

VERBATIM NOTES OF THE TENTH 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 15, 2016 AT 10.10 A.M.

PRESENT

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

ABSENT

Mr. Fitzgerald Hinds	Member
Mrs. Jennifer Baptiste-Primus	Member
Mr. Foster Cummings	Member

INVESTMENTS DIVISION, MINISTRY OF FINANCE

Ms. Yvette Babb	Director, Social and Economic Transformation (Ag.)
Mr. Ryan Maharaj	Ag. Senior Business Analyst

MINISTRY OF HOUSING AND URBAN DEVELOPMENT

Ms. Marion Hayes	Deputy Permanent Secretary
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**TRINIDAD AND TOBAGO MORTGAGE FINANCE
COMPANY LIMITED**

Ms. Ingrid L.A. Lashley	Manager Director/CEO
Mr. Robert C. Green	Chief Operating Officer/ Secretary
Ms. Vernie P. Shield	General Manager, Mortgage Services
Mr. Brent Mc Fee	Chief Financial Officer/ Assistant Secretary

Mr. Chairman: Good morning, and may I warmly welcome all to this meeting of the Public Accounts (Enterprises) Committee, and may I particularly welcome the officials from the Trinidad and Tobago Mortgage Finance Company Limited, TTMF; the Ministry of Housing and Urban Development; the Investments Division, Ministry of Finance; members of the media; and, of course, members of the public who are here and are listening on air and on our Channel 11.

First of all, may I inform you that the purpose of this meeting of the Public Accounts (Enterprises) Committee is to examine the audited financial statements of the Trinidad and Tobago Mortgage Finance Company Limited for the period 2008 to 2014.

Our Committee is desirous of hearing from the key stakeholders at TTMF to learn of the challenges being faced and to determine some of the possible solutions and measures to overcome these challenges. The role of our Committee is to help—may I repeat? The role of our Committee is to help the Trinidad and Tobago Mortgage Finance Company Limited improve its delivery of services in an efficient, effective and economic manner.

May I also inform you that our meeting is being held in public and is being broadcast live on the Parliament's Channel 11 and its radio frequency 105.5 FM

and the Parliament's YouTube Channel, ParlView. Viewers and listeners can send their comments related to today's topic via our email, that is parl101@ttparliament.org; our facebook account which is [facebook.com/ttparliament](https://www.facebook.com/ttparliament); and our Twitter account, at [Twitter@ttparliament](https://twitter.com/ttparliament).

May I take this opportunity to introduce the members of our Committee today, and I will begin by asking my colleague on my extreme right to introduce herself, and then we will ask members of the TTMF, the Ministry of Housing and Urban Development and the Ministry of Finance, Investments Division.

[Introductions made]

Mr. Chairman: May I now invite officials from the TTMF to introduce themselves, followed by the Ministry of Housing and Urban Development and followed, finally, by the Ministry of Finance, Investments Division.

Ms. Lashley: Good morning Chairman and members and other stakeholders. It is my pleasure to introduce my team. On my left is Robert Green, our Chief Operating Officer and Company Secretary; next to Robert is Vernie Shield, General Manager, Mortgage Services; on Vernie's left is our Chief Financial Officer and Assistant Company Secretary, Brent Mc Fee. My name is Ingrid Lashley. I am the Managing Director and Chief Executive Officer of the Trinidad and Tobago Mortgage Finance Company Limited. Together we make up the executive management team of TTMF.

Mr. Chairman: May I ask the members from the Ministry of Finance, Investments Division to introduce themselves.

[Introductions made]

Mr. Chairman: May I ask the member from the Ministry of Housing and Urban Development to introduce herself.

Ms. Hayes: Good morning, my name is Marion Hayes. I am the Deputy

Permanent Secretary at the Ministry of Housing and Urban Development, sitting in for the Permanent Secretary who could not be here.

Mr. Chairman: Thank you very much. At this time, I would like to invite the Chief Executive Officer of the Trinidad and Tobago Mortgage Finance Company Limited to make a brief opening statement.

Ms. Lashley: Thank you, Mr. Chairman, and good morning again to all. As a state-affiliated company, TTMF's stakeholder environment is complicated by the need to provide a reasonable return on investment to its parent company, the National Insurance Board, and do the same but, in addition, fulfil the public policy mandate of the Government of Trinidad and Tobago and the Corporation Sole. To this end, TTMF has developed an operating and strategic framework essential to risk management in the financial services sector, combining profitability and performance targets with delinquency management, human resource development and stakeholder outreach.

Our financial performance over the period 2008 to 2014, the period under review, reflects an increase in assets from \$2.67 billion in 2008 to \$3.68 billion in 2014 or 37.8 per cent net of the sale of mortgage assets of \$250 million in 2014 to the Home Mortgage Bank. Profit before tax moved from \$37.2 million in 2008 to \$75.5 million in 2014, an increase of 103 per cent. At the same time, we retained our CariCRIS rating of AA- investment grade which contributed to a reduction in our weighted average cost of debt from 6.5 per cent in 2008 to 3.83 per cent in 2014.

Our customer base as at December 31, 2014 comprised 15,012 accounts. With the expansion of our stakeholder interests and outreach programmes, we continue to increase our portfolio by a net average of approximately 1,700 accounts per annum. It is our pleasure to share with you, in the interest of

improving market knowledge, details of our operations. Thank you.

Mr. Chairman: Well, thank you so very much for those opening remarks. I would like on behalf of the Committee to commence, and I would want to refer and I would want to ask the Deputy Permanent Secretary, Ministry of Housing and Urban Development, the first question for clarification on this very important institution, TTMF.

I refer to the *State Enterprises Performance Monitoring Manual* on page 8. The Ministry of Finance and the line Ministry collaborate in respect of the following:

“Communicating policy issues affecting the State Enterprises and ensuring compliance;

Reviewing strategic plans and annual budgets;

Ensuring consistency between”—the Government’s— “macroeconomic policies and the plans of the enterprises;...and

Providing updated information on the composition of Boards of Directors including the dates of appointment and termination of members.”

I would like to ask: what is the role of the Ministry of Housing and Urban Development in assessing the effectiveness of the internal audit function of the TTMF? I do not know if you are in a position, Deputy Permanent Secretary, to respond to that.

Ms. Hayes: I am really new at the Ministry. I only started last week, so I am not in a position to answer this question at this point in time.

Mr. Chairman: May I ask that you—we are going to ask that the Ministry, through the Permanent Secretary, generate a response in writing and have same submitted to us by Monday.

Ms. Hayes: I will.

Mr. Chairman: Thank you. I would now ask for further clarification and maybe Ms. Lashley, CEO, could answer this. Could you advise us what is the present composition of the internal audit committee of the TTMF? Based on the size of the company, do you think that the audit team, the size is sufficient to meet the needs of the company at this time?

Ms. Lashley: Thank you, Chair. The internal audit department of Trinidad and Tobago Mortgage Finance is manned by a manager, internal audit, who is a former Central Bank examiner; an internal audit officer, who is an ACCA; and an internal audit assistant. The audit team reports to the chairman of the audit committee of the board, which is made up of three members, and the company secretary as the recording secretary.

At the beginning of our fiscal year, after preparation of our business plan, the manager, internal audit, in conjunction with the rest of the members of the Enterprise Risk Management Committee, will meet to perform a business risk assessment of TTMF and its operating environment. On the basis of this assessment, the manager, internal audit, prepares an internal audit plan for the year ahead. The audit plan is reviewed and approved by the audit committee of the board and referred to the board for final approval. These processes are all documented in the Minutes of our meetings and shared with our shareholders, the Corporation Sole and the NIB, after the approval by the board of directors.

Mr. Chairman: What is the size of your workforce? Could you give us a breakdown in terms of those who are permanent, those who are on contract and those who are purely temporary? Do you have that breakdown with you, in terms of the size?

Ms. Lashley: I could give estimates. Our full size, our full complement is 174 persons. Of these, approximately 140 or so are permanent employees. We have a

government-assisted programme unit that services government agency mortgages, and those persons are on three-year contracts, renewable based on the growth in business or the referral of business from government agencies. We have no temporary workers.

Mr. Chairman: And that would be the remaining, let us say, 30?

Ms. Lashley: That is correct, Sir.

Mr. Chairman: Now, we are living in very uncertain and sometimes unpredictable times where the economic challenges are very challenging. We are in a global environment in which economic activities could slow down at times or it can ramp up at times. At this time, we are in a state of economic downturn in Trinidad and Tobago. I would like to ask the CEO: does the TTMF have a policy for workers with regard to the negative impacts or effects of the economic challenges that we face and the economic downturn? What, if any, policy exists at the TTMF as it relates to workers in a period of economic downturn, where you may have layoffs, retrenchment and dislocation? Do you have a policy to treat with such an eventuality at the TTMF?

Ms. Lashley: As part of our strategic planning process for the period 2015 to 2018, we took into consideration factors that may impact our operations, including the state of the economy. In that context, we have developed early- warning signals for areas of the economy where workers may be most affected by the decline in oil prices and general economic activity overall. To that end, the Enterprise Risk Management Committee of TTMF meets monthly to determine which area of our society or which area of our economy or which area of industry we would need to focus on to ensure that workers in that industry are not unduly affected by activity in their sphere and how it would impact our delinquency, if any.

We have also been attending workshops and seminars by the Ministry of Labour and Small Enterprise Development with a view to giving guidance and counsel to workers so affected as to how they may rewrite or refinance or extend the term of their mortgages to ensure affordability during the time of downturn.

Our early-warning mechanisms are geared to identifying delinquency at the earliest possible time so that we can work with our customers towards recover and, if not recovery, to ensure that the period of decline in income is properly managed to avoid foreclosure.

Mr. Chairman: To treat with retrenched workers who are not in a position to fulfil their payment obligations to the company, what measures are in place to rectify issues arising from such a situation? Do you have a policy that is available to the public on that matter or do you just deal with it on the run or as it arises or do you have a policy that can be referred to?

