



PARLIAMENT OF THE REPUBLIC OF TRINIDAD AND TOBAGO

TENTH PARLIAMENT

FIRST REPORT

OF THE
JOINT SELECT COMMITTEE ON
MINISTRIES, STATUTORY AUTHORITIES
AND STATE ENTERPRISES
(GROUP 2)

ON

PALO SECO AGRICULTURAL ENTERPRISES LIMITED (PSAEL)

Ordered to be printed with the Minutes of Proceedings
and Notes of Evidence

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TABLE OF CONTENTS

THE COMMITTEE	4
Establishment.....	4
Membership.....	4
Secretariat Support	5
Powers	5
INTRODUCTION	6
Background:.....	6
Objectives:	6
Conduct of the Inquiry:	7
THE EVIDENCE	10
• Mandate and Evolution of Palo Seco Agricultural Enterprises Limited(PSAEL)	10
• Organizational structure	13
• Financial Arrangements	13
• Agricultural Activities.....	14
• Relationship with the Petroleum Company of Trinidad and Tobago (PETROTRIN)	15
• PSAEL as a Project Manager.....	16
• Squatter occupied lands	16
• Relationship with the University of Trinidad and Tobago (UTT)	17
OBSERVATIONS/FINDINGS	18
RECOMMENDATIONS	20
APPENDIX I	24
APPENDIX II	30
APPENDIX III	38

THE COMMITTEE

Establishment

Section 66 of the Constitution of Trinidad and Tobago declares, that not later than three months after the first meeting of the House of Representatives, the Parliament shall appoint Joint Select Committees to inquire into and report to both Houses in respect of Government Ministries, Municipal Corporations, Statutory Authorities, State Enterprises and Service Commissions, in relation to their administration, the manner of exercise of their powers, their methods of functioning and any criteria adopted by them in the exercise of their powers and functions.

Motions related to this purpose were passed in the House of Representatives and Senate on September 17, 2010 and October 12, 2010 respectively, and thereby established, *inter alia*, the ***Joint Select Committee to inquire into and report to Parliament on Ministries with responsibility for the business set out in the Schedule as Group 2, and on the Statutory Authorities and State Enterprises falling under their purview with regard to their administration, the manner of exercise of their powers, their methods of functioning and any criteria adopted by them in the exercise of their powers and functions.***

The business, as well as the entities which fall under the purview of your Committee are attached as ***Appendix I***.

Membership

The current membership of your Committee is as follows:¹

- Dr. James Armstrong - Chairman
- Dr. Victor Wheeler - Vice Chairman
- Dr. Tim Gopeesingh, MP
- Mr. Clifton De Coteau, MP
- Mr. Collin Partap, MP
- Mr. Kevin Ramnarine
- Dr. Lincoln Douglas, MP

¹ The appointment of Mrs. Mary King was revoked with effect from May 10, 2011.

- Mrs. Lyndira Oudit
- Ms. Alicia Hospedales, MP
- Mr. Fitzgerald Jeffrey, MP
- Dr. Lester Henry

Secretariat Support

Mrs. Nataki Atiba- Dilchan	-	Secretary
Ms. Candice Skerrette	-	Assistant Secretary
Ms. Sheranne Samuel	-	Graduate Research Assistant
Ms. Indira Binda	-	Graduate Research Assistant
Ms. Candice Williams	-	Graduate Research Assistant

Powers

Standing Orders 71B of the Senate and 79B of the House of Representatives delineate the core powers of the Committee which include *inter alia*:

- to send for persons, papers and records;
- to adjourn from place to place;
- to appoint specialist advisers either to supply information which is not otherwise readily available or to elucidate matters of complexity within the Committee's order of reference; and
- to communicate with any other Committee of Parliament on matters of common interest.

INTRODUCTION

Background:

Over the last few years questions have arisen with regard to the role and responsibility of the Palo Seco Agricultural Enterprises Limited (PSAEL). The Company began in the 1980s as primarily an agricultural company with land management responsibility for the non-oil assets of the Petroleum Company of Trinidad and Tobago Limited (PETROTRIN). The agricultural activities of the Company have been gradually scaled down, and in 2006, PSAEL was made a special purpose state enterprise.

Given the general uncertainty of the operations of the Palo Seco Agricultural Enterprises Limited (PSAEL), and noting the significant shift in operations away from agriculture to construction and primarily real estate management, as well as a significant injection of State funds in 2007, this Committee felt that an inquiry into the administration and methods of functioning of the Company was warranted.

Objectives:

The objectives of the inquiry were identified as follows:

- To gain an appreciation of the original mandate of PSAEL and how this has evolved over the last decade
- To ascertain why agricultural production by PSAEL was discontinued and the related financial implications
- To determine what are the financial arrangements/structure currently in place at the PSAEL
- To determine PSAEL's present role in the management of the non-oil holdings of PETROTRIN (e.g. land and housing) and its relationship with PETROTRIN
- To ascertain the role of PSAEL and its competence as a project manager for certain Municipal Corporations/Community Projects.
- To ascertain the profitability of PSAEL as a state enterprise
- To determine the effective utilization of the significant increase in Project Expenses from \$38.9m in 2006 to \$68.5m in 2007.
- To determine the role of the company in the agricultural sector

- the reasons behind the closure of its dairy facility and to determine future plans in this area
- whether PSAEL has any role in mega-farming and agribusiness and what are its diversification options e.g. production of crops such as cocoa, citrus, peppers

Conduct of the Inquiry:

A public hearing was convened with representatives of Palo Seco Agricultural Enterprises Limited on Friday January 14, 2011. Prior to this, written responses in line with the inquiry objectives had been requested from the Company. These were received in a timely manner and provided the basis for the supplementary questions pursued at the hearing.

Palo Seco Agricultural Enterprises Limited was represented at the meeting of Friday January 14, 2011 by:

Mr. Kevin Singh	Deputy Chairman
Ms. Denise Knights	Chief Executive Officer
Ms. Nirmala Maharaj	Manager, Legal and Estate Services
Ms. Natalie O'Brien	Manager, Finance
Mr. Sizwe Jackson	Manager, Project Engineering and Maintenance
Ms. Loretta Hope-McDonald	Manager, Human Resource and Corporate Services

Subsequent to the hearing, the Company was requested to supply the Committee with follow-up data. This was received and discussed at the meeting of the Committee held on Friday February 11, 2011.

The draft of this Report was considered and approved with amendments at the meeting of the Committee held on July 08, 2011.

The Minutes of the meetings of the Committee with regard to this inquiry are attached as ***Appendix II.***

The Notes of Evidence of the hearing held on Friday January 14, 2011 are attached as ***Appendix III.***

THE EVIDENCE

Based on the areas detailed in its inquiry outline, the Committee was provided with the following information by Palo Seco Agricultural Enterprises Limited.

- **Mandate and Evolution of Palo Seco Agricultural Enterprises Limited(PSAEL)**

On October 10, 1956, Palo Seco Estate Limited was incorporated under the Companies Ordinance Chapter 31, No. 1 as a limited liability company.

On November 16, 1977 the Company's name was changed to Trinidad-Tesoro Agricultural Company Limited.

Subsequently, on December 31, 1985 the name was again changed to Palo Seco Agricultural Enterprises Limited.

The Articles of Association of the Company indicated that it was established with objectives which include:

- the purchase or otherwise from Trinidad Petroleum Development Company certain plantations and lands situated in the Island of Trinidad
- growing, planting and cultivating produce of every kind including coconuts, cocoa, limes, coffee, cotton, etc., and the selling and disposing of such
- developing the resources of and turning to account any lands, and any rights on or connected with any land belonging to or in which the company is interested and in particular by clearing, draining, fencing, planting, cultivating, building, improving, forming, irrigating, grazing, pasturing and farming and for the purpose aforesaid to purchase from time to time such horse, cattle and stock, and employ such labour and from time to time to sell all or any part of the live or dead stock, timber and other produce of such lands as may be necessary on the business of planting, farming or pasturing on the said lands
- carrying on the business of planters, cultivators, winners and buyers of every kind of vegetable, mineral or other produce of the soil and to sell, dispose of and deal in any

- such produce, either in its prepared, manufactured or raw state, and either by wholesale or retail
- lending or advancing money to agricultural contractors or labourers on any of the plantations, land or hereditaments of the Company
 - undertaking or directing management of the property, buildings, lands and estates of any persons, whether members of the Company or not in the capacity of stewards, receivers, liquidators, lessees or tenants with power to advance at a discount all or any of the accruing rents, royalties or incomings
 - entering into partnerships for sharing profits, joint ventures etc., or any business or transaction capable of being conducted so as directly or indirectly to benefit the Company and to take or otherwise acquire and hold shares or stock in or securities of and to subsidise or otherwise assist any such company or persons and to sell, hold or re-issue with or without guarantee or otherwise deal with such shares, stock or securities
 - raising, borrowing or securing the payment of money in such manner and on such terms, as may seem expedient, and in particular by the issue of debentures, mortgage debentures or debenture stock, whether perpetual or otherwise.
 - lending money and negotiating loans and to invest and deal with money of the company not immediately required upon such securities and in such investments or in such manner as may be from time to time determined
 - selling, improving, managing, developing, exchanging, leasing, mortgaging, disposing of, turning to account or otherwise deal with all or any part of the property and rights of the Company.

