

THIRD

REPORT
FROM

THE PUBLIC ACCOUNTS
(ENTERPRISES) COMMITTEE

EXAMINATION
OF

the Audited Financial Statements of the National Gas Company of Trinidad and Tobago Limited's for the years 2016 to 2018, First Session, Twelfth Parliament.

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:

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Ms. Hema Bhagaloo	Assistant Secretary
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Mr. Liu Metivier	Parliamentary Intern
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Publication

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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 Sagramsingh-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 into the PA(E)C's Eighth Report during the Eleventh Parliament and an examination of the National Gas Company of Trinidad and Tobago Limited (NGC) Audited Financial Statements for the years 2016 to 2018** and produced this report to highlight its findings and recommendations. This report details the issues, endorsements and recommendations made by the Committee to improve NGC's performance.

The Report focuses on the followed issues:

1. Petrotrin's Outstanding Debt to the NGC
2. NGC's Working Capital Challenges
3. T&TEC's non-payment of its debt to the NGC
4. Impact of US Shale Gas Discovery and Production
5. Commitment to only Facilitate Core Business Operations
6. Returning to Profitability
7. Increasing Staff Costs despite Reduced Workforce
8. Status of NGC's Strategic Plan

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

- The MEEI as line Ministry to both the NGC and Petrotrin should mediate between both parties to determine and provide guidance how the debts between both companies can be resolved so that a verification of the net amount owed to NGC could be determined;
- The MEEI should update the Committee by end of September 6, 2021 on the status of the indebtedness and the ability of NGC to collect outstanding monies owed;
- The MEEI should submit a report by end of September 6, 2021 on the options being explored by TPHL regarding the monetization of its core asset portfolio in order to settle the debt owing to NGC and indicating which options are the most feasible;
- The NGC should provide an update by the end of September 6, 2021 confirming the measures/strategies taken and what has changed as a result of

- improving contract negotiation capability in the re-negotiation/re-alignment of upstream and downstream contracts;
- reducing ongoing arbitration/ claims by clients;
- collection of receivables to provide a better working capital management;
- NGC should undertake an assessment and review of its operations to identify critical gaps and report on the plans to address these gaps by September 6, 2021;
- The NGC should also indicate what it learnt from its first loss on record and the initiatives it will take to ensure that its experiences in 2020 were a one-off scenario because of the global pandemic;
- The RIC should submit a progress report to the Committee by the end of September 6, 2021 on the work it is conducting to address the economic costs of providing electricity and rate determination while also indicating how its work should be used by both NGC and T&TEC when the two parties are devising a formal gas supply contract;
- T&TEC should update this Committee on the liquidity challenges it is facing that have been hampering its ability to meet its debt obligations to NGC and the plan to address these issues;
- With NGC having to supply its gas to global destinations that have significant freight costs, NGC should state the measures taken and the result of these measures to remain competitive and report to the Committee on the success of these initiative by September 6, 2021;
- NGC should submit a report by September 6, 2021 on its attempts made to recover all funds paid on non-core projects where works done did not match the expenditure outlaid as well as the multi-stage gate methodology used to justify projects before their execution;
- NGC should review its operations and identify critical gaps where it could rationalize operations to reduce leakages and improve its costs;
- NGC should submit a report by September 6, 2021 on the strategies it has implemented thus far to return itself to profitability and a level of sustainability that could last for years to come and the results of these strategies to date;
- NGC should submit a report by September 6, 2021, on the extent of the salary increases that occurred between the years 2016 and 2020 detailing the breakdown of the percentage change per position and the number of persons who benefitted from those salary increases;
- The NGC should write to the Committee by September 6, 2021, setting out how issues with the recruitment and retention of staff will be addressed and reflected in a workforce strategy; and

- NGC should submit a copy of the 2020-2024 Strategic Plan to the Committee by September 6, 2021.

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 virtually 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

Determination of the Committee's Work Programme First Session

At the Committee's Second meeting held 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 NGC. 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 Eighth Report of the Eleventh Parliament into the NGC and identified issues in the NGC's Audited Financial Statements for the financial years 2016 through 2018.
- II. Preparation of Inquiry Proposal for NGC. The Inquiry Proposal outlines:
 - a. Background;
 - b. Objective of Inquiry; and
 - c. Proposed Questions.
- III. Questions were forwarded to NGC, MEEI and MOF-ID on February 2, 2021. All responses were subsequently received by February 22, 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 3, 2021.
- V. Submission of a written request for additional information to NGC, the MEEI and the MOF-ID after the public hearing on March 9, 2021. All responses were subsequently received by March 24, 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.

National Gas Company of Trinidad and Tobago Limited³

Who They Are:

The National Gas Company of Trinidad and Tobago Limited (NGC) was incorporated in August 1975 by the Government of Trinidad and Tobago as a wholly-owned state energy company. NGC's core business includes the aggregation, purchase, sale, transmission and distribution of natural gas, as well as a growing portfolio of investments and activities in the space of clean energy. NGC is an internationally investment-graded company with the financial flexibility to self-finance or access funding on the local and international markets.

What They Do:

The Company has played a pivotal role in expanding Trinidad and Tobago's gas-based energy sector and is strategically positioned in the midstream of Trinidad and Tobago's natural gas value chain. NGC owns, maintains and operates the country's transmission and distribution gas pipeline network of approximately 1,000 km which comprises both offshore and onshore segments. The network's installed capacity is currently 4.4 billion standard cubic feet per day (Bscf/d) and supplies power generation firms, global scale petrochemical plants, and a wide range of light manufacturing and commercial enterprises. Consistently profitable, NGC is a significant contributor of taxes and dividends to the national treasury.

Through its investments, strategic partnerships and pioneering gas pricing model, NGC has successfully secured the profitability of the local gas-based energy sector, and catalysed the social, economic and industrial development of Trinidad and Tobago.

Through its subsidiaries and investments, NGC has strong linkages in the downstream and upstream sectors. Today, NGC leads a diversified Group of Companies which is evolving into a global business entity, working to develop a structure that supports its international mission to create exceptional value from natural gas and related energy businesses through valued partnerships and arrangements.

One of the primary objectives of the evolving NGC Group is to lead change in the domestic industrial sector to support the global clean energy agenda. Accordingly, NGC and its subsidiaries are focused on initiatives such as methane and carbon dioxide mitigation, investment in renewable energy projects,

³ The NGC'S website accessed on May 7, 2021: <https://ngc.co.tt/>

promotion of CNG as an alternative fuel, energy education, energy efficiency, and associated advocacy, research and development.

NGC's Main Subsidiaries:

- National Energy Corporation of Trinidad and Tobago (National Energy)
- Phoenix Park Gas Processors Limited (PPGPL)
- NGC CNG Company Limited (NGC CNG)
- TTINGL
- LABIDCO

A valued player in our nation's natural gas-based energy sector, NGC, and by extension the NGC Group of Companies, has a proven business model for maximising resources for industrial development, long-term prosperity and now sustainability—a model with applicability far beyond the shores of Trinidad and Tobago.

Vision Statement

To be a recognised global leader in the development of sustainable energy-related businesses.

Mission Statement

To create exceptional value from natural gas and related energy businesses through our people and strategic partnerships.

Core Values

- Safety and Environmental Preservation
- Integrity
- Employee Engagement
- Excellence
- Transparency
- Customer Focus
- Corporate Social Responsibility

Core Business and Activities

- **Natural Gas Marketing and Transportation**

NGC is the sole purchaser, transporter and seller of natural gas in Trinidad and Tobago's natural gas-based energy sector.

The Trinidad Gas Model of Development has been so successful that it is attracting interest from other emerging economies, providing NGC with the opportunity to drive international south-south cooperation.

- **Natural Gas Transmission and Distribution**

We construct, maintain and operate Trinidad and Tobago's natural gas transmission and distribution pipeline network. The network, which has a capacity of 4.4 Bcf/d comprises 1,000 km of onshore and marine pipelines.

- **Investments and Shareholdings**

Through our investments, subsidiaries and associated companies, we are also involved in other activities in the energy sector – from the development of industrial port and site infrastructure to the production and marketing of Liquefied Natural Gas and Natural Gas Liquids as well as upstream gas and oil exploration and production.

Board of Directors

- Mr. Conrad Enill Chairman
- Mr. Mark Loquan Director
- Mr. Kenneth Allum Director
- Mr. Sean Balkissoon Director
- Ms. Sandra Fraser Director
- Mr. Dan Martineau Director
- Mr. Howard A.W. Dottin Director

Management Team

- Mr. Mark Loquan President
- Mr. Narinejit Pariag Vice President, Finance and Information Management
- Mr. Edmund Subryan Vice President, Legal and Corporate Affairs
- Ms. Verlier Quan-Vie Vice President, Commercial
- Ms. Ramesh Harrylal Vice President, Operations

- Mrs. Carol Sylvester-London Manager, Human Resources Division
- Ms. Lisa Burkett Manager, Corporate Communications
- Mr. Winston Mohammed Senior Manager, Projects
- Mr. Himalaya Boodoosingh Senior Manager, HSE and Security
- Mr. Kurt Scotland Senior Manager, Supply Chain Management (Ag.)

Line Ministry - Ministry of Energy and Energy Industries

Minister of Energy and Energy Industries - The Honourable Stuart Young, MP

Permanent Secretary (Ag.) - Mrs. Penelope Bradshaw-Niles

Deputy Permanent Secretary - Ms. Sandra Fraser-James

Issues and Recommendations

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

1. Petrotrin's Outstanding Debt to the NGC

With Petrotrin's closure on November 30, 2018, the company left unsettled debt to the NGC Group in the sum of TT\$284M. Despite follow up on the repayment of receivables owed, NGC stated that the balance of TT\$284M remained outstanding to date with there being no commitments from Petrotrin to settle its indebtedness with the NGC. However, the Ministry of Energy and Energy Industries (MEEI) stated that based on Petrotrin's records, the state of indebtedness to NGC stood at TT\$282,490,850.85 of which TT\$51,415,193.14 was currently under query. Petrotrin also has a recorded receivable of TT\$97,452,193.28 due from NGC. To resolve this indebtedness, both the payable to NGC and the receivable from NGC have to be agreed upon by both parties to determine the verified net amount outstanding. The MEEI's statement further disclosed "that as a result of the reorganization, in December 2018 by Petrotrin, the revenue generating assets of the legacy entity were vested into the newly formed entities - Heritage Petroleum Company Limited, Paria Fuel Trading Company Limited and Guaracara Refining Company Limited. Petrotrin currently holds the non-core assets of the legacy entity including lands, bungalows, sports clubs etc. As a non-revenue generating entity, Petrotrin does not have a regular supply of operating cash flow available to address the liabilities owed to NGC. In addition, restrictive covenants of the recently refinanced Trinidad Petroleum Holdings Limited (TPHL) debt do not allow for the free movement of cash between the revenue generating subsidiaries of TPHL and Petrotrin for the settlement of outstanding operating liabilities. As a result, Petrotrin's only real source of cash generation is via the sale of its non-core asset base. TPHL has been exploring several options regarding the monetization of its core asset portfolio in order to settle the debt owing to NGC."

