

VERBATIM NOTES OF THE NINTH MEETING OF THE PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE HELD IN THE ARNOLD THOMASOS ROOM (EAST), LEVEL 6 AND THE J. HAMILTON MAURICE MEETING ROOM, MEZZANINE FLOOR, TOWER D, INTERNATIONAL WATERFRONT CENTRE, #1A WRIGHTSON ROAD, PORT OF SPAIN, ON WEDNESDAY, JUNE 01, 2016 AT 10.18 A.M.

PRESENT

Mr. Wade Mark	Chairman
Dr. Tim Gopeesingh	Vice-Chairman
Mr. Fitzgerald Hinds	Member
Mrs. Cherrie-Ann Crichlow-Cockburn	Member
Mr. Foster Cummings	Member
Mr. David Small	Member
Miss Keiba Jacob	Secretary
Miss Hema Bhagaloo	Parliamentary Intern

ABSENT

Miss Shamfa Cudjoe	Member
Mrs. Jennifer Baptiste-Primus	Member

INVESTMENTS DIVISION, MINISTRY OF FINANCE

Ms. Yvette Babb	Director, Social and Economic Transformation (Ag.)
Ms. Sharon Mohammed	Senior Business Analyst
Mr. Lester Herbert	Chief Audit Examiner

NATIONAL INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED

Mr. Steve Garibsingh	President
Mr. Stephen Gardiner	Deputy Chairman
Ms. Charlean Straker	Vice President, Finance

Mr. Richard Maule	Financial Controller
Ms. Sharon Taylor	Project Director, Water Taxi Service

MINISTRY OF WORKS AND TRANSPORT

Ms. Florette Clarke	Deputy Permanent Secretary (Ag.)
Ms. Sonia Yearwood	Chief Planning Officer

Mr. Chairman: Good morning, and may I welcome members of NIDCO and other officials from the Ministry of Works and Transport, as well as Ministry of Finance, Investments Division representatives, members of the public, members of the media. Welcome. The purpose of this meeting, of the Public Accounts (Enterprises) Committee, is to examine the audited financial statements of the National Infrastructure Development Company Limited, NIDCO, for the period 2009 to 2013. Our Committee is desirous of hearing from the key stakeholders at NIDCO to learn the challenges being faced and determine some of the possible solutions and measures to overcome these challenges.

I want to make it very clear that the role of our Committee, the Public Accounts (Enterprises) Committee, is to help—may I emphasize, to help—NIDCO improve its delivery of services in an efficient, effective and economic manner. May I also advise that the meeting is being held in public and it is being broadcast live on Parliament Channel 11 and Radio 105.5 FM and the Parliament's YouTube channel, *ParlView*. Viewers and listeners can send their comments related to today's topic via email Parl101@ttparliament.org, [facebook.com/ttparliament](https://www.facebook.com/ttparliament), [twitter@ttparliament](https://twitter.com/ttparliament).

May I take this opportunity to invite members and officials from NIDCO, the Ministry of Works and Transport and the Ministry of Finance, Investments Division, in that order, to introduce themselves before we do the same? So I now invite the officials from NIDCO to introduce themselves.

[Technical difficulties encountered]

Mr. Chairman: We understand there may be—and we may need to address that in a few seconds. I would like you to start all over again for the record. Acting President of NIDCO, you could start again.

[Introductions made by the entities]

[Introductions made by members of the Committee]

Mr. Chairman: Well, thank you very much. At this point in time, I would call on the President of NIDCO to make a few opening remarks before we commence our examination of your financials for the periods under review. So the floor is yours, Sir.

Mr. Garibsingh: Thank you, Chair. Our opening remarks will be made by our Deputy Chairman. So I will hand over to Mr. Gardiner.

Mr. Chairman: You will ask—okay. Mr. Deputy Chair, Mr. Gardiner, the floor is yours.

Mr. Gardiner: Good morning, Mr. Chairman, honourable members of the Committee. We, the representatives of the board and executive management of National Infrastructure Development Company, thank you for inviting us to appear before your honourable Committee. We pledge our fullest support in assisting the Committee in its examination of the audited financial statements of NIDCO for the period 2009 to 2013. I am the Deputy Chairman of the board of NIDCO standing in proxy for the Chairman who is out of the country in a pre-existing assignment and sought the Committee's leave.

The enterprise NIDCO is a state-owned company of Trinidad and Tobago established in January 2005 under the Companies Act. Its primary role then was to increase the rate of implementation of the Government's public sector programme as it pertains to projects that are critical to the overall national development.

Eleven years on, the reason for its existence is still relevant. The Government remains committed to delivering infrastructure development projects to the people in a timely, transparent and cost-effective way.

NIDCO's articulate vision is to create a premier project organization with the competencies to deliver on its projects ever mindful of the best interest of the stakeholders and the impact of its development works on the environment. Its mission to achieve the stated vision requires that it manages its business in the highest ethical standards, to provide optimal, quality, value and act responsible towards its employees, stakeholders and environmental policies.

In accordance with this approach, NIDCO has provided procurement project and construction management services in a range of products, included highway construction, major roads, bridges, coastal protection, drainage upgrade, rehabilitation of watercourses, landslip mitigation and repairs, feasibility studies, et cetera. These projects had been predominantly done for the Ministry of Works and Transport, the line Ministry that oversees NIDCO and provides NIDCO with most, if not all, of its projects.

NIDCO's operating expenses are derived from fees charged for its services on the implemented projects. There is in place with the line Ministry an agreed percentage scale which is based on the overall project value. Payment is made to NIDCO subject to the actual work completed. Additionally, by Minute 1172 in 2005, Cabinet authorized NIDCO to implement the ferry service from Port of Spain to Point Fortin. The first phase of the project, Port of Spain to San Fernando, was launched in December, 2008. The total ridership has increased by 86 per cent from 2009, 223,000 people to approximately 414,000 people in 2013. The operation of the water taxi has always been subsidized by the Government, initially at \$134, decreasing in 2009 to around \$88 and currently stands at about \$68 per

passenger. A reduction of approximately 50 per cent since its initial start.

In closing, the present board at NIDCO was appointed in October 2015. Based on our review of the operation of the enterprise, we focused our attention on the following:

- rightsizing the enterprise for sustainability;
- reviewing the risk control systems and implementing policies to cover areas that were without adequate control;
- developing alternate revenues for NIDCO so as to improve its financial health by marketing NIDCO services to other Ministries that are in need of project implementing services.

Additionally, we are looking at ways to reduce the dependency of the subsidy from Government for the water taxi. We are also looking at implementing the second phase of the project which is from taking operations to Point Fortin and La Brea. We are also looking to create a culture of accountability and cost reduction. Ultimately, our mission is to mould a team of professionals that we inherited in NIDCO into a profitable professional team who will deliver our projects on time, within budget, no excuse. Thank you.

Mr. Chairman: Thank you very much, Deputy Chairman. We will commence by asking one of our members, Mr David Small to pose some areas that he would like to have clarified as it relates to your operations based on your financials, and then we will take it from there. So the floor is handed over to Mr. David Small.

Mr. Small: Thank you, Mr. Chairman. Good morning to everyone, members of NIDCO, members of the Ministry. I have two broad areas of questioning, Mr. Chairman, if you permit me and one has to do with governance and one has to do with how the company manages its finances. I want to take off by the—in the Chairman's statement, he says the company is now trying to create a culture of

accountability and cost-cutting. So I could only derive from that that perhaps, that has not been in place before.

What I found very surprising here in your submission, the team here asked a question: What systems are in place to ensure there is proper usage of funds? NIDCO provided no response. So that, that for me is a huge red flag. So my question goes, the company was asked—because your submission here, the pages are not numbered so it is kind of difficult to follow where I am. But there was a question asked, what the company has done to reduce overall costs in the organization, and they have not identified any broad cost-cutting measures being undertaken. So I would like to understand what broad measures or what strategies the company is undertaking to manage costs, and then I will come to my other question about the real viability of this business as it stands now. Could someone help me in the team? Representative of NIDCO. What are the broad areas that the company is looking at with regards to cost-cutting?