Nonetheless, institutional memory within the Company suggests that the first three objectives have been the main focus of the company's operations between 1956 and 1986.

In 1986, the Company expanded its pastures and reviewed its livestock operations.

In 1987, several pilot projects were embarked on in the areas of citrus, passion fruit and tobacco and expanded its operations in the fields of (i) pigeon peas, coffee and cocoa (ii) artificial insemination of livestock (iii) ornamentals and (iv) lumber.

In 1990, operations were expanded in the areas of the cultivation of citrus, mango, orchids, heliconias, ginger lilies, anthuriums and passion fruit.

In 1991, an embryo transfer programme came onstream and was added to the embryo transplant capability of Trinidad and Tobago.

In 1992, the Company embarked on a new project in shrimp farming in an effort to make the company sustainable, after experiencing loss of revenue in the face of strong competition from low priced imported beef and a drop in the price of milk.

In February 1994, a decision was taken by the Board of Directors to (i) discontinue supporting the agricultural operations of Palo Seco Agricultural Enterprises Limited and (ii) to divest the agricultural operations of the company.

In December 1995, however, efforts at divestment of agricultural livestock, equipment etc., was suspended. A retroactive Management Contract was entered into whereby PSAEL managed the residual assets of TRINTOC, TRINTOPEC and carried out certain works for PETROTRIN, including land management and estate maintenance services (repairs and refurbishment of bungalows, landscaping and ground maintenance) at Pointe-a-Pierre.

In 2002, PSAEL expanded its services to PETROTRIN with regard to estate management in the areas of Penal, Palo Seco and Forest Reserve.

In 2003, as a result of losses and other challenges operations at the Pasteurization Plant were ceased and herds at Chatham and Palo Seco were disposed of.

In April 2004, a Board decision brought an end to agricultural operations. Dairy herds were sold to the Cattle Farmers Association, sheep were sold on the open market to agricultural workers and a VSEP package was offered to agricultural employees. Thereafter the divestment exercise was recommenced.

In 2005, PSAEL became involved in Project Management in respect of the Ministry of Education's School Repair and Refurbishment Programme. This was followed by refurbishment work at the Couva Headquarters of the Community Improvement Services Limited.

In 2007, PSAEL was declared a wholly owned state enterprise. This was crystallized with the transfer of TRINTOPEC's shares in PSAEL to Corporation Sole on June 03, 2008.

- **Organizational structure**

The Board of PSAEL is appointed by the Government of Trinidad and Tobago and the Chief Executive Officer is appointed by the Board.

The company is organized along four operational areas, headed by a Manager appointed by the Board. The main departments are (i) Legal and Estate Services (ii) Finance (iii) Human Resource and Corporate Services and (iv) Projects Engineering and Maintenance.

The Chairman of the Board had tendered his resignation since June 2009 and to date the post remained vacant.

The staff complement was 108 of which 95 posts were filled. Vacancies existed in the Projects Unit which would be filled only when required. All posts in the Company are contract posts.

- **Financial Arrangements**

PSAEL operated under two agreements with its major customers, PETROTRIN and the Ministry of Local Government.

Under the Residual Asset Management Contract (RAMC) with PETROTRIN, PSAEL is reimbursed for works executed on behalf of PETROTRIN, and is paid a management fee of 15% and its administrative costs related to staff and office costs. For project management and construction management services provided to the Ministry of Local Government, PSAEL is reimbursed for costs incurred and is paid a design fee of 2% and a 7.5% management fee.

The last executed RAMC with PETROTRIN expired in September 2006 and since then a month to month arrangement has existed. Negotiations are in train for a new contract in which it is foreseen that the management fees obtained from PETROTRIN will be lowered.

It was reported that PSAEL has never directly accessed funding from the Government of Trinidad and Tobago. However, given the likelihood of a loss of revenue in the PETROTRIN agreement, as a safeguard, PSAEL has applied to the Ministry of Finance for assistance to meet its project expenses for fiscal year ending 30 September 2011.

There was a marked increase in project expenses from 2006 of \$38,936,647 to \$68,510,722 in 2007 which was the result of mobilization costs for community infrastructure development projects managed by PSAEL in its first year of operation as a Special Purpose State Enterprise.

The Company has reported profits for the last ten years as follows:

	Net income after tax
2000	1,330,497
2001	4,416,879
2002	2,297,026
2003	3,528,085
2004	982,329
2005	11,135,391
2006	3,613,887
2007	7,609,145
2008	5,244,115
2009	3,933,326

- **Agricultural Activities**

At present, PSAEL is not directly involved in the agricultural sector. Because of the plans to have the lands of PSAEL divested, the Company did not have any land use or spatial development plans.

In its Strategic Plan 2007-2010 the Company included an initiative to get involved in the Large Farm Project through joint ventures with other organizations. The Company is willing to make its lands in the Coora/Quarry area available for agriculture and to re-engage into forestry in conjunction with the Trinidad and Tobago Agri-business Association (TTABA). No directive regarding this proposal has as yet been received from the line Ministry.

Additionally, PSAEL was advised by the Ministry of Finance that PETROTRIN had requested that those lands be transferred and vested for its use. PSAEL is of the view that the agricultural

and forestry projects are important to the development of the country and wishes to retain those assets.

The Trinidad and Tobago Agri-business Association (TTABA) has made a formal request to purchase the Pasteurization Plant at Chatham. While the Board of PSAEL has agreed to accept this offer, the approval of the Minister of Finance is still being awaited to effect the sale.

- **Relationship with the Petroleum Company of Trinidad and Tobago (PETROTRIN)**

PSAEL manages the residual/non-oil holding assets of PETROTRIN, TRINTOC and TRINTOPEC based on a Management Contract. Although the last contract has expired, there is a month by month agreement through which PSAEL continues to perform land management services and estate maintenance services at the Company's request and directive.

The current obligations of PSAEL to PETROTRIN include:

- management of the retained residual assets and any other assets that may be subject of the agreement including disposal of lands providing such services as may be necessary, the renting, leasing/licensing and maintenance of the said assets;
- maximizing returns for retained residual assets and other assets and upon instruction promote and complete the sale of such assets not required by the parties;
- provision of estate management services as required and supervise all repetitive contracts
- execution of short term agreements and licenses in respect of the retained residual assets or other assets including annual tenancy agreements.

The average acreages being managed are:

PETROTRIN	-	10, 296.6 acres
TRINTOC	-	5,883.3 acres
TRINTOPEC	-	2,612.0 acres

The tenancies/licenses/leases on these acreages are categorized as:

Residential	-	2,800
Agricultural	-	1,012
Churches	-	35

NGOs	-	125
Commercial	-	76

- **PSAEL as a Project Manager**

The Project Engineering and Maintenance Department (PEMD) directs the duties and responsibilities of PSAEL in its role as a project manager. The Company has 6 years experience in this area and the PEMD is staffed by 31 persons out of the full complement of 41.

Between 2007 and 2010 PSAEL has completed projects valued at \$123 million which include the construction of a recreational facility at Sixth Company, Princes Town; road works in Point Fortin, Penal and Rio Claro; and drain construction in areas south of the Ortoire and Oropouche Rivers.

Between January 2006 and December 2010, PSAEL has managed 295 community projects in box drain construction, road repairs, pavement construction and road paving.

Projects are undertaken in collaboration with and with prior approval from the Ministry of Local Government.

