PAC

PARLIAMENT

REPUBLIC OF TRINIDAD AND TOBAGO

TWENTY - FOURTH REPORT OF THE

PUBLIC ACCOUNTS

COMMITTEE

FOURTH SESSION OF THE 11TH PARLIAMENT

Inquiry Examination of the Audited Financial Statements of the Port Authority of Trinidad and Tobago (PATT) for the financial years 2008 to 2011.

Public Accounts Committee[1]

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

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

Current membership

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

Committee Staff

The current staff members serving the Committee are:

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

Publication

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

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

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Members of the Public Accounts Committee

ELEVENTH PARLIAMENT,

REPUBLIC OF TRINIDAD AND TOBAGO

Dr. Bhoendradatt Tewarie
Chairman

Mr. Taharqa Obika
Vice- Chairman

Mrs. Ayanna Webster-Roy
Member

Mr. Randall Mitchell
Member

Mrs. Paula Gopee-Scoon
Member

Dr. Lester Henry
Member

Mr. Adrian Leonce
Member

Mrs. Charrise Seepersad
Member

Executive Summary

The Public Accounts Committee (PAC) is the Parliamentary Financial Oversight Committee tasked with the responsibility of examining the Report of the Auditor General and Audited Accounts of Statutory Authorities and Bodies. The Committee presents its Twenty – Fourth Report of the Eleventh Parliament which details its examination of ***the Audited Financial Statements of the Port Authority of Trinidad and Tobago (PATT) for the financial years 2008 to 2011*** and highlights its findings and recommendations.

This report sets out the issues and recommendations made by the Committee to improve the PATT's performance. The issues identified in this report were found during the period under examination (2008 to 2011).

During this inquiry, the following issues arose:

- **Outstanding Audited Financial Statements**
- **Internal Audit**
- **Accounts Receivable**
- **Executive Staffing**
- **The Strategic Business Units**
- **Strategic Planning**
- **Cruise Ships**
- **Dredging at the Port of Scarborough**
- **Relocation of the Port of Scarborough**
- **Port Self-Sufficiency**
- **Infrastructure and Investment**
- **Incorporation of ICTs**
- **Public-Private Partnerships**
- **Staff Loans**
- **Overtime Payments**

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

- ***The PATT should provide Parliament with details of the tendering process for the audit of the 2016 – 2018 financial statements and a timeline for the start and completion of the audits of the 2015, 2016, 2017 and 2018 financial statements*** **by September 02, 2019;**

- ***The PATT should inform the Parliament of the decision made by the Audit Committee on bringing the 2014 financial statement in line with the requirements of IAS 40* by September 02, 2019*;***
- ***The PATT should report to Parliament on the recently concluded recruitment of an Internal Auditor, an Information Systems Auditor and other internal audit staff by*** **September 02*, 2019;***
- ***The PATT should provide a roadmap for the improvement of its internal audit and internal controls in light of these recruitments by*** **September 02*, 2019;***
- ***The PATT should provide a written copy of its official tariff enforcement mechanism and report on steps taken to ensure that it is fully adhered to by*** **September 02*, 2019;***
- ***The PATT should provide a timeline for the human resource audit by*** **September 02*, 2019;***
- ***The PATT should submit a status report on the 5 required initiatives causing the severe delay of the operationalization of the SBUs*** **September 02*, 2019;***
- ***The PATT should provide a timeline for the operationalization of the SBUs by*** **September 02*, 2019;***
- ***The PATT must provide the status of its Strategic Plans to Parliament by*** **September 02*, 2019;***
- ***The PATT should provide a timeline for the implementation of its Strategic Plan for 2021 and beyond by*** **September 02*, 2019;***
- ***The PATT should provide the status of the progress towards the goal of making Trinidad and Tobago a cruise ship home port through its participation in the FCCA by*** **September 02*, 2019;***
- ***The PATT should submit a report on its policy for the reinvestment of cruise ship revenue in physical infrastructure, including reinvestment already done and the results thereof as well as planned future reinvestment by*** **September 02*, 2019;***
- ***The Tobago House of Assembly (THA) should provide a status report on plans to develop a cruise ship home port in eastern Tobago by*** **September 02*, 2019;***
- ***The PATT should submit a report setting out its plans to enhance cooperation with the Ministry of Tourism and identifying other key partners, cooperation carried out with them and the results of this cooperation by*** **September 02*, 2019;***
- ***The PATT should consult with the relevant European government through the Ministry of Foreign and CARICOM Affairs to jointly consider the most appropriate and "best practicable means" to carry out the necessary dredging works and provide a status report to Parliament by*** **September 02*, 2019;***
- ***The THA should provide a status report on the port relocation study to Parliament by*** **September 02*, 2019;***

- ***The PATT should submit details of its own plans concerning the relocation to Parliament by* September 02*, 2019;***
- ***The PATT should conduct a feasibility study and report to Parliament on relevant systems successfully utilized by ports elsewhere in the Latin American and Caribbean region to increase profitability and sustainability and the suitability of their use in Trinidad and Tobago by* September 02*, 2019;***
- ***The PATT should consider the activities of the Blue Economy Action Group of the Commonwealth Blue Charter – as well as any other Action Group it may deem relevant – and report to Parliament on how participating in those initiatives could benefit the PATT by* September 02*, 2019;***
- ***The PATT should consult with the Commonwealth Secretariat through the Ministry of Foreign and CARICOM Affairs to determine what precise support would be available under the Blue Charter regarding the PATT's future infrastructure developments and report to Parliament by* September 02*, 2019;***
- ***The PATT should provide details of its plans to launch a mobile app, including the functions of the app, the developer, the estimated timeline and the costs involved by* September 02*, 2019;***
- ***The PATT should align the software application used for online ticket sales with the one used for physical ticket sales and report to Parliament on progress in this regard by* September 02*, 2019;***
- ***The PATT should study relevant ICT international best practices in use at other regional ports and provide a roadmap to Parliament for its plans to adopt the aspects most suitable to the local context by* September 02*, 2019;***
- ***The PATT should report to Parliament on the potential to pursue a model similar to the one in place at PLIPDECO by* September 02*, 2019;***
- ***The PATT should submit a report to Parliament on the PPP initiatives it is interested in pursuing. This report should identify the rationale, the relevant private sector partners, and the costs involved for each project and describe possible feedback received from the PPP Unit of the Ministry of Finance, Investments Division and be submitted by* September 02*, 2019;***
- ***The PATT should submit a report identifying the authority for the implementation of its current staff loans policy, the implications of discontinuing it, the steps it plans to take to scale back the loans initiative and the timeline for the implementation of these measures by* September 02*, 2019;***
- ***The MoWT should explain whether it has ever been consulted on or granted approval for the PATT's staff loans practices by* September 02*, 2019;***
- ***The PATT should report to Parliament on the measures in place that will lead to the reduction in overtime payments by* September 02*, 2019; and***

- ***The PATT should report to Parliament on the process being followed to amend the overtime provision of the industrial agreement and the timeframe for completion of relevant amendments by* September 02*, 2019.***

Introduction

Establishment

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

Mandate

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

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

a) Send for persons, papers and records;
b) Have meetings whether or not the House is sitting;
c) Meet in various locations;
d) Report from time to time; and
e) Communicate with any other Committee on matters of common interest.

Ministerial Response

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

Election of the Chairman and Vice Chairman

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

Establishment of Quorum

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

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

Determination of the Committee's Work Programme

The Committee agreed to a work programme for the Fourth Session of the Eleventh Parliament during its twenty-ninth meeting held on Wednesday December 12, 2018. These entities include:

1. Telecommunications Authority of Trinidad and Tobago (TATT);
2. National Agricultural Marketing and Development Corporation (NAMDEVCO);
3. National Carnival Commission (NCC);
4. Port Authority of Trinidad and Tobago (PATT)
5. National Lotteries Control Board (NLCB);
6. National Library and Information System Authority (NALIS);
7. Environmental Management Authority (EMA);
8. Ministry of Public Administration and Ministry of Planning & Development 2017 AGD Report ICT Findings);
9. Follow up with:
    i. Water and Sewerage Authority;
    ii. Trinidad and Tobago Electricity Commission;
    iii. Airport Authority of Trinidad and Tobago;
    iv. Chaguaramas Development Authority;
    v. Trinidad and Tobago Bureau of standards; and
    vi. Public Transport Service Corporation.
10. Auditor General's Report 2018;
11. Ministry of Energy & Energy Industries and Ministry of Finance (Revenue Collection);
12. Heritage and Stabilization Fund;
13. National Insurance Board of Trinidad and Tobago (NIB);
14. Sports and Cultural Fund; and
15. The College of Science, Technology and Applied Arts of Trinidad and Tobago (COSTAATT).

The Inquiry Process

The Inquiry Process outlines steps taken by the Committee when discussing the findings in the Audited Financial Statements and Management Letters of the PATT for the financial years 2008 to 2011. The Inquiry Process agreed to by the PAC included the following steps:

I. Identification of issues in the Audited Financial Statements and Management Letters of the PATT for the financial years 2008 to 2011;

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

III. Questions for written responses were forwarded to the PATT on January 22, 2019 and responses received on February 8, 2019.

IV. A public hearing was conducted and the relevant witnesses were invited to attend and provide evidence on February 13, 2019.

V. Questions for additional responses were sent to the PATT on February 15, 2019 and responses were received on March 7, 2019.

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

Profile – Port Authority of Trinidad and Tobago (PATT)

Background: Port Authority of Trinidad and Tobago

The Port Authority was established by the Port Authority Act, Chapter 51:01. This Act was proclaimed on June 14, 1962.

The PATT is comprised of a governing unit and three (3) Strategic Business Units (SBUs) as follows:

1. The Port Authority of Trinidad and Tobago Governing Unit (PATTGU): responsible for ensuring that the SBUs are well-functioning and profitable, ensuring a safe work environment, promoting efficient work practices, empowering loyal and committed staff and maintaining well-documented policy procedures and processes;
2. The Port of Port of Spain (PPOS) –responsible for cargo handling operations, providing berthing for international container vessels, break bulk, roll-on/ roll-off, dry and liquid/bulk cargo vessels, towage services, container freight services and warehousing, and a one stop barrel shop for clearance and delivery of personal effects;
3. The Trinidad and Tobago Inter-Island Transport Company (TTIT) – responsible for the ferry service between the island of Trinidad and the island of Tobago; and
4. The Port of Spain Infrastructure Company (POSINCO): the Landlord Unit and manager of Cruise Ship facilities: responsible for managing the Port Authority's 151.48 hectares of real estate and all related leases and licenses, port infrastructure development and maintenance and providing towage, development, upgrade and maintenance of Port and Harbour Facilities (Port of Spain and Scarborough), value added services and cruise shipping terminal operations.

Vision

- The PATTGU: to be the critical enabler in ensuring that all SBUs become efficient, sustainable, responsive and productive organizations;
- The PPOS: to be a sustainable, innovative, customer driven and productive Caribbean Port, through our focus on operational efficiency and aggressive and strategic marketing;
- The POSINCO: to be the most efficient provider of Port and Harbour infrastructure management and services in the region;
- The TTIT: to be the provider of a world-class inter-island transportation service.

Mission

- The PATTGU[4]: to ensure that its internal stakeholders achieve their respective mandates, and become leaders in their respective core areas of competence.
- The PPOS[5]:
  - To leverage its location, a motivated and well trained workforce, state of the art technology, modern and reliable equipment, and well developed infrastructure to deliver high value and efficient service to its many stakeholders.
- The POSINCO[6]:
  - To optimize the commercial development of the Ports of Port of Spain and Scarborough by ensuring the provision of infrastructural, technological and human resources necessary for the profitable pursuit of port and marine-related activities;
  - To strengthen the Port of Port-of-Spain's competitive position;
  - To maintain Customer Focus;
  - To develop its Human Resources; and
  - To observe international standards for the preservation, safety and security of the Port environment.
- The TTIT: to provide a customer-driven passenger and freight service between Trinidad and Tobago that is affordable, consistently safe, reliable and efficient through our competent responsive employees, convenient ticket outlets and technology-driven systems.

Members of the Board of Commissioners

- Ret. Colonel Lyle E. Alexander (Chairman)
- Mr. Adrian Beharry (Deputy Chairman)
- Mr. Tommy Elias
- Mr. Dexter Jaggernauth
- Ms. Suzette Baptiste
- Ms. Annabelle Sooklal
- Mr. Rabindra Jaggernauth
- Mr. Ian Thomas

[4] Port Authority of Trinidad and Tobago Governing Unit, accessed on January 12, 2019: http://www.patnt.com/about.php?mid=3
[5] Cargo Handling – The Port of Port of Spain, accessed on January 11, 2019: http://www.patnt.com/cargo_handling.php?mid=13
[6] Port of Spain Infrastructure Company (POSINCO) – The Landlord Unit, accessed on January 12, 2019: http://www.patnt.com/infrastructure.php?mid=17

Senior Management

- Mrs. Trudy Gill-Conlan – General Manager / Chief Executive Officer (Ag.) PATT
- Mr. Ricardo Gonzales – Chief Executive Officer (Ag.) PPOS
- Mr. Lenin Oliviere – Chief Executive Officer (Ag.) POSINCO
- Ms. Vilma Lewis Cockburn - Chief Executive Officer (Ag.) TTIT

Minister of Works and Transport: Senator the Honourable Rohan Sinanan
Accounting Officer: Permanent Secretary – Mrs. Sonia Francis-Yearwood

Issues and Recommendations

During the examination of the Audited Financial Statements of the PATT for the financial years 2008 to 2011, the following issues were identified and recommendations proposed:

1. Outstanding Audited Financial Statements

The auditing of the PATT's financial statements is progressing at a slow pace. The audit of the PATTs statement for FY 2014 was only recently completed. The audit of the 2015 statement has not started and the tendering process is still ongoing for the 2016, 2017 and 2018 financial statements. The challenges associated with having financial statements audited in a timely manner include difficulties sourcing audit evidence and document storage. The 2014 financial statements contained some property value irregularities with respect to IAS 40 compliance. This issue was being addressed by the PATT's Audit Committee.

Recommendations:

i. ***The PATT should provide Parliament with details of the tendering process for the audit of the 2016 – 2018 financial statements and a timeline for the start and completion of the audits of the 2015, 2016, 2017 and 2018 financial statements*** **by September 02, 2019; and**

ii. ***The PATT should inform the Parliament of the decision made by the Audit Committee on bringing the 2014 financial statement in line with the requirements of IAS 40*** **by September 02, 2019*.***

2. Internal Audit

Internal audit staffing issues and poor internal controls undermine the PATT's effectiveness. By the PATT's own admission, shortcomings with its internal audit function contribute to the problem of its audited financial statements not being up to date, and its internal controls could be improved. There is insufficient internal audit staff stemming partly from the fact that for a number of years the PATT froze recruitment pending the reconfiguration of the entity with the introduction of the SBUs. This freeze has since ended. Another hindrance was the difficulty in retaining managerial staff at the 2010 level of salaries and allowances currently offered by the PATT. The Authority indicated that recruitment efforts were ongoing, with interviews scheduled for February 21, 2019, and that posts would be filled by the end of April.

