10.00 a.m.: *Meeting resumed in the J. Hamilton Maurice Room.*

OFFICIALS OF PETROTRIN

Professor Andrew Jupiter	Chairman
Mr. Fitzroy Harewood	President
Mr. Jonathan Barden	Vice President, Refining
Mr. Stephen Awah	Vice President, Exploration and Production (Ag.)
Mr. Neil Derrick	Vice President, Human Resources and Corporate Services (Ag.)
Mr. Ronald Huff	Chief Financial Officer
Mrs. Sharon Morris-Cummings	General Counsel, Gas, Business Development and Projects

Mr. Chairman: Good morning, everyone, I would like to welcome you all to the Fifth Meeting of the Joint Select Committee on State Enterprises, and Petrotrin has the honour today, being the first entity appearing in a public hearing before this Committee. So that as this Committee begins its work, this Committee would like to advise the viewing public, and, certainly, the entity before us, that this Committee is very concerned about the level of accountability of various enterprises under our purview. The Committee is of the view that the work that we have been chattered to do by the Parliament here, on behalf of the people of Trinidad and Tobago, is so to ensure, as far as possible, that accountability is something that is seen as a priority by all the entities under our purview.

I think there have been many instances of what one would like to say that, accountability has not appeared to be a priority, and this Committee wants to state very clearly, and very early, that this is something we are going to be working hard for, to achieve, but also with the various entities, because we are aware that several entities have issues and challenges that perhaps the Committee could be useful in helping with. Just for members' information, and also our invited parties, this hearing is being broadcast live on Parliament Channel 11, Parliament radio 105.5FM, on the Parliament's YouTube channel, ParlView. Members of the viewing and listening audiences can send comments via email at parl101@ttparliament.org, or on our Facebook page, at facebook.com/ttparliament, all one word, or on Twitter @ttparliament.

So that right now as we begin this process, I would like to welcome the officials of the Petroleum Company of Trinidad and Tobago and invite them to introduce themselves. You have the floor.

Mr. Jupiter: Thank you, Mr. Chairman. Good morning to you all and the wider public of Trinidad and Tobago. I am Andrew Jupiter, Chairman of Petrotrin, and, as requested by the Chairman of the Committee, I would request the other members present to introduce themselves, starting from my left.

[*Members of Petrotrin introduce themselves*]

Mr. Chairman: Thank you very much, representatives of Petrotrin. Thank you very much for taking the time out of your busy schedules to be here, we appreciate your coming here to answer the questions of the Committee. I will now begin by introducing members of the Committee, starting with myself. My name is Sen. David Small, I am the Chairman of the Committee, and I would like the other members to introduce themselves, starting on my immediate right.

[*Members of the Committee introduce themselves*]

Mr. Chairman: I would like to inform everyone, and remind everyone of the six objectives of this enquiry ; it is, one, to examine the key challenges facing the company; two, to acquire insight into the company's financial condition; three, to examine the management structure in place at the company, and to assess how effective it is in terms of ensuring transparency, accountability and value for money; four, to obtain an update on the status of the operations of the company, particularly in keeping with the company's strategic plan 2014—2018, taking into account falling oil prices and the financial condition of the company; five, to examine Petrotrin's tender rules and procedures to determine whether the company practices transparency, accountability and fairness in the award of contracts; and, six, to understand the relationship between Petrotrin and the Ministry of Finance and its line Ministry, and to determine whether there are crucial areas of the company's operations that are in need of additional support or resources by the Government.

I would like to acknowledge that the Committee is in receipt of a wonderful 10-page binder from Petrotrin—oh, it is a little more than 10 pages—a wonderful binder from Petrotrin that contained responses to all of the questions submitted by the Committee. The Committee thanks Petrotrin for the obvious effort that has been put into providing complete responses. We appreciate that very much. At this point in the proceedings I would now ask Mr. Andrew Jupiter, Chairman of Petrotrin, to make some brief opening remarks.

Mr. Jupiter: Thank you, Chairman. Petrotrin is very pleased to be here today to respond to questions by the Joint Select Committee and State Enterprises. We have forwarded responses to all of your questions, and I do hope, Mr. Chairman and members of the Committee, that these responses are adequate. Today, we are represented by Mr. Fitzroy Harewood, the President of Petrotrin; Mr. Jonathan Barden, the Vice-President of Refining; Mr. Stephen Awah, Vice-President, Exploration and Production (Ag.); Mr. Neil Derrick, Vice-President, Human Resources and Corporate Services (Ag,), and Mr. Ronald Huff, Chief Financial Officer.

The challenges of Petrotrin are numerous, however, to appreciate these challenges, permit me, Mr. Chairman, if you will, to give you and the members of the Committee a snapshot of Petrotrin. Born in 1993, but predecessors as TRINTOC way back as 1974, so in fact we are 23 years old, but in fact we are about 42 years old in the context of state operations. And, beyond that, we go as far back with UBOT in 1908, 1910, when the first commercial oil well, Guapo F3 was podded very close to the place where I grew up. So it is in that context I would like to start. Petrotrin's acreage is only second to the State. The State has given to Petrotrin 1.1 million acres, 22 per cent onshore and 78 per cent offshore. That is the area we have been entrusted to manage, second only to the State in terms of land.

Petrotrin, therefore, has two core areas, which you will hear about this morning in detail, refining and marketing, exploration and production. But to address exploration and production, I would like to leave this map whereby to demonstrate— the only entity I can think about in the world that has acreage on the north, acreage on the east of the island, acreage in the west, and even acreage on the south is Petrotrin. And why am I saying this? We have acreage in the west, Trinmar Field, close to about 900 wells have been drilled there. Today, we have 288 producing wells, and even more than 288 idle wells, we have 300 idle wells requiring maintenance.

These wells are supported by 78 structures, block stations, about 13; platforms is about 23; riser platforms, about 13, plus there is another 29. Arising out of those wells and out of those structures we produce about 50 barrels of oil per day per well, with average well depth of about 5,600 feet. Let me hasten to add that this did not start yesterday, but High Seas 1 was completed drilling in 1954, which gave birth to TRINMAR. Therefore, we have structures over 50 years old, and the estimate reserves at this time, P1, P2, P3, is 48 million barrels, and estimate heavy oil reserves is in the region of 28 million barrels. That is the West Coast, it is the only entity I can think about at this time with all this acreage, and north, south, east, west, and on land is Petrotrin. It is a snapshot.

Let me move from the West Coast and move quickly into land. What do we have, Mr. Chairman, members of this Committee? Over 9,000 wells have been drilled on land. At present, there are 3,285 producing wells, 2,920 idle wells, in 29 fields with average barrels of oil per day per well in the single digit. Therefore, in fact, you can term it, we are operating a stripper field. Estimated reserves on land is in the region of 18 million barrels, and estimated oil reserves on land in terms of heavy oil exceeds 13 million barrels. How do we recover these reserves? Mr. Chairman, this is the complexity which we go into. I spoke about the West Coast but on land we have 24 lease operators, we have 10 farmhouse, we have 24 joint ventures, and you will hear further from the Vice-President, E&P, with respect to that.

10.15 a.m.

And what these lease operatorship should farm out, IPSC? What do you get out to that? At this time we are getting about 45,000 barrels of oil per day, with gas approximately 134 million cubic feet per day; and if you use barrel of oil equivalent per day, Petrotrin produces at this time, it is the number one producer of oil in the country, but it also produces close to 70,000 barrels of oil equivalent per day in oil and gas. That is a snapshot of Petrotrin in terms of E and P. As I indicated, Mr. Chairman, members of the Committee, we do have two core areas, and permit me now to share with you refining and marketing.

The first major oil refinery in this country was at Pointe-a-Pierre and the refinery is still at Pointe-a-Pierre today. We have about 27—and that was since in

19—just after 1910—1913 to be exact. The refinery has about 27 plants online. For example, we have CDU crude unit, we have vacuum unit, we have visbreaker unit, we have FCCU catcracker, we have sulphuric acid alkylation unit, sulphuric acid regeneration unit, slubs processing hydrogen sulphide removal, we have naphtha separation, bitumen, we have kero gas oil, mild hydrotreater, hydrogeneration unit, sulphur recovery unit, sulphur prilling production, continuous catalytic reformer, isomerization unit, kero hydrotreater; and I can go and on, LPG, jet treater, water treatment, cooling tanks and on and on. That is the complexity I want to share with you for a moment—with about 78 tanks for crude, for fuel oil, for jet, for gas oil, for finished Mogas, for Mogas components, for CCR feed, for HTU charge—complex operations.

I just shared with you we have our local crude, about 45,000 barrels per day and therefore, to run a refinery with about 160,000 barrels per day you need to import crude and we do have importation of that crude. What connects the refinery to exploration production is pipelines. And, Mr. Chairman, we have in excess of 1,363 miles of pipeline onshore and offshore. That is really distance in nautical miles from Trinidad and Tobago to Miami. That is the complex operation we are operating under—1,363 miles of pipeline. So it is not an easy operation. It is a difficult operation. It is a complex operation in all areas. The task is great to manage Petrotrin, but even more difficult, Mr. Chairman, with low oil prices.

The recent decline in oil prices and the decline in refinery margins have resulted in reduced revenue and cash flow of the company. Concerns we have are in the areas of managing operating costs; reversing decline in oil production and increasing reserves ; improving productivity and work performance; inadequate succession planning and competency gaps; ageing infrastructure—as I mentioned, we started some of these operations as way back as 1954—improving safety performance; debt burden based on existing bonds, we do have that.

Let me talk a little bit about liquidity. And thank you for the opportunity to allow me, Mr. Chairman, just to deal with some of the issues and some of challenges which I have just given to you, a brief snapshot of Petrotrin, upstream and downstream. Let me now come home—challenges.

Immediate and short-term challenge to liquidity brought about by the generation of insufficient cash from operations to service debt and fund our limited capital expenditure programme. Cash from operations has impacted severely by continued low oil prices. Even though we have been experiencing relatively good refinery margins, this has been offset by the lower market prices for refined products and maintaining operating costs. The current external and internal environments with continuing credit downgrades by rating agencies also make it increasingly difficult to manage liquidity via short- and medium-term borrowing for trade financing and working capital support. That is a challenge of liquidity.

Upstream: our upstream assets are mature assets which I tried to share with you this morning which experience natural decline rates that can only be significantly offset by new oil additions from drilling and EUR programmes. Drilling and EUR programmes in conjunction with optimization of oil production initiatives initially planned to increase and also maintain production volumes have become uneconomical in the current low oil price environment. Our current challenge is to find and pursue those opportunities that have higher productivity and/or lower cost to implement.

Downstream: over the last year or so we have seen, Mr. Chairman, remarkable improvements in all aspects of refinery operational performance, namely throughput utilization, energy efficiency and product yield. We still however face issues with reliability of our operating plants and utilities, infrastructure that may threaten our ability to sustain these improvements.

Current global refining margins are good and are reflected in the gross refining margins that we obtain; however, the forecast is that refining margins will not be as strong as last year and will be challenged to generate cash from our refinery operations in the face of lower margins and continued high operating costs.

Asset integrity: I mentioned to you a number of pipelines that we have at the company. I mentioned to you, Chairman, and members of the Committee, the number of structures and the number of fields we do have. Several well-publicized incidents in the recent past have highlighted the issues Petrotrin faces with asset integrity. In addition to the risk this poses to the environment and the human health and safety there is also significantimpact on operations continuity. We are in the process of quantifying our asset integrity; upgrade requirements and diligent pursuit of any asset integrity upgrade programme will utilize significant amounts of scarce cash.

I will also like to touch on competence and succession. Our current reality is that we lack the required number and quality in most of the key competencies that are necessary for our continued survival and sustainability. These include geological, geophysical and petroleum engineering, process engineering, reliability engineering, project management and finance.

HSE performance: In spite of improvements our current HSE performance is not up to industry standards and must focus efforts to develop and maintain the kind of HSE awareness and culture that will minimize the number of HSE incidents.

Mr. Chairman, we are committed to work in partnership in order to be successful in the challenges which I have just mentioned. We are committed to work with the Oilfield Workers' Trade Union, the bargaining body, major bargaining body, the National Petroleum Staff Association and the Estate Police Association. We are committed to do that. Why are we committed to do that is as follows: that over the last 10 years this company has provided to the Government TT$43 billion in government take; that included petroleum levy, royaltie,s supplemental petroleum tx green fund levy, income taxes. In fact, one year it was as high as TT$6.5 billion . In addition to that, Petrotrin has about 1,000 registered vendors, approximately that and another 2,939 vendors in terms; 1,000 registered vendors are permanent and we have a wage bill, a salaries wage bill of approximately $1.8 billion per annum for over 5,000 people.

Let me clearly state, Mr. Chairman, that since 2006 Petrotrin has been downgraded: December 21, 2006, Ba2; July 31, 2009, Ba3; May 01, 2015 Ba1; January 2016, Ba1 on watch; and March 2016 we have been downgraded as Ba3.

I want to take this opportunity to state that this board which I am Chairman of came into this seat on September 30, so we are just about over 170 days in. Oil price is $45.09 WTI, and I want to put it in its correct context. The oil price today—I have my phone off, but the last one I saw was about $39.09 in running WTI, about $39.44 running now. So that is going south, but throughput, when we came in throughput was 103,220 barrels per day and you hear a little bit about it further today. We are now running at about 155,000 barrels per day from March. We had about 165,000 barrels per day one day on March 01. The refinery utilization now is close to 80 per cent. When we came in, the refinery utilization was about 68 per cent. Our crude oil production was 43,835 barrels of oil per day on that day. We are close to that, we are just about 100 barrels of oil per day off with respect to that.

Employment was over 5,000 persons. We are still over 5,000 persons. But I want to say an important point here which is critical, that Petrotrin continues to ensure that the operations on land, offshore and the refinery being operated in such a manner, effectively and efficiently, not only for the workers in Petrotrin, but for the people for Trinidad and Tobago. And it is in that context we have this team here this morning to respond to any question that one may wish, may it be finances, may it be strategic plans, may it be exploration and production, may it be refining, may it be law.

And, Mr. Chairman, I have taken a lot of time, a bit longer than probably you allowed me to take, but thank you for the opportunity for taking that time and not indicating to me that I should stop. I have more to say, but I cannot say all at this point in time because of probably my allocated time. So thank you very much for the opportunity. So I will stop at this time.

Mr. Chairman: Mr. Chairman, I want to thank you for that comprehensive overview. It may not be new information for some persons here, but I think for the Committee here, the information that you have provided, the snapshot, is an important capture. And I want to also state upfront, Mr. Chairman, and members of the Petrotrin team that this will not be your first visit to this Committee in this period. This Committee, given the wide range of Petrotrin's activities, the impact of Petrotrin operations nationally, I am advising you ahead of time that you will have to reappear before this Committee for a subsequent session at a date that will advised to you in due course. That is why, Mr. Chairman, I allowed you to make sure you have appropriate time to give the full overview so that members have a feel or a sense for the scope and the scale of Petrotrin's operations.

Thank you very much, Mr. Chairman, and I want to thank you for providing the Committee with a copy of Petrotrin's lease map. That will be something that the Committee will certainly, as a resource, will be happy for. An electronic copy will be good also, but we can have that discussion after. Thank you very much, Mr. Chairman.

Okay. I will now like to start, begin the process, and I would like to remind the Committee members and the members of the visiting team from Petrotrin to direct your questions through the Chair. And please, when you want to speak, please use the mike that is in front of you so that we can have a proper capture of all your questions and responses. So that I will now like to proceed by beginning the questioning process, and we have someone who has indicated their wish to start the process. I have Sen. Mark who wishes to ask the first question. Sen. Mark, you have the floor.

Mr. Mark: Yeah. Thank you very much, Mr. Chairman. And good morning to all the officials from Petrotrin, including the distinguished Chairman, Prof. Jupiter.

The first area of concern, having regard to what you have outlined to us, deals with an issue that appeared recently in one of the newspapers and it has to do with what has been described as the current pricing strategy or structure of Petrotrin for the sale of refined products in the Caricom market and particularly the countries like Jamaica, Suriname and Guyana. It has been alleged that those prices are uncompetitive, and if we continue—that is, Petrotrin—these countries are seeking to go outside of Caricom by raising and removing the external tariff barrier that is currently prohibiting them from buying refined products outside of Caricom.

The question I want to pose, first of all, is that a fact?—first of all. And secondly, if it is a fact that the pricing strategy is uncompetitive, given the state of Petrotrin, does Petrotrin intend to adjust its prices for refined products in the Caricom market? That is the first question. I have others, but I will ask that as the first one, Mr. Chairman.

Mr. Harewood: Thank you, Mr. Chairman, members. Let me just expand a little bit on what the Chairman said about our refining operations. In terms of our products we produce a number of petroleum-based products, gasoline, aviation fuel, kerosene, diesel, fuel oil, et cetera, and our normal market distribution for the products are around 30 per cent of which goes to the local market through NP and Unipet, as you would know, and about another 30 per cent or so, and it really amounts to about 44,000 barrels per day that goes to the Caricom market and the regional market, if you will. For that we sell about 32,000 barrels per day to the eastern Caribbean market and another 12,000 to 15,000 per day to Jamaica. And that is primarily the consumption. And we also sell to what we like to call the extra-regional market, which is primarily the Dominican Republic and Puerto Rico and Central America and then we also sell to the international market. Those are our primary markets that we operate in.