Requests, both written and verbal, made by Regional Corporations for PSAEL to undertake work on their behalf were routed to the line Ministry for approval.

PSAEL assisted the Ministry of Education in its School Repair/Maintenance Programme between 2003 and 2006. The Company engaged in projects in twenty-one schools in southern Trinidad.

- **Squatter occupied lands**

PSAEL relied on the support of its line Ministry and other state agencies to deal with the issue of squatters.

A 2000 survey revealed that there were 1500 squatters on lands owned/managed by PSAEL. Applications made for regularization for persons squatting prior to April 1, 2008 were being processed.

Between June 2009 and January 2010 some 133 new dwellings had appeared. New squatters were regularly served with “notices to quit” and follow-up demolition action taken.

- **Relationship with the University of Trinidad and Tobago (UTT)**

Despite a newspaper report of September 14, 2007, which stated that resources (which primarily consisted of acreage, buildings and outfitting of the sugar-cane feed centre, the abandoned agricultural assets of PSAEL) have been assigned to University of the Trinidad and Tobago (UTT), PSAEL has only had preliminary discussions with UTT about the acquisition of lands at Chatham.

OBSERVATIONS/FINDINGS

Consequent on the written submissions received from Palo Seco Agricultural Enterprises Limited, and the oral evidence received, your Committee found that there are several unresolved and uncertain matters related to the operations of the Company.

These include the fact that:

- i. the operations of the Company are no longer linked with any type of agricultural activities, as its name implies
- ii. the Company did not have any plans to resume agricultural operations but owns and manages substantial acreages with inherent potential
- iii. the decisions/activities with regard to the divestment of lands of the Company were in abeyance
- iv. the Company has been operating without a Chairman for seven months
- v. the Company was operating on a month to month arrangement with Petrotrin with the prospect of a reduction in income in the next executed contract

Your Committee is also concerned with the alarming rate of squatter occupation of lands under the management of PSAEL. It is clear that the Company does not have much coercive power beyond engaging in discussions with squatters and the issuance of notices to quit.

Your Committee has noted the request of PSAEL to retain the lands earmarked for vesting in Petrotrin in order to advance its agricultural activities.

From information contained in its Strategic Plan, your Committee has noted that PSAEL, as a designated Special Purpose State Enterprise, has responsibility for the procurement of designs, construction, and management of projects in the southwest peninsula of Trinidad. As well, according to its financial reports, as at September 30, 2007, the Company boasts a substantial total asset listing of \$75,745,899.

RECOMMENDATIONS

Given the foregoing, your Committee wishes to make the following recommendations with regard to the operations of Palo Seco Agricultural Enterprises Limited:

- 1) that a Chairman be appointed as soon as possible, to provide the Board with its legal complement and to spearhead the resolution of outstanding issues on behalf of PSAEL that negotiations with PETROTRIN for a new RAMC be speedily settled to remove the uncertainty that exists in present month to month financial arrangements.
- 2) that the Ministry of Local Government consider and approve initiatives relating to the Large Farm Project and the Strategic plans for the revitalization of the Forestry Industry as proposed by PSAEL, by June 2011.
- 3) that the Ministry of Finance give the necessary authorization, as soon as possible, for the sale of the Pasteurization plant at Chatham to Trinidad and Tobago Agri-Business Association (TTABA).
- 4) that the Ministry of Finance reconsider its decision to transfer viable agricultural holdings to PETROTRIN, in light of the potential for improving agricultural production at a time when the economy needs such diversification.
- 5) that a committee be established to address/develop strategies with regard to:
 - i. settling all outstanding regularization claims by June 2011.
 - ii. monitoring lands to prevent recurring instances of 'squatter-creep'
- 6) that the Board make efforts to ensure that its Annual Administrative Report is submitted in accordance with Section 66A of the Constitution as well as its Audited Financial Statements.
- 7) that the Ministry of Local Government should note the transformation of the activities of PSAEL and make efforts to rationalize the projects of the PSAEL and to re-brand in keeping with the redefined mandate and operations.

- 8) that careful re-consideration should be given by the Government to the matter of assigning major assets of PSAEL to the University of Trinidad and Tobago.

Your Committee respectfully submits this Report for the consideration of the Parliament.

Sgd.
Dr. James Armstrong
Chairman

Sgd.
Dr. Victor Wheeler
Vice Chairman

Sgd.
Dr. Tim Gopeesingh, MP
Member

Sgd.
Mr. Clifton De Coteau, MP
Member

Sgd.
Mr. Collin Partap, MP
Member

Sgd.
Mr. Kevin Ramnarine
Member

Sgd.
Dr. Lincoln Douglas, MP
Member

Sgd.
Mrs. Lyndira Oudit
Member

Sgd.
Ms. Alicia Hospedales, MP
Member

Sgd.
Mr. Fitzgerald Jeffrey, MP
Member

Sgd.
Dr. Lester Henry
Member

July 15, 2011

APPENDIX I

BUSINESS ENTITIES

List of Ministries, Statutory Authorities and State Enterprises that fall under the purview of this Committee:

1. Local Government

- Trinidad and Tobago Solid Waste Management Company Limited
- Community-based Environmental Protection and Enhancement Programme
- Palo Seco Agricultural Enterprises Limited
- Community Improvement Services Limited
- Rural Development Company of Trinidad and Tobago
- East Port of Spain Development Company Limited

2. National Security

- Counter Drug-Crime Task Force
- National Drug Council
- National Emergency Management Agency (NEMA)

3. Office of the Prime Minister

- Board of Film Censors
- Sport and Culture Board of Management
- Caribbean New Media Group Limited (CNMG)
- Government Information Services Limited (GISL)
- National Broadcasting Network (NBN)

4. People and Social Development

- Adoption Board
- Trinidad and Tobago Association in Aid of the Deaf
- Trinidad and Tobago Blind Welfare Association
- Social Welfare District Boards
- Civic Council on Social Equity
- National Social Development Council
- Children's Authority

5. Planning, Economic and Social Restructuring and Gender Affairs

- Advisory Town Planning Panel
- National Population Council
- Urban Development Corporation of Trinidad and Tobago Limited (UdeCOTT)

6. Public Administration

- Telecommunications Authority of Trinidad and Tobago (TATT)
- Government Human Resources Services Limited (GHRS)
- Salaries Review Commission
- National Information, Communication, Technology Company Limited (iGovTT)

7. Public Utilities

- Telecommunications Services of Trinidad and Tobago Limited (TSTT)
- Regulated Industries Commission
- Water and Sewerage Authority (WASA)
 - Water Resource Agency
- Water Resources Management Unit
- The Trinidad and Tobago Electricity Commission (TTEC)
- The Trinidad and Tobago Postal Corporation (TTPOST)

8. Science, Technology and Tertiary Education

- Board of Industrial Training
- National Energy Skills Centre
- National Training Agency
- Trinidad and Tobago Hospitality and Tourism Institute
- University of the West Indies
 - School of Continuing Studies
- University of Trinidad and Tobago:
 - Caribbean Industrial Research Institute (CARIRI)
 - Eastern Caribbean Institute of Agriculture and Forestry (ECIAF)
 - Institute of Marine Affairs (IMA)
 - John S. Donaldson Technical Institute
 - San Fernando Technical Institute
 - National Institute of Higher Education (Research, Science and Technology)
 - Teachers Training Colleges
- College of Science, Technology and Applied Arts (COSTAATT)
 - Joint Services Staff College
 - College of Health Sciences
 - College of Nursing
 - School of Languages
 - Business Management and Information Technology Division
 - General Education Division
- Metal Industries Company Limited (MIC)
 - Government Vocational Centre
- Youth Training and Employment Partnership Programme Limited (YTEPP)

9. Sport and Youth Affairs

- Sport Company of Trinidad and Tobago Limited
- National Sports Council
- National Stadia Board of Management
- Regional Complexes
- Trinidad and Tobago Boxing Board of Control

10. Tobago Development

- Tobago Regional Health Authority
- Tobago Projects Development and Authority Limited

11. Tourism

- Zoological Society of Trinidad and Tobago
- Tourism Development Company Limited