Ms. Lashley: Given the nature of our business, Chair, we are not at liberty to disclose our delinquency management policy as a public document. However, Trinidad and Tobago Mortgage Finance as a systemically important financial institution adheres to the Central Bank's credential criteria on lending, and to that end we are guided by the Central Bank guidelines. However, we deal with each matter brought before us in respect of arrears and delinquency on a case-by-case basis, and our officers are guided by our documented policies and procedures.

Mr. Chairman: I would now ask Mr. Small.

Mr. Small: Thank you very much, Chair, for giving me the opportunity. Welcome to the members of the TTMF's team. I want to ask a question, and I want to start probably from a different angle, but it is the same issue, regarding the potential for defaults. I noted in your documentation the company has an active ERM committee. Could I ask: has the company assessed the potential scale or the

risks regarding potential defaults given the situation with job losses in the country?

Ms. Lashley: As part of the work of the ERM committee, we identify industries where the risk may occur more so than others. So, for example, in 2015, we identified the energy sector. We extracted customers who were employed in that sector, and where customers were not up-to-date we provided counsel and guidance as to how they can manage their account through the downturn.

Mr. Small: Where I am getting at is, you would have a risk register and you would rank various types of risks in terms of the potential exposure to the company.

Ms. Lashley: That is true.

Mr. Small: What I am asking is: have you in our risk exercises determined: one, what is the potential risk to the company regarding any potential defaults from job losses and how significant a risk? I do not expect the exact number, but I want to get a sense whether the company feels it is a low risk, it is a medium risk. I am just trying to get a feel for that.

Ms. Lashley: We have assessed it as a medium risk, so far. We have extracted customers who have been affected to date. We have counselled those customers and we have also stress-tested the likelihood of increase in the number of customers and how it would impact our provisioning, our delinquency rate and, ultimately, our profitability.

Mr. Small: Mr. Chair, if you permit me, I have one. Thank you very much. I am happy to hear that. The part that you mentioned that is very important, I think is counselling for the customers. I want to say that I think that is an excellent initiative of the company.

Madam CEO, I just want to ask, I note in your document, and it says that the company, one of the key planks of your strategic goals is achieving or getting to

the attainment of sustainable funding. This suggests that your current funding situation is not sustainable, that is what it suggests to me. So I want to get a sense, if my assumption following from your statement is correct that your current funding is not sustainable: what is the extent of it not being sustainable? Would it affect the ability of the company to operate in the medium term if the current arrangements do not change? I want to get a sense of where the company is now in terms of its issues around its funding situation. What is your current outlook?—let us assume that nothing changes in the way in the current structures.

Ms. Lashley: TTMF funds its book using capital market issues, bond issues, in particular, securitized by our mortgaged assets. Insofar as our mortgage book grows, we would have collateral for additional bond issues, but that form of funding also leaves us open to liquidity risk and interest rate risk. It is with a view to mitigating those risks that we have developed a strategy to securitize our mortgaged product, and even to consider retailing such a securitized product in an effort to provide more sustainable funding over the long term.

It is to this end as well that we are a part of the team that the Government of Trinidad and Tobago has approved for a merger of TTMF and Home Mortgage Bank towards the formation of Trinidad and Tobago Mortgage Bank, which would allow TTMF to sell mortgages to HMB, HMB be the source of these securitized products and selling them off to the capital market so that our funding is more sustainable.

Mr. Small: Mr. Chairman, if you would permit me, I have two additional questions and I want to separate what I am going to ask. I have a specific question on the issue of essentially the mortgage backed, the plan at least to have mortgage-backed instruments issued by the new entity. I want to ask, the issue of the merger, through the Chair, I would like to ask—I note in the document there is reference to

an analysis done. I want to get from you the sense, the gist of the analysis, and through the Chair I would like to request a copy of the analysis that led to the recommendation, because your document says based on your analysis it generated the recommendation. I think there is a PWC study. I think it would be useful for the Committee members to understand where this process is going, how it came to be that the recommendation arose. So other than the data request, I want to get from you, Madam CEO: what is your sense of the recommendations that came out of the analysis? Where you sit, are you confident in the recommendations that came out of that?

Ms. Lashley: Through the Chair, the analysis was, the PW analysis was spearheaded by a team representing the National Insurance Board, the Ministry of Finance, TTMF and Home Mortgage Bank. The National Insurance Board, as the parent company of both TTMF and HMB, has since asked for an analysis of the formation of TTMB in the interest of NIB. We are not yet privy to that analysis. It is still with our parent. However, suffice it to say, that we have been advised by our parent company that the National Insurance Board has appointed a consultant to implement or to review the analysis and make recommendation to NIB on its feasibility and implementation.

Mr. Small: I am a bit troubled. Based on your response, the analysis was not shared with your institution. You are going to be directly affected by it, and then it is going to be reviewed by another party. I am confused in that process, because I would have thought that your institution would be key to being able to be part of that analysis and to understand and inform. So I am troubled a bit by that question. I will ask questions on that later, Mr. Chairman.

I have one other question in this round, Mr. Chairman, if you permit me. I have a concern. I see that in part of the plan is for the new entity, TTMB, to use

the mortgages to create new investment products. I have a concern that I am flagging. I am not saying—I think TTMF actually is a good entity, but we are all aware of what happened with issue of mortgage-backed securities in the United States market that led to the financial collapse. You know, this is a bit of information I am very, very au courant with, the issue of mortgage-backed securities. And then because selling the securities attached to the mortgages became so lucrative, people started to lower the standards for the mortgages creating what is called ninja mortgages—no interest, no job, no assets—because all they wanted was the mortgage to package the instrument to be able to sell to investors, and that led to the collapse of the entire economic system.

I am just saying that if this is part of the plan for the new TTMB to be able to take mortgages, package them and create securities to sell on the local market, I want to know what safeguards are we going to have in place to ensure that this is properly managed to protect investors in these securities, because immediately you are in the business more than I, but as a layman you understand if you put mortgages together and you sell a security based on the mortgage, if the inherent mortgages are bad, then you have an immediate problem and it becomes systemic depending on the scale of the business. I would like to understand, Madam CEO, what safeguards are envisaged. I am concerned if you could answer, because you have not seen the analysis.

Ms. Lashley: In the first place, whether we have TTMB or not, the prudential criteria to which we adhere would remain. So credit quality is not an area of compromise for us. It is on that basis that we are an AA- investment grade and it is on that basis that our bond market activity has been very successful in the past. It is not our intention—I think that was the essence of the failure of the US system—by any means nor is it that of our regulator to compromise credit quality in the interest

of expanded funding. Having said so though, I want to go back to the comment in respect of the analysis.

We participated very actively with the NIB and HMB in providing data to the consultants to develop the feasibility study on the Trinidad and Tobago Mortgage Bank. The appointment of a consultant was fairly recent within the last month or so, and we have had discussions with him and I anticipate that as we move along our participation will increase towards the fulfilment and implementation of the TTMB.

10.40 a.m.

Mr. Small: Thank you very much. Mr. Chair.

Mr. Chairman: Dr. Gopeesingh.

Dr. Gopeesingh: Thank you very much, Chair. Just a few questions to the team, and first is HDC is in the process of looking after the citizens and who are requiring homes and who cannot generally afford to buy one on the open market. What is the relationship between TTMF and HDC? And if there is a relationship, is that relationship given in a directive? Is it in writing or is it just an informal relationship? Could you just—and I have some questions to follow on that.

Ms. Lashley: As the administrator of the Government's 2 per cent and 5 per cent mortgage regime, TTMF maintains fairly close business relationships with agencies of Government that provide housing; HDC is one, the THA is also one, so is SILWIC, and the Land Settlement Agency to name a few. TTMF is not the only provider of mortgages for such developments as is offered to the general public by the HDC, but we administer the licence to occupy portfolio and the rent-to-own portfolio on their behalf. So, in essence, at best we have a first bite of the cherry in terms of new business. We have been working with the HDC in respect of mortgage or conversion of licence to occupy to mortgages over the last three years.

Dr. Gopeesingh: Could you just explain that a little more. I need a little more clarification on that last statement you made there. Go ahead—slower.

Ms. Lashley: [*Laughter*] Okay, through the Chair, HDC, for an inability to be able to provide vested deeds, or provide a deed of sublease to prospective homeowners, had established licence to occupy so that already constructed properties would not remain empty. In applying a fee or a payment to the licence to occupy HDC based the licence fee on the eventual mortgage instalment. So TTMF was asked to prequalified homeowners, determine what the mortgage payment would be based on the purchase price, and collect the fee on behalf of the agency for which we received an admin fee of 10 per cent of the payment. The balance going towards the principal balance on the loan, or on the purchase price.

Dr. Gopeesingh: How long that arrangement continues for until the person really gets the mortgage from TTMF?

Ms. Lashley: Well, the person is at liberty to get the mortgage as soon as the legal documents are in place, and we have been working with the HDC to churn out those, based on developments on location, to churn out these of sublease so that licence to occupy can be converted to mortgage.

Dr. Gopeesingh: Okay. Is there a written document that gives the relationship between HDC and TTMF or it operates ad hoc?

Ms. Lashley: No, we have an agreement for administration of the portfolio on behalf of the HDC. We have an agreement with the HDC, a formal agreement for the administration of the portfolio on their behalf.

Dr. Gopeesingh: All right. Okay. Your funding—I will come back to that—you gave a situation of customers, you have—well, TTMF, my understanding, has been operating for about 50 years plus, and you have a customer base out now of 15,012—

Ms. Lashley: That is correct, Sir.

Dr. Gopeesingh:—and you have now an annual increase of about 1,700 per year, what period of time was this acceleration? Well, now you have 15,012, how many would have had their mortgages with TTMF and concluded their mortgages over the period of, let us say if you have any information over the last 50 years, and these 15,000, if you break it down about who are less than five years, 10 years, 15 years, 20 years, 25, 30, you have that figure at all?