Recommendations:

i. ***The PATT should report to Parliament on the recently concluded recruitment of an Internal Auditor, an Information Systems Auditor and other internal audit staff by* September 02*, 2019; and***
ii. ***The PATT should provide a roadmap for the improvement of its internal audit and internal controls in light of these recruitments by* September 02*, 2019.***

3. **Accounts Receivable**

Insufficient tariff enforcement hampered revenue collection. The PATT has not written off any bad debts since 2008, but as of September 2018, accounts receivable stood at $21 million at the PPOS, $15 million at the POSINCO and $8 million at the TTIT, making a total $44 million. The biggest contributing factor to the PATT's high receivables is its failure to enforce its tariffs as sums to be paid by vessels were routinely not collected when they were due. Port charges were supposed to be paid in full within 48 hours of a vessel arriving at the Port. However, vessels have often arrived and left again without paying. This was especially grave, as general practice around the world was to receive payment before vessels even arrive at ports. The Committee highlighted that this was a basic management failure which should not be allowed to continue. The PATT reported that measures were in place to collect advance deposits prior to arrival of vessels. Additionally, the PATT also indicated that its receivables were reviewed monthly.

Recommendation:

i. ***The PATT should provide a written copy of its official tariff enforcement mechanism and report on steps taken to ensure that it is fully adhered to by* September 02*, 2019.***

4. **Executive Staffing**

The number of executive management posts at the PATT as a proportion of permanent staff is high. Currently ten percent (10%) of the PATT's four hundred (400) permanent staff consists of executive managers. The PATT's Board of Commissioners intends to conduct a comprehensive human resource audit in order to identify and treat its human resource inefficiencies.

Recommendation:

i. ***The PATT should provide a timeline for the conduct of the human resource audit by* September 02*, 2019.***

5. **The Strategic Business Units**

The non-operationalization of the SBUs (the PPOS, the TTIT and the POSINCO) is a major organizational failure for the PATTGU. Facilitating the success of the SBUs is the core purpose of the PATTGU; its vision is “to be the critical enabler in ensuring that all SBUs become efficient, sustainable, responsive and productive organizations”, while its company theme is “developing high-performing SBUs to deliver sustainable long-term stakeholder value”.

Most notably, the overarching strategic goal of the PATTGU was “to ensure that all SBUs were fully operationalized and functioning optimally by end of fiscal 2013”. This goal was never achieved, as the SBUs have never been formalized and are still considered a “work in progress” and “are still to be properly defined” 6 years later according to the PATT.

Despite not being operationalized, the SBUs (1,291 employees) employ over 80% of the PATT’s total labour force (approximately 1,500). SBUs carry out and have oversight over projects concerning them, notwithstanding their lack of organizational substance.

According to the PATT, several initiatives need to be achieved before the SBUs can be operationalized as follows:

1. The creation of the National Ports Council;
2. The repeal of the Port Authority Act;
3. The financial restructuring of the PATT’s balance sheet;
4. The Employee Separation Programme; and
5. Identifying a Joint Strategic Partner for management and operation of the PPOS.

Recommendations:

i. ***The PATT should submit a status report on the five (5) required initiatives causing the severe delay of the operationalization of the SBUs*** **September 02*, 2019; and***
ii. ***The PATT should provide a timeline for the operationalization of the SBUs by*** **September 02*, 2019.***

6. Strategic Planning

The Strategic Plans are out of date. At the time of writing in 2019, individual Strategic Plans for each SBU for the period 2017-2020 were still at the draft stage and required further reworking. The Plans were due to be completed by the second quarter of 2019, by which time almost two-thirds of the period to which they apply will have gone by. In the interim, the PATT has continued using the goals from its 2012-2016 Strategic Plan as references in order to reduce expenditure, maintain and increase market share and associated revenues and improve efficiency, performance customer service.

Recommendations:

i. ***The PATT must provide the status of its Strategic Plans to Parliament by* September 02*, 2019; and***
ii. ***The PATT should provide a timeline for the implementation of its Strategic Plan for 2021 and beyond by* September 02*, 2019.***

7. Cruise Ships

Improved cooperation with key stakeholders and investment in facilities are key to exploiting the potential of the cruise ship sector. From 2008 to present cruise ship terminal expenditure peaked in 2015 ($1.23 million) and stood at $0.95 million in 2018. At $6.4 million, cruise ship terminal revenue was higher in 2018 than at any time since 2008. The PATT's policy to increase cruise ship revenue consists of increasing arrivals and raising the head tax for passengers. The PATT has engaged in collaborative marketing efforts with the now defunct Tourism Development Company (TDC) and the private sector to attract more vessels. This has led to arrivals of larger cruise vessels and, hence, higher passenger arrivals. This coincided with an increase by the PATT of the head tax charged per visitor, leading to greater revenue generation.

The Committee pointed out the need for more effective cooperation between the PATT and its key partner, the Ministry of Tourism (MOT), to increase cruise ship arrivals and ensuring an enjoyable experience for tourists arriving on cruise ships. One way in which this could be done was the inclusion of targeted information for cruise ship passengers in the Ministry's *Go Trinbago* mobile app.

The PATT stated that it needed support not only from the MOT but also from other local public and private sector stakeholders to make the PPOS and the Port of Scarborough cruise ship home ports. A home port is the port from which a cruise ship loads passengers and begins its itinerary, and to which it returns to disembark passengers upon conclusion of voyage. It is also at the home port that cruise ships source their supplies including fresh water, fuel and food and beverage items and ingredients. Establishing cruise ship home ports would create new sources of revenue.

The relevant local stakeholders included:

- the Hotel Association;
- the Immigration Division;
- the Taxi and Tours Association;
- the Customs and Excise Division;

- Trinidad Tourism Limited;
- the Trinidad and Tobago Chamber of Industry and Commerce; and
- the culinary industry.

PATT and MOT officials participated in the Florida Cruise Conference Association (FCCA) November 2018 to meet with international cruise industry stakeholders and promote Trinidad and Tobago as a home port.

Recommendations:

i. ***The PATT should provide the status of the progress towards the goal of making Trinidad and Tobago a cruise ship home port through its participation in the FCCA by* September 02*, 2019;***
ii. ***The PATT should submit a report on its policy for the reinvestment of cruise ship revenue in physical infrastructure, including reinvestment already done and the results thereof as well as planned future reinvestment by* September 02*, 2019;***
iii. ***The Tobago House of Assembly (THA) should provide a status report on plans to develop a cruise ship home port in eastern Tobago by* September 02*, 2019; and***
iv. ***The PATT should submit a report setting out its plans to enhance cooperation with the Ministry of Tourism (MOT) and identifying other key partners, cooperation carried out with them and the results of this cooperation by* September 02*, 2019.***

8. Dredging at the Port of Scarborough

Delayed dredging work at the Port of Scarborough may be undertaken if it takes into account the importance of underwater cultural heritage. Unless cargo operations are established at a separate location, dredging is needed in order to facilitate the berthing of larger vessels at the Port. The PATT officials explained that the scope for dredging is limited because areas in close proximity to the Port of Scarborough are classified as a burial ground containing sunken European ships dating back to the colonial era.

The treatment of these ships was addressed by the Convention on the Protection of Underwater Cultural Heritage, which was adopted in 2001 by the General Conference of UNESCO[7]. The purpose of the Convention was to improve protection of wrecks and other cultural relics submerged for at least one hundred (100) years, which constitute shared heritage

[7] UNESCO, *The Wreck of the Titanic Now Protected by UNESCO*, accessed on February 23, 2019: http://www.unesco.org/new/en/media-services/single-view/news/the_wreck_of_the_titanic_now_protected_by_unesco/

between countries. Under the Convention, wrecks are not to be disturbed or removed from their original location.

Trinidad and Tobago ratified the Convention on July 27, 2010[8].

According to Article 2(4) of the Convention[9]:

> "States Parties shall, individually or jointly as appropriate, take all appropriate measures in conformity with this Convention and with international law that are necessary to protect underwater cultural heritage, using for this purpose the best practicable means at their disposal and in accordance with their capabilities."

Article 5 explains that:

> "Each State Party shall use the best practicable means at its disposal to prevent or mitigate any adverse effects that might arise from activities under its jurisdiction incidentally affecting underwater cultural heritage."

Article 1(7) defines "activities incidentally affecting underwater cultural heritage" as "activities which, despite not having underwater cultural heritage as their primary object or one of their objects, may physically disturb or otherwise damage underwater cultural heritage."

Dredging works fall under the category of "activities incidentally affecting underwater cultural heritage".

Recommendation:

i. ***The PATT should consult with the relevant European government through the Ministry of Foreign and CARICOM Affairs (MoFCA) to jointly consider the most appropriate and "best practicable means" to carry out the necessary dredging works and provide a status report to Parliament by*** **September 02*****, 2019.***

9. Relocation of the Port of Scarborough

The Port of Scarborough does not have sufficient cargo handling capabilities. The alternatives to item (5) above are the full relocation of the Port of Scarborough or the opening of a secondary site dedicated to cargo activities. This would make it possible for larger vessels to

[8] UNESCO, *Legal Instruments – Convention on the Protection of Underwater Cultural Heritage*, accessed on March 2, 2019: http://www.unesco.org/eri/la/convention.asp?KO=13520&language=E&order=alpha
[9] UNESCO, *Text of the 2001 Convention*, accessed on March 3, 2019: http://www.unesco.org/new/en/culture/themes/underwater-cultural-heritage/2001-convention/official-text/

dock at the Port, thereby facilitating direct shipping to Tobago and also enabling the Port of Scarborough to play an active and profitable role in shipping to the Eastern Caribbean. The PATT indicated that the THA was conducting a study on the issue of port relocation.

Recommendations:

1. ***The THA should provide a status report on the port relocation study to Parliament by*** **September 02*****, 2019; and***
2. ***The PATT should submit details of its own plans concerning the relocation to Parliament by*** **September 02*****, 2019.***

10. Port Self-Sufficiency

The PATT is lagging behind international ports in its push for profitability and self-sufficiency. The PATT estimated that it could take ten (10) to fifteenth (15) years to achieve self-sufficiency at the Port of Port of Spain depending on the development model that was used. The PATT self-sufficiency means that the Authority would not depend on subsidies from the State. Challenges in human resources, infrastructure and technology were affecting the PPOS' ability to become profitable. Investment was the key to achieving this goal.

Though the PATT had a sixty-one percent (61%) market share of cargo entering the country, this represented an eight percent (8%) decrease over the past decade. The PATT was of the view that attracting investors to build and develop port facilities will be a very lengthy process. The Committee pointed out that great progress in productivity, logistics and use of technology was made at other ports in the region.

The PATT indicated that the National Ports Council (NPC) was being established as a regulatory body within the Ministry of Works and Transport (MoWT) with responsibility over ports' economic, developmental, regulatory and environmental issues. This was seen as key to effecting the necessary changes to move the PATT towards sustainability.

Recommendation:

1. ***The PATT should conduct a feasibility study and report to Parliament on relevant systems successfully utilized by ports elsewhere in the Latin American and Caribbean region to increase profitability and sustainability and the suitability of their use in Trinidad and Tobago by*** **September 02*****, 2019.***

11. Infrastructure and Investment

A lack of infrastructure development has been hindering the PATT's potential to become self-sufficient. Infrastructure development was necessary for the PATT to expand its business activities, attract larger cruise and cargo vessels and become more economically viable. Infrastructure development often has to compete with other expenditure for funding. Investment was needed to put the needed infrastructure in place.

A major part of the PATT's infrastructure needs was the proposal to undertake upgrades to the Port of Port of Spain, as well as the dredging works and / or opening of a secondary location in Tobago. The building of new Port of Spain port facilities in Sea Lots east of the present location was considered but determined to be not currently feasible. Upgrades of the existing facilities were preferred, at least as an interim solution.

The Blue Economy

Whether the choice was made to carry out upgrades or pursue new construction in Port of Spain or Tobago going forward, the PATT could seek assistance under the Commonwealth Blue Charter[10]. This was a 2018 agreement among Commonwealth countries to cooperate on ocean-related problems to further sustainable ocean development.

Blue Charter initiatives were split up into the following Action Groups:

- Aquaculture;
- Blue Economy;
- Coral Reef Protection and Restoration;
- Mangrove Restoration;
- Ocean Acidification;
- Ocean and Climate Change;
- Ocean Observations;
- Marine Plastic Pollution; and
- Marine Protected Areas.

The Chairman of the PATT's Board expressed the opinion that optimizing marine resources should be a key consideration in port development. The Blue Economy Action Group[11] was particularly relevant to the operation of ports. States' economic activities related to their maritime and marine resources, including shipping, were the focus of this Action Group.

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[10] The Commonwealth, *The Commonwealth Blue Charter*, accessed on February 28, 2019: https://bluecharter.thecommonwealth.org/

[11] The Commonwealth, *Action Group on Blue Economy*, accessed on February 18, 2019: https://bluecharter.thecommonwealth.org/action-groups/blue-economy/

The Commonwealth points out that small island states possess a great deal of 'blue' (ocean) resources. This created opportunities as well as challenges[12]. The challenges included congestion, effective use of ICTs and required port infrastructure.

The World Bank cites "suboptimal siting of infrastructure"[13] related to ports, which nullified the benefits of investments made, as a challenge to be addressed by blue economy initiatives to unlock growth potential.

The Blue Economy Action Group encouraged better stewardship of 'blue' resources through actions such as:

1. Collaboration between Commonwealth countries to exchange successful strategies, information, knowledge and best practices;
2. Facilitating the deployment of new technologies and innovations to create and drive environmentally-compatible industries;
3. Developing the economic empowerment and resilience of communities living around oceans, seas, lakes and rivers; and
4. Building economic instruments to leverage environmental protection.

The Blue Economy Action Group's initiatives correspond to the vision and mission of the entities making up the PATT as follows:

- Actions 1 and 2 match the PPOS' vision to be sustainable and innovative;
- Action 1 also links with the PPOS' overarching strategic goal to develop a culture of continuous learning;
- Actions 2 and 4 align with the PPOS' core value of "health, safety and environment";
- Action 3 is relevant to any secondary port location that may be opened in Tobago as well as in the case of any possible future expansion into the Sea Lots area, where economic empowerment would be needed; and
- The POSINCO's mission to observe international standards can be fulfilled through Blue Economy Action Group initiatives, which are international by definition.

