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Fifth Session (2014/2015)

TENTH PARLIAMENT

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

**on the
Administration and
operations of
the Estate Management & Business Development Company Limited (EMBD)**

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

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

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FIFTEENTH REPORT

OF THE

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

ON

THE ADMINISTRATION AND OPERATIONS OF THE ESTATE MANAGEMENT & BUSINESS COMPANY LIMITED (EMBD)

Date Laid: HoR: June 05, 2015 Senate: June 08, 2015

TABLE OF CONTENTS

ACRONYMS & ABBREVIATIONS

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BOD	**Board of Directors**
CEC	**Certificate of Environmental Clearance**
CLICO	**Colonial Life Insurance Company (Trinidad) Limited**
EMA	**Environmental Management Authority**
EMBD	**Estate Management and Business Development Company Limited**
FIDIC	**International Federation of Consulting Engineers**
HDC	**Housing Development Corporation**
LSA	**Land Settlement Agency**
MOHUD	**Ministry of Housing and Urban Development**
NIPDEC	**National Insurance Property Development Company Limited**
VSEP	**Voluntary Separation of Employment Programme**

EXECUTIVE SUMMARY

At its 22nd Meeting held on October 25, 2013, the Committee agreed to inquire into the administration and operations of the Estate Management and Business Development Company Limited (EMBD) given the Company's mandate for agricultural and residential development and estate and quarry management. The Committee's inquiry into the EMBD followed its inquiry into two other entities involved in property development; the Housing Development Corporation and the Trinidad and Tobago Mortgage Finance Company.

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

i. To assess the systems in place for the administration of contracts for the development of land; namely:
   - Tendering procedure;
   - Project monitoring systems- particularly for assessing quality of work of contractors and schedule of payments to contractors;
   - Determination of the scope of works to be undertaken on land development sites; and
   - Determination of the dollar value of projects.

ii. To examine the status of outstanding payments and the arrangements in place for compensating contractors.

iii. To understand the relationship between the EMBD and the other state entities in particular, HDC, Caroni Limited, Ministry of Food Production, Land Settlement Agency, Environment Management Agency, Town and Country Planning and the NIPDEC.

In keeping with its method of gathering information, the Committee obtained both oral and written evidence based on the objectives listed above. The Committee was able to analyse some of the issues and challenges relative to the activities of the Company, including the failure of the previous management to conduct proper pre-planning activities in projects which lead to the current management incurring significant cost overruns in trying to complete these projects.

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

a. the institution of procedures to ensure that contractors conduct geotechnical surveys during the pre-planning phase of a project by making such surveys mandatory;

b. the provision of appropriate training for its employees; and

c. the monitoring of consultants and contractors in order to obtain value for money.

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 fifteenth report, for the consideration and action of the Parliament, the EMBD, the Ministry of Housing and Urban Development and other stakeholders.

MEMBERS OF THE COMMITTEE

Mr. Elton Prescott, SC[1]
Chairman

Dr. Dhanayshar Mahabir[2]
Vice-Chairman

Mrs. Christine Newallo-Hosein[3]

Mr. Jairam Seemungal, MP

Mrs. Carolyn Seepersad-Bachan, MP

Mr. Gerald Hadeed[4]

Mr. Ganga Singh[5]

Ms. Stacy Roopnarine, MP

Dr. Delmon Baker, MP

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[1] Mr. Elton Prescott, SC replaced Mrs. Corrrine 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.

Mr. Faris Al-Rawi

Dr. Amery Browne, MP

Mrs. Patricia McIntosh, MP

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.***

Powers

1.3 Standing Orders 71B of the Senate and 101 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.

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

Members

1.5 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 Ramkissoon	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

1.6 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

2.1 The following is a summary of the key recommendations proposed in order to improve the operations of the EMBD:

i. that the EMBD strive to meet international standards and best practices as it concerns its tendering process and procedures;

ii. that the EMBD harmonize its policy/procedures concerning the disposal of property policy with the provisions of the Public Procurement and Disposal of Public Property Act, 2015;

iii. that the EMBD implement internal checks and balances such as an internal malpractice/maladministration policy to discourage the incidence of maladministration and hold persons to account for questionable decisions made while in office;

iv. that the EMBD provide the Committee with an update regarding the status of the projects expected to be completed in 2015, in its Response to this Report;

v. that the EMBD undertake a review of its policy regarding contractors, especially as it relates to the termination of the services of contractors and the imposition of sanctions on contractors;

vi. that the EMBD provide continuous training in GPS technology and land surveying methods to ensure that staff are always aware of cutting edge technology and best practices which can then be translated into the work of the EMBD;

vii. that the EMBD implement a maintenance policy/framework to upkeep and maintain development sites;

viii. that the EMBD utilize advertisements in newspapers and social media in order to contact the beneficiaries, whom the Company has had difficulties locating; and

ix. that in its Response to this Report, the EMBD provide the Committee with an update on the status of the outstanding payments owed to contractors.

3 INTRODUCTION

Background

3.1. At its Twenty–Second Meeting held on Friday October 25, 2013, the Committee agreed to conduct an inquiry into the Estate Management and Business Company Limited (EMBD). The issue of the scarcity of suitable land for the constructing housing developments emerged from the Committee's inquiry into the Administration and Operations of the Housing Development Corporation (HDC). With this in mind, the Committee thought it would be useful to examine the work of EMBD in the development of suitable land sites for Housing and other purposes.

3.2. The Committee also noted that the Company's mandate was to make land development and land management more efficient and productive and was certainly interested in assessing the extent to which this mandate is being successfully pursued. In addition, several newspaper reports which highlighted concerns regarding the operations of the EMBD were reviwed.

3.3. In light of the foregoing, the Committee agreed that an examination of EMBD's operations was necessary. As a result, the Committee identified the following as the objectives of the inquiry:

Objectives

i. **To assess the systems in place in the Company for the administration of contracts for the development of land; namely:**

- **Tendering procedures;**
- **Project monitoring systems – particularly for assessing quality of work of contractors and schedule of payments to contractors;**
- **Determination of the scope of works to be undertaken on land development sites; and**
- **Determination of the dollar value of projects.**

ii. **To examine the status of outstanding payments and the arrangements in place for compensating contractors.**

iii. **To understand the relationship between the EMBD and the other state entities in particular, HDC, Caroni Limited, Ministry of Food Production, Land Settlement Agency (LSA), Environmental Management Authority (EMA), Town and Country Planning, and the NIPDEC.**

Conduct of the Inquiry

3.4. The Committee held one (1) public hearing with representatives of the EMBD on February 20, 2015.

3.5. In preparation for the hearing, the Committee wrote to the Company to solicit written responses to specific pre-hearing questions. The responses were received in December 2014 and were used to inform the types of questions pursued during the hearing.

3.6. The EMBD was represented by the following officials:

i.	Mr. Henckle Lall	Chairman
ii.	Ms. Danielle Salandy	Deputy Chairman
iii.	Mr. Dexter Francis John	Director
iv.	Mr. Isaac Jurawan	Director
v.	Mr. Gary Parmassar	Chief Executive Officer (Ag.)
vi.	Mr. Kamal Sant	Consultant
vii.	Mr. Gunness Sudama	Divisional Manager – Corporate Services
viii.	Mr. Madho Balroop	Divisional Manager – Projects
ix.	Mr. Andrew Walker	Project Manager
x.	Mr. Kahlil Baksh	Project Manager
xi.	Ms. Cherisse Bengochea	Attorney-at-Law
xii.	Mr. Anup Jaimungalsingh	Security Supervisor
xiii.	Ms. Laurencia Sutherland	Executive Assistant to the BOD

3.7. The Minutes of the meeting during which the public hearing was held are attached as ***Appendix II***.

3.8. The Verbatim Notes of Evidence of the hearing is attached as ***Appendix III.***

4 KEY ISSUES, FINDINGS AND RECOMMENDATIONS

Tendering Procedure

4.1. The EMBD has a Tenders Committee which comprises three (3) members of its Board of Directors (BOD). This Committee is guided by a fairly comprehensive body of rules and procedures dealing with procurement and the disposal of property embodied in the Company's *Tenders Policy Rules dated August 2014*. The rules make provisions for:

- the general procedure for the awarding of contracts by the Tenders Committee;
- the composition of the Committee;
- meetings of the Committee;
- decisions of the Committee;
- conflict of interests;
- invitation to Tender; and
- disqualification from eligibility for award of contract, among others.

4.2. The EMBD indicated that its tendering policies are approximately ninety-nine (99%) percent compliant with the provisions of the Public Procurement and Disposal of Public Property Act, 2015. The Company admitted that its policies regarding the disposal of property may require modification to be in line with the provisions of the Act.

4.3. With regards to the selection of contractors or vendors, the Committee noted that the Company utilizes a pre-qualification process and this is replicated in the selection of consultants.

FINDINGS AND RECOMMENDATIONS

4.4. On reviewing the Company's Tender Rules (dated August 2014), the Committee concluded that the Rules were generally conformant with the established standards which guide the procurement functions in State Enterprises, namely the *State Enterprises Performance Monitoring Manual* and the Central Tenders Board Act. Unfortunately, due to time constraints the Committee was unable to conduct a more thorough assessment of the

Company's procurement practices. Although on paper these practices and procedures appeared to be in order, we were concerned that the Company's actual practices in this regard have been brought into question as was reported in the media.

4.5. Notwithstanding, the Committee was encouraged by the apparent commitment of the Company to be compliant with the provisions of the Public Procurement and Disposal of Public Property Act, 2015.

A. **The Committee recommends that the EMBD strive to ensure that the actual execution of procurement transactions/procedures comply with what is stated in its Tender Policy Rules. To encourage compliance, the Committee encourages the Company to ensure that the evaluation and award of contracts is properly documented and able to withstand the highest levels of scrutiny. The justification for the decisions of the Board of Directors or the Tenders Committee should be properly recorded and available for audit review.**

B. **The Company must review and update its Register of Pre-qualified Contractors every two years. This review should take into account the performance of contractors in execution of previous projects.**

C. **The Committee strongly suggests that the Company harmonize its policy concerning the disposal of property with the related provisions of the Public Procurement and Disposal of Public Property Act, 2015.**

Project Management/Administration

4.6. It was submitted that the Company's current challenges associated with residential sites are as a result of the failure of the previous management to conduct proper pre-planning activities. This was evidenced by the acquisition of over twenty (20) sites without the necessary budget approvals or the execution of the required engineering, geotechnical and economic studies. The selection of sites such as Petit Morne and Cedar Hill which have been deemed to be unsuitable for residential purposes is a manifestation of poor decision making on the part of the previous management of the Company.

