministry of Tourism and we are trying to form some sort of partnership to see how best you can assist us in terms of promoting the peninsula, because it is something we cannot do on our own. So we have had meetings. How does your Ministry promote us on an international front, even on a local front, on a staycation front, with all the facilities that we have available?

So we were advised, put everything into packages, and zone the areas where there will be particular events. You know, do a calendar of events for the year. Those are some of the things that we are doing and have met with some level of success so far. But in terms of a formal relationship with Tourism, I do not think we have quite gotten there. But, definitely discussions have taken place and we have gotten the support so far of Tourism, as well as our own Ministry, as well as groups like National Trust, et cetera.

Mr. Mitchell: I was thinking that the CDA could have perhaps a tourism unit, because you have so many products offering. You speak about eco, but then there is a water park there; there is the boardwalk. You all should be marketing the peninsula to the tourists that come into the marinas, and the other services that are offered, and as well, the National Trust, the caves, the down the islands. So I was wondering whether or not, you know, a tourism unit could be set up and you all could market that on your own, because it seems to be something that has the potential to earn foreign exchange.

Mrs. Dilraj-Batoosingh: Most definitely. I think the limited resources is what is really kind of keeping us back from doing it, because marketing itself is costly, and we have a very active social media presence, but that can only take you so far. So the partnerships that we have also trying to forge with other persons is one of the things that we are hoping—but I take the point that a tourism unit is probably something that is definitely needed in terms of within the CDA, not just—or even if we have a partnership with the Ministry of Tourism, is something very concrete. It is an actual person designated to do it and push. Because, so far, though we have had discussions, though people are supporting, we do not have that level of commitment. And I always say it. I said it to my PS very recently, we do need the commitment of the Ministry of Tourism to really take us—because we do have all these wonderful facilities that people even in Trinidad do not know about.

11.05 p.m.

Mr. Mitchell: Okay. Just moving away from that for now, I think, Chair, you may have dealt with the rent receivables. You have been speaking about the rent payables, but what is the state of your rent receivable figure to date; and what is being done to recover those rents because I am seeing persons owing in the amount of $1 million plus? What is being done now to recover the rent to ease the financial situation?

Mrs. Dilraj-Batoosingh: Okay. So we do have and it is included in our report as well, we have put a team together in terms of collection of rents. So we have started a very robust collection drive for both current as well as arrears. A lot of our arrears on the books are things that we do have to look at closer because sometimes they are very old arrears that are still in the books, which we probably need to address from an auditing point of view. The ones that we are most definitely cleared as in ones that we can go after, those we have started the process, we have written the tenants, we have liaised with their respective—for example, there are a lot of state tenants that are involved. We have taken a more active role in terms of the tenants themselves payment plans, because they too if you tell them they owe $1 million they are not going to come up with that $1 million in one month. We have actually engaged in payment plans with some of them to pay, and we have in 2017 alone collected over $7 million in arrears alone.

Mr. Mitchell: So what is the figure now, is it still at $27 million, or is it less, is it more?

Mrs. Dilraj-Batoosingh: For the arrears?

Mr. Mitchell: Rent receivables.

Mrs. Dilraj-Batoosingh: The current rent receivables?

Mr. Mitchell: Yeah, the figure.

Mrs. Dilraj-Batoosingh: It is around that, yes.

Mr. Mitchell: Twenty-seven million dollars.

Mrs. Dilraj-Batoosingh: But there is a lot that is arrears which is separate.

Mr. Mitchell: Okay. So you are actively pursuing it?

Mrs. Dilraj-Batoosingh: We are, and I must say we have had some measure of success, but we do need the cooperation of all tenants as well as state tenants to please pay their rents. We understand the economy is difficult and a lot of people have issues with their businesses, but we too at the CDA need our funds. It is something though we understand and we are trying some measure of discussion with other tenants or stakeholders to try to get to the point where we accept that we are all in a difficult position, but you need to pay at least towards it and that has been working to some extent.

Mr. Mitchell: What is the ultimate sanction for a delinquent tenant, and where do you draw the line?

Mrs. Dilraj-Batoosingh: It would be for foreclosure of a lease. It would be for forfeiture of a lease if there is non-payment of rent.

Mr. Mitchell: And when do you get to that point as a board to take the decision?

Mrs. Dilraj-Batoosingh: Where a tenant flat out refuses or does not make the commitments which they have indicated that they would make, we then take it to our board and they would address whether we need to move towards forfeiture.

Mr. Mitchell: Okay. You do not have a policy as at, okay, if you are three months, four months, five months in arrears, we begin proceedings to recover?

Mrs. Dilraj-Batoosingh: I do not think we have a time frame, no, because it is something that we have looked at. We try to be somewhat accommodative with the tenants and their needs and I think that is probably what has gotten the CDA in the trouble that it is in, and a lot of tenants have gotten so used to probably being in arrears for many months or as much as a year before active decisions are taken. But this board has already started considering tenants who we will probably be moving towards foreclosure if they do not pay their rents.

Mr. Obika: Thank you very much, Chair. So I guess you are serving them notice, the errant tenants that is?

Mrs. Dilraj-Batoosingh: We have not served any tenant—

Mr. Obika: No, no, I say by your pronouncements today you are serving them notice?

Mrs. Dilraj-Batoosingh: Yes, they are coming. So I urge them to pay their rents.

Mr. Obika: Now, in effect I want to speak to the going-forward, and the Minister of Tourism brought some issues to light. I myself have been a lecturer for some time at TTHTI and seeing the developments in the peninsula it is promising. What I want to find out is—because I looked through the business plan and I saw strength, weaknesses, et cetera, the challenges, and a commitment to reduction of cost. I am always guarded when an organization focuses heavily on cost and does not spell out in like manner the methods for revenue generating because then we could end up just focusing on austerity, which does not necessarily solve the—you may reduce the gap, but there may still be a gap.