In each case our pricing, certainly outside of the local context which, of course you know, the pricing mechanism is set more or less through the Government whether it is a subsidy associated with it. In the case of our pricing strategy with respect to the other markets it is really a competitive approach that we take based on the size of the cargo that the customer requires, the freight that requires us to get to that place. And of course, we start at a very good advantage given our geographical location to those markets that we have mentioned. And that has been our approach traditionally and the approach that we currently take today.

We have a very good relationship with those customers that we deal with in those markets and we are able to price our products based on their requests, based on the quality of the products that they require, the quantity, the various multi-product cargoes that they sometime require because they will sometimes ask for different products to come on the cargoes, et cetera. And also, based, as we discussed already, on our normal freight charges.

So that is the approach we have taken within the region. We continue to remain competitive. As far as we are concerned, we are competitive. We continue to monitor what is occurring within the market. I think it is important to just be very careful about how we treat the question of the CET. The CET is applicable to the entire region. It is applicable to Trinidad as well. So that products that come into Trinidad are also subjected to the CET as well, so it works both ways, if you will. And so we are mindful of all the vagaries that take place in the market.

It is important to note as well that our pricing strategy is based on international prices. So that when the prices are down, as they are today, then we do not really receive a huge revenue for the products that we receive. When the prices are up, based on the US Gulf coast and the various other market standards that are out there, then that is how our prices are basically based as we sell into the market. And that is fundamentally how we operate. We have seen the conversation that is occurring in the press recently. We have taken note of that. It is important to note that the Caribbean region also would have had some forays, as you know into different arrangements, Petrocaribe, et cetera. And interestingly, we have seen our volumes in some of the regions have increased because of concerns and problems that have been associated with the Petrocaribe arrangement. So that we feel pretty confident that we continue to manage and service those markets to our customers' satisfaction and we take very, very good cognition, if you will, of what is occurring in the market and we are very flexible in that regard if we need to make adjustments going forward.

Mr. Mark: Mr. Chairman, through you, are you telling this Committee that there is no truth in what has been published, that COTED or I think it is C-O-T-E-D, some council that is supposed to be meeting at the end of this month and there are certain Caricom countries that are seeking to remove the CET to allow them to import refined products outside of Caricom because they are claiming that the products coming from Petrotrin are too high and are uncompetitive in a low-oil environment. Are you saying that is not true? That is what I would like to find out, Mr. Chairman.

Mr. Harewood: Mr. Chairman, through you, we are mindful and we understand that there is a Caricom meeting that is expected to take place shortly and the issue of the CET will be discussed, and the issue of the CET has been raised. There is a concern we know about the fact that some people are of the view that our prices are not competitive, and we understand that. But that is as far as we can comment. I mean, I cannot certainly prescribe into what their motivation is with respect to that, but we know that there have been concerns raised around whether or not CET removal will make their prices more competitive from other sources. We are monitoring that and we will pay attention to that as the conversations occur, but we know that they are taking place.

Mr. Mark: Mr. Chairman, may I? There has been a report again, because we are concerned about what we are hearing and we are concerned about Petrotrin, because Petrotrin is the flagship for TT, so we understand the significance of Petrotrin as an institution and an organization. We recently read about some sale of the Gas to Liquids plant at some price of some US$35 million to a company called NiQuan Energy Trinidad Limited. We want to know, Prof. Jupiter, whether that is so? Because sometimes you read things in the newspapers and they may not be factual, sometimes they may be misleading, sometimes they may be true. So we need to get clarification from Petrotrin on this matter. And as you are on the GTL plant, could you tell us how much money was spent on this particular project?

And finally, in terms of receivership, the receiver in terms of the GTL plant, I am reading where, so far, that receiver may have received over US$55 million. Is that a fact or is that a figment of somebody's imagination?

Mr. Harewood: Mr. Chairman, thank you and thanks to the member for raising the concern. Let me just begin by doing a quick recap of GTL as we understand it. So Petrotrin would have entered into this GTL project agreement in 2005 with the intent that we would have established in conjunction with World GTL Limited at the time, through a 49/51 partnership in favour of 49 per cent Petrotrin, GTL facility at our refinery location. In 2006, the expectation would have been that that facility would have started its construction and the project would have kicked off. And the estimate then would have suggested that the order magnitude for the plant would have been around $165,000 million—$165 million, if you will—for the project cost. And that would have involved equity participation by the two partners, as well as a loan to get the facility going. As time went on however, the project became delayed and the project cost escalated, and there were issues related to the partner who was also involved in this project with Petrotrin where there were concerns about the performance with the partner and they being able to come up with requirements for the project.

Petrotrin subsequently took a decision to purchase the entire loan that was taken for this project with Credit Suisse because Petrotrin was also in the market putting out bonds for its GOP project and Clean Fuels projects, et cetera and felt it was important that they also control what is happening to that loan with respect to the plant. And they entered into a number of other agreements related to how they would pursue the plan going forward.

As a result of that, a receiver was established, if you will, in 2010 I believe it was, 2009/2010. A receiver was established and the receiver's job at the time was also to pursue the completion of the project and the construction. So it is important to understand that, because when you talk about funds the receiver received, those funds would have been directed towards trying to compete the plant at some stage.

As the project continued it became very clear that the project became stranded and difficult, if you will, to finish. There was an attempt to basically say to the receiver that we are at the stage where we will no longer attempt to try to fund this project further and finish the construction, and the receiver's mandate was then required to look for a way to dispose of the assets. And the receiver in their deliberations determined that they can go out on a request for a bid for the plant. They got a number of quotations. The company's board at the time gave permission for the receiver to enter into negotiations with NiQuan who had bid for the plant, if you will, to operate it. Those negotiations continued to the point where at a later stage the board in 2014 was able to make decisions about trying to conclude the negotiations at NiQuan. And we are at the point today where in October our board gave conditional approval to sale of NiQuan on the premise that certain agreements that are required to facilitate the operation, if at all if the plant were to operate, including the sales and purchase agreement, the off-take agreement, a collateral agreement that represents Petrotrin's interests, that agreement could be made with those things, and also that Corporation Sole will give approval for the sale. And that is fundamentally where we are.

The total expenditure to date from around this project is around $3.3 billion, if you will. It includes construction activity. It includes money that went to the receiver that included both construction cost, as well as preservation cost for the facility when it was stranded and nothing was going on. It also includes interest payments related to the loans that were taken out, and that is all that accounts to about $3.3 billion. Without the interest payments it is around $2.5 billion, if you will. That is fundamentally where we are at this point in time.

Mr. Mark: Finally, Mr. Chairman, if you will allow me? But what is the position now, Mr. Harewood, as it relates to that arrangement between the receiver, Petrotrin and this organization called NiQuan? Is there a final decision or is a final decision pending? And when we read about US$35 million, is that just speculation or is that a figure that has been agreed upon and submitted to Petrotrin for consideration by the receiver?

Mr. Harewood: So, Mr. Chairman, through you. The situation as it is now which I alluded to a while ago is that the sale to NiQuan has been conditionally approved by our board of directors subject to agreement with respect to the various agreements that are required to be put in place and an approval by Corporation Sole. That is fundamentally where we are at this point in time. The proposal from NiQuan indeed reflects a price of $35 million made up of cash and preference shares and that was the proposal the receiver recommended to the board based on their due diligence of the proposals that they received. That is fundamentally where we are.

Mr. Chairman: Thank you very much, Sen. Mark. I now recognize Sen. Henry.

Sen. Henry: Good morning everyone and the Petrotrin team. I am particularly interested in the problem cited in your document relating to inadequate succession planning and competency gaps. And the Chairman made reference to it in terms of significant shortage of technical skills at the company and so on. I would like to know how did this come about and long has this been existing in the company?

10.45 a.m.

Mr. Derrick: Morning and thank you. Through you, Mr. Chairman. Yes, we have been doing some work to try to deal with this issue of succession planning. You would understand that after the issues with the US in the Middle East you had a drain on Petrotrin, for example, of a lot of its professional staff, because you find that areas like Saudi Arabia, Saudi Aramco were coming into Trinidad and interviewing for persons. So, in some cases what we had as succession planning structures may have been disrupted by losing a number of persons to Repsol, BP, who were ramping up their production, and we were not only competing locally, we were also competing internationally. So, we have had a sweep, if you could say, of a lot of persons during that ramp up, and we are now feeling it because we have to try to continue to close those gaps. So, we have been identifying the positions, the requirements and systems for closing those gaps. But, we are working to try to keep those gaps closed as much as we could.

Dr. Henry: Excuse, could you just clarify the timeline? When did all of this happen? You are assuming that we know.

Mr. Derrick: Let me apologize. We had a significant amount of work done in the 2003 to around 2005 period, where we had some assistance by consultants, and including the Hay Group. We reviewed our organization, we reviewed the structures. We completed some process mapping work. We identified where we had gaps, we identified the competences for other positions, especially like our leadership positions. We had Executive Leadership Evaluation Programmes, Management Leadership Development Programmes, so we have had a significant amount of work there.

Additionally, what you had, is with the last downturn, things like the apprenticeship programmes and stuff were reviewed. Additionally, there was the approach by the Government, at that time, when the period of mid '90s and you were introducing MIC and a lot of the companies had actually stopped their internal apprenticeship programmes. A lot of the persons who would have been hired in these organizations by groups, so what we had was high levels of retirement together with the impact I just told you. So, even though we had those plans we had reviewed our systems, we had a lot of the process maps there, and we had that training. We did lose a number of persons in that period with this issue of the oil boom.

Mr. Chairman: Member Karim, if you will permit me?

Mr. Karim: Yes.

Mr. Chairman: Member Karim, if you will permit the Chair? You have touched on an issue that the Chairman would like to just follow on from Sen. Henry. The chairman, in his remarks indicated several areas where the company had deficiencies in term of quality and quantity. One of those areas identified by the chairman in his opening remarks had to do with project management. Now, that is a big issue for me. Because, I look at your document here on page 14 of 26, and this is just an example, on the GOP programme you can see that the project slipped by six and a half years from the original target completion date to the actual commissioning date. The calculation plan slipped by five and a half years. But from the original concept and the other units by an average of two to two and a half years, and I am going to come also to the ULSD project which is probably heading to seven years overdue.

So, I am asking, because there are two questions I want to ask: the company recognizes very clearly they have a problem with project management but it seems to be engaging in a practice of internal project management of projects when, certainly, from my experience the sister state companies tend for major projects to engage professional project management firms to assist the company to keep a tighter rein on projects. That is one element of it. The other element of it is the contracting strategy of the company, I have seen based on the documentation here, is essentially where it is not a fixed lump sum type of contract. So, I need to understand from the company; one, if you know that project management is a challenge, why do you not get some assistance to manage these large capital projects where you are having five and six years overruns? And then; two, your contracting mechanism, has the company not worked out a way to get fixed lump sum turnkey contracts rather than these types of contracts where you continue to pay for cost and time virtually at the contractor's whim, and when you do not have somebody with their rigor to go and examine their work properly and you have admittedly challenges in turn with you project management? You are setting yourself up. So, I need some responses to those two issues, and I want to thank Sen. Henry for raising that issue.

Mr. Harewood: Yes, thank you Chairman. I think it is important to maybe sort of get into some detail around the issue you have raised. So, we understand that we have a project management concern within the organization, and that is something we will readily admit to. It is important however, to appreciate that we would have executed these large projects, if you will, following the normal protocols you expect for large projects, and that is not something we would have just done internally.

We would have hired EPC contractors, we would have hired project management consultants who would work alongside the company in managing these contractors. All those were part of the way the contracts were structured and executed. And there were myriad problems that would have occurred during the construction of these facilities during that GOP period, but that is not because there was not project management capability from the company side. Because those were contracted, and in a lot of cases they were contracted along the requirement both for EPC and for PMC where they would be using the fixed price methodology, or in the case of the PMC they may be using a cost [*Inaudible*].

We can talk at a later date, if you wish, about where we are with respect to the OLSD project, and we can certainly respond to that. But, certainly, when it comes to the large projects that has been the approach. Even when we executed large projects within the E&P division, we also took the approach of using consultants who will operate as project management consultants alongside our people and, also manage the EPC, Engineering Procurement Construction activity, of the main contractor who will be held to a time and fixed price obligation. Where we have issues and we have to deal with variations, and we have to take corrective activities, we would use the rates supplied by these contractors as a way of evaluating where they are and determine how we go forward. But, that has not been the approach that, the one certainly you have described has not been the way we have experienced the organization.

Within the organization there are myriad projects that we go on the continuum in Petrotrin, from the small to huge, as you could understand. And along the way we use our project management procedure that we have identified here, that really requires us to be very precise about describing the work scope that we want to do, describing the project chart and figuring how we operate, and it is in that context that we have said as we move along that continuum we believe that we need to strengthen our project management capability in terms of our people going forward, because we would have lost a number of resources over time.

Mr. Chairman: Thank you very much Mr. President, and I will not ask a further question on that. But I just want to comment, my concern is that while all of these things are going on, the results so far have not been anything that the company would be proud of. Having projects six years, five years past schedule date is something that is not acceptable. So that I understand that it is a work in progress. I understand that you are very new to the portfolio and you seem very well comfortable with what the history has been, I am hopeful that you would be part of the solution now trying to get things into a way in which things can be more efficient. I will leave my other questions for later. I want to recognize Sen. Karim. Forgive me, MP Karim.

Mr. Karim: That is all right. Thank you, Chairman. I just have two questions initially. First of all when the Chairman spoke he indicated that you had a focus and an emphasis on really having the right people in the right jobs, and people and productivity. Like my colleague I want to also place this question in the context of the public domain where we have been reading articles and looking at things that are being said. The question really deals with, since we are placing emphasis on strategic planning and all of these nice things which impact on the future viability of the organization, can you indicate to us, how many persons—since you have taken on board or your board has come into operation—from your company have been terminated or contracts not renewed? You might not be able to say the categories but, certainly, what is the number that we are looking at and possibly the reasons?

The second question has to really do—and there are a number, but I will just give you two in the meantime. I would like to have an idea with respect to the strategy that you are employing to deal with your bullet payment of US $850 million which is due in 2019 and, if you will be kind enough to indicate, why was this bond needed to be taken out in 2009?

Mr. Derrick: Just for some perspective, if we look at where we were at the end of October when the new board came in , we had 4,076 permanent persons; 152 on contract. We also have 239 persons in the casual listing, but it averages to about 1,100 man months, if we take how they actually work. Our last figure showed that we are at 3,962 permanent persons; 114 contract; and the temporary/casuals went down to about 2,015; and the man months just about the same in terms of average. A lot of the work we have been doing is looking at where we are, what is required, and we have a significant amount of work that was done by the Hay Group, and by the Shell group during the J to E project, with respect to process mapping.

So, we have most of our process maps with respect to what drive our structures. In some cases what we did is really held on on the contract employees and try to reorganize our manpower internally. But, a lot of the review is still happening. We have actually looked at the two major groups which is the E&P and R&M, because that is where the changes are, and we are looking at the support groups to see what is happening. But, that is where we are, and a lot of that has been attrition, and a lot of the conversation with respect to the chairman in terms of the succession planning is really more for our future five years. Because, we have a significant amount of persons, in terms of numbers about 931, I think, that will leave by attrition in the next five years. So, a lot of what we have been doing is looking at how we manage that as we try to rationalize staff, and look at the competencies and the reorganization.

Mr. Karim: Mr. Chairman, thank you very much. You know, in organizations you may have what is normal or voluntary attrition, but you might also have what I describe as induced attrition, where people sometimes are not ready to be terminated but are so terminated. The question I want to really ask you to tell us specifically, the information that I had and we read in the newspaper, is it true to say that Petrotrin had engaged, within the recent months, in an exercise of reviewing persons' curriculum vitae/résumés, and to see whether they were appropriately placed in the jobs, and if they were not to be so terminated? And if that is so, how many persons would have gone through that route?

Mr. Derrick: Petrotrin has, and we would have had that as part of our response, that part of our control systems is that we audit against the control systems to see where there are gaps. Petrotrin, as one of its standard audits, had a recruitment audit. So, a recruitment audit, it has not been completed. A draft has been submitted for the recruitment audit, and what it would have looked at as Petrotrin looks at all its policies from a review of audit, it would have looked at recruitment against the normal procedures that we have for recruitment, with respect to whether there were vacancies in the structure, whether the recruitment follow the normal policies. An exercise like that was done, but nobody has been terminated from that exercise. Because, the audit has not been submitted, and the audit was not initiated with the intention of getting rid of anybody. It was one of the standard audits, one of the standard planned audits that would have been scheduled for audits for the year, and surely this management would have met that audit in place, and would have provided just the standard data to support that audit.

Mr. Karim: So, you are saying that no one in Petrotrin has been released from their job or removed, or contract not renewed on the basis of any review of any CV in the organization?

Mr. Derrick: I am saying, yes. That is quite true.

Mr. Karim: Mr. Chairman, I had a question in terms of the finances.

Mr. Huff: Yes, Mr. Chairman, the subject of the US $850 million bond, it is due in August of 2019, that was originally placed in August of 2009. The use of those proceeds were primarily directed towards capital expenditures, specifically the gas optimization project in all the plants that were involved in that project. The bonds currently are publicly traded in the international bond markets, so you can see how they trade each and every day. As of, I guess this morning, the bond in question, the US $850 million bond is trading at about 102/103 as compared to its par value.