12. Trade and Industry

- Betting Levy Board
- Small Business Development Company Limited
- Trinidad and Tobago Bureau of Standards
- Trinidad and Tobago Racing Authority
- Caribbean International Airlines (Holding) Limited
- Evolving TecKnologies and Enterprise Development Company Limited (e-TecK)
- Export-Import Bank of Trinidad and Tobago Limited
- Rum Distillers Limited
- Sugar Manufacturers Company Limited
- Trinidad and Tobago Free Zones Company Limited
- Point Lisas Industrial Port Development Corporation Limited (PLIPDECO)
- Seafood Industry Company Limited
- Trinidad and Tobago Entertainment Company Limited
- Trinidad and Tobago Export Trading Company Limited
- Trinidad and Tobago Film Company
- National Flour Mills
- PLIPWIJIS Limited
- Property and Industrial Port Development Company of Trinidad and Tobago

13. Works and Transport

- Airports Authority of Trinidad and Tobago
- Air Transport Licensing Authority
- LIAT (1974) Limited
- Pilotage Authority
- Port Authority of Trinidad and Tobago
- Public Transport Service Corporation
- Transport Board
- Trinidad and Tobago Civil Aviation Authority
- Maritime and Fisheries Institute of Trinidad and Tobago
- Caribbean Airlines Limited
- The Vehicle Maintenance Corporation of Trinidad and Tobago Limited
- National Maintenance Training and Security Company Limited (MTS)
- National Infrastructure Development Company Limited
- National Helicopter Company Limited

APPENDIX II

MINUTES OF PROCEEDINGS

**MINUTES OF SECOND MEETING OF THE JOINT SELECT COMMITTEE OF PARLIAMENT
APPOINTED TO INQUIRE INTO AND REPORT ON GOVERNMENT MINISTRIES
(GROUP 2), STATUTORY AUTHORITIES AND STATE ENTERPRISES FALLING UNDER
THOSE MINISTRIES, HELD IN COMMITTEE ROOM 2, RED HOUSE, PORT OF SPAIN,
ON FRIDAY, JANUARY 14, 2011**

PRESENT

Dr. James Armstrong	Chairman
Dr. Victor Wheeler	Vice-Chairman
Mr. Clifton De Coteau, MP	Member
Dr. Lincoln Douglas, MP	Member
Mrs. Lyndira Oudit	Member
Ms. Alicia Hospedales, MP	Member
Mr. Fitzgerald Jeffrey, MP	Member
Mr. Kevin Ramnarine	Member
Mr. Collin Partap, MP	Member
Mrs. Nataki Atiba-Dilchan	Secretary
Ms. Candice Skerrette	Assistant Secretary
Ms. Indira Binda	Graduate Research Assistant

ABSENT

Dr. Lester Henry	Member (excused)
Dr. Tim Gopeesingh, MP	Member
Mrs. Mary King	Member

PALO SECO AGRICULTURAL ENTERPRISES LIMITED (PSAEL)

Ms. Denise Knights	Chief Executive Officer
Mr. Kevin Singh	Deputy Chairman
Ms. Nirmala Maharaj	Manager, Legal and Estate Services
Ms. Natalie O'Brien	Manager, Finance
Mr. Sizwe Jackson	Manager, Project Engineering and Maintenance
Ms. Loretta Hope-McDonald	Manager, Human Resource and Corporate Services

INTRODUCTION

1.1 The Chairman called the meeting to order at 9:17 a.m.

1.2 The Chairman welcomed those present and indicated that Dr. Lester Henry asked to be excused from the meeting.

CONFIRMATION OF MINUTES

2.1 The motion for the confirmation of the Minutes was moved by Mrs. Lyndira Oudit and seconded by Mr. Clifton De Coteau.

2.2 The Minutes were thereby confirmed.

MATTERS ARISING

3.1 The Chairman referred to **Item 4.4** and informed Members that several documents were circulated via email to Members, as well as, the relevant responses from PSAEL.

PRE-HEARING DISCUSSIONS

4.1 The Chairman solicited feedback from Members concerning the approach that the Committee would want to take for the hearing with Officials from PSAEL.

4.2 The Committee agreed that the Chairman would lead off the questioning. Mrs. Oudit, Ms. Hospedales and Mr. De Coteau also indicated an interest in asking the first round of questions.

IGOVTT

5.1 A draft inquiry proposal for iGOVtt was circulated and Members were asked to develop the objectives. It was agreed that focus would also be placed on SEW, eCAL, laptop rollout and secondary schools connectivity.

5.2 The Secretariat was asked to compile as many reports as possible, including financial statements, regarding iGOVtt, for dissemination to Members.

NEXT MEETING

6.1 The Committee agreed that the next meeting would be on **Friday 11th February, 2011 at 9:00 a.m. (in camera) and 10:00 a.m. (in public).**

[The meeting was suspended and Members of the Committee proceeded to the Chamber.]

HEARING WITH OFFICIALS OF PALO SECO AGRICULTURAL ENTERPRISES LIMITED

7.1 The Chairman welcomed officials of PSAEL and introductions were made on both sides.

The following matters were discussed:

(a) **Board Vacancy**

The Committee was advised that the position of Chairman has been vacant since June 2009 and its absence has not had any effect on the operations of PSAEL.

(b) **Organizational structure**

This company has four (4) departments of Legal and Estate Services, Finance, Human Resource and Corporate Services and Projects Engineering and Maintenance.

All Members of Staff were on contract and 95 of 108 posts were filled. Vacancies existed in the Projects Unit which would be filled only when required.

(c) **2006/2007 increased operating expenses**

It was explained that the increase in operating expenses from 2006 of \$38,936,647 to \$68,510,722 in 2007 was the result of mobilization costs for community infrastructure development projects managed by PSAEL in its first year of operation as a Special Purpose State Enterprise.

The Committee requested to be supplied with a list of the infrastructural development projects undertaken by PSAEL.

(d) **Relationship with the University of Trinidad and Tobago**

Reference was made to an article in the Guardian of September 14, 2007. The Committee was told that apart from preliminary discussions between PSAEL and UTT to acquire Chatham lands, there was assignment of lands to UTT.

It was noted that this discrepancy in information could warrant further investigation.

(e) **Loans to agricultural contractors or laborers**

It was clarified that although one of the objectives of the Company at its formation was to provide loans to agricultural contractors/laborers this was never pursued.

(f) **Squatters**

The Committee was informed that PSAEL did not have the capability to deal with squatters on lands and with the support of its line Ministry entered into Memorandum of Understanding (MOU) with other state agencies.

Members were advised that a 2000 survey revealed that there were 1500 squatters on lands owned/managed by PSAEL. Between June 2009 and present 133 new dwellings had appeared.

New squatters are regularly served with 'notices to quit. Applications made for regularization prior to April 1, 2008 were still being processed.

(g) Recreation Grounds – Princes Town

The Officials of PSAEL were informed of land slippage occurring at the recently opened Princes Town Recreational Grounds and asked to investigate the matter.

The Committee requested details to be submitted on the scope of works for this project.

(h) Prioritization of Projects

The Officials explained that project lists were compiled by PSEAL and developed through meetings with the community and area councillors. This was then submitted for approval to the line ministry.

The Committee also asked to be provided with a list of project requests received and those undertaken.

Officials were also asked to submit a list of the projects related to the School Repair Project.

(i) Funding from Government of Trinidad and Tobago (GOVTT)

On the question of receipt of funding from Government, it was explained that PSAEL had never accessed direct funding from the GOVTT to meet its recurrent expenditure.

The Company operated under a Management Contract with PETROTRIN which reimbursed its administrative operating expenses.

A new contract was being negotiated which would lower this fee so, as a safeguard PSAEL has applied to the Ministry of Finance for assistance to meet its administrative operating expenses for fiscal year ending September 30 2011.

PETROTRIN received a fee of 15% from PETROTRIN and an average of 7-9% at the completion of other projects.

(j) Strategic Plans

The Committee requested a copy of PSAEL's Strategic Plan.

(k) **Agricultural activities**

The Committee was advised that in this area, the Company can only offer to make lands available for agriculture and to re-engage into forestry.

Because the lands of PSAEL were to be divested, the Company did not have any land use or spatial development plans.

The Committee advanced that a change of company name was needed. The Officials indicated that this was being considered by was not a simple process.

(l) **Profitability**

The Committee was told that for the last past ten years PSAEL had reported profits.

(m) **Relationship with Line Ministry**

Members were informed that PSAEL worked closely with the Ministry of Local Government to ensure project duplication was prevented.

(n) **Additional information**

In responding to the request of the Committee, on whether PSAEL had any concerns, it was commented that a request by PETROTRIN to be provided with state lands previously air marked for agriculture should be re-considered.

