

FOLLOW-UP

REPORT
FROM

THE PUBLIC ACCOUNTS
(ENTERPRISES) COMMITTEE

EXAMINATION
OF

The Twenty-Fourth Report of the PA(E)C:
Examination of the Audited Financial Statements
of the Export – Import Bank of Trinidad and
Tobago Limited (EXIMBANK) for the years 2012
to 2017

Office of the Parliament
Parliamentary Complex
Cabildo Building
St. Vincent Street Port of Spain
Republic of Trinidad and Tobago



Public Accounts (Enterprises) Committee

The Public Accounts (Enterprises) Committee (P.A.(E).C) established under Section 119(5) of the Constitution of the Republic of Trinidad and Tobago is mandated to consider and report to the House of Representatives accordingly on:

“(a) the audited accounts, balance sheets and other financial statements of all enterprises that are owned or controlled by or on behalf of the state; and

(b) the Auditor General’s Report on any such accounts, balance sheets and other financial statements.”

Current membership

Mr. Wade Mark	Chairman
Mr. Rushton Paray, MP	Vice-Chairman
Ms. Amrita Deonarine	Member
Ms. Renuka Sagramsingh-Sooklal	Member
Mr. Fitzgerald Hinds, MP	Member
Mrs. Laurel Lezama- Lee Sing	Member
Mr. Keith Scotland, MP	Member
Dr. Nyan Gadsby-Dolly, MP	Member

Committee Staff

The current staff members serving the Committee are:

Ms. Keiba Jacob	Secretary
Ms. Hema Bhagaloo	Assistant Secretary
Mr. Darien Buckmire	Graduate Research Assistant
Mr. Liu Metivier	Parliamentary Intern
Ms. Anesha James	Administrative Assistant
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Publication

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Date Laid in HOR: July 09, 2021

Date Laid in Senate: July 06, 2021

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Members of the Public Accounts (Enterprises) Committee



Mr. Wade Mark
Chairman



Mr. Rushton Paray
Vice-Chairman



Ms. Amrita Deonarine
Member



Mr. Fitzgerald Hinds
Member



Ms. Renuka Sagrarsingh-Sooklal
Member



Mrs. Laurel Lezama-Lee Sing
Member



Mr. Keith Scotland
Member



Dr. Nyan Gadsby-Dolly
Member

Executive Summary

The Public Accounts (Enterprises) Committee (PA(E)C) is the Parliamentary Financial Oversight Committee tasked with the responsibility of examining the audited accounts of all State Enterprises that are owned or controlled by the state. The Committee conducted **a follow up inquiry Twenty-Fourth Report of the PA(E)C during the Eleventh Parliament on an Examination of the Audited Financial Statements of the Export – Import Bank of Trinidad and Tobago Limited (EXIMBANK) for the years 2012 to 2017** and produced this report to highlight its findings and recommendations. This report details the issues, and recommendations made by the Committee to improve EXIMBANK's performance.

The Report focuses on the following issues:

1. Underutilization of Capacity in the Manufacturing Sector
2. Business Solutions for the Small Business Sector
3. Staffing and Organizational Structure
4. Submission of outstanding financial statements
5. Acquiring additional FOREX for Capital Financing
6. Made in TnT Version 2

In light of the Committee's findings, the following recommendations were made:

- EXIMBANK should, by September 6, 2021, write to the Committee with details of its overall strategy for elevating the challenges experience by the local manufacturers in light of the economic challenges threatening their ability to operate at full capacity. This should include how it will measure the effectiveness of the strategies taken and the potential impact on EXIMBANK's operations should manufacturers continue to operate at 60 – 70 per cent capacity;
- EXIMBANK should, by July 31 2021, report back to the Committee, setting out the financial solutions, their respective costs and additional steps it will take to assist these entities;
- EXIMBANK should identify the duration of time it will take for entities to adopt the necessary business solutions;
- EXIMBANK should compile a list of Business Solution Specialists with their respective costs in Trinidad and Tobago, inclusive of existing business solutions provided by other public

bodies e.g. NEDCO, ExporTT and after identifying those clients who have specific business problems, act as an intermediary to introduce its clients to the requisite business solutions provider that best supplies the services each client needs;

- As part of the transformation exercise, the Ministry of Finance (MoF) should write to the Committee by September 6, 2021, indicating the following:
 - Whether the future state and mandate of the EXIMBANK were clearly articulated to the consultants involved in the restructuring exercise;
 - Whether a job evaluation and review of the organizational structure was conducted given the upcoming change in mandate;
 - How the changes needed to enable the EXIMBANK to operate more efficiently and effectively would be facilitated;
 - How the staffing structure would be simplified and the policies that will be developed to make sure that pay, promotions and recruitments are led by a clear understanding of the skills and capability needed by the EXIMBANK;
- With the added responsibilities given to the EXIMBANK, once it has been restructured to provide project financing for Caribbean energy sector projects by Trinidad and Tobago companies, the MoF should review the most applicable and relevant legislation to the EXIMBANK to see if any amendments are required;
- Once the transformation exercise is completed, with the revamped organizational structure that reflects an expanded mandate, the Personnel Department should approve the projected organization structure with compensation levels aligned with institutions with comparable operations such as First Citizens Bank as proposed by EXIMBANK;
- Outline a contingency plan to deal with the increasing volumes of work that the existing staff complement must sustain in the event of any delays in EXIMBANK's transformation/restructuring exercise due to the ongoing State of Emergency;
- EXIMBANK should ensure that the audit of each financial statement should be completed within the stipulated timeframe of four (4) months of the financial year end as recommended in the State Enterprise Performance Monitoring Manual 2011. Having done so, this would allow for the timely scrutiny of the financial statements as opposed to being done several years after the fact where situations and personnel may change;

- The Ministry of Finance should report to the Committee by September 6, 2021, on the status of the annual general meeting and the submission of the audited financial statements to the Parliament;
- EXIMBANK should submit a status report by September 6, 2021 on its approaches to the IDB and CAF for additional foreign exchange while also indicating the proposed terms of engagement that were being pursued by the Bank; and
- EXIMBANK should submit a progress report by July 2021 on the execution of the Bank's Electronic Channel for Exports "www.made-in-TnT.com", Version 2.0 while also indicating the costs it anticipates that would be needed to make the portal fully operational and the measures taken to ensure it does not suffer the same faith as Version 1.

Introduction

Establishment

The PA(E)C of the Twelfth Republican Parliament was established by resolutions of the House of Representatives and the Senate at the sittings held on Monday November 9, 2020 and Tuesday November 17, 2020 respectively.

Mandate

The Constitution of the Republic of Trinidad and Tobago mandates that the Committee shall consider and report to the House on the audited accounts, balance sheets and other financial statements of all enterprises that are owned or controlled by, or on behalf of the State.

In addition to the Committee's powers entrenched in the Constitution, the Standing Orders of the House of Representatives and Senate also empower the Committee (but not limited) to:

- a. send for persons, papers and records;
- b. have meetings whether or not the House is sitting;
- c. meet in various locations;
- d. report from time to time; and
- e. communicate with any other Committee on matters of common interest.

Ministerial Response

The Standing Orders¹ provide for the Minister responsible for the Ministry or Body under review to submit within sixty (60) days a paper to the House responding to any recommendations or comments contained in the Report which are addressed to it.

State Enterprises Performance Standards

The (PA(E)C used the State Enterprises Performance Monitoring Manual as a benchmark to examine the performance of State Enterprises. The manual outlines the framework for compliance with official policy and the monitoring mechanisms to be used in assessing such compliance. The Government of

¹ Standing Order 110 (6) in the House of Representatives and 100(6) of the Senate.

Trinidad and Tobago monitors the performance of State Enterprises to ensure that these enterprises successfully execute their mandates and maximize value for money for the national stakeholders and shareholders²

Election of the Chairman and Vice-Chairman

In accordance with section 119(6) of the Constitution, the Chairman must be a member of the Opposition in the Senate. At the first meeting held on Wednesday November 18, 2020, Mr. Wade Mark was elected Chairman and Mr. Rushton Paray was elected Vice-Chairman of the Committee.

Establishment of Quorum

The Committee is required by the Standing Orders to have a quorum so that decisions can be made by Members during the meeting can be considered valid. A quorum of three (3) Members, inclusive of the Chair or Vice-Chairman), with representatives from both Houses was agreed to by the Committee at its First Meeting.

Determination of Date and Time of Regular meetings

The Committee is required by the Standing Orders to sit notwithstanding any adjournment of the House. At its Second Meeting, the Committee agreed to meet on the First and Third Wednesday of each month at 9:30 a.m.

² <http://www.finance.gov.tt/wp-content/uploads/2013/11/State-Enterprise-Performance-Monitoring-Manual-2011.pdf>

Methodology

First Session Work Programme

At the Committee's Second meeting held virtually on Wednesday November 25, 2020, the Committee identified the following entities for examination during the First Session of the 12th Parliament:

- Urban Development Corporation of Trinidad & Tobago Limited
- Vehicle Management Corporation of Trinidad & Tobago
- National Gas Company of Trinidad & Tobago Limited
- Export-Import Bank of Trinidad and Tobago Limited
- National Information and Communication Technology Company Limited
- Education Facilities Company Limited
- East Port of Spain Development Company Limited
- National Schools Dietary Services Limited
- Estate Management & Business Development Company Limited
- Community Environmental & Protection Enhancement Programme Company Limited
- Point Lisas Industrial Port Development Corporation Limited
- Sports Company of Trinidad & Tobago Limited
- National Infrastructure Development Company Limited
- Tourism Trinidad Limited
- National Export Facilitation Organisation of Trinidad and Tobago

The Inquiry Process

The Inquiry Process outlines steps taken by the Committee to conduct the inquiry into the operations of EXIMBANK. The following steps outline the Inquiry Process agreed to by the PA(E)C:

- I. Initiated follow-up on the Ministerial Responses to the PAEC's Twenty-Fourth Report of the Eleventh Parliament into the Audited Financial Statements of the Export – Import Bank of Trinidad and Tobago Limited (EXIMBANK) for the years 2012 to 2017;
- II. Preparation of Inquiry Proposal for EXIMBANK. The Inquiry Proposal outlines:
 - a. Background;
 - b. Objective of Inquiry; and
 - c. Proposed Questions.
- III. Questions were forwarded to EXIMBANK, and Ministry of Finance – Investments Division (MOF-ID) on February 25, 2021. All responses were subsequently received by March 12, 2021.
- IV. Determination of the need for a Public Hearing based on the analysis of written submissions. In this instance, a public hearing was held on March 17, 2021;
- V. After the public hearing a written request for additional information was sent to EXIMBANK, the Central Bank of Trinidad and Tobago (CBTT) and the MOF-ID on April 6, 2021. All responses were subsequently received by April 21, 2021
- VI. Report the Committee's findings and recommendations to Parliament upon conclusion of the inquiry.
- VII. Carrying out follow-up to monitor progress in the implementation of recommendations.

Export Import Bank of Trinidad and Tobago Limited ³

Company History:

The Export Import Bank of Trinidad and Tobago Limited (EXIMBANK) remains the only official Export Credit Agency (ECA) in the country. It has emerged out of what was formerly the Trinidad and Tobago Export Credit Insurance Company Limited (EXCICO), which was established in 1973 by the Government to promote the export of goods and services. This allows regional buyers access to a wide range of manufactured goods on credit terms.

EXCICO was converted to EXIMBANK following an Order by the Minister of Finance on November 4th 1997, cited as “Financial Institution (Amendment to the Third Schedule) Order 1997.” This Amendment to the FIA allows EXIMBANK to conduct “the business of a Confirming House, Acceptance House, Finance House or Finance Company ... (and) ...Financial Services.”

EXIMBANK’s operations are funded principally by its own financial resources accumulated from profitable trading operations over the years and by various lines of credit provided by major financial institutions. Institutional support is also provided by a Guarantee from the Government of Trinidad and Tobago under the Guarantee of Loans (Companies) Act in respect of the settlement of all claims due and payable by EXIMBANK. EXIMBANK remains a profitable, well managed, state owned financial institution working with local and regional financial institutions and pursuing a business philosophy of promoting selective and controlled expansion of the export sector.

Mandate:

The EXIMBANK will vigorously pursue its mission to facilitate the growth and expansion of the non-energy export and manufacturing sectors in order to enhance the foreign exchange earnings of Trinidad and Tobago, and to create and sustain employment through our trade finance product portfolio’s coverage to the exporting community.

³EXIMBANK website <https://eximbanktt.com/about-us/> accessed on May 5, 2021

Vision Statement

To be the preferred technology enabled trade finance service provider by creating value from local and international networks and at the same time be an employer of choice for individuals who want to make a difference in the national economy.

Mission Statement

“To transform the domestic export environment through the expansion of the non-energy sector, by providing the highest quality financial products and services at competitive rates, thereby enabling them to take advantage of Global opportunities”

Board of Directors

- Mr. John Tang Nian Chairman
- Ms. Nicole Patrick Director
- Mr. Greig Laughlin Director
- Ms. Elsa Lara-Joseph Director
- Mr. Gary Darwent Director
- Ms. Cindy-Anne Bazzard Director

Management Team

- Mr. Navin Dookeran Chief Executive Officer
- Ms. Josephine Ible Chief Operations Officer
- Mrs. Carol Austin Chief Financial Officer
- Mrs. Marlene Mendez Manager - Human Resources
- Mr. Lindsay Chevalier Manager - Recoveries and Securities
- Mr. Sheldon Thomas Manager - Marketing
- Mr. Kevin Tang Nian Manager - Credit
- Mr. Yoganan Dipchan Manager - Internal Auditor
- Mr. Scofield Thomas Manager - ICT

Line Ministry – Ministry of Finance

Minister of Finance - The Honourable Colm Imbert, MP

Minister in the Ministry of Finance - The Honourable Brian Manning, MP

Permanent Secretary - Mrs. Suzette Taylor-Lee Chee

Permanent Secretary (Ag.) - Mrs. Michelle Durham-Kissoon

Deputy Permanent Secretary - Mrs. Jennifer Lutchman

Deputy Permanent Secretary (Ag.) - Mrs. Savitree Seepersad

Deputy Permanent Secretary (Ag.) - Ms. Yvonne Neemacharan

Issues and Recommendations

In the Committee's examination of EXIMBANK, the following issues were identified and the corresponding recommendations proposed:

1. Underutilization of Capacity in the Manufacturing Sector

One of EXIMBANK's primary responsibilities is to provide export financing to businesses in the manufacturing sector that wish to export their products to Latin America, the Caribbean and the wider world. However, it was revealed that sections of the manufacturing sector were operating between 60% and 70% of their capacity and therefore working against EXIMBANK's drive for sustained foreign exchange export earnings and employment opportunities. Officials from EXIMBANK stated that a company operating at that level would still incur the fixed costs associated with plant, property and equipment and other administrative costs.

Additionally, the COVID-19 pandemic was mentioned as the main reason for the reduced manufacturing capacities. It was explained that the current economic environment did not make it feasible for certain companies to fully employ and utilize their capacity. For example, in the Caribbean and Latin America where client exports were concentrated, with the tourism market down and the citizens residing in those countries tightening their spending, the demand for imported products contracted.