Ms. Lashley: Those numbers or the tenure to maturity of our loans would be reflecting our financial statements and I cannot say what they are off the cuff, but they are certainly included in the notes to the financial statements by geographical area and by term to maturity.

Dr. Gopeesingh: You are giving me a broad demographic type of answer, but if I can help you focus, if you have 15,000 people before you now who are paying their mortgages, just get an idea of how many would have been new mortgagees within the last five years or the last 10 years, and how much maturing closer to 25 and 30 years, would you be able to give that answer? If not we would like it in writing. You have your colleagues there, I do not know if they have the answer to that.

Ms. Lashley: Sorry, through the Chair, we are not in a position to give accurate figures where that is concerned but we can—

Dr. Gopeesingh: Or any average?

Ms. Lashley: No, I would be guessing as to our annual maturity of loans—I would be guessing, Chair, as to our annual maturity of loans.

Dr. Gopeesingh: All right. Well, let us focus for the last five or six years, how many new customers would you have had over, let us say, the last five or six years?—because we are enquiry 2008 to 2014. So if you can go back '14, '13, '12,

'11, et cetera, how many new customers you would have had during that period of time?

Ms. Lashley: As of 2012, so this would be 2012 to the present, our rate of growth was approximately 1,000 accounts per annum. In 2014, we added about 1,200 accounts and we anticipate 1,700 this year, and this is net growth. So it takes into account prepayments and the maturity of loans.

Dr. Gopeesingh: Okay. Have you set yourself a target, or targets for the conversion of HDC mortgages to TTMF? Have you set any targets for the—in your strategic plan you would have probably wanted to do that based on what was coming before you, you said 1,000 in 2012; 1,200 in 2014, and you said that an average of 1,700, so what was it?—previously there were more? Because if there are 1,000 in 2012 and 1,200 in 2014 where are you getting this average of 1,700?

Ms. Lashley: The conversion of the licence to occupy has accelerated over the last three years because we are now able to get these of sublease to convert the licence to occupy to mortgages. Over the period 2009 to 2012 we only had the 2 per cent mortgage at that time and the conversion to mortgage was relatively slow.

Dr. Gopeesingh: So now you have the 5 per cent mortgage? All right. Well, I would come back to that in a second round. I was asking about the targets, have you set targets for realization for the future based on the demand that is being coming through to you?

Ms. Lashley: We most certainly have, Sir.

Dr. Gopeesingh: You care to give us any information on what your targets might be based on your strategic planning?

Ms. Lashley: Our targets for the conversion of LTOs is 300 accounts. Our target for open market business—

Dr. Gopeesingh: That is an abbreviation. Could you just explain that

abbreviation, LGOs?

Ms. Lashley: Licence to occupy accounts.

Dr. Gopeesingh: LTOs?

Ms. Lashley: LTOs, yes. So we intent to convert 1,300 licence to occupy accounts to full mortgages, and we are also targeting 700 accounts on the open market; that is home equity loans, purchase of land, new mortgages outside of Government agency business.

Dr. Gopeesingh: I am trying to get a clearer picture of where—TTMF in 2015 is here, how many more conversions or mortgages would TTMF strategically be thinking of giving annually over the next three or four, or five years? You have given me figures of 300, 1,200, et cetera, what is your thinking based on what has been before you for the last number of years? You must be able to project to the future so you must have an expectancy of these amount of applications coming before you, what do you foresee for the future?

Ms. Lashley: The HDC in particular has indicated to us that they have 6,000 properties to be converted to mortgage, but it has been our experience that we do not get 6,000 in any one fiscal year. So we might get 6,000 over the next five years say, and that is why we have targeted 1,700 for this fiscal year, and it will accelerate as we go forward.

Dr. Gopeesingh: Thank you for the clarification. Now, let us go to the funding part, what level of funding had been given to you over the last few years, let us say, 2008 to 2014?—we are looking at, we are examining. Are you in a position to give us an idea of what funding was provided to TTMF annually to help you in your work that you are doing?

Ms. Lashley: TTMF is not at recipient of funding from the Government of Trinidad and Tobago.

Dr. Gopeesingh: Go on, explain it.

Ms. Lashley: TTMF securitizes its own mortgages to raise funds on the open market, so using our mortgages as collateral we issue bonds that are invested in by insurance companies, pension funds, and other sophisticated investors—

Dr. Gopeesingh: Stick a pin. That goes through NIB?

Ms. Lashley: No, Sir, we go to the markets ourselves. In the most current issues we have used the Ansa Merchant as our facilitator, we have used Bourse Securities as our facilitator, and we also sell mortgages through the Home Mortgage Bank.

Dr. Gopeesingh: Okay. On the bond market which you are speaking about what would be your—in figures what sort of thing you are looking at from 2008 to 2014? How much would you have secured in bond for your mortgages in 2008, 2009, 2010, '11, '12, '13, '14? You have any idea?

Ms. Lashley: Our bond issue activity started in 2009 with an issue of 500 million. We sold mortgages to Home Mortgage Bank over the period 2008 to 2014 of 350 million. We have also converted a short-term facility that we had had with NIB to a long-term debt. So overall, over the period we have raised more than a billion dollars.

Dr. Gopeesingh: One billion?

Ms. Lashley: Yes.

Dr. Gopeesingh: And how much have you sold back to—you have raised that on the bond market?

Ms. Lashley: Yes.

Dr. Gopeesingh: Who would have stood the guarantee for that?

Ms. Lashley: Our loans are collateralized by our own mortgage portfolio.

Dr. Gopeesingh: Right, okay. Thank you.

Mr. Chairman: Mrs. Cockburn, please.

Mrs. Crichlow-Cockburn: Thank you, Mr. Chairman. Ms. Lashley, I would like to go back to a question that the Chairman would have raised in terms of defaulters. Now it is very commendable that the TTMF would counsel persons when they may be in default or they would have experienced some difficulty, but I would have been approached by a couple of my constituents who would have indicated that they would have had loans with the TTMF. They would have been paying those loans for maybe 10, 15 years and now they are in difficulty because they may have been retrenched, or otherwise, and the TTMF has indicated that they are likely to foreclose and dispose of the property, do you have that situation? And what percentage of your loans or persons who have may have defaulted would you have sought legal redress?

Ms. Lashley: The foreclosure process that we use at TTMF would not allow foreclosure of anyone who lost their job in this calendar year. The process calls for ongoing follow-up after you have been more than 10 days in arrears of your monthly payment. After you have missed three monthly payments we consider the debt to be non-current; in other words, it is non-performing. So we accelerate the follow-up process and invite you to come in and sit with us so that we can make some arrangement to clear the arrears. It is only after six months in arrears that we start the process of demanding on the arrears which leads to the legal process. Given that we must go through the courts before we have permission to foreclose that can very well take as much as a year or two, and, in most instances, the court will have a stay of execution of the repossession order in order to give the customer an opportunity to either invite others to participate in the debt so that he or she may recover, or move on to another financial institution. So, generally speaking, it takes almost 2 years for foreclosure to take effect at TTMF.

Mrs. Crichlow-Cockburn: So I can take from that that we would not have had

any persons who would have had foreclosure?—whose loan would have foreclosed in under two years?

Ms. Lashley: That is correct?

Mrs. Crichlow-Cockburn: Okay, thank you. In terms of the 2 per cent that is given on mortgages is that fixed or is it variable? I have known of instances where you would have gotten the loan at 2 per cent and it was for the life of the mortgage. I am being advised by some of my constituents again that they understand that that is no longer so, that they can go in and sign up for a mortgage at 2 per cent but it is no longer fixed it is variable, could you shed some light on that, please?

Ms. Lashley: Both the 2 per cent and the 5 per cent mortgage programmes have graduating interest rates over the life of the programme. In the case of the 2 per cent the rate increases by half of 1 per cent on the anniversary date of the loan until it gets to 5 per cent. In the case of the 5 per cent mortgage the rate increases by half a per cent per annum until it gets to the open market rate which is now 7 per cent.

Mrs. Crichlow-Cockburn: Is this information widely known?—because people are still of the belief that when they get a 2 per cent mortgage with the TTMF it is for 2 per cent for the life of the loan. Is this made explicitly clear to the mortgagor at the point of signing up for this mortgage? And when would this change have taken place?

Ms. Lashley: The change took place in October, 2014, with the introduction of the 5 per cent mortgage programme. And to go back to your first statement, yes, it is made absolutely clear to the mortgagor, the graduation of the interest rate, because the letter of offer makes provision for the graduation, and the letter of offer is signed based on a one-on-one with the customer. The customer also having the opportunity to go away with the document for two weeks before they

are required to sign it. So it is an integral part of our closing process to advise of the graduation of the interest rate.

Mrs. Crichlow-Cockburn: Thank you for that clarity, but I just want to point out to TTMF, and maybe you can speak with your persons there, because there are persons who have indicated that they were not aware of this graduation in the mortgage. When they would have signed up they were of the understanding that the mortgage would have been for 2 per cent over the life of the mortgage. So maybe there needs to be some sort of public awareness or/and even when we speak with the mortgagors, because some of them have indicated that they were not aware, okay. Who are your key stakeholders? And how has TTMF's relationship with those key stakeholders impacted its profitability?

Ms. Lashley: Our key stakeholders are our parent company, National Insurance Board, the holder of our minority interest, the corporation sole; the Ministry of Finance for its advise and counselling in respect of how we manage our business; the Ministry of Housing and Urban Development, our line Ministry; our government agencies who provide developments for funding, HDC, THA, SILWIC, LSA, our union of course, our customers, and our staff.

Mrs. Crichlow-Cockburn: And how would you describe your relationship with them and how does it impact your profitability?