If we desire to extinguish that bond early, we would have a make whole provision, and we would be required to pay to the bond holders. The make whole provision would mean that in order to retire the bond early, like now, it would cost us over a billion dollars US, about a billion, seventy to make whole the 9.75 per cent interest that that bond has attached to it over the next three, three and a half years. So, the early extinguishment of that bond has really not been a serious alternative for Petrotrin. As we look forward to 2019 the intent would be to refinance the bond at that point in time. Now, that gives us about three years to put forward a trajectory, if you will, on Petrotrin's financial results. That would best prepare Petrotrin to re-approach the bond markets in a three-year time period. So, it is very critical for the company to be always thinking about how our financial statements are going to look over the next three years. Very critical.

So, that is always on our minds as we look to do reforecast and projections. If we see positive trends in our cost structure, these are the revenue streams, then the bond markets will no doubt favourably view a refinancing. If do not see that kind of positive trend then the refinancing would become more difficult, more expensive in, perhaps, not even be available. So, we are very cognizant of that. Going into a refinancing in 2019, we would probably want to restructure and avoid another bullet bond type structure, and perhaps break it down into smaller components stretched out, and have it match our cash flows in the following time periods. So, we would certainly be considering that. We are also always working with our bank group, and it may be that we would not need to refinance the full $850 million, but, maybe, just a part of that, if the company has a credit capacity elsewhere. It is possible that we would not go out for a full $850 million bond. But, those are the things were look at, constantly monitor, and it is never far from the back of our minds. Thank you.

Mr. Chairman: Thank you very much. I wish to acknowledge Sen. Baksh.

Ms. Baksh: Pleasant good morning to the Petrotrin team. With reference made to the graduate in-training programme, explain the rationale for spending on training for 483 students in the GIT programme for the period 2010 to 2014, when only 14 per cent of the students, that is 69 graduates, were selected for exposure to the On The Job Training structured mentorship, graduate development plans and coaching? And can you please account for the remaining 440 students?

Mr. Derrick: May I ask for a slight clarification? I am not sure, in the second part of the question, what you said?

Ms. Baksh: Okay. So, for the programme there were 483 students, correct?

Mr. Derrick: Yes.

Ms. Baksh: Okay. When only 14 per cent, that is 69 students, out of the 483, were selected for On The Job Training Mentorship Programmes/Coaching, can you account for the 414 students that were remaining and not placed?

Mr. Derrick: Sorry. Petrotrin started the Graduate in Training Programme partly to get replacements in terms of successor ship, and partly as the largest state enterprise to provide training to persons understanding that the numbers were in surplus. The chairman would have, in his overview, he would have given you the actual numbers in Petrotrin, and he also would have shared with you the numbers that are recruited as contractors. So, we have a lot of persons who are not directly in Petrotrin, but are supplied through contractors. Part of the strategy was that even the contractors were not able to provide persons with the quality based on our projects.

So, part of it was, really, we knew that it was going to be surplus to our requirements, but we thought that a lot students would have benefited from being exposed to Petrotrin for two years of training that we could have financed. Some of those would have been into our organization, some would have been absorbed by the contractors, and some may have been able to serve the wider Petrotrin. That was the strategy. The numbers that we projected, in terms of recruitment, were lower than we had recruited mainly because of our own—what we started doing when we looked at the manpower management, was to try and do a lot of it through the control of attrition as against backfilling some of the positions after attrition. So, in some cases we did not backfill as much as we should have. And that is why, if I could just repeat myself a little bit. A lot of the money would have been spent, and we still think that it would have benefited Trinidad and Tobago from the professional development that these graduates in training would have had.

Ms. Baksh: Just to say on average, how many graduates are retained by the company? On average?

Mr. Derrick: We would have had—I think the numbers that you gave, around 14 per cent to 20 per cent, might be a wrong average. Because some of them have been on projects on contract, and some would have been retained permanently. So, it is higher than the 14 per cent itself, but it is clearly not close to the 100 per cent that we have trained. It is somewhere in the vicinity of the 20 to 25 per cent, maybe.

Ms. Baksh: Thank you very much.

Mr. Chairman: Okay, I would like to recognize Minister Cockburn.

Mrs. Crichlow-Cockburn: Thank you, Mr. Chairman. Members of the Petrotrin team, any organization's success is directly linked to its human resources, and Petrotrin would have stated both in its submission, and the Chairman this morning, that there are concerns about the gaps in the required HR capabilities and capacity. And then you would have spoken in terms of not having the quality and the numbers in key competency areas. Given those statements and those concerns, is Petrotrin satisfied that they can achieve the objectives set out in the strategic plan?

Mr. Derrick: Thank you. Through you, Chairman, yes, some of the initiatives we have as we speak, for instance our professional development programmes, we have now purchased a licence from Petroskills. We have been working on tightening up those development programmes. In some cases we may be able to fast track them for persons who—we have looked at our leadership development programmes; we have reviewed that as well. So, what we have been doing, is Petrotrin a lot of—if you look at the employee population, they are highly qualified, technically. I think, some of the softer issues, things like project management, their management skills, are some of the things that may have fallen.

Additionally, will be things like the subsidiary skills to those technical for rounding off, which is like where we are from Petroskills, where we are not looking only at the key skills, but you are looking at other areas for knowledge. So, we are building those structures. A significant amount of work has already been completed with the exploration and production group. They are almost completed, and we have started doing the work with the refinery, but we are fast tracking that work, and we are looking at focused development and to those professionals and the leaders to ensure that those projects could be delivered on time.

Mrs. Crichlow-Cockburn: I am a little bit concerned, because we are saying two things. In one breath, Petrotrin has indicated there is a major concern in term of the organization's capabilities and capacities in key competency areas. But, at the same time you are saying that you can achieve the objectives in the strategic plan?

Mr. Harewood: Mr. Chairman, thank you, if I can just respond. When we look at our strategic direction going forward, we obviously are informed by what the market obligations and imperatives are. There are some things we just need to do in order to get our business, if you will, to successful. But, we also take into consideration all the constraints that are affecting the company, and those constraints include the competency issues that we face. So, there will be an effort, if you will, as part of our strategic objectives, to improve our competencies in those areas. We have a lot of issues.

We have issues of succession planning, we have issues of closing competency gaps, and so being able to identify optimal structures, looking at what we need, where we need the deficiencies, where we need to determine where to put our focus in terms of— those are the things that we are undertaking, as well other larger strategic objectives. Because, we know that they represent our limitation and our ability to achieve our strategic objectives. So, the point is, once we set our imperatives in terms of what we need to accomplish for the business, just primarily based on what the market may dictate from time to time and what we know we need to do in order to be successful and be sustainable, we identify what are the constraints that can risk the achievement of those results, and we then put our focus on those things that are required.

Some of it may be related to capital projects and machinery and stuff that we need to acquire, and things that we need to build and develop, et cetera. And some as you have pointed out are related to our people and our human resource development. That does not say that we do not have skills and resources today that would be adequate, if you will, to carry us to a particular point. If we need to go beyond that and achieve what is there, we would have identified the limitations and taken actions that are required to get us to that point. It is a work in progress. We are not saying that we are there yet. But, we are identifying where we are coming from. We are identifying that we are coming from a place where there are issues with respect to our succession planning, there are issues with our competencies in key strategic areas, and they represent a focus area, of course.

We have put it on the table very clearly that they represent that focus area for us going forward. So, we are going to be building capacity within the organization even as we attempt to achieve our strategic objectives, because we do not have the luxury of doing one or the other. We have to do them both. Because they are all very much impacting the organization and its ability to achieve the results that we need to achieve in this kind of market that we are in.

Mr. Chairman: Thank you very much. I would like to invite Member Leonce.

Mr. Leonce: Thank you, Chair. Through you, there is a perception that there is a certain group of contractors that continually get work from Petrotrin, and this perception is in the public domain. What strategy—first of all, is it true, meaning that, is that a strategy in terms of this group of contractors you all trying to improve their competencies, so you focus on this particular group? Or, is that perception false, and if that perception is false, what strategies do you all have to open the field of work to the larger community? Thank you.

11.50 a.m.

Mr. Harewood: Thank you. Mr. Chairman, I will just give a quick overview on that. There is a need for specifics so I will ask the VP, Corporate Services to respond. The Chairman in his opening remarks made some key statistics available to us. One suggests that, in terms of the people who are registered with us, in terms of material procurement and supplying us with materials with over 1,000 vendors and in terms of service providers, there are over 2,000 plus vendors, almost 2,200. So there is a huge base, if you will, of service providers and procurement professionals institutions, provide us with service and materials to run this business because that is how it is required.

It is important to appreciate that in some cases there will be specific and very specialist services and in some cases very general. Our procedures, as we have identified and responded to the questions, allow for us to go through a number of approaches when we go out for work. There are some things we do open tendering on, some things we do selective bidding on and some things we do merit awards based on specific competencies that are required based on what is required, whether it is to expedite work in the refinery or in the E&P areas, because of exigencies related to time and delivery or there is some specialist criterion that says this provider is the one who is the OEM and represents the original equipment manufacturer and therefore they are the ones who will require, via merit, to do certain works. Those are things that are just part of the whole nature of the business in which we are in.

But generally, a lot of our work is done through competitive tendering and allowing for people to come in. People register through us and that is a very open system as well that allows people to register and they go through pre-qualification criteria that is very well known and very well established in our procurement procedures. People who come in to us they are able to come onto our list, if you will, for approved categories in terms of capability and financial hurdles that they must require and they must meet.

Once we have accomplished that we basically have a pool of people that we can use from time to time. So it will be interesting to sort of get specifics on what is identified in that perception, but from where we sit we think that our procedures allow for the three categories, if you will, to be used from time to time and therefore give us the opportunity to be able to straddle the whole category of service providers and material, procurement specialists who are coming to us. And just the fair numbers that we have put on the table suggest that there is certainly a huge cadre of people who are providing service to the organization going forward. And that does not take away from the fact that we have our own competencies, in terms of our own capabilities, in terms of our workshops and our people and our own internal systems that allow us to be able to do some things ourselves and there are times when we would need to go out for other services.

Mr. Leonce: Having a large base of registered contractors is great. What I am asking is, is there something that stimulates when, even with competitive tendering, there are specific contractors that typically always get this work. Is there some form of rotation or is this not applicable in any area in the operation?

Mr. Derrick: Just to put some perspective, the contractors are normally pre-qualified for certain code groups. So, although we have a large number they apply for pre-qualification and we review them in terms of the qualifications of the people, their ability to provide the financial—that their finances are in place and all the things that are necessary for creating those contracts. Those listings are in place.

We also have things like community contracts, which is part of our corporate social responsibility, where we have community contractors in a very small group for jobs under $10,000. So it provides some work for persons in the fenceline communities as community contractors. When the bids are done there is an electronic sorting in terms of the numbers and the top 10, based on the performance, are generally who will be invited because we normally invite around 10. Maybe, there are exceptions when the President has to sign, when we could actually widen that number.

But in the general sense most of the contractors that are registered will be those that would be invited for the selective tendering process. Outside of that we may have temporary registration, where somebody is providing a service that we do not have categories for, people are not registered for. We may also have, in terms of open tender, where there is not sufficient persons to provide that level of competitive bidding and we may invite other persons outside. But in general, you will have to apply and pre-qualify under that first, as a contractor, to make that listing and then you get into the listing for selective tendering. So we do not just go out searching for contractors in the wider market like that.

Mr. Leonce: And thank you very much for that. What I am really getting at, these 10 contractors that you may have invited for a specific job, is there a process in terms of, let us say for that particular type of work you have 100 or 150, is there a particular process to ensure that it is spread throughout for those who may have registered to your satisfaction that they are prequalified and have the ability to do the works, to execute the works required?

Mr. Derrick: We sort of maintain 10 for the pre-qualification. In many instances we have—must be less than 10, so most of the contractors are invited all the time. In the cases where we have more than 10 there is a rotation system for selection. And yes, it continues to give opportunities to persons in the list and that is mostly for like community contracts where we have taken contractors in the community, although it might exceed the 10 itself, but we do not have too many instances of that, because in general the categories will have around 10 contractors. We have a system of consequence for bad performance, and if there are strikes, then it could drop and other persons who have applied may come on to the list and they may drop off.

Mr. Chairman: Thank you very much, if members would permit the Chairman, the Chairman just wants to jump in here to deal with one—two quick things. I am happy to see the representatives of the Line Ministry here so I have a question coming to them shortly.

Mr. President, I want to just run quickly to the Ultra-Low Sulphur Diesel Project. It is of a particular concern to me. The project based on the State

Enterprises' Investment Programme, 2016 document, completion cost is $3,194 million, $3.19 billion. I believe that will be the single largest capital expenditure on a project in Petrotrin's history. I believe so. If I am wrong please correct me. My concern is, when I read down the document I looked back at the previous reports. As of March 2012, the State Enterprises' Investment Programme, the project was recorded as 91 per cent complete. Four years later it is at 98 per cent complete. So for me there is a huge disconnect. How could a project be 91 per cent complete in March 2012 and four years later it is at 98 per cent?

I read down further and it says:

> "Commercial production was delayed to mid-2016 due to structural steel and seismic design issues."

I have no idea what that means so I would like someone to explain what that means and then two, I looked in your document that you submitted where you indicated that the new estimated start-up date for this is December 2017, which means this project will be like seven years late. So I need to find out, the $3,194 million estimate, does that take it to December 2017 or is that number likely to escalate. Mr. President, I would like your guidance on that.

Mr. Harewood: Let me just ask the VP, Refining to give a response.

Mr. Chairman: Thank you.

Mr. Barden: Chairman, the ULSD project has indeed a very unhappy history. Originally the project was started in 2009 with an anticipated completion date of 2012 and a fixed price contract was led to Samsung Engineering and Construction limited for around about US $220 million. There were amendments to that contract and that contract paid essentially US $260 million to Samsung. There were a number of problems with the project. There was an extensive delay caused by industrial relations and payment of hourly rates and union rates and that delayed the project essentially to 2013 when the plant was close to completion right about 98 per cent complete.

During 2013, in September, there was routine pre-commissioning activities. During one of those routine pre-commissioning activities a structural member actually deformed. So one of the beams on the plant actually bent which is a very, very, serious issue. When that was investigated it was determined that that structural member had been inadequately designed. And some subsequent investigation indicated that it was not the only structure member that had been badly designed.

At more or less the same time as that, a review of the project indicated that in the original invitation to bid document the wrong seismic resistance had been specified. As I am sure you all are aware, Trinidad is a seismic region, there are seismic activities and there are codes that need to be complied with for structures and buildings and everything and they include refinery units. And in the original ITB that was issued to the contractor in 2009, a structural resistance of 0.3g had been specified. And it was determined that the correct structural resistance should have been specified at 0.75g.

So the company was faced with these two challenges and they became aware of them, as I say, around September 2013. I think there was a prolonged period of inactivity which I find hard to explain. I was not here so I would not try to explain that. In September 2014 we looked at the situation and we determined that we would seek to have a joint remediation of both the structural deficiencies and the seismic deficiencies as part of a single project. We approached Samsung, that included a very senior level delegation to meet the CEO of Samsung Engineering and Construction, and that included the then President and the then Chairman. We met the CEO and we had a series of meetings in which the CEO committed to us that Samsung would find the solution to the problems of the plant.

At that stage it was unclear how these problems could be solved because the unit was essentially finished, it was 98 per cent completed. And so Samsung went and did some research and came back with a theory of using what is termed, "base isolation". Base isolation is typically used, is widely used in seismic regions for buildings and stand-alone structures, such as, bridges. It has not been used on an oil refinery and it has not been used on a very, very, complicated processing facility, such as ULSD. Samsung believed that they could make this work. We then went through a number of months working jointly between Petrotrin, Samsung and the Project Management Consultant who were SNC-Lavalin to find the solution to the problems that we had.

It became clear to us in around about August, 2015 that Samsung was not going to complete this plant. There was very little progress being made on the engineering and we were of the opinion that Samsung as an organization were not fully committed to the completion of this facility. We had further meetings with Samsung. We had obviously been having a series of meetings with Samsung and we continued to discuss this. When the new board arrived we immediately briefed them of the situation and we also briefed them of our recommendation which was to terminate the contract with Samsung.

In December of 2015 we made a decision to terminate Samsung and we have terminated them. We are now in the process of engaging a replacement contractor to finish the plant. It is disappointing as they say, this is a very, very, complicated situation because you have a facility that is built and you have to ensure that it is strong enough to resist any seismic activity that it might be exposed to and that is very, very, difficult. During the past 18 months Petrotrin initiated on re-evaluating the foundations could be significant in helping us finish the unit. We, at our own expense, sank some new test piles into the ground to determine whether or not they were stronger than Samsung had originally assumed in the design process. We found that they were, we tested the piles to destruction, the concrete did not fall into piles. The soil around the concrete failed, but it failed at a much higher low than Samsung had assumed in the design.

So we are in the process of finding out exactly how we can do this. The use of base isolation in all likelihood will not be accepted as a suitable solution, so we cannot proceed with that. The code that we have to meet to get the plant certified and to get the plant insured requires any new application of technology to be approved by a peer group of reputable knowledgeable people, so world experts. And we believe that it is unlikely that a set of world experts will suggest doing a first application of technology, such as base isolation, in the oil refining industry on a plant that operates at a very, very, high temperature, very high pressure and with very high concentration of toxic material, such as, hydrogen sulphide. So we believe that we need to go through an alternate method to strengthen the plant to the right seismic resistance.

Further studies that we have done to actually understand the level of deficiency in the original design has indicated that over 200 of the members in the original design are under designed and under-strength. So this represents a significant failing on the part of the engineering contractor and obviously there would be an extensive period of litigation with that contractor. So that is where we are. We believe we have a path forward and we believe that path will complete the unit by the end of 2017. And that is a very, very, challenging process and we cannot assure anybody a success in that process as yet.

