VERBATIM NOTES OF THE 20TH MEETING OF THE JOINT SELECT COMMITTEE APPOINTED TO INQUIRE INTO AND REPORT ON LOCAL AUTHORITIES, SERVICE COMMISSIONS AND STATUTORY AUTHORITIES (INCLUDING THE THA), HELD IN THE J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR (IN PUBLIC), TOWER D, INTERNATIONAL WATERFRONT CENTRE, #1A WRIGHTSON ROAD, PORT OF SPAIN, ON FRIDAY, FEBRUARY 02, 2018 AT 10:15 PM.

PRESENT

Mr. H.R. Ian Roach	Chairman
Miss Ramona Ramdial	Vice-Chairman
Dr. Lovell Francis	Member
Mr. Esmond Forde	Member
Mr. Nigel De Freitas	Member
Mrs. Jennifer Baptiste-Primus	Member
Miss Khadijah Ameen	Member
Mr. Julien Ogilvie	Secretary
Miss Simone Yallery	Legal Officer
Miss Terri Ann Baker	Graduate Research Assistant

ABSENT

Mr. Darryl Smith	Member [*Excused*]

OFFICIALS OF THE REGULATED INDUSTRIES COMMISSION

Dr. Hyacinth Guy	Chairman
Ms. Nadia J.A. John	Legal/Corporate Secretary
Dr. James Lee Young	Executive Director
Ms. Carol Balkaran	Deputy Executive Director

Mr. Vinodatt Lutchman	Commissioner
Mr. Dexter Joseph	Commissioner

OFFICIALS OF THE MINISTRY OF PUBLIC UTILITIES

Mr. Gary Joseph	Permanent Secretary (Ag.)
Miss Anika Sarah Farmer	Director, Legal Services
Ms. Camille Quamina	Senior Planning Specialist

Mr. Chairman: Good morning, ladies and gentlemen. Good morning to the viewing public of Trinidad and Tobago. I would like to welcome you the viewing public and listening audience to the 20th meeting of the Joint Select Committee on Local Authorities, Service Commissions & Statutory Authorities (including the THA).

This morning the Committee would meet officials of the Regulated Industries Commission, otherwise known as RIC, and the Ministry of Public Utilities, which is the line Ministry to the regulated body.

Members of the listening public and viewing audience are invited to post or send their comments, via the Parliament's various social media platforms, that is Facebook, YouTube and Twitter.

My name is H.R. Ian Roach. I am the Chairman of this Committee and I would invite members, starting on my right, to introduce themselves to you.

[*Introductions made*]

Mr. Chairman: Thank you very much, members. I will now ask members of the Regulated Industries Commission to introduce themselves, starting with the Chairman.

[*Introductions made*]

Mr. Chairman: Thank you very much. Would the Ministry of Public Utilities, starting with the Permanent Secretary, introduce themselves please.

[*Introductions made*]

Mr. Chairman: Thank you very much all. At this point in time, I would like to invite the Acting Permanent Secretary to make a brief opening statement followed by Dr. Hyacinth Guy, Chairman of the Regulated Industries Commission.

Mr. G. Joseph: Good morning, Chair and members of the Committee. Thank you for the opportunity to give brief opening remarks.

As you are aware, the Regulated Industries Commission is the economic regulator for the utilities sector. Through its governing legislation, the Regulated Industries Commission Act, Chap. 54:73, the RIC is responsible for the regulation of: one, the supply and distribution of electricity, supply and distribution of water; and the provision of sewerage and wastewater services.

By virtue of section 6(1) of the Regulated Industries Commission Act, its core function and responsibilities include: the prescription and publication of service standards for the utilities sector and the monitoring of compliance for the standards by regulated utilities service providers; the establishment of the principles and methodologies by which service providers determine rate for services and the monitoring of the rates charged by service providers to consumers to ensure compliance with the principles that it sets for the determination of rates; the conduct of periodic reviews of rating regimes for regulated utilities; the investigation of complaints by consumers of their failure to obtain redress from service providers in respect of rates, billings and unsatisfactory service; and the facilitation of relief where necessary.

Having regard to these important functions, the RIC plays a fundamental role in ensuring that the citizens of our twin-island Republic and the businesses that drive our commercial and industrial sectors have access to a reliable supply of water, electricity and wastewater services.

The RIC can therefore be said to be at the forefront of facilitating the citizens and our nation's business sector with essential utility services to create enjoyable, prosperous and safe places to live, work and do business.

From inception, the RIC has been aligned to the portfolio of the Minister of Public Utilities. In fact, in 1998, the Minister of Public Utilities at the time was responsible for laying the Regulated Industries Commission Bill in Parliament.

Unlike the utility providers, which are also aligned to the Ministry of Public Utilities, the RIC is an independent regulatory agency. This therefore means that while accountable to the Government for the exercise of its powers, under its governing legislation, the Government, through its line Ministry, does not exercise any control over the exercise of those powers by the RIC.

The role of the Ministry, in respect of the Commission is, therefore, to ensure the RIC meets its statutory obligations, relative to its accountability to the Government and the performance of its mandate.

To this end, the Ministry has implemented a robust reporting and monitoring framework and in compliance with this framework, the commission submits its annual budget and planned activities for laying in Parliament, quarterly monitoring and evaluation reports on the conduct of its activities as outlined in its annual budget and planned activities; quarterly income and expenditure statements; annual audited financial statements; annual administrative reports on its activities.

In addition to the above, the Ministry facilitates regular meetings of the Chief Executive Officers of the agencies under its purview. These meetings are used as a platform to strengthen the reporting and monitoring framework just described.

The scope of this enquiry is to examine the efficiency and effectiveness of the Regulated Industries Commission in the performance of its duties as the regulator for the utility sector. While the RIC has performed well in some areas, for example the resolution of customer complaints, there is room for improvement in other areas such as the regularity of the conduct of its mandate in respect of the prescription of quality of service standards and the conduct of rate reviews.

The Ministry and the commission have shared an excellent working relationship over the years of its existence as the regulator for the utilities sector. In charting the way forward, the utilities sector is a key lever in the development of our twin-island Republic. In this regard, the RIC is a critical stakeholder in the realization of government policy for the growth of the utilities sector.

I look forward to continuing to forge a strong working relationship with the RIC for the improvement of the utilities sector. Mr. Chairman, I thank you.

Mr. Chairman: Thank you very much, Permanent Secretary. Dr. Guy.

Dr. Guy: Good morning, Chairman and members of the Committee, again. The RIC, the present commission, was installed in February 2016. So we have had almost two years of having to operate. And as we know, the RIC receives its mandate from the RIC Act of 1998, and its primary remit is outlined at section 6(1), which the Acting PS has outlined in detail. But to summarize, our prime responsibility and accountability are in the areas of the review of rates for the service providers, establishing service standards, and we see those as going together, monitoring those standards and reviewing and investigating complaints from customers.

So overall, the RIC sees itself as protecting the interests of utility consumers. We do that through prudent regulatory decisions that ensure reliable, efficient utility services at rates that provide financial viability and sustainability of the regulated sectors.

As I indicated, this commission was appointed in February 2016, and when we took up our positions we had an opportunity to review the organization and how it was functioning and get to an understanding of how we can take the organization forward. At that time, the organization was in the midst of a strategic planning process, and we continued with that process. It had stalled somewhat. We continued with that process and we got to the point of stabilizing the organization and putting in place a strategic plan that was agreed to by all of the stakeholders involved.

We set ourselves in alignment with our remit under the Act, some goals which say that over the period of the short, medium and long-term periods—and we had different goals for different periods—that we would undertake a rate review. That rate review had not been done as the PS indicated for some time; that we will establish a framework for customer protection. Of course, we have to work within the legislative and regulatory framework. There are some deficiencies in that and we have been working with the Ministry, in terms of identifying where we see some changes could be made and, of course, strengthening the organization itself so that we could have operational excellence.

We did have some staffing issues, which we resolved and we hired an executive director and a deputy executive director. So we do have the resources internally to do the work that we have to do, and towards the end of last year, around September, we started the rate review process for the electricity industry and for the water and wastewater sectors. Those reviews are on target, for the most part and we expect that we will fulfil the mandate that we have within the time frame that we have set of ourselves and we will continue to work with our stakeholders to ensure that the work that we have to do is in the interest of all of the stakeholders.

Thank you, Mr. Chairman.

Mr. Chairman: Thank you, Dr. Guy. Thank you very much. Now, you know the procedure. Shortly, members would be invited to ask questions of yourselves and you would be expected to assist as best as you can, the questions that are put to you. I would like to remind members, everybody here now, to check to make sure your various cell phone devices are switched off or put on vibrate.