Mr. Garib Singh: NIDCO has actually put in place several measures in order to reduce its operating costs. For example, we have re-examined our usage of—purchasing of company vehicles for example. We have reduced the number of vehicles that we have in operation. We have looked at our staffing requirements and where we have had excess staff, we have either reduced or we have redirected those staff to other profitable areas.

In terms of the question you asked that we did not give a response to, that, unfortunately, was an omission on our part. And in terms of systems in place for proper usage of funds, NIDCO has a process for managing all of the funds that it uses. We have process charts for all of our activities. There is an internal process within NIDCO for tracking our funds, our usage and so on and there is also a process between NIDCO and its client Ministry in terms of the processes for

utilizing our funds. We do have a procurement policy and procedures which we follow rigorously. We have project budgets under which various heads of expenditure are outlined and we try to stay within those budget limits.

Mr. Gardiner: In looking at the figures for NIDCO in terms of costs and expenditure, you will observe that the major cost for NIDCO is personnel cost.

Mr. Chairman: You want to make reference to the document?

Mr. Hinds: Where are you looking? We need to know.

Mr. Gardiner: The financial statements. I am not sure if you have a copy of this document.

Mr. Hinds: For which year?

Mr. Chairman: The document that you are referring to, was that document submitted to the Committee?

Mr. Gardiner: All the financial statements for 2009 to 2013 were provided.

Mr. Chairman: So could the Deputy Chairman indicate to us which year he is referring to when he is going through that document?

Mr. Gardiner: Looking at the financial statements, I did an analysis in preparing for this meeting. I am not sure if that was submitted to you.

Mr. Chairman: But for what period? Because we are looking at 2009 to 2013.

Mr. Gardiner: I am looking at period 2009 to 2013.

Mr. Chairman: So you are making an overall financial assessment?

Mr. Gardiner: Yes, Sir.

Mr. Chairman: All right. So go ahead, proceed.

Mr. Gardiner: And when you look at it, on average, in 2013, for instance, the personnel cost was 64 per cent of the actual expenditures and that seems to have been the normal trend. In 2009, it was 57 per cent; 2010, 64 per cent, 57 per cent, 59 per cent; 2013, 64 per cent and currently at 2015, it is still around the same

level. If you observe, in our opening session, we looked at rightsizing the organization. In terms of costs, we see that was an area that got out of control. We are now attempting to bring that back into control which we consider to be rightsizing the organization.

Mr. Small: Thank you, Mr. Deputy Chairman, because in another page in your submission and I quote, it says:

NIDCO's operational costs have increased substantially over the past five years.

So I was interested to hear your response because it would have contradicted this statement. But I am going to leave that because I think what the Committee needs to understand from the company, if you are doing/looking at cost-cutting, there must be a target. You just cannot just cut cost. The company must be saying, okay, over the next year, we want to achieve 12 per cent or 15 per cent cost-cutting across the organization. Through the Chairman, if the plan for whatever the company is looking at, the areas of cost and your targets that you are looking to achieve, if you could provide that to the Committee, I am sure it will be useful, through the Chair, with the permission of the Chair.

Mr. Chairman, if you would permit me, I would have one more question in this session and it relates to several comments, again in your submission, about the company operating under unsustainably critical financial conditions and then I think one statement that was really pretty blunt that you will not be able to have sufficient financial resources to take it beyond June 2016 which I gather is this current month. So the company is suggesting here that as it stands now, based on this submission, that your financial resources are not able to take you beyond this current month.

My question is: where was the role of cash management and financial

management in this? Because I looked through the submission and I am seeing where the company has stated it has not received fees for services for three quarters—three consecutive quarters. Is it that if the company does not get any money for three consecutive quarters, it goes under? Where is the cash management? Where is the crisis management process within the company? I need to understand that.

Because if there is none, then the company is just sitting waiting on the Government to give them money to continue. Something is—in the planning, in the order of your system, I would like to understand, one, do you have a finance committee of the board? One. Do you have—what is the cash management plan for the company regarding keeping its operations afloat? That is two. And then three, in terms of where you see the company going, what is the crisis action you should be undertaking right now given that, according to you, your submission, you will be out of money to keep going by the end of this month? So I have three questions in a layer. At the board level, there should be a finance committee that is saying, listen, we are in a crisis situation and things should flow through; two, what is the cash management strategy, and three, in terms of where the company is, in a crisis, what is the crisis management strategy to deal with this?

Ms. Taylor: Good morning to the panel. To answer the first question whether or not there is a finance committee at the board level, yes there is. There are two members from the board who heads the committee and the committee has met several times. They are aware of the cash operating issue that NIDCO now has and what has been happening right now, there have been several meetings and at least two board notes put forward to handle the crisis.

With respect to the cash management plan strategy, NIDCO gets its management fees from projects. Our largest project was the Sir Solomon Hochoy

Highway. Fees from other projects, for example, bridges, landslips and so on, the percentage is very small. The fee structure that we now have range from 2 per cent to 7.5 per cent. In 2009, we were authorized to manage our pool of cash from project funding and that is what we have been doing. However, within the last nine months or so, we have had no cash injections but the cash balances right now, which is being used for operation, are the balances on projects. I do not know if that answers your question in terms of the cash management strategy. There are no projects coming forward either, right now, at this time.

However, going forward, there is a strategy where we have at least seven projects on hand. Both the Minister, our line Minister, and the Ministries of Works and Finance, there is a strategy where we are now working very closely together to ensure that NIDCO is sustainable. We have at least seven projects on hand right now and they are all ready to start.

Mr. Gardiner: If I may comment further, when you examine the operations of NIDCO, as I said we looked at rightsizing the organization, there was an increase in the cost through the increase in the manpower. Starting in 2010, at the time, for instance, the manpower and the core was 60 people. It has ballooned to approximately 173, roughly 113 people increased. And part of that problem was that in increasing the staff, the NIDCO was advised that there were projects that were coming its way and they went ahead and manned up. In doing that, some of these projects did not come to NIDCO and what NIDCO did not do is adjust the staffing to fit that. The new board, we are looking at that and we are examining and working with the organization to rightsize the organization. We have done a series of analysis, looking at different areas of the organization where the increase took place and its appropriateness with what is required by NIDCO. We are now in the process of examining that.

We have submitted a proposal to our line Ministry, both in terms of the manpower and also in terms of dealing with the current financial issues that we have. We have a proposal before them that would allow us to become operational. There are several projects ahead of NIDCO that have been at the Cabinet level. It is about five or six that have been approved. We are in the process of developing RFPs for the engineering aspects of it and sending these things out. We believe that once these projects actualize and rightsizing the organization, then we will be able to put NIDCO very quickly back on a proper operational footing financially.

10.45a.m.

Mr. Small: Mr. Chair, just one clarification and then I would close this. I understand. I accept what you are saying. My question, the last bit, was about the crisis period now. So I understand that you have projects that are likely to come on stream. What you are saying here in your document, in your submission, is that by the end of June you will be out of money. So I am saying the gap between the end of June—unless of course you expect to be receiving fees for these projects by the end of June that is fine. That is the clarification I am requiring. What is the crisis management strategy to bridge that gap? Are you going to do some borrowing? I need to understand what the company is going to do to sustain its operations until the new projects start to generate funds?

Mr. Gardiner: Yes, twofold. One, we want to correct the problem that we inherited, and that is mainly in the manpower, as we say, in the bulk of our costs. We have also reduced cost, in terms of operations on the fields. Where we had offices we have closed several of them. We have reduced that area. We have reduced the expenses that we have, in terms of the leases and that type of stuff. We have reduced our footprint.

Secondly, the finance committee has developed a plan, which was submitted

to the line ministry and that would allow us to resolve a lot of the problems that we have currently, the financial issues we have, and take us to the end, approximately, of this year. We have submitted all of that to the end of 2016. By then, we hope to rightsize the organization, reduce the cost and also be in a position to be implementing the plans that we have.

Additionally, for increased revenue, because that is another part, we are also looking at marketing ourselves to other Ministries for work which we believe that we are capable of doing.