Mr. Chairman: Thank you for that detailed response and for the members of the viewing public and for the members of the Committee, the short version is,

$3,000 million have been spent on a project that was badly designed at the beginning and as it stands now we are not even sure if it is going to work, going forward. The date proposed is a proposed date and I admire the company for trying to figure out a way, because you spent $3,000 million, $3 billion, and because of design imperfections the plant that is almost complete—I have driven by it and it looks pretty complete to me, has not been able to work. And that is serious and has serious implications for the company because you will probably have to—you are engaging in a new contractor, if I get you correctly, there is going to be additional moneys to be spent on that additional contractor. I would not ask you how much on that. Let us leave that because you are in the contracting field, so I am not going to ask that. Okay, I am just sharing that comment. I want to move now to MP Karim, who has a question.

Mr. Karim: Thank you very much, Chairman, through you to Mr. Barden. When we expend moneys like these and you now have to try to recover them from the contractors for deficiencies in the way in which they architecturally designed the plant, it is very clear that we are really saying as well that the in-house capacity at Petrotrin left much to be desired because clearly you are the persons who are contracting these people and you would have allowed some of these things to happen.

The first question in that regard is, has anybody been held culpable in the organization or is any action being taken for persons who would have been so responsible for that contingent liability that continues to impact upon the financial viability of Petrotrin?

Secondly, and since you are talking about plants, will you be able to tell us how many plants in the refinery are currently operational, and of those, for how long now has the refinery been operating at almost full capacity?

Mr. Harewood: All right. So let me just respond, Mr. Chairman, if I can. The MP has raised an important point and again I want to be very clear that we started off this presentation by being very upfront and I indicating that there are deficiencies within the organization and that is why I would stand in our pursuit of our strategy objectives. We are also doing a significant amount of work on institutional strengthening, but we have to do that very deliberately and very carefully because we are building an organization for the future. So we have identified that project management is a weak area and that is one of the areas that we are doing some work on in terms of our institutional strengthening and we will work on that.

The issue of culpability and accountability is one that we certainly want to engender within the organization and we will continue to build on that culture, if you will, into the company. But we also need to be very careful about when we trigger those activities, and we are at the stage now where we are basically attempting to conclude the project and determine how we go forward. There is a lot of work that is being done on the legal front with respect to the issues that occurred and that is what is gaining our attention. We have not dismounted, if you will, from our obligation with respect to accountability and culpability, but that will come as we continue to defend and develop a project proposal that will get us to finish the project. And that is really where we are at this point in time.

On the issues of the refinery performance, the VP, R can respond to that, but we have clearly seen improvement and it is important—maybe I ought to interject that at this point. The Chairman made a comment a while ago about our need to pursue this project and we need to appreciate that the market requires us to pursue this project, because Ultra-Low Sulphur Diesel will become a feature of the market in the future, especially, if I go back to the very first question that was raised to us, the market with respect to our Caricom neighbours, because people are going to require us to deliver a higher quality product into the market. So it is important that we finish that.

It is also important that we completed the GOP project which is now behind us, and we are seeing the benefits of that. So there is value if you will, because of the project concept being so strategic to the survivability of the company for us to pursue it and bring it to an end and have it integrated into the company. Yes, there have been failings in the past and we understand that, we have to deal with that, but we cannot dismount, if you will, without "detrimenting" the business model that we have for integrated oil company, if you do not pursue the completion of some of these projects. And just as today, the VP, R will talk about that in a bit, where we are reaping, if you will, the benefits of having completed the GOP project. I will expect that in another few years there will also be benefits of a completed ULSD project as well.

Mr. Chairman: Thank you very much, I now recognize Minister Antoine. "Oh", you did not finish.

Mr. Barden: Mr. Chairman, with respect to your question, Member, on the plants that are running, all of the plants are currently running. The only two facilities that are not being run, are the MTBA Unit and as MTBA is generally not accepted in a number of our markets. I think technically it is allowed in Trinidad but we do not put MTBA into any of our gasoline products.

The only other unit that stands there, apart from the ULSD of course, is the one vacuum unit and the one vacuum unit is not required as we have the four vacuum unit and the three vacuum unit; between them we have an excessive vacuum unit capacity, so we certainly do not need the one vacuum unit, and the one vacuum unit has not been maintained in an operational state for several years now.

We have seen significant improvements. We saw a significant improvement in 2015, utilization over 2014 which was a very, very poor year and we have seen a continued improvement trend during 2016 year to date. So we continue to focus on the fundamentals of good operations and ensuring that the units operate and they operate efficiently. And with respect, example, to the Gasoline Optimization Project, we are now producing volumes of gasoline above the original design intent of that project so that the design intent was right about, I think 49,000 barrels a day. We are routinely producing 53,000, 54,000 barrels a day and we have an aspiration to raise that to a higher level still. So we see continued improvements in the refinery, month on month, that is a testament to the hard work the people on the refinery team are putting into the business. Thank you.

Mr. Chairman: I would like to recognize Minister Antoine.

Mr. Antoine: I am piggybacking my question on MP Fazal Karim's question. These projects that you conceptualize, and you began, started when oil prices were high, and given your own summation, you said the recent decline in oil prices, decline in refinery margins, have resulted in reduce revenue and cash flow to the company.

My question is, what are the company's plans to improve revenue given the low oil prices and what plans are there to reduce the cost of production of the refinery to deal with low oil prices? It is all well and good to have these fantastic plans when oil prices are high, but oil prices now are very low, right, and the revenue that you are going to get from these projects and the revenue you are getting from the refinery presently, is that in keeping with the low oil prices for Trinidad and Tobago?

Mr. Harewood: Okay, thank you, Mr. Chairman. Let me just, if you will allow me, Mr. Chairman, to just close of on one issue that was raised earlier. I think it is important just to establish that, again, making a very strong link back to your earlier question, we executed a lot of those projects using EPC contractors who are responsible for Engineering Procurement Construction. In that context, the whole question of liability is a legal one and one that is currently engaging ourselves and the service providers. We just want to establish that more so in the context to the question of internal culpability and stuff, that there is a very strong legal issue appearing.

With respect to the question that you just raised, it is very, very, relevant to where we are at this point in time. We are in a cyclical market environment where sometimes the oil prices are extremely buoyant, if you will, and there are times when the oil prices are low. What we are experiencing in the last period, the current period that we are in, is that we are experiencing what some people term is lower for longer. In that, we are seeing the oil prices are at a very low place for a much longer period of time. It is important however to put Petrotrin in proper perspective. Petrotrin is an integrated oil company, and we have been saying that to all who would listen to us. We have a refinery that is specified, if you will, to operate at 160,000, 168,000 barrels per day and we also have our own equity crude production where we produce our crude to go to the refinery. What does that help us?

It means that when the refinery is operating it represents our only real source of income and cash into the company. And therefore to be able to deal with the low oil prices it is important that our refinery operates, and today our oil refinery is operating and the VP, R just mentioned that we are seeing throughputs of around 150,000 barrels per day in the last month or so and that goes back to as far as December and even a little bit just before that in late 2005 where we have been seeing improvements in the refinery operation, because a lot of the construction activity, a lot of the commission activities are now completed and the plants are operating and functioning properly.

So that what it does is that for us to generate revenue, more specifically to answer your question, we need to keep producing the products. We need to keep producing the products that will be sold in the local regional, extra-regional international markets so as to generate revenue into the company. We need to also produce more of the high value products and so we have spoken about the fact that our gasoline production is extremely high, almost 50,000 barrels per day now, in terms of the slice of the pie, in terms of our products that we produce because that is where we get greatest value for the products that we produce. That will allow us to generate more revenue into the business.

We have been monitoring our cost. We know that if the refineries are operating then we stand a very good chance of reducing our operating cost because then we are less involved in maintenance, but the nature of the activity of a refinery will mean that from time to time you need to take plants down and do interventions and so we have limited, if you will, our expenditure for 2015/2016 going forward, into those things that are absolutely necessary just to keep the refinery going. A lot of the discretionary, non-recurrent expenditure that we normally would have pursued, we have decided to dismount on some of those because the prices are suggesting that we need to cut back on our cost of operations. Some of our capital projects we also put on deferred at this point in time because the prices do not make them economical at this point in time.

11.45 a.m.

That being said, let us also remember that the company is also dealing with very deep legacy issues related to asset integrity, and I do not need to remind you all of some of the issues we have had in the past with respect to oil spills, some tanks and pipelines. So that we cannot not spend any money at all with respect to our infrastructure, and to our assets. And so there will be some activities that will be going on with respect to strengthening out the integrity of our pipelines, working with other providers and other technical organizations around the world who will help us improve our assets. We need to continue that expenditure because the price of not doing it is too expensive for us. If we do not do it and we have a major issue that can basically impair our refinery, then we have a real challenge on our hands in terms of generating revenue.

So we are generating revenue by keeping our refinery operating and achieving high throughputs. We are keeping our costs down by monitoring our discretionary cost items and taking them off the table where we can, based on risk analysis, and keeping our operating cost as low as possible. We are doing that both in our refining division as well as in our E&P division where we are producing crude, so that ultimately we are operating with a lower cost profile. It is a challenge. The fact that the product prices are this low means that we will be basically generating less revenue for the kind of refinery throughput that we have. We would have loved to have the sort of refinery throughput when the prices were what they were about a year or so ago, even two years ago, but the fact is, we are happy that we have the throughput that we have today and much credit to the refinery team for the efforts that they have done to get us to this point.

So we are really using that as a way of generating the revenue to keep the business model of the company operating to the point where we have funds coming in and dealing with that. We obviously will have shortfalls, and where we have shortfalls, we will use our normal trade financing and financing for working capital, and in that regard the challenges that face us with respect to the assessments of the rating agencies continue to be a challenge for us. Because the more they see us as a traditional oil asset, if you will, and they continue to treat us as any normal national oil company and they taunt you to downgrade because they will want to reduce their exposure to energy, et cetera, we are challenged in the market and we struggle to deal with that, and that is the challenge that we face going forward.

Mr. Chairman: Thank you very much. I would like to welcome Sen. Mark.

Mr. Mark: I am looking at page 9 of your submission, under the heading "Transparency, Accountability and Value for Money." But based on what we have heard so far, there many challenges facing this very important state entity. The public is interested in hearing from the chairman of this company, the following. We have been advised by top Government officials that Petrotrin is reported to have been the main body behind a decision to drop a lawsuit amounting to US $109 million against the former executive chairman of that organization to recover moneys for the failed WGTL, or GTL project or plant.

Now, we would like to have the real story behind this matter, as a Committee and in the public interest. We would like to be provided with information as to the role of the chairman—the current chairman, your good self—in this whole situation. Were you a director on the board of the company when this decision was taken back then? And did you preside on the board of directors recently when the decision was taken to drop this lawsuit against the former executive chairman, or did you recuse yourself?

This is a matter that the public is interested in having cleared up once and for all. And let me just raise two other matters as I am on the floor. We have a corporate headquarters that is unfinished at Petrotrin. My information, $200 million of taxpayers' dollars would have been spent on this particular headquarters.

I would like you to provide this Committee with a status report on this matter, and who is going to be held accountable, culpable and responsible for this particular expenditure. And finally, Mr. Chairman, through you, we have asked for a detailed listing of matters that have been referred to the Equal Opportunity Commission by employees of Petrotrin. We have not been provided. So I am asking today, could you provide us with a detailed listing of the 12 matters that have been referred to the Equal Opportunity Commission, as well as two other matters that are currently before the Equal Opportunity Tribunal? We would like to have that.

There are several questions—like you, I have about almost 50 questions for Petrotrin, but I realize that time is slipping away and rushing on. So, Mr. Chairman, like you, I think we will have to invite them back. But kindly respond in the public's interest on these matters, please.

Mr. Chairman: Mr. Jupiter.

Mr. Jupiter: Thank you, Mr. Chairman. And through you, thank you for those questions. Let me inform you, Mr. Chairman, and members of this Committee, that I was not present at the decision which the board took on Malcolm Jones. I recused myself. I was not present. I would like the entire public to know that, that I was not present. That is the first one.

The second one is that the decision of the World GTL started, I think in January 2005 or around that time. I became a member of the board in June 2006, as such. For your information, that is in the public domain, as such. Other decisions took place after 2006, but the start of the decision was very clearly before—the decision to go with World GTL was before I became a member of the board, which you have asked. Through you, Mr. Chairman, I would like to respond to the wider community with respect to this.

The third point is with respect to the question, through you, Mr. Chairman, of the aspect of the corporate headquarters. I do not know if any other person has the information with respect to corporate quarters on my list here, but probably we want to respond to all your questions. So if perchance we do have, then we can respond, or else, we would like to come back and to deal with this particular one on the corporate headquarters. [*Discussion among Officials*] We can talk about the corporate headquarters. If perchance, Mr. Chairman, that we do not have all the information this morning, I wish to state categorically that we will bring that information before you to the next meeting. But we will give you some information with respect to the headquarters at this time—that we have.

Mr. Mark: May I ask, through the Chairman, is it a normal practice when a project involving close to $3.3 billion as was identified by Mr. Fitzroy Harewood a short while ago—that is the GTL project—is it a normal practice, through the Chairman, to you, Chairman of Petrotrin, Andrew Jupiter—is it a normal practice for a board to take it upon itself, unilaterally, to simply withdraw a matter that was going before a court, or that was before a court? Or would you say that—and we will want to find out whether there was any communication, any direction, any discussion between Petrotrin, which might include yourself, and the board and the Executive arm of the State. Is it a normal practice that you just unilaterally take a decision to withdraw a matter? Or would you seek consultation with others before you do that, particularly at the Executive level?

Mr. Jupiter: Mr. Chairman, through you, I would like to respond to that. Since I was not party of this discussion, I cannot comment on that statement.

Mr. Mark: Who is here that was party to that decision that could comment on that?

Mrs. Morris-Cummings: Through you, Mr. Chairman, the decision was taken by the board after it received legal advice in the matter. I would not say that there is a practice of just discontinuing matters but the matter was handled by the Attorney General's office and then new advice came to the attention of the board of directors and the decision was made thereafter, please.

Mr. Mark: New advice from who? You said from—you had legal advice. Legal advice from whom?

Mrs. Morris-Cummings: The counsel—

Mr. Mark: Who is that?

Mrs. Morris-Cummings:—that were involved in the matter—

Mr. Mark: Who?

Mrs. Morris-Cummings: Counsel—

Mr. Chairman: Sen. Mark, excuse me. Could you allow the representative of Petrotrin to finish her remarks, please?

Mr. Mark: Yeah, yes, of course.

Mr. Chairman: Thank you.

Mrs. Morris-Cummings: Yes. The counsel comprised Vincent Nelson QC. He was the original counsel in the matter. The other counsel was Gerald Ramdeen and also Varun Debideen, who came off the record and then I came on to the record at a certain point in time in the matter.

Mr. Mark: Finally, Mr. Chairman, could I ask, through you, whether it is possible to have those documents presented to this Committee—these various legal documents? Because already we have seen where documents have been made public. Whether, for instance, having regard to the guidance you can take from the Government of Trinidad and Tobago, making documents available, whether you would be kind enough to make available to our Committee the various legal documents and advices that you would have gotten to have arrived at a decision to discontinue proceedings in this particular lawsuit. Through you, Mr. Chairman?

Mr. Chairman: The Chairman would like to intervene here. I think that what the Committee would at least like to get from Petrotrin is a detailed report on the issue—a detailed report of the process that happened; what led to—and all the various interactions, and to the point that there are any disclosure issues, the supporting documentation on the matter to fulfil the request of the good Senator. Senator, is that amenable to you? Thank you very much. I would now like to move to Sen. Henry.

Prof. Henry: I would like to switch gears a bit and ask about the thorny—sometimes thorny—issue of the operating cost. I mean, that is cited as your number one problem and you made reference to it—Mr. Harewood—a few minutes ago. In terms of the labour component of your cost, what exactly is the company planning to do, or what are the plans going forward in terms of tackling this issue? Because, obviously, with the price of the output being so low, you have to rationalize your operations. Has there been any discussion, or plans, or interactions with the union, and so on, on this matter at this point?

Mr. Harewood: Thank you, Mr. Chairman. The operations of the company is an issue that we are very concerned about, as you would expect in this price market that we are in, and so we have taken an initiative that we have just completed, actually, of meeting with the three representative stakeholders in terms of employee representatives. So we met with the EPA, the Estate Police Association, and we presented the data with respect to the operations of the company and its finances, and the challenges we face in this market with respect to our revenue generation under the low prices. We met with NPSA, which is the National Petroleum Staff Association, and we also met with the OWTU, which is the Oilfields Workers' Trade Union. We presented, as well, the full implications of what is happening, and what is happening with respect to the company. Those presentations were part of an approach that we have adopted of trying to be very open and speak to our stakeholders about where we are with respect to the company and what is happening.

We continue to review our operating cost. It is a challenge. You have to appreciate as well—and I keep making the reference to the model in which we are operating, as an integrated oil company. We have to produce as much equity crude as we can because the more crude we can produce from our own assets, if you will, our own acreage, helps reduce the amount of crude we import to run the refinery. And we have to run the refinery and that requires a certain amount of manpower and labour force to get it done.