Now, we have a lot of material to cover this morning. So I am hoping that, you know, we can try to keep the questions that are asked, your answers would be direct and relevant and not long and winding. Otherwise, we will find ourselves having to continue this on another occasion but it is quite a bit of material. It being such an important regulated industry and I think this is the first time you all are coming here again in the last two years or three years. The last time you all came before a joint select committee was when? Anybody with institutional memory?

Miss Ramdial: I think it was three years ago.

Mr. Chairman: About three years ago. You were here three years ago, and I am sure a lot has happened in the last three years.

So, actually the first question I would like to ask, section 5 of the Regulated Industries Commission Act, Chap. 54:73, section 5(1) states that:

> "The Commission shall consist of not less than five nor more than seven members designated Commissioners…"

Can you tell us how many commissioners are there at this point in time? Is it five, seven or less?

Dr. Guy: Chairman, we have six members at this point in time.

Mr. Chairman: Six members. And how often—

Dr. Guy: We have two members that are not here this morning. We meet monthly.

Mr. Chairman: Monthly, okay.

Dr. Guy: Yes, we do, and we have sub-committees that, you know, are responsible for various other functions such as human resources, and finance, tenders and so on.

Mr. Chairman: Okay, thank you. Ramona.

Miss Ramdial: Good morning. Dr. Guy, based on the powers of the RIC and what you mentioned earlier about a rate review, has the RIC recommended a price increase in water and electricity rates for the not-too-distant future?

Dr. Guy: Vice-Chairman, we are in the process of undertaking rate reviews for both WASA and T&TEC. We started that process in September. It is a process that is very structured. We have milestones and deadlines to meet and we have a target date for rate determination for T&TEC and another one for WASA and we are on target with those reviews.

Miss Ramdial: What is the target date for those reviews?

Dr. Guy: For T&TEC, it is June and for WASA it is a couple of months later, perhaps by August/September.

Dr. Francis: Good morning again, Dr. Guy. Could you summarize the process? We do not want the public feeling that this is something arbitrary.

Dr. Guy: Okay, thank you. We do have, as I said, a very rigorous process, it is a transparent process. We lay all our documents out in public and it is there for members of the public and other stakeholders to comment on. I would ask the ED to go into some details on that process.

Dr. Lee Young: Good morning. The process, as Dr. Guy has mentioned, is a structured process. It begins by requesting of the utilities their business plans for the next five years and those business plans will cover investments necessary to support the services they provide, cover their operating cost, et cetera.

We take that information and we have our own financial models. But the information that the utilities provide to us is questioned. So we look at their plans, their capital expenditure plans. We interrogate them. We make sure that they are prudent, efficient, et cetera. And this is a back-and-forth process with the utility to land on something that is acceptable to both parties.

We then take that information and that information is input into our first model, which is called our revenue model and that generates, based on the requirements of the utility, its operating costs, its capital requirements, et cetera. It generates for the next five years, for each period, each year, the revenue that that utility needs in order to support its operations and make the necessary investments to provide the services. That gives you revenue requirement for each of those years.

The next part of the model then takes those revenue requirements for each year and then assigns it to the relevant or the requisite class of consumer. And we do that assignment based on what is called a cost of service study. So we look at the utility and we say: "Right, what does it take to provide the cost of that service to, say, the residential customers, the commercial, the industrial?" And we get percentages so we can say, right—for the sake of example—WASA, 60 per cent of their cost is required to provide water to residential and the other classes proportionately.

We then take that revenue requirement and we break it down. We say, right, 50 per cent of that revenue requirement, of that revenue that we have determined for year one, is to be assigned to that class of customer, in this case residential. We know that you have, for sake of argument, 400,000-odd residential customers. We know the average consumption of those customers, because they are not metered, and we assign, simple math, et cetera, we assign tariffs. And obviously there are classes of tariffs. So if you do not use that much water, there is certain tariff for that and then there are bands for increasing consumption, et cetera. So there are two models: there is a revenue model and then there is a tariff model. And that is, in a nutshell, the mechanics behind the process but—[*Interruption*]—sorry, Chair.

10.35 a.m.

Mr. Chairman: When Dr. Guy said and you were saying that it is laid; this information is laid before the public, in what format is this laid?

Dr. Lee Young: In support of this process that I have just described, we generate a lot of technical papers that outline basically what I have just described. We look at the capital requirements, the opex, the methodology that I have just described. And all of those papers are published—social media, our website, in the newspapers, et cetera. So the public has full view of the entire process and the considerations, the issues that we are taking on board.

Mr. Chairman: Good morning again, Sen. De Freitas. I just want to find out, if in the rate review, if the premise is that the revenue generated by these public utilities now, is causing the quality of service that they are giving and therefore a justification can be made for a rate interest in that context. Because I could tell you that there are people in the country that would say that quality of service is poor from these public utilities, and therefore, why should I pay more as a member of the entire pool, if it is I am not getting water regularly? Just to use an example.

Dr. Lee Young: Yes, that is clearly a big issue. If I can back up, the last rate review for WASA, the last rate increase was in 1993. They have had 24 years with no rate increases. Since that time obviously inflation, et cetera, their customer base has expanded, but their revenue is insufficient to support their operations. So, to a large extent the problems that we see today with some of the utilities, arise out of their inability to finance their activities.

And 23 years without a rate review, to be honest, is unacceptable. Yeah, we should be doing rate reviews every five years in order to keep current and that has not happened, so we are now in the process of playing catch-up and doing the two rate reviews simultaneously.

Mr. De Freitas: In the same context what—and this may not be under the purview of the RIC, it might actually under the purview of the Ministry. How easy it is for the Ministry to integrate new technologies to increase the efficiency and the quality of service by which these public utilities are distributed? If I am to use an example, and I do not what to actually go with T&TEC, but that is the best example. Are you looking at solar power, for example?

I know in other countries they allow households to integrate into their electrical system, solar panels and the extra electricity is actually bought back by the State. So as much as you are looking at justifying rate reviews because it has been 20 plus years since you have done so, we are at a point now globally, where there are technologies that allow you to more efficiently distribute these public utilities, both for water and for electricity, that would help that model that you are talking about, in relation to revenue. So, you might not need to actually increase the rate, but you can bring down the cost of distributing the actual utility, and therefore you end up with a larger profit in that regard. Is the Ministry looking at anything by way of technology to help in that regard?

Mr. G. Joseph: Thank you, Member. I would just like to say that certainly technology would play a part in going forward. But as one would appreciate too, it comes with the initial outlay, it comes with a sufficient cost. So that is the opening shot, I would take at it.

With respect to T&TEC, there has been some usage of, for example, the solar lights, they are looking at that, and we are also exploring the whole area of renewable energies. So it is a direction we looking at and it is a lot of exploratory work being undertaken and the renewable energy is also on our legislative agenda in going forward. So we are looking at ways of utilizing the technology as we go forward.

Mr. Forde: I just wanted to follow up on one of the initial remarks made by Dr. Lee Young. In light of 23 years since you would have had the last set of rate reviews—[*Interruption*]—roughly around that, right– we are now in 2018, and what would have been—well I know, you are probably a new board in terms of two years, what would have been some of the reasons why there would not have been any rate reviews within the last 23 years? That is one, and a follow up to that would be, based on the present economic climate, could we then assume that the possibility exists that we may probably go to 24 years, 25 years of not having another rate review?

Dr. Lee Young: Thank you. WASA has not had a rate review for 23 years, T&TEC on the other hand had a rate review in 2006 and that covered the period 2006 to 2011. The T&TEC rate review put them in a good position over that period of time and today T&TEC as a utility, we consider is in a relatively good place in terms of its ability to finance its activities and pay its way.

WASA on the other hand, obviously with 23 years of failing revenues or revenue shortfalls has not been able to do it. So that is just background. In terms of how many rate reviews. In 2012, we attempted to—the RIC attempted to put forward a rate review and did the technical work in-house for both WASA and T&TEC. That proposal was put to the board at the time and was not carried forward; as to the reasons I cannot say. I have only been with the RIC since August of last year.

Mr. Forde: Subject to the board, after it goes to the board, it then comes to Cabinet and then Parliament.

Dr. Lee Young: Via the MPU, yes.

Mrs. Baptiste-Primus: Thank you kindly, Mr. Chairman. Just wanted to clarify before I ask my question. Dr. Lee Young you did say the last rate increase was in 1993, yes, for WASA, so that is not 23 years, it is more like going in 25 years, just wanted to get the math correct, yes. Having established that, Dr. Guy you spoke about a strategic plan. What period does this strategic plan cover?