Mr. Small: Thank you very much. Your statement is excellent and I support it, but it just means that the statement you made in here is probably dated, that you are going to be out of money by the end of June. I think members of the Committee were concerned. So what you are suggesting now and you have put on the table is that there is an interim plan in place, based on discussions with the line Ministry, that is going to take the company, keep it going, until the end of the year. Am I correct?

Mr. Gardiner: Yes, because we anticipate—

Mr. Small: That is fine. That is fine, because like everyone else I am concerned about state enterprises staying afloat. So I just wanted to know what the plan was and I am happy to hear that there is a plan. I am happy.

Mr. Gardiner: Thank you.

Mr. Chairman: Before the hon. Minister poses his question, the plan that you have made reference to, when was this plan decided upon? When did you come up with this particular plan? Because we have a document before us, in which you have stated categorically that by the end of June of 2016, you are going to be in financial troubles. You are now telling this Committee that you have a plan, an interim plan. Could you tell us when this plan was drawn up?

Mr. Gardiner: It was drawn up, I would think, over the last month, or the last two months I would say, yes.

Mr. Chairman: But why you did not submit that plan to this Committee? Because you told us, in your submission, which was a couple—on May 11th. And if you have a plan that you have drawn up between one to two months ago, why did you not share that plan with this Committee?

Mr. Gardiner: I think that may have been an error on our part.

Mr. Hinds: Thank you very much, Mr. Chairman. Mr. Vice-Chairman, management of NIDCO, I sit here today in my capacity as a member of this Committee and, therefore, we take a very non-partisan, analytical approach. I say so to have you know that today, while in fact the world knows that I am your line Minister, you find no friend in me.

I would like to have Mr. Garibsingh, your President, tell us in real terms. He talked about rationalizing the motor vehicle fleet. I would like to hear, because I know that is minuscule in the context of the records in front of us, but I would like, for the benefit of the listening public that we would hear in real terms how many vehicles we had and how many vehicles we have cut down to.

I would like as well to hear in real terms, while Mr. Gardiner spoke rather eloquently and professionally about rightsizing and all these management terms of art, I would like to hear specifically how many members of staff we are talking about. What did we have and where are we heading and how much money we are saving on a monthly and therefore annual basis in real terms for the public who is watching us to understand. We need to speak in a language that those who listen to us would understand, because this is for them. It is about accountability.

I would like as well, and as I wonder aloud, because you see the picture that is front of us is a stark one. The country is in some challenging financial

circumstances, and sacrifices are to be made. Some letting of sweat and blood will have to be experienced if we have to come back from where we are to that wonderful place again. I am wondering aloud, has this board considered—though unprecedented in contemplation but not new to the world—whether the very well-paid senior managers in the company have considered sharing that sacrifice.

Let me just tell you this quickly before I ask the final question. As a Minister of Government I am now voluntarily, along with my Cabinet colleagues, in light of the arrangements in front of us, contributing 5 per cent of my monthly income to a charity of my choice, every one of us. We did that because of the economic circumstances that are in front of us and as a Government we wanted to lead by moral authority and say we are prepared to make a personal sacrifice. We wanted to have a reduction in our salaries, but that is not possible under law, Financial Regulations. So we said we will part with this money to a charity of our choice, we will give. We did that.

Before we came to Government we had argued in the Parliament, in public, that there should be an increase in salaries for Members of Parliament, and so on, in light of the tremendous workload that is in front of us and everybody knows that. We abandoned that, having come to Government. When we could have implemented it in many ways, or pushed for its implementation, we abandoned that, in light of the circumstances that are in front of us, demonstrating a second time that we are prepared to make sacrifices for Trinidad and Tobago and for our company, the ones that we direct at the Cabinet level, in the circumstances. Mr. Vice-Chairman, has any contemplation been had in respect of any sacrifice 10, 5, 7 per cent, in respect of the senior management of the company, who would have been responsible for the circumstances that you have demonstrated to us?

So I want to hear in conclusion, actual cuts, in terms of vehicles, how many

and what kind of saving we could anticipate; actual cut in staff, in terms of numbers and what type of saving we expect, because you did say that in anticipation of a lot of work, the country manned up, and my manned up I thought you meant it hired many more staff and that work did not eventually come. I want to hear what that was and the actual cuts that we must expect and then I want to hear your submission and whether you all are prepared to consider sharing the burden of adjustment with the rest of us.

Mr. Garib Singh: In terms of anything specific, I had given vehicles as an example of the cost-cutting process and, of course, there were many other aspects of, but for the vehicles specifically NIDCO had 25 vehicles. That is now down to 15. In terms of other savings, we had closed down three offices in Fyzabad, Tobago, and Port of Spain. The savings is estimated. We can give you the actual figures in writing but roughly right now it is about \$100,000 per month savings in rent.

Mr. Hinds: Rent?

Mr. Garib Singh: Yes, because those buildings were rented. I would leave the right-sizing question to the Deputy Chair but I will answer the question on sharing of the burden. My personal opinion for you on this matter is that I am very happy to share that burden and I could tell you that I do so in my own monthly charitable donations. So, yes, I am not just willing to consider but actually do it.

Mr. Hinds: I must say quickly by way of intervention, I am not impressed.

Mr. Gardiner: Officially we have not taken a position asking the senior members to make a similar sacrifice as the Parliament.

With respect to the rightsizing of the organization, I will prefer not to do that at this point in time for the concern that we would have for our employees. It may cause some unnecessary—

Mr. Hinds: Thank you very much. Thank you very much.

Mr. Gardiner: But I will give you some numbers so that you have an appreciation of what caused the increase.

Mr. Hinds: Thank you.

Mr. Gardiner: As I said earlier on, when we are looking at rightsizing the organization we look at where it came from and where it is. We also examined what areas of the organization that were increased, so that we can rightsize the organization. And specifically, we are basically an engineering project management organization, therefore we expect as we increase our staff it reflects the work that we are expected to do.

In the new approach to rightsizing the staff, what we are saying is that we would only increase the staff based on the areas that require input for increased staff. What we have seen in the past, it did not match the expected work that was supposed to be undertaken. So we are attempting to fix that, where we will have if it is engineering, we expect to see engineering increase. What we saw was increase in other areas that really should not have been and those are the areas that we want to reduce.

Over the period we have had roughly 113 people increase, which is quite a high number and we would attempt to address that. But as I said, I would prefer not to do that in this public forum at this point in time.

Mr. Hinds: Thank you very much. Thank you very much. And finally, if I may, Mr. Chairman, through you, I rather suspect in my own contemplation of the question put by the Chair in respect of the plan, that plan, the short-term plan, to come from where you are in anticipation, of course, of the fees from the projects that now are on your menu. I suspect similarly you might consider that plan is a business plan and, therefore, its publicity might have similar impact. That is what I thought, especially since you have not even gone formally to your principals with

it just yet. That is my thought.

Mr. Gardiner: I would just like to add one thing, in terms of our plan to reduce cost, how we approach that. One of the things that we looked at, because we get our income from fees, we are looking at putting in, ensuring that we have a very rigorous control between fees collected for a particular project and making sure that we do not commingle funds from different projects, because that is part of the problem. So we are looking at ensuring that the projects are—the life cycle cash flow of the projects are tied to the Gantt chart. So that we are monitoring the performance of the projects and the money is being paid very tightly. This will allow us to be able to look at our cash flow and recognize where there are problems and take the necessary cost controls.

Dr. Gopeesingh: Thank you very much members for the answer to the issues on the human resource management aspect, in terms of your consideration of your rightsizing of the organization to meet the financial requirements that you need to keep the enterprise afloat.

Bearing in mind that you are a special purpose company established in 2005, and as you indicated, you were created to assist Government Ministries in implementing large scale infrastructure projects, critical national development. Our strategic direction is necessarily in direct alignment with the Government's policies, plans and initiatives. You would have played a considerable role in assisting your client, the Ministry of Works in a number of large scale projects, over a period of time, since starting in 2005, and now 11 years later and a lot of work would have been done through NIDCO. As a new board, have you been able to go back and see the work, let us say over the last few years and so on, to give you an appreciation of what has been done and where you are and where you need to go? I am sure you would have done that, because in your answers you indicated

that there are a number of projects that are still under consideration and have to be done.