4.7. The Committee was informed that these sites were not abandoned even though they were identified as unsuitable, due to the terms of the contractual agreements held with contractors. The Company indicated that if works were to be suspended, it would incurred financial penalties.

4.8. The Committee was informed that the EMBD was unable to provide an exact percentage of cost overruns that resulted from the suspension of projects as there was no budget and the initial cost of the projects remained unconfirmed.

4.9. The Company revealed that there were cost overruns at the Petit Morne, Ste. Madeline and Cedar Hill, Princes Town sites due to:

- the absence of feasibility studies, such as geotechnical, financial and engineering;
- suspension of ongoing residential projects in 2010;
- inaccurate topographical surveys used to design sites;
- lack of funding to pay for certified works; and
- delayed award of contract of Petit Morne Phases 2 and 3 in 2010.

4.10. As works continued on the projects, the EMBD's contractors conducted the geotechnical surveys which ought to have been completed during the pre-planning phase. These surveys identified a number of shortcomings to which the EMBD had to apply certain engineering solutions. For example, thirty-two (32) kilometers of unsuitable soil had to be removed from the Petit Morne site.

4.11. The Company provided the Committee with projected dates for the completion of each land development project:

i. Petit Morne IIIA – projected completion date February 2015 (95% completed based on further information received from the EMBD)

ii. Petit Morne III – projected completion date September 2015

iii. Cedar Hill II – project terminated (to be retendered and a portion, two hundred (200) lots to be completed in May 2015[based on further information received from EMBD a new contract was awarded on March 09, 2015])

FINDINGS AND RECOMMENDATIONS

4.12. The Committee noted the views of the current management of the Company which suggested that several of the issues affecting current projects stem from the failure of the previous management team to observe due diligence procedures in the planning phase of these projects. These shortcomings have resulted in significant increases in the cost and duration of the projects.

4.13. Even more disconcerting was the fact that due to contractual obligations and the associated legal ramifications, the development of the unsuitable sites could not be halted. The Committee took note of the completed projects and those projected to be completed in 2015, and will appreciate a further update regarding the status of those projects.

A. The Committee considers it highly irresponsible for a Company to proceed with spending millions of tax payers' dollars to develop unsuitable land sites. As such, we recommend that this matter be the subject of a forensic investigation for the purpose of identifying systemic shortcomings and identifying persons who were responsible for the approval of these projects in the absence of proper tests.

B. We recommend that in its Response to this Report, that the EMBD provide the Parliament with an update regarding the status of the projects expected to be completed between 2015 and 2016.

Plans to avoid future shortcomings associated with projects

4.14. The Committee was informed that in an effort to avoid the anomalies of the past, the Company has adopted a strategic approach to the management of projects. This resulted in the training of the Company's experts in FIDIC and Alternative Dispute Resolution Techniques. Employees also benefited from training in the areas of the strategic management of projects, inclusive of feasibility studies and proper site selection.

4.15. It was further revealed that some of the Company's technocrats are pursuing the Masters and Doctoral programmes in Construction Engineering and Management at the University of the West Indies.

FINDINGS

4.16. The Committee was encouraged by the various Human Resource Development interventions the Company has pursued in order to enhance its capacity to administer projects more effectively and efficiently.

Project Monitoring Systems

4.17. The Company indicated that all land developments are supervised by an independent Consulting Company which provides full-time supervision of the projects. Further, the scope of works related to such projects is closely monitored by the Consulting Engineer in accordance with the FIDIC 'Red Book' Contract.

Land Development Codes and Standards used by EMBD

4.18. The Committee was informed that the EMBD is guided by the regulatory and statutory bodies of Trinidad and Tobago and as such, the land development codes and standards adhered to are guided by the following:

- **EMA** for the grant of a Certificate of Environmental Clearance (CEC);
- **Town and Country Planning Division** for the planning permission and outline approval;

- **Ministry of the Environment and Water Resources, Drainage Division** for drainage approval;
- **Lands and Surveys Division, Director of Surveys** for survey approval;
- **WASA** for approval of water and sewer systems;
- **Trinidad and Tobago Fire Service** for the approval of the fire hydrants system; and
- **Regional or Borough Corporations** including County Medical Officer for Local Health approval.

4.19. It was indicated that the EMBD adheres to the codes outlined above through its engagement with the various agencies and through the necessary approval processes. The Committee was informed that there is usually a two (2) part approval process in which the initial design is granted approval and after the construction phase, the agencies will grant final approval based on physical inspections and satisfaction of the respective works.

4.20. EMBD's Site Officers and the independent Consulting Engineers are responsible for ensuring that all codes and standards are met and followed.

Management of Consultants and Contractors and challenges with delinquent Contractors

4.21. The Committee was informed that the Company began monitoring its Consultants and contractors in order to obtain value for money. It was divulged that the Company encountered challenges with delinquent contractors, however the Company's flexibility to act was constrained by the terms and conditions of contracts. The EMBD has terminated the services of two consultants on the basis of poor performance.

4.22. In instances of non-performance by consultants and contractors, the Company will write to the relevant parties regarding corrective action. If the consultant/contractor should fail to address the identified shortcomings, action will be taken to terminate the party's services.

4.23. EMBD indicated that there were currently five (5) Independent Consulting Engineers who provide guidance in accordance with the conditions of contracts with the contractor. These consultants are hired via a pre-qualification process similar to that used for hiring/selecting contractors. The FIDIC contracts or white book contracts are utilized in this hiring process, whilst contractors are hired using 'Red Book contracts' that follow FIDIC guidelines.

4.24. Further, it was indicated that in the past, consultants were terminated for failing to effectively monitor and assess the work completed by contractors. In addition, the Committee was informed that the current list of consultants was inherited from the previous Board of Directors.

FINDINGS AND RECOMMENDATIONS

4.25. The information provided suggested that contractors are monitored on the Company's behalf by a team of Independent consultants Engineers. No details were provided regarding the methods used by these experts to monitor the work of contractors. However, we anticipate that their methodology would entail sound project management methodologies. Also, the Committee took note of the fact that the Company has had the cause to invoke its disciplinary procedures in the past against contractors and consultants.

4.26. The Committee also noted that the Company has in the past been hindered to act decisively against errant contractors as a result of the terms and conditions of contracts. The imposition of financial penalties for breach of contract is now a standard provision in contracts and as such, the Committee was somewhat surprised that the evidence received did not referred to any financial penalties being imposed on delinquent contractors.

- **The Committee recommends that the Company ensure that clauses imposing financial penalties for breach of contract are included in contracts it is a party to. Further, a Project Defects Policy should be employed as a means of**

having contractors rectify technical glitches within a specified timeframe and from their own pockets.

Scope of Work and Project Value

4.27. The Committee was informed that the EMBD makes use of the Commissioner of Valuations, Ministry of Finance and the Economy in determining the valuation of lands under its purview on a needs basis.

4.28. Cabinet Minute No. 3032 November 05, 2009, directed the EMBD to develop an in-house Land Survey capacity. As a result, a licensed Land Surveyor was recruited in 2009, and a Cadastral Land Survey[6] capability was developed within the EMBD to use cutting edge GPS technology as well as conventional surveying. The Committee was informed that all cadastral land surveys have been conducted internally since 2010.

4.29. The EMBD indicated that in previous times, no geotechnical surveys were conducted on land development sites. However, it is now mandatory for these surveys to be undertaken on all new proposed sites prior to the design stage.

4.30. It was divulged that by Cabinet Minute No. 380 of December 19, 2002, EMBD was instructed to secure lands of the former Caroni (1975) Limited from squatting and other illegal activities.

4.31. On June 01, 2006, approximately seventy-six thousand, six hundred and eight (76,608) acres of land owned by Caroni (1975) Limited were transferred to the State due to the coming into effect of Act No. 25 of 2005,[7] which made provisions for the vesting of the operational undertakings of Caroni (1975) Limited in another company, the vesting of the

[6] **Cadastral surveying** is primarily concerned with laws relating to the ownership of land, including rights and interests in land, as well as field surveys for the marking (i.e. re-establishment, definition) of property boundaries on the ground and the recording of such information on plans and maps and other cadastral documentation.

[7]Act No. 25 of 2005 http://www.ttparliament.org/legislations/a2005-25.pdf

real estate undertakings of Caroni (1975) Limited, and Orange Grove National Company Limited, in the Republic of Trinidad and Tobago. The Committee was informed that the EMBD will continue to secure these lands on behalf of, and under the direction of, the Commissioner of State Lands.

4.32. The Committee also learned that during the period between the closure of Caroni (1975) Limited and the enactment of Act 25 of 2005, EMBD was the effective manager of the lands under Caroni (1975) Limited. As such, EMBD entered into several short term leases with private entities.

4.33. In addition, requests were made for lands for temporary use in the fulfilment of the EMBD's mandate to deliver agricultural and residential sites from its contractors and service providers, with the provision *'surrender without compensation*', when the State required the site for its use. A total of 115.3 acres or 0.15 percent of the total Caroni acreage fall under such short term arrangements.

4.34. The Committee was informed that the EMBD has seven (7) Head leases for agricultural two acre plots, developed for distribution to the former Caroni (1975) Limited workers. These locations comprise a total of 6,548.2 acres and consist of a total of 3,149 'two acre plots'. The Committee was further informed that the estimated total lands that were under the control of Caroni (1975) Limited upon its closure was 76,608 acres.

4.35. The EMBD divulged that the total acreage under twenty-two (22) residential developments for VSEP beneficiaries is 2,687 acres or 3.5 percent of the total land area. Further, the total acreage under 'agricultural two acre plots' for VSEP beneficiaries stands at 15,884.7 acres or 20.75 percent of the total land area.