Dr. Guy: The plan covers 2016 to 2019.

Mrs. Baptiste-Primus: And has the plan been completed?

Dr. Guy: Yes, it is has been completed.

Mrs. Baptiste-Primus: And has it been implemented?

Dr. Guy: It has been implemented and, of course, you know, every year you do a review and a rolling plan and those targets have been disseminated to the management and staff of the RIC. Yes, the plan is for the period 2016 to 2019 and it has been implemented and goals and objectives have been assigned to persons within the RIC so that we can operationalize that plan.

Mrs. Baptiste-Primus: Now, in order for the RIC to effectively carry out its mandate, the necessary resources are required whether the resources are human resources or financial resources. May I enquire, has the staff complement of the commission been adequate to function at optimal capacity?

Dr. Guy: At this point yes. It was not always like that. As I said, when we got in in 2016 we did have some operational issues and we had to deal with those issues, and we did so. We had some shortage in terms of talent in the organization and we had to move speedily to address that. That was done as part of the whole strategic planning process and can say today that we have the human and financial resources to do the work that we have to do and to take the organization forward.

We do have some vacancies on the system, but if we look into those vacancies we see that we have persons that we are developing from inside of the organization to move into some of those positions. And because we did not have some of the, you know, high level and intensive work that we would have normally done had we been doing rate review over the period up to 2015—2016, then we would have moved to fill those positions. But we are kind of doubled up internally until we thought that we can fill the positions which is what we are moving to do now.

Mrs. Baptiste-Primus: So in that context, how many positions have been established within the RIC and how many of those positions have been filled?

Dr. Guy: We have an approved establishment of 39 positions, 39 people. And we have at this point, seven vacancies in the organization. As I indicated, two of those vacancies will be filled from persons within the organization once they get to the required level of competence. You know there are specialized field and if persons are in the organization and developing themselves then they will move into those positions.

Mrs. Baptiste-Primus: Two more questions, Mr. Chairman, if you will permit me. Dr. Guy, has RIC conducted comparative research to determine whether the rates charged by WASA and T&TEC are below or above the global averages?

Dr. Guy: We do have information on that. We have published that information and we know that our rates are really, you know, the lowest, it is second from the bottom of the table that we have here. The one that is lower than our rates, and this is electricity, it is 0.04 cents and that is for—

Dr. Lee Young: Per kilowatt hour.

Dr. Guy: Per kilowatt hour, US dollars.

Dr. Lee Young: US cents.

Dr. Guy: And then we have the next lowest is Trinidad and Tobago and after that we have Belize at 19 cents going all the way up to Turks and Caicos at 37 cents, US cents per kilowatt hour.

Mrs. Baptiste-Primus: And my final question for the time being. Has any entity approached the RIC for a licence for the purpose of producing renewable energy for public consumption?

Dr. Guy: I will ask the ED to answer that, I am not sure.

Dr. Lee Young: The answer is no. Not yet.

Mrs. Baptiste-Primus: Thank you kindly.

Miss Ramdial: Thank you. Dr. Guy, in your work with respect to rate reviews, is it for all consumers or just residential consumers?

Dr. Guy: No, it is all.

Miss Ramdial: All consumers across the board.

Dr. Guy: All classes of consumers, yes.

Miss Ramdial: Okay, thanks.

Dr. Francis: Morning again. A question to both the RIC and the Ministry. One of the mandates of the RIC is standards compliance, overarching concerns with customer satisfaction. Does the RIC or the Ministry or both, do you gauge customer satisfaction and if so, how do you do that? That is one, which leads to the next question, which is, in an objective sense, how effective are our public utilities? However, you choose to answer that comparatively, centered on them as entities, any answer will be fine.

And, I want to know whether the Ministry Public Utilities has any kind of a master plan or strategic plan to truly modernize our utilities.

Dr. Guy: Can I take the question on the customers? Side by side with setting appropriate rates, we do quality of service standards, which means that customers must feel that they are getting value for what they are paying. So whenever we review rates, we also look at the standards. And we have a very robust quality of service standards regime for T&TEC, and T&TEC has for the most part complied with that and they have worked with us to develop it. So, you know, customers have redress in the event T&TEC falls short in certain areas of providing the service.

We have recently developed the same kind of framework for WASA and we expect that that will be implemented soon. It has to go through the Ministry of Public Utilities and be gazetted before it can be implemented and it is presently at the Ministry of Public Utilities.

So, we do look at the service standards. I am not of the view that we have gauged customer standards by way of surveys, and perhaps that is something we can look at, but we have not done that. We do respond to, you know, issues that are raised on social media and in other media and we have a very robust customer complaint and a customer service department within the RIC that deals with customer complaints and ensuring that those standards are in place.

I suppose the other part of the question can be taken by the Ministry.

Mr. G. Joseph: Thank you member, for the question. You had asked how effective are the public utilities and if there was in fact a master plan to modernize the whole utilities sector.

What I would say is, there have been a lot of changes taking place at the Ministry and there is a relatively new executive team as it were; a recent Minister, a recent PS, recent Deputy PS and so on. But certainly what has been advocated by the Minister is that there needs to be a transformation as it were with these utilities. And we have been engaging in significant dialogue with the agencies, in an effort to have a transformation plan done and to move these agencies forward. We have also engaged in discussions with various agencies and, in fact, up to yesterday there was a workshop on adaptive planning with some of those external consultants and so as it relates to WASA in moving forward some projects.

So, there is a plan for transformation and that is in fact linked to our strategic direction going to be 2030. So there is that alignment and like I said, it is a pretty new team and we are looking to put the building blocks in place to take us in that direction. So there is a plan.

Dr. Francis: PS, if I could provide some more specific context. I have been alive for 43 years. I am from a very rural community called Moruga. Every year of my life, during the period January to August, my community suffers immensely for water. It has not changed.

So there is one thing to have something that exists on paper that might seem coherent; it is quite another to have something implemented that impacts on the lives of people. So, I am talking about something that can be implemented, can be operationalized, not something that might be a good idea on paper that really goes nowhere. Because at the end of the day, this is 2018 and I am pretty sure that between January and August, the people within my constituency and my community in particular will have severe water problems, for example.

Mr. G. Joseph: I would just like to respond in the sense like I said, in the case of WASA, certain initiatives are being undertaken. In terms of engaging the customers to make reports and so, we have been using the technology. We launched some apps quite recently, so customers could get on those apps and report where there may be issues with shortages or leaks and so. We have also engaged WASA and they have put in place a rapid response team to treat with those repairs, so we are on a very aggressive drive to treat with the leaks in the system.

There are also steps in terms of looking at the supplies, increasing the supplies and so. So whilst I am hearing your concern Member, what I can say is we are aware of those concerns and we are working with the agencies to see how we can improve service to the people of Trinidad and Tobago. At the end of the day, especially water, I think the point has to be made that water is critical to life, and it should not be that our citizens do not get that supply of water. And I share your sentiments and like I said, we are working with the agencies to improve our supplies to our citizens.

Miss Ameen: Mr. Chairman, I just want to go back to RIC. I was happy to hear the chairman indicate that there is no significant HR shortage or challenge. What then, do you think accounts for the length of time it takes, the delays? I know you indicated in your report to the Parliament, to this Committee, some of the reasons for the delays in completing investigations.

How long does it take for the Commission to begin an investigation into a legitimate complaint, and thereafter in terms of feedback from the public utility themselves to have this rectified? And do you take that into consideration when contemplating an increase in rate in terms of value for money for the public and the customers, in terms of the response time and the quality of the service that they get?

Dr. Guy: Member, what I am understanding in what you are asking is the investigations into complaints by members of the public, the time frame that it takes and whether we take that into consideration in – is it in establishing the quality standards or the rate reviews? Both?

Miss Ameen: Both.

Dr. Guy: All right, I will ask the ED to address that issue.

Dr. Lee Young: Thank you. At the moment, we have a resolution rate of approximately 85 per cent of the complaints that we receive. We will deal with the complaints once they have escalated beyond the utilities. So a customer makes a complaint to the utility, if they feel that they are not getting redress in a timely manner, they come to us. We deal with those complaints immediately.

On average, every month we get roughly 400—500 complaints, and 85 per cent of those are solved; some drop by the wayside, they are withdrawn, et cetera. Much of the time is taken in accessing information from the utility with respect to that particular complaint. But this is not something that we let up on, yeah. So the carry-over of complaints from 2017, if memory serves me, is probably of the order of 200—300 complaints and these complaints that almost by definition are fairly complex in their nature and require a lot of back and forth to the utility.