Recommendations:

i. ***The PATT should consider the activities of the Blue Economy Action Group of the Commonwealth Blue Charter – as well as any other Action Group it may deem***

[12] Indian Ocean Rim Association, *Blue Economy*, accessed on March 4, 2019: https://www.iora.int/en/priorities-focus-areas/blue-economy
[13] The World Bank Group, *Blue Economy Development Framework*, accessed on March 4, 2019: http://pubdocs.worldbank.org/en/446441473349079068/AMCOECC-Blue-Economy-Development-Framework.pdf

relevant – and report to Parliament on how participating in those initiatives could benefit the PATT by* September 02*, 2019; and

ii. ***The PATT should consult with the Commonwealth Secretariat through the Ministry of Foreign and CARICOM Affairs to determine what precise support would be available under the Blue Charter regarding the PATT's future infrastructure developments and report to Parliament by* September 02*, 2019.***

12. Incorporation of ICTs

The ports managed by the PATT are lagging behind other regional ports in the implementation of ICT. Some level of ICT has been incorporated into the operations of the Port of Port of Spain since at least 2003 when an automated terminal operating system was launched. Upgrades to this system were carried out in 2012. Many transactions moved from paper-based to online, but some manual processes remain. The PATT was looking into making a mobile app available to its customers. The PATT's management recognized that there was still a great deal of progress to be made in the use of ICT in its administrative functions.

The PPOS ranked fifth (5th) out of sixth (6th) ports that were rated for their use of ICT in a Competitor Analysis, the other ports being in Colombia, Venezuela, Panama, the Dominican Republic and Point Lisas. This ranking was due to the Port's operating system, which has since been upgraded.

An ICT-related challenge at the TTIT was that inconveniences with its online ferry ticket sales system contributed to a sixty-four percent (64%) decrease in sales from 2017 to 2018. Ferry tickets bought online. Online ferry tickets are only valid for one particular sailing while tickets bought at the terminals and at remote agents can be revalidated once up to a year following the date of purchase. This is because the software application for online ticket sales is different from the one used at the terminals and remote agencies.

The PATT recognized that it needed to make considerable improvements in the area of ICT going forward. The Committee noted that despite this poor ranking, ICT has not been given the high priority it deserves in funding in the PATT's Strategic Plan.

Recommendations:

i. ***The PATT should provide details of its plans to launch a mobile app, including the functions of the app, the developer, the estimated timeline and the costs involved by* September 02*, 2019;***

ii. ***The PATT should align the software application used for online ticket sales with the one used for physical ticket sales and report to Parliament on progress in this regard by* September 02*, 2019; and***

iii. ***The PATT should study relevant ICT international best practices in use at other regional ports and provide a roadmap to Parliament for its plans to adopt the aspects most suitable to the local context by* September 02*, 2019.***

13. Public-Private Partnerships

The PATT was very interested in engaging in Public Private Partnerships (PPP) to enhance the success and profitability of its operations in service delivery or infrastructure provision, estimating that it could be the only public port in the region without any private investment. It was the PATT's view that PPPs would increase effectiveness and efficiency through the use of commercial business models, and there was a great deal of interest in the private sector in providing funding for such collaboration. The Committee noted that port management PPPs have been pursued in Jamaica with the CMA CGM Shipping Group.

Here in Trinidad and Tobago, PLIPDECO (Point Lisas Industrial Port Development Corporation Limited) is a relevant reference. PLIPDECO is a public company[14]. GORTT has a 51% ownership stake, and a consortium of private sector entities owns the other 49%. The Port of Point Lisas won the Caribbean Shipping Association's (CSA) Port Dependability & Flexibility award in 2016 and 2018[15]. It previously won the CSA's Port of the Year Award[16] for three consecutive years (2000, 2001 and 2002) and the Growth and Development Award (2008).

The Public Private Partnership Unit[17] of the Ministry of Finance, Investments Division promotes PPP arrangements for infrastructure in accordance with the National PPP Policy. The PPP Unit develops PPP policy, regulates the PPP programme and screens PPP projects submitted by Ministries and agencies.

Recommendations:

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[14] PLIPDECO, *Overview*, accessed on March 2, 2019: http://www.plipdeco.com/main/index.php?page=corporate-overview

[15] Caribbean Shipping Association, *Colombia and Barbados Top CSA Port Awards 2017/18*, accessed on January 11, 2019: http://www.caribbeanshipping.org/index.php?option=com_content&view=article&id=250:colombia-and-barbados-top-csa-port-awards-2017-18&catid=9&Itemid=125

[16] PLIPDECO, *Awards and Recognition*, accessed on January 11, 2019: http://www.plipdeco.com/main/index.php?page=awards-and-recognition

[17] Ministry of Finance, *Public Private Partnership Unit (PPP)*, accessed on March 7, 2019: https://www.finance.gov.tt/about-us/divisions/public-private-partnership-unit/

i. ***The PATT should report to Parliament on the potential to pursue a model similar to the one in place at PLIPDECO by* September 02*, 2019; and***
ii. ***The PATT should submit a report to Parliament on the PPP initiatives it is interested in pursuing. This report should identify the rationale, the relevant private sector partners, and the costs involved for each project and describe possible feedback received from the PPP Unit of the Ministry of Finance, Investments Division and be submitted by* September 02*, 2019.***

14. Staff Loans

The PATT's staff loans policy is overly generous and must be scaled back. The PATT's expenditure is consistently greater than its revenue. However, the Authority maintains a policy of granting loans to staff for such purposes as vacation travel and medical expenses. The Committee was of the view that this practice should be greatly reduced, as across the public service only motor vehicle loans are common practice. The PATT saw its practice of granting loans for such a variety of purposes as a standard cost associated with running the Authority while maintaining a good relationship with workers. The loan facility is further legitimized in the industrial agreement with the trade unions. The PATT, however, conceded that the amount and value of loans granted could be revisited and lowered.

Recommendations:

i. ***The PATT should submit a report identifying the authority for the implementation of its current staff loans policy, the implications of discontinuing it, the steps it plans to take to scale back the loans initiative and the timeline for the implementation of these measures by* September 02*, 2019; and***
ii. ***The MoWT should explain whether it has ever been consulted on or granted approval for the PATT's staff loans practices by* September 02*, 2019.***

15. Overtime Payments

Overtime payment is too common and increases an already high wage bill burden for the PATT. The Ports operate 24/7. However, overtime provisions broken down into "institutionalized" and "non-institutionalized" overtime were part of the remuneration system to pay workers on weekends (paid at double time) or after 5:00 pm under the terms of the industrial agreement. When there were vessel calls during periods paid as overtime, teams made up of particular numbers of workers must be assigned for functions ranging from security to cleaning. At the SBU level, reducing overtime payments has been the primary focus of the TTIT's cost reduction measures. On average, the PATT's wage bill has represented 73.5% of its total annual expenditure since 2008. Overall, the PATT explained that overtime payments have been reduced by 50% over the last 3 years. Changes to the overtime policy require amendments to the industrial agreement. This was being pursued by the PATT.

Recommendations:

1. ***The PATT should report to Parliament on the measures in place that will lead to reduction in overtime payments by* September 02*, 2019; and***
2. ***The PATT should report to Parliament on the process being followed to amend the overtime provision of the industrial agreement and the timeframe for completion of relevant amendments by* September 02*, 2019.***

Concluding Remarks

The Port Authority of Trinidad and Tobago has found itself in a state of stagnation for a number of years. By all indications change is taking place at a slow pace at the Authority, as seen by the PATT's estimation that it would take up to 15 years to achieve self-sufficiency. This is depressing and problematic. The PATT is a multi-layered entity with a wide range of responsibilities under its purview. Organisationally, the PATT must be streamlined in the interest of enhancing efficiency. It is imperative that the SBUs be empowered by the PATTGU to carry out their respective mandates. At present, due to the extreme delay in operationalizing the SBUs and in officialising their respective Strategic Plans, insufficient separation of duties and the resultant overlaps create a grey area in terms of monitoring of expenditure and projects, over which SBU CEO's exercise responsibility. This may easily result in effectiveness and accountability deteriorating or never reaching their optimal level.

The implementation of the National Ports Council (NPC) will be a step in the right direction towards correcting many of the PATT's problems and making it a sustainable entity. However, given that the overall port transformation process of which the idea of the NPC is a part has been in the planning stages for some 17 years since the approval granted by Cabinet Minute No. 1606 of July 31st 2002, it appears that the PPOS and the PATT overall are still far from turning things around. Further, the Committee notes that pending launch of the NPC, the PATT cannot afford to remain passive and must show initiative by engaging a long overdue process of stocktaking as a precursor to eventual corrective measures, whether they end up being implemented by the PATT or eventually by the NPC. A prime example of this is the human resource audit that the PATT knows must be done; but is yet to undertake.

The share of wages as a part of the PATT's overall expenditure bill has remained stable since 2008 apart from a peak in 2015. PPOS estimates that it will make savings of 10% through the implementation of the New Working Practices (NWP). Application of the NWP has – in keeping with the trend identified earlier – been delayed for some time and the PATT's Board of Commissioners is reported to be reworking the initiative. Efforts to reign in this significant wage bill element of expenditure must be redoubled and must be made in tandem with initiatives aimed at generating alternative revenue streams to fill the gaps left by the decrease in the PPOS' cargo handling market share. The TTIT's advertising plan is set to be reviewed in the soon to begin second quarter of 2019. The renting of TTIT wall spaces for advertising has revenue generating potential. The same can be said of "non-core activities", which have an estimated revenue generating potential in the millions of dollars according to PATT estimates.

One area in which the PATT is very interested in carrying out change is its management model. The PATT's Board is very keen on moving away from a purely public sector model of port management – which it identifies as a major contributing factor in the challenges it faces – towards a system incorporating private sector elements. Public-Private forms of management should, however, not be viewed as a panacea for the PATT's problems despite their apparent merits. The onus is on the Port Authority to take ambitious and decisive steps to effect positive change in the delivery of its important mandate for the people of Trinidad and Tobago.

The Port of Port of Spain is in a dilemma because there is uncertainty about how many ports Trinidad and Tobago will end up with, about what roles each port might play and how the business of these ports will be rationalized. It is difficult to say whether the Port of Port of Spain will play the central role among ports and what other ports – Point Lisas, La Brea Industrial Development Company Limited (LABIDCO), La Brea Dry Docking Facility, Toco, Tobago – might do.

A clear policy is needed to rationalize the role of the ports and to move to a level of higher efficiency and effectiveness.

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

Sgd.
Dr. Bhoendradatt Tewarie
Chairman

Sgd.
Mr. Taharqa Obika
Vice - Chairman

Sgd.
Mrs. Ayanna Webster-Roy
Member

Sgd.
Mr Randall Mitchell
Member

Sgd.
Mr. Adrian Leonce
Member

Sgd.
Mrs. Paula Gopee-Scoon
Member

Sgd.
Dr. Lester Henry
Member

Sgd.
Mrs. Charrise Seepersad
Member

Appendix I

Witnesses

At the meeting held on February 13, 2019, the witnesses attending on behalf of the Port Authority of Trinidad and Tobago and the Ministry of Works and Transport were:

Port Authority of Trinidad and Tobago (PATT)

- Ret. Colonel Lyle Alexander - Chairman
- Mr. Rabindra Jaggernauth - Chairman, Audit Committee
- Ms. Annabelle Sooklal - Commissioner
- Ms. Suzette Baptiste - Commissioner
- Mrs. Trudy Gill-Conlon - General Manager/Chief Executive Officer (Ag.)
- Mr. Curtis James - Executive Manager, Finance
- Mr. Kiran Dass - Chief Internal Auditor
- Mr. Jason Berkeley - Divisional Manager, Finance

Ministry of Works and Transport

- Ms. Ethlyn John - Deputy Permanent Secretary
- Ms. Lisa Balkaran - Chief Planning Officer (Ag.)
- Mr. Rupert Ramharack - Organizational Performance Management Specialist

THE PUBLIC ACCOUNTS COMMITTEE –
FOURTH SESSION, ELEVENTH PARLIAMENT
MINUTES OF THE THIRTY-SECOND MEETING HELD ON WEDNESDAY, FEBRUARY 13, 2019 AT 10:02 A.M.
IN THE A.N.R ROBINSON (WEST) MEETING ROOM, LEVEL 9, AND IN THE A.N.R ROBINSON (EAST) MEETING ROOM, LEVEL 9, OFFICE OF THE PARLIAMENT, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT-OF-SPAIN.

Present were:

Dr. Bhoendradatt Tewarie	-	Chairman
Mr. Taharqa Obika	-	Vice - Chairman
Dr. Lester Henry	-	Member
Ms. Charrise Seepersad	-	Member
Mrs. Ayanna Webster-Roy	-	Member
Mr. Randall Mitchell	-	Member
Mr. Adrian Leonce	-	Member
Ms. Keiba Jacob	-	Secretary
Ms. Hema Bhagaloo	-	Assistant Secretary
Ms. Vanna Jankiepersad	-	Procedural Officer Intern
Mr. Justin Jarrette	-	Graduate Research Assistant

Excused was:

Mrs. Paula Gopee-Scoon	-	Member

COMMENCEMENT

1.1 At 10:02 a.m. the Chairman called the meeting to order and welcomed those present. Mrs. Paula Gopee-Scoon was excused from the Meeting.

THE EXAMINATION OF THE MINUTES OF THE THIRTY-SECOND MEETING

2.1 The Committee examined the Minutes of the Thirtieth (32nd) Meeting held on Wednesday January 23, 2019.

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

MATTERS ARISING FROM THE MINUTES OF THE THIRTIETH MEETING

3.1 As per item 3.1 the Chairman indicated that a response was received by the National Agricultural Marketing and Development Corporation (NAMDEVCO) by email dated Friday 25, 2019 with the written responses to the request for additional information made by the Secretariat on January 10, 2019.

3.2 With reference to item 4.1 the Chairman reiterated that the Draft Twentieth Report of the Committee into the examination of the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2017 was submitted to Members for their consideration and comments by February 4, 2019.

PRE-HEARING DISCUSSION RE: PORT AUTHORITY OF TRINIDAD AND TOBAGO (PATT)

4.1 The Members discussed the issues of concern for the Public Hearing.

4.2 The Members agreed on the focus of the hearing and the issues which they intend to raise as it relates to the written submissions.

