



*NINETEENTH REPORT OF  
THE*  
**PUBLIC ACCOUNTS**

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

*FOURTH SESSION OF THE 11<sup>TH</sup> PARLIAMENT*

Examination of the Audited Financial Statements of the  
Cocoa Development Company of Trinidad and Tobago  
Ltd (CDCTTL) for the years ended September 30, 2014  
to 2016.



## Public Accounts (Enterprises) Committee

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

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

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

### Current membership

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

### Committee Staff

The current staff members serving the Committee are:

Ms Keiba Jacob	Secretary
Ms Hema Bhagaloo	Assistant Secretary
Mr Justin Jarrette	Graduate Research Assistant
Mr Darien Buckmire	Graduate Research Assistant
Ms Anesha James	Administrative Assistant
Ms. Natoya O’Neil	Clerk Typist I

## Publication

An electronic copy of this report can be found on the Parliament website: [www.ttparliament.org](http://www.ttparliament.org)

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# MEMBERS OF THE PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE



Mr. Wade Mark  
**Chairman**



Dr. Tim Gopeesingh  
**Vice-Chairman**



Dr. Nyan Gadsby-Dolly  
**Member**



Mrs. Jennifer Baptiste -Primus  
**Member**



Mr. Fitzgerald Hinds  
**Member**



Ms. Amrita Deonarine  
**Member**



Ms. Cherrie-Ann Crichlow-Cockburn  
**Member**



Mr. Foster Cummings  
**Member**

# EXECUTIVE SUMMARY

The Public Accounts (Enterprises) Committee (PA(E)C) is the Parliamentary Financial Oversight Committee tasked with the responsibility of examining the audited accounts of all State Enterprises that are owned or controlled by the state. The Committee examined **Audited Financial Statements of the Cocoa Development Company of Trinidad and Tobago Ltd (CDCTTL)** for the years ended **September 30, 2014 to 2016** and produced this report to highlight its findings and recommendations.

This report details the issues, endorsements and recommendations made by the Committee to improve the CDCTTL's performance. The issues identified in this report were found during the period under examination (2014 to 2016).

During this inquiry, the following issues arose:

1. **Audited Financial Statements**
2. **Internal Auditing**
3. **Strategic Plan**
4. **Vacancies of Key Positions**
5. **Rental Arrangements for CDCTTL Office Premises**
6. **Certification of Cocoa**
7. **Development of Local Chocolatiers**
8. **Training Programmes**
9. **Cocoa Exports**
10. **Donations and Sponsorship**
11. **Online Presence of the CDCTTL**

In light of the Committee's findings, the following recommendations were made:

- *The CDCTTL should ensure that all staff are aware of the regulations governing the publication of audited financial statements and write to Parliament detailing initiatives taken to achieve this by July 31, 2019;*
- *The Ministry of Finance – Investments Division should consider putting in place measures to dissuade entities from engaging in practices not in conformity with the legislation that governs them and report to Parliament by July 31, 2019;*
- *The MALF should write to all entities under its purview explaining the need to avoid such breaches of procedure by July 31, 2019;*
- *The CDCTTL's Board should meet with the MALF to determine how to go about setting up an internal audit function at the Company and have it fully staffed and report to Parliament by July 31, 2019;*
- *The CDCTTL should provide a more precise timeline for completion of the internal controls review and commit to a date of submission of the conclusions of the review to Parliament by July 31, 2019;*

- *The MALF should provide an update on the Cabinet Minute and resultant Cabinet approval for the Draft CDCTTL Strategic Plan by July 31, 2019;*
- *The CDCTTL should provide a timeline for the development of all of the previously mentioned policies, which were not prepared before due to the Board's prioritization of drafting the Strategic Plan, by July 31, 2019;*
- *The CDCTTL should explain the origin of its financial inability where recruitments are concerned and provide a roadmap for correcting this deficiency by July 31, 2019;*
- *The CDCTTL should explain the following:*
  - *The reasons for which the previous Board gave up one of the two floors occupied at the Yard Street location in spite of the Company's space needs, thereby increasing the need to find a new location;*
  - *The rationale for seeking the amount of space provided at Mulchan Seuchan Road knowing in advance that there would be excess space that would need to be subleased in order to be worthwhile;*
  - *The reason for not seeking further rental options;*
  - *Specific examples of the ways in which the premises currently occupied enables the Company to better achieve its mandate.*
    - *This explanation should be submitted by July 31, 2019;*
- *The Property and Real Estate Services Division of the Ministry of Public Administration should provide its analysis of the suitability of the choice made by the CDCTTL by July 31, 2019;*
- *The CDCTTL should submit a report to Parliament on the feasibility of streamlining the dual Certification Mark / Certificate of Origin system into one fulfilling the functions of both, as is the case in Cote d'Ivoire. This would make certification easier to understand and appreciate for consumers. This report should be submitted to the Parliament by July 31, 2019;*
- *The CDCTTL should report to Parliament on the feasibility of establishing partnerships with the major importers of 4T cocoa for the purpose of much needed strengthening and development of production, by July 31, 2019;*
- *The CDCTTL should report to Parliament on the status of progress regarding the incorporation of genetic finger-printing into its Certificates of Origin by July 31, 2019;*
- *The CDCTTL should report to Parliament on the potential for getting regional backing from the CROSQ for its Certification Mark by July 31, 2019;*
- *The CDCTTL should inform Parliament whether 4T cocoa has been confirmed as a GI product by the IPO by July 31, 2019;*
- *The CDCTTL should report on the possibility of including the Certification Mark on the labels of products containing certified 4T cocoa by July 31, 2019;*
- *The CDCTTL should report to Parliament on the conclusions of its workshops and panel discussions and how these conclusions have been incorporated into Company policy to the benefit of local value-added producers by July 31, 2019;*

- *The CDCTTL should write to Parliament to report on efforts to encourage prospective or already active local chocolatiers to participate in the Planting Seeds contest by July 31 2019;*
- *The CDCTTL should report to Parliament on plans for the development of the CEPEP-related training programme and other training initiatives by July 31, 2019;*
- *The CDCTTL and CEPEP should consult with the Trinidad and Tobago office of the UNDP on effective agricultural training programmes and report on advice received by July 31, 2019;*
- *The CDCTTL should seek avenues to improve programme participants' chances of finding post-training employment or entrepreneurship opportunities. This could be done through collaboration with other government agencies such as the National Entrepreneurship Development Company Limited (NEDCO) or the entrepreneurship and employment programmes of the Ministry of Labour and Small Enterprise Development and a progress report should be submitted to Parliament by July 31, 2019;*
- *The CDCTTL should report to Parliament on how the prospect of approaching regional or local authorities in chocolate producing countries in Europe or elsewhere where there is market penetration or development potential for fine of flavor cocoa to explore the strengthening of trade linkages for 4T cocoa by July 31, 2019;*
- *The Company should write to Parliament explaining the economic rationale for its 2016 spending on donations and sponsorship, any further sums allocated to this item of expenditure, any outstanding commitments and the positive effects of these initiatives by July 31, 2019;*
- *The CDCTTL should report on its plans to scale back or suspend its spending on donations and sponsorship at the end of the current financial year. This report should be submitted by July 31, 2019;*
- *The CDCTTL should report to Parliament on the development of an official website which would greatly enhance "the much-needed visibility that the status of Trinidad and Tobago's fine cocoa necessitates when dealing with gaining the trust from foreign investors" referred to in the Company's written submission. This report should be sent by July 31, 2019; and*
- *The CDCTTL should approach AgriNeTT to explore possibilities of collaboration along the lines of what has been done with NAMDEVCO and provide a status report by July 31, 2019.*

# INTRODUCTION

## Establishment

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

## Mandate

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

In addition to the Committee's powers entrenched in the Constitution, the Standing Orders of the House of Representatives and Senate also empower the Committee (but 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<sup>1</sup> provide for the Minister responsible for the Ministry or Body under review to submit within sixty (60) days a paper to the House responding to any recommendations or comments contained in the Report which are addressed to it.

## State Enterprises Performance Standards

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

## Election of the Chairman and Vice Chairman

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

## Establishment of Quorum

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

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

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

## Change in Membership

- On December 1, 2017 a decision was made at a sitting of the House of Representatives to replace Ms. Shamfa Cudjoe as a Member with Dr. Nyan Gadsby-Dolly; and
- With effect from November 27, 2018, Ms. Amrita Deonarine replaced Mr. David Small as a Member of the Committee as a result of a decision made at a sitting of the Senate.

# METHODOLOGY

## Determination of the Committee's Work Programme

On January 13, 2016 during its second Meeting, the Committee agreed to prioritize thirty-three (33) State Enterprises to be examined in the Eleventh Parliament as follows:

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

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\* Examined in the Eleventh Parliament of the Republic of Trinidad and Tobago

This was followed by a meeting held on February 17, 2016 during which the Committee added the following entity to be examined:

34. Trinidad and Tobago Mortgage Finance Company Limited (TTMF)\*

Subsequently, at a meeting held on November 15, 2017 the Committee included the following entities:

35. The National Maintenance, Training and Security Company Limited (MTS)\*

36. The National Training Agency (NTA)\*

37. Youth Training and Employment Partnership Programme (YTEPP)\*

At a meeting held on December 5, 2018, the Committee identified the following entities for examination in the Fourth Session of the 11<sup>th</sup> Parliament:

- i. National Petroleum Marketing Company Limited (NP);
- ii. Caroni (1975) Limited;
- iii. Cocoa Development Company of Trinidad and Tobago Limited;
- iv. Palo Seco Agricultural Enterprises Limited (PSAEL);
- v. Trinidad & Tobago Free Zones Company Limited;
- vi. Trinidad & Tobago Creative Industries Company Limited;
- vii. Export Import Bank of Trinidad and Tobago (EXIMBANK);
- viii. InvesTT;
- ix. Trinidad & Tobago International Financial Centre Management Company Limited;
- x. Rural Development Company of Trinidad & Tobago Limited (RDC);
- xi. Taurus Services Limited; and
- xii. Portfolio Credit Management Limited
- xiii. Urban Development Corporation of Trinidad and Tobago (UDECOTT);
- xiv. National Insurance Property Development Company Limited (NIPDEC);
- xv. Caribbean Airlines; and
- xvi. Telecommunications Services of Trinidad and Tobago.

# THE INQUIRY PROCESS

The Inquiry Process outlines steps taken by the Committee to conduct the inquiry into the operations of the Cocoa Development Company of Trinidad and Tobago Limited (CDCTTL). The following steps outlines the Inquiry Process agreed to by the PA(E)C:

- I. Identification of issues in the Audited Accounts, Balance Sheets and other Financial Statements of the CDCTTL for the financial years 2014 to 2016;
- II. Preparation of Inquiry Proposal for the CDCTTL. The Inquiry Proposal outlines:
  - a. Background;
  - b. Objective of Inquiry; and
  - c. Proposed Questions.
- III. Questions were forwarded to the CDCTTL on December 27, 2018. Written responses were received from the CDCTTL on January 21, 2019;
- IV. Determination of the need for a Public Hearing based on the analysis of written submissions. In this instance, a public hearing was held on February 06, 2019.
- V. After the public hearing a written request for additional information was sent to the CDCTTL on February 11, 2019. The responses were subsequently received on March 18, 2019.
- VI. Report the Committee's findings and recommendations to Parliament upon conclusion of the inquiry.

# PROFILE – CDCTTL

## Background:

The Cocoa Development Company of Trinidad and Tobago Limited (CDCTTL) was incorporated on December 23, 2013 as a limited liability company, wholly owned by Corporation Sole (Government of the Republic of Trinidad and Tobago). The CDCTTL was formed to replace its predecessor entity, the Cocoa and Coffee Industry Board (CCIB), which has been dissolved as a result of the Cocoa and Coffee Industry Act Chapter 64:20 being repealed by Section 9 of the Finance Act No. 4 of 2014.

**Line Ministry** – Ministry of Agriculture, Land and Fisheries

**Minister** – Senator the Honourable Clarence Rambharat

**Permanent Secretary** – Ms. Lydia Jacobs

**Chairman** – Mr Winston Rudder

**Chief Executive Officer** – Mr. Leon Granger

# ISSUES, OBSERVATIONS AND RECOMMENDATIONS

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

## 1) Audited Financial Statements

**The CDCTTL did not adhere to the correct procedure for the submission of audited financial statements for the year 2017.** The Company erroneously published its audited financial statement for 2017 before holding its Annual General Meeting (AGM), which is supposed to precede the publication of the statements in accordance with sections 151 and 154(2) of the Companies Act Chapter 81:01. There is no particular sanction for such an error. The Ministry of Finance – Investment Division and the Ministry of Agriculture, Land and Fisheries (MALF) notify entities in writing of such errors when they occur and reiterate the procedure to be followed.

### *Recommendations:*

- i. The CDCTTL should ensure that all staff are aware of the regulations governing the publication of audited financial statements and write to Parliament detailing initiatives taken to achieve this by July 31, 2019;*
- ii. The Ministry of Finance – Investments Division should consider putting in place measures to dissuade entities from engaging in practices not in conformity with the legislation that governs them and report to Parliament by July 31, 2019; and*
- iii. The MALF should write to all entities under its purview explaining the need to avoid such breaches of procedure by July 31, 2019.*

## 2) Internal Auditing

**The lack of an internal audit function means that waste and inefficiency can occur.** The CDCTTL was of the opinion that since it is a small company and not a commercial entity, there was little scope for an in-house internal audit department. The CDCTTL also experienced difficulties in staffing an internal audit unit due to lack of resources. The Company therefore outsourced its internal auditing. The Committee highlighted the urgent need for the CDCTTL to establish its own internal audit function. An internal controls review exercise was due to be conducted by an external firm by the first quarter of the 2019/2020 fiscal year. This was on hold pending the development of Company internal control policies and reporting systems by the newly recruited Chief Operations Officer and Administrative Assistant – Accounting.

### *Recommendations:*

- i. The CDCTTL's Board should meet with the MALF to determine how to go about setting up an internal audit function at the Company and have it fully staffed and report to Parliament by July 31, 2019;*

- ii. The CDCTTL should provide a more precise timeline for completion of the internal controls review and commit to a date of submission of the conclusions of the review to Parliament by July 31, 2019.*

### 3) Strategic Plan

**The CDCTTL has been working without an official plan.** The CDCTTL Draft Strategic Plan was completed in November 2017 and forwarded for approval to the MALF. Several months earlier, in June 2017, the National Strategic Plan for the Cocoa Industry of Trinidad and Tobago (NSCP) was completed at the request of the MALF. The NSCP was drafted after stakeholder consultation. It then served as the basis for the development of the CDCTTL Draft Strategic Plan, which has not yet been approved.

Despite not being approved, the Draft Strategic Plan was operationalized by the Company contrary to what is prescribed by the State Enterprises Performance Monitoring Manual. The MALF recognized that it had not completed the approval process and that the Draft Strategic Plan was being used as a de facto framework in the interim.

The CDCTTL explained that in the absence of relevant staff and due to the Board being occupied inter alia with the preparation of the NSCP and the Draft Strategic Plan, a range of other policy areas were left undone, such as policies dealing with risk management, internal fraud, whistle blowing and conflict of interest.

The MALF explained on February 15, 2019 that it was preparing a Cabinet Minute for the approval of the CDCTTL's Draft Strategic Plan, which was supposed to be submitted to Cabinet at the end of February. Within one week of Cabinet approval being granted, the MALF committed to forwarding the approved Plan to the Ministry of Finance.

#### ***Recommendations:***

- i. The MALF should provide an update on the Cabinet Minute and resultant Cabinet approval for the Draft CDCTTL Strategic Plan by July 31, 2019; and*
- ii. The CDCTTL should provide a timeline for the development of all of the previously mentioned policies, which were not prepared before due to the Board's prioritization of drafting the Strategic Plan, by July 31, 2019.*

### 4) Vacancies of Key Positions

**The failure to fill key positions within the Company impairs its ability to fully achieve its mandate.** Currently, the positions of Accountant, Market Research Officers, Marketing Assistant and Production Assistant are not filled. The CDCTTL explained that this was as a result of funding constraints.

#### ***Recommendation:***

- i. The CDCTTL should explain the origin of its financial inability where recruitments are concerned and provide a roadmap for correcting this deficiency by July 31, 2019.*

#### 5) Rental Arrangements for CDCTTL Office Premises

The exponential rise in rent paid by the CDCTTL since 2018 constitutes an inefficient allocation of resources. Due mainly to space constraints and OSHA non-compliance, the Company relocated its offices from Yard St. Chaguanas – where a monthly rental of \$17,000 was paid under a month-to-month basis – to Mulchan Seuchan Road, Chaguanas at a monthly rental of \$72,000. The Company viewed five possible locations in the Chaguanas area. The premises chosen came at the lowest price per square foot (\$7.27) and also had the lowest cost of outfitting and was the most ready for immediate occupancy. It also provided more floor space than four of the alternatives. Despite the low price per square foot, the Mulchan Seuchan Road location had the second highest monthly rental cost. Efforts to sublet part of the premises are at a standstill.

The CDCTTL cites its view that “this building gives the much-needed visibility that the status of Trinidad and Tobago’s fine cocoa necessitates when dealing with gaining the trust from foreign investors” as a further point in favour of the Mulchan Seuchan Road location.

#### **Recommendations:**

- i. The CDCTTL should explain the following:*
  - a. The reasons for which the previous Board gave up one of the two floors occupied at the Yard Street location in spite of the Company’s space needs, thereby increasing the need to find a new location;*
  - b. The rationale for seeking the amount of space provided at Mulchan Seuchan Road knowing in advance that there would be excess space that would need to be subleased in order to be worthwhile;*
  - c. The reason for not seeking further rental options;*
  - d. Specific examples of the ways in which the premises currently occupied enables the Company to better achieve its mandate.*

*This explanation should be submitted by July 31, 2019; and*
- ii. The Property and Real Estate Services Division of the Ministry of Public Administration should provide its analysis of the suitability of the choice made by the CDCTTL by July 31, 2019.*

#### 6) Certification of Cocoa

The CDCTTL Certification Mark and Certificates of Origin need greater visibility, wider applicability and further institutional backing. The CDCTTL issues its Certification Mark to farmers and Certificates of Origin to exporters. The former is linked to international quality standards and registered with the Intellectual Property Office (IPO). The latter is the proof for the buyer that the cocoa bought is traceable and verifiably of the 4T Brand (True Trinidad and Tobago Trinitario).

Genetic finger-printing of cocoa beans is due to be incorporated into the data used for Certificates of Origin, thereby strengthening their validity.

### **Origine Cote d'Ivoire (OCI) Certification Mark**

One international example of cocoa certification is Cote d'Ivoire in West Africa, which is the largest producer and exporter of cocoa in the world<sup>3</sup>, producing 2 million tonnes of cocoa beans in 2018, representing over two-fifths (43%) of total world cocoa production. Cocoa accounts for 15% of Cote d'Ivoire's GDP<sup>4</sup> and 50% of its export earnings. The equivalent of the CDCTTL in that country is the Coffee and Cocoa Board (*Le Conseil du Café-Cacao* or CCC)<sup>5</sup>. The CCC launched its *Origine Cote d'Ivoire* (OCI) Certification Mark in October 2016<sup>6</sup>.

The OCI Certification Mark fulfills the role of the both the Certification Mark and Certificate of Origin of the CDCTTL, attesting to quality like the CDCTTL Certification Mark while also ensuring traceability of cocoa beans like the Certificate of Origin.

### **Application of the OCI Certification Mark**

Unlike its CDCTTL counterpart, the OCI Certification Mark is not applied only to cocoa itself<sup>7</sup>; any product containing Ivorian cocoa may carry the label of the mark as long as it does not contain cocoa from any other country.

### **Participation of International Stakeholders in the OCI**

Cote d'Ivoire exports over 90% of its cocoa. The CCC involved international stakeholders in the creation of its Certification Mark given that the certified cocoa was destined mainly for consumption abroad.