Now, let us go to the nitty-gritty, the financial aspect of it. Do you operate as a company with your own bank account, NIDCO bank account? And if so, how do you get your funding? Is it from the Ministry of Finance through to the Comptroller of Accounts to you? Or your client seeks, on your behalf, through the Ministry of Finance, a borrowing to meet your commitments of your projects, or every project that is underway has to go through the Ministry of Works and Infrastructure for verification for payment, then to the Ministry of Finance, then to the Comptroller of Accounts, back to you? Or is it that you operate on your own account but money is borrowed/guaranteed by the State? Could you just give us an appreciation of that first?

Ms. Straker: Mr. Vice-Chairman, and others listening, all projects are funded through three different methods. So we have loan financing, we have infrastructural development funding and there is also advances. So, for example, depending on the nature of the project, NIDCO would be instructed through its line Ministry to go out and seek funding on the open market. For example, that would have happened with the water taxi. Then there would be infrastructural development funding for items such as landslips and bridges and drainage and other small works. These will go through infrastructural development funding where we have to send down the paperwork. It would go through one of the methods we just explained, in terms that it would first go to our line ministry who will then send the paperwork down to the Ministry of Finance and make its way back and the cheque would then be presented to NIDCO.

Then there is one other type of funding referred to as advances. It really happened, I think, with the Sir Solomon Hochoy Highway where we were given an

advance to fund the project in the first three years. With respect to the last set of funding, we have gone for a loan, which is a bridge loan, which is now going to be converted to a bond. So funding takes different forms, depending on the instruction from either Cabinet or the line Ministry. Sometimes the Ministry of Finance assists directly, with respect to the financial institution where the funding may come from. Sometimes it is given to us to do all of the RFPs and handle the project funding on our own.

Dr. Gopeesingh: Thank you for that clarification. Just some further elucidation that we may need. The infrastructure development funding is what the Ministry would have embarked upon for the particular year and an allocation done for that infrastructure development fund through the Ministry and then through the Minister of Finance who would have approved that. So those payments will go through the Ministry of Works and then to the Ministry of Finance and then back to you, based on what Cabinet has approved as projects.

Now, those that are loans, the loans come directly into your account and then you make the payment?

Ms. Straker: Yes.

Dr. Gopeesingh: And that is not checked by the—how is the checking verification done by the Ministry of Works and the Ministry of Finance, having your own loan funding, which you are operating?

Ms. Straker: Okay, something referred to as drawdown. So, the loans are provided to us. After all the paperwork is finished, what needs to happen, the exact process is followed for every type of funding. So, instead of receiving a physical check for IDF funding, we would get a document saying “approval to drawdown on the loan”. So, for example a bridge is complete, the entire folder would be done, a payment voucher would be sent to the Ministry of Works and Infrastructure

outlining the documents, in terms of the invoices, the contractors' invoices, the engineers, payment certificate. This would be forwarded to the line Ministry who would then check off all the works completed and give approval to then drawdown on the loan to make the payments. So there are checks and balances. The only difference is that it is not a physical cheque coming back to us but an approval to drawdown on the funds.

Dr. Gopeesingh: All right. I think you have clarified that. The loan you all have to—does the Permanent Secretary in the Ministry have to verify all the necessary—

Ms. Straker: Yes, every single one of them.

Dr. Gopeesingh: Have to check through and make sure that it is in line with what is required according to the state enterprises?

Ms. Straker: Yes, Sir.

Dr. Gopeesingh: And then you all would issue the payment or the Ministry of Finance issues the payment?

Ms. Straker: If it is a loan, the payment would come directly from us.

Dr. Gopeesingh: From you, all right. I notice that in one of your responses you said that—these pages are not numbered, unfortunately—but issue number 4, if you have it before you: profile of the current debt commitment, you have amount due to contractors as at March 2016, is \$427 million approximately. This amount is to be met from Government funding. Obviously, there would be a number of contractors requiring payment. What is the proposal of NIDCO to complete the payment for these contractors of \$427 million, based on the fact that the FIDIC contract, as far as I understand, necessitates payment within 56 days of the completion of the work done and certified? There would be a number of contractors who the FIDIC contract would not have satisfied. They would have

gone beyond the FIDIC contract, in terms of that amount being owed for 56— could you give us an appreciation of how and what you do about the payments of that and how old are some of these commitments? And if there is any possibility, how many have gone beyond the 56 days that are required to be paid under the FIDIC contracts?

Mr. Garibsingh: Most of our projects under the bridge programme, for example, landslip programme, coastal protection programmes, they are all funded under the IDF. Therefore, our payment documentation, having been checked by NIDCO to the client Ministry, Ministry of Works and Transport, for payment.

As the document shows, quite a few of those contracts have not been paid in a timely manner. They have not been paid out in a timely manner. As a result, the majority of those projects are under suspension by the contractors. In other words, works have been stopped due to non-payment, while we await funds from the Ministry, in order to make those payments. Some contractors have moved forward and financed the project on their own while they await payments but the majority have held their hand until and it is under suspension at this time. What NIDCO can do at this point is to await the release of funds from the Ministry of Finance, through the Ministry of Works.

Dr. Gopeesingh: Since you have taken office, have you had any funds released to you, in terms of payment to be made to contractors from last year to now?

Mr. Garibsingh: Yes, some payments have started coming through. We have made, I cannot say the exact amount, but last month actually, at least five contracts that I can recall have received payments.

Dr. Gopeesingh: The value we are looking at?

Mr. Garibsingh: \$15 million.

Dr. Gopeesingh: That is a drop in the bucket out of the \$426 million that is

required.

Mr. Garibsingh: Yes, but given the financial situation of the country we—

Dr. Gopeesingh: Have you stopped any contracts yourself or the contractors have terminated/suspended their contracts?

Mr. Garibsingh: I just clarified no contractor has terminated.

Dr. Gopeesingh: But have they suspended?

Mr. Garibsingh: They have suspended, yes.

Dr. Gopeesingh: Because of lack of payment?

Mr. Garibsingh: Because of lack of payment, yes.

Dr. Gopeesingh: All right, last one. There has been a lot of public uncertainty in information as to the cost of the highway from San Fernando to Point Fortin, could you give us a true appreciation of that, in terms of the work done? What was the original cost? What was the payment made so far, and how much work has been done, including the advance payment, and so on, on that project, and whether that project has been suspended by the contractor or terminated by the contractor, or whether the State has terminated the contractor? That is OAS.

Mr. Garibsingh: The contractor has not terminated the contract.

Dr. Gopeesingh: So OAS has not terminated?

Mr. Garibsingh: No.

Dr. Gopeesingh: Have they suspended?

Mr. Garibsingh: The contract has only one subcontractor working on site at the present time, but all other works have been stopped. I believe the only area that is working now would be down at the Southern Main Road to Dunlop section.

Dr. Gopeesingh: I do not want to go into detail. So the contractor has not terminated the contract? Have they suspended their contract waiting for payment?

Mr. Garibsingh: There is no official suspension from the contractor.

Dr. Gopeesingh: So there is no official termination nor suspension from OAS?

Mr. Garibsingh: That is correct.

Dr. Gopeesingh: Has NIDCO terminated or suspended OAS? Has NIDCO done so?

Mr. Garibsingh: NIDCO has not done so.

Dr. Gopeesingh: So, Mr. President, the State has not, NIDCO has not—OAS has not terminated nor suspended the contract and NIDCO has not terminated nor suspended the contract. So why is there no work going on if there is no termination nor suspension?

11.15 a.m.

Mr. Garibsingh: Just to add one more point to my last statement, NIDCO does not owe OAS any money at this time.

Dr. Gopeesingh: No, I am coming to that.

Mr. Garibsingh: I just want to make—

Dr. Gopeesingh: Do not pre-empt me.

Mr. Garibsingh: Okay, sorry.

Dr. Gopeesingh: I am just trying to get some clarification because a lot of—in the air, in the public domain, a lot of questions are being asked still, and the workers are affected—people who have been working with subcontractors with OAS and have not being paid—and they are seeking redress on that. So could you help clarify what the situation is: if there is no suspension, no termination on either part, where are we?