4.3 There being no further business for discussion *in camera*, the Chairman adjourned the meeting at 10:14 a.m.

EXAMINATION OF THE PORT AUTHORITY OF TRINIDAD AND TOBAGO (PATT)

5.1 The Chairman called the public meeting to order at 10:33 a.m.

5.2 The Chairman welcomed officials from the PATT, the Ministry of Works and Transport, members of the media and the public to the Thirty-Second (32nd) Meeting with the PAC and introductions were exchanged.

The following officials joined the meeting:

Port Authority of Trinidad and Tobago (PATT)

- Ret. Colonel Lyle Alexander - Chairman
- Mr. Rabindra Jaggernauth - Chairman, Audit Committee
- Ms. Annabelle Sooklal - Commissioner
- Ms. Suzette Baptiste - Commissioner

- Mrs. Trudy Gill-Conlon - General Manager/Chief Executive Officer (Ag.)
- Mr. Curtis James - Executive Manager, Finance
- Mr. Kiran Dass - Chief Internal Auditor
- Mr. Jason Berkeley - Divisional Manager, Finance

Ministry of Works and Transport

- Ms. Ethlyn John - Deputy Permanent Secretary
- Ms. Lisa Balkaran - Chief Planning Officer (Ag.)
- Mr. Rupert Ramharack - Organizational Performance Management Specialist

5.4 Key Topics Discussed:

1. The average income generated compared to the average cost incurred to operate the PATT on an annual basis.
2. The plans in place for the PATT to be profitable and become self - sufficient.
3. The proposed model to increase investments and to ensure the effective delivery of services by the PATT.
4. The oversight role of the PATT with regards to the Strategic Business Units (SBUs).
5. The ranking of the Port of Port of Spain (PPOS) in relation to other competitor Ports.
6. The use of ICTs to improve the PATT's efficiency.
7. The status of the funding requirement for the PPOS.
8. The reasons for increase in expenditure and the short fall in revenues for the years 2009 to 2019.
9. The need to create additional revenue streams.
10. The subvention received by the PATT.
11. The plans in place to decrease operating cost.
12. The challenges encountered in filling the vacant positions of Chief Financial Officer (CFO) and Chief Executive Officer (CEO).
13. The salaries and wages expenses as a percentage of total operating and administrative expenses.
14. The status of the PATT's outstanding audited financial statements.
15. The status of the PATT's Accounts Receivable and the measures in place to review the systems to address the high sum of accounts receivables and bad debts.
16. The status of the transformation of the SBUs.
17. The monitoring of the SBUs.
18. The challenges of the public model of management used by the PATT.

19. The possibility of managing the PATT through a Public Private Partnership.
20. The decline in export and trans-shipment cargo at the PPOS.
21. The decrease in the PPOS's market share.
22. The initiatives undertaken to increase arrivals of cruise ships.
23. The need for greater collaboration with the Ministry of Tourism with regard to cruise ship arrival.
24. The measures in place to reduce overtime cost and improve the operations of the cruise ships business imitative;
25. The possibility of revising the PATT's employee loans policy.
26. The status of the policies in place for the payment of overtime and the measures in place reduce these payments.
27. The number of registered and unregistered workers employed by the PATT.
28. The investments needed to enable the PPOS to function more effectively.
29. The infrastructure improvements that need to be made.
30. The procurement of vessels for the Tobago ferry route.
31. The opportunities for growth at the Port of Scarborough.
32. The challenges encountered at the Port of Scarborough in relation to dredging works.
33. The lack of basic tariff enforcement.
34. The internal audit challenges faced by PATT and the measures in place to strengthen the internal control systems.
35. The oversight role of the Ministry of Works and Transport (MOWT).
36. The relationship between the MOWT and the PATT.

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

ADJOURNMENT

6.1 The adjournment was taken at 12:40 p.m.

We certify that these Minutes are true and correct.

CHAIRMAN

SECRETARY

February 13, 2019

VERBATIM NOTES OF THE THIRTY-SECOND MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD IN THE A.N.R. ROBINSON (EAST) MEETING ROOM (IN PUBLIC) TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN, ON WEDNESDAY, FEBRUARY 13, 2019, AT 10. 33 A.M.

PRESENT

Dr. Bhoendradatt Tewarie	Chairman
Mr. Taharqa Obika	Vice-Chairman
Dr. Lester Henry	Member
Mr. Adrian Leonce	Member
Ms. Charrise Seepersad	Member
Mrs. Ayanna Webster-Roy	Member
Mr. Randall Mitchell	Member
Ms. Keiba Jacob	Secretary
Ms. Hema Bhagaloo	Assistant Secretary
Ms. Vanna Jankiepersad	Procedural Officer Intern
Mr. Justin Jarrette	Parliamentary Intern

ABSENT

Mrs. Paula Gopee-Scoon	Member

MINISTRY OF WORKS AND TRANSPORT

Ms. Ethlyn John	Deputy Permanent Secretary (Ag.)
Ms. Lisa Balkaran	Chief Planning Officer (Ag.)
Mr. Rupert Ramharack	Organisational Performance Management Specialist

PORT AUTHORITY OF TRINIDAD AND TOBAGO (PATT)

Ret. Colonel Lyle Alexander	Chairman
Mr. Rabindra Jaggernauth	Chairman, Audit Committee
Ms. Annabelle Sooklal	Commissioner
Ms. Suzette Baptiste	Commissioner
Mrs. Trudy Gill-Conlon	General Manager/Chief Executive Officer (Ag.)
Mr. Curtis James	Executive Manager, Finance
Mr. Kiran Dass	Chief Internal Auditor
Mr. Jason Berkeley	Divisional Manager, Finance

Mr. Chairman: All right. Good morning everybody. I want to call this meeting to order and I would take the opportunity to welcome the officials from the Ministry of Works and Transport, the Deputy Permanent Secretary and members of her staff, and also members of the Port Authority including the Chairman, and also, of course, I want to welcome the media if they are here. I do not think we have any members of the public, but I think we have your auditors here. Is that right? You have the auditing company here? Okay.

Mr. Alexander: Not the auditing.

Mr. Chairman: Not the auditing? You have internal audit. Okay. My name is Bhoendradatt Tewarie. I am the Chair of the Committee and Member for Caroni Central, and I will ask the other members of my team to introduce themselves so that you will know the people you are engaging here. I will also give you a chance to introduce yourself. The purpose of this meeting of the Public Accounts Committee is to examine the audited financial statements of the Port Authority of Trinidad and Tobago (PATT) for the years 2008—2011, and the Authority's expenditure and internal controls from 2008—2018.

We, as a Committee, are desirous of hearing the challenges being faced by you, the Port Authority, and your key stakeholders, and the idea is to determine whether we can come up with some possible solutions for some of these challenges. The role of this Committee is to help PATT to improve its delivery of services in an efficient and effective and economic manner. This meeting is being held in public and will be broadcast on the Parliament's Channel 11 and Radio 105.5 FM, and Parliament's YouTube Channel *ParlView*. Before I ask my colleagues to introduce themselves, I will ask representatives of the Ministry of Works and Transport if you would introduce yourselves, and following that the members of the Port Authority of Trinidad and Tobago. Would you do that please?

Ms. John: Pleasant good morning. We acknowledge the pleasant welcome from the Chairman of the Committee and the opportunity to introduce members of the Ministry of Works and Transport.

[*Introductions made*]

Mr. Chairman: Okay. And from the Port Authority.

Mr. Alexander: Thank you very much, Mr. Chairman. Thank you for the opportunity to be here. The Port Authority is grateful for the opportunity to be here and looks forward to the discussions because we are sure that the outcome of these discussions will help us as we go forward with our planning for the years ahead.

[*Introductions made*]

Mr. Chairman: Thank you very much. I will ask members of my Committee if they would introduce themselves please. I would start here with the Deputy Chairman.

[*Introduction made*]

Mr. Chairman: Okay. Thank you very much. I wonder if I can ask the representative of the Ministry of Works and Transport, in this case the Deputy Permanent Secretary, if she would like to make a brief opening statement, and the Chairman, likewise, if you would like to make an opening statement after she has presented, please do so, so that I could have a frame of what you want to say.

Ms. John: Pleasant good morning to the Chairman again, as well as members of the Committee. The Ministry of Works and Transport is pleased to be present here today and express our gratitude to the Committee, to the Public Accounts Committee, for allowing us the opportunity to participate in this morning's proceedings. Let me apologize on behalf of the Permanent Secretary who due to exigencies of the service was unable to be with us today. The Port Authority of Trinidad and Tobago is responsible for the provision of a coordinated and integrated system of harbour facilities and port services. The operations of the Port are entrusted in the Port Authority of Trinidad and Tobago which was by established via Chap. 51:01 of the Port Authority Act. The Ministry in executing its role and function provide general oversight of the Port Authority of Trinidad and Tobago in alignment with the Port Authority Act.

In light of the foregoing and in the context of the critical nature of the service provided by the Port Authority of Trinidad and Tobago and its business unit, the Ministry acknowledges the importance of audited financial statements, transparency and accountability with regard to expenditure and efficiency, and effective in internal control. The Ministry acknowledges that there are a number of challenges which currently face the Port in the execution of its mandate. We look forward to interacting with the Committee today as was indicated in identifying solutions as we go forward to enable the Port to provide the level of service that is required by the public of Trinidad and Tobago. Mr. Chairman, I thank you.

Mr. Chairman: Thank you very much. Chairman Alexander.

Mr. Alexander: Chairman, members, as I said earlier on we truly appreciate the opportunity to be here. I am in support of the task of Ministry of Works and Transport. As a new board on the Port Authority, we recognize the value and the importance of having a proper accounting in terms of providing the level of governance as required for the Port and we look forward to this discussion because there are some challenges that are directly related to the funding of the operations, and we look forward to the outcome of discussions so that we can guided going forward in achieving our strategic aims and objectives. Thank you.

Mr. Chairman: Thank you very much. I will begin with some general questions and then my colleagues will pursue their own issues that they have identified for consideration this morning.

[*Mr Mitchell enters Committee Room*]

I want to welcome the Member for San Fernando East who just joined us. So I will just ask him to just introduce himself.

[*Introduction made*]

Mr. Chairman: Okay. The first question I am going ask is this: What does it cost to run the Port annually on average? Now, the reason I ask questions like this is because this a public engagement of the Port Authority and the citizens of this country, they tend to be very interested in issues that come out of these Committee meetings and, therefore, many of the questions I ask are questions that the ordinary citizen would want to know.

Mrs. Gill-Conlon: Good morning, Chairman and good morning Committee, I would allow the Executive Manager, Finance, to give you that type of detail.

Mr. Chairman: Sure.

Mr. James: The cost of running the Port is approximately, I would say, about half a billion dollars.

Mr. Chairman: Okay, you want to add anything to that?

Mr. James: That half a billion dollars is divided up between the business unit which includes PPOS, POSINCO for the most part, and TTIT which is also included as a business unit.

Mr. Chairman: And how much do you earn in the Port annually? How much income do you generate in the Port? On average, just tell me a ballpark figure. It need not be a precise number for a particular year.

Mr. James: I would say approximately $285 million.

Mr. Chairman: Two hundred and eighty-five? Okay. Does that mean that you get about 45 per cent of the money that you need to operate the Port as subsidies, as transfers from the Government, from the State?

Mr. James: Well, the subsidies from the Government is mainly towards TTIT, which is the Government shipping service. The PPOS and POSINCO is minimal for operating expenses. I would say in the last three years there has been zero for operating expenses.

Mr. Chairman: Okay. So you are not subsidized for operation but you are subsidized for the some of the units, and the subsidy is about 200 million so to speak, about that right. Can the Port be self-sufficient and profitable; and if you do not wish to answer that, Chair, if you wish to answer that.

Mr. Alexander: The simple answer to the question is, yes, it can be.

Mr. Chairman: It can be?

Mr. Alexander: It can be, yes. It requires a certain particular approach to running the business, but it can be.

Mr. Chairman: Do you have a plan now to make it self-sufficient over time? Let us say three years, five years, 10 years, whatever it is?

Mr. Alexander: At the moment we are looking at a plan which will be delivered to the—or we are expecting delivered to the infrastructural committee of Cabinet within two weeks I would think. Whenever a date is set we are ready to put the plan forward that can put the framework together, put the platform together to get us to a place where we can be self-sufficient yes.

Mr. Chairman: Okay. In the plan that you are proposing, what is the time frame within which you can begin to sort of break-even?

Mr. Alexander: That probably depends on the model that is decided upon, but we are looking at between 10 to 15 years probably.

Mr. Chairman: Wow! Okay. Now for me that is problematic. I do not know what my other colleagues will say. You know that there are models of very profitable ports in the world now. I mean, many of them tend to be Chinese, and Singapore has always been a very profitable port, but there have been ports like in South Korea, in other places that have been modestly well done; and even in Jamaica they are making significant progress. Some of the ports in Latin America which really were very badly run have made progress. Did you look at some of those models? Are you aware of what is the situation there? In the main, they have to do with issue of productivity, the issue of logistics, and the issue of technology.

Mr. Alexander: We did look at some of those models and we believe that the model can fit our operations. There are some particular components of that that we need to probably look at here that requires the entities to function as commercial entities. That is one of the issues that we have right now, that we are experiencing right now on the Port, in that the level of—once a port is public and is dependent on public funding, that is one of the major challenges. So it is very possible that if the entities are set up and there is a lot more, maybe some more involvement of private operations, the success rate would be much higher then and we can have better expectation or higher expectations of success and profitability there.

Mr. Chairman: What is it in the public model that makes it difficult for the Port to be become self-sufficient? And the second part of that question is: What is it in the introduction of what you are suggesting as public/private that would help to make it successful?

Mr. Alexander: The identified challenges in terms of the public port and publicly run ports, the academic definition or description, sorry, of the success of ports starts off to a large extent by saying that the ports failed to a large extent because of interference by the public system so to speak, and the public system is not as flexible as it ought to be because it is by nature bureaucratic. The processes that are involved in terms of getting decisions made and implementation of other plans and so on. So there are built-in delays into those processes.

If we can find a way to work around that or to find other models that can take care of that, then that is one issue that can be looked at. The other one is, infrastructure is extremely expensive. So the question is when there is competing or there are competing elements spent when infrastructure is required, in a public port then that is competing against other expenditure as required. So the cost of expenditure is also very, very instrumental in slowing the progress and commercialization of ports.

So going forward to be successful, we have to bear in mind that we have to reduce the outside interference, so to speak, in the operations of the facility; allow the facility to be able to make decisions. The structure of the organization has to be a lot more flexible and be able to make decisions relevant to making the ports profitable.