The CCC collaborates with chocolate producers in France, the Netherlands, Germany and Switzerland. These international stakeholders wanted to ensure a sustainable and reliable supply of quality cocoa. They were involved in setting production specifications, contributing to research and development to enhance cocoa production and investing in relevant infrastructure in Cote d'Ivoire. Due to this collaboration, production has been strengthened, going from 1.58 million tonnes in 2015 to 2 million in 2018<sup>8</sup>.

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<sup>3</sup> Reuters, *FACTBOX – Who's Who in the Cocoa Market*, accessed 0 February 20, 2019: <https://uk.reuters.com/article/cocoa-players-idINLDE6650TH20100707>

<sup>4</sup> The World Bank, *The World Bank in Cote d'Ivoire*, accessed February 22, 2019: <https://www.worldbank.org/en/country/cotedivoire>

<sup>5</sup> Cote d'Ivoire Coffee and Cocoa Board official website, accessed on February 8, 2019: <http://www.conseilcafecacao.ci/>

<sup>6</sup> La Croix, *Cote d'Ivoire Launches a Certification Mark for its Cocoa*, accessed on February 20, 2019: <https://www.la-croix.com/Economie/Monde/La-Cote-dIvoire-lance-label-pour-cacao-2016-10-02-1200793218>

<sup>7</sup> Abidjan Net, *Third Edition of National Cocoa and Chocolate Days – Cote d'Ivoire Launches Certification Mark*, accessed on February 20, 2019: <http://news.abidjan.net/h/601368.html>

<sup>8</sup> International Cocoa Organization, *Production of Cocoa Beans*, accessed on February 21, 2019: [file:///C:/Users/justinjarrette/Downloads/Production\\_QBCS%20XLIV%20No.%203.pdf](file:///C:/Users/justinjarrette/Downloads/Production_QBCS%20XLIV%20No.%203.pdf)

This is relevant to Trinidad and Tobago cocoa especially in that the CDCTTL stated that, after the changeover from the CCIB, former CCIB service providers were reluctant to purchase, market and trade cocoa beans due to “lack of links in cocoa importing countries”<sup>9</sup>.

### Institutional Backing of Certification Marks

Europe:

EU quality schemes<sup>10</sup> are certification marks that protect the name and reputation of specific products to promote their unique geographic or production characteristics, which are recognized as intellectual property. EU backing authenticates quality of products and promotes sustainability.

- Geographical Origin (GI)

The EU’s GI certification marks are the equivalent of the CDCTTL’s certification mark. These are based on the notion of *terroir*<sup>11</sup>, meaning the distinctive natural environment of a geographical area that gives products originating there a unique character.

The following table presents the EU’s GI certification marks:

Quality Scheme	Description	Examples
Protected Designation of Origin (PDO)	A product of which the <b>entire</b> production process follows a well-established or traditional technique and takes place <b>exclusively</b> within a particular geographical area.	<b>Champagne</b> <sup>12</sup> – can only be made in the Champagne area of the Grand Est Region of France through a legally defined method using local grapes.
Protected Geographical Indication (PGI)	At least a <b>portion</b> of the production process takes place in a particular region and <b>most</b> of the inputs come from that particular region.	<b>Toscana Extra Virgin Olive Oil</b> <sup>13</sup> – entirely produced in the Region of Tuscany, Italy, using a particular variety of olive trees, cultivation and harvesting techniques.
Geographical indication of spirit drinks and aromatised wines (GI)	Production must take place exclusively in a particular country or region but the ingredients can come from anywhere.	<b>Scotch Whisky</b> , which must be distilled in Scotland.

<sup>9</sup> CDCTTL Written Submission, p2.

<sup>10</sup> European Commission, *Quality schemes explained*, accessed on February 19, 2019: [https://ec.europa.eu/info/food-farming-fisheries/food-safety-and-quality/certification/quality-labels/quality-schemes-explained\\_en](https://ec.europa.eu/info/food-farming-fisheries/food-safety-and-quality/certification/quality-labels/quality-schemes-explained_en)

<sup>11</sup> National Origin and Quality Institute, *The Signs of Quality and Origin – PDO-AOC*, accessed on February 19, 2019: <https://www.inao.gov.fr/eng/Official-signs-identifying-quality-and-origin/PDO-AOC>

<sup>12</sup> National Institute of Origin and Quality, *AOC Champagne*, accessed on February 19, 2019: [https://www.inao.gov.fr/show\\_texte/409](https://www.inao.gov.fr/show_texte/409)

<sup>13</sup> European Commission DOOR Database, *Toscana*, accessed on February 19, 2019:

<http://ec.europa.eu/agriculture/quality/door/registeredName.html?denominationId=714>

In Trinidad and Tobago, the IPO registers geographical indications<sup>14</sup> in accordance with the Geographical Indications Act Chapter 82:78, and lists Trinitario cocoa as a “potential GI”<sup>15</sup>. At the regional level, the CARICOM Regional Organization for Standards and Quality (CROSQ)<sup>16</sup> disseminates information on standards and quality verification. CROSQ aims to ensure sustainable production, competitiveness and trade and the goods and services in the CARICOM Single Market and Economy (CSME).

***Recommendations:***

- i. The CDCTTL should submit a report to Parliament on the feasibility of streamlining the dual Certification Mark / Certificate of Origin system into one fulfilling the functions of both, as is the case in Cote d’Ivoire. This would make certification easier to understand and appreciate for consumers. This report should be submitted to the Parliament by July 31, 2019;*
- ii. The CDCTTL should report to Parliament on the feasibility of establishing partnerships with the major importers of 4T cocoa for the purpose of much needed strengthening and development of production, by July 31, 2019;*
- iii. The CDCTTL should report to Parliament on the status of progress regarding the incorporation of genetic finger-printing into its Certificates of Origin by July 31, 2019;*
- iv. The CDCTTL should report to Parliament on the potential for getting regional backing from the CROSQ for its Certification Mark by July 31, 2019;*
- v. The CDCTTL should inform Parliament whether 4T cocoa has been confirmed as a GI product by the IPO by July 31; and*
- vi. The CDCTTL should report on the possibility of including the Certification Mark on the labels of products containing certified 4T cocoa by July 31, 2019.*

## 7) Development of Local Chocolatiers

**More local entrepreneurs need to be attracted into the cocoa industry to increase economic activity, create jobs and strengthen the value chain.** Ensuring the development of the domestic value added chocolate industry is one of the priorities of the CDCTTL. This entails facilitating the growth of local chocolatiers who have been slowly gaining visibility for their products. Research by the Company has showed that since there is an available market for their products, there is great development potential. This development would create jobs. The number of local value-added producers almost tripled from 15 in 2018 to 40 in 2019.

In order to promote the growth and quality production of local value-added producers, the CDCTTL has engaged in the following:

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<sup>14</sup> Intellectual Property Office, *Geographical Indications*, accessed on February 26, 2019: <http://www.ipo.gov.tt/types-of-ip/geographical-indications/>

<sup>15</sup> Intellectual Property Office, *Geographical Indication Brochure*, accessed on February 27, 2019: [http://www.ipo.gov.tt/downloads/Geographical Indications/Geographical Indication Brochure.pdf](http://www.ipo.gov.tt/downloads/Geographical%20Indications/Geographical%20Indication%20Brochure.pdf)

<sup>16</sup> CARICOM Website, CARICOM Regional Organization for Standards and Quality (CROSQ), accessed on February 19, 2019: <https://caricom.org/about-caricom/who-we-are/institutions1/caricom-regional-organisation-for-standards-and-quality-crosq>

- Publicizing of local chocolatiers' products and activities via social media;
- Annual attendance since 2016 at the Trade and Investment Conference (TIC) hosted by the Trinidad and Tobago Manufacturers' Association (TTMA), showcasing a range of products made from locally grown cocoa;
- The launch on July 11, 2018 of the National Cocoa Awards competition, with the winner receiving a trip to Paris, France to participate in the *Salon Du Chocolat* at which the Cocoa of Excellence, International Cocoa Awards are hosted;
- Hosting a workshop on the theme "Leveraging the true Trinidad and Tobago Trinitario cocoa beans for highest returns to all local stakeholders in the cocoa industry value chain", August 14, 2018;
- Representation at the World Cocoa and Chocolate Day Expo 2018, September 17, 2018;
- Participation in the Agri-Business Innovators: Innovate, Invest panel discussion to highlight the attractiveness of starting a business within the cocoa value chain, as a way of contributing to Tobago's Agri-Business sector, at the Youth Empowerment Forum hosted by the Tobago House of Assembly on December 5, 2017.

Outside of the CDCTTL, one notable means of promoting entrepreneurship in Trinidad and Tobago was through televised competitions. The principal example was the Planting Seeds show<sup>17</sup>, which airs on local TV stations. Similar to its international counterparts Shark Tank and Dragon's Den, the show allowed entrepreneurs to pitch their business ideas to a panel of investors with the winner receiving the desired startup funding in exchange for an equity stake. Planting Seeds has featured at least one local chocolatier as a contestant so far.

***Recommendations:***

- i. The CDCTTL should report to Parliament on the conclusions of its workshops and panel discussions and how these conclusions have been incorporated into Company policy to the benefit of local value-added producers by July 31, 2019; and*
- ii. The CDCTTL should write to Parliament to report on efforts to encourage prospective or already active local chocolatiers to participate in the Planting Seeds contest by July 31, 2019.*

**8) Training Programmes**

**Training is key to increasing cocoa production.** A strong increase in production is needed to fulfil the potential of the industry and maximize contribution to the economy. Training programmes attracted new farmers into the industry, revived the activity of inactive farmers and improved the productivity of active farmers. Productive activity was thereby stimulated.

**Training for CEPEP Workers**

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<sup>17</sup> Planting Seeds official website, accessed on March 1, 2019: <https://plantingseedscuribbean.com/>

In order to attract much needed labour into the cocoa sector, the CDCITL set up a cocoa husbandry training programme with employees of the Community-Based Environmental Protection and Enhancement Programme (CEPEP) as its target audience.

Two of the Four Pillars of CEPEP are Agriculture Support, with the goal of “working in our communities, giving a helping hand to people involved in agriculture, to increase yields on the home front, and put more food on the table” and Developmental Training, which focuses on “giving entrepreneurs and their employees access to mandatory training to improve their skill sets, through academic and vocational courses conducted by public organisations and institutions with the relevant knowledge and infrastructure”<sup>18</sup>. One of CEPEP’s core values was entrepreneurship, seeking “to combine resources in order to seize any business opportunity that presents itself in the interest of our contractors and community entrepreneurs”<sup>19</sup>.

The aim was to retrain CEPEP workers – whose tenure under the programme is of a limited duration – and equip them with skills to make the transition to cocoa production. The CEPEP workers gained hands on experience in the spraying of cocoa fields to fight black pod disease and in the use of mechanized cocoa picking. This field rehabilitation training initiative is being undertaken at a cost of \$9.57 million to the CDCITL for the period 2018-2021, in addition to \$20 million realigned from the Ministry of Rural Development and Local Government. However, despite 45 CEPEP workers having completed the training programme, only 1 has found work relevant to the training so far.

In 2015, the United Nations Development Programme (UNDP) set 17 targets called the Sustainable Development Goals<sup>20</sup> as part of the 2030 Agenda for Sustainable Development. Goal 8 is “decent work and economic growth for all”. It aims to reach “higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors”<sup>21</sup>. This is fully relevant to the CDCITL’s training initiatives: the Company pointed out that cocoa farming is “naturally labour intensive”<sup>22</sup>, the training provided to the CEPEP workers involves technological upgrading in that it entails mechanized picking methods and the reviving of cocoa production is an economic diversification measure.

The UNDP has worked to strengthen sustainable agriculture through training initiatives<sup>23</sup> around the world leading to enhanced economic and social benefits.

### **Farmer Field School**

The CDCITL runs the Farmer Field School Initiative to provide training to farmers. This has led to the return of 84 farmers who had previously left the industry. The Company is increasing the

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<sup>18</sup> CEPEP, *Our Four Pillars*, accessed on February 19, 2019: <https://www.cepep.gov.tt/about-us/four-pillars/>

<sup>19</sup> CEPEP, *Our Core Values*, accessed on February 19, 2019: <https://www.cepep.gov.tt/about-us/core-values/>

<sup>20</sup> UNDP, *The Sustainable Development Agenda*, accessed on February 19, 2019: <https://www.un.org/sustainabledevelopment/development-agenda/>

<sup>21</sup> United Nations, *Sustainable Development – Decent Work and Economic Growth*, accessed on February 19, 2019: <https://www.un.org/sustainabledevelopment/economic-growth/>

<sup>22</sup> Verbatim Notes 35<sup>th</sup> PA(E)C Meeting.

<sup>23</sup> UNDP, *Cultivating Change in Papua*, accessed on February 19, 2019: <https://stories.undp.org/cultivating-change-in-papua>

attendance capacity of the Field School. Nationally, the Company reported a 24% increase in production in 2018 compared to 2017, and a 67% increase since the inception of the Company in 2014, when annual production stood at around 300 metric tons compared to 500 metric tons at present.

**Recommendations:**

- i. The CDCTTL should report to Parliament on plans for the development of the CEPEP-related training programme and other training initiatives by July 31, 2019;*
- ii. The CDCTTL and CEPEP should consult with the Trinidad and Tobago office of the UNDP on effective agricultural training programmes and report on advice received by July 31, 2019; and*
- iii. The CDCTTL should seek avenues to improve programme participants' chances of finding post-training employment or entrepreneurship opportunities. This could be done through collaboration with other government agencies such as the National Entrepreneurship Development Company Limited (NEDCO) or the entrepreneurship and employment programmes of the Ministry of Labour and Small Enterprise Development and a progress report should be submitted to Parliament by July 31, 2019.*

## 9) Cocoa Exports

**Export market development must be prioritized and can be achieved through targeted partnerships.** Facilitating access to regional and international markets is one of the CDCTTL's primary responsibilities. Research conducted by the Company has highlighted the importance of increasing exports of high-quality beans into selected niche markets. Four new exporters have recently joined the seven previously established ones. Fermenters are also poised to get involved in exporting according to the Company.

While it is not responsible for the purchase and export of beans, the CDCTTL ensures that all cocoa exported from Trinidad and Tobago really is verified as 4T fine or flavour cocoa and is issued with a certificate of origin.

4T cocoa is priced at approximately US \$6,000 per metric ton and the comparatively small fine or flavour cocoa market is growing. The Committee identified that, after the long downward trend that saw local production shrink from 35,000 metric tons yearly a century ago to 500 metric tons a year currently, there is plenty of revenue gaining potential to be exploited provided that production and exports are increased.

### **Local or Regional Trade Promotion Agencies**

One possible avenue through which 4T cocoa may be able to penetrate more international markets is by interfacing with local and regional authorities in importing countries. For example, France was the 8<sup>th</sup> largest<sup>24</sup> global producer of chocolate in 2017. In the Southwestern region of Nouvelle-Aquitaine,

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<sup>24</sup> The Telegraph, The Surprising Country that Produces the Most Chocolate, accessed on March 1, 2019:

<https://www.telegraph.co.uk/travel/food-and-wine-holidays/the-surprising-country-that-produces-the-most-chocolate/>

a trade promotion body called Interco Nouvelle-Aquitaine (INA) operates as an arm of the Regional Council. INA promotes the creation of links between economic actors in the Nouvelle-Aquitaine region and their counterparts in developing countries. One of INA's particular areas of emphasis is fruit and vegetable trade. INA organizes trade missions and fairs and provides advice on market penetration. INA's initiatives are part of sustainable development and fair trade policy promoted by the European Union, which was home to 7 of the 10 leading global chocolate producers in 2017.

***Recommendation:***

- i. The CDCTTL should report to Parliament on how the prospect of approaching regional or local authorities in chocolate producing countries in Europe or elsewhere where there is market penetration or development potential for fine of flavor cocoa to explore the strengthening of trade linkages for 4T cocoa by July 31, 2019.***

## **10) Donations and Sponsorship**

**Spending on donation and sponsorship initiatives is not the most appropriate, economical allocation of the CDCTTL's financial resources at this time.** The CDCTTL's financial statement for the year ended September 30, 2016 shows that the Company spent \$53,272 on Donations and Sponsorship. This figure was greater than spending on meetings and conferences (\$22,463) and advertising and promotion (\$4,456) combined. No such spending was done in 2014 or 2015 according to the financial statements.

Corporate social responsibility (CSR) entails initiatives taken by businesses "to pursue those policies, to make those decisions, or to follow those lines of action that are desirable in terms of the objectives and values of our society"<sup>25</sup>. Through their CSR initiatives, companies show that they are committed to contributing to the betterment of society of their own free will. CSR is recognized as a contributor to sustainable development and has been incorporated into international initiatives such as the United Nations' Global Compact<sup>26</sup> and recommended to companies all over the world.

Notwithstanding the foregoing, the Committee is of the view that given the considerable work that the Company must continue to undertake with its resources to revitalize the sector and especially in light of the fact that the Company is by its own admission financially unable to recruit staff to fill several key positions, the Company is not currently in a position that would make spending such sums on donations and sponsorship appropriate or economical. Such initiatives may well become more feasible in future.

***Recommendations:***

- i. The Company should write to Parliament explaining the economic rationale for its 2016 spending on donations and sponsorship, any further sums allocated to this item of***

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<sup>25</sup> Howard Bowen, *Social Responsibility of Businessmen*, University of Iowa Press, 2013.

<sup>26</sup> UN Business Action Hub, accessed on February 27, 2019: <https://business.un.org/en/documents/csr>

*expenditure, any outstanding commitments and the positive effects of these initiatives by July 31, 2019; and*

- ii. The CDCTTL should report on its plans to scale back or suspend its spending on donations and sponsorship at the end of the current financial year. This report should be submitted by July 31, 2019.*

## 11) Online Presence

**The CDCTTL could better fulfil its mandate of providing information, technical advisory and support services if it had an official website and a mobile app.** Currently, the CDCTTL's online presence consists principally of its Facebook page<sup>27</sup> and Instagram account<sup>28</sup>. This page is regularly updated and does provide information on the initiatives carried out by the Company. However, the information provided is mostly about events held or attended by the Company. The information shared on the Facebook page is for the general public and does not constitute the type of specialized information needed by current or prospective industry stakeholders.

The previously mentioned Cote d'Ivoire Coffee and Cocoa Board has an official website<sup>29</sup> providing information on price and market trends, priority projects, plant health and lists of local and international stakeholders. The website also features photo galleries equivalent to what is currently presented on the CDCTTL's social media pages.

The National Agricultural Marketing and Development Corporation (NAMDEVCO) currently has one mobile app called AgriPrice (Market Watcher) App<sup>30</sup>. The AgriPrice app was released on January 28, 2015 and has been downloaded over one thousand (1,000) times. It was developed by AgriNeTT<sup>31</sup>, which is an agriculture ICT project of the University of the West Indies (UWI), St Augustine. The purpose of the app is to provide up to date information on the prices of crops in Trinidad and Tobago based on data gathered by NAMDEVCO. It sends notifications to allow users to keep track of real time changes in crop prices and allows users to observe price trends over extended periods of time. While the AgriPrice app is not perfect, it is currently being improved to enhance reliability of the data it provides. Work is also ongoing on a second app for the provision of crop production information.