Mr. Chairman: Thank you. Dr. Lee Young, is it correct to say that under the present arrangement with RIC, with your industry, that in dealing with the rate increases you all do not entertain public hearing anymore?

Dr. Lee Young: Thank you, Chairman.

Mr. Chairman: Because under the PSU that you replaced, it used to be Public Utilities Commission, there used to be public hearings for rate increases. Is that something that is in disuse at this point in time?

Dr. Lee Young: Thank you. The answer is most definitely not. The process that we follow, building on what the Chair said earlier, we publish all of these technical papers which informed some of the decisions that go into how we come up with these rate increases. Those papers are published in the papers, social media et cetera. So the public has an opportunity to comment on those and we also send them out to special interest groups as well; the chambers, et cetera.

Once we develop our draft or make our draft determination to establish—look this is what we think we are proposing on a rate increase, that is approved internally by our board of commissioners. It is then published as a draft determination and in the case of T&TEC and WASA, they will both have two months in which to review those.

We carry out a number of consultations, so in April/ May of this year we will be carrying out public consultations throughout both islands, informing the public and answering their questions. So there is an opportunity for the public to engage with the RIC, ask questions, et cetera.

Mr. Chairman: So Dr. Lee Young, is that more effective than having public hearings as it existed before?

Dr. Lee Young: Chair, all I can say is, it is a process we have adopted and that we are following. I cannot comment on the effectiveness of what existed before; I was not around.

Mr. De Freitas: Good morning again. I just wanted to continue the conversation in relation to the complaints Dr. Francis would have identified. It seems as though when you are speaking about the complaints and the response to complaints that you are indicating that that is being dealt with in that manner. But what he actually said, was that for the 43 years he has been alive, there has been a persistent problem in his community over and over again, and the question that I want to ask is, as much as you are receiving complaints, his problem is not being solved. Because for 43 years, they are guaranteed to have water problems between January and August.

What I want to ask, especially of the Ministry, is that it tells me there seems to be an over-confidence in the infrastructure, especially with WASA, as a public utility. Has there been an assessment done recently of the infrastructure that WASA has to use to distribute water in Trinidad and Tobago? Because it is funny to me and highly ironic, that every year we deal with floods, but then there are people clamoring for water. That makes no sense. It means that the abundance of water is not the problem, but the distribution of it is. So something is wrong with the infrastructure of getting the water from point A to point B after the necessary cleanup of the water and what not has been done.

When last has there been as assessment of that infrastructure? And let me just ask more specifically, how old is that infrastructure?

Dr. Francis: Mr. PS, before you answer, just to add some context. Moruga receives its water from an old Petrotrin site that was taken over by WASA, I think somewhere in the 90s. I visited the station. There is literally one pump. There is a mass of water, sufficient water to supply the community, perhaps five days a week, but there is one pump. And when that pump breaks down for an hour, it means an entire community does not receive water for a week. If the pump breaks down for a day, it means the entire area might not receive water for a week. One pump.

There are two storage tanks, one is in use, one is not in use. So they use the same tank for storage, clarification, distribution, which is absurd. An entire community relies on this threadbare infrastructure to receive water and I have been trying to receive help from the Ministry, still awaiting a meaningful intervention. And at the end of the day, the cycle that I have described before will continue.

Mr. G. Joseph: Member, in terms of the question you would have asked, in terms of that inventory of the infrastructure, and the age and so, I do not have that information before me, but I will certainly seek to obtain that information and provide it to you in writing.

Mr. Chairman: Dr. Guy, before we go further into this enquiry. What is coming out from the questions coming from members, it seems quite pertinent and thought provoking, but it seems a lot is being requested of you all in terms of monitoring what needs to be done. But to me, the basic question seems to ask at this point in time, is do you have the legislative power to do what needs to be done in order to achieve all that is being asked here? Is it that the regulatory framework empowers you sufficiently or is it woefully—you are a bulldog without teeth? Is that what is happening here?

11.05 a.m.

Dr. Guy: Well, Chairman, the Act does prescribe what the RIC can do in terms of establishing the rates, and as the ED indicated, there is a process for that. We get the capital costs requirements; the operational costs requirements and we work with the utilities. So they would say well we need this in order to be able to provide a particular kind of service.

We have to ensure that what they want it will make for prudent management, it will make for operational efficiency. So there are certain things that we will kind of push back on, for example, if they come and say, well, you know, our operational costs are X, and we look at those operational costs and we think that there is no rationale or the benchmarks are off, you know, for example, in overtime or something, then we will—

Mr. Chairman: Dr. Guy, what I am asking is—well, you are explaining what you all can do. I am asking, is this sufficiently potent enough for you to really be effective in your mandate?

Dr. Guy: For the rate review, yes I think it is. For the quality of service, I think that the RIC could have more power in terms of being able to have the utilities provide a better service because when we do a rate review, we factor in the quality of service standards. We want you to provide service at a particular standard. In order to provide service at a particular standard that will have a cost to it, but if there is no enforcement in terms of providing that standard, then there is the tendency of the utility to fall back on old practices. So, yes there could be more in the framework, the legislative framework, for the RIC to enforce better standards of service from the utilities to the public.

Mr. Chairman: With sanctions and penalties, of course?

Dr. Guy: Sanctions, penalties, fines, et cetera.

Mr. Chairman: And right now you all do not have any of those? Sorry.

Dr. Guy: The ED would like to add something.

Dr. Lee Young: Yes, if I could just elaborate. We mentioned earlier the quality of service standards that exist. At the moment, there is only one in effective, and that is for T&TEC and that provides redress for its customers. So brownouts, so much time without power, late billing, late connections, et cetera, you have redress. The amounts involved, the compensatory payments are not significant for you as a consumer, but for the utility, on the other hand, it is a great incentive to lift your game.

Unfortunately, at this point in time, we do not have quality of service standards in place for WASA. Those have been on the drawing board or drawing table for many years. At the moment, we have gone through the process again. We had, again, a public consultation and discussions with all the interested stakeholders, and we have developed the quality of service standards for WASA. They were approved by us. They are currently on our website and Facebook page, and they are currently with the MPU for gazetting. Once those are gazetted, they come into effect, and for the first time Joe public will have the ability to seek redress from or hold WASA accountable.

Miss Ramdial: Thank you, Dr. Lee Young. So, Dr. Lee Young, would you recommend—as WASA is here also and the PS—that similar to T&TEC, they introduce a metering programme within WASA so that rates and quantities could be precise and it would be applicable to all and as efficient as T&TEC?

Dr. Lee Young: Thank you. The installation of metering is under considering. It is an extremely expensive process to roll out. WASA, most of its industrial customers are metered, because they are the large users—so it is imperative that the amount of water they consume is measured accurately—and that percentage of metering drops off dramatically, once you get into the residential customers. I think residential customers, the amount of meters installed is probably in single digits, percentage wise. So, I would agree with you, yes from a long-term perspective metering is desirable. However, we have to be cognizant of the cost involved, et cetera, and it is a long roll-out process. It is something that as part of the rate review process that we are undertaking, we are actively looking at.

Mr. Forde: Dr. Guy, the main mandate of the RIC is basically rate reviews. Is it? Your number one mandate. What would you consider your number one mandate in terms of this?

Dr. Guy: I really would be hesitant to separate rate review from the quality of service.

Mr. Forde: Quality of service?

Dr. Guy: Yes.

Mr. Forde: But from where I sit, I think most instances when we hear of the RIC, it is based on rate reviews. Right? Would it be the success of your body, the RIC, would it be based on rate reviews? If not, what other achievements are you looking at with regard to continuity of your term?

Dr. Guy: Again, member, I would reiterate that we have to look at a review in conjunction with the standards of service provided by that particular utility. So that is why QSS, a quality service standard is always a precursor to our rate review. So in terms of how we would measure our performance over the period, we would want to see both objectives achieved, that we have a current rate review for both utilities and we would have established standards so that the public can know that when they are paying for a service, they get a sense that I am paying for something that I am 100 per cent sure that I will get and I will get it to a particular standard.

We would also like to highlight and work with the utilities, in particular, the electricity industry to highlight, you know, that people should conserve energy and there are ways that energy can be conserved. We do not have an incentive for the people to conserve, I suppose because it is four cents per kilowatt per hour and, perhaps, as we review the rates and as rates are probably likely to escalate over a period of time, that we will be more minded to consider, take off the lights and use the energy that we have in a way that is more prudent, more responsible, and we would like to create that awareness in the minds of the people of Trinidad and Tobago.

Mr. Chairman: Mrs. Baptiste-Primus, you said you would like to ask a question?

