2016.05.02

10.02 a.m.: *Meeting resumed in J. Hamilton Maurice Room, Level 2.*

Mr. Vice-Chairman: Good morning everyone. I would like to call this meeting to order. Before we allow the members of the UDeCOTT to introduce themselves I have a few preliminary housekeeping remarks.

This is the Eight Meeting of the Joint Select Committee on State Enterprises in this Parliamentary Session. It is the first public hearing for this Committee as it is currently comprised, in which we examine the UDeCOTT. This hearing is being broadcast live on Parliament Channel 11, Parliament Radio 105.5 and Parliament YouTube channel, *ParlView*. Members of the viewing and listening audience can send comments, via email to Parl 101 @TTParliament.org and our facebook page @facebook.com/TTParliament, or on Twitter @ TT Parliament. That is capital "T" twice TTParliament, the rest lower case. So we invite comments and feedback from the public via those media.

So next we welcome the officials of the UDeCOTT corporation and we would like the chairman to introduce his team that is assembled here today before this Committee.

[*Members of UDeCOTT introduce themselves*]

OFFICIALS OF THE URBAN DEVELOPMENT CORPORATION OF TRINIDAD AND TOBAGO

Mrs. Simone Thorne Mora Quinones	Permanent Secretary Ministry of Housing and Urban Development
Mr. Noel Garcia	Chairman
Ms. Abena Richards	Chief Operating Officer
Mr. Andre Ow Buland	Chief Financial Officer
Mr. Chris Jagroop	Chief Construction Engineer

Ms. Kathryn Denbow Chief Legal Officer

Mr. Vice-Chairman: I would now like to invite members of the Committee to introduce themselves, starting on my left.

[*Members of JSC introduce themselves*]

Mr. Vice-Chairman: And, of course, I am Dr. Lester Henry, Vice-Chair of the Committee. I am sitting in today for the substantive Chair, Sen. David Small, who is out of the country at present. So I would make a few brief opening remarks and then invite a brief statement from the chairman.

We are here in this public hearing, and as we have been doing in recent times reminding all the entities that have come before us that the powers that have us here this morning come from the Constitution and the Standing Orders of the Parliament. So, we take this business very seriously, as we have been doing, particularly in this Session because in the interest of transparency and accountability, we need to get information that is useful to us as a Committee in our deliberations and putting forward our recommendations afterwards and also information that could be of interest and useful to the public, and that is why we are here today and under this particular powers of the Constitution and the Standing Orders.

So, in terms of the proceedings, after some brief introductory remarks, which I will invite the chairman to do, we will have a series of questioning from the members. We will begin our formal questioning. So, Mr. Chairman.

Mr. Garcia: Thank you, Mr. Chairman and good morning to the members of the Committee and to the viewing public. The Urban Development Corporation of Trinidad and Tobago is a state enterprise, incorporated under the Companies Act. Its shareholder is the Minister of Finance and it is governed by a board of directors and supported by an executive management team, headed by a chief executive officer.

UDeCOTT considers itself to be the Government's primary developer of choice. Arising from the recommendation of the Uff Commission, UDeCOTT has focused on integrating transparency, accountability and value for money in its policies and procedures in order to generate social and economic benefits for its stakeholders. This have been demonstrated through the introduction and use of global best practices in procurement, project development, construction and management.

UDeCOTT's current construction projects fall broadly in the following portfolios: the health care programme, national security, police and fire stations, government office accommodation, historical restoration projects and Tobago projects.

Some of the challenges that we currently face are: absence of a strategic plan. UDeCOTT is currently without a strategic plan. This has resulted in operational policies and procedures being developed but not refined to fulfil a strategic objective. The UDeCOTT Board and Executive Management have identified the development of a strategic plan as a priority for the corporation's success.

A strategic plan is being aggressively developed and it is anticipated by the fourth quarter of 2016, that this plan would be finalized and approved for implementation.

10.10 a.m.

Absence of current audited financial statements. UDeCOTT has struggled with maintaining up-to-date financial statements. UDeCOTT's last published audited financial statements are for the financial year ending December 31, 2007. The audit exercise for 2008 is completed and awaiting approval prior to publication but took a considerable time to conclude. This was due to the fact that UDeCOTT records are incomplete and several documents have been submitted to the Anti-Corruption Investigation Bureau. These documents had to be retrieved in order for proper audits to be conducted. The audits for 2009 and 2010 would be challenged with similar issues. UDeCOTT has obtained advice and is pursuing alternative strategies for accelerating the completion of the audited statements to a status of currency by September 2017.

Another challenge is the failure to receive timely settlement of funds from client Ministries and this has impacted on our ability to meet our obligations to many of our contractors.

In conclusion, UDeCOTT strives to be the premiere provider of project management and facility management services in Trinidad and Tobago. In order to achieve this objective, its systems and processes continuously require adaption and improvement to keep abreast with current trends and development. The systems at UDeCOTT, today, reflect significant improvement over its position when the Uff recommendations were made. There is, however, improvements that are required in several areas and the board and management are committed to identifying and implementing change where it is required. Thank you, Mr. Vice-Chairman.

Mr. Vice-Chairman: Thank you, Mr. Chairman, and before I open up the floor to the other members, in our submission here, in our list, we had the CEO of the company as down to be present today. Is there any explanation as to why she is not here?

Mr. Garcia: Yes, my apologies for not giving an explanation earlier. Ms. Chow, unfortunately, had a personal emergency and had to travel to the United States and is not expected back until late next week. It was unforeseen and a genuine emergency which I would not like to go in here publicly as to what is the nature of the emergency.

Mr. Vice-Chairman: That is fine, Mr. Chairman. So I now open up to members. I acknowledge member Karim.

Mr. Karim: Thank you, Mr. Vice-Chairman. We are very sorry to hear about the unforeseen circumstance of the Chief Executive Officer. To you, Mr. Chairman, is it possible that you might be able to indicate to us—and I am just following the responses from your issues paper. Objective one being the human resources and organizational practices. Will you be able to elucidate to us the appointment of the CEO, the process that was followed or is being followed, if that person is not appointed or is acting? So we would like you to give us the circumstances of the person who is in the position of the Chief Executive Officer. Has that position or was it advertised, the process is being followed or has been followed, and might you be able to also indicate the remuneration package of that position in the organization.

Mr. Garcia: Okay, thank you, Mr. Fazal Karim. When the board assumed office, unfortunately, shortly thereafter, the substantive CEO indicated that another opportunity had arisen and he, therefore, submitted his resignation. The corporation, therefore, found itself in a position where a new board was coming in and with the resignation of the substantive CEO.

In consultation with the line Minister, it was agreed that we would appoint an interim CEO and immediately advertise the position of CEO. It was anticipated that this exercise would have taken between three to four months and Ms. Chow, who was the interim CEO, indicated that she would only accept that position on the condition that it was temporary. So there was never a question of Ms. Chow being the substantive CEO.

We did advertise the position and we used a reputable HR consultant to assist us in the recruitment of the CEO. After a long but transparent process, we have been able to identify a CEO and we have issued a letter of offer, and we expect to—we have given the prospective proponent until Friday, May 06th to respond. We are optimistic that he would accept the offer, and therefore, we would have a CEO sometime in the coming future, in the next four to six weeks.

I do not have the remuneration package in front of me but I can submit that in writing to the Committee. I am satisfied, as Chairman, that we follow a very transparent process and that the process has produced the best possible candidate for the position of CEO.

Mr. Karim: Just a follow-up question. We looked at your staff turnover which was reduced substantially in a sense from what we would have being seeing over the years. As a board that has just come in, do you have any reasons that you can proffer as to why that would have had those figures?

Mr. Garcia: No. As a board, we took a particular position that unless it was absolutely necessary, we were not too concerned with what transpired in the past, that we were focused on the future. We are fortunate that the majority of our staff, save and except the CEO, as I indicated, who said that he had another opportunity, all of the staff that we inherited have stayed on with us. The turnover, in our short period, has been minimal. I do not know what happened in the past, what accounted and quite frankly, we are not too interested in going back to enquire on what we consider water under the bridge.