Recommendations:

- ***The MEEI as line Ministry to both the NGC and Petrotrin should mediate between both parties to determine and provide guidance how the debts between both companies can be resolved so that a verification of the net amount owed to NGC could be determined;***
- ***The MEEI should update the Committee by end of September 6, 2021 on the status of the indebtedness and the ability of NGC to collect outstanding monies owed; and***

- *The MEEI should submit a report by end of September 6, 2021 on the options being explored by TPHL regarding the monetization of its core asset portfolio in order to settle the debt owing to NGC and indicating which options are the most feasible.*

2. NGC's Working Capital Challenges

NGC recorded a first-time loss after tax of \$316.2 million for the first six months of 2020. The losses were as a result of the decreasing commodity prices of petrochemicals in the international markets by 33%, 9% and 34% for methanol, ammonia and natural gas liquids respectively. These losses were further exacerbated by the non-payment for gas by Trinidad and Tobago Electricity Commission (T&TEC), NGC's largest customer, the non-payment of royalty taxes and customer claims, leakages from legacy loss-making contracts and NGC's annual subsidy to T&TEC which was TT\$0.5 billion and lastly the political instability in Venezuela and its adverse impact on the Dragon field development.

Recommendations:

- *The NGC should provide an update by the end of September 6, 2021 confirming the measures/strategies taken and what has changed as a result of*
 - *improving contract negotiation capability in the re-negotiation/re-alignment of upstream and downstream contracts;*
 - *reducing ongoing arbitration/ claims by clients;*
 - *collection of receivables to provide a better working capital management;*
 - *NGC should undertake an assessment and review of its operations to identify critical gaps and report on the plans to address these gaps by September 6, 2021; and*
- *The NGC should also indicate what it learnt from its first loss on record and the initiatives it will take to ensure that its experiences in 2020 were a one-off scenario because of the global pandemic.*

3. T&TEC's non-payment of its debt to the NGC

The biggest challenge NGC faces is the non-payment by T&TEC for the purchases of gas which has severely impacted NGC's sustainability. Total amounts due from T&TEC that is loans and receivables as at December 31, 2020 was TT\$5.6B. Management continues to engage the relevant parties within the Government of Trinidad and Tobago on the need to address the T&TEC liquidity challenges which have been hampering T&TEC's ability to meet its debt obligations to NGC.

In the interim, to settle T&TEC's debt, a loan agreement was executed between NGC and T&TEC for the repayment of receivables due as at December 2018. The terms of the loan were that US\$524M or TT\$3.5B would be converted into a 10-year loan repayable in two (2) tranches at 6% per annum. Whilst NGC does not have a formal gas supply contract with T&TEC, it is also considered a loss-making contract as current gas sales price was significantly lower than the upstream gas acquisition costs. In the two (2) years following the creation of the loan for receivables, T&TEC's delinquency continued where they did not make any payments on the accumulating receivables after the loan agreement was instituted. As a result, T&TEC accrued a balance of US\$287M or TT\$2B for gas sales for the years 2019 and 2020. NGC stated that the Regulated Industries Commission (RIC) had commenced work towards addressing economic costs of providing electricity and rate determination with the aim of facilitating the execution of a new gas supply contract between the NGC and T&TEC.

Recommendations:

- *The RIC should submit a progress report to the Committee by the end of September 6, 2021 on the work it is conducting to address the economic costs of providing electricity and rate determination while also indicating how its work should be used by both NGC and T&TEC when the two parties are devising a formal gas supply contract; and*
- *T&TEC should update this Committee on the liquidity challenges it is facing that have been hampering its ability to meet its debt obligations to NGC and the plan to address these issues*

4. Impact of US Shale Gas Discovery and Production

During the period 2009 to 2018, the United States (US) became a big shale gas producer. With the oversupply of gas in the international market and the introduction of the US's shale gas, more gas suppliers emerged and the competitiveness to supply gas out of the US was so concentrated that NGC was priced out of the US. Prior to the shale gas discoveries, 25% of the gas consumption on the Eastern Seaboard of the US came from gas purchased from the NGC. Given how cheap shale was to produce, new ammonia and methanol plants were being built in the US, bringing customers closer to suppliers. With the falling demand from the US, NGC had to market and sell its gas products to global destinations that were much further away that the US suppliers were willing to go. These included destinations such as Chile, Egypt, Israel, China and Far East Asia. While these destinations offered great potential gas sales, higher freight costs and the fact that the gas was sold at market rates meant

that profit margins were not as significant as they once were which in turn reduced the company's revenue generation substantially.

Recommendation:

- *With NGC having to supply its gas to global destinations that have significant freight costs, NGC should state the measures taken and the result of these measures to remain competitive and report to the Committee on the success of these initiative by September 6, 2021.*

5. Commitment to only Facilitate Core Business Operations

NGC's President assured the Committee that since his appointment in September 2016, NGC has stuck to its core business which is the creation of value along the gas supply chain within Trinidad and Tobago from the up-streamers, to the mid-streamers and then down-streamers. This involved making investments in the upstream sector with the gas producers the company has partnered with. In the midstream, the company operates and maintains the country's collection and distribution of LNG. In the downstream the company manages the sale and transmission of gas to the ammonia, methanol, petrochemical and electricity generation companies in Trinidad and Tobago via its subsidiaries. In instances where the company was involved in projects which were outside its core business model, the company was in arbitration with the contractors over the recovery of funds for works which did not match the expenditure outlaid. NGC's President indicated that with the present Board there was no inclination towards non-core type of business, with the companies only focus being on investing in gas supply value chains, the company's green agenda and its corporate social responsibilities. It was further expressed that any new project that was coming into the business has to be justified through a multi-stage gate methodology right up to the Board before it was approved.

Recommendation:

- *NGC should submit a report by September 6, 2021 on its attempts made to recover all funds paid on non-core projects where works done did not match the expenditure outlaid as well as the multi-stage gate methodology used to justify projects before their execution.*

6. Returning to Profitability

The strategic evolution of NGC over the last few years has seen the company move away from simply buying and selling gas where the margins were thin towards a strategy of getting value across an entire gas value chain. This has meant that NGC has had to continuously review its operations along the upstream element, the midstream element, the downstream element, the LNG marketing and trading, and how the company conducts its operations from procurement to projects. This has caused the company to invest new technologies that allow the company to manage all its operational networks and produce real time data. NGC stated that it also introduced particular strategies that would help secure the company's business for the future. These strategies involved:

- i securing best value and upstream contracts and redounding the benefits to the downstreamers,
- ii renegotiating legacy loss making contracts,
- iii adhering to project costs and timelines,
- iv introducing the latest technological advancements to modernize operations and update processes,
- v marketing the efficient capabilities of its subsidiaries to the upstream producers,
- vi leveraging its engineering capabilities to deliver international projects; and
- vii restructuring the organizational structure to reduce the company's staff complement by 25% between 2016 and 2020.

Recommendation:

- ***NGC should review its operations and identify critical gaps where it could rationalize operations to reduce leakages and improve its costs; and***
- ***NGC should submit a report by September 6, 2021 on the strategies it has implemented thus far to return itself to profitability and a level of sustainability that could last for years to come and the results of these strategies to date.***

7. Increasing Staff Costs Despite Reduced Workforce

The Committee initially requested that NGC provide staff related data between the years 2016 and 2020. The written submission from NGC indicated that in 2016 the Company had a staff complement of 832 persons with staffing costs totalling \$305 million. In comparison, the year 2020 had a staff complement of 647 persons but a staff cost of \$304 million. The Committee questioned the reduced number of staff members by 185 persons during the years with staff costs only falling by \$1 million. NGC stated it needed to verify the accuracy of information provided. NGC later clarified that:

“The 2016 and 2020 manpower head count and costs data were amended to correct gaps identified. The head count was adjusted to reflect numbers at the end of 2016 and the end of 2020 versus reported numbers which was at the end of 2015 and 2019. The original cost submitted for NGC for 2016 of TT\$305M was revised to TT\$273M. The cost was misstated and did not include pension and post-retirement benefits. No changes to 2020 manpower costs. On a gross basis, NGC’s manpower costs moved from TT\$273M in 2016 to TT\$263M in 2020, a decrease of TT\$10M, whilst headcount moved from 759 employees to 621 employees. During the last 4 years there had been organizational changes to meet strategy needs where new talent was engaged to address fundamental gaps and business risks. Subsequently, there were merit increases during the years 2017 and 2018 and a restructuring of the perquisite benefit from where Company provided vehicles to now where persons got vehicle allowances.”

Despite the clarifications provided, the issue of 759 employees costing the company \$273 million in 2016 reducing to 631 employees costing the company \$263 million in 2020 means that the dismissal of 118 persons over that period only saved the company \$10 million.

Recommendations:

- ***NGC should submit a report by September 6, 2021, on the extent of the salary increases that occurred between the years 2016 and 2020 detailing the breakdown of the percentage change per position and the number of persons who benefitted from those salary increases; and***
- ***The NGC should write to the Committee by September 6, 2021, setting out how issues with the recruitment and retention of staff will be addressed and reflected in a workforce strategy.***

8. Status of NGC’s Strategic Plan

In the Eight report of the PAEC, the Committee recommended that the NGC submit a copy of its 2017-2020 strategic plan no later than August 31st, 2017. At the time of the public hearing, the Committee was still awaiting the submission from the NGC of its strategic plan for 2017-2020. In response to the 2017 request, NGC wrote that they were awaiting official approval from the MEEI. In 2017, this would have meant NGC presenting its strategic plan or updated plans for the year through its annual technical meetings which included several Ministries, and not only the MEEI. NGC informed the Committee that it updates its strategic plan every year and that the 2017-2020 plan was

the first update to its formal plan for the period 2016-2020. When asked whether approval had been given of the 2017-2020 strategic plan, NGC stated:

“We continue with the strategic direction and Pillars as articulated in the 2016-2020. NGC Strategic Plan was updated on a rolling year on year basis by the Executive Management of NGC. The 2017-2020 Plan was further embellished with foundational blocks - Safety, People, Governance, Projects, Value Creation and ancillary strategies of Technology, Growth, HR and Sustainability Development- which received Board alignment and approval and continues to be executed by Executive Management of NGC. Presentation of the Plan was also made at Annual Technical Meetings (ATMs) with Ministry officials. Special presentations have also been made to Line Ministers who have been kept fully apprised of strategic developments and challenges facing the company.”

NGC further indicated that in 2020, it submitted a Board approved strategic plan for the period 2020-2024 to the Minister of Energy and Energy Industries for his note taking.

Recommendation:

- ***NGC should submit a copy of the 2020-2024 Strategic Plan to the Committee by September 6, 2021.***

Conclusion

The gas sector is of critical importance to the economy of Trinidad and Tobago. With our country being a price taker and has to accept the global fall in commodity prices means that the NGC's profit margins would be adversely affected as well. Coupled with the global COVID-19 Pandemic, international gas prices and the demand for gas fell significantly which resulted in the company's first loss since its incorporation. The introduction of the US's shale gas into the market not only priced NGC out of the US but it also reduced the company's market share in the region. Trade with far reaching global destinations had to be sought to ensure the company maintained its presence internationally. However, with the gas products being sold on the spot price of the day, there is little margin for profit and when freight costs are factored in, overall revenue generation decreases. With the company introducing real time data capturing technology, if the management team did not pick up on the changing commodity prices and oversupply on the market, the NGC would have been experiencing its first loss in its history much sooner than 2020. Given that the effects of a global pandemic exacerbated these changes could also be a sign that without the pandemic NGC's profitability would have continued for many more years.