Recommendation:

- **EXIMBANK should, by September 6, 2021, write to the Committee with details of its overall strategy for elevating the challenges experience by the local manufacturers in light of the economic challenges threatening their ability to operate at full capacity. This should include how it will measure the effectiveness of the strategies taken and the potential impact on EXIMBANK's operations should manufacturers continue to operate at 60 – 70 per cent capacity.**

2. Business Solutions for the Small Business Sector

In the small business sector, Trinidad and Tobago in comparison to our CARICOM neighbors has comparative advantages in Cocoa, Pepper & Agrofood processing. More recently, there have been noticeable developments in the areas of, digital content creation including Calypso / Soca and video production to the point where our nationals have been viewed as experts within the Caribbean. However, to accelerate these areas of opportunity, a mix of new financial solutions (not just debt

financing), coupled with a support ecosystem including training and the provision of business services is needed from various stakeholders in order to boost those business ventures. EXIMBANK stated that these smaller companies that operate in niche and fledgling markets also need business solutions that provide many of the core business functions for them (eg. finance, accounting, sales, procurement, auditing record-keeping, marketing, HR etc) similar to the services provided in the offices of large companies. Having these business solutions would allow the small business entrepreneur the ability to focus on their core competencies which is to manufacture their product or deliver their services.

Recommendations:

- **EXIMBANK should, by July 31 2021, report back to the Committee, setting out the financial solutions, their respective costs and additional steps it will take to assist these entities;**
- **EXIMBANK should identify the duration of time it will take for entities to adopt the necessary business solutions; and**
- **EXIMBANK should compile a list of Business Solution Specialists with their respective costs in Trinidad and Tobago, inclusive of existing business solutions provided by other public bodies e.g. NEDCO, ExporTT and after identifying those clients who have specific business problems, act as an intermediary to introduce its clients to the requisite business solutions provider that best supplies the services each client needs.**

3. Staffing and Organizational Structure

an issue that was highlighted in the Twenty-Fourth Report of the Committee was the area of staff turnover where persons were constantly leaving the Bank to go to the larger financial institutions. EXIMBANK's CEO reported that the issue had subsided and there was good staff morale at the company. The CEO highlighted that during the lockdown, when the company's work volumes increased by over 300% and remained elevated from pre-pandemic levels staff worked round the clock to ensure the various programmes were delivered on time, on budget and on target without complaints. While staff turnover has reduced, in terms of the major resource requirements that were present, EXIMBANK, was constrained by its limited staffing and an organizational structure that was not able to support the company's current level of operations. Coming out of the National Budget for fiscal 2021, it was stated that the EXIMBANK would be transformed to facilitate the growth and

expansion of the non-energy export sector, thereby enhancing Trinidad and Tobago's foreign exchange earnings, and sustaining employment levels. With progress being made on that with the transformation initiative, the company still function with thirty-five (35) to forty (40) persons but with the increasing volumes of work coming into the company, staff was being stretched thin. In the interim, EXIMBANK's Board authorized its executive to look at increasing the company's staff complement in order to help alleviate that issue.

Despite these initiatives, the company's staff turnover issues may return given that the Personnel Department did not agree with the salaries proposed by EXIMBANK. The Chief Personnel Officer was of the view that EXIMBANK's operations were less complex than the comparator organizations used by the Consultant, Human Resource Solutions Limited.

Recommendations:

- **As part of the transformation exercise, the Ministry of Finance (MoF) should write to the Committee by September 6, 2021, indicating the following:**
 - **Whether the future state and mandate of the EXIMBANK were clearly articulated to the consultants involved in the restructuring exercise;**
 - **Whether a job evaluation and review of the organizational structure was conducted given the upcoming change in mandate;**
 - **How the changes needed to enable the EXIMBANK to operate more efficiently and effectively would be facilitated;**
 - **How the staffing structure would be simplified and the policies that will be developed to make sure that pay, promotions and recruitments are led by a clear understanding of the skills and capability needed by the EXIMBANK;**
- **With the added responsibilities given to the EXIMBANK, once it has been restructured to provide project financing for Caribbean energy sector projects by Trinidad and Tobago companies, the MoF should review the most applicable and relevant legislation to the EXIMBANK to see if any amendments are required;**
- **Once the transformation exercise is completed, with the revamped organizational structure that reflects an expanded mandate, the Personnel Department should approve the projected organization structure with compensation levels aligned with institutions with comparable operations such as First Citizens Bank as proposed by EXIMBANK; and**

- **Outline a contingency plan to deal with the increasing volumes of work that the existing staff complement must sustain in the event of any delays in EXIMBANK's transformation/restructuring exercise due to the ongoing State of Emergency.**

4. Submission of outstanding financial statements

As outlined in the State Enterprise Performance Monitoring Manual 2011, State Enterprises are required to submit their Audited Financial Statements (2 originals and 120 copies) to the Minister of Finance within four (4) months of their financial year end. These reports are to be laid in Parliament and subsequently submitted to the Public Accounts Enterprises Committee for consideration. At the time of the public hearing, the 2018, 2019 and 2020 financial statements were outstanding. Officials from the EXIMBANK informed the Committee that the 2018 and 2019 audited financial statements were in the possession of the MoF-ID and the 2020 audit was at the final stages of conclusion. It was further stated that as soon as approval was received from the MoF, an annual general meeting would be convened at which time, the financial statements would be adopted and subsequently submitted to the Parliament. The Ministry of Finance indicated that they were in receipt of the audited financial statements for the years 2018 and 2019 on August 26, 2019 and February 8, 2021 respectively.

Recommendations:

- **EXIMBANK should ensure that the audit of each financial statement should be completed within the stipulated timeframe of four (4) months of the financial year end as recommended in the State Enterprise Performance Monitoring Manual 2011. Having done so, this would allow for the timely scrutiny of the financial statements as opposed to being done several years after the fact where situations and personnel may change; and**
- **The Ministry of Finance should report to the Committee by September 6, 2021, on the status of the annual general meeting and the submission of the audited financial statements to the Parliament.**

5. Acquiring additional FOREX for Capital Financing

EXIMBANK attained approval from the MoF to engage in discussions with various multilateral agencies namely the Inter-American Development Bank (IDB) and the Development Bank of Latin America (CAF) as a means of acquiring additional FOREX funds to further promote activity by the private sector. The MoF-ID was assisting in this endeavour and it is hoped that EXIMBANK's current

capital restructuring would allow for the creation of their tier 1 capital base. The financing from the multilateral institutions which would be long-term financing at concessionary rates, would allow EXIMBANK to form the basis of their tier 2 capital base, further strengthening the capital structure of the EXIMBANK. These benefits would be passed on to the smaller businesses in the form of collateral support and more attractive interest rates that would foster internal capacity investment and spur operational growth.

As it stands, EXIMBANK accesses funds by borrowing from the commercial banks and then relending to its clients. However, by borrowing from these large multilateral agencies at concessionary rates, the EXIMBANK's costs of funds would drop and allow the Bank to pass that savings on to the private sector and help spur increase national growth.

Recommendation:

- **EXIMBANK should submit a status report by September 6, 2021 on its approaches to the IDB and CAF for additional foreign exchange while also indicating the proposed terms of engagement that were being pursued by the Bank.**

6. Made in TnT Version 2

EXIMBANK, in 2015 created the electronic channel "www.made-in-TnT.com". This initiative was aimed at transforming the domestic export landscape, by acting as a catalyst for locally registered companies who manufactured and delivered exportable goods and services.

Consistent with the Bank's mandate, the portal was meant to be a tactical project designed to enable indigenous goods and services access to regional and international markets, enhancing potential foreign exchange earnings and supporting the country's economic diversification strategy. The Bank established strategic partnerships with major business associations in Trinidad and Tobago and maintained a structured schedule of appearances, ensuring the business community both domestic and international were aware of the electronic initiative. These strategies were complemented with advertisements in local media and business journals. However, client engagement and acceptance were not as robust as anticipated, as it was determined the limitation of version 1. Included: -

- End-user commitment was insufficient, resulting in reduced site engagement.
- Product restriction based on market entry requirements.
- Domestic market responsiveness to international clients.

The overall costs attached to Version 1 was approximately \$3,683,508.99 but unfortunately, none of the expenditure outlined or activities performed could be applied to any other aspect of EXIMBANK's operation. The project was a total loss to the citizenry of Trinidad and Tobago.

In February 2020, a Request for Proposal (RFP) was prepared and publicly advertised attracting the attention of knowledgeable industry stakeholders to redesign the platform's infrastructure and solidify a new market position. The bank also submitted a proposal to the IDB and IDB Invest, Corporate Venturing Program; the Compete Caribbean Partnership Facility. Phase 1 of the Compete Caribbean / IDB Corporate Venturing Programme had been completed during 2020 but was primarily focused on research. The current phase was in IT development work and testing. After a working prototype is developed the portal will be trialed to see if scalability is successful. The bank remains committed to this strategic initiative and will continue to engage key stakeholders, both domestic and international to ensure the success of its Electronic Channel for Exports, version 2.0. which to date, has cost \$172,000.

Recommendation

- **EXIMBANK should submit a progress report by July 2021 on the execution of the Bank's Electronic Channel for Exports "www.made-in-TnT.com", Version 2.0 while also indicating the costs it anticipates that would be needed to make the portal fully operational and the measures taken to ensure it does not suffer the same faith as Version 1.**

Conclusion

After the MoF appropriately assessed the need to prioritize forex to manufacturing firms in 2018, the Bank's position and relevancy was solidified. To date, US \$100 million had been allocated to over 100 manufacturers across multiple sectors. As the country's official export credit agency, the EXIMBANK remained steadfast in its commitment to non-energy export expansion and in 2020, operations bolstered the domestic supply of essential items via its forex facilities for manufacturers and import distributors of essential items. In 2020, the institution's financial structure became an essential component in alleviating the impact of the coronavirus pandemic having preserved adequate supplies of consumer sensitive products, and mitigating the risk of supply chain disruptions across the domestic value chain. By year end, 2020, the bank would have appropriately disbursed for the importation and distribution of essential items, US \$150 million.

Throughout the pandemic, the Bank's workload increased by 300% but its staff despite a paltry complement of thirty-five (35) – forty (40) individuals rallied themselves to work late evenings and weekends, making sure money was sent out for medicines and food supplies and that there were no shortages within the country. The level of staffing continued into 2021 and this was when the Bank's Board took the decision to bring on more staff which would be funded from their revenues to ensure existing staff wasn't overburdened. The added responsibilities and expected new mandate signal the need for a revamped organizational structure and the conduct of job evaluations and compensation packages justifications with the Personnel Department need to be scheduled.

The issue of underutilized capacity within the manufacturing sector is an issue that EXIMBANK needs to keep abreast of given the current economic environment brought forward by the COVID-19 Pandemic. The Bank needs to constantly test and analyze the export markets for the earliest signs of upturn so that manufacturers and exporters could be ready to fully operationalize their capital resources and production capacity and be ready for the impending demand increases.

The Bank's engagements with the IDB and CAF, would ensure more money is available to these manufacturers and exporters at friendlier rates which could only spur national growth via the foreign exchange inflows from international sales while ensuring that local manufacturers and exporters are in touch with the markets that demand our local products that the Made in T-n-T Version 2 Portal. It is just hoped that it would perform better than its first iteration which while ambitious was not properly thought out and executed costing \$3.6 Million.

To this effect, the EXIMBANK stated that it would continue to develop its internal infrastructure and provide intuitive private sector support to enable capital investment to improve production capacity and the expansion of key industrial assets. This they believe is necessary to improve our manufacturers and exporters' ability to compete internationally and respond to global recovery opportunities.

The Public Accounts (Enterprises) Committee respectfully submits this Report for the consideration of the Parliament.

Sgd.
Mr. Wade Mark
Chairman

Sgd.
Mr. Rushton Paray, MP
Vice-Chairman

Sgd.
Ms. Amrita Deonarine
Member

Sgd.
Ms. Renuka Sagrarsingh-Sooklal
Member

Sgd.
Mr. Fitzgerald Hinds, MP
Member

Sgd.
Mrs. Laurel Lezama- Lee Sing
Member

Sgd.
Mr. Keith Scotland, MP
Member

Sgd.
Dr. Nyan Gadsby-Dolly, MP
Member

Appendix 1: Minutes of Meeting

THE PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE – FIRST SESSION, TWELFTH PARLIAMENT

MINUTES OF THE SIXTH MEETING HELD VIRTUALLY ON WEDNESDAY, MARCH 17, 2021 AT 9:35 A.M.

Present were:

Mr. Wade Mark	-	Chairman
Mr. Rushton Paray	-	Vice-Chairman
Mrs. Laurel Lezama-Lee Sing	-	Member
Ms. Amrita Deonarine	-	Member
Mr. Keith Scotland	-	Member
Mr. Fitzgerald Hinds	-	Member
Ms. Renuka Sagramsingh-Sooklal	-	Member
Ms. Keiba Jacob	-	Secretary
Ms. Hema Bhagaloo	-	Assistant Secretary
Mr. Darien Buckmire	-	Graduate Research Assistant
Mr. Liu Metivier	-	Parliamentary Intern

Excused was:

Dr. Nyan Gadsby- Dolly	-	Member
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CALL TO ORDER

- 1.1 At 9:35 a.m., the Chairman called the meeting to order and welcomed those present.

THE EXAMINATION OF THE MINUTES OF THE FIFTH MEETING

- 2.1 The Committee examined the Minutes of the Fifth (5th) Meeting held on Wednesday March 3, 2021.
- 2.2 There being no omissions or corrections, the Minutes were confirmed on a motion moved by Member Renuka Sagramsingh-Sooklal and seconded by Member Keith Scotland.

MATTERS ARISING FROM THE MINUTES OF THE FIFTH MEETING

- 3.1 With reference to item 7.2, the Chairman informed Members that questions for additional information were sent to the Ministry of Finance – Investments Division, Ministry of Energy and Energy Industries and the National Gas Company of Trinidad and Tobago Limited with a deadline of March 23, 2021.

PRE-HEARING DISCUSSION RE: EXPORT-IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED (EXIMBANK)

- 4.1 The Chairman reminded Members that the Committee would follow up on the implementation of the recommendations made in the Twenty-Fourth Report of the PA(E)C on an Examination of the Audited Accounts, Balance Sheets and other Financial Statements of the Export-Import Bank of Trinidad and Tobago Limited (EXIMBANK) for the financial years 2012 to 2017.
- 4.2 The Chairman invited Members to review the Issues Paper on the EXIMBANK based on the written submission received from the company.
- 4.3 The Chairman invited Members to raise any issues or questions on the examination into the EXIMBANK. Members discussed the issues of concern and the general approach for the public hearing.

SUSPENSION

- 5.1 There being no further business for discussion in camera, the Chairman suspended the meeting at 10:00 a.m., to reconvened in public.

A FOLLOW UP ON THE IMPLEMENTATION OF THE RECOMMENDATIONS MADE IN THE 24TH REPORT OF THE PA(E)C ON AN EXAMINATION OF THE AUDITED ACCOUNTS, BALANCE SHEETS AND OTHER FINANCIAL STATEMENTS OF THE EXPORT-IMPORT BANK (EXIMBANK) OF TRINIDAD AND TOBAGO LIMITED FOR THE FINANCIAL YEARS 2012 to 2017.

- 6.1 The Chairman called the public meeting to order at 10:06 a.m.
- 6.2 The following officials joined the meeting:

Export-Import Bank of Trinidad and Tobago Limited (EXIMBANK)

- Mr. John Tang Nian - Chairman
- Mr. Navin Dookeran - Chief Executive Officer
- Ms. Carol Austin - Chief Financial Officer

Ministry of Finance –Investments Division– MoF

- Mrs. Jennifer Lutchman - Deputy Permanent Secretary
- Mr. Ryan Maharaj - Director, Agro-based Manufacturing Services
- Ms. Mala Mohammed - Senior Business Analyst (Ag.)