### **Recommendations:**

- i. The CDCTTL should report to Parliament on the development of an official website which would greatly enhance “the much-needed visibility that the status of Trinidad and Tobago’s fine cocoa necessitates when dealing with gaining the trust from foreign*

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<sup>27</sup> CDCTTL Official Facebook page, accessed on February 2, 2019:

<https://www.facebook.com/cocoadevelopmentcompanytt/>

<sup>28</sup> CDCTTL Official Instagram page, accessed on February 2, 2019: <https://www.instagram.com/cdcttlttd/>

<sup>29</sup> Cote d'Ivoire Coffee and Cocoa Board official website, accessed on February 19, 2019:

<http://www.conseilcafecacao.ci/>

<sup>30</sup> Google Play, *AgriPrice (Market Watcher)*, accessed on February 8, 2019:

<https://play.google.com/store/apps/details?id=com.agrinett.marketwatcher&hl=en>

<sup>31</sup> UWI St Augustine, AgriNeTT About, accessed on February 5, 2019:

<https://sta.uwi.edu/rdifund/projects/agrinett/about.asp>

- investors” referred to in the Company’s written submission. This report should be sent by July 31, 2019; and*
- ii. The CDC TTL should approach AgriNeTT to explore possibilities of collaboration along the lines of what has been done with NAMDEVCO and provide a status report by July 31, 2019.*

## CONCLUSION

Trinidad and Tobago's cocoa has great potential. The Cocoa Development Company of Trinidad and Tobago Limited has an important job to do in order to harness that potential for the country's economic benefit. The CDC TTL is not a commercial entity, but was incorporated under the Companies Act Chap 81:01. This created some problems of grasping the nature of the role the Company plays. The Company had a rough beginning as it was saddled with sorting out some lingering issues inherited from the mandate of its predecessor entity. The Company's Strategic Plan has been left unapproved for far too long, which further compromised the orderly pursuit of its initiatives. Going forward, the CDC TTL must focus on opportunities to strengthen cocoa production, maintain quality standards, increase the visibility of 4T Cocoa and support local chocolate entrepreneurs in light of their contribution to economic diversification.

The value of training initiatives cannot be understated. Without cocoa farmers there is no cocoa value chain. The CDC TTL is on the right track in conducting training programmes. However, unless post-training prospects are improved this investment in human capital will bring little of the much needed returns for the cocoa sector in terms of increased production.

The CDC TTL has no regulation enforcement role. However, the requirement of a CDC TTL-issued Certificate of Origin for all cocoa exported from Trinidad and Tobago means that beans must meet the relevant criteria in order to be issued a Certificate. This means that exporters must follow certain criteria in order to qualify for the Certificate so the CDC TTL in effect does regulate indirectly. To this end, the genetic finger printing of cocoa beans be expedited so as to incorporate this data into the Certificates of Origin, thereby strengthening that mechanism.

The systems in place in the world's leading cocoa producing countries provide a wealth of examples of effective, efficient and successful cocoa development policy. The CDC TTL would be well advised to adopt and adapt those international practices relevant to the Trinidad and Tobago context to reinforce the quality, reach and international standing of 4T Cocoa.

The CDC TTL must ensure that the full range of necessary policies are developed in order for it to have proper substance as a company and full accountability for its activities. Similarly, the Company must make conscientious decisions about its administrative expenses including rent, which must not be allowed to drain otherwise useful funds.

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

Sgd.  
Mr. Wade Mark  
**Chairman**

Sgd.  
Dr. Tim Gopeesingh  
**Vice-Chairman**

Sgd.  
Mr. Fitzgerald Hinds  
**Member**

Sgd.  
Mrs. Cherrie-Ann Crichlow-Cockburn  
**Member**

Sgd.  
Mrs. Jennifer Baptiste-Primus  
**Member**

Sgd.  
Dr. Nyan Gadsby-Dolly  
**Member**

Sgd.  
Mr. Foster Cummings  
**Member**

Sgd.  
Ms. Amrita Deonarine  
**Member**

# APPENDIX I

## Minutes of Meetings

**THE PUBLIC ACCOUNTS ENTERPRISES COMMITTEE –  
FOURTH SESSION, ELEVENTH PARLIAMENT  
MINUTES OF THE THIRTY- FIFTH MEETING HELD ON  
WEDNESDAY, FEBRUARY 6, 2019 AT 9:44 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:

Mr. Wade Mark	-	Chairman
Dr. Tim Gopeesingh	-	Vice Chairman
Mr. Fitzgerald Hinds	-	Member
Mr. Foster Cummings	-	Member
Mrs. Cherrie-Ann Crichlow-Cockburn	-	Member
Ms. Keiba Jacob	-	Secretary
Ms. Hema Bhagaloo	-	Assistant Secretary
Ms. Vanna Jankiepersad	-	Procedural Officer Intern
Mr. Justin Jarrette	-	Graduate Research Assistant

Excused were:

Dr. Nyan Gadsby-Dolly	-	Member
Ms. Amrita Deonarine	-	Member
Mrs. Jennifer Baptiste-Primus	-	Member

### **COMMENCEMENT**

- 1.1 At 9:44 a.m. the Chairman called the meeting to order and welcomed those present. Ms. Amrita Deonarine, Mrs. Jennifer Baptiste-Primus, and Dr. Nyan Gadsby-Dolly were excused from the meeting.

### **THE EXAMINATION OF THE MINUTES OF THE THIRTY- FOURTH MEETING**

- 2.1 The Committee examined the Minutes of the Thirty- Fourth (34<sup>th</sup>) Meeting held on Wednesday February 6, 2019.
- 2.2 There being no omissions or corrections, the Minutes were confirmed on a motion moved by Mr. Fitzgerald Hinds and seconded by Dr. Tim Gopeesingh.

### **MATTERS ARISING FROM THE MINUTES OF THE THIRTY-FOURTH MEETING**

- 3.1 With reference to items 3.1, the Committee agreed to review the Work Programme for the Fourth Session of the Eleventh Parliament at the next meeting.
- 3.2 With reference to item 8.2, the Chairman informed the Members the responses to the additional information were received by the Secretariat on February 14, 2019 and used to draft the Committee's Eighteenth Report.

### **CONSIDERATION OF DRAFT REPORT**

- 4.1 The Chairman informed the Members that the Draft Sixteenth Report of the Committee on the Examination of the Audited Accounts, Balance Sheets and other Financial Statements of the National Petroleum Marketing Company Limited (NP) for the financial years 2008 to 2017 was circulated for the Committee's consideration on February 4, 2019 and invited the Members to review/make any comments and/or suggestions.
- 4.2 The Committee agreed to the following:
  - The Draft Report be circulated to the Members to provide further feedback by Thursday February 7, 2019;
  - The Report be finalised at the next meeting of the Committee and presented at the next Sitting of the House of Representatives and Senate; and
  - Dr. Tim Gopeesingh and Mr. Wade Mark will present the Reports in the House of Representative and Senate, respectively.

### **PRE-HEARING DISCUSSION RE: COCOA DEVELOPMENT COMPANY TRINIDAD AND TOBAGO LIMITED (CDCTTL)**

- 5.1 The Chairman reminded the Members that the purpose of the meeting was to examine the Audited Accounts, Balance Sheets and other Financial Statements of the CDCTTL for the period 2014 to 2016 and to improve its delivery of services in an efficient, effective and economic manner.
- 5.2 The Members discussed the issues of concern and the general approach for the public hearing.
- 5.3 Dr Tim Gopeesingh declared his interest, being the owner of a parcel of private land cultivated with cocoa, recused himself from participating in discussions with the entity. After some discussion, the Committee agreed the Dr. Gopeesingh can participate.5.4. There being no further business for discussion *in camera*, the Chairman suspended the meeting at 10:12 a.m.

### **COCOA DEVELOPMENT COMPANY TRINIDAD AND TOBAGO LIMITED (CDCTTL)**

- 6.1 The Chairman called the public meeting to order at 10:20 a.m.
- 6.2 The following officials joined the meeting:

### **Cocoa Development Company of Trinidad and Tobago Limited**

- Mr. Winston Rudder - Chairman
- Ms. Jacqueline Rawlins - Director
- Mr. Leon Granger - Chief Executive Officer
- Ms. Mala Partap - Chief Operations Officer/  
Secretary

### **Ministry of Agriculture, Land and Fisheries**

- Ms. Lydia Jacobs - Permanent Secretary
- Ms. Albada Beekham - Director, Research Division
- Mr. David Ram - Director (Ag.), Regional  
Administration North
- Ms. Theresa Rosemond - Technical Officer, Crop Research,  
Research Division
- Ms. Jaiwantee Samsoundar - Agricultural Officer I, Research  
Division
- Mr. Chris J. Ramkissoon - Planning Officer, Agricultural  
Planning

### **Ministry of Finance – Investments Division**

- Ms. Jennifer Lutchman - Deputy Permanent Secretary
- Mr. Ryan Maharaj - Senior Business Analyst (Ag.)
- Ms. Salie Ramesar - Business Analyst

### **6.3 Key Topics Discussed:**

1. The history of the CDCTTL;
2. The non-commercial nature of the CDCTTL's activities;
3. The core functions of the CDCTTL;
4. The reduction in the metric tonnes of cocoa produced;
5. The CDCTTL's non-adherence to the procedure for the submission of Audited Financial Statement for the year 2017;
6. The strategic role of cocoa in the development of the economy;
7. The difference between the mandate of the CDCTTL and its predecessor, the Cocoa and Coffee Industry Board (CCIB);
8. The reasons for the key positions of accountant, internal auditor, market research officers being vacant at the CDCTTL;
9. The absence of an internal audit and risk management function;
10. The status of the \$13 million dollar inherited from the CCIB;
11. The annual volume of world cocoa production;
12. The distinction between fine or flavor cocoa and bulk cocoa in terms of quality and price;
13. Trinidad and Tobago's status as a fine or flavor cocoa producer;

14. The status of the National Strategic Plan for the Cocoa Industry of Trinidad and Tobago (NCSP);
15. The status of the approval of the CDCTTL's Strategic Plan;
16. The operationalization of the Draft Strategic Plan by the Company in contravention of the provisions of the State Enterprises Performance Monitoring Manual;
17. The effect of budget constraints on the Company's work programme;
18. The potential for development of the domestic value added industry;
19. The challenge of increasing production while maintaining high quality of cocoa;
20. The role of the CDCTTL regarding exported cocoa beans;
21. The sharp decline in national cocoa production in comparison to the twentieth (20<sup>th</sup>) century;
22. The national cocoa production targets over the next ten (10) years;
23. The risk of fraud occurring as a result of the non-separation of duties perform by the Chief Operation Officer;
24. The regulation of the industry;
25. The reasons for the increase in rent paid for the Company's current location;
26. The reasons for the increase in janitorial services expenditure for the period 2015 to 2016;
27. The number of registered cocoa farmers in Trinidad and Tobago;
28. The amount of land used for the cultivation of cocoa in Trinidad and Tobago;
29. The Farmer's Field School Initiative;
30. The Compliance with European Union (EU) cocoa import regulations on cadmium content;
31. The Certification Mark and Certificates of Origin issued by the CDCTTL;
32. The challenges of institutional credibility / visibility;
33. The Company's allocation on the expenditure item 'donations and sponsorships';
34. The resuscitation of the cocoa industry;
35. The reasons for requesting an increase in subvention although the company has retained unspent balances;
36. The circumstances and factors which prompted the decision of CDCTTL to relocate its Office to Mulchan Seuchan Road, Chaguanas which resulted in a significant increase in rent;
37. The training programme in cocoa husbandry for Community-Based Environmental Protection and Enhancement Programme (CEPEP) workers;
38. The aim and cost of the National Cocoa Awards competition;

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

- 6.4 The Chairman thanked the representatives from the Ministry of Finance – Investments, the Ministry of Agriculture, Land and Fisheries, CDCTTL, members of the media and the public for their attendance.
- 6.5 The Committee agreed that additional questions for written submission should be sent to the CDCTTL, the Ministry of Agriculture, Land and Fisheries and the Ministry of Community Development, Culture and the Arts.

[Please see Appendix 1]

**ADJOURNMENT**

- 7.1 The Chairman indicated that the Committee's next meeting would be held on **Wednesday February 20, 2019 at 9:30 a.m.**
- 7.2 There being no other business, the Chairman thanked the Members for their attendance and the meeting was adjourned.
- 7.3 The adjournment was taken at 12:56 p.m.

**We certify that these Minutes are true and correct.**

CHAIRMAN

SECRETARY

*February 06, 2019*

**ADDITIONAL INFORMATION REQUESTED**

**Additional Questions arising from Meeting of the Public Accounts [Enterprises] Committee**

**COCOA DEVELOPMENT COMPANY TRINIDAD AND TOBAGO LIMITED (CDCTTL)**

1. Based on the mandate of the CDCTTL, what are the current activities of the company?
2. How many persons are employed as researchers to fulfil the goals and objectives of the company in providing information and technical advisory and support services?
3. What are the key constraints impacting the cocoa industry?
4. What is the total number of registered and unregistered cocoa farmers in Trinidad and Tobago?
5. How many farmers are exporters of cocoa?
6. What is currently being done to encourage farmers to produce and be exporters of cocoa?
7. What measures are in place to address the various issues arising from the changes in institutional arrangements to encourage farmers to increase their cocoa production?
8. Provide a breakdown of how the remaining \$6.7 million of the \$13 million inherited from the CCIB will be used.
9. What was the authority used to withdraw from these monies?
10. What was the cost to the company to conduct visits to farmers?
11. How many farmers have benefitted from training provided by the Corporation? Based on the Financial Statements for the year 2016, there was no training allocation. How much funds were allocated to train the farmers?
12. What was the cost of the 'Micro-lot fermentation' innovative approach? How many farmers are and will be involved in this initiative?
13. What is the cost to the farmers of the Certification mark? How do farmers acquire the certification mark?
14. When was the CDCTTL Certification Mark established?
15. What is the status of progress on the development of a new data base for the generation of Certificates of Origin?
16. How many persons have become self-employed since the introduction of the initiative 'improved rural livelihood'?
17. What is the status of the '4-H Schools Project'?
18. Briefly explain the following initiative: 'increased Price for Cocoa Beans – The enhanced collaboration with buyers and fermenters has enabled CDCTTL to demonstrate using Cost of Production Models that they could pay farmers higher prices without affecting their profit margins. As a result, cocoa farmers today are receiving 37.5% increase in the price of cocoa beans over what they received 2016'.
19. What is the status of Trinidad and Tobago's global brand image?
20. What new local and global markets has the CDCTTL helped farmers to access?
21. What types of support has the CDCTTL provided to farmers and processors?

22. What is the status of the founding of Strategic Alliances for Research, Marketing and Distribution?
23. How successful have measures for the collection of royalties been?
24. What is the average value of royalties collected in a given year?
25. What measures are being implemented to reduce their impact?
26. What is the status of the proposal to publish the prices offered by different buyers to give farmers greater choice?
27. Are any mechanisms in place to facilitate farmers' access to resources for the purpose of meeting quality standards? If so, provide details.
28. Identify the 18 cocoa clusters of Trinidad and Tobago.
  - a. Do all cocoa farmers in Trinidad and Tobago belong to these clusters?
  - b. If not, what is the status of those who are not part of clusters?
29. What is the budget for the Farmers Field Schools?
30. What effect have the CDCTIL's activities had on employment in cocoa growing communities?
31. Based on the CDCTIL's activities, has there been an increase in cocoa production? Provide details.
32. What, if any, has been the increase in new farmers in the sector?
33. What steps, if any, have been taken by the CDCTIL to collaborate with the tourism sector to develop market opportunities?
34. What is the status of progress of cocoa development activities in Lopinot?
35. Provide a copy of the 3-year Operational Plan.
36. What progress has been made regarding regional cooperation in the sector?
37. What does the National Cocoa Industry Plan entail?

### **PROPERTY PLANT AND EQUIPMENT**

38. What is the rationale for the move to a building with a monthly rental cost of approximately \$72,000 as opposed to the previous rent of approximately \$17,000 per month?
39. Provide a breakdown of the cost of outfitting the building currently occupied by the Company.
40. What is the status of efforts to sublet part of the premises rented by the Company?

### **STRATEGIC PLAN**

1. Which company was outsourced to develop the strategic plan?
2. How was this firm selected?
3. What systems are in place to fulfill the Strategic Imperatives identified in the National Strategic Plan for the Cocoa Industry of Trinidad and Tobago (NCSP)?
4. Given the difficulties experienced by stakeholders during the transition from the CCIB to the CDCTIL, to what extent has the Company succeeded in making cocoa production in Trinidad and Tobago a financially viable activity, in accordance with its strategic focus?
5. How are ICTs being integrated into the CDCTIL's initiatives to improve data capture and digital reporting?
6. Since the repeal of the Cocoa Act, what has been the legislative framework for the CDCTIL's activities?

7. When did the CDCTIL begin conducting record keeping training sessions, and how many sessions have been conducted thus far?
8. What measures have been implemented to strengthen reluctant farmers' cooperation with the Company's initiatives?
9. On what basis does the CDCTIL receive funding from the GORTT?
10. When was the National Cocoa Steering Committee established and what does it entail?
11. What is the budget of the "special activities" to enhance the pursuit of the strategic goals?
12. To what extent have initiatives aimed at work force development achieved their goal thus far?
13. Have all 18 cocoa clusters been developed into formal business units?
  - a. If not, what progress has been made in this regard?
14. There are 5 objectives which cover the strategic goals of the CDCTIL as follows:
  - Support increased production of quality beans
  - Provide for market stability and increased earning potential for "Brand TT' cocoa" and cocoa products.
  - Promote financial sustainability of the cocoa industry.
  - Develop strong linkages with Research, Development and Innovation technology providers - Tourism Sector, fashion, film sector, other national entities, Regional Bodies, and International Organisations.
  - Improve work force development (Human Resources / Labour) and other support functions for primary cocoa producers and entrepreneurs along the Value Chain
  - a. How do these objectives increase the cash and cash equivalents of the company, reduce the cost of sales and increase income generated from foreign sales, local sale and reduce dependence on Government Subventions?
  - b. What are the key performance monitoring indicators that are used to ensure that these objectives are being met?
  - c. What are the likely challenges in meeting these objectives?
  - d. What are the barriers to progress that exist with the multi-stakeholder platform and what are the solutions to address the existing barriers?
15. What was the outcome of the special activities initiated to enhance the strategic goals?
16. Are the 45 CEPEP workers who developed competencies for pruning and rehabilitation involve in cocoa production activities, currently?

## **RISK MANAGEMENT**

1. What does an comprehensive inventory of policcies entail?
2. What is the reason for the absence of an official Risk Management Policy?
3. What is the projected timeline for completion of the development and implementation of a Risk Management Policy?
4. Who is currently responsible for the execution of the General Risk Management Process?
5. How effective has the General Risk Management Process been in detecting and reducing risk?
6. What are some examples of other streams of income developed by farmers' cooperatives?

7. Have farmers availed themselves of the opportunities to produce other products from cocoa beans for the local and export markets so as to offset possible effects of cocoa price fluctuations?
8. What is the status of efforts to establish craft chocolatiers as new buyers?
9. Internationally, designations of origin for products such as wine are issued with the backing of regional standards organizations, e.g. in the European Union, as an extra sign of quality.
  - In order to minimize reputational risk, have any steps been taken to have the CDCTTL's Certificates of Origin backed by the CARICOM Regional Organisation for Standards and Quality (CROSQ)?

### **PROFITABILITY / OPERATIONAL EFFICIENCY**

1. The CDCTTL is not a commercial entity and as such is not involved in any type of sales.
 

**Question:**

  - When did the CDCTTL cease to engage in sales?
  - What was the reason for this change?
2. What is the time frame for the eventual recruitment of new staff?
3. What systems must be in place in order for resources and funding for commercial purposes to be made available to the CDCTTL?
4. What has been the overall effect of the budget reduction on the Company's ability to fulfill its mandate?
5. To what extent has the certification mark generated revenue for the farmers?
6. What is the status of the information sharing platform for mutual access to the CDCTTL's partners identified as a key performance indicator for the development of strong linkages with partners, other sectors, regional and international bodies?
7. What do authorisation procedures implemented to ensure proper usage of funds entail?
8. How frequently are internal control policies externally audited?
9. What are the back office activities that revenue is generated from?

### **SALES**

1. What accounted for the decrease in foreign sales in the year 2016 in the sum of \$834,967.00 from a sum of \$7,443,732.00 in the year 2015?

### **INTERNAL AUDIT**

1. To what extent does the CDCTTL's small size preclude it from needing a small internal audit department?
2. What is the cost of hiring an external firm to evaluate the company's internal controls?
3. Has the external firm been identified?
  - a. If so, which firm is it?
  - b. If not; when will the decision be made?
4. What is the selection process for the recruiting the firm?
5. What is the timeline for the start and completion of the external firm's evaluation activities?
6. What is the status of planned recruitments to facilitate compliance with internal controls policies?