Keeping ahead of things with the introduction of its many evolutionary strategies and having recognized global changes in the market also allowed the company to diversify its product offerings especially those offered by its subsidiaries have allowed the solvency of the group of companies to continue without any heartaches. Despite all the forward-thinking initiatives such as adopting a green agenda focusing on cleaner energy sources, the biggest challenge the company has not been able to overcome is the delinquency of other state agencies to settle the debt they owe NGC particularly, the now defunct Petrotrin and T&TEC. While attempts were being made to settle Petrotrin's debt via one of the four companies that came out of the former Petrotrin's restructuring, even with a loan being devised to settle receivables up to 2018 for T&TEC, T&TEC had not paid for its gas supply in the two years after. T&TEC's delinquency is even more alarming when the gas supply to them from NGC is subsidized by TT\$.5Billion annually.

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 FIFTH MEETING HELD VIRTUALLY ON
WEDNESDAY, MARCH 03, 2021 AT 9:34 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
Ms. Renuka Sagramsingh-Sooklal	-	Member
Mr. Fitzgerald Hinds	-	Member
Ms. Hema Bhagaloo	-	Assistant Secretary
Mr. Darien Buckmire	-	Graduate Research Assistant
Mr. Liu Metivier	-	Parliamentary Intern

Absent was:

Dr. Nyan Gadsby- Dolly	-	Member
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CALL TO ORDER

1.1 At 9:34 a.m., the Chairman called the meeting to order and welcomed those present.

THE EXAMINATION OF THE MINUTES OF THE THIRD MEETING

2.1 The Committee examined the Minutes of the Fourth (4th) Meeting held on Wednesday February 3, 2021.

2.2 There being no omissions or corrections, the Minutes were confirmed on a motion moved by Member Paray and seconded by Member Lezama-Lee Sing.

MATTERS ARISING FROM THE MINUTES OF THE FOURTH 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 Works and Transport and Vehicle Maintenance Corporation of Trinidad & Tobago Limited on February 2, 2021. Additional questions were received from Member Paray and incorporated into the request for additional information.

PRE-HEARING DISCUSSION RE: NATIONAL GAS COMPANY OF TRINIDAD & TOBAGO LIMITED (NGC)

- 4.1 The Chairman reminded Members that at this virtual meeting, the Committee would conduct a follow up inquiry into the PA(E)C's Eighth Report during the Eleventh Parliament and an examination of the National Gas Company of Trinidad and Tobago Limited Audited Financial Statements for the years 2015 to 2018.
- 4.2 The Chairman invited Members to review the Issues Paper on the NGC based on the written submission received from the company.
- 4.3 The Chairman informed Members that the Secretariat received a letter from the President of the NGC dated February 18, 2021 on the reasons for providing information on the remuneration packages of the Company's Executive Management Team in-camera and not in public. A discussion ensued. The Committee agreed that the NGC should provide the requested information in writing.
- 4.4 The Chairman invited Members to raise any issues or questions on the examination into the NGC. 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 10:10 a.m., to reconvened in public.

A FOLLOW UP INQUIRY INTO THE PA(E)C'S EIGHTH REPORT DURING THE ELEVENTH PARLIAMENT AND AN EXAMINATION OF THE NATIONAL GAS COMPANY OF TRINIDAD AND TOBAGO LIMITED AUDITED FINANCIAL STATEMENTS FOR THE YEARS 2015 TO 2018

- 6.1 The Chairman called the public meeting to order at 10:25 a.m.
- 6.2 The following officials joined the meeting:

National Gas Company of Trinidad and Tobago Limited (NGC)

- Mr. Conrad Enill - Chairman
- Mr. Kenneth Allum - Director
- Mr. Dan Marineau - Director
- Mr. Mark Loquan - President
- Ms. Verlier Quan-Vie - Vice President, Commercial
- Mr. Narinejit Pariag - Vice President, Finance and

- Mr. Edmund Subryan - Information Management
Vice President, Legal and Corporate Affairs

Ministry of Energy and Energy Industries (MEEI)

- Mrs. Penelope Bradshaw-Niles - Permanent Secretary (Ag.)
- Ms. Sandra Fraser - Deputy Permanent Secretary
- Mr. Sheldon Butcher - Director, Downstream, Petroleum
- Mr. Timmy Baksh - Director, Energy Research and Planning
-

Ministry of Finance – Investments Division (MoF-ID)

- Ms. Sharon Mohammed - Director, Social and Economic Transformation (Ag.)
- Mr. Suresh Dan - Senior Business Analyst (Ag.)
- Mr. Narine Charran - Manager, Debt Management Division

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:

- The NGC’s role in the economic development of Trinidad and Tobago (T&T);
- The significant changes in prices and volumes of gas produced between the years 2016 to 2020;
- The NGC’s commercialization of natural gas;
- The issue of staff cost in relation to the efficiency of the company’s operation;
- The status of PETROTRIN’s indebtedness to the NGC Group and the measures being taken to address the payment of the outstanding funds to the NGC in a timely manner;
- The working capital challenges experienced by the company;
- The management of the cash flow to sustain operations;
- The management of investments in capital projects;
- The status of dividend distributions;
- The measures in place to address the NGC’s cash leakages and capital needs in 2021 and beyond;
- The reasons for the non-payment of T&TEC’s debt to NGC and the actions being taken to address this situation;
- The impact of lower commodity prices on the sale of natural gas;
- The status of the marketing and sale of equity and third-party energy commodity related products such as LNG and crude oils;

- The average lifespan of one of NGC's gas supply contracts and the best practice for the renewal of contracts;
- The NGC's role in the movement of gas from producers to final customers;
- The measures taken to reduce the losses incurred by NGC given it is price taker in the energy sector;
- The investments made in the local upstream industry;
- The status of NGC's pipe line operations;
- The status of NGC's susceptibility to foreign currency risk;
- The status of the CARICRIS rating received from moody and S&P;
- The process for forecasting energy revenue;
- The company's green agenda and corporate social responsibilities;
- The use of new technology to improve corporate sustainability;
- The status of the company's operating cost structure;
- The role of the Government in the negotiations of the gas arrangement contracts;
- The financial loss experienced by the company as a result of subsidizing gas to citizens;
- The impact of the US's discovery of Shale gas on NGC's profits;
- The status of the utilization of the 200m bond and the remaining use of the bond;
- The review of the company's operations in light of its challenges and losses;
- The status of the contract to provide project management services in Ghana and the revenue generated from these services;
- The pay-out of dividends to the Government for the period 2016 – 2020;
- The status of the submission of the 2017 - 2020 strategic plan and any subsequent plans; and
- The move to a business framework to create value and sustainability.

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 12:59 p.m., the Chairman suspended the public meeting to resume in camera for a post-mortem discussion with Members only.

7.2 The Committee agreed that additional questions for written submission should be sent to NGC, MoF and MEEI for further written submissions.

[Please see Appendix 1]

ADJOURNMENT

8.1 There being no other business, the Chairman thanked Members for their attendance and the meeting was adjourned to Wednesday March 17th at 9:30 a.m. The committee will 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 of Trinidad and Tobago Limited for the financial years 2012 and 2017.

8.2 The adjournment was taken at 1:18 p.m.

We certify that these Minutes are true and correct.

CHAIRMAN

SECRETARY

March 03, 2021

ADDITIONAL INFORMATION

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

Questions to the MEEI and MoF-ID

Provide the following:

1. State how PETROTRIN's debt to NGC will be resolved by Heritage Petroleum Company Limited.
2. NGC's Strategic Plan for the period 2017-2020 and any other subsequent plans NGC submitted to the MOF-ID for approval.

Questions to the NGC

Provide the following:

3. Briefly state the challenges experienced by the NGC and the ways the Public Accounts [Enterprises] Committee can assist NGC with improving its efficiency and delivery of issues.
4. A breakdown of Petro-Chemical prices from 2018 to 2020.
5. Provide an update on the following information for the period 2017 to 2019:
 - a. a list of the established posts on the approved organizational structure;
 - b. the number of persons required for those posts;
 - c. the number of vacancies;
 - d. a breakdown of the category of staff employed (short term, contract, permanent);
 - e. the ratio of permanent employees to contract employees.
 - f. the staff costs by division.
 - g. the Company's staff turnover rate

Further questions for the National Gas Company (NGC)

1. Status of NGC's Strategic Plan

- With the creation of the foundational blocks, what goals/objectives were identified under each (Safety, People, Governance, Projects, Value Creation and ancillary strategies of Technology, Growth, HR and Sustainability Development)?
- What strategic developments have taken place thus far with respect to each foundational block?

- What challenges have been experienced during the company’s attempts to implement the strategic development of the foundational blocks?
- What were the leakages by legacy loss-making contracts are currently plaguing NGC?
 - How long has each legacy loss-making contract been an issue and the value of the loss?
 - What were the factors which caused the contracts to become loss making?
- What critical issues affected strategy execution?
 - What were the strategies that were hampered?
 - What matters required GORTT intervention?
 - How did the GORTT intervene?
 - What forms of group synergies were implemented?
 - What strategies were developed to support each foundational block?
- What is NGC’s Green Agenda focus for sustainability?
- How does the rolling plan affect the NFC’s ability to monitor and evaluate the performance of the organization in both its short- and long-term objectives?
- Provide a detailed breakdown of the recorded profits and contributions per year during 2014 to 2019.
- With regard to ‘Transform Organization’, what is the current status of the implementation and completion of this project?
 - What critical gaps were identified?
 - How will each be addressed?
- How has the COVID-19 pandemic affected the operations of the NGC?
 - What steps have been implemented or are being implemented to account for its effect?

2. Staff Costs and Declining Profit Margins

- How much was saved from each initiative indicated?
- Provide a breakdown of the cost saved each year.
- What technology was implemented to support procurement?
- How did the Company continue to achieve value?

3. Debt Management

- What costs management initiatives were implemented?
 - Provide in detail, the nature of these cost management initiatives.
 - Provide a breakdown of the value per year between 2016 to 2020.
- Was any money saved from the negotiated Gas Supply Contracts or were the terms of each GSC the same?
- Which global destinations did NGC 100% owned subsidiary companies market LNG and crude oils to between 2016 and 2020?

- What type of marketing and trading strategy will NGC use to market its share of methanol from the CGCL?
- How have employees responded to the restructuring of the pension plan?
 - What is the size of the deficit to date?
- When does NGC expect a gas supply contract with T&TEC to be formally executed?
- Provide a breakdown for the Company's escalation process.

4. Human Resource Issues

- Are any alternative options being investigated for excluded employees?

5. Cost Overruns – Liquid Fuel Pipelines

- What was the costs and value attached to the commissioning of the Diesel system?
- What will be the total costs once the project is 100% completed?
- Provide a breakdown of the T&TEC's \$1.56B spent on the Liquid Fuel Pipelines project.
- In light of the amendments made to the Public Procurement and Disposal of Public Property Act, what steps are being taken by NGC to refine/strengthen its internal procurement processes?
- Is there a timeline of action items NGC intends to embark upon so as to ensure that total compliance is maintained in relation to the amended procurement legislation?
- How has this restructuring of the Company's procurement division enhanced its ability to complete its objectives efficiently economically and transparently?

6. The Status of Gas Sales Contract between NGC and T&TEC

- What is the particular issue that is protracting the agreement on gas price and volumes?
- What is the status of the loan payments between NGC and T&TEC (completed/on schedule/delayed)?

Further Questions to the Responses received from NGC relating to the Questions posed during the examination of the Audited Accounts, Balance Sheet and other Financial Statements of NGC for the financial year 2015.

1. General Questions

- How frequently were assessments conducted based on the outlined metrics?
- What have been some of the challenges in achieving the Company's short-term objectives?
- What are the MEEI and MOF-ID's views on the level of debt T&TEC owes NGC and T&TEC's inability to agree to terms for a GSC?
- How has the COVID-19 pandemic affected the company's achievement of its short-term objectives?