6.3 The Chairman welcomed the officials.

6.4 The Chairman outlined the mandate of the Committee and the purpose of the hearing. Introductions were exchanged.

6.5 Key Issues Discussed:

1. The steps taken to mitigate the adverse effect of the COVID-19 pandemic on EXIMBANK's operations;
2. The sectors that EXIMBANK considered essential during the pandemic;
3. The quantum of monies EXIMBANK made available to the essential companies on its clients listing;
4. The policies EXIMBANK implemented to ensure the delivery of the company's strategic objectives were not neglected during the COVID-19 pandemic in 2020;
5. The measures being implemented to alleviate the concerns made by the manufacturing industry over the availability of US Currency to its exporters and importers;
6. The ratio of export to imports;
7. The challenges of acquiring foreign exchange;
8. The MoF and EXIMBANK's role in attracting and driving investment opportunities for Foreign Direct Investment (FDI) given the reduced local investment from the private sector;
9. The status of the amount of FOREX generated by EXIMBANK clients;
10. The status of the outstanding financial statements for the period 2018 to 2020;
11. The status of EXIMBANK's current strategic plan;
12. The reasons for EXIMBANK's capital restructuring initiative;
13. The methods for acquiring US Currency;
14. The criteria used to allocate monies to essential clients during the pandemic;
15. The percentage of small and medium-sized clients;
16. The moratorium on loan repayments offered to clients during the pandemic;
17. The level of employment generated by EXIMBANK's clients during the period 2012 to 2017;
18. The status of the amount of export sales generated by clients during the period 2018 to 2020;
19. The allocation of US Currency to all essential sectors by the Central Bank of Trinidad and Tobago during the pandemic;
20. The status of whether there were leakages of FOREX in the market which constrained the EXIMBANK's operations;
21. The difference in the process for the utilization of FOREX adopted by the commercial banks and the EXIMBANK;
22. The procedure used to grant companies FOREX;
23. The transformation initiative adopted by the EXIMBANK to further enhance the company's mandate;
24. The reasons for the underutilization of the operating capacity of companies in the manufacturing industry;
25. The status of EXIMBANK's human resource challenges in light of the 300% increase in FOREX operations;
26. The measures and possible outcomes to strengthen EXIMBANK by the use of the funds from the Inter-American Development Bank and CAF - Development Bank of Latin America;
27. The process for the evaluation of bids of the consultants with regard to EXIMBANK's transformation exercise;

28. The need to update the companies banking system and client portal;
29. The EXIMBANK's role in the implementation and success of the Ministry of Trade and Industry's Trade Policy;
30. The support systems available to the small and medium-size enterprises that operate in the industries that Trinidad and Tobago has a comparative advantage;
31. The reasons for the EXIMBANK's reduced profitability between 2012 to 2017 and reduced interest income in the years 2016 and 2017;
32. The issues that affect the EXIMBANK's viability and economic growth;
33. The EXIMBANK's short-term, medium-term and long-term financing products;
34. The findings of the Frankfurt Business School study;
35. The status of the revenue generated and other opportunities from the expansion of local companies' into the Guyana market;
36. The status of the development of the 'Made in TNT Version 1 and Version 2' impact on the development of Trinidad and Tobago which cost \$3.7 million; and
37. The risk involved in the development of the 'Made in T-N-T Version 1 and 2'.

Please see the Verbatim Notes for the detailed oral submission by the witnesses.

6.6 The Chairman thanked the officials for attending the virtual meeting and they were excused.

SUSPENSION

7.1 At 12:41 p.m., the Chairman suspended the public meeting to resume in camera for a post-mortem discussion with Members only.

POST-HEARING DISCUSSION

8.1 The Chairman sought Members' views on the public hearing.

8.2 The Review of the Committee meeting days to be included on the agenda for the next meeting.

8.3 The Committee agreed that additional questions would be sent to the Ministry of Finance-Investments Division, EXIMBANK, and the Central Bank of Trinidad and Tobago.

[Please see Appendix 1]

ADJOURNMENT

9.1 There being no other business, the Chairman thanked Members for their attendance and the meeting was adjourned to April 7 at 9:30 a.m. The committee will conduct an inquiry into the Audited Financial Statements of the National Information and Communication Technology Company Limited, (iGovTT) for the financial years 2015 to 2019.

9.2 The adjournment was taken at 12:55 p.m.

We certify that these Minutes are true and correct.

CHAIRMAN

SECRETARY

March 17, 2021

ADDITIONAL INFORMATION

Additional Questions arising from Meeting of the Public Accounts [Enterprises] Committee

Questions to EXIMBANK

Provide the following:

1. A copy of the EXIMBANK's Business Continuity Plan and current strategic plan.
2. The measures that were implemented to address the impending challenges faced by the EXIMBANK during the COVID-19 pandemic.
3. Statistics on the demand for FOREX from EXIMBANK's client base from March 2020 to March 2021
4. The steps taken to manage and satisfy the requests for FOREX from EXIMBANK clients.
5. The percentage of small and medium-sized manufacturers and importers that the EXIMBANK serviced during the height of the COVID-19 pandemic.
6. The EXIMBANK's ratio of exporters to importers.
7. The percentage of FOREX that the EXIMBANK's small, medium and large clients, within the manufacturing sector, generate during the period March 2020 to March 2021?
8. A detailed breakdown of the level of sustainable employment created by small, medium and large companies within the manufacturing sector since 2020.
9. With regard to the Ministry of Trade and Industry's Action Item Plan, what were the five specific action points for the EXIMBANK to undertake?
10. A list of the recommendations that could assist in the institutional strengthening of the EXIMBANK.

Questions to Ministry of Finance – Investments Division

11. How long has the Ministry of Finance been in possession of EXIMBANK's audited financial statements for the years 2018 and 2019?
12. When will the audited financial statements for the years 2018 and 2019 be submitted to the Parliament?

Questions to Central Bank of Trinidad and Tobago

13. Do persons or businesses with significant influence in society get preferential treatment when it comes to acquiring FOREX from commercial banks?
14. What mechanisms were implemented to monitor and ensure that foreign exchange were made available to commercial banks for distribution to the public?
15. Have there been any instances of foreign exchange leakages?

Appendix 2: Verbatim Notes

VERBATIM NOTES OF THE SIXTH VIRTUAL MEETING OF THE PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE HELD (IN PUBLIC) ON WEDNESDAY, MARCH 17, 2021, AT 10.06 A.M.

PRESENT

Mr. Wade Mark	Chairman
Mr. Rushton Paray	Vice Chairman
Mr. Fitzgerald Hinds	Member
Mrs. Laurel Lezama-Lee Sing	Member
Ms. Amrita Deonarine	Member
Mrs. Renuka Sagramsingh-Sooklal	Member
Mr. Keith Scotland	Member
Ms. Keiba Jacob	Secretary
Ms. Hema Bhagaloo	Assistant Secretary
Mr. Darien Buckmire	Graduate Research Assistant

ABSENT

Dr. Nyan Gadsby-Dolly	Member
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MINISTRY OF FINANCE – INVESTMENTS DIVISION

Mrs. Jennifer Lutchman	Deputy Permanent Secretary
Mr. Ryan Maharaj	Director, Agro-based Manufacturing Services
Ms. Mala Mohammed	Senior Business Analyst (Ag.)

EXPORT-IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED (EXIMBANK)

Mr. John Tang Nian	Chairman
Mr. Navin Dookeran	Chief Executive Officer
Ms. Carol Austin	Chief Financial Officer

Mr. Chairman: Good morning. Is everyone hearing? Good morning to all.

Members: Good morning.

Mr. Chairman: And let me on behalf of the Public Accounts (Enterprises) Committee warmly welcome our officials from the Ministry of Finance and the Export-Import Bank of Trinidad and Tobago. My name is Sen. Wade Mark and I am the Chairman of the Public Accounts (Enterprises) Committee. The Committee on Public Accounts (Enterprises) has a mandate to consider and report to the House on:

- (a) The audited accounts, balance sheets, and other financial statements of all enterprises that are owned or controlled by or on behalf of the State;
- (b) The Auditor General's report on any such accounts, balance sheets, and other financial statements; and
- (c) Whether policy is carried out efficiently, effectively and economically, and whether expenditure conforms to the authority which governs it.

The purpose of this examination is for the Committee to follow-up on the implementation of the recommendations made in the Public Accounts (Enterprises) Committee's Twenty-fourth Report during the Eleventh Parliament on an Examination into the Audited Accounts, Balance Sheets and other Financial Statements of the Export-Import Bank of Trinidad and Tobago Limited for the financial years 2012 and 2017; also to ascertain whether expenditure conforms to the authority which governs it; to determine also the challenges being faced and possible solutions to these challenges; and also to make further recommendations to ensure that the policy of the Eximbank is carried out efficiently, effectively and economically.

This meeting is being broadcast, or will be broadcast I should say, at a later date on the Parliament's Channel 11 and Radio 105.5 FM, and the Parliament's YouTube Channel *ParlView*. Participants are advised that their microphones should remain muted until recognized by the Chair. May I at this time invite other members of the Public Accounts (Enterprises) Committee to introduce themselves?

[Introductions made]

Mr. Chairman: Thank you. Thank you. And may I now invite officials from the Ministry of Finance to introduce themselves, to be followed by the Export-Import Bank officials.

[Introductions made]

Mr. Chairman: Yes, officials from the Export-Import Bank.

[Introductions made]

Mr. Chairman: Thank you. Anyone else? Are there any other officials? Okay. May I at this time invite the Deputy Permanent Secretary, Ministry of Finance, to make a brief opening statement?

Mrs. Lutchman: Thank you, Chairman. Before I make my opening statement, I would just like to say that with me—we are having some difficulties—Ms. Mala Mohammed and Mr. Ryan Maharaj are with us.

Mr. Chairman: Okay. Thank you.

Mrs. Lutchman: Okay. So thank you, Chairman. The Minister of Finance, Corporation Sole, is charged with the responsibility for the State's portfolio of investments which includes Eximbank. Monitoring of the portfolio is done through the Investments Division, Ministry of Finance. For the period under the review of the Public Accounts (Enterprises) Committee today, which is 2012, 2017, the Ministry of Finance, Investments Division, performed a monitoring role similar to that of other state-owned enterprises, and the line Ministry at that time was Ministry of Trade and Industry. With effect from October 2017, the Ministry of Finance became the line Ministry of Eximbank. The Ministry continues to assist the company in fulfilling its mandate of facilitating for growth and expansion of the non-energy export and manufacturing sectors.

Additionally, in his budget presentation for fiscal 2021, the Minister of Finance indicated that the company will be restructured to provide project financing for Caribbean energy sector projects by Trinidad and Tobago companies. More recently, Government has approved a capital restructure for Eximbank. We look forward to providing any information to assist this Committee in its deliberations today. Thank you.

Mr. Chairman: Thank you so very much, Mrs. Lutchman. Can I invite the Chief Executive Officer of the Eximbank to make a brief opening statement at this time?

Mr. Dookeran: Yes, thank you very much, Chairman. If I may, Chairman, with your permission, defer the opening statement to my Chairman, Mr. John Tang Nian, and I would be more than happy to contribute thereafter as you see fit. Is that okay?

Mr. Chairman: No problem. I will invite Mr. Tang Nian to now address us briefly.

Mr. Tang Nian: Thank you, Mr. Chairman, hon. members of the Public Accounts (Enterprises) Committee—hon. members of the PA(E)C—and officials of the Ministry of Finance. The opportunity to illustrate the operations of Eximbank remains paramount to our philosophy of transparency and accountability—

Mr. Chairman: Mr. Tang Nian, we are getting a feedback. I do not know if there is a cell nearby that might be infringing on the quality of our communication, but we are getting a little slight feedback

whilst you are speaking.

Mr. Tang Nian: Okay. I do not have my cell around me. I am not sure what is causing it, Mr. Chairman. Is it coming from my side? Has it been established?

Mr. Chairman: Yeah, it is coming from your side. When you are speaking we are getting a slight feedback out of your system. We will certainly invite our technicians to look into it, but until that is done we will be experiencing some slight feedback which would impact on the quality of the communication.

Mr. Tang Nian: Okay, Mr. Chairman. Well, can I ask the CEO, he has my opening comments? Perhaps he can deliver it on my behalf and I will just mute?

Mr. Chairman: Okay. Mr. Tang Nian, we have been advised that it is coming from your end. Nevertheless we have been advised by our technical team it is workable. So you can proceed.

Mr. Tang Nian: Okay. Right. Thank you. Thank you very much, Mr. Chairman. The opportunity to illustrate the—I will just continue—the operations of Eximbank remains paramount to our philosophy of transparency and accountability. As the country's official export credit agency, the Eximbank has remained steadfast in its commitment to non-energy export expansion and bolstered the domestic supply of essential items to our forex facilities for manufacturers and import distributors of essential items.

The bank's position was solidified in 2018, when the Ministry of Finance appropriately assessed the need to prioritize forex to manufacturing firms, and to date we have allocated US \$100 million to over 100 manufacturers across multiple sectors. In 2020, the institution's financial structure became an essential component in alleviating the impact of the coronavirus pandemic having preserved adequate supplies of consumer sensitive products, and mitigating the risk of supply chain disruptions across the domestic value chain.

By year end, 2020, the bank would have appropriately disbursed for the importation and distribution of essential items, US \$150 million. Engendering confidence within the business community remains paramount, and the continuing or collaborative approach with key business support organizations, ensuring a structured delivery process. This has yielded tremendous support and has enable the business community to focus on export growth strategies with confidence, improve and repair supplier credit relationships, reduce manufacturing downtime with enhanced inventory levels, provide support to maintain domestic employment and ensure supply stability of domestic goods. The Eximbank will continue to develop its internal infrastructure and provide intuitive private sector support to enable capital investment to improve production capacity and the expansion of key

industrial assets. This we believe is necessary to improve the ability to compete internationally and respond to global recovery opportunities. Thank you very much, Mr. Chairman.

Mr. Chairman: Thank you, Mr. Tang Nian, for your statement. May I at this time, before I begin my own areas of clarification, invite Mr. Keith Scotland to address any areas of clarification as well as to raise any questions to the parties that are before us, that is the officials from both the Eximbank and the Ministry of Finance, pertinent to our enquiry? So Mr. Scotland, I will now invite you to pursue any areas that you would like at this time to clarify, or as I said to raise questions pertinent to our proceedings.

Mr. Scotland: Much obliged, Mr. Chairman. Good morning, members of Eximbank. From March 2020, there was and there is now the onset of what has been declared as the global pandemic on COVID-19. Could you tell this Committee what steps has the bank taken to mitigate the adverse effects of this pandemic as it relates to the bank's operations and business?

Mr. Chairman: Mr. Tang Nian or Mr. Navin Dookeran.

Mr. Dookeran: Yes. Thank you, Chairman, and thank you, kind member, for that very good question. When the pandemic began the Government of Trinidad came out with the COVID-19 economic response which covered a number of different areas, and the area that the Eximbank was responsible for delivering was ensuring the successful delivery of foreign exchange to international suppliers for the provision of essential items into the country. At the time, the global supply chains—and even up to today, global supply chains have been stressed and there is increased supply chain risk, and it was assessed by the Government that the provision of food, medicines, PPE, cleaning supplies, and other essential items, we needed to make sure to be able to get those into the country in the appropriate amount of time.

At the time also, international suppliers were only really sending if you could pay cash. They were not really extending credit terms. So you had to pay cash. So the Government initially provided a forex window for essential supplies to the tune of US \$75 million to meet the suppliers for those essential items. That was for a three-month window at the beginning of the pandemic. And I am very happy to say we were able in very short order within a few weeks to be able to set up a programme that covers all the food distributors of the country, in terms of all the members of the Food Distributors Association, the vast majority over 80 per cent to 90 per cent of the pharmaceutical importers of the country, and be able to engage with them to be able to provide foreign exchange for their purchases.