Ms. Lashley: I think TTMF has an exemplary relationship with all of its stakeholders. In the case of the parent company we are required to make a presentation, our performance at least once annually in the past, and we have done so. We share our Minutes with our shareholders. In the case of HDC we have monthly meetings as necessary in order to accelerate the progress of our business. Our Assistant General Manager, Mortgage Origination, visits Tobago regularly to confer with the THA, as do I. We also keep in touch with SILWIC from time to

time because they refer business to us. We also provide for training of their people so that they can do pre-qualification of possible candidates for housing. We have been working very closely with the LSA in referring their business, and they are almost ready to start mortgage of new settlements.

In respect of the union, we have an amicable relationship with our union. As a matter of fact, we have been able to negotiate our collective agreement to December, 2019, and in terms of our customers and staff our last customer survey indicated that our brand awareness had improved significantly over the period under review, and we continue to nurture that. We have had an employee survey to give feedback on how our employees feel about the team, the organization and their job satisfaction, and we now have an employee team who have developed an action plan to improve the results of the survey.

Mrs. Crichlow-Cockburn: Ms. Lashley, I want to commend you because I know it is not an easy task to be current with your collective agreements, so I would like to highly commend the TTMF for achieving that.

Ms. Lashley: Thank you.

Mrs. Crichlow-Cockburn: Mr. Chairman.

Mr. Chairman: Before Dr. Tim Gopeesingh and Mr. David Small resume their enquiries, Madam CEO, there is a concept known as truth in lending, and I myself I am flabbergasted because I would have thought that when an advertisement is issued that a mortgage can be obtained at 2 per cent and 5 per cent, respectfully, one would have come to the conclusion, as an ordinary informed observer or customer, that one of the things that I know TTMF prides itself in is ensuring that when you look at mortgage institutions TTMF has a stable fixed rate of interest. That is what I believe, I may be wrong, but when you explained to us a short while ago that the 2 per cent is not really 2 per cent, the 2 per cent really means 5 per

cent, and the 5 per cent really means 7 per cent market rate. Now, I am saying that many customers who are coming to TTMF may not really be fully au courant with that before they arrive there. It is the like Courts, mamaguying people with advertisement to come in and buy furniture, and when you check it out, and so on, it is that the backlash is very severe. So what I am asking is that, what have you done as the CEO, and the company done in order to ensure that the minds of customers are completely disabused when they reach to TTMF that is not 2 per cent that is a misleading percentage, it is really 5 per cent, and when we say 5 per cent it really means market rate 7 per cent? Is there a campaign, a marketing strategy that you have that would inform the ordinary customer before he comes to you that this is the real rate of interest? Or do you wait until the customer arrives and then you explain to him, “On the anniversary date it goes up by half per cent until it reaches a certain percentage”? Do you inform customers in advance or do you wait until customers arrive? I believe that I would like as a customer to be aware of what this thing is about before I approach you. You want to share with us what the thinking of the TTMF is on that?—and whether you have a marketing strategy to level with the population. It may not be your fault as a CEO because you are taking instructions and you have to survive as an organization, but, I am say, what is the marketing strategy to level with population so that when they get there they know what they are into?

Ms. Lashley: Okay, if I might, Chair, let me go back a little bit and just describe how we have come to this place. First, the 2 per cent and 5 per cent is not a TTMF product, we administer this product on behalf of the Government of Trinidad and Tobago, and because we do that the difference in interest rate between the 2 per cent and the normal lending rate—which I would put in inverted commas—as defined, for example, by the MMRR, the Mortgage Market Reference Rate; the

difference between the Mortgage Market Reference Rate, or the rate that you would get in a commercial bank, and the 2 per cent is subsidized by the Government of Trinidad and Tobago. That being the case, in an effort to reduce this subsidy over time the graduation was added to the product in October, 2014, both for the 2 per cent and the 5 per cent mortgage. Now the graduation is fixed, you know what the graduation would be. When we go through the application process we tell you how it would graduate and what it would mean for you next year, the year after, and the year after, the graduation takes about six years before it gets to 5 per cent, and then we explain that when you get to the 5 per cent it is likely to stay. We do not say it will stay, TTMF is not at liberty to define Government policy, so as it is now it will stay. We refer to our interest rates as stable as opposed to fixed because we want to be able to decrease it too in the event that the market suggests that, as we did in October, 2012, when we reduced our lending rate from 8 per cent to 7 per cent. So our rates are stable, they are not fixed, and we also go through each element of the lending process with our customers as soon as they sit before us to prequalify, up to, and including, when they sign their letter of offer accepting the loan and the loan agreement.

Mr. Chairman: Could you tell us, for the year 2014, 2015, 2016, how many customers have been counselled by the TTMF as you have described it? You did indicate to this Committee that you do go out there, I guess you are invited or you are asked to join, maybe, I do not know who invites you, but you go out there and there are workers or there are customers who may be workers who have been retrenched, and you engage in what is called counselling services to tell workers, and so on, “Listen, even though you have lost your job it does not necessarily follow that your house would be taken away from you immediately”, there is a process, how many counselling sessions you would have had in 2014, in 2015, up

to this time as we speak? And how many workers or customers you would have been able to counsel during the period that I have identified? You have that information with you? If you do not you can generate the information in writing and submit it to us, but if you can give us a summary we will appreciate it.

Ms. Lashley: As at 2015 when the price of oil started to decline and we started looking at sectors that will be impacted, we had determined up to the end of December, 2015, that we had 78 customers who were exposed to the decline in the economy, all of these customers have been contacted, and in cases where they are already in arrears we are working with them to either rewrite, refinance, or include a younger person in their family who would be able to assume some responsibility for the loan so that we could extend the term, and in so doing make it more affordable to continue to make the payment.

Mr. Chairman: Your non-performing portfolio is stable at this time, you do not have a challenge in terms of persons unable to service their mortgage commitment in any large numbers, what you have, as you have said, out of a customer base of 15,000 only 78 persons have fallen through the cracks, so to speak, and you are seeking to, you know, coach them and mentor them, and try to get them back on their feet before any action is taken where you may have to go to court to seek foreclosure.

11.10 a.m.

Ms. Lashley: No Chair, it is not only 78; 78 have fallen victim of the current economic circumstances, but our delinquency portfolio is greater than that.

Mr. Chairman: Would you like to share with us in writing what that is, your delinquency portfolio?

Ms. Lashley: Yes I will.

Mr. Chairman: I think Mrs. Crichlow-Cockburn would like to follow up, then

Mr. Small, then Dr. Gopeesingh.

Mrs. Crichlow-Cockburn: Ms. Lashley, just one question. With respect to persons when they come in, at the point when they come in either for the 2 per cent or the 5 per cent loan, does an assessment include determining that they would be able to service the mortgage when it goes to that 5 per cent?

Ms. Lashley: Yes Ma'am, it does.

Dr. Gopeesingh: Just a follow-up question to that. You said based on the mortgage market reference rate those who took a mortgage at 2 per cent, at the anniversary date it goes up by $\frac{1}{2}$ per cent. So 2 per cent would go to 5 per cent within a six-year period, and a 5 per cent would go to the market rate, if it is 7 per cent, in about four years. You said the State is subsidizing the difference between the 2 per cent and $2\frac{1}{2}$ and 3, and $3\frac{1}{2}$ and so on. Is the State subsidizing that? So does the client have to pay 2 per cent or they have to pay 4 per cent after four years, and 5 per cent after six years? What happens? Does the State subsidize that increase? Can you be clearer in that aspect?

Ms. Lashley: No, the State does not subsidize the increase. What is subsidized by the State is the difference between the funding costs and the 2 per cent, because we raise our own funds, so we have to raise funds at market rate. If we were to lend at 2 per cent, having raised funds at market rate, every loan would be in deficit. So the State provides a subsidy for the market cost of borrowing minus 2 per cent, which is the return on the portfolio, and then we administer on behalf of the State.

Dr. Gopeesingh: Basically the State subsidizes it in real, because if they subsidize you—

Ms. Lashley: It subsidizes the cost of funding.

Dr. Gopeesingh:—and you are charging that, does that increased cost go to the client or does it stay at the 2 per cent for the client?

Ms. Lashley: No, the increase at ½ per cent per annum till it gets to 5 is for the client. So in essence at the end of the day, the State subsidy rotates and spreads over a wider base, because you would go up to 2½ and from 2½ to 3, but somebody else coming behind you will get the 2 per cent in their first year. So it allows the State to spread the subsidy over a wider base.

Dr. Gopeesingh: So a client must be prepared to go from 2 per cent to 5 per cent eventually; they must be prepared to pay the difference yearly of ½ per cent increment every year for six years?

Ms. Lashley: Yes, Sir.

Dr. Gopeesingh: And from 5 to the market rate. If the market rate is 8 per cent now, from 5 to 8 per cent they have to pay the extra ½ per cent per year for six years?

Ms. Lashley: 5 to 7, yes, Sir.

Dr. Gopeesingh: On that, how many now in your portfolio have 2 per cent mortgages, and how many with 5 per cent mortgages? Do you have any idea?

Ms. Lashley: Our 2 per cent portfolio is now at \$173 million and our 5 per cent mortgage is just creeping up at \$15 million or \$16 million. The 5 per cent is relatively new, it started in 2014.

Dr. Gopeesingh: I will ask the other questions to be fair to my colleagues, and then I will come back.

Mr. Small: Thank you very much, Mr. Chairman. You all have asked some of my questions already, but it is fine because the TTMF is a good entity. I am very, very happy, probably because I am a customer. [*Laughter*]

Madam CEO, I just have a couple of questions, and I have been asked by the Secretary to just ask a question from a member of the public. If it is commercially sensitive the Committee understands, the question I am going to ask, and we would

appreciate your response in writing if it is so. Could you give me an estimate of your total mortgage portfolio, what percentage is comprised of the 2 per cent and the 5 per cent programme that you administer totally?

Ms. Lashley: I have the figures as at 2014.

Mr. Small: That is fine.

Ms. Lashley: As at 2014, \$165 million are 2 per cent mortgages. As I mentioned, the 5 per cent started in October 2014, so as at December 2014, only \$391,000 were 5 per cent mortgages. We have approved mortgage company mortgages of \$859 million, open market mortgages of \$2.1 billion—for a total of \$3.2 billion as at the end of 2014.