7. The first internal review exercise will be conducted at the end of fiscal 2018/2019.
  - In the absence of an Internal Audit Unit, an accountant and reviewing of existing internal controls by an external firm thus far, to what extent has the Company been able to derive the added value and operational improvements associated with auditing?

### **PROCUREMENT POLICY**

1. What is the timeline for the approval of the draft procurement policy? Provide a copy of the draft policy.
2. What measures are being implemented to address staff constraints in the area of procurement and to establish a Procurement Unit?
3. When was the last review of the procurement policy conducted?
4. What have been the findings and conclusions of the Tenders Committee?
5. To what extent have efforts by the Tenders Committee and the Board been effective in ensuring transparency and accountability in the procurement process?

### **PROJECT MANAGEMENT**

1. What is the reason for Company not having a Project Management Unit?
2. What were the challenges experienced by the Company with respect to managing projects? State how these challenges were rectified?
3. What oversight mechanisms were used by the Company to monitor and manage projects?
4. State all major ongoing or upcoming projects for the year 2018/2019. Provide the following details on each project:
  - a. The name of the projects;
  - b. The initial estimated cost;
  - c. The actual cost of the projects;
  - d. Percentage of the project(s) completed; and
  - e. Completion date and cost of the project/projects.
5. With respect to the “key achievements fiscal 2017/2018” listed under “Liquidity”, provide the following details for each initiative:
  - a. The initial estimated cost;
  - b. The actual cost; and
  - c. Start and completion dates of the projects.

### **PROPERTY, PLANT AND EQUIPMENT**

1. What was the cost of the fixed asset that was obsolete and /or in-operable?
2. How were the obsolete and /or in-operable fixed asset disposed?

### **INVENTORY**

1. In 2015, it was discovered that 66,898kg of cocoa beans from the CDCITL’s predecessor entity the Cocoa and Coffee Industry Board (CCIB) were missing. As the Cocoa and Coffee Marketing Co-operative Society Limited (CCMCSL) was the CCIB’s buying agent and held

the CCIB's inventory, the CCMCSL accepted liability and agreed to repay the value of the inventory of \$1,552,033.60.

**Question:**

- What is the status of the legal action initiated by the Board to secure payment from the CCMCSL?
- When did the Company write to the Commissioner of Co-operatives seeking their intervention and what, if any, response has been received thus far?

**ADMINISTRATIVE & GENERAL EXPENSES – EVENTS & SEMINARS EVENTS AND SEMINAR / MEETINGS & CONFERENCES – PAGES 35 – 36**

1. What is the reason for the expenditure for hosting meetings and training stakeholders being under two item of expenditure?
2. Provide a detail breakdown of the cost of hosting the National Cocoa Awards?
3. What are the benefits and added value for attending Meeting and Conferences?
4. What types of issues were the discussed and how do these discussions benefit the cocoa farmers?

**SALARIES AND WAGES**

1. Given that all CDCTIL staff are on contract; are there any plans to create permanent posts?
2. With respect to the absence of an accountant, briefly explain the following:
  - What steps are in place to ensure that financial reports are prepared in a timely manner for scrutiny by the internal and external auditors?
  - Who has the responsibility to monitor and review the preparation of financial statements?
  - Briefly state whether:
    - Proper financial accounts and records have been maintained by the company;
    - Internal controls have been sufficiently robust to prevent, detect or correct material error and fraud;
    - Financial management and related systems were operating effectively during the year;
    - Adequate quality control arrangements were in place as part of the financial statement preparation process;
    - There was adequate documentation supporting the financial statements, including lead schedules for every financial statement line item and note disclosure;
    - The information required from other parties to complete the financial statements was received and reviewed for completeness and accuracy;
    - The approved accounting policies have been consistently applied throughout the financial statements; and
    - The financial statements present fairly the financial performance, financial position and cash flows of the entity.
3. Why are the key positions to achieve the objectives of this company currently vacant:
  - Accountant

- Market research officers
- Marketing assistant and
- Production assistant.

### **INTERNAL FRAUD POLICY**

1. What is the reason for the absence of an internal fraud policy?
2. What is the projected timeline for completion of the development of a internal fraud policy?
3. How are possibly fraudulent activities detected, investigated tracked and prevented in the absence of an internal fraud policy?

### **WHISTLE BLOWING POLICY**

1. What is the reason for the absence of a whistle blowing policy?
2. What is the projected timeline for completion of the development of a whistle blowing policy?
3. Have there been any instances in which there has been a need to engage in whistle blowing thus far?
  - a. If yes, how was this handled in the absence of a whistle blowing policy?

### **CONFLICT OF INTEREST POLICY**

1. What is the reason for the absence of a conflict of interest policy?
2. What is the projected timeline for completion of the development of a conflict of interest policy?

### **MINISTRY OF AGRICULTURE, LAND AND FISHERIES**

1. What is the status of the approval of the CDCTTL's Draft Strategic Plan?
2. What is the process for the approval of Draft Strategic Plans?
3. What is the timeframe for the submission of the approved strategic plan to the Ministry of Finance?
4. What is the basis for determining the amount of the subvention granted to the CDCTTL and what is the schedule of disbursement?

### **MINISTRY OF COMMUNITY DEVELOPMENT, CULTURE AND THE ARTS**

1. What was the cost paid by the CDCTTL to rent the **Southern Academy for the Performing Arts (SAPA)** to host the **National Cocoa Awards** ceremony?

# APPENDIX 2

## Attendees

# Attendees

## **Cocoa Development Company of Trinidad and Tobago Limited**

- Mr. Winston Rudder - Chairman
- Ms. Jacqueline Rawlins - Director
- Mr. Leon Granger - Chief Executive Officer
- Ms. Mala Partap - Chief Operations Officer/  
Secretary

## **Ministry of Agriculture, Land and Fisheries**

- Ms. Lydia Jacobs - Permanent Secretary
- Ms. Albada Beekham - Director, Research Division
- Mr. David Ram - Director (Ag.), Regional  
Administration North
- Ms. Theresa Rosemond - Technical Officer, Crop Research,  
Research Division
- Ms. Jaiwantee Samsoundar - Agricultural Officer I, Research  
Division
- Mr. Chris J. Ramkissoon - Planning Officer, Agricultural  
Planning

## **Ministry of Finance – Investments Division**

- Ms. Jennifer Lutchman - Deputy Permanent Secretary
- Mr. Ryan Maharaj - Senior Business Analyst (Ag.)
- Ms. Salie Ramesar - Business Analyst

# APPENDIX 3

## List of entities falling under the purview of the PAEC

1. Agricultural Development Bank (ADB)
2. Caribbean Airlines Limited (CAL)
3. Caribbean Leasing Company Ltd (owned by ExporsTT)
4. Caribbean New Media Group Limited (CNMG)
5. Caroni Green Limited
6. Clico Trust Corporation Limited
7. Cocoa Development Company of Trinidad and Tobago Ltd
8. Community Environmental & Protection Enhancement Programme Company Limited (CEPEP)
9. Community Improvement Services Limited
10. East Port of Spain Development Company Limited
11. Education Facilities Company Limited (EFCL)
12. Estate Management & Business Development Company Ltd. (EMBDC)
13. Export Centers Company Limited
14. Export Import Bank of Trinidad & Tobago (EXIMBANK)
15. ExporsTT (formerly BDC: Business Development Company Limited)
16. Evolving TecKnologies & Enterprise Development Company Limited (eTeck) (formerly Property & Industrial Development Company of Trinidad & Tobago)
17. First Citizens Bank (FCB)
18. First Citizens Holdings Limited
19. Government Human Resource Services Company Limited (GHRS)
20. Government Information Services Limited (GISL)
21. Human Capital Development Facilitation Company Limited
22. InvesTT
23. Lake Asphalt of Trinidad & Tobago (1978) Ltd.
24. La Brea Industrial Development Corporation
25. Metal Industries Company Limited (MIC)
26. National Agricultural Marketing Development Corporations Limited (NAMDEVCO)
27. National Commission for Self Help Limited
28. National Energy Corporation of Trinidad and Tobago Limited
29. National Entrepreneurship Development Company Ltd. (NEDCO)
30. National Enterprises Limited (NEL)

31. National Flour Mills Limited (NFM)
32. National Gas Company of Trinidad & Tobago Limited (NGC)
33. National Helicopter Services Limited
34. National Information & Communication Technology Company Limited (NICTCL)
35. iGovTT (ttconnect)
36. National Infrastructure Development Company Limited (NIDCO)
37. National Insurance Property Development Company Limited (NIPDEC)
38. National Maintenance, Training & Security Company Limited (MTS)
39. National Project Development Services Ltd
40. National Quarries Company Limited (NQCL)
41. National Schools Dietary Services Limited
42. National Training Agency (1997) Ltd.
43. Natpat Investments Company Ltd.
44. Oropune Development Ltd. (owned by UDECOTT)
45. Palo Seco Agricultural Enterprises Limited (PSAEL)
46. Petroleum Company of Trinidad & Tobago Limited (PETROTRIN)
47. Phoenix Park Gas Processors Ltd.
48. Point Lisas Industrial Port Development Corporation Ltd (PLIPDECO)
49. Point Lisas Terminals Ltd. (owned by PLIPDECO)
50. Portfolio Credit Management Limited
51. Port of Spain Waterfront Development Ltd.
52. Rincon Development Ltd.
53. Rural Development Company of Trinidad & Tobago Limited
54. Seafood Industry Development Company Limited
55. Sports Company of Trinidad & Tobago Limited (SportT)
56. Taurus Services Limited
57. Telecommunications Services of Trinidad & Tobago Limited (TSTT)
58. Tourism Development Company Limited (TDC)
59. Trinidad Nitrogen Company Limited (TRINGEN)
60. Trinidad Northern Areas Ltd.
61. Trinidad & Tobago Entertainment Company Limited (TTent)
62. Trinidad & Tobago External Telecommunications Ltd.
63. Trinidad and Tobago Fashion Company Limited

64. Trinidad & Tobago Film Company Limited
65. Trinidad & Tobago Fish Processors Ltd.
66. Trinidad & Tobago Food Processors Ltd.
67. Trinidad & Tobago Free Zones Company Limited
68. Trinidad & Tobago International Financial Centre Management Company Limited
69. Trinidad & Tobago Marine Petroleum Company Ltd.
70. Trinidad & Tobago Mortgage Finance Company Limited (TTMF)
71. Trinidad and Tobago Music Company Limited
72. Trinidad & Tobago National Petroleum Marketing Company Limited (NP)
73. Trinidad & Tobago Solid Waste Management Co. Ltd. (SWMCOL)
74. Trinidad & Tobago Tourism Business Development Limited
75. Trintoc Services (owned by PETROTRIN)
76. Union Estate Electricity Generation Company Limited
77. Urban Development Corporation of Trinidad & Tobago Limited (UDECOTT)
78. Vehicle Management Corporation of Trinidad & Tobago Limited (VMCOTT)
79. Youth Training & Employment Partnership Programme Limited (YTEPP)

# APPENDIX 4

## VERBATIM NOTES

**VERBATIM NOTES OF THE THIRTY-FIFTH MEETING OF THE PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE HELD IN THE J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR, (IN PUBLIC), OFFICE OF THE PARLIAMENT, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, #1A WRIGHTSON ROAD, PORT OF SPAIN, ON WEDNESDAY, FEBRUARY 06, 2019, AT 10.20 A.M.**

**PRESENT**

Mr. Wade Mark	Chairman
Dr. Tim Gopeesingh	Vice-Chairman
Mr. Fitzgerald Hinds	Member
Mrs. Cherrie-Ann Crichlow-Cockburn	Member
Mr. Foster Cummings	Member
Ms. Keiba Jacobs	Secretary
Ms. Hema Bhagaloo	Assistant Secretary
Ms. Vanna Jankiepersad	Procedural Clerk Intern
Mr. Justin Jarrette	Research Officer Intern

**ABSENT**

Ms. Amrita Deonarine	Member
Dr. Nyan Gadsby-Dolly	Member
Mrs. Jennifer Baptiste-Primus	Member

**COCOA DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO**

Mr. Winston Rudder	Chairman
Ms. Jacqueline Rawlins	Director
Mr. Leon Granger	Chief Executive Officer
Ms. Mala Partap	Chief Operations Officer/ Secretary

**MINISTRY OF AGRICULTURE, LAND AND FISHERIES**

Ms. Lydia Jacobs	Permanent Secretary
Ms. Albada Beckham	Director, Research Division
Mr. David Ram	Assistant Director, Regional Administration North
Ms. Theresa Rosemond	Technical Officer, Crops Research, Research Division
Ms. Jaiwantee Samsoundar	Agricultural Officer I, Research Division
Mr. Chris J. Ramkissoon	Planning Officer, Agricultural Planning Division

**MINISTRY OF FINANCE - INVESTMENTS DIVISION**

Ms. Jennifer Lutchman  
Mr. Ryan Maharaj  
Ms. Salie Ramesar

Deputy Permanent Secretary  
Senior Business Analyst (Ag.)  
Business Analyst

**Mr. Chairman:** Yes, good morning to all, and may I welcome the officials from the Ministry of Finance, Investments Division; the Ministry of Agriculture, Land and Fisheries; and the Cocoa Development Company of Trinidad and Tobago Limited; as well as members of the media and members of the public.

Good morning once again, my name is Wade Mark. I am the Chairman of this Committee. May I say from the outset that the Committee of Public—the Public Accounts—rather—(Enterprises) Committee has a mandate to consider and report to the House on the audited accounts, balance sheets and other financial statements of all enterprises that are owned or controlled by or on behalf of the State. It is also responsible to receive the Auditor General's Report on any such accounts, balance sheets and other financial statements, and to determine whether policy is being carried out efficiently, effectively and economically, and whether expenditure conforms to the authority which governs it.

The purpose of our meeting is to examine the audited accounts, balance sheets and the other financial statements of the Cocoa Development Company of Trinidad and Tobago for the period 2014 to 2016. This Committee is desirous of hearing the challenges being faced by key stakeholders of this very important company in an attempt to determine some of the possible solutions to these challenges. The role of the Committee is to help the Cocoa Development Company improve its delivery of services in an efficient, effective and economic manner.

May I also advise that this meeting is being held in public and it is being broadcast live on the Parliament's Channel 11 and Radio 105.5 FM, and the Parliament's YouTube Channel *ParView*. Viewers and listeners can send their comments related to today's topic via email, [parl101@ttparliament.org](mailto:parl101@ttparliament.org), [facebook.com/ttparliament](https://www.facebook.com/ttparliament), [twitter@ttparliament](https://twitter.com/ttparliament).

At this time, I will ask my colleagues to introduce themselves starting on my immediate right, thereafter I will ask the Chairman—I will ask, rather, the officials of the Investments Division, Ministry of Finance to follow, and to be followed by the Ministry of Agriculture, Land and Fisheries, and finally the Cocoa Development Board. So, I would ask my colleague on my far right to begin introductions.

*[Members of the Committee introduce themselves]*

*[Officials from Investments Division, Ministry of Finance introduce themselves]*

**Mr. Chairman:** Ministry of Agriculture, Land and Fisheries.

*[Officials of the Ministry of Agriculture, Land and Fisheries introduce themselves]*

*[Officials of the Cocoa Development Company of T&T Limited introduce themselves]*

**Mr. Chairman:** Thank you all. May I at this time invite the Permanent Secretary of the Ministry of Agriculture, Land and Fisheries to make a brief opening statement?

**Ms. Jacobs:** Thank you, Chair. The Ministry of Agriculture, Land and Fisheries has been working in a collaborative manner with the Cocoa Development Company to provide technical training, research and logistical support to cocoa farmers with a view to impacting in a positive manner the cocoa industry. The Ministry has partnered with both local and foreign entities in our attempt to improve quality along the value chain. We therefore welcome the opportunity, along with the

entire team, to clarify any issues which the Committee may wish to raise in morning. Thank you.

**Mr. Chairman:** Thank you very much. May I now invite the Chairman of Cocoa Development Company to make a brief opening statement?

**Mr. Rudder:** Thank you, Chair, and members. The Cocoa Development Company is very privileged to be before the Committee this morning, and we look forward to the advice that we would get as a result of the examination of our financial records.

For purposes of your deliberation I wanted to emphasize the fact that the Cocoa Development Company though incorporated as a state entity is essentially a development organization, and it is not a commercial entity. It derives its impetus from the fact of the critical and important role that cocoa plays in the—could play and does play as a strategic commodity in the agricultural sector, with a potential to contribute to agricultural development, economic diversification, foreign exchange earnings and improved livelihoods and well-being.

But, the company and the cocoa industry of Trinidad and Tobago operates in a global framework, and I would just want to make two or three references that are relevant. The world cocoa production is currently between 4.5 and 4.9 million metric tons, and the cocoa market, the global cocoa market, is essentially distinguished between high-quality fine or flavour cocoa which is about 5 per cent of global production, and bulk or ordinary cocoa beans. Trinidad and Tobago is one of 10 countries in the world currently recognized by the international cocoa organization as a 100 per cent producer of fine or flavour cocoa beans, and the market for this is relatively small, highly specialized, separate, extremely lucrative, and, in fact, growing—one of the key characteristics of the difference in respect of the prices paid for raw cocoa beans. Raw cocoa beans for the fine or flavour market today fetches between three and a half thousand and ten thousand US dollars per metric ton. Whereas bulk cocoa, as of yesterday, for example, only fetched a high of US \$2,200 per tonne, and very often less. One of the reasons for this is, of course, the high quality end products that the fine or flavour cocoa enters.

Over the past four years that the Cocoa Development Company has been in operation, we have been part and parcel of a mechanism flowing from the development of a national strategic plan for the cocoa industry that took place and was delivered by a committee, commissioned by the Minister around May 2017. This formed the basis for the Cocoa Development Company preparing its own strategic plan which—the strategic objectives underlying which direct our operations.

I want to point out, Sir, that in the course of implementing the activities of the plan, based on these strategic objectives there are many challenges which I am sure you would wish to question us on. But, I want to also emphasize that notwithstanding these challenges, the CDCITL, which is the Cocoa Development Company, has been able to provide direct assistance to cocoa farmers, entrepreneurs along the cocoa value chain, and in specific communities. We were able to develop working together with our partners, including the Ministry of Agriculture, Land and Fisheries, as mentioned by the Permanent Secretary, to staunch the decline in the cocoa production, domestic cocoa production, and we could speak to that later.

We have also been able to restore some confidence in the cocoa industry. That was absolutely necessary, because the chain from the Cocoa and Coffee Industry Board, a statutory organization to a state enterprise which operated quite differently and which was not purchasing farmers' cocoa, the whole industry was liberalized. That caused a little bit of dissonance, and we

have had to manage that.

We have also been able to build a very robust network across the stakeholder divide, not only focusing on farmers, but all the important critical elements along the value chain, including the growing domestic chocolatiers, chocolate manufacturing and value-added industry. We have been also able to develop and strengthen strategic alliances with institutional partners; partners who in normal circumstances one would have hardly considered to be part and parcel of the development of the cocoa industry. I am talking about the Ministry of Health in respect of food safety, health and what have you; the Ministry of Finance, not only in terms of funding, but in the Customs, export and what have you. So that that aspect of it has been considerably strengthened, and of course the Cocoa Research Unit at the University of the West Indies.

We have also been able, and this is a pride and joy that we share as we appear before you today, to clean up the accounts of the organization, which, when we met, the documents were in drawers, in files. We had to clean that up to be able to present audited financial statements for the period which you are covering, Sir, and we have also been able to bring it up to 2016/2017, publicly published yesterday. All of that has contributed to stimulate increased interest in the industry, a matter that we can speak to later. Thank you very much.

**Mr. Chairman:** Thank you very much, Mr. Chairman. Maybe we can begin by asking you to give us a brief overview—I mean to say, I know that you touched on aspects of it, but for the listening public, can you sketch a brief overview on the state of play of this industry?—o, where it was, as far as you recall; where it came from, that is; where is the industry now; and where you intend to take it. So if you could give us that, you know, in a tight overview, I think this Committee and the public would appreciate. So, we put that in your hands to give us that tight survey.