Now, what exactly is the business model desired going forward? Because remember CDA is really not only profit generating, but it is developmental. The real contribution of CDA is the corporation tax and business levy that five islands will pay, that all the institutions on the peninsula utilizing Caridoc will pay to the State the jobs created, et cetera. So it is beyond your balance sheet. So let us accept that as a fact, you have a developmental purpose. But notwithstanding that, if you are looking to get in the black as it were, what would be the business model? Is it that you are going to be increasing usage of the lands to get more tenancy, increase rents in terms of number of tenants, or is it that you are going to have subsidiaries owned by CDA?

Mrs. Dilraj-Batoosingh: Subsidiaries owned by CDA?

Mr. Obika: Owned by CDA in some of the projects. Because I just want to get some detail in terms of how the business model will look graphically for CDA going forward as you roll out the strategic plan because I did not get that in the plan. So is it going to be you are going to get more participation by other entities creating business models that are thriving and then you will extract your rent, or you will be doing that as well as creating subsidiary companies, entities owned by CDA?

Mr. Cezair: Let me say this, there is no real conversation about subsidiaries. We are currently auditing the availability of land because we must bear in mind that Chaguaramas is in fact considered a national park. So there is only so much development that we can do. So we are in fact looking at the availability of land and see how best we could get this land leased in order to bring additional revenue as we go forward in keeping with what is already there and a very stringent collection process, so that we could just put together whatever revenue is available out there for us.

Mr. Obika: Okay. So CDA facilitator. Thanks for the submission, board member. The other issue I want to point to is you are talking about partnerships, I guess you could also partner with the hotel school, not to say because I worked with them, but really and truly looking at job creation if you have trained persons there and, of course, the University of the West Indies, for the tourism part. Down the islands thing, there is something I want to find out if it has been sorted out because this can also affect perceptions of persons coming to use the park. A long time ago when I went to "down the island"—but it is really on the mainland—there were no toilet facilities, so you can imagine where people did their stuff. It became so unsanitary that I never went back. I vowed never to go back there. Could you give me some—I think it is a place where it is a bay and there are some military vessels in the bay, but the local tourists will go to a beach there. I cannot say what is the name of the beach, but has that situation been rectified?

Mr. Cezair: You are talking about Scotland Bay?

Mr. Obika: Correct.

Mr. Cezair: Based on our financial situation, we have not had an opportunity to really look and see how in what way we could develop that area and what facilities we could put there. The fact that that area is more or less isolated, it would require some considerable cost in order to bring the amenities there. So we will certainly be looking at it, but it is based on the availability of funds. I am also seeing here from the GM that we also have an application through the Green Fund to get some money. If that comes through, then we will certainly be able to apply it there and get that situation dealt with as best as we can.

Mr. Obika: Well, I just want to say that it will be good if you all can get at least the basic amenities, that all the tourist sites up through whatever leveraging you can do from Cabinet because that really would help the tourists.

The other point I want to raise is the staycation. Trinidadians and Tobagonians, we love to explore Trinidad and Tobago, places to stay the night would be important at affordable rates. The Cove was once popular. I am not sure if it has gone down or it has been revamped under its ownership structure, and so on, but even though that may not be under the care of the CDA as a business model owned by you all, the running of it affects persons' perceptions of the area. So if people think it is great they will say, well CDA is doing a good job even though it may not necessarily be you all; if it is not so great if affects persons' perceptions of the area—can you give any insight as to—because I looked at the projects that you are funding and I did not see CDA, so the Convention Centre in the past, not recently, but are any efforts being made to address the Cove, the room stock there?

Mrs. Dilraj-Batoosingh: Okay, if I may? In 2017, when we commenced the staycation in partnership with the Ministry of Tourism, all the resort business in the peninsula, restaurants and accommodations, were reviewed and we made an attempt to partner with tourism to promote some of the destinations like the Crews Inn, Chacacabana, West Palm and the Cove, and one of the things that tourism would have drawn to our attention is that you need to be of a certain standard for us to really promote. So it is something that we would have had discussions with the various resorts and we would have explained to them, and I think attempts are being made to work together, to lift the standard so that we can all promote. What we have in fact already done for 2018 in preparation, Tourism would have indicated they do not just want to focus for the July/August vacation for staycation. Let us do it year round.

So we would have started as of August 2017 going straight into where we are at now in June, promoting staycation in the peninsula, and we have partnered with some of these tenants in terms of their resource and their rooms. And if you look at our Facebook page, Chaguaramas magic, you will in fact see that we are in fact promoting some of their packages and we are actually working out packages with tours, a visit at the resort, lunch at Crews Inn, things like that. So it is something that we have incorporated as an entire package. I mean, there is more work to go into, but it is something that has been borne fruit and people are in fact coming for a day, or a weekend, and making use of the facilities.

Mr. Cezair: And just to add, I noticed you did mention the Chaguaramas Hotel and Convention Centre. As you are aware, prior to 2015, that was in fact leased out to somebody else who had intentions of demolishing this structure and putting up their own hotel. The CDA has so far a judgment. They took the CDA to court and a judgment was entered against the CDA. So the CDA now finds itself in the position to have to negotiate with these developers who the judgment falls against us to try to pay off that debt.

So, so far we have been successful in working out something with these developers in order to clear that debt. And it is only when that debt is cleared, then the CDA could look forward to refurbishing and re-establishing the Chaguaramas Hotel and Convention Centre so that we could have more room stock available to the general public and we could protect the historical value of the Chaguaramas Hotel and Convention Centre.