On that programme—and then that programme was then restarted again coming towards the

end of the year, in October to the end of the year, December, totalling over about US \$150 million for those companies. The total companies participating in that programme was 69 companies which represented companies from the food and beverage, medical and pharmaceuticals, PPE, and cleaning supplies companies. Food and beverage companies received \$106 million out of the \$150 million; medical and pharmaceutical, \$30.4 million; PPE, \$12.3 million; cleaning supplies, \$1 million; and non-food items which are things like lightbulbs and batteries and other items like that received about \$440,000.

We were very pleased to have the collaboration of many public sector and private sector parties to be able to deliver those programmes on time, on target, and on budget.

Mr. Scotland: It brings me to—Chair, it does not answer. So I understand that what you have told me is maybe a response. I wanted to know then and maybe you can submit that in writing to us, is: What policies did the bank have in place, a strategic plan, to deal with the pandemic to ensure the efficiency of the bank? And you can put that in writing. But this leads me to my next question and, Chair, you remember member Paray had raised that as an issue. Tell us, because you have said certain sectors received foreign exchange, but we cannot bury our head in the sand. There is a complaint from local entrepreneurs and businesses about the lack of availability of foreign exchange. One, can you tell me if the bank is aware of that; and, two, what is the bank doing? If the bank is aware and there is such a problem, what is the Eximbank doing in order to alleviate that situation as it relates to local manufacturers and local importers of foreign goods who require foreign exchange?

Mr. Chairman: Mr. Dookeran?

Mr. Dookeran: Thank you very much. Yes. Well, the response in terms of the—prior to the pandemic, when you talk about in terms of our strategies and plans, we had what you call a business continuity plan that was in place, and we also then implemented that and we were able to move to digital workflows. So at the time when a lot of people were in lockdown our volumes went up by 300 per cent because we started to deliver this foreign exchange to the different sectors. Our ongoing business has been the manufacturing sector and exports which we have other programmes that we do on an ongoing basis. Those would include not only the provision of foreign exchange, but the offering of trade, finance facilities and so on, and these are meant to be able to provide the manufacturers or the export earning companies to be able to have financial resources in order to increase exports and penetrate additional markets.

The pandemic response as you say, the importers of essential items, I will say prior to the pandemic the bank did not deal with importers of essential items. So this was very new for us and we

were able to set it up. You mentioned about burying our head in the sand, well, we are not doing that at all. In fact, we have been doing a lot of strategic visioning and actually planning ahead in order to be able to expand our service offerings. As the Deputy PS has said, our mandate is being expanded in the budget and in other things and we are building out programmes and services that will also be able to allow us to assist service companies in the future, as well as other export foreign exchange earning companies.

So those are some of the methods. We do have a strategic plan; that is in place that focuses on three pillars, sales, infrastructure and people, and we have been making very good progress on executing on that. I will stop there and offer further clarification as you request.

Mrs. Sagrarsingh-Sooklal: Member Scotland, if it is okay for me to jump in for just one quick bit?

Mr. Scotland: Yes, subject to the Chair.

Mrs. Sagrarsingh-Sooklal: Chair, through you, can I jump in one bit? Chairman, I am not hearing.

Mr. Chairman: Yes, can you proceed with your question?

Mrs. Sagrarsingh-Sooklal: Yes, Chair. It just comes out of the submission that was just made. Now, Eximbank would have mentioned that they do have a business continuity plan in response to member Scotland's question. I recall seeing that being mentioned in page 2 of their submissions, but the said plan—and, of course, that plan Eximbank is saying to this Committee that therein lies their response to COVID and the challenges that they would have faced with the pandemic. If we can respectfully request, Chair, a copy of that said plan because it is not annexed to the said submissions. But page 2 of their submissions they made mentioned of this plan, but the actual plan itself which I would certainly want to have an opportunity to look at, is not annexed. So if we could kindly probably have that presented to us, I will greatly appreciate it. And perhaps the plan can also—having not seen what the plan details, if probably in that plan if they could also address measures that would have been implemented by Eximbank to address or circumvent any losses they would have experienced, or challenges they may have faced during the pandemic period. So that is all relative to that particular point on the plan.

Mr. Chairman: Thank you so very much.

Ms. Austin: Chairman, if I may add?

Mr. Chairman: Yes.

Ms. Austin: Eximbank's response during the COVID alongside the forex initiatives was we also had a dual system working whereby we have US \$100 million approved by the Cabinet to roll out to the manufacturers. So in addition to allowing such sustainability in the country as far as food and

pharmaceuticals and essentials are concerned, we also had another forex programme running whereby we provided US dollars to all the manufacturers. In addition, similar to the commercial banks, we had a moratorium for our customers. Not all took it up because some were able to meet their loan commitments, but we did have a moratorium in effect for repayment of loans.

Mr. Chairman: Thank you so very much. Mr. Scotland?

Mr. Scotland: Yes, Chairman, I would want to direct this question to the Ministry of Finance, Investments Division. Investment—and Ministry of Finance, you will tell me if you agree with my first statement, because if you do not, then the question that follows will make no sense. But do you agree with me and the Committee that investment now, as a Division of the Ministry of Finance, would be most critical in going forward in light of the effect of the global pandemic on our economic position?

Mr. Chairman: Mrs. Lutchman?

Mrs. Lutchman: Chairman, through you— Yes, Chairman, through you, the role of the Investments Division is to support Corporation Sole, Minister of Finance, in the monitoring aspect of state enterprises, which we do. We take our responsibility seriously and I agree that Ministry of Finance as a whole has a critical role and responsibility not just during this pandemic and going forward, but has always had a critical role to play. So I do not know what the question would have been.

Mr. Scotland: No, well, the first was to get your agreement, and now I go because I know that the Corporation Sole does not sleep. I know that Corporation Sole works 25/7. What has the Division done to attract outside capital, outside input, in the context of a drying up of our national pool? That is my question to you.

Mrs. Lutchman: I humbly submit that the role of the Investments Division does not fall within that remit. There are agencies within the Government, you have Ministry of Trade and Industry, other state enterprises, for example, exporTT and others that have specific roles to play. But to say that the Investments Division has that specific role, I do not think so.

10.35 a.m.

Mr. Scotland: Do you not agree that maybe this is a time—and I do not want to get a sense of defensiveness. Do not be defensive, we are interrogating. All right? Do you not agree that this would be an appropriate time when the Investments Division of the Ministry of Finance takes a more active role in that aspect of our national existence?

Mrs. Lutchman: Well, I would like to say that the Investments Division is constantly evolving and even recently, we looked at roles and responsibilities as recent as last month—well, from the beginning

of the year. So certainly we would consider what you have proposed.

Mr. Scotland: Chairman, and when you do consider it, can you revert to us, please, yes?

Mrs. Lutchman: Sure.

Mr. Scotland: Chairman, respectfully, I think that I have asked the interrogatories that I had. I do not think that I did—the question from member Paray as it relates to the Eximbank’s availability to recoup foreign exchange, I did not understand it fully so I do not pretend to ask that, but I think I did ask the first aspect of his enquiry, Chairman.

Mr. Chairman: Yeah. Thank you so very much. May I now invite—

Mr. Scotland: Much obliged, Chair.

Mr. Tang Nian: Mr. Chairman?

Mr. Chairman: Yes, Mr. Tang Nian?

Mr. Tang Nian: Could I just interject into member Scotland’s enquiry?

Mr. Scotland: Yes.

Mr. Tang Nian: Perhaps I could add some context insofar as what I think he is getting at. Insofar as the recoup—I heard the word “recoup” of foreign exchange. I gather that what he is driving at is what are we doing for companies to gain foreign exchange? In other words—because we are basing the country as a vast consumer of foreign exchange but insofar as the earner of foreign exchange, we are not a net earner of foreign exchange as far as the businesses are concerned.

So one of Eximbank’s role is to assist these manufacturers in order to gain foreign exchange, so that eventually they would become a net earner of foreign exchange. There are very few companies in Trinidad and Tobago, manufacturers that is, that actually are considered net earners of foreign exchange. We are essentially a consumer of foreign exchange. So insofar as the foreign exchange is concerned, that is one of the directions that the Eximbank is going, that we are assisting all these manufacturers, working closely with them so that they will get to the point where they will become net earners of foreign exchange. I think that is one objective of the Eximbank in its role in what we are doing.

I think the second part of the question I believe member Scotland is trying to get at is that, what are we doing, vis-à-vis the Investments Division of the Ministry of Finance. I believe that as an entity that is operating on its own and its own board, I think it is the responsibility of the board to make those sort of recommendations in determining the kind of capital we require and the kind of investment that the entity is required in order to present its operation.

So in this way, I think what Eximbank has been doing—and we have developed the strategic

plan and we were told—not told, that is a strong word—but we were recommended through the Investments Division of the Ministry of Finance, you know, that we needed to recapitalize the market, we are to do this and what have you. So I must say that the recommendation came from the Eximbank to the Investments Division, to the Minister of Finance and I think from where we sit at Eximbank, I would say that they have been very receptive to the recommendations and they have worked closely with us, and hence the reason why I believe we recently got a recapitalization and that is one pillar that we have been able to complete in order to achieve the other objectives that we have had in our strategic plan. So member Scotland, I do not know if that, sort of in a way, answers what you were trying to get.

Mr. Scotland: It in a way answers it because the question really came from member Paray and I did undertake to champion it. Chairman, through you, can I ask—and I want to be fair to both the Permanent Secretary and to the Eximbank personnel. Could we get from them, then Chairman, some document with the statistics as it relates to the demand, at least on their part, for foreign exchange and what has transpired with that—with the actual operations for the period, let us say, March 2020 to 2021? We can take that in writing, Chair. It will be unfair to ask them to do that now. Can I respectfully ask—may I respectfully ask through you?

Mr. Chairman: Yes, certainly.

Mr. Scotland: Thank you, Chairman.

Mr. Chairman: Certainly. Before I invite member Deonarine to join us, I want to thank member Scotland for his questions and the responses we have had thus far from the officials. May I simply ask—

Mr. Hinds: Mr. Chairman?

Mr. Chairman: May I welcome the hon. Fitzgerald Hinds, who has just joined us.

Mr. Hinds: Thank you. I wanted you to mark my presence and thank you very warmly, Mr. Chairman. Thank you.

Mr. Chairman: Yes, thank you. May I ask either Mr. Tang Nian or Mr. Navin Dookeran, what has happened to the company's financial audited accounts for 2018, 2019 and 2020? Because we are yet to have those reports—financial audited accounts referred to our Committee. Can you advise this Committee what is the status of these outstanding audited financial accounts?

Mr. Dookeran: Yes, Chairman, I would be more than pleased to articulate and in collaboration with my Ministry of Finance's colleagues. We have completed the audited financial accounts for those periods and we have been working with the Ministry in order to go through our AGM process, in

order to have that ratified by all parties, and the shareholders and so on, and then publish the accounts. And I think we are making some good process, I would defer to our DPS Lutchman on that as well.

Mr. Chairman: Yes, DPS Lutchman, could you advise further?

Mrs. Lutchman: Thank you, Chairman. The Ministry of Finance is in receipt of the audited financial statements for financial years 2018 and 2019. As soon as approval is received from the Minister of Finance, the annual general meeting will be convened and the financial statements will be adopted then. Subsequent to that, the statements will be submitted.

Mr. Chairman: Any idea as to what is the time— First of all, how long have you had these financial audited accounts in your possession?

Mrs. Lutchman: Chairman, I have to provide that in writing, I do not have that with me right now.

Mr. Chairman: But can you use your good offices to have these matters speedily addressed so that those accounts can be had at the level of the Parliament and later on transmitted to our Committee?

Mrs. Lutchman: We will try our best, Chairman.

Mr. Chairman: Yes, we hope your best is attempted here because these are outstanding matters for 2018 and 2019. What is the status of the 2020 audited accounts, may I ask?

Mr. Dookeran: Yes, we are just at the final stages of concluding that audit and having that audit completed and I would say that we are on track to mark, what I would term a financial turnaround of the Eximbank, which is in line with the recapitalization that the Government has recently done which restores our capital base and also a return to profitability for the Eximbank in 2020.

Mr. Chairman: Okay. And before I invite member Deonarine, may I ask of your strategic plan within the framework of what we are dealing with, and what is the current period that your plan would cover and whether you can make a copy of that plan available for study by this Committee? Mr. Navin?

Mr. Dookeran: Yes, Chairman. We will be happy to share some information regarding that strategic plan. As we had mentioned, at the budget last year or in September, the Government signalled that the Eximbank—I will just say, the Eximbank is being transformed to facilitate the growth and expansion of the non-energy sector, thereby enhancing your foreign exchange earnings and sustaining employment levels, and as well as including some increased mandate options in terms of the Caribbean energy sector projects. That instruction came in September.

We have commenced a transformation exercise where we are now engaging partners to help us now craft an updated plan. The initial one was for 2020 to 2023 but, however, given new mandate and the new environment that we are in, we are now working on that whole transformation initiative which would allow us to increase our national impact and come with new programmes and strategies

to be able to—so we are really updating this over the course of this year, as instructed by the Ministry of Finance.

Just to jump back to one thing. The hon. member Scotland had talked about what we are doing to get foreign exchange into the country. There are two ways you can do it. One is by foreign inflows from external parties and one is from by increasing your own earning capacity in the private sector to earn more foreign exchange. So our standard business model and operations are geared to increasing the foreign exchange earnings of the private sector.

However, we have gotten approval from the Ministry of Finance to engage in discussions with various multilateral agencies, which we had included in our submission to you—the IDB and the CAF—for exploratory conversations to be able to source fund inflows as well so that we could deploy that capital productively and effectively in the private sector. In that regard, I will also say that the Investments Division has been collaborating with us as well on that front to be able to source some of that and engage and move these concepts forward to some level of reality. So we are working on both fronts and we are presently restructuring our strategy to be able to address the increased mandate that is being provided to us from the Government of Trinidad, and we would be happy to share strategic information as required and as requested in writing, as you see fit.

Ms. Deonarine: Chair, we are not hearing you.

Mr. Chairman: May I ask Mr. Navin Dookeran that given the initial strategic plan before the new mandate was given to the bank to assume new responsibilities, would you share with this Committee whether that plan was approved by the Ministry of Finance?

Mr. Dookeran: The plan was submitted to our board in November of 2019 and it was approved by the board of the Eximbank. Following that, a submission was made to the Ministry of Finance regarding that new strategic direction. Some of the things that include with it is regarding complementing the banking system and supporting the banking system in providing foreign exchange. We are one part of the mix, to compare it with everything; but that is one part. Another area would be new product development which we have actually been able to accomplish on a number of the forex programmes as well as a product—I will just give you an example—what we call an “XLoan” with is a loan with US dollar proceeds but TT dollar repayment, so that companies could invest in capital equipment and improve their competitiveness and productivity. Also a shift to collateralize lending. I will stop there because I see a member would like to—so I will pass it back to you, Chairman.

Mr. Chairman: Okay. May I invite member Deonarine to join us at this time.

Ms. Deonarine: Thank you, Chair. Thank you so far Eximbank and Ministry of Finance. Now, I have

a couple follow-up questions before I get to my questions that I initially had. Now, I understand that you are saying that a capital restructuring was approved and you all are proceeding with the capital restructuring. What was the reason in the first place to request or to have a capital restructuring exercise done and approved?