So we continue to look at that. We look at it in a very objective way. We are reviewing what is also in front of us, because the normal attrition suggests that—and you heard the VP, HR say it a while ago—in another five years or so, just by natural retirements and attrition this company will be lost out to almost 900-plus employees. We have to put all that in the mix. We have to look at where we have the gaps and the competencies. We have to determine what our optimum organization is. That is the work that is going on, that is the detail that we are, spending time to review, to determine what is our best strategy going forward. We are resisting the knee-jerk approach that says we just must do this and that. We have a structured approach to running the organization which reviews our operation, looks at our model in which we operate our refinery that is huge, and looks at our cost with respect to our E&P operations and bring in our fields in as properly as we can.

Mr. Chairman: Thank you very much. I will take one last question from the floor. MP Karim.

Mr. Karim: Thank you very much, Mr. Chairman. Would the company be kind enough to let us know what is the status of the US $500 million revolving loan facility that was negotiated between the company and Citibank? It was, in fact, seen as a lifeline in this period of depressed prices.

Mr. Harewood: All right. So, I will just give an overview and then the CFO can give you the details, right? We would have approached the Government, if you will, to increase our lending limit, our borrowing limit, if you will, from $1 billion to $1.5 billion. That was really to reflect the fact that—$1 billion would reflect our requirement for short-term lending, if you will, and borrowing, to allow us to deal with trade financing. We have to purchase crude to go into the refinery, and so we also have to always be on the market buying. This year we expect upwards of around 94,000 barrels per day, or even 100,000 barrels per day. So we are in a significant amount of trade financing. So we have to purchase from time to time through short-term financing. And then our medium-term financing for our interest payments and capital projects was what the $500 million was meant to provide—some sort of shelter and opportunity to deal with.

We had approached the market, if you will, and would have developed proposals, including those from Citibank and other people who would have been part of the arrangement, to provide us with the lending for that. However, you would have appreciated that since then, the prices have really gone south and we have really been struggling. I mean, we talked this morning about $39, $40 as the price, but in January the prices were as low as $26. So it has really been a difficult period for us.

As a result, we have been focusing our efforts more on our short-term financing than on the longer term, medium-term arrangements. Because as we deal with the financiers and the banking community that are lending us funds, they are putting obligations on us with respect to how they will be willing to lend us. Even for the short term, it has become even more critical at this point in time if we have to continue to generate the revenue from the refinery operating and generating revenue into us from time to time. And that has been our focus. So we have basically deferred the requirement for the $500 million because we think at this time the larger focus is to ensure that our trade financing and our working capital financing, under our short-term portfolio, are secured and give us a change to be able to turn over the business on a regular basis.

Notwithstanding that, we have also reviewed our capital project portfolio, especially with these prices, and there are some projects that we have pushed out to a longer timeline. In that context, we have basically deferred the need to take the $500 million at this point in time. We intend to revisit it as we move along and prices presumably improve and we get to the point where we continue to push our capital investment programme, if it allows us, based on the economics that are in front of us. But fundamentally, we are focused on our short-term finance at this point in time.

Mr. Chairman: Another question from the floor, Sen. Baksh.

Ms. Baksh: Mr. Chairman, this question is just a follow-up to Sen. Mark's concern on transparency and accountability. Your submission indicated, and I quote:

> "The internal audit department conducts regular audits to determine the extent of compliance with these policies, procedures, and also with the accepted best industry standards and practices. Internal audit has identified breaches of policies and procedures in the past."

My question to you is: how regularly are internal audits conducted on compliance with the company's policies and procedures? And how are these breaches treated with?

Mr. Harewood: The internal audit function is really part of the overall corporate governance obligation of the company and as a result, internal audit reports, if you will, to the audit committee of the board. The audit committee of the board, they meet around the same regular cycle as the board, which is at least once every six weeks. And the audit committee meets with the internal audit department and they determine an audit plan for the financial year. That audit plan will identify various areas of the company's operations that should be audited.

So there is an audit plan that covers the entire year and keeps the internal audit department constantly involved, if you will, in reviewing the operations. And then from time to time, if there are whistleblowing activities or accusations that surface, if there are special things that require us to do internal audit, that is also superimposed on the schedule of the internal audit department to get that done. And that is the normal things that are done.

When the internal audit completes their report, they bring it to the audit committee and the audit committee reviews the findings, looks at management responses to the findings. Where there are issues of culpability and gross breaches, that is elevated to the level of the board and the board will then mandate the management to take action on those issues. And that is fundamentally the mechanism and the process that works. Today, the internal audit department is extremely active. They are doing a number of audits. There are a number of issues that have arisen outside of just the normal audit process, and they are actively working on that, and they continue to elevate issues to the board level for action, and those are engaging our full attention.

So, Chairman, if I could just close one item that I think is still open, the issue of the corporate building. We do not have the numbers per se, but just to say that we have reviewed the status of the civil works associated with that corporate building and what is required to carry it forward. It is a significant sum to complete it, and in the context, as you all have raised, about prices and where we are and reducing our capital expenditure, we have proposed to the board, and they have accepted, that we defer any further work on the corporate building at this time until sometime in the company's future when we think we are in a better place to pursue a project like that. At this point in time we will accept the sacrifices of the various offices that we have, rather than one unified spot, if you will.

Interestingly, we have also had a technical evaluation done of the building to just ensure that it poses no HSC risk to us and no risk to the environment, et cetera, and that has been accepted. So that at this point, basically no work is progressing on the building but we will continue to do whatever tidying up of any lagging issues from the previous construction that may be outstanding. We are bringing closure to those so that we could get to the point of a fresh start whenever we assume we can start with the project again.

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

Mr. Karim: Thank you, Mr. Chairman. With respect to your focus on reducing operational costs, which I think is important in this period, can you advise us as to since taking office—that is the board; and I say this in the context of speaking with contractors, because I have spoken to a few of them and they have indicated, all, almost unanimously, that there has been a tremendous downturn in the amount of activity for them and for their employees. And also, which is a bit more unfortunate, is that they do not seem to have any assurance of anything in the future. Might you be able to tell us, since taking your responsibility as a new board, how many contractors you have reduced contracting of services from, and how many persons have been so affected? How many jobs have been so affected?

Because my information is that in some cases, over 50%, 60%, 75% of these contracting companies have not been able to have continuous work for their employees. So the question really is: how many contracting companies you have reduced by, and how many jobs as a result of that have been so affected?

Mr. Jupiter: Chair, through you, the question is a valid one. I do not have those numbers with me today, as such—at least. I am just hearing those questions, but we can furnish you with those numbers. But I wish to add that we have met with every single contractor and the VP, E&P will say that. And the purpose for that is with respect to any downturn, you have to find solutions. The reality is, if your operating cost may be higher than what the price of oil is, you have to address certain areas. One of the areas you must address is: will that work that you will do, will it be profitable or not, as such? If it was a higher oil price, then you will. I am pleased to say that the response from the contractors was excellent. What do I mean by that? We are focusing on sustaining strategies. Will you be able to do things differently than how—but with the context of ensuring that the tendering process is in place, because you are a state enterprise. And the VP will tell you—E&P—that some of their areas that were mentioned, and how we can do it in terms of workovers, in terms of drilling, in terms of—which was done. This is not new. What I am saying, this is not new. Part of that process when the oil price was $8.71—I can remember that in Trinmar—some of these areas were done.

So I will want to say that I do not have the numbers before me, but what I can assure you, that we have been holding discussions in terms of how we can progress. Probably we can mention some of the initiatives. You may wish to hear some of the initiatives now that are being done.

Mr. Awah: Through you, Mr. Chairman, the contracting group is very important to us, especially in the upstream business. It is fairly highly skilled in terms of the gross projects, in terms of drilling and workover. And certainly the persons that work for us, by and large, are the international companies. We have a few local. So their experience is similar globally. And there are some quite creative ways and very innovative ways that we are engaging the contractors in, in terms of really sharing capital risk. Traditionally, we will go out with a scope of work and we fund the projects from working capital, but there are some very creative ways that are being used in other jurisdictions, in Ecopetrol, in Pemex, where the service companies are really putting more capital at risk and they are prepared to take their remuneration in terms of incremental barrels of oil.

At this time also, we really look at a lot of the lower risk-type opportunities. So we have had some very good conversations with our workover, the contractors in particular, on the land acreage and we have been getting some good traction. But again, as we mentioned, this has to be done in a very transparent way, and that is what we are seeking to do and we get approval.

And, certainly, we know that jobs are impacted. That is a fact. The actual numbers, we will definitely get for you, but our partners in particular—our joint venture partners, our partners on incremental sharing projects—they have signalled that the economics are just not working. So you have rigs that are down. We have again looked at some ways of encouraging contractors to move on this. Because we have to look at it on a bigger picture. We need to keep some activity going. We need to keep skill sets in the country going also, but we have to do that economically. So it is promising but we want to make sure that we have a proper template to move forward on.

Mr. Chairman: Thank you very much for that response. We are coming to the end of this process and as the Chairman here, I have one additional question. Like several members, I have several other questions to ask because we have not even touched the operational areas of the company: health and safety; issues with oil spills. All of those questions will come at the next session. But I have one question and it is something directly linked to something asked by Sen. Henry. I spent some time looking at the company's accounts. When I matched operational—and these are issues directly at operational cost. Now I understand it is a focus. Everybody has asked about it, but it is disturbing to me the trend I am seeing. When I do a ratio of operations cost to revenue over the past five years, in 2011, the operations costs were 24 per cent of your revenue; in 2012 it was 26 per cent; in 2013 it was 30 per cent; in 2014 it was 32 per cent and in 2015 accounts your operating cost was 34 per cent of your revenue.

12.15 p.m.

So your operating cost as a percentage of your revenue has been steadily increasing. If this trend continues the company will find itself in dire straits. So that this is not a recent issue, but over the past five years you have had a 10 per cent increase of operating cost as a percentage of revenue and it does not matter where the revenue goes. It seems that the trend is increasing. So that what this suggests to me is that there is deep, deep underlying cost issues that the company has not found a way to fixed; deep underlying core issues that the company has not yet been able to fix.

So I just want a quick response on that, but what I will do is, I need for the Committee to understand this particular aspect of the company's operations better, and we will be requesting a detailed report on the core elements of what makes up your operating cost and how that matches with your revenue profile, and an analysis going back a few more years so that we could understand where this is.

I just want to ask that quick question before I wind up to the President.

Mr. Harewood: Thank you, Mr. Chairman. Let me also say to add to your observation, that revenue decreased in the last five years in much the same way based on what has happened to the oil price. So that it is important to appreciate that when you do the proportion, that the denominator is decreasing as we go forward. Notwithstanding that, our operating cost is primarily around the issue—if you look at the pie chart, it is around the issue of labour, contracts, materials and utilities operations, et cetera.

We continue to look at each of those areas in terms of what we needed to do with respect to reducing the cost, and we have been able to achieve some improvements as we go forward. Yes, we were not denying that managing our cost is a big issue. It is a big issue, but it is one that we are taking very deliberately and very, very cautiously as we go forward, because while we attempt to right side the issue of cost, we also do not want to threaten the business model of the company in terms of giving us the capability to go forward.

A purely upstream company may be able to do different things and then pick themselves back up once the prices are back up. A refining integrated oil company is a different animal all together. And so we feel that it is important to very deliberate about how we do it.

Notwithstanding that, I must tell you that our projections in terms of our forecast going forward—we have been talking to all the rating agencies and we have been talking to the bankers as they come to lend us. So they have to look at our projections as showing that we can and we will be achieving lower operating costs going forward, and that is our objective and our target.

Mr. Chairman: Thank you very much, Mr. President. Okay, as I bring this session to an end, session one with Petrotrin, I would now like to invite the Chairman of Petrotrin for some brief closing remarks as we bring this session to an end. Mr. Chairman you have the floor.

Prof. Jupiter: Thank you very much, Mr. Chairman. I am very pleased to adhere to your request for brief remarks. Let me say this team is very pleased, Petrotrin team, to respond to all the questions, as such, with honesty, truth and transparency so that the people of Trinidad and Tobago should be assured that this company is being run with integrity if you listened to our responses this morning, and is being run in such a way that the citizens of this country should be very proud.

In that context, we are focusing on sustaining strategies with an optimistic eye on oil winning activities. We have strengthened our leadership, our management and supervisory capability; we are having ongoing negotiations with major contractors for reduced rates; we are seeking to collaborate with contractors to undertake activities to increase production and a risk sharing basis, financial technical and operational; deployment of additional resources with payment contingent and specific activities outcomes. But, Mr. Chairman, may I say, we are focusing on cost management inclusive of reduction in overtime—which we did not touch this morning—and more efficient ways of doing work, and we cannot do that by ourselves.

We have to do it in partnership with all our stakeholders, and with our shareholders, and may I say with the Oilfields Workers' Trade Union, with the National Petroleum Staff Association and their estate. We believe, Mr. Chairman, as you request of us to come before you and the team, the employees of Petrotrin are committed to produce the limit as a statement is stated, to produce the limit on that exponential curve on the single digit of oil production. We intend to do that, and we intend to demonstrate that even in bad times we are able to show how this company can at some point in time turn around.

So thank you very much, Mr. Chairman, and members of this Committee.

Mr. Chairman: Mr. Jupiter, I want to thank you and your team for your forthright responses. I myself was not concerned knowing the ilk of Mr. Andrew Jupiter. Mr. Jupiter is somebody who is very well-esteemed, and I think that both by the wonderful folder of documentation provided and the responses today, I think the Committee members are well pleased with the responses of Petrotrin to date.

I want to also thank all of those who emailed questions; I want to thank all of those who are on the Parliament's Twitter account, on our Facebook; I want to thank the observers in the public gallery and those viewing and listening on TV and on the Parliament Channel; and, of course, the members of the media who are here present today. I want to thank everyone for attending and we will be in contact with Petrotrin in due course, and the meeting will now be suspended.

Thank you very much.

12.21 p.m. *Meeting suspended*.

1.33 p.m.: *Meeting resumed*.

OFFICIALS FROM THE MINISTRY OF FINANCE

Ms. Savitree Seepersad	Deputy Permanent Secretary
Mr. Maurice Suite	Permanent Secretary
Ms. Yvette Babb	Director, Social and Economic Transformation

Mr. Chairman: Good afternoon. I would like to call the session to order. I want to welcome all of the various officials who are here. Just bear with me one second, I think we have just a technical issue with the live broadcast. We are just getting that sorted out.

Good afternoon once again. I would like to welcome all the officials gathered here to this special session of the Joint Select Committee on State Enterprises. This session has been called specifically to deal with one issue and it has to do with the fact that the Committee had requested specific bits of information from several entities, from the Permanent Secretaries with their respective Ministries by a certain date, and in the majority of cases there was no response. There was not even a phone call.

So that the Committee wishes to state that at this stage of the proceedings, that if this Committee writes and asks for some information on the status of administrative reports, I do not see, or the Committee is not of the view that it is a difficulty to at least advice the Committee that at this stage we may not be able to proceed but we may need some more time. But we received no responses by the deadline date from, I think, nine Ministries and that concerns us, which is why you are here today.

If you would permit me, on behalf of the Committee, we want to just share a few thoughts before we proceed. The Committee believes that accountability has to be a core part of everyone's professional responsibilities. We are all very busy people, and I, and members of the Committee understand that very well. But in assuming responsibility of Permanent Secretary, or CEO, or Director at a state enterprise, there must be acceptance that taxpayers' funds are being used and, as such, accountability must be a top priority on your schedule.

The Committee was very disappointed at the poor response to our initial request and that is the reason you have been called here today. We believe, as a Committee, it is untenable that agencies using taxpayers' moneys are seen to be giving short shrift to Parliament's request for reports on their operations. That ends today. As a member of this Committee, I am adamant about setting a new bar and those who fail to reach it will face the result and consequences whatever they may be.

It is my respectful contention that all entities accountable to this Committee should understand that they have an ongoing duty to govern the entity in a way that promotes proper use and management of public resources, promotes the achievement of the purposes of the entity and promotes the financial sustainability of the entity. In addition, they should be aware that they have a duty to establish and maintain systems relating to risk and internal controls, and that all accountability mechanisms including those to the Parliament are not to be relegated to something that is not a priority.

I share those comments with everyone, because on behalf of the Committee, the Committee was concerned and we felt that given the lack of response, we needed to hear directly from the respective entities what were the issues.

So I now go into the session as per the normal procedure. I will ask anyone who wishes to speak to please indicate on the mic, and I believe that the first entity is the Ministry of Finance. Could you introduce yourself and the members of your team, Mr. Permanent Secretary?

Mr. Suite: Thank you, Chair. I am Maurice Suite, Permanent Secretary, Ministry of Finance; on my left is Ms. Savitree Seepersad, acting Deputy Permanent Secretary; and on my right is Ms. Yvette Babb, Director for Social and Economic Transformation.

Mr. Chairman: Thank you very much, Mr. Permanent Secretary. For the purposes of everyone knowing who is in the room, I am going to introduce myself and the members of the Committee.

[*Committee members introduces themselves*]

Mr. Chairman: Thank you very much. Mr. Permanent Secretary, the Ministry would have received a communication from this Committee and by the deadline date we did not receive a response. So we would like for you to start advising us, please. We note under the Ministry of Finance, the entities over the period 2008—2014 that—and I want to read out the list to be correct based on the information we have here. The entities where administrative reports are outstanding include Caribbean Airlines, Caribbean Development Network Limited, Caribbean Leasing Company, Caribbean Microfinance Limited, Caroni (1975) Limited, Clico, First Citizens Asset Management Limited, First Citizens Brokerage Advisory Services, National Enterprises Limited, Rum Distillers Limited, Sugar Manufacturing Company Limited, Trinidad and Tobago Business Development Limited, Tanteak and Trinidad and Tobago BWIA International—the old BWIA. So that we have several entities who have outstanding reports for various periods and when the Ministry requested information—the first issue we are going to deal with is why did your Ministry not respond.