- What has held back the establishment of a Group structure for the NGC and its subsidiaries?
- In what order will NGC's other areas of business take part in the competency skills development project?
- What investments and the value of the investments that were undertaken by NGC with regard to the procurement technology?
- What additional actions did NGC undertake to improve its Asset Integrity scores?
- Is the company on course to achieving the targeted world class level in 2022?
- What level of economic activity NGC expects to generate by serving the light industrial sector?
- What is the status of the Energy Efficiency App?
- What does NGC's Green Agenda entail?
- What green initiatives are being explored?
- What will the group technology strategy entail?

2. Risk Management

- How frequently do outages related to shortages occur?
- Is there a long-term plan to prevent these outages going forward?
- Provide a breakdown of the negotiated prices as well as required tranches to fully cover the demand of T&TEC.
- What are the company's top 20 Corporate Risks?
- What is the mitigation plans and timelines for closure for each top 20 Corporate risk?
- Have there been any amendments to the original Charter?
- Where will the location of the two new offshore pipelines and for advances to Trinidad & Tobago LNG Limited
- What is the current status of two new offshore pipelines? (complete/ under construction)

3. Annual Operating Budget

- Briefly state the initiatives currently implemented or being implemented, their costs and the benefits of each.
- What were the operational issues of the plants that were found to be inefficient? Provide details on issue.
- What steps have been implemented for the plants to become more efficient?
- What risks exists between upstream and downstream contracts?
- What plans, if any, have been outlined for the NGC's move into the renewable space?
- Have there been any additional developments with the company's methane emission reduction goals?

4. Fixed Asset Addition

- When was the last report in respect of Fixed Asset Policy submitted and for what year?
 - Were there any challenges in the conduct of this review?
-
- How much time had elapsed before it was discovered that the operator of 1A made expenditure in excess of authorized amounts?
 - By how much did the operator exceed the authorized amounts?
 - Was the discovery made during a quarterly meeting?
 - What types of issues requires management to hold meetings with the operators?

5. Bank Reconciliation Misstatements

- Have there been any additional updates to the supervisory controls?

6. Supplier Statement Reconciliations

- How frequently have discrepancies been observed?
- Have there been any challenges in addressing these discrepancies?
- Is there any way to synchronise the timing of invoice recording with suppliers so that differences between the respective User Department and Vendor don't become a regular occurrence?

7. Physical Signoffs for goods/services having been received

- What will be the cost of the new system?
- When will the new system be operationalized?
- What are the benefits of the system?
- What alternates are being looked at to replace the current system?
- What issues exist with the current system to warrant replacement?

8. Open purchase orders on the system

- Have there been any challenges in using the current system?

9. Inventory Management

- Have there been any issues with discrepancies in inventory Management?
- How frequently does such issue arise?
- How long has the draft Inventory Management Operating Procedure and the Inventory Count Procedure existed?
- What is the status of the approval of this document?
- Provide an update on the following:
 - Maintenance, Repair and Operations (MRO):
 - Continuous review to optimize these inventory levels to support operations

- Safety Critical Equipment (SCE): Include in SAP inventory management
- Surplus: Repurpose and or Sell
- Obsolete: Disposal.

10. Sales and Gross Profit

- Provide a detailed breakdown of sales figures as well as NGC’s participation in non-operated joint Venture partnerships.
- Provide a detailed breakdown of sales figures as well as NGC’s participation in non-operated joint Venture partnerships.
- What aspects of the company’s performances have been impacted by declining revenues and gross margins?
- Provide a breakdown of Upstream investments and Internal Cash resources for the period 2017 to 2020.
- What are the four projects NGC intends to provide project management services?

11. Auditing

- How have these changes enhanced the operation of the Internal Audit Unit?
- Have there been any further amendments to the Charter since the 2019 revision?

12. Trade Creditors and Sundry creditors and accruals

- What is the current status of invoice payments?
- Has COVID-19 affected the payment of invoices since its proliferation?

13. Internal Fraud Policy

- What is the status of the review and update process for the anti-fraud policy?

14. Operational Efficiency

- What factors led to the six-month losses in 2020 of TT\$316M?

15. Other Intangible Assets

- Does the company backup its information to ensure that it does not become susceptible to system crashes or hard drive failures?

Appendix 2: Verbatim Notes

**ACCOUNTS (ENTERPRISES) COMMITTEE HELD (IN PUBLIC) ON WEDNESDAY,
MARCH 03, 2021, AT 10.25 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
Ms. Hema Bhagaloo	Secretary
Mr. Darien Buckmire	Graduate Research Assistant
Mr. Liu Metivier	Intern

ABSENT

Mrs. Renuka Sagrarsingh-Sooklal	Member
Mr. Keith Scotland	Member
Dr. Nyan Gadsby-Dolly	Member

MINISTRY OF FINANCE – INVESTMENTS DIVISION

Ms. Sharon Mohammed	Director, Social and Economic Transformation (Ag.)
Mr. Suresh Dan	Senior Business Analyst (Ag.)
Mr. Narine Charran	Manager, Debt Management Division (Ag.)

MINISTRY OF ENERGY AND ENERGY INDUSTRIES

Mrs. Penelope Bradshaw-Niles	Permanent Secretary (Ag.)
Ms. Sandra Fraser	Deputy Permanent Secretary
Mr. Sheldon Butcher	Director, Downstream, Petroleum
Mr. Timmy Baksh	Director, Energy Research and Planning

NATIONAL GAS COMPANY OF TRINIDAD AND TOBAGO (NGC)

Mr. Mark Loquan	President
Ms. Verlier Quan-Vie	Vice President, Commercial
Mr. Narinejit Pariag	Vice President, Finance Technician and Risk
Mr. Edmund Subryan	Vice President, Legal and Corporate Affairs
Mr. Conrad Enill	Chairman
Mr. Dan Martineau	Director

Mr. Chairman: Good morning, is everyone hearing me? May I on behalf of the Public Accounts (Enterprises) Committee warmly welcome officials from the Ministry of Finance (Investments Division), Ministry of Energy and Energy Industries, and the National Gas Company of Trinidad and Tobago Limited.

My name is Sen. Wade Mark and I am the Chairman of the Public Accounts (Enterprises) Committee. May I say from the outset that this Committee, known as the Public Accounts (Enterprises) Committee, has a mandate to consider and report to the House on the following:

1. The audited accounts, balance sheets, and other financial statements of all enterprises that are owned and/or controlled by or on behalf of the State;
2. The Auditor General's report on any such accounts, balance sheets and other financial statements; and
3. 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 our Committee to follow up on the implementation of the recommendations made in the PA(E)C's Eighth Report during the Eleventh Parliament for the period 2009 to 2015. Our responsibility this morning is to ascertain whether expenditure conforms to the Authority which governs it. We are also to determine the challenges being faced and possible solutions to these challenges. And finally, to make further recommendations to ensure that the policy of the NGC is carried out efficiently, effectively and economically.

This virtual meeting is being broadcast live 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 now allow other members of our Committee, the Public Accounts (Enterprises) Committee, to introduce themselves?

[Introductions made]

Mr. Chairman: Anyone else? If not, I now invite representatives to introduce themselves beginning with the Ministry of Finance Investment Division.

[Introductions made]

Mr. Chairman: Who is next? Can I invite officials from the Ministry of Energy and Energy Industries to introduce themselves?

[Introductions made]

Mr. Chairman: Thank you. May I now invite officials from the National Gas Company of Trinidad and Tobago Limited to introduce themselves?

[Introductions made]

Mr. Chairman: Thank you all so very much. May I take this opportunity to invite the person who is leading the Ministry of Finance team to make a few brief opening remarks at this time. Mrs. Sharon Mohammed.

Mrs. Mohammed: Yes. Good morning, again Chair, and committee members. Yes, just an overview of what the Investment Division does. We are responsible for the oversight and governance of the state enterprise sector. And we do this through the implementation of the manual, state enterprise performance monitoring manual. So that is it.

Mr. Chairman: Okay, thank you.

Mrs. Mohammed: And we hope to have a very positive meeting. Thank you.

Mr. Chairman: Thank you. May I now invite the President—the Permanent Secretary rather, (Ag.), Ministry of Energy and Energy Industries to make a brief statement.

Mrs. Bradshaw-Niles: Yes, thank you very much Chair. So the role of the Ministry of Energy and Energy Industries is basically in three areas. One is that of the line Ministry, with responsibility for formulation and direction of policy for the company, as well as in its role as governance, in terms of governance of the energy sector, where we deal with the gas production and utilization, calculation of national energy balance and also, in the role as regulator, where the Ministry involve in terms of facilities, inspections and calibrations as well as ensuring that the annual administrative reports are done and submitted to Parliament.

So therefore, during the period that we are examining from 2015 to 2018, what we saw was the general impact of the downturn in terms of the prices impacting on the operations of the company. The company did, however, remain profitable but during that period, it meant recalibration in terms of looking at the governance of the national natural gas sector and how the company was to be

positioned in terms of moving forward with the downstream in terms of contracts. So that is my opening statement in terms of the period that we are looking at. Thank you.

Mr. Chairman: Thank you. And may I ask the President of the NGC, Mr. Mark Loquan, to make a brief opening statement at this time.

Mr. Loquan: Thank you, Chair, thank you members. Good morning again. 2015 to 2018 was a very, and still is a very challenging period, because of declining volumes in particular at a time, where supply was extremely challenged. And at the same time, there was also a drastic change in the petrochemical pricing. You would have noted that, you know, prices could have been as high as over \$500, back in 2013, '14, and it dropped below \$200 a tonne some years later.

So there were significant changes in volume, changes in pricing, there were a lot of activity that needed to be done with respect to securing gas supply going forward in time. So that was a major activity during the period, as well as trying to build the institution with stronger processes, policies, frameworks, structures, so that the service could be delivered even better, despite the challenges that were experienced.

Mr. Chairman: Thank you very much. May I begin this examination exercise by raising a few matters, and asking a few questions before inviting my other colleagues to join in seeking clarifications from the—

Mr. Hinds: Mr. Chairman?

Mr. Chairman: Yes, Mr. Hinds?

Mr. Hinds: Please kindly permit me. This very democratic exercise that we are now embarked upon, is as you correctly indicated earlier, published on our parliamentary YouTube Channel and Parliament channel, on radio and so on. And as I say, in this democratic process, members of the public are with us.

I would like before we proceed to have someone, Mr. Loquan or someone in NGC, tell the layman in this country, what is NGC? What is its role? Where does it fit in, in the context of the energy industry? And how does it affect the people of Trinidad and Tobago? Because, Mr. Chairman, up to yesterday I was speaking to a citizen of this country and mentioned NGC, that citizen not unlearned, with academic qualification, degree level, was unable to tell me what is NGC's role, all she knew is that it had something to do with gas.

So I would be very happy, if we would begin with that platform, with that bedrock of an understanding of what this is all about. Where does it fit in, in the industry, what is its role so that the public would properly understand our interrogation today. If you would be kind enough.

Mr. Chairman: Thank you so very much, Mr. Hinds. Mr. Loquan you have heard the submission made by my colleague, would you be kind enough to give us a very tight synopsis of the role of this very important state entity, and how it fits into the overall economic development of Trinidad and Tobago, Mr. Loquan?

Mr. Loquan: Yes, thank you for that. If one would look at the economy today and some years back, you would see that Trinidad and Tobago, if you were to look at oil production versus gas, and the contribution to the economy, you would see that the Trinidad is very much a gas-based economy. And you will see that, that would have started off many years ago, with NGC being born in 1975, more or less to manage those gas resources for the country.