FINDINGS AND RECOMMENDATIONS

4.36. As a Company involved in the development of land for agricultural, industrial and commercial purposes, it is important to have its own expertise in Land Surveying. The

Committee was therefore pleased and encouraged to learn that a licensed Land Surveyor was recruited and a Cadastral Land Survey capability was developed within the Company.

4.37. The Committee commends the EMBD for implementing the requirement to have geotechnical surveys undertaken on all new proposed sites prior to the design stage. This is an excellent pre-planning strategy which will save the Company from the wastage of time, money and other resources.

4.38. The Committee found it interesting to note the total acreage for agricultural development for VSEP beneficiaries was greater than that allotted for residential development.

- **The Committee recommends that the EMBD provide its employees with continuous training in land surveying methods to ensure that their knowledge, skills and competencies remain relevant which may translate into better planned and executed projects.**

Delays in the assignment of leases for Caroni Lands

4.39. The Committee was informed that the distribution of leases was originally the responsibility of the Commissioner of State Lands. However, over time, the EMBD received head leases for seven (7) estates for which it now had the responsibility for distribution.

4.40. The Company indicated that delays in the granting and distribution of leases would occur in instances where persons who were allocated land, failed to pay the required processing fees that comprised the first year's rent and a legal fee. These payments had to be made before a lease can be drafted for registration. However, in order to expedite the process, the Company was directed in November 2014, to waive the associated processing fees. As a result, the Company utilized a number of private Attorneys to prepare the leases and it was expected that these leases would be ready by mid May 2015.

4.41. Rather than front loading fees, the Company now incorporates these fees into the overall cost of the granting of the lease. In undertaking this process, the EMBD encountered challenges in locating a number of beneficiaries despite interacting with trade unions, Caroni (1975) Limited and EMBD's security personnel.

4.42. With respect to customer services, the Committee was informed that the Company established hotlines, care centres and opened offices in Chaguanas, Princes Town, and was at the time of the hearing, sourcing a building in Penal for the same purpose.

FINDINGS AND RECOMMENDATIONS

4.43. The Company's decision to waive the pre-lease fees as a means of expediting the granting of leases was noted with interest. This special arrangement would have provided some relief to the beneficiaries of lands. However, the Committee wishes to be advised on whether this approach was permanent or temporary. The Committee noted the EMBD's challenges in locating a number of beneficiaries and suggests that the Company utilise additional pubic information methods to reach out to these persons.

4.44. Finally, the Committee was pleased to learn of the various customer support services that the Company has instituted and trust that they will be sustained and supported with the necessary resources.

- **The Committee recommends that the EMBD utilize additional public relations methods in order to contact would be beneficiaries of leased lands who are presently inaccessible. Perhaps an ad campaign which includes Radio, Television and newspapers advertisements can be conducted. The use of free social media platforms such as Facebook and twitter may also be a feasible option.**

Acquisition of land for building purposes

4.45. The Committee was informed that Cabinet by Minute No. 119 of January 13, 2005, accepted the recommendations of the *Inter-Agency Land Use Planning Team* to allow the EMBD to develop middle income lots at Caroni Savannah Road, Egypt Village, Waterloo and Beaucarro, comprising 2,042 residential lots.

4.46. Further, the Committee was informed that Cabinet noted the recommended reallocation for the former Caroni Lands comprising 76,608 acres as outlined below:

i. **Existing <u>built development</u> – 4,262 acres**
ii. **Proposed usage for <u>Industrial and Residential Estates and Commercial Complexes</u> – 1,402 acres**
iii. **Proposed <u>Housing Estates</u> to meet the VSEP demands for Caroni – 1,027 acres**
iv. **Proposed <u>Housing Development</u> by LSA and HDC – 1,318 acres**
v. **Proposed <u>Agricultural Estates</u> to meet the VSEP demands for Caroni – 14,2010 acres**
vi. **Lands to remain under agriculture – 54, 389 acres**
vii. **Residual lands for future agricultural or other use – 31,872 acres**

4.47. The specific locations, types and sizes of developments to be constructed on the former Caroni, now State lands, were determined by the *Inter-Agency Land Use Planning Team and* these recommendations were accepted by Cabinet. The EMBD would therefore develop middle lands for building purposes based on the analysis done the by the Inter-Agency Land Use Planning Team and by instructions received by its line Ministry, MOHUD.

4.48. It was indicated that the EMBD was developing twenty-two (22) residential sites for distribution to the ex-Caroni (1975) Limited workers. A table outlining the VSEP residential sites being developed by the EMBD is attached at **Appendix IV** and the status of land development projects initiated in recent times is attached at **Appendix V.**

4.49. The EMBD recognized that a major contributor to the protracted nature of the lease approval process was the lengthy delays associated with acquiring approvals from state agencies. As a result, a committee of senior managers from the regulatory and statutory bodies was established and has met on a regular basis to reduce the time needed for the granting of approvals.

FINDINGS AND RECOMMENDATIONS

4.50. The Committee concluded that the proposed allocation of Caroni Lands for different development purposes appeared to reflect the current demand for land in the country. Based on our inquiry into the HDC, we were aware of the high demand for land for housing developments that exists. Nevertheless, land is also required for agricultural cultivation and the development of industrial, commercial and technology Estates/Parks.

4.51. The extra-ordinary arrangements which were instituted via multi-organizational collaboration was quite notable. The Committee believes that similar arrangements should be replicated as far possible in other initiatives undertaken by the Company and or its line Ministry.

Status of outstanding payments and arrangements for compensating contractors

4.52. In order to receive payment, contractors and service providers must first have their completed works certified by the independent Consulting Engineer within the time period stipulated in the Conditions of Contract. Once this is done and funds are available, contractors/service providers will receive full payment of the duly certified invoice. If however, funds are limited, the contractor/service provider will receive part payment.

4.53. In instances where contractors/service providers are not paid within the timeframe for payment as set out in the conditions of the contract, the contractor may, after giving notice, suspend works or reduce the rate of works. This in turn causes delays in the project, for which the contractor can claim for time extension.

4.54. If the contractor incurs costs due to the suspension of works or as a result of a reduction in the rate of work, the contractor, after giving notice, will be entitled to payment of any such cost plus reasonable profit. In addition, if there are any lengthy delays in the payment to the contractors/service providers, they may be entitled to interest payment, provided that same is certified by the Consulting Engineer in accordance with the FIDIC conditions of contract. If however, the contractor is not being paid, the option to terminate the contract can be taken, and a claim pursued.

4.55. The Committee was informed that upon entry into office, after noting a significant amount of cost escalation and outstanding payments to contractors amounting to hundreds of millions of dollars, the current Board of the EMBD decided to negotiate with contractors to continue/resume works on the projects. However, in lieu of unsubstantiated claims for unpaid work, the Board stipulated that payments will only be issued for works certified by the consultant or work that can be measured.

4.56. The Company provided the Committee with a status update on the amount of money owed to contractors as at December 15, 2014. This information is attached at **Appendix VI**. It was later revealed that on September 04, 2014, Cabinet agreed to approve $2.58 Billion, subject to the availability of funds, for the completion of works by the EMBD.

4.57. The Committee was informed that the EMBD was in the process of trying to access the funds to pay the outstanding monies owed to contractors.

<u>FINDINGS AND RECOMMENDATIONS</u>

4.58. The Committee was satisfied with the Company's procedure for the issuing of payments to contractors/service providers. We found the procedure to be fair, transparent and accountable. Further, it was indeed commendable that the EMBD initiated negotiations regarding the payment of outstanding funds owed to contractors in an effort to ensure that works resumed/continued at project sites.

4.59. The Committee noted Cabinet's conditional approval of the release of $2.5 Billion for the completion of works by the EMBD. We anticipate that, subject to the availability of funds, the matter of outstanding payments to contractors will be settled soon. The Committee will therefore be appreciative of a status update regarding the outstanding payments owed to contractors in the Ministerial Response to this Report.

- **The Committee recommends that in its Response to this Report, that the EMBD provide the Committee with an update regarding the status of the outstanding payments owed to contractors.**

Relationship between the EMBD and other state entities in particular, HDC, Caroni (1975) Limited, LSA, and NIPDEC

4.60. The EMBD was established as a Manager of the land assets and to develop new businesses for the unallocated land assets of Caroni (1975) Limited. As such the Company is developing an estimated 13,168 residential lots of which 8,855 are required to meet VSEP commitment. There is therefore a surplus of approximately 4,313 residential lots which the EMBD was directed to deliver to the LSA for its "Land for the Landless Programme."

4.61. Further, by Cabinet Minute No. 825 of March 28, 2013, EMBD was directed to deliver its completed Strategic Business Unit and High Cost sites to the LSA. The Company's undeveloped site at Felicity II, comprising 134 acres and yielding 660 residential lots were also handed over to the LSA for development into residential sites.

4.62. The Company's relationship with the HDC however, is premised on its status as a Special Purpose State Company, and is therefore required to report to the MOHUD. The EMBD will develop the residential sites with full infrastructure and statutory approvals for the end beneficiary to construct homes and ancillary structures.

4.63. On the other hand, the EMBD's relationship with NIPDEC, concerns the procurement of the services of consultants and contractors to undertake works under its own mandate.

FINDINGS

4.64. From the evidence presented, the Committee was able to understand the nature of the EMBD's relationship with the LSA, Caroni (1975) Limited, HDC and LSA. These relationships were mainly collaborative as evidenced by the details set out above.

4.65. The Committee noted however, that no mention was made of the communication methods utilized by the EMBD in its interactions with the various agencies. It is therefore our expectation that there is a comprehensive communication strategy in place to ensure effective and efficient communication with the relevant agencies.

Corporate governance issues during the tenure of the previous Board

4.66. During the public hearing with officials of the EMBD, matters were raised regarding allegations which concerned the lodging of public funds into the private bank account of a former Executive Chairman of the Company. In response, the incumbent Executives of the Company submitted that during the tenure of the previous Board, there were no rules/policies to guide the operations of the Company.