Mrs. Baptiste-Primus: Chairman, if my colleague Khadijah wanted to ask, I will give way since I have asked earlier.

Miss Ameen: Go ahead

Mrs. Baptiste-Primus: I can go ahead? Chairman, may I?

Mr. Chairman: Sure.

Mrs. Baptiste-Primus: Thank you kindly. This question is directed to Mr. Joseph, Acting Permanent Secretary. One of the responsibilities of the Ministry is to ensure the establishment of Consumer Service Committee. Am I correct? Is that a responsibility of the Ministry or the RIC?

Mr. G. Joseph: The Minister, yes.

Mrs. Baptiste-Primus: But what are the distinguishing roles of the Consumer Service Committee as against the Customer Services Department of the RIC?

Mr. G. Joseph: I am not too sure about the distinction between both, member.

Mrs. Baptiste-Primus: Well then, you can focus on the responsibility of the

Consumer Services Committee. What is the responsibility of that committee?

Mr. G. Joseph: As far as I am aware, it is really to engage the various consumer groups. At this point in time, I am not aware that any move has been made to the Minister to establish any of those groups but, certainly, in terms of there being a mechanism in place to treat with some of the concerns coming out from the consumers, the RIC certainly has a Consumer Services Department that treats with that, but that mechanism that is within the legislation—

What I have just been shown, member, is that in the legislation it speaks of:

"The functions of a Consumer Service Committees shall consist of, but not limited to—

(a) advising the Commission on matters relating to the type, level and quality of service provided by service providers;

(b) assisting in ensuring that service providers implement adequate complaint procedures for the speedy and appropriate resolution of complaints made by consumers;

(c) participating, on request, in proceedings of the Commission where the terms and conditions of licences or the bases of tariffs or rates charged by a service provider are being considered;

(d) attending to such other matters as may be assigned to it from time to time by the Commission."

Mrs. Baptiste-Primus: So that given the high level of complaints as enunciated by my colleague, as well as other citizens, the spirit and intent of the legislation is to ensure that this committee really has a monitoring function. Why then has the Ministry not appointed such a committee?

Mr. G. Joseph: Like I said, member, I would think that an approach would have to be made by some party for the establishment of these groups. As far as I am aware, at this point in time, there has not been any approach to the Minister to establish these groups. What I would add, nonetheless, there is a mechanism in place to treat with those complaints, and as Dr. Lee Young has indicated, whilst those complaints may be in the region of 400 to 500, there is a resolution rate of about 85 per cent. So something is working there that would facilitate the resolution of the complaints. So there is a mechanism, notwithstanding, another mechanism of those committees.

Mrs. Baptiste-Primus: Permit me, Chairman. And, Mr. PS, I appreciate that bit of information, but notwithstanding the resolution rate at the level of the RIC with regard to their Customer Services Department, the mere fact that the legislation makes provision for this mechanism is an indication of its necessity. In that context, may I strongly suggest to you that the Ministry takes urgent steps to have such a committee established, because I see the role of that committee acting as an enabler for the Ministry, because the Ministry has oversight role over the RIC. From the documentation the Ministry would have submitted, there is only one technical officer at the Ministry and we know that is really inadequate. We know of all the challenges, but this committee can certainly act as an enabler for the Ministry's monitoring and evaluation unit that consists of only one person at this time.

Mr. G. Joseph: Well, if I could just clear that, member, the person you just referred to is Ms. Quamina.

Mrs. Baptiste-Primus: Poor Ms. Quamina. [*Laughter*]

Mr. G. Joseph: But what I would say is that we have an M & E unit at the Ministry which is well staffed headed by a director and a number of M & E officers, and they in turn would engage all our line agencies—they would develop their work programmes—and that unit would be responsible for monitoring those work programmes to ensure that the deliverables that they would have provided in that work programme are met, and to provide whatever support that may be required in order to ensure that those objectives and goals are achieved by any particular line agency. So it is not just one individual, but we certainly have an entire unit, an M & E unit headed by a director and staff that look at those monitoring/evaluation functions with those line agencies.

Mrs. Baptiste-Primus: I am happy to hear that, but the recommendation for the establishment of this committee will also ensure a higher level of efficiency at the level of the RIC. Thank you, Madam Chairman.

Miss Ameen: Mr. Chairman, I want to join my colleague in that recommendation, and I want to note that section 24 of the Regulated Industries Commission Act gives the power to the Minister to appoint that Consumer Service Committee.

Mr. Chairman, also in the report from the RIC, you indicated that you had a number of recommendations for enforcement procedures to ensure compliance whenever there was any contravention of any directives issued by the RIC in relation to the resolution of complaints. I would like to hear from you what are some of the recommendations that were submitted to the line Ministry and, perhaps, if the Ministry could also respond by indicating how far along they are in terms of enforcing or following those recommendations to enhance the monitoring and the enforcement capacity of the RIC.

Dr. Guy: Member, and this is with respect to complaints specifically? Okay. I would ask our Legal Corporate Secretary to answer that. We have made recommendations to the Ministry for a revision of the Act to give the RIC some more power in terms of enforcing some of the recommendations it makes, and Ms. John will speak to that.

Ms. John: Good morning, again, member and panel. In that regard, the RIC has submitted a number of recommendations. We are looking at broadening the scope of investigation of our complaints. We are looking at the issue of the authority to determine the outcomes of those complaints. We are looking at the issuance and the ability to issue regulatory instruments for consumer protection. We would like to also have the authority to use discretion or a broader discretion to investigate matters. We are looking at the authority to enforce decisions with respect to consumer protection and we are also looking at the mechanism for appeals.

Miss Ameen: One very simple thing I want to ask, the Ministry has a role in terms of publishing the quality service standards. Right?

Ms. John: Yes.

Miss Ameen: In your report to the Committee, you indicated that once that is finalized the Ministry could then monitor and evaluate the performance of the utility providers. To me it sounds as something simple, but why has the Ministry not yet published that QSS in the *Gazette* as is required by law for full implementation?

Ms. John: Member, I would ask the MPU to respond, please.

Mr. G. Joseph: The QSS has been provided to the Ministry. We are currently reviewing that. Once that is done that would be sent to the Cabinet and that would be laid in Parliament asking for it to be gazetted. So we are currently reviewing.

Mr. Chairman: Thank you. Now, we are here this morning assessing the efficiency and your effectiveness of the Regulated Industries Commission, and in order to do what you are required to do under the Act, a significant part of it is your funding. Right? According to the public utilities report, you have here, "Financing of regulatory agencies". It says:

By law, the level of the funding prescribed to the regulatory body should be

> sufficiently adequate to enable it to meet its responsibilities in a competent manner.

And your answer to that relevant provision, you said:

> This requirement is met through section 30 of the Act which makes provision for the cess.

Now, two questions coming from there: one, are you sufficiently resourced financially and, if so, or if not so, have you all implemented the cess? And you could explain to the public what this “cess” is, please. Thank you.

Dr. Guy: Chairman, we are entirely funded by the cess and a formula is used to determine the amount that will be paid to us in the form of a cess from the various service providers.

Mr. Chairman: Dr. Guy, before—I mean, for the purposes of the public, because we want to educate the public. Exactly what is the cess?

Dr. Guy: Right. I just wanted to make that initial statement and then I will ask the ED to go into what is a cess and how it is calculated and how we get those funds, but just to say that we are totally entirely funded by the cess payment from the providers.

Mr. Chairman: Thank you very much.

Dr. Lee Young: Thank you. The cess payment, basically, is a levy on each of the service providers that fall—

Mr. Chairman: Or a tax.

Dr. Lee Young: A tax.

Mr. Chairman: I want you to speak in language that the public will understand.

Dr. Lee Young: It is a tax that is levied on each of the service providers under our purview, and it is in proportion to their revenue or their size, effectively. There is a formula that is prescribed that works out exactly how much that payment is for each of the service providers, and each year that is adequate for our purposes and the formula takes into account past expenditures. Whether there is any little surplus that is carried over. So things are kept pretty much in line. Balanced.

Mr. Chairman: So could you tell us what the amount is and who sets the cess? Is it set by the RIC themselves or is it set by regulations as prescribed, the percentage?

Dr. Lee Young: The Act prescribes the percentage. We calculate, we present a budget to our line Ministry, the MPU, and that is then taken to Cabinet for their approval. The amount roughly is around the order of $16 million to $17 million per annum.

Mr. Chairman: $16 million to $17 million per annum. Is that proving to be sufficient for you all at this point in time?

Dr. Lee Young: Yes.

Mr. Chairman: That is good to hear. You are probably one of the few bodies that can say something like that. Is it that you all are very efficient in the use of your budget?

