10.22 a.m.: *Committee resumed in J. Hamilton Maurice Room.*

REPRESENTATIVES OF NATIONAL GAS COMPANY

Ms. Olave Maria Thorne	President
Mr. Ronald Adams	VP, Gas Transmission & Distribution
Mr. Narinejit Pariag	VP, Finance & Information Management
Mr. Frank Look Kin	Consultant
Mr. Patrick Bynoe	Snr. Manager Engineering Services
Mr. Danford Mapp	Acting Snr. Manager Construction Services
Ms. Lisa Burkett	Acting Manager, Corporate Communications
Ms. Reeya Bholia	Legal Counsel Contracts

Mr. Chairman: Good morning. I will like to welcome everyone. Apologies for the late start. We had a couple of little matters, including a little technical issue, but we have sorted everything out. I would like to welcome the National Gas Company to this public enquiry. This is the Ninth Meeting of the Joint Select Committee on State Enterprises, and this is Committee's first public hearing pursuant to the operations of the NGC.

I would like to let everyone here know that this is being currently broadcast live on Parliament Channel 11, Parliament Radio 105.5 FM, and the Parliament's YouTube Channel, *ParlView*. Members of the viewing and listening audience can send comments via email to Parl101@ttparliament.org or on our Facebook page at facebook.com/ttparliament or on Twitter at ttparliament. I would like at this stage now to introduce the officials of the National Gas Company and invite you to introduce yourselves to the Committee. Could you please press the signal on the microphone to do introductions?

[*Introductions*]

Mr. Chairman: Thank you very much. I would now like to introduce myself and the members of the Committee, beginning on my right.

[*Introductions*]

Good morning to everyone. My name is David Small. I am the Chairman of this Committee. I would now like to acknowledge that we have received—the Committee has received the submissions from the NGC, and I would like now to ask the head of the NGC delegation, which is the president, to make a few brief opening remarks to tell us about the company. Ms. Thorne, you have the floor.

Ms. Thorne: Thank you very much, Mr. Chairman. NGC has, is and will continue to be a crucial player in the development of the local natural gas industry of Trinidad and Tobago. Our history is varied and one to very proud of. On August 25, 1975, NGC started its operations. In the first month NGC's business involved planning for the development of the company itself, and servicing the six or so customers whose total gas sales for the year amounted to 370 million cubic feet of gas.

For the year 1975, NGC's sales revenue was $180,000 and profit though marginal was $19,000. At that time, associated gas was being flared from the east coast, and the Government decided that a pipeline was required to transport gas from the east coast. As a result, NGC was, and in the course of 1976, required to construct a 23-mile, 24-inch-diameter line from Biche Field to Picton, as well as operated and maintained the 44-mile T&TEC 16-inch-diameter pipeline system, from Penal to Port of Spain, which at that time was valued at $12 million.

On April 14, 1977, the company commissioned the 24-inch line valued at $31 million. On January 01, 1978, a 24-mile, 24-inch-diameter marine line was commissioned from AMOCO Teak B to Point Galeota. This line valued at $68 million brought the country's transmission capacity to 400 million standard cubic feet, and indeed these assets, which had been constructed with government funds, were in effect now under the control of NGC and there were plans to expand.

NGC, by this time, had assumed the role of natural gas merchant, purchasing, transporting, supplying and selling natural gas to the four large industrial consumers of natural gas, and the 18 light industrial manufacturers located mainly in the East-West Corridor. Total gas sales for 1978 amounted to 150 million standard cubic feet per day.

NGC continued to grow from strength to strength and several developments occurred. In 1980 gas sales were 192 million standard cubic feet. However, by the end of 1984, construction activities and new plans on stream allowed NGC to increase gas sales to 343 million standard cubic feet, to a sector that had moved from one ammonia plant to four. A new power plant at Point Lisas, a steel mill, and methanol and urea facilities.

NGC, on the one hand, has been continuing to fulfil its mandate of developing the natural gas-based industry. Construction and ownership in Atlantic LNG Trains 1 and 4 were imperative to improve the company's portfolio. The cross-island pipeline project, the Biche Field Upstream Development Project, involved the construction of a 56-inch and a 36-inch- diameter line on land, which were on completion increased the network capacity by 143 kilometres to 763 kilometres, and increased the capacity to 2.4 billion standard cubic feet per day. Today, NGC has a gas transmission capacity of 4.4billion standard cubic feet with the only 56-inch diameter in this hemisphere.

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It is the island's gas aggregator and a transmission company involved in the distribution of natural gas with investments in all segments of the natural gas value chain. NGC transports 3 billion standard cubic feet per day of which 40 per cent is for third party, and NGC operates at a 99 per cent reliability.

NGC is an investment grade company and a local success story. The company is now head of a group comprising 17 companies with the following operating companies: the National Gas Company of Trinidad and Tobago, the parent company, National Energy, La Brea Industrial Development Company Limited, Phoenix Park Gas Processors and NGC CNG Company.

NGC has also began an aggressive thrust to become the global player through forays into Africa, Latin America and also into commodity trading. Through its subsidiary TTLNG, NGC owns 11.11 per cent interest in Atlantic LNG Train 4, which grants its processing rights of 88 million standard cubic feet of gas. TTLNG purchases natural gas and transports it to the Atlantic Liquefaction Plant via NGC's CIP or cross-island pipeline. On August 17, 2012, TTLNG loaded its first direct sales cargo and has since been marketing its cargoes directly into the global LNG market to countries as diverse as Singapore and Argentina.

In 2015, NGC entered the Trinidad and Tobago Stock Exchange through its initial public offering on October 19th for TTNGL. The IPO was launched at a price of $20 per share, and $200 million worth of shares were traded. This is considered to many to be the largest in Trinidad and Tobago's history. It was traded under a new sector titled the energy sector on the first year market. This IPO was oversubscribed by 1.77 times, and there was a 25 per cent appreciation on the offer price.

Mr. Chairman, 2015 was a difficult year for the local and global energy sector. We were adversely impacted by the decline in commodity prices. All stakeholders in the energy sector reported a decline in projected earnings, which has been confirmed by actual results. Industry players, particularly in the upstream sector have been impacted, and towards the end of 2015, there was a domino impact which was compounded locally by the continued shortage of natural gas produced by upstream players which averaged between 15 to 20 per cent, and which has projected to continue to 2016 and into 2017.

The focus for NGC in these times, especially, is to maximize growth through creative strategies. Our primary focus will be threefold: revenue generation, cost optimization and operating efficiently at all levels across the group. As a stand-alone operation with declining availability of low pressure gas, NGC took the decision to discontinue the operations of its offshore facilities and associated maintenance departments due to increasing cash losses from its operations. The Teak and Poui Compression platforms were leased to Repsol where it would be managed together with 10 other platforms.

Approximately 82 per cent of the 84 employees were offered alternative positions within the NGC group of companies. Thirty employees are being afforded opportunities to enhance technical skills and capabilities provided by a partnership with the University of Trinidad and Tobago, UTT. These certified programmes are NGC funded and will span between 12 to 18 months. This deliberate retraining effort is required to upscale employees for the new challenges within the NGC group of companies

In keeping with proper industrial relations and international best practice, NGC has met and has even exceeded legal requirements to ensure that the 15 contract workers who were displaced by this new lease arrangement, transition into external opportunities. They have also been offered enhanced separation packages. The Teak and Poui platforms have been in operation for 30 years. They have been generating significant cost and losses over the past decade. The lease agreement allows NGC to rationalize cost while maintaining strategic ownership of the asset for the future.

From 2009 to 2016 taxes that have been paid to the Government were $8,517,170,000. From 2009 to 2015, the dividends paid total $17,827,291,538. NGC's value maximization has therefore been contributing to the overall macroeconomic development of the country, as well as sharing the benefits of the natural gas to the citizens of the Republic of Trinidad and Tobago.