**Mr. Rudder:** I would attempt, Sir. [*Puts on mike*] Sorry, I will attempt. There was a time many many years ago when we were a producer of cocoa beans to the extent of 35,000 metric tons in the 1920s. We are now producing today barely 500 metric tons. When the Cocoa Development Company came into being, we were around 300 metric tons. That is the state of play with respect to the actual production of beans. That notwithstanding, there has been an embryonic, and we were focusing as a cocoa-producing country largely on the production of beans for export, high-quality beans for export. The quality was always of the fine or flavour type, but the volumes have gone down significantly for all kinds of reasons.

We have seen, prior to even the board coming on stream, the development of a nascent embryonic domestic value-added industry, local chocolatiers who are in fact taking this high-quality cocoa bean and producing excellent high-quality chocolate that resonates in the markets and the mouths of people who tasted it. The critical examination and assessment that took place when we were looking at the strategic thrust for the industry suggests that—based on the research and development work already done in terms of domestic production, based on the availability of markets, based on work that has been done in the Cocoa Research Unit at St. Augustine—there is scope and opportunity, and in fact, it is vision that has informed how the partners in the industry are working to take this industry to a point where we can develop a significant domestic value-added industry, expanding into providing more employment opportunities and economic activity by doing a lot more production of value-added in Trinidad and Tobago, at the same time exporting high-quality beans into selected niche markets.

For example—we know, for example, on the basis of the evidence that we have collected,

because, just to make one small point, Trinidad and Tobago has had, together with all the other countries in the world that produce fine or flavour cocoa, to produce evidence to the international cocoa organization, and we are in the final processes of that, to retain our status. And, importantly, we must make the point, because fine or flavour status and high quality is not a birthright that we have. Other countries also enjoy, and we are finding that 10 additional countries are also seeking to qualify for that market. If we continue with the low volumes that we are producing now, and if we do not continue to maintain high-quality production, we stand to work ourselves out of the chocolate formulations and recipes, notwithstanding we produce high quality.

So, the challenge that we confront as a people, as an industry, is to ramp up production and productivity, and at the same time keep your quality standards high. And this is really what is informing what we do in the Cocoa Development Company, but not only what we do, in partnership with the Ministry of Agriculture, Land and Fisheries, the Cocoa Research Unit, and the stakeholder community out there. There are some challenges undoubtedly that we have to face, and possibly one of them is the level of investment that we need to put into the industry. But the question—there is no question in our mind that, based on the data that we have, and based on the technical prowess that exists in the country, and based on the collaborative work that can be further entrenched amongst the institutions, we have a possibility of targeting, of being able to—and we have put our target at 12,000 metric tons over the next 10 or so years.

**Mr. Chairman:** Thank you very much, Mr. Chairman. You did mention in your opening statement that the audited financial statement for 2017 had been completed and forwarded to—is it the Ministry of Finance or Finance and the Parliament?

**Mr. Rudder:** It has been completed. I know that we have published it publicly in the newspapers yesterday, as indicated. I am not sure whether we have forwarded it yet to Finance.

**Ms. Jacobs:** It is being done.

**Mr. Rudder:** It is being done. It is in process. It is on the road to Finance.

**Mr. Chairman:** All right, because we are yet to receive it. So I would urge you to get it to the Ministry of Finance as quickly as you can so we can have access to that report. I wanted to also ask, how many cocoa farmers, Mr. Chairman—

**Mrs. Crichlow-Cockburn:** Mr. Chairman?

**Mr. Chairman:** Yes?

**Mrs. Crichlow-Cockburn:**—I was just wondering, you said the accounts were published but it has not reached the Ministry of Finance as yet? Is that a correct procedure?

**Ms. Partap:** After the accounts are published, normally we would send a copy of the gazetted information to the Ministry of Finance. However, a soft copy of the signed accounts has been forwarded.

**Mrs. Crichlow-Cockburn:** Mr. Chairman, just to the Ministry of Finance, is that the correct procedure?

**Mr. Maharaj:** Chairman, if I may? The publishing of the accounts, the audited accounts, have to be, subsequent to the annual general meeting, and after that then we would send it to the Parliament. So, the AGM must be held first and then the accounts published.

**Mr. Chairman:** But I think the question that is being asked, the accounts have to be published, but is it to be published in the *Gazette*, in the newspapers, where? Where is it published? Where?

**Mr. Maharaj:** For state enterprises, in the newspapers.

**Mr. Chairman:** In the newspapers. So, after you publish it, you would have your annual general meeting, as you said—could you advise this Committee whether the annual general meeting has been held thus far?

**Mr. Maharaj:** Chairman, if I may again? The AGM has to be held first and then the accounts are published.

**Mr. Chairman:** Can I? So, has the AGM been held?

**Mr. Rudder:** Not in respect of the particular year.

**Mr. Chairman:** So, how can you—we are dealing with the 2017 accounts, am I correct?

**Mr. Maharaj:** Now—

**Mr. Chairman:** No, no, I am saying the one that was—

**Mr. Rudder:** The reference was made to the 2017 accounts.

**Mr. Chairman:** What we have before us is 2014 to 2016, Mr. Chairman. What you have advised in your opening statement is that the 2017 has been published. That is what I gain from what you had said.

**Mr. Rudder:** And clearly that was an error made on the part of the Cocoa Development Company.

**Mr. Chairman:** So, the cocoa company has proceeded to publish its accounts without the holding, in accordance with established procedures, their annual general meeting. Is it that what I am getting from you Mr. Chairman, and therefore the company, that is the cocoa company, may have committed an error by publishing without holding their annual general meeting?

**Mr. Rudder:** Clearly so, Sir.

**Mr. Chairman:** Could you share with this Committee what could have prompted or generated the cocoa company to do such, having regard to the well-established practice?

**Mr. Rudder:** I could only say it probably was an excess of enthusiasm.

**Mr. Chairman:** An excess of enthusiasm. Could you tell this Committee whether this is the first time, because we are now dealing, as you are aware, with the 2014? So, 2014, 2015, 2016, could you share with this Committee, as far as you are aware, whether the cocoa company suffered from this same enthusiastic development or excitement as it relates to the publishing of the financial audited accounts?

**Mr. Rudder:** No, Sir, because those are the only—that is the life of the company. The period for which you covered, which is currently being covered, marked the beginning of the life of the Cocoa Development Company.

**Mr. Chairman:** Oh, so the '17 was really the beginning of your life?

**Mr. Rudder:** The period '14, '15, '16 marked the first three years of the company.

**Mr. Chairman:** Yeah, well that is what I understand. That is why I am asking you, having regard to the first three years where you appear, and I am saying “appear” because I do not have the evidence, that everything was done in accordance with well-established procedure? Meaning that before you publish you would have held your annual general meeting? However, for the current period that we are analyzing, 2017, it appears that something went wrong, and you published those accounts prior to the holding of your annual general meeting. Am I correct?

**Mr. Rudder:** Yes, Sir.

**Mr. Chairman:** And you claim that it could have been as a result of an overenthusiasm or enthusiastic approach by the board in getting those accounts out?

**Mr. Rudder:** That I would say so, Sir.

**Mr. Chairman:** Is there a sanction for this kind of overexcitement that you referred to? Can I ask the members of the Ministry of Finance, when something like this happens what would you do to ensure it is not repeated in the future?

**Ms. Lutchman:** Well, Chair, yesterday we also saw the financial statements published in the papers, and we knew that the AGM was not held as yet. But this has been the first time that we have encountered something like that, but as far as I know, there is no sanction for that.

**Mr. Chairman:** Well, may I ask the Permanent Secretary if you were like the officials out of the Ministry of Finance, Investments Division, were you like them, surprised, and were you like them, seeing and reading for the first time, or did you sanction this decision to have these reports published—that is, the audited financial report published knowing full well that it must have an AGM prior to those reports being published? Could you share with us?

**Ms. Jacobs:** Chair, we are in the same position as the Ministry of Finance.

**Mr. Chairman:** Were these audited statements, Mr. Chairman?

**Mr. Rudder:** Yes, they were.

**Mr. Chairman:** This is a pretty unusual development. So, Madam Permanent Secretary, in those circumstances, given your overall supervision or supervisory role as it relates to this company, how would you suggest that this matter be addressed?

**Ms. Jacobs:** Well, Chair, we were not in possession of 2017 as yet. We would have had up to 2016, all the financial statements. So, I guess we just have to work with the Cocoa Development Company to reinforce the procedures that are required in dealing with the financials.

**10.50 a.m.**

**Mr. Chairman:** May I ask the Investments Division, when something like this happens and you are surprised by what occurred, what steps would be taken by the Investments Division to ensure that this development does not take place again in the future or happens in the future. Would you formally pen a letter to the board indicating its breach of the roles or the procedures? What would you do seeing that, as you said, it is the first time it is occurring?

**Ms. Lutchman:** Chair, what we would do is, as you said, write the chairman of the board and, of course, the Minister of Finance would write the chairman of the board advising that this is not what was supposed to have been done and also advising the correct procedure that must be followed. And we would ask that they submit their audited financial statements and consult with the company to decide on a date for their AGM that is suitable for both the Investments Division—well, Corporation Sole, of course, we represent—and the company and hopefully as soon as possible have that AGM where the financial statements will be presented.

**Mr. Chairman:** Mr. Chairman of the Cocoa Company, seeing that in 2014, 2015, 2016, everything was done, as you would say, above board, and everything was done in accordance with the rules, could you indicate whether this was done with the full concurrence of your board or whether it was done by some enthusiastic member without your knowledge or the board's knowledge? How did this occur? Because I am asking this against the background of what would have occurred in 2014, everything done properly; 2015, done properly; 2016, done properly; but in 2017 something went adrift. What could have been responsible for that? Is the entire board taking collective responsibility for this particular misstep, I would like to call it, that has taken place? Or how would you describe—who was responsible, the entire board and the management or was it, for instance,

done in a collaborative effort? Could you share this with the Committee?

**Mr. Rudder:** As Chairman of the board—and the board operates under my general guidance and direction—they would have been persuaded that this is the correct thing. So I have to accept the responsibility myself.

**Mr. Chairman:** Okay. May I at this point in time deal with another matter? I realize and you made the point earlier, Mr. Chairman, that this company has a lot of potential in getting not only diversification going, but economic growth, development, earning of foreign exchange, generation of employment among other objectives. However, to do so you need to have a well-resourced organization or company. But I observed that there is no accountant, there are no market research officers, there is no marketing assistant, there is no production assistant within the arrangement of this very important organization, but most importantly, Mr. Chairman, there is no internal audit function in that organization, meaning, the robust internal controls that are required to ensure public moneys are properly spent and there are controls in place to ensure that there is no waste; there is no inefficiency; there is no opportunity for any adventures, it requires an internal audit function regardless of the size of the organization. Could you explain to this Committee, first of all, why there is no internal audit top in that organization? And what steps are being taken to address this lacuna in the system? And explain to us why these vacancies continue—accountant, market research officers, marketing assistant, production assistant? Could you share with this Committee why these things are happening?

**Mr. Rudder:** Yes, Chair. The staff build up in the Cocoa Development Company has been deliberately retarded, consonant with the indications of what the financial resources seemingly would be made available to it. Because most of the staff—all of the staff of the company are people on contract, three-year contract, and we have to be—as we bring people on contract we have to make arrangements in the event of termination benefits.

With the financial flows to the company in the quantum that they are, backstopped by funds that had been inherited from the previous board, we had to make a prudent judgment about the staff build up and in the event we have had to deliberately decide that certain key positions had to be filled, others we would have to go by; and this accounts for the staff vacancies. The board did and have been agonizing about the internal audit function because we recognize the importance of that for the reasons that you have explained so very clearly. And as a measure, what we have, in fact, only quite recently decided, is to outsource that particular function to at least have some confidence in the arrangements such as we have been engaged in.

On reflection and still agonizing, we know that that is not the most efficient and most effective way of dealing with it, but in the final analysis it is a juggling of staffing arrangements consistent with the resource availabilities and this is the approach that we have taken.

**Mr. Chairman:** Yeah. Mrs. Crichlow-Cockburn.

**Mrs. Crichlow-Cockburn:** Mr. Chairman, I have a concern. The staff in an organization is supposed to support the strategic plan. So in this juggling that you are speaking about, how did you determine which positions to leave vacant and how has that impacted your strategic plan and your whole work programme for the organization?

**Mr. Rudder:** Well, in a nutshell the whole work programme in the Division remains the same, the goal remains the same. The rate at which you can do anything is retarded. That is the truth.

**Mrs. Crichlow-Cockburn:** I need to be clear. I need to understand. So are you indicating that

the board has implemented a structure and work programme that they know retard the progress of the organization? Is that what is being said?

**Mr. Rudder:** What I am saying is that the board developed a strategic plan consistent with the objective and strategies of the National Development Plan. In looking at how this proposal would be effected it had to look at the—an appropriate organizational structure that would give effect to that. In looking at the finances that were at the disposal of the board, the board had to make a judgment on which positions within the organizational structure could best be filled and await further determinations on financial flows in order to fill the other positions.

**Mrs. Crichlow-Cockburn:** Mr. Chairman, I want to raise two areas. One, we would have dealt with the internal audit, but, the cocoa board is being run as an organization, one, without an audit function and also without a risk assessment policy or function. Now, in your submission you would have identified areas that you considered the probability of risk to be high and low. Under high you have pest disease which could result in a loss of 25 per cent of the current output; advancing age of farmers that is going to impact 25 per cent of lands; climate change, which is a loss of your current output; labour skills, another area that is high. These are critical areas to the functioning of the Cocoa Industry. If you do not have functions that have oversight of these areas, how is the Cocoa Development board contributing to the development of this Cocoa Industry in Trinidad and Tobago? That is my area of concern.

**Mr. Rudder:** The Cocoa Development Company is not contributing in the full measure in which it could for the precise reasons that you have indicated. For example, the CEO has only been on board one year. The COO has only been on board one month. So the whole question of staffing is critical to the elaboration and effective delivery on the areas that are indicated both within the strategic plan and as part of its operational activities.

**Mrs. Crichlow-Cockburn:** Has the company sat down, looked at what its mandate is, what the strategic plan, its major goals are, what the objectives are, what it is intended to achieve and identified the structure that is needed to support all of that and made a proposal to the line Ministry?

**Mr. Rudder:** The company has sat down and done all of that and has developed a three-year operational plan that indicates what were the staffing requirements and what have you.

**Mr. Chairman:** Mr. Chairman, could you provide us with a copy of that plan that you—

**Mr. Rudder:** The three-year operational plan?

**Mr. Chairman:** Yes—to this Committee. And then I have a few questions, but Dr. Tim Gopeesingh and then Mr. Hinds and then, I think Mr. Foster and I would come back. So, Dr. Tim Gopeesingh.

**Dr. Gopeesingh:** Mr. Chairman, good morning to you and to your team and for all the teams. Your subvention for 2014/2015 from your report has been 9.947 million; 2015/2016, 1.89; 2016, 1.83 and 2017, 1.83 and 2018, 2.8. Of course we understand that this is your subvention, but why did you seek to just fill your team with four personnel, CEO, COO, manager, manager, and that utilizes about 1.4 million of your subvention of 2.8. Of course you would need additional staff to help you go around based on your strategic plan that you have set about. So when you are top-heavy there and you have no one to do the work outside there and to help you meet the farmers, help them to develop their crops and so on—so you are a board obviously sitting there, top-heavy and not having the necessary human resource capacity and capability to help you do the

job that you are really supposed to be doing, which is the improvement of the industry. What are your thoughts on that when you occupy—four people occupying 1.4 million of your 2.0 or 2.1 subvention? How do you deal with that?

**Mr. Rudder:** Through you, Chair, may I respond? The first two years of the company, this board operated as an operational board; to bring in people at the operational level and not have a minimum management structure with the capacity and competence to direct what is being done in the field is to suggest, with respect, that the board assumes that responsibility. The board could not continue to do that and then have oversight responsibility for operations.

The people who have been brought in at that—in fact, if I have to indicate what happened, we collapsed four distinct functions into one function as a cost saving measure to cover a whole range of gamut of activities, including corporate secretary. So we acted prudently in the circumstances because these were the minds that would have had to develop and oversee the operational activities.

**Dr. Gopeesingh:** So you have ceased operational aspects of your company, so could you tell us now, what is your core function in terms of the industry which I am sure your Minister will want you to expand and the Ministry of Agriculture, Land and Fisheries will want you to expand? And hence, the reason why the board was formed and the old Cocoa and Coffee Board have been extinguished, but you are now the forerunner for it for the development of the industry, for sustainable development, et cetera. So you have removed the operational aspect, so therefore, what is your core function now?

**Mr. Rudder:** Again through you, Chair, with respect—no, Sir, we have not removed the operational function. Fortuitously, when this board was put in charge we inherited a bank account that was left by the previous board and we have been prudently managing that to bring on board operational staff. So that is why the current staffing would indicate, for example, five cocoa development officers operating in 18 clusters directly with cocoa farmers and other personnel in the marketing communication area and some support staff in the finance, administrative area. But it is precisely because we foresee that the rate at which we are drawing down on those funds that we inherited in the bank, that we have been making proposals for financial—

**Dr. Gopeesingh:** If I am to get you clearly, Mr. Chairman, your response to the Committee says that you inherited a balance of about \$13 million. Could you give us—what is the level of that account now based on—is it your desire to fill these positions or have they been filled, or are you utilizing the funds from this to fill these positions pretty shortly?

**Mr. Rudder:** Oh, in fact—sorry, Chair. We have in fact been drawing down on these funds that were in the bank, and we do have a bank balance, I am advised, of 6.9 million currently.

**Dr. Gopeesingh:** You have utilized about seven so far from the 13?

**Mr. Rudder:** Yes.

**Dr. Gopeesingh:** And what have you utilized it to do? What has been the purpose of the utilization of the funds?

**Mr. Rudder:** Maybe I should ask my accountant to just deal with that.

**Mr. Chairman:** Do you have an accountant, Mr. Chairman?

**Mr. Rudder:** We have a composite function which includes the accounts.

**Mr. Chairman:** Composite—so could you share with us? I understand the lady is Ms. Partap.

**Mr. Rudder:** Yes.

**Mr. Chairman:** Is she your Chief Operating Officer?

**Mr. Rudder:** She is the Chief Operating Officer and her portfolio extends from the Corporate Secretary function, finance, administration, human resource and what have you.

**Dr. Gopeesingh:** So can we hear the answer to it?

**Mr. Chairman:** Ms. Partap, you can share with us what that \$7 million was used for?

**Ms. Partap:** Chair, with reference to the financial statements of 2014, at the inception of the Cocoa Development Company, the statement of comprehensive income, in that first year of operations, our total expenses amounted to \$245,000 comprising audit fees, director fees, professional fees. Audit fees, \$24,000, director fees, \$117,000 approximately, professional fees, \$72,000.

For the year ended 30 September, 2015, our statement of comprehensive income, our expenses amounted to \$2.4 approximately million, largely comprising administrative expenses. I am going to give a breakdown of those expenses.

**Dr. Gopeesingh:** I think we do not need the breakdown of it, but just give the larger picture so we can understand it. It will take too much of our time.

**Ms. Partap:** Okay.

**Dr. Gopeesingh:** You can submit it to us.

**Ms. Partap:** Mm hmm. So the broad categories of expenditure has been on stakeholder consultations, general office expenses, and a very limited programme of work and salaries and wages.

**Dr. Gopeesingh:** Which year has been your largest expenditure?

**Ms. Partap:** The largest expenditure has been in our current; our fiscal year just ended, 2017/2018.

**Dr. Gopeesingh:** How much was spent then?

**Ms. Partap:** The expenditure was approximately four and half million dollars.

**Dr. Gopeesingh:** And what has been the main thing, you said, for stakeholder consultations?

**Ms. Partap:** In this year this is when the strategic plan of the Cocoa Development Company has been operationalized. In 2018 fiscal we brought on board five cocoa development officers who assumed office in January of 2018 and they have spent the majority, well, all of 2018 actually, implementing our programme of work. So along with our normal overheads, such as running the office, paying salaries and wages and so on, we have expended money on implementing the programme of work which includes all of our farmer outreach programmes, technical training, implementing various programmes, such as, treatment for pest and disease, et cetera.