Mr. Vice-Chairman: Before we move on, I note the agreement of the Chairman to submit the package of the CEO to the Committee in writing. That is okay? All right, we move on. Member Cockburn.

Mrs. Crichlow-Cockburn: Thank you, Mr. Vice-Chairman. Mr. Garcia, I noted your statement with respect to moving on but I believe UDeCOTT should seek to determine what would have been the reasons because you would have had a staff turnover rate of between 10 to 15 per cent over the last three to four years, which is considerably high. So I believe UDeCOTT needs to be mindful of what would have been the reasons for that staff turnover and even when we look at 2016, it is already at 3 per cent and we are into the fifth month of the year. So I believe

UDeCOTT should seek to determine what would have given rise to that high turnover rate.

That being said, I have noted that UDeCOTT's organizational structure provides for 280 positions, however, you have 101 vacancies. Is that vacancy still 101?

Ms. Richards: Thank you, member. Currently, the vacancies stand as represented in our submission. The reason being, UDeCOTT's mandate is very flexible and subject to change. In 2015, at the point in time, a decision was taken by the board to expand the organizational structure to include additional positions, primarily in the construction department for project managers, as at that point in time, it was seen that the portfolios would have been increasing. So certain positions were added to the organizational structure but intended to be filled on a phased basis.

Mrs. Crichlow-Cockburn: So, okay, you would have indicated it is to be filled on a phased basis, could you give us some indication as to what timeframe you are looking at? Because the concern of the Committee is that an organization's performance is linked to its human resources, and if you have a situation where out of 280 positions, you have 101 vacancies, that would be cause for concern. So could you tell us how many of those positions are considered key or critical positions to the performance of the organization and what impact has those vacancies had on UDeCOTT's ability to carry out its mandate and achieve its objectives?

Ms. Richards: We are confident that the capacity at UDeCOTT is sufficient to carry out the current mandate. As and when projects are added to the mandate, the positions will be filled accordingly. So we do not have a timeframe per se but it is on a rolling basis dependant on the projects and the mandates that we receive from the Cabinet.

Mrs. Crichlow-Cockburn: Mr. Vice-Chairman, through you, again, Mr. Garcia, you would have indicated that UDeCOTT does not currently have a strategic plan, so what would have informed UDeCOTT's goals and objectives in the absence of a strategic plan over the past periods?

Mr. Garcia: What I have been able to glean is that UDeCOTT basically depended on the directives of its shareholders as to what its plans and goals should be. This board has taken the decision that we need to operate with a strategic plan, that a strategic plan is necessary to give us a direction to allow the organization to grow in an orderly fashion and also to provide a basis to measure our performance. It seems to me that UDeCOTT was more client-driven rather than strategically-driven. That is the only explanation I have.

Mrs. Crichlow-Cockburn: Thank you, Mr. Vice-Chair.

Mr. Vice-Chairman: Before I move to the next member, I want to interject on this same theme of staffing that in your submission you suggested that the staff complement has almost doubled in size from 2011 to current. Could we get some kind of explanation as to why? Because you are saying that the staff size doubled and then we have a problem of vacancies at the same time.

Ms. Richards: Thank you, Mr. Vice-Chair. I would not say that we have a problem of vacancies. The vacancies exist on the organizational structure so that they can be filled as and when the need arises. It can be seen from 2011 to 2016 exactly how that process would have been implemented over time. As new projects came on, staff was recruited and staff was engaged. That is the reason you would see the difference between 2011 of 93 employees versus 2016 at 173 employees.

Another reason is that UDeCOTT has taken on internally a lot of the services which were previously outsourced. So for instance, in 2010/2011, UDeCOTT outsourced primarily its facilities management services, as well as some of its project management services. In recent times and over the years, those services are now being provided in-house by the UDeCOTT staff. So as a result, the positions were added to the organizational structure; additional project managers, quantity surveyors, architects were hired.

UDeCOTT has also taken over responsibility directly for managing some of its assets such as the Government Campus, Plaza Parkade as well as the International Waterfront Centre car park. And in so doing, has had to hire a number of additional staff to carry out those operations.

Mr. Vice-Chairman: Okay. Member Mark.

Mr. Mark: Thank you very much, Mr. Vice-Chairman and may I welcome the UDeCOTT team to this meeting of the Joint Select Committee on State Enterprises. Mr. Garcia, you did make a statement when you began your remarks to the extent that you talked about the challenge that you are faced with and that had to do with the timely settlements of outstanding payments from various Ministries and clients. Would you be in a position to give us a summary and then you can detail it in writing subsequently as to, first of all, what is the kind of settlement of outstanding sums of moneys owed to UDeCOTT by various Government agencies, Ministries, Departments, for work done thus far? Could you name those Ministries, agencies and Government Departments that owe UDeCOTT? You can give us a summary as I said, because you may not have all the details and you can submit it in writing at a subsequent time.

Mr. Buland: I can speak to it in estimates form. The estimate is approximately $500 million outstanding from the various Ministries and the two primary Ministries that we have outstanding would be the Ministry of Health and the Ministry of National Security. The others, of course, would be other ancillary Ministries but those are the primary ones.

Mr. Mark: So the total outstanding amount is about $500 million?

Mr. Buland: In excess of $500 million approximately.

Mr. Mark: So, Mr. Garcia, we can get that in writing in detail, right?

Mr. Garcia: Yes.

Mr. Mark: All right. The second point I want to raise with you is the borrowing status of UDeCOTT. From my information, UDeCOTT has a couple loans outstanding involving international organizations or institutions—financial, that is eh, institutions. One for US $100 million, the other one for US $88 million and the other one for US $375 million. What is the status of repayments on these outstanding loans that UDeCOTT has the responsibility of servicing as it relates to a number of, I would imagine—I guess these loans are associated with the Hyatt Regency, if I am not mistaken or maybe you can clear the air for me on that or for us?

Mr. Garcia: Okay, I would ask the Chief Financial Officer to give some details but UDeCOTT, by and large, raised funding or financing for a number of projects: the International Waterfront which is Towers C, D and the Hyatt; the Government Campus which comprises four buildings; the teaching hospital; the Couva hospital; Ministry of Education building. What I would do is to ask the CFO, if he can, to outline the present status and to give an indication as to if we are servicing those loans and what is the present position.

Mr. Buland: Okay, so I will start by giving a breakdown as it relates to each loan: the US $100 million facility relates to the fit-out of Tower C and Tower D; the $88 million facility refers to the base building of MoE, the Ministry of Education; $375 million facility which is the Barclays Bank—[*Interruption*] Yeah, all of this is represented in US dollars. This is for the Tower C, Tower D, Breakfast Shed area, parking area as it relates to the waterfront. These loans are currently all serviced on a semi-annual basis and they are all up to date in terms of payments.

Mr. Vice-Chairman: I would like to remind members and the UDeCOTT team to address your questions and comments through the Chair, please.

Mr. Mark: So, Mr. Vice-Chairman, through you, you are saying that there are no outstanding payments or you are not in arrears, all UDeCOTT payments are up to—in terms of currency, you would say that you have met all your obligations thus far as we speak, through the Chair?

Mr. Garcia: Through you, Mr. Vice-Chairman, as far as I am aware, we are up to date with all of our outstanding commitments and all our loans are current.

Mr. Mark: Mr. Vice-Chairman, through you, you did mention the education Ministry and Government Campus, are these loans incorporated in those loans that were outlined by the CFO or are these additional loans? And if so, Mr. Chairman, could you provide the Committee with a detailed outline of all the loans that are outstanding even though you might be servicing these loans, but what would be the total figure involved and the number of projects in terms of each cost as it relates to projects? So we will know these are the projects, these are the loans and the total loans for 10 projects, x billion or x hundreds of millions. Would you be able to provide that to the Committee, through the Chair?

Mr. Garcia: Through you, Mr. Vice-Chairman, yes, we will and I will ask the CFO to give a breakdown of what he has now. If there is any deficiency, we will correct that in writing to the Committee.