4.67. The Committee was further informed that the allegations against the former Executive Chairman did not stand as there were no records to confirm that Company's funds were actually transferred to a private account.

4.68. However, the current Chairman of the Board alleged that an investigation discovered that interest from a thirty million dollar deposit at CLICO was credited to the personal bank account of the former Executive Chairman until it was stopped by CLICO. As in the previous instance, there was no documentary evidence to confirm such transfers actually occurred.

4.69. During the public hearing, it was also revealed the sum of two hundred thousand dollars ($200, 000) was paid to settle lawsuits associated with sexual offences involving the former Chairman. Officials of the Company indicated that a thorough search of the Company's records was conducted but they were unable to determine which accounts were debited/credited to settle the legal matters.

4.70. To avoid future occurrences of this nature, the Company advised that EMBD has improved its accounting protocols, and funding was now properly accounted and documented. The Committee was informed that the Company's accounts are supposed to be audited annually, however the most current audited financial statements is for the year 2010. The audit report for 2011 was still before the partners of the EMBD's external auditors and the audits for the years 2012 and 2013 are expected to be completed by August 2015.

4.71. Concerning the issue of sexual harassment, the EMBD indicated that a Human Resource Policy and Administration guide was developed, which prescribes procedures for addressing such misconduct.

FINDINGS AND RECOMMENDATIONS

4.72. The Committee noted the serious nature of the allegations made against the former Executive Chairman and observed that there seemed to be inconsistencies in the verbal accounts of the allegations. In both instances, no records were found to substantiate the allegations. Further, such accusations have the potential of destroying or seriously harming an individual's reputation and the reputation of the Company as a whole. **It is the Committee's expectation that due diligence and proper investigations would have been conducted in order to ascertain the veracity of the claims.**

4.73. Nonetheless, the Committee was pleased and encouraged to learn that improved accounting protocols were established by the Company and that a Human Resource Policy and Administration guide was developed to handle cases of sexual misconduct.

4.74. Of particular concern however, was the backlog of the Company's audited financial statements for the period 2011 to 2013. These statements are important measures of accountability and transparency, it is therefore in the best interests of the EMBD and its line Ministry to ensure that these statements are available as soon as possible.

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 27, 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-THIRD 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 FEBRUARY 20, 2015

PRESENT

Dr. Dhanayshar Mahabir	Vice-Chairman
Ms. Stacy Roopnarine, MP	Member
Mr. Jairam Seemungal, MP	Member
Mrs. Carolyn Seepersad-Bachan, MP	Member
Mrs. Patricia McIntosh, MP	Member
Mr. Ganga Singh	Member
Mr. Indar Sieunarine	Assistant Secretary
Ms. Kimberly Mitchell	Graduate Research Assistant
Mr. Johnson Greenidge	Parliamentary Intern

ABSENT

Mr. Elton Prescott, SC	Chairman (Excused)
Mr. Faris Al-Rawi	Member (Excused)
Dr. Amery Browne, MP	Member (Excused)
Dr. Delmon Baker, MP	Member
Mr. Gerald Hadeed	Member

REPRESENTATIVES OF THE ESTATE MANAGEMENT AND BUSINESS DEVELOPMENT COMPANY LIMITED (EMBD)

Mr. Henckle Lall	Chairman
Ms. Danielle Salandy	Deputy Chairman
Mr. Dexter Francis John	Director
Mr. Isaac Jurawan	Director

Mr. Gary Parmassar	Chief Executive Officer (Ag.)
Mr. Kamal Sant	Consultant
Mr. Gunness Sudama	Divisional Manager-Corporate Services
Mr. Madho Balroop	Divisional Manager- Projects
Mr. Andrew Walker	Project Manager
Mr. Kahlil Baksh	Project Manager
Ms. Cherisse Bengochea	Attorney-at- Law
Mr. Anup Jaimungalsingh	Security Supervisor
Ms. Laurencia Sutherland	Executive Assistant to the BOD

COMMENCEMENT

1.1 The Vice-Chairman called the meeting to order at 9: 52 a.m.

ANNOUNCEMENTS

2.1 The Vice-Chairman indicated that Mr. Elton Prescott, SC Mr. Faris Al-Rawi and Dr. Amery Browne, MP had requested to be excused.

2.2 The Vice-Chairman informed Members that Mr. Emmanuel George was no longer a Member of the Committee and noted his contribution to the work of the Committee. The Vice-Chairman sought and obtained the agreement of Members to send correspondence to Mr. George conveying the foregoing sentiments.

CONFIRMATION OF MINUTES OF THE THIRTY-SECOND MEETING HELD ON NOVEMBER 21, 2014

3.1 The Vice-Chairman invited Members to consider the Minutes of the 32nd Meeting held on November 21, 2014 and inquired whether there were any amendments.

3.2 The following amendments were proposed by Members:

i. **Item 3.1 on page 3** –in the third line, delete the words **"from henceforth"**;

ii. **Item 3.3 on page 3** – in the fourth line, delete the word **"ensued"** and substitute with the word **"focused"**;

iii. **Item 3.8 i. on page 4** – in the third line, delete the word **"that"** and substitute it with the word **"who"**;

iv. **Item 4.8 on pages 4 and 5**– at the end of the first sentence include the words **"from NIPDEC and the Member indicated that in the future, the Committee will decide the time period in relation to the agency to be reviewed"**;

v. **Item 7.3 on page 5 –** in the second line, delete the word **"as"**;

vi. **Item 8.4 (v) a. on page 7** – in the fourth line, delete the word **"nor"** and substitute it with the word **"or"**;

vii. **Item 8.4 (vi) on page 8 –** in the third line, delete the word **"owned"** and substitute with the word **"controlled"**; and

viii. **Item 8.4 (ix) c. on page 8 –** in the fourth line, insert **"$"** before the figure **"1.2"**.

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

MATTERS ARISING FROM THE MINUTES OF THE THIRTY-SECOND (32nd) MEETING

4.1 Members discussed whether an inquiry should be confined to a particular timeframe. At the conclusion of the discussions it was agreed that the Committee would determine the relevant period for which an entity is required to produce evidence based on the objectives of the inquiry on an individual basis and that this should be done prior to seeking pre-hearing submissions.

4.2 The Vice-Chairman reminded Members that the usual practice is that all inquiry proposals are reviewed by the Committee before the objectives and questions contained therein are communicated to the relevant entity. The Vice-Chairman requested that hard copies of inquiry proposals be sent to Members prior to meetings when it will be considered.

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

- **Item 5.3 page 5**: the designated meeting day of the Committee is the 3rd Friday of every month;

- **Item 9.1 page 13**: by letter dated February 02, 2015, the National Insurance Board of Trinidad and Tobago (NIBTT) indicated that it was currently unable to source the information requested and it will continue searching. The Vice-Chairman expressed his dissatisfaction with the response and the Committee agreed that NIBTT would be given an additional 90 days to provide a definitive response to the Committee's request; and

- **Item 9.1 page 13**: by letter dated January 19, 2015, the National Insurance Property Development Company Limited (NIPDEC) indicated its Board of Directors will be dissolved and they will not be able to provide the information requested until a new Board has been appointed.

In response, a Member indicated that a new Board has been appointed. As such, the Committee agreed that NIPDEC should be given 30 additional days to respond.

4.4 The Committee agreed that it should obtain a Legal Opinion regarding its jurisdiction over entities that are subsidiaries of State bodies. The Committee agreed that this Legal Opinion should be independent of the Executive and therefore requested it be prepared by the Clerk of the House. It was agreed that NIPDEC should be cited as an example in the Legal Opinion given the concerns raised by the organization during the committee's inquiry into is affairs and also since it is subsidiary wholly owned by another state entity.

CONSIDERATION OF DRAFT REPORT ON AN INQUIRY INTO THE ADMINISTRATION AND OPERATIONS OF THE TRINIDAD AND TOBAGO MORTGAGE FINANCE COMPANY LIMITED (TTMF)

5.1 The Vice-Chairman directed Members' attention to the draft report on TTMF. He indicated that his amendments were generally grammatical and stylistic in nature and expressed that in his opinion, the draft report fairly reflected the inquiry into TTMF.

5.2 The Vice-Chairman requested that Members consider the draft report and his amendments and provide feedback by Monday February 23, 2015, so the draft report could be finalised and presented to Parliament.

5.3 The Vice-Chairman sought a volunteer to present the report in the House of Representatives. Mrs. Mc Intosh volunteered to make the presentation.

5.4 The Vice-Chairman indicated that the Chairman would present the report in the Senate and if the Chairman is unavailable he will present it.

CONSIDERATION OF DRAFT PROPOSAL FOR AN INQUIRY INTO THE NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION (NAMDEVCO).

6.1 The Vice-Chairman directed Members' attention to the draft proposal for an inquiry into NAMDVECO.

6.2 The Vice-Chairman inquired whether a time period for the inquiry was necessary to which a Member indicated it was and suggested that the Committee's inquiry should start from the year 2005 onwards, as NAMDEVCO'S mandate was revised in that particular year.

6.3 The Member suggested that the timeframe for the inquiry be a 5 year period. The Vice-Chairman recommended that it be more current so as to capture current developments in the agricultural sector.

6.4 The Committee agreed to review the draft inquiry proposal and provide feedback to the Secretariat by Wednesday February 25, 2015.

OTHER BUSINESS

Ministerial Response to the Tenth Report

7.1 The Vice-Chairman informed Members that the Ministerial response to the 10th Report was received and circulated.

Next meeting date

7.2 The Committee agreed to hold its next meeting on March 20, 2015 at which time it would conduct a public hearing with officials of the National Agricultural Marketing and Development Corporation (NAMDEVCO).

Proposed Schedule of Meetings

7.3 The Vice-Chairman sought the indulgence of members to consider the proposed schedule of meetings for the remainder of the session.

7.4 After some deliberation, it was agreed that after the public hearing with NAMDEVCO on March 20th, the Committee would consider draft reports at its next meeting on April 17th and the Committee would remain open to meeting with the Law Reform Commission at a subsequent date.