Mr. Chairman: Okay. Tell me if I am summarizing you properly. You are saying that bureaucracy on the one hand—you did not say this, but I suspect that you mean political interference on the other—infrastructure requirements and equipment requirements, and the difficulty of competing with other government entities, those things tend to hamstring the Port from operating as a business—

Mr. Alexander: Correct.

Mr. Chairman:—and that if you brought in the private sector what you would get are two things, one is finance, of course, because you get investment, and the second thing that you would get is some measure of flexibility because you would then have those units that were public/private or private operating according to a business model. Did I summarize you correctly?

Mr. Alexander: And I would just like to add two other things. One is that the question of labour, of course, which is associated and connected to the fact that it is a public port. There will be some kind of expectations regarding the late provision of labour in that regard. That is also a factor that needs to be considered and, further, with the involvement of the private sector, there is vested interest to a large extent based on the type of investment that is utilized in the process that will cause the momentum to be maintained because the interest will be to the benefit of all the parties involved there.

Mr. Chairman: Okay. I will ask one final question and then I will pass on to member Mitchell who has an interest in following up with some questions. We have had a problem, I would say, over the last few years with balance of trade, has that affected the amount of work that comes to the Port, let us say over the last three years or so?

Mr. Alexander: I will turn it over to the General Manager to give a better description.

Mrs. Gill-Conlon: Morning again and thank you. So in terms of volumes, in terms of the cargo being handled through the Port—

Mr. Chairman: You have less?

Mrs. Gill-Conlon: Yes—there has been—

Mr. Chairman: You have less now?

Mrs. Gill-Conlon: Yes—a decline in cargo, but what we have seen—because we also monitor the two major Ports within the country. So the imports have remained relatively stable. The exports at Port of Spain would have declined over the years. However, they would have been maintained at say, the other Ports and we have been able to regain some domestic cargo. Generally, what we have seen is the domestic cargo in and out of the country not changing significantly. Where we have had a major loss in Port of Spain is with the transhipment cargo and the country as a whole, and that would have been due to external factors as well as some internal factors. So the balance is reasonably the same domestically.

Mr. Chairman: I will come back to that, but I make an error just now. It is member Ayanna Webster-Roy who wanted to pursue some questions. So we will go over to her.

Mrs. Webster-Roy: Thank you. Mr. Chairman, in your opening discourse you have mentioned that there is a strategic plan being developed that would be presented to the fiscal infrastructural committee, and in that plan you project now 10 to 15 years from the start of implementation the Port would be profitable, that is correct?

Mr. Alexander: That is part of it, yes.

Mrs. Webster-Roy: Okay. What I wanted to understand for the public to understand, what is your current business model, what is the proposed business model, and what are some of the changes that we could expect that will lead you along this road to profitability in terms of the operation, management and financing?

Mr. Alexander: In terms of the current model, the organization is experiencing some challenges because of the way it has been operating over the years. The public port model is really what I think in general what is the biggest hindrance to the profitability of the Port. We have equipment, for example, that is part of the preparation for this exercise to deliver this plan. In one area, in terms of the equipment that we use on the Port right now, most, if not all, of the equipment that is utilized on the Port is beyond the expected shelf life of that equipment. Most of it. By about 50 per cent. So the thing is over time we have not really put in the kind of sustaining processes to keep the business going.

We have suffered as well—we have actually lost some business because of the opening of the Panama Canal. There are people now who are moving bigger ships that we are unable to accommodate. We have not maintained sufficiently the dredging capability in the harbour. So there are some fundamental issues that have put us in a place right now where it requires a significant investment to be able to make a big leap in terms of making a big difference. So the thing is right now our biggest need is investment. We need to dredge the harbour; we need additional equipment; we need bigger cranes to be able to take care of the vessels that are coming in.

So to be a able to do that in the current climate of funding that we are experiencing right now in the country, we have to find some way of getting those things done because there is no way we can go forward if we do not have the bigger cranes and if we cannot accommodate the larger vessels. So this is money that is critical. Very critical, and as an example it requires something like $60 million to dredge the harbour channel and the harbour.

So the model going forward will have to be, how do we increase in the investment to be able to get the processes, and equipment, and infrastructure in place to be able to deliver?

11.00 a.m.

So we have to consider inviting more participation by the private sector going forward to be able to do that. There are quite a number of models out there where there are investors who are quite prepared to build ports for you. Of course, the arrangements then will be based on the economics and I will gladly give way to be advised where that is concerned. But in terms of the model going forward, it will have to be an increase in private sector involvement in the operations of the Port.

Mrs. Webster-Roy: Just one more question. The model that you will proceed with, how do you see that impacting on the inter-island aspect of the sea port?

Mr. Alexander: The inter-island aspect to some extent would probably benefit from that and this is not taking the—no, first of all, in terms of the inter-island, let us understand that the ferry system—I want to exclude that from this specific discussion because the ferry system to my mind is a given, that must continue, it has to continue. But in terms of the commercialization of the Port, there can certainly be opportunities by opening and getting more activity in the Port of Scarborough to be able to exploit the Eastern Caribbean and other areas, to be able to get that kind of traffic going on. And it is also from the consumer's point of view, from the public's point of view, we ought to be in a position to fit into some of the cargo delivery models right now, which basically is door to door, to be able to deliver cargo for people in Tobago, in particular, directly to Tobago, instead of having this stuck in Port of Spain before getting to Tobago. So there can be some positive impacts on that as well.

Mr. Chairman: Sen. Taharqa.

Mr. Obika: Thank you very much, Chair. Good morning again, and basically a few things. Chairman, you just mentioned door to door, however when one looks at the Strategic Plan and the strategic business units that are mentioned there, I am not sure where it falls under. I know it would not be TTIT, it would not be the Port of Spain Infrastructure Company, I am not sure if it will be the Port Governing Unit or is that a separate unit that you are envisioning that has not been featured in the Strategic Plan that is in front of us?

Mr. Alexander: The Strategic Plan that you have—let me put it another way. What we are looking at going forward, it is as a single entity, not without the SBUs but the strategy that we are looking at is not saying specifically at this point that this will be done, this will be done, this will be done by these special business units, but it is a holistic approach that we are taking as far as the strategic units are concerned. Of course, anything to do with the commercialization of the cargo operations, the feature group handling that will be the PPOS business unit, because that is what they are, the Port of Port of Spain. But the actual SBUs that we have at the moment, it is a work in progress. It is still to be properly defined. It has never been formalized, it has never been completed. That transformation process was not formalized and completed.

Mr. Obika: And not to cut you because I really want it to be a flowing discussion. All right. The issue I have and this actually illustrates my point because if one turns to page 25 of the Strategic Plan under the title "Strategic Goals and Objectives 2016-2017" and also you look at page 15 which shows the financials and when you go to the actual financial statements, you would see broad aggregates, even in the notes to the financial statements. So there is a question I have, a specific question for the Acting General Manager, Acting CEO, how do you envision, have sight of, each business unit in an operational basis? Because if it is not reflected in the financials, how do you manage it? How do you know that really and truly you have a lot of duds and no star performers?

Mrs. Gill-Conlon: Thank you for the question. It is in fact monitored. So the three strategic business units are different operations so they are core businesses. The Port of Port of Spain is cargo handling so revenue generated by that business is from moving boxes on and off the vessel within the terminal in and out. So we report on a monthly basis and we monitor and look at the financials of that business unit in terms of its revenue, its expenditure and we also have the overheads. Now, the ferry service, those financials are also reported separately and in terms of the business unit and it is matched again: revenue, expenditure, et cetera. The Port of Spain Infrastructure Company, it is the same thing.

So even though because the three strategic business units are not fully functional operational companies, we cannot report the financials separately. Right? However, we do have them reported internally separately as well as reporting to the Port Authority of Trinidad and Tobago financials as a whole, as an entire entity. So going back to what the finance person would have said, what that shows you, for instance, with the Port of Port of Spain, if you look at direct expenditure versus revenue, you would have operating of a profit when you look at the financials. Now, we have shared services and we have overheads and the overheads which would have come out of a PwC report—

Mr. Obika: I want to cut you because I really want it to be a flowing discussion so I want to stick to that point that you have made that you have sight of it, and if you turn to page 61 of the Strategic Plan under Funding Requirements, you are seeing that $1.6 billion is required. A total of 1.47. It reflects differently on the Table 12, below that, and on page 64, there is mention of if there is difficulty, I am assuming, of getting government subvention to get this done, engaging a private partner as Jamaica has done with CMA CGM. Now, the question is, going to a private partner aside, you are coming to the Government. How can a policymaker in the Government decide if you are going to make best use of $1.6 billion? Mind you, that is a significant chunk of our government expenditure. So how can we expect that the results would be what we expect?

And I think if it is you have sight of the four business units under you, it may be of value to the Government to present that information. Even if it may not form part of the audited financial statements because of financial best practice, it may be of value to present an annual report as an attachment to that that gives a policymaker some understanding. So, for example, I cannot even appreciate which business unit is successful from which one is a complete failure so then I can now have a rich conversation with your Chairman at the policy level. So to me, that is something I think we could benefit from. So that was the first point.

The second point I want to make is in the Chairman's opening, he responded to a question from the Chairman of our Committee regarding ICT and if you turn to page 50 of the Strategic Plan, there is a Competitor Analysis under the environmental scan where you are matched with ports in Panama, Venezuela, Colombia, Santo Domingo and as well as the Port of

Point Lisas. And under ICT, I am to assume that the number 5 there means that you are ranked 5 as in 5 out of 6, which is not good, or am I interpreting the table incorrectly? If you go down the table on page 50 of the Strategic Plan—I assume I am watching the Strategic Plan. Right? I am just waiting until you all give me some sign that I am on the same page with you all.

Mrs. Gill-Conlon: Yes, page 50.

Mr. Obika: Right. So on page 50, you go down, there is a heading ICT under the Key Success Factors, under KSF, and you are seeing 5 under Port of Port of Spain. The rank of 5.

Mrs. Gill-Conlon: 5 is good.

Mr. Obika: Out of 6?

Mrs. Gill-Conlon: Yes, the Port of Port of Spain had—

Mr. Obika: Let me just show what I understood and just make sure we are speaking the same language here. I am seeing six ports and I am seeing we have a rank of 5, so I assume that 5 out of 6 was poor compared to 1 out of 6. Because I would have assumed the first place is number 1 and then the last place is number 6.

Mr. Alexander: I think that is correct.

Mr. Obika: Right. So given that, when you turn to the—I think it is page 25, you look at the—no, it is page 15. I have missed the page. But when you look at the plans for transforming the business model, I did not see ICT featuring significantly at least in terms of the expenditure. The expenditure spoke a lot about matching the Panamax-type vessels which is very consistent with what you are saying, Mr. Chairman, very consistent and that deserves merit in terms of looking at it. But if we have a poor rank in terms of ICT and it is even worse than Point Lisas, I mean, we would want to look at how does that feature into the request for funding, you know, and if that does feature, if that could be explained. So that is basically my contribution thus far. I did not get any response on the ICT ranking and what that means.

Mrs. Gill-Conlon: I would like to get back to you all and get to further clarify this. Now, this would be a Competitor Analysis based on ports in the region, right, and obviously ports like Caucedo, Cartagena, Manzanillo, which are top ports in the region, their ICT capabilities would be second to none. But I would like to get back to ensure that there is not an error here because I see Port of Cabello which is 6 and that is also a relatively top port.

The Port of Port of Spain, we have a terminal operating system. We have been functioning with a terminal operating system since 2003, meaning that our operations at the Port of Port of Spain—discharge load of cargo, delivery of cargo—is automated. We upgraded to NAVIS SPARCA N4 which is a world-class system in 2011/2012.

Mr. Obika: Which is on page 38 of the Strategic Plan.

Mrs. Gill-Conlon: Correct. So in terms of the cargo handling aspect, we are very much ICT. I mean, we even do appointments. A haulier goes online to book an appointment to come into port to take up delivery and there are no paper transactions taking place per se at the gate. We print out a ticket, so it is very automated. However, within the administrative side, we have other systems. So if we are looking at ICT as an organization wide, there are areas for improvements. So I would like to confirm this ranking.

Mr. Obika: And if you could reconcile what your plans are for ICT and the business item that the Chairman mentioned regarding delivery to door for small packages with respect to page 25 where under the Strategic Goals and Objectives, no mention is made of the SBUs except to say one line which is under Priority Projects:

Facilitating project financing on behalf of SBUs.

And Business Operations:

Implementing a mechanism for monitoring SBUs performance and Plan achievement.

So those things seem to me to be a little esoteric and I am sure, from a Chairman's perspective, these are results and from a CEO's perspective in terms of operationalization, this may not really give you the targets that you may really want and you may want to look at fleshing out that and then we can now monitor. Because if you are coming for $1.5 billion—if you could explain if you all are actually coming for this $1.5 billion, if you have made any request for it. That is the figure referenced on page 64. If you all have made any request for funding for this 1.48 or $1.5 billion which I guess would include among other things, the dredging of the channel as the Chairman cited is very necessary. So if you could give me some indication as to what exactly has been done regarding this funding request, if you all have requested or if you all are about to.

Mr. Alexander: From an operational setting at the moment, if I may just try to put some clarity around this. First of all, as far as the points regarding the criteria for the Competitor Analysis there—as written, it is clear that compared to the other ports around, we are not where we need to be with the ICT issues and that is factored into the forward planning at the moment. For example, in terms of one major situation is that we have still a manual processing of the movement of visitors, and so on, on the Port. An operation that size really ought not to be to make it more efficient.

So, in that Competitor Analysis, we have to accept, I think based on what is provided here, that we are not where we need to be where ICT is concerned when you think in terms of the others. It is also instructive that the other ports that are running 1, in terms of the ICT, most of those ports are where other—there has been significant investment by private investors who have actually come in and brought their systems in and those ports are actually built and operated by them. So that can account for the disparity in terms of where we are with ICT and so on.

Also, there are some items for operations here that are actually handled through PSIP funding. So, for example, the dredging issue or the dredging operation, funding was required. We actually had a tender that has been evaluated and we are about to make a determination for that project. The funding that we have that was provided in the budget is below what has been tendered. So those are ongoing challenges that we have regarding funding so funding continues.

Mr. Obika: But just regarding the $1.5 billion referenced in the plan in terms of which would cover your strategic objectives until 2020, have you all requested that as yet from the Government or are you planning to do so?

Mr. Alexander: As far as I am aware, not in bulk, not at that level, but included in that figure would have been the dredging so it is going in piece as the projects are dealt with then, so it is part and parcel of that.

Mr. Chairman: Okay, thank you very much. Mr. Mitchell.