**Dr. Gopeesingh:** So your four developmental officers—

**Ms. Partap:** Five, Sir.

**Dr. Gopeesingh:** Oh, five, have been conducting this work on the field?

**Ms. Partap:** Yes.

**Dr. Gopeesingh:** And this is where most of the expense went. And for the future you said you are also contemplating on adding other staff. What is your contemplation in terms of your human resource development for the future?

**Ms. Partap:** The organization chart that is appended to the package was one that was developed based—in order to achieve the strategic objectives of the organization. As of September 2018 we publicly advertised for those positions to be filled. We have received over 1,000 applications for

those seven vacant positions. Because of our resource constraints, management had to review the situation and identify the critical areas that needed to be filled.

My chairman would have explained that in addition to this portfolio of Chief Operations Officer, includes oversight of the operational aspect, but also the accounting and the administration, et cetera. We recognize that there were internal controls concern and we took a decision that we need to bring additional support in the finance and accounting areas to ensure a proper segregation of duties.

**Dr. Gopeesingh:** So if I am to get you clearly, the four of you are the top positions, then you have five development officers coming in within the last year, most of which the money was expended through them in their programmes, and you have advertised for seven other positions. Just give me a broad specific area what those positions are going to do?

**Ms. Partap:** Sure. The positions are largely support positions, administrative assistant positions supporting the finance function, the marketing business development and communication function, and production.

**Dr. Gopeesingh:** Okay, all right. Chair, I crave you indulgence to just ask a few specific questions to the chairman and then my colleagues. Chairman, how many—you said that the cultivation in the 1920s was around 35,000 from Trinidad. And now it is about 500 metric tons per year, which is about one-seventieth of what we were doing in 1920s. As the board that is entrusted by the Minister with the responsibility for the development of this industry, how do you propose, or what have you been doing and what intend to continue to move this process forward, you mentioned it, to a larger production with the Trinidad and Tobago cocoa being of the high standard that it is. How do you intend to take this up from 500 to what you said that you want to move it to X amount? And what are your projections—tell us, how many farmers are there in Trinidad and Tobago, private farmers?

**Mr. Rudder:** I can give you the overview and the specific question about number of farmers I will ask my CEO to give you that.

**Dr. Gopeesingh:** Please.

**Mr. Rudder:** Again, Sir, sorry, Sir, through you Chair—

**Dr. Gopeesingh:** Well, yeah, answer that if you can.

**Mr. Rudder:** I think the point has to be made that the Cocoa Development Company has a role as a driver, catalyst, coordinator and collaborator.

**Dr. Gopeesingh:** Yeah, that is a wide expression everybody—

**Mr. Rudder:** The point about—

**Dr. Gopeesingh:** What are your sentiments? How are you going to implement and what are you going to implement? Tell us the nitty-gritty—

**Mr. Rudder:** I want to answer you—

**Dr. Gopeesingh:** You see “we accustom” with management jargon and we intend to do this and so on, but focus—

**Mr. Rudder:** Chairman through you, I am not here to give jargon. I am here to indicate to you what is the remit of the Cocoa Development Company and to emphasize that the Cocoa Development Company operates within a framework of collaborative institutions. There is not a hope in the world that the target indicated in the strategic plan for Cocoa Industry in Trinidad and Tobago will be delivered by what the Cocoa Development Company alone does and I think that

point has to be made extremely clear.

**Dr. Gopeesingh:** Okay. Go on, explain further how you—

**Mr. Rudder:** That means to say that if it is established that we want to get to 5,000 metric tons of cocoa in the next couple of years cocoa plants would have to be developed and that is the responsibility of the Ministry of Agriculture, Land and Fisheries and therefore it is a collaborative mechanism that exists.

**11.20 a.m.**

**Dr. Gopeesingh:** You are in charge, Chairman, of a board appointed by the Minister, or the State, to improve the development of the industry, Cocoa Development Company Limited, so it means it is the development of the industry, and you are saying that you are operating within your own constraints. But we would expect you to think outside of the box and begin to enumerate how you see the future to move to your 5,000 tonnes per year: one, two, three, four, five. Can you give us some ideas of how you—

**Mr. Rudder:** One of the critical things that the Cocoa Development Company did, and it has continued to do, is to have a collaborative working group, including the CRC and the Ministry of Agriculture, Lands and Fisheries, because in order to make that target, the Cocoa Development Company alone cannot do it.

**Dr. Gopeesingh:** We heard that.

**Mr. Rudder:** Out of that particular initiative, a proposal has arisen that we develop collaboratively for consideration of the Government of Trinidad and Tobago, a public sector investment proposal for the development of the cocoa industry costed over the next couple of years. That is the only way it will happen. It cannot happen by the isolated siloed initiatives of individual institutions, with all the best intentions, Sir.

**Dr. Gopeesingh:** All right. Could we have an understanding of how many farmers are there in Trinidad?

**Mr. Rudder:** Eleven hundred and sixty-three at the last count, because we have prepared a dossier on the state of the cocoa industry in order to argue our case before the International Cocoa Organization.

**Dr. Gopeesingh:** Have they all registered with your board? Or you just got that analysis by your team of people going around?

**Mr. Rudder:** There are names that are on our records, and where they live and where they operate, yes.

**Dr. Gopeesingh:** And have they been verified as continuing farmers?

**Mr. Rudder:** Yes.

**Dr. Gopeesingh:** They are. So you would say that there are approximately 1,100—

**Mr. Rudder:** —and 63.

**Dr. Gopeesingh:** You have an idea of the acreage of cultivation by them?

**Mr. Rudder:** I can ask my CEO to perhaps take over.

**Mr. Granger:** Through you, Chair, we did a comprehensive census last year. That is where some of our expenses went. I could take you back a little bit before that where we inherited data from the Cocoa and Coffee Industry Board on which we had registered and we were in contact with 1,300 cocoa farmers. A lot of them had moved on to other things. So by the time we did this survey last year, we found out that there are 1,163, more or less, active farmers—different degrees

of activity. Of those 1,163, we found out that 660 of them were actually harvesting their cocoa for a business. I mean, there are other farms within the 1,163 where farmers would be venturing into the cocoa farms, not necessarily to take care of the cocoa trees, but to harvest a crop or two. So those who were seriously engaged, 660 of them. The total acreage under cocoa, 4,841 hectares. And if you need it in acres, I can give it.

**Dr. Gopeesingh:** That is all right.

**Mr. Granger:** Okay. The acreage that was harvested, though, by the 660 farmers, 3,095 hectares. So out of that 4,841 hectares covered by cocoa, 1,948 hectares were in a state of abandonment. What we sought to do through these field officers is to develop the relationships and connections with these 660 farmers and attempt to revive the others who were not actively involved. We have so far been able to pull out 84 farmers who had decided to pack up cocoa. So they are now back on the front burner, engaged in activities on their farms.

There is a training exercise we conduct that is done in the field, and because of its uniqueness it is called the farmer field school. It is conducted in the field. And there is a field school that is conducted once per month in each cluster, and we have determined that there are about 18 clusters that we can work with in Trinidad and Tobago. Bear in mind, we took this kind of approach from a project that stemmed from the Ministry of Agriculture, Lands and Fisheries, where in 2013 they had developed 12 clusters with the CCIB, Cocoa and Coffee Industry Board. So that has now grown from 12 to 18 clusters, and in these clusters we hold one training programme every month.

**Dr. Gopeesingh:** Thank you for that elucidation. The Chairman indicated that the price of the cocoa on the international market was around US \$2,500 to US \$10,000 per metric ton and we are selling about 500. How do you assist your farmers? Do the farmers sell internationally directly, or they come—just give us an understanding of when the farmers produce their cocoa beans, what happens from there on.

**Mr. Granger:** Through you, Chair, the price for the fine beans tend to be from about US \$3,500 per tonne, upwards to roughly US \$10,000 per tonne. Trinidad and Tobago is experiencing some of the better prices. We get around US \$6,000 now. There are one or two groups getting up to US \$7,000 and US \$7,500 per tonne. Because of the opening up of the industry, the activities of the former company, Cocoa and Coffee Industry Board, do not exist to a great extent. However, the Cocoa Development Company is interacting with these players to ensure that things are done at international standards and international levels. Just to name one or two, this month gone, January, there is an international regulation put out by the European Union that says if the beans carry a cadmium content above a certain level—I think it is one microgram per kilogram—it will not be accepted.

So we have been working with the farmers to ensure that the beans are within that minimum residue limit of cadmium. Among other aspects of the development of the post-harvest processing of the beans, we have been working with the farmers to ensure that when they approach the market, that the market would be acceptable to them and that they would get some of the better prices. Our marketing structure at the Cocoa Development Company has been seeking out some of these better markets. And, in fact, we have changed the game for fermentation, where we are doing a unique type of fermentation called a micro-lot fermentation process that enhances the final results of the beans.

These beans will then be marketed not just to the general chocolatiers, but to niche markets that are willing to pay the higher price. And, in fact, may I add that over the last year we have seen a 37 per cent increase in price of the beans locally when they are purchased by the buyer who is going to do export. So the farmers are getting a 37 per cent increase on their wet beans when they sell those beans now.

**Dr. Gopeesingh:** How is it regulated? You have the producer in the farm producing the cocoa, getting the beans; who dries it or ferments it and who are the buyers? And are they registered with you all or there are general buyers across the country? And who does the exporting?

**Mr. Granger:** Through you, Chair, the traditional buyers, fermenters and exporters are the ones that we would have met. Because the entire landscape for developing beans and conforming to different standards has been changing over the last two to three years, we have had to tutor these traditional buyers and fermenters into the correct practices that would give you the correct end result. Some of these we have found they are a little bit slow to adopt the new practices, but working with the 660 active farmers out of the 1,163 that I mentioned earlier, we have had roughly 75 of them training in these new skills and actually graduating from specialized courses we are doing with them, holding their hands and showing them in the field exactly what must be done, and we have seen recently five new fermenters who are getting involved in exporting. We also have six new exporters.

What we have found is that these new people who have adopted the new practices are getting some of the better prices. We feel that those who are the traditional ones who are a little bit slow in adopting and changing, would join eventually and change their practices so that they, too, could enjoy some of the better prices. So there is a variation in the prices across the board where the big fermenters are not necessarily getting the best of the prices.

**Dr. Gopeesingh:** Just two last questions. How many fermenters are there? And how many exporters are there? And is the role of the Cocoa Development Company one that will help to regulate the industry? As you said, you are helping, but is there a role for you to help to regulate that issue of the purchase for fermenting and then—or from the buyers and then the exporters? And there is where the EXIM Bank, and so on, comes in.

**Mr. Rudder:** Through you, Chair, just to deal with the regulating of the industry, when the Cocoa and Coffee Industry Board existed, it was by an Act of Parliament and it had regulations, and it was able to regulate the industry through the regulations. In the current scenario, the tools that are available are more moral suasion and providing the evidence that quality relates to what you are able to sell in the market. So the element of enforcing regulations is out. What we have instituted, however, is that cocoa that is being exported from Trinidad and Tobago, for example, must get a stamp of a certificate of origin, and we are using that mechanism to, if you will, impose or direct, or guide, the quality considerations in the absence of regulations to enforce. Because what we are saying is the Cocoa Development Company cannot stamp for export, something that we know will not—you know, would offset the market and reduce our reputation. So this is the kind of nuanced approach to regulations that we have done.

**Dr. Gopeesingh:** CEO, you have the answer there?

**Mr. Granger:** Yes. Through you, Chair, again, let me say that we have seven exporters who are always around and we have now added four. I have four here on my list that are new. We had six fermenters and we now have 11 fermenters. Let me also add something for the benefit of all

listening to us at this time. There is a mark of excellence which we call the certification mark that has been registered with the Intellectual Property organization. And when we visited at the TIC, we had a booth there, and we had lots of people coming across through our booth with different kinds of interest in cocoa. But when we met the potential importers, one of the important questions they were asking is, “How do you certify that the beans we are going to get today is the same kind of beans we are going to get next year”? “Do you have a certificate?” And that was the birth of the idea of getting a certification mark. It took us about a year to get it. We got it last year in August, but it goes with a number of standards. There are the ISO standards; 1114, 2541, 2561 and so on, and they govern the different food safety aspects as it relates to cocoa as a food.

So that we would be able to interact with the farmers, teach them, show them the different skills, the different technology that will allow them to develop their beans to the standards to be certified with a certification mark. The Chairman alluded also to the certificate of origin. It has become even more important now, because we are aware that there are lots of people coming through our various ports in the south and we were made aware that cocoa beans may be coming from our neighbouring countries. When we promise a buyer, an importer, that they are going to get what we call the 4T brand for our cocoa—4T stands for: True Trinidad and Tobago Trinitario—we have to be certain that when we stamp a certificate, that it is indeed the True Trinidad and Tobago Trinitario.

As the Chairman alluded, we are working with different stakeholders with different institutional support and we have full support of the Cocoa Research Unit at the University of the West Indies, and they are currently doing a fingerprinting of different beans throughout the country for us. We are extending that exercise to our neighbouring countries too, so that when we get beans from the buyers or the exporters to be able to certify what is going out, we are able to do an analysis of those beans quickly and determine if those beans are mixed or diluted in some way with other beans.

**Dr. Gopeesingh:** So every export comes through your company for certification.

**Mr. Granger:** Yes.

**Dr. Gopeesingh:** And based on approximately 500 metric tons and approximately US \$6,000, US you are receiving, Trinidad could possibly be exporting about US \$3 million in cocoa annually?

**Mr. Granger:** That is correct, yes.

**Dr. Gopeesingh:** So we could be receiving close to about TT \$20 million in cocoa export. So if we make that five times, we could be receiving \$100 million. Can we charge you with that responsibility to help in bringing Trinidad and Tobago to that level? I am sure the Minister of Agriculture, Land and Fisheries would want that, and the country will need that. So you have a major job and a portfolio there, so we look forward to that. Thank you very much for your answers.

**Mr. Hinds:** Thank you very much, Mr. Chairman. Just by way of clarity, Mr. CEO, you are saying that locals receive beans from elsewhere and pretend that they were grown in Trinidad and Tobago?

**Mr. Granger:** Yes, that is correct.

**Mr. Hinds:** What benefit would that bring to them?

**Mr. Granger:** I could only imagine, through you, Chair, that if someone lands on our shores and offers a native beans at a dollar, and they have no moneys in their pocket, they will offer a dollar

and get it, and if those same beans could be traded at \$20, let us say, that is a profit of \$19 on the investment. So there is that temptation for that—

**Mr. Hinds:** Yes, but they do not trade with you.

**Mr. Granger:** No, they do not.

**Mr. Hinds:** So why can they not, outside of your facility, do the same thing? What is the benefit of coming through you?

**Mr. Granger:** Maybe I should clarify. The beans do not come through us, really. What happens is that people who want to export beans, we facilitate them with a certificate of origin which gives the importer a level of comfort—

**Mr. Hinds:** Oh, I see.

**Mr. Granger:**—about the beans he is receiving.

**Mr. Hinds:** I see.

**Mr. Granger:** It means that it is incumbent upon the company, the Cocoa Development Company, to give a fool-proof certificate saying these beans are indeed True Trinidad and Tobago Trinitario beans, hence the fingerprinting.

**Mr. Hinds:** Okay. I understand. You raised the concept of “cadmin”, I think it was, a while ago and the “cadmin” content. Just for clarification, what is that? And how is that controlled to meet the foreign market standard?

**Mr. Granger:** Okay. There are a few heavy metals affecting crops around the world. Cadmium is only one of them.

**Mr. Hinds:** Cadmium, sorry.

**Mr. Granger:** Mercury, of course, and there is lead and so on. What we have found about the cocoa tree, if there is cadmium in the soil, it will take it up. It loves to scavenge the soil for cadmium. There are other crops that would scavenge the soil for cadmium. Sunflower is one and the brassica family, which would be cabbage, cauliflower, kale and so on. We also know that shellfish carry a high content of cadmium.

We find it passing strange that they would tackle cocoa and not speak about the other crops or agricultural produce that carries cadmium. But we are cognizant that we are on this side of the world as a producer nation and it is being sold to the other side of the world, the consumer nations, and somehow in the business of cocoa, people have always tried to control the prices. What the CDC is attempting to do is make sure we get best price for sustainability for the farmers. In the area of cadmium, what we have done—and we are not doing this alone. There is a whole orchestrated business where the Ministry is involved in breeding plants that would be better in terms of uptake of cadmium. In fact, a study was just recently concluded at the University of the West Indies. Because they have the world’s only gene bank of cocoa that is so big—2,300 different types of cocoa—they are able to do a study on the different varieties and see which one would not take up a lot of cadmium, and those results came out just last week.

So the breeding work is being done by the Ministry. Further studies are done by the University and we are doing work with the farmers to ensure that cadmium is not put into the cocoa inadvertently. For instance, you can use a fertilizer that is laden with cadmium as a pollutant during the manufacturing process. So we, on our side, what we do is we test the fertilizers for cadmium and we advise the farmers to use or not to use.

**Mr. Hinds:** Yes, thank you very much. Let me ask again—now, I have noted the pains your

Chairman took to remind this Committee, and I quote you here in your submission to us that:

The company does not directly engage in the marketing and trade of cocoa and cocoa-based products, but provides information and technical advisory and support services on production, processing, market development and trends; explores trade and market opportunities.

You go on to say:

Though established under the Companies Act, it is not a commercial—that means CDC—is not a commercial entity. It is not an income-earning entity, but a development institution which functions as a cocoa hub.

We understand that. In those circumstances—and I gather that you all are executing that role as best as you can in all of your circumstances. You did say elsewhere in your report to us that your work programme is a little bit—what is the term?—stymied; is a little bit low. Your work programme is not as “mightyful” as it could be. Is that correct? Am I correct in so saying?

**Mr. Rudder:** Yes, Sir.

**Mr. Hinds:** I would like the CEO to tell me why that is so, if he can.

**Mr. Granger:** In our plans—

**Mr. Hinds:** In light of this very important mandate, when I gather from your submissions here this morning that the Ministry of Agriculture, Land and Fisheries is driving the improvement and the expansion of the industry, why is that so?

**Mr. Granger:** I could tell you how we have gotten to this point and the circumstances that exist. I may not be able to tell you why those circumstances arose. What I can say is that we have a very ambitious programme of work that we have developed coming out of the strategic plan, and the strategic plan points to expansion of the industry through two ways: new planting, planting of new lands; as well as rehabilitation of the abandoned fields. Based on our planning and our work programmes, we had suggested budgetary totals for a three-year plan, amounting to \$45 million, roughly \$15 million per year. And when we saw what came in the budget, that is what would have caused us to pull back.

**Mr. Hinds:** All right. Now, you do not earn money, as I read a while ago from your submission to us, and you fortuitously found from the old entity which you succeeded, \$13 million which you have been using and you have expended about \$7 million of that so far. In light of the fact that you have this reduced work programme—and I notice, as well, that in your 2018/19 submission to the Ministry of Finance, you are seeking an increase in your subvention from roughly 1.8 to 2.8. Am I correct? Yes. I am.

**Mr. Granger:** May I say that, through you, Chair, that last statement, I am not aware of.

**Mr. Rudder:** May I, with respect, intervene just to correct? What we were revealing is what the allocations have been.

**Mr. Hinds:** Yes.

**Mr. Rudder:** So the allocations went to \$2.8 million.

**Mr. Hinds:** Went to 2.8.

**Mr. Rudder:** Yes.

**Mr. Hinds:** Right. And this is where I am now. Why? I mean, if your work programme is what it is; your staffing has been constrained to what it is; you are using money that you met in an account to keep things going, and you were asked earlier what have you been doing with it, and

then I take note—let me come to my specific concerns here now. I take note of your, say, financial statements for the year ended 30<sup>th</sup> of September, 2015. I notice that your Professional Fees for 2015 amounted to \$555,000 as opposed to \$72,000 in 2014. Now, I know some of you—most of you, if not all of you, may not have been around at that time, or those times, but your records should be able to tell us what accounted for that substantial 2015 increase in professional fees.