Mr. Chairman: I want to change gears a little bit. I may come back to that issue that you just raised, but I want to change gears a little bit. You mentioned the receivables that you have on rent and I got the impression that you said that there was about $27 million receivables that were probably active enough that you could engage them and perhaps get some of the arrears into the CDA's coffers. I want to proceed to ask some questions on that and I want to also ask some questions that have been raised by the Auditor General in his reports that we have before us, that have to do with internal audit, effective systems, good management, good governance, but first of all do you have a ballpark figure—I know you probably would not have the exact number in your head. You might, I do not know. How many lessees do you have in Chaguaramas from all time? Let us say from 19—it would have been sometime after 1967 to the present time, is it about 1,000, is it—

Mrs. Dilraj-Batoosingh: No, it is 115.

Mr. Chairman: One hundred and?

Mrs. Dilraj-Batoosingh: One hundred and fifteen.

Mr. Chairman: Total.

Mrs. Dilraj-Batoosingh: One hundred and fifteen tenants, yes.

Mr. Chairman: And these are all accounted for, all paying tenants. That is to say, either the lease involves a payment, either they have paid or not paid and, therefore, they have an outstanding debt or not, but it is only 115.

Mrs. Dilraj-Batoosingh: Yes, that is correct. So some of the tenants have lease arrangements. So there is an executed lease between the CDA and the tenant. Some of them though are tenants who might have been holding over, so their lease would have expired some time ago and we are in the process regularizing to bring them up to standard in terms of rentals as well as review of the clauses. Some of them though are tenants who have been on the property by virtue of simply a letter of offer and the tenancy arrangement never bore fruition in terms of the terms of the lease. There has been a delay and a lapse for some of the tenants. It is one of the things that the regularization process anticipates to sort out because we do have tenants who exist, they are paying their rents, but the full terms of conditions are not captured in a proper lease between the CDA and that tenant.

Mr. Chairman: Okay. What is the annual rental or a lease value of your highest paying tenant?

Mrs. Dilraj-Batoosingh: The highest paying tenant I believe with VAT would be around $300,000.

Mr. Chairman: This is $300,000 annually?

Mrs. Dilraj-Batoosingh: No, this is monthly.

Mr. Chairman: Three hundred thousand monthly?

Mrs. Dilraj-Batoosingh: Sorry, monthly. That is with VAT as well as the service charge.

Mr. Chairman: Okay. And what would you say is the lowest value of a lease that you have with a tenant?

Mrs. Dilraj-Batoosingh: We have some leases where tenants have a nominal rent of $100.

Mr. Chairman: Yes, that is what I thought. I mean, there is a big range between what I remember of the early tenancies in which many of those leases were virtually peppercorn leases, and some of the later leases that were done in the period under our coverage here that would have realized significant amounts like the kind you mentioned there, $300,000 a month, and although there are different kinds of leases because some would be private leases, some would be commercial leases, I think that the leases do offer CDA a means of really generating income that will allow it to have a development plan that it can actually finance, I mean, am I correct?

Mrs. Dilraj-Batoosingh: It is correct once the—the revenue right now from the leases together with all other aspects of revenue still does not cover our operational cost fully to even consider touching the paying of the debt. So thought it is significant, I mean for any organization, because of the operational cost as well the significant debt, it is not something that we can rely on every month to be able to pay our cost.

Mr. Chairman: Okay. How many leases have been granted in the 2016, 2017, 2018 period? Do you know?

Mrs. Dilraj-Batoosingh: How many leases have been granted?

Mr. Chairman: 2016, 2017, 2018.

Mrs. Dilraj-Batoosingh: I think we have three new leases that were granted. Our focus has been on redoing review of the leases that were existing before that needed regularization. So we would have completed a number of rent reviews as well as regularization, but in terms of new business, I believe it is around three new leases.

Mr. Chairman: And how many leases were granted, let us say, between 2010 and 2015?

Mrs. Dilraj-Batoosingh: Because that was not specifically one of the questions here, I do not know that at the top of my head. I can endeavour to find out and relay that information at a later date.

Mr. Chairman: Okay, if you can let us know we will be grateful. But the objective, as I understand it, is to try to use a lease or rental strategy in order to generate substantial amounts of new or additional revenue because you are now revising some of these leases. Is that correct?

Mrs. Dilraj-Batoosingh: Correct, yes.

Mr. Chairman: I wanted to ask some questions that really come out of the Auditor General's concerns, the issue of internal audit which is a general weakness in the public service, in public entities, but which is an issue for you, and you indicated that you are taking steps to fix some of these things, more effective systems, good human resources and management practice. What are some of the things that you are doing to make this better and to improve on what has transpired over the period that we are covering here?

Mrs. Dilraj-Batoosingh: What we would have done in 2017, which was even before the 2014 Auditor General's reports came into the organization, we would have recognized—the board, when I say we—the board, having reviewed the draft 2015, would have noticed certain deficiencies and would have asked for a financial consultant to be engaged to really look at the entire department, the Finance and Accounting Department, as to how they operate, what are the shortcomings, what are some of the recommendations that are made. This report was submitted to the board. Some of the recommendations we would have commenced, simply things like ensuring there were segregation of duties, proper documentation, ensuring you had original documents before you issued a payment, making sure you have copies, et cetera, that are placed on the file.