I thank you, Mr. Chairman.

Mr. Chairman: Thank you very much for your brief opening comments, Ms. Thorne. I appreciate that very much. As we begin the questioning part of this meeting, I would like to remind all members of the Committee and officials visiting that you direct your questions through the Chair, and please activate your microphones when you are making your responses, and to turn it off when you have completed. Okay, the hearing will begin and I understand Sen. Mark is going to start the proceeding. Sen. Mark, you have the floor.

Mr. Mark: Thank you very much, Mr. Chairman, and may I also welcome officials from the National Gas Company. First of all, I have a few questions to start with. I would like to get from maybe the Acting President, if you could provide this Committee with some information as it relates to the strategic direction of this company for the next five years, and whether the strategic plan of the company has been completed, and if you could probably share with us some of the key features of this strategic plan of the company for the period 2016 and beyond. Those are three, and then I have two simple ones to add.

When does the NGC intend to appoint a new president? Have you interviewed persons for the position of president thus far? And if you have, let us know when an appointment will take place. Thank you, Mr. Chair.

Ms. Thorne: Thank you very much. Okay. The strategic plan, in fact, we have just come out of our strategic plan. It ended at the end of 2015. That was a strategic plan for 2010 to 2015. We are currently in the process of finalizing the strategic plan for 2016 to 2020. It is in its advanced stages of finalization. We expect to carry it to the board in May month, and at which time it would be approved and then it would be in effect.

In terms of the strategic plan, there are basically four strategic pillars that we basically will be following. The four strategic pillars will include: secure our current business; secondly, grow locally and internationally; thirdly, develop our organization; and finally, strengthen our national contribution. Basically, in terms of securing our current business, the plan seeks to ensure that we continue our current operations. We will be looking at basically optimizing our contract portfolio, our financial performance not only that of NGC, but also that of NGC subsidiaries and the group of NGC companies. We are also looking at significant cost savings, because basically we recognize that in a market where there are reducing revenues, we will focus significantly on cost savings throughout the group as a whole. Basically, that is one of the facets of the strategic plan.

The second one would be grow locally and internationally. Again, as indicated, because of the reduced revenues that we see, we are looking at going globally, going internationally. In fact, at this point, I should probably mention that our current chairman, Mr. Gerry C. Brooks, is actually part of a team today visiting Ghana to further this internationalization thrust. So he is currently there. In fact, we are looking at countries such as Ghana. We are also looking at some emerging markets. We have had a team go off to Suriname and also to Guyana looking at opportunities in emerging markets. So that is another facet that we will be focusing on in our strategic plan 2016 to 2020.

We are also looking, of course, at our organization. We have to develop our organization and, basically, build on the foundation that we have so that we can use the foundation of the organization to address the organizational challenges that we currently face. We will basically be looking at how we engineer the organization to basically deal with the situation that we are currently in. We are going to be looking across the group and focusing significantly on the group as a whole as opposed to NGC or any of the particular stand-alone companies. So we will be driving a lot of opportunities across the group and, basically, using that to look at our organization.

And, finally, as I indicated, we are going to be strengthening our national contribution. The National Gas Company is well noted for its CSR programmes, its corporate social responsibility programmes. We have a range of CSR activities, and we will continue to drive that as we move forward into 2020. We will be looking at all opportunities whereby we can bring value to the citizens of Trinidad and Tobago through our CSR programme. So that in a nutshell would be basically the four facets of our strategic plan 2016 to 2020. As I indicated, it is in a very advanced stage of finalization and we expect to have it finalized and approved by the end of May.

Mr. Mark: When does the company intend to appoint a permanent president and whether the company has conducted the necessary interviews for such a post, and when do you anticipate such an appointment to take place? And, would you be so kind enough upon the approval of your board of directors of your strategic plan for 2016 to 2020—would you be kind enough to submit a copy to the Secretary of this Committee?

Ms. Thorne: Certainly, once the strategic plan is finalized, we will make copies available. Certainly. With respect to your question with respect to the appointment of a new president, I do believe that is within the remit of the Board of Directors of the National Gas Company. Advertisements did go out in the month of—I believe it was February or March—for the position of president. As I indicated, it is within the remit of the board of directors so that I expect that decision is being given active consideration, and in due course the decision will be taken.

Mr. Mark: Do you have any members of the board of directors with you at this meeting?

Ms. Thorne: No, no. As I indicated, our chairman is part of a team that is currently pursuing the internationalization thrust. He is part of a team that is currently visiting Ghana at this point in time. So, no, the current members here are members of all executive management.

Mr. Mark: Thank you very much.

Mr. Chairman: Thank you Sen. Mark. Sen. Baksh you have the floor.

Miss Baksh: Mr. Chairman, thank you. Through you, pleasant good morning. Firstly, I would like to commend the NGC for its initiatives in ensuring sustainability by integrating both into the upstream and downstream value chain through partnership arrangements.

I also note with interest, the meeting scheduled for later this week with Ghana, all in a bid to internationalize the company and develop alternate revenue streams. My concern though is whether the company has the competencies and staffing requirements to monitor these various joint ventures, especially when it comes to paying cash calls. Do we, for instance, have an upstream joint venture section that can evaluate the feasibility of proposed projects that advise whether NGC should participate or allow the other parties to go sole risk? What is being done to develop the competencies to evaluate both upstream and downstream projects?

Ms. Thorne: Okay, in terms of the competencies as to whether or not we can basically evaluate projects that we look to pursue, currently we have a commercial group and, in fact, as I indicated earlier on in my presentation, NGC is seeking—to the extent that NGC parent does not have the particular expertise, we are looking at the group throughout, and we are looking at opportunities within the group so that to the extent that NGC may not necessarily have a particular competency, we will certainly look for that competency throughout the group. But we do have a significantly varied enough commercial department or commercial division or commercial group I should say really, and that area is responsible for looking at all opportunities, evaluating it. To the extent that the in-house expertise does not reside, certainly we will look to engage a consultant or the relevant parties to provide that support as we move forward.

Miss Baksh: My other question has to do with your question two response. Reference is made to the company's staff turnover rate for the past five years. It is noted that the staff turnover rate since 2011 had been on the incline and moreover doubled in 2014. Can you please provide an explanation for this? And, further, provide detailed information on the number of staff who left the company in the past five years, in terms of how many were as a result of dismissal or termination?

Ms. Thorne: Just a correction. I know you indicated that there was a fast turnover rate over the last five years. I think I should probably just mention that what is happening with NGC at this particular point in time, it is a very mature organization. It is now in its 40th going in its 41st year of operations, and what we are finding is that we are having a lot of retirees that are coming to pay. Prior to 2011, we found that, you know, there were not as many retirees. So what we are finding is that in any particular year we can have as much as about 8 to 10 retirees that are actually taking place. So when you look at the turnover rate, a lot of it is as a result of retirement.

In 2014, there was a significant spike yes of 5.9 per cent, and this rate really occurred as a result of a VERP, voluntary early retirement plan that was offered in 2014. It was a plan that was put in place for retirees or potential retirees for age 50 and above, and a lot of employees, you know, who were basically close to retirement took the position or took the opportunity to take up VERP and, of course, you know retired and, of course, they could pursue other opportunities. So that was one of the reasons why you would see a significant spike in 2014.

Miss Baksh: Is there any succession planning taking place in the company?

Ms. Thorne: Yes, there is a succession plan that has been developed by the National Gas Company of Trinidad and Tobago, and that succession plan is in effect and that is being used to develop and train the younger employees to basically take over as the older ones retire.

Miss Baksh: Okay, thank you very much.