Dr. Lee Young: The organization is a stable one in terms of manpower. Our costs are well known. Obviously, as we go into this rate review period the expenditures will increase with the need for public consultations, renting of auditorium to conduct our business with the public, et cetera, but outside of that our operations are stable. You just have rent, salaries. They may change a little bit, et cetera.

Miss Ameen: Just a follow-up. I always get happy when I hear public consultation because I believe it is a firm part of democracy. Can you indicate for the information of those viewers and the public when they will have the opportunity to participate in public consultations with regard to the rate review?

Dr. Lee Young: Thank you. T&TEC, we are looking at the months of April and May to start conducting—probably towards the end of April, early May—to start conducting the public consultations on T&TEC. WASA is a couple months, a few months behind and the public consultations on WASA are due to take place the end of July, early August.

Miss Ameen: How many consultations do you intend to have and where about, generally, in terms of geographic areas in Trinidad and Tobago, do you intend to or are you considering having these consultations?

Dr. Lee Young: The consultations will be widespread throughout both islands. So, at this point in time, we intend to conduct Point Fortin, San Fernando, Chaguanas, Arima, a national consultation here in Port of Spain and, obviously, Tobago.

Miss Ameen: I want to urge you not to forget the eastern coast of Trinidad, that Rio Claro/Mayaro area.

Dr. Lee Young: Thank you. We will take note. If I could just add, when we do have these consultations, we do provide transport for surrounding areas to come in but your point is accepted and noted.

Mr. Chairman: Now, can I further ask a question? In your accountability, you are required you said, under section 34(3) and (4) under the RIC Act mandate that preparation and submissions to Parliament of audited financial statements and annual administrative report. Are you all current with that?

Dr. Guy: I would ask Commissioner Lutchman to answer that, please.

Mr. Lutchman: Sure. Chairman, we have completed up to the financial year 2014 in terms of audits and we are in the 2015 financial year. The audit of 2015 financial year has started. Annual reports have been issued up to 2013 and we are in the process of finalizing the annual report for 2014.

Mr. Chairman: So you are in breach of all?

Mr. Lutchman: Say again?

Mr. Chairman: So you are in breach of all. This is an annual report, and we are in 2018, and you are talking about, what? 2013? Do you know why I asked you that question before if you all are sufficiently financed? Is to come to things like this. So you do not have a problem with money. Is it that staffing is a problem?

Mr. Lutchman: Well, when we took office, when this board of commissioners were appointed, we inherited 2013 in progress which we finalized and closed off, and '14 was started and completed and we are all currently into '15. We expect that during this calendar year to be up-to-date—to bring the audits up-to-date and comply with the section 34 as prescribed under the Act.

Mr. Chairman: Okay. Now, just a second. Now, also part of your remit is to promote competition. Right? Is there competition in Trinidad and Tobago in terms of our utilities and if not so, why not?

Mr. Lutchman: I would ask the ED to take this question or the Chairman.

Dr. Lee Young: The only competition that currently exists within the organizations or companies under our purview are within the power generation sector. Within the power generation sector, you have T&TEC with their power station at Cove in Tobago. You have PowerGen with the two plants: Point Lisas and Penal. You have Trinity Power which is the old InnCogen which is also in Point Lisas and you have TGU. With respect to the other two utilities, there is no competition.

Mr. Chairman: Now, can I ask you, PowerGen and T&TEC are strictly under your remit, but those other two you just spoke about, they are not?

Dr. Lee Young: That is correct.

Mr. Chairman: They are private enterprises.

Dr. Lee Young: They are, and we have made representations to the MPU as part of our legislative changes to bring a number of utilities under our purview. They include TGU, Desalcott, and the Seven Seas Water Desalination Plant in Point Fortin.

Mr. Chairman: Could you tell me how long those entities have been in existence? You must know. If they are not there you have documents to suggest when they came in, so.

Dr. Lee Young: TGU has been around for—if memory serves me—four or five years.

Mr. Chairman: Trinity?

Dr. Lee Young: A lot longer. Sorry, not Trinity. It is TGU, four or five years. Seven Seas, it is about seven years it has been around and Desalcott, off the top of my head, I could not tell you.

11.35 a.m.

Mr. Chairman: Probably the Acting Permanent Secretary could answer this. Why has this not been addressed so far, this legislative lacuna? Why is it the Act has not been amended to, you know, incorporate these other entities that are outside the remit of the RIC?

Mr. G. Joseph: Chair, I will ask our Director, Legal Services to speak on this.

Miss Farmer: Good morning again, members of the Committee. The amendment must be predicated on the establishment of a licensing framework, because the Act specifically says that the entities that would have existed at the time of its coming into being are deemed to be licensed. So any other entity that comes under must be actually given a licence.

I cannot speak to anything before my tenure. What I can say is that in the Ministry now those discussions are ongoing. It is on the Ministry's work programme for this year. We will be commencing the discussions on the establishment of the framework with RIC after Carnival, mid-February, and we hope to bring those amendments to Parliament within this fiscal year.

Mr. Chairman: Are they not licensed already?

Miss Farmer: No they are not. The only service provider—

Mr. Chairman: So they are operating without a licence?

Miss Farmer: They are not regulated by the RIC, yes that is so.

Mr. Chairman: I think this is one of the neglects of the RIC, because the RIC is saying that they are not in a position to give licences, is that not so? Is that not one of the problems you are experiencing?

Dr. Lee Young: It is the Minister's responsibility.

Mr. Chairman: It is the Minister's responsibility?

Miss Farmer: The licence is issued by the Minister on the advice of the RIC. The RIC will have to advise in terms of the establishment of the licensing framework. The licensing framework was a deliverable on the RIC's work programme for the last fiscal year. As at the end of the fiscal year it had not yet commenced. So as I said, we have been given a mandate to get that done this year, and those discussions will commence with the RIC in mid-February.

Mr. Chairman: I do not know if my other members are clear, but I am kind of a little confused. I probably am slow on the uptake, but where does the responsibility lie? I mean, which one coming first—the chicken or the egg? You said the RIC is supposed to do something, and the Minister is supposed to do something. Just clarify for the public and for my purposes please. What exactly is the position?

Miss Farmer: The position is that we have to work out the licensing framework. That has to be done.

Mr. Chairman: Who has to do that?

Miss Farmer: Both the RIC and the Ministry. It is not just the Ministry or just the RIC.

Mr. Chairman: So who commences the initiative?

Miss Farmer: We will commence it; the Ministry will commence it this February.

Mr. Chairman: So the responsibility was at the Ministry to start it then?

Miss Farmer: Well, what I would say is the RIC had on its work programme, for last fiscal and the fiscal before that, the establishment of the framework. So what the form of the licence would be, the advice on the fees, the conditions upon which one can cancel a licence, vary a licence, suspend a licence. So those issues were with the RIC for advice from my records. As I said, within the last fiscal year that deliverable was not completed, but we intend to work with the RIC to move it forward.

Dr. Francis: Not to get off of that issue, but just to get back a bit to earlier discussion. If it is that the RIC determines that there are to be rate increases in the future, what is the process after that, before the rate increases are actualized?

Dr. Guy: I will ask the ED to go into some detail on that.

Dr. Lee Young: Our remit is to basically set the rates. The actual implementation of the rates is up to the utility at the end of the day. To give you an example, in 2006 when we prescribed or set the rates for T&TEC, we set those rates, if memory serves me, in June or July of that year, and only in November of that year did T&TEC implement the rate increase, and only then for two classes of consumers, the industrial and the commercial. It was almost two years later when they implemented the increase for the residential customers. So we just set the rates, the actual implementation is entirely up to the utility.

Miss Ameen: That is something I think we need to clarify. When the commission makes a recommendation for rate increases, who has the discretion in terms of—I remember earlier, member Forde asked about the present economic situation, and whether it is something we should be presenting to our citizens, an increase in the utility rates. Who has the discretion as to whether now is a good time to implement all of the recommendations of the RIC or should it be done on a phased basis or should we wait for two more years? Who has that discretion before it reaches to the consumer—the Cabinet, the Minister, the utility themselves, the board of the utilities, who?

Dr. Lee Young: In this case it would be basically the shareholders of the utility, Corporation Sole, the Government, to determine what they wanted to do with our proposal with respect to rate increases.

Dr. Francis: I will modify the same question to the Ministry. If it is that the RIC proposes rate increases and the Ministry agrees, would the Ministry also contemplate some kind of public outreach, public education programme to ensure that the public is not left in the dark, is aware of the need and the importance or however the Ministry wishes to frame it? Would there be some sort of public education about the entire thing.