Mr. Gardiner: OAS was supposed to start back working on the project January 5th, they have not done so in any substantial way. OAS appears to have severe financial and internal issues. I believe some of it stems from their problems they have abroad. OAS at this point in time has not demonstrated that it is capable of

continuing the project. It is at a critical stage in our relationship and as you rightly said, nothing is actually going on with OAS. We are working through those issues that are very sensitive at this time, but OAS is under obligation to finish the project. With respect to payment, NIDCO does not owe on any IPCs from OAS.

Mr. Hinds: IPCs, when you say IPCs, those listening to us may not understand that.

Mr. Gardiner: Interim Payment Certificates.

Mr. Hinds: I do. I do.

Mr. Gardiner: Interim Payment Certificates.

Mr. Hinds: Thank you very much.

Mr. Gardiner: That is a process by which the work is evaluated by the engineers, and based on that, the submission from the contractor, and we can verify that, approve that, and that is what we are paid against. At this point in time there are no outstanding IPCs from OAS.

Dr. Gopeesingh: Thanks. Mr. Gardiner and the President, Mr. Garibsingh, could you give us and the country an appreciation, what was the original cost of the contract? How much work has been completed? How much payment has been made in that context? Could you give us an appreciation?—and the outstanding work to be completed?

Mr. Garibsingh: To date, OAS has completed approximately 61 per cent. Remember, it is a design/build contract, so it includes a design portion as well as physical works. The physical works are approximately 49 per cent; designs, 88 per cent.

Dr. Gopeesingh: How much?

Mr. Garibsingh: 88 per cent. Therefore overall, it is around 61 per cent completion.

Dr. Gopeesingh: Right. The original cost of the contract?

Mr. Gardiner: In terms of actual construction that the public will look at?

Dr. Gopeesingh: No, the original contract between the State and OAS. What was the value of that?

Mr. Gardiner: \$5.2 billion.

Dr. Gopeesingh: How much?

Mr. Garibsingh: \$5.2 billion.

Dr. Gopeesingh: So \$5.2 billion is the contract between OAS and the State? And 61 per cent of the work has been done. So how much payment has been made to OAS so far?

Mr. Garibsingh: Approximately \$3.7 billion.

Dr. Gopeesingh: \$3.7 million?

Mr. Garibsingh: Billion.

Dr. Gopeesingh: \$3.7 billion.

Mr. Garibsingh: Yes, that is around—

Dr. Gopeesingh: Out of the \$5.2 billion?

Mr. Garibsingh: Yes, that is around 71 per cent of the budget. However, that would include the advance payment. So therefore when—you have to retract the advance payment from that figure.

Dr. Gopeesingh: So you have 61 per cent of the work, let us say 60 per cent of \$5.2 billion, which is \$3.12 billion, and you have paid \$3.6 billion?

Mr. Garibsingh: \$3.7 billion.

Dr. Gopeesingh: But that \$3.7 billion includes a significant part of the advance payment.

Mr. Garibsingh: Correct.

Dr. Gopeesingh: So, therefore, the State and the OAS are at the same situation,

where no one really owes anybody any money or anything, basically.

Mr. Garib Singh: More or less.

Dr. Gopeesingh: So, if OAS decides to terminate their work now on the original contract, it means then that about \$1.5 billion work has to be done still to that extent? Yes?

Mr. Garib Singh: That will be the remaining budget, yes.

Dr. Gopeesingh: You said you have reached a critical stage, a sensitive stage in your negotiation with them. We would not want to go into that because that is between client and the other one. I just want to thank you very much. I wanted to get an appreciation and I think the country and, of course, we would have liked—everyone would want to know where we are.

So in summary, the original contract is \$5.2 billion for the highway, \$3.7 billion has been paid, 61 per cent of the work has been done, and you all are still discussing the way forward on the completion of the highway? Yes?

Mr. Gardiner: Yes. I think it is one other important point that you need to be aware of, and that is, parts of the work, parts of the original indicative design were removed; this is what we call Addendum II. So you have to understand the impact of that.

Dr. Gopeesingh: So you will have to now renegotiate that?

Mr. Gardiner: If we put that back in—

Dr. Gopeesingh: If you bring that in now—

Mr. Gardiner: Then that becomes a new cost.

Dr. Gopeesingh: Which you will discuss with the company?

Mr. Gardiner: Sure.

Dr. Gopeesingh: Thank you very much.

Mr. Chairman: May I suggest that you submit in writing to this Committee, a

detailed status report on this entire matter of the San Fernando to Point Fortin Highway. And secondly, may I suggest that you may also want to share with this Committee, how can we avoid, NIDCO, avoid in the future, such a development that we are now experiencing?—because at the end of the process, we want to avoid these kinds of developments in the future. So maybe NIDCO might have its own views and own ideas as to how can we as a country, and you as an organization, recommend and/or suggest, that we seek to avoid these kinds of developments in the future? I think it would be very useful in that regard.

Mr. Garib Singh: NIDCO will produce a final lessons-learned document. We already have information on that, but we will willingly share that with the Committee.

Mr. Chairman: Before Mr. Foster Cummings comes in, you—we talk about contractors owed some \$427 million. What I wanted to ask Mr. Garib Singh, do we have a list of these contractors? Can you provide us with a detailed list of these contractors, and the amounts of moneys that are being owed to each contractor? And you also indicated that some contractors have suspended voluntarily their contracts, whilst others have pursued financing those contracts on their own volition, or their own steam. Could you give us a breakdown on those who have suspended, and those who have continued?

And maybe the Deputy Permanent Secretary in the Ministry of Works and Transport can tell us why it is that works that have been completed, certificates that have been issued by NIDCO on matters, why funds are not being released to honour these obligations? Why are contractors who have completed their work are still being owed money by NIDCO? Maybe the Permanent Secretary can help us with that?

Mr. Garib Singh: Before the PS answers, I just want to state that the information

you asked for is readily available. So we can provide it.

Mr. Chairman: No problem. Permanent Secretary, Deputy?

Ms. Clarke: I will turn that over to Ms. Sonia Yearwood to answer.

Ms. Yearwood: Good day, Chair. The Ministry follows a process as detailed by NIDCO, in terms of requesting release of funds from the Ministry of Finance for projects under the Infrastructure Development Fund, which is where most of these projects lie. The documentation would come to the Ministry; the documentation would include certification by NIDCO; this would then be reviewed by Ministry personnel and would be provided with a further certification to identify that the Ministry has reviewed and supports the process and the recommendation being made; and it would be submitted to the Ministry of Finance for the request for release of funds.

In some instances what may happen is that we may cross a financial year, as has happened in this instance in the main, and then we would then have another procedure to go through, which would be an auditing of the request, and then it would have to be signed off once again by the Permanent Secretary, who in this instance has been a new Permanent Secretary, and then submit it to the Ministry of Finance.

The Ministry of Finance may also ask for further documentation, which has happened in certain cases in this instance, where the Ministry of Finance did ask that the new board of NIDCO review and ensure that these payments were properly certified, which it has done, in the instances that we did submit. And they have provided that information to the Ministry, and we have now resubmitted to the Ministry of Finance.

So the Ministry has sought to follow the procedures that have been laid down, and the Ministry of Finance—we are now being so guided by the Ministry

of Finance in terms of the releases, which we have started to receive as indicated by Mr. Garib Singh.

Mr. Chairman: We are coming to the end of another financial year. We have about four months to go before the end of the financial year. What mechanisms are going to be put in place to avoid another repeat and another auditing of that process?—because people, they have worked, and the Ministry of—well, NIDCO, has submitted certificates, and all the processes have gone through, according to you. What is causing the delay as far as you are aware in the payments of those contactors? Before you talk, let me just—

Ms. Yearwood: Chair, it would be a bit beyond me to indicate.

Mr. Chairman: So we will have to go to the Ministry of Finance?

Ms. Yearwood: It may be.

Mr. Chairman: We will have to summon the Ministry of Finance to get some clarification because it is beyond you. You would not be able to answer that question.

Ms. Yearwood: I will not.

Mr. Chairman: I think Mr. Foster Cummings will like ask a question.