Mr. Chairman: Thank you, Senator. Before I allow MP Karim, Ms Thorne, the succession plan, the methodology behind it, would you be able to provide that to the Committee upon request?

Ms. Thorne: Certainly, we can provide it upon request.

Mr. Chairman: Thank you very much, Ms. Thorne. I now give the floor to MP Karim.

Mr. Karim: Thank you, Mr. Chairman. Mr. Chairman, I just want to go along the lines of my colleague, member Baksh. It is my understanding that sometime in 2015 that Mackenzie was invited to do some work with the NGC. Might you be in a position to tell us the status of that work with the NGC, whether it had to do with the formation of a new organizational structure and if that is going to continue what is the potential job loss?

Secondly, I would like to ask you to tell us since October 2015, how many persons have been terminated by the NGC, what positions they would have held and the names of those persons who would have replaced those who were terminated.

Thirdly, in 2011—2014 you would have had a corporate plan and you just indicated that you would have a strategic plan, 2016 to 2020. What percentage of that corporate plan of 2011 to 2014 would have been realized or may have been now going on to the new strategic plan? I will ask a few questions later on, but I would like to ask you to address those now please.

Ms. Thorne: I will respond to them in the order that you raised them. Yes, Mr. Mackenzie did do some work with NGC. In fact, that work was commissioned by NGC after the acquisition of the Phoenix Park Gas Processors Limited portfolio. When we recognized that, of course, we basically had operating groups, and it was felt that we could use the synergies across the group, Mackenzie was brought in to look at various groups and see how best to come up with a group structure on how we function as a group. That work was done and it was to the best of my knowledge completed. But as you would recognize, in September of 2015 there was a change of Government and there was a change of the board. The new board is basically now looking at the structure. Of course, they are looking at the strategic plan and also arising out of the plan, then they would basically be determining what the final structure would be to look at as we move forward.

In terms of potential job losses as a result of the organizational structure, at this point in time, I am not in a position to respond to that. In terms of 2015 terminated positions, there was only one terminated position in 2015. That position was a separation that was done in respect of the President of the National

Gas Company.

Mr. Chairman: Thank you very much, Ms. Thorne—

Mr. Karim: Chairman, forgive me. I had asked about the operational plan, the corporate plan 2011 to 2014. What percentage of it was, in fact, accomplished and realized and whether any amount of it would have been informing now your new strategic plan 2016 to 2020.

Ms. Thorne: In terms of the actual percentage, I do not have that percentage at hand. I know a significant part of the plan was completed and, certainly, it would be moving forward to feed into the 2016—2020 plan. So, if I could ask, can I provide that information at a later stage? Thank you, very much.

Mr. Chairman: Thank you, Ms. Thorne. Just to be clear on that request, we would like to see what were the major objectives of the strategic plan and then what the company deems to be the percentage of success in achieving the objectives in the 2011—2014 plan, so we could get a sense of how the company performed over that period under that plan. So that will form part of the document you are providing. I now give the floor to Minister Cockburn.

Mrs. Crichlow-Cockburn: Thank you, Mr. Chairman. Ms. Thorne, you would have indicated that you are currently in the process of seeking approval for implementing your 2016—2020 plan. Are there any challenges that NGC currently faces that are likely to negatively impact the achievements of its goals and objectives in that plan and, if so, how does the company plan to treat with those challenges?

Ms. Thorne: Well, in a short response I would certainly say that yes because of declining revenues, declining gas production, we will have certain challenges. I think at this stage I would turn over to Mr. Look Kin to just give you a brief insight as to some of the those challenges as it relates to the gas issues.

Mr. Look Kin: With regard to gas, we are probably about, as the President has said, we are probably about 20 per cent less than the volumes that we are required to service our customers. A lot of this occurred as a result of what happened probably starting around 2008/2009. In that particular period of time, the NGC had acquired new gas sources, but then what had happened, they acquired gas supplies from three gas producers—BG, EOG and also BHP Billiton—but the projects that were under consideration to use some of that gas, those projects failed to materialized. Those projects include the steel plant, in addition to a petrochemical facility and the aluminium smelter. So there was a loss of demand at that particular point in time.

So going into 2009 or thereabouts, what we had in Trinidad was a situation whereby there was a lot of extra excess gas capacity, and because the companies recognized we had excess gas capacity, they really started to cut back on the capital investment in terms of producing additional gas. So we were in a dilemma. We were in a case of oversupply as compared to demand and, therefore, companies sought to kind of protect themselves in a sense because they do not want to get in a situation whereby NGC cannot buy their gas. But what happened right after that was the fact that there was this Macondo event in the Gulf of Mexico and the Macondo event, when it occurred, many companies basically started to consider new standards for operating in offshore, and those new standards require upgrades of their existing platform facilities, and so what you had happening right after that in 2010 to about 2013, companies shut their platforms down temporarily to do repairs, to do maintenance to upgrade the standards.

So what you had happening in Trinidad was a case of whereby you had platforms coming down, a decrease in production, combined with the fact that because most of the gas in Trinidad is produced with what is called solution gas drive reservoirs or depletion drive reservoirs, those deplete sometime in the order of about 15 per cent per year. So you had a combination of two factors occurring: no new investment, platforms coming down for special maintenance and the fact that gas production was falling.

So we reached a situation starting around 2011 where, basically, the gas supply that existed was not sufficient to meet the gas demand, even the reduced gas demand that we had in the country. This continued and it is only in 2017 we are going to see—companies have done things to try to improve their production, but what happened is only about in 2017/2018 that we would probably see significant impact of new capital investment to raise the production levels back up such that it would be able to minimize the shortage of gas that exists in the country today.

Among the two or three projects that are prevalent in that area is a project that is being undertaken by bp. It is called the TROCP, Trinidad Regional Onshore Compression Project, which expects to generate around 250 million cubic feet of gas per day when it comes on stream in 2017 and also the platform that bp is constructing with five subsea wells, and when that comes on stream there is probably going to be about 590 million cubic feet of gas coming on stream and, at that point in time, we would have at least slowed down the rate of decline; we would have been able to achieve a higher level of gas available in the country, but we still require more capital investment in Trinidad to be able to generate more gas.

Companies have suggested that there are other projects, whether there is Angelin project that bp is looking at, whether there are small gas fields that some of the companies would not be able to develop, but probably other smaller companies might be able to develop more successfully. In fact, one of the companies has advised that if they look at all of these small pools that are available—probably about 30 or 40 of them, small pools—they can account for about 1.5 trillion cubic feet of gas. So although they are small pools, other players probably could successfully manage the production of gas at an economical price from those fields.

So, in a sense, the company is facing these problems, but what the NGC is looking at also, they are looking at the possibility of getting gas from outside of Trinidad. Outside of Trinidad, primarily we are looking at obviously in Venezuela. I think it is a fact that is known that there are gas resources both on the north coast of Venezuela in what is called Mariscal Sucre, and there are also gas resources in what is called Loran Manatee on the south-east coast of Trinidad.

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Mr. Look Kin: These are more medium to long-term prospects for the country, but we recognize in those areas potentially you are talking about 20 trillion cubic feet of gas, which is about twice the amount of gas reserves that Trinidad presently has. Therefore, these are in a sense supplementary to what exists in Trinidad in terms of going forward. In that particular one this tries to address the question of securing the company's current business operations, of trying to get gas, not only from Trinidad and Tobago but also from gas supplies from outside of Trinidad, in the neighbouring countries.

So I think that is probably our response with regard to how we are trying to make sure that we can achieve in the next strategic plan of the company, because that is really key to the company's operation, because the company is basically gas aggregator, gas transporter, gas seller and gas distributor.

Mr. Chairman: Thank you very much, Mr. Look Kin, for that response. I understand member Karim has a follow-up question.