Mr. Dookeran: Yes. Well, what we did is over the last few years, primarily since this board has been in place, is to really review the financial statements and the risk profile and so on of the bank and what was required, as we moved to adopting the IFRS 9 standards, it was to increase our provision levels on legacy loans that were originated in many years—decade plus—and in the last decade and so on. Accordingly, with the increase in provision levels, there was an impact—a negative impact—on our capital levels and accordingly, it became required for us to now achieve further and future mandates that we would need to recapitalize and re-establish a tier one capital base in order to meet all regulatory requirements, and that was the primary reason for that capital restructuring.

Ms. Deonarine: So then, could you tell me as result of this capital restructuring that took place, how does the blend of equity and debt change with this new capital restructuring that was approved?

Mr. Dookeran: Sure. So—

Ms. Deonarine: So tell me what it was before and what it is now.

Mr. Dookeran: I can tell you exactly. In fact, that is one of our key performance indicators that was included in our strategic plan, alongside things like employment, total export sales to our customers and so on but it was our debt to equity ratio. And prior to this restructuring, the debt to equity ratio was approximately—well, it was 4.02 and the lower that number is the better and healthier the company is. Subsequent to that restructuring, we had a target of 1.5 to 2—was our target range for our debt to equity ratio and that has since improved to 1.43. So we have actually overshot the target range a little bit and now that is what sets us up to go forward so that is with respect to the debt to equity ratio. We have also made improvements on the interest rate spread, which is another KPI that we are tracking.

Ms. Deonarine: Okay. So could you tell me who assisted with the capital restructuring exercise—which entity or—

Mr. Dookeran: Yeah. This was accomplished primarily by the Eximbank and the management of the Eximbank as well as, you know, in consultation with the Central Bank and the regulators in terms of setting what are the requirements and so on. And then a lot of the heavy lifting was done by our colleagues at the Investments Division at the Ministry of Finance in order to move it through the system and successfully get that approval. That approval came just a couple weeks ago by Cabinet.

Ms. Deonarine: Okay. All right. So let me move on to the special forex window. I have some follow-up questions with them on that issue but I just want to confirm one thing. Now, during the earlier conversations with member Scotland, it was indicated that US 150 million was allocated to 69 companies and also, parallel to that, we had US 100 million going to 100 manufacturers. Is that correct? I am not hearing you.

Mr. Dookeran: Yes, that is correct.

Ms. Deonarine: Okay. So tell me something before I ask anything else. Where did this US come from? This US \$250 million.

Mr. Dookeran: Yes. That is by way of allocations. The allocations have been approved by the Cabinet and then the process is that we apply to the Ministry of Finance as we sell these funds into the market. We then will go and request from the Ministry of Finance who will then liaise with the Central Bank and over and above the Central Bank's ongoing foreign exchange injections into the banking system, which is approximately about 100 million per month, this is a special allocation that is then made to direct into the private sector into the productive growth sector.

Ms. Deonarine: Okay. So that is interesting. Does this affect your profitability in anywhere?

Mr. Dookeran: Yes, it has had a—and this is why we have been able to have a contrarian experience over the course of 2020, compared to many companies. Because of the increase in the foreign exchange operations, we have been able to make some funds to cover our operation regarding service fees on the foreign exchange sales and handling fees and so on. So it has positively impact our profitability and financial sustainability.

Ms. Deonarine: Okay. So tell me something. These 69 companies that benefited from the US 150 million, what was the criteria used to allocate this money, apart from they being categorized as providing an essential good or service to the country? What were the other aspects that were considered to allocate these moneys or to take these 69 companies into consideration?

Mr. Dookeran: Yes. So on that programme—the essentials programme—the primary eligibility criteria is that you are importing an item that is an essential item that is on a Government-approved list. That list was created basically—it started from the zero-rated VAT items, basic food and that type of stuff, and then it was expanded to include different medicines and so on. That is really the main criteria. You have to be a company that is importing those items. That is the first requirement.

Secondly, we had looked at that every company that we would deal with has to have some level of distribution into the market, distribution to reach the public. So, for example, what I would say is that we would not deal with like one supermarket—that a person has one supermarket. We deal

with—if they have a group that, you know, there are supermarkets that deal with the south-eastern area of the country, in the eastern area, there are the food distributors that have national distribution, then they would qualify as well.

The other, I guess, key requirement is that we do ask for a number of different compliance information regarding annual returns, financial statements and so on for the last three years. This is to ensure that we do not have just—we want established businesses rather than just any, you know, people with who just say—who have an idea that they want to do something, it has to be for proven companies that have been able to do this.

And I will say that we did get great support from the Ministry of Trade as well when this programme was developed in providing data on historical import data, so that when we were making allocations to the companies, we were able to line it up with historical import levels for the companies. That way, we did not over allocated to one or under allocated to one. We were able to have a fair way of allocating. So it is really for those companies that have been bringing in essential items into the country.

Ms. Deonarine: Okay. I mean, I know you have a certain level of confidentiality to maintain when it comes to speaking about the clients. But at an aggregate level, could you let us know—let the Committee know what percentage of the beneficiaries of this special forex window fell into the small and medium enterprises category?

Mr. Dookeran: Yes. I can get that in one second here. Okay. Now, we do have on the manufacturing side of the forex programme—I will just start with that—we have 102 companies on there. I would say there is 72 per cent of the companies that fell into the small category, 14 per cent into the medium, 14 per cent into the large.

On the essential items, we do have the segments but I do not have that information readily available. We have the small companies 10 to 49 employees; medium, 50 to 249, and large entities, 250. Sorry, I am looking at a—yeah, we have the same segmentation but I do not have the breakdown of that 69 readily available, but we will be more than happy to share that.

Ms. Deonarine: Yes. Kindly submit it to us in writing, please? So then, the 72 per cent of manufacturers who were considered small and beneficiaries, they had no problems or challenges satisfying that criteria of providing three years of financial returns and other supporting financial documents? Is that correct?

Mr. Dookeran: Correct. It is a requirement for us to on-board you onto the programmes and so therefore, they had to meet those requirements.

Ms. Deonarine: Okay. Now during the conversation, I heard mention was made by, I believe it is Ms. Austin, that there was a moratorium offered for persons who you all were dealing with, before the pandemic, that is providing assistance for exporters. Right? Could you provide us—this Committee—with the details of that moratorium?

Mr. Dookeran: Sure, we can. Carol, would you like to respond or I can do it?

Ms. Austin: No, I do not have that information at hand. If you do, can you proceed?

Mr. Dookeran: Sure. Well, on the moratorium, what we did was we had initially set a three-month moratorium for our lending clients where they will not be required to make principal payments on their loans. However, they were still required to make interest payments. We then further extended that for at least six month, so the total moratorium ended up to being six months of principal moratorium in order to support the companies. This was, you know, done throughout the banking sector and we ensured that our clients were able to participate in that type of programme as well.

Ms. Deonarine: Okay. Through you, Mr. Chairman, I just want to ask one more question before I pause?

Mr. Chairman: Yes.

Ms. Deonarine: Thank you, Chairman. Now, the mandate of Eximbank is for primarily export promotion and to provide forex earnings in the non-energy sector and also to generate a certain level of employment. That is what I read the primary mandate of Eximbank is. Now, prior to COVID-19, you all indicated that you all dealt primarily with exporters. Are you in a position to say from 2012 onwards—2012 to 2017, at least—because that is the period we are reviewing— tell us in numbers— what percentage of foreign exchange you all were able to generate from by providing services to exporters? What level of employment you all were able to generate? Are those statistics that you all look at, in collaboration with the Ministry of Finance?

Mr. Dookeran: We do look at it now. During the period 2012 to 2017, I do not know if back then we had some of that information but what you are alluding to is another KPI, so I think you are zoning in on a lot of our key performance indicators that we are tracking. One of the KPIs is what we call total export sales for our customers.

11.05 a.m.

Ms. Deonarine: Right.

Mr. Dookeran: And I am very happy to, now I do not have the information because we did not have the set up with the Ministry of Trade and Industry to be able to provide this aggregate data, in terms of export levels for our clients then. But we do now, and what I would say is that, when that same

strategic plan was approved by our board, right, at the time if you totalled up all the export sales for all our clients, it was about TT \$600 million, in November 2019.

We then set a key performance indicator of achieving at least 1 billion in total export sales for our customers. By November 2020, I am pleased to say that that number, as evidenced from the Ministry of Trade and Industry data, we went over the 1 billion and we supported TT \$1.37 billion in total export sales for our clients. Right?

Now, as the February, and now this has grown to 1.37, it has subsequently grown now to 1.68 billion, as of February. Now I want to caution that this is not because export sales are growing in general, because in 2020 export sales for the market has gone down. This is because the Eximbank's—I am speaking specifically to the Eximbank's client base and our client base. This is onboarding those hundred-plus manufacturers and exporters. So this is for our client base. Our client base has been expanding and so now we are supporting export sales of TT \$1.68 billion.

Ms. Deonarine: Okay. So given that favourable response from the export side and the clients from your export side and also given that you all have so much intervention in the import market that probably would continue for some time, could you give us a ratio, in terms of what percentage of your clientele deals with exports and what percentage deals with imports?

Mr. Dookeran: We can definitely provide you with that, because we do have the data. We would just put it in the format that you would like.

Ms. Deonarine: Okay. I would pause now. I see member Hinds is trying to get the Chair's attention for some time.

Mr. Chairman: Yeah all right.

Mr. Hinds: Thank you, Madam Chairman. Mr. Chairman.

Mr. Chairman: Yeah, good morning.

Mr. Hinds: Did I get your eye?

Mr. Chairman: I say good morning and you can now present your question.

Mr. Hinds: I thank you very, very much. For a moment I feared that I would never catch your eye, Mr. Chairman. But I am—

Mr. Chairman: You have caught my eye so you can proceed.

Mr. Hinds: Yes, indeed. That you did not look after my eye catching, you did not look askance but I am very happy to have been recognized by you Chairman.

Mr. Chairman, let me begin. I have listened to the very wonderful interrogation and properly so because this is the work of this joint select committee, this parliamentary committee. I really enjoyed

member Deonarine's inquisition on these issues. And as I listened to her and I listened to the responses of Eximbank, Mr. Tang Nain and the last speaker, I felt for them in the sense that they offer a tremendous public service, like we do, Mr. Chairman, and it is not an easy ride, especially in the current economic circumstances in which this nation is put.

So in that context, I would like to extend a thank you to these persons because they offer a service to this country at little remuneration and we must be grateful for that. But they are accountable to us, which is why they are here and we must proceed on those terms.

What is the name of the last speaker, I joined us late? Mr. Dookeran? Yes. Mr. Dookeran, in particular, the whole issue, I am coming now as a representative of Laventille East/Morvant, for 12 years and now Laventille West for six. I am coming from the ground. I am coming from what we are told on the ground, that there is a crisis with forex in Trinidad and Tobago. People cannot get money to send \$200 for their child in a university in Miami. People cannot get their little medication; all of the little things. That is what we are being told. But I listened to you here today and I am getting a totally different picture. And this democratic process that we are now engaged in, in this live public debate or discussion, interrogation, is designed to inform the public.

So I want to ask a question with the public in mind. Between 2015 and 2020, I am told, like the chairman from another place, that some US \$10 billion has been made available to the commercial banks, and that is in addition to the roughly \$2 billion a year made available to you Eximbank for distribution to persons and businesses in this economy. Is that correct from your knowledge?

Mr. Dookeran: Well, I am not fully aware of that 10 billion metric, but I do know that you are right, that typically there is about a \$400 million of foreign exchange in the system every month, and so when you add that up over time, I can see that 10 billion being realistic. And, yes, the Eximbank has been afforded about \$250 million so far.

Mr. Hinds: And it is correct to say that as consequence of public disquiet and media manifestations, that the function, the mandate and the amount available for your Eximbank's distribution was refreshed and improved within recent times. Is that correct?

Mr. Dookeran: You are 100 per cent correct, member. At the end of last year, the Government reapproved another US \$100 million for the manufacturing sector for 2021 and they approved a further US \$15 million for the provision of essential supplies for the first part of this year.

Mr. Hinds: And my next question is bifurcated between you and the Ministry of Finance who is this room. Is it correct to say that the focus has been on providing foreign exchange for the manufacturing sector, the essential foods import sector, pharmaceuticals, meaning medicines and so on. And the

health sector supplies, in addition to our public utilities like WASA and T&TEC has not been the focus. And I want an answer from you Eximbank and then immediately behind that, the Ministry of Finance. Has it been the focus for these foreign exchange distributions on those elements of this economy?

Mr. Dookeran: Yes. What we are attempting to do, based on the Government programmes in place and what was approved by the Cabinet, is to fuel and direct the foreign exchange to the productive growth sectors of the economy, like the manufacturing sector, and at the same time cover the basic needs. Those are the two areas that we do. So, that is what we are doing.

Our funds are directed towards the private sector. We do not provide any funds to any of the statutory bodies or any other public bodies like the WASA and the—

Mr. Hinds: In which case, let me hear the Central Bank on this matter please. I want, on behalf of the little people of Trinidad and Tobago, to know the facts. Central Bank, could you tell us, in respect of this, where we work, what you do?

Ms. Lutchman: Okay. I believe you mean Ministry of Finance, hon. Member.

Mr. Hinds: Sorry, Ministry of Finance, sorry.

Ms. Lutchman: Okay so, as you rightly said, moneys, US dollars were provided to the Eximbank to stimulate the manufacturing sector to earn more foreign exchange. Because as you would have indicated, there is an issue with foreign exchange. So the Eximbank would have done its business to stimulate growth; that is to earn foreign exchange.

The Ministry of Finance has an allocation that is provided to certain essential state entities, to ensure continuity of services.

Mr. Hinds: Like public utilities and T&TEC, and so on.

Ms. Lutchman: Yes.

Mr. Hinds: Yes. Now, let me ask both of you again, what might be for the time being my final outing in this regard— because the complaints that the public shares with me as a Member of Parliament and some of the reportage I see in the newspaper, Ministry of Finance, Eximbank, is that these products— I mean, the grocery shelves are empty. People cannot get basic food. People cannot get medication. And from what you are saying here, it does not appear that way.

So let me ask, from your knowledge, would you say that there are leakages in the system, where possibly foreign exchange is hoarded off, taken out of your system and your focus, your intention for manufacturing and for pharmaceuticals and along the line some large amounts get lost by hoarders and then we hear these noises quite unjustifiably against the background of what Eximbank and the

Ministry of Finance is doing? That is my question. Can I get an answer from each of you please? I am asking, on the basis of your knowledge and experience from the statistics, from the yield, from the inflow of foreign products and input on the grocery shelves, in the pharmacies, in the hospitals, what is your take on this?

Mr. Dookeran: You know, very insightful—

Mr. Hinds: And do not speak to me. Speak to the layman; the little person in the bar out there, that teacher, the young lawyer, the barber. I do not want you talking to me. Talk to the little people of Trinidad and Tobago. This is the opportunity to speak truth to them.

Mr. Dookeran: Okay, thank you so much member. You are 100 per cent correct. There is a significant degree of tightness in the foreign exchange market, which makes it very difficult for a number of companies to be able to access the required amount of foreign exchange, for the man on the street to be able to buy enough foreign exchange.

Now, we can only control at the Eximbank our programmes and what we do, and what we have implemented in our programmes is the requirement for any company manufacturer that is exporting, for them to continue to access foreign exchange they must provide proof that they are actually repatriating and bringing back US dollars into the country. However, when the commercial banking sector makes foreign exchange allocations, they do it on other commercial decisions and they give US directly to the customer in Trinidad.

