



Government of the Republic of Trinidad and Tobago
MINISTRY OF FINANCE
INVESTMENTS DIVISION

F (I):1/2/1

August 23, 2019

Ms. Jacqui Sampson-Meiguel
Clerk of the House
Level G-9, Tower D
The Port-of-Spain International Waterfront Centre
1A Wrightson Road
PORT-OF-SPAIN

Dear Ms. Sampson-Meiguel

Re: The Eighteenth Report of the Public Accounts (Enterprises) Committee (PA(E)C) on the Examination of the Audited Financial Statements of Caroni (1975) Limited for the years ended June 30, 2010 to 2018.

Reference is made to your request for comments dated May 06, 2019 and our request for an extension of July 02, 2019, on the above captioned matter.


In respect to the Committee recommendations outlined on pages fourteen (14) to twenty-four (24) of the eighteenth report of the PA(E)C, the responses from the Ministry of Finance are attached for your attention.

In respect to your recommendation that the Ministry should submit a status update on the development and implementation of guidelines to document the liquidation process by May 31, 2019, the Ministry needed more time in its internal deliberations than was anticipated and therefore failed to meet your deadline.

Therefore the late submission of the status update, is regretted.

All in all, it is hoped that the attached documents meet your requirements.

Yours sincerely


Permanent Secretary in the
Ministry of Finance (Ag.)

Encl. 3



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CARONI (1975) LIMITED

Questions for Written Submission to Parliament.

1. *The Ministry of Finance should develop guidelines to formally document the liquidation process of a State Enterprise once it ceases its central operations and becomes a non-operational company;*

The Ministry of Finance has guidelines to document the liquidation process of State Enterprises once it becomes non-operational. Please refer to *Appendix 1*.

2. *The Ministry of Finance should submit a status update on the development and implementation of the aforementioned guidelines to the Committee by May 31, 2019;*

The Ministry was unable to meet the deadline date of May 31, 2019. However guidelines are attached as noted in one (1) above. It should be noted that these guidelines are fully implemented when a company becomes non-operational.

3. *The Ministry of Finance should ensure that every State Enterprise that has been rendered non-operational has a divestment strategy in place that is in line with the aforementioned guidelines;*

When a State Enterprise is to become non-operational:

- The Board holds a meeting with the company's management and staff to inform of the decision of the Government to divest the state enterprise. Staff is also informed of the process for separation from the company in accordance with relevant laws.
- Appointment of a consultant/Liquidator: A Consultant is selected through a tendering process to provide advisory services to the Board on the divestment and then to be appointed as a liquidator for the company.
- In respect of the divestment of non-operational state enterprises with significant assets, the guidelines in *Appendix 2* would be applicable.

Thereafter, the guidelines in *Appendix 1* is followed, to put the company into liquidation.

4. *The Ministry of Finance needs to develop and implement security measures that should safeguard all the assets of a State Enterprise that is due to wind up or is going through the process of liquidation;*

When a State Enterprise becomes non-operational it is brought under the management of the Ministry of Finance and a Board consisting of Ministry officials is appointed. If the State Enterprise has a significant assets a security firm is usually engaged to safeguard the assets (as in the case of Caroni (1975) Limited). If the assets are minor e.g. office furniture and minor equipment a small staff is retained to safeguard the assets.

5. *The Ministry of Finance should also implement mechanisms to ensure that all options are taken to secure the best/market value for assets that are to be sold by a State Enterprise during its liquidation;*

Cabinet may take a decision to firstly, transfer some or all of the assets to Ministries, Departments or agencies. When a decision is taken for the disposal of assets by sale, a valuation of the asset(s) is first required, which must then be approved by the Board. Additionally the guidelines in *Appendix 2* may apply or assets sold by public auction.