Back in those days, it was associated gas, it was managing the gas to build an industry and derive some value-added products for the country. Our largest customers really who we serve, the big one is, of course, electricity. So all of the electricity in Trinidad and Tobago is mainly by gas, natural gas, and NGC is the supplier of gas. After getting supplied with gas from the upstreamers, from this country, we supplied T&TEC. And T&TEC is the one that is distributing power to the country that is one key role of NGC.

Another big role of NGC is how do you take this gas and commercialize it from—like a merchant and buy and sell gas, really to the downstream sector. So in Point Lisas, you will see a lot of plants that are producing ammonia and methanol, direct reduce iron and various products that have built up over a number of decades. And that is really another key role where we aggregate gas for the country and we make sure we supply the needs for the petrochemical plants. That is another role.

The other role is really the light manufacturers, or what we call the light industry where we have over 100 customers. They employ quite a number of people and from breweries to cement to various industries. So the gas company actually has an infrastructure that is over 1,000 kilometres all over the island of Trinidad and Tobago, and is supplying the industry all across the country.

And the other big part is really there is another chain, there are the LNG Trains in Point Fortin where we are shareholder in the Trains, 1 and Train 4, so we are also in the liquid natural gas exports. And then there are a number of subsidiaries in NGC from compressed natural gas or CNG Company to the National Energy, which is ports and infrastructure and all the ports in Brighton and Point Lisas and Galeota and so on. And then there is also the Phoenix Park gas processing entity, which is taking out liquids from the gas to avoid it contaminating the Point Lisas plants and making a business out of that in the natural gasoline and LPG chain. That is a role that NGC plays broadly in the whole economy and contributes significantly to the country.

10.45 a.m.

Mr. Chairman: Yeah. Well, thank you so very much. And as we proceed, I am sure that members of the public who are listening and following this very important examination of the financial audited accounts of the National Gas Company will get some more information, as we proceed as to the importance of this very critical state enterprise to our overall national well-being.

Mr. Loquan, let me address you first as the President. May I, respectfully, submit to you that your letter dated February the 18th, 2021, was considered by the Committee this morning. But in the absence of the data that this Committee requested on the 4th of February, 2021, we are not in a position to really properly respond to your situation at this time, meaning that we would have liked the company to provide this body with the necessary data, under what is called the “executive management remuneration package”, which we have requested since the 4th of February. And to date, Mr. Mark Loquan, this Committee has not been provided with any data whatsoever on the remuneration packages of the executive management committee.

So may I, on behalf of our Committee, direct this company, through you, to provide, in writing, the entire executive management package to this Committee. And if you can do that within the next 48 hours, then this Committee, upon receiving that data, will be in a position to make an informed decision. I do not want this Committee to engage into wastage of time on matters that are very crucial, but without any data. So this is my very early submission to the NGC officials. Please provide this Committee, in writing, a detailed breakdown of the remuneration packages of the entire executive management team, and please do it within 48 hours, because we have written to this company since the 4th of February asking for that information which is consistent with our examination of staff costs. There is an item called “staff costs” which include wages and salaries, and it constitutes a very important component of this company’s operations. So we are carrying out our mandate and we appeal to you to simply conform to our request before we can reply to your request. That is the first point I would like to make on behalf of this Committee.

Mr. Hinds: Mr. Chairman?

Mr. Chairman: Yes, Mr. Hinds.

Mr. Hinds: Will you permit me, simply in furtherance of what you have just expressed, I would like to record, along with you, this Committee’s recognition that the NGC did not—and the text of their letter explains actually why the information of which you just spoke has not yet been forthcoming. So, I merely wanted to join you, Mr. Chairman, in recording that their failure to produce this information was not on account of negligence or disregard or disrespect in any way, but they had what they

considered to be, and what you and I may very well consider to be, a very legitimate concern. And, on that basis, they have not yet made it forthcoming. Now that they are getting a reaction from us, I think we should signal to them, through you, that when we get that information, we will then be able to decide on the most responsible way to handle this, and that would suggest that this Committee understands the reason why the information is not yet forthcoming. I merely wanted to join you to say that.

Mr. Chairman: I support what you are saying, and I would like the NGC to be so guided. Make the information available in short order and let this Committee examine the information against the background that you have identified so eloquently, Mr. Hinds, and that has been articulated by Minister Hinds. We would like to have the information. Only when we have that information, consistent with the challenges that you have identified, would we be able to, in a responsible and respectful way, navigate thereafter. So we await your response. Mr. Mark Loquan, would you like to respond to the Committee's request?

Mr. Loquan: I would, just to say, that we take note of the guidance here so far from the Committee, and we did try to explain some rationale. We are now hearing the response from you, and we will be guided accordingly by yourself.

Mr. Chairman: All right. Thank you so very much, Mr. Loquan. The other area I would like to deal with—this is directed at the Ministry of Finance, Investments Division. Ms. Mohammed, I would like you to note that based on written submissions by the NGC, that company stated to this Committee, the PA(E)C:

That Petrotrin had an outstanding debt in the sum of \$284 million at the time of its closure owed to NGC.

It was further stated that:

There are no commitments from Petrotrin for the repayment of receivables owed despite follow up.

With Petrotrin being restructured into three new companies, in which one is Heritage Petroleum Limited which took control of Petrotrin's debt portfolio, can you inform and advise this Committee on the following: What is the status or status of the Petrotrin indebtedness to the National Gas Company group? And, secondly, what measures are being taken to address the payment of these outstanding funds to the National Gas Company in a timely manner? Madam Mohammed from the Ministry of Finance, Investments Division, can you respond?

Ms. Mohammed: Thank you, Chair, for the question. At this time, we do not have the information

available, but we would like to be able to provide it in writing to the Committee, if it is possible.

Mr. Chairman: Yes, we would like—yes. Can you tell this Committee when you will be able to do it, make that information available in writing? Is it within the next 48 hours or you need more time?

Ms. Mohammed: I will need more time.

Mr. Chairman: Could you advise this Committee?

Ms. Mohammed: Within one week.

Mr. Chairman: Within one week?

Ms. Mohammed: Yes.

Mr. Chairman: Thank you so very much.

Mr. Hinds: Mr. Chairman?

Mr. Chairman: Yes, Mr. Hinds.

Mr. Hinds: Again, please, be kind enough. I crave your indulgence. Just for the record, the restructured entities are now four in number and not three. We still have the Petrotrin—the name now escapes me, but the holding company, which holds its asset and is responsible for its liabilities. So those liabilities—

Mr. Chairman: Trinidad Petroleum Holdings Company Limited, Mr. Hinds.

Mr. Hinds:—they did not evaporate or disappear into thin air. That holding company now has responsibility for the liabilities of the former entity going forward. So just for the record, the debt did not become obliterated, but it is now the liability of the Petrotrin holdings entity and, therefore, it supports, in a way, what you have asked. But now, we have to get the answer from NGC who will now tell us how this matter will be ultimately resolved. But there is an old saying, you know, “Massa bull, Massa cow”. You know how the thing works, but I am sure they will get the thing sorted out on the books.

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

Mr. Hinds: I thank you very warmly.

Mr. Chairman: Thank you, Mr. Hinds.

Mr. Hinds: Thank you for recognizing me.

Mr. Chairman: I continue with the Ministry of Finance. I would like to ask Ms. Mohammed, given the fact that you have a very—that is your section or division to oversee the operations of this very important state entity, what are some of the working capital challenges that the National Gas Company has experienced, specifically those that deal with cash flow and cash management? And, first of all, I think I will direct this at Mr. Loquan. What are some of the working capital challenges that the National

Gas Company has experienced, specifically those that deal with cash flow and cash management? And, how have these challenges affected the National Gas Company's ability to expand and diversify? And finally, what is being done to address the working capital challenges? Mr. "Leequan"—Loquan rather?

Mr. Loquan: Yeah. I would give, I guess, a high-level summary as to what has caused some of the issues and, certainly, I would ask my VP Finance, to jump in with specific figures if that is required. But as you would be aware, there would have been gas contract renewals from the beginning of—from back in 2017 to become effective the beginning of 2019. That therefore meant that the margins on NGC would have been very different before and after 2019, because you may be aware that the margin changes as a result of higher prices from upstream which had to be incurred for NGC to acquire gas—therefore had to continue to supply the electricity sector which I spoke about at the beginning. And therefore, part of the challenges in the working capital management is, how do you continue a business that really has a burden where your largest customer, which is really T&TEC in this case?

You have two elements. You have a subsidy where you are buying gas and you are supposedly selling gas at a different price from what you are selling—a lower price to the entity, and then you had the complications of non-payment. And we have entered into some solutions for some of these issues and some of which are still being discussed. Some of these solutions include loans that involve the Government, T&TEC and NGC. And maybe I should stop there in terms of saying that is part of the biggest issue that is facing NGC during that period and, of course, you would have also had challenges now. But I think we are talking the period 2016 to 2018. Is that correct?

Mr. Chairman: Yes. But you can always anticipate the future as well.

Mr. Loquan: All right. So on top of that, as you know, the PETCHEM prices would have continued to be dropping. And just as an example, between 2018 and 2019, you would have seen methanol prices drop 30 per cent. Between 2019 and 2020, you would have seen it drop another 20 per cent. If you take ammonia, you would have seen ammonia prices drop 20 per cent—just over 20 per cent. And if you went into 2020, you would have seen it drop another 10 per cent. Right? Now, in the last quarter of 2020, you are seeing some turnarounds in the ammonia and methanol prices. The LNG sector has also been challenged because you would have seen a lot of oversupply in LNG in the global market, because of new plants coming on stream in Australia and many other places.

So therefore, we are still, prior to COVID, experiencing challenges with the PETCHEM prices as well as the—well, we were in that period. Of course, I just said it was turning around in the last quarter. But on the LNG side, it is still a fundamental issue of oversupply, but that is dependent on

how fast the energy demand continues to grow in China and India and Asia, in particular. So that would be impacted by that. And, of course, the COVID issues that you see now in 2020, that is also exacerbating issues around the demand for some of these products that we make here in Trinidad, ammonia and methanol.

So if our largest customer—if we exclude T&TEC for the time being—is ammonia and methanol, and that is our key customers and they are also experiencing challenges both in PETCHEM pricing before the turnaround in the last quarter of last year, and they are also seeing it with demand shut off as a result of COVID, then you can imagine that there are challenges in the sector because of those issues. And maybe I would just ask Narinejit, who is our VP Finance, just to kind of expand on the working capital issues.

Mr. Chairman: Thank you.

Mr. Pariag: Thanks very much. It is just to further elaborate on the current cash position with the company and how we have been managing over the last, you know, couple of years given the challenges that Mr. Loquan has just spoken about. Yes, you know, the business has been fundamentally impacted by the decline in commodity prices, which had a knock-on effect on the margins of the business and therefore its ability to pay its operating and capital expenses, you know, over the last four to five years. The situation has been further exacerbated, you know, by the non-payment—Chairman, you just spoke about the non-payment from Petrotrin, but we also have non-payment, you know, from the Trinidad and Tobago Electricity Commission which, you know, has created a significant drain on our limited cash flows.

In fact, you know, as of this time, you know, at the end of 2020, if I were just to quote numbers, you know, the National Gas Company is indebted to the tune of, you know, \$5.6 billion from the Trinidad and Tobago Electricity Commission of which, you know, \$3.7 billion represents a loan and \$1.9 billion represents receivables for the years 2019/2020. Having said so, Mr. Chairman, committee members, you know, we have done a great job in terms of managing our cash balances.