7.4 It was suggested that the Secretariat forward all draft reports for the consideration of Members as expeditiously as possible given the imminent dissolution of the Parliament. The Vice-Chairman submitted that some of the Committee's reports were lengthy and requested that reports be kept to a maximum of 50 pages.

Suspension

7.5 The meeting was suspended at 11:00 a.m.

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

PUBLIC HEARING WITH OFFICIALS OF THE ESTATE MANAGEMENT AND BUSINESS DEVELOPMENT COMPANY LIMITED (EMBD)

8.1 The meeting resumed (*in public*) at 11:05 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 EMBD made opening remarks.

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

(i) The role and responsibilities of the EMBD

a. The EMBD is involved in the distribution of two-acres parcels of agricultural land and residential lots to former Caroni workers through Caroni (1975) Limited's Voluntary Separation of Employment (VSEP) programme. The Company is responsible for the distribution of approximately three thousand lots which it expects to be distributed by the end of March, 2015.

b. In addition, the Company manages three sandpits and has completed landing and fishing sites. The Company is also involved in fence line products, access roads to agricultural estates and has restored all the damaged roads in Caroni.

c. The Company has developed some Special Business Units which were delivered to the Land Settlement Agency (LSA).

d. Furthermore, the Company is looking into developing industrial sites and small industrial parks for small and medium manufacturers. The dynamics of the local economy as well as, directives from the Government would inform the Company's mandate and or direction.

(ii) How is the EMBD financed?

The operations of the Company are financed by public funds.

(iii) The distribution of lots to former Caroni workers with particular reference to the La Romaine, Woodland and Hermitage sites and the challenges faced in developing these sites?

a. The site at Woodland has basically been completed however over time the site got sunken as a result flooding. The Company is in the process of sourcing a contractor to fill the low-lying lots to ensure that the beneficiaries would not have to incur the costs associated with such an exercise. The site has been handed over and therefore notifications can be done and leases granted.

b. The site at La Romaine was also completed and the lots can be distributed although electricity is the only utility installed.

c. The site at Hermitage is overgrown so arrangements are being made to cut the bushes and clean the site.

(iv) Delays in the assignment of leases for Caroni Lands

a. A concern was raised regarding the delays in the processing and allocation of leases. The Committee was advised that the Commissioner of State Lands was originally responsible for the distribution of leases. Over time EMBD received head leases for seven (7) estates for which it had the responsibility for distribution.

b. Delays in the granting and distribution of leases would occur when persons who were allocated land failed to pay the required processing fee, the first year's rent and a legal fee. These payments must be made before a lease is drafted for registration. The figure of 308 stated on page 10 of the company's submission reflects the number of persons that have not completed these preliminary procedures. The 232 unassigned lots that was mentioned on the said page of the Company's submission were under the control of Caroni (1975) Limited and it is expected that the processing of these lots will be transferred to the EMBD.

c. In order to expedite the process of granting leases, the Company was directed, in November, 2014, to not wait for the payment of processing fees before preparing leases. As a consequence, the EMBD has been utilizing private Attorneys-at-Law to prepare leases. It is expected that by the middle of May, 2015, leases would be completed for persons who were allocated lots and were traced by the Company.

d. There are persons the Company has been unable to locate despite interacting with trade unions, Caroni (1975) Limited and the EMBD's security personnel.

e. The current Board of the Company took a decision to pay all the fees relevant to obtaining a lease and incorporate these charges into the leases so that persons can obtain leases without any financial outlay. This decision was based on the fact that a number of persons included in the VSEP programme were not paying the fees required for obtaining a lease. This action was nullified when the fees prior to obtaining a lease were not charged any longer.

f. The EMBD established hotlines, which would be in operation within a week, as well as some care centres. Additionally, offices have been opened in Chaguanas and Princes Town and a building is being sourced in Penal/Debe for the purpose of opening an office. These efforts are aimed at assisting in answering questions clients may have and would enable the company to facilitate site visits with clients.

(v) Challenges faced by the EMBD in delivering sites

a. When the current Board took office, it noted the existence of a significant amount of cost escalation and outstanding payments to contractors, amounting to hundreds of millions of dollars. The legitimacy of claims for unpaid work could not be verified as there were work stoppages, suspensions and instances of contractors abandoning sites. The Company decided to negotiate with contractors to resume/continue works on the projects on the condition that payments will only be issued for works certified by the consultant or work that can be measured.

b. In the past consultants have been terminated for failing to effectively monitor and assess the work completed by contractors.

c. The Company stated that current challenges associated with residential sites are as a result of the failures of the previous management of the Company to conduct proper pre-planning activities. For example, the previous management of the Company acquired over twenty (20) sites without the necessary budget approvals or without conducting engineering, geotechnical and economic studies which usually take three (3) years to be completed. This lack of proper planning was demonstrated by the selection of the Petit Moon and Cedar Hill sites, as the soil types at these developments were found to be unsuitable for residential purposes.

d. When questioned on why sites were not abandoned when its consultants advised that the sites were unsuitable, the Company stated that given the terms of the contractual agreements held with contractors, if works were suspended, the Company would incurred financial penalties. The Company was unable to give the exact percentage of cost overruns that resulted from having to suspend projects as there was no budget and therefore the initial cost of the project remains unconfirmed.

e. While projects were ongoing the Company's contractors conducted the geotechnical surveys that should have been done in the pre-planning phase. To remedy the shortcomings identified, certain engineering solutions had to be applied. Thus, unsuitable soil was removed and replaced. This was the case in relation to the Petit Moon site where there were thirty-two (32) kilometers of unsuitable soil.

f. The Company also has issues in acquiring approvals for buildings.

(vi) The EMBD's management of its consultants and contractors

a. The Company stated it began monitoring its consultants and contractors in order to obtain value for money. However, the flexibility of the Company to act was limited by the terms of prior contracts. In instances where non-performance by consultants and contractors, was observed, the Company would write to the party concern and should the contractor/consultant fail to address the shortcomings identified, action to terminate the party's services would be initiated. Currently there are five (5) independent consulting engineers. These consultants are hired via a pre-qualification process, similar to that used for selecting/hiring contractors. It was noted that the current list of consultants was inherited from the previous Board of Directors.

b. The Company hires independent consultants using the International Federation of Consulting Engineers (FIDIC) contracts or white book contracts. Additionally, contactors are hired using red book contracts which follows FICID guidelines.

c. The role of consultants does not include the pre-assessment of sites.

(vii) Plans to avoid future shortcomings associated with projects

a. The Company has implemented a strategic approach to the management of projects. To this end, the company's technical experts were trained in FIDIC and alternative dispute resolution techniques. Some technocrats are also pursuing the Masters and Doctorial programmes in Construction Engineering and Management at the University of the West Indies.

b. Additionally, the Company has implemented a comprehensive training programme for staff members concerning the strategic management of projects that includes feasibility studies and proper site selection.

c. The Company anticipates that with these interventions, the shortcomings of the pass ought not to reoccur.

(viii) Corporate governance issues during the tenure of the previous Board and measures to prevent future occurrences of maladministration

a. A Member sought clarification on allegations concerning the lodging of public funds into the private bank account of a former Executive Chairman of the Company and on the measures instituted to prevent future episodes of this nature. In response, it was submitted that during the tenure of the previous Board, there were no rules and policies to guide the operations of the Company. With regards to the allegations made against the former Executive Chairman, it was submitted that there are no records to confirm that funds allocated to the Company were transferred to a private account.

b. The current Chairman of the Company alleged that an investigation discovered that interest from a thirty million dollar deposit at Clico was credited to the former Executive Chairman's personal bank account until Clico decided to stop the transfer. Paradoxically, it was also indicated that there was no documentary evidence to confirm that these transfers actually occurred.

c. The Acting Chief Executive Officer of the Company reiterated that the Company's records do not reflect any amount being transferred to a personal account.

d. The current Chairman of the Company indicated that a sum of two hundred thousand dollars was paid to settle lawsuits associated with sexual offences involving the former Chairman. A thorough search of the Company's records was conducted, however, officials were unable to source any records to determine which accounts were debited and credited to settle these legal matters.

e. The Company has since improved its accounting protocols and funding is now properly accounted for and documented. Its accounts are supposed to be audited annually, however, the audit report for the year 2011 is still before the partners of its external auditors and the audits for the years 2012 and 2013 will be completed by August, 2015. The Company financial statements will be up to date by the end of the financial year.

f. With respect to sexual harassment, a Human Resource policy and administration guide has been developed that prescribes procedures for addressing such misconduct in a severe manner.

(ix) Compliance with the provisions of the Public Procurement and Disposal of Property Act

The Company has reviewed the Act and observed that its tendering policies are approximately ninety nine percent (99%) compliant with it provisions. The variance between the Act and the procedures of the company lies in the policy for the disposal of property. As such, the Company will consider making the required adjustment to be in line with the provisions of the Act.

8.5 The Chairman of the EMBD made closing remarks.

8.6 The Vice-Chairman thanked the officials of EMBD for their attendance.

(Officials of the Estate Management and Business Development Company Limited exited the room)

<u>Requested information</u>

9.1 Further to the discussions which transpired during the hearing, the Estate Management and Business Development Company Limited was asked to provide the following information to the Committee:

i. the number of sites that were initially allocated to the EMBD for development and how many have been delivered?

ii. a list indicating the dates work commenced on each site identified at (i) above;

iii. confirm the amount of money owed to all contractors currently providing services and those who have already rendered services to EMDB;

iv. were there any changes in the EMBD's mandate, relevant to the delivery of sites to former employees of Caroni (1975) Limited that received VSEP, to include the execution of any other responsibilities?

v. the number of consultants whose contracts have been terminated and the basis for such termination?

ADJOURNMENT

10.1 The meeting was adjourned at 12:04 p.m.

NB: The Committee agreed to convene its next meeting on March 20, 2015 at 9:30 a.m.

I certify that these Minutes are true and correct.

Chairman

Secretary

March 12, 2015

APPENDIX III

NOTES OF EVIDENCE

VERBATIM NOTES OF THE THIRTY-THIRD 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, FEBRUARY 20, 2015, AT 9.52 A.M.