7.2 The Representatives of PSAEL were thanked for their attendance and participation and were excused from the meeting.

ADJOURNMENT

8.1 The adjournment was taken at 11:00a.m.

I certify that these Minutes are true and correct.

Sgd.

Chairman

Sgd.

Secretary

January 18, 2011

APPENDIX III

NOTES OF EVIDENCE

OFFICIALS

PALO SECO AGRICULTURAL ENTERPRISES LIMITED

Mr. Kevin Singh	-	Deputy Chairman
Ms. Denise Knights	-	Chief Executive Officer.
Ms. Nirmala Maharaj	-	Manager, Legal and Estate Services
Ms. Natalie O'Brien	-	Manager, Finance.
Ms. Loretta Hope-Mc Donald	-	Manager, Human Resource and Corporate Services
Mr. Sizwe Jackson	-	Manager, Projects Engineering and Maintenance.

Mr. Chairman: Good morning, ladies and gentlemen. I would like to call this meeting to order. This is an enquiry into the Palo Seco Agricultural Enterprises Limited (PSAEL) of the joint select committee set up by Parliament for that purpose. As you may be aware, there is a requirement in the Constitution, I believe it is section 66(d), where various public agencies are required to submit reports to the President which are submitted to Parliament, and that may result in further enquiries into the particular enterprise. So, this Committee has been set up for that purpose.

I would like to welcome the representatives of the Palo Seco Agricultural Enterprises Limited (PSAEL). Thank you for being here. I think what we would like to start with is an introduction of the Members who are here, and I would start with the Palo Seco Agricultural Enterprises Limited followed by the Members of Parliament.

[Introductions]

Mr. Chairman: Perhaps, I can start the ball rolling with a few questions before we open

up to the Members of Parliament. One of the things that we noticed from the response that we got to some of the queries that we shared with you earlier is that you have not had a chairman for quite some time. Could you advise us as to how long this has prevailed?

Mr. Singh: The chairman resigned in June after the election, and I have been chairing the board meetings since.

Mr. Chairman: So you have been chairing since that time.

Mr. Singh: Yes.

Mr. Chairman: We would like to get a brief overview of the structure, the staffing arrangements and the operations of the company, et cetera. Who would undertake to share that with us?

Ms. Knights: I will. PSAEL at present is a special purpose state enterprise involved in the development of infrastructure in the South-West Peninsula of Trinidad; all areas south of the Oropouche and Ortoire Rivers from Guayaguayare Road to Chatham on the other end. So, basically, we cover the entire South of Trinidad.

We are also charged with the responsibility for managing the non-oil assets of Petrotrin, Trintoc and Trintopec. We have four departments and the CEO's department. The four departments are: the Legal Department, which is responsible for management of the lands and dealing with the lands that we are to manage; the Projects Department, which is Project Engineering and Maintenance Department. They are responsible for all the works that we execute for the Government, as a special purpose enterprise. We also do a lot of work for Petrotrin, in terms of their maintenance, et cetera; Human Resources manages the management of the human capital of the company; and Finance, which will be responsible for ensuring that we pay all our bills, receive all our moneys, et cetera.

Mr. Chairman: Would you say that you are adequately staffed to undertake those

services that you have outlined?

Ms. Knights: At this time, we are not 100 per cent staffed. Our complement is about 95, but our structure calls for 110 persons. What has happened is that most of the vacancies are in the Projects Department, because we have not had a lot of work to do since the last six to eight months, so we really have not advertised to bring in additional people to fill those vacancies. We will only fill them when we have enough work to occupy all of them.

Miss Hospedales: I just want to ask a follow up question. Would there have been a significant negative impact on the operations of the company, because of the absence of a chairperson?

Mr. Singh: Not really. I think I carried out my function adequately.

Mrs. Oudit: First of all, thank you all for coming. I had submitted four question and I understand that those questions were submitted to you for consideration, and you did prepare responses to some extent. Questions 2 and 3 which dealt with the community projects, I would hold on those questions, but I would like to direct two questions to you. The first one is: what accounted for the difference in operating expenses in 2006 of \$38.9 million to \$68.5 per cent in 2007?

Now, when I looked at page 12 of your submission I just need some further clarification. Your response on page 13 says that PSAEL has never access direct funding from the Government of the Republic of Trinidad and Tobago to meet its recurrent expenditure since under the management contract, Petrotrin reimburses a significant portion of PSAEL's administrative operating expenses.

I also saw in the next paragraph where you identify that due to the size of your organization, there is no internal audit department. I would like some clarification on

that, because I simply cannot explain the difference in the accounting.

Ms. O'Brien: In terms of the first question where you talked about the recurrent expenditure—

Mrs. Oudit: Operating expenses.

Ms. O'Brien: If we talk about the \$38 million and the \$68 million, the breakdown is shown on page 14. There is a Table III on page 14 which shows the project expenses for 2004, 2005, 2006 and 2007. In 2006, you would see that it was \$38.9 million made up of some projects we were doing for Petrotrin, and the significant change in 2007 really came in with the Ministry of Planning and Development when we started doing community projects after we became a special purpose company.

Mrs. Oudit: Which would have led to my second question, because in that Table III, under the Ministry of Planning, Community Projects from 2006, you moved from \$3.9 million to \$64.3 million and my question was, what accounted for that.

Ms. O'Brien: Okay, in 2006, I believe in August or September is when the projects got approved for execution. That \$3.9 million that you are seeing there under "Community Projects" would have been the mobilization that we accessed in 2007, whereas in 2007 we would have a full year of operations.

Mrs. Oudit: Mr. Chairman, through you, could I ask to see a list of those projects for the Committee?

Mr. Chairman: Sure.

Mrs. Oudit: Thank you.

Mr. Chairman: That \$64 million, where are you getting those funds from? Is it through the Ministry of Local Government or through the Ministry of Planning?

Ms. O'Brien: The Ministry of Planning and Development.

Mr. Chairman: Thank you.

Ms. Knights: What happened is that when we became a special purpose enterprise, initially we were placed under the Ministry of Planning and Development, so all our funding came from the Ministry of Planning and Development, but we were subsequently transferred to the Ministry of Local Government. So, currently, we are under the Ministry of Local Government.

Mr. Singh: You asked about Internal Audit Services.

Mrs. Oudit: Yes, there is no Internal Audit Department.

Mrs. Oudit: At that time, the internal audit services was performed by Petrotrin as a service to us, and then that was discontinued in 2008, and we took on PricewaterhouseCoopers who are now our internal auditors, and they have a three-year work programme.

Mrs. Oudit: Just to go back to the statement that came from your answer that Petrotrin actually reimburses a significant portion of your administrative expenses, could you just clarify that for me?

Ms. Knights: What happens is that there was a management contract that was signed with Petrotrin in the very early days. It started off when the majority of staff at PSAEL was seconded from Petrotrin, and there was a management agreement which catered for meeting some of the operating costs of PSAEL.

Mrs. Oudit: Was this in any way contrary to the fact that you were under the Ministry of Planning and Development? I am just trying to sort out that in my head if you had been moved from the Ministry of Planning and Development, especially where you were incurring significant funding now. Why was Petrotrin responsible for your administrative operating costs?

Ms. Knights: The management contracts started before we became a special purpose state enterprise. At that time we were still a subsidiary of Trintopec, and we were only working initially for Petrotrin and, therefore, the management contract was introduced at that time and it continued, because we continue to do work for Petrotrin at the present time. However, at this point, we are renegotiating the contract to take account of the fact that we are, in fact, a special purpose state enterprise.

Mrs. Oudit: Could you just tell me what year you indicated—

Ms. Knights: —when you first went into the contract. Why Petrotrin was still managing your expenses?

Ms. Knights: The contract was in 1995.

Mrs. Oudit: All right. Based on the response of the list of contracts, that was directly out of the first and into the second question. My request is for a list of the projects. I would like to move to the fourth question please.

For the record, my fourth question is, in September 2007, the then Minister Abdul Hamid indicated in a Post-Cabinet meeting which was quoted in the *Guardian* dated September 14, 2007 that assets of PSAEL had been assigned to UTT. Could you verify what followed? You gave a response on page 16, under "No. 5" indicating your relationship with UTT. You have identified that joint discussions in 2009 led to sourcing of UTT students. You said that approximately seven UTT trainees have been assigned to the Ministry of Science, Technology and Tertiary Education, et cetera.