Mr. Buland: Okay, Mr. Vice-Chairman. So I will start with the ANSA facility, that is $223.1 million, that was initially taken and it is specific to the Real Springs development. The $399 million facility with FCB, this is for the Chancery Lane project. The $233 million facility, this is broken down into three parts: the Penal Hospital, the Couva Children's Hospital and the Ministry of National Security, police stations. There is a Central Bank facility for $240 million and this is for various projects. There is a $225 million facility with FCB, this is also for various projects. There is a $14.92 million facility, this is also for various projects. There is the $497 million facility with FCB, this is for the Brian Lara Stadium.

We have another facility, FCIB, for $180.3 million TT. This is for Chancery Lane project. This is also amalgamated with the $399 million facility as noted previously for Chancery Lane. So it is two loans: $399 plus $180.3 million for Chancery Lane. There is the $496 million facility with FCIB; that facility is for the GCP facility. There is a $500 million facility with RBC; that is also for the GCP facility. There is a $3.4 billion facility with RBL, Republic Bank Limited; that is for the GCP facility as well. There is a HMB facility for $33.9 million; that is specific for UDeCOTT's head office, Sackville Street. There is another one for 108 with HMB as well, TT dollars; that is for the Office of the Prime Minister, St. Clair Avenue.

There is $192 million bond with CBTT for Churchill Roosevelt/Uriah Butler Highway Interchange. There is a RBL facility for $227.14 million facility. This is for the fit-out of the MoE building, the Ministry of Education building. There is $88 million facility, US, with Republic Bank and that is for the Ministry of Education. And then finally, there is a $375 million facility with Barclays Bank for the International Waterfront, i.e. the Tower C, Tower D, Breakfast Shed, et cetera.

Mr. Mark: I could not really take down all these figures and I do not know if you were able to add up those numbers. Do you want to give us a ballpark figure for all that you have outlined in terms of loans that are outstanding by UDeCOTT, in terms of all these various projects?

Mr. Buland: The total value of loans outstanding as at the end of February is $8.6 billion, converted at a rate of 6.4, TT dollars—$8.4 billion.

Mr. Mark: Okay.

Mr. Vice-Chairman: Thank you, Member. I now invite member Baksh.

Miss Baksh: Mr. Vice-Chairman, through you, good morning to the UDeCOTT team. I note with interest that the last audited financial statement was for the year

2008. The ensuing eight years' time lapse span two successive regimes and it is totally unacceptable that to date, we are still awaiting audited statements for such an extended period. Mention was made that a primary reason for this was the lack of documentation to support financial transactions.

Your submission indicated that the 2009 audits are on the way with an expected completion time scale of October 2016. We have engaged a consultant to fast-track the completion of the subsequent period from 2010 to 2015 of which all the audits are expected to be completed at the end of September 2017. Can you explain to the Committee the factors that contributed to the backlog and tardiness of the audited financial statements?

10.40 a.m.

Mr. Buland: Okay. So, Chairman, the main factor is because of the lack of documentation during the period 2008—2010. The issue really lay with the Commission of Enquiry, as well as the Anti-Corruption Bureau that took documents during this period. The challenge, of course, is that we have issues in terms of putting together the financial statements for these periods because of the lack of documentation. We are in the process of fast-tracking it. We have engaged an external consultant to fast-track the years, by utilizing two separate teams—one team specific for backlog and another team specific to current work.

The challenge, of course, was managing between the two, and getting both done simultaneously, at the same time, as well as strategizing differently, to get the work done. We are doing a different process as opposed to what we had before, in terms of using the records. The challenge for me, of course, is those main factors. I joined the organization in 2014, and we have been pushing significantly to get the audited financial statements done.

Mr. Garcia: Mr. Chairman, just to add, when the Board came in in October 2015, we shared the concerns of the Committee and the line Minister, and a number of people. What the Board did was to bring on an external consultant or to extend the external consultant's mandate, and that external consultant is Ernst & Young, the accounting firm. About three weeks ago, we kicked off what we call a project to ensure that by September 2017 all the accounts would be up to date. The Board had explored a number of ideas to try and bring the accounts and we discounted all of them. One was a very radical idea, was simply to shut down UDeCOTT and create a new company, but that would not have been palatable, both for the Board, and I think, for the general public.

We have had the assurance of the external consultants, the management team and the staff that the September 2017 goal is achievable, and based on what we are seeing, the Board is confident that we will bring the accounts up to date. Without audited accounts, without proper accounts, the Board is of the view that it is not in a position to make rational decisions. So that we take that responsibility very, very seriously and we know of some of the constraints that the previous Board and management experienced, and I think the CFO outlined those constraints. But notwithstanding that, we are pushing on and we are confident that we would bring this unsatisfactory situation to an end.

Mr. Chairman: Okay, Mr. Chairman, but just before I move on. You said that you are in the process of developing a strategic plan. Would this not have a significant impact on your ability to develop a strategic plan?

Mr. Garcia: Not really. The external consultants are promising that they would be able to produce some pro forma financial statements that would give the Board a pretty good indication as to where we are. So that we do not see the not having up-to-date audited financial statements being a significant impediment to developing the strategic plan.

We have a pretty good idea as to what the financial status is, but having a good idea and having audited financial statements is a different matter. The audited financial statements require back-up documents, up-to-date bank reconciliation and other documentation, but we do not see that impeding the development of the strategic plan. So we are going to do both of them in parallel.

Mr. Chairman: Okay. Sen. Baksh, anything further?

Miss Baksh: My other question has to do with UDeCOTT's safety record. Can you provide some specifics on your track record say, let us say, the past five years?

Mr. Jagroop: With your permission, Chair? Over the past five years, UDeCOTT has not had any negative safety impacts on projects.

Miss Baksh: Okay. Through you, Mr. Chairman. Your submission indicated that UDeCOTT, through the engineer and its internal HSC Unit, monitors activities on site to ensure high standards of quality and compliance with safety requirements and the contractor's quality and safety plans. How often are site visits conducted?

Mr. Jagroop: In terms of safety, UDeCOTT has a presence on site continuously through the Clerk of Works and, of course, through the engineers, and all aspects of construction including safety are monitored on a daily basis.

Miss Baksh: Is the HSC Unit adequately staffed to engage in visits for all the projects?

Miss Richards: Through you, Chair. The HSC Unit currently has a monitoring and auditing role in the safety on project sites. As the Chief Construction Engineer has explained, the Clerk of Works and the project managers and the engineers are responsible on a day-to-day basis for safety on sites. Notwithstanding, we are currently in a recruitment process to augment the HSC Unit.

Miss Baksh: Thank you, Mr. Chairman.

Mr. Karim: Thank you, Mr. Vice-Chairman. I take it that when you spoke about the Chancery Lane, you are talking about the San Fernando Teaching Hospital?

Mr. Buland: Yes.

Mr. Karim: Will you be able to tell us that the facility that stands on that former

Chancery Lane Car Park, whether the entire facility or part of it has been handed over from UDeCOTT, and if so, to whom? Secondly, mention was made of the teaching hospital. Can you tell us the status, the state of readiness of that teaching hospital? Has that been handed over and if so to whom? If not, by when do you expect that facility to be handed over and to whom? And when do we expect classes at the San Fernando Teaching Hospital to commence, and by whom?

Miss Richards: Through you, Chair, all aspects of the San Fernando Teaching Hospital have been handed over by UDeCOTT to the Ministry of Health, including the teaching hospital, the teaching components. UDeCOTT is not in a position to, unfortunately, answer the questions with regard to operations of the teaching hospital, but we can say that we have handed it over to the Ministry of Health.

Mr. Karim: Just for my clarification, can you say when that happened? Because within the recent past, we have been hearing that the teaching aspect of it, the teaching part of that facility was not fully handed over. Now you are saying that it is fully handed over to the Ministry of Health. Can you tell us when did that happen, the time for that?

Miss Richards: The teaching hospital was handed over in July 2015 to the Ministry of Health. Just one correction, however, the 18th floor of the San Fernando Teaching Hospital is still under the control of UDeCOTT at this time. That is the only aspect of the San Fernando Teaching Hospital that has not been handed over to the Ministry of Health.

Mr. Chairman: Could you give us a reason for that? What is the 18th floor?

Miss Richards: In the prior administration, that floor, the 18th floor, was used by the Office of the Prime Minister, and since the new administration has taken office, we are awaiting instruction as to how to treat with the 18th floor going forward.

Mr. Chairman: Fair enough.