Mr. Karim: Mr. Look Kin, through the President, you indicated that there was a

20 per cent decline in the supply of gas. As a result of maybe NGC's inability to fulfil its contractual obligations to its customers, have you been sued by any of these customers, and if so, which one or ones?

Mr. Look Kin: Could I ask the President, because the President has more details on that?

Ms. Thorne: The short answer is no. We have not been sued by any of the customers.

Mr. Chairman: Minister Cockburn, I understand you have a couple of follow-up questions.

Mrs. Crichlow-Cockburn: Not necessarily a follow-up question. What I wanted to determine, through you Chair, is whether NGC is adequately equipped at this time to achieve its strategic objectives. I am also asking this against the background I have noted, that at your executive management level a number of the incumbents are acting incumbents. So I also wanted to know if there is a reason for that and how soon you intend to address that issue. Thank you.

Ms. Thorne: As indicated earlier on, the company expects to finalize its strategic plan soon. Once that strategic plan has been finalized certainly in terms of the organizational structure, the optimal organizational structure will be put in place to ensure the facets of the achievements of the strategic plan. So that once the strategic plan has been finalized, whatever organizational structure that would be required to fulfil those objectives would be put in place to achieve that.

Mrs. Crichlow-Cockburn: Madam President, is it that you are foreseeing the likelihood of a change in your organizational structure even at your executive management level, based on the new strategic plan you are developing?

Ms. Thorne: An organizational structure is never cast in stone. So as I indicated you would need to put in place the proper or the optimal structure to ensure that the strategic plan is fulfilled.

Mr. Chairman: Thank you very much. This session is attracting quite a lot of questions from YouTube, so I have to manage the questions from both the floor and from external. But the Chairman would like to ask a couple of questions, if you would permit me.

Ms. Thorne I noted that in your opening comments you indicated that the NGC has a specific role in the sector as a gas aggregator. I know that it is probably a phrase that NGC is not excited about, but NGC has been accused of being a quasi-tax collector for the State because of the role it performs. My question has to do with the strategic direction or refocusing of the company in terms of looking at the value chain.

I want to ask—as part of your consideration going forward, given that NGC has a contractual relationship with both upstream and downstream companies, are potential areas for conflict because you could be competing with some of your current customers—how is your consideration to manage that potential issue, where if you are looking to go midstream or downstream, as you stated in your document, and you have customers in that area, you are buying and selling to those customers, is it that the NGC is looking to disaggregate itself from that role to be able to do that effectively? I need to ask you for some clarification on what the thinking is at this stage.

Ms. Thorne: Well, certainly, it is that, you know, we need to go upstream, downstream as the case may be, to the extent that there is any potential conflict or anything needs to be considered, certainly the legal frame work would have to be developed to ensure that that is achieved. Whenever one needs to enter into any particular arrangement, certainly you would take advice and the relevant advice would be followed. Whatever structures that would need to be put in place would be put in place at that particular point in time.

Mr. Chairman: So you are not ruling out the NGC in order for it to really go in the strategic direction, it may have to completely refocus the way it is doing business now. That may be a possibility. Right now the NGC essentially sits in the middle, buys from the upstream, collects all the gas and sells to the downstream. But if you are going to be competing with some of the downstream, then there is a clear conflict, so that perhaps that may be a possibility going forward. Is my logic okay?

Ms. Thorne: As I indicated we would need to take into consideration all relevant factors to ensure that whatever we do it is done in accordance with a legal framework that can stand scrutiny.

Mr. Chairman: I have one additional question before I give back the floor to members. I have a question around the data supplied around your dividends over the past few years. I have looked at the numbers provided, and I am not a financial expert, but I noted in 2012 the company's profit after tax was $3.9 billion, and you paid $1.6 billion in dividends. In 2013 your profit was $4.4 billion, but you paid $3.6 billion in dividends. In 2014 your profit was $3.1 billion, but you paid $3.8 billion in dividends. In 2015 your profit was $605 million, and you paid $6.8 billion in dividends. So that clearly there seems to be a process here where the company is paying dividends out of retained earnings, and that is not necessarily the best financial practice, but I am seeking guidance.

What would have been driving the company, especially over the past three years, to put out nearly $14billion in dividends when that is more than double the amount of profits? That is not necessarily the best financial practice, in my respectful view, but I need to understand the rationale, the reasoning behind putting out more than twice the amount of your profits as dividends.

Ms. Thorne: I will ask my Vice-President Finance to just answer that question please.

Mr. Pariag: Okay, Mr. Chair. The company has in place a dividend policy which allows us to pay up to 99 per cent of our profit available to distribution, or based on special requests from the shareholder that can be made on an annual basis as is identified in the public manual.

Yes, the company has paid dividends in excess of reported profit on an annual basis over the last couple of years. The company is well capitalized. In fact, as at the end of 2015 the company's gearing ratio is just around 11 per cent. So the company, based on the capital structure, it allowed the company to make the payment of dividends without necessarily putting the company in any major challenge. But the point made is noted. It is not something that is sustainable into the future.

Mr. Chairman: Could you help us with why? I am still struggling. In a year when you made $600million in profit, you paid $6.8 billion in dividends. I understand some of the rationale, but as you stated in your response you said the company's dividend policy you can pay up to 99 per cent of your profits in dividends. If your profit is $605 million and you paid 10 times that in dividends, that has to be an extraordinary event, so there should be some explanation for that extraordinary event.

Mr. Pariag: Yes, and it is also based on special requests that are made by the shareholder, we can go above in terms of the payment of 99 per cent. So requests would have been made during the course of the year and that would have been fulfilled by the organization. I will just ask the President if she wants to add anything further.

Ms. Thorne: No, I think the Vice-President spoke to the rationale. From time to time as a state enterprise your shareholder basically would make requests for dividends, and based on that the dividends are paid, in accordance of course with our dividend policy.

Mr. Chairman: Those are my two questions, but I will like to just be permitted to ask one question from the continued scrolling questions on YouTube here.

I have two related questions. The question asked: Who initiated the SIS project regarding the Beetham waste water recycling, was it WASA or was it NGC and whether or not what was the understanding of the board regarding the resolution with the failed contract with SIS? So they are the same question. I have several questions from members of the public, and I will like to at least capture those two issues because in the document we sent out the Committee did not request that, so I think these are timely responses. Let me give it to you again to be clear.

The questions are: Who initiated the project, was it WASA or NGC or was it joint? How did it come about that WASA would get engaged in this recycling project, and then what are the issues around the failed contract with SIS and the current status of the project?

Ms. Thorne: In terms of who initiated the project, I really cannot say I have that information in terms of actually who initiated it. Certainly in terms of the National Gas Company the matter was approved by our board of directors and the project was proceeded with. I really do not have the information as to who initiated the project, and maybe we can go through the archives and we can provide that.

In terms of the issues surrounding the contract, I need to just preface my statement by saying that this matter is before the courts, so we need to be very careful as to how much information we provide on it, but certainly we have provided press releases on the SIS matter. In fact, if you permit me, I can actually read from the statement and basically indicate that in terms of the SIS contract:

NGC had entered into a contract with SIS for the design and build and operation and maintenance of the Beetham Waste Water Recycling Plant. As at October21, 2015, the project was not completed. The contractor failed to complete the project and they indicated in writing that they were unable to continue the works. After careful deliberation, NGC exercised its right to terminate the contract with SIS, and the decision was prompted by our fiduciary responsibility to safeguard the interests and assets of the company.

Mr. Chairman: Thank you very much, Ms. Thorne. I appreciate your response. We are trying to take all the questions. I have a long list of questions here starting with MP Karim.