Unfortunately, the department itself would have suffered from some staff losses in terms of resignation of employees who would have gotten jobs elsewhere, et cetera, and we have not been able to really fulfil completely what some of the recommendations were. Having received, though, the 2014 report—I believe it was in April or so that we got it—the board having looked at it and the financing audit committee really took the firm decision that we need to fix this, and we would have again now engaged Mr. Lewis who assisted in the preparation of this hearing today, as well as realizing that we do need to put proper systems in place and processes, written processes, formal processes in place, to ensure that the Finance and

Accounting Department as well as internal audit, et cetera, and the CDA as a whole, operates more efficiently and effectively.

Mr. Leonce: Thank you, Chair. Listening to your submissions earlier, the basis and the foundation of your strategy for financial improvement is based on your assets. Why is it that a real valuation exercise has not been done since 1991 for plant, property and equipment?

Mrs. Dilraj-Batoosingh: Well, from my understanding, based on the records, it is something that would have always been raised in the Auditor's report. The explanation given to me is that the finances available to do the valuation exercise is not something that is readily available. It may have been the reason why rather than trying to fix some of the issues, or whatever other reasons, that we simply completed the financial statements and submitted it to the Auditor General. As I said, this board has taken a different approach where if the valuation exercise now, though it may cost some level of money, it is something that is required to really bring our records and our accounts to a proper standing.

Mr. Leonce: My question is and just correct me, does that affect how you come about with your lease arrangements?

Mrs. Dilraj-Batoosingh: The value of the assets—well, how the lease arrangements are done right now—if a tenant, for example, is interested in a particular parcel of property, a valuation is done for that parcel. So it is not that we do a valuation for the entire area, which is the valuation exercise in terms of the assets, but it is important for the particular tenancy. According to our leasing policy, rents are determined by the valuation process. So a valuation is done through one of our valuators on our panel.

Mr. Leonce: And just going back on one of the questions Chair would have raised, in terms of the lease arrangement currently being held by the tenants, is there a policy for a review based on maybe a change in the value of the property that would be leased, or is there some form of duration in which there is a review process to ensure that the CDA is getting the value basically, because $100—basically I cannot see any property or a lease arrangement that being of any benefit to your entity. Is there a policy or is some strategy being put in place to address those issues?

Mrs. Dilraj-Batoosingh: Okay. So first of all a strategy could only apply where you do not have an actual lease arrangement with the tenant that provides for certain rent reviews or certain changes. If a tenant, for example, signs a lease with the organization that sets a value for 30 years, this is what the tenant is going to pay, there is no rent review, et cetera; or there is a clause which says that the rent is not to increase by more than 10 per cent or 20 per cent, the parties are bound by that. That is the law. We cannot. It is a landlord and tenant relationship.

If however, you have a tenant where there is no such arrangement in the lease, then there are discussions that can take place, but we are bound by the lease arrangement. So if $100, for example, for a tenant and it says that this will be his rent for the next 30 years, the CDA is put in a very difficult position in terms of negotiating with that tenant outside of the lease, because no tenant is going to really say, “Well, I would like to pay whatever my value of my property is despite I have a lease arrangement for that value”.

Rent reviews now under the master lease—and most of the leases that happened within the last maybe 15 years or so, did account for a rent review process which says every five years a rent review is to be done, a valuator is to be engaged—an independent valuator—and the rent would be reviewed to bring it up to the current market value. So when I spoke about what the focus has been over the last two years for the organization, it is really to zone in on the list of tenants who have that rent review clause in their leases and for whatever reason it is not been happening to really focus and get those rent reviews done and proper market value to be paid by the tenant.

Mr. Leonce: Okay, which is good, but my concern now is based on those that would have had these long lease arrangements which are basically almost free. Has some legal advice been given to say that we cannot touch that?

Mrs. Dilraj-Batoosingh: Well, I am an attorney as well. It is landlord and tenant. If you have a lease arrangement with specified terms and conditions, unless the tenant and the landlord agree that they want to negotiate the terms of the lease, then you can negotiate, but the landlord cannot impose renewed terms and conditions if the lease does not provide for it.

Mr. Leonce: So we are stuck there?

Mrs. Dilraj-Batoosingh: Yes. But, of course, I mean we do have tenants that the organization has been able to renegotiate for whatever reason, maybe the tenant wants a different use, or he wants to add like a permitted use—he opened, say a bar, and now he wants to do a bar and something else, those are opportunities for us to then revisit the terms of the lease and say, “Okay, if you are doing this X now, there is an additional value or rent to be associated with that”. So in those instances, you can have negotiations with the tenant, but if it is the same exact terms and condition that he continues to comply with, it is very difficult for a landlord to just impose new terms and conditions.

Mr. Leonce: And in your estimation, what is the percentage of tenants that fall in that category?

Mrs. Dilraj-Batoosingh: Of negotiations?

Mr. Leonce: No. Of being in a position where there is no negotiation and they are not really paying the value as CDA would want.

Mrs. Dilraj-Batoosingh: I do not have that information available with me at this point though, but I can endeavour to look at it and provide if you wish.

Mr. Leonce: Okay. And I guess that will form part of the strategy in becoming some self-sufficient financially?

Mrs. Dilraj-Batoosingh: It would, yes. One of the things that we have looked at most definitely, because our focus is on revenue generating, where tenants through our compliance, we are noting that they are in fact sometimes doing thing without even having come to us for approval or permission, there are discussions of either first whether you are in breach or if you wish to continue it is something you need to seek consent and, therefore, you need to understand that there is going to be a revaluation of your property because of your use. So it is something that as part of the strategy we are already doing, yes.

Mr. Leonce: Okay, because I am sure persons would not have stayed the way they were initially without some form of changes?

Mrs. Dilraj-Batoosingh: Yes, some would not have. Yes, correct. But some, of course, are worded so very widely that it is—

Mr. Leonce: Unfortunately.