After that, what the customer does with that is up to them. The difference with the Eximbank programme is that we, in order for you to access foreign exchange for us, is we are sending the foreign exchange directly to the international suppliers. So we make sure that it goes to where it has to get to. However—

Mr. Hinds: Pause, pause. Pause a second, let me come with a subsidiary question. Are you therefore saying to us that the system you have in place, is to that extent, a more stringent one than the one that might exist in the commercial banks, in the sense that you do not give it to the businessman in his hand. You send it to his supplier, and you monitor the reciprocal US dollars coming in as a consequence of it?

Mr. Dookeran: Come back, yes.

Mr. Hinds: Are you saying to us that that is what exactly, from your knowledge professionally, that is not exactly what happens with the commercial banks?

Mr. Dookeran: Correct. At the commercial banks it is a straight commercial sale transaction and you buy the US and you get the US.

Mr. Hinds: And not only that, it might also be based on long-term relationships with my bank. If I deal with FCB, I deal with Scotia and I am a longstanding customer, I may get a kind of access that a brand new or not-so-longstanding customer might enjoy, which is what I think you mean by “other considerations”, including commercial considerations. Am I correct?

Mr. Dookeran: It is very possible, member. In fact, one of the things that we have done in order to expand the market for the foreign exchange and for it to reach the small business is we have expanded the programme so that it is not only for large manufacturers that are exporting. We said even if you are a small manufacturer that has ambitions, you want to aspire to export, you can provide us with an export plan, and based on the export plan, we will be able to provide foreign exchange to you. So that is how we are trying to get it.

Mr. Hinds: Thank you. Thank you. Ministry of Finance, my last question. Against the background of what you have just heard, it is quite possible therefore—and I want your view on this, for the laypeople of this country, it is quite possible—that I could go to bank a Friday evening for US 300 and I really cannot get it. So my cry is justifiable, not because the Central Bank did not make money available to the commercial bank, but because Mr. Mark, big, popular, well-known as he is, and his relationship with the bank, he gets it and I do not. Do you think that might be so, Madam Finance?

Mr. Chairman: Leave out the Chairman out of your conversation.

Mr. Hinds: Just by way of metaphor.

Mr. Chairman: No, no, no, no. I am just saying leave out the Chairman, please.

Mr. Hinds: I thank you very much, and I should do that. But let me therefore, serious briefly restate then. I am leaving out the Chairman. I was looking for someone who might have influence in the society, longstanding—

Mr. Chairman: I would suggest yourself. I would advocate Mr. Hinds.

Mr. Hinds: Mr. Chairman, leave me out please. Central Bank could you be kind enough to respond to this, because we are talking to the little people who hear the media say there is none and then we are hearing something about what you have done. Not that you have not done what you have done. Is that possible?

Mr. Chairman: You are talking about the Ministry of Finance?

Mr. Hinds: Yes, Ministry of Finance.

Mr. Chairman: Thank you. Ministry of Finance.

Ms. Lutchman: Thanks Chairman. So, the member rightly indicated that is Central Bank is really the one to answer this question, and I am not in a position to respond to say whether there is evidence of

leakages or so. What I can say is that there have been situations and times when agencies probably businesses would have written to Ministry of Finance indicating that they are in dire need.

Like, let us say they are providing pharmaceuticals and they do not have the foreign exchange and so, and we would write to Eximbank, you know, to assist in whatever way they can. But obviously Eximbank has predetermined criteria that they would have to follow. And they would do their assessments and if they meet the criteria, would obviously provide the requisite assistance.

Mr. Hinds: So who in this room would be able to tell the public about the possibility of what I call leakages, in other words, money being dispensed through the Central Bank at the behest of the Ministry of Finance, at the behest of Eximbank on their programme and still not meeting the targets and the purposes for which the State intended?

And let me say this, as I close, Mr. Chairman, around 2016, as a layperson, as a citizen, like many thousands of others, I would have heard some people say that because of this situation, if there is not a devaluation our foreign reserves, our HSB would evaporate in six months. Neither of those has actually happened. As a matter of fact, the foreign reserves fell, I am suggesting to the Ministry of Finance, by about \$4 billion, nothing close to the collapse that some persons around 2016 and since then have been purporting. So I would really, really like to know, on behalf of the little people of this country, on this question of leakages and the Central Bank, the Ministry of Finance and Eximbank putting in the foreign exchange as considered necessary and still you have legitimate concerns for the leakage and for the misdirection that I have alluded to. Anyone in the room can venture a response on this, before I close? And that will be my last question.

Mr. Chairman: Mr. Hinds, I am with you on that question, but I think it would be unfair to our officials who are not employees of the Central Bank to properly address that question. But if anyone who is present is willing to assist us in clarifying that, I would welcome their input. So is there anyone from the Ministry of Finance or the Export/Import Bank would like to hazard, you know? And Mr. Hinds, what we will also do, we will write the Central Bank as the Public Accounts (Enterprises) Committee to seek answers to your question easy well.

Mr. Hinds: Thank you very warmly. I was thinking exactly that. You see why I love you, Mr. Chairman? We are on the same intellectual frequency.

Mr. Chairman: But I am also asking my colleagues if anyone in our midst from both the Finance Ministry, as well as the Eximbank would like to respond to your concerns. Is there anyone?

Ms. Lutchman: Chairman, I think that is best placed with the Central Bank. I would not want to hazard any responses at this time.

Mr. Hinds: Not even a gut feeling?

Ms. Lutchman: No.

Mr. Chairman: Does anyone from the Eximbank would like to hazard a guess or would you agree?
Mr. Dookeran.

Mr. Dookeran: What I would say is for our foreign exchange delivery, you have our commitment that we will set up our programmes to ensure that that does not occur with our Eximbank programmes.

Mr. Chairman: Well thank you so very much. But as Mr. Hinds—Mr. Hinds, I want to give you the assurance that is a matter of grave concern to the population, as you have pointed out, and we will, as a committee, be formally communicating with the Central Bank, so that this Committee can have answers to those concerns that have been raised by your good self.

Madam Chairman, May I now—

Mr. Hinds: Finally, Mr. Chairman, be kind enough, finally I read only in yesterday's paper, well at least I read it yesterday, it may have been a paper of a few days before that, that a non-national of Trinidad and Tobago was caught attempting to exit one of our ports, an airport, with a large sum. I think about US \$150,000.

Mr. Chairman: Okay.

Mr. Hinds: Understand that. Understand that.

Mr. Chairman: Yes.

Ms. Austin: While we talk about control of the forex programme and the US dollars given to us by the Central Bank to distribute to manufacturers and exporters and to grow the GDP and also the foreign exchange earnings within the country, the programmes that we have at present which are the essential programmes and the manufacturing programmes, we have put systems and controls in place to mitigate against those risks. But the Eximbank also grants loans in in US dollars. And on this front, when the exporters earn foreign exchange, we really do not have any sort of control over what they do with those earnings, whether they are expatriated or. Right? So we do have control over what we get from the Central Bank. But on the other front, that is up to our customers.

Mr. Chairman: May I follow-up by asking either your good self, financial controller, of a member from the Eximbank, is there any data available, based on your monitoring of these export non-energy companies? Do you have any data that you would be able to share with this committee concerning the kind of foreign exchange earnings that these exporters are earning on behalf of the country, even though that money is not being retrieved by the Eximbank? It is being earned by these companies. Is

there any data that you can share with us to say for instance from the period of March 2020 to March of 2012? A percentage of the exporters have been able to generate in foreign exchange earnings X millions of dollars, even though it would not have come to the Eximbank. Is there any data available that you can share with this committee on that generation of foreign exchange earnings?

Mr. Dookeran: Yes, Chair. That was some of the metrics that I spoke about with the 600 million moving to the 1.37 million, to the 1.68 billion. That is the export earnings. That the data is actually—the official source of that data we get it on an aggregate basis, was the Ministry of Trade and Industry. But that is the number.

And so from the Eximbank's perspective, we could give you that data, based on our client base on an aggregate level.

Mr. Chairman: And you can provide it on a detailed basis, like for instance how much is coming from the small enterprise sector, how much is coming from the medium enterprise sector, and how much is coming from the large manufacturing sector. So if you can submit that to us in writing we will appreciate very much.

Mr. Dookeran: Yes, Chair. We will be happy to do that.

11.35 a.m.

Mr. Chairman: May I also ask, Mr. Dookeran, whether the Eximbank has any data on employment generation as a result of the provisioning of very crucial foreign exchange to the export non-energy sector in Trinidad and Tobago, particularly since the arrival of COVID-19 in this country in March of 2020? Do you have like, a detailed breakdown of information that would provide some understanding of the level of jobs, employment, sustainable employment that these sectors, whether it is the small, whether it is the medium, whether it is the large manufacturing sector or companies have been able to generate in terms of sustainable employment? Can you provide us with any data on that?

Mr. Dookeran: Chair, this Committee I notice is zoning in on all our key performance indicators and that is another one that we have established with the strategic plan that was approved by our board back in November 2019, was employment levels and we set a target of being able to support companies with employment of over 10,000 employees. I will be very straight to say that we are at the early stages, we have since then started to incorporate collecting that data from our clients. We have not got to the rigid point of being able to verify it, we just basically ask in our application forms what is your number of employees, and we are now starting to be able to pull that.

So right now I do not have an ability to say, measure ourselves against the metric yet, it is a metric that we are planning to do. But we do have employment data for our companies on a

self-disclose basis and we would be more than happy to share what we have. But I do know that that is an area where we have to continue to improve because that is a key metric, as you say, to show the efficacy and the effectiveness of our programmes. So I thank you for that and we could share what we have at this point.

Mr. Chairman: Now, Mr. Dookeran, we have also been advised based on the research and the data that is available, that there is an underutilization of capacity in the manufacturing sector. Our data reveal that the manufacturing sector could be operating between 60 and 70 per cent of their capacity and therefore with this drive for export and the generation of sustainable employment opportunities, I wanted to know also whether that is an area that is of concern to the Eximbank in terms of the underutilization of existing capacity at the manufacturing sector level?

Mr. Dookeran: Yes, Chair, you are 100 per cent correct. In fact, when you have a company operating at that level they end up having all this cost, fixed costs associated with equipment and so on that they are not utilizing well. Some of the most successful companies and countries are the companies that are operating on a 24/7 basis so they are able to use their assets as productively as possible and they would become more competitive. At 60 and 70 per cent, that is one of the factors that leads to un-competitiveness. And so I guess as a first step for the companies or our clients is for them to focus on increasing their sales and once they be able to increase their sales—and sometimes the sales are not just the local sales, you know, I will say, like for example, as a company goes outside and looks at markets, the Trinidad market is 1.3 million people. Right?

If you look at the English-speaking Caribbean, you start to serve that, that is eight to 10 million people; that is your market. If you look at the English and Spanish-speaking Caribbean, now you are talking about 30 million-plus people; and Latin America and the world, well, then it is bigger. We have to serve bigger markets so that we could make the increased sales and productively increase our usage of our fixed assets and become competitive. So, Chair, you are very insightful and that is definitely an area of improvement for the private sector.

Mr. Chairman: Yeah—

Ms. Austin: Chairman, if I may add—

Mr. Chairman: Yes.

Ms. Austin:—while we speak to the underutilization of capacity in the manufacturing sector, we must put this in the context of the economic environment at present. We have just gone through a pandemic and what we are seeing in the economy at present is that markets are down. We service the Caribbean and Latin America as well and with tourism down and, you know, it is very anemic at this point in

time as far as the manufacturing sector is concerned. So we have already decided to test the market and we have aggressively pursued, you know, some initiatives. So once the market starts to turn around, you know, we would want to, you know, be first out of the blocks, you know, if I may say it that way. Because at present we have energy prices that affect us and our capacity, interest rates, our markets. So the economic environment at present, you know, does not augur well for full employment and full utilization of the capacity. So, you know, we are very, you know, much aware of this and we are testing the environment so that we will be first out to embrace the opportunities as they come up.

Mr. Chairman: Thank you so very much. But you will agree with me that with the mass vaccination process that is on the way, we have to prepare ourselves as an Eximbank to really take full advantage of emerging opportunities, particularly as I said with the mass vaccination process or inoculation process that is on its way, whether it is in Latin America, North America, et cetera, et cetera. So I just wanted to put that on the table.

Let me just go on to another point before I invite my colleagues to join us. During our Committee's examination of the Eximbank during the Eleventh Parliament, the Eximbank was faced with high staff turnover due to its staff being unsatisfied or dissatisfied with the existing salaries and wages structure at the company at the material time. I would like to ask either your good self or the Chairman or the CEO the follow questions: Does the Eximbank still have, as we speak, a high staff turnover problem? That is the first question.

Were the company's staff challenges exacerbated by the COVID-19 pandemic given that in the responses the Committee received from the Eximbank it was stated that, and I quote:

During the lockdown forex operations volumes increased by over 300 per cent and remained elevated from pre-pandemic levels. The main challenge experienced was resourcing your teams which had been working round the clock to ensure the various programmes were delivered on time, on budget and on target.

That is the second area I would like to get clarified.

The third area: What resources is Eximbank lacking? Is it staff shortages or is it a funding shortage? And finally, I would like to indicate that based on the Personnel Department's response to our Committee's concern, and I quote:

In the final analysis the Chief Personnel Officer agreed with the salary structures proposed by the Eximbank but was not in agreement with the salaries proposed because the comparator data which the consultants utilized were not deemed to be suitable. The CPO is of the view that the Eximbank's operations are less complex than the comparator organizations used by

the consultant, Human Resource Solutions Limited.

Could you tell us what is the status of this issue? These are some of the areas we would like clarified, either your good self, Financial Comptroller or Mr. Dookeran or Mr. Tang Nian.

Mr. Dookeran: Chair, if I may address each one of those and then maybe have, if the Chair, our Chair is open to giving an overall statement. But let me go through your specific ones very quickly. That was a recommendation, let me say, from the Joint Select Committee that we—among many others. I must say, all the recommendations provided by this Committee, PA(E)C Committee, last time we actually—100 per cent the management and board agreed very well with, and we thought were very useful and helpful.

In the area of staff turnover, I am pleased to say that that has now been subsided. I think we have good staff morale and that has now—we have very little staff turnover. So that is one improvement. The staff challenges during the pandemic if it has increased, it has increased because we have asked more of the same people and the board has just recently, as of January of this year authorized us to look at increasing our staff complement in terms of—in order to help alleviate that issue. And so that is one of the areas, but in terms of—I must give kudos to the team at the Eximbank who I must admit have rallied. And when the pandemic happened, Chair, nobody asked about if we need to work evenings or weekends, we were getting money out for medicines and food and everybody putting what they needed to do and they did it and they continue to do it. So I must admit the team has rallied very well.

In terms of the major resources requirements that are at present, some constraints at the Eximbank, one is staffing and an organizational structure that is able to support the level of operations that we have. We are going to make progress on that with the transformation initiative when we do a whole organizational transformation but, however, until then it is 35 to 40 people that are doing what we are doing. And as you have heard, the numbers and the quantum of the numbers that we are talking about, I am sure you would realize that that is stretching a little thin. As again, our board has addressed this and has given us some flexibility in how we move forward.

In terms of funding, with the recapitalization that has recently happened from the Ministry of Finance and some of the ongoing discussions with the multilateral agencies, I do not see funding being a problem. In fact, I see funding—one of the key challenges for us in the future is being able to deploy the capital as productively and effectively as possible. Just like what you said the PA(E)C's mandate is, we need to build that mandate at our institution. So funding I do not see as a problem, I think everything is tracking well on that.