Mr. Karim: Thank you, Mr. Chairman. Mention was made this morning about Ghana and Suriname. Might be you be able to tell us whether you are engaging in any kind of investment talks with these countries? If so, what is the size of that investment? If it is not at all, might you be in a position to tell us about the risk rating of these countries?

I suspect that part of the reason is that you are looking to see where you could get additional supplies. Apart from Ghana and Suriname, are there any other countries which were evaluated and if so, can you give us an idea as to what these countries would have been evaluated and not been as successful as Ghana and Suriname.

Ms. Thorne: Our visit to Suriname and to Ghana were mainly initially exploratory visits, so we cannot really say that we have actually narrowed down any specific investment opportunities. So as to respond to your question whether we have looked at any specific opportunities, whether we have looked at the risk rating, I do not think—we have not reached that level of detail as yet. They were exploratory visits and, of course, we will take it forward as we move forward.

Brig. Gen. Antoine: Good morning once again, I have two questions. The first one, my notes show that NGC has never submitted annual administrative reports to the Parliament as mandated by section 66A of the Constitution. My question is: When does NGC intend to comply with the mandate of the Constitution?

Ms. Thorne: NGC is up to date with respect to its administrative reports up to 2014. The 2015 report is due by June and that will be submitted before June.

Brig. Gen. Antoine: So you are saying that NGC has submitted reports to the Parliament?

Ms. Thorne: Yes. NGC has submitted its administrative reports up to the year 2014. The 2015 is not due until June 2016.

Mr. Chairman: Perhaps as a clarification, the reports submitted, are they the financial reports or the administrative reports? There are two types of reports, there are the financial accounts and then there is the administrative report that comes to the Parliament. Could you just for clarification, which reports are you referring to? Are you referring to both? Which ones are you referring to?

Ms. Thorne: Actually, if I may, I can actually refer to both because we are up to date. But with respect to member Antoine, he was asking with respect to the administrative reports, and I can say categorically that we have submitted the administrative reports up to 2014.

Mr. Chairman: To the Ministry?

Ms. Thorne: Yes, to the Ministry, correct.

Brig. Gen. Antoine: My second question follows on with the Beetham Wastewater Project. You said the project was 78 per cent completed. My question is: Did the company consider any alternate action to complete the project in a timely manner, and when is the work expected to resume on this project?

Ms. Thorne: The company is currently reviewing the project. In fact, currently what we are doing is that we are determining the actual value of the works that have been completed to date. We are also determining the actual cost to complete and once we have determined all of that, we will take the relevant advice. Once that has been done then a decision will be made in terms of how we proceed with the project.

Dr. Henry: Good morning once again. Following up on that same Beetham recycling plant project, are you at liberty to provide us with any of the financial issues that have arisen out of this whole project, in terms of how much money—what percentage of the funds allocated for this project were already committed, or basically what is the sunk cost then that we are faced with?

Ms. Thorne: As I indicated, we are currently undertaking— we are looking at the value of the works that have been completed to date. We are also reviewing the cost to complete, and once we have determined all of that, then we will be in a better position to determine how we proceed with the project, and we will be able to determine in terms of the various costs and so on to complete the project.

Dr. Henry: Could you provide any in terms of how much has already been expended in terms of the entire project? How much funds have already been expended on the project?

Ms. Thorne: Maybe I could just ask my Vice-President Finance if he has the number.

Mr. Pariag: Chairman, as the end of 2015, the company expended $943.7 million on the Beetham Wastewater Project. In fact this amount appeared in the financial statements for 2015.

Dr. Henry: Can I just clarify that NGC is the substantive owner of the project, because we hear talk about a joint between WASA—an arrangement—but is NGC the substantive owner of the project?

Ms. Thorne: NGC entered into the contract with SIS for the project.

Brig. Gen. Antoine: A follow-up by me. It is said that the contractor would be expected to operate and maintain the plant for five years after the project was completed. But since SIS has withdrawn from the project, would this be mandated to the new contractor, that he would run the plant for five years after the completion?

Ms. Thorne: Again, no determination has been made in terms of the operation and maintenance. Yes, there was originally a contract with SIS for the operation and maintenance of the plant, but that contract was also terminated subsequent to the termination of the design and build contract.

Mr. Chairman: Mr. Mark, you have the floor.

Mr. Mark: Thank you, Mr. Chairman.

Madam President, you did indicate in your opening remarks that the NGC is investing both locally and internationally. Could you tell us how much money, if you have invested any thus far, in Africa and whether you have intentions of investing more money in other African countries over the coming period?

Secondly, has the company conducted any feasibility study and due diligence on opportunities for investments in Africa, and did the NGC consult with the shareholders of TTNGL before it decided to adopt a strategy to invest in Africa?

Ms. Thorne: NGC is seeking to invest in Africa. We have not made any decision. As part of our strategic plan we have identified certain opportunities, one of which is potentially Africa, so we are seeking to invest. We have not invested any moneys in Africa.

The visits that we have had to date are exploratory, so we have not yet reached the stage of conducting any feasibility study or any due diligence; we have not identified any specific opportunities. But certainly, as I indicated, we are looking at opportunities across the value chain, be it in the energy sector, port facilities, technical services, but at this point in time we have basically identified it in our strategic plan, but no we have not yet spent any sums of money in Africa.

Mr. Mark: If I may, there is something called "gain share payments" to NGC employees. Could you tell us if these gain share payments are probably an incentive you use or that has been used? Is there a necessary criterion or set of criteria to be fulfilled or fulfilled in order for payment to be expended to employees? Could you share with us what could be the rationale for this gain share payment approach that has been adopted by NGC?

Ms. Thorne: The gain share payment is, I suppose—basically speaking it is just a bonus payment. It was developed basically for performance. It is performance driven as it were. Each employee has an IPC or an individual performance contract and then based on that, based on the performance of the organization, based on the performance of the division and the group and the individual performance, a gain share payment is made to the employee. Again, it is performance driven. It is a payment where a person has performed extraordinarily. There is a criterion that has been developed by the organization to make these payments, and it have been paid over the years.

It varies in terms of the actual payments. The way it works is that any payments over one month we have to get approval from the shareholder, but any payment up to one month is approved by the board of directors and paid.

Mr. Mark: Mr. Chairman, if I may, one final question before someone else takes over.

In your submission, Madam President, it is stated that as of March 31, 2016, 899 out of 943 eligible employees have received gain share payments for the year ended December 2015, totalling approximately $19.4 million. You stated that the outstanding 44 employees are to be paid upon completion of their 2015, as you said, performance assessment.

Could you explain how it is possible that 899 out of 943 eligible employees have received gain share payments, when your submission indicated that the aggregate number of persons employed at the company is 828 employees? So there appears to be some difficulty with the numbers or with the figures as it relates to the number of employees, the number of gain sharing payments made and the actual number of employees. I do not know if you could explain that for us?

Ms. Thorne: Actually, Senator, when we were going through the presentation in preparation for today, we did recognize that was an errata. The numbers were incorrect actually. Actually in terms of the total number of employees currently at NGC is 811. Well it was too late to really provide that clarification, so I wish to take the opportunity now to just correct that number. It is actually 811 employees at NGC, so that the number we provided in our submission was incorrect.

Mr. Mark: So all the employees would have received their gain share payment thus far for the end of 2015?

Ms. Thorne: No, not all.

Mr. Mark: How many would have received and how remain outstanding?

Ms. Thorne: The number I have here is 752 out of the 794 eligible employees, because not all employees are eligible for gain share. So 752 out of the 794 have received their gain share.

Mr. Mark: Madam President, you said you have 811 employees.

Ms. Thorne: 811, yes.

Mr. Mark: What about contract employees, would contract employees be included here?

Ms. Thorne: Contract employees, yes. Once you were working continuously for a period of six months or in aggregate eight months, you would be entitled to gain share.