PRESENT

Dr. Dhanayshar Mahabir	Vice-Chairman
Mr. Ganga Singh	Member
Mr. Jairam Seemungal	Member
Miss Stacy Roopnarine	Member
Mrs. Patricia Mc Intosh	Member
Mrs. Carolyn Seepersad-Bachan	Member
Mr. Indar Sieunarine	Secretary
Miss Kimberly Mitchell	Graduate Research Asst.

ABSENT

Mr. Elton Prescott SC	Chairman [*Excused*]
Mr. Faris Al-Rawi	Member [*Excused*]
Dr. Amery Browne	Member [*Excused*]
Mr. Gerald Hadeed	Member
Dr. Delmon Baker	Member

11.05 a.m.: *Meeting resumed.*

Mr. Chairman: Good morning everyone, welcome to the Thirty-Third Meeting of the Joint Select Committee appointed to consider and report to Parliament on Ministries, Statutory Corporations and State Enterprises. This morning we have a public hearing with officials of the Estate Management and Business Development Company Limited. The objective of this public hearing for the benefit of all, particularly the listening audience, are as follows: one, to assess the systems in place for the administration of contracts for the development of land; two, to examine the status of outstanding payments and arrangements in place for compensating contractors, and; three, to understand the relationship between the EMBD and other state entities, in particular, the HDC, Caroni (1975) Limited, Ministry of Food Production, Land Settlement Agency, EMA, Town and Country Planning and Nipdec.

The EMBD did submit to the Parliament their prehearing submissions, and it is on these submissions that we will engage in the interactive process this morning. Before we engage the EMBD, I will simply ask the members representing the EMBD to introduce themselves for our benefit and for the benefit of the listening audience. May I start with the Chairman of the EMBD?

OFFICIALS OF THE ESTATE MANAGEMENT AND BUSINESS DEVELOPMENT COMPANY LIMITED

Mr. Henckle Lall	Chairman
Mr. Kamal Sant	Consultant
Mr. Madho Balroop	Divisional Manager- Projects
Mr. Gary Parmassar	Chief Executive Officer (Ag.)
Mr. Andrew Walker	Project Manager
Ms. Danielle Salandy	Deputy Chairman
Ms. Cherisse Bengochea	Attorney-at- Law
Mr. Dexter Francis John	Director
Mr. Isaac Jurawan	Director

Mr. Gunness Sudama	Divisional Manager-Corporate Services
Ms. Laurencia Sutherland	Executive Assistant to BOD
Mr. Anup Jaimungalsingh	Security Supervisor
Mr. Kahlil Baksh	Project Manager

Mr. Chairman: Thank you very much members of the EMBD. I think we have adequate representation from the EMBD so that I am sure you will be able to address all the concerns and enquiries from the Parliament from representatives of the people. May I ask the Members of Parliament in this Committee to introduce themselves to the EMBD's staff, and also to the listening audience, starting with MP Seepersad-Bachan.

[*Introductions made*]

11.10 a.m.

Mr. Chairman: Thank you very much fellow MPs, and now as is customary, may I ask the Chairman, Mr. Henckle Lall, to make some brief opening remarks prior to our enquiry.

Mr. Lall: Thank you very much, Chair. Members of Parliament, we look forward to engaging you and to sharing all the issues and the solutions that we have implemented at EMBD, when this board took over 18 months ago.

We look forward to sharing all the information that you would require, and to bring you up-to-date on all the governance that we have instituted at the EMBD. Thank you very much.

Mr. Chairman: Thank you very much, Mr. Chairman. Before I open the floor to members of the committee, from the prerogative of the Vice-Chair, for the benefit of the audience, the people of Trinidad and Tobago, could you indicate to us two things: one, what really is the function of the EMBD in the scheme of things in Trinidad and Tobago? What is your purpose? What is the raison d'etre? Secondly, how does the EMBD raise finance itself? Two things: What really does the EMBD do and how does the EMBD finance itself? Thank you very much; that is to the Chairman.

Mr. Lall: The EMBD is involved in the distribution of Caroni VSEP lands, which include two-acre parcels agricultural lands and housing residential lots for the ex-Caroni workers. That is one of the most important and critical functions of the EMBD right now. Additionally, EMBD manages the three sandpits under our jurisdiction. In the past we have done access roads for agricultural estates. We have done landing and fishing sites.

We did some special business units, which we have passed over to LSA some years ago. EMBD is also involved in fence line products, roads, which means that all those roads in the Caroni area that were damaged we have gone in there and rebuilt them to first class standards. So in all the rural areas, EMBD has been active in improving the lives of communities.

Our future, when we finish the VSEP lots—which should be between now and May/June—we have about 3,000 lots that we could distribute by the end of March. We are looking at developing industrial sites; small industrial parks for small and medium manufacturing. Given Government's changing mandates, because the economy is diverse and dynamic, we will take our instructions from our shareholder.

Mr. Chairman: The second question: How do you finance your operations?

Mr. Lall: The operations are financed from the Ministry of Finance and the Economy public funds.

Mr. Chairman: Very well, thank you very much. Now I would open the floor to questions. MP Roopnarine would like to go first.

Miss Roopnarine: Thank you, Chairman. Let me also thank EMBD coming before us this morning.

I want to just ask two questions, and this is with respect to the residential lots for ex-Caroni workers. This is indeed a big issue in my own constituency of Oropouche West. Every week I have persons to coming to ask me about readiness of some of the particular sites.

Could you tell us for the benefit of the public, to date, how many residential lots have been delivered to these ex-Caroni workers, and could you tell me specifically for the La Romaine site, the Woodland site and the Hermitage site, perhaps when these may be ready. In addition to that, what are some of the challenges with respect to these particular sites?

I will ask the second question as well. I notice that in the reports submitted it was indicated that 2,104 leases in total were executed. It was also noted that 308 persons have not yet started the process to obtain these lots. It was further noted that 232 remain unallocated by Caroni. Could you explain what might be the reason for this? Because in my experience, persons have been trying to get these lots, so in seeing such a big figure unallocated and some persons have not yet started the process, could you please explain what might be the reason for that?

Mr. Lall: I will answer the first part and I will pass the second part of the question to Mr. Sant who will have the details.

The first part, Woodland, it has basically been completed. However, with the passage of time and flooding from a nearby river, the site became sunken. So we visited and we are in the process of engaging a contractor who will fill all the low-lying lots, so that when the VSEP workers take possession of the sites they would not have to engage in an expensive of lot-filling exercise. Woodland is basically complete and ready. I believe it has been passed over, so that notification has been done and leases can be granted.

La Romaine is basically completed too. I think we have the electrification only, so that could be distributed also.

Hermitage, we visited the site last week; it is all overgrown, so we are going to have all the bushes cut and clean up the site and have it ready for distribution.

In terms of the details of the others, Mr. Sant will share.

Mr. Sant: Good morning. With respect to the granting of leases, this process originally started under the Commissioner of State Lands who was responsible for distribution of leases. Subsequent to that, the EMBD received head leases over seven estates over which it is responsible for distribution. The information supplied to the committee is with respect to the seven parcels only of lands that are under the control of the EMBD. It does not include the commissioner's other sites; just to clarify that.

With respect to the number of leases and the delay, one of the issues had to do with originally, people were required to pay processing fees as well as an annual rent. So they had to come forward—they would have gotten a notification draw from Caroni (1975) Limited, they would then come forward, pay the processing fee and the first year's rent, together with a legal fee, and the process would begin to draft and prepare the lease for registration. Many people have not come forward through that process, and that is why you are seeing these figures reflecting that.

The 232 unallocated lots—Caroni (1975) Limited did a distribution of all the lots. In the seven estates that we have, we have no beneficiaries, as such we cannot execute a lease. We have informed Caroni (1975) Limited of this and they will be providing those 232-odd persons to us. In terms of expediting the leases, I must also say, as of November last year, the EMBD was directed to no longer wait for the payment of processing fees and to immediately proceed into the preparation of leases, and that has been implemented, where we go out to private attorneys to prepare the leases on our behalf. So we are no longer awaiting the people to come in, and we are actually actively going forward and being proactive in terms of preparing the leases, so that entire process is scheduled to be completed. So at the end of April to mid-May we should have totally done for all the people that we have located.

I must also state that there are some people we simply cannot locate, and we have had interface with the unions, with Caroni (1975) Limited and our own security, trying to identify and locate where these people are, in terms of their addresses and contact information.

Mr. Lall: I would also like to add, when the board took over, the board realized that a lot of VSEP workers, ex-VSEP workers, were not paying the lease fee, so the board made a decision to make it easy for them, that EMBD would pay all the fees and then work it into the lease, so that they could at least come and get the lease without have to putting out any outlay. So we went forward and did that; then it was changed where we would not charge the fee again, so that basically nullified—but what we had done is try to get them to come in.

What we did additionally, we established some hotlines which should be operational in the next week, 800 numbers and we established some care centres. In addition to Valsayn where the head office is, we have opened an office in Chaguanas, one in Princes Town and we are sourcing a building in Penal/Debe right now. So that all the VSEP workers with questions could just call in to us and we would take them and show them the land which they are supposed to occupy. We have also been repairing these roads so that whether it is the dry season or the rainy season, they could access crops.

Mr. Seemungal: Good morning, and thank you all again for answering our call to be examine at this Select Committee this morning.

When EMBD was first set up, it was set up with respect to delivering on these residential and agricultural lots with respect to the Caroni VSEP workers. Can you indicate to me the number of sites that were initially allocated and how many sites you have delivered today? In addition, what are some of the challenges that you as a new board encountered when you came into office, with respect to delivery of these sites, and when were these sites started? In addition to that, was there any change in mandate with respect to delivery to these Caroni VSEP workers?

If you could answer those, I will come to the second part, so you will not be confused.

Mr. Lall: When this board took office, we realized that there was a lot of cost escalation and unpaid contractors, so we had claims for hundreds of millions of dollars that came to us. We could not test the validity of them because there was work stoppage, suspension, contractors walking off because of lack of payments. So we decided to keep the projects going, ask the contractors to remain on the site and continue working, but we will not pay for loss of profit and down time. We will pay for certified works by the consultant; work that we could see on the ground. So we started to pay for measured works.