If you look at, you know, our cash position, at 2015, it would have been around \$6.8 billion cash and short-term investments. And, you know, if we look at our cash position at the end of 2019, it would have been roughly \$6.5 billion. So we have done a pretty good job in terms of, you know, managing our cash flow to allow us to sustain operation during the last five years, and we have done that by managing, you know—as cash generation fell from the corporations, we have taken proactive steps to deal with managing costs, managing our investments in capital projects. And therefore, the growth of the business, obviously would be stymied if you do not have cash flows to fund growth.

And beyond that as well, we have also, you know—when you look at our dividend distributions over the last two to three years, you would see a significant curtailment in dividend distributions to our shareholders. So our shareholder, you know, is obviously adversely impacted by the cash flow situation and not getting the revenues from the National Gas Company to support the Government's fiscal agenda.

What are we doing right now? Well, you know, going forward into 2021, clearly, with further depression of commodity prices, it is impacting the business, and clearly, the issue around non-payment from our largest customer is something that we are working actively with the Ministry of Finance, Ministry of Energy and Energy Industries to have addressed. It is leakage, a leakage, a cash leakage that the business cannot sustain. Having said so, you know, what we also plan to do in 2021 is that, you know, we will be going to the market to raise some financing to address some of our capital needs. So I think I will close there.

Mr. Chairman: May I ask, Mr. Pariag, as you are on the floor, given the fact that for the first time in its existence, this very important state enterprises recorded for the first half of 2020, a loss of \$316 million, can you tell this Committee, one: What is the current total outstanding debt of this company? And, in the current financial crunch: How has this company been addressing the repayment of the said debt, that you will tell us the total of, at this time? What is the current total debt?

Mr. Pariag: Mr. Chairman, the current debt outstanding, you know, by the National Gas Company is \$2.3 billion at the end of December 2020. The biggest element inside there is a debt for \$2.2 billion that matures in 2036. That is \$400 billion bond that was issued in the International Capital Market way back in 2005 to finance, you know, pipeline infrastructure and investments in Atlantic Train 4. In terms of dealing with that liability that matures in 2036, well, what we have in place is a financial instrument, that we have in place, that will provide cash flows to redeem US \$200 million of that amount outstanding or approximately \$1.4 billion of the \$2.2 billion. So we have in place a financial instrument to address more than 50 per cent of that debt outstanding that will mature in 2036.

Mr. Chairman: All right. Before I ask my other colleagues, Mr. Paray to probably enter, may I ask as well, Mr. Loquan indicated a short while ago that apart from lower commodity prices for ammonia, methanol, as examples, and the outstanding loan and debt owed to it by T&TEC, which you have now given a figure of close to—is it \$5.6 billion?—including you said a loan of \$3.7 billion and some receivables just about 1.9 billion. Mr. Loquan, could you tell this Committee to what extent that the higher prices for natural gas being charged to NGC by upstreamers have contributed to this financial crisis that is now facing this very once profitable company? Can you tell this Committee what role, if

any, has this development played in the balance sheets, and profit and loss statements facing the National Gas Company? Mr. Loquan?

Mr. Loquan: Yes, Chair. Thank you for that question. I would like to, at least, place the loss in some context that is not only local in nature, because if we look at the BP, Shell, Exxon-type of companies that are worldwide, you would have seen Exxon declaring a loss of 22.4 billion, 2020. You would have seen BP losing shareholder value of 20.3 billion. You would have seen Shell, -21.7 billion, all in 2020. So there is a global context that is happening here, as a result, not only of falling PETCHEM prices, but there are also all the issues associated with COVID coming along. And as I mentioned before, prior to COVID, you already had a drop in PETCHEM prices and you already had an oversupply in LNG. What COVID did is actually shut off industrial demand significantly, as a result of planes not flying and the economy changing, and so on. So what you had was a complete slowdown in economies and you had a limited demand for some of the products that you would normally have.

What is happening here in the change in the market is that you are going from a production-driven world, where you produce something and it just goes into the market and you are now in a clearly market-driven environment, where the most competitive plants can survive. So when this happened, you did not see only Trinidad being affected. So you saw, of course, plants like the Titan plant in Methanex. That, of course, took decisions around idling the plant. It is still down. But then you all saw plants across the world. You saw plants in Netherlands, you saw plants in China, Russia, Indonesia, Malaysia, Chile and you saw a lot of plants across the globe also making decisions to either idle their capacity for now or to extend their turnarounds to a longer period, take outages and so on, and that is what has been happening until the market is recovering and vaccinations and all of these things come on board.

So with respect to your question on higher prices for the acquisition costs, yes, of course, that would have affected the price that we would have paid before. But, of course, if you have distortions like we do in Trinidad where if you are buying even at a higher price, what it means is you are subsidizing even more the electricity sector, and you are also not being paid by the electricity company. So it did exacerbate from that point of view and, of course, it did change the competitiveness of the sector. Because if we look at some of the downstream sector, in addition to the higher cost of gas which is being experienced, as we know, there are also changes that are going on in the downstream sector as a result of the Shale gas phenomena that has happened in the US and, particularly, during the period we are talking about, where the US became a big Shale gas producer. You actually got the effects of new plants being built in ammonia and methanol in the US, because of the lower gas prices

there. And therefore, what happened is the products from Trinidad also needed to go further away, because the US was basically self-sufficient in some of those products. That resulted in higher freights and going further away with your product from Trinidad.

So from a sector point of view, it is challenging at this point in time because of those issues. But at the end of the day, if the economies recover, which they likely will, once the vaccinations and the lockdowns and all these various things—we are coming out of that—then you will see some recovery in the markets. So, where we are today, I think, is a snapshot in some of the difficult parts in this journey, and it is not only confined to the local landscape I may add.

Mr. Chairman: May I also invite Mr. Loquan to remember that one of our responsibilities as a Committee is to help the National Gas Company to find solutions to overcome its challenges. So I would like you to take that on board, so that you can put in writing for the Committee's consideration, areas of your operations that you consider to be quite important for Parliament intervention via the appropriate recommendations. So kindly take up the offer. Put in writing your thoughts as it relates to how this Committee can be of assistance to you.

11.15 a.m.

Let me just raise my final question on another matter before I ask Mr. Paray to join us. The NGC established what is called the Energy Marketing and Trading Division for the marketing and sale of equity and third party energy commodity-related products, including LNG, crude oil, and methanol. Between 2016 and 2020, NGC 100 per cent-owned subsidiary companies marketed LNG equity and third party cargoes and crude oil equity, the various global destinations.

I would like on behalf of the Committee to get clarification on the following. One, which global destinations did the NGC 100 per cent-owned subsidiary companies market LNG and crude oils between 2016 and 2020? That is the first question.

The second question: Were these marketed goods sold at market price? And finally, did the NGC record any situations where its products were resold to markets it has not penetrated as yet or destinations it is barred from doing business directly with? And depending on your response to that question, if it is, yes, what is being done to capitalize on the untapped markets it is permitted to trade with? Mr. Loquan or Mr. Enill, I would like some responses to that question and you may also commit your responses to writing. Mr. Loquan.

Mr. Enill: Mark.

Mr. Loquan: Just coming off from it, I think it is important to recognize that as a business for NGC we cannot depend as we have just discussed on just buying and selling gas as we used to do in the

domestic sector. So what you see NGC is trying to do is become an integrated energy player across an energy value chain, and that means that you cannot just buy and sell gas to—from only on methanol where we see and we have talked about margins obviously being impacted, but you also have to think about building our capability in the products that we have, such as the shareholdings as we have in LNG.

With the methanol plant as well we are also in our methanol trading and we do get oil from being as a joint venture partner in some of the upstream blocks. So we have been building that capability over the years and I think it is important to position NGC in the gas value chain so that you can maximize value across the chain. Now, the thing that would affect some of these issues is not only building capability in the energy, marketing and trading group but it is also positioning yourself in the Atlantic trains. And you would have seen in public that while there are four trains there are discussions around unitization which really means that you are positioning yourself with a much simpler unified sort of box one train equivalent where you can operationally obtain world-class operations and maintenance and where commercially you can have greater value in that whole chain.

So part of the reason for building up some of the expertise in the energy marketing and trading would be for that reason where we are trying to get more value. As far as the markets, you would see that of course in the world of energy, that Asia is certainly becoming—will become and has become a major part to play because of rising population, changing middle-class, demographics, and of course the demand for energy is growing in both China and India, and therefore if you look forward in time that that continues to be some of the destinations that we would have targeted. So you may have seen in the past that we would have signed MOUs with China and also targeted some trading there.

We would have entered into government-to-government arrangements where we could capitalize on some of the markets that we could enter into, such as Egypt which was exporting—requiring energy at the time. And then there is also the methanol that is now building out. So—yeah, and then there is Latin America as well. So I would ask maybe our VP Commercial to kind of talk us through some of the global destinations and why we have chosen some of those things, but I have given you a kind of high level picture as to why we need to do these kinds of changes for the business.

Ms. Quan-Vie: Okay. Good morning, everyone. As Mark—as our President alluded to, the NGC equity sales that we currently have, we sell on what we call an FOB, freight-on-board basis and these cargoes are sold on a spot pricing basis, meaning that we tender out the cargoes to the highest bidder in most instances. And some of the locations that we have sold to again, because it is an FOB sales and the highest bidder, you know, bids for the cargoes, we have international destinations. So as Mark

says, we have, you know, we have marketed cargoes to Chile, in the US to Boston. We have gone to Israel. We have marketed to China. So it is really global, most global destinations that the winning bidder took the cargo to that these cargoes have been sold. So it has really been on a global basis that we have sold our cargoes to.

So that answers, I think, your second question, if the cargoes are sold at markets prices. So, yes, we bid for the cargoes and the winning bidder then takes the cargoes and we get whatever is the prevailing market price at the time for our cargoes. The same thing is done for our crude cargoes. The volumes of crude cargoes that we have are not as extensive as our LNG cargoes but we do have crude cargoes from the Angostura Block, from Block 2(c), our equity interest in Block 2(c) and these cargoes are also marketed on an international basis. Some of the locations are the US, primarily so far to the US refineries that we have sold those cargoes to.

Mr. Chairman: May I invite Mr. Paray at this time to join this conversation. Mr. Paray.

Mr. Paray: Thank you. Thank you very much, Chairman, and good morning to all our guests here today. I have a couple of questions, that is three questions that I want to start off with and the first one is for Ms. Mohammed at the Ministry of Finance and it is just a follow-up from what Minister Hinds had said in terms of Trinidad Petroleum Holdings having both the asset and liability of the Petrotrin accounts. And while I know Ms. Mohammed has identified that she would provide a status on that debt that is owed by Petrotrin to NGC, what I would like, Ms. Mohammed, is if you can specify in your response two things. One, if this specific debt portfolio that is owed to NGC is on the list of accounts under Trinidad Petroleum Holdings to be settled via Heritage payments. Now, the reason why I am asking that, the Minister advised the Parliament just recently that Heritage is functioning so well as a profitable entity and that they are taking up a very good portion of the debt that is owed by Petrotrin. All I want to ask in your submission within a week's time is to confirm that this particular piece of debt that is owed to NGC is being handled by the Petroleum Holdings and that one of the four entities or three entities that now make up that Petrotrin division, that they will be taking care of that debt in the not-too-distant future.

So that is the first thing for Ms. Mohammed in the Ministry of Finance. I have a couple of sub questions to Mr. Loquan. Mr. Loquan, in your response to the Chairman you did mention that in 2017, that NGC was taken up with a lot of gas contract renewals. For my own understanding, what is the lifespan of one of these contracts that would have been renewed in 2017? What is the average age of one of those contracts?