**Mr. Granger:** 20—?

**Mr. Hinds:** 2014 to 2015, a substantial increase.

You see, when I look at your mandate, when I take into account your work programme, when I take into account the submissions you made this morning, the large chunk of your expenditure, including drawdowns from that savings account of \$13 million, largely it is spent on administrative and general expenses.

**Mr. Rudder:** May I, Chair, through you, respond?

**Mr. Hinds:** Yes, indeed.

**Mr. Rudder:** When this particular board assumed responsibility, we had a company that had an administrative assistant and a driver. That was the staff of the Cocoa Development Company as at April 2016. We had no records of financial information or systems. We could not say—the only thing that we had was the bank account and the moneys in the bank and some broad metrics. As a board, we knew there would come a time when we would have to get accounts, but we did not have the financial statements. So we had to deploy and outsource arrangements to take files with documents and what have you, prepare financial accounts, outsource the financial administrative function. We had nobody—no bodies.

We had to outsource the corporate secretarial function because the board had to meet and we had to have that function. So there was a whole slew of things that had to be done to bring us up to a point where we could—for example, paying of salaries and all that sort of thing. So those were the critical things, the corp sec fees, accounting fees, auditing fees, the financial administrative fees, these were all outsourced because we had no bodies.

**Mr. Hinds:** You see, the reason why I asked this, right, I am getting an understanding that the Minister—well, the Ministry of Agriculture, Land and Fisheries is driving by—I am aware—nurturing trees and by the millions and so, trying to improve the agri-sector generally, of which cocoa is an important subset. I understand your mandate. I understand the limitations of that mandate. I understand you do not earn income. I understand that you have been drawing down on saving that you met, according to you, fortuitously.

**11.50 a.m.**

But when I look at this I am getting the impression that—especially in light of the fact that you told me your work programme is stymied—I am getting the impression that the company exists for itself based on these records. I mean nothing pejorative to you, Mr. Chairman, because I must tell you now, I gather that you are earnest in your efforts and you are trying to do something useful for our country in your commission, in your seat. But again, when I look at, for example, your administrative and general expenses which your operating officer told us is the largest chunk of your expenditure including the drawdowns from the savings, I see here in 2016, for an example, “Events and Seminars”, \$437,000—just round it off; and I saw again “Meetings and Conferences” \$22,000. I am asking myself what is the difference between those two? Could somebody quickly tell me?

**Mr. Rudder:** One would have—

**Mr. Chairman:** Yeah, can you put on your mike?

**Mr. Rudder:** 2016, one would have been appearance at the TIC, the Trade and Investment Convention. One of the challenges that the CDCTT had is a question of institutional credibility. Who are you? Nobody knows you.

**Mr. Hinds:** All right.

**Mr. Rudder:** That sort of thing.

**Mr. Hinds:** All right. Let me ask and let me take note of another matter here. In 2015, your Janitorial Services, according to your financial statement, amounted to \$8,400, but in 2016 it amounted to \$18,882. Now I want to ask: Are you still at Yard Street in Chaguanas?

**Mr. Rudder:** No.

**Mr. Hinds:** Where are you now?

**Mr. Rudder:** At Mulchan Seuchan Road.

**Mr. Chairman:** Could you press your mike?

**Mr. Rudder:** Sorry, Mulchan Seuchan Road.

**Mr. Hinds:** And I gather you are paying a slightly less rent?

**Mr. Rudder:** No.

**Mr. Hinds:** Well no. I saw your rent worked out in 20—I think it was 2015 to \$238,625, and in 2016, \$207,000. When I did the calculation it looked like you were paying 19 and now you are paying 17. Am I correct?

**Mr. Rudder:** Just refresh me. What year?

**Mr. Hinds:** 2015 to 2016. The rent for 2015 according to this says \$238,625 and for 2016, the figure here, the comparative figure is \$207,000. When I calculated it, it appears as though there is a slight reduction in the rent based on these figures alone. If I am wrong stop me.

**Mr. Rudder:** Well I do not know about 2015. I know what we were paying at Yard Street was \$17,250 per year. Per month, sorry. Per month.

**Mr. Hinds:** Right. Now I see as I was telling you a while ago, a substantial—

**Mr. Chairman:** And how much you are currently paying at Mulchan Seuchan?

**Mr. Rudder:** At Mulchan Seuchan it is about \$66,000 or \$72,000.

**Dr. Gopeesingh:** Per month?

**Mr. Chairman:** Per month?

**Mr. Rudder:** Yes.

**Mr. Chairman:** From \$17,000 to \$66,000?

**Mr. Rudder:** Yes.

**Mr. Hinds:** What? What?

**Mr. Chairman:** From \$17,000 to \$66,000?

**Mr. Hinds:** You see why we are concerned?—because as an entity with the largest chunk of your subvention, for which you are now seeking an increase in subvention, spending a substantial or all, including the drawdown from the savings, what is it doing? Is this company only for itself? Is it achieving its mandate? Now, I understand what your mandate is. I do understand the drive of the Minister of Agriculture, Land and Fisheries. You said it. But you see where we are. Again, I was pointing out to you the Janitorial Services jumped by \$10,000. What accounts for that? The place must be six times bigger and with a small staff and a small team. I mean, you know, this is

a matter of concern. Salaries and Wages moved from \$257,000 in 2015 to \$345,000 in 2016, and I also see a subhead here for Donations and Sponsorship. Are you say that this company sponsors and gives donations in your circumstances? I just want to know.

**Mr. Rudder:** I want to deal with them sequentially. With respect to the—

**Mr. Hinds:** Mr. Chairman, I do not know if you are the appropriate person to be answering this, you know. We have somebody here who, although she is there for one month, she has records. I do not want you to be answering all of this. The finance person and the CEO should be answering this. Please! And if they were not present at the time, they are before a select committee of the Parliament, this Public Accounts (Enterprises) Committee, presumably with records. That is what we want to hear. We are not dealing with personalities. We are dealing with the entity. So I would like the CEO and/or the finance person to answer. Mr. Chairman, you have exerted sufficient energy for the morning, please.

**Mr. Chairman:** And Ms. Mala Partap, as you are answering, or whoever, the CEO, could you share with this Committee what were the circumstances that prompted this company to move from \$17,000 on Yard Street to \$66,000 Mulchan Seuchan Road. What were the factors that generated that decision to move? CEO, could you answer?

**Mr. Granger:** Yes, Chair. Thank you. Let me just take us back into some information that may not be at our disposal right now. The original office of the Cocoa and Coffee Industry Board consisted of two floors. Because of the change in company and the residual staff which was—I understand at some stage a driver and an admin assistant—it sought to reduce the space that they occupied. So they gave up one floor and were on the upper floor. When I took up office there, I found out—and it was information shared across the board—that the building itself was not OSHA compliant. We were on a month-to-month rental. The landlord said he wanted to increase the rental rate. So that \$17,500 reflects half of the payment, or roughly half of the payment of what the building would have been going for. Parking was limited, extremely limited, I think three vehicles.

We were supposed to be servicing the cocoa farming fraternity of 1,100 plus, people would have been visiting us, and based on the mandate, based on the strategic plan and the programme of works, we considered the space that would be required to function properly and efficiently. I understand before I took the position there, that the board was actively searching for appropriate office accommodation and that that process had been taking place for two years. For some reason it was extremely difficult to find an appropriate place. At some stage they zeroed in into three properties that were ranging between \$48,000 and \$66,000 per month. Oh sorry, I have it in front of me. So one of the buildings was \$56,000, another at \$125,000, a third one for \$40,000, there was a fourth one for \$65,000, and the one we currently occupy which was \$72,000. Let me say that number one to four that I just mentioned had an estimated cost of outfitting ranging from \$1.2 million to \$1.5 million. So although the company was searching for office space—

**Mr. Hinds:** Where were those four offices, just as an aside?

**Mr. Granger:** Yes, I do have it. Max Murphy Street in—all in Chaguanas. Max Murphy Street, Ramsaran Street, one in Montrose, one in Edinburgh and the final one, of course, Mulchan Seuchan Road. The cost of—

**Mr. Hinds:** So let me ask as an aside. The company had—I am sorry. Let me ask, only because you submitted it, the company had a special taste and focus only for Chaguanas apparently.

**Mr. Granger:** Let me say that when one looked at the concentration of the stakeholders that we were to serve, the cocoa farmers, we found that in and around Chaguanas was more centralized to meet the farmers and for the farmers to meet with us.

**Mr. Hinds:** You mean, notwithstanding you did not have a trading relationship, it was more administrative, and promotion, and targeting markets. Man, you could operate anywhere very effectively with your mandate.

**Mr. Granger:** Actually I beg to differ.

**Mr. Hinds:** Okay, well I beg to hear you, please.

**Mr. Granger:** Yes, sure.

**Mr. Hinds:** Continue.

**Mr. Granger:** So although there was not a trading function, the services of the company are deeply entrenched in that act of trading, such that farmers have to bring samples to us for us to examine. We have to go to them. They have problems on a daily basis that they would like us to address. We are dealing in an environment where there are lots of scary things happening. There is an impending disease that we are looking out for. It is knocking on our doors. It is right next door in Venezuela. It is called the frosty pod disease.

**Mr. Hinds:** And an office in Chaguanas will prevent that disease?

**Mr. Granger:** What we hope to do, is people have samples of—they see symptoms in the field. They get up, they go on the field, they see symptoms and they wish to know is this the disease, and I am just drawing on one example. But farmers on a daily basis interact with us in some form or another. We also recognize that there were people knocking on our doors as new investors, and we are interacting with these people to bring them out as a new breed of business, “agripreneur” kind of outfit to move the industry.

**Mr. Hinds:** Mr. Chairman, yes, I have heard the point. Could you continue along the line you were telling us about how you arrived at the building at \$72,000 or thereabout, please?

**Mr. Granger:** So what I need to also add to this conversation is the floor space that was going with each of these buildings. We found Mulchan Seuchan Road to be quite advantageous for the breadth of the programme of works we had. So that the space there is 9,900 square feet. The one for \$56,000 was just 5,000 square feet. So on a square foot basis, and I would not go through all of them, Mulchan Seuchan turned out to be the cheapest one. In fact, there were two floors that we were more inclined to take, and the offer that came to us was that if we were to take the third floor we would get the third floor at a substantially reduced price, and that made the whole building more appealing on a square footage basis as well as—

**Mr. Hinds:** Mr. Chairman, and did you all spend money as well on outfitting that building? How much did you spend on outfitting that building that you are now at?

**Mr. Granger:** We had budgeted \$.6 million, which is the lowest amount of the five buildings for outfitting the building. To date, we have not spent any substantial amount in occupying that new building, but there are some other bits I need to declare to this Committee which guided the final choice.

**Mr. Chairman:** No, before you go there, would you put in writing what is the current cost for outfitting that building?

**Mr. Granger:** Yes.

**Mr. Chairman:** Thank you.

**Mr. Granger:** Yes. Sir, please continue.

**Mr. Chairman:** Yes, continue for Mr. CEO.

**Mr. Granger:** So I just made the last point a minute ago that the marginal cost for occupying the third floor was very appealing and substantially reduced the overall price per square foot of the building. We were given written approval to also sublet any space within the building which would have allowed us to earn some kind of income or cover some kind of cost to the entire building. Bear in mind that the programme of works that we had envisaged before we got the budget would have allowed us to use the total floor space of that building. With the allocation we got though, we recognized that we had to make some changes in the programme of works, and it may give us the opportunity to sublet one of the three floors.

**Mr. Hinds:** Finally, Mr. Chairman, through you, as it now stands you have three floors, 9,000 square feet not yet subleased to any part thereof, and, of course, just about nine members of staff?

**Mr. Granger:** We now have 13 members of staff, but what we use the floor space—we have not done any changes to the layout of the floor space. It allows us to do considerable training and interaction with our stakeholders.

**Mr. Hinds:** I thank you very kindly. Thank you very much.

**Mr. Cummings:** Thank you, Chairman. I want to speak to the model, the previous model and the existing model. Maybe either the Chairman or the CEO can assist. Previously with the cocoa and coffee board, and you will correct me if I am wrong, they operated as a facilitator in terms of the sale of the beans. Am I correct?

**Mr. Rudder:** The Cocoa and Coffee Industry Board had sole responsibility for purchase and export of cocoa beans in Trinidad and Tobago, and, therefore, the beans were purchased by the Cocoa and Coffee Industry Board, became the—the Cocoa and Coffee Industry Board became the owner of the beans that were exported.

**Mr. Cummings:** And therefore that was a guaranteed market for the farmers?

**Mr. Rudder:** It provided a guaranteed price for the farmer, yes.

**Mr. Cummings:** And now the Cocoa Development Company, with a new mandate, is not involved in that commercial part of the industry?

**Mr. Rudder:** No. By mandate, no.

**Mr. Cummings:** And so it is left up to private enterprise to drive the purchase and exporting of the beans?

**Mr. Rudder:** Correct.

**Mr. Cummings:** Having outlined those two models, which would you say has been more beneficial to the farmers and the industry? So in other words, has there been a decline in the industry based on the change in the model?

**Mr. Rudder:** Through you, Chair, the jury is still out on that particular one because the secular decline in the cocoa industry took place when the Cocoa and Coffee Industry Board existed. The only impact the—I think that is enough to be said there. When the cocoa and coffee board existed, there was a secular decline even while it existed. The dissonance in the industry was created when you change from that model to the current model because the operators who took the beans from the farmers, who did the primary processing of the beans, who exported the beans, did that as an outsourced activity on behalf of the board for which they got cash advances.

Put it this way, there was less risk, if you want to put it this way, on behalf that was

undertaken by those who operated into intermediary positions between the farmer and the ultimate export.

**Mr. Cummings:** I get that, but the Cocoa Development Company has been in existence since 2013. Am I correct; or 14?

**Mr. Rudder:** 2014. Mid-2014.

**Mr. Cummings:** So while you did say the jury is still out and I understand that there was a decline, the decline would have started under the cocoa and coffee board. During this period what would you say in your opinion, do you think that the industry has benefited or is moving in the direction it should be moving based on what the programme of the Cocoa Development Company is?

**Mr. Rudder:** What I would say is that the Cocoa Development Company has not been allowed to function. It has not been functional in terms of the range of responsibilities entrusted to it because it does not have the resources to perform those functions. It is partially endowed and with those resources have been able to make a contribution.

**Mr. Cummings:** Well that is quite clear. Can I pose then to the Permanent Secretary? Do you have a comment you would like to make on the response we just got from the Chairman in terms of the resources to the company?

**Ms. Jacobs:** Chair, as you know there is a process, a budgetary process that allows for the allocation of funds to state entities and, therefore, it is the remit really—we will send down all the details and as they have a strategic plan that will be forwarded to the Ministry of Finance, but the allocation then comes to us based on the estimates. This is an annual process and, therefore, the Ministry per se does not have that amount of leeway in terms of the budgetary allocation to any entity.

**Mr. Chairman:** I have a few questions before I ask Dr. Tim and then we will bring the curtains down. First of all, I would like to ask Mr. Chairman: Has the strategic plan been approved and operationalized for the five-year period by the Ministry of Agriculture, Land and Fisheries and the Ministry of Finance? The plan that you have drawn up for the cocoa company, has it been approved by the Ministry of Agriculture, Land Fisheries and the Ministry of Finance, Mr. Chairman?

**Mr. Rudder:** The plan drawn up by the Cocoa Development Company is drafted and it was based on the draft of the national cocoa development plan. It has not been approved in the formal sense in which you are—

**Mr. Chairman:** Has it been operationalized even though it has not been approved by the cocoa company? That is the point I am asking, and we are seeking.

**Mr. Rudder:** The cocoa company was constrained to have a rationale for its existence and, yes, it has been operationalized.

**Mr. Chairman:** So you are violating again—you have breached, and that is another breach that the cocoa company has committed. You have published your audited accounts before an annual general meeting has been held. That is a breach. You have now breached a second element of regulations and that is in the state manual for companies, that before you can implement and operationalize your strategic plan it must be approved by the line Ministry and by the Ministry of Finance. You agree me that this is a breach?

**Mr. Rudder:** May I, Sir?

**Mr. Chairman:** Yes, of course.

**Mr. Rudder:** With respect, I would argue that it is not a breach. And even if it was a breach, it is a breach that I as the Chairman will accept full responsibility for because I have been given a mandate and I have to, together with the board, I have to have a contextual rationale in which to operate, otherwise the company, we do nothing.

**Mr. Chairman:** Mr. Chairman, I do not know whether you are familiar with the State Enterprises Performance Monitoring Manual, but I am looking at page 28 of that manual under “Strategic Plans”, and it is very clear as the former Prime Minister who has passed on used to say, pellucidity clear, that you have to seek prior approval from your line Ministry—okay?—before you can effect and operationalize your plan. So I am saying that you keep taking responsibility for these breaches. I am not too sure what the line Ministry has to say on this matter, that is the Ministry of Agriculture, Land and Fisheries, Permanent Secretary, and the Investments Division, because you cannot have a company repeatedly violating and breaching established rules and regulations and you have the Chairman taking responsibility.

There must be a sanction for these things, otherwise what we will have? What are we going to have in the state enterprise sector? We are going to have chaos and confusion even though we are trying to achieve certain objectives. We have to abide by the rules that have been established, otherwise we are going to have a situation that is unacceptable. So I would like to ask the Permanent Secretary: In a situation where a board choses to do its own thing without your approval of a strategic plan, what would you recommend to this Committee or what would you do to deal with that situation? We would like to know as a Committee.

**Ms. Jacobs:** Okay, Chair. As you would be aware, I came into the Ministry in June. So in reviewing all the documents I did see a draft strategic plan for the Cocoa Development Company. So it was in draft. And far as I aware it had not yet gone through the full process. So my understanding was that in any event the company needs some kind of plan. In the interim, while this process is ongoing, the company would have been working with some sort of framework. Okay? So that was my understanding that they are working with a framework pending the full process for the—

**Mr. Chairman:** But would have approved that framework?—because you are supervising this company. You are responsible as the Permanent Secretary for the funding that would be released to that body. So if they are doing it as you said, they have to do something, meaning there is a framework established. Would that framework require the expressed approval of the Permanent Secretary, or can a board just take it upon itself in the absence of this approval, even though it is an interim approval from the line Ministry, can a board unilaterally implement a strategic plan? That is the point that I am trying to clear up on behalf of this Committee.

**Ms. Jacobs:** No, there is a process for the approval. So the board cannot really unilaterally. But, as I said, this is what I came into—that was my observation that—

**Mr. Chairman:** I think I understand what you are saying. Can I go to the Ministry of Finance, Investments Division for guidance on this matter?

**Ms. Lutchman:** Okay. Chair, what has been happening is that we review the approved strategic plans of state enterprises. There are some state enterprises that have been delinquent and we write them on a continuous basis.

**12.20 p.m.**

Our last letter that we would have sent was late last year to the state enterprises reminding

them that they needed to submit their strategic plans and by and large, some of them, well they have submitted. We are in receipt of the draft strategic plan of this company as well. Our Business Analyst has analyzed the draft strategic plan in the absence of an approved strategic plan and we have informed our Minister of the contents of the strategic plan. But we have been writing to all the state enterprises who have been delinquent.

**Mr. Chairman:** Yeah, you said you have received but did you give your approval—that is, the Ministry of Finance—for the cocoa board to proceed?

**Ms. Lutchman:** We cannot give our approval unless it is an approved strategic plan that comes to the Ministry of Finance.