Regarding the CPO and their position, it is my sincere hope that once we are able to complete this organizational transformation and we are able to resource and set up a framework that will be able to deliver this government service in a very efficient manner which we have been doing, it is my sincere hope that the CPO would be able to agree to at least just pay market rates. That is all we—we do not want above market, we do not want—we would just prefer if we could, you know, get market rates at a fair treatment; and that is where we are regarding that.

We have not had much movement from the CPO but we are also being judicious, we do not want to try to ask for things or put things piecemeal, that is why we are working on the whole organizational transformation and the funding, and everything at the same time so that there is that full plan so that if anybody is to look at it, yourself and others can say this was the right thing to do and it is supported by us having national impact. And so I do not know if my Chairman would like to put an overall comment on this issue and your question.

Mr. Chairman: Yeah. But before Mr. Tang Nian gets in, you mentioned the recapitalization of the bank which is, as you said, it has led you to revive somewhat and you are on your way to some degree of profitability once again. May I ask, Mr. Dookeran, what are some of the measures you are taking and what specific outcomes would you be anticipating as it relates to your impending or imminent approaches to both the World Bank, I think you mentioned, and CAF, or is it the IADB and CAF? And what are you seeking to get out of those two institutions in an effort to strengthen the Eximbank in Trinidad and Tobago?

Mr. Dookeran: Sure. Again, any engagement with those entities is still subject to Ministry approval. We are in exploratory stages, but the capital restructuring has allowed us to create what we call our tier one capital base. Financing from these institutions which would be long-term financing at concessionary levels at rates, will allow us to form what we call our tier two capital base, further strengthening the capital base of the Eximbank. With those two institutions one of the—as I said, one of the areas that we are exploring is a programme where we will probably be able to provide collateral support for small business. The other thing is with being able to obtain that financing and that support at the concessionary levels, it is possible that we may be able to pass this on to our private sector and be able to provide very attractive interest rates for them to be able to spur their investment and spur their growth as well.

So I think that would be the main transfer over. And how I see those, that type of funding. Right now, Chair, we access our funding where we borrow from the commercial banks and then relend. But accordingly our rates are not the best rates because we are already borrowing from the

same commercial banks and relending. But by borrowing from these large multilateral agencies, it drops your funding cost, your cost of funds, and it impacts one of our other KPIs, which is our interest rate spread. And once we are able to drop that cost of funds, we will be able to pass that savings on to the private sector and help spur more national growth. That is our hope.

Mr. Chairman: All right. Thank you very much. May I now invite Mrs. Renuka Sagramsingh-Sooklal to join us at this time. Mrs. Renuka. She might have left us. May I ask—

Mrs. Sagramsingh-Sooklal: No, Chair, I am here.

Mr. Chairman: Okay. Sorry about that. Sorry about that.

Mrs. Sagramsingh-Sooklal: Yeah. That is okay.

Mr. Chairman: You are now welcome to join us. Thank you.

Mrs. Sagramsingh-Sooklal: Well, you would appreciate, Chair, I am batting very low down the order so of course my colleagues would have very much competently addressed concerns that I would have had for this esteemed team that appears before us this morning. Well, as I said before, my colleagues would have addressed most of my concerns. I know earlier on in the game I would have mentioned the business continuity plan, so I just want to remind the Committee, remind the team that is before us to submit that continuity plan for us, that business continuity plan, 2020, so that at least we as a committee as a whole we could consider that. I would imagine that this particular plan would have dealt with unidentified threats and vulnerabilities, human resource challenges and perhaps even budget constraints faced by the Eximbank. If it has not, I would respectfully submit that these are some of the areas that we can also be addressed on when this business continuity plan is provided to us. So that is just my respectful request to the Eximbank.

What I want to turn to now, the only thing that is really left for me to ask is relative to operational growth in Guyana. This question, I believe the Ministry of Finance could perhaps address, it is relative—so it basically is: Is the Ministry of Finance in a position to indicate to us whether local companies' expansion into Guyana's market, has that at all earned any sort of significant revenue to Trinidad and Tobago's economy?

Mr. Chairman: Yes, Ministry of Finance.

Mrs. Lutchman: Thanks for the question. I think it is early days as yet.

Mrs. Sagramsingh-Sooklal: Right.

Mrs. Lutchman: And the Ministry of Trade most probably would be collecting that kind of data and doing that analysis. As I said, you now, it does not make sense you just collect data for a short period and, you know, for comparative purposes and so, it would not make sense. So I would imagine we

would have to wait for a little longer period and then when all the data comes in you would have that comparison.

Mrs. Sagrarsingh-Sooklal: And then we could be able to properly measure.

Mrs. Lutchman: Yes.

Mrs. Sagrarsingh-Sooklal: I am seeing Eximbank.

Mr. Dookeran: Yeah. Well, let me just say, you know, from the focus of this Committee, I must say, I get the sense that the Committee really is looking to help with the resilience of the Eximbank when you focus on areas like the BCP and these other areas. And I want to point out on that BCP plan which we would be more than happy to submit—

Mrs. Sagrarsingh-Sooklal: Right.

Mr. Dookeran:—in addition to the BCP plan, because the BCP plan, business continuity plan covers many different scenarios, fire, you know, pandemic and other different disasters. In addition to that— I think within one week of the pandemic being declared, we had a separate addendum document which we will also share that is specific to your pandemic continuity plan. We went even deeper into that and we would be more than happy to share, but these are the kind of considerations we really need to do to be able to ensure our sustainability and resilience, and I want to thank you so much for that.

Mrs. Sagrarsingh-Sooklal: Thank you. I see member Hinds wants to interject; member Hinds, feel free to—I give way.

Mr. Hinds: No, no, no, please, if you are continuing, I can come after when the Chairman—please.

Mrs. Sagrarsingh-Sooklal: No. No. No. Okay. So, well, as we are on the point of Guyana now, for Eximbank in particular, from your client listing, have any of your companies attempted to or ventured into penetrating Guyana and the opportunities that are available to them there?

Mr. Dookeran: Yes. Definitely there are many companies that are looking at Guyana as an area of opportunity and with our market share, which I would say is, you know, above 50 to 60 per cent in the manufacturing side of things and even higher on the essential items, there are a number of companies that are looking at Guyana. There is a specific opportunity that we are also—I should have said it when Chairman had raised the issue about what other programmes—in addition to the other things with the multilateral agencies is we are looking to build out as offering to help support energy service companies.

Mrs. Sagrarsingh-Sooklal: Excellent.

Mr. Dookeran: We are not there finished with that yet but it is in the works, and that is an area of

great opportunity because our energy service companies have pretty much some of the best and longest experience in the hemisphere.

Mrs. Sagrarsingh-Sooklal: Correct.

Mr. Dookeran: So we want to build out that to help with the Guyana expansion, export expansion as well.

Mrs. Sagrarsingh-Sooklal: Beautiful. And, Chairman, well, as I said, most of my other concerns would have been already addressed, so that is the extent of my questions for the Committee at this stage.

Mr. Chairman: All right. Thank you so very much. May I invite Mrs. Laurel Lezama who has been waiting to join us for a little while now. My apologies, Laurel.

Mrs. Lezama-Lee Sing: That is quite all right. Thank you very much, Chairman. And I want to thank all of the members of this Committee who have asked really excellent questions. Chairman, your last round of questions, really and truly, encapsulated the bulk of what I wanted to ask about, because I was very keen to find out about the progress of Eximbank insofar as its own operational structure and its institutional strengthening, bearing in mind that the Eximbank is in fact critical to the diversification of the economy of Trinidad and Tobago and to—not incentivizing but rather the growth and the building of the manufacturing sector here in Trinidad and Tobago.

So I note that you would have received bids, I believe, on the 23rd of February, if I am not mistaken, and I just want to know—of course you would not have any outcomes from those at yes, but could you just give me a little synopsis as to how that process went, please, and a time frame for instance when you would announce who has been selected to assist in the process for the institutional strengthening and the time frame that you expect that to take place within? That is my first question. Thank you.

Mr. Chairman: Yes. Thank you.

Mr. Dookeran: Thank you so much. Yes, so again on that transformation initiative, we went through a very rigorous RFP process over the course of the last part of last year. We have received bids, they are being evaluated at this point. Next week Monday is a board meeting, one of our scheduled board meetings where we will be bringing—letting the board know more about what we have received and so on, and we will have some discussions. Strategic direction, we will be seeking a strategic direction consideration from our board at which point we expect that we will probably possibly shortlist and bring down the list and then start to develop a little bit more of an exactly defined—what are the exact next steps and next deliverables for the companies. And it is our hope that within Q2 of this year, that

we will have engaged a party that will be able to assist us and commence this transformation process in earnest. And my Chairman, my esteemed Chairman has set some targets for me where he wants us to complete the organizational transformation in 2021, and so this is where we are working towards that timeline.

Ms. Austin: Mr. Dookeran, can you speak to the software upgrade and our direction to support the customers as far as software and accessing their information?

Mr. Dookeran: Thank you, CFO, that is actual a very good point to raise. One of the other areas too that we have commenced this year is to upgrade our core banking system and technology systems. You know, just like any other operational—when you are growing, one of the things, you know, there are a lot of things on Excel and people are, you know, having to do things a lot very manually. By upgrading our technology system it will allow us to be able to add new products onto our platform which right now is a little bit of a challenge for us because we have to do a lot of workarounds to be able to implement that. And also it will enable the easy transfer of data, what you call via APIs or, you know, the interfaces so that we could set up client-facing portals so clients can get transparency in terms of what—where their facility is at, how much room they have on it, and also track application status and so on.

So there is a lot to go but we have commenced it. Our board again approved that in the beginning, in January, we commenced it and again that is another initiative that will be running in parallel with the organizational transformation. As you know, you have to do these things together because the technology and the process and the people structure all intertwine. So—

Mrs. Lezama-Lee Sing: Thank you. Thank you, that is exactly what I wanted to ask because, you know, given the current circumstances we have now had a heightened awareness for creating digital ecosystems that would be beneficial to your organization. And so I am very happy. Thank you, CFO, for raising that because I was going to go along those lines to ask him afterwards if everything would have been parallel and in tandem. And so that goes therefore with—I noted as well that you have spoken to the fact that Eximbank would be looking towards digital content but I have not—supporting people with digital content which is a new or emerging and existing, existing and emerging industry in Trinidad. And I just wanted to get some information, a little feedback on that, please, because I was not very clear on how you plan to give that support and in what context and what framework you have set up for that. Thank you.

Mr. Dookeran: Let me just say, we do not know yet. That is a nascent—a nascent, very early stage idea. We would have to go through a lot of rigorous analysis and so on. Typically, that is not

commercially viable, bankable type of engagements.

12.05 p.m.

Again, right now in order to ensure the bank's sustainability, we need to bank commercially viable business. But it is something that I see as a significant comparative advantage in Trinidad and Tobago, calypso and all our things, if there is a model. But we would have to go out to the market and engage collaboratively with many experts and so on. Again, depending on—the Government alluded to the whole concept of what you call “blended finance”, which is finance that is not necessarily specifically commercially viable, but has a social impact. So we are just trying to see how we would be able to achieve that, but remain profitable. But at this point the short answer is, I do not know yet.

Mrs. Lezama-Lee Sing: Fair enough, thank you very much. But I do think that now is a great opportunity for us to look at that, because we talked about the gained and lost opportunities at Carnival, I am talking about our culture and our own things that are indigenous to us, and it would be interesting to see whatever outcomes you have from that. So I look forward to seeing that from the Eximbank.

My final question, Chairman, is really the *made.in.tt*. Can I just get some insight into that please? Because I know that, I think it was maybe—I might be wrong, my terminology may be wrong, but it was a hit and miss the first time around maybe? I do not know, but if you can please give me some insight into that, because I think that is critical as well, given the era that we exist in right now.

Mr. Dookeran: So that *made.in.tt* was launched back in 2014, November 2014. It initially enrolled about 21 clients with about 115 products listed on—basically it was a website, kind of like an Amazon but for Trinidad. We had a number of different sectors and so on represented there. It got some traffic and so on.

The key learning of a number of different learnings, which we got out of that, was that nobody—I am going to use an example—nobody in Sweden gets up in the morning and says, “I want to buy something from Trinidad and Tobago. Let me find what is made in T&T.” All our products have to have a proper value proposition for the end consumer, which will be the global consumer. One of the things that we are learning and we are trying to refashion this time, is we are trying to see, instead of creating a—we still have a central repository which is a local website, but to drive traffic to that website would cost a lot of many money and capital. So instead of placing the products on this one website that the world has to come to, the concept is that we want to place the products, the Trinidadian products, on the international platforms like the Amazons, the Alibabas, where the international consumers are already at. However, having said that, the companies and their products

have to be able to be competitive, and have the quality that would be able to have consumer demand in the world. So that is the direction we are trying to go.

The other channel and what we call the “electronic channel strategy”, is that we are trying—from our research that we engaged with our IDB-funded programme, we continue to have the international consultants working with us on it—one of the key areas for the small business is they need, not just training and so on, and support, they need like a back office. Like the big companies have their finance department, HR department, procurement department, these small businesses need some sort of service to be able to have a back office to handle all that type of stuff, so the entrepreneurs could focus on either manufacturing or doing what they are good at.

It is going to be a challenge, but we are going to try to create something like what you call a virtual Business-in-a-Box, using some of the already web-based platforms. Again, anything in software development is what we call high risk. It is research and development, but we do believe, and we have received funding from the Ministry to try to further this initiative. I do believe if we can get this to work, we will be able to enable and energize, again that small business segment of our population, and take them from thinking about just selling in Trinidad to being able to sell to the world.

Mr. Hinds: Mr. Chairman?

Mr. Chairman: Before you speak Minister Hinds, I think member Deonarine would like to say a few words, and then I will come to you. May I invite member Deonarine.

Ms. Deonarine: Thank you, Chair. Member Hinds, I will not be too long. I will try not to be too long. So all this talk about comparative advantage and trying to drive the national growth in the non-energy sector. I see in your submission that you all would have indicated that the target of TT \$3 billion in new exports is what you all seemed to be—together with Ministry of Trade and Industry—what you all deem achievable in the medium term. Right? So could you tell me, from the Eximbank side, because I know you all are part of this whole drive towards the diversification agenda, from the Eximbank side, how much of this \$3 billion do you all intend to contribute to, generating?

Mr. Dookeran: Well, I mean we are already supporting 1.68 billion of export sales. Given our market share and target market share, I would say we would like to at least be servicing 75 per cent of the market at the least, which would mean and, again, the actual exports sales are driven by the private sector companies. So if we service at least 75 per cent, because there is a segment of our private sector companies that do not need the Eximbank and do not need foreign exchange, because they are net forex earners. They will continue to operate without our involvement. In fact, that is the route where we want all our clients to go. I always say this to many people, there is the vaccine for the COVID-

19, the economic vaccine for business is for you to increase your exports and your own foreign exchange earnings. That way you are not at the mercy of the national system. We would contribute at least 75 per cent of the market to that.

Ms. Deonarine: So then you are more than satisfied that this \$33 billion target of increasing export earnings is more than achievable in the medium term?

Mr. Dookeran: What I would say is it requires a lot of hard work from a lot of different stakeholders, including the private sector.

Ms. Deonarine: A lot of talk went on about comparative advantage. My question is: How much are you all working with Ministry of Trade and Industry and exportIT, and to what extent—the trade policy established by the Ministry of Trade and Industry, which highlights all the areas of comparative advantage—are you all utilizing this policy in your work in service to clients?

Mr. Dookeran: Very good question. I would say we have been, especially with the data sharing and so on, collaborating with the Ministry of Trade and Industry, where there has helped us improve the ease of doing business with our clients. Before you used to ask them for binders of export orders with Caricom invoices and so on, now they just have to give us the top line and we actually verify after the fact. So we have been able to make improvements on the ease of doing business.