Mr. Mitchell: Thank you very much, Mr. Chairman. Just going back to something the Chairman would have asked before, you indicated that per year, you have about $500 million in expenditure—that is 2008/2009 or is that presently? Presently?

Mr. James: Presently.

Mr. Mitchell: What was the expenditure at 2008/2009?

Mr. James: We do not have those figures with us but it can be presented if requested.

Mr. Mitchell: Okay. And $285 million was the value of your revenue. Correct?

Mr. James: Yeah.

Mr. Mitchell: Okay, so what accounts for the $215 million in shortfall? What funds that?

Mr. James: The shortfall is mainly for the TTIT Government Shipping Service. That is where most of the shortfall is and basically—

Mr. Mitchell: How is it funded? Government subventions?

Mr. James: Government subventions, correct.

Mr. Mitchell: Okay. I also notice that Net Financing Cost, $126 million, could you explain that? This is in 2009.

Mr. James: Those are loans. There were loans up until—well 1990 and these should be government loans I think. These government loans, we accrue interest. Is that what this is?

Mr. Berkeley: Good morning. Jason Berkeley. The Net Financing Cost you are seeing would be the active loans that the Port is servicing via government subventions.

Mr. Mitchell: Okay, so where we take the operating and administrative expenses and we add it to the Net Financing Cost, we come up to about $490 million, but that was in 2009. So are you saying from 2009 until present in 2019, your expenditure is around $500 million, it continues to be around $500 million?

Mr. James: It may be more than if—it would have increased. It may be more than $500 million because TTIT which is the Government Shipping Service is not included in that figure.

Mr. Mitchell: So it may be more, presently?

Mr. James: Yes.

Mr. Mitchell: Okay. And the $285 million revenue has not increased since 2009 because you indicated that the $285 million in revenue, that is in 2019. Correct? Well not in 2019, in 2018?

Mr. James: It would be ballpark around the same figure.

Mr. Mitchell: So your revenues have not increased since 2009 because in 2009, your revenues were $279 million?

Mr. James: No, nothing significant.

Mr. Mitchell: Nothing significant. Do you have any strategy to increase revenues at this time? Because from where I sit, it seems as though you have been in a constant debt spiral since 2009, continual debt spiral.

Mrs. Gill-Conlon: There are plans in terms of revenue generation and this is in line with the strategic plans because, for instance, the cargo handling facility and the cargo business, as was indicated earlier, at one point, 2009, the Port of Port of Spain would have handled 400,000 TEUs, which is twenty-foot equivalent units. Revenues generally, over the years, have been in excess of $250 million so that is the sort of $250 million, $350 million for the cargo handling. However, since 2010 and continuing, volumes have been declining but mainly in the area of trans-shipment and that was in part mainly due to the expansion of the Panama Canal.

The Port of Port of Spain can, at this point in time, only handle Panamax vessels up to 5,000 TEUs draft of say, 11 metres max. The vessels that are now transiting the canal are in excess of 5,000 TEUs, up to 13,000 TEUs, 13-metre draft. So for the Port of Port of Spain to be able to really attract the business that is required to increase our revenues, we have to have some investment in terms of upgrading the infrastructure.

And in terms of the productivity that the Chairman would have mentioned of successful ports, the Port of Port of Spain with the equipment that we currently have, half of which is beyond its economic life but still in use, in our productivity levels, 25 berth moves per hour which are reasonably good. I mean, we have CME CGM who is our largest shipping line, they handle 40 per cent of our business. But for us to increase the revenue in the cargo handling area, we have to have some investment there.

We are also maintaining our customer base that we have, the volumes that we have, as well as we have had a 6 per cent increase in 2018 over '17, so we have seen a bit of recovery. We have been able to get back some more trans-shipment to the port even though we cannot handle the larger vessels.

Mr. Mitchell: What about decreasing your operative and administrative expenses?

Mrs. Gill-Conlon: Costs, yes. And we have also been working because obviously the revenues would have declined so we need to match expenditure and cut expenditure. So over the past four years, three years, we would have been able—so the Port operates 24-7; 24 hours a day, seven days a week. But we also have a built-in overtime. Saturday and Sunday is automatic overtime and the management has taken steps where we work with the shipping lines to sort of make the operations flexible and we have been able to cut overtime by 50 per cent over the last three years. So we would have a registered workforce that we have to engage.

And what you would find is, okay, so the more vessels you have operating because it is a gang-based operation. So you have say three, two—six gangs engaged for the day, two per shift on average and even if you do not have a vessel there, you have to pay that registered gang. So what we would do is we would engage persons in other operations to be able to not have to call out additional labour to compensate. So we have been looking at cutting our costs. But there is a bigger picture to it in terms of the 24-7—changing our working practices, changing our agreement, which are things which we are also working on to really change the structure on how the costing is in terms of the labour engagement.

Mr. Mitchell: And you have previously indicated that it would take 15 years to get to a point of sustainability?

Mr. Alexander: That is the estimate, yes.

Mr. Mitchell: Right, break-even. Okay. Can I just suggest that you call them teams instead of gangs in your modernization thrust?

Mrs. Gill-Conlon: No problem, yes.

Mr. Mitchell: Okay, so we are looking at the $285 million in revenue for—well, $279 million in revenue for 2009. Now, in your audit management reports, consistently, the auditors would have indicated that there has been a failure to review receivables, that it is not being done, and I am seeing in the audited financials that there have been provisions for bad debts: $5 million in 2008; $9 million in 2009. What have you done to improve the system of the review of receivables? That is one. Two, what is the value of your Accounts Receivables now? And three, over the past years, how much money annually would you have written off in bad debts?

Mrs. Gill-Conlon: Due to the specific nature of the questions, I would refer to the Executive Manager of Finance, Mr. James.

Mr. James: Can you repeat the question, please?

Mr. Mitchell: The audit management report consistently indicated over the years 2008 up until 2013 that there has been—well, the review of receivables was not done, so there has been a failure to review the receivables, and I am noticing in your audited financials, the years 2008 and 2009, there has been a provision for bad debts of $5 million in 2008 and $9 million in 2009. So I am asking what has been done since then, 2013, to improve the system of the review of receivables of the whole Accounts Receivables management. What has been done to improve it? I also want to know, what is the value of bad debts written off annually from 2008 until now?

11.30 a.m.

Mr. James: All right. As it relates to receivables, receivables are reviewed monthly. We actually provide by business unit, the major receivables by customer—the 10 major. We review these monthly. They are discussed as to the reason. It is an aged report, so we basically know the age and how long the receivables have been on there. We discussed that and we discussed ways of collecting them. As of September 2018, the total receivable is about 44 million and that is PPOS being 21, POSINCO being 15 and TTIT $8 million.

Mr. Mitchell: Well, how much do you write off? How much has been written off annually from

2018 till about now?

Mr. James: I will have to get back to you on that. It is not something that I came with that information with me, but annually when the auditors are in, we basically review the receivables and they would ascertain if the reserves as we have it, is adequate or not for bad debts, but it is done annually. It is not something we report even monthly. It is done annually.

Mr. Mitchell: No, I understand it is done annually and the period under review is from 2008 to 2011.

Mr. James: Yeah. I will have to get back to you.

Mr. Mitchell: Okay. Can you tell us: What are the specific failures in getting to the point of having to write off bad debts that the Port would have experienced?

Mr. James: Okay. Currently, the Port has a tariff. Most of its receivables come from its operations as it should be executing its tariff on a regular basis. For example, there are port charges and all these things. These are what the receivables are made up of most of the time. In many cases, one of the biggest challenges is that we do not enforce the tariff as far as collecting our revenues on a timely basis. Our recent tariff, which runs to I think 2014, calls for a prepayment of port charges—a 100 per cent prepayment of port charges within 48 hours of vessels arriving at the Port. That is not being adhered to at the moment.

We are currently going through a process of informing most of our agents and shipping lines, that we are going to revert to what is published as a tariff, and that they will have to pay within 48 hours of coming to the Port. Vessels come, do what they do and leave, and then we have to chase them down for money. That should not be the case. Ports in and around the world normally get paid in advance. That is one of our biggest challenges here.

Mr. Mitchell: So it is not just a weakness of the management of the account receivables, that function, it is also enforcement, perhaps the legal department—

Mr. James: Enforcement of tariffs that were our contract with shipping lines and agents.

Mr. Chairman: Yeah. But that is a simple management problem that cannot be excused, you know. I mean, there is really no excuse for that. Either you pay in advance, because you know when the ships reach, goods are going to be on the Port.

Mr. James: That is correct.

Mr. Chairman: So you make it very clear that people pay before the goods arrive. I mean, why is that a problem? I do not understand that. What is the big enforcement issue in that? Just manage the Port.

Mr. James: That is correct. Mr. Leonce.

Mr. Leonce: Thanks Chair. I am listening to the debate, well not the debate—it sounds like a debate to me—but I have some concerns, and I must say I feel some of the pain coming out of management in terms of trying to maintain operations. Chairman, you would have indicated that in approximately two weeks you are going to send a plan for approval, and this plan is supposed to bring the operations to some level of profitability within 10 to 15 years. Now, briefly going through some of the submissions that you would have given, I am seeing where employees, the discipline of employees is a challenge, the skill sets of some of the human resources is a challenge. You spoke earlier about the equipment on the Port itself is obsolete, if not, there are significant upgrades that need to be done, space on the Port is a challenge being located in Port of Spain. I saw you did a study for the dredging, and just as you said $60 million approximately for that project, and you do not have the funding for it. I am also hearing the main vessels now coming from Panama are much larger. What is it in that plan that you are submitting in two weeks that is significantly going to address those issues and why 10 to 15 years?

Mr. Alexander: The plan is platformed on a situation. Where we are right now we need the investment, we need the participation. We need a serious injection of investment. If we look at the models of attracting that investment, and if we look at some of those that are currently applied and in operation in the region which, incidentally, we are the only port in the region right now that really does not enjoy any private involvement in running the Port—probably the only public port in the region—and some of the models associated with that include: shipping lines or investors and opting models of build/operate/transfer.

Under those circumstances, if we assume—we are going in with some assumptions—we think we can attract investors who are willing and ready to be able do that, based on some of the discussions that we have. If that is the case, then we are still to be advised on exactly how that relationship will work, but if we take the most fundamental and give to someone the opportunity to build a port, develop the port—make all the investment, get all the infrastructure in—was based on that kind of approach that this estimate of 10 to 15 years is factored in.

I will say now, we have not drilled into specific costs. That has not taken place just yet. So, we are on a sort of table top simple estimation of how this can work. So if we look at a project where someone comes in, builds a port for us, as the landlord—in that case we then become a landlord—the provision of the space or the port for that particular operation, the model of the agreement will determine that. But if we simply provide a concession to this operator—they build, they operate the port—and we as the landlord simply get a fee going forward then, hopefully, we can take that to deal with some of the residual expenses that we have. The Port itself then, based on the model of the agreement, will determine what that return is and over that period of time. So to answer the question, the key to realizing that kind estimation comes with the type of agreement that we get into with an investor coming in. I am not sure if I would have answered the question sufficiently.

Mr. Leonce: Chair, if I may repeat, basically what I understand—you could correct me if I am wrong—are you saying then that a new port needs to be built and maybe the Government being the owner, and share within the earnings of the port, that is the model that you expect to realize this port to be a profitable port?

Mr. Alexander: Not a new port per se but an upgrade, significant upgrade to what we have right now. Sometime ago a study was done—I think you may have mentioned it—about relocating or building a new port in Port of Spain and relocating it east of where we are right now into the Sea Lots area and things like that. The study said or suggested that that approach was not viable at the moment. So what we have to do is to have an interim arrangement where we are right now and to upgrade this. So what is required now is an upgrade of our existing facilities and that upgrade involves dredging, it involves getting some more key side space, and getting some more lay down areas where we can increase the number of TEUs that we can lay down going forward. So we have to increase infrastructure and also create some more space. One of those includes actually, building a new key almost perpendicular now on the western end of the Port. So those are parts of the plan going forward.

Mr. Leonce: Okay. One last question. So, is it then that within the current structure of the Port with the current operation within the current authority that the board and the chairman and the CEO has, there is no way that we can become profitable?

Mr. Alexander: There is—I am an eternal optimistic, so I will not say no, there is no way we could be, but with difficulty and time.

Mr. Leonce: Thank you.

Mr. Chairman: He has argued the case that it is difficult because of the reasons that you mentioned—the bureaucracy, the interference and so on, but also the financing, the injection of finance and the freedom and flexibility to manoeuvre. Sen. Seepersad.

Ms. Seepersad: Thank you, Chairman. Could you tell me why it is you have at your management level, executive level, the CFO's position is not filled and your CEO's position is an acting position? Because I think, you know, you need to have bodies in those positions, full-time people to lead the organization.

Mr. Alexander: This is a situation that the Port has found itself in—I should not say found itself in—but it exists at the moment. Reality: a recent survey was done concerning the compensation for state companies. The Port Authority was second to last on that list of about seven companies. We have had and this is since—I can only speak in terms of since my tenure on the board. During that time, we have had people who have turned their backs on offers because we just could not compensate people to do the jobs. So that is one reason why we are having challenges filling positions at the Port Authority.

Ms. Seepersad: And what steps are you taking to address it? I think that is part of what is hindering your process.

Mr. Alexander: It is a part of it, yes and we have requests that have gone to the CPO for consideration.

Ms. Seepersad: My other question, Chairman, deals with—I am not sure if it is you or another member—your financial statements. My pet peeve is that companies do not have up-to-date audited accounts and you seem to be lagging in terms of having the accounts audited on a timely basis and up-to-date. We are in 2019, you all are dealing with issues back in 2014 and 2015. Could you tell us what steps you are taking to bring your accounts up-to-date?

Mr. James: Yes. I will answer that one. We basically just completed the 2014 audit. It is in draft as of today. At the end of the week we will probably finalize that, 2015 audit is scheduled to start in April. We have also sent out for tender to select an audit firm for the 2016 through 2018 audits, and those audits, as we have informed the tender parties, those audits have to be completed by June of 2020. So it is one of the priorities of the Finance Department to get the audited statements up-to-date. Yes, we have behind the eight ball as far as being unable to do to the financials and have these audited statements issued on a timely basis, but it has become the focus of the finance group to get it done, and we will get them done by that time.

Ms. Seepersad: Thank you.

Mr. Chairman: Just a quick question before Sen. Henry takes over there. What is the role of your auditing firm in this? I mean, they have been with you for 26 years and I mean, I cannot understand how you have such a backlog of unaudited statements.

Mr. James: When they joined, when they became our auditors, as is indicated in the notes that were given to you, they became our auditors in the 1990s, and their first audit were of the '80s.