10.15 a.m.

Mrs. Oudit: In your indication here you said that approximately seven UTT trainees had been assigned through this Ministry of Science, Technology and Tertiary Education, et cetera. I have with me the *Guardian* of September 14. Maybe we can make this available to the members. I am quoting:

“Abdul Hamid...”—referring to the then Minister—”said, ‘Resources which

primarily consisted of acreage, buildings and the outfitting of the sugarcane feed centre, the abandoned agricultural assets of the Palo Seco Agricultural Enterprises Limited, the Research Division of the Centeno Experimental Station and the Aripo Livestock Station have been assigned to UTT.”

It was in response to this statement that I made my question No. 4.

Ms. Knights: I was at PSAEL in 2007 and at that time we were having discussions with UTT who had proposed that they would like to acquire the Chatham acreage and the pasteurization plant for part of their agricultural programme, but that was all that has ever happened. We had discussions, but there was no further action beyond the discussion.

Mrs. Oudit: Was this erroneous on the part of the then Minister to make this statement, because there is no question in the article? This is a statement of fact. He also went on to say that the resources would be integrated into a centre for biosciences, agriculture and food technology.

Further, there were several things that he identified that the Cabinet had agreed to at that time. I am just wondering, because there is a discrepancy in what you are telling us here in the statements that you indicated and the statement by the former Minister.

Ms. Knights: I can only say what I know. In fact, there has been no assignment of any of lands of PSAEL. I should say of Trintoc, because those lands actually belong to Trintoc.

Mrs. Oudit: Mr. Chairman, I believe then there is some investigation that needs to be done coming out of this article and the statements by the then Minister.

Mr. Chairman: Any other queries, Mrs. Oudit?

Miss Hospedales: How much money has been loaned or advanced from PSAEL to agricultural contractors or labourers over the years and what systems are in place to collect outstanding loans, even after the discontinuance of support to agricultural operations?

Ms. Knights: As far as I am aware, we have never made loans to any of the farmers, et cetera, who worked and provided services -our records do not show any such loans.

Miss Hospedales: I am asking this question from your report which shows that

part of the responsibility of the company was to loan or advance money to agricultural labourers.

Ms. Knights: That is part of the objectives for which the company was formed, but we have never done it. We have never followed all the objectives, if you look at it. The company focused mainly on agriculture, but we never actually advanced any funds.

Miss Hospedales: It was not clear in the report itself so that is why I asked the question. What infrastructural development projects under the Minister of Local Government did the company provide project management and construction management services for?

Ms. Knights: There are quite a lot of projects that we have done over the years. As Mrs. Oudit has requested, we can provide a list of the projects. The last ones that we have done this year, I could tell you, we did a recreation facility at Sixth Company and several drains in different communities that we worked to work in. I could provide the list at a later date.

Miss Hospedales: That would be extremely helpful.

My final query would be what measures are taken to limit squatting. In your report you stated that you were in charge of or responsible for lands and on those lands there were some squatters. What measures do you have in place to limit the number of squatters actually on these lands? Do you have any measures in place to remove someone?

Ms. Maharaj: Currently, as indicated in the response, we are charged with the responsibility for monitoring the non-oil assets, the lands of Trintoc, Trintopec, Petrotrin and we also own a certain number of acreage as well. In house, we do not have the capabilities to exercise demolitions.

We had engaged another state agency. We were attempting to enter into an MOU so they could act on our behalf. Discussions were held; we were given the way forward in terms of developing our policies and procedures which have been done. We were also requested to get the support of our line Ministry. We have, indeed, submitted all our documentation to the line Ministry, but in terms of actually, within recent times, engaging in demolition exercises, we have not.

We have other strategies we may use, because squatting is, indeed, an issue on

company lands, but we would look at things like impeding or hindering access to certain areas, making it a little more difficult. We try to use other creative strategies, engaging the occupants in discussions, and it has worked to a limited extent. But in terms of demolitions, we have not engaged in any.

Mr. Chairman: What is the incidence of actual squatting? To what extent do you have actual squatting on the land?

Ms. Maharaj: I joined the company in 2009. Between the months of June 2009 to present, we have approximately 143 new squatters on company lands. We served notices to quit. They are usually detected almost immediately, one to two days. We serve them with notices to quit. We have land officers who conduct surveillance on the acreages.

In some cases, we would probably engage in legal action, depending on the impact of the squatting, because we have oil installations. There may be more impact in certain areas on the other operations of the companies for which we manage, so we may have to take action depending on certain circumstances, where the impact is.

Mr. Chairman: You indicated that these were new cases since you were there, that you were aware of. Could anyone in your team indicate the full extent of the squatting problem?

Ms. Maharaj: Our records reflect that a survey was done in or around 2002. From those records, we see it is about 1,500. However, over the years we had a programme whereby you could apply for lands. We currently have a cut-off date imposed by our line Ministry at the time, that no new applications were to be entertained after April 01, 2008. So of the approximately 1,500 persons, the majority had applied for some sort of tenure regularization and those are being processed at this time.

Mr. De Couteau: Mr. Chairman, there is a question asked to PSAEL and the competence of its project manager for certain municipal corporation projects. They identified some of the projects undertaken and one as mentioned by the CEO, the construction of a recreational facility at Sixth Company, Princes Town.

I had the good fortune to be there for the opening of the Carlton Cummings Recreation Ground. Is PSAEL aware that within one month of the opening of that facility, as I did request when I made my address, with no retaining wall, there is land

slippage that is threatening the car park? Clearly there is deterioration. So without members of the community being able to use the facility, it has started to deteriorate.

I want to know what PSAEL would do to have that restored to the pristine look it had at the opening. I would also like to ask, in the original contract was there a retaining wall prescribed for that car park, if there was one? Why was it not erected? Was it to cut cost?

Ms. Knights: Mr. Minister, at this point I need to look at the contract to answer you fully. I would say that if, in fact, there is deterioration, I have not been notified of it. We had asked if anything had happened subsequently, we should be notified, because we have a period during which any remedial work has to be done by the contractor, but we have not yet been notified of such an issue. I am hearing it now, so I can take it back, but I would like to get some kind of notification.

Mr. De Couteau: Mr. Chairman, I take the opportunity to notify them now and should there be any rain over this weekend, then I think the whole building might go, because the car park is threatened. It is very close to one of those light poles and it will fall very shortly. So I ask if some calls could be made within this session to have that matter addressed. I want to tell you that you are not getting good PR for that area. It really threatens and looks at the competence of your project managers.

Ms. Knights: We will.

Mr. Chairman: Ms. Knights, could you kindly look into that matter and apart from addressing some of the problems raised by the Minister, let us have a response for our records and our reporting as soon as possible.

Ms. Knights: We will.

Miss Hospedales: Just a question falling from Minister De Couteau. I would just like to ask: How do you prioritize your projects that you have to do?

Ms. Knights: In the past we would get a list of the areas in which we are to do work. We would go through the area, meet with members of the community who would indicate what works they feel are priority. We would discuss with the councillors, et cetera, and that information we would take to prioritize and send to our line Ministry for approval. When we get the approval from the line Ministry that is when we would execute.

Mr. Ramnarine: This has to do with your main customer, Petrotrin. Your relationship with them is governed by a residual asset management contract. You do work on their behalf and you are reimbursed for the cost of that work and you are given a 15 per cent management fee. That is the business model between yourself and Petrotrin.

On page 13 of the answers submitted to the committee, you said PSAEL has never accessed direct funding from the Government of the Republic of Trinidad and Tobago to meet its recurrent expenditure. Later on in the report, on page 20, the last sentence of the last paragraph on page 20, you point to the fact that PSAEL has applied to the Ministry of Finance for assistance to meet its administrative/operating expenses for fiscal year ending September 30, 2011, which is this fiscal year. So this will be the first time you have that you have to go to the Government?

Ms. Knights: Yes it would be the first time, if we have to go. We anticipated that we would have signed a new contract with Petrotrin, which would have removed a lot of the cost that they actually pay for. We anticipated we may have needed money. However, today, such a contract has not been signed, so we are still operating on the old one. So we may or may not, depending on when that contract is signed.

Mr. Ramnarine: The main reason for your seeking assistance or probably having to seek assistance from the Government is escalating administrative costs; is that correct?