Mr. Cummings: Thank you very much, Chairman. I would like to. Although I know you did request a written response, I have some questions in relation to the highway to Point Fortin that I would like to pose to NIDCO at this time. Someone gave an estimate of the completed construction aspect of the project. Can I just get that figure again? It missed me.

Mr. Garib Singh: It is approximately 61 per cent overall.

Mr. Cummings: That is overall?

Mr. Garib Singh: Yes. Physical construction is 49 per cent overall.

Mr. Cummings: 49 per cent? Thank you.

Mr. Cummings: And this is a design/build project?

Mr. Garib Singh: Correct.

Mr. Cummings: Mr. Gardiner, you made mention of a design change, very briefly. I wanted to get some additional information on that. What does that entail? How does it impact on the overall cost of the project?

Mr. Gardiner: It does, in that Addendum II removed the part of the highway from Debe to Mon Desir, that part was excised. That part will have to be put back in. Additionally, certain interchanges were removed for roundabouts. And in Addendum II, the road between, I think, Siparia to Mon Desir, was reduced to two lanes, yes.

Mr. Cummings: So the original contract sum was \$5.2 billion to design a particular project?

Mr. Gardiner: Which we call the indicative design.

Mr. Cummings: Yes, and you have now completed 61 per cent of the overall project. You have spent \$3.7 billion and you are saying to us that several changes were made in Addendum II. which includes the segment between Debe to Mon Desir being removed. Am I correct so far?

Mr. Gardiner: Being removed from the contractor to be done by nominated subcontractors.

Mr. Cummings: Right. Interchange replaced by roundabout, four interchanges, and the Siparia to Mon Desir reduced to a two-lane?

Mr. Gardiner: I believe, yes.

Mr. Cummings: How does that—how in terms of dollars and cents, how did these changes affect the overall cost of the original, as you say indicative—what word did you say? What was the term?

Mr. Gardiner: Indicative design.

Mr. Cummings: Indicative design, thank you. How do these changes affect the overall cost of the project, upwards, downwards? And how does this payment of \$3.7 billion relate to that change in cost?

Mr. Garib Singh: Unfortunately, we do not have the figures for the section that was to be done by nominated subcontractors at this time. So I will have to provide that in writing to the Committee.

Mr. Cummings: Without the figures, tell me then, for the benefit of the listening public and the taxpayers, we had an original project valued at \$5.2 billion, and you have spent \$3.7 billion, and what we originally planned to build has been significantly changed. Do you think that the \$3.7 billion paid represents value for money?

Mr. Garib Singh: The budget of \$5.2 billion for the project was fixed, right? And NIDCO's instructions were not to—we could not exceed our budget. We would stay within budget. Now, part of the lessons learnt, that was asked for, when the highway was started only a small portion of land acquisition was completed, that was for the Golconda to Debe segment. I need to give you some—

Mr. Cummings: Mr. Garib Singh, are you normally a soft-spoken person?—because I am having difficulty hearing you.

Mr. Garib Singh: Sorry. So only a portion of the land acquisition was— small portions of the lands were acquired. Now, as a result of that, we had difficulties with making other sites available in a timely manner, while construction was taking place, all right?—that caused a number of issues to arise. One, claims for delay and disruption, because we are trying to acquire lands while building a highway. One of the lessons learnt, moving forward for the country, do not build highways unless you have the land available. All right?

So that caused significant variations in terms of claims and other costs that

had to be paid to the contactor. That is why, since we have had a fixed budget, we had to look at reducing costs, and you can reduce costs in two ways—by value engineering and scope reduction. There are other ways, but those are the two main ways.

So NIDCO did undertake a value engineering exercise, and we adjusted vertical alignments and so on, but that was not enough if we were to stay within budget. Therefore, we had to look at the scope, and that was how we were able to—reduction from four lanes to two lanes, and interchanges going to roundabouts, right?

So in terms of value for money, NIDCO did its very best in order to make sure we did not go over budget, while delivering the segments of the highway that could be delivered.

Mr. Cummings: Can you tell us what percentage of this \$3.7 billion would have been paid to OAS, as a result of claims for delays, consequent upon NIDCO being unable to provide the land for the construction of this highway on a timely manner, and other delays as well? What percentage of this would represent moneys paid for delays, as opposed to moneys paid for actual work done? If you do not have the exact figure, you can give us an estimate.

Mr. Garib Singh: In terms of—I can give you the total claims figure. I cannot disaggregate it. I do not have that information here, but the total claims figure at this point in time is \$389 million approximately.

Mr. Cummings: \$389 million paid to OAS for claims connected to delays?

Mr. Garib Singh: That will be all claims. Not just delays. I do have a disaggregated figure.

Mr. Chairman: Is it possible, Mr. Foster Cummings is asking that you could submit to us in writing a detailed breakdown of the \$389 million? So that at least

the Committee would be clear in its mind as to what it is made up of.

Mr. Cummings: Before, Chairman, can I ask a follow-up question?

Mr. Chairman: Then after, Mrs. Crichlow-Cockburn.

Mr. Cummings: What does this \$389 million represent, please for clarification?

Mr. Garibsingh: All claims from the contractor, claims for delays, disruption, other time-related charges. We will provide a breakdown of the amount.

Mrs. Crichlow-Cockburn: Thank you, Mr. Chairman. I would have noted in your submission that the company as at March 31, 2016 would have accumulated loss of \$49.7 million. Could you give us an indication as to the company's current financial state? What are the major factors that would have contributed to this situation?

Mr. Chairman: Madam Vice-President, Finance?

Ms. Straker: What are you referring to, sorry? What figure you just quoted, sorry?

Mrs. Crichlow-Cockburn: \$49.7 million, that is stated in your submission as your accumulated loss as at March 31, 2016.

Mr. Gardiner: 2016?

Mr. Chairman: Can you give them the page?

Mrs. Crichlow-Cockburn: Well, the pages are not numbered.

Mr. Chairman: There would be issues. If you could just advise them?

Mrs. Crichlow-Cockburn: It is question No. 4. It says here, first point would have been:

At this point in time NIDCO does not have sufficient financial resources to take it beyond June 2016.

And then it goes on:

The company as at March 31, 2016 has—

Mr. Chairman: That is the one, the issue on solvency; the one on solvency.

Ms. Straker: Okay. Without finding those—so, \$23 million or approximately \$24 million would be brought-forward losses from 2015. So 2015 would have ended with a loss of approximately \$24 million. Our expenditure is approximately \$4.3 million a month, and with little or no management fees since this fiscal has started, the accumulated losses from October to March would give you that differential; that is how you probably have that \$49 million. I cannot find what you are referring to right now, but \$49 million minus \$23 million will give me—okay.

So every month we have approximately a \$3.5 million loss, and from April to March it is most likely where the difference—plus the \$23 million brought forward from fiscal 2015—gives you the overall loss; accumulated losses.

Mrs. Crichlow-Cockburn: Okay. So NIDCO would have done its corporate plan 2016—2020, what would you have identified as the opportunities and the—well, you would have looked at your threats and the opportunities, what would you have identified? And what have you included in that strategic plan to deal with this situation?—because, okay, let us say for the rest of the financial year, you remain in the same situation, what happens to NIDCO?

Ms. Straker: Some of the things we look—when you say the strategic plan, I am thinking—are you referring to—

Mrs. Crichlow-Cockburn: You would have developed a corporate plan 2016—2020.

Ms. Straker: Okay.

Mrs. Crichlow-Cockburn: That is stated in your submission, okay. The Committee would expect that that strategic plan would seek to address the challenges, and it would have identified your goals and your objectives and how you intend to move forward. So, I am asking, what is there in your strategic plan to take you out of your current situation? And is NIDCO prepared to operate or to

treat with if you continue to be in the situation where you are not getting any fees? You know, what are your plans? How are you going to get out of this current situation?

Mr. Gardiner: When we looked at—and we are in the process of developing a strategic plan. In fact, at our last board meeting we asked the individuals to go back, based on certain things we raised with them. With respect to the current situation, we are trying to bring some balance to the organization, which we have submitted to the line Ministry, a plan that gets us to some point of that, which also includes in our area of highest costs, we looked—a very detailed plan has been submitted to reduce that cost. And as I said, I would choose not to deal with that at this point in time, because of the sensitivity of that.