Mr. Mark: So 811 employees, permanent and contract were affected by a salary freeze, affecting merit and pay for performance and increases which are usually paid annually. The justification for the salary freeze was to mitigate the impact of reduced revenues and profits. Could you confirm for this Committee the years where there were salary freezes and, by extension, reduced revenues and profits? Could you confirm the year being referred to in your statement? I am not too sure which year that was. Could you confirm the aggregate number of employees in the organization at the time of the salary freeze?

Ms. Thorne: In terms of the aggregate number of employees at the time of the salary freeze, I am assuming it is the same 811, but I can just clarify that, because unless of course employees left or were added, as the case may be. But just say approximately around the same number, but I can just clarify that. Yes, the freeze was basically for the years 2015, 2016. For the years 2015, 2016, where it was identified as we indicated in our submission that it was as a result of the reduced revenues and profits.

Mr. Mark: Were the workers’ representatives consulted on this matter? I know that you would have a trade union like OWTU, but you have some staff association representing the workers' interest at the NGC, I am made to understand, if you can guide me and/or correct me. But were the employees consulted before this salary freeze took place or was it a unilateral decision on the part of the board and management of NGC?

Ms. Thorne: NGC is not unionized, so that we do not have any union at NGC.

The decision was taken in terms of the wage freeze—when you say a unilateral decision, I guess the decision was taken by the board and management of National Gas Company, yes.

Mr. Mark: Thank you.

11.30 a.m.

Mr. Karim: Thank you, Mr. Chairman, staying on the matter of employees, can you tell us whether any of your managers since October, we could say, were sent on leave? If they were, what are the names of these persons and the positions that they held? And what is the current status of their employment? And would you be in a position to tell us the names of the persons who would have replaced them?

Ms. Thorne: Could you just repeat that for me?

Mr. Karim: What I am saying is that, since October 2015—I am staying on the topic of employees—whether any of your managers were sent on leave? If they were, what are their names and the positions they held? And what are the names of the persons who replaced those? I also wanted to know, what is the employment status of those who were sent on leave?

Ms. Thorne: Okay, since I do believe that this is information is sensitive, I think we would prefer to provide that information in camera. We would like to make that request, please.

Mr. Chairman: That is fine Ms. Thorne, we can actually request the submission. You can submit it after and indicate.

Ms. Thorne: Thank you very much.

Mr. Chairman: You have a follow-up?

Mr. Karim: Well, I have another question. Might you be able to tell us the status of the CNG stations in the last six months, how many were opened and what is your plan for the next six months with respect to CNG stations? And, secondly, in a related question with CNG, what is the current relationship with the NGC/CNG/NESC project?

Ms. Thorne: That information we do not have at hand, so we would have to gather it, put it together and we can provide it to the Committee. Thank you.

Mr. Chairman: Thank you very much. I now give the floor to Sen Henry.

Dr. Henry: This is directed to Mr. Look Kin. You talked about the projections for and the possibilities of new gas finds coming on stream that could help alleviate the shortfall that we are witnessing right now and for the past several years—and I have two parts—are you assured by the time this new gas becomes available that we will have the demand still given the downturn in the world economy and the problem of decreasing demand for energy as we see reflected in the price of oil and natural gas right now? So, are you seeing our situation in Trinidad and Tobago as being able to utilize the new gas even despite the shortage that exists now; would that shortage still persist into the future? I would ask the follow-up after.

Mr. Look Kin: The answer is yes. Although before we enter into firm gas purchase contracts in the future we would obviously have to get the assurances or commitments by the existing customer base. Part of the reason I would say yes is that notwithstanding the fact that there are new ammonia methanol plants being constructed in the United States, our plants including the LNG plants have all amortized, and therefore you look at an operating cost basis, once these plants can operate, and we believe they would be able to operate, because some of the plants in Trinidad operate prior to the shortfall in gas supplies, they were operating 98 to 99 per cent on stream factor. So, therefore, the plants have always been well maintained and they are capable of future production in a long-term basis. So, the answer is, yes, we see that these plants can compete with existing global plants because the basic capital costs are being amortized, and yes they require probably sustaining investments, but notwithstanding those levels of sustaining investments in these plants for maintenance and other things like that, we still think they are very competitive on a cash-cost basis.

Dr. Henry: Okay, let me follow up with this question on, one of the things that NGC has been able to do is divert shipments to higher-price markets and so on in the past to help buffer the drop in prices into some of our traditional markets. We know that for a fact. Right? What is the state of play with that right now in terms of the ability of the company to divert to higher-price markets to maximize revenue, given falling prices all around?

Mr. Look Kin: May I just ask to clarify. Is this related to LNG, or it is related to ammonia methanol, or which area, if I may?

Dr. Henry: LNG.

Mr. Look Kin: Okay. While it is a fact that cargoes are being diverted, NGC really is only involved in train 1 and train 4, and therefore some of that information in terms of diversion we are aware of it—but the data is between the companies and the Ministry of Energy and Energy Affairs. We are aware that, yes, there are diversions to higher-price markets, because as a term that they use is, "diversion put diversion upside". What I am saying is that NGC itself does not get directly involved in that because it only has lawful information, if I may use that term, really for Train 1 and parts of Train 4 in which it is involved. It is not involved in Trains 2 and 3 and therefore it is not entitled to data that is available on Trains 2 and 3. So, therefore, we do not have the details on all of the diversion cargoes. But, it is really more in the domain of the Ministry of Energy and Energy Affairs who can answer that more properly.

Mr. Chairman: Thank you Mr. Look Kin. I want to just pursue that a little bit, because I think we have the opportunity to put some information on the record. You have correctly noted that the NGC, through its 10 per cent shareholding in Train 1 and its 11.11 per cent shareholding in Train 4, is a very small player. By my calculation based on the name-plate capacity of the plant that means the NGC controls roughly 5.9 per cent of the Atlantic LNG capacity right now. That is based on 10 per cent of Train 1 capacity, 11.11 per cent of Train 4's, and on a name-plate basis would you says that is a correct calculation?

Mr. Look Kin: When you use the word "control", the real control that NGC has is for the three cargoes that we have in Train 4, because in the Train 1 cargos, that is really managed by Atlantic.

Mr. Chairman: Well, that was my next question. I just wanted to get—let me help you, I was going there. What I wanted to understand and put in the public domain is that the State through the NGC, the Atlantic plant facility has 15.2 million tonnes name-plate capacity. Of that name-plate capacity, the NGC through its two shareholdings has roughly 907,000 tonnes per year, what I was going to is the point you were correctly going to that, how many cargoes does NGC actually control? And this goes back to the point raised by Sen. Henry, how many cargoes on an annual basis does NGC on its own remit is able to say, well, we can sell these cargoes? Or how many partial cargoes does NGC have per year that is within your remit as a company to say, we can market that and we can divert it or whatever?

Mr. Look Kin: The answer is three.

Mr. Chairman: Only three cargoes a year?

Mr. Look Kin: That is correct it is only three cargoes. Because even the other eight cargoes that are within the Train 4 that we are entitled to, basically it is marketed on a joint marketing arrangement with bp.

Mr. Chairman: Permit me Sen. Baksh, I know you are cueing up. I just have one other question before I give the floor to Sen. Baksh. The company provided a document here called Curtailment Summary, and I cannot use it because it has no units. It does not have any units, at least the copy I have, and there is an issue with units throughout the data, because some is in Mcf some is in MMcf, some is in MMscf per day, but my question is, in your initial comment Mr. Look Kin you indicated that the curtailment is around 20 per cent—I think that is the number you used—but that is for NGC customers, would the company be able to say what is the average curtailment, roughly, for Atlantic?