Mrs. Dilraj-Batoosingh: Yes. They are allowed to do many things with us without being able to specify on one or two things that they are supposed to do.

11.35 a.m.

Mr. Leonce: Just to answer the first part of the question, you said funds would not have been available to do a proper re-evaluation. When do you anticipate that activity to then be done?

Mrs. Dilraj-Batoosingh: Well, it is part of what is necessary for—maybe I could just have Mr. Lewis interject as to how we propose to commence the reconciling.

Mr. Leonce: Because it is not in compliance with the financial auditing reports.

Mrs. Dilraj-Batoosingh: Mr. Lewis.

Mr. Lewis: We recognize that has been a shortcoming of the Authority. We have discussed it collectively, and as you would appreciate for the size of the peninsula, if we were to undertake an exercise in totality right now, it would be a pretty huge cost, in terms of these fees. Because, usually valuators charge percentages of whatever the valuation comes in at.

The process is ongoing now, we will look at it, either on a piecemeal basis or, we have taken a decision to consult with the Valuation Division and see if there is some sort of assistance that could be had with them. So, within the next two to three months, we would have a definitive position on that and we could always get back to the PAC on that. But it is something that we recognize has to be dealt with.

As part of the general strategy to get the CDA right, that is something that the Auditor General has identified as a shortcoming for several years and we will deal with it. It is a priority. But as I said, how we are dealing with it, whether it is a piecemeal approach through the Valuation Division or something else, we will get back, have a position on that within the next quarter.

Mr. Leonce: Okay. Last question. You indicated a debt of approximately $100 million that you all are trying to get over. One of the members would have indicated a judgment would have been made against the CDA. In terms of litigation and losses, with respect to, for example, judgments, what is the percentage, in terms of the debt, would that reflect with the CDA? Because I am understanding that one of your major challenges in becoming financially sustainable is the large debt that you all have. And what percentage does the judgment play, in terms of your debt?

Mrs. Dilraj-Batoosingh: At Appendix 15.03, we would have itemized the breakdown of the debt, litigation consists of about $16million. And this is just matters that have been filed thus far, and the approximate cost associated for the damages for the awards in those matters.

In terms of the debts that remain, we do have ongoing pre-action protocol matters, which are not included as litigation matters here, but it is something that we are concerned about and that is why we are really strategizing all the time, as to how do we then treat with the debt without persons actually filing matters. So, we are in continuous negotiations with these contractors and service providers who are very frustrated because they too have provided the services since 2014 and have not been paid for it. And we are really trying to treat with it as best as we can with the assistance of the Ministry in trying to really cover some of the debt.

Mr. Leonce: Any of you, how soon do you think that can be sorted?

Mrs. Dilraj-Batoosingh: Maybe I can ask Ms. Deoraj.

Ms. Deoraj: Well, it is really something that we will have to quantify with the authority and try to keep sourcing the funds and try to figure out ways not to have to take the matters to court and solve it beforehand. So we are working with them to identify the funds as soon as possible.

Mr. Leonce: So it is a moving target.

Ms. Deoraj: Yes.

Mr. Leonce: Okay.

Mrs. Dilraj-Batoosingh: As we generate revenue, we are trying to treat with the critical debt, you know. And it is something that we have been able to cover a significant amount. Well, I say significant for us because it is still money that we are generating outside of our operational cost, salaries, insurance and pensions, et cetera.

But, in terms of how much we have been able to cover and at least to stay afloat for the last two years, it has been significant from our recurrent accounts. So, in as much as revenue generation is not at the level that we want it to be, we have been moving ahead. But a lot of it goes towards the payment of debt. So, suppliers have been paid. A lot of them are on payment plans, in fact, and we continue to do that and negotiate with them.

Mr. Leonce: Okay, thank you.

Mr. Mitchell: Thank you very much. What is significant is that during the period under examination now, the CDA stands guilty of flouting a lot of international accounting standards. We have seen in the documentation that at the CDA you do not have an internal audit unit. I want to direct this question to the Ministry. What role does the Ministry play in correcting this type of weakness?

Ms. Deoraj: Thank you member. On two levels, one, we had identified around 2012/2013, when the auditors' statements were coming in, that there were some weaknesses at the Authority. So we had provided our internal audit systems within the Ministry to go down and support, in terms of setting up systems and trying to introduce better practice in accordance with the exchequer and audit account. We are hoping that, as the later accounts come through, we would see those types of changes reflected in the statements of the CDA.

Additionally, we know that there is no one there at the moment, but because we are looking at trying to build better capacity at the CDA and that is the kind of support that the Ministry is advising in terms of the types of skills and so that will need to be put into a proper accounting unit at the CDA.

Mr. Mitchell: When do you anticipate an internal—?

Ms. Deoraj: Well, this is a matter of urgency so within, I would say before the end of the year the board should give this priority attention.

Mr. Mitchell: Right. So I am asking that because the internal audit unit would have been a check against another very significant weakness, which is your financial management function. I am not sure, did you have a financial manager during the period?

Mrs. Dilraj-Batoosingh: There were a series of managers during 2008 to 2014.

Mr. Mitchell: Because there were a number of flouting instances where the international standards were flouted. One of them would have been the capitalizing of sums less than $1,500. I mean, I am not an accountant but it seems as though this would tend to pad a bit your financial management statements. Perhaps, Mr. Wayne Lewis could answer this. Could you describe the weaknesses and what is being done to correct them?

Mr. Lewis: I have been associated with the CDA for the last month and a half, and you mentioned that $1,500 issue of the capitalization. From a professional point of view, there were people who occupied those positions, but I believe there—without saying much further because I do not know them personally—

Mr. Mitchell: You can be frank. You can be very frank.