Mr. Leonce: Thank you, Chair, through you. I have been reviewing the attachment that you all—in your submission, status of projects, section 10? There are a number of projects that are 98 per cent, 96 per cent, 97 per cent completed; however, there are recurring costs. For example, on the Mille Fleurs project where the contract sum is just over $5 million. The recurring cost has caused the cost of the project to reach up to $22 million. My question is, the maintenance and the miscellaneous costs for a number of these projects that are almost completed, what is the strategy in the handing-over to the client, to avoid costs that are miscellaneous, that exceed the contact sum?

Miss Richards: Through you, Chair, taking the member's question specifically with relation to Mille Fleurs, this is one of the projects that is actually not near to completion. As you are aware, the Mille Fleurs building has suffered a great amount of deterioration. During that time, UDeCOTT has been providing maintenance services on the building, the grounds. Hence the reason the miscellaneous expenses would have been recurring over the last—I think we took responsibility sometime around 2008 or 2009. So the cost for landscaping and security and just general maintenance of the building would have been running from that time going forward.

Most recently, we have been advised that the Office of the Prime Minister has taken over responsibility for all restoration projects, including the Mille Fleurs building. Consideration is being given to the way forward with that particular project. Until such time, however, we will continue to provide maintenance to ensure that the historic building does not suffer from further deterioration.

Mr. Chairman: Okay. I would like to follow up in a general sense on member Leonce's question, in terms of the internal systems in place at UDeCOTT, to monitor and follow cost overruns. Could you give us some kind of elaboration on how you approach these things?

Mr. Jagroop: Mr. Chairman, in terms of the management of cost on projects, of course, UDeCOTT again, through our engineers would monitor the cost aspects, in terms of the overall project budget. In cases where you have additional works required, proposals would be requested for that. These would be evaluated to ensure that there is value for money. And, of course, once it is accommodated within the contingency sum of the project, the necessary approvals will be sought and works will be implement accordingly. But there is a constant monitoring of the project cost on a monthly basis, to ensure that we remain within the approved budget for these projects.

Mrs. Crichlow-Cockburn: Thank you very much, Mr. Chair, through you. Mr. Garcia you would indicated that UDeCOTT is guided by the principles of accountability, transparency, and good governance, and that you also utilize the respective best practices in those areas. So could you please tell the Committee what mechanisms do you have in place to ensure that you adhere to those principles in your project management process?

Miss Richards: Through you, Mr. Chair; as our Chairman has alluded to in his opening statement, UDeCOTT's policies and procedures have been prepared and implemented specifically with those values in mind: integrity, value for money, accountability and transparency.

Coming out of the Uff Commission, post 2010/2011, a few measures were taken to implement those principles, starting with, for instance, the establishment of a procurement department. Prior to that time, procurement services were not provided in house at UDeCOTT. In so doing, we have been able to establish value for money for our clients, by first all of, engaging in open and public tender processes. That vast majority of UDeCOTT's construction contracts are led through an open public tendering process. Throughout the process, we maintain the transparency and accountability. So for instance, all communication is routed through one person. So that there can be no, you know, allegations of impropriety during the tendering process.

We have also ensured that before awarding any contracts, we have undertaken our due diligence to produce reasonable estimates, in accordance with industry standards, and contracts are not awarded unless they are within that range. We have aggressively negotiated contracts over the past few years, saving our clients in excess of $200 million, simply through the negotiation process.

We have engaged consultants—engineers, independent and third party—on several of our projects to ensure that there is a third party involved in certifying works, and ensuring that value is being performed in accordance with the contracts. So these are just some of the measures that we have involved in our project management and procurement process, and we are confident that those principles are being maintained throughout the project life cycle from procurement to project close-out.

Mr. Chairman: Okay, one follow-up.

Mrs. Crichlow-Cockburn: Well, it is not exactly a follow-up. It is a follow- up on member Baksh’s question. Is it that UDeCOTT has had no accidents on any of its project sites? And do you adhere to the Occupational Safety and Health Act at your sites?

Mr. Jagroop: Mr. Chair, UDeCOTT is in compliance with the Occupational Safety and Health Act. In terms of accidents on site, I indicated previously that there were no major accidents. However, I think there was an incident on one of our projects in Mayaro, where one of the labourers fell off a scaffold, but no major injuries were incurred.

Mrs. Crichlow-Cockburn: Thank you very much. Thank you, Mr. Chair.

Mr. Mark: Thank you, Mr. Chairman. Mr. Garcia, Hyatt is a highly profitable hotel, owned by the people of T&T. Could you tell us if there is a reserve fund established by UDeCOTT in collaboration with Hyatt, for refurbishment works, and to ensure that there is constant maintenance of that facility, so that we do not have a situation of it running down after a period of time? And is there an agreement that you can make available to us, a management agreement, between UDeCOTT and Hyatt, as it concerns that aspect of its operations? So I would like to find out through you, Mr. Chairman, if there is a reserve fund? How much money is in that fund? I will like to also know, when is refurbishment due on this very prestigious hotel? And whether there is a management agreement with guidelines, as it relates to that arrangement, Mr. Chairman?

Mr. Garcia: Through you, Mr. Chairman, the Hyatt is in fact a very profitable undertaking. Yes, there is a reserve fund, and that reserve fund is put aside simply for maintenance, is approximately $51 million. Notwithstanding that, the Board recently awarded a refurbishment contract to, I think, it was, Bouygues Bâtiment, to undertake major refurbishment and upgrade works to the Hyatt, in the sum of $122 million. Yes, there is a management agreement, which we call the hotel management agreement. We will make that available to the Committee.

I must say that the Hyatt has proven to be one of the better investments, and one of the more successful hotels in Trinidad. The Board and management will do all in their power to ensure that the hotel maintains its standards by constantly reviewing and reviewing the maintenance, and ensuring that the necessary works are carried out.

Mr. Mark: Through you, Mr. Chairman; Mr. Garcia, what was the reserve sum inherited by your Board when it took office, as it relates to Hyatt? Was it $50 million? Was it under $50 million? Was it above $50 million? And, what percentage of the profits of Hyatt goes towards that reserve fund? And, does it go on a monthly basis to ensure that there is a continuous build-up?—so that when the time comes, and you may wish to advise the Chairman on behalf of this Committee—how often does the hotel management agreement spell out time frame for refurbishment and maintenance works of this very prestigious structure and organization?

Mr. Garcia: Okay. Through you, Mr. Chairman, I would ask the CFO to answer the question in terms of, what was the sum prior to the Board's assumption of office? And what is it now?

Every five years, we are mandated by the hotel management agreement to undertake major refurbishment work. On a yearly basis, the Hyatt identifies both capital and maintenance work, which I would say is run of the mill, that is done on a yearly basis, but in terms of major refurbishment, the hotel management agreement calls for it every five years.

Mr. Buland: So just before take-over, the estimated amount would be in excess of TT $250 million, and thereafter, the fund stands at $280 million currently. The exact percentage, there is a monthly amount that we contribute every month, the amount averages between $800,000—$1.1 million per month; that goes into the FF&E reserve account, which is specific for capital refurbishment. It forms a percentage of the—I will have to get back to you on that one. I am not too—

Mr. Garcia: Mr. Chairman, through you, we will provide the exact amounts in writing to the Committee.

Mr. Mark: But did you say $50 million in the reserve fund or was that an error?

Mr. Buland: Correct. No, there are two funds. What you have are two accounts; there is a separate reserve fund that is held specifically for capital refurbishment, which stands in excess of $50 million. There is another amount which is contributed on a monthly basis, which is separate and apart from the reserve fund, which stands at $280 million, approximately.

Mr. Mark: Mr. Garcia, the question of the Couva Children's Hospital, that is very close to the hearts of the citizenry of this country. I know that UDeCOTT is the project manager of this very important structure. I would like you to share with this Committee whether that hospital has been formally handed over by UDeCOTT to Ministry of Health? That is first thing. If it has not been handed over to the Ministry of Health thus far, through the South-West Regional Health Authority, could you shed light on a statement that was made recently that trucks are appearing in the night, and huge equipment from this very important facility are being removed or equipment, rather, is being removed from that site? Is that just rumour? Is that a fact? Is there security to verify that? Or can you verify that is not true?