Mr. Chairman: You do not have to take me back there now. Just try and explain to me why you cannot get it down with the auditor.

Mr. James: It is all—the challenge is not only the auditors, the challenge is internal.

Mr. Chairman: I know that. But do the auditors not have a role in this? I mean, you have internal audit. I think some of you are here. Why can you not get the accounts up-to-date.? I mean, you have a 500 million you say—more than 500 million company; it is getting subsidies from the State which is really the taxpayer. All right. You are not doing so well. Basically you had stayed at a standstill in terms of the amount of goods and services you provide and in terms of any generation of new income. You would think that, at least, you could get your audit statements up-to-date.

Mr. James: The priority is to do so, because a lot of the other conversations you have heard here with regard to public/private partnership, it has to happen before you do get any partner. No partner will come in and want to invest in a port where the financials are not up-to-date.

Mr. Chairman: Is that not a bigger incentive to finish the thing?

Mr. James: Well, that is what we are doing.

Mr. Chairman: Sen. Henry, please.

Dr. Henry: Okay, morning everyone. Some of you may know I have some knowledge of port operations, but just for the public to be aware of certain things, I will ask some questions. In terms of the percentage of cargo that is handled at the Port in Port of Spain now as opposed to Point Lisas—the cargo coming into Trinidad and Tobago—what percentage of that do you handle now and how has that changed over the years, let us say the last 10 years or so?

Mrs. Gill-Conlon: We handle 61 per cent of the cargo coming into the country. Of that, 50 per cent is domestic and 90 per cent is transhipment over the table in here, but I will say the market share has been reasonably consistent. We were 69 per cent, so we have lost about 8 per cent over the last say five to 10 years.

Dr. Henry: So you are still the predominant port of entry in the country.

Mrs. Gill-Conlon: We are, yes.

Dr. Henry: And what is the make-up of those goods? I mean, could you generally.

Mrs. Gill-Conlon: Right. So 40 per cent of the total volume handled at the Port of Port of Spain is transhipment and 60 per cent is domestic.

Dr. Henry: No, but I am trying to get into what is the composition of the domestic goods, what are the main type of products.

Mrs. Gill-Conlon: Imports or the main types of—

Dr. Henry: The reason I am asking is because several years ago, I had a student—one of my students did a Master's project on this issue of port efficiency and so on, and one of the issues is that because of inefficiencies at ports in general, not necessarily Port of Spain, but one of the problems, is that inefficiencies at port result in cost and prices being marked up to consumers. So, I am trying to get at, have there been any improvements in the efficiency of the Port over the last 10 years or so, in terms of how it might impact on consumers?

Mrs. Gill-Conlon: Okay. Right. So, the cost of—and you are correct—the goods to your table depends on the chain that it goes through, the logistic chain that it goes through. The Port Authority is a terminal facility, so we house cargo. The vessels come, they discharge your imports, the imports stay on the terminal until the importer is ready to pick up that cargo. In order for the importer to do that, they have to go through a number of various processes in the supply chain which are: have customs approvals, Food and Drug Bureau, all the different agency approvals. So, the quicker that happens is the faster they are able to take delivery of their cargo. We also have a rent-free period that you are allowed to leave your cargo on the Port and after that, rent is being charged. If you take your cargo within the rent-free period, then you do not incur any costs in terms of leaving your cargo in our storage facility.

We have seen an improvement so, for instance, the dwell time 10 years ago for an import would have been nine days, that would have gone to seven days, now it is down to like four days due to improvements, I would have to say, in customs processes because customs would have implemented ASYCUDA, and so a lot of the interaction with the brokers is automated and really the entire chain has improved somewhat.

Just for information, we deliver about 200 imports a day out of the Port. So our internal productivity as well—our customers would be hauliers and so they would engage our efficiency by how long they are staying on the Port. So when I would have joined the port 15 years ago, five hours was the average waiting time to get a container, a trucker to get in and out. Today, a trucker gets in and out under an hour. So the port has improved and even the vessels, the berth moves per hour, the performance of the Port, 10 years ago, it would have been eight moves per hour. Today it is 25 berth moves per hour. So we have had, you know, over 30 per cent improvement in productivity, truck turnaround time. So yes, the Port has improved its efficiency and its role in the entire logistic chain, but other agencies that are involved in the delivery of cargo in and out, you know, their input towards efficiency for the entire country for the consumer in terms of the cost of goods.

Dr. Henry: Because I know they complain a lot about demurrage and associated charges and they say they have no choice—the businessmen I am speaking of—when we interviewed the businessmen—and they have no choice but to pass these costs on to consumers. So it is critical. But on the flip side of that now, my question is, has there been any attempt to rationalize the labour component of the port operations? Because I know over the years this has been a sticking point. And what percentage of labour cost may comprise your total cost?

Mrs. Gill-Conlon: I would have indicated earlier that we were able to cut overtime, because we have institutionalized and non-institutionalized overtime. Saturdays and Sundays, automatic overtime. A lot of the vessels, their times coming into Trinidad is: Thursday, Friday, Saturday and Sunday. That is when we have many vessels in. So in terms of the labour component, the Port has about 1,500 employees on the books. However, but that is not registered. In terms of our registered workforce, it is about 400 or so—400, 500. So in terms of the persons, we are obligated to engage and pay a salary. So that is the percentage.

In terms of the labour, the wage bill, the wage cost to the entire Port, as it stands right now, is about 70 to 80 per cent of our expenditure. Right. So that is where it is. The engagement of teams—as I would have been advised—is directly related to the vessels and the volume of work you have alongside. So, if you have a vessel alongside and you have to work cranes on that vessel, then you need to engage two gangs. If you need to work three cranes on the vessel, you need to engage three gangs—sorry, three teams. [*Laughter*] Teams, sorry. So, basically, obviously, the more equipment, the more teams you engaged, is the faster you finish the vessel. It allows you to get the vessel in and out faster.

Dr. Henry: Okay. On the other hand—

Mrs. Gill-Conlon: And lower your cost.

Dr. Henry: What about the management? How many senior managers are there at the Port?

Mrs. Gill-Conlon: The exact figure, if memory serves off the top of my head, well we have an establishment with positions but many are not filled. Right. I may have to get back to you with the exact figure in terms of how many are filled and how many exist on the establishment, but if memory serves correct, around 40, 40 around there.

Dr. Henry: Okay. And last one, Chair is, you mentioned the loss of some transhipment business and you said there were internal and external factors. I think between you and the Chairman, I think you mentioned the external factors, the Panama Canal and so on, but what are some of the internal factors that have caused us to lose some of our transhipment business?

Mrs. Gill-Conlon: Well, the internal factors would be the lack of investment in the upgrade of the facility to have the draft, because what would have happened is the ships that would have been calling, the 5,000 TEU vessels, since the expansion of the canal, lines have merged and they are now using economies of scales, scope, et cetera, using the larger vessels to transport the cargo versus using the smaller vessels. So, we would have lost some of that transhipment that would have come on a smaller vessel to stay at Trinidad and then we distribute it. So now that vessel is able to go to Jamaica, the larger vessel, with the same cargo that would have been coming to Trinidad. Some of it is going to Dominican Republic and other ports and the larger vessels, because they will be coming from Europe, Asia.

Mrs. Webster-Roy: Thanks. Mr. Chairman, I have two questions on that. My first question would be to the Chairman. You would have mentioned plans to do dredging work at the Port of Scarborough.

12.00 noon

Mr. Alexander: The dredging at Scarborough, yes, it was looked at. There are some challenges in dredging the Port of Scarborough because there is a submarine—it is a marine area there and that limits the amount of dredging that can be done. Because, for the information of the public, there are some areas of the Port of Scarborough that have been deemed a burial ground, a cemetery, because of the past history and battles that were fought there. And so there are some wreckage on the bottom that actually belongs to the, I think the Dutch. So we are very limited in the amount of dredging that can be done, bottom line. So that is the situation there. It was considered.

Mrs. Webster-Roy: The fact that we have those wrecks and other artefacts on the seabed around the Port, how would that limit our ability to expand services and make the Port of Scarborough more efficient and even lead us to a state where it becomes a profitable entity?

Mr. Alexander: Well, with that limitation, of course, that affects the size of the vessels that can go in. It will also affect the scheduling of vessels given our ferry activities in the Port as well. So it will have to be something that is properly—it is not impossible, but it will have to be properly planned out. Of course, the other option is relocating or having another location in Tobago for cargo activities, and certainly, to my mind, that can be something that we start thinking about now; that needs to be considered now.

Mrs. Webster-Roy: Any consideration as yet? Have you all started scouting, maybe somewhere in the east? Anything like that?

Mr. Alexander: I am aware that the Tobago House of Assembly is doing also a study to relocate, have a port relocating, and there has been some study and preliminary discussions regarding the possibility of, in keeping with the same private-partnership type arrangements, the possibility of developing a cruise ship home port somewhere in the east of Tobago as well. So there have been things that have been talked about, or there are things that have been talked about. We will see what the future brings.

Mr. Chairman: MP Mitchell.

Mrs. Webster-Roy: My final question is to the PS, final, final question, Mr. Chairman. The Port Authority is under the Ministry of Works and Transport and as such there is a line of reporting, a line of accountability. What is the Ministry doing to assist the Port to meet their obligations in terms of submitting audited financial statements and ensuring that the Port, there is effective and efficient use of public funds?

Ms. John: The Ministry of Works and Transport will monitor the operations of the Port through a number of different mechanisms. We will utilize the board Minutes when the board Minutes come. We will also receive, on a quarterly basis, the cash flow statement from the Port Authority as well. The Ministry of Works and Transport also works closely with the Port in terms of its PSIP programme so that there is reporting on the PSIP, and we also source, through the Ministry of Finance, funding for those programmes. We also utilize the mechanism of Cabinet Minutes and other procedural mechanisms to ensure that the Port gets the funding that it requires, as well as monitor the operations to ensure that efficiency is taking place. And through the PSIP we also utilize our internal auditors who will have to audit previous year expenditure that has to be paid in a next fiscal year.

Mr. Chairman: Member Mitchell.

Mr. Mitchell: Thank you very much, Mr. Chair. I want to zero in a little on one of your more, it seems, profitable functions, profitable operations, which is your cruise ship terminal. So I am on page 36 to your 2009—2010 administrative report. This is the supplementary information to the financial statements as at September 30, 2009. So your expenditure for that year, 2009, was approximately $1.5 million and your revenue was, handsomely, $4.6 million. Well, let me just zero in a little on your expenditure. In your expenditure you have salaries, $376,000, but you have overtime at $861,000, taking you to 1.5. What accounts for this overtime of $861,000? And is there any opportunity to reduce this or has this been reduced? This is on the expenditure side. Your salary is $376,000 and your overtime $861,000.

Mrs. Gill-Conlon: Which appendix is it?

Mr. Mitchell: This is page 40 of your 2009—2010 administrative report.

Mrs. Gill-Conlon: We do not have the admin report in front us of here, but the question—could you please repeat the question and the Executive Manager can answer, could probably assist, or we will assist with the answer?

Mr. Mitchell: Okay. For cruise ship terminal, this operation has been profitable for you. The expenditure, as outlined in our audited financial statements, is approximately $1.5 million. But when you dive deeply into the expenditure, I am asking, you have salaries $376,000, approximately, but in overtime you have $861,000, approximately. Can you tell us the reason for this large amount of overtime?

Mr. Dass: Yes. Good morning. I will attempt to answer the question. That would have been directly related to vessel calls. Our industrial agreement provides for overtime on a Saturday and a Sunday, and all hours after 5.00 p.m., Monday to Friday. We call that "institutionalized overtime". So if you have a vessel call on a weekend, all persons are paid double time, and there is a mandatory configuration of persons that you have to bring out. You have to bring out, say 16 security officers. That is included inside of there. You will have to have your cleaners around. In those days, I believe, we would have had in-house cleaners, not a cleaning contract, and then you will have your cruise ship staff, which is, on average, five or six persons, but you will not bring out all five or six persons, you might have three persons. But, really and truly, the major—the bulk of that will be security activities on a weekend when you have vessel calls on a weekend or after 5.00 p.m., Monday to Friday. There is no other reason to have overtime except for vessel calls.

Mr. Mitchell: All right. Thank you. Your revenue has been, for that year, 4.6, approximately $4.6 million, what have you done since then to improve these operations, because it seems to be profitable for you?

Mrs. Gill-Conlon: The cruise vessel business, it has fluctuated up and down, but over the years, you know, there has been joint marketing efforts with the TDC and the Port Authority, and the private sector in terms of attracting more vessels here and bringing more business here, and within that, so the passenger—the size of the vessels have also increased. So the number of passengers visiting our shores, we would have had one vessel with 6,000, almost, passengers last year; a couple of those. So we would have also increased the head tax in terms of the introduction of head tax, to increase head tax to increase revenue. So those would have been the actions taken, marketing, increasing head tax, et cetera, to increase revenue.

Mr. Mitchell: Okay. Do you reinvest in the cruise ship terminal because your roof seems to be in dire need of repair? Do you reinvest in that part of it or does this money just go into plugging other debts?

Mrs. Gill-Conlon: There is some reinvestment that takes place, and, yes, we are aware of the roof. We would have up on a vessel recently and seen it ourselves and we know that there is work to be done on it. So, yes, there is some. We would have recently done some investments in the passenger area in terms of refurbishment, maintenance. So the money goes back into maintaining the facility, keeping it safe for the passenger traffic scanners and, you know, that sort of facilities. So, yes, we do reinvest.

Mr. Mitchell: Okay. Thank you. Let me just jump quickly, just one question. On the matter of loans, I am looking at your loan policy, and having regard to the significant gap between expenditure and revenues, do you think it is prudent to continue offering staff vacation loans and medical loans, and other loans, and paying their membership fees, and all of that? I mean, I understand that it is a part of your industrial agreement, but do you agree that that should be revisited, because, I mean, the Port is not in the business of in the credit or the finance business, financing business?

Mr. Alexander: Sir, fair and reasonable question, but that certainly has to be balanced by the kind of relationship you have with your staff, and the initial response would be, well, it is in fact a part of the agreement that you have with your staff, and it is a part of—it was considered, it is included in there because it is a cost of, a part of running your business. So it is something that can be considered. It ought not necessarily to be the very first course of action that you take because of the shortage, reducing the quantities probably, but taking it out completely, I think there are other issues to be considered there in terms of your industrial agreement type circumstances.

Mr. Mitchell: But surely it should be revisited. I mean, across the public service the motor vehicle loans, that is standard, but vacation loans, holiday loans, medical loans, and any other loans, just leaving it open like that, that ought not to be prudent where you find yourself in a $215 million shortfall.