Mr. Loquan: You wish for me to answer now or you want to go through your questions and I will

answer everything because you had two questions?

Mr. Paray: Yeah. It is on different topics so this one would close this one off.

Mr. Loquan: Well, certainly for the before and after scenario you would have had gas contracts that were, you know, in the original life of it, you would have had gas contracts in the order of 20 years. Right? Now with the shallow fields getting smaller and the size of fields getting smaller and so, there are a lot more challenges from the upstream to provide gas for 20-year contracts, so that those days are gone. I think you are getting into a more of a five-year-type period scenario at this moment.

Mr. Paray: Those that would have been renewed in 2017 as you advised, what would have been the average age of one of those contracts in terms of the renewal in 2017?

Mr. Loquan: Well, the average age as I said would be in the order of about five years, you know. So it would have been in that range.

Mr. Paray: Is it normal practice to engage the renewal of these contracts between one year of an expiration date, between two years of an expiration date or do you wait for six months of an expiration date to engage the owners of those contracts into a renewal? What is the common practice in the industry or that which is done by NGC?

Mr. Loquan: Well, it is several years before, because if you take when a contract is expiring you would normally—we are doing upstream contracts for the purpose of securing gas for downstream contracts and therefore, if you are going to have a couple of years of negotiations with the downstream contracts and it takes—depending on the complexity of the changes that you are making, if it is a simple—well, like for like, it is not an issue but there are several issues that have happened in certainly the 2017 and renewals in those periods because the contracts you were going from, one, they were shorter; second, you know, second, the type of contract clauses between upstream and downstream were not always matched and therefore you had to change the risk of the contracts that you were entering into so that you would have a better match and you are not left holding the ball in between which is what has happened in some of the obligations that NGC was carrying. Right?

So if you are changing the contracts, then you should allow for a long time, right? In the case of, say the BP contract for instance which ended in 2018, there was a specific clause that said, you know, you had to renew between the January 2014 to January 2016 period ahead of the 2018 contract because they are making investments. They are making investments that cost billions of dollars and making decisions, and all of those had its own processes. So if you are going to have the up-streamers commit to those kinds of investments, then you really need to take these discussions as early as you can. Right? And it depends on whether you have the gas already or you do not. In other words, if you

are still in exploration and development, then that also is deciding, you know, how risky it is for the up-streamers, and so on. But the answer to your question is really, it is not months, it is not one year, and it is not two years; it is normally quite as, you know, as long as you can before.

Mr. Paray: Okay. Thank you.

Mr. Hinds: Mr. Chairman—Mr. Chairman—

Mr. Chairman: Yes, Mr. Hinds.

Mr. Hinds: Before Mr. Paray continues, I must admit—no criticism of Mr. Loquan really, but I must admit, as a Member of Parliament representing the type of, you know, the broad cross-section of the society as I do, the more Mr. Loquan speaks, the more I become concerned about them. I have heard him use the term “Shale”, I have heard him use the term “upstream”, “downstream” in relation to Mr. Paray’s questions, “value chain”, and these things. I am particularly concerned. I know he is accustomed to speaking with highfalutin persons like your good self, Mr. Chairman, in air-conditioned boardrooms. But I would like to ask us to speak in a language that the ordinary listener on the radio, as you pointed out, Mr. Chairman, would understand. I mean, I am hearing “up-streamers” and “down-streamers” and “Shale” and “value chain”, please, I would really want them to understand.

So, Mr. Loquan, please bear with us. Part of the reason why so much misinformation traverses Trinidad and Tobago is because the ordinary man, people do not always understand the facts and the truth. So, please, could you all proceed with those citizens in mind, those outside the air-conditioned boardrooms.

Mr. Loquan: [*Laughter*] Thank you for that, member Hinds, I think that is a very, very important question. So I will certainly try to break it down because it is a chain that we are trying to manage. NGC sits across in an entire chain and we try to serve our customers, right? So our customers need gas and if you look at our largest customers, the main bulk of our customers, electricity, which is the T&TEC issue that we just talked about, and the other customers would be the many petrochemical plants that are taking gas as a raw material and they are converting it to mainly methanol and ammonia, and some of those higher value products that are used in other parts or other—as raw materials for other products or they are used as industry materials that you need—

Mr. Hinds: Yes, yes.

Mr. Loquan:—to make plastics, fibers, resins, automotives, and as the world develops in those products obviously there is a demand for those products. And of course if there is a demand for those products, there is a demand for gas that is also required.

Unfortunately, you are managing this chain in a contractual framework. In other words, we

will normally contract gas for the downstream sector for a fixed period of time, a certain amount of volume, and these are the terms and conditions that you supply the downstream for and you try to find solutions with the—despite the challenges you try to find the solutions. But as you are trying to contract gas for the downstream you also have to secure your raw material because, remember, NGC is aggregating all the gas supply from the—and when I say upstream here, I mean the BPs, the Shells, the EOG, the BHP; companies who are taking their rigs and platforms, making decisions on investments to say, “Let me get gas out of the ground in Trinidad and produce it and commercialize it and sell it to NGC”. Right?

Mr. Hinds: The lady just texted me to tell me she now understands.

Mr. Loquan: [*Laughter*] That is very good, I am succeeding at that. So basically in that framework where we are trying to keep our customers, you know, contractually satisfied, there are certainly time frames that are required years in advance, as early as you can to make sure that you can get those resources out of the ground, commercialized by the upstream, sold to NGC and NGC aggregating and managing the supply to those customers, because every time there is a disturbance in the upstream, one supplier goes down and so, and you have those kinds of imbalances; there is one guy in the middle who is adding value for everybody and that is NGC. That is NGC actually stabilizing the supply and actually making sure that the downstream customers are not seeing the full effects of one upstream supplier coming out of service, right?

What we do therefore, is we try to balance that as best as we can. We do not always succeed but most of the times we would actually—let us assume you get all your contracts in place, there is a whole operation now that is required to make sure that you get gas safely from one point of Trinidad to the next part of Trinidad, and making sure it comes from the east and the north and it reaches our customers in Point Lisas in a safe, reliable manner that is also cost effective, and so on. So that is—I hope that explains it in a little better detail.

Mr. Chairman: Yes. Well, thank you very much, Mr. Loquan. I think, Mr. Paray, if you have no further questions—

Mr. Paray: Yes, I have a follow-up. Mr. Loquan, in looking at the accounts and some of the comments made earlier by your team, I get the impression again that NGC is really not only a seller of gas but you have investments in local projects with our up-streamers as well, you have investments there, and then I understand that you may now have investments in international business as well, because NGC wants to be a more global provider of energy and energy services. Now, I understand that your investments in our local upstream and the ones internationally, you may have little control in terms of

the driving profitability on those entities because you are really a price taker there. The last—the part with your pipeline operations is where I see you have the biggest component of control in terms of how do I drive profitability by managing my costs because you are directly in charge of your pipeline operations. My question is, taking note of the considerable commodity pricing issues as a price taker, the challenges with local consumption with the shutting down or resting of facilities in the Point Lisas Industrial Estate and so on, what exactly has NGC done to try and minimize—and as I saw the Chairman raised the issue of the \$316 million loss for the first half of 2020, can you advise this Committee what specifically has the NGC done to try and rationalize and make that loss less? Because I am sure if you did not do something over the last one or two years, that loss may have been closer to \$1 billion, but what specifically have you done and are there any new initiatives that NGC has taken in terms of the expectation of world prices and so on over the next year or two?

Mr. Loquan: Well, I could answer that in a very long way but I would try to at least break it down again. In other words, if you look at the value that—the specific thing that we are doing that will add value for the future is securing gas supply. So one of the things that you would see us doing all the time is making sure all our upstream contracts, downstream contracts are always in a pipeline, right? So, because we are still in—we have done all the upstream contracts as you know, between 2017 and 2019. We are still in some of the downstream discussions, that is one part of the value that is a big part of the commercial operation, right? You would see that there is a longer term initiative with the Ministry of Energy and Energy Industries led by the Ministry of Energy and Energy Industries that involves all the stakeholders in the chain and that is what we call the gas value chain analysis where everybody contributes their information. And a third party called Gas Strategies looks at the chain because the chain has changed between 20 years ago and now, as I tried to explain before. So there are things like that going on.

If you look at the projects where we are spending hundreds of millions of dollars in projects, you would have seen back in, say 2016, the amount of projects that would have been done on time, on cost, would have been fairly low, and I do not want to call those numbers, but if you look at it now, you know, fast-forward to now, you would see that 85 per cent of the projects are on schedule and 90 per cent on cost, right? Of course in 2020, we would have had to re-baseline some of these projects due to COVID.

The other thing that might have happened is that we have become quite technological in the way in which how we are doing our business so it happens a lot quicker. If you take an example of supply chain management where you are spending money on procurement, you would see that we

would have centralized procurement in one area and we would have been using e-auctions to manage our procurements which is a lot faster, a lot more transparent. So instead of things taking a lot of months to negotiate contracts or negotiate tenders we have over—just under 50 auctions that are happening in 2021.

So it is a lot of activity that is resulting in savings from procurement, increasing the value by looking at the whole energy chain from upstream, midstream and downstream. And I just stressed that part of that value is coming through also better operations, better reliability, asset integrity, less down time; a lot more, I would say real-time data that is now being used to make decisions. We are even leveraging our capabilities doing projects in Ghana, doing projects locally here where our engineering team is actually delivering on projects internationally as well as here, outside of NGC. So that is another area that we are involved in.

You see Phoenix Park looking at acquisitions and making acquisitions in the US that is creating value along a NGL or natural gasoline value chain. And I mentioned before, Phoenix Park is one of those subsidiaries that is taking liquids out of your wet gases that are being extracted because the downstream customers do not like those liquids to come into their plants. So the business that Phoenix Park creates is also expanding beyond the local landscape, right? So you see that kind of value being created.

Mr. Paray: Mr. Loquan, just one second because I want to pinpoint the last question before the Chairman moves on to another member. If you have had—energy companies throughout the world have had to make substantial cutbacks in terms of their operation, staff resizing, downsizing, realignment, in some instances massive salary adjustments and cuts in order to keep your value chain going. Has NGC had the cause to do any of that in line with what other energy companies throughout the world have had to do, and if not, what specific rationale would be attributed to not having to go that line in terms of your operations at NGC?

Mr. Loquan: Well, of course I have to be careful how I answer that question in public, but what I would say, look, when it comes to looking at the efficiency of the business, if you look at the way how—the amount of people that are required to run the business, that has been reduced by about 25 per cent between 2016 to 2020. And that has been a result of managing the classifications of contract workers, temporary workers, various people along the chain. I think we have gone past that stage now where we are looking at the skills that are required for the future and introducing technology in a manner that makes the processes a lot easier. But as I sit here as President of NGC, there is no sacred cow as we know that is present at this point in time and all options we would look at, right?

Mr. Paray: Thank you, Mr. Chairman. Thank you, Mr. Loquan.

Mr. Chairman: I will now call on Amrita Deonarine.

Ms. Deonarine: Thank you, Mr. Chair. Thank you again for all the clear answers that we have been receiving so far. Mr. Loquan, now, I understand that what you are saying is that so far for NGC the most profitable areas are in the downstream sector while the least profitable seems to be with respect to electricity, and I saw in your submission you would have drawn reference to steel as well. But what I also saw in your submission is that you indicated that the largest risk is in relation to the take or pay arrangement liabilities that could be incurred in the future, so could you elaborate a little bit more on this? Is this entirely related to T&TEC only or is it that the signing of these contracts in general could result in some sort of challenges or significant risk for NGC?