One of the critical problems we encounter is lack of funding, because contractors want to be paid on time and whenever we do not pay on time, contractors slow down, because they tell you they do not have money to keep the workers going. But we have been able to keep them on the site, and whenever we get funds—and we have been getting at times—we have been able to split the money around so that everybody could get a little.

The second part of your question could you repeat that please.

Mr. Chairman: Before you go to the second part, you have raised a very interesting issue. MP Seemungal, could you indulge the Chair a little bit? On page 11 of your submission, I see that there is a large sum owed to contractors. There is one company, Namalco, owed some $700 million. Another company, LCB Contractors, owed some $72 million, and a third company, Mootilal Ramhit, $95 million. Is it that these sums are still outstanding? Have you verified the work done? Is it that you are still indebted to contractors to the tune of some $898 million?

11.40 a.m.

Mr. Lall: So we started to monitor consultants and gave instructions. However, we were bonded by initial contracts under which EMBDC was committed to honour. What we did is, we started to closely monitor all contractors and the consultants so that we can get value for money, and where consultants were not performing, we have written to consultants and we have initiated action where we are not getting performance to terminate consultants and terminate contractors, and we have done that on quite a few sites.

Mrs. Seepersad-Bachan: Chairman, if again then, because you see, how many—my first question to that is, how many independent consultants do you have now or independent consulting companies how? How many have you removed? You see, I raised this question in the context of if you look at page 3 of your submission, I mean, whenever you have excellent project management taking place you would not have these kinds of cost overruns and delays for the reasons you have sited here on page 3. For example, absence of feasibility studies and geotechnical financial and engineering, inaccurate surveys, et cetera. I mean, I cannot understand if you have an independent consultant that these sort of problems would be emerging, and therefore, I really want to ask, and I do not know if you could get it as a further submission, just to understand the performance issue, how many of these independent consultants you have removed, and on what basis? Because, does it mean, therefore, you have to review your contract with your independent consultants?

Mr. Lall: That is right.

Mrs. Seepersad-Bachan: Because, when we look at what is happening here, I understand that you have removed some of these contractors—well, contractors have terminated for non-payment issues and so on, but it is clear that a number of contractors had to be terminated as well for non-performance and, where do you terminate? Do you wait way down into the project which now incurs further cost to you as the EMBDC, and by extension the Government of Trinidad and Tobago? I am not sure if they will be able to answer.

Mr. Chairman: I think that is a very important question and if you have the information, please, I think everyone would be happy to hear how, in fact, you are managing the consultants that you have.

Mr. Lall: Of course. We delight and pride ourself in terminating non-performers. I will let Mr. Walker give you the details.

Mr. Walker: In the question where you asked regarding the independent consulting engineers.

Mrs. Seepersad-Bachan: How many do you all have?

Mr. Walker: We have presently five working for us.

Mrs. Seepersad-Bachan: Five?

Mr. Walker: Yes.

Mrs. Seepersad-Bachan: And that was a pre-qualified list?

Mr. Walker: If you would allow me to—

Mrs. Seepersad-Bachan: Sure, sure, sure.

Mr. Walker: You asked the question regarding the consulting engineer. The consulting engineer s hired based on the same process we engage contractors to pre-qualify them. So, they come through the same pre-qualification process where they are assessed and then they are termed to be on a pre-qualified list. We inherited a list from the previous Rao era and that is the list we were going with all the time, because the chairman articulated before, we were bind by contract. However, so that the consulting engineer is hired as an independent firm in accordance with the conditions of contract. There are FIDIC contracts, red book contracts, that guide the contractor and the white-book contract, FIDIC contract that guides the process with regard to the engineer. So, they are both contracted by guidelines as stated in the FIDIC document.

For you to have an appreciation of the cost overruns or the concerns about poor project management, you would have to understand the history of EMBDC. EMBDC in its initial stages started off under different management, and because of what they failed to do we are now reaping the effects of that. So, you are speaking to the effects of what is happening now, but the causal factors has to go back to the pre-planning process. Before you start any development in Trinidad and Tobago you ought to have all your approvals. That is done in the pre-planning phases. You are supposed to do your engineering feasibility studies which will include geotechnical studies; you are supposed to do your financial and economic feasibility studies. None of these things apparently were done in the initial phases, because our cost, which is mainly to do with the type of soil we meet on these developments would indicate to us that these sites, especially in the Petit Moon and Cedar Hill areas were poorly selected. They should not have been selected in the first place for residential purposes.

So, the cost that you are seeing now is EMBDC trying to re-act to all of these things that should have been done in the era between 2004 to 2009/2010, so in 2004 to 2008, more than 20-something sites were procured without these studies. So that the sites were poorly selected. EMBDC's mandate, as we have at this point in time, did not involve that. Any development you are doing in the country—if you are building a house, you are supposed to get your approvals first, and one of our major challenges is to acquiring approvals. So that, if, at the time, at the inception of EMBDC, someone would have had the knowledge or, I do not know if the knowledge was there at the time, you would have taken three years for all your pre-planning and planning areas, you would have had your budget—that is one of our problems too. The fact that we have no—no budget was approved.

Mr. Chairman: Could I intervene here, you raised a very important point. You said sometimes there are sites which are poorly selected.

Mr. Walker: Yes.

Mr. Chairman: Right. If, in the opinion of your technical engineers and soil experts, a site has been poorly selected, what does the EMBDC do to ensure that the developments there, which would be an in-appropriate place to have a building development, is suppressed? Abandoned? Or diverted? Because the site is poorly selected, it is not fit for the use for the intended purpose.

Mr. Walker: You have to understand that the sites had started.

Mr. Chairman: Right, yes.

Mr. Walker: And the issue with Caroni and the VSEP came into play, because, remember, these sites were selected, moneys were expended, and books were ongoing.

Mr. Chairman: I am raising the issues as follows: construction projects are very expensive, you owe some $850 million, you have indicated that there are some sites which were poorly selected, and that when buildings are put on poorly selected sites, the layman knows that buildings and so can disintegrate and they can crumble. What I am asking in the public domain and in the public interest is this, once your engineers have identified a site—I know moneys have been spent, is there anything the EMBDC can and will do, given your mandate, to ensure that further moneys are not spent on this site so that the public funds are not going to, in fact, be wasted?

Mrs. Seepersad-Bachan: Mr. Chairman, if I may ask—

Mr. Chairman: And, MP Seepersad-Bachan would like to add something to that.

Mrs. Seepersad-Bachan:—because, you see, my problem here is, that if you look at what is stated in the report is that contracts were awarded without this pre-work being done—as you call it—these feasibility studies and the geotechnical and financial, et cetera, and my concern is, whether that was because of the role of the consultant—I am not getting it.

Mr. Walker: It was not the role of the consultant.

Mrs. Seepersad-Bachan:—to pre-assess? I mean, is that when you hire consultants or is that EMBDC?

Mr. Walker: The committee that was formed, initially that was articulated Mr. Sant, I do not know what was the criteria they used to select these developments.

Mr. Seemungal: What year was that?

Mr. Walker: That is in 2005, Kamal?

Mr. Lall: 2005.

Mr. Seemungal: 2005, who was in office?

Mr. Walker: In 2005 I do not know what was the criteria that was used to select these sites, but what we are saying is that we discovered by the contractor going to work on the sites years after—because, you see, you cannot discover something in 2005 and you come in in 2010.

So, while the projects were ongoing, an analysis were done by the contractor, because the contractor was the first person going to the site, he would discover material, of example a particular roadway or several roadways; we would then implement the geotechnical survey that should have been done in 2001, and we discover the properties of the soil. We then would have to apply the appropriate engineering solution to that particular problem. Remember the contractor is working, he could suspend, and in accordance with the contract we would have to pay suspension and interest charges. So, we have to continue working and remove the unsuitable fill, apply the necessary engineering solution, upgrade the roadways, as in the case of Petit Moon, 32 kilometres of unsuitable soil in the carriage ways.

Mr. Chairman: May I intervene here. The purpose of the public enquiry is really to find out what are some of the problems that you encounter and to craft solutions. What solution would you given the experience you have with the inappropriateness of sites which are in the process of being developed? What solutions would you propose so that the public funds are not going to be wasted in the future?

Mr. Walker: We have already implemented a strategic planning of approach to our projects, which is to say—this is not rocket science, what we should have done in the past, EMBDC is doing that at this point in time. We have sent a lot of our technocrats to training in FIDIC, alternative dispute resolution courses, some people are at UWI doing Masters in Construction Engineering and Management, some people are doing Doctor rates, et cetera. So, EMBDC has a comprehensive training programme to bring our staff up to the challenge of this modern economy which would deal with the strategic planning of projects. And if you understand what is the strategic management of projects you would know that all we are supposed to be doing in terms of the feasibility studies, proper site selections, et cetera, et cetera, is now being done, but this is after the fact. We have inherited these things and what you are seeing is as a result of that.

Mr. Chairman: And I need to interject here because we are kind of short of time. I need to interject. Is it that in the future, given the systems that you now have put in place, the issue of inappropriateness of sites will not arise under the current management structure that you have?

Mr. Walker: It cannot happen.

Mr. Chairman: Okay, thank you very much.

Mrs. Seepersad-Bachan: Chairman, just a quick question.

Mr. Chairman: Yes, but Sen. Singh has not—could I ask Sen. Singh—

Mrs. Seepersad-Bachan: I will just ask, is the cost overrun, if they could just indicate to us in those cost overruns, how much of that was because of the contractors have to suspend and you all having to pay interest because of the problems that were there?

Mr. Walker: If you understand, you are starting off without a proper budget. After you have finished a proper estimate, if you go through the proper engineering analysis and financial feasibility studies, the government of the day would know the cost of the project. If you do not know the cost of the project, well then central government will always have to be reacting to prices that we are getting from—for example, as in Petit Moon the bad soil conditions, et cetera, et cetera. So, the funding is as a direct relationship to the initial planning. Because, if you had a budget you would have known whether or not you are going forward with this project or not. If you do not have a budget you do not know what cost is coming to you.