So the bulk of our costs is associated with our personnel cost and housing our individuals, that is the bulk of NIDCO's costs. Some of the other minor things we spoke about, for instance, about our number of vehicles we have had, and all that type of stuff, we are addressing that.

We are also, in the strategic plan, looking very hard at organizing the company in such a way that how we manage the projects going forward. And we have a number of projects that are new, coming from the Ministry of Works and Transport. These projects, we are saying that the management of it compared to what we inherited, we will be very, very vigilant and disciplined in managing the cash-flow management. With respect to the grand chart, and with respect to how we man the organization and how we provide the resources to meet the needs of the projects.

One of the things that caused the ballooning of the costs you are seeing, is that I think, in 2013—2015, one of the things, one of the errors that we made, was that NIDCO ramped up its manpower, without first getting guarantees that the

projects were to be implemented. What we are doing now is that, for instance, we have had a number of initiatives which have not gone forward. We have gone to the point where we have actually done the RFP, we have done the bid valuation, but have not awarded any contracts, because one of the things that we are doing now is to ensure that before we embark upon any project, we must have clear sight of the funding. We must have clear sight of where the funding, and a commitment from both the line Ministry and the Ministry of Finance, to ensure that we do not get into this situation. And we will only ramp up personnel based on the need at the time as we move forward. So that is a major change that we are making which caused this problem that we now have with the balloon, because once we had to ramp up, we had to have all the things necessary to house the individuals, offices, vehicles, the whole cost escalated.

11.45 a.m.

In our strategic analysis now, we are looking at how do we bring balance back to the system, and also do not do what we have done in the past in terms of incurring cost without any clear sight of the revenue.

Mrs. Crichlow-Cockburn: You spoke at length—and once it would not put you in any difficult position—about staffing and cost. What percentage of your total operating cost does employee cost represents?

Mr. Gardiner: At the moment, 62 per cent.

Mrs. Crichlow-Cockburn: I would have noted that there are a number of projects that NIDCO would have been responsible for. Do you at present have the capacity to treat with those projects or would you need to increase your capacity?

Mr. Gardiner: We do not think so. We think we have more than enough. In fact, we may have too much. Specifically, in NIDCO, we look at where we need for the type of products that we have the manpower should increase, for instance, in

engineering, that is the core competency of what we do. Other areas we have seen significant increase, and we will be dealing with those as we move forward.

Mrs. Crichlow-Cockburn: Okay. My last question is. Is it that the staffing may have been in areas that would not have been beneficial to the company?

Mr. Gardiner: Yes.

Mrs. Crichlow-Cockburn: Okay. Thank you very much.

Mr. Chairman: All right. We are trying to complete our enquiry by 12.00 noon, so I would ask Dr. Tim Gopeesingh—those questions that are coming and you cannot answer them in the way that we would like, we are going to suggest that you submit them in writing in detail. Okay? Dr. Tim and then Mr. Foster Cummings.

Dr. Gopeesingh: For the members of the Committee, NIDCO, you indicated 49 per cent of the construction has been completed, but how much percentage of the design has been completed?

Mr. Garibsingh: 88 per cent.

Dr. Gopeesingh: How much?

Mr. Garibsingh: 88 per cent.

Dr. Gopeesingh: 88 per cent of the design. And from the both you have extrapolated that an average of 61 per cent have been completed?

Mr. Garibsingh: Yes.

Dr. Gopeesingh: Right. And you said that based on the addendum of changes you have decided, of course, with the State, with the Government, that the interchange, the four interchanges would be replaced by roundabouts and the Siparia to Mon Desir moved from four lanes to two lanes. Yes? And the whole change has been basically between Debe and Mon Desir. I want to ask you some other questions now. How much of this 3.7 was paid to consultants and how much was paid for the

land acquisitions to the people who were in the path of the highway? How much was paid for acquisitions and how much was paid to the consultants?

Mr. Gardiner: I should point out that the \$5.2 billion was for the contractor, OAS. There are other costs associated with the project, for instance, such as land acquisition, the engineering consultant, outreach, management fees and contingent. So those are the expenses. They totalled about \$1.9 billion.

Dr. Gopeesingh: That would include acquisition, land acquisition, consultants.

Mr. Gardiner: Yes.

Dr. Gopeesingh: What else?

Mr. Gardiner: Community outreach, management fees, contingency—

Dr. Gopeesingh: Management by whom?

Mr. Gardiner: Management fees for NIDCO.

Dr. Gopeesingh: To NIDCO?

Mr. Gardiner: Yes. Contingencies, finance charges and the total being approximately \$1.9 billion.

Dr. Gopeesingh: All right. Could you give us an idea whether the negotiations with the local contractors to complete the highway have been completed or are they in process? The negotiations with the local contractors.

Mr. Gardiner: No. We have not done any such, because we are still, our expectation—OAS obligation is to complete the contract until we make some other decision.

Dr. Gopeesingh: I am trying to get—have the negotiations been completed for the other parts of the construction?

Mr. Gardiner: No, there is no negotiation.

Dr. Gopeesingh: No negotiation. How much advances? You said that the contractor, OAS has been paid 3.7 and it is 3.1 you value the work, which included

the 3.7, the advances. How much of the advances is in that between the 3.1 and 3.7? The value of the advances. How much of that has been secured by which banks or guarantors? In other words, you have paid a certain amount for advances. If you do not have the answers now, we will appreciate them in writing.

Mr. Garib Singh: We will provide that in writing.

Dr. Gopeesingh: Last question on that. Okay, I would pause.

Mr. Chairman: Okay, Mr. Foster Cummings.

Mr. Cummings: Thank you very much, Chairman. I want to ask, very quickly, what was the budget for the land acquisition aspect of this project and how much has land acquisition cost so far?

Mr. Gardiner: \$700 million was the budget. We spent \$517 million so far.

Mr. Cummings: I did not hear that last part.

Dr. Gopeesingh: Pull the mike closer so we could hear. Both of you are speaking softly.

Mr. Gardiner: The budget was \$700 million. We have spent \$517 million, roughly 74 per cent of the total budget on land acquisition.

Mr. Cummings: Have we completed the land acquisition process?

Mr. Gardiner: No.

Mr. Cummings: No. It is very puzzling to me, I am sure members of the public listening as well, how such a project of this magnitude could have been started and the question of the land acquisition had not been properly executed, which resulted in taxpayers paying millions of dollars in claims to the contractor. In terms of the other projects that were executed by NIDCO, can you tell us whether there are any similar experiences in terms of claims from contractors for delays resulting in these types of payments to contractors?

Mr. Garib Singh: The answer to that is no. Many of our projects, like landslips and

bridges and so on, are usually built in the same place where the project is. While there may be some land acquisition for example for a landslide, for example, these things, there is only one site, so usually it is resolved fairly quickly. So those are generally not issues.

Mr. Cummings: Is this a question of mismanagement? When I look at the question of the staff at NIDCO being increased during the period 2009 and 2013 we are dealing with, from 60 to 173 and a project of this nature being started without lands being acquired running up a bill of \$400 million almost, what accounted for this kind of conduct by NIDCO? What drove the managers at NIDCO to make these decisions that cost taxpayers over \$400 million almost?

Mr. Garibsingh: NIDCO gets projects, as we said before, from its line Ministry. We are directed to undertake any particular project on behalf of the Government. So NIDCO's responsibility with the Solomon Hochoy Highway was to build the Solomon Hochoy Highway and that is what we did under the direction of our line Ministry.

Mr. Cummings: So NIDCO operated under the direction of the Ministry of Works, at the time, to conduct itself in this way?

Mr. Garibsingh: NIDCO was directed to build a highway. NIDCO's role is to undertake projects as directed by the Government, which is what NIDCO did. In terms of the acquisition, the acquisition had been started and completed for between Golconda and Debe. There was a section of the highway between Dumfries to Paria Suites, those were available for construction. So, therefore, we were given instructions to start the highway. Those sections were given first to the contractors for construction and a plan put in place to acquire the remaining portions of the highway while the contractor was building in the areas that were free.