Mr. Small: So that these 2 per cent and 5 per cent mortgages are really relatively a small portion of the business that you currently manage.

Ms. Lashley: As at 2014 it would have been relatively small, but as I mentioned the HDC and the THA had accelerated their conversion of licensed to occupy to mortgages since that time. As a matter of fact that is an area of our focus in this next strategic period.

Mr. Chairman: May I just ask—I just want to interrupt my colleague for one second. To follow up on what he has asked, would you be in a position to provide a detailed breakdown on the number of warm bodies that are involved in your 2 percentage category, given the percentage or the number, the value rather, that you gave, \$159 million? Then you talked about those who are in the open market arrangement, close to about \$2 billion or thereabouts in the last two years. How many persons are involved in this \$2.1 billion over the last two years, and could we categorize them? Those who might be accessing at, let us say \$300,000, or may I ask: At what level you start in terms of accessing mortgages via the TTMF? Could you share with us—you start at a 2 per cent rate, but what is the value, is it

\$100,000 in terms of homeownership, is it \$200,000 homeownership? Is it \$250,000?

So you start at 2 per cent and then you have let us say about 150 people accessing the 2 per cent rate in terms of properties valued at \$250,000. Then you move from \$250,000 to let us say \$300,000, and then you go to \$400,000 and then \$500,000, and then \$1 million. So how—I am trying to get a breakdown in terms of the distribution of the \$2.1 billion and the \$159 million. How many people are involved in this, and let us say the range that would cover the numbers that you would identify? You do not have to go that today, you can generate a response in writing for us. I just interrupted my colleague, but you can continue.

Mr. Small: Certainly, Mr. Chairman, it is fine, interrupt me.

Yes, Madam CEO, I thank you for your earlier response. What I wanted to ask is that given the ongoing plans by the HDC with this programme, do they have any projection or do you have any projection as to how big this 2 per cent, 5 per cent programme—do they have any projections of where they are expected to go to? Do they have, for example, “Listen, in the next five years we are going to estimate probably we are going to add 500 a year”? Is there any sense to how big this programme is going to get?

Ms. Lashley: We can only tell from what the numbers that HDC have provided, and they have indicated that they have 6,000 properties for funding for mortgages over the next two to three years.

Now, TTMF is not the only provider of funding to HDC’s properties. The customer can go anywhere for his funding, so not all of that business will come to us. But we plan our business based on our own resources and our capacity for new business, keeping in touch with the HDC as to when the properties would be available for conversion.

Mr. Small: That is useful. You have helped me at least with the potential universe of business. I want to ask a question to get some information from you. You have something called your Homeownership 101 Programme, and I have now heard of it for the first time, so perhaps I am not reading or looking at your website enough. But could you help the Committee understand what is your Homeownership 101 Programme. What does it entail and what is it supposed to do?

Ms. Lashley: Our corporate campaign is based on education of the population of Trinidad and Tobago on mortgages and what is necessary to obtain a mortgage in terms of the savings requirements, the documentary requirements, what your instalments are likely to be, what kind of credit discipline is necessary in order to obtain a mortgage. So to that end we have been working closely with other government agencies and even the private sector, on doing lunchtime sessions in offices, roadshows in the malls, in HDC developments, in the THA developments, in order to educate the population on their ability to acquire a home.

Mr. Small: I am a strong supporter of activities like this because I believe, Madam CEO, that there are a lot of people out there who could probably qualify for mortgages but they do not understand the mechanics, they do not even understand what they are able to do. So the more that the TTMF as an agent for providing these services could get the message out there to people in an outreach programme, you have the Committee's support on this activity; because I believe that given the situation with housing as we have it now, I still think there are a lot of people out there who are earning well do not understand that they can actually qualify for a mortgage. Someone should probably explain to them that, one, you can qualify, and then what are the benefits of owning rather than renting.

Mr. Chairman, if you permit me I have one additional question.

I was going to ask if you collect customer feedback. I was looking at your information. I understand you do a customer survey, but I have a question on that. How do you do that survey? Everybody is all techie and wonderful. How do you do that survey? In doing the survey, did you get any of the negative feedback referred to by the member, Minister Crichlow-Cockburn, regarding people saying, “Listen, we took a 2 per cent mortgage, but we did not understand that it was going up every year by ½ per cent until it got to 5”. So I want to know what were the media you used to gather the survey and what type of feedback did you get on your customer survey?

Ms. Lashley: Our customer survey was done by an advertising agency over a period of about three to five months in 2015. The feedback from that survey was used to determine our marketing and advertising programme going forward. As a matter of fact, it is through that survey that we developed the campaign for Homeownership 101, or Mortgage Education 101 as we call it.

We also have a customer feedback policy where customers give feedback through our website, through Facebook and via telephone. The customer feedback is managed by the Executive Assistant to the Managing Director/CEO, and the policy requires that the customer gets response or acknowledgement within three days, with 10 working days to provide solution or explanation by the department head.

We have been following through on that kind of policy. We also get compliments, by the way, which is why we call it a customer feedback and not a customer complaints policy. We also get compliments, and staff members who are beneficiaries of those compliments are awarded. We have a Reward Recognition Programme, and those staff members are rewarded through that programme.

Mr. Small: I want to thank you for those responses. Mr. Chairman, I have one

other round when you are done.

Dr. Gopeesingh: Madam CEO and the team, could you help us conclude with clarity the issue of the increase of $\frac{1}{2}$ per cent, from 2 to 5 per cent and from 5 per cent to the market rate? After they have gone through the six years and they have reached the 5 per cent which they are paying for six years—2 per cent to $2\frac{1}{2}$ to 3 per cent, $3\frac{1}{2}$ to 4 per cent every year—do they continue to pay at 5 per cent or they go back down to 2 per cent?

Ms. Lashley: They continue to pay at 5 per cent to the maturity of the loan.

Dr. Gopeesingh: So it is just a six-year period that they move from 2 per cent to 5 per cent?

Ms. Lashley: That is correct.

Dr. Gopeesingh: And after that their loan is 5 per cent, based on what is existing?

Ms. Lashley: Based on existing government policy, yes.

Dr. Gopeesingh: The mortgage market reference rate changes every so often, based on the repo rate and all of that, and the lending rate and the borrowing rate and so on. Now, when they move from 5 per cent—and the market rate this year might be $7\frac{1}{2}$ per cent, next year will be 8 per cent, the following year could be 9 per cent—where do they stop when they take a mortgage at 5 per cent? Suppose the market rate keeps going up, where does TTMF come in and say, well this is the maximum rate that you have to pay? What is the maximum rate does the 5 per cent have to pay, is it 7 per cent, is it 8 per cent? Could you enlighten us?

Ms. Lashley: The mortgage market reference rate does not apply to Trinidad and Tobago Mortgage Finance. The mortgage market reference rate applies to commercial banks. Our rate is determined—

Dr. Gopeesingh: But, but, but, you are using that incrementally half year to reach the mortgage market reference rate. You are using the mortgage market reference

rate for you to move from 5 per cent to something. So by you saying it does not affect TTMF is not necessarily so; it is. You are using the mortgage market reference rate, from 5 per cent increase by ½ per cent every year. To what level?

Ms. Lashley: TTMF's current lending rate is 7 per cent as approved by the Minister of Finance. We are not subject to the mortgage market reference rate. Our market rate is 7 per cent.

Dr. Gopeesingh: So the maximum, the 5 per cent will have to pay is 7 per cent after a four-year period?

Ms. Lashley: That is correct, Sir.

Dr. Gopeesingh: So the 5 per cent seals at 7 per cent after four years and the 2 per cent seals at 5 per cent after six years?

Ms. Lashley: That is correct, Sir.

Dr. Gopeesingh: Thanks for that clarification.

Mrs. Crichlow-Cockburn: Mr. Chairman, through you. But you said the rate "as determined by the Minister of Finance", so is it that TTMF's rate is determined by the Minister of Finance as opposed to the MMRR or any other rate?

Ms. Lashley: Under the Housing Act or the regulations that accompany the Housing Act, TTMF as an approved mortgage company, or the regulations to the Housing Act defined the rates for the approved mortgage company as a rate that is determined by the Minister of Finance. When the HDC was converted to the HDC from the NHA, the regulations under the Housing Act were repealed, so there was no approval from the Minister anymore. However, we have stayed close to the Ministry of Finance in making recommendation for the interest rate on the approved mortgage company mortgages and now on the 2 per cent and 5 per cent portfolio.

Dr. Gopeesingh: Madam CEO and members of the team—

Mr. Chairman: Before Dr. Tim Gopeesingh—are you saying that the regulations governing the Housing Act having been repealed it is more or less moral suasion that is being exercised by TTMF as you seek to collaborate with the Ministry of Finance to ensure that you maintain that rate that has been in existence for a little while now, which is the 7 per cent? And therefore are you saying, God forbid, that you have, for instance, a Minister of Finance who might want to go beyond that, what would the situation be for persons who have mortgages with the TTMF? If you do not have a sober-minded or a stable-minded or a sensitive Minister of Finance, it could go from 7 to 7.5 to 8 per cent, and that would obviously affect your portfolio. So are you saying in circumstances like what I have described, there is need for us to revisit the repeal of those regulations so that there will be a law indicating to TTMF, through the Ministry of Finance, that you cannot go beyond a certain level as existed before the repeal of the regulations? I would like to have your input on that.

Ms. Lashley: It is always best to have guidelines and policies and procedures documented in order to provide guidance, so discretion comes with equity and transparency. The repeal of the regulations in my opinion, and this is my personal opinion, did not inhibit the need to confer with the Minister of Finance or the Minister of Housing Development in our adherence to government policy, but that is my personal opinion. I agree with you that someone who is sitting in this chair who may have another kind of opinion in respect of discretion in such matters, may operate differently, but TTMF has always adhered to the moral suasion of the Central Bank of Trinidad and Tobago and the Ministry of Finance, and promoted its relationship with the Ministry of Housing and Urban Development, the HDC and other government agencies. So in conclusion, Chair, I think it is advisable, but it will not stop us from doing what we have always done.