And finally, Mr. Chairman, through you, could Mr. Garcia indicate whether what I read in the papers is true, that this hospital will be formally handed over by the end of this month? So, right now you are in possession of this hospital, and anything that happens there UDeCOTT will be liable, culpable and responsible?

Mr. Garcia: Mr. Chairman, through you, the Couva Children's Hospital is still in the hands of the contractor, which is Shanghai Construction Group. We have been advised by Shanghai Construction Group that they will be in a position to hand over the hospital by the end of May 2016. So that is the end of this month. They have been at pains to remind us that their contact period comes to an end in July 2016. So there has been no time overrun. So until the contractor hands over the facility, we will not be in a position to hand it over to the South West Regional Health Authority or to the Ministry of Health.

In respect to equipment being removed from the site, we took note of the statement by the Leader of the Opposition, and on my instructions, the Project Management Unit asked the contractor, Shanghai Construction Group, to indicate in writing if this was, in fact, true. They wrote last week, indicating that no equipment has been removed and that it is, in fact, not true. We will be willing to make available to this Committee, the letter from Shanghai Construction Group indicating that no equipment has been removed from the site. Our project management staff has also indicated that no equipment has been removed.

In terms of liability, the liability still rests with the Shanghai Group of Companies. UDeCOTT will assume liability when the project is handed over to UDeCOTT, and as soon as that is handed over to us, we will do all that is necessary to ensure that the relevant agency takes possession of the Couva Children's Hospital.

Brig. Gen. Antoine: Chair, through you, to the Chairman of UDeCOTT. There is a lot of banter about this Couva Children's Hospital, and you are saying that this hospital has not been handed over by the Shanghai Construction Group to UDeCOTT. Could you explain to me what happened in either August or September last year, when there was an opening of this hospital?

Mr. Garcia: Mr. Chairman, through you, I was not there. So, I will ask the Chief Construction Engineer.

Mr. Jagroop: Mr. Chairman, August 2015 marked the end of the construction period and the commencement of commissioning. So the ceremony really was a ceremony to indicate that commissioning had started of all the major medical equipment and the MEP installation.

11.10 a.m.

Brig. Gen. Antoine: So if I am getting it right, that ceremony was just to say that the commissioning of equipment, not the completion of the project.

Mr. Jagroop: No, it was not the completion of the project as a whole.

Mr. Chairman: Just to clarify, the original completion date according to Shanghai Construction, the contractors, would have been 2016 or?

Mr. Garcia: Yes, July 2016.

Mr. Chairman: July 2016.

Mr. Garcia: Yes.

Mr. Chairman: And we are hearing also from the chairman, I believe, that they would be ready in 2017?

Mr. Garcia: No, no. They have indicated they would be ready at the end of this month, May 2016.

Mr. Chairman: I thought I heard 2017 mentioned somewhere.

Mr. Karim: Thank you, Mr. Chairman. Mr. Chairman, just staying on the Couva Children's Hospital, on the northern side, the roadway, we would have seen photographs of it collapsed. The information we have is that that was caused as a result of a detention pond being constructed. Could you confirm whether that is so and could you also indicate to us the status of that roadway, bearing in mind that you were saying that by the end of this month the entire facility could be handed over, but could you just give us an update?

Secondly, with respect to the Arima and Point Fortin Hospitals, can you tell us as to what are the causes for the delay in the start of construction? Is there any truth to the statement that these two facilities, the construction, from what we are hearing may be retendered? I would just like to ask you whether there is any truth to that or whether, in fact, that whatever has been agreed to will commence and, if so, by when? So what is the delay and when will it commence?

Mr. Garcia: Mr. Chairman, through you, let me deal with the two last issues, and the question of Couva, I will ask the Chief Construction Engineer to deal with that.

In respect of Arima, my information is that construction works are ongoing in Arima. There was some delay in the Government of Trinidad and Tobago meeting the local component of the expenditure. That hurdle has been overcome, and the contractor is proceeding with work at Arima.

At Point Fortin, work has been temporarily slowed done because there has been a delay in the signing of the Government-to-Government agreement for the construction of that hospital. That agreement is between the Austrian Government and the Trinidad and Tobago Government. The Ministry of Finance has come up with a temporary solution of advancing some $90 million in the interim. That money should be released to the contractor this week and work will resume on the Point Fortin Hospital. So the question of retendering does not arise. Work is proceeding on Arima and work will resume on Point Fortin in the very near future.

Mr. Jagroop: Mr. Chair, if I may respond to the query on the failure of the road. It was indeed triggered by the excavation works on a detention pond. The detention pond has since been completed. The roadway rehabilitation is in progress. In fact, it is close to being completed. The final sub-base has to be placed and compacted followed by repaving.

Mr. Chairman: Okay. I have a question here from a member of the public asking about the status of the Red House. Can you tell us about that, the restoration of the Red House?

Mr. Jagroop: Mr. Chairman, in terms of the Red House, UDeCOTT would have had a budget in 2012 for the refurbishment of the Red House at $441 million. UDeCOTT would have gone out to tender after having of course completed the designs and tender documents. The construction component of that budget was $241 million. The bids received by UDeCOTT ranged from $420 million to in excess of $600 million. The board of UDeCOTT took a decision to not proceed with those tenders on the basis that the price were far removed from what the initial construction cost would be.

Subsequent to that, UDeCOTT earlier in this year was informed that the Red House project had been moved to the Office of the Prime Minister, and UDeCOTT is in the process of reviewing its procedure for implementing the project. We are looking at breaking the project into distinct construction packages with a view to removing some of the risks associated with the project when tendered as a whole. The estimates we are working with currently is in the region of $265 million for construction.

UDeCOTT is currently preparing finalizing the packages. We have 15 packages, and we expect to have those completed by June, following which we will undergo the tendering process. We hope to have work commencing in the fourth quarter of this year.

Mr. Chairman: So just to be clear, your estimate of the project, the original estimate, was around $200 million and the lowest bid was almost twice as much as what you estimated the project to be.

Mr. Garcia: That is correct.

Mr. Chairman: That is correct. So then we are looking at an actual completion date for this project probably at least two years.

Mr. Jagroop: Two years from commencement.

Mr. Chairman: I wanted to change gears a little bit and ask about the core business of UDeCOTT, which is really management of projects, and ask the chair or maybe as Chief Construction Engineer you might answer: what are the main operating costs that makes the difference in UDeCOTT in terms of whether the company runs at an operating loss or operating profit? What are the main drivers in operational costs?

Ms. Richards: In terms of the project management aspect of UDeCOTT's business, our fees are based on a set percentage of the total construction expenditure, so that our income is tied directly to the volume of work that we do in a particular period.

In the last financial year, as at December 2015, UDeCOTT would have received substantial significant sums based on the fact that the portfolios at that point in time were significant. So, we are currently not at an operational loss, but that is also primarily based on the subsidization of our project management activities by our other strategic business dealers, most significantly, the facilities management aspect of our business.

Mr. Chairman: Can you elaborate on the source of revenue from the facilities management? Could you give us a little more detail?

Ms. Richards: Certainly, Mr. Chair. The primary source of our income on the facilities management side is from the operations of the Hyatt Hotel. Currently, that is roughly about $60 million annually, and that is what drives our operations and allows us to meet all of our mandates.

Mr. Chairman: Any mention of any other, other than the Hyatt?

Ms. Richards: Sure. We have the Government Campus Plaza Car Park, as well as the International Waterfront Centre Car Park. We also receive facilities maintenance fees as a result of the maintenance activities we do on various facilities including on Towers C and D, the car parks, the Office of the Prime Minister, the Prime Minister's Residence and Diplomatic Centre and the Government Campus Plaza. So the Customs and Excise building currently, and soon to be the Immigration building as well as the Ministry of Legal Affairs, and the Ministry of Education Towers.

Mr. Chairman: The campus car park, is that the same as Parkade or is it something different?

Ms. Richards: Yes, that is the Parkade.

Mr. Chairman: That is the Parkade, okay. Member Karim.