Mr. Suite: Chair, well I am looking at this letter dated March 09, and we were asked to respond on or before Tuesday, March 15 indicating the individuals who would attend the meeting, is that the response you are referring to?

Mr. Chairman: The Committee communicated with Ministries in the first week of February and advised that we needed a response by February 29. Are you saying you never received the correspondence?

Mr. Suite: I do not want to say I never received it. I do not recall receiving it. I may have received it, but I really cannot recall.

Mr. Chairman: Well that is even more disturbing, Mr. Permanent Secretary, because as you sit here you are saying that you are not even sure if your received it.

Mr. Suite: No.

Mr. Chairman: And subsequent to receiving the request to appear here, did you not check? The request to appear would have come separately as a result of the noncompliance with the February 29 deadline. So what I am asking: upon receiving the March 09 letter to appear here, did you not enquire as to whether or not what occurred with the initial request?

Mr. Suite: Like I said before, I cannot say offhand whether—I cannot recall receiving an initial request. This letter dated March 09 does not make reference to the previous request.

Mr. Chairman: Member Karim wants to ask a question.

Mr. Karim: Well, given that is so, I am sure that you would have known to some extent the contents of the communication for you to be here today. Is there a possibility you can update us as to the status of these?

Mr. Suite: May I?

Mr. Chairman: Yes.

Mr. Suite: Okay. Well, I am going in the order of the letter March 09, and the first entity in this letter I note that you had omitted when you listed which was BWIA West Indies Airways Limited, the new BWee. That entity became non-operational on December 31, 2006, and it is in the process of being wound up. There are a number of issues that will have to be addressed before it can be fully wound up. I do not know if you want me to go into the details of it.

Mr. Chairman: No.

Mr. Suite: Okay.

Mr. Chairman: You will provide us with the details in due course.

Mr. Suite: Thank you, Chair. With respect to Caribbean Airlines, well this airline would have come across to fall under the purview of the Ministry of Finance, probably about three or four years ago. Having received this letter, we have written to CAL asking for the administrative reports for the years 2009—2015 to be submitted to us by the end of March 2016.

The next entity, Caribbean Development Network Limited. This was incorporated in 1997 and subsequently liquidated, and this company was struck off the Companies Registry. I would also like to point out that this company is a subsidiary of the Development Finance Limited in which Government owns a minority share interest. So this would not come before.

Mr. Chairman: Okay. That is fine. Keep going down the list.

Mr. Suite: Caribbean Leasing Company Limited is a subsidiary of exporTT Limited which is formally the Business Development Company Limited, and these activities are included under the parent company.

Caribbean Microfinance Limited is a wholly-owned subsidiary of DFL Caribbean Holdings Limited, in which Government holds a minority shareholding of 28.12 per cent. So again, it would not come before this Committee.

Caroni (1975) Limited is currently in pre-liquidation process and it has been non-operational since August 2003. Caroni (1975) Limited has submitted administrative reports to the Ministry for the years 2014 and 2015, and we are in the process of preparing the Note to go to Cabinet for submission. We would have received these reports in February of 2016.

Colonial Life Insurance Company is a subsidiary of CL Financial. It is currently under the control of the Central Bank under section 44D of the Central Bank Act, and I believe the Central Bank reports both publicly and through Parliament on the resolution plan related to Clico.

The next three companies: First Citizens Brokerage and Advisory Services, First Citizens Bank Investment Services (Barbados) Limited, and First Citizens Asset Management Limited are all subsidiaries of First Citizens Bank Limited, which reports to Parliament. They would have submitted their reports, and within that report would be details related to these three subsidiaries.

The next one is National Enterprises Limited (NEL). We have had discussions with NEL and it is our understanding that they would have submitted reports for 2011—2014 directly to Parliament, but we have still asked them to submit to us for our onward transmission to the Parliament. With respect to the year 2015, the Ministry is in receipt of an annual report which came by a letter dated March 02, 2016, and we are currently in the process of preparing a Note to Cabinet for subsequent submission of the administrative report to the Parliament.

Rum Distillers of Trinidad and Tobago Limited is liquidated and the final meeting was held on January 14, 2016. We are in the process of getting a certificate of dissolution to be struck off the Companies Registry, and the activities of the company were included in the administrative report of the Ministry of Finance.

Sugar Manufacturers Company Limited is also in pre-liquidation and there are some issues related to going through the process in terms of disposal of the assets, and when that process is completed it will be liquidated and a liquidator will be appointed to dissolve the company.

Trinidad and Tobago Tourism Business Development Limited was incorporated in August of 2013. It would have become operational towards the latter part of 2012. The business would have officially commenced in February 2013. Exim Bank has indicated that reports for 2013 and 2014 would be submitted to the Ministry in March 2016, and that the administrative report for 2015 would be submitted on completion of the 2015 audit which is estimated to be completed in April of 2015.

BWIA West Indies Limited, old BWee. The assets of old BWee were vested in new BWee, and I would have reported on the new BWee first.

Trinidad and Tobago Forest Products Company Limited (Tanteak) was incorporated in April 1975. It is a wholly-owned state enterprise. The company has been making losses historically, and in July 2001 it became non-operational.

Subsequently, Cabinet had given the direction that the company be put in liquidation, and that process is almost completed. Basically, liquidators are waiting correspondence from the Board of Inland Revenue with respect to the tax clearance, and from then a final meeting will be called and Tanteak will be wound up.

Mr. Chairman: Thank you very much, Mr. Permanent Secretary, for that three minutes of information. That information would have helped the Committee in a lot of its work because we have entities listed in the Parliament's record that are now recognized as being liquated or non-operational, and this is information would have saved everyone some stress.

So we look forward to getting the detailed information from you that you have just read out. We expect a full compilation of updating that for the Committee, and before I excuse you from the meeting I understand member Karim has a question.

Mr. Karim: This might be a question that will overarch the other persons who will sit here. So for their benefit as well. I just want some clarification. Is it that the Ministry would have received, as is required, all the annual reports but that the JSC may not have gotten a copy of it; or is it the Ministries is not currently updated with these reports? Because as far as I recall, being a member of the former Cabinet, on the July 01 of each year, agencies like these and organizations would have been required to submit to the Cabinet and then unto to further transfer. So the question is: is it that you have received all of these reports, but the JSC is not in receipt of it; or is it that some of these organizations are errant in adhering to the deadline?

Mr. Suite: Some would be errant, like I would have—for instance, Caribbean Airlines, they would have submitted all. The few that would have submitted to us would have been recently. So once it is submitted to us, it is really a process of really going to Cabinet to have it submitted. So what you have not received is very—you will just have a few that came in within the recent times that would subsequently come to the Committee. It would not be that they would come to the Ministry and then the Ministry keeps it for an inordinate length of time.

1.50 p.m.

And as I read out here, the majority are really that they are either insolvent, non-operational or subsidiaries of other companies and therefore their reports would have been subsumed within those companies.

Mr. Chairman: Thank you very much, Mr. Permanent Secretary. Sen. Mark.

Mr. Mark: Yes, thank you very much. Clarification, Permanent Secretary Suite. As it relates to First Citizens Asset Management limited and the First Citizens Brokerage and Advisory Services Limited, are you saying that those reports, the administrative and the audited financial statements, are or would be included in a comprehensive report incorporating these two subsidiaries that would have been sent to you and you subsequently would have sent same to the Parliament? I am not too clear on what you are saying about these two.

Mr. Suite: Actually it is three that fall on First Citizens: there are two on the first page and one on the second and all three are subsidiaries of First Citizens Bank. When they prepare their consolidated financial statements, it would take into consideration all of their subsidiaries, including those in which they have a minority interest, and when they prepare their annual administrative report which they submit directly to Parliament, they would have reported on the subsidiaries within there

Mr. Chairman: Okay. Thank you very much, Sen. Mark. Mr. Permanent Secretary, before I excuse you and your team, we are still a little concerned about the fact that you did not receive the communication. The Secretary has advised me that the letter would have been emailed directly to you and would have been sent by hard copy from the Parliament by hand. So that we are concerned that if we send a communication by hand to the Permanent Secretary and also by email, the Permanent Secretary is unable to trace it.

We are concerned about that so we want to make sure we have the correct communication protocol to make sure that we have the correct communication parties to get communications to you so we can avoid issues in the future of the Permanent Secretary or staff not being able to locate the communication from the Parliament. So we will work with you on that. There is no need to go onto—that is fine. I just want to make sure that we—so the Secretary will be in touch with you to make sure we have the correct communication protocol, whether it is you, the Deputy PS, whoever you deem as the party to receive these communications so we can make sure we avoid this in the future. I want to thank you and your team for coming and you are now excused.

The next up, I believe, is the Ministry of Energy and Energy Industries.

OFFICIALS OF THE MINISTRY OF ENERGY AND ENERGY INDUSTRIES

Mr. Selwyn Lashley	Permanent Secretary
Mr. Randy Maurice	Senior Energy Analyst (Ag.)
Mr. Leroy Mayers	Advisor

Mr. Chairman: Good afternoon, Mr. Permanent Secretary. I want to welcome you to this Committee. Could you introduce yourself and the members of your team?

[*Introductions made*]

Mr. Chairman: Thank you very much, Mr. Permanent Secretary. Well, we are going along a similar path as previous. The Parliament would have communicated directly to you, to your department, that there was a requirement to submit a status report and there are outstanding administrative reports.

For the record, I should indicate to all present that I think last Friday night, we received a submission from the Ministry of Energy and Energy Industries and we are thankful for it, but it still does not deal with the issue of when the Committee requested the information at the first pass, and we indicated a deadline of February 29th in the world of everyone's busy schedules, the fact that we did not receive any correspondence back or a phone call, or any type of communication from the Ministry, concerns us and that is the reason why everyone is here.

So before we deal with the list of entities under your portfolio, could you explain? The previous Permanent Secretary advised that he did not receive the communication so I would like to understand what happened in your schedule that did not allow for a response.

Mr. Lashley: Thank you, Chair. And let me start by, of course, profoundly apologizing to the Committee for not responding in a timely fashion to the first request. We did receive the request and in response to that, we actually set things in motion in terms of trying to collate the information from the various entities for which we have a line responsibility.

What happened is that in an effort to receive the information and compile, we missed that deadline in terms of the February 29th and we apologize for that. But certainly what we have been attempting to do is to ensure that when we respond, we provide as complete an update as possible. We have been responding in the past and providing some updates and I know in a piece of your communication, you had indicated that—in fact, you alluded to the previous updates and we were trying to get further updates from the companies.

One of the challenges, I just want to point to the Committee, is that there have been changes in personnel in the companies at the highest level, at the board level, at the senior management level as well and some of the officers charged with the responsibility of pulling together information, they need to actually align some of these things in order to respond to us. So that is the reason I want to put forward for the delay.

Mr. Chairman: Thank you very much, Mr. Permanent Secretary. I just want to ask one question before—you just gave me a quick overview of the status. You have provided it in writing but it came so late, the Committee members have not had time to look at it properly. Are you, as the Permanent Secretary, having any issues with any of the entities in terms of them responding to you? Because that has come back to us in feedback from the few Ministries that have responded, that they are having challenges. That when they write to them or call them, the response is not what the Permanent Secretary is expecting. Could you help us with that?

Mr. Lashley: Yes, Chair. It is a problem. I have started explaining in part some of the reasons why the companies may be experiencing some of the challenges, but I think the general feedback is we communicate with the companies indicating the urgency, indicating the importance, indicating—and there was a change in the format as well in terms of the reporting; communicated that clearly to companies.

We have actually met with the companies in terms of some of the officers charged with the responsibility of pulling together the information. We have written at the level of the Permanent Secretary and in some instances at the level of the Chair. So the line Minister would have written directly to the Chair of the companies. And, in fact, we are actively working to get the information. But the challenge seems to be that there is a bit of flux taking place, there is a long backlog and in terms of even pulling together information that, from our records, it would appear that they have been errant in submissions over a particular period of time. It is taking a while to collate all of that information to get back to us and as Permanent Secretary Suite indicated, you know, once we get the information, we report to the Cabinet and the reports are submitted to the Parliament.

Mr. Chairman: Thank you very much, Mr. Permanent Secretary. And just to be clear, if there is any entity under your portfolio who, after your numerous attempts to get them to respond, are not responding, you have a duty to mandate. You are now mandated to inform this Committee so that we know who those entities are and we will engage in a course of action to see how we can use some suasion to get them to bring their reports up to date. Because there is no way that this Committee is going to sit by and have entities with five, six years administrative reports outstanding going all through this term.

The mandate of this Committee is by the end of this parliamentary term, by July, we want everybody, either up to date or telling us exactly which date they are going to be up to date. So that message must go out clearly and if as Permanent Secretary, there are entities who, in your view, after your efforts, your efforts are not yielding the fruits, we would kindly ask you to indicate to us and allow us to step in to try to see what we can do to get the ship back on course. Sen. Mark.

Mr. Mark: Thank you very much, Mr. Chairman. I would like to recommend to the Permanent Secretary Mr. Lashley, and Mr. Suite who has just left, and those who are coming before us, to read a report that came out of London, the House of Commons report. It is entitled Accountability to Parliament for taxpayers' money. It is a report by the Comptroller and Auditor General's Department. I just want to read some brief excerpts before I pose my questions.

It says that:

> "Accountability to Parliament for taxpayers' money is an inextricable part of good public management and democratic government."

Permanent Secretaries are:

> "personally…"

I want to repeat, are:

> "personally responsible and accountable to Parliament for managing"—their respective areas of operations: Ministries, subsidiaries, state entities, examples—"including its use of public money and stewardship of assets."

That is public assets.

> Permanent Secretaries are also responsible for ensuring that they understand and appreciate the need to maintain high standards of governance, decision-making and the kind of financial management that would be expected of such individuals.

Now, I raise this against the background of asking the Permanent Secretary, how are you able to properly assess the performance of state enterprises in the absence of the submission of administrative reports or even in the absence of audited financial statements? And further, is there a relationship between your Ministry and the Investments Division of the Ministry of Finance to deal with these errant, delinquent state entities, so that, for instance, action can be taken against them? Because we cannot continue to allow the Permanent Secretary who is responsible for these state entities and who is responsible for taxpayers' money, in terms of reporting to us, to simply allow these state entities that appear to be rogue entities. They have not been reporting for years in complete violation of the Constitution. This is a very serious matter.

So I would like you to tell this Committee how are you able to properly assess the performance of these entities that fall under your jurisdiction, without these administrative reports. And I am seeing where some of them like, you are seeing like they have never reported. Some of them have not reported between 2008—2014. How can this continue? This is inexcusable, it is indefensible and I want to tell you that this Committee will have to recommend the strongest sanctions to the Parliament to get action going from permanent secretaries who are responsible for taxpayers' money in these particular areas that I have mentioned. So maybe you could probably explain to this Committee what is going on.

Mr. Lashley: Thank you, Sen. Mark and through the Chair, I share your very strong concern about the state of affairs. Certainly, as you quite rightly pointed out, we do have somewhat of a shared responsibility in terms of the governance of the state enterprises and those that fall within the purview. So for instance, I think you pointed out the Investments Division. There are also boards of directors that sit and are responsible for ensuring that, in fact, the policy guidelines that we set for the companies are implemented.

So while I share your concern about the formal reporting by way of an administrative report, the companies being errant, I just want to assure you that certainly with respect to the implementation of policy measures which the line Ministry, Ministry of Energy and Energy Industries in this case, is directly responsible for in terms of clearly communicating, having the interventions when necessary by way of meetings, formal communication, ensuring that the policy guidelines set by the line Ministry are followed.

We also work in close collaboration with the Investments Division in terms of any sort of financial aspects with respect to the operation of the company. So, for instance—in fact, this week and continuing into next month, we have a series of what we call annual technical meetings where really they are designed for ensuring that there is that dialogue in terms of overall reporting by the companies coming back to the line Ministry. We involve and invite officials from the Ministry of Finance and from the Board of Inland Revenue as well, just to ensure that the company reports to the key stakeholders, in fact, of their performance.

The companies falling under the Ministry of Energy as well, you mentioned public funds, one of the arrangements in terms of the subvention of funds in the energy sector is a little different in terms of the direct dispensation of public funds to the company. What would happen and we do monitor very closely when there is, for instance, like a project, where under the PSIP or the IDF where there are public funds that have been appropriated to the Ministry of Energy flowing to these companies. We have very, very strict monitoring of the use of these funds and in fact, when they apply for like reimbursement based on a spend on a project, it goes through a very rigorous analysis.

So certainly just to get put some of your fears to rest. I share your concern and it is a very real and pressing concern given the state of affairs. But there is a degree of monitoring and supervision that takes place at the level of the Ministry and the company and of course, in collaboration with the other stakeholders and the other entities in the governing structure.

Mr. Chairman: Thank you, Mr. Permanent Secretary. Once second, Sen. Mark. You mentioned that the companies report to you operationally, you have something called your annual technical meeting and I suppose it presents some type of report. Would it be possible for you to provide the Committee with the current reports and probably reports for the past couple of years? Because you are saying that while the administrative reports may be outstanding, you get these operational reports that help the Ministry understand how these entities are performing and exactly what they are doing. So the Committee will formally like to request a copy of the reports for the entities that fall under your portfolio, where you have such reports in your records. So that we could understand what you understand, the operational issues. Because where we do not have reports, administrative reports, at least, if we have the past two or three years' worth of annual reports that you receive, we could have some guide as to what is happening. Sen. Mark, you have a supplemental question?