Dr. Gopeesingh: Thank you, Madam CEO. What percentage of TTMF business is related to HDC and what percentage is related outside of HDC? If you could give us a little idea of your business portfolio.

Ms. Lashley: Through the Chair I would have to give you those numbers in writing, because as it is now we bulk the 2 per cent portfolio. In October 2014 the Government of Trinidad and Tobago allowed for the 2 per cent and 5 per cent programme to apply to any property anywhere. So we have bulked the 2 per cent together and not restricted it to HDC properties only or THA or whatever. So I would have to do a little analysis of our numbers to give you that figure.

Dr. Gopeesingh: To see what is existing at the moment from the HDC?

Ms. Lashley: Yes.

Dr. Gopeesingh: The population is made to understand that if a person is earning less than \$10,000 per month they can qualify for the 2 per cent. Is that a household \$10,000 or is it the person who is applying for the mortgage?

Ms. Lashley: The \$10,000 is defined as the breadwinner's income. It used to be family household, but it is now the breadwinner, and if the breadwinner needs additional income from another member of the household it can be included.

Dr. Gopeesingh: So collectively you can go up to \$10,000 to get the 2 per cent?

Ms. Lashley: That is correct.

Dr. Gopeesingh: Recently the hon. Prime Minister made the announcement that the ceiling limit for the 5 per cent was brought down from \$40,000, the breadwinners, down to \$30,000. Am I correct?

Ms. Lashley: No, Sir. It is my understanding that the Prime Minister's restriction or limit—

Dr. Gopeesingh: Not his restriction, the State.

Ms. Lashley: The limit that he had declared was that of the HDC in terms of its

allocation of properties, not the financing of properties, because it does not have to be an HDC property.

Dr. Gopeesingh: It does not have to be?

Ms. Lashley: No.

Dr. Gopeesingh: Now that it has been brought down to \$30,000 as the total amount that the people can earn, how has that impacted on HDC? Have you seen many more people coming forward since then? Has that been effected at the moment or if it has been effected what would you say in terms of value or number of people coming forward to access those loans?

Ms. Lashley: I would not be able to say because we are not part of the allocation process. As I mentioned earlier, most of the work that we are doing now with HDC is people who already have homes, they are paying a licence to occupy and they are now coming to us for conversion to mortgage. In most instances those persons have already contributed to the purchase price of their properties.

Dr. Gopeesingh: On the private market then, the non-HDC, have you had people coming in who are earning up to \$30,000 and are coming for houses under the HDC, if so how many?

Ms. Lashley: Not under the HDC. Those persons are 5 per cent mortgage persons, their property values can go up to \$1.2 million.

Dr. Gopeesingh: No, I am asking you, outside of HDC, from the private sector, who are seeking TTMF funding, if they are earning up to a value of \$30,000 monthly, how many people have come forward recently, if that has been effected?

Ms. Lashley: That too I would have to give you in writing.

Dr. Gopeesingh: You gave a figure of \$163 million in 2014, versus \$16 million. Would that \$16 million incorporate those who are coming under the less than \$30,000?

Ms. Lashley: Yes it would, because even if your property is valued at \$850,000, but you earn more than \$10,000 you would pay the 5 per cent not the 2 per cent.

Dr. Gopeesingh: But what I am trying to get from you is how many people have come forward since that announcement?

Ms. Lashley: I would have to investigate.

Mr. Chairman: May I ask, Madam CEO, given your written submission to us, you indicated that the company, which is the TTMF, utilizes an automated financial reporting system known as Prologue for recordkeeping and management and analysis of its financial reporting systems. Now, these systems culminate in the production of financial statements with accompanying variance analysis to planned performance monthly. Could you then explain to this Committee the reason for the delay in submitting the audited financial statement for fiscal year 2015 to the office of the Parliament? We have not received thus far your audited financial accounts for fiscal year 2015, that is why we are stuck between 2008 to 2014, because we do not have the audited financial accounts of the TTMF for 2015. So I do not know if you have submitted it or you have not, but we do not have it before the Public Accounts (Enterprises) Committee. You wish to clarify?

Ms. Lashley: Chair, I cannot say why you do not have it, because we have submitted it and the representative from the Ministry of Finance would be able to support me in the fact that we have submitted. We have met all our compliance deadlines in respect of our statutory requirements, both to the Parliament, to the Ministry of Housing and Urban Development, to the Ministry of Finance and to our shareholders. We are not aware of—our audited financials have been published.

Mr. Chairman: Well there is a gap, and maybe the distinguished member from the Ministry of Finance Investments Division can indicate to this Committee if that

report has been submitted to the Ministry of Finance Investments Division, why that report is not before the Parliament and therefore before the Public Accounts (Enterprises) Committee.

Mr. Maharaj: Chair, the financial statements for 2015 were submitted by TTMF to the Minister of Finance; however, their AGM is to be held on June 24th, this month, and subsequent to that we will submit to the Committee.

Mr. Chairman: Do you have any idea when that financial audited report was submitted to the Minister of Finance?

Mr. Maharaj: Probably about a couple of months ago, but the policy of the Ministry is that we send audited financial statements subsequent to the annual general meeting.

Mr. Chairman: Oh, subsequent, okay.

Ms. Lashley: Chair, if I might. The deadline for submission of our financial statements to the Trinidad and Tobago Securities and Exchange Commission is March 31st. The deadline for submission of our annual report to the SEC is April 30th annually, and those submissions have been made.

Mr. Chairman: All right. I recognize Shamfa Cudjoe; sorry.

Miss Cudjoe: Thank you, Chairman; I have been trying to get your attention for quite some time. Director Lashley, I have a question as it relates to the working relationship between the TTMF and the HDC, because I know that there are some concerns relating to HDC mortgage applications and the completion. I want to know, what are the challenges and what could be done to make the process more seamless?

11.40 a.m.

Ms. Lashley: We had had some challenges as I mentioned earlier in respect of the vesting of state lands in the HDC. So that the HDC could then issue a deed of

sublease. Vesting orders, of course, must go through the Parliament, so this took some time. We are now in a place where having had the deeds of sublease prepared and executed by potential mortgagers, we have accelerated the conversion of license to occupy to mortgages and therefore, it is intended that the process will go much easier. We speak to the HDC, well I speak to them monthly, but some of my staff speak to them almost weekly in terms of accelerating such processes.

Miss Cudjoe: May I?

Mr. Chairman: Yes. Yes.

Miss Cudjoe: On a lighter note. While we highlight the challenges, I just want to place on the record that I have actually been quite pleased with the amount of information about TTMF and its reporting that I was able to download on the facebook. No. No. No, not on the facebook. Sorry. On the Internet and even advertising that you see in the media as it relates to TTMF. So I am pleased about that. My other challenge really had to do with that HDC process because there are many—

Ms. Lashley: It is much faster now.

Miss Cudjoe:—challenges, and with getting your financial records done in a timely fashion I want to commend that because we have seen other kinds of behaviour. So I just really wanted to commend that. Thank you.

Mr. Chairman: Yes. You want to respond?

Ms. Lashley: Just to say that our financial statements are also on our website. I am really surprised that you have not be able to access it. I thought that going to 2014 was with a view to giving you the opportunity to look at the information in more detail and the 2015 having been recently posted, the Committee may not have had and I apologize for that. If I had known, we would have supplied.

Mr. Chairman: Well, may I advise you that the modus operandi of our

Committee and the Parliament is a bit different from what you may be envisaging. Documents such as what you mentioned that were posted at the end of April cannot be sent to us directly. It must be sent to the Parliament and then it is then referred to the Public Accounts (Enterprises) Committee.

Ms. Lashley: I see.

Mr. Chairman: It is only when that document is referred to us, we can make reference and mention and do analyses of its contents.

Ms. Lashley: Okay, Chair.

Mr. Chairman: It cannot be done by you just handing to me or anybody else handing to me.

Ms. Lashley: Okay. Then I am not in control. I apologize.

Mr. Chairman: But may I just ask this question? I realise that between 2008 and 2013, and if I go to 2014, TTMF has been doing very well in terms of net income after tax. So you seem to be in a very good place from a financial point of view. I am seeing also, if I go to your audited financial accounts for the period 2014 where your retained earnings for 2012 was \$21.3 million, your retained earnings at the end of 2013 was \$23.8 million. I did not see for 2014 because 2015 is not before us. I would like to find out, one, how are these profits distributed in terms of dividends to your shareholders? Who are your shareholders essentially? And what kind of dividends they would have received for the period 2008 right up to the end of 2014? That is one. What percentage? So, we want the value?—total. How much they received? We want to know the percentage received by each shareholder in terms of dividends, and also how are these dividends or profits utilized by TTMF. TTMF gets—no. TTMF will not receive dividends. It would be corporation sole and essentially the NIB.

Ms. Lashley: That is correct, Sir.

Mr. Chairman: Right. The corporation sole provides any to you for retention purposes, or you pass on everything to the corporation sole as it relates to profits realized after tax by the TTMF?

Ms. Lashley: Quite some time ago, I think it was in 2006, TTMF developed a dividend policy with the approval of its shareholders that caters to 40 per cent dividend payout. So 40 per cent of our dividend is paid to our shareholders, 51 per cent to the NIB and 49 per cent to the corporation sole. That quantum of payout was based on the need to reinvest funds in TTMF to meet its funding requirements, as well as to support its capital based.

Mr. Chairman: You can probably give us an appreciation of what that has been like between 2008 and 2014. If you generate a report in writing for us?

Ms. Lashley: Yes. Sure. It is 40 per cent of the net profit before tax because we discount the impact of deferred taxation. So it varies somewhere between \$20 and \$26 million, but we can give specific numbers in writing.