Mr. D. Joseph: I think Dr. Guy would have hinted previously, and certainly Dr. Young, that there will be that public awareness taking place. Once there is that draft determination and so, there is that, I believe, a two-month window during which those public consultations would take place. But certainly I would think that there would be that public awareness being built up around whatever is decided by the RIC during this rate review process.

Miss Ramdial: Just to put the question in a different form to my colleague, Dr. Francis. Does the RIC really, given the economic environment and reliability of service, both WASA and T&TEC, do you see it feasible at this time to have a rate increase?

Dr. Guy: Member, we have a mandate under the Act and that mandate is to establish that framework which would allow us to look at all of the inputs that the service provider will need to cover, in a sense, so that that service provider can provide an efficient service and get a reasonable rate of return. So we have a responsibility to do that.

As to whether it is prudent to have a rate increase to consumers at this time, that is not what we look at. We look at what we have to do under the Act to achieve our mandate, which is to establish the framework and to make a determination. We hand it over to those who have the power to implement.

Miss Ramdial: So I will extend the question to the PS, because apparently the Ministry and the Minister has the power to implement. So PS that question goes to you. Do you think it is feasible at this time, given the economic environment and reliability of service, to recommend a rate increase?

Mr. G. Joseph: Well, member, I would not want to circumvent what comes out of the work that is currently being done by the RIC. The process is ongoing. They are an independent regulator. I would not want to guess what will come out of the process. So we will have to await the outcome of the deliberations of the RIC before we could engage further on this.

Miss Ramdial: Thank you.

Mr. Chairman: I think we are coming to a close. To determine the adequacy of the current legislative framework governing the operation of RIC, you were asked what areas of the Act can be described as obsolete and deficient. I think your response was that the Act is not obsolete but it is deficient. Am I right?

Miss Farmer: Yes, the Ministry's position

Mr. Chairman: The Ministry, right. Then I looked further and I saw you all identified certain criteria or certain principles upon which you act, and it was spelt out here on I think on page 5 of your document. It says independence, accountability, transparency, public participation, clarity in roles, completeness and clarity in rules, requisite powers, integrity, and then you said these principles were derived from the OECD. For the public purposes, the OECD is the Organization for Economic Cooperation and Development. Yes, I am going right so far? All right.

Now, you said near the end, the question was asked—the criteria coming from this OECD is the Government's ordinary fiscal control auditing policies, practices and procedures and budgetary controls should apply to the regulatory body, which is RIC. In your answer, what I gleaned from here, you said: It is important to note that the financial provisions of RIC, the Regulated Industries Commission are consistent with the provisions of the ordinary regulatory bodies in this jurisdiction.

To me, that does not answer the question asked. It does not really say it is in compliance with the Government. Is it that this jurisdiction—which does not define what is this jurisdiction—is the jurisdiction NAFTA, is the jurisdiction Caricom or is the jurisdiction Trinidad and Tobago? So that is vague. Right? Is it that the jurisdiction that you are referring to, if not being Trinidad and Tobago's jurisdiction, is it regional, that it is a higher standard than what is being suggested by the OECD?

Miss Farmer: Member, the way that I interpreted this question, or my answer to this question was basically premised on what would be the normal controls that all government agencies are required to meet in respect of their finances. So if you look at legislation across, you have to produce a budget. For Ministries, the budget is laid in Parliament for approval by the Parliament. For regulatory bodies it would be laid in Parliament, not necessarily for the approval but for the notification of Parliament. All agencies are required to submit audited financial statements. The RIC is no different in that regard.

So when I was answering the question, what I was looking at is what would have been the normal requirements for budgeting and financial purposes, as set out in Trinidad and Tobago. So I used this jurisdiction. Looking at the Act, it is my estimation that the requirements in the Act meet the standard auditing or financial principles that other agencies reply to.

For example, in this jurisdiction regulatory bodies do not receive financing from Government. They are self-funded. The RIC, through its cess, is self-funded. So when I looked at the pillars that would be applicable to financial control regulations as set out by the State, my estimation is that the RIC meets those standard, the legislation that is.

Mr. Chairman: Thank you. Dr. Guy, could you tell us whether or not you would consider the Regulated Industries Commission which you chair is efficient and effective at the end of the day? In other words, I mean, for the last two years you have been chairing that committee. I do not expect you to have institutional memory from all that has gone by, but what you would have met and what you hope to achieve, given what is at your disposal, would you consider yourself in a position to be—are you currently efficient or is there room for efficiency and are you all effective?

Dr. Guy: Chairman, over the last two years I would say that we have come a long way. We did meet an organization that was somewhat, you know, kind of meandering, and we did have to put in place some direction. We had to engage the staff in understanding what the issues were and why certain things were not being done. We did take steps to establish some goals, a strategic direction in the organization, and I think that the organization at this point is relatively stable, and it is moving in the direction of achieving its goals.

Of course, everything is a work in progress and we continue to give the oversight that we can give as a board, and to ensure that the people in the organization deliver on the objectives that have been set.

We do believe that, from the perspective of the wider regulatory framework, that we can make more of an impact in the society if we have, as we spoke about earlier, more power in terms of investigating complaints and providing more redress to customers. If there is probably a framework for ensuring that the service providers adhere to some of the recommendations that we would make.

There is the opportunity I think for widening the scope of the RIC to bring under its purview those service providers that we feel at this time are not regulated, for example TGU. I think if those things are done, then we would have make that next step in taking the RIC to a higher level of efficiency and making it more relevant in the society.

Mr. Chairman: Thank you very much. Member Ameen.

Miss Ameen: Chair, the RIC has indicated that it has the sufficient latitude to conduct research into best practices across many jurisdictions. Which foreign utility regulators does the RIC usually consider as its benchmark or standard for guiding its operations as a regulator?

Dr. Guy: Yes, we do benchmark regionally and internationally. I will ask Ms. Balkaran to give some more detailed information on that.

Ms. Balkaran: The regulatory framework that the RIC basically utilizes is based on one that was spearheaded in the UK and in some of the Australian jurisdictions. So we do look at the work done by the water regulator in the UK, Ofwat. We look at the electricity regulator Ofgem, and we do look at work done in Australia, et cetera.

In the Caribbean we are part of OOCUR, the Organisation of Caribbean Utility Regulators. So we do have a working relationship with the FTC in Barbados, the OUR in Jamaica, the PUC in Guyana and the other bodies. So we do look regionally at the work done by similar bodies and we do look internationally in that regard.

Mrs. Baptiste-Primus: Thank you kindly, Mr. Chairman.

Madam Chair, it would appear based on what was said that the commission has a strategic direction in which it is going and that is commendable. We can only seek to encourage the commission. I would also want to encourage a little more synergy between the commission and the Ministry, in terms of the commission achieving its mandate.

Finally, in addition to the proposed amendment to the Act to include renewable energy, is the commission and/or the Ministry contemplating incentives or putting in place arrangements to encourage renewable energy investors to establish operations in Trinidad and Tobago, or to encourage the present providers to operate within the context of renewable energy?

Dr. Lee Young: Thank you. With respect to the renewable energy, the push towards renewable energy at the moment is being spearheaded by the Ministry of Energy and Energy Industries. They have two initiatives at the moment. One is the FIT policy, which is the feed-in tariff. That is a policy that allows a consumer to install solar panels on their roofs, et cetera, generate their own power, and whatever surplus is available can be fed back into the grid.

Mrs. Baptiste-Primus: As is done in Barbados.

Dr. Lee Young: Correct. The RIC together with the MPU are working with the Ministry of Energy and Energy Industries on that particular initiative. I am aware that the Ministry of Energy and Energy Industries is also pursuing another initiative on renewables, to the extent of meeting our obligations under the Paris accord which requires us as a nation to have 10 per cent of our generating capacity coming from renewables by 2021. That is an amount of approximately 195 megawatts, which is the size of a small power station.

I am aware that the Ministry of Energy and Energy Industries has also gone out, at the back end of last year, requesting expressions of interest from commercial entities to put in renewable plants here in Trinidad and Tobago. That is what we are aware of in terms of renewables.

Mrs. Baptiste-Primus: Thank you kindly.

Miss Ameen: Chairman, some of these initiatives you speak about would have to be included in legislative change, in terms of giving the RIC the power over those—those are new technologies since the RIC Act first came in.

You indicated that since 2001, which was 17 years ago, the RIC made representation to the Ministry to initiate some amendments to the Act, but nothing came out of it. Are there new efforts to make changes to the Act or recommend amendments to the Act, to review the Act, by the present commission and if so what is the status, how far along are you in that process?