Mr. Look Kin: Well, let me just back up again. The 20 per cent is probably more to those customers that we normally have any curtailment for. That is basically the petrochemicals. For Atlantic, really, again, I have to kind of point out, this is more in the Ministry's domain. We can try to seek and find out the answers for train 1 and possibly Train 4, but Trains 2 and 3, we do not get data for, because we are not a shareholder in those two trains. We do not have it right now, but we can get that data for Train 1 and Train 4.

Mr. Chairman: Well, the Committee will request it and we will appreciate receiving answers.

Mr. Look Kin: The answer is yes, we can provide that later.

Mr. Chairman: That is fine Mr. Look Kin. That is fine. I now give the floor to Sen. Baksh.

Miss Baksh: Thank you, Mr. Chairman. Based on your 2008—2015 income statement, that is your Appendix IV you submitted to us, profit after tax was highest for year 2013, aside from the high commodity prices, can you elaborate on the major factors that impacted profitability during that year? Were there lessons learnt that can be applied to the future years?

Ms. Thorne: Okay, I will ask my Vice-President, Finance, to respond.

Mr. Pariag: Before I respond can you just repeat the question, please?

Miss Baksh: Okay, the question is based on your income statement for 2008 to 2015, profit after taxes in the year 2013 was highest. Aside from the high commodity prices in 2013 can you elaborate on the major factors that impacted profitability during that year? And were there any lessons learnt that can be applied to the future years?

Mr. Pariag: The main factor that would have impacted the profitability for 2013 would have been the commodity prices. The company's performance is most sensitive to changes in commodity prices. So, once commodity prices are up it would be reflected in the profit and loss statement. So, commodity prices would have been the major factor in 2013 that contributed to the $4.4 billion in profit.

Miss Baksh: My other question to the team is that, your submission indicated that four is the current number of industrial relations disputes. Apart from the industrial relations issues before the courts, are there any other litigious issues before the courts, and if so, can you please elaborate to the extent that you can, especially the potentially high-impact ones?

Ms. Thorne: Yes, there are other matters before the courts, but we prefer if we provide that information in writing to you subsequently.

Mr. Chairman: You all complete?

Miss Baksh: The President is asking if she can provide the answer in writing.

Mr. Chairman: Ms. Thorne for anything that you do not have the complete information for, the Committee would be very grateful to receive a full submission. We have no problem with that.

Ms. Thorne: Because I would not want to start and then, you know—[*Interruption*]—give wrong information.

Mr. Chairman: That is fine Ms. Thorne, the Committee understands. Any other question Sen. Baksh.

Miss Baksh: My other question deals with CNG. With the gradual removal of the fuel subsidy it would seem as though CNG is the way to go. In terms of numbers can you advise on the number of CNG stations that are currently available to the motoring public, and the locations of these stations? I believe that NGC is in discussions with both NP and Unipet to increase the number of stations, and if so, can you provide a time frame, numbers and locations of future stations?

Ms. Thorne: Maybe I should explain because I do not want the Committee to think that we do not have this information. CNG is basically managed by a separate company, one of our subsidiaries, NGC CNG. It is a company and they basically manage the CNG portfolio. So, in terms of the NGC management here, we really do not have that information at hand. So, anything to do with CNG we would have to get that information and we will have to provide it at a later stage.

Miss Baksh: Thank you very much.

Mr. Chairman: Thank you very much. I now give the floor to MP Karim.

Mr. Karim: Thanks, Chairman. Acting President, might you be able to tell us the current status of the re-afforestation project with NGC?

Ms. Thorne: In terms of numbers? In terms of—

Mr. Karim: When you would have advertised for suppliers, tenders, what is the status of it? Whether anybody was selected? Things like those. Because, as we are talking about CNG and environment, I am aware that there was in fact some commitment for re-afforestation, so I am seeking that information so that you can tell us what is the current status? Has it been approved through the tendering process? Has somebody been selected? Has work started or not, what is it?

Ms. Thorne: I think that we would prefer to provide that information subsequently because it is a lot of information that we would have to gather and provide it.

Mr. Chairman: Thank you very much. I now give the floor to Minister Crichlow-Cockburn.

Mrs. Crichlow-Cockburn: Thank you very much, Mr. Chairman. I would like you all to provide the Committee with information with respect to the total debt owed to NGC and what measures are in place to ensure the recovery of that debt?

Ms. Thorne: Okay, I would ask my Vice-President, Finance, to respond.

Mr. Pariag: Thank you, Chairman. At the end of December 2015 we had $1.7 billion in sums outstanding to the National Gas Company. To various borrowers; we have T&TEC, we have two inter-company loans issued to National Energy Corporation. We have also shareholders' loan to Trinidad and Tobago LNG and Atlantic LNG. These loans are being repaid in accordance with the terms as defined in the loan agreements.

Mr. Chairman: Thank you. Sen. Henry, go ahead.

Dr. Henry: In your opening remarks you spoke about—Vice-President, acting, of the company—the key role of corporate social responsibility in the activities of the NGC, could you give us some figures, perhaps the Vice-President of finance, in terms of the growth in the involvement of the company over the past five years in corporate social responsibility spending?

Mr. Pariag: Mr. Chairman, I would have to provide that data. I do not have that data at hand in terms of the movements over the last five years. So, we would have to submit it to the Committee.

Dr. Henry: Would you submit it in writing? Do you undertake to give us a commitment to provide those in writing?

Mr. Pariag: Sure.

Mr. Chairman: Thank you. If the Committee would permit the Chairman, I want to place on record a normal issue that normally comes up at these hearings is issues around the management of projects, and I want to commend the NGC. I have looked at the way in which you have managed your major, major projects and I see no multi-billion-dollar overruns on any project or huge multi-year overruns. So, I think some elements of that part of the operation are working very well; there will always be little challenges with projects, but this Committee has had to indicate its level of disappointment with the way in which some projects have been managed. I think the NGC has done an excellent job in that regard. There have been some little issues, but I think those issues paled in comparison to the multi-billion-dollar overruns that we have seen in other places.

Ms. Thorne: Thank you, Chairman.

Mr. Chairman: I have a particular question on the liquid fuels pipeline, I see that you are hopeful to finally get that operating this year. Could someone else give me a quick verbal update on that project, and I have a question around the fact that most of the infrastructure has been in place for a little while, we have done all the work regarding any integrity issues, upgrade works regarding obsolescence of any equipment that is there, could you give me an update on that?

Ms. Thorne: Sure. I would ask Mr. Mapp, our senior manager construction services to respond.

Mr. Mapp: Chair, we anticipate to complete that project at the end of 2016. And the answer is, yes, we do have equipment, because it has sat down for some time that we have to maintain and go back in, and we are doing that currently. We also have to upgrade the control system to the latest version as well. So, we are doing all of that currently, and we are targeting to complete that project at the end of 2016 and have it operational. We are working closely with Petrotrin, who at this time is the designated operator as far as we are aware. So, as they raise issues, and also as we also have to go through our maintenance issues as well we are getting that done. So, at the end of 2016 that is our current target to complete.

Mr. Chairman: The tie-in on the Petrotrin end, that part of the work, do you have an understanding of where the linkage is, because I know Petrotrin moved the gantry facilities to the other side of the complex, could you just give me a quick update on that?

Mr. Mapp: Well, as you know that would have been a major change in the project. It cost us a lot of time and extra cost, but, again, we are coming down to the end of that to have the tanks finally approved by Petrotrin and from there to get product into those tanks. So, again we are targeting Q3 for that to happen so that we could complete by Q4.

Mr. Chairman: Thank you very much Mr. Mapp. Okay, I think that we want to bring this session to an end—or, forgive me, Sen. Karim has one last question.