**Mr. Chairman:** And you have not had an approved—?

**Ms. Lutchman:** No.

**Mr. Chairman:** May I ask Mrs. Crichlow and then I will come to Mr. Foster Cummings.

**Mrs. Crichlow-Cockburn:** No, it is the along the same lines and I probably just need to get an understanding. Whether it is the board did not understand that they needed to send an approved strategic plan? Because I am looking at the documents submitted and they would have submitted a strategic plan to the Ministry of Agriculture, Land and Fisheries in 2017, and they also submitted a plan in July 2018. So what is the turnaround time in those institutions to return the plan?—because I take the Chairman’s position. They cannot continue to not operate for more than a year in the absence of the necessary approvals. So we probably need to get an understanding from the Ministry of Finance and Agriculture, what is the turnaround time for returning those plans? Because as a chairman, sitting managing a board, you need a framework within which to operate. So I think that that needs to be clarified.

**Mr. Chairman:** Permanent Secretary, what is the turnaround time for a plan to be approved as far as you are aware? I know that you came around six months ago but what is the normal period?

**Ms. Jacobs:** Normally, the strategic plans also go through Cabinet I believe but from the checks of my record, this has not yet been done but it does not normally take a very long time. Once everything and we check all the information, it goes straight through and it does not take a month.

**Mr. Chairman:** All right, I just have another area to clarify.

**Mr. Cummings:** Chairman, you passed—

**Mr. Chairman:** No, I know you have a—

**Mr. Cummings:** It is on the same matter.

**Mr. Chairman:** Okay. Go ahead, Foster.

**Mr. Cummings:** Yes. So I need to get some clarity. One, I understand as my colleague has said the position of the Chairman and the board that they could not just sit on ice pending the approval of a strategic plan. And maybe somebody from the Investments Division: Could you outline the process for the approval of the strategic plan? Could someone from the Investments Division outline that process, please?

**Mr. Maharaj:** Chairman if I may, first of all, the strategic plan is basically operational in nature and the approval, after the plan is submitted by the board to the line Ministry, they have to approve the plan first before they submit it to the Ministry of Finance and then we review the plan and may give a counter-approval. But first off, it must go through the line Ministry.

**Mr. Cummings:** So that it is the plan must be approved by the board which will then forward the plan to the Ministry. The Ministry will then approve and forward to the Corporation Sole? Is

that what you have just outlined?

**Mr. Maharaj:** Yes, precisely.

**Mr. Cummings:** So am I to understand that the plan submitted by the Cocoa Development Company in draft to the Ministry, that that was in fact the start of the process for the approval? Was it approved by the board before it was sent, that draft plan? I want to get some clarity on that, please.

**Mr. Chairman:** Mr. Chairman, yes.

**Mr. Rudder:** Yes, Sir. The board developed a—

**Mr. Chairman:** No, we just want a direct answer. Was it approved by the board? That is the direct question.

**Mr. Rudder:** Yes.

**Mr. Chairman:** All right, thank you. Foster Cummings.

**Mr. Cummings:** So that, that is in fact the strategic plan approved by the board—so you can stop calling it a draft now—that has been sent to the Ministry for approval and the Ministry must now engage in its process to approve that plan and forward it to Investments Division. Are we all clearer now on what is the status of this strategic plan? Thank you.

**Mr. Chairman:** So, Madam Permanent Secretary, the ball appears to be in your court because the Cocoa Development Company, they have done their part and I agree with Mrs. Crichlow that this thing has taken an inordinately long time from 2016, 2017, and we are in 2019 and the plan is still just on somebody's desk gathering dust. So I would like the Ministry to inform this Committee in writing when will it be able to give its final approval of that plan and have it forwarded to the Ministry of Finance, Investments Division, so that they can have sight of the approved plan, so Mr. Rudder, who is the Chairman, can proceed properly to do what he is doing. Mr. Rudder, Chairman.

**Mr. Rudder:** With respect to—may I make a slight correction to the timelines that you have just indicated? The Ministry of Agriculture, Land and Fisheries would only have gotten a draft strategic plan from the Cocoa Development Company towards the end of 2017 because that draft strategic plan of the Cocoa Development Company emanated from the draft National Cocoa Industry Strategic Plan which was developed and completed and submitted in mid-2017. So, that is the sequence.

**Mr. Chairman:** Yeah. I just have a few clarifications I would like to have before I ask Dr. Tim Gopeesingh to get in. There is a sum of \$186,250 given or apparently would have been provided for Auditing and Accounting Services and this came in the form of fees in 2015; and in 2016, it was \$111,775. Could you share with this Committee, first of all, what services were provided by the expenditure Audit and Accounting Fees in both 2015 and 2016 and who provided these services and was any report on the internal auditing of the company generated and submitted to the management team and the board for consideration? I do not know if the Chairman would like to answer this or your COO.

**Mr. Rudder:** I would answer, Sir: 2016, 2017, these were financial management administrative functions. As I said, we inherited a company in which we had no records, no bills and no what have you and this function was outsourced to do all the accounting functions in the company including the preparation of our—

**Mr. Chairman:** Which company was engaged to carry out this exercise?

**Mr. Rudder:** Aegis.

**Mr. Chairman:** Who?

**Mr. Rudder:** Aegis.

**Mr. Chairman:** Aegis. “How yuh spell?” That is A-E-G-I-S?

**Mr. Rudder:** A-E-G-I-S, yes.

**Mr. Chairman:** And that is what? An accounting firm?

**Mr. Rudder:** It is an accounting firm. I am told it is an offshoot of PwC.

**Mr. Chairman:** Okay, so they would have been engaged by the company. The other area I would like to have clarified is this. Madam Permanent Secretary, I think it is a very messy situation and I will tell you what I mean by this. You have someone called the COO but the COO is responsible for the following functions: Corporate Secretary, Accountant or accounting responsibilities, human resource responsibilities, procurement responsibilities. Now, when you collapse all these functions under this broad heading of Corporate Secretary and you talk about risk management where my colleague pointed out some of the risks that one has to take into account, then you do not have a fraud policy, given what you have submitted to us, there is the risk of fraud that could take place in this company because everything is collapsed into one function. That is an untidy situation.

So, Madam Permanent Secretary of the Ministry of Agriculture, Land and Fisheries, this is something I would like to have your views on because this is something that we need to correct as a matter of urgency. You cannot have a Corporate Secretary performing procurement function, human resource function at the same time, it is impossible. So could you tell us what steps you intend to take as Permanent Secretary to correct this situation?

**Ms. Jacobs:** Chair, in the short term, we will have some discussions with the CEO and the team but moving forward into the new fiscal period, the estimates period, we hope to address, with their submissions, how funds could be expanded so that the company can have greater diversity in its human resources and so be able to deliver on its mandate.

**Mr. Chairman:** And the final area I would like to raise, Madam Permanent Secretary, you need to take urgent and immediate steps to have established in this Cocoa Development Company an internal audit function. You cannot be spending public moneys without any robust internal controls. That is a recipe for disaster in any organization. So that is a function I would like the Ministry of Agriculture, Land and Fisheries to meet with some urgency with the board, with the company, to establish with some degree of immediacy this question of an internal audit function so that public moneys can be properly accounted for. I am not saying anything is untoward but there is always room for these kinds of developments to take place.

I think my colleague Mr. Fitzgerald Hinds and then Mrs. Cockburn and then Dr. Tim Gopeesingh and then we will wind up.

**Mr. Hinds:** I thank you very much, Mr. Chairman, only to ask as an extension of the very important assessment that you have just put to the Permanent Secretary. Was this a revelation to you this morning, PS, or you were aware of that state of affairs for some time past?

**Ms. Jacobs:** I have been aware of it based on some documents which were submitted to the Ministry.

**Mr. Hinds:** How long now have you become aware of this very “untenuous” and risky, troubling state of affairs?

**Ms. Jacobs:** I would have had discussions with the CEO—this year? Yes, it is this year I would have had discussions with the CEO at that time in January.

**Mr. Hinds:** And that would be the first time you had become aware of this “untenuous” state of affairs?

**Ms. Jacobs:** Yes, Sir.

**Mr. Hinds:** I thank you. But before I close, I have observed from the records that a gallant attempt was made to cause some of the operators in the CEPEP Company to be attached to, for training in cocoa husbandry to your programme. Mr. Chairman, could you just very quickly tell us what transpired in that regard and how effective it has been and the portents for the future?

**Mr. Rudder:** May I pass that to my CEO?

**Mr. Hinds:** Most certainly.

**Mr. Granger:** Through you, Chair, because we are heavily involved in training and because we recognize that labour is a major constraint to any of the work programmes associated with the farmers and because we wanted to move on with some aspect of our work programme, our cocoa development officers were engaging the farmers to carry out operations in their field, as we saw that wave of enthusiasm through the farmers and because of the absence of labour, we found it necessary to locate people who might be interested in learning something in cocoa husbandry.

Having had conversations with the Business Development Manager at CEPEP, they thought it was a good opportunity to expose some of their workers to this kind of training because as part of their mandate, they have to prepare those people for when they would have exhausted their contractual terms at CEPEP. So we chose a few areas mainly around south Trinidad, the clusters, and we had those workers appear for actual training on the ground in cocoa farms.

I would like to also add that there were two interventions that we feel that would allow us to pick some low-hanging fruits where we conducted black pod spray programme because with the amount of rains Trinidad was experiencing, more than half of the pods were rotting. It is a special disease called black pod. And we engaged workers in spraying those fields and in a matter of two months, we were able to treat 300 fields.

There is another operation which we thought synchronized very tidily with what CEPEP was doing and it is in the use of mechanization in cocoa. Cocoa is naturally labour intensive because the tree behaves quite differently to all other fruit trees that we know. You cannot just pick a cocoa pod, you will damage the tree and cause things to happen, extra growth. So all of these bits have been harnessed through some mechanized ways that we have been teaching the CEPEP workers in.

What I would like to say is that they too were enthusiastic. We had hoped to train—we had a specific number, I cannot recall exactly what it was now.

**Mr. Hinds:** It is 45?

**Mr. Granger:** Forty-five is what we graduated in the end but we were attempting a lot more than that to satisfy some of the labour vacuoles that exist around the country. But 45 of them were able to train, be graduated and received a certificate of training from the Cocoa Development Company.

**Mr. Chairman:** All right, thank you, Mr. Chairman. Let me go to Mrs. Cockburn now.

**Mrs. Crichlow-Cockburn:** Thank you, Mr. Chairman. In your submission, I noted that you have said that you have done the formalization of the Lopinot cluster. Could you give me some

indication as to whether cocoa is being resuscitated in the Lopinot area and if we can expect even greater things from that industry in Lopinot?

**Mr. Granger:** Yes, through you, Chair, these 18 clusters, the intention as part of the work programme is to establish them as business units and just to keep it brief, I would say that Lopinot was the very first cluster in our attempt to formalize as a business unit.

**Mrs. Crichlow-Cockburn:** But is the industry being resuscitated? Because one of the complaints I get from the constituents in Lopinot is that the industry is dying and nothing is being done to assist so that is why I am asking.

**Mr. Granger:** Let me say that you find people use these clichés all around but we do have statistics that show where it is going and we have over the last two years of the life of this board and me being with this company for one year, we have seen a 24 per cent increase in production for those—

**Mrs. Crichlow-Cockburn:** In Lopinot?

**Mr. Granger:** Well, I measured the country. I would not be able to tell you today exactly what has happened in Lopinot. We know each cluster has its own challenges but I know that Lopinot has forged ahead and has become the first officially registered cluster with that kind of work that we are doing.

**Mr. Chairman:** Could you provide that to this Committee in writing?—the one about Lopinot so that the member can have a greater understanding of what you are saying.

**Mr. Granger:** I shall do so.

**Mrs. Crichlow-Cockburn:** And my last question has to do with—I note that the company is organizing a National Cocoa Award Ceremony on Sunday. What is the event about? What is it intended to achieve and what is the cost involved? Thanks.

**Mr. Granger:** Okay. Associated with the quality parameters required for best beans and for getting best prices in the niche markets, we have recognized that farmers, and by the way more than 60 per cent of the—a lot, maybe 75 per cent of the farmers are above a certain age, they are above 61 years. When we analyzed the data, only 2 per cent were under 30 years old. What we have found is people who have been doing the same thing every day for many years, it is extremely difficult to get them to change. Just to use some of the language you might be acquainted with, “dancing of cocoa” is not acceptable for international trade. So what you find is that that change process is extremely difficult. But getting back to the specific question—I just lost my trend of thought there a little while. Yes, we thought that we could align that change of quality in the beans through our competition.

Now, this has precedent in an international competition called the—we call it CoEx, Cocoa of Excellence. It is held in France by Bioversity International, and Trinidad has been winning but we are allowed only five entries. What we thought we would do through this competition is get all the clusters, and when it was announced and launched in July last year, we had 15 established clusters, so we are hoping we would get like 15 participants from each cluster and therefore 225, and hopefully we will pick up Tobago which would have been the 16<sup>th</sup> cluster. We just completed the judging exercise two days ago. I want to tell you that we had an abundance of responses around the country. I have seen some of the finest beans. I chair the committee called the National Organizing Committee and for the first time, we are holding this local leg of the competition. So the awards programme on Sunday is to recognize the top 20 for Trinidad and

Tobago and to also from that, pull out the top five that would represent Trinidad and Tobago at the Bioversity competition in France. That competition closes on the 28<sup>th</sup> of February but the judging and release of those results customarily happens in October. So we will have to wait until October for those results.

**Mr. Chairman:** Could you give us the location and the cost?

**Mr. Granger:** Yes. We are doing this awards ceremony at the South Academy of the Performing Arts, SAPA building. We hope to have about 250 people in attendance, more than half of them would be farmers.

**Mr. Chairman:** The estimated cost?

**Mr. Granger:** For the entire project, the entire project from July, inclusive of the awards function, will be \$150,000.

**Mr. Chairman:** All right. Thank you very much. May I ask Dr. Tim Gopeesingh to ask the final question?

**Dr. Gopeesingh:** It is late now but as we close, we have heard you provide some examples of how you are dealing with the resuscitation of the industry which you have been informed, it is being created as a vehicle to promote and support resuscitation of a financially viable cocoa industry. You have given some examples of some of the things that you are doing. But from an overarching perspective, do you think you might be able to enumerate some of the broad areas that you are dealing with to resuscitate the industry by bringing more farmers in, resuscitate some of the fields that are dying, create employment, more employment, and also move to exporting more and resuscitating fields by bringing new cocoa trees to be planted and so on? Could you give us some idea about how you are really going to help in resuscitation in addition to some of the things you mentioned earlier?

**Mr. Granger:** Yes. One of the important interventions we have had is a remake of the cocoa drying house so that we are working together with the Cocoa Research Unit at the UWI as well as our line Ministry, the Ministry of Agriculture, Land and Fisheries, especially what is happening with the research in Centeno. We have been able to encourage farmers to look at a solar roof drying house, so that one does not have to open the roof so to speak and close it when rain is going to come. So this is a new piece of technology we have included in what we are doing. In terms of the traditional sun drying, we have found that over the last 20 years or so, the bigger operators have been using heated air and that was done through diesel, and internationally that is not acceptable anymore because of—

**Dr. Gopeesingh:** Okay, no, that is a technical aspect of what you are doing. How do you intend to resuscitate some of the fields, some of the farmers, resuscitate the plantation, replacing crops, et cetera?

**Mr. Granger:** Yeah. Working with our partners in this, what we are doing is looking at replacing the type of plants we are using and I think we are on top of it now and full support from the Ministry we have been getting. Because what we have found in the data that we collected is that the productivity of the trees in Trinidad right now is probably at its lowest for maybe the entire world and there are reasons for it which we are exploring and attempting to introduce some solutions that would solve that. So that its farmers, those who are existing, can use some of these new varieties and new types of plants that would allow for productivity to increase. I think that would be one of the major interventions that would allow farmers to recognize cocoa could make

some money because at low productivity levels they are unable to afford to pay for labour.

The second big constraint, of course, we said it is labour, and outside of the CEPEP module, we have been engaging the clusters to locate workers whom we can train because cocoa training is extremely specific. We have already embarked, as I said, on the pruning of trees—let me go back to the data. Most trees in Trinidad are too old, so most of the active fields, we are working with these farmers and coaching them more than training them into replacing trees that are more than 30 years old so that they could become more productive. What is good is, in addition to replacing them, they are able to replace them more sensibly in a matrix that would allow higher pollination results, because we have picked up that that is a problem with the industry, as well as using trees that are more resistant to diseases that are pending, like the frosty pod, and also using trees that would be less vigorous so it would not lead to excessive pruning every year which is labour intensive.

We are also looking at areas of drip irrigation. We are going to be putting down model farms around the country in each of these clusters so farmers could see the results of drip irrigation. We understand that climate change is happening. The Ministry understands it and they are also trying to bring in new varieties that would be resistant to the dryer weather or be able to withstand the higher rainfall. And we are looking, I mentioned quite earlier, the cadmium concerns, we are examining fertilizers for cadmium and giving more guidance to the farmers in this regard.

**Dr. Gopeesingh:** The resuscitation of some of those who went out of the business, is there—

**Mr. Granger:** Yes, I said earlier, 84 such farmers have returned and we are currently increasing the size of the attendance at trainings with these clusters and we are finding that more and more farmers are now paying attention to what is happening. And I think the new data that is coming out, the new business proposals that we are doing, the fact that it could generate more income, the fact that value added is also part of the business model, we find that farmers more and more are looking at it. Just last year we had only 15 value-added producers in Trinidad. Now, we have 40 value-added producers.

**12.50 p.m.**

**Mr. Chairman:** All right. Thank you very much. I would like to suggest that there are several areas that we could not explore and pursue today because of the time limitation, but we shall submit those in writing to the Chairman, so that we can have written responses. Before we bring the curtains finally down, I would like to call on the Ministry of Agriculture, Land and Fisheries Permanent Secretary to make a few closing remarks, brief, as well as the Chairman of the Cocoa Development Company of Trinidad and Tobago Limited. So, Madam Permanent Secretary.

**Ms. Jacobs:** Thank you, Chair. As indicated by both the Chairman of the Cocoa Development Company of Trinidad and Tobago Limited and the CEO, we have been working in a number of collaborative areas. We did not get the opportunity to hear from the Research Division today but the Research Division also works closely with the company to advance the whole prospects of the cocoa industry.

The issues that were raised concerning the strategic plan will be addressed with immediacy and as well as the structure of the Cocoa Development Company of Trinidad and Tobago Limited, we hope to have some dialogue soon to be able to address the concerns raised by the Committee. Thank you.

**Mr. Chairman:** As well as the untidy situation involving the COO and the internal audit function.

**Ms. Jacobs:** Well that is inclusive of the human resources; the challenge.

**Mr. Chairman:** Thank you. My error. Thank you. Mr. Chairman you have the final say.

**Mr. Rudder:** Thank you very much, Chair and members of the Committee. First of all, thank you for the incisive questioning and the fact that you have thrown light on a couple of issues that we have been struggling with ourselves. And while it is no surprise to have the support, it is very, very timely and well taken, and we look forward to moving on from there.

**Mr. Chairman:** All right. Thank you very much. And I forgot, Madam Permanent Secretary, to ask you to consider, finally, an area within your purview. Can you explore whether the spanking new building that the Ministry of Agriculture, Land and Fisheries occupies on the highway, is there any possibility of room, space, accommodation being made available so that the Cocoa Development Company of Trinidad and Tobago Limited can be accommodated? I throw it out for your answer.

**Ms. Jacobs:** I could answer that immediately. There is no space.

**Mr. Chairman:** Oh, there is no space.

**Ms. Jacobs:** I do not even have sufficient for my staff.

**Mr. Chairman:** Oh, I see. Thank you.

**Ms. Jacobs:** So, I can answer that.

**Mr. Chairman:** Well, may I on behalf of the entire Committee extend our appreciation and sincerest thanks to the officials from the Ministry of Finance, Investments Division for being here with us. Also, the Ministry of Agriculture, Land and Fisheries, headed by the Permanent Secretary, and the Cocoa Development Company of Trinidad and Tobago Limited, headed by its Chairman. We would also like to thank members of the public as well as members of the media for viewing and following these events as they unfold.

We would like to at this time adjourn this meeting and to once again thank everyone for being present. This meeting is now adjourned. Thank you very much.

**12.53 p.m.:** *Meeting adjourned.*