We have also been able to help us with our allocations and foreign exchange to ensure that they are fair, because we know the high-level numbers of what they have been importing. So those are some areas that we would be working with the Ministry of Trade and Industry. The Ministry has put out, based on that new trade policy, an action item plan. That action item plan has been shared with all stakeholders in the public sector, and there are four or five specific action points for the Eximbank.

I would say our current strategies are aligned with that. There is a lot of work still to be done, and so we will continue to move forward.

Ms. Deonarine: It would be interesting if you could—

Mr. Dookeran: There is room for even greater collaboration.

Ms. Deonarine: But it would be interesting if you could submit those five points in writing, if it is too much for you to mention now. Now, you said that you all have been able to facilitate the ease of doing business, and I would like to get an example of that and, also back to the talk about comparative advantage. I saw here in your submission you said in the small business sector there are other known national comparative advantages in cocoa, pepper and agro processing. Could you give us an example in your intervention in these areas?

Mr. Dookeran: Yes. I forgot your first point. I could talk about the cocoa and pepper, but you wanted

to know something else before that?

Ms. Deonarine: Yes, I forgot as well. [*Laughter*]

Ms. Austin: She wants to get the five points you spoke about, and the comparative advantage.

Mr. Dookeran: Thanks. We would have shared that because it is in the administrative action plan, but on the cocoa, pepper and agro processing, the Eximbank has already provided financing for a number of cocoa-related businesses. We also have provided financing for the companies that are making like different condiments and so on, and that have actually been successful in exporting.

The cocoa business is a little bit of a challenge, because what is required there in order to get cocoa estates up and running is long-term financing without debt repayment obligations. They need equity injection and long-term capital. At this point, that is not something that we currently offer, and we are seeing challenges in order to get the companies to scale up. But we are committed to continue to work with these companies because they are comparative advantages, and as we continue to develop our programmes, like the creative sector area, which is one of those administrative trade action items, we need to figure it out, but at this time it is not commercially bankable viable business.

So we need to find out what are the financial solutions for those type of entities. It may be Eximbank or it may be another kind of entity that will address that, but for now we are trying to see what we can do. There is opportunity, but it is high risk.

Ms. Deonarine: I just want to go quickly to the financial statements that you all would have submitted for 2015, '16 and '17. I saw that you all moved in the profit and loss statement from a profit of \$2.92 million—am I correct?—in 2015.

Ms. Austin: In 2015, correct.

Ms. Deonarine: It went to \$405,000 in 2016, and then it jumped to a significant loss of \$6.5 million in 2017. Could you, just for the benefit of not having the updated audited financial statements, inform us how this figure has evolved since then?

Ms. Austin: Okay, I will speak to that right now. Now, first of all, we have the audited financial statements. All these have been laid in Parliament except '18, '19 and soon '20. For the year 2016, we had a contraction in the manufacturing sector. Hand and glove with this, we have to look at other macroeconomic indicators. Interest rates were increasing, also we had an accrual which we started in the year 2015 for back pay to all staff. We started in 2015 to accrue 5 per cent, and in 2016, we continued to accrue 2 per cent more of back pay for the years 2012 to 2016. That was like \$624,000 in accruals. Also, we were not able to lend as we had planned, so therefore our net earnings were very small.

I must mention, as you all are very much aware, that \$6.5 million in interest income was not added to our bottom line, because of a certain situation that we had existing from August 2016. So, not 6.55, I want to correct that. For August to December 2016, that interest income lost was 2.421, and we also took a provision of 6.55 million. So those were the contributing factors to the reduced net profit after tax.

I want to just underscore that. We saw a contraction in the manufacturing system. Loss of interest in the sum of \$2.42 million, increase accruals of back pay of \$.624 million. Then let us go on to 2017; 2017 again, we had loss of income of 5.846, and we also started to take provisions of \$10.9 million in the year 2017. So those were the contributing factors to the reduction in income for the period under review.

Ms. Deonarine: In terms of the interest income, I saw that in 2016 there was a 23 million loss, and then in 2017, a 9.2 million loss. Could you just provide explanations for those?

Ms. Austin: Repeat that.

Ms. Deonarine: The interest income, there was a loss of \$23 million in 2016, and then \$9.2 million in 2017?

Ms. Austin: Right, that is 2.3 million and not 23. I think you have—2.3 and not 23. It is not a loss, but based on what exists, that was out of the ordinary. I do not know if Mr. Dookeran wants to clarify here.

Mr. Dookeran: What I would also add to it, just to give the Committee sightlines for information that will be coming to you, once all the financial statements are published, is to give you some sightlines into 2018 and 2019 as well. What you would see, because of the strategic decision to increase provisions, as I had mentioned, what I call a balance sheet clean-up exercise, and to really cater for all these legacy issues and so on. The loss would have increased in 2018 and 2019, right, and that was in order to cover and clean up all legacy items. That process has now relatively been completed, and so now in 2020, as you move forward, again, we are tracking as the audit is completed, possibly to profit in the realm of about 10 million plus or minus, depending on where the final adjustments are made. So we have been able to turn the corner. Sometimes you need to make the tough decisions in terms of to take the hits, and take the capital and now we have done the capital restructuring, but that is how the track is. That was because of going through this whole balance sheet clean-up exercise and increasing provisions over 2018 and 2019.

Ms. Austin: In addition to that, I want to add, the clean-up exercise was also forced on us by an accounting standard called “IFRF 9”. So now we have no sort of subjectivity because a model has

been imposed on all financial institutions. So we have to look at the probability of default, recovery rates, collateralization and things like these, and this now guides us as what our expected credit loss must be, which our loan loss provision.

So the construct of Eximbank in the past has been one, and still continues to be one of developmental in nature, but here we are adjudged or we have to operate by IFRFs that are for profit enterprises. It caused us to now relook at how we fund Eximbank. Mr. Dookeran has spoken a lot to that, and the fact that we now have to look at a different type of capital or borrowing that would allow us to have better spread, so that we could pass that on to the consumers. So Eximbank has now focused on taking more security against loans but, again, the meat of the matter now, or the heart of the issue here, is to get funding that would help us to support the entrepreneurs, the emerging ones, as well as the big one, so that we could earn the forex for the country. So we may say probably more equity injection by Government, so that would be a zero cost of borrowing.

So those are the issues at the heart of the viability of the Eximbank, and economic growth for Trinidad and Tobago. You know, I really want to speak to that, because this is where the rubber meets the road for Eximbank and for GDP, and economic growth and development.

Ms. Deonarine: I guess this is where you all sought the help of the IADB and CAF. Now, I understand that you all are seeking help, technical assistance from them, with the hope of receiving some sort of long-term financing, so that you could very well fulfil that objective of the small and medium enterprises in terms of their productivity, and in their ability to generate export earnings. But in terms of this mix of new product developments that you all are considering, could you give an undertaking as to what extent of these products would be categorized as short-term financing products and medium-term financing products? I know you alluded to capital equipment financing for some companies, collateralized guaranteed programmes, but is there anything else? Could you define them in terms of short-term financing and medium-term financing, just for probably the small and medium enterprises who probably might be listening?

Mr. Dookeran: Our trade finance offerings are what you call “working capital financing”, so that is the short-term financing. For people who are not that much in the financial thing, that is kind of like your overdraft in a way, and that is short-term financing. But anything to do with equipment financing, or if you have to buy machinery, you normally would like to match the financing to the life of the machinery. So if it is something that would last five years, you try to take a loan for five years. That would be the mix of capital short-term financing things. But I think a lot of what is required for investment in growth, long-term investment in growth, is that long-term financing.

At this point I cannot give you a projection in terms of how much may be the long-term or not. What I could tell you though, however, is already for this year—we were talking earlier—I think Chairman talked about as the pandemic, as the vaccine rolls out, we are already seeing—we have a significant pipeline for this what we call the “X-loan product”, which is the capital investment product, a very significant and strong pipeline. A lot of companies are already investing, these are a little bit of the larger companies, but they are already investing in advance of a global economic recovery. So we see that long-term financing playing a major role, and probably being a significant share of our lending portfolio.

Ms. Deonarine: One final question, Mr. Chair, if you allow me. I know you all alluded in your submission to a technical piece that is being done with the EU, on market demand testing study, a market demand testing study. You all indicated that of the four parts, the first two parts have already been completed. So the second part deals with what offerings would be relevant to Trinidad and Tobago. Could you enlighten this Committee on the findings of the study?

Mr. Dookeran: Yes. That study has been completed in full, and will be shared with our board on Monday and so on. So I do not want to go into specifics until my board has been able to review. But I would give you one item which is, that whole collateral enhancement programme is also included in that study, and has been assessed in some way.

Ms. Deonarine: Thank you. Mr. Chair, I would pause.

Mr. Chairman: Minister Hinds, you have the floor.

Mr. Hinds: Thank you very, very, very much. Wow, thank you very much. I want to—Mr. Chairman, I see a smile on your face. Is it because you heard the member before me say she would not be long? [Laughter] Anyway, I want to take where member Lezama-Lee Sing took off. She raised the question of the business portals, context of the Government’s agenda at digitization and digitalization, and you Mr. Dookeran identified the version one of that *made.in.tt* electronic platform.

We in this Committee is a very experienced one, particularly our Chairman, and we know that there has been some loss of value, money. Not only because of out and out corruption, but sometimes when bad decision are made, and it costs the taxpayers in one way directly, or sometimes indirectly, a large amount of their resources.

This version one, very ambitious, and you told us a while ago that it did not redound to the benefit of the company nor Trinidad and Tobago, because it was ill thought out. You did not say that, but I gather that from all that you have said, and from your written submissions to us. This was the 2014 approach to this.

We notice that the website development would have cost \$431,000; staffing, 648,000; marketing, 720,000; 24-hour online support, \$522,000; materials and services, \$72,000. External services blogger, 152,000; a consultant, 46,000, and portal administrator, salaries \$470,000, all together totaling \$3.68 million. And you told us a while ago that it did not yield benefit. It did not encourage the Swedish, to use your example, the Swedish businessman to say let me go and see what Trinidad and Tobago has to offer on its website, *made.in.tt* version one, so to speak, and therefore it failed.

Two questions: Have you been able to salvage anything of that 220,000, 2014 adventure? Have you been able to salvage anything out of it, bringing back some of the \$3.6 million to us? And I have noticed, as I go, your version two, which you said would be a significant improvement on that which I have just described, is only expected to cost \$172,000. Now, you exude a lot of confidence, I must say, as CEO and as representative of Eximbank. We have had people before us who did not exude that level of confidence.

I want to ask: What about that new version that is so substantially less costly? What do you say to give us the confidence that this one will do the business for Trinidad and Tobago, rather than that slumbering, stultifying approach that cost \$3.6 million in the 2014 version one approach? Could you help us please?

Mr. Dookeran: So to address that, I think you have summed it up relatively well in terms of—I think I would say I agree with many of your statements there. The only one that I would just clarify is that the 172 on the new version is expenses to date, but it is not that it would cost that. There are probably future expenses. Again, while I exude that confidence, hon. members, I hope and I wish, but I cannot guarantee, but we are trying are best to see how this could have a tangible, meaningful, positive national impact for our country, and we are going to expend all our efforts to make sure that happens.

What I would say on the previous one and so on, and I know this is a Committee that you have to account and rightfully so. However, I have spent many years in education and in other areas, and abroad in different roles and so on, and one of the common concepts in innovation is that failure is part of the process. If people on groups are penalized for failure, then you would end with a society in a group that will not take risks and not try to innovate and, therefore remain stagnant.

I understand what you are saying 100 per cent, regarding the version one. I would say decisions that were made at that time were based on the best information that people had at that time. I do not want to second-guess and say, you know, somebody made a wrong decision or a right one. As we chart the way forward in the future, it is about taking risks, and we have to be able to try to take measured—and risk that is mitigated, and we are going to try our best.

I wish I could tell you 100 per cent this thing is going to work. Our board—I will tell you straight, our Chairman is on the call—is not pleased on this initiative and, to some extent, said let us focus on our core business. This is a side thing that has great potential for the country, but it is a very high-risk endeavour. So I would say that, you know, it is part of the process that we have to continue to try and learn. The key is you do not make the same mistake twice. If you make the same mistake twice, well then it is best you just go home. You have to learn from your mistakes. There is still a significant amount of learning from that experience that we are taking into—

12.35 p.m.

Mr. Hinds: I will just conclude to say when things are obvious, words are not necessary. But I just wanted to say, while I accept your thesis that one cannot be shy of risks otherwise there will be no progress, I will say this. We have made some very costly mistakes in this platform from time to time. I am not talking about Eximbank. And I am saying to you, I am mindful, that within recent times we have been providing citizens of this country with houses valued at just about \$100,000. So \$3.6 million would have provided houses for many of the people who knock on the HDC's doors on a daily basis. So while you deal with your thesis, we have to stay very far from recklessness and/or careless and costly mistakes.

You exuded a measure of confidence and therefore, we feel that confidence and we look forward to a better application of the resources with the nobility of purpose that you have described and the value of this, as Laurel Lezama-Lee Sing told us—member Lezama-Lee Sing—for the platform in terms of advancing Trinidad and Tobago's interest internationally, in the context of trade. So we thank you very much. But bear in mind we are concerned about costly errors and mistakes for the taxpayer.

Mr. Dookeran: I hear you, member. I acknowledge it and it is going to sink deep in my head—

Mr. Hinds: I thank you warmly. Mr. Chairman.

Mr. Chairman: Thank you very much. May I, on behalf of our Committee, bring these proceedings to a close but before I do so—this hearing rather—may I invite Mr. Dookeran, Mr. Tang Nian, and your Financial Comptroller, to consider submitting in writing to this Committee your recommendations for strengthening this very important institution, known as the Export-Import Bank of Trinidad and Tobago, so that we can submit for the Parliament's consideration very solid recommendations for advancing and strengthening the overall outlook and operations of this institution. So I would like Mr. Dookeran and Mr. Tang Nian to consider our recommendation and submission for us to at least receive, in writing, your suggestions for strengthening this very important

institution. Okay? Mr. Dookeran?

Mr. Dookeran: Yes, will do, Chairman. I think it is an excellent idea and we see the significant value from engaging with this Committee. We have seen it in the past and we continue to see it today. So we will definitely follow your instruction and continue this engagement as you so instruct.

Mr. Chairman: Okay. Thank you so very much. On behalf the Public Accounts (Enterprises) Committee, may I extend our thanks to you, Mr. Dookeran, to your Financial Comptroller, to Mr. John Tang Nian for being here with us. I also want to extend our thanks to Mrs. Lutchman, Acting Deputy Permanent Secretary of the Ministry of Finance and her team for being here with us. And we again look forward to engaging this very important institution and organization in the future. So we look forward to you submitting your final suggestions.

If there are any matters that we need clarification on, we will submit it in writing and we look forward to at least this very important institution playing a very key role in not only diversifying our economic base, but most importantly, generating what is the lifeblood of this economy: foreign exchange earnings for our society and economy, and of course, the promotion of sustainable employment opportunities for our citizenry at large. So thank you so very much for being with us for the last few hours and we look forward and so on for you joining us in the not too distant future. So thank you so very much. This meeting is now suspended to facilitate our colleagues' departure. Thank you.

Mr. Tang Nian: Thank you very much, Chairman, and to all members.

Mrs. Lutchman: Chairman, thank you.

Mr. Hinds: Thank you, Mr. Tang Nian and the team. Thank you all as well. Thank you.

12.42 p.m.: *Meeting adjourned.*