Mr. Karim: Thank you, Mr. Chairman, through you. Will you be able to tell us when you assumed office what was the status of your accounts payable—that is the volume—and the number of entities that were outstanding? By what amounts have you been able to reduce it? What is the current status of it? Are you continuing to make these payments and by what time do you expect the majority of these payables would be made?

Mr. Garcia: Okay, Mr. Chairman, through you, I would have to ask the CFO to answer and, if he cannot we will provide in writing, but I would say he would attempt as far as possible.

Mr. Ow Buland: I prefer to gather the information and provide it at a later date.

Mr. Chairman: So we note the commitment to provide an answer to the member's question in written form at a later date. Any follow-up, member Karim? I acknowledge member Antoine.

Brig. Gen. Antoine: When you speak of the Hyatt hotel complex, this includes this portion Tower D that is occupied by the Parliament and other Government offices, is that included in your estimate of profitability of the Hyatt Complex?

Ms. Richards: In relation to the facilities management, the Hyatt building itself is what I was referring to. In terms of Tower C and D, we receive income on the facilities' maintenance side of it. So UDeCOTT provides services for, you know, the electrical, the plumbing, the common areas and in that regard we receive a set percentage of those expenditure on a monthly basis.

Brig. Gen. Antoine: So who pays for the Parliament's use of these facilities and Government offices in Tower D and C?

Ms. Richards: UDeCOTT has entered into an arrangement with the Government of Trinidad and Tobago for the lease of these facilities. So the lease is paid from the Government to UDeCOTT in respect of the occupation of the various Ministries and agencies at Towers C and D.

Mr. Leonce: Thanks Chair. The Urban Development Corporation has been traditionally known for the largest projects on the island. Your relationship with other Ministry stakeholders, for example, sport, community development, in light of the economic status and your technical ability: what is UDeCOTT's operation, modification towards this arrangement with other Ministries?

Mr. Garcia: Mr. Chairman, through you, the member is correct. UDeCOTT can be considered a big project company. In fact, most of our projects exceed $500 million and, in particular, in the health sector exceeds a billion dollars. On assumption of the new board we took a decision to use some of UDeCOTT's project management experience to assist in the implementation of what we would call small projects.

Currently, we are assisting the Ministry of Community Development, Culture and the Arts with the construction and completion of a number of community centres throughout Trinidad. We are also assisting the Ministry of Sport and Youth Affairs in the completion of a particular project in Bagatelle. I think it is the Diego Martin Sporting Complex. In Tobago, we are assisting the Division of Education, Youth Affairs and Sport with the construction of four multipurpose sporting facilities.

In order to do that we are currently relooking at some of our procedures to involve small and micro contractors. Sometime later this week, we will be publishing an ad inviting small and micro contractors to register with us. We are including in that registration process a training component, so that we can ensure value for money.

So, in short, what we are doing is using UDeCOTT's vast experience in project management to trickle down, to reach and touch the small, medium and micro contractor, because one of the complaints of the local contracting fraternity is that UDeCOTT is a big contractor company. If you look at its track record over the last 10 years, you would see that only very big contractors, in most instances, participated in UDeCOTT's projects and there is a reason. If you are doing a billion-dollar contract, you would not be able to employ a small contractor. Even in our approach to the Red House project, the Chief Construction Engineer, has indicated that we are breaking it up into 15 discreet packages. Our approach to the refurbishment of the Brian Lara Stadium, we have some 17 packages. So what we are doing is shifting gears, trying to accommodate the small and medium contractor.

As I said earlier, we are also going to have a training component so that we bring our contractors up to speed and what we are doing is attempting to spread the work among as many contractors as possible. We also, in terms of the community centres, we want to touch the communities. We do not see it feasible to bring a contractor from Diego Martin to do a $4 million community centre in Matelot, or to bring a contractor from Cedros to do a project in Couva. So that we are shifting gears and that is one of our strategic objectives, to involve the local contracting fraternity in the projects that UDeCOTT undertakes.

Mr. Chairman: We have a follow-up?

Mr. Leonce: Chair, thank you. I am very pleased to hear that and I am sure the small contractors are anxiously awaiting this ad to come out.

One question is, you indicated there is a training for the small contractors. Is there in your strategy some form of transfer of your expertise to the Ministries that you are supporting? Thank you.

Mr. Garcia: No, but it is an idea that we will explore.

Mr. Chairman: The Chairman mentioned the Brian Lara Stadium, so what is going on there? Could you elaborate and give us more update on what is happening with that?

Mr. Garcia: Through you, Mr. Chairman, I would ask the Chief Construction Engineer.

Mr. Jagroop: Mr. Chairman, UDeCOTT is currently preparing, as the chair indicated, packages for going out to tender for the completion of the Brian Lara Cricket Academy. In 2010, the project was by and large about 95-plus per cent completed. However, because it was left unattended, some deterioration took place. So we had engaged consultants to prepare the packages, those packages are currently going out to tender. By the end of this week, we should have all the packages out to tender. We expect that works will commence, of course, once we have confirmation of funds, that it will commence sometime in August to September and completion would be within six months from the start.

Mr. Chairman: You said the works were 95 per cent complete in 2010?

Mr. Jagroop: Yes, in 2010 the work recorded as 95 per cent plus complete. There were some works in progress that were not completed and this related to car park lighting, the field irrigation systems, scoreboard, the sewerage facility, elevators, et cetera.

Mr. Chairman: Okay. So there was nothing, no major hindrance to that project being completed. Is that what you are saying? You are giving a timeline of six months.

Mr. Jagroop: Six months from the start of construction.

Mr. Chairman: And even with the deterioration that took place, the project will be ended in six months?

Mr. Jagroop: That is the schedule we are working with currently.

Mr. Mark: Thank you, Mr. Chairman. Mr. Garcia, that site, the Brian Lara Cricket Academy, is that site under the ownership of the Government through UDeCOTT or is it still under the ownership of the late Hafeez Karamath Construction Company? Do we have access, unfettered access, to that site at the moment or are there hindrances that you all had to confront as UDeCOTT seek to refurbish and complete and negotiations would have had to be entered between UDeCOTT and this company that Hafeez Karamath used to own at one time?

Mr. Garcia: Mr. Chairman, through you, when my board assumed office, we got a report on all of the projects. One of those projects was the Brian Lara Cricket Academy. We visited the project. There was absolutely no hindrance because we were advised that the contractor had walked off the site some five years or six years since. We sought legal advice. The legal advice advised us that we had no impediment. UDeCOTT was also in effective possession of the site. We had security on-site. So that there was nothing preventing us from accessing the site and starting whatever works were required. To date, we have not had any conflict or negotiations with the contractor. Some works have already begun on the cricket academy and, as I said earlier, we have not encountered any difficulty.

As far as UDeCOTT is concerned that site is effectively under UDeCOTT's control, and sometime before the end of this year, we will complete the project and hand it over to the Ministry of Sport and Youth Affairs.

Mr. Mark: Could you also indicate whether that project is expected to come in on time and within budget? I think you have estimated some $90 million. Is that still the final or the tentative figure that you are working with and you are hoping it will not cross $90 million?

Mr. Garcia: We are still working with the $90 million budget. In fact, at one of our board meetings, the consultant made a presentation and we have gone into almost minute detail in terms of breaking down the cost, and the cost is just below $90 million. As the Chief Construction Engineer has said, we have gone out to tender. We expect that with a competitive tendering environment, and given the state of the construction industry we would, in fact, come in slightly below the estimated budget.

Mr. Mark: Mr. Chairman, going back to an earlier question that you had raised and on behalf of the public, in terms of the Red House, are you going to be engaging in a redesigning and re-scoping of the works of the Red House and, if so, would it mean that there would be additional cost in this regard? In addition, are we going to have open tenders and when will this begin in terms of contractors being able to come and collect their bids as the case may be? What is the time frame for this exercise? Are we talking about a re-scoping and redesigning of the original project that was designed for the Red House? I would like to get some clarification on that.

Ms. Richards: Through you, Mr. Chair, UDeCOTT, the Office of the Prime Minister and the Office of the Parliament are currently in the process of reviewing those designs in accordance with a revised project brief to ensure that the end-users requirements can be maintained and met in the new environment in which we are operating which is the economic climate. So, yes, there will be redesigns in accordance with that mandate.