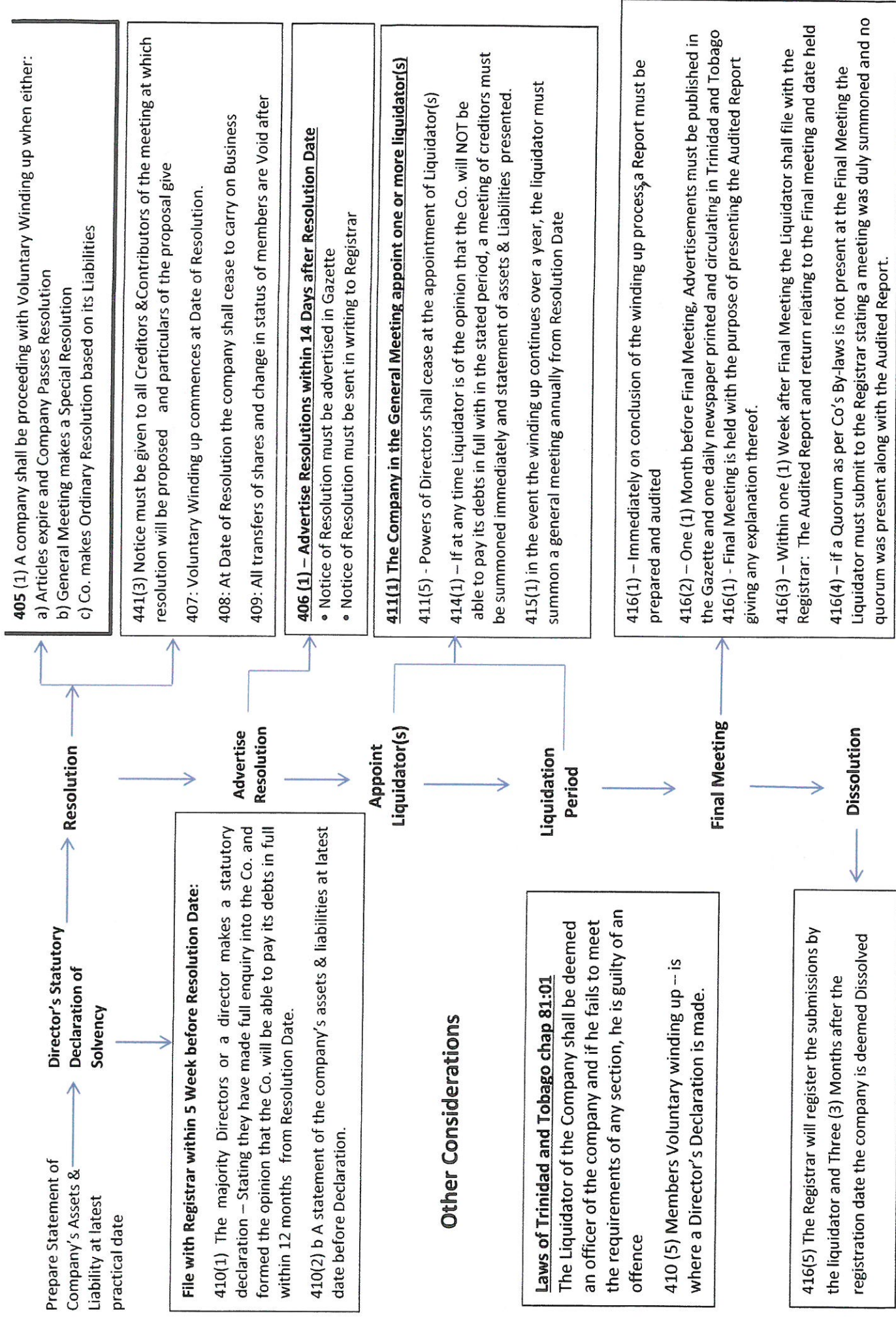
6. *The Ministry of Finance should develop an oversight mechanism for non-operational State Enterprises similar to the guidelines outlined in the State Enterprises Performance Monitoring Manual and should submit a status report on the development of such deadlines by May 31, 2019.*

As non-operational companies are brought under the management of the Investments Division, Ministry of Finance, the separate oversight mechanism currently falls under the remit of the Accounting Officer, Ministry of Finance.

Ministry of Finance

Members' Voluntary Liquidation – Trinidad and Tobago

Appendix 1



DIVESTMENT POLICY

THE DIVESTMENT PROCESS

The Divestment Secretariat has established an implementation framework for the state enterprise sector that is comprised of ten steps to ensure speed, transparency, accountability and consistency in implementation:

- 1) Divestment Proposal by the Minister of Finance: process is formally started by the Minister of Finance. After acceptance by Cabinet, the Divestment Secretariat assumes all responsibility.
- 2) Analysis by the Divestment Secretariat: Economic and financial analysis are undertaken and recommendation made to the Minister who takes a note to Cabinet.
- 3) Agreement to start the Sale process: Authorization by Cabinet is obtain to start the divestment process.
- 4) Appointment of a Consultant: A Consultant is chosen based on an established criteria. The Consultant acts as and adviser on the divestment.
- 5) Sales guidelines: The Secretariat on the advise of the Consultant designs a sale strategy subsequent to which guidelines for notifying the public are prepared.
- 6) Profile and Prospectus: The divesting entity in consultation with the Secretariat advertises the sale in all major newspapers and invites interested parties. In some instances statements are made in Parliament about the sale process.
- 7) Evaluation of Offers Received: The offers are made in sealed envelopes and the advisor evaluates and makes recommendations to the Secretariat, or in the case where no offer is reasonable the sales process would recommence.
- 8) The Closing of the Sale: If the advice is accepted negotiations with the principal bidder will take place and recommendations will be made to the Minister of Finance.
- 9) Signing of the Sales Contract: Sale is closed with the joint signing of an agreement between the Minister of Finance and the purchaser and the payment is made to the Treasury.