Mr. Chairman: I think Mr. Small wants to raise a point.

Mr. Small: Thank you, Mr. Chair. I have a couple of very straightforward requests. I know earlier in the session there was a request by, I think, member Gopeesingh for the issues, the breakdown on the delinquent customers which you will provide in writing. I just want to add to that request, when you do the analysis if you could provide us with the numbers, but also the monetary value?

Ms. Lashley: Sure.

Mr. Small: And also, a break out of how many of these are your customers and how many of those customers are HDC customers? I do not expect you to provide that information on the floor, but if you could in the submission to the Committee, we would appreciate.

Ms. Lashley: Just through the Chair though, just to let you know, that once they

have mortgages, they are our customers.

Mr. Small: They are your customers. Well fine. I appreciate the clarification, Madam CEO.

Ms. Lashley: But more that, I think we can safely say that our HDC portfolio is one of our better performing portfolios, largely because HDC recipients tend to be salaried persons and mostly public servants at that. So we get salary deductions at source and therefore that mitigates the risk of default and ultimately delinquency.

Mr. Small: Well that is excellent news to hear, Madam CEO. I have two other little issues. I looked at the issues that you raised in your audit document. Have you in the past couple of years in terms of the major internal audits that you have done, have there been any major issues identified that required attention by the executive?

Ms. Lashley: Well in preparing the audit reports there are usually defects. There have been no systemic defects in our audit reports, but the audit is risk based and therefore, where there is need for improvement in policy associated with those risks, they form a part of the action plan subsequent to the audit.

Mr. Small: And I have one other little issue. Perhaps just for the information for the TTMF team. In my other utterances in other parts of this building, I am a stickler for accountability and for making sure that public funds are properly utilized and then when there are things to be provided to the citizens, that the citizens really would gain access to it. I use that as a lead-in to the forward plan with TTMB regarding potentially doing an IPO. The record of state entities doing IPOs in particular I want to reference a particular financial institution, some things went wrong and citizens of this country were disadvantaged and so far the penalties have not been applied to those have done wrong.

So, I want to ask the wonderful team at the TTMF, once you get to the stage

of being TTMB and you decided to do an IPO, what are you going to do to make sure that the interest of the citizens, ordinary citizens like myself and everyone else in this room, are protected so that we would have fair chance to have access to shares in what I believe is an excellent institution in this country?

Ms. Lashley: Through the Chair, TTMF's role insofar as we can give influence to the process will be one where we ensure that our reputational risk is minimized and, as we have in the past, ensure that policies and procedures are adhered to. NIB is the lead in this endeavour and we would work closely with them to ensure that the members' concerns are addressed.

Mr. Small: Thank you very much. I want you to impress upon them that this Committee, it is something that this Committee feels very strongly about, that making sure we protect the interest of the citizens of Trinidad and Tobago. That is why we are here and I thank you for your very comprehensive response. Mr. Chairman.

Mr. Chairman: Thank you. I recognize Mr. Gopeesingh and Mrs. Crichlow-Cockburn thereafter.

Dr. Gopeesingh: Like my colleague congratulations on your financial ratios. Your return on equity and net income to shareholder equity which has been averaging about 8 or 9 per cent over the number of years, that is appreciated for your company. Just some small questions. You said the HDC applicants can source funds outside of TTMF, like from credit unions and so.

Ms. Lashley: From commercial banks as well, Sir.

Dr. Gopeesingh: Right. Okay. Good. Now there is a general uneasiness about—TTMF has a group of lawyers that you all send your work to and there are a number of citizens across the country who say, well “we have our lawyers”. Why do we have to go and get our work done just by your lawyer? Why our lawyer

cannot do the work where they will get it cheaper? Could you make some comments on that?

Ms. Lashley: TTMF's panel of attorneys has been developed based on certain specific criteria that would have evolved over the many years that we have been in operation. The panel of attorneys or the attorney representing TTMF seeks the interest of TTMF in the transaction. So the customer is welcomed to use his own attorney in the preparation of the deed of conveyance, but it is usually the case that where you use the same attorney that prepares the deed of mortgage, the fees are less, and that is why we tend to channel people through our panel of attorneys, but the customer always has the option to use his own attorney for his deed of conveyance.

Dr. Gopeesingh: But at the end of it, they have to come through the attorney of TTMF and who has prescribed fees which may be more than if the lawyer went through to complete everything on its own with TTMF acknowledging and doing the search and so on, that the fee will be less than what TTMF's lawyers are charging. That is a general statement made outside there by applicants and I am sure that you are aware of it. And also the general statement that is made is that TTMF has preferred attorneys over the number of years and that there are certain law firms that get most of the work from TTMF, and why is there not an equitable distribution of law firms across Trinidad and Tobago. And over a number of years same law firms are getting the work and are minting the money from the conveyances, when others are kept away from it? Could you make some comments on that, Madam CEO?

Ms. Lashley: TTMF has 26 attorneys on its current panel.

Dr. Gopeesingh: How long those—if you can give us in writing—how long have those 26 attorneys or legal firms have been working for TTMF and what additional

firms have come on stream within a period of time to do the work of TTMF? Are these 26 the same 26 who have been there for a number of years, or are they new entrants into it and are old ones omitted? Could you elaborate if you have any idea on it?

Ms. Lashley: TTMF has 26 attorneys or legal firms on its panel. Some of them may have been there since day one, over the 50 years of our operation.

Dr. Gopeesingh: You understand the millions of dollars that they would have received in work from TTMF?

Ms. Lashley: Because we have so—if I might—because we have so many attorneys on our panels, we are not able to give any one attorney a bulk of work. So the work is spread by rotation over each member of the panel.

Dr. Gopeesingh: Okay. Well we have 26 attorneys and you have at an average 1,700 per year, that comes up to about 68 conveyances or 70 conveyances per person and 70 conveyances and you have somebody there for 50 years. This is an extraordinary amount of money. Why people cannot choose their attorneys and let the attorneys outside for the clients do the work and bring it for vetting by your team who will charge you less fee? Why that cannot happen? And I am speaking from personal experience. Wherever you go to take up a mortgage, the bank tells you this is their lawyer and there are legal people who will do my work for me at a cheaper cost? And that is echoed by thousands of citizens across who are seeking assistance from TTMF.

Ms. Lashley: Through the Chair.

Mr. Chairman: Yeah.

Ms. Lashley: The deed of mortgage which is the document that defines TTMF's relationship with its mortgager must be confirmed, vetted, prepared by our attorney. It is that attorney that takes professional indemnity insurance in our

interest. Our criteria for attorneys to our panel includes documentation of their qualification, membership in the Law Association and professional indemnity insurance of a minimum of \$5 million that may be backdated 10 years. So that is the criteria that our attorneys satisfy.

Dr. Gopeesingh: Which many more than 26 satisfy. There are hundreds who satisfy that in the country.

Mr. Chairman: All right. May I—could you supply the Committee with the list of 26 firms that are on your panel and for the period of time each one has been associated with the company? And well, could you also provide to the Committee how many conveyances as an example each firm would have received in the last five years, as for an example. And I think what Dr. Tim Gopeesingh is trying to advance is whether the TTMF would be flexible or inclined to look at a policy that allows the customer to walk with his own attorney, if in his or her assessment it would be cheaper. Whether that is an option available to the customer or is the customer tied to these 26 firms or whether the customer has the flexibility to walk with his own attorney. I think that is the point he is trying to advance.

Ms. Lashley: Sorry, Chair. As I mentioned, the customer has the option to go to any attorney or his attorney of choice for preparation of deed of conveyance. That is the document that conveys the property from the vendor to him or her. It is the deed of mortgage that TTMF is more concerned about and it is the deed of mortgage that we insist must be prepared by our attorney. We have an indemnity in respect of performance as it pertains to the deed of mortgage.

Mr. Chairman: Sure.

Dr. Gopeesingh: On looking at your statement of financial position, under assets you have mortgage loans as \$3.066 billion. I am a little unclear. If this is mortgage loan, why is it positioned under assets? And then under liabilities, you

have long-term debt as \$2.029 billion. Could you just—I do not know if you have it before you?

Mr. Chairman: You want to just refer to the document or what report is that?

Dr. Gopeesingh: It is the examination of the audited financial statements of TTMF for the period 31st December 2008 to 2014, enquiry proposal. What I read there is the 2014. Okay. I just want to—well we can send this for them and let them give us some answers to it. Yeah. Right. Under what we have here, under assets you have mortgage loans \$3.066 billion and this is a Trinidad and Tobago Mortgage Finance Company financial position document. I find it a little strange that a mortgage loan is under assets, but you will probably be able to tell us a little more about that. And long-term debt of \$2.009 billion. Could you help us in indicating, what is that long-term debt of \$2.009 billion?

Ms. Lashley: A mortgage loan is an asset to TTMF and a liability to TTMF's customer.

Dr. Gopeesingh: Right.

Ms. Lashley: So our assets are mortgage loans and we use our assets to securitize our debts, to also secure our debt, or to collateralize our debt and that is what you see as the long-term debt.

Dr. Gopeesingh: A client comes to you, you give them the mortgage—

Ms. Lashley: And that is our asset.

Dr. Gopeesingh:—but you seek, you collateralize that mortgage outside?

Ms. Lashley: That is correct.

Dr. Gopeesingh: So that is why you call it an asset?

Ms. Lashley: That is correct. It is an asset to me that I use to raise funds.

Dr. Gopeesingh: And it is secured outside?

Ms. Lashley: That is correct.

Dr. Gopeesingh: Right. And what is your long-term debt then of \$2 billion.

Ms. Lashley: The long term debt is the bond issue. The bond issues are what we raise using the mortgage asset.

Dr. Gopeesingh: But initially you had indicated that it was approximately \$1 billion, but I am getting the figure of \$2 billion here now.

Ms. Lashley: No. I was asked, how much we would have raised over the period.