Mr. Lewis: There were technical deficiencies, in my humble opinion and professional opinion, and these are things that should not have happened. These things should have been cleaned up even before they were sent to the Auditor General for audit.

But I believe in dealing with things in the past. I am very optimistic that these are simple things that, I mean, I have had enough time to go through with the Finance and Audit Committee of the Board to review these deficiencies, these departures from the IAS standards and we will be rectifying and dealing with all these weaknesses, because our intention for the 2015 audit, when the Auditor General comes in, is to have a near perfect audit at the end of the day. So we are going to address all of those deficiencies. It is my purview to put in a lot of—we would be reviewing the financial policies and procedures manual. We are tightening up on any areas of weaknesses, implementing controls and ensuring that we adhere to all the international accounting standards. So in moving forward, member, I think within six months, I am optimistic, that there will be a turnaround in the CDA, from that point of view.

Mr. Mitchell: So once these things are corrected, having regard to this error of capitalizing sums less than $1,500, it may very well be that going forward the losses being reported, when you take out all the staplers, and on so, out of the assets column, the losses going forward may be a lot greater than what was previously reported in the period under question.

Mr. Lewis: It is a possibility but I would like to think—I do not want to comment on that right now. For example, in dealing with accrual accounting, there are certain issues that we need to look at that could impact—there are many issues that could impact on your bottom line, in terms of the treatment and non-adherence to the IAS.

So, until that point in time comes, I do not want to comment on it. But I do not think it will be anything material. But, I think at the end of the day, let us just give it a three-month period and see how everything panders out. But I am confident that, by the end of this year we will have our finance department, our internal controls, everything in order and be able to put ourselves on a solid footing for 2019 and beyond.

Mr. Mitchell: Okay, I am very happy to hear that. And to the General Manager, Mrs. Batoosingh, what would have been the reason for spending sums out of the appropriation designated for recurrent moneys for development programmes?

Mrs. Dilraj-Batoosingh: Okay, based on my review of the files and the records, it would seem that certain projects would have been ongoing and payments became due to the contractor, based on the contract arrangement and there may have been a delay in the development funds being released from the Government from the respective Ministry. And in an attempt to pay the contractor on time, funds were then taken from the recurrent to pay the development debt to the contractor. That is what the records revealed, yes.

Mr. Mitchell: Okay. One last question. Pervasive throughout the period, the Auditor General would have identified the failure by the CDA to produce documents for audit, one set of those documents would have been relative to a US account opened sometime in 2011/2012. Could you tell us what was the reason for opening that US account? What that US account—where did you get the moneys paid into the account and what is the status of that account now?

Mrs. Dilraj-Batoosingh: Okay. The US account is something that we are currently reviewing, in terms of how it was set up, why it was set up and where are the funds from the account. What we have discovered thus far is that, one, we are unable at this time to find a board approval for the opening of the account. We would have also checked our file for, I think the question was specific as to a line Ministry's approval. Our records do not disclose a ministerial approval for the opening of the account. What we have located are documents which show that the account was opened and funds were placed in the account from one of our tenants at the start of his lease. So it would appear that it was part of a lease arrangement and the tenant paid in US and it went into that US account.

We are continuing our checks, in terms of all transactions, it started in 2012, all transactions that would have occurred thereafter. So the status of that account now is we have approximately US $740, I believe, in that account, somewhere around that. That is where we are at. But until I get further information I am not in a position to say what—

Mr. Mitchell: So at this stage you cannot say—okay, what was the balance at the height?

Mrs. Dilraj-Batoosingh: The account was opened with US $1.4 million.

Mr. Mitchell: Okay. And you cannot say now for certain where the difference between—

Mrs. Dilraj-Batoosingh:—the funds would have gone.

Mr. Mitchell: Yeah?

Mrs. Dilraj-Batoosingh: Based on the records, it seems that the funds were throughout that period vired to various areas and we are in fact trying to trace back with the necessary supporting documents where exactly those funds would have gone after 2012.

Mr. Mitchell: Have you found other instances of moneys where you cannot reconcile or you cannot find or you cannot explain?

Mrs. Dilraj-Batoosingh: I do not believe so. We do have—Mr. Lewis would have advised when he would have looked at the accounts—instances where you may have had improper recording, in terms of finances. But I do not think it is so much of "unaccounted", but just was improper recording in terms of where it was placed on the books.

Mr. Obika: In the very short time we have left, I want to just get back to the forward direction, in terms of the trend for income-generating and generation of the CDA. Now, if you look at, this would be section 16 of the dossier that we have, on that first page, page 1 of four, you have a chart there. I represented it graphically and I observed a positive trend for income.

Now, you started at 27, then you got to 24, to 28 roughly and then it jumped to 31 million. It went down a little to 28 and then it jumped to 31 million. It went to 28 and then it went to 39 and 32. So, it is staying above a $30 million mark, as at 2011 going forward. I want an answer regarding the leases. Is this linked to the types of leases offered that saw that significant increase in the income? And if so, are there any other leases? You mentioned prior, I believe, the General Manager leases at $300,000, I believe it is per month. Are there any other leases in that category, like over $100,000 per month? And what are the types of activities and the companies that are holding those leases, if you may venture that type of information?

Mrs. Dilraj-Batoosingh: Okay, so—

Mr. Obika: So, it is a two-part thing. One, the trend of income, if it is continuing after 2014, and if it is also as a result of leases? And what are the companies that participate with those leases that are above $100,000 a month?