Mr. Karim: Thank you, Mr. Chairman. Acting President, might you be able to tell us about the involvement of bp in the TROC project with NGC?

Ms. Thorne: Before I pass it over to Mr. Look Kin to respond, could you be a little more specific?

Mr. Karim: I know there was an investment by bp to increase the onshore compression, so I wanted to know whether that has been approved or what is the status of it?

Ms. Thorne: Sure, I will ask Mr. Look Kin to respond.

Mr. Look Kin: The truck project really is not an NGC project. The truck project is really a bp project, and the intent of that project is basically to allow more gas to flow from the wells into a lower pressure pipeline system, and therefore what is being requested is for NGC to lower the pressure on the pipeline system by 200 p.s.i., and if it drops it by 200 p.s.i., they have estimated an incremental gas production of around 250 million cubic feet of gas per day. So, therefore, what would happen is that more gas will come into the pipeline, but then it would require a gas compressor that they are presently looking at constructing at Atlantic which will raise the pressure back up to the normal delivery pressure into the LNG plant, and that is how it is being conceived as to be able to have an acceleration of gas production during the next three, four years that this system would be in place. So it is really to lower the pipeline pressure, but then increase the pressure at Atlantic to be able to make the LNG.

Mr. Karim: But is it true that it requires zero approval?

Mr. Look Kin: It requires the approval of all of the shareholders in Atlantic, and then there are bilateral agreements that are being negotiated between bp and the individual parties because it has impacts on various parties in different ways, so it has an impact on Shell, it has an impact on NGC, because NGC is the owner of the cross-island pipeline, and therefore the NGC has sought various assurances and they have made an offer to provide NGC with $50 million, because we have to put a compressor in at Biche Field to allow us if we need supplemental gas, it would allow us to take the low pressure gas or the reduced pressure gas in the pipeline and be able to put it into our system because normally NGC operates a pressure system that is about 700 or 800 p.s.i. from Biche Field to the estate, and at the cross-island pipeline side, the pressure is around 500 p.s.i., so we got to raise that pressure to bring it into our other system.

Mr. Karim: So consideration is being given to that as we speak?

Mr. Look Kin: The answer is yes. A formal decision probably would be made sometime, probably before the end of May at this point in time.

Mrs. Crichlow-Cockburn: Thank you, Mr. Chairman. Could you tell us what is the situation with respect to gas leaks and volumes lost over the period? I am making reference specifically to your table that you would have provided. So, I would like you to provide us with information on the impact of those leaks on the environment and whether any neighbouring communities would have been affected by the leaks over the years? If they had been affected, could you tell us how you would have treated with it? Thank you.

Mr. Adams: Mr. Chairman, through you, as you would see from the data provided we have had what I would call relatively small leaks over the years 2011, 2013, 2014, 2015 and 2016. In each of those cases the leaks were below an average of 20 million standard cubic feet, which, again in the overall scheme is relatively small. In 2011 we had a leak in the Galeota area with the passage of a vessel. Again, my understanding is that it was a very small impact on the environment. Subsequent to that, we have installed infrastructure that would not or prevent vessels from ingressing on that pipeline in that area.

In 2014 on the cross-island pipeline, again, we had an instrumentation leak based on a pic signaller; again that resulted in about 40 million standard cubic feet. Again, there was no major impact on the environment. We do have ongoing communications through our corporate communications department and the operations group which I operate in. Whenever we have any such situation we immediately inform the neighbouring communities, and we have ongoing communication with those communities, and this has worked well and continue to work well. But, again, overall, our reliability has remained around 99 per cent, and so there has not been any major rupture or any major leakage out of the NGC's network essentially since our operation, and we continue to improve in our asset management and improve our performance in this area. But, there has not been any significant leakage.

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

Mr. Chairman: Sen. Mark, the final questions.

Mr. Mark: Madam President, could you, not now, but maybe you can generate in writing, give this Committee a status report on the Cove Point facility and the pipeline to Tobago as it relates to viability/profitability returns to the NGC? So, a status report on the Cove Point facility.

The person in charge of finance, Mr. Pariag, indicated that there was outstanding debt amounting to $1.7 billion, and he mentioned T&TEC among them. I wanted to find out what was the size of that debt and whether there was a contract between NGC and T&TEC to ensure over a period of time that debt that is owed to NGC will be satisfied, or is it basically a subsidy that has been given to T&TEC? Could you put that in writing for us? And to what extent, finally, would the NGC be subsidizing CNG to the consuming public as we seek to get into an alternative fuel for our vehicles? Again, those things could be submitted in writing, Mr. Chairman.

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

Ms. Thorne: Thank you very much.

Mr. Chairman: And there is one other issue that I would also ask for in writing, has to do with the TGU, because I have seen that the last invoice that was paid to NGC was around April 2015, I think, in your documents, so the Committee would write and request some information on the ageing of that debt from TGU to NGC.

But at this stage I would like to begin the process of bringing these proceedings to an end. I think that this Committee here is charged with managing a series of entities under its remit and we are on a journey towards accountability. It is a journey. And this Committee is also here to support the entities that appear, that there are issues that affect your operations that you feel have not been treated with properly, or you just want to raise it, feel free to communicate with the Committee. The Committee is here to assist, guide and to support the state entities in doing the job for the people of Trinidad and Tobago.

I want to give you the assurance that the Committee continues to be laser focused on accountability. I cannot repeat it enough. This Committee is a Committee that we have a very wide set of powers in terms of requesting information; there is virtually nothing we are not capable of asking for, but the Committee is comprised of all professional people here, and we understand that there are issues of commerciality and confidentiality, and the Committee would act accordingly. So, I want to give you the assurance that the Committee is here, we are here to support you and your team, and all the entities that appear before us in doing right for Trinidad and Tobago. That is the objective of this exercise.

So, I want to thank you for appearing before the Committee. We appreciate your fulsome responses. We would like to signal to you right away that given the fact that several responses required you to provide additional information, we will be calling you back because that information will have to come to us and we will have to digest that information. So, we will be calling you back for a follow-up session to deal with all of the various items that you were not able to provide information for today, so we look forward to getting those responses. The Clerk of the Committee here—the Secretary—will communicate with you directly in writing as per the usual procedure regarding the requested information.

So, before we close I would like to invite Ms. Thorne the Acting President of NGC to give a few closing comments before we bring this session to an end.

Ms. Thorne: Okay. Thank you very much, Mr. Chairman. We welcome the opportunity to return to provide the information that we have not provided to date, and in some of these instances, you know, as we indicated, for example with respect to CNG, it is not that we do not have the information at hand, it is just that it is managed by a separate company. So, as I indicated we certainly would welcome the opportunity to come back and provide that information. I think it was—if I speak on behalf of everyone here—a pleasure to attend this session to provide you with as much information as possible.

In terms of accountability, transparency, the National Gas Company of Trinidad and Tobago believes in the facets of transparency and accountability, and everything, our procedures, policies are all geared towards that. So, to the extent that any assistance that is provided by any third party or any committee to assist us along that journey we welcome it. So, we are quite happy that you have taken the time to listen to us here today and, of course, to provide your feedback, and we will certainly go away with the comments and questions that you have posed to us. We will certainly use it as we move forward on our day-to-day activities at the National Gas Company of Trinidad and Tobago. Thank you very much, Mr. Chairman.

Mr. Chairman: Thank you very much, Ms. Thorne. I would like to thank the media, observers in the public gallery, the viewing and listening audience, and our YouTube followers and our Twitter followers, who have been sending—we have not been able to deal with all of those things, but what it says is that these hearings are engendering a wider and wider audience, and we want to thank all members of the public who have joined us today to view this hearing. I would like to say now that this meeting is adjourned.

12.02 p.m.: *Meeting adjourned*.