Mr. Alexander: I would agree that revisiting, some revisiting is necessary. I will agree with that.

Mr. Chairman: Thank you very much. You wanted to say something?

Mr. Dass: Yeah. I just want to add to the cruise ship expenditure. Well, I got some additional information from my peers, we had two vessels—we had Heads of the Government meetings, Caribbean Heads of Government meetings in 2009, and we had two cruise ships alongside for two weeks, and that would have also contributed to overtime.

Mr. Mitchell: Okay.

Mr. Chairman: I have three questions and I will try to do them quickly and then move on to my colleagues, and then we will close the meeting. The first question I want to ask is that, what—I mean, generally, when you read the report you see that you make a claim that your internal controls are pretty good, and yet on the 12th of

September, 2018, you had a situation where confidential board documents went missing. How do you explain the fact that you have good controls and this happened? And can you talk about this a little bit on what have you done since?

Mr. Alexander: Mr. Chairman, your internal controls always have to be reviewed and measures taken to ensure that you are trying to mitigate any possible risks that you have, that you can foresee. The internal controls that we have on the Port at the moment are not where they need to be and not where they should be, and it is a work in progress in terms of improving, managing the risks that we face and actually putting together a proper risk management process to improve the existing conditions that exist at the moment. We cannot rule out, in the process, that—your risk management methods or mitigation measures are always trying to—

Mr. Chairman: Catch up?

Mr. Alexander: Always trying to catch up, yes, and against people with a particular intent. So that will—

Mr. Chairman: Have you done anything since those documents were taken or went missing? Have you done anything since?

Mr. Alexander: As a matter of fact, on Friday this week, we will be having a meeting to look at the report coming out of an investigation that was done regarding that.

Mr. Chairman: All right. So the matter is actively being pursued then.

Mr. Alexander: Yes.

Mr. Chairman: I noticed that in this major document, this big document here, you had a section on tender procedures and then you had the issue of projects, another section with issue of projects from 2008—2018. In neither of those sections was the issue of procurement of vessels for the ferry run from Tobago to Trinidad included. Can you explain that?

Mrs. Gill-Conlon: Chairman, you are talking of the period 2008 to?

Mr. Chairman: To ’18. So that would have taken a very active period.

Mrs. Gill-Conlon: The last procurement of vessels would have taken place in—the procurement of vessels, the last time vessels were purchased was prior to that time, so hence you would not see the tender procedures for the procurement of the vessels.

Mr. Chairman: So the Port has not been involved in any procurement activity at all?

Mrs. Gill-Conlon: Yes. The Port has been involved in—yes, the other vessels, the cargo vessels, but you are saying that you would not have seen them in—which list are you referring to?

Mr. Chairman: Well, there are two sections there, one is the tender procedures, which simply lists the procedures, so there is nothing about tendering. And then there is a second section which deals with projects from 2008—2018, but it has nothing there about procurement of vessels.

Mrs. Gill-Conlon: The projects we would have been referencing were the PSIP type projects.

Mr. Chairman: Okay. So those would be PSIP.

Mrs. Gill-Conlon: Yes. That is why the vessels, the cargo vessels, would not have been included there.

Mr. Chairman: But I just want to establish that the Port Authority, were you or were you not involved, and what was the extent of your involvement in the procurement of any vessels having to do with the Tobago to Trinidad run?

Mr. Berkeley: Good morning. The Port would have acted on behalf of the Government to evaluate tenders recently in the 2017 year. Reference is made to the policies that we were guided by on page 47, not in the specific question; the section that you referred to.

Mr. Chairman: Yes. So that is mentioned in 47.

Mr. Berkeley: Page 47.

Mr. Chairman: Yeah. Okay.

Mr. Berkeley: So, basically, what we identified under that section is what policies was used to guide the Port in conducting the evaluation. As far as to the extent to which we were involved, submissions were received and evaluated, and through the tender process, recommendations were made.

Mr. Chairman: Okay. Can I ask, were you satisfied that you were allowed to play the role that you would have been expected to play in that process in 2017?

Mr. Berkeley: Yes, I was.

Mr. Chairman: So you were satisfied that you played the role, you made your recommendations, and after that it was out of your hands?

Mr. Berkeley: Correct.

Mr. Chairman: So that is basically your position?

Mr. Berkeley: Yes.

Mr. Chairman: Chair, you can confirm that that would be your position as well?

Mr. Alexander: Procedurally, yes, and not being in the position at that time.

Mr. Chairman: At that time?

Mr. Alexander: Yes.

Mr. Chairman: Okay. All right. And then the final question I want to ask before I go on to my colleagues is that: What is the relationship between the Ministry and the board of the Port Authority? I am asking the PS this, because one of the things that the Chair said that seems to be an issue is bureaucracy interference and the other one had to do, I think, is out of your jurisdiction, which has to do with equipment and infrastructure, and so on. But what is your relationship with the board and how has that been, let us say, over the last two years?

Ms. John: Mr. Chairman, the board of the Port Authority will report to the Minister. The Permanent Secretary has an administrative relationship with the CEO of the Port Authority. With respect to PSIP projects, the Port Authority would submit its draft estimate in keeping with the call circular. The Ministry will coordinate those submissions which are then forwarded to the Ministry of Finance for consideration. We are then given an allocation in the given fiscal year. Based on the funding provided, the Ministry will work closely with the Port Authority. In areas where are there insufficient funding, we may ask them to prioritize their projects and expenditure, and we may go back to Cabinet when they have gone through their tendering process and have gotten concrete figure as to the expenditure going forward to seek additional funds. In such instances we may have to seek funding within the Ministry of Works and Transport, as well as the Ministry of Finance to identify funding to facilitate those projects.

Mr. Chairman: Okay. This one is to the Port Authority now, when recommendations were made for the, on a boat to chosen for the ferry service, did you make a specific recommendation of a boat to be chosen?

Mr. Berkeley: No, we would have presented the scores and gave them the ranking of the submissions.

Mr. Chairman: So in your ranking you would have indicated a preferred choice?

Mr. Berkeley: Yes.

Mr. Chairman: Right. On the basis of, like one would be the one—

Mr. Berkeley: Highest score.

Mr. Chairman:—second would be the second likely, et cetera. So you would have given in your recommendation a choice but the rankings would have determined how you felt about each option.

Mr. Berkeley: Correct.

Mr. Chairman: And it was then up to the authorities to accept or reject.

Mr. Berkeley: Correct.

Mr. Chairman: Okay, thank you very much. Ms. Seepersad, you had some?

Ms. Seepersad: I just have a couple of questions on your internal audit controls, because I am listening and you manage a substantial pot of funds that come from the State and I am wondering what is causing your insufficient staffing of your internal audit function, and what steps you are taking to deal with that, because I would imagine the board would want reports on your controls and processes, and take whatever steps to deal with any deficiencies.

Mr. Dass: Okay, I would take that. The Port embarked on a restructuring exercise in 2005 and we set up three limited liability companies and plans were in train to operationalize these three limited liability companies. We had a fairly well-established audit department in 2005, but due to attrition persons retired and there was a certain element of uncertainty as to where are we ending up after we have transitioned and a hold was placed on recruitment. For the simple reason, as part of that transformation process, one of the conditionalities of transformation, as per the Cabinet Minute, was a separation of all employees of the Port. So it was felt that it was counterproductive to be hiring employees on one hand with an imminent separation plan on the horizon. But that has been corrected and we have had approval over the last year and something for a revised structure for the internal audit department, and we have gotten specific approval to recruit an Internal Auditor and an Information Systems Auditor. We in fact have advertised and received and shortlisted person, and have come up with all the questionnaires, and so on, and we envisage to have interviews on the 21st. We also have approval to augment the clerical level staff—well, to augment staff at the clerical level while the lower levels—but the challenge is, finance also has a similar challenge in getting persons with the appropriate training. So there is a toss-up between finance and audit with our present staffing to find suitable replacements, and that is where we are.

Ms. Seepersad: So you are saying you are interviewing people. So do you expect to have the complement up to what you consider your mark in about a month or so?

Mr. Dass: At least the senior management level where the Internal Auditor and the Information Systems Auditor is concerned, and the other element will be dealt with in-house; a month for the first two, and hopefully soon after for the others.

Ms. Seepersad: Thank you. I just have another question. In answering Sen. Henry's question about the management structure, you said there were about 40 executive managers out of a complement of 400 permanent people. Is any thoughts being given to rationalizing your executive management ratio to staff, because that seems quite high?

Mr. Alexander: To respond to that question, member, I would say that one of the objectives of the board, one of the considerations going forward is that we really have to do a total audit of the human resource of the Port to be able to rationalize some of these apparent situations that exist at the moment. So that is a project that we are hoping to get involved in very, very soon after we complete our proposal to the Cabinet.

Mr. Chairman: One of the first things you might have to do is to change the work week. If Saturday and Sunday are your biggest days, you cannot start on Monday.

Ms. Seepersad: Just a comment, maybe you would have to renegotiate what the terms and conditions of employment, because, you know, five days could be any five days with two days off, not necessarily Saturday and Sunday. It is something maybe that you need to consider.

Mr. Chairman: Sen. Henry, you have anything you want to ask? You want to ask anything, Obika, you had a couple of questions?

12.30 p.m.

Mr. Obika: Thanks Chair. This is again following the questions from the Minister of Tourism regarding the cruise arrivals. So I read Appendix VI in the Strategic Plan which speaks to the need to improve the size of the Ports to accommodate the large cruise vessels. That is one. Do you all have a timeline for that? Then I saw a figure of $35 million to improve the facilities onshore for when the tourists land. I am not seeing in that any synergy with what one would expect the Ministry of Tourism would want to see. For example, if a tourist comes here, the experience, do they get a Carnival experience when they land? How do you factor that into this?

And the second thing, whilst at a glance it may appear that a profit is being made on the cruise business item, really and truly because the overhead is over $100 million in terms of the expenditure of the Port, I am sure a significant part of that would have to be apportioned to the cruise segment. Therefore, we cannot really say for certainty if in fact the cruise segment is profitable. Based on the unique financial structure of the Port, could we get any sense that in the Strategic Plan that you all are contemplating—because it is not finalized at yet—that you all can look at really identifying financially if they can report separately, but identifying financially these business units so you could really measure the performance of it and, in particular, if you can get more synergies with the Ministry of Tourism; and if you could explain what synergies they are regarding the cruise arrivals.

Mr. Alexander:—simply to thank you for identifying that and to indicate that as far as the cruise shipping is concerned, the revenue streams are fairly standard; number of passengers coming in in terms of the tax and, of course, the berthing fees. So really to improve that, what we need is more ships coming in, larger ships coming in, that kind of stuff. Thanks very much for the indication.

Mr. Chairman: I would just ask one more question. You mentioned there was a report done that really looked at Ports in Trinidad and Tobago. I think it was done in 2014. And it had been used by the last administration and I think that the current administration had also addressed it. One of the suggestions there was the movement of the Port—that would be eastwards—and that was one option; the other option was to have another port somewhere and close this Port in La Brea; and the third option was to move the Port of Port of Spain as they suggested, but perhaps look at dry- docking facilities in La Brea, and I think that had been looked at by two administrations and it is now a project for La Brea.

Is the Port thinking at all—because you mentioned trans-shipment many times and one of the elements of that report is that we could not be in the trans-shipment business unless we had a really expanded port that could take the big ships that you were talking about, and since then I have read that the ships are even larger and the sea routes coming from the far east to this part of the world and using all the ships lanes that are available are much, much bigger, so it means that the Port has to be kind of reconfigured. Wherever it happens to be, it must be reconfigured.

Are those things on your horizon at all in terms of—I know that you said that you had put forward a proposal to be self-sufficient in 15 years, but that is based on your current location and it is based on an operation model that builds on what you have now, a business model—are you looking at those big alternatives? I think really we have reached to a point in Trinidad and Tobago where some big decisions have to be made on some things. I think that the decision for the airport in Tobago, for instance, is a good decision because what it does is that it really makes Tobago possible as an option, but you have a situation in where you must deal with the Ports, you must deal with other things in this society, in the economy. What are you thinking about in terms of the Port, apart from a business model which locates the same Port in incremental progress over 15 years?

Mr. Alexander: Chairman, first of all I agree that there needs to be a national picture looked at. And in the context of the plans for La Brea and everything else that is taking place, I think we need to take a holistic view of basically optimizing our marine resources as a whole and try to come up with a plan that takes all of those into consideration because we have good things going for us—

Mr. Chairman: But are you paying any attention to that?

Mr. Alexander: As I sit here I can say yes, but in terms of the effort in that area at the moment, not as much as we are putting into the interim—what we call the "interim solution" be coming out of that same study you spoke about, the upgrading of where we are is in fact an interim solution. So that is the focus at the moment, but on the periphery, yes, we are looking at the bigger picture because it is very possible that, because of what is taking place on the externals, that some adjustment will have to be made to the interim as well.

Mr. Chairman: Okay. Well, I want to thank you very you much, Deputy Permanent Secretary, Chairman, and all the members of your staff who have come here this morning. I want to thank you for answering the questions and for responding to members. And to my own colleagues, I say thank you very much for focusing on important issues related to the Port Authority of Trinidad and Tobago. I would say that you leave us—and I think I can reasonably talk for my colleagues in saying these things—with three concerns. I think one, the notion that you are going to take 15 years to get the Port to a point where it is not receiving subsidies from the State, I find that troublesome and bothersome, and I think all my colleagues would agree with that, that that is a kind of problem.

The second thing is that when you look at the structure of the expenditure bill and the extent to which a significant proportion of that is basically a wage bill and you do not see any alternative revenue streams to increase the revenue side, I think that that to me is a problematic issue because there is not a developmental agenda that could change the proportion even as you try to address the issue of what you have at the present time and rationalize it. And I think the third thing might well be in the immediate short term, how do you make the Port much more efficient and productive and responsive given a situation where as you say, we have been in stasis for some time staying at the same level, the amount of goods that come in is about the same.

I mean, we have to do something to generate some business for the Ports to make it viable, and if we are thinking in development terms we have to do that. So I will say that those are some of the things that bother us. And the final thing that bothers me, particularly, is the fact that the procurement process for the ferry system moved out of the hands of the Port into another realm which one might consider political and I know that that is not within your domain, but that is an issue of concern certainly from my point of view as Chair of Public Accounts, and procurement is an important thing in that process.

So I want to thank you for your contribution. I want to thank my colleagues for being part of an engaging hour and half or so, and to thank the Secretariat for their support, and we look forward to hearing from you. We may have some questions that we may send as follow-up based on what we heard today. Okay? And you can respond to that in writing. Thank you very much.

12.41 p.m. *Meeting adjourned*.