Ms. Knights: No, it is not. What happens is that based on the work we do for the Government, our fee is seven and a half per cent, sometimes 9 per cent if we do the designs in house. The volume of work is what determines how much revenue we earn.

10.30 a.m.

If the volume of work is small or the value of work is small, the amounts that we get will not cover our operating expenses as it exists now, given that we are, in fact, doing both infrastructure development and managing the land assets. There is a particular size of staff that we need to do that and the 7 1/2 or 9 per cent of the works that we get from the Government will not cover it.

Mr. Singh: I may add that our cash balances are in the range of in excess of \$40 million. We declared a dividend of \$17 million this year, so when we say that we were funding, is just in case, but I think we have enough cash; most likely we will not be coming to the

State for any funding for 2011.

Mr. Chairman: With respect to your overhead charges, I notice that in some cases you are charging 7.5 per cent; in some cases you are charging, for instance, Petrotrin, 15 per cent. What accounts for that variation?

Ms. Knights: I guess at the time the 15 per cent was implemented, that would have been negotiation, because that is something I met when I got to PSAEL. That would have been negotiated sometime in 2000 or somewhere thereabouts, effective back to 1995. When we became a special purpose state enterprise and we were working with the ministry, that was the price that the ministry basically agreed with us that that is what they can pay and therefore that is what we would get.

Mr. Chairman: And is that what you charge everyone now? Any agency that you work for now, is that what you charge, a standard rate, or is it still—

Ms. Knights: Well, currently, we only work for the Ministry and Petrotrin, so those are the only two.

Mr. Chairman: And what are you charging now?

Ms. Knights: Those two rates. Petrotrin still remains at 15 per cent until such time as we have a new contract. It is proposed that it will reduce but when the new contract is signed.

Mr. Chairman: All right.

Mrs. Oudit: Mr. Chair, through you, on page 21 you make reference to your strategic plan for the period 2007 to 2010. I do not know if that was made public but I would like a copy of the strategic plan. I would like to go back very quickly to page 14 where you have listed your project expenses, and bear with me if I explain that I do have a little concern with the finances. The reason is, the last paragraph on that page says: "The apparent increase in operating expenses was driven by projects" which you have indicated that you will submit. You went on after in that document to indicate that one of special purpose state enterprise projects was the successful completion of the South Cocoyea upgrade project on behalf of CISL, which your explanation here is saying that that project took up quite a lot of expenses. However, in your table itself, you have identified a marked decrease in your expenses for South Cocoyea from \$7.7 million in 2006, you dropped to \$102,000. So I cannot see the relationship between your explaining

that the increases were as a result of—one of those was that particular project—when you have clearly identified that the CISL project, South Cocoyea, was literally cut from \$7.7 million to just over \$100,000.

Ms. Knights: When we did the South Cocoyea project for CISL we were not yet officially a special purpose state enterprise. We were sub-contracted by them to do that work until such time as they were able to hire the required staff, et cetera, to execute their works. After that we never did anymore work for them, so you would see that that is the only year that we have works done for CISL.

Mrs. Oudit: I am really just referring to the statement that preempted that paragraph, the first part that talked about the apparent increase in operating expenses and it specifically refer to \$38 million to \$68 million.

Ms. Knights: Yes, but if you look at the \$38 million it is a combination of figures for all the jobs that we have done for the Landholding Management Project for Petrotrin, the New Union Project for NEC, a pipeline project for Petrotrin Beachfield Development, Ministry of Education. You know, all these projects amounted to \$38 million. So although CISL dropped, we did not do anymore work for them. Community projects for Ministry of Planning came up, so that is what the difference really is.

Mrs. Oudit: All right.

Mr. De Couteau: The pipeline project, was it community-related?

Ms. Knights: No, that is a project that Petrotrin had commissioned.

Mr. De Couteau: At the same time, you know it is with deep interest, the Ministry of Education School Repairs Project, 2006, and then you stopped abruptly, 2007. Why? Was it because of the—

Ms. Knights: When we started the Ministry of Education projects, at first the projects were managed through Petrotrin, so Petrotrin got the projects and had PSAEL do the work. In 2006 the Ministry engaged us directly and after that they did not use our services, although we made ourselves available. We let them know that we were available to do the school repair programmes, et cetera, during the vacation period. They never used our services. I think by that time they may have had education facilities.

Mr. De Couteau: Is there any similarity with that and the recreation ground that they believed that your project management ability was--

Ms. Knights: Not as far as I am aware, Mr. De Couteau.

Mr. De Couteau: Well, could you supply us with the schools that were repaired during the period?

Ms. Knights: I can supply you with a list of schools.

Mr. De Couteau: Thank you.

Mr. Partap: Are there any subsidiaries that are owned by PSAEL?

Ms. Knights: No, PSAEL has no subsidiaries.

Mr. Partap: I see you all carried out the services still for Trintoc and Trintopéc and those companies are in the process of being wound down.

Ms. Knights: Yes.

Mr. Partap: Okay.

Mr. Jeffrey: You all were involved in beef, dairy, citrus, peppers, coffee and cocoa. We understand why beef is no longer on the scheme of things. What happened to cocoa and coffee? Why was it abandoned?

Ms. Knights: As far as I am aware, having gone through the records, what we noted was that there was a fire which destroyed all the cocoa and coffee fields and at that time, because of the cost of re-engaging in that—and those costs would have had to be paid by the parent company—it was decided to discontinue the projects.

Mr. Jeffrey: But given the state of agriculture in Trinidad and Tobago, what has PSAEL done in that regard, in terms of like diversifying?

Ms. Knights: As part of the our strategic plan that Mrs. Oudit asked about, we had included a couple projects in terms of getting back involved in agriculture, not in terms of our actually doing the agriculture, but actually making our lands available for large farms. We had proposed an agreement with the Trinidad and Tobago Agri-Business Association so that we will work together with the farmers in terms of their have the link with the farmers. We had the lands. We would have done the infrastructure and allow them to work with us to get back into agriculture. That, however, we needed our line Ministry's approval and once we get the approval it is still something on our drawing board. We had also proposed to reengage in forestry, because there are some of the areas that will not be easily accessible for agriculture but for to forestry it would have been suitable.

Again were about to sign an MOU with the forestry department, but I understand now that they have moved to a different ministry we may need to relook the entire issue.

Mrs. Oudit: Could I just ask you does your accounting? If you do not have an internal audit arm, which is your accounting area? Who does your yearly reports, et cetera?

Ms. Knights: We do all our accounting internally. We have external auditors. The company is Maharaj Mohammed and Company. They do our external audits, but for internal audits, in terms of our operations, we use PriceWaterhouseCoopers.

Mr. De Couteau: Chair, I did not read all the notes, but whenever I hear Palo Seco Agricultural Enterprises Limited and I say they have metamorphosized into different areas. Have you ever considered changing your name? Because I find it is a joke, when you realize that Palo Seco Agricultural Enterprises Limited have nothing to do with agriculture. A man named Mr. Green who is black; a man named Mr. Black who is white. What I am saying, what you all use is a camouflage.

Ms. Knights: I would say, no, because that is the name the company came forward with. We have, in fact, made proposals for the change of name but we cannot change it arbitrarily. It is a state enterprise. We must have Government's input and until such time as that is approved, we can do nothing, so we continue with the name.

Mr. De Couteau: So it was a kind of enterprising chameleon; agriculture but you move otherwise. Questions are asked out there. I am in Education and PSAEL is an agriculture company. What have they done for agriculture? That is what MP Jeffery had asked.

Mr. Singh: This matter was raised in our last Strategic Plan and recommendations were made.

Mr. Chairman: The proposal to change the name of the company came from whom?

Ms. Knights: From PSAEL.

Mr. Chairman: So you felt the need to change it?

Ms. Knights: Yes. I joined this company in 2006 and I felt it was a misnomer given the kind of work we were executing and that we really were not at all involved in agriculture. So the proposal was made. You know, the management got together; we met with the employees; they had input into what they would like to see the name be and we had made proposals.

Mr. Chairman: Changing the name is one thing, but do you believe that the function

that you are now undertaking that there is a clear mandate and a need to undertake those functions? A second question to that is, in undertaking these function, many of them under local government, what is the relationship to the local authorities and so on, particularly in the identification, prioritization of your projects, is this done independently, or is there some sort of collaboration in determining what projects you would undertake?