Mrs. Dilraj-Batoosingh: Sure. The jump from 2012 to 2013 would have been as a result of tenancy income. For example, 2012 would have been the year that that lease would have been signed with the US account, and those were funds that would have come into the organization.

In terms of the leases that have a value of over $100,000, yes we do have a few of them. I cannot give you the numbers right now. We do have a few of them that are over $100,000, when you add the VAT and the service charge, et cetera. Those are mostly industrial-type leases. So the oil companies, for example, as I said the leases value is based on a valuation. The valuation is done on the land space, as well as taking into account what the permitted use is. So most of oil-based companies carry a higher value, in terms of the leases.

Mr. Obika: Can you venture as to some of the names of those tenants? Is it permissible?

Mrs. Dilraj-Batoosingh: I am not sure, in terms of our landlord/tenant relationship, whether that is information that we can make public, in terms of the names of the tenants and what sort of revenue they acquire and they pay to the CDA.

Mr. Obika: Okay, granted. We have state agents in—I am on limited time so I want to keep circumscribe. I want to direct this last question really to the Ministry. So Madam PS, regarding the—as the line Ministry, does the CDA give regular accounts regarding board minutes, and so on? Also—[*Mrs. Dilraj-Batoosingh's drinking glass shatters*] My apologies.

Mrs. Dilraj-Batoosingh: I am sorry. No, I am—

Mr. Obika: Also, regarding a subvention, is there any subvention? Because I am looking at the financial statements and I am not seeing anything that would indicate a subvention to me. If there is a subvention, can you elaborate? And what systems do you have to monitor use of same? Thank you.

Ms. Deoraj: Thank you, member. With respect to Board Minutes and so, yes, we are in receipt of regular Board Minutes. They are submitted to the hon. Minister and we keep a review of those. The Minister also meets regularly with the Chairman.

With respect to a subvention, no, the CDA at present does not receive a subvention. This is normally tied to the income and based on income statements the Ministry of Finance would determine whether subventions would be applied to the CDA. That has not happened in the last few years.

The way we support CDA is through the Public Sector Investment Programme and for a number of years we have been assisting them with the number of projects for the development of the Chaguaramas peninsula. So that, through the Project Planning Division, both the Project Planning and Reconstruction Division and the Planning Unit of the Ministry of Planning and Development, we have been providing financial support, project management advice, regular monitoring of the implementation of these projects, and supporting in that way. So there is a relationship with the CDA and we are trying to build it so that we can improve on some of the systems and hopefully get the CDA into a much more financially viable entity.

Mr. Obika: Thank you very much, Madam PS.

I want to return to a last question for the CDA. Given the lion's share, I would presume, of your income may come from industry and we focus a lot on tourism here, can you give us any indication as to what would be the approach to increase tenancy in industry?—whether it be just offshore marine or on land, going forward, as I have not really seen it spelt out in the strategic plan.

Mr. Cezair: As you know, being a national park we are challenged with space and availability. And the fact that we fall under the 1974 land-use policy, which is the law, there is very little that we can do in order to improve industrial revenue because we have to stay within that 1974 land-use policy.

However, one of the things that we would have made a request to the Ministry of Agriculture, Land and Fisheries for, with the Commissioner of State Lands, is that the CDA be given control of the seabed within the peninsula, in and around the peninsula. Because what we have come to realize is that a few of our tenants have in fact constructed marinas in the water and they are charging considerable amounts of money for people to store their boats. And whilst they are paying just for the land that they are occupying, the millions of dollars are really in the water.

So, if we were to get control of the seabed, one, we could start to charge people for those marinas and get some portion of revenue from those marinas that are there. And, two, we can control the construction of these marinas in the water, because once any construction takes place below the high tide watermark, it now falls to the Commissioner of State Lands to adjudicate and it is not within the purview of the CDA.

Mr. Obika: So are you saying that the Commissioner of State Lands or any other state agency, via the Consolidated Fund, generates income from these marinas?

Mr. Cezair: That is a question that they will have to answer. I know if the CDA is given the opportunity to have access to the seabed, we certainly will be able to.

Mr. Obika: Madam PS, would you be able to answer if you have any information in that regard?

Ms. Deoraj: Not at this time.

Mr. Obika: And how much income would the CDA believe it can generate if you simply increase the rents for the operators of such marinas?

Mr. Cezair: Well, again it would fall to a valuator. Every commercial lease that the CDA embarks on, each tenant, the business is valued by the valuator and we go with the commercial value of the lease. So if given the opportunity to control the seabed, it will fall to a valuator to make a valuation and we will certainly be charging the appropriate amount of money as recommended by the valuator.

Mr. Chairman: I would just ask one—we really should close now. I will ask one question and I will ask the Auditor General and his team to proffer any questions that they may have on their mind, having heard everything today, and having done the reports that we have reviewed here.

The one question I want to ask is that: The three new leases that you have, what kind of businesses will they generate in the Chaguaramas peninsula?

Mrs. Dilraj-Batoosingh: The three leases, one was for warehousing. I believe another was for a jetty facility, the setting up of a small marina for the island home owners. And the third one would have been—I cannot recall exactly what the third one was for, but it was also a smaller lease. It was not a commercial lease.

Mr. Chairman: It would not develop anything? It would not result in any commercial—

Mrs. Dilraj-Batoosingh: No, it would not. Just to add though from Mr. Cezair's point, there is no waterfront property available in the peninsula anymore and most of the oil industries require waterfront properties. So it is not, in as much as we do have some that are there, it is very difficult to say that we can increase commercial/industrial-type activities if the land space is simply not available.