Mr. Mark: Yes. Thank you, Mr. Chair. I just want to ask the Permanent Secretary whether there is a special unit within the Ministry of Energy and Energy Industries that would monitor these entities as it relates to obeying the Constitution. Is there a special unit that you have established in the Ministry that would ensure that these state entities are upholding the Constitution by submitting to you and then from you to the President of the country and through him to the Parliament before the first of July of each year? Is there a special committee in the Ministry that ensures that?

Mr. Lashley: The answer is that responsibility falls within the remit of the Energy Research and Planning Division in the Ministry. What is, in fact, taking place right now, the Ministry has been going through a process of restructuring and, in fact, we are at the stage right now, we are seeking the approval of the PMCD department in terms of ensuring that we strengthen that governance structure where there will be at the creation of a specialized function responsible for monitoring and reporting on this particular aspect.

Mr. Chairman: Thank you, Mr. Permanent Secretary. Member Karim.

Mr. Karim: Thank you, Chairman. Mr. PS, you know, I am just going back to my experience as a former Minister and I am wondering whether the reason why we are not getting or we have not gotten these reports and I want to underscore the importance as the Chairman indicated. As an oversight Committee, we will hardly be able to ask sensible questions which I call data-driven questions if we do not have timely reports. While I understand what you would have said in terms of the change at the top, you will have executive management teams, in most cases, that would be continuous. And when you look at the period of time here, it really crosses boards and it crosses administrations. I think the requirement should be fulfilled.

It is my view that maybe some persons do not attach the level of seriousness to submitting the report on the timely basis and I believe that is what is happening, and I believe this may be one of the first occasions where we are interfacing with you and asking you to assist us. Because if you do not give us the information, we will not be able to ask the questions to get the relevant answers. I think as well that I recall that in some cases, companies will send minutes of their meetings, their board meetings to the Ministry. And if it is they want to get money for the next budget, they will send in those reports, those requests very early. So I think it is really an amalgam of a lot of things and the word may be just simply coordination and having a responsibility, person or function.

So I think we want to really ask you to help us and all the other colleagues who are here. Because I do not think that we could sit and continue to hear—with the greatest of respect to you—that maybe some of the persons at the top who are changing are not complying. Change does not necessarily means compliance. I think there is a right and a duty of respect and a requirement so to fulfil that regardless of who is there, that change should not affect the responsibility.

Mr. Chairman: Thank you, MP Karim. Member Leonce.

Mr. Leonce: Thanks, Chair. Just really to add to what Mr. Karim and Mr. Mark would have said. Under your Ministry, there is a significant economic impact on the country and a question was raised, if there is any sanction or control basically for those who would not have submitted reports and Mr. Karim mentioned that the release of funds, maybe from the Ministry of Finance, is it that those interim reports or those reports that you all use for operation, is it that those reports are sufficient enough for release of funds for continuance of operation?

Mr. Lashley: Chair, I think I was trying to explain actually the—I do not want to call it a peculiar position that several of the companies that would fall under the Ministry of Energy would found themselves in, whereas for some of the other Ministries, the typical arrangement or relationship would be one of having to be funded by funds coming from the Ministry of Energy out of its appropriation on an annual basis in order to conduct their operations. In a large number of instances, in fact, I think almost all of the instances, a lot of these companies are self-financing, self-funding. So that particular aspect that you allude to, that is not one of the believers that we could pull.

Having said that though, it does not diminish the fact that, as Sen. Mark has indicated, there is a responsibility under the Constitution that these companies have a duty to report. We have, I mean, as late as earlier this month, written to them in the strongest possible indicating that they are errant, they have not submitted and they need to submit by the end of this month, if not before. Now, certainly that is not the first time we have written to them.

You asked about sanctions. I think the Ministry of Energy itself would not be able to impose any sanction on a particular company. I think the Ministry of Finance, in terms of the board of directors, et cetera. I heard a colleague of mine here reporting to another Committee that, in fact, one of the sanctions is changing directors or removal of directors. I do not know whether that is something being contemplated but certainly the Ministry of Energy, itself as a line Ministry, short of using, informing and I am suggesting strongly to the companies that, in fact, they need to make good on their obligation. I think that is all we have in terms of levying a sanction as the Ministry of Energy.

Mr. Chairman: Thank you, Mr. Permanent Secretary. I just want to be clear before I excuse you because we have received your submission. You did not indicate what was the date by which these companies were supposed to submit.

Mr. Lashley: We were in direct communication with most of them and we pointed out the seriousness of it and we gave an end of March deadline. Now, for some of them, they promised—in fact, up to Friday, we had some submissions coming in from, I think, it was PowerGen. So it is a work in progress. But certainly, we have indicated that by the end of this month, which is next week, that we expect to see submissions coming in to allow us then to go through that process of taking stuff to the Cabinet and then submitting to this Committee and the Parliament.

Mr. Chairman: Mr. Permanent Secretary, if you would permit me? The Committee is troubled by looking at this document. I am seeing the National Gas Company of Trinidad and Tobago has not—is outstanding from 2008 to now; National Quarries Company Limited is 2008 to now; Trinidad Generation Unlimited, 2008 to now. These are not small enterprises and this Committee is shocked.

So I want you to transmit to them the level of displeasure of this Committee at their inability to conform to the Constitution of Trinidad and Tobago. If they do not supply all of the outstanding reports by your specified date, please communicate with the Committee, otherwise this Committee will then have to take some alternative action to bring them here for them to state why they have not responded to our request, they were not responding to your request, when they well know that is part of their constitutional responsibility managing state funds.

So I am not blaming the Permanent Secretary but where we are is a communication exercise to get the message across that this Committee means busy and if they are not willing or they are unable to, then they need to come and account properly to this Committee for these outstanding because we are looking at this report and we are shocked in all honesty.

So, Mr. Permanent Secretary, I want to thank you and your team for your time and we look forward to the ongoing communication. You have the communication with the Secretary of the Committee. By soonest after March 31st, please provide the Secretary with the updated status and allow the Committee to decide the next course of action to allow people to understand in Trinidad and Tobago, as we sit here now in a situation where the Government has constrained revenues and entities are sitting managing taxpayers reducing funds, that they have to account for how they have used those funds. There is no escape from this. Thank you, Mr. Permanent Secretary. You and your team are now excused.

2.20 p.m.

Officials of the Ministry of Agriculture, Land and Fisheries

Mrs. Lenor Baptiste-Simmons	Deputy Permanent Secretary
Mrs. Joan Hannibal-Phillips	Deputy Permanent Secretary
Mr. Sheivan Ramnath	Chief Executive Officer Agriculture Development Bank (ADB)
Ms. Cherissee Ben Gochea	Ag. CEO Estate Management and Business Development Co. Ltd. (EMBD)
Mr. Ganesh Gangapersad	CEO National Agricultural Marketing and Development Corporation (NAMDEVCO)
Ms. Nalini Sooklal	CEO Seafood Industry Development Company Limited (SIDC)

Mr. Chairman: Good afternoon Madam Deputy Permanent Secretary. Welcome to the wonderful Joint Select Committee on State Enterprises. We welcome you. As we are going along a standard process we have asked all the Permanent Secretaries and their teams who have appeared before us, could you please begin by introducing yourselves and the members of your team?

[*Introductions made*]

Mr. Chairman: Thank you, Madam Permanent Secretary and your team for taking the time out of your busy schedules to be here and we appreciate you coming to us.

The matter before us is the fact that this Committee, through a communication, had requested a status update on the outstanding reports. The Committee had indicated that they would like to get a response by February 29, and the Committee, based on our records, never received a response. So, again, this is a recurring theme. So I would like to understand from the Permanent Secretary what occurred when we sent our request that allowed you to not respond.

Mrs. Baptiste-Simmons: I must apologize, the Permanent Secretary was excused from the meeting and I was not apprised of the letter. I must apologize on her behalf, or on my own behalf, for not ascertaining that there was an initial letter sent to the Ministry.

Mr. Chairman: Again, that is perturbing to this Committee because the Committee would have sent this communication in more than one form. So that, perhaps, before you leave I would like you, following this meeting, to make sure we have the proper communication protocol with the respective parties so that when this Committee communicates we can be sure that some party in the Ministry receives it, whether the Permanent Secretary or the Deputy Permanent Secretary, or both.

We understand, Madam Deputy Permanent Secretary. I understand your position and it may not have come directly to you and it may not have flowed through the system but that for us, as far as we are concerned, we sent it and we never got a response and worse than that, there was no response subsequent even after to say well listen we got it, we got it late and it is achieving attention.

What we would like to find out now, I have a few entities under you as listed as having outstanding reports, not too bad compared to the others, but it is the ADB, the Cocoa Development Company, the Estate Management Business Development Company, NAMDEVCO and the Seafood Industry Development Company. I see you have invited the key persons from these entities so I suspect that they will be responding as to where they are with the outstanding reports so the Committee could be properly advised. You and your team have the floor.

Mrs. Baptiste-Simmons: I would report for the Cocoa Development Company of Trinidad and Tobago. The Cocoa Development Industry Board Act was repealed by supplement Part C to the *Trinidad and Tobago and Gazette* dated April 03, 2014 and this made way for the creation of the Cocoa Development Company of Trinidad and Tobago.

While the company was incorporated on December 23, 2013, to date the company was never operationalized. No activities were undertaken, and therefore an administrative report for that report would not be available at this time.

Mr. Chairman: Thank you.

Mrs. Baptiste-Simmons: I can ask, starting with the Agricultural Development Bank.

Mr. Ramnath: Thank you and good afternoon again. The ADB was late in submitting the administrative report for the period 2013/2014. The main reason for that would have been some challenges faced with key vacancies that arose at the organization. That has since been sorted out and the bank has since submitted the administrative report for 2013/2014 and also for 2014/2015. So we are basically up to date with the submissions, and the reports prior to that have also been submitted.

Mr. Chairman: Thank you very much.

Mr. Gangapersad: Good day Chairman and Committee. The National Agricultural Marketing and Development Corporation has, after discussions with the Ministry of Agriculture, submitted its outstanding 2013/2014 report. This would have been as a result of a high turnover, as well, at the NAMDEVCO. We had to actually validate what was prepared before it was submitted by the individuals who would have worked on it previously. That was done, the report has been dispatched and the 2014/2015 should be a non-issue as well in this current term.

Mr. Chairman: Thank you very much.

Ms. Sooklal: Good afternoon Committee. Similar as expressed prior, the Seafood Industry Development Company was actually without a CEO for the period August 2014 through March 2015. This would have contributed in part to the delay in the 2013/2014 admin report, which has been since submitted to our line Ministry and in not wanting to be errant again we have also submitted 2014/2015 in advance to our line Ministry for consideration and onward submission.

Mr. Chairman: Thank you very much.

Ms. Ben Gochea: Good afternoon Committee. The EMBD is presently in a transition stage. I myself being new to the position have been acting for just over a month. That being said, I have been enquiring as to why the EMBD did not submit the reports and my enquiries revealed that reports for the periods 2010—2011 and 2011—2012 were forwarded to our line Ministry, then the Ministry of Food

Production, for onward transmission.

Similarly, the report for the period 2013—2014 was forwarded to the Ministry of Housing and Urban Development for onward transmission. I found a draft report for the period 2012—2013 and we are currently finalizing that report for onward transmission by March 24, 2016. We are also in the process of working on the 2014/2015 report so that that will be submitted on time and there will be no delay in submitting this report.

Mr. Chairman: Thank you very much. Madam Deputy Permanent Secretary, can I take it that the Committee can expect from you a detailed report with all of these positions on the various reports submitted to us so that we can clarify our records, bring our records up to date so that we, within the Parliament and within this Committee, can understand just what has been laid out today. Most of these entities are up to date, it is just that the documents are now inside of the Ministry and there is a process. It has to go to Cabinet before it is laid.

Mr. Mark: Madam Deputy Permanent Secretary, welcome. Could you tell us where we are, as it relates to the operationalization of the Cocoa Development Company of Trinidad and Tobago? What steps are being taken, given what you have outlined, to operationalize that company?

Mrs. Baptiste-Simmons: Sen. Mark, at this point we are—I know that a Cabinet Note has been prepared. It has not been submitted to Cabinet as yet, but a Note has been prepared for the establishment of the board. That is the information I have at hand. I can provide any subsequent information to you.

Mr. Chairman: Thank you very much. Madam Deputy Permanent Secretary, I want to thank you and your team and your support system here to make sure—we appreciate your taking your time to come here to report to the Committee and the Committee is very happy to hear that all of the entities that had outstanding reports under you have rectified the situation. I want to commend you for the work that you have done with your people and I want to hold out that I hope the others who are due to appear have similar stories to report. So, thank you very much, you and your team for coming and you are now excused.

Up next is the Permanent Secretary in the Ministry of Rural Development and Local Government.

Officials of the Ministry of Rural Development and Local Government

Ms. Desdra Bascombe	Permanent Secretary
Mr. Tajelal Sarwan	Chief Executive Officer, Rural Development Company (RDC)

Mr. Chairman: Good afternoon, Madam Permanent Secretary, welcome. I want to welcome you to enjoy the warmth of the Joint Select Committee on State Enterprises, as we continue this process. I am so happy to see so many happy faces, excited and waiting to meet with the Committee. Yeah? So, here we are.

Madam Permanent Secretary, as per the usual process, I invite you to introduce yourself and your support team.

[*Introductions made*]

Mr. Chairman: Thank you, Madam PS. Madam PS, you should have been in receipt of a correspondence from this Committee in early February, indicating that the Committee needed a response by the end of February. Could you advise us what was the reason why the Ministry did not respond?

Ms. Bascombe: My apologies, Chair, I did receive the correspondence but I was focusing the Ministry's efforts on presentation of the report, so there was a degree of slippage in responding to you. So we focused our efforts in ensuring that we located all the reports and submitted them to Cabinet and what we discovered is that the reports were actually submitted since 2014 to the then line Ministry, Ministry of Works and Transport. But I am pleased to advise you that as of today all three outstanding reports for the RDC have been submitted to Cabinet and they are currently engaging the attention of the Finance and General Purposes Committee.

Mr. Chairman: Okay. What about PSAEL?

Ms. Bascombe: PSAEL is a work in progress and I will redouble my efforts to get the outstanding reports from them.

Mr. Chairman: Madam Permanent Secretary, we need you to probably quadruple your efforts because PSAEL is outstanding since 2008. So that you need to tell them that the Committee is displeased about their lax performance in producing a straightforward report that they should be able to produce in a couple of weeks, if so long.

Ms. Bascombe: Noted.

Mr. Chairman: No, Madam Permanent Secretary, I want us to be clear. The Committee is not accepting an open-ended deadline to submit these reports. So it is up to you to communicate to them, one, the Committee's displeasure and, two, to indicate to them job that there is a drop-dead-date. So, you tell us a date, end of March, first week in April, but not too far, by which they have to come up to date with all of their reports submitted to you. And I would like you to communicate that to us, by that drop-dead-date where they are. So that this Committee can decide whether it needs to take additional action to bring the officials of PSAEL to account for why they are taking Government's moneys, state funds, conducting activities and are refusing to report on their activities.

It is absolutely untenable that in 2016 an entity has not reported on its 2008 activities, untenable. And the same holds, not so bad, for Rural Development

Company, but they are outstanding from 2012. So that, Madam Permanent Secretary, we note your comments that you have done a tremendous job with one entity but there are two entities that need some attention. So we would like you to be able to communicate to them, directly and communicate back to us that you have written to them and advised them of the date of closure.

Ideally it should be no later than the first week of April. In my former life, I used to complete these reports for my entity and it would not take a week, one person working on it. But if you leave it to have a backlog then you will have a challenge. So it is up to them to apply the resources to comply with the Constitution of Trinidad and Tobago. They have to comply. We do not mean to be harsh to the wonderful Permanent Secretary and her team but we mean to be harsh to the entities that are not responsive to you because I am sure you have made requests.

Ms. Bascombe: Yes, we have.

Mr. Chairman: So Madam Permanent Secretary, we want to thank you for your time. I want to make sure that we have the—well at least you indicated you got the communication, so we know that the communications protocol works in your case and we look forward to hearing from you in short order, that you have communicated with the entities, indicated what the Committee's mandate to you is and to them is and that they expect to have the reports by this date and we will be in touch with you by that date to find out where they are so that we can decide what else we need to do to get these entities to comply with the law of Trinidad and Tobago. Thank you Madam Permanent Secretary. You and your colleague are excused.

Ms. Bascombe: Thank you, Chair. It was a pleasure.

Mr. Chairman: I think next we have the Permanent Secretary in the Ministry of

Tourism.

Officials of the Ministry of Tourism

Ms. Cecilia Greaves-Smith	Permanent Secretary
Ms. Simone Medina	Director, Research and Planning (Ag.)

Mr. Chairman: Good afternoon, Madam Permanent Secretary. Welcome to the wonderful Joint Select Committee on State Enterprises. We are happy to have you here. We are having a nice fun collegial afternoon here, just trying to catch up with where we are. We all have responsibilities and we are trying to discharge ours to the best of our ability.

Madam Permanent Secretary, as per the previous Permanent Secretaries we would have communicated with your Ministry. We want to make sure, one, did you receive the communication and if you did, why there was no response by the stipulated deadline?