Ms. Knights: In the past we would be given our areas for execution of works directly from the Ministry, but once we went into the areas to actually identify projects we would have liaised with the councilors in the area, et cetera, so that they would know what projects we are looking at and they would give an input as to what they would see as the priority projects, if you will. The other question you asked, could you repeat it for me, please?

Mr. Chairman: I wanted to know whether you felt that the areas that you are moving in to, I am wondering whether, in fact, you may be competing with capacity that might exist or should exist in the local government authorities?

Ms. Knights: I am not sure that we are competing with them, because what we do on a regular basis—what the regional corporations do is, they invite us to their meetings and they also identify projects that they would like us to do. So given that, I am assuming, based on that that there is no competition.

Mr. Chairman: There is no conflict, really.

Ms. Knights: There is no real conflict. What we have done in the past, however, is that our list of projects, when submitted to the Ministry, will be compared with their list to ensure there is no duplication.

Mr. Chairman: You are also dealing with significant parcels of land. Has there ever been any sort of land use or spatial development plan to guide the work that you are doing or to manage the lands that you are responsible for? And, two, apart from the initial land that was vested in the company, have you acquired -- -- because I saw that you had that mandate as well, to acquire lands. Have you ever acquired any additional land?

Ms. Knights: No. PSAEL has not acquired any additional lands. The lands that we manage for Trintoc, Trintopec and Petrotrin, initially, the lands of Trintoc and Trintopec were to be sold or divested in some way and the funds were to be paid over to the

Treasury to meet the tax liabilities that were outstanding at the time.

10.45 a.m.

We started that process. We have in fact done some of it, but then we were told not to continue with that process. Do not divest. So in fact, we had done what we were mandated to do up to a point, but we have no real plan for use of the land given that we were supposed to divest the land.

Mr. Chairman: And you have no overall integrated development plan or spatial development plan? It is more or less project interventions as requested?

Ms. Knights: Yes, that is right.

Dr. Wheeler: You said that because you do not have that much work in the past six to eight months your staffing levels are low. But what categories of staff would you bring on when you have projects? Is it that you just have people on short-term contracts? What sorts of permanent staff do you have versus the temporary staff that you will bring on when their projects come on?

Ms. Knights: All our staff at PSAEL is contract staff. We have no permanent staff. So we would bring on staff as and when required for the terms that we feel we would need their services. There is no permanent staff at the PSAEL.

Dr. Wheeler: So like the people sitting here, I presume you all are permanent staff?

Ms. Knights: No, we are all on contract.

Dr. Wheeler: Okay.

Mr. De Coteau: I want to go back to the answer that was given by the CEO. I want to know if you can provide us with the numerous request made from the municipals corporations as to projects in the municipality; and how many of those projects received positive response? I am asking this question in light where you did mention that when you are doing the projects sometimes you listen to the councillors. I wonder whether sometimes the request of individual councillors were responded to more favourably than the collective request of the municipality.

Ms. Knights: What I would say is, all projects that were requested would have had to be forwarded to our line Ministry for approval. The regional corporation never paid for their projects. They wanted us to do the projects. But the way PSAEL operates we do not get funding and have money to spend. We are given projects approved by our line Ministry

by Cabinet, and funding approved of the Ministry of Finance. We embark on the projects and it is only after we have done the projects we get paid. So the projects would have been forwarded to the line Ministry and we would have worked on the projects approved by the line Ministry.

Mr. De Coteau: Could we have a list of some of those projects?

Ms. Knights: Yes, you will get a list of those projects.

Mr. Chairman: One other thing. I have noticed that in the early years before you changed—for instance in 1992 you reported that the company was losing \$2 million annually and I noticed that really continued towards 2000. Given the fact that you have changed your structure, operations and so on and you are now more or less a project executing agency, how are you faring now under these new arrangements and with the overheads you are making? Are you making a significant profit the past five years?

Ms. Knights: Yes. In the past five years we have made profits under the new arrangements that we have with the Ministry and Petrotrin. The figures are there on page 20. We have listed the years that we have made profits and, in 2007 I think it was, the board of Trintoc agreed to write off the losses that had incurred, that they providing the funding for, so that we were able to then take those figures out of our books. Since then, we have in fact made profits.

Mr. Chairman: You made reference to a new agreement that is being negotiated now, what is the gist of that?

Ms. Knights: The gist of the new agreement is that Petrotrin would pay us a management fee for the works that we do of 12 per cent and they will meet the cost of the legal department which is the department that manages the lands, et cetera. They will meet 75 per cent of that cost because we will still be doing a lot of work for them in terms of managing their non-oil land assets.

Mr. Chairman: Would you be charging 12 per cent across the board now for any other work?

Ms. Knights: Well, part of that if we are allowed to go to other clients and negotiate with those clients. I cannot say that as a given.

Mr. Chairman: It could vary.

Ms. Knights: We would have to have the permission of our line Ministry to go to other

clients and negotiate those rates.

Mr. Ramnarine: Is 12 per cent a reduction on the 15 per cent?

Ms. Knights: Yes.

Mr. Ramnarine: So Petrotrin's management fee now is less.

Ms. Knights: Yes.

Mr. Ramnarine: Okay.

Mr. Chairman: Any other questions from the parliamentarians?

Mr. Ramnarine: I just have one question and it has to do with safety. I see we have somebody from Projects, Engineering and Maintenance here. You all operate in a high-risk environment for an oil company, so I am gathering that you all have—one, are you all certified with any international safety organizations? Two, do you all keep statistics of accidents and incidents and so on that happened from time to time? Thirdly, are you all in alignment with Petrotrin's HSSC policy?

Ms. Knights: I would say, yes, we are in alignment and I will start with that one, Petrotrin's HSSC policy because all contractors who worked with us and worked within Petrotrin's facilities must be approved by Petrotrin and they must adhere to Petrotrin requirements. We have our own new in-house HSE personnel. Because of our size we do not have a big department, but what we do is like when we have projects out in the fields, we would hire safety personnel to visit some of those projects because we may not have enough staff to visit all the projects.

Mr. Chairman: Just one other thing. Is there anything that you would like to bring to our attention? As you know we submit a report to Parliament, so maybe there are some things that perhaps we have not raised that you might wish to bring to the attention of Parliament.

Mr. Singh: I think the point you raised about the use of the Trintopec lands. It cannot be a project by project basis. I think the Trintoc/Trintopec line would have to be probably transferred to the Commissioner of State Lands and we would get a more organized way of dealing with this matter.

Mr. Chairman: You mean to be invested in the—

Mr. Singh: So we would get better use of the land. We are just by project by project and I do not think that is good enough.

Mrs. Oudit: Mr. Chairman, could I suggest then that if there is something or there are issues that as you are here and maybe out of this particular meeting that they submit it to the committee for consideration.

Ms. Knights: I would like to say further to that, however, the Divestment Secretariat who is looking at Trintoc right now, are looking at divesting the lands and they have indicated that if there are of Trintoc's land or Trintopec that we would like to have for PSAEL. So based on that, they are really driving the process, not PSAEL, because we are just their agents. There is an issue I would like however, is that some time ago a request was made by Petrotrin for some of PSAEL's lands. However, the lands that they requested included the lands that we had earmarked for agriculture. Now we basically were not given an option and I would like to know if that could be looked at a second time to see whether those lands really should stay in agriculture, and allow the projects that had planned for them to be implemented.

Mr. Chairman: Okay. I think similar to what Mrs. Oudit suggested is that perhaps if you make a submission to this committee is something—

Mrs. Oudit: Further to that one, that is not only a simple thing between Petrotrin and PSAEL. It has to do with the Ministry of Agriculture as well. So you had indicated earlier there are issues and you had raised certain matters, so in light of that and your specific request, maybe if you put all of that together then we look at it—

Mr. Chairman: And make a submission.

Mr. Singh: I would like to add that this matter is being looked at by the Divestment Secretariat at the moment I now work there.

Ms. Knights: That is only on the Trintoc side. The PSAEL land, we have to deal with directly because Trintoc will not get involved in that at all.

Mr. Chairman: There seems to be no other questions, so I would like to thank you all for coming and for the contributions that you have made and the reports that you have submitted, and to remind you that we would like to receive the reports that you have promised and additional submissions. If necessary if we need to meet with you again, we communicate via the Secretariat and we can have further meetings.

Ms. Knights: Thank you.

10.57 a.m.: *Officials left the Chamber.*