11.45 a.m.

Mr. Loquan: No, I think that is one of the areas we have been managing, I would say, quite well. There are different obligations that we have with different people that we buy from, and people that we sell to. Clearly, I think we have been managing some of those issues. We are not in a boundary now where we are incurring those kinds of take or pay liabilities. We are not doing that. So I think we have managed the situation in a way where we have had to alter some of the contractual quantities of gas that we have had to sell some of the plants, in a time when not all the molecules were present. You would see curtailments have been decreased over the years, over time, and you would see the management of the business has taken a much more focused commercial purpose. So with respect to the question on that risk, I think the bigger risk now is the cash flow management and working capital that we talked about before.

Ms. Deonarine: Right. But before I elaborate on the cash flow situation, I had one other question that I wanted to ask. So, have you all experienced any loss in sales or fees from customers that you all would have lost over the past five years?

Mr. Loquan: Well the answer to that is yes, because surely we would not have had sales to some of the companies that would have made decisions, as we talked about, when COVID came along. There were decisions with one of the Nutrient plants, one of the Methanex plants, which is the Titan Plant, we know that. Then we also know that the smallest Yara Plant closed in 2019, which was a fairly small, inefficient plant in the broad scheme of things.

Ms. Deonarine: So going now to the whole cash flow issue, I noted in one of your responses you would have indicated that the loss is not entirely local in nature. I would have gone through the consolidated financial statements and the audited financial reports, and up until December 2019 an

indication would have been made, an assessment, saying that the foreign currency risk is immaterial at that point in time. Would you say that that situation still holds?

Mr. Loquan: I will ask Narinejit to give a more qualified response on that.

Ms. Deonarine: Thank you.

Mr. Pariag: Thank very much for the question. So in terms of foreign exchange risk, as a company the NGC group, our business is basically a US dollar business. In fact, our functional currency in which we transact all our business is US dollars. We earn US dollars, we pay our gas suppliers in US dollars, and we do have to convert a small amount of US on a monthly basis to cover expenses. So any potential depreciation of the currency translates into a positive way for NGC.

Ms. Deonarine: Okay. With respect to the credit rating— now, I saw in your submission you all have Moody's and Standard & Poor's ratings for 2008. I have not seen a rating since then, and I know the situation with respect to the gas prices, the energy sector, which is exacerbated by COVID. The situation, as you all have said, is becoming worse. I know CariCRIS has made a rating earlier on this year. How do you all see this rating improving going forward, or could you comment on that?

Mr. Pariag: Narinejit here again, so I would comment and then maybe Mark could add. I mean the rating at the end of the day it is a function of what is going on in the business, and solving the business problems. Our rating that we received from Moody's in 2020, we are at Ba1 negative with Moody, which is just under investment grade, in a BBB minus, which is investment grade with Standard & Poor's. We continue to focus on the key business drivers that impact the business, and those are the basic things that would impact how we address the issues around credit ratings. In the end, we remain focused on the business and dealing with some of challenges that we face right now with T&TEC as a major customer of NGC. In fact, that is one of the areas that the rating agency focused on a lot on an annual basis during their rating review.

Ms. Deonarine: Now, I have a question that probably the Ministry of Energy and Energy Industries and the Ministry of Finance, and possibly NGC as well could answer. I know these three entities would contribute a lot to the annual forecasts of revenues of the country that would go into budgeting and so on. Could you all enlighten us on how this process takes place? How do you all collaborate to ensure something like that, ensure that the efficient forecasting of energy revenues is done by the Ministry of Finance in collaboration with the Ministry of Energy and Energy Industries, and NGC?

Ms. Bradshaw-Niles: Yes, I will take the question, because the Ministry of Energy and Energy Industries is at the centre of that aspect of it, with respect to energy revenues. In conjunction, ultimately, Ministry of Finance will come up with the final forecast in terms of the actual revenues,

but we contribute quite a lot in terms of that. So because of our governance of the energy sector, what we will do is based on the operations and the reports from each of the companies, we request data from both the upstream, that is the natural gas and crude oil producers. So we will look at what they have been doing, in terms of the actual performance, and we will also get projections from them, combine that with the information that we have in terms of their capital expenditure for the future, their plans and their projections. What we will do is to collate all of that to come up with what we think would be the revenues back to the Ministry of Energy and Energy Industries and to the Government from the energy sector.

We also collate information, and NGC is a very important aspect of that, in terms of being the aggregator, in terms of what will happen in the midstream, which is where NGC is, and always from the downstream, which is the petrochemical and the LNG sector. We have two groups in here. So we have the royalties that we would look at, and so we would project what are the royalties, but we also contribute towards sending information to the forecast to the Board of Inland Revenue and to the Budgets Division. We go through that exercise a minimum of maybe, I would say, four times per year, at least once per quarter in terms of ensuring that we have the information sent ahead of the budget. Then as the actual prices and production come in throughout the year, we will adjust that so to reflect the current reality. So that is how the process is done. It is a very interactive process between ourselves and different departments within the Ministry of Finance, namely the Budget Department and also the BIR as well.

Ms. Deonarine: Mr. Chair, I would pause for now.

Mr. Chairman: Laurel Lezama-Lee Sing, are you there?

Mrs. Lezama-Lee Sing: Yes, I am here Chairman. Thank you very kindly.

Mr. Chairman: Would you like to ask?

Mrs. Lezama-Lee Sing: Sure, certainly, thank you. Good morning again members, and thank you so much for being here. I would like to ask NGC about its green agenda. Can we get some insight into that please? And then I have a couple of questions following up after that, on sustainability and the green agenda.

Mr. Loquan: Thank you for that question, because it is so apt in what we are talking about in NGC now. That is because, if you look at the world of—I am getting some feedback—if you look at the whole world of energy now, you can see that there is a growth in population and growth in energy demand, that is clear. But what you see changing, is even though the demand in energy is growing, you see that the mix, the energy mix is changing very deliberately. That is because if you look at the

climate change issues now, we fall in the Latin America and Caribbean region, and even though we are roughly 10 per cent emitters in the whole global scheme of things, with the big emitters being China and the US, you can see that the split between the contributors of the greenhouse gas emissions, is between what we call carbon dioxide, CO₂, and methane. Methane is the largest culprit.

If you look at what natural gas is, natural gas is 90 something per cent methane. So if you look at the green agenda for the company, it is really to make a difference, not only for Trinidad and Tobago, but for the region, because it is the region that is seeing the dramatic effects, even though—so this is what you call a skewed impact, where you are not emitting the majority of emissions, but as small island nations in the Caribbean you are seeing the tremendous effects of hurricanes and floods and food security being impacted in the Caribbean region.

The green agenda for NGC, we have always been involved in some aspect or the other. For example, we are in LNG. LNG is used to provide a fuel that is used for displacing coal or oil and so on, and in the current energy mix that is impacting countries like China, far away on the other side of the globe, but it is also impacting the Caribbean region, which is essentially using fuel oil and oil-related products for their electricity. We sit here in Trinidad and Tobago and therefore LNG can be a cleaner transition fuel.

Now, I speak in terms of the green agenda, in that, if you look at where the fuels are going, oil is already decreasing worldwide. Coal is already decreasing worldwide. Some may argue differently, there are pluses or minuses depending on who you speak to, and it all depends on how fast you can invest in the area of renewables and other areas like that, and it all depends on the amount of investments that are required. But you do need to change the energy mix of Trinidad and Tobago.

If you look at Trinidad and Tobago right now, our electricity, all of it is coming from gas. Look at the problems that that is creating. We could have taken that gas and better utilize it for say our petrochemical sector, while our electricity comes from renewables. So you would see the Ministry of Energy and Energy Industries embarking on initiatives with the national energy and so on, and BP and Shell, and making announcements on renewables. We are also in CNG. Some question CNG, but if you look at CNG's model that was really for replacing the gasoline and diesel used in existing fleets with a cleaner fuel.

I talked about LNG, I talked about renewables, which is coming soon. I talked about CNG, and if you even look at the energy efficiency side of the business, where the best savings we could use on fuel use is energy efficiency. You see the National Gas Company of Trinidad and Tobago and the national energy involved in a Cabinet-appointed committee on energy efficiency and conservation,

and that feeds from policy frameworks, education, appliances, standards, et cetera. So our green agenda is really a compulsory one, where you have to affect the demand for energy, be a major player in that game, but you can also affect the energy mix that people are using whether it is in China or the Caribbean.

In the Caribbean, we are also providing engineering services, to provide some countries with some possible solutions for changing their energy mix. This has to work in tandem, of course, with the Ministry of Energy and Energy Industries Caribbean energy policy. But I think from a whole host of issues, and I should get back to methane by the way—and methane is the big culprit here. Where the NGC has become part of the global methane partnerships, and we are also impacting the standards and reporting. So our focus is on venting, flaring, and it is not only for leaks from a safety point of view, but it is also for the environmental point of view.

The methane 80 times worse than the normal carbon dioxide in a 20-year period and, therefore, what you see the operations people doing at NGC is they are using infrared cameras. They are using drones, they are doing different things. We are now getting into satellite technology, which is also going to be able to measure methane and leaks, not only for NGC, but across Trinidad and Tobago.

So I think we could make a positive impact in the whole green agenda, as well as information for everybody in this space.

Mrs. Lezama-Lee Sing: Thank you very much. So NGC is basically evolving as needed, as pertains to the green agenda. Thank you.

Two things coming out of that I want to ask you please. One—and we talked about the use of new technology, et cetera. I noted that in your report previously submitted you were using technology to drive value improvement as part of your cost management initiatives. Can you just expatiate very briefly on that please?

Mr. Loquan: Yes. I mean, I gave an example as such as the procurement, and procurement where we are using SAP Ariba. Before, what you used to happen is that we would do projects, but the projects would not be specified in a manner where you can clearly get the savings with the auctions. So for e-auctions everybody goes in a room and they see what they have to provide. The spec is clear, and then you are bidding against each other in this room, and you are coming out with the best result. So the e-auctions actually started in May 2019, and to date I think we have saved 16 million in the first year, and another 20—at least a 20 in the 2020, subject to Narinejit's correction, but it has more than paid off for the tool already. That is SAP Ariba.

What that has done, is not only saved money, it has changed the way we work. We are now working a lot closer between the project's team who is demanding the services and materials, but working closely between that group and the supply change management, specifying earlier so that by next year, 2021, there is already the procurement plan. You can start e-auctioning from the beginning of the year, and not waiting nine months out of the year to specify what you need, and gain the savings in the last three months of the budget year.

So you find it is changing our business completely, and it is also driving the whole work of cost savings as you mentioned, cost effectiveness.

Mrs. Lezama-Lee Sing: Thank you. I am very happy to hear that, and this leads me to my final question so far, Chairman, if you do not mind please. In reference to your last strategic plan, which I believe was 2016 to 2020, I suspect that there may have been some of your goals that you would have identified that you did not achieve. Could you tell me how you plan to move forward with some of the things that you may have not achieved? Then I know one of your goals included strengthening your national contribution.

So two questions I want to ask you coming out of that. What does this mean for the country's future insofar as energy, insofar as your national contribution is concerned? I want to ask you, what are some of your corporate social investment activities that you plan to undertake in the coming years, given prevailing circumstances? Thank you.

Mr. Loquan: I would say one of the fundamental pillars that we have built on, I talked about securing gas contracts, securing your business. I talked about developing our organization, you know, more safety, reliability, cost effectiveness. There