Dr. Gopeesingh: But if your mortgage—if your long-term debt is \$2 billion you would have obviously raised \$2 billion rather than \$1 billion.

Ms. Lashley: No. That is—the figure that you have there, Sir, is the balance as at a particular point in time.

Dr. Gopeesingh: All right. If it is a balance, it means that you have gone on the bond market to get—if you owed \$2 billion, you have been on the bond market for \$2 billion or more, but you indicated earlier on that you went on the bond market for \$1 billion.

Ms. Lashley: I had indicated that since 2009 we raised additional amount of more than \$1 billion.

Dr. Gopeesingh: From since 2009.

Ms. Lashley: In other words, we had a balance coming forward and we added to it.

Dr. Gopeesingh: So the difference between the two and the one is from previous to 2009.

Ms. Lashley: That is correct.

Dr. Gopeesingh: Thank you very much.

Mr. Chairman: I recognize Mrs. Crichlow-Cockburn.

Mrs. Crichlow-Cockburn: Thank you, Mr. Chairman. Ms Lashley, does the TTMF mortgage include the cost of home insurance throughout the period of the

mortgage?

Ms. Lashley: The mortgage itself does not, but we provide a group homeowners insurance coverage. So that the mortgage payment is made up of the mortgage instalment of principal and interest, a payment to cover the WASA payment, the Water and Sewerage Authority. In the times when we had had land and building taxes, the payment would also cover that and the insurance premium.

Mrs. Crichlow-Cockburn: And would the TTMF be considering funding for the use of solar energy systems or similar green technology in the future?

Ms. Lashley: Most definitely. We have not been approached for any such projects, but it is certainly one that we will consider quite favourably.

Mrs. Crichlow-Cockburn: Okay. My last question, well it has two parts really. One, is to commend you, I see you have a whistle-blowing policy in place. So I want to commend TTMF for that but I wanted to know whether the policy provides protection for whistle-blowers who come forward.

Ms. Lashley: Yes. The policy specifies that the whistle-blower who may want to remain anonymous must not be victimized, harassed or experience any penalty by virtue of their declaration.

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

Mr. Chairman: Yes. Madam CEO, could you give us a brief overview on the process for bids concerning foreclosed property? In other words, when you finally get through with the court process, what is the process that TTMF employs in order to dispose of properties that persons have defaulted on once you get clearance from the court? Could you give us a brief overview of what it entails in the process?

Ms. Lashley: Having received the writ of possession from the court, we advertise the property for bids through the daily newspapers usually for a period of at least one week and giving persons an opportunity to submit bids over a two-week

period. We also allow for viewing of the property during that period. When the bids come in, they come in through our tenders process to two officers who open and record the bids received. We then go to a valuer on our panel to determine the market value of the property and the bid chosen is the one that best matches the market value. If we get bids that do not meet the amount of the market value, we go to our attorneys to get some feedback as to whether we should be going back out, based on the difference between the bids received and the market value, and it is with their consent that we accept the highest or any other bid.

Mr. Chairman: Now if the market value, let us assume just hypothetically, is \$500,000, half a million, but the customer would have paid, although the court has granted the right of TTMF to foreclose, he would have paid or she would have paid \$300,000 over the period, because of hard times could not continue, but has paid to TTMF \$300,000, but has outstanding—that would have been for 20 years—and for the next 10 years had 150, let us say \$200,000 or thereabout with interest outstanding. The person who has lost his property in this instance, would he be entitled if the market value is \$500,000 or \$550,000. You sell it for \$550,000. Would that person receive the \$300,000 that he would have paid to TTMF over the 20-year period, and would that person now be called upon to reconcile the outstanding sum of \$250,000 that the 10-year period is still needed to close. We need to close that 10-year gap. What exactly happens?

The public is very concerned about the punishment that they are subjected to by mortgage companies. And I just wanted to know as a progressive company whether you have the same approach to those as in the commercial sector or do you have a different policy to treat with these matters? Is the property owner who has lost his property and who has paid three-quarters of his mortgage, would he be entitled to any refund once you have a foreclosure? I am trying to get clarification

on that.

Ms. Lashley: If the market value is \$550,000 and the balance from the mortgage is \$125,000, we will settle the balance from the mortgage and any legal fees that may have arisen out of the process of foreclosure and the difference goes back to the customer.

Mr. Chairman: The difference for what?

Ms. Lashley: The change.

Mr. Chairman: It goes back to the customer?

Ms. Lashley: Yes.

Mr. Chairman: Now may I also ask, Madam CEO: your strategic plan for 2015 to 2018 has been submitted to the line Ministry for review and feedback, could you tell us when this plan was submitted to the line Ministry which would be the Ministry of Housing and Urban Development? Is that your line Ministry?

Ms. Lashley: Yes it is, Sir.

Mr. Chairman: Right. And what is the status of the plan at this time? Where are we with that plan for 2015 to 2018 as we speak?

Ms. Lashley: The strategic plan 2015 to 2018 was submitted to Ministry of Housing and Urban Development in March of 2016 accompanied by business plan 2016 and our budget for 2016. We have not had any feedback from the Ministry, but we are following our business plan to December 2016.

Mr. Chairman: Madam Secretary, could you shed any light on this matter?

Ms. Hayes: Mr. Chairman, I was told that the strategic plan is now with the Minister.

Mr. Chairman: Now with the Minister.

Ms. Hayes: Yes.

Mr. Chairman: Could you submit to us writing when this strategic plan that is so

important for this organization, when would that plan, the review, be completed and submitted so that the TTMF can proceed with its work legitimately and in accordance with, you know, established principles and rules. Could you get that to us?

Ms. Hayes: Yes. I will.

Mr. Chairman: And, Madam CEO, I have another question for you. We would like to ask you—because I did indicate very early that our Committee is here to help. We want to help make your organization more efficient in terms of the delivery of services to your customers. What therefore would you like to submit as recommendations to seek to improve the level of efficiency, effectiveness and economy of TTMF as it seeks to accomplish, you know, its vision, mission and objectives to your customers and by extension to the nation? You can give us a summary here and then generate in writing, you know, your thinking as it relates to how can the PA(E)C help you so that we can assist in achieving or helping you achieve your vision, mission, objectives and goals in the final analysis.

12.10 p.m.

Ms. Lashley: Chair, I thank you for your very generous offer. It has been our practice at TTMF to promote self-sufficiency in how we do the things we do, and therefore that aspect of our operation that fits into the public policy mandate is where we look to Ministry relationships, either finance or housing and development, for opportunity. Such opportunities as they may arise are sometimes blocked by bureaucracy that would not allow for the culmination of our processes in a timely manner. For example, we have a situation now where the land and building taxes are to resume, and it is to resume in January of 2016.

So, when you sell a property, as at today you are owing six months of land and building taxes, but we have not been able to obtain guidance as to how it will

work. So, vendors who are selling now are not paying the land and building taxes, and it is possible that purchasers who buy now may be owing six months land and building taxes without even knowing it. So, it is things like that that I think if we have more interaction, more proactive guidance, that it would help in terms of our efficiencies and effectiveness. But, other than that, I think our relationships, as we have earned over the very many years of our operation, has nurtured well to help TTMF look to its stakeholders for improvement in our processes and our operations.

Mr. Chairman: Well, I will ask Dr. Tim to ask the final question before I bring the curtains down.

Dr. Gopeesingh: When I asked earlier about the long-term debt of approximately \$2 billion, is that the debt that TTMF has now on its books, \$2 billion approximately?

Ms. Lashley: We are probably up to \$3 billion.

Dr. Gopeesingh: Now, it is up to about three.

Ms. Lashley: Two point five.

Dr. Gopeesingh: Right. And how is that continuing to be financed by the bond issue if you have to reduce that? You owe that to whom?

Ms. Lashley: Most of it are bondholders and we make payments monthly, quarterly, based on the terms of the bond issue.

Dr. Gopeesingh: I see that you have an interest in cover of approximately \$220 million per year, and it is from that you pay towards the bond payment?

Ms. Lashley: That is correct, based on instalments received on interest income, we make payments to our interest expense.

Dr. Gopeesingh: But you have an expense on—you are receiving approximately 250 or \$260 million per year, but you have an expense on that of 126 or

120-something, almost 50 per cent of it. Why is that expense so high on your interest income?

Ms. Lashley: Because we are not a deposit taking entity. So, because we fund using bonds, we fund at market rates based on the Government's sovereign rate plus 150 BIPS to 175 basis points. So, our borrowing rate is higher than the funding cost that would operate in commercial banks, for example.

Dr. Gopeesingh: So, it comes up to the end about 50 per cent of your interest income?

Ms. Lashley: That is correct.

Dr. Gopeesingh: Thanks for the clarification.

Mr. Chairman: Yes, Madam CEO, you know it has been said that if you want to have a well-functioning institution or organization you need to have talent, competency and capability. I think you represent all elements [*Laughter*] and I really want, on behalf of the Public Accounts (Enterprises) Committee, to extend our collective thanks to you and to the team, and to our colleague from the Ministry of Housing and Urban Development, and my colleagues from the Ministry of Finance, Investments Division, for being here. I thought that it was a very wonderful experience interacting with you. I think that the work that TTMF has been doing over the years is manifested by the excellence that we have seen this morning. I really want to thank you in particular and your team in general for being so cooperative, being so open and frank with us in your responses, and we have some areas that we would probably need to clarify further and that would be generated through some written questions to you, which I know that you will respond to. So, I will give you the last say at this time, any final word that you would like to say before we bring down the curtains.

Ms. Lashley: Thank you very much, Chair, and thank you so much for having us.

We look at our presentations here where we have only been before such Committees once before. We were before the Joint Select Committee, and now before this austere Committee, and it is really a public relations effort for us. We use this as a means by which we tell our story, and we thank you very much for allowing us the opportunity so to do. Thank you.

Mr. Chairman: Thank you very much. Members, this meeting is now suspended until further notice. Thank you very much.

12.16 p.m.: *Meeting adjourned.*