Mr. Gardiner: Hon. Member, these are the challenges that the new board faces, these are the issues that we have to deal with and these are the issues that we have to attempt to correct. I do not want to sit here and cast blame or whatever. When we look at it, these are the challenges that we have to address, have to find solutions for to be able to move the project forward so that we can deliver the originally stated objectives. We have found a lot of things that we think that need to be corrected, and we are in the process of dealing with those issues in a way that we will be able to deliver to the public, to the people of Trinidad and Tobago, a project that will deliver the benefit as originally proposed.

Mr. Chairman: Mr. Gardiner, I think that this is about the second time you are making that statement along with Mr. Garibsingh, and this is why I made the point earlier that our responsibility here is to help you—more efficient, more effective and more economic—and whatever recommendations you could advance, given the challenges that you have identified would help us to help you, and that is why I have asked Mr. Garibsingh and your good self to submit to this Committee recommendations and suggestions to overcome those obstacles and those challenges as we go forward.

Now, there are some areas I would like to raise as we come to the end of our—first of all, let us deal with the year 2010, 2011 and 2012. There is this question of the correct accounting treatment of the Water Taxi assets, and the cost of Government projects managed by NIDCO, and you identified those challenges in your submission. First of all, we have a situation where NIDCO's finance team was not in agreement with the treatment provided or adopted by previous auditors Ernst & Young as an example which was in line with the interpretation given by IAS, and then some auditors B Montgomery and Company, they had a different perspective on this matter, and this apparently resulted in delays after delays after

delays.

Now, I do not know if that is responsible partly for the non-submission of your financial audited statement for 2014 and 2015 thus far. You need to clarify. But given the treatment of these assets by various accounting and auditing firms, we would like NIDCO to provide to this Committee the following—you do not have to provide the information now—in writing. We would like you to provide an explanation on the following: what were the reasons for the change in auditors from Ernst & Young to B Montgomery and Company, first? Who actually have the rights of ownership and responsibility of the maxi-taxi vessels that is the Water Taxi? I do not know, maxi on meh mind, but it is really Water Taxi assets. Okay. Also, Mr. Garibsingh, is there a registry for these vessels? What was the arrangement of the Water Taxi assets? What was the previous treatment of these assets adopted by NIDCO? Did NIDCO not seek to get an outside opinion on the matter?

Ms. Straker: Yes, we did.

Mr. Chairman: But that in writing, please. What are the reasons for the delay in the interpretation of the relevant IAS? And, as you know, that is an accounting term internationally. What exactly were the implications of this change in accounting treatment to the Water Taxi operation? How did this treatment, this new treatment, affect the financial reporting for NIDCO for 2014? These are some of the areas we would like you to clarify for us because it did cause some problems with the accounting submissions by NIDCO for the periods 2010, 2011 and 2012. I do not know, as I said, from what I am seeing here, it appears that that certainly would have affected your financial reporting for 2014. So, would you want to give us any clarification now on this whilst you submit in detail your submissions?

Mr. Taylor: Good day to the panel. Essentially, it is an issue of who has or who

holds the rights and responsibilities to the various projects and the Water Taxi vessels. In the first thing that you noted, the board I think at that point in time felt that the projects which we undertake and the value of the Water Taxi operations were that of NIDCO. They felt that we had the rights to the rewards and, therefore, it should be treated and recognized in the accounts as if it were our assets, and that is very critical, because if the item is our assets, it means the whole accounting treatment, as far as the International Accounting Standards are concerned, would have serious changes to the way in which we present the information. We are talking about the implication of depreciation now. These assets are in the vicinity of about \$400 million we are talking about. So if you look at the depreciation of those assets, it is really tremendous.

At that point in time, the finance department was not comfortable with the fact that these assets belong to NIDCO. However, we engaged both the past auditors and the board in a meeting and a consultant also to give some sort of direction and, in the end, it was felt that it should be treated as if the assets belong to NIDCO.

So it took us some time to restate the accounts. You are talking about transactions that were started from since 2008 for the entire Water Taxi, and to reposition these transactions in the financial statements and before we actually got to that part, we were not comfortable with the whole idea and it took a very long period, several meetings, several discussions and so forth before we could come to a position, and we did come to a position and lo and behold in the, I think the third year after that, the auditors who came now disagreed with the treatment, which is what we were trying to avoid in the very first place.

And, there again, there was a set of meetings and discussions because we felt that we were not going to allow you to just change it like that because if someone

else comes, what happens. We need to have clear direction, proper interpretation of the relevant IAS as to how we do go forward. And the decision at that point in time was that we would retain the Water Taxi vessels as in the ownership of NIDCO, but however the projects, for instance, the various landslips and the Solomon Hochoy Highway, those would not be treated in the financial statements as our capitalized assets.

Mr. Chairman: Mr. Hinds, you have the last say before—

Mr. Hinds: Thank you, thank you very much, Mr. Chairman. I have three short comments. I have noticed maybe an oversight, maybe no response—sorry, no requirement for specificity, but I did not hear anything about the moneys that NIDCO would have paid in rents to persons who were in occupation of lands that it required for that Point Fortin Highway.

It is a fact that NIDCO paid about almost \$25 million in rents and still faces demands for rents for persons who would have either squatted on those lands in anticipation of the process coming through there or bona fide owners who would have been paid for their lands and somehow or the other NIDCO found itself paying rental accommodation for them. I heard nothing about that here today, but that is a matter we would revisit at another time.

I am relieved and thankful to God that I heard you, Mr. Chairman, Mr. Deputy Chairman, tell this Committee and tell the world that NIDCO is not in the business of negotiating any contract with anybody. I heard you responded to a question from my learned friend about whether we negotiate with contractors. I was relieved, as a matter of our Government's policy to hear you say we do not negotiate with contractor, we invite bids and there is a process that we follow. So I was relieved, and I thank you for that. I thank God even.

Finally, it behoves of me to say the very sordid picture that we heard this

morning, and to some extent reflected in the documents before us, I leave this meeting, as I am sure my colleagues do, with a sense of your professionalism, Mr. Chairman, and board and members of the panel who is before us, I leave here with a sense of comfort that henceforth NIDCO would be a sturdy ship that is unlikely to—help me, Mr. Chairman.

Mr. Chairman: I cannot—

Mr. Hinds: That is unlikely to flounder in the water, rough or smooth, going forward, you have given me that sense of confidence. I want to thank you and your board for that. I conclude to say though, since the deliberations around this table demonstrated some modicum of complicity and malleability on the part of operatives within NIDCO, you must give serious consideration to my initial proposal as it relates to sharing the burden of adjustment. But for the time being, suffice it to say, I am very confident going forward that NIDCO would return to its core mandate. It would be properly rightsized, to use your term; the inefficiencies of which my friend Mr. Gopeesingh spoke and Mr. Cummings, would be no more and NIDCO would become bankable and valuable to Trinidad and Tobago yet again. I thank you for it.

Mr. Chairman: Thank you very much, Mr. Hinds. May I indicate, Mr. Chairman, Vice-Chairman, Mr. Garibsingh, that you can expect a number of questions that we will be submitting to your team for detailed responses because we cannot ask everything today, but I know that you in your professional wisdom and capacity will respond accordingly. I now turn the proceedings over to you, Mr. Gardiner, for your closing comments before we bring our proceedings to a close.

Mr. Gardiner: Mr. Chairman, we thank you for the opportunity to come before you and to listen to your concerns. We hope that we have demonstrated our commitment to correcting and directing NIDCO on a path that would meet its

original mandate. We recognize the issues that you have raised—we take duly note of them—and will be submitting back to you as soon as possible. We would probably wait on some of your questions to have one response. More importantly, we would like to thank you, thank the Committee for its kindness. Again, we thank you guys.

Mr. Chairman: Well on behalf of the Public Accounts (Enterprises) Committee, we too would like to extend our appreciation and thanks to the team out of your very important and very significant organization, NIDCO. We would also like to thank the Deputy Permanent Secretary and the other individual who is there with her from the Ministry of Works and Transport. We would like to also extend our appreciation to members of the Investments Division of the Ministry of Finance, members of the public, and members of the media for following the proceedings.

This meeting stands suspended at this time. Thank you very much.

12.11 p.m.: *Meeting adjourned.*