We expect that those designs will be completed by July of this year and we would therefore be in a position to tender shortly thereafter. At this point, the intention is to have 15 separate tender packages, which will be issued publicly for tender to hopefully smaller contractors as Mr. Garcia was saying, to encourage smaller contractors to become involved in UDeCOTT's projects.

Mr. Karim: Thank you, Mr. Chairman. Mr. Chairman, through you, earlier on mention was made of the fact that this new board has gone into a situation where you are doing more in-house project management and my colleague, Mr. Mark, asked the question about the $90 million for the Brian Lara Cricket Academy. Well, it seems to me from what I would have heard this morning—and you can correct me if I am wrong—that your estimate for the refurbishment of the Red House was 200 per cent less than the lowest bidder that would have been submitted.

One may ask the question whether your capacity in-house is really in any way falling short of what is expected. What would have caused this additional sums of money that the lowest bidder was 200 per cent less than your in-house project management figure? I also want to ask the question: what was that figure that you would have come up with and if you can tell us what was that lowest bid, because it was not offered to anybody so that the public could get a sense as to what we are comparing with.

Mr. Garcia: Mr. Chairman, through you, then I would ask the technical staff to expand. The Red House project, by and large, we were advised by external consultants. Those figures were arrived at by an external quantity surveyor of, I would say, he is one of the more recognized quantity surveying firms. My sense is that because it was a refurbishment project, all of the contractors played it safe, because in a refurbishment project, you can get surprises, and the contractors factored in what I would say, an insurance to ensure that if there was a surprise, they would not suffer financially.

Additionally, the work that was required is, in some instances, very intricate work that requires foreign help or foreign assistance, in particular the ceiling work, the ironmongery, even the restoration of some of the walls. Having regard to all of those factors, I think the contractors played it safe and also failed to recognize the economic environment that we are operating in. Having regard to that, the board took a decision not to proceed with that process, and to find another way to reduce the cost. In terms of who the contractors were, I would advise them to give further explanation.

Ms. Richards: Through you, then Chair, the estimates—sorry, my apologies—the budget was $241 million for construction only. The lowest tender came in at $411 million, and that was submitted by Shanghai Construction Group and the highest came in at $694 million, and that was submitted by Wayne Batimore International and Trinidad and Tobago Limited.

11.40 a.m.

Ms. Richards: The third bid in the region of around $535 million, I stand to be corrected, was submitted by NH International. As to how we expect the bids going out the second time around to come in any differently, as the Chairman has indicated, we believe that a significant amount of fat was built into the tenders simply because of the fact that it was one contractor and not several packages. So what we have done is to review the approach and to use several contractors which will reduce the preliminaries and reduce the costs associated with that.

The bids that we saw, for preliminaries alone the allocated sums were in the region of $75 million to $100 million. So by packaging the project the way that we have and UDeCOTT taking on the construction management, it is expected that is an immediate cost savings that will be passed on to the project. The lowest tender was roughly 70 to 80 per cent above our budget, and $100 million of that would have been related specifically to preliminaries which we have eliminated with the new approach going forward.

Mr. Mark: I just want to ask Mr. Garcia. We know that the First People have had a big, big, big fight with the Government, with the Red House, with Parliament on this matter of bones and how they are supposed to be treated and their ancestors. I wanted to question ask, with this projected period for completion of the Red House, how is UDeCOTT planning to treat with the concerns of the First People? Because I know they have been making a lot of intervention all over the place, including threatening to go to the United Nations. So I would like to know how UDeCOTT plans to treat with the First People in an effort to ensure that there is a smooth transition in terms of where we want to go in two years' time, in terms of returning to the Red House.

Mr. Garcia: Mr. Chairman, the issue with the First People is, indeed, a very sensitive one. We are hoping that we minimize excavation works so that we would not have a recurrence of what transpired earlier in the project. We at UDeCOTT are committed to consult with the First People. We would do nothing to upset them, and we are working closely with the officials of the Parliament to ensure that the project proceeds as smoothly as possible. Whatever consultation is required, we at UDeCOTT are prepared to undertake the necessary consultation to ensure that the project comes in on time and within budget.

Mr. Chairman: I would like to go back to something we touched on at the start.

We are coming near the end. In terms of the documentation required to do the audited reports and to bring everything up to date, it seems as though when these documents were taken back then, there was no backup copies of them in the company. Has that been rectified or do we now have copies, so we do not have a repetition of this again? If the Uff Commission or whatever new commission, and the Anti-Corruption Investigation Bureau comes and seizes documents, it throws off the companies for years to come. Could we get some clarification on that?

Mr. Garcia: Mr. Chairman, we are, in fact, taking steps. I would ask the CFO and the Chief Operating Officer to respond.

Ms. Richards: Chair, the records management and storage of records is one of the items that received significant attention immediately following the Uff Commission and the removal of the records from the organization. Since then a concerted effort has been undertaken to ensure that all departments have redundancies built in, in terms of hard copies, electronic copies, off-site storage for all records in the organization. We are confident that at this point in time the situation would not recur if we were to be the subject of an investigation and records being removed from the organization. There are redundancies and backups located on-site as well as off-site.

Mr. Chairman: Can I ask how far back do these redundancies go, if you know, if you could provide that answer? Last year or year before or how long?

Ms. Richards: The process would have started in 2012 and as far as the electronic copies go, I believe it is current as back to 2012. Further back and earlier than that period, we are still in the process of making electronic copies, and it is a slow process but we have commitments to getting it done. We have taken the steps to ensure that it is done in the shortest possible time.

Mrs. Crichlow-Cockburn: Thank you, Mr. Chairman. Mr. Garcia I want to go back to the Brian Lara project. We were told here this morning that it would have been 95 per cent complete in 2010 and there were no hindrances or impediments to UDeCOTT completing the project, but despite that it was abandoned. Could you give the Committee some idea as to if we would have completed that project in 2010, what the cost to complete it would have been as opposed to the $90 million we are now required to spend?

Mr. Garcia: Mr. Chairman, I cannot give an accurate answer. I would attempt. I will ask the project management staff to attempt that. So we will have to answer that under separate cover.

Mrs. Crichlow-Cockburn: In Trinidad and Tobago we recognize that a number of our big projects tend to have cost overruns. As the project manager for most of these major projects, does UDeCOTT have anything in place to ensure that we minimize those cost overruns or other breaches of the contract to ensure that we stay within budget?

Mr. Jagroop: Mr. Chairman, as explained earlier, yes we have monitoring of all aspects of the project implementation, cost of which is one. Also we have written into our contracts clauses for liquidated damages for contractors who have gone beyond the contractual completion date without, of course, having obtained approval of extensions of time.

Mrs. Crichlow-Cockburn: Thank you, Mr. Chairman

Mr. Chairman: I have one additional question directed to the Permanent Secretary. I would like to know what is the articulation between the Ministry and UDeCOTT. What is the general role and what is the expectation in terms of oversight, or whatever the articulation is between the Ministry and the entity we are examining here today?

Ms. Quinones: The Ministry, Chair, is supposed to provide—well there are two parts. They are supposed to provide technical supervision of planning, monitoring and evaluating of the project. That is one aspect. Then at the other end our role as facilitator in project management through the financing of the project. For example, how it works is that UDeCOTT would submit claims, invoices, copies of invoices, and the Ministry would request the release from the Budget Division, Ministry of Finance.

Let me talk about me, my role. As accounting officer I would have my officers scrutinize the invoices before merely requesting a release. We would go through and make sure everything looks above board, and if it does not look above board I would write and ask for an explanation. For example, if I do not see evidence of proper tendering or I do not see scope of works attached to the invoices, these are things I would look for, my officers would look for before we would request a release of funds.

Mr. Chairman: So you play a significant oversight role?

Ms. Quinones: Yes. It is still not 100 per cent there, but since I assumed office I have been putting systems in place to ensure that there is even closer supervision. I have reviewed the staff at the Ministry and looking at complementing the technical staff to further assist in that process.

Mr. Chairman: I was just going to ask that. Is your staff adequate enough to deal with that?

Ms. Quinones: No, it is not.

Mr. Chairman: It is not adequate.