Ms. Greaves-Smith: Good afternoon Chair and members of the Committee. I am Cecilia Greaves-Smith, the Acting Permanent Secretary, Ministry of Tourism. This is Ms. Simone Medina my Acting Director, Research and Planning. I have to apologize, Chair, I did receive the correspondence. I got an email and I did send it on to an officer. We were trying to track where the report was. In trying to track the report, I think there was some slippage and unfortunately we did not respond. We apologize.

If we knew that would have prevented us from being here this afternoon we would have done it. Sorry. It turned out what we had done is we had submitted our administrative report to the Cabinet and it had been returned because it was just before the General Election. We assumed it was the report of the Tourism Development Company. It was not. We have since discovered that the report is in the Ministry. The Draft Cabinet Note has been done. The report is on its way to Cabinet, within the next week, we hope. So it should be before you all after Cabinet considers it.

Mr. Chairman: Madam Permanent Secretary, thank you for that update. As with all the Permanent Secretaries, we would like you to communicate directly with us, in writing, indicating what is the status so that the TDC that is outstanding for 2012, 2014—

Ms. Greaves-Smith: No, it is just 2014.

Mr. Chairman: Just 2014?

Ms. Greaves-Smith: Yes.

Mr. Chairman: So only 2014 and you have that?

Ms. Greaves-Smith: We have it and it is on its way to Cabinet within the next week or so.

Mr. Chairman: Well you would probably be the shortest. Madam Permanent Secretary, I know you are anxious to leave. We thank you for coming. We look forward to not having to see you again any time soon. Now that you are all up to date I hope this experience will help you to help your entities keep up to date. So we thank you for your frankness and your responsiveness and I am happy to hear that you did receive the correspondence, given the start we had today. So that means all our communication protocols are in place. So Madam Permanent Secretary and your colleague you are now excused and we thank you for taking the time to be with us this afternoon.

Ms. Greaves-Smith: Thank you, Chair.

Mr. Chairman: I now would like to invite the Permanent Secretary in the Ministry of Community Development, Culture and the Arts.

Officials of the Ministry of Community Development, Culture and the

Arts

Mrs. Vidiah Ramkhelawan	Permanent Secretary
Mr. Kevon Swan	Legal Officer II
Mr. Ashton Goorachan	Communications Coordinator The Export Centres Co. Ltd.

Mr. Chairman: Good afternoon, Madam Permanent Secretary. So happy to see you. You are smiling. This is very good. Happy to see you here. Welcome to the Joint Select Committee on State Enterprises, and as happened with all the persons who appeared before us this afternoon, we would have written/communicated to your Ministry directly, indicating we would like a status report on your outstanding administrative reports by February 29. That date came and went and we did not get a response from your Ministry.

Firstly, could you introduce the members of your team and then provide us, help us to understand what occurred when the correspondence got to you.

Mrs. Ramkhelawan: Good afternoon Chair and members of the Committee. I would like to introduce my team this afternoon.

[*Introductions made*]

Sir, by way of explanation, I would like to say that I first sighted the correspondence, which was originally sent on February 23. What has happened is that the original correspondence went to a former Permanent Secretary in the Ministry, who has since retired and also to another location; the head office of the Ministry has changed with the new administration. So I would say that there was an administrative delay in my getting sight of the correspondence. However, when I got the correspondence we spoke to the Parliament explaining what was going on and we have since been putting things in place, putting arrangements in place to obtain the various reports.

I would like to say that the Export Centre Company Limited, first of all, the Board of Directors, the tenure of that board expired in October 2015 and the CEO resigned with effect from January 01, 2016. So that we have been having a bit of difficulty in obtaining the various reports. We have submitted the 2013 report, which we have sent to Parliament and we are in the process of obtaining the other reports.

I also want to say that a further difficulty was that the board secretary also was on extended sick leave and she is due to return next week. So that complicated things a bit. But we are well on the way to receiving the reports which will be submitted, the outstanding reports. But the 2013 report, which was available to us has been sent to Parliament.

Mr. Chairman: Thank you very much Madam Permanent Secretary. Mr. Karim do you have a question?

Mr. Karim: Yes just a quick one, PS Ramkhelawan. Since the resignation of the former CEO, who is running the company?

Mrs. Ramkhelawan: Well, very recently Cabinet appointed myself, the Permanent Secretary and the Deputy Permanent Secretary as Chairman and member of the board, and that is as recent as two weeks ago. So we have been putting things in place and trying to get our house in order.

Mr. Chairman: So Madam Permanent Secretary, to be clear the only outstanding report is for 2014 and of course your 2015 will become due in July of this year?

Mrs. Ramkhelawan: Yes. We have been putting things in place to have the 2014 report provided by the end of March.

Mr. Chairman: Thank you very much Madam Permanent Secretary, the end of March sounds like a date the Committee is happy with. We appreciate you and your team for taking the time to come and join us in this love fest. So please have a pleasant afternoon and you are now excused from this meeting. Thank you very much.

Mrs. Ramkhelawan: Thank you very much, Chair.

Mr. Chairman: I now call on the Permanent Secretary of the Ministry of Housing and Urban Development.

Officials of the Ministry of Housing and Urban Development

Simone Thorne Mora Quinones	Permanent Secretary (Ag)
Ms. Denise Duncan	Deputy Permanent Secretary (Ag)

Mr. Chairman: All these familiar Permanent Secretaries. Good afternoon, Madam Permanent Secretary. Welcome to the Joint Select Committee on State Enterprises. We would like to thank you and your colleague for taking the time to come join us. As per the usual process as we begin, I would like you to introduce your colleague and then also could you advise us what occurred when the team here wrote to the Ministry that it resulted in the Ministry not responding by the original deadline date. Madam Permanent Secretary you have the floor.

Ms. Quinones: Good afternoon Chair, good afternoon members of the Committee.

[*Introductions made*]

Not to make excuses, but—well yes, I am making excuses. I recently joined the Ministry so I was not aware of the first letter requesting a status update on the administrative reports. So, on receiving the second letter asking us to appear, I immediately investigated. The East Port of Spain Development Company, I contacted them and they confirmed that on October 21, 2014, they had submitted reports for 2012/2013 and 2013/2014 for the line Ministry under which they fell for that period. That is the Ministry of Planning and the Economy.

On contacting the Permanent Secretary there the Permanent Secretary has assured me that she would now submit the reports to Cabinet before submission to Parliament.

With respect to UDeCOTT, again in contacting UDeCOTT, the CEO advised also that on November 23, 2011 they submitted reports from 2009 to 2011 to also the Ministry of Planning and the Economy. However, they could not find any evidence that reports were submitted for 2011/2012 and for 2012/2013 to the Ministry. Well I have since written them, instructing them to submit the required reports. 2013 and 2014, we are in receipt of that report and it is currently being reviewed before submitting it to Cabinet.

Mr. Chairman: Madam Permanent Secretary, so you are saying that there is a gap in the UDeCOTT reporting?

Mr. Quinones: Yes, Sir.

Mr. Chairman: So that their latest report is up to 2014, you have, and then between 2011 and 2013, they cannot find a report.

Ms. Quinones: No.

Mr. Chairman: Up to what date did you give them to submit those reports?

Ms. Quinones: Well, I did not give—I said, as soon as possible. I realize now that I need to write them back further to this meeting.

Mr. Chairman: Thank you so much, Madam Permanent Secretary. So you would write them back and indicate that the Committee is displeased that we are in 2016 and they have not submitted 2011/2012 reports; 2012/2013; and that they have until the day that you specify to respond and all the Committee is asking by the deadline date, please inform us of compliance or non-compliance because this Committee plans to take additional action. So that, alert the entities that if they do not comply they will be forcing the hand of the Committee to take additional action to get them to comply.

Ms. Quinones: Yes, Sir.

Mr. Chairman: So, Madam Permanent Secretary, I see that at least one of the entities you have worked with them and gotten them up to date. You have found the reports, so that barring any further questions, I want to thank you and your colleague for coming to join us this afternoon and for providing us with that update. And as with all the Permanent Secretaries before you, I ask that you would write to us to indicate just what you reported to us, that you have these reports and what is the status and the Parliament Committee here, the team here, can update their records to exactly where things are—whatever Ministries they are and they are going to go to Cabinet so we can expect them soon thereafter. Madam Permanent Secretary, thank you very much and you and your colleague are now excused.

Ms. Quinones: Thank you, Sir.

2.50 p.m.

OFFICIALS FROM MINISTRY OF WORKS AND TRANSPORT

Mrs. Verna Johnson	Permanent Secretary
Mrs. Sonia Francis-Yearwood	Senior Planning Officer
Ms. Donna Brodber	Senior Planning Officer, NIDCO
Mr. Steve Garibsingh	Acting President, NIDCO
Mr. Ashley Taylor	President, Plipdeco
Mr. Michael Phillip	Corporate Secretary, PLIPDECO
Mr. Joshey Mahabir	Acting General Manager, National Helicopter Services Limited

Mr. Chairman: Good afternoon, Madam Permanent Secretary, more familiar Permanent Secretaries again. I have worked too long in the civil service.

Welcome to the Joint Select Committee on State Enterprises. Welcome to our meeting here, where we have just called these entities in to, one, find out what happened that caused the noncompliance to our request for an update on the status of outstanding reports? Two, to get an update from you on where those reports are. So as for the process that we have engaged all afternoon, could you introduce all members of your team? You have a very full support team here, Madam Permanent Secretary. So could you introduce your team, and then begin by helping us with what happens when we send our correspondence to you?

Mrs. Johnson: Good afternoon, Chair. Thank you very much. I am Verna Johnson, Permanent Secretary in the Ministry of Works and Transport. I have brought along with me the agencies which according to the letter, would not have submitted their report in a timely manner.

[*Introductions*]

Mr. Chairman: Madam Permanent Secretary, continue.

Mrs. Johnson: So, I want to acknowledge receipt of the letter—

Mr. Chairman: Thank you so much.

Mrs. Johnson:—which was dated February 15th, and I want to apologize out front for not being able to respond immediately. What I sought to do was to seek our—what should I say?—seek references with respect to clarifying whether or not the information that the Parliament submitted was, in fact, correct. I do apologize for the length of time that it took, and eventually we found out because we would have submitted a comprehensive listing way back in March of 2015, with a number of our agencies which did not submit their reports, and I was before you, Sir. So I wanted to be sure that there was no duplication of efforts.

Having said that, I want to report to you that since this request was made, I now have those reports before me, but to give you a better explanation, I want to tell you that the National Helicopter Services Limited would have submitted their report on March 17th. That report—a Cabinet Note is going to be drafted and follow the procedure.

As far as NIDCO is concerned, in late 2014 a Cabinet Note was prepared; however, the Ministry, you know, through an oversight really thought that this report was submitted to the Parliament, and for this we profusely apologize. In order to ensure that things move along very quickly, all the copies and so on have already been made, and we have informed our Minister as to what is the situation.

As far as 2014 is concerned, NIDCO has, in fact, prepared their report, and I think they are waiting for the board to be able to sign off on that report, before having it submitted. You recognize that NIDCO's board would have recently changed. So we want to give them just a little, you know, not too long, but to be able to have that done.

As far as PLIPDECO is concerned, I think an error was made, and I did convey that information to the Secretary of the Committee, indicating that the 2013 report for PLIPDECO was submitted by letter dated March 09, 2015. So that report is already here. With respect to the 2014 report, that report was submitted to me also on March 17th, and will go through the process of being able to do the Cabinet Note, et cetera. Again, we do apologize, and we would make sure that every effort is made to, you know, ensure that the reports are submitted on a timely manner.

Mr. Chairman: Madam Permanent Secretary, I am so pleased with your report, that everyone is more or less up to date, and I appreciate your efforts at putting some clarity to where things are. As I have asked all the previous Permanent Secretaries who have appeared this afternoon, could you please—just what you have transmitted there orally, could you communicate directly with the Secretary of the Committee, giving her the update that you have just provided us? So that we can clean up our records, so we can understand who is complying and who is not. I know Permanent Secretary Johnson that you are a very, very good party to deal with, and that the entities under your portfolio would not like to put you under undue pressure, and that they would have all of their reports well ahead of schedule to allow, to free the Permanent Secretary of coming to have to meet with me again.

So, Madam Permanent Secretary, unless there are any questions, I want to thank you and your team, your very powerful team here this afternoon for attending, and for helping us to understand that at least the things under your portfolio seem to be under control, and that the reports will be forwarded in due course, because they are going through the process. So, thank you very much; you and the members of your team are now excused.

Mrs. Johnson: And thank you very much.

Mr. Chairman: You are most welcome.

Just for everyone's information, this session is now suspended, but I would ask the members of the Committee to remain for five minutes. Let us have a quick discussion to recap some things.

2.56 p.m.: *Committee suspended*.

2.57 p.m.: *Committee resumed*.

Mr. Chairman: Do you know what struck me at this session, this last session? The Permanent Secretary, Ministry of Finance was not apologetic at all. So you know I have an issue with that. It speaks to the significance. Every other PS recognized that. Members of the Committee whatever the reason, we apologized, regardless whether it was our fault or—the Permanent Secretary, Ministry of Finance was like; "Well, ah did not get it". So that is a concern to me. It could be a small concern as well as it could be a major—

Dr. Henry: Are we live?

Mr. Chairman: No, it is not live. We are no longer live on TV. It is just for the recording of the meeting.

So, I think that this session, at least the team around the table, we sent the message clear. I think all the PSs have received the message, and I am sure all the entities would have received the message. So I think that our goal of having all the outstanding reports under our portfolio up to date, certainly by the end of this parliamentary term. We are well on target to get there, to have everybody who is reporting to us, all their reports up to date.

I want to just go back quickly to the Petrotrin meeting. I think that the Petrotrin meeting went very well, that is my assessment. I think that Petrotrin, the—

Mr. Leonce: Chair, sorry.

Mr. Chairman: Certainly.

Mr. Leonce: Before we go on to the Petrotrin, with respect to the request for reports, I am a little concerned with the Ministry of Energy and Energy Industries because he blatantly admitted there is no control for when we request—the most they can do is request, and their language may, may be able to be a bit stronger. When you have full autonomy financially over your operations, there is no sanction that can be done or implemented to ensure that the reports are submitted. How are we as a Committee going to address that?

Mr. Chairman: I would like to have a full discussion on that at the next meeting, but just for the process we have engaged here, if the Permanent Secretary has not been able to get them to submit the reports by the due date, we will have the Permanent Secretary invite the members here for another special session, for them to explain directly why they have not responded to the Permanent Secretary.

Because we cannot apply any sanction, but what we can do is bring it to the national attention that these entities are not responding to the Committee, they are not responding to their Permanent Secretary, and certainly, make the line Minister aware that you have an errant entity. You are not responding to anyone. If you are not responding—or entities, that you are not responding, one, to the PS, which is your line and then you are not responding to the Committee, which is the PSs line. So that something has to happen so that we—I think that it is straightforward about how we treat with that. It may not be the response that we want, but at least it is brought to the attention of all concerned that this entity or entities is errant. Or as my good colleague, Sen. Mark, would say "rogue", [*Laughter*] rogue entities. MP Karim had a question?

Mr. Karim: Mr. Chairman, not a question, but it is just a suggestion. I know we have been asking the various PSs to advise us as to when the reports are—they are coming. I want to take the other approach. I want to suggest that you may consider writing all of them, and thanking them for coming and to confirm—

Mr. Chairman: We will do that, confirm the information provided. We are—the Secretary and I always—Sen. Henry?

Dr. Henry: The information you referred to from the Ministry of Energy and Energy Industries, was that circulated?

Mr. Chairman: I think we passed around copies.

Mr. Mark: Yes, I think that was on your desk.

Mr. Chairman: Yes, I was handing you that and you told me you had it already.

Mr. Mark: I got it on my desk.

Mr. Chairman: Okay, good.

Mrs. Crichlow-Cockburn: Mr. Chairman, I had a concern particularly with the Ministry of Finance, the number of companies that were either in liquidation or had gone out of business. Is there a responsibility to inform Parliament?

Mr. Chairman: I have no idea, and this is where—if we had up to date information of what was going on, we would not be asking them about these entities. So that this is the fundamental flaw, that there are things that are happening out there, and we are clueless. We have them on the list as outstanding. Now, we can go to our list. So that we will write to PS, Ministry of Finance, to confirm that as per your report to the Committee, these entities have now been listed as not operational, liquidated, so that we could remove them from our list, and get a real list, when I say so.

So I do not want to spend much more time. I know we have been here for a full day. I think the session with Petrotrin went well today. We definitely need to call them back because there are several areas in the operation we have not tackled. Issues with the oil spills and there are some huge, huge issues with health and safety inside of the company, and that is just from my list. I am sure Sen. Mark and several other members have other questions. So I think the session went well. I think from my sense that they were very forthcoming. I did not get the view today that they were trying to hold back information, except for probably a couple of Sen. Mark's queries, [*Laughter*] but I think in general, they were very responsive, and that bodes well for us having another session with them.

So I do not want to detain members any further. I think we have had a full day, and I think we have had a very productive day, and I want to thank members for—it is very rare in these Committees to have everyone, every member of the Committee here attend a meeting, and then it is very rare for everyone to be here, and then for whole day is unprecedented. [*Laughter*] So we have set a new record, so you should be—consider yourselves proud to have done the people's work today. [*Desk thumping*] Thank you very much.

3.03 p.m.: *Meeting adjourned*.