Dr. Lee Young: Yes, we currently have a proposal in front of the Ministry, which is dated, if memory serves me, November 2016, listing all of the changes that we are proposing to the Act. Currently, it is an ongoing discussion with the Ministry.

Miss Ameen: Can the Ministry indicate at what stage are you in terms of this?

Miss Farmer: We have finished our review of the amendments. That was finished in July of last year. However, there was some delay based on the fact that the Ministry needed to complete its strat plan because the amendments needed to flow from the strategic direction of the Ministry. The Ministry's strat plan is expected to be completed in February of this year, but there are certain aspects of the legislative agenda that have been pulled out for priority reasons. The renewable energies is one of those. We have been working with the Ministry of Energy and Energy Industries, as Dr. Lee Young would have indicated, and this year on the work programme, as I indicated, the legislative amendments for the introduction of the service providers not currently regulated, that has also been pulled out as a priority initiative.

Mr. Chairman: Thank you very much. But you know, just to follow up on that. Why is it not a priority giving the RIC the ability to sanction for non-compliance of things that they would be calling upon the providers to do? Why is that not also made a priority?

Miss Farmer: In response to your question, those provisions have been considered for amendment in terms of establishing the licensing framework, because you must be able to sanction for non-compliance or breach of your licence. So the parts that deal with enforcement, the Ministry's recommendation is that there should be a dedicated part of the Act that deals with enforcement.

At this time, there are two general sections in the Act that deal with enforcement, but you need broader provisions. So yes that is contemplated with the amendments in terms of amending the First Schedule and the other parts of the Act to facilitate regulation of the unregulated service providers.

Mr. Chairman: But in terms of what you said, there is some provision in the Act for that, but are they adequate in the circumstances? Are they sufficiently coercive enough to compel compliance?

Miss Farmer: The Ministry's position is no, and as was indicated in both the submission by the RIC and the Ministry, the RIC needs to have more powers for sanctions and formal orders to force compliance. So that is what is being contemplated in terms of those amendments.

Mr. Chairman: Dr. Guy, first of all I would like to thank you for the service that you are providing, the leadership of that important statutory body. I know it is very challenging. We are in very difficult economic times and there is a lot of balancing to go on in terms of, as was said earlier on by Dr. Young, which one goes first, in order to get sufficient money to equip the utilities to provide an efficient service to the customers, and if so at what cost, and certainly in terms of dealing with the efficiency of the delivery from the various entities. I mean, everybody considers as you said earlier on, WASA. Water is an important part of life. To me, without water there is no life, so that is important.

So we will encourage you to continue to do the good work you are doing with your team, and at the same time I would like to ask you, first of all, to tell us how we can help you or in our report what can we do to assist you to be more effective and more efficient, and what you would want to tell the public that they can look forward to in this year coming from you.

Dr. Guy: Thank you very much, Chairman, we do appreciate. I think at this point we do have a good team at the RIC and the team is pulling together. The skills and competencies are there in order for us to do what it is we have to do.

We appreciate the feedback that we get from committees like these and being in forums like these, when we do public consultation we will get feedback, and we will take that on board. So we do appreciate being here and hearing the perspective of the committees. It causes us to reflect, because sometimes we are looking specifically at the role that we have to play and we do not see it from another person's eyes, and this helps us to see ourselves through the eyes of other people, and that would help us to review what we do and to keep continuously improving.

What we would want is for the public to see the Regulated Industries Commission as a regulator that is there for the establishment of prices yes, for the services and the utilities, but also to ensure that the public feels satisfied that what they are paying for, they are getting the value for it. So that whenever there is a review of prices, the public says, yes I feel comfortable paying this because at the same time that this is going up, perhaps in an incremental fashion, I can see that the standard of service is also going up. We would like for the public to see that the RIC has a role to play in that.

We would like for the public to call on the RIC more in terms of ensuring the standards of service, and we would really like for the Ministry to move speedily to amend the regulation to enforce some of the things that we think should be enforced by way of sanctions to the service providers.

Thank you very much, Mr. Chairman.

Mr. Chairman: Thank you very much, Dr. Guy. I am certain that the listening public would be very heartened to hear what you have just shared with them and with us. We certainly are all behind you in terms of helping you to be better equipped and efficient in delivery.

The Ministry is here, and the Acting Permanent Secretary certainly would have listened to you keenly. I am sure he has been taking copious notes, and I will like him to speak to the public now and tell them what they should expect from the Ministry given what was being discussed this morning.

Mr. G. Joseph: Thank you, Chair. I would just like to indicate that based on where we sit at the Ministry, as Minister would have indicated on a number of occasions, it cannot be business as usual, and we also have to treat with being able to do more with less funding.

Even at the level of the Minister, he is very strong in his position with treating with the services being provided by the line agencies to our citizens, and he is constantly pushing at those agencies to come up with their strategic plans, and those plans are in alignment with the 2030 and they are being held accountable. So I want to give the assurance that from the Ministry's end, we will be collaborating with those agencies to ensure that services to our citizens are improved.

As I indicated at the beginning, we have a very good relationship with the RIC, and there will continue to be significant collaboration with the RIC to ensure that, as Dr. Guy had indicated, even when you look at the rate review, that has to work together with those QSS. So once those blocks are put in place, and like I indicated that whole transformation that has to take place with those line agencies, I am certain at the end of the day that there is going to be an improvement in the services that we are providing to our citizens. So I am giving the commitment that that is something we are working strongly towards, improvement of services to our citizens because they deserve it.

As the member had indicated, water in your area, I will certainly engage WASA on this to find out what can be done to improve that supply to Moruga. I look forward to working with those agencies to bring relief to our citizens. So thank you, Chair.

Mr. Forde: I was waiting on WASA. [*Laughter*]

Mr. Chairman: You know, PS, he just opened up a door, I tried to close it. He just opened up a door, because you now want me to ask you a question too, but I will restrain. I will restrain, because I think WASA will be coming before us at some point in time.

Miss Ameen: Mr. Chair, I just have a closing.

Mr. Chairman: You want to keep him here.

Miss Ameen: Mr. Chairman, I want to crave your indulgence as we are making closing remarks, to appeal to those who have the power of discretion when it comes to this upcoming rate increase—not to pre-empt the recommendations that may come from the RIC—if the RIC does, in fact, recommend an increase in rates to customers, that those who have the power of discretion take into consideration the present economic challenges faced by the citizens to pay those increased rates.

Mr. Chairman: Thank you. So you all have taken on board what member Ameen has asked. It is a reasonable request, and I know you all are sensitive to that because we all live in Trinidad and Tobago and we all have wealthy and very challenged relatives and associates.

On behalf of the members and myself, I would like to thank you for your participation here this morning. I think the public certainly would have been more enlightened of your role, the state of your remit, what you are doing, what you expect to do in the coming year. People are very anxious because there is a lot being spoken about in terms of rate increases and so, so they need not be anxious. That they will be informed adequately of the process that is going to take place, and that appropriately at the time certainly it will have the review and you will have an opportunity to comment on it, which I think is important. I am certain a lot of people will be very concerned of what member Ameen has just asked and what you have explained throughout the course of this hearing this morning. So on that basis I will thank you. But before we close I will like to make some announcements.

The public is advised that the Committee's Sixth Report on its enquiry into the efficiency and effectiveness of the Teaching Service Commission was presented in Parliament recently and is now available for review on the Parliament's website which is www.ttparliament.org.

Some of the issues addressed in the report are as follows: 1(a), the reason for the delays in the filling of vacancies in the position of principal, vice-principal, head of department and dean; (b), the implications of the conduct on the filling of vacancies in the teaching service. The commission's procedures for treating with chronic absenteeism, irregularities among the teaching professions, the need to inform the public of the subject areas in the teaching service that have a deficit on teachers and the areas that are saturated. The status of the revised Teaching Service Regulations, and the Public Service Regulations were adopted by the Teaching Service Commission.

This is something that has long been overdue. Additionally, the Committee's Seventh Report on the enquiry into the efficiency and effectiveness of the Public Service Commission will be presented in the House of Representatives later today. This report will also be made available for review on the Parliament's website which I just indicated.

Some of the issues addressed in that report are as follows: the filling of vacancies within the public service; the status of the revised Public Service Regulations; order of merit list and promotions within the public service; assignment of Permanent Secretaries to Ministries which were merged or reconfigured; the existing arrangement for dealing with complaints from the public regarding the conduct of public officers.

And if there is no other business, I will like to bring this hearing to an adjournment and thank you again and thank the public for viewing.

12.09 p.m.: *Meeting adjourned.*