Mr. Chairman: Okay. Do you have any idea what percentage of the land in Chaguaramas you are going to allocate for development? Within the framework of a national park, what percentage of the park? It is about 22 square miles, as I remember. What percentage of the park will be allocated for actual development while you keep the park as a park?

Mrs. Dilraj-Batoosingh: What we have done so far, we have looked at what the development plan provides for the national park. It has identified certain areas. So far that is where we are confining our national park development. In terms of ancillary services coming out of the national park, there are other facilities that we would be able to develop, not necessarily as part of the park.

Mr. Chairman: All right, but you do not know what the acreage is?

Mrs. Dilraj-Batoosingh: No, I am not in a position to say that yet. We have not yet finalized the exact acreage.

Mr. Chairman: Okay, I will ask the Auditor General's Office and the representatives if they would like to make some comments and ask some questions.

Mr. Sinanan: Thank you, Mr. Chairman. The Auditor General is in agreement with the request made for written submissions by this Committee to the Chaguaramas Development Authority. The dossier we found, and the responses, they covered all the major issues in the management letters that were issued for that period.

A few comments, we were told this morning that we should expect the 2015, 2016 and 2017 accounts within an 18-month period, bearing in mind the valuation of the property, plant and equipment is a quarter of the balance sheet. It is almost a quarter of a billion dollars you are talking about and the 1991 valuation done by the Valuation Division. So we will bear this in mind while we are planning.

Mr. Chairman: Are you saying that the period should be shortened by an input of energy, basically?

12.05 p.m.

Mr. Sinanan: We are going to be getting documents within 18 months, three years of accounts. If the valuation is not done in time what would these accounts look like? Because we are on the brink of 30 years since the last valuation was done, so bear it in mind. And then, in terms of a business model, if loans have to be taken for whatever reason, what are you going to leverage? What will your balance sheet look like?

Two, we appreciate the responses made with regard to management and retention of documents, bearing in mind for 2008 to 2013 the reports were disclaimers, meaning we could not get sufficient documents to give an opinion.

Just one more point on the strategic plan on page 6, on the bottom of that table. It was mentioned here, the strengthened partnerships and customer relations, the response given on page 7 dealt mainly with customer relations. If it is possible to get a little insight into strengthening of partnerships?

Mrs. Dilraj-Batoosingh: Sorry, what page? Page 7?

Mr. Sinanan: On page 6 on the table at the top of the page, the last point is, strengthen partnerships and customer relations. On page 7, we believe the answer mainly focuses on customer relations and not so much the strengthening of partnerships. Because as we go into the future with the strategic plan of CDA we just want a little idea—with whom are we strengthening partnerships with?

Mrs. Dilraj-Batoosingh: Okay, so in our strategic plan the actual heading is strengthen partnership and customer relations, and maybe that is why the response sounded as if it was mostly customer relations. But it does in fact cover other partnerships, as I would have indicated when the Minister of Tourism was here. Some of the partnerships would involve other state agencies as well. So, it is not necessarily just customer-related partnerships. It would be state agencies to really bring the core mandates of the CDA to some sort of achievement and realization. So, all partnerships that are necessary, thus far we have in fact engaged National Trust, we have engaged the Ministry of Tourism, we have engaged PTSC, a lot of organizations to help bring the organization at a higher level, as well as—I do not have it here—InvesTT as well. We would have had recent discussions with them concerning bringing further investment into the organization, and what may be available. So, we are actually preparing something to present to them as well.

Mr. Sinanan: Thank you. So we should expect something more concrete with respect to partnering.

Mrs. Dilraj-Batoosingh: Yes.

Mr. Sinanan: Just a last comment, Mr. Chairman. As we move forward with such a national treasure, do not forget the procurement legislation is in place in terms of strengthening your procedures and staffing requirements, the procurement legislation is very specific, and to all statutory boards. The Auditor General is very cognizant of what could play out in terms of charges, or penalties to members of these statutory boards. Thank you.

Mr. Chairman: Thank you very much members of the Auditor General's office, and I want to thank you, Permanent Secretary and your team, and members, well, the representative of the board, the CEO, two members of the board and the CEO, and the consultant here present. I want to thank you for your contributions here this morning, as I thank all members of the Committee here for bringing this particular examination of the CDA accounts, 2008—2014, to conclusion. We might have some additional questions that come up because of the answers that you have asked, and we will send those to you in writing, and we hope that we would get a response within reasonable time.

Having said that, I want to thank you for your contributions, your answers, and your clarification of certain issues. We note that the CDA has the management of a very, very beautiful part of our country, and a part of the country that really is something to be treasured by us as nationals, and to be used conservatively to develop interest of citizens and visitors alike, that can enjoy the beauty of the environment, and that can be exposed to venues, activities, and commercial possibilities on the peninsula that could help to generate income, and to bring viability to the CDA as an institution with the custodianship of that part of the island of Trinidad.

We wish you well in your endeavours and we hope that you will achieve some of the objectives that you have set out in the plan. I myself think that given the number of leases that you have properly negotiated are properly renegotiated and revised, and that the leases that you have in the latter period, from about maybe 2012 to the present time, did income generating possibilities, are quite significant. The question would be how you deploy that revenue in collaboration with the funds provided by the Ministry of Planning and Development and the Government of Trinidad and Tobago to make a difference in terms of earning potential beyond the leases.

As I said, I wish you well, and we will look at the verbatim notes from this particular session, and on the basis of that we will forward some questions to you for further answers. But, thank you very much for cooperation, for your submissions, and for your contributions here this morning, to the public understanding of what is happening on the Chaguaramas peninsula in terms of development and the CDA in terms of economic and financial viability and sustainability going forward. Thank you very much.

12.12 p.m.: *Meeting adjourned*.