



**PARLIAMENT OF THE REPUBLIC
OF
TRINIDAD AND TOBAGO**

Fifth Session (2014/2015)
TENTH PARLIAMENT

**FOURTEENTH REPORT
OF THE
JOINT SELECT COMMITTEE ON
MINISTRIES, STATUTORY AUTHORITIES
AND STATE ENTERPRISES
(GROUP 1)**



Ordered to be printed with the
Minutes of the Proceedings
and Notes of Evidence

on the
Administration and
operations of
**the National Insurance
Property Development
Company Limited
(NIPDEC)**

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The Joint Select Committee on Ministries, Statutory Authorities and State Enterprises
(Group 1)

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FOURTEENTH REPORT

OF THE

JOINT SELECT COMMITTEE ON MINISTRIES, STATUTORY AUTHORITIES AND STATE ENTERPRISES (GROUP 1)

ON

THE ADMINISTRATION AND OPERATIONS OF THE NATIONAL INSURANCE PROPERTY DEVELOPMENT COMPANY LIMITED (NIPDEC)

Date Laid: HoR: May 29, 2015

Senate: June 02, 2015

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ACRONYMS & ABBREVIATION

ACRONYMS & ABBREVIATIONS	
ACH System	Automated Clearing House
BOLT	Build, Own, Lease, Transfer
CDAP	Chronic Disease Assistance Programme
CMO	Chief Medical Officer
CTB	Central Tenders Board
EMA	Environmental Management Authority
EU	European Union
FIDIC	International Federation of Consulting Engineers
GORTT	Government of the Republic of Trinidad and Tobago
NIBTT	National Insurance Board of Trinidad and Tobago
NIPDEC	National Insurance Property Development Company Limited
OSH	Occupational Safety and Health
PTSC	Public Transport Service Corporation
RHA	Regional Health Authority
RPF	Requests for proposals
RTGS System	Real time Gross Settlement Systems
VFM	Value for Money
WASA	Water and Sewerage Authority
THA	Tobago House of Assembly

EXECUTIVE SUMMARY

At its 22nd Meeting held on October 25, 2013, the Committee agreed to inquire into the administration and operations of the National Insurance Property Development Company Limited (NIPDEC). The Committee's decision to pursue this inquiry was influenced in part by the recent examination of the operations of NIPDEC's parent body; the National Insurance Board of Trinidad and Tobago (NIBTT). As well, consideration was given to certain media reports published in 2013 concerning the operations of NIPDEC where it was highlighted to the public that there may have been inconsistencies in the procurement procedures utilized by this entity.

The Committee agreed that the following objectives would guide the inquiry:

- i. To gain an understanding of NIPDEC's tendering process and to examine NIPDEC's tendering rules and procedures.
- ii. To gain an insight into the Company's pre-qualification exercise as a means of scrutinizing contractors.
- iii. To examine the structures in place at the Company to ensure value for money in procurement.
- iv. To determine the adequacy of manpower at NIPDEC given its scope of projects;
- v. To gain an insight into the relationship between NIPDEC and other bodies of the State.
- vi. To identify the challenges faced by NIPDEC.

In keeping with its method of gathering information during inquiries, the Committee obtained both oral and written evidence based on the objectives listed above. The Committee was able to discern some of the issues and challenges relative to the activities of the Company, including:

- a. the design variations and cost overruns which affected the timely completion of the Scarborough Hospital project and the Shaw Park Cultural Facility;

- b. the Company's ability to effectively manage the procurement of all pharmaceuticals on behalf of the Ministry of Health;
- c. the Company's ability to engage its clients effectively and to acquire the necessary information from same to allow it to execute its duties effectively.

On the other hand, the Committee also took note of some commendable aspects of the Company's operations such as:

- a. its claim of an outstanding track record of "zero cost over runs" associated with the projects which have or are being managed during the period 2011 to 2014; and
- b. the profitability of its operations and the fact that the Company is actively pursuing additional opportunities to generate revenue by diversifying/expanding its scope of business and entering new markets in the Caribbean Region.

The Committee made particular findings and recommendations commensurate with some of the issues and challenges which it determined were adversely affecting the operations of the Company. A summary of recommendations can be found on pages 16 and 17.

The Committee therefore submit this, its fourteenth report, for the consideration and action of the Parliament, NIPDEC, the National Insurance Board, the Ministry of Finance and the Economy and other stakeholders.

MEMBERS OF THE COMMITTEE



Mr. Elton Prescott, SC¹
Chairman



Dr. Dhanayshar Mahabir²
Vice-Chairman



**Mrs. Christine-Newall
Hosein³**



Mr. Jairam Seemungal, MP



Mrs. Carolyn Seepersad-Bachan, MP



Mr. Gerald Hadeed⁴



Mr. Ganga Singh⁵



Ms. Stacy Roopnarine, MP



Dr. Delmon Baker, MP



Mr. Faris Al-Rawi



Dr. Amery Browne, MP



Mrs. Patricia McIntosh, MP

¹ Mr. Elton Prescott, SC replaced Mrs. Corrine Baptiste McKnight w.e.f. 23.09.2013

² Dr. Dhanayshar Mahabir replaced Prof. Harold Ramkissoon w.e.f. 23.09.2013

³ Mrs. Christine Newallo-Hosein replaced Mr. Emmanuel George w.e.f. 03.03.2015

⁴ Mr. Gerald Hadeed replaced Mrs. Christlyn Moore w.e.f. 23.09.2013 who replaced Mr. Danny Maharaj w.e.f. October 16, 2012.

⁵ Mr. Ganga Singh replaced Mrs. Verna St. Rose-Greaves with effect from October 16, 2012.

1. THE COMMITTEE

Establishment

1.1 Section 66 of the Constitution of Trinidad and Tobago declares, that not later than three months after the first meeting of the House of Representatives, the Parliament shall appoint Joint Select Committees to inquire into and report to both Houses in respect of Government Ministries, Municipal Corporations, Statutory Authorities, State Enterprises and Service Commissions, in relation to their administration, the manner of exercise of their powers, their methods of functioning and any criteria adopted by them in the exercise of their powers and functions.

1.2 Motions related to this purpose were passed in the House of Representatives and Senate on September 17, 2010 and October 12, 2010, respectively, and thereby established, inter alia, the ***Joint Select Committee to inquire into and report to Parliament on Ministries with responsibility for the business set out in the Schedule as Group 1, and on the Statutory Authorities and State Enterprises falling under their purview with regard to their administration, the manner of exercise of their powers, their methods of functioning and any criteria adopted by them in the exercise of their powers and functions.***

1.3 **Powers**

Standing Orders 71B of the Senate and 111 of the House of Representatives delineate the core powers of the Committee which include *inter alia*:

- i. To review and report on all matters relating to:
 - a. The statute law relating to the Ministry/body assigned to it;
 - b. The program and policy objectives of the Ministry/Body and its effectiveness in the implementation of same;
 - c. Other matters relating to the management, organization of the ministry or body, as the Committee deems it fit;

- ii. To send for persons, papers and records;
- iii. To adjourn from place to place;
- iv. To appoint specialist advisers either to supply information which is not otherwise readily available or to elucidate matters of complexity within the Committee's order of reference; and
- v. To communicate with any other Committee of Parliament on matters of common interest.

1.3 The entities which fall under the purview of the Committee are attached as ***Appendix I***.

Members

1.4 The Committee comprises the following members:

- i. Mr. Elton Prescott, SC - Chairman
- ii. Dr. Dhanayshar Mahabir - Vice-Chairman
- iii. Mr. Jairam Seemungal, MP - Member
- iv. Mrs. Carolyn Seepersad-Bachan, MP - Member
- v. Ms. Stacy Roopnarine, MP - Member
- vi. Dr. Amery Browne, MP - Member
- vii. Dr Delmon Baker, MP - Member
- viii. Mrs. Patricia Mc Intosh, MP - Member
- ix. Mr. Ganga Singh - Member
- x. Mr. Faris Al-Rawi - Member
- xi. Mr. Gerald Hadeed - Member
- xii. Mrs. Christine Newallo-Hosein - Member

Past Members of the Committee

Name	Period of Service
Mrs. Rudrawatee Nan Ramgoolam	October 12, 2010 – June 27, 2011
Mr. Danny Maharaj	October 12, 2010 – June 24, 2012
Mrs. Verna St. Rose Greaves	September 09, 2011 – October 15, 2012
Mrs. Corinne Baptiste-McKnight	October 12, 2010 – August 01, 2013

Prof. Harold Ramkissoo	October 12, 2010 – August 01, 2013
Ms. Christlyn Moore	October 16, 2012 – September 05, 2013
Mr. Emmanuel George	October 12, 2010 - February 02, 2015

Secretarial Support

1.5 The following officers were assigned to assist the Committee:

- Mr. Julien Ogilvie - Secretary
- Mr. Indar Sieunarine - Assistant Secretary
- Ms. Kimberly Mitchell - Graduate Research Assistant

2 SUMMARY OF RECOMMENDATIONS

The following is a summary of the recommendations of the Committee based on its inquiry into the operations of the NIPDEC:

- i. as a major procurement services provider to the State, the Company should as a priority, examine the provisions of the Public Procurement and Disposal of Public Property Act, 2015, to ensure that it will be fully compliant with the provisions of the Act, whenever it is proclaimed;**
- ii. regular local, regional and international training for NIPDEC's staff on the FIDIC Red Book, FIDIC Dispute Adjudicators Pre-assessment, Claims and Disputes and FIDIC Contracts Management and Administration, among others;⁶**
- iii. information on recent developments regarding standards in project execution and monitoring should be made available to the public via the Company's website;**
- iv. that the Parliament be provided with a status update on the Shaw Park Cultural Facility and the Tobago Meteorological Building projects in the Ministerial Response to this report;**
- v. the Company provide both its managerial and operations staff involved in pharmaceuticals with additional training as a means of building their capacity to treat with the technicalities associated with this line of operation.**

⁶ Ibid. [http://fidic.org/events/advanced-search?keys=&field_event_type_tid=All&field_event_date_value\[value\]&field_event_date_value_1\[value\]&country=All&field_event_language_value=All&field_event_translation_value=All&field_event_organiser_target_id=All&field_event_trainers_nid=All&field_voc_theme_tid=All&page=2](http://fidic.org/events/advanced-search?keys=&field_event_type_tid=All&field_event_date_value[value]&field_event_date_value_1[value]&country=All&field_event_language_value=All&field_event_translation_value=All&field_event_organiser_target_id=All&field_event_trainers_nid=All&field_voc_theme_tid=All&page=2)

3. INTRODUCTION

Background

- 3.1 The National Insurance Property Development Company Limited (NIPDEC) was formerly incorporated as a private limited liability Company in July 1977, as an investment of the NIBTT. **Its establishment arose out of a need of the government at the time, for a body to conduct procurement and project management on behalf of the state. It is presently a wholly owned subsidiary of the NIBTT.** As may be expected, the Company's major client is the Government of the Republic of Trinidad and Tobago, through Governmental Ministries and State Agencies. The Company's project portfolio includes some of the country's largest construction projects and landmark buildings.
- 3.2 Over the years, NIPDEC has been given a revised portfolio to provide a range of services including:
- Project management: construction and management;
 - Procurement and contract management;
 - Pharmaceutical and non-pharmaceutical supplies;
 - Transformation management services;
 - Specialized professional services;
 - Specialized equipment, supplies and vehicles;
 - Management information systems (MIS) solutions;
 - Facilities management;
 - Commercial services; and
 - Real estate.
- 1.4 NIPDEC's mission is to develop, manage and sell property, goods and services in **partnership with the NIBTT and other organizations in Trinidad and Tobago,**

utilizing a project management approach to bring value to its shareholders and stakeholders.

- 1.5 One of the services offered by NIPDEC is the management of tendering processes for government projects. The Committee noted certain media reports regarding alleged discrepancies associated with the Company's tendering process. The reports alleged that these complaints related to the procedures followed by the Company in the award of several contracts during 2013.
- 1.6 In addition, the Committee noted the intervention of the Minister of Finance and the Economy when questions were raised concerning the award of a substantial contract for the supply of buses to the PTSC.⁷
- 1.7 Based on the foregoing and given the important role played by NIPDEC in the administration of various projects commissioned by the State, the Committee was keenly interested in assessing the state of affairs of NIPDEC, especially with regards to its operating procedures.

Objectives of the Inquiry

- 1.8 At its 30th Meeting held on July 18, 2014, the Committee agreed that the following will comprise the objectives of the inquiry:
- i. to gain an understanding of NIPDEC's tendering process and to examine NIPDEC's tendering rules and procedures.**
 - ii. to gain insights into NIPDEC's prequalification exercise as a means of scrutinizing contractors.**
 - iii. to examine the structures in place at NIPDEC to ensure value for money in procurement.**
 - iv. to determine the adequacy of manpower at the NIPDEC given its scope of projects.**

⁷ Trinidad Express. SIS gets \$36m bus contract. 2013. <http://www.trinidadexpress.com/news/SIS-gets-36m-bus-contract-221413981.html>

- v. to gain insight into the relationship between NIPDEC and other bodies of the State.**
- vi. to identify the challenges faced by the NIPDEC.**

Conduct of the Inquiry

- 1.9 The Committee notes from the onset, that NIPDEC was of the firm belief that the Company did not fall under the jurisdiction of Section 66A of the Constitution of Trinidad and Tobago and by extension the Joint Select Committee. The Company's position was substantiated in a legal opinion dated September 30, 2014 prepared by Mrs. Pamela P. Elder, S.C. By letter dated October 10, 2014, the Committee advised the Company that it disagreed with its the position regarding its jurisdiction. The Committee was of the view that NIPDEC, being a wholly own subsidiary of NIBTT (an entity over which its had unquestionable jurisdiction), was obliged to appear before it when requested to do so.
- 1.10 The Company acceded to the Committee's request to attend a public hearing to discuss matters concerning the administration of the Company. The public hearing was held on November 21, 2014. Interestingly, the Company advised the Committee that its attendance at the hearing was a gesture of courtesy. Prior to the public hearing, notice was given as to the general objectives of the inquiry, and in response, written submissions were received from NIPDEC. Those responses provided a frame of reference for the some of the questions posed during the hearing.

1.11 NIPDEC was represented by the following officials at the public hearing:

i. Mr. Hamlyn Jailal	Chairman
ii. Mrs. Lolita Maharaj-Sirju	Head, Pharmaceuticals
iii. Mr. Vyas Ramphalie	Head, Property Development
iv. Ms. Cavelle Joseph	Head, Human Resources
v. Mr. Lallan Samaroo	Senior Programme Manager
vi. Ms. Lindy-Ann Mitchell	Head, Legal Services (Ag.)
vii. Ms. Karen Gopaul	Shareholder (NIBTT) and Director

1.12 Subsequent to the public hearing, additional information was requested from NIPDEC by letter dated January 05, 2015⁸, however, as at May 01, 2015, the information had not been received. Instead, the Company wrote to the Committee by letter dated March 23, 2015 and reiterated its position regarding the jurisdiction of the Joint Select Committee to inquire into its affairs.

1.13 Nevertheless, the Committee wrote to the NIBTT and requested assistance to obtain the required information by April 27, 2015. By letter dated May 05, 2015, the Executive Director of the NIBTT indicated that this matter was being considered by the Board of Directors.

1.14 The Minutes of the Meeting during which the public hearing was held are attached as **Appendix II** and the Verbatim Notes as **Appendix III**.

⁸ The additional information requested of NIPDEC by the Committee is stated at item 9.1 of the Minutes of the Meeting of November 21, 2014 (at Appendix II)

4. KEY ISSUES, FINDINGS AND RECOMMENDATIONS

Tendering Process

- 4.1 The Committee was informed that NIPDEC's tendering processes and procedures were governed by its Tenders Rules and Regulations, which in turn are guided by the Central Tenders Board (CTB) Act Chapter 71:91.
- 4.2 A synopsis of the tendering processes and procedures are outlined below:
- i. A client will provide NIPDEC with a Users Brief.
 - ii. Requests for Proposal (RFP) documents will then be prepared and submitted by NIPDEC to the client for approval.
 - iii. Once the client grants approval, the documents at (ii), are submitted to NIPDEC's Tenders Committee for review and approval.
 - iv. Once the approval of the Tenders Committee is granted, NIPDEC would then initiate tender. In the case of sole or selective tender, proponents must be chosen from NIPDEC's contractors, consultants and general suppliers' database. NIPDEC will then prepare and forward invitation letters to all proponents. In the case of a public tender, Tender Advertisements will be published via print and electronic media.
 - v. RFPs will then be made available to proponents, who will then prepare proposals and forward to NIPDEC in accordance with the speculated deadline.
 - vi. Submissions will then be opened at a Public Tender Opening at which all bids will be announced and recorded.
 - vii. An Evaluation Committee will then review and evaluate all submissions in accordance with the criteria outlined in the RFP document. The committee is comprised of NIPDEC's representatives who are appointed by the Tenders Committee and the Client's representatives, who are recommended by the Client and appointed by the Tenders Committee.
 - viii. The evaluation committee will prepare an evaluation report and submit this to the Tenders Committee for consideration and approval.

- ix. Once this is approved by the Tenders Committee, the Client will be notified of the decision and will in turn, grant approval to proceed. In instances where projects are valued over TT\$5 million, NIPDEC's Board of Directors must ratify the decisions of the Tenders Committee.
- x. NIPDEC will then prepare legal documents for execution by the successful contractor and NIPDEC.

4.3 It was indicated that the Company adheres to strict timeframes for the evaluation of tenders, which are set up to a maximum of four (4) weeks and are dependent on the uniqueness and the size of the project. The Committee was also informed that the Company offers its services to the Public Sector as well as to the Private Sector.

4.4 NIPDEC divulged that it will be bound by the Public Procurement Bill as it is engaged in public projects, and added that there are many standards and procedures set out in the Bill (now Act No. 1 of 2015) to which the Company already adheres. However, at the moment, the Company's existing procurement system is governed by its Tenders Rules as discussed at paragraph 4.2.

Findings and recommendations

- i. The Committee reviewed the submission of the Company regarding its tendering rules and procedures and was satisfied that they were generally consistent with international best practice and that NIPDEC appeared to be in compliance with them. For example, they compared favourably with the Commissioning and Tendering process in place in the UK⁹ and the Public Works and Government Services of Canada¹⁰.

⁹ An Introduction to Commissioning and Tendering. https://thcvs.org.uk/sites/default/files/Intro-to-commissioning-and-tendering_2_0.pdf

¹⁰ Public Works and Government Services Canada. <https://buyandsell.gc.ca/for-businesses/selling-to-the-government-of-canada/the-procurement-process>

- ii. **The Committee recommends that NIPDEC, as a major procurement services provider to the State, should as a priority, examine the provisions of the Public Procurement and Disposal of Public Property Act, 2015, to ensure that it will be fully compliant with the provisions of the Act, whenever it is proclaimed.**

Contracted Services

- 4.5 The processing of most Contractor's Invoices undergo the following procedures:
- i. the contractor will submit an Invoice to NIPDEC in accordance with the payment schedule;
 - ii. NIPDEC will review the Invoice and payment schedule and forward same to Consultant for consideration and assessment;
 - iii. the Consultant will then undertake a Valuation Exercise to ascertain the value of works completed and will prepare a Valuation Report which is then forwarded to NIPDEC;
 - iv. the Report, invoice and payment schedule will be reviewed and NIPDEC will then liaise with the Contractor accordingly;
 - v. NIPDEC will then prepare Payment Certificates in accordance with the Valuation Report and will forward same together with the Invoice to the Client for verification and approval;
 - vi. once the Client verifies and grants approval NIPDEC will make a payment to the Contractor along the following lines:
 - if works are valued under TT\$500,000.00 payments will be made via ACH system,
 - if works are valued over TT\$500,000.00, payments will be made via RTGS system.
 - vii. The contractor will then receive payment and notify NIPDEC of same.

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 - ii. NIPDEC will review the Invoice and payment schedule and forward same to Consultant for consideration and assessment;
 - iii. the Consultant will then undertake a Valuation Exercise to ascertain the value of works completed and will prepare a Valuation Report which is then forwarded to NIPDEC;
 - iv. the Report, invoice and payment schedule will be reviewed and NIPDEC will then liaise with the Contractor accordingly;
 - v. NIPDEC will then prepare Payment Certificates in accordance with the Valuation Report and will forward same together with the Invoice to the Client for verification and approval;
 - vi. once the Client verifies and grants approval NIPDEC will make a payment to the Contractor along the following lines:
 - if works are valued under TT\$500,000.00 payments will be made via ACH system,
 - if works are valued over TT\$500,000.00, payments will be made via RTGS system.
 - vii. The contractor will then receive payment and notify NIPDEC of same.

Mechanisms to treat with delinquent contractors

- 4.7 NIPDEC adheres to and enforces the provisions of the FIDIC Form of Contract to handle delinquent contractors, and as a result, the following provisions may be utilized:
- i. Clause 15, termination by employer;
 - ii. Recall of performance bond;
 - iii. Retention, or the withholding of payments until the contractor completes the work free of defects and omissions;

- iv. Clause 16, suspension and termination by contractor; and
- v. Clause 20, claims, disputes and arbitration.

Addressing complaints regarding the standard of works delivered by contractors

- 4.8 The Committee was informed that any complaints regarding the standard of work delivered by contractors is addressed under the Notification Period of the FIDIC Form of Contract Clause 11.1 FIDIC Red Book. The Notification Period is dependent on the duration of the contract and the contractor is obligated to fix any defects.
- 4.9 If the contractor refuses to do so, then NIPDEC will undertake the measures outlined in *Clause 11.4 of the FIDIC Red Book* which include the following:
- i. reduction of contract price;
 - ii. termination of contract; and
 - iii. recovery of all sums paid for works among others.

Findings and Recommendations

- i. The Committee was satisfied that the procedures and processes outlined in the Company's submission were sound and in keeping with industry standard. It was evident that the processes employed, once adhered to consistently, have the potential to effectively evaluate work done by contractors, apply suitable penalties if necessary and verify that value for money was obtained before issuing payment.¹¹
- ii. **As a major supplier of public goods and services, it is imperative that NIPDEC remains up-to-date with international best practice. We therefore recommend regular local, regional and international training for NIPDEC's staff on the FIDIC Red Book, FIDIC Dispute Adjudicators Pre-assessment,**

¹¹ FIDIC ECV Contract Management and Administration, Trinidad July 2012. <http://fidic.org/events/fidic-ecv-contract-management-administration-trinidad-july-2012>

Claims and Disputes and FIDIC Contracts Management and Administration, among others.¹²

- iii. **The Committee recommends that information on recent developments regarding standards in project execution and monitoring be made available to the public via the Company's website.**

Project Management and Value for Money

Financing of projects

- 4.10 NIPDEC is not responsible for determining the financing approach to be used. This is left to the Client's discretion. However, public clients such as Government Ministries and State Agencies usually finance projects through annual budget allocations or fixed rate bonds, which are guaranteed by the GORTT.
- 4.11 Private clients on the other hand, usually finance projects through full financing or Build, Own, Lease, Transfer (BOLT) Arrangements.

Ensuring Value for Money (VFM)

- 4.12 As was mentioned previously under the section "Contractor Services", the Company has instituted certain processes and procedures to ensure that clients receive value for money for all the services it provides. It was reported that this is further realised through the exercise of efficient and effective project management:

- **by ensuring that all aspects of the project are completed in accordance with its cost, scope and quality;**
- **that project costs are monitored throughout the project life cycle to avoid cost overruns;**

¹² Ibid. [http://fidic.org/events/advanced-search?keys=&field_event_type_tid=All&field_event_date_value\[value\]&field_event_date_value_1\[value\]&country=All&field_event_language_value=All&field_event_translation_value=All&field_event_organiser_target_id=All&field_event_trainers_nid=All&field_voc_theme_tid=All&page=2](http://fidic.org/events/advanced-search?keys=&field_event_type_tid=All&field_event_date_value[value]&field_event_date_value_1[value]&country=All&field_event_language_value=All&field_event_translation_value=All&field_event_organiser_target_id=All&field_event_trainers_nid=All&field_voc_theme_tid=All&page=2)

- **that payments to Contractors are tied to the satisfactory completion of key deliverables, where payment certificates have to be verified by a Quantity Surveyor before they can be processed;**
- **through the provision of competent and qualified personnel to oversee daily works and ensure that they are executed in a professional and expeditious manner; and**
- **ensuring continuous monitoring of the project schedule. The FIDIC Suite of Contracts makes provision for Contractors to be penalized for any delays.**

4.13 NIPDEC indicated that regular training in areas such as procurement management, site supervision, project management and contract management is provided to its staff.

4.14 Further, clients are provided with status reports, site visits and project meetings to ensure that all expectations are met. These avenues also allow clients to voice any concerns they may have.

Findings and Recommendations

- i. Regular training will enhance the capacity and productivity of staff and the Company as a whole. The Committee noted that NIPDEC provides training in these specialized areas and was satisfied with the measures taken by NIPDEC to ensure value for money.

Cost Overruns

- 4.1 NIPDEC revealed that prior to 2010 there were two (2) projects that incurred cost overruns: the Scarborough Hospital project and the Shaw Park Cultural Facility. A dispute regarding the contract for the Scarborough Hospital, initially awarded at \$135,000,000 resulted in litigation. Following arbitration, a new contract was issued to *China Railway Limited* at an additional value of \$477,000,000. This represented an increase in cost by an estimated 350%. The cost of the Shaw Park Cultural Facility, on the other hand, increased due to variations to its design specifications.
- 4.2 NIPDEC revealed that prior to 2010 there were two (2) projects that incurred cost overruns: the Scarborough Hospital project and the Shaw Park Cultural Facility. A dispute regarding the contract for the Scarborough Hospital, initially awarded at \$135,000,000 resulted in litigation. Following arbitration, a new contract was issued to *China Railway Limited* at an additional value of \$477,000,000. This represented an increase in cost by an estimated 350%. The cost of the Shaw Park Cultural Facility, on the other hand, increased due to variations to its design specifications.
- 4.3 NIPDEC reported that for the period 2010 to 2014, there were no instances of cost overruns. The Company divulged that it was currently engaged in twenty-six (26) construction projects which were deemed to be within budget and were expected to be completed on time. Some of the major projects currently managed by NIPDEC are attached at **Appendix IV**.

Findings and Recommendations

The Committee was unable to make any finding or recommendations regarding this area of the Company operations in the absence of responses to requests made by letter dated 5 January, 2015 (see paragraph 3.11 above). The Committee's requests were in relation to details of the Company's current projects and the projected Cost-at-completion and date of completion for same.

Building Codes and Standards

- 4.4 The Committee was informed that NIPDEC adheres to the highest local and international building codes and standards. The Company further indicated that its project designs are fully compliant with the following codes and standards, among others:
- Trinidad and Tobago Bureau of Standards (TTBS)
 - Trinidad and Tobago Small Building Code
 - Caribbean Uniform Building
 - American National Standards Institute (ANSI)
 - British Standards (BS)
 - Occupational Safety and Health Standards (OSH)
 - International Code Council (ICC) Codes and Standards
- 4.5 NIPDEC also takes into consideration laws and proceedings related to landscaping, open space, historic preservation, zoning laws, , environment and erosion control regulations as well as guidelines established by the Town and Country Planning Division, the EMA and other agencies.

Mechanisms employed to ensure that internationally accepted construction and OSH standards are adhered to

- 4.6 NIPDEC indicated that it adheres to Occupational Safety and Health standards and utilizes certain mechanisms to ensure continued adherence. Some of these include:
- annual risk assessment exercises and periodic inspections by the Health and Safety Unit of all NIPDEC owned and operated facilities;
 - implementation of a robust Health and Safety Policy and Procedure Manual which is accessible to staff. This manual is reviewed and updated annually;
 - contractors must possess comprehensive Health and Safety Manuals as this is part of NIPDEC's evaluation process. If a contractor fails to provide this, it may result in his submissions being deemed as invalid;

- contractors are required to complete risk assessment exercises for all phases of projects. Periodic tool box meetings are also held with contractors and project personnel; and
- all emergency (fire, safety etc.) systems are regularly tested and serviced at all NIPDEC facilities. Periodic emergency drills are also conducted with staff and visitors at the facilities.

4.7 In addition to the measures above, the Committee was informed that each Contractor has a Health and Safety Officer on project sites as well as a Site Control Officer for each project.

Financing of NIPDEC's operations

4.8 NIPDEC's operations are financed solely by revenues generated from the services utilized by its Public and Private Clients. The Company indicated that the Ministry of Health was currently its largest client.

4.9 The Committee was informed that at the end of fiscal 2014, NIPDEC's income stood at fifty-nine million, nine hundred and seventeen thousand dollars (\$59,917,000). The Company's most profitable business segments included project and construction management fees which amounted to a little over forty-three million dollars (\$43,000,000) and property management and sales which generated a little over twelve million dollars (\$12,000,000).

- 4.10 Further, it was indicated that the Company has a contract with the Ministry of Health for the procurement, storage and distribution of pharmaceuticals and non-pharmaceuticals. This facility has a flat service fee of two million dollars (\$2,000,000) per annum. Money is also earned from interest income from investment property which generated approximately three million dollars (\$3,000,000).
- 4.11 The Company advised that it has leased its car park located at the corner of Wrightson Road and Edwards Street to the Central Bank of Trinidad and Tobago as it turned out to be a profitable option. The Company has recognized that there is a shortage of parking spaces in commercial hubs throughout Trinidad. As such, discussions are being held with NIBTT regarding the option of constructing car parks in places such as San Fernando, Arima and Chaguanas.
- 4.12 NIPDEC revealed that it was embarking on expanding its services into the private sector, as well as pursuing additional projects within the Caribbean region. The Company was successful in constructing a prison, a car park and an administration building in St. Lucia and was at the time of the public hearing, in negotiations with the Government of St. Lucia to undertake another BOLT project.

Findings and Recommendations

- i. The Committee commends NIPDEC's for running a profitable operation, and that it was encouraged by the fact that the Company was actively seeking to generate additional income.
- ii. The issue of the shortage of car parks has persisted for several years. It is therefore encouraging to note the Company's interest in constructing additional car parks.

- iii. The Committee recommends that in its response to this Report, NIPDEC provide the Committee with an update regarding the proposal for the construction of car parks in the areas of San Fernando, Arima and Chaguanas.

STATUS OF CURRENT PROJECTS

Shaw Park Cultural Facility and the Tobago Meteorological Building projects

- 4.13 The Committee was informed that the project management contract for the Shaw Park Cultural Facility was awarded in August 2005. The current Board of Directors was appointed in 2011 and so had no involvement in the selection of the contractors and consultants for the project.
- 4.14 The contract for this project was awarded to *Yorke Structures Limited* with the agreement that the project be completed in two (2) years. However, the Facility has not yet been completed and the new projected date of completion was January 2015.
- 4.15 As was noted earlier, this project experienced a number of delays and cost overruns. It was submitted that the main contributor to the increases in cost was a variation in the project design requested by the THA, to accommodate an additional fifteen hundred (1,500) persons.
- 4.16 The Committee was further informed that the structural variations, in particular, the installation of a roof, led to further complications as the building's structure had to be reinforced to accommodate the additional load.
- 4.17 The selection of a contractor for the construction of the Meteorological Building was done via open public tender and the contract for construction of the building was awarded to *Adams Project Management Limited*. The Committee was informed that the project is expected to be completed on time and within budget.

Findings and Recommendations

- i. With regards to the completion of the Shaw Park Cultural Facility, the Committee was not impressed that a project awarded in 2005 and scheduled for completion in 2007 is still in progress. It was submitted that the revised date of completion was January 2015. To date this target has not been realised.
- ii. It is recommended that the Parliament be provided with a status update on the Shaw Park Cultural Facility and the Tobago Meteorological Building projects in the Ministerial Response to this report.

Projects executed under the Programme for Upgrading Roads Efficiency (PURE)

4.18 It was divulged that during the period 2010 to 2014, one thousand, seven hundred and thirty-four (1,734) contracts were awarded by NIPDEC under this programme. We were advised that the aggregate value of these contracts amounted to approximately \$3,000,000,000 and involved approximately 50 different contractors.

The Procurement of Pharmaceuticals on behalf of the Ministry of Health

4.19 The Committee was advised that the Company began procuring, storing and distributing pharmaceuticals on behalf of the Ministry of Health since 1993. **The Company is solely involved in the tendering process as a facilitator to the Ministry of Health and as such does not select contractors.** NIPDEC indicated that its work in this area is guided by a committee established by the Ministry of Health. The Ministry of Health through the Office of the CMO, prioritizes a list of drugs which is also sent to the RHAs for their input.

4.20 The Company informed the Committee that there is a growing demand worldwide for pharmaceuticals which has led to shortages. Most often when a contract is awarded, there is a long lead time as pharmaceuticals are not produced locally or regionally.

- 4.21 During fiscal 2013/2014, the Government through NIPDEC, spent \$441,000,000 on pharmaceuticals. However, the total dollar value of requisitions sent to NIPDEC from all the RHAs was actually \$1.2 billion.
- 4.22 The Company indicated that it was cognizant that Government does not have inexhaustible funds to meet the growing demands for pharmaceuticals and thus budgeting was important. It was noted that delays in the allocation of funds to NIPDEC would lead to delays in the procurement of pharmaceuticals.
- 4.23 NIPDEC, at the time of the inquiry, indicated that it was working with the Ministry of Health to address the situation specifically as it concerns the Chronic Disease Assistance Programme (CDAP). CDAP began in 2003 with one hundred and forty (140) pharmacies and has grown to two hundred and eighty (280). There are fifty-two (52) items on the programme associated with twelve (12) main chronic diseases. The pharmaceuticals are purchased in bulk in accordance with the national formulary and CDAP is able to access the pharmaceuticals from that inventory.
- 4.24 It was divulged that NIPDEC was working on introducing a national health card and the first phase will specifically deal with CDAP pharmaceuticals.
- 4.25 During the public hearing, the Company was asked to provide details regarding the names and value of entities awarded contracts to supply pharmaceuticals. However, due to time constraints, the Company was asked to provide the top three contractors instead. These were identified as *Smith Robertson Company Limited* (awarded contracts totaling \$314,177,356.72), *A.S. Bryden and Sons (Trinidad) Ltd.* (awarded contracts totaling \$89,337,386.96), and *Alstons Marketing* (awarded contracts valued at \$37,320,822).

Findings and Recommendations

- i. The Committee appreciated the clarification the Company provided concerning its role in the procurement of pharmaceuticals for national consumption. During the hearing it was clear that members of the Committee were quite concerned with NIPDEC's ability to manage the procurement of over \$1 Billion worth of pharmaceuticals on an annual basis. Specific reference was made to the shortage of a particular type of anti-biotic. In general, we were not impressed by the submissions made to the Committee on this area of the Company's operations.
- ii. Given that the procurement of pharmaceuticals is an essential service, the Committee strongly believes that this branch of the Company's operations must be well resourced with highly suitable and competent personnel.
- iii. The Committee commends NIPDEC on the National Health Card initiative.
- iv. The Committee strongly recommends that NIPDEC provide both its managerial and operations staff involved in pharmaceuticals with additional training as a means of building their capacity to treat with the technicalities associated with this line of operation.

Adequacy of Manpower

- 4.26 The Company's Board of Directors is comprised of seven members, two of whom are the Chairman and the Executive Director of the NIBTT. NIPDEC's staff complement at the time of the inquiry, stood at 275 of which 91 were assigned to Pharmaceuticals and CDAP operations. The Company's organizational structure is attached at **Appendix V**.
- 4.27 The Committee was informed that there were approximately 7 vacancies as at November, 2014, which consisted of mainly junior level positions.

4.28 The Company's Board of Directors is comprised of seven members, two of whom are the Chairman and the Executive Director of the NIBTT. NIPDEC's staff complement at the time of the inquiry, stood at 275 of which 91 were assigned to Pharmaceuticals and CDAP operations. The Company's organizational structure is attached at **Appendix V.**

4.29 The Committee was informed that there were approximately 7 vacancies as at November, 2014, which consisted of mainly junior level positions.

Relationship between NIPDEC and NIBTT

4.30 **NIPDEC was established as a result of the desire of the Government of the day to create a Company that will be responsible for procurement and project management.** As a result, NIBTT was mandated to create such a Company to provide those services. Therefore, projects managed by the Company are primarily government related projects.

4.31 During the hearing the Committee was informed that NIPDEC is one of three subsidiaries of NIBTT and as result, NIBTT will receive dividends from NIPDEC. It was also revealed that NIBTT received its initial funding from the GORTT and is required to repay the State under Section 58 of the National Insurance Act.

4.32 The Committee was also informed that NIPDEC does not directly report to the Ministry of Finance and the Economy. It reports through its parent company NIBTT.

Relationship with other State Bodies

4.33 NIPDEC indicated that it liaises regularly with State bodies in the execution of its functions. Some of these include:

- Trinidad and Tobago Electricity Commission (T&TEC)
- City and Municipal Corporations
- Town and Country Planning Division

- WASA
- EMA
- Board of Inland Revenue (BIR)
- Customs and Excise Division

Challenges

- 4.34 It was submitted that the major challenges facing NIPDEC concerned the receipt of essential feedback and/or approvals from clients on a timely basis. For example, verification and approval of invoices from clients.
- 4.35 NIPDEC indicated that in an effort to offset these challenges, it has hosted, and will continue to host, Client Engagement Meetings especially with Public Clients, Government Ministries and State Agencies in order to ascertain proposed plans for the upcoming fiscal period and in so doing, prepare for its involvement as Project Manager/Procurement Agent. Further, the Company intends to continue engaging Clients via dialogue on a regular basis regarding updates on projects.

Findings and Recommendations

- 4.36 Although the Company did not provide full details regarding its shortcomings, based on the information made available to the Committee, it noted that the Company's management was not of the view that the Company was confronted by "any insurmountable" challenges. Thus, besides the need for clients to be more responsive to the Company's requests for information, the Company apparently is not encountering any major difficulties.
- 4.37 In the absence of vital additional information requested of the Company, the Committee's determination in this regard is inconclusive.

- 4.38 The Committee is of the view that subsidiary companies of state enterprises are required to appear before the JSC when invited to do so. Failing this, the Committee is of the view that the parent company must appear before the Committee and be prepared to answer to the Committee on matters relevant to the subsidiary company.

The Committee respectfully submits the foregoing for the consideration of the Parliament.

Mr. Elton Prescott, SC
Chairman

Dr. Dhanayshar Mahabir
Vice-Chairman

Mrs. Carolyn Seepersad Bachan, MP
Member

Mrs. Christine Newallo-Hosein
Member

Mr. Ganga Singh
Member

Dr. Delmon Baker, MP
Member

Mr. Jairam Seemungal, MP
Member

Ms. Stacy Roopnarine, MP
Member

Mr. Gerald Hadeed
Member

Dr. Amery Browne, MP
Member

Mrs. Patricia Mc Intosh, MP
Member

Mr. Faris Al-Rawi
Member

May 15, 2015

APPENDIX I

ENTITIES FALLING UNDER THE COMMITTEE'S PURVIEW

List of Ministries, Statutory Authorities and State Enterprises that fall under the purview of this Committee:

1. ARTS AND MULTICULTURALISM

Carnival Institute
Naparima Bowl
National Academy for the Performing Arts (NAPA)
National Carnival Commission of Trinidad and Tobago
National Cultural Commission
National Theatre Arts Company
Queen's Hall Board
Trinidad and Tobago National Steel Symphony Orchestra

2. ATTORNEY GENERAL

The Law Reform Commission
Environmental Commission
Industrial Court
Council of Legal Education
Hugh Wooding Law School
Anti-Corruption Investigation Bureau
Equal Opportunity Commission
Equal Opportunity Tribunal
Tax Appeal Board
Central Authority
International Law and Human Rights Unit

3. COMMUNITY DEVELOPMENT

National Association of Village and Community Councils
Village Councils
Export Centres Company Limited

4. EDUCATION

Local School Boards
National Commission for UNESCO
Education Facilities Company Limited
National Schools Dietary Services Limited
National Library and Information System Authority (NALIS)

5. ENERGY AND ENERGY AFFAIRS

Lake Asphalt of Trinidad and Tobago (1978) Limited
National Gas Company of Trinidad and Tobago Limited
National Quarries Company Limited
Petroleum Company of Trinidad and Tobago Limited (PETROTRIN)

Trinidad and Tobago National Petroleum Marketing Company Limited (NP)
Alutech Limited
La Brea Industrial Development Corporation
National Agro Chemicals Limited
National Energy Corporation of Trinidad and Tobago Limited
NATPET Investment Company Limited
NATSTAR Manufacturing Company Limited
NGC NGL Company Limited
NGC Trinidad and Tobago LNG Limited
Phoenix Park Gas Processors Limited
Powergen
Trinidad and Tobago LNG Limited
Trinidad and Tobago Marine Petroleum Company Limited
Trinidad Nitrogen Company Limited
Trinidad Northern Areas Limited
TRINMAR Limited
TRINTOC Services Limited

6. ENVIRONMENT AND WATER RESOURCES

Institute of Marine Affairs (IMA)
The Environmental Management Agency
The Green Fund Advisory Committee
Water and Sewerage Authority (WASA)
Water Resources Agency

7. FINANCE AND THE ECONOMY

Central Tenders Board
National Insurance Appeals Tribunal
National Insurance Board
National Insurance Property Development Company Limited (NIPDEC)
National Lotteries Control Board (NLCB)
Trinidad and Tobago Civil Aviation Authority
Trinidad and Tobago Unit Trust Corporation
Corporation Sole
Divestments
Investments
BWIA West Indies Airways Limited (New BWIA)
Caribbean Airlines Limited
First Citizens Holdings Company Limited
National Enterprises Limited (NEL)
Rum Distillers Limited
The Sugar Manufacturing Company Limited
Trinidad and Tobago Forest Products Company Limited (TANTEAK)
Taurus Services Limited
Caribbean Investment Corporation
Tourism and Industrial Development Company (TIDCO)
Trinidad and Tobago (BWIA International) Airways Corporation (Old BWIA)
Trinidad and Tobago Development Finance Limited
Caribbean Development Network Limited
Caribbean Microfinance Limited

Colonial Life Insurance Company Limited (CLICO)
First Citizens Bank Limited (FCB)
First Citizens Mortgage & Trust Company Limited
First Citizens Investment Services Limited
Trinidad and Tobago Mortgage Agency Company Limited

8. FOOD PRODUCTION

Agricultural Society of Trinidad and Tobago
Caribbean Agricultural Research and Development Institute (CARDI)
Cocoa and Coffee Industry Board
Livestock and Livestock Products Board
National Agricultural Marketing and Development Corporation (NAMDEVCO)
Agricultural Development Bank (ADB)
Caribbean Food Corporation
Sea Food Industry Limited

9. FOREIGN AFFAIRS

Nil

10. GENDER, YOUTH AND CHILD DEVELOPMENT

Adoption Board
Children's Authority

11. HEALTH

Boards regulating the Practice of Medicine and Related Professions
Children's LIFE Fund Board of Management
Eastern Regional Health Authority
North Central Regional Health Authority
North West Regional Health Authority
South West Regional Health Authority
Dental Council of Trinidad and Tobago
Drug Advisory Committee
Emergency Medical Personnel Council of Trinidad and Tobago
Food Advisory Committee
Medical Council of Trinidad and Tobago
National Emergency Ambulance Service Authority
Nurses and Midwives Council of Trinidad and Tobago
Pesticides and Toxic Chemicals Board
Pharmacy Council of Trinidad and Tobago
Opticians Council of Trinidad and Tobago
Princess Elizabeth Home for Handicapped Children

12. HOUSING AND URBAN DEVELOPMENT

Sugar Industry Labour Welfare Committee
Rent Assessment Board
Caroni 1975
Community-based Environmental Protection and Enhancement Company Limited (CEPEP)

Estate Management Business Development Company Limited (EMBD)
Housing Development Corporation (HDC)
Urban Development Corporation of Trinidad and Tobago Limited (UdecoTT)
Trinidad and Tobago Mortgage Finance Company Limited (TTMF)

13. JUSTICE

Nil

14. LABOUR AND SMALL AND MICRO ENTERPRISE DEVELOPMENT

Boilers Examiners Board
Minimum Wages Board
Registration, Recognition and Certification Board
Friendly Societies
Cipriani College of Labour and Co-operative Studies
National Entrepreneurship Development Company Limited (NEDCO)
National Productivity Council
Occupational Safety and Health Authority

15. LAND AND MARINE RESOURCES

Land Settlement Agency (LSA)

16. LEGAL AFFAIRS

Law Revision Commission (LRC)
Legal Aid and Advisory Authority (LAAA)
Police Complaints Authority (PCA)
Sentencing Commission
Criminal Injuries Compensation Board

APPENDIX II

MINUTES OF PROCEEDINGS

**MINUTES OF THE THIRTY-SECOND MEETING OF THE JOINT SELECT COMMITTEE OF PARLIAMENT APPOINTED TO INQUIRE INTO AND REPORT ON GOVERNMENT MINISTRIES (GROUP I) AND ON STATUTORY AUTHORITIES AND STATE ENTERPRISES FALLING UNDER THOSE MINISTRIES HELD IN THE ARNOLD THOMASOS ROOM (EAST), LEVEL 6, AND IN THE J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR, OFFICE OF THE PARLIAMENT, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD
PORT OF SPAIN ON NOVEMBER 21, 2014**

PRESENT

Dr. Dhanayshar Mahabir	Vice-Chairman
Ms. Stacy Roopnarine, MP	Member
Mr. Jairam Seemungal, MP	Member
Mrs. Carolyn Seepersad-Bachan, MP	Member
Dr. Delmon Baker, MP	Member
Dr. Amery Browne, MP	Member
Mr. Emmanuel George	Member
Mr. Gerald Hadeed	Member
Mr. Ganga Singh	Member
Mr. Faris Al-Rawi	Member
Mr. Julien Ogilvie	Secretary
Mr. Indar Sieunarine	Assistant Secretary
Ms. Kimberly Mitchell	Graduate Research Assistant
Mr. Johnson Greenidge	Parliamentary Intern

ABSENT

Mr. Elton Prescott, SC	Chairman (Excused)
Mrs. Patricia McIntosh, MP	Member (Excused)

REPRESENTATIVES OF THE NATIONAL INSURANCE PROPERTY DEVELOPMENT COMPANY LIMITED

Mr. Hamlyn Jailal	Chairman
Mrs. Lolita Maharaj- Sirju	Head, Pharmaceuticals
Mr. Vyas Ramphalie	Head, Property Development

Ms. Cavelle Joseph
Mr. Lallan Samaroo
Ms. Lindy- Ann Mitchell
Ms. Karen Gopaul

Head, Human Resources
Senior Programme Manager
Head, Legal Services (Ag)
Shareholder and Director

COMMENCEMENT

1.1 The Vice-Chairman called the meeting to order at 9: 57 a.m.

1.2 The Vice-Chairman indicated that Mr. Elton Prescott, SC and Mrs. Patricia McIntosh, MP had requested to be excused.

CONFIRMATION OF MINUTES OF THE THIRTY-FIRST MEETING HELD ON NOVEMBER 07, 2014

2.1 The Vice-Chairman invited Members to consider the Minutes of the 31st Meeting held on November 07, 2014 and inquired whether there were any amendments.

2.2 The following amendments were proposed by Members:

- i. **Item 3.2 on page 3** – in the first line, delete the word “**length**” and replace it with the word “**lengthy**”;
- ii. **Item 3.2 on page 3** – in the fourth line, delete the **semicolon** and replace it with a **comma**;
- iii. **Item 5.4 on page 4** – in the second line, delete the word “**to**” and replace it with the word “**with**”;
- iv. **Item 7.4 on page 5 (i) (c)** – in the first line, delete the word “**authority**” and replace it with the word “**Authority**”; and
- v. **Item 9.6 on page 11** – delete the words “**and the document will be considered by the committee at its next meeting**” and substitute with the words “**for the consideration of the Committee**”.

2.3 The motion for the confirmation of the Minutes was moved by Mr. Hadeed and seconded by Ms. Roopnarine.

MATTERS ARISING FROM THE MINUTES OF THE THIRTY-FIRST (31st) MEETING

3.1 A Member commented that the Minutes did not effectively reflect the questions/concerns raised by Members during the public hearing and recommended that from henceforth key questions/concerns highlighted by Members be included in the Minutes.

3.2 The Committee agreed that in the future, Minutes that capture the proceedings of a public hearing will be drafted to include questions/concerns raised by Members of the Committee. Members were also reminded that Minutes aim to provide a summary of proceedings whereas the Verbatim notes would capture the proceedings of a meeting in its entirety.

3.3 With regards to items 9.6 and 9.7, discussions ensued on whether a public hearing should be convened on January 09, 2015 with the Ministry of Health to address the issue of vector-borne threats (viruses/diseases) and the preparedness of the Ministry to deal with an outbreak of the Ebola Virus.

3.4 In making a determination on this matter, Members reflected on the wording of items 9.6 and 9.7 of the Minutes. Reference was made to the Verbatim Notes of the last meeting and it was concluded that the Secretariat was instructed to draft an inquiry proposal on the matter highlighted above. However, it was also noted that the Verbatim Notes did not explicitly state that the proposal will be considered at the next meeting.

3.5 After lengthy discussions, the Vice-Chairman asked Members to vote on whether to proceed with an inquiry into the issue of vector-borne threats at the Committee's next meeting.

3.6 Members voted as follows:

Mr. Gerald Hadeed	No
Mr. Emmanuel George	No
Mr. Ganga Singh	No
Mr. Jairam Seemungal	No
Mr. Faris Al-Rawi	Yes
Dr. Delmon Baker	No
Ms. Stacy Roopnarine	No
Dr. Amery Browne	Yes
Mrs. Carolyn Seepersad-Bachan	No

3.7 With seven (7) Members voting against, two (2) for and no abstentions, it was decided, by majority, that a public hearing/inquiry into the matter in question would not be held at the next meeting of the Committee.

3.8 The Vice-Chairman brought the following matters to the attention of Members:

- **Item 3.2 page 3:** correspondence was sent to officials at NIPDEC requesting their attendance at a public hearing to be held on November 21, 2014 to which they responded and confirmed the names of the officials that would be attending; and
- **Item 4.4 page 3:** the *Report on an inquiry into the administration and operations of the National Insurance Board of Trinidad and Tobago (with particular focus on the Board's relations with the National Insurance Appeals Tribunal)* was finalized and circulated for signatures. The Report would be presented at the next Sitting of the Senate and the House of Representatives.

PRE-HEARING DISCUSSIONS

4.1 The Vice-Chairman informed Members that NIPDEC has raised some issues concerning the jurisdiction of the Committee to inquire into its affairs. It was noted that these issues were espoused in a legal opinion submitted to the Committee by NIPDEC.

4.2 He iterated that subsidiaries of state controlled entities such as the Trinidad and Tobago Mortgage Finance Company Limited (TTFM) have been the subject of an inquiry and have appeared before this and other Joint Select Committees.

4.3 The Vice-Chairman advised there would be a brief *in camera* meeting with the officials of NIPDEC so that the Committee can hear the concerns and queries of the company.

4.4 A Member of the Committee recommended that the Committee obtain a Legal Opinion regarding its authority to inquire into subsidiaries/companies such as NIPDEC, in order to avoid future scenarios where entities question whether the Committee has jurisdiction over them.

4.5 A Member alluded to a potential conflict of interest involving the Chairman of the Committee and NIPDEC. The Member also stated that the Chairman did not declare this conflict of interest at the appropriate point in time and chose to absent himself from the meeting in question (without justification) rather than recused himself. The Member then requested that the Chairman respond to this matter *in camera*.

4.6 In response, the Vice-Chairman read correspondence addressed to His Excellency, the President from the Chairman which indicated that he would be out of the country during the period November 20 – 24, 2014.

4.7 The Vice-Chairman indicated that the Chairman's name was mentioned in his absence and he will respond accordingly.

4.8 A Member inquired about the justification for confining certain requests for information to the period 2010-2014. It was noted that Members were at liberty to pose oral questions to capture information for more expansive periods of time.

4.9 It was suggested that in the future, requests for information should seek to capture information for the past 10 years.

Next meeting date

5.1 The Committee agreed to hold its next meeting on January 09, 2015 at which time it would conduct a public hearing with officials of the Estate Management and Business Development Company Limited (EMBD).

5.2 A Member requested that the regular meeting date of the Committee be confirmed and adhered to so as to allow Members to better manage their itinerary.

5.3 It was reaffirmed that the established meeting day for the Committee will be the second Friday of each month.

Suspension

6.1 The meeting was suspended at 10:59 a.m.

[Members proceeded to the J. Hamilton Maurice Room on the Mezzanine Floor]

Brief pre-hearing meeting (in camera) with officials of NIPDEC

7.1 The meeting resumed (*in camera*) at 11:05 a.m. in the J. Hamilton Maurice Room.

7.2 The Vice-Chairman welcomed the officials of NIPDEC and informed them of the purpose of the pre-hearing meeting. He also indicated that requests for information would not be limited to the past four (4) years.

7.3 The Chairman of NIPDEC stated that the company was not attempting to avoid participating in the inquiry, rather NIPDEC always considered itself as a private company and therefore sought a legal opinion when they were invited to appear

before the Committee.

7.4 The Chairman of NIPDEC also sought and obtained the permission of the Committee to make opening remarks with a view to dispelling any misconceptions held by the public regarding the company's willingness to account for its operations.

7.5 Members of the government also gave notice that they were required to attend an event in the afternoon and as a consequence would be unable to stay beyond 12:15 P.M.

7.6 The *in camera* meeting with officials of NIPDEC was suspended at 11:15 a.m.

PUBLIC HEARING WITH OFFICIALS OF THE NATIONAL INSURANCE PROPERTY DEVELOPMENT COMPANY LIMITED (NIPDEC)

8.1 The meeting resumed (*in public*) at 11:16 a.m. in the J. Hamilton Maurice Room.

8.2 The Vice-Chairman welcomed the officials and introductions were exchanged.

8.3 The Chairman of NIPDEC made opening remarks.

8.4 Detailed hereunder are the issues/concerns raised by Members of the Committee and the responses proffered by the Officials:

(i) The relationship between NIPDEC and the National Insurance Board of Trinidad and Tobago (NIBTT)

NIPDEC was established by Cabinet Note in 1977 as a result of a desire by the Government of the day to create a company responsible for procurement and project management. As a result, the NIBTT was mandated to form such a company to provide these services. Consequently, the projects at NIPDEC are predominantly government related projects.

(ii) Is NIPDEC the investment arm for NIBTT funds?

The NIBTT has three (3) subsidiaries, including NIPDEC, from which it receives dividends. The NIBTT has also invested in equities and bonds, both local and abroad.

(iii) What are the most and least profitable segments of Company's operations?

a. At the end of the fiscal year, June 2014, the company's income was

fifty-nine million, nine hundred and seventeen thousand dollars (\$59,917,000). Project and construction management fees amounted to a little over forty-three million dollars (\$43,000,000). Property management and sales earned a little over twelve million dollars (\$12,000,000). A contract exists with the Ministry of Health whereby a flat service fee of two million dollars (\$2,000,000) is paid for the procurement, storage and distribution of pharmaceuticals and non-pharmaceuticals. Approximately three million dollars (\$3,000,000) is earned from interest income from investment property. However, the majority of NIPDEC's income is earned from construction jobs, procurement and project management.

- b. The company is embarking on expanding its services into the private sector in order to maintain its profit margin.

(iv) What is the status of the company's Car Parks in particular the one located at the corners of Wrightson Road and Edward Streets?

- a. The car park is leased to the Central Bank of Trinidad and Tobago. NIPDEC was approached by the Central Bank of Trinidad and Tobago and took a business decision to lease the car park as it was a more profitable option.
- b. The company has recognized that the shortage of parking spaces is an issue throughout Trinidad and is working with the NIBTT to determine how car parks can be constructed in areas such as Arima, San Fernando and Chaguanas. The company is attempting to develop other streams of income and has identified car parks as a possible stream of income.

(v) NIPDEC's involvement in the Shaw Park Cultural Facility and the Tobago Meteorological Building projects including the selection of contractors, cost and challenges

- a. NIPDEC was awarded the project management contract for the Shaw Park Cultural Facility in August 2005. The current Board of Directors at NIPDEC was appointed in 2011 and therefore was not involved in the selection of the contractor nor the consultants for this project. The contract for construction of the facility was awarded to Yorke Structures Limited with an agreement that the project would be completed in two (2) years. The project has not yet been completed and the new projected date of completion is January 2015.
- b. The initial cost of the project was one hundred and ninety-three million

dollars (\$193,000,000) but as a result of several variations the cost has increased to four hundred and ninety-eight million, nine hundred and thirty six thousand, five hundred and nine dollars and fifty six cents (\$498,936,509.56). One of the contributors to the rise in cost was as a result of the client, the Tobago House of Assembly (THA), requesting that the design be altered to accommodate three thousand (3,000) persons rather than fifteen hundred (1,500) persons as was the initial specification.

- c. When asked if there were any structural issues that led to the variations, officials of NIPDEC responded that the original plan did not include a roof so one had to be installed and there were a number of structural issues which arose from the loading of the roof which in turn led to the reinforcement of the structure.
- d. The company was asked to confirm whether there were any safety issues which resulted in challenges in finalizing the design for the roof. The company responded in the affirmative. The company advised the committee that independent structural assessments had to be done on the original design. An independent structural analysis was done, which recommended reinforcements to the roof, before the designs were finalized and construction began.
- e. The procurement for the Tobago Meteorological Building was done via open public tender and the Request for Proposal was very detailed. The contract for construction of the building was awarded to Adams Project Management Limited and the project is expected to be completed within budget and time.

(vi) Reporting to the Ministry of Finance

The company indicated that it does not report to the Ministry of Finance. The company reiterated that it is wholly owned by the NIBTT, which is a tripartite board that is not owned by the Government of Trinidad and Tobago.

(vii) The largest client of NIPDEC and its contribution to NIPDEC's overall revenue

NIPDEC has several construction projects under the Ministry of Health and based on this volume of work, the Ministry of Health is currently NIPDEC's largest client.

(viii) Does NIPDEC consider itself bound by the proposed provisions of the Public Procurement Bill that is soon expected to become law?

The company stated that it would be bound by the Public Procurement Bill as it is engaged in public projects. In addition, there are many aspects of the Bill that are already practiced by the company.

(ix) The procurement of pharmaceuticals on behalf of the Ministry of Health and whether there is a shortage of medication

- a. The procurement, storage and distribution of pharmaceuticals by NIPDEC on behalf of the Ministry of Health started in 1993.
- b. The company stated that there are pharmaceutical shortages globally because of a growing demand as people are less healthy today compared with previous years. Often when a contract is awarded there is always a long lead time as pharmaceuticals are not produced locally or regionally.
- c. In fiscal 2013/2014 the Government spent (through NIPDEC) four hundred and forty-one million dollars (\$441,000,000) on pharmaceuticals. However, the total dollar value of requisitions sent to NIPDEC from all the Regional Health Authorities (RHAs) was 1.2 billion. The company stated that it was of the view that the Government does not have inexhaustible funds to meet these growing demands and therefore budgeting is critical.
- d. NIPDEC is currently working with the Ministry of Health to determine how this situation can be addressed specifically with regards to the Chronic Disease Assistance Programme (CDAP).
- e. CDAP commenced in 2003 with 140 pharmacies and has since grown to include 280. There are 52 items on the programme associated with 12 main chronic diseases.
- f. When queried on whether an inventory was kept, officials of NIPDEC stated that pharmaceuticals are purchased in bulk in accordance with the national formulary and CDAP is able to access pharmaceuticals from this total inventory. This formulary was provided by the Ministry of Health through the Chief Medical Officer who circulated a list to the RHAs.
- g. The company submitted that it was working to introduce a national health card and the first phase will deal specifically with CDAP pharmaceuticals.
- h. With regards to the availability of Benzathine Penicillin, the company

was unable to provide specific details on the status of this drug but advised that it strives to ensure that there is a continuous supply of antibiotics however, if there are delays in the allocation of funding to NIPDEC, the procurement of pharmaceuticals will also be delayed.

(x) The tendering process/procedures used for the acquisition of C-4 pharmaceuticals prior to 2010

- a. NIPDEC is solely involved in the tendering process as a facilitator to the Ministry of Health. NIPDEC does not select the contractors but are guided by the committee established by the Ministry of Health.
- b. A request was made for details of the names and value of entities awarded contracts to supply pharmaceuticals. Due to time constraints, the company was asked to provide the names of the top three contractors who received the highest value of contracts. They were Smith Robertson Company Limited (awarded contracts totaling \$314,177,356.72), Bryden (awarded contracts totaling \$89,337,386.96) and Alstons Marketing (awarded contracts valued at \$37,320,822).

(xi) Cost overruns of projects

- a. The company indicated that for the period 2010 to present, there has not been a single instance of cost overruns. It was further stated that the company is currently engaged in 26 construction projects and they are all within budget and will be completed on time.
- b. Prior to 2010, there were 2 projects that incurred cost overruns which the national community was familiar with. Firstly, the Scarborough Hospital was initially awarded for \$135,000,000 and the project became a court matter and following arbitration, a new contract was issued to China Railway Limited at an additional value of \$477,000,000. Secondly, the Shaw Park Cultural Facility where the cost of the project was increased due to certain variations to design specifications.

(xii) The number of projects executed under the Programme for Upgrading Roads Efficiency (PURE)

For the period 2010-2014, NIPDEC awarded 1,734 contracts under this programme. The aggregate value of these contracts was approximately \$3,000,000,000 and involved about 500 different contractors.

(xiii) Who is responsible for prioritizing the pharmaceuticals to be procured by NIPDEC?

Prior to fiscal 2013/2014, the company would prioritize the drugs to be purchased. However, as at the end of the fiscal 2013/2014, the company has been guided by the Ministry of Health through the Office of Chief Medical Officer. A list of drugs to be prioritized was also sent to the Regional Health Authorities for their input.

(xiv) Challenges faced by NIPDEC

The company submitted that like any other business entity, it would be confronted by challenges, however the company is not facing any challenges it would consider insurmountable.

(xv) Whether it was the intention of the company to pursue additional projects within the region

The company has built a prison, a car park and an administration building in St. Lucia and is currently in negotiations with the Government of St. Lucia to embark on another BOLT project. The company is seeking to expand regionally as a result of its successful undertakings in St. Lucia.

(xvi) Instances where project workers have not complied with Occupational Safety and Health (OSH) requirements

- a. The company submitted that contractors are evaluated on health and safety and each contractor has a Health and Safety Officer on a project site. NIPDEC also assigns a Site Control Officer to each project and the company's HSE department makes intermittent visits to project sites.
- b. The company submitted that it has not observed any breaches in OSH standards on any project sites.

(xvii) Settlement paid to a former engineer of NIPDEC

Ms. Esther Farmer was dismissed in June 16, 2006 and the matter was settled in the Industrial Court for just over \$1,000,000 which was the largest settlement at that time in the history of the Industrial Court.

(xviii) The major shareholders of NIBTT and their percentage of shares

- a. NIBTT is responsible for ensuring that benefits could be provided to all the workers in Trinidad and Tobago, whether they are citizens or not.

- b. NIBTT was given its initial funding from the Government of Trinidad and Tobago and is required to repay under Section 58 of the National Insurance Act.
- c. NIBTT is not owned by the Government although the Government can provide general guidelines. The Government also has the responsibility to ensure NIBTT is properly managed and able to provide benefits in the long term to all workers.
- d. NIBTT receives contributions in part from employers and in part from the employees.

8.5 The Vice-Chairman thanked the officials of NIPDEC for their attendance.

8.6 The Meeting was suspended.

(Officials of the National Insurance Property Development Company Limited exited the room)

Requested information

9.1 Further to the discussions which transpired during the hearing, NIPDEC and the National Insurance Board of Trinidad and Tobago were asked to provide the following information to the Committee:

- i. provide a list comprising the company's largest clients and their percentage contribution to the company's overall revenue;
- ii. provide the tendering rules of the company;
- iii. list the construction projects being managed by the company including the status of each project, the date of commencement, any significant variations and the expected date of completion;
- iv. what are the pharmaceuticals the company is managing on behalf of the Ministry of Health and the Regional Health Authorities
- v. provide a copy of the inventory of critical drugs procured by NIPDEC;
- vi. what are the initiatives being pursued to improve the Chronic Disease Assistance Programme (CDAP);
- vii. is there a shortage of Benzathine Penicillin and other antibiotics within Trinidad and Tobago?
- viii. what is the tendering process followed for the supply of C-4 drugs?

- ix. provide a list of the top 25 contractors who received contracts from NIPDEC during the period 2000 to 2010 (in terms of the value of contracts) and the process used by the client to select each contractor;
- x. provide details of cost overruns associated with projects administered by the company during the period 2000 to 2010;
- xi. with respect to the PURE Programme, how many projects have the company executed under this programme during the period 2010 to present and how many contractors would have benefited from contracts over the said period;
- xii. provide a list of the projects completed by NIPDEC from 2010 to present and indicate what are the benefits of each project;
- xiii. has the client workshops improved client feedback and if so, in what way;
- xiv. provide details on the contracting process between the Ministry of Works and Infrastructure and NIPDEC for projects under the Programme for Upgrading Roads Efficiency (PURE) and state the rationale for having proceeds from bonds assigned to separate client accounts?
- xv. has the company been able to identify skills gaps in the manpower required for the execution of projects under its management and if so, have these deficiencies been communicated in writing to the Ministry of Labour or the National Training Agency (NTA);
- xvi. how many General Managers or acting General Managers have served the company during the past 5 years? Please provide the names of these General Managers and the employment history of this position over said period;
- xvii. provide details of the remuneration packages received by the company's General Managers, Heads of Departments, Directors and the Chairman of the Board;
- xviii. provide a copy of the Curriculum Vitae of the current acting General Manager;
- xix. With respect to the period 2001 to 2010:
 - a. please provide a list of tenders where the established tendering procedures were not complied with and what was the consequent cost to company;
 - b. provide a list of projects which incurred cost overruns, the dollar value of the cost overruns, the initial cost of each project and the final cost of each project;
- xx. describe the company's reporting relationship with the NIBTT particularly as it concerns the supervision of the company's financial affairs; and
- xxi. please advise whether the National Insurance Board of Trinidad and Tobago has repaid the initial investment capital to the Government of Trinidad and Tobago as is prescribed by Section 58 of the National Insurance Act.

ADJOURNMENT

10.1 The meeting was adjourned to January 09, 2015.

10.2 The Committee concluded its meeting at 12:21 p.m.

I certify that these Minutes are true and correct.

Chairman

Secretary

December 31, 2014

APPENDIX III

NOTES OF EVIDENCE

VERBATIM NOTES OF THE THIRTY-SECOND MEETING OF THE JOINT SELECT COMMITTEE OF PARLIAMENT APPOINTED TO ENQUIRE INTO AND REPORT ON GOVERNMENT MINISTRIES (GROUP I), STATUTORY AUTHORITIES AND STATE ENTERPRISES FALLING UNDER THEIR PURVIEW, HELD IN THE ARNOLD THOMASOS ROOM (EAST), SIXTH FLOOR, AND AT THE J. HAMILTON MAURICE ROOM (MEZZANINE FLOOR), TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN, ON FRIDAY, NOVEMBER 21, 2014, AT 9.57 A.M.

PRESENT

Dr. Dhanayshar Mahabir	Vice-Chairman
Mr. Gerald Hadeed	Member
Mr. Emmanuel George	Member
Dr. Amery Browne	Member
Mr. Ganga Singh	Member
Mr. Jairam Seemungal	Member
Mr. Faris Al-Rawi	Member
Mr. Delmon Baker	Member
Miss Stacy Roopnarine	Member
Mrs. Carolyn Seepersad-Bachan	Member [<i>Excused</i>]
Mr. Julien Ogilvie	Secretary
Mr. Indar Sieunarine	Asst. Secretary
Miss Kimberly Mitchell	Graduate Research Asst.
Mr. Johnson Greenidge	Parliamentary Intern

ABSENT

Mr. Elton Prescott SC

Chairman [*Excused*]

Mrs. Patricia Mc Intosh

Member [*Excused*]

11.16 a.m.: *Meeting resumed.*

Mr. Vice-Chairman: Good morning, fellow MPs, good morning members of the Nipdec. Welcome to the thirty-second meeting of the Joint Select Committee appointed to consider and report to Parliament on Ministries, Statutory Authorities and State Enterprises. I would like this morning to welcome the officials from Nipdec and I will ask, before we introduce ourselves, we will ask the officials of Nipdec to introduce themselves to us and to the viewing public starting with the Chairman of Nipdec.

**NATIONAL INSURANCE PROPERTY DEVELOPMENT COMPANY LIMITED
OFFICIALS**

Mr. Hamlyn Jailal

Chairman-NIPDEC

Mrs. Lolita Maharaj- Sirju

(Ag.) General Manager

Mr. Vyas Ramphalie

Head, Property Development, NIPDEC

Mr. Lallan Samaroo

Senior Programme Manager

Ms. Karen Gopaul

Director of NIPDEC and Shareholder

Ms. Lindy- Ann Mitchell

Head, Legal Services (Ag.)

Ms. Cavelle Joseph

Head, Human Resources

Mr. Vice-Chairman: Thank you very much members of Nipdec, and may I ask members of the Joint Select Committee to introduce themselves for the benefit of members of Nipdec and the viewing public starting with Mr. Seemungal on my left.

[Introductions made]

Mr. Vice-Chairman: Thank you all and I am Dr. Dhanayshar Mahabir, today, acting as chairman, but I am the Vice-Chairman of this Committee, Independent Senator. May I remind the viewing public that the purpose of this enquiry is really to determine the following: To gain an understanding of Nipdec's tendering process and to examine the company's tendering rules and procedures; to gain insights into the companies pre-qualification procedures for the purpose of scrutinizing contractors; to examine the structures in place at the company to ensure value for money in procurement; to determine the adequacy of manpower at the company given the scope of

its projects; to gain an insight into the relationship between Nipdec and other bodies of this State; and to identify the challenges faced by the company.

Before I begin, the questioning, I would like to invite the Chairman, Mr. Hamlyn Jailal to make some brief opening remarks with respect to the enquiry under review.

Mr. Jailal: Thank you very much, Mr. Vice-Chairman, members of the Joint Select Committee, fellow director, Ms. Karen Gopaul, members of the Nipdec team. We thank you for the opportunity to appear before the Joint Select Committee. Mr. Chairman, we appear before this august body today only because we firmly believe in and are fiercely committed to transparency, accountability, openness and good governance. By letter dated September 30, 2014, Nipdec informed the Joint Select Committee that it does not fall under the jurisdiction of section 66A of the Constitution of Trinidad and Tobago to appear before the Joint Select Committee. We were so guided by our prominent legal luminary, Mrs. Pamela Elder, SC.

Mr. Chairman, pursuant to section 66A of the Constitution of Trinidad and Tobago, the jurisdiction of the Joint Select Committee extends to the following: Government Ministries, Municipal Corporations, Statutory Authorities, Service Commissions and enterprises owned or controlled by or on behalf of the State or which receive funding from the State or for more than two-thirds of its total income in any one year. Nipdec is not owned by the State, Nipdec is not controlled by the State.

Mr. Chairman, it is pellucidly clear that Nipdec does not fall in any of the aforementioned categories. Further, the Integrity Commission by letter dated, October 20, 2013 informed Nipdec that the members of the board of directors of Nipdec are not persons in public life within the meaning of paragraph nine of the Schedule to the Integrity in Public Life Act, Chap. 22:01; that members of the Nipdec board are not required to file declarations of income, assets and liabilities and statements of registrable interest in accordance with the Act; that the National Insurance Property Development Company Limited is not a state enterprise within the meaning of paragraph nine of the Schedule to the Act.

Let me also state, emphatically, that Nipdec is not the recipient of any Government funding, subventions, subsidies and/or grants from the state. NIPDEC's operations are financed solely by revenues generated by our procurement and project management services, commercial services, real estate services and other services. We are a fully own subsidiary of the National Insurance Board of Trinidad and Tobago.

Mr. Chairman, as I conclude my brief opening remarks, we humbly submit ourselves before you and your Committee knowing full well that whatever we do at Nipdec can withstand professional and public scrutiny. We are a dynamic and progressive company with offices located in Port of Spain, Tobago and St. Lucia. Our audited financial statements for fiscal 2013/2014 ending June showed the remarkable profit of \$17,390,000.

Mr. Chairman, as I speak to you right now there are about some 23 construction projects being managed by Nipdec, unprecedented in our 37-year of history. We are on course to declare a profit for fiscal 2014/2015 of over \$42 million.

Mr. Vice-Chairman: Do you have much more Mr. Jailal?

Mr. Jailal: Two more lines.

Mr. Vice-Chairman: Very well.

Mr. Jailal: Staff morale is at an all-time high, with our dedicated committed and highly motivated employees, Nipdec is poised for even greater achievements. Thank you.

Mr. Vice-Chairman: Thank you very much, Mr. Chairman, Mr. Hamlyn Jailal. What I propose to do is to begin the questioning from my right, starting with Sen. George, but as the Chair for today I will exercise my prerogative and ask the first brief question, and that is, for the benefit of the viewing public, what really is the reason for Nipdec's coming into existence, in particular, what is the relationship between the NIB, the National Insurance Board and the Nipdec? Why was it necessary for the NIB to have an agency associated with it called Nipdec?

Mr. Jailal: Thank you, Mr. Vice-Chairman. That question might be better put to the Prime Minister of 1977, and that is when NIPDEC was incorporated and came into being. And from my understanding, from my knowledge and I know we have the executive director of the NIB here also and the Director of Nipdec, at that time it was a Cabinet Note, and I have copies of it here, that the Government of the day wanted a company to be involved in procurement, project management, and NIB was so mandated to form such a company to provide that kind of service to the people of Trinidad and Tobago. Ever since 1977 that has been the service that Nipdec has been providing and that is why essentially the projects we have at Nipdec they are essentially government-type projects.

Mr. Vice-Chairman: Okay, one follow up question and that is, is it that NIPDEC is essentially the investment arm for NIB funds?

Ms. Gopaul: Dr. Mahabir, it is one of the investment arms. We have three subsidiaries and from

all of them we receive dividends and Nipdec is one of those subsidiaries. We also have other investments in equities and bonds and so on, and also overseas as well.

Mr. Vice-Chairman: Thank you very much. Sen. George, first question to you.

Mr. George: Thank you very much, Mr. Vice-Chair, and once again let me take the opportunity to welcome Chairman Jailal and his team and I took note of your statement, your introductory statement and do admire the fact that in spite of the legal advice that you have got that in the interest of accountability and transparency and so on, that you have agreed to come before this Committee.

My question, you have a range of services, well my question is focused, really, on the issue of your profit and your profitability which you just indicated was \$17.3 million last year and you expect \$42 million for this year. And I wanted to find out which is your most profitable and which is your least profitable segment in your operations? That is one.

Two, I wanted to find out, what is the situation with the car parks? I note in particular, your car park at the bottom of Edward Street has been I think closed to the public I believe, but I want some information about what is happening with that particular car park, and is your property and rental business of those car parks profitable? Is the rental business profitable and is the car park business profitable? Thank you very much.

Mr. Jailal: Thank you very much, Minister Emmanuel George. Let me give a respond quickly. At our end of fiscal year, June 2014, our income was \$59,917,000 and I will give a quick breakdown. Out of that, let us say roughly \$60 million, Nipdec earned from our project and construction management fees just over \$43 million. From our property management and sales, Nipdec earned just over \$12 million. We also have a contract with the Ministry of Health where we are responsible for procurement, storage and distribution of pharmaceuticals and non-pharmaceuticals, and we are paid a flat fee for that service of \$2 million. We also generated just about \$3 million of other interest income from investment property, but the bulk of our income comes from our construction jobs, procurement and project management. And to answer your question about car parks, the car park we have located at the corner of Wrightson Road and Edward Street is leased to the Central Bank. It was a far more profitable arrangement. It was a business decision we took at Nipdec.

11.30 a.m.

We were approached by the Central Bank and it was a business decision. It is far more

profitable, so we have leased that car park to the Central Bank. If I may just dwell quickly on car park, I know it is a challenging issue for the public to find adequate car parking spaces throughout Trinidad. That is an area that we are working on now, closely with our parent company, the National Insurance Board of Trinidad and Tobago to see how we can be in partnership to construct car parks in places like Arima, San Fernando and Chaguanas, because what we are trying to do at Nipdec right now is to identify other streams of income, and we have identified car parks as one of those. Thank you.

Mr. Vice-Chairman: Thank you very much. I will now ask MP Dr. Delmon Baker to pose his question.

Dr. Baker: Thank you, Chair. Chairman Jailal, I am the Member of Parliament for Tobago West, as indicated earlier, and as you would note that there are a number of colleagues around this table who will focus almost exclusively on some of the challenges with the structure; the company itself, and of the nature of the projects that you are executing on behalf of the people of Trinidad and Tobago in Trinidad.

My focus will really be on what is happening on the ground in Tobago, and I wish to use two very general examples for you which may, again, speak to some of the other issues which I mentioned before. The first would be the nature of your involvement in the cultural complex in Scarborough, and I wish you to contrast that with the nature of your involvement in the new Met building. How were the contractors selected? And that would give me a sense of your procurement procedures at Nipdec, and that may give us some contrast between what happened before the period for which you were given the brief, and the period for which you are asked to present at this point in time, and to tell us if you can, some of the cost metrics and cost projections on those projects and some of the challenges you would have faced in managing either.

Mr. Jailal: Thank you very much, Dr. Baker. Let me give you a status report on the Shaw Park Cultural Facility, and I know how projects in Tobago are very close to your heart. I came into office at Nipdec in 2011. The Shaw Park Cultural Facility project was awarded to Nipdec in August of 2005, and at that point in time the contract was awarded to Yorke Structures Limited, with the understanding that the project should have been completed in two years. We are in 2014, and to give you a simple answer, the project is not yet finished. We expect it to be finished at the end of December, at best early January.

The initial cost of the project was \$193 million and because of several variations in that

particular job—and I give you a very outstanding variation. In the original design, it was designed to accommodate 1,500 people—and the THA is the client—and the design was changed dramatically to now accommodate 3,000 people. So as I speak to you, the cost of that project has now moved to \$498, 936,509. 56. So we were not involved in the procurement of the contractor, neither the consultants. But, yes, from 2011 we have inherited a project and we are trying, to the best of our ability, to see how we can manage it and to ensure it is delivered at least by December/January. And to make a quick comparison to the Tobago Met building which was awarded under my stewardship as chairman, it is quite different. I can speak of that because it was an open public tender; it was a very detailed RFP—and I have our senior engineers who will want to comment—an open bidding process. It was awarded to a company called Adams Project Management Limited, and I am proud to say the project is within budget and will be completed on time by me.

Mr. Vice-Chairman: Any follow-up, MP Dr. Delmon Baker?

Dr. Baker: Could you clearly state for me—the variations came from where, the client in Tobago?

Mr. Jialal: Yes. Remember Nipdec is engaged as a project manager, so if you want to build something, you come to us. It is your money, so you would tell me whether you want, for example, five bedrooms, 10 swimming pools. But if, when we start to project manage, you come back to Nipdec and say, “You know something, I have a change of plan. I now want, you know, double the bedrooms. I want more swimming pools”. So the client determines what he wants.

Dr. Baker: Were there any structural issues on the building that caused some of those variations?

Mr. Jialal: Let me turn to the technical people here. Mr. Ramphalie, you would like to address that?

Mr. Ramphalie: The original plan never had a roof, so there was a roof to be installed, and a number of structural issues regarding the loading on the roof. Reinforcement had to be done to the existing structure.

Dr. Baker: Were there any safety issues that caused some challenges with finalizing designs for that roof?

Mr. Ramphalie: Yes. There were independent structural assessments that needed to be done regarding the original designs. We had an independent structural analysis done before the designs were finalized and the construction commenced.

Dr. Baker: You are not telling me what that review suggested.

Mr. Ramphalie: The review suggested reinforcement to the structural members on the roof.

Dr. Baker: So there were challenges with the—

Mr. Ramphalie: There were some challenges, yes.

Dr. Baker: Thank you.

Mr. Vice-Chairman: Thank you very much, MP Dr. Baker. I will now ask Sen. Al-Rawi to pose his questions succinctly and briefly.

Sen. Al-Rawi: Good morning, Members of the committee and to the members of Nipdec. Perhaps you may wish to take notes or ask the secretary for these questions which I am about to ask and which you can, perhaps, deliver in writing because you may not have the opportunity today, in the brevity, to deal with this.

First of all, do you report to the Minister of Finance in any form or capacity? Secondly, if you could provide for us, by way of disaggregation, who your largest clients are and what proportion of business they give to you in terms of your overall revenue. May I also ask for provision of your tender rules? May I also ask whether you consider that you will be bound by the new public procurement legislation which has been dealt with in the Parliament right now? It is in the House of Representatives and it is due for passage soon.

May I also ask you to give us a status update in respect of the administration that you do for the Ministry of Health with respect to drugs? Specifically, may I say that there appears to be some confusion in the public domain as to the shortage of drugs? The Minister of Health indicated that there was no shortage of drugs, whereas there appear to be information to the contrary. And insofar as you manage that contract, if you could give us your specific written response, number one, as to what drugs you are managing for the Ministry of Health and RHAs; two, what the status of supply of those are.

May I then ask you to please—

Mr. Vice-Chairman: Senator, please, you have asked five—could I ask—

Sen. Al-Rawi: No, I do not want a response now, Mr. Chairman, I want this response in writing, Sir. So all I want to do is to give my questions. I am well within the minute and, perhaps, even more briefly.

Mr. Vice-Chairman: You have well exceeded the minute—

Sen. Al-Rawi: Thank you, Sir.

Mr. Vice-Chairman:—and there is the indulgence of the Chair here. You have asked five

questions. How many more do you have?

Sen. Al-Rawi: I have just a few more questions, Sir.

Mr. Vice-Chairman: Very well.

Sen. Al-Rawi: Thank you. May I then ask you for a list of all of your construction projects that you are managing; what is the status of those projects; what is the start date; what significant variations, if any, occurred and what the completion date of those are? May I end by saying that I do not consider that it is a courtesy that you are extending today to the population. I consider that you are well and properly bound to appear before this committee insofar as we could have asked you to appear, via the Ministry of Finance and the Economy.

Hon. Member: That is your opinion.

Sen. Al-Rawi: Yes, that is my opinion.

Mr. Vice-Chairman: Thank you very much, Sen. Al-Rawi. Sen. Al-Rawi has asked a number of questions. I listed five of them. I am sure you will be able to respond immediately to a number of them. Could you start with the first question he raised with respect to reporting to the Ministry of Finance? Then he had the largest of yours, your tender rules; procurement legislation, and a very interesting question with respect to the Ministry of Health and the procurement of the CDAP drugs and so on. So I will invite the Chairman and the panel to answer some of these very pertinent questions for the benefit of the public and, of course, elaborating in writing at a subsequent time, starting with the reporting to the Minister of Finance.

Mr. Jialal: Thank you very much, Mr. Chairman. Thank you very much Mr. Al-Rawi. The simple and straightforward answer: Nipdec does not report to the Ministry of Finance, and if I may just amplify. We are 100 per cent owned by the National Insurance Board of Trinidad and Tobago which is a tripartite board, which is not owned by the Government of Trinidad and Tobago. The largest client will be, as I speak right now, in terms of the volume of work we have right now, will be the Ministry of Health—will be our largest client. We have several major construction projects under the Ministry of Health right now.

The tender rules, Sir, it is a huge document and if I should go through that document it will take us a couple hours so, with your permission, I could certainly make a copy available to Mr. Al-Rawi. But it is a very detailed document and I think he would be proud of it when he sees it.

Mr. Seemungal: Provide it to the committee as well.

Mr. Jailal: Yes, Sir.

Procurement legislation, certainly at Nipdec, we welcome it. We are involved in a fair bit of procurement. As a matter of fact, I was going through the Bill—not to blow my own trumpet, but there are many aspects of that Bill that is already practised at Nipdec, so that is why I welcome that Bill.

Sen. Al-Rawi: You are bound by it.

Mr. Jailal: Well, the answer is yes because we are engaged in—they are public projects, so from my understanding of the Bill, Nipdec will be bound by the Bill.

Mr. Vice-Chairman: And he raised a very interesting question with respect to the procurement of drugs for the Ministry of Health; some of the problems which—

Mr. Singh: Pharmaceuticals.

Mr. Vice-Chairman: Pharmaceuticals, yes. I did mean pharmaceutical drugs, yes. *[Laughter]* I did mean the procurement of pharmaceutical drugs for the Ministry of Health, in particular the CDAP programme and so on. Please elaborate for the public.

Mr. Jailal: Thank you, Mr. Chairman. Let me just put it in a quick historical perspective. The relationship between the Ministry of Health and Nipdec in terms of procurement, storage and distribution of drugs, started in 1993. It is, without doubt, something very challenging, something very complex, once you deal with the health sector. I know so often you pick up a morning newspaper and you see “drug shortages”, but I think that the public should get a sense of it, and will take a fair bit of time to delve into it, but I will just try to highlight it so you will capture the salient points.

Let us put it quickly in the global perspective—drugs. There are shortages worldwide because of a growing demand for drugs. People are less healthy today than they were years ago. So very often when you have the tendering system, and it is awarded to a particular bid contractor, and then depending on the size of the award—remember, no drugs are manufactured in Trinidad and Tobago, or even the Caribbean—there is always a long lee time when that award is made, and marry that with the end of our financial year. But what I am saying is something has been happening ever since 1993, and it has not changed.

So these are some of the challenges I think all the Ministries of Health would have faced, but the idea is: how could you mitigate it, resolve it to the point where the shortage period—if there is—could be shorter and will not impact negatively on the public? Let us be fair and honest

to all governments. Budgeting is crucial, and I give you a quick example. Last fiscal year, the Government spent just over—at least through Nipdec—\$441 million on drugs, and do you know what the requisition was from all the RHAs combined? North/Central RHA will send a requisition to C-40 Chaguaramas, “I want the following drugs”. When we combine all the requisitions, it came up to \$1.2 billion. And fair enough, a doctor wants a drug for a patient; he sends it to Nipdec; you do not have it, “Nipdec, you are not doing a good work”. But \$441 million? I do not think any government in this world has an inexhaustible supply of funds or money to meet these kinds of growing demands.

So that is a challenge that will be faced. There might be other ways of dealing and treating with that, but I am just giving you a sense of what we face at Nipdec. We are working closely with the current Minister of Health and the Ministry of Health to see how this can be addressed, especially with the CDAP, and I know Mrs. Lolita Maharaj-Sirju, who has managed that system for well over a year is very versed and familiar, and you may want to just enlighten the committee, probably on the CDAP situation.

Mr. Vice-Chairman: Before she does that, I just want to pose a follow-up question: Do you have, as a practice, a system of inventory for critical drugs that are going to be used, such as, say for diabetes, for asthma and so on? Do you keep an inventory? And if you so, what is the amount of inventory that you have so that there will not be any acute shortage of life-saving drugs.

Thank you.

Mrs. Maharaj-Sirju: Thank you, Vice-Chairman. The CDAP programme started in 2003. It began with 140 pharmacies. It has grown over the years to 280 pharmacies. To answer your question, we have 52 items on the CDAP programme, 12 main chronic diseases. In terms of inventory, we purchase not only for CDAP, but CDAP is accessible in the total amount of drugs that we purchase. So Nipdec purchases items or drugs from the national formulary. Arising out of that bulk purchase we access the CDAP drugs. Those are available both on the CDAP programme as well as through the institutions as well.

Mr. Vice-Chairman: So you can say that with respect to some of the chronic drugs, you have a guarantee three-month supply in the country, or a time limit that you can tell the population, well, “do not panic, we do have stocks of those drugs available”? I am talking about for the chronic diseases.

Mrs. Maharaj-Sirju: Yes. As our Chairman, Mr. Jailal, just indicated, the demand is huge.

Purchases are based on, not specifically, as I said for the CDAP, but it is a total inventory for all drugs. CDAP is utilized out of that inventory, and based on our constraints, as our Chairman indicated, demands are great; \$1.2 billion requisitions we received arising out of the needs of the population. We are working with the Ministry of Health. Our budget is a constraint. We have \$441 million allocated and our budget is a serious constraint.

Mr. Vice-Chairman: Thank you very much. On this point, I will give way to MP Dr. Browne.

Dr. Browne: Yes, and I do have other questions because I found the responses on the issue of pharmaceuticals to be a little too generalized, because there are many citizens listening right now who are fully aware, or concerned, that the current system is not functioning to an optimum level, and the procurement of pharmaceuticals, Chairman, is a matter of life and death for many of our citizens. I will just give one example to try to drill this down, and this is a very important antibiotic called Benzathine Penicillin, some of you might be familiar with. Again, the Ministry of Health relies on Nipdec for the procurement and distribution of Benzathine Penicillin, which is essential for the prevention of rheumatic fever and for the treatment of syphilis from babies to adults, pregnant women, et cetera.

My information is that our public health institutions have not had a supply of Benzathine Penicillin since July of this year. Some of these institutions have been using expired Benzathine Penicillin for the last five months and not even telling the patients because it is better, in the opinion of some of the doctors, to give them the expired drug as opposed to no drug at all. Some of the alternatives to this injectable antibiotic have also not been—

Mr. Vice-Chairman: What is your question?

Dr. Browne: The question is with respect to Benzathine Penicillin and the wider range of antibiotics. We have a crisis on our hands. That is the information that has come to me.

Secondly, with regard to CDAP, I will just give one line of the views of the current Minister of Health that you have mentioned. He said—and it was quoted in the *Guardian*: “I am going to look at moving CDAP from Nipdec and put it in the hands of the RHAs to do their own purchasing because CDAP and Nipdec do not seem to be working in the best interest of the health institutions.”

Now, this statement was made on December 04, 2013 and, again, it seems to be flagging a disappointment and concern on the part of the Ministry of Health.

Mr. Vice-Chairman: MP, I need a focused question to the panel.

Dr. Browne: The question is: in the light of the Ministry of Health's concerns and in the light of concerns expressed by Members of this committee and in the public domain, I would want the views of Nipdec as to whether the CDAP programme, as it currently stands, is working in the best interest of our citizens, and what is being done, as we speak, to improve the situation with regard to the supply of vital antibiotics. And I would like a specific response to the situation with Penicillin.

Mr. Vice-Chairman: A brief response from the committee with respect to improving the CDAP programme. What are you going to do to improve that?

Mr. Jailal: Well, Mr. Chairman, the Ministry of Health is the client. We can make recommendations, but one recommendation I can announce here because it is public—and that refers to the CDAP drugs—is that we are bringing on board a national health card, and the first phase of that health card is to deal specifically with the CDAP drugs.

Mr. Vice-Chairman: Could I interject here? We do have other Members who would like to pose questions. Could you provide that to the committee, a further response to improving CDAP, in writing?

Dr. Browne: Could I just get a response on Penicillin?

Mr. Vice-Chairman: Okay, a brief response on Penicillin.

Mrs. Maharaj-Sirju: That particular item is not provided—the data here is not provided, but what I can tell you, there is a transition period from when the fiscal year ends and receiving funding to continue purchasing. Now, for that specific item, as I said, I do not have the data in front of me, but antibiotics, we try to ensure that there is a continuous supply of these items. However, if the budget—and when Nipdec is allocated funding, if there is any delay, the procurement process is then delayed. In the supply chain, once we receive our approval, our allocation, we can then continue the supply chain process.

Mr. Vice-Chairman: Could we get a further elaboration of that in writing, please? Sen. Hadeed would like to raise a question. But I think this is an interesting area—important area, critical area. After Mr. Hadeed, on this point, MP Roopnarine, I am coming to you. Mr. Hadeed, a brief question.

Mr. Hadeed: Thank you, Chairman. Could you please indicate, if you have the information available now, prior to 2010, before this Government came into office, what was the tendering process procedures on the C-4 drugs, and whether or not one or two contractors were always

preferred other than other people?

Mr. Vice-Chairman: Brief response—a very straight question.

Mrs. Maharaj-Sirju: Nipdec facilitates the tender process on behalf of our client, the Ministry of Health. In terms of the selection of the suppliers, contractors, Nipdec is not part of that. We are guided by the committee which is sent to us by our client, the Ministry of Health. They send their expertise, their consultants, their doctors in the various fields, for example, dermatology; their consultant and doctors. The committee selects the item and Nipdec only facilitates that process.

Mr. Hadeed: Just a follow up. Could you please let us have, prior to 2010, let us say from 2000 to 2010, the information as to the contractors who received—and the process that was used by the client to select those people?

Mr. Jailal: Mr. Hadeed, if I am to get you clear, you want me to list some of the contractors and the award?

Mr. Hadeed: Yes, if you have it, please.

Mr. Jailal: Well, I have it here.

Mr. Vice-Chairman: Could it be in writing? Is it a long list?

Mr. Jailal: Well, it is about 25 contractors were awarded.

Mr. Vice-Chairman: Could you give us your most important contractors by value—the top three?

Mr. Jailal: The top three: Smith Robertson Company Limited. They were awarded \$314,177,356.72; Bryden, \$89,337,386.96; Alstons Marketing, \$37,320, 822. Those would have been the top three.

Mr. Vice-Chairman: And for the benefit of the committee, could you then provide the list of maybe the top 20 so the Members may be au courant with respect—

Sen. Al-Rawi: He could provide the same list he has.

Mr. Vice-Chairman: Yes, because we do not have the time to go through it. Could I ask MP Stacy Roopnarine, who has been waiting for quite a while—

Miss Roopnarine: Thank you very much. First of all, let me join with my colleagues in commending Nipdec for appearing before this joint select committee and, indeed, allowing this joint select committee to create history in your 37 years of existence, for we are the first committee to have you before us. So I commend you and your team for appearing before us this morning.

I have two brief questions. In the documentation that you provided you indicated that

during the period 2010 to 2014 there were no cost overruns. However, you also indicated that prior to 2010, there were cost overruns. Could you give us an indication of what were some of these cost overruns pertaining to what particular projects? That is question number one.

Question number two: part of your responsibility includes managing and executing projects in the PURE programme from 2002 to date. Could you tell us, if you have this information provided from 2010 to date, how many projects have you executed in this particular programme, and, perhaps, if you can give an indication of the number of contractors that would have benefitted from this programme?

Mr. Jailal: Thank you very much, Miss Stacy Roopnarine, Member of Parliament. Cost overruns, let me deal with 2010 to present day. I am proud to say there is not a single instance of cost overrun since I have been the Chairman of Nipdec. Earlier on I spoke of some 26 construction projects that we are engaged in right now. All of those projects are well-managed and they are on course to be within budget and to finish on time.

In terms of pre-2010, there were two projects that came to mind, and I think the national community is very familiar with it. That has to do first with the Scarborough Hospital where an award was made for some \$135 million for the Scarborough Hospital and that became a court matter, arbitration, and then a new contract was issued to a company called China Railway Limited, for a further \$477 million. So at the end of the day, the hospital was completed at a cost of well over \$700 million. But present-day Nipdec was never involved. And I know that was a highly controversial issue going back then. Dr. Baker alluded to it.

I know the Shaw Park Cultural Centre is also attracting a lot of attention. So while you might have variation, but in the eyes of the public, if you hear a contract was awarded for a particular sum of, as I said, \$162 million, and then you hear it has reached close to \$500 million, it is obvious to the average citizen, the first thing they will think is, cost overrun.

Hon. Member: With variations.

Mr. Jailal: Yes. It could be justified to a point, but in the eyes of the average citizen, when you hear this—so it could be a mixture of a bit of overrun and cost variations. If I may just say, you see, if the client knows exactly what they want from day one, if they have the proper design in mind, it will save millions of dollars, but when you have to change the design, obviously, the cost will escalate.

To answer Miss Roopnarine's second question on the PURE programme, I have it before

me. Since 2010 to 2014, Nipdec has awarded 1,734 contracts under the PURE programme to a value of roughly \$3 billion to around 500 different contractors.

12.00 noon

Mr. Vice-Chairman: Thank you very much. I would like to move to Mr. Jairam Seemungal, followed by Mrs. Carolyn Seepersad-Bachan and then Mr. Singh.

Mr. Seemungal: Thank you very much, Mr. Chairman. I did not get a chance earlier, but I just wanted to ask a follow-up question to the drugs procurement. Can you state who has the responsibility for prioritizing these drug lists or the list of drugs that you procure taking into consideration the fact that you are allocated some \$480 million and your request is \$1.2 billion? That would have been the follow-up question.

My question now is: can you state the major challenges that Nipdec would have faced over the years; and what plans does Nipdec has to overcome these challenges? And, my final question would be: having alluded to the fact that you all would have done some 26 projects or you have some 26 projects under construction, can you provide a list of the projects that you would have done from 2010 to current; and also, from your cost benefits and analysis point of view, can you provide a list of the benefits of these projects to the country at large?

Mr. Seemungal: And you could answer briefly with the information that you have. I know it is a long-range set of questions, but please furnish whatever information you have at this point in time.

Mrs. Maharaj-Sirju: Prior to the end of the fiscal year, our client, the Ministry of Health, had guided us in terms of the procurement. A list was provided to the CMO's office and a list was sent to us to procure in line with those items.

Mr. Seemungal: I just want to make sure that I am clear on this. So it is not the responsibility of Nipdec to prioritize the listing of any purchase of any drugs?

Mrs. Maharaj-Sirju: It was prior to that. The last, as I said, coming to the end of the fiscal year 2013/2014, we were guided by our client, the Ministry of Health, through the CMO's office in terms of the items to procure. I believe a listing was circulated around to the RHAs where their responses were submitted and our client guided us.

Mr. Vice-Chairman: Will you be able to provide in writing responses to the other questions raised by MP Seemungal?

Mr. Jailal: Sure. Yes, in terms of the list of the projects.

Mr. Vice-Chairman: Chairman, you had some responses?

Mr. Jailal: Mr. Jairam Seemungal raised the question of major challenges we are facing in Nipdec. All businesses face challenges. If I should be specific to say we have a major challenge or something insurmountable, the answer is no. I have been at Nipdec since 2011, we have addressed issues and I must say in terms of—you see, staff morale is very, very important and if you look at growing success of Nipdec, I must compliment the workforce of Nipdec.

When I got in Nipdec—and it might sound simple, but we have our HR Manager here—simple things like family day, cultural events. So we saw it very important to build the Nipdec family and we have been moving along that line and building and building, but no major challenges.

Mr. Vice-Chairman: Thank you very much, Mr. Chairman, and I do need to give Mrs. Seepersad-Bachan an opportunity to pose her question.

Mrs. Seepersad-Bachan: Thank you, Mr. Chairman. I note, however, based on the last answer that in your submission you did indicate that the challenge that you face was your client feedback and the time it takes for client feedback. I know that you had put in there client workshops in terms of how you engage your clients. I do not know if you had any success out of that since you made the submission, and I would welcome any written submissions to that effect. My question, Mr. Vice-Chairman, and I would relate it to you to determine if they will be answered today or if to make written submissions.

Page 5 of your submission, Nipdec states its submission that the public/client usually undertake annual budget allocations or fixed rate bonds for finance projects. I noted that in the October 26, 2013, the *Guardian* article spoke about an oversubscription for \$1 billion in bond issued to finance PURE projects. In your submission, you stated that the proceeds are held in separate accounts which Nipdec can access only upon the client's approval to pay contractors and Nipdec's associated fees. I wondered if you can give us further details, mainly because, you know, just to be able to demonstrate the contracting process between the Ministry of Works and Infrastructure and Nipdec for these PURE projects just for the benefit of viewers to show how this works in terms of these separate client accounts. So again, Mr. Vice-Chairman, that is up to you whether you want that now or—[*Interruption*]

Mr. Vice-Chairman: Yes.

Mrs. Seepersad-Bachan: I will move on then to the next question which is on page 8 of your submission. I know that you have policies and procedures for OSH, your procedural manual, risk

assessment exercises, et cetera, and inspections at Nipdec-owned and operational facilities, but have you had any instances—I note as well that your contractors possess comprehensive health and safety manuals which will most likely happened when you go through your evaluation process for contractors, but have you had any instances of visiting a project, where you observed persons working on the project not complying with OSH requirements, for example, not wearing protective gear, et cetera? Manuals are one aspect. You know, you could always inspect manuals at evaluation time, but how are you to ensure that it is complied with? I was just wondering if you could provide us with some information because you are a main contractor and from what you have just described to us, you have quite a number of contracts outside there.

And if you do find breaches in terms of when you check for compliance, do you have any sanctions that you have? For example, do you remove them off your shortlist? I think that would be very important for us to appreciate.

Mr. Vice-Chairman: Thank you very much.

Mrs. Seepersad-Bachan: Just one last question. Page 10, your adequacy of manpower. If you look at the range of projects and I looked at the range of projects in Appendix B, you have quite a number of extensive projects that you have gone into all various fields.

Mr. Vice-Chairman: Direct question, MP. Direct question now.

Mrs. Seepersad-Bachan: Yes, sure, Mr. Chairman. I just wondered if you have been able identify skills gaps which you have forwarded to the Ministry of Labour or NTA for us to be able to develop those skill sets as you are going through these extensive projects? And finally, I note they had constructed a multi-storey car park in Castries, St. Lucia, I note now that you do not have many of those projects in the region, is it your intention to continue as you move forward to look for projects within the region?

Thank you, Mr. Chairman.

Mr. Vice-Chairman: I noted four distinct questions, could you respond briefly to each of them?

Mr. Jailal: I will share the questions. Let me respond to the last question first. Yes, right now we are in negotiation with the Government of St. Lucia to embark on another BOLT project. We had a very successful arrangement with the Government of St. Lucia and we were in St. Lucia about a month ago. As a matter of fact, I was only on the phone yesterday with an official of the Government. So right now we are about to embark on another BOLT project.

Nipdec is looking to spread its wings a bit throughout the Caribbean because of the success

we enjoyed in St. Lucia. Just for information, Nipdec had built their prison in St. Lucia, Nipdec has built a car park in St. Lucia and probably the best and most efficient run and maintained Government building in St. Lucia belongs to Nipdec. So we are currently engaged.

Mr. Vice-Chairman: Thank you very much. Is there any question you want a burning response in the public domain, MP, because—[*Interruption*]

Mrs. Seepersad-Bachan: I think the OSH.

Mr. Vice-Chairman: The OSH, right. Could you answer the OSH question?

Mr. Ramphalie: Regarding health and safety, the contractors are evaluated with health and safety in mind. Each contractor has a health and safety personnel on the project. Nipdec also has a site control officer on each of the projects and we also have intermittent visits from our HSE department that visit the sites to ensure that the contractors are adherent to the—[*Interruption*]

Mrs. Seepersad-Bachan: Have you ever observed any breaches?

Mr. Ramphalie: Thus far, no.

Mrs. Seepersad-Bachan: No?

Mr. Ramphalie: No, we do not have any breaches.

Mr. Vice-Chairman: Thank you very much. What I will ask is for the Committee, through the Chairman, to send in writing the detailed responses to Mrs. Seepersad-Bachan's question. Mr. Singh has not had an opportunity to speak during the proceedings and I would like to give Mr. Ganga Singh an opportunity to pose his questions.

Mr. Singh: Thank you very much, Mr. Vice-Chairman, for your observation. Mr. Jailal, I want to congratulate you and your team, and you indicated previously that morale is high in your enterprise. I am aware that you had to pay out to an engineer a significant sum of money some time ago and that person was very competent, I would like to find out how much money was paid to that particular person—an engineer and a former Miss Trinidad and Tobago.

Mr. Vice-Chairman: Direct question. Do you have the information?

Mr. Jailal: Mr. Chairman, I do not know about the former Miss Trinidad and Tobago, but I know of the engineer and it was not under my term. I know one Miss Esther Farmer who was dismissed when one Mr. Calder Hart was the Chairman of Nipdec. As a matter of fact, Miss Esther Farmer was terminated on June 16, 2006—[*Interruption*]

Mr. Vice-Chairman: The amount that was paid very well.

Mr. Jailal:—and tragically this present board had to settle a claim of just over \$1 million with the

Industrial Court. It was the largest settlement at that time in the history of the Industrial Court and I know we had to carry that burden.

Mr. Vice-Chairman: Thank you very much. So there was a billion dollar settlement. We do have two other substantive individuals to ask questions, Dr. Amery Browne and Mr. Gerald Hadeed. So, Dr. Browne, could you pose your questions?

Dr. Browne: Very briefly. Thank you, Mr. Chairman. You mentioned the staff is well motivated. Information has come to me that there has been a challenge with the position of general manager, and the suggestion is that over the last five years Nipdec has had five general managers or acting general managers. Is that correct or is that wrong; and could you just put on the public record what is the history of that position over the last five years?

Secondly, with respect to motivation, are you able to provide this Committee with the details of the remuneration packages of your general manager, directors, chairman and those positions within Nipdec?

Finally, I am requesting a copy of the CV of the current acting general manager. I believe an acting general manager is being installed today? Is that correct? I am requesting a copy of that individual's CV.

Mr. Vice-Chairman: Are you satisfied to have this in writing, Dr. Brown.

Dr. Browne: Absolutely.

Mr. Vice-Chairman: Very well. Could we have this in writing? I would like to move to Mr. Hadeed who has not asked his major questions.

Mr. Hadeed: Thank you very much, Chairman. I would like to get in writing—you do not have to do anything today. Prior to 2010—I would say between 2001—2010—could Nipdec please provide in writing a list of tenders that the tendered process was not followed and not complied with in accordance with the Nipdec tender procedures; and what was the outcome of cost to the company.

Two, could Nipdec provide in writing from 2001—2010 any of the contracts that incurred cost overruns and to what amount; also provide what was the cost of the initial contract and the final cost of the subject contract in question? Thank you.

Mr. Vice-Chairman: Can you respond to the questions at least in writing?

Mr. Hadeed: No, no, I will take it in writing.

Mr. Vice-Chairman: You say in writing? Okay. A second round of questions. Mr. Al-Rawi, I

know—[*Interruption*]

Mr. Al-Rawi: Just one reminder.

Mr. George: Let me just ask this and this is a very general question, a follow-up to my earlier questions. What do you see as the most significant threat to your profitability, if any, at this time?

Mr. Jailal: Thank you very much, Mr. George. Very, very relevant and pertinent question because Nipdec relies, as of now, almost exclusively on jobs from the government, and that is why as a board position we have taken to see how we can identify other streams of income, and that is why in response to Mrs. Seepersad-Bachan's question we are currently engaging the Government of St. Lucia to see if we can develop another BOLT project.

Right now, we are actively pursuing, as I alluded earlier, a car park development. So these are all private ventures. We feel the economy is in a pretty healthy state, so we feel comfortable that some government projects can come our way. But if for some reason, you know, the world economy, if it changes and it begins to impact negatively, oil prices continue to slide down, it could impact on the amount of projects that can come from the government to Nipdec. So that is why as a policy position of the board, we are embarking feverishly on moving into private sector-typed projects to continue our stream of income and maintain our profitability margin. Thank you.

Mr. Vice-Chairman: Sen. Al-Rawi.

Sen. Al-Rawi: Thank you very much, Mr. Chairman, and thank you so much everyone for your candour this morning. May I just number one, remind that the request for material in writing is to supplement that which was given orally. I know that time is very tight. And secondly, if I could just add on to that, if you could describe what your relationship with NIB is in the line of reporting and supervision over your financial affairs. In writing if you wish. Okay? Thank you so much.

Mr. Vice-Chairman: And if I may just follow-up here, orally. Chairman, you indicated that there are three major shareholders for the NIB of which Government is one. Could the acting general manager of NIB indicate who are the major shareholders of the NIB and what percentage of shares do they currently hold in the organization?

Ms Gopaul: NIB is a body created under statute. What we have is a tripartite board where you have business, government and labour. So NIB is responsible for seeing about the affairs of workers. Not necessarily only citizens of Trinidad and Tobago, but all workers to ensure that they could be provided with benefits in times of need. So in that case, we are accountable to the public or workers, we are accountable to government and we are accountable to business who pay the

contributions as well as workers.

Mr. Vice-Chairman: Okay, very well. With respect to your initial share capital, did you get contributions to the creation of NIB from agencies other than the Government of Trinidad and Tobago?

Ms Gopaul: No, we did not. The initial injection would have come from the Government of Trinidad and Tobago, and we are required to pay it back, under section 58 of the Act, when we could.

Mr. Vice-Chairman: So NIB, therefore—while in fact you do have obligations to a number of stakeholders, it is really 100 per cent owned by the Government of Trinidad and Tobago? Is it fair to say that?

Ms Gopaul: No, it would not be fair to say that.

Mr. Vice-Chairman: Okay. What is the relationship between the Government of Trinidad and Tobago and NIB, if it is not fair to say that it is 100 per cent owned by the Government?

Ms Gopaul: The government can provide the NIB with general guidelines. It has the responsibility to make sure that NIB is properly managed and that we are able to provide benefits going forward in the long-term to all workers, and in that regard that is government's responsibility. But contributions come from in part from the employers and in part from the employees. So our income, in terms of contributions, comes from employers and employees.

Mr. Vice-Chairman: And have you repaid the government's initial loan that was made to start up the NIB?

Ms Gopaul: That question I will have to provide information at a later date.

Mr. Vice-Chairman: Very well. Thank you very much. Well, Members of the Committee, members of the Nipdec board, I would like to say this has been a very stimulating meeting this morning. Unfortunately, we are really pressed for time. Members of the Government do have an important engagement shortly and it really would have been beneficial to have a half hour more. I know there were many questions that had been raised and that the work you do really impacts and affects the public in a number of ways. We have raised a number of issues. I am sure an invitation will be issued when we meet in camera, and an invitation will be issued to you to return on another occasion so that you can elaborate and have a greater flexibility of time on some of the critical issues which were raised.

Before I conclude, I will simply ask the chairman and any other member of his delegation

to make some closing remarks to the committee and for the benefit of the population.

Mr. Jailal: Thank you very much, Mr. Chairman, and Members of the Joint Select Committee. We must thank you all for this opportunity. I know we have created history. We have set records unprecedented. I think from our knowledge it is the first time that Nipdec is appearing before the Joint Select Committee. We were happy to provide answers to the Joint Select Committee and members of the wider public.

Nipdec is intimately involved in nation building and in national development because of the kinds of projects we engage in. It started in 1977, so I must pay tribute and thanks to those who came before for giving us a platform, and we continue to build on that platform so whoever should take over, the board of directors, will continue to build and build on the outstanding work this present board and management is doing. And I really must compliment the staff of Nipdec for their commitment and their contribution for moving this dynamic and powerful organization forward.

Thank you very much.

Mr. Vice-Chairman: Thank you very much, Mr. Chairman. As I bring this meeting to a close reluctantly because I am sure we could do with an extra hour of questioning, I really would like to thank you, Mr. Chairman, and members of your delegation for taking the time to be with us this morning and for providing to the best of your ability the kinds of answers to the questions which were raised by members of the Joint Select Committee. I also would like to thank all members of the Joint Select Committee. Today has been a day in which we have had I think the largest turnout since I have been here and the questions I suspect have not yet been exhausted. So I would like to thank all Members of the Committee for being here and for staying beyond the time that they told me that they could stay. I would also like to thank all members of the viewing public for tuning in to the Parliament Channel, so that they too can listen in to the proceeding of this very important meeting.

Thank you and this meeting has officially come to a close. I will simply ask members of the Joint Select Committee to stay for a couple minutes afterwards as we plan for the next meeting in January.

Thank you very much.

12.21 p.m.: *Meeting adjourned.*

APPENDIX IV

LIST OF MAJOR PROJECTS AS AT OCTOBER 27, 2014

Appendix B

**NATIONAL INSURANCE PROPERTY DEVELOPMENT COMPANY LIMITED
LIST OF MAJOR PROJECTS AS AT OCTOBER 27TH 2014**

CLIENT NAME	PROJECT NAME	CONTRACT SUM	PROJECTED COMPLETION DATE
Ministry of Health	Design Build Services for the Construction of New Sangre Grande Health Centre	TT\$ 67,760,143.60	September 2015
Ministry of Health	Design-Build Services for the New Carenage Health Centre Inclusive of Furniture, Fixtures and Equipment (inclusive of Medical Equipment)	TT\$ 48,777,700.00	August 2015
Ministry of Health	MRI & Catheterization Laboratory for the Scarborough General Hospital	TT\$ 59,444,061.70	March 2015
Ministry of Tertiary Education	Establishment Main Campus for COSTAATT Chaguanas Phase 1	TT\$ 181,400,956.44	September 2015
Ministry of Tertiary Education	MTEEST Chaguanas - Design and Construction of 3 Storey Building	TT\$ 127,897,314.31	February 2015
Ministry of Tobago Development	Tobago Meteorological Services Building	TT\$ 64,387,838.75	May 2015
Ministry of Transport	Design Build for MVA Head Office & Access Centre - Frederick Settlement	TT\$ 232,501,329.22	December 2014
Ministry of Transport	Supply and Delivery of 100 CNG Buses Phase 1	US\$ 6,004,810.20	February 2015
Ministry of Youth, Gender & Child Development	Assessment Centre - Chaguanas	TT\$ 20,990,975.60	August 2015
Ministry of Youth, Gender & Child Development	Regional Assessment Centre - Manahambré Road, St. Madeline	TT\$ 20,654,379.27	August 2015
Ministry of Youth, Gender & Child Development	Safe Home Male Tyler Lane Ste. Madeline	TT\$ 13,419,215.32	April 2015
Ministry of Youth, Gender & Child Development	Transition Home Male - Osborne Lane Ste. Madeline	TT\$ 14,183,639.14	April 2015
Tobago House of Assembly	Shaw Park Cultural Facility	TT\$ 518,124,450.86	March 2015

APPENDIX V

ORGANIZATIONAL CHART

Appendix C



**NATIONAL INSURANCE PROPERTY DEVELOPMENT COMPANY LIMITED
FUNCTIONAL ORGANIZATIONAL STRUCTURE
(CURRENT)**