Mrs. Seepersad-Bachan: I was just trying to get the percentage of your cost overruns.

Mr. Lall: We did not have an estimate, we had a "zestimate".

Mr. Chairman: Thank you very much, and I will now move to Sen. Singh who has been silent for quite a while.

Mr. Singh: Thank you very much, Mr. Chairman, and welcome to the members of the EMBDC. Mr. Chairman, Mr. Walker raised the issue of the lack of proper planning in the project management of the various estates under their purview. But, by virtue of newspaper reports, it appears to me that there were significant corporate Government issues, and bordering on scandalous, I would say, during that period too.

So, parallel with your lack of proper planning for project management on these estates, you had corporate governance issues. I refer specifically to the period of Mr. Uthara Rao. Now, I read newspaper reports in which moneys, public moneys, to the EMBDC were placed in a private account. His account. I would like to get some clarification on that, because I cannot fathom how a public enterprise like the EMBDC, the chairman at that time, could have moneys in his private account that is public moneys. So, I would like to get some clarification as to what are the corporate governance measures that have been instituted since then to ensure that that cannot reoccur with utilizing taxpayers' money? That is one area.

11.55 a.m.

The second area deals with the question of the value system of your organization. I read, you have certain core values, but, you know, you had a chairman who had several allegations of sexual harassment, that is Mr. Rao. As a result of that there were several settlements in which the EMBD paid for the settlement of those lawsuits. I think there is a—[*Interruption*]

Mr. Seemungal: Private matter.

Mr. G. Singh: So that I want to know, what were the settlement figures and what is the sexual harassment policy, now, in the EMBD?

Mr. Lall: Thank you, member Singh. With respect to the first one, the Executive Chairman at that time had no rules and policies and the corporation operated out of his head.

Mr. G. Singh: Out of what?

Mr. Lall: Head. Not a head lease, headstrong. So he would direct the staff, what to do, how to do it, when not to do, when not to do it. And there was no one to stop him because he was the Executive Chairman. So he was judge, jury, executioner.

Mr. G. Singh: This is Mr. Rao?

Mr. Lall: Mr. Rao. With respect to the funds going into his account, we cannot find records to show anything like that. What we did in our

investigation, we found that there was a Clico deposit in which he credited interest to his account but we have no documentation on it. Clico subsequently decided they could not do that so they stopped it, and again we could not find documentation on it. With respect to the sexual harassment—[*Interruption*]

Mr. G. Singh: Before you go on, I want to ask a supplemental Chairman, because I want clarification. So you are saying that there was an EMBD deposit in Clico.

Mr. Lall: Yeah.

Mr. G. Singh: What was the quantum of that deposit?

Mr. Lall: How many millions it was, Gary?

Mr. Parmassar: That would have been approximately, about $30 million.

Mr. G. Singh: Thirty million dollars in a Clico deposit account, attracting interest of how much?

Mr. Parmassar: I am not clear on the interest at this time.

Mr. G. Singh: So it is a Clico deposit. Sometimes they attract, what, 14, 15 per cent interest?

Mrs. Mc Intosh: Ten.

Mr. G. Singh: At least 10 per cent interest. And for what period did this movement of interest

go to the private bank account, or the
allegation it went—it certainly did not remain within the EMBD deposit. It went to another account.

Mr. Parmassar: Chairman, through you, the records that we have do not reflect any amount being transferred into a personal account. We do not have any records of that currently. So I am not able to give a figure or to say the amount that would have been transferred into a personal account if an amount was transferred into a personal account.

Mr. G. Singh: No, no, but—

Mr. Vice-Chairman: Thank you very much. Sen. Singh, I just want to focus on one broad issue here, how often are your accounts audited?

Mr. Parmassar: Our accounts are to be audited every year. However, we are in the process of the 2011 audit which is currently before the partners of our external auditors with the promise that 2012 and 2013 will be completed by August, and our final 2014 accounts, to make sure that we are up to date before the end of the financial year.

Mr. Vice-Chairman: Okay, very well, so we have a three-year— Sen. Singh, one final question, you have a follow-up?

Mr. G. Singh: Yeah, yeah. No, no, they have not answered the sexual harassment question and I want to know now, because they
have not provided the solution that you could put on, the then Executive Chairman, put money, $30 million into a Clico account, they do not know where the interest went. It certainly did not accrue to the account. I want to know what measures have been placed to prevent the recurrence of that, and secondly, the sexual harassment issue in which you paid moneys for what I consider to be a private matter.

Mr. Lall: Well, I will tell you what we came up with. We came up with what was in the papers, $200,000 was paid. We went back to the computer system to try to see which account was debited and credited. We could not find any records. We checked all the paper files and we could not get any record for those things.

Mr. G. Singh: So in other words there was no paper trail within the EMBD when you came into office that showed whether interest went from the Clico deposit account or the payment for the sexual harassment lawsuit.

Mr. Lall: No, we could not find anything.

Mr. Vice-Chairman: So I presume that you have now improved upon your accounting protocols and that there is now a proper paper trail for all moneys coming in and going out?

Mr. Parmassar: Yes.

Mr. Vice-Chairman: Very well.

Mr. Lall: With respect to sexual harassment, we have introduced an HR policy and administration guide, and sexual harassment is dealt with severely.

Mr. Vice-Chairman: We are close to our termination point because the members in the House of Representatives do have to sit this afternoon. So I shall not be keeping all of us here much longer, but there is one issue that from the chair, I would like to pose, and that is how easy or difficult will it be for the EMBD to comply with the new requirements of the procurement Bill that has been recently passed?

Mr. Lall: I have reviewed the new procurement Bill and our tenders policies is about 99 per cent compliant with it. There are only one or two issues, like currently we have a policy in our tenders rule where if you want to dispose of obsolete stuff you could probably sell it to the public or to the staff in the new procurement Act. It must go through a committee and you should be forbidden from selling to directors or staff. So we need to probably just tweak it a little.

Mr. Vice-Chairman: Members of the committee, any further questions you would like to pose to the committee? Okay, at this point I would simply like the ask Mr. Lall to offer any closing remarks that he would like to provide for the benefit of the public and the committee as a whole .

Mr. Lall: Chair, members of the committee, I would like to thank you for your stinging questions, very investigative and very enquiring. It will help us to prepare the EMBD better. It has been very enlightening to do a public session. We at EMBD try to adhere to the highest governance standards. We try to look at all the areas of conflict, we try to put the corporation first. We act with all honesty and fairness and transparency and at all times we look at the company's interest before our own. Thank you very much.

Mr. Vice-Chairman: Thank you very much, Chair. On behalf of all members of this Joint Select Committee I would like to thank the Chairman and all members of staff, Boards of Directors, et cetera, from the EMBD for their presence here today, and for providing the answers to the questions which were raised and for edifying the public as well as the committee on the business of the EMBD and how it plans to proceed in the future to improve its efficiency in the interest of the public. Thank you all very much.

Mr. Lall: You are welcome.

12.04 p.m.: *Meeting adjourned.*

APPENDIX IV

VSEP Residential Sites being Developed by the EMBD

VSEP RESIDENTIAL SITES BEING DEVELOPED BY THE EMBD				
No.	SITES	ACRE AGE (Acs.)	NO. LOTS*	REGION
1	Me Bean	18	109	Couva
2	Esperanza	10	47	Couva
3	Exchange I	85	497	Couva
4	Roopsingh Road I	94	558	Couva
5	Sonny Ladoo	40	226	Couva
6	Chin Chin	141	793	Cunupia
7	Exchange II	148	795	Couva
8	Felicity I	137	753	Chaguanas
9	Reform	150	744	Gasparillo
10	Picton II	37	206	Debe
11	La Romain I	152	900	La Romain
12	Picton III	111	520	Debe
13	Calcutta	12	76	Couva
14	Caroni Savannah Road I	150	604	Chaguanas
15	Exchange III	143	802	Couva
16	Picton I	134	795	Debe
17	Waterloo II	177	732	Waterloo
18	Cedar Hill II	200	715	Princes Town
19	Roopsingh Road II	192	720	Waterloo
20	Petit Morne	481	2153	Ste Madeline
21	Woodland	42	232	Oropuche
22	Hermitage	33	191	Palmiste
TOTALS		***2,687***	***13,168***	

APPENDIX V

Status of Land Development Projects initiated in recent years

The present status of the Land Development projects which were initiated in recent times are:-

No.	Site	Acreage	Lots	% complete	Start Date	Projected/Actual Completion	Status
1	Waterloo II	177	762	50	12.05.2010	September 2015	Works ongoing
2	Caroni Savannah Road I	150	604	30	20.04.2010	To be re-tendered	Contractor terminated
3	Petit Morne II	176	527	100	07.02.2012	October 2014	Completed
4	Petit Morne IIA	89	323	100	28.03.2012	December 2013	Completed
5	Petit Morne III	164	679	20	07.02.2012	September 2015	Works ongoing
6	Petit Morne IIIA	51	219	90	28.03.2012	March 2015	Works ongoing
7	Cedar Hill II	200	715	50	26.04.2010	To be re-tendered	Contractor terminated
8	Roopsingh Road II	192	740	85	01.04.2010	March 2015	Works on-going

APPENDIX VI

Update on the amount of money owed to contractors as of December 15, 2014

Status on money owed to contractors as at December 15th 2014 is outlined below.

	Conctractor	Site	Balance owed on certified work
1	LCB Contractors	Petit Morne III	$ 53,657,447.26
	LCB Contractors	Cedar Hill II	$ 19,118,746.07
2	Mainway Industrial Installation	La Romaine 1	$ 4,513,358.01
3	Mootilal Ramhit	Felicity 1	$ 95,043,857.18
4	Namalco	Picton 1	$ 98,617,127.59
	Namalco	Petit Morne II	$ 369,472,245.59
	Namalco	Roopsingh Road II	$ 250,733,586.70
5	Online General	Waterloo II	$ 6,928,345.68
	TOTAL		$ 898,084,714.08