Ms. Quinones: No; we recognize that and we are in the process, through an IDB loan where we have an institutional strengthening component, where we will be bringing on a consultant to do a complete review and recommend the type of skills that would be able to allow us to do an even better job.

Mr. Chairman: I would assume this calls for a significant quality of people that you would need in financial accounting.

Ms. Quinones: So that has been recognized. We have some, but it is not adequate.

Mr. Mark: Mr. Garcia, would you say that UDeCOTT has within its bosom or its organization the technical capability and capacity to objectively evaluate and assess projects that are submitted through your bidding processes by various contractors, to ensure that they are not pulling wool over the eyes of the people or do we depend, as an organization, on what these contractors submit to us to arrive at a position as to whether the project should cost this amount or that amount? In other words, do you think that UDeCOTT has the kind of technical capability and capacity to properly guide it in its operations and not to depend on what the views are or the submissions are by, let us say, contractors? Do you have such technical capacity within the organization? I just want to find out.

Mr. Garcia: Mr. Chairman, the short answer is yes, but I would ask the Chief Legal Officer to elaborate as to how we assess tenders before we arrive at an award.

Ms. Denbow: Mr. Chairman, UDeCOTT has a very rigorous tender evaluation process and we look at contractors and consultants from many different angles. We look at their proven experience within Trinidad and Tobago. Oftentimes we look at their experience outside of Trinidad and Tobago. We look at their financial capability and we do an assessment of their financials from the perspective of network, debt to equity ratios—sorry, I am not a financial person so—current ratios to see whether they are in a position to, one, undertake a project of the value that we estimate and, two, carry the project for a particular period of time. We also conduct an assessment of the human resources that are intended to be applied to the project.

How our request for proposal document is framed, whatever team is presented to us, in the tender has to be the team that actually does the work on the ground. So that mitigates the risk of someone providing a tender that looks wonderful but on the ground they are not providing the resources that we require.

In addition to that process, which gives us a tender evaluation report, UDeCOTT also conducts background checks on the preferred contractors, and so that involves checking with references, going to project sites and conducting investigations on how the projects in fact were implemented. We also do a risk analysis of the firm in terms of claims, litigation, whether they have been blacklisted. We believe that when we look at all of those elements and put it together we tend to find that the results we get at the end of day shows a contractor or consultant who is able to perform in the way that we require and will give us value for money.

We also evaluate, in detail, the bids. Traditionally in our process we ensure that we get an estimate before we actually go out to tender, so we have an idea of what the bids should come in at. When we get the bids back, if they are outside of the range that we expect them to be, we engage in significant negotiation by looking at each point within the bid to see where the fat is, so to speak, and challenging the contractors to give us the value that we require.

We find that all of those processes when we put them together, give us the result that we require, and I think our track record in the last few years have shown that we are able to produce and complete projects within time frames and under budget. Where we do not finish within time, there are procedures in our contracts to penalize contractors for not giving us what we have bargained for, and UDeCOTT has not been shy in enforcing those rights. I trust that that answers the question.

Mr. Mark: Mr. Chairman, I just want to advise Mr. Garcia, you will experience a nightmare in short order when it comes to the Red House, as it relates to past contractors who are still there, and the experience is almost nil, and given technical work to do and taxpayers have paid tens of millions of dollars and the work is yet to be completed. So I am just advising you, as you are new on the job, you have to be very mindful of some of these challenges. So I understand what your Legal Officer has said, that is why I raised the question, whether we have the in-house technical capacity so that we can rigorously and objectively evaluate and assess. So when a contractor gets a job to do X or Y on whatever project, that person is qualified and that person can do the job, and not loiter on the job at the expense of the taxpayers. I just raise that in passing, Mr. Chairman.

Let me just go on to another point, Mr. Chairman. I know that you are in the process of completing a number of projects in short order. You have already indicated Couva is to be handed over shortly, Besson Street Police Station, St. Joseph Police Station, the Ministry of Legal Affairs and the Attorney General building, Ministry of Education building and the immigration building. Can you provide this Committee with deadlines for the completion of those particular projects that I have mentioned, because I know that they are about to be completed. Could you provide this Committee with deadlines for their completion?

Mr. Garcia: Through you, Mr. Chairman. Member Mark, I appreciate your warning as to what to expect on the Red House. The Red House has been a problematic project through administrations. I think it is now 17 years that the Red House has been a project without much progress, and over $100-odd million have been spent. But given our rigorous approach and given the experiences of the past, we are confident we will not repeat those mistakes.

The contractors who were there, their contracts have been brought to an end and we are going to have a fresh start. We are confident we will not repeat the errors. That is to deal with that, but thanks again, Member Mark.

In respect to the time frames for St. Joseph Police Station, I will ask the Chief Construction Engineer. First St. Joseph, it is Besson Street, it is the Ministry of Legal Affairs, Immigration—

Mr. Chairman: If you do not have the information directly.

Mr. Garcia: I think we have it.

Mr. Jagroop: Mr. Chairman, in terms of the Besson Street Police Station we expect to achieve completion there by the end of June 2016. In terms of the St. Joseph Police Station, we are looking at July 31, 2016. We have the Maracas/St. Joseph Police Station, which we expect by the end of August 2016. With respect to work on the Government Campus Plaza, building for the Ministry of the Attorney General and Legal Affairs is completed. We are just waiting for the handover of that building. The same applies to the immigration tower. The Ministry of Education, we expect to have that completed by May 23rd, this year.

Mr. Chairman: Thank you very much. As we come near the end of this meeting, I invite any other member, any final question?

Mr. Karim: Thank you, Mr. Chairman, just a quick one. A lot of the good intentions in terms of cost and overruns by time is to some extent inhibited by the ability for you to find the defects liability period as minimal as possible, and to get your performance certificate in compliance with that. Have you been having challenges with that? What is a minimum on an average project? I know it will vary, but if you can give us an idea as to your minimum defects liability period.

Mr. Jagroop: Mr. Chairman, the minimum defects liability period is normally 12 months. Within that time we expect that we would have all identified defects corrected.

Mr. Mark: Mr. Garcia, this Committee, as I understand it, is here to help. So we would like to ask you what recommendations, given your challenges as Chairman of UDeCOTT. The challenges that you are faced with within UDeCOTT, what are some of the recommendations? First of all your challenges and what would be some of your recommendations you would like to submit for this Committee's consideration. So that when we are submitting our report to the Parliament, we can take into account some of those challenges and some of those recommendations, because at the end of the day this Committee is about improving efficiency, effectiveness and economy, as we seek to deliver quality goods and services to the people of the Republic of T&T. So I would say if you cannot supply us with everything now, you can put pen to paper and submit it to the Chairman on behalf of the Committee.

Mr. Garcia: Thank you, we certainly will do that. We see the Committee as one that is here to assist the various organizations, and we will take the invitation and submit in writing some recommendations that would impact on the smooth and efficient operations of the UDeCOTT.

Mr. Chairman: I now invite you, Mr. Chairman of UDeCOTT, to give any brief closing remarks to bring these proceedings to an end.

Mr. Garcia: Mr. Chairman and members, I wish to thank you. We came to this Committee with some trepidation, having seen what transpired in the past. We came with the view that we were here to cooperate fully and to answer all of the questions to the best of our ability. I leave here, and I think the members of my team and hopefully the Permanent Secretary, we leave here feeling confident that we did answer all the questions, and whatever is outstanding we will answer them.

We wish to thank you, Mr. Chairman and the members, for the way you conducted the meeting, and to give you the assurance that UDeCOTT is here to, as we say, to build this city and town, and to assist in national development. If there are any further questions, we are open to answer them in the future. Once again, on behalf of my team, we wish to thank you and the Committee for the very professional manner that you carried out this meeting. Thank you.

Mr. Chairman: Thank you, Mr. Chairman. We also would like to thank you and your team for being forthright with us this morning, and providing what we consider to be very useful and informative answers to our questions. We also note that in between you made commitments to submit certain things in writing. The

Clerk would have taken a note, and we would expect those to be forthcoming.

In closing I would just like to thank the media and other members of the public or who else may be present at the meeting and the viewing audience. I now announce this meeting as adjourned.

12.07 p.m.: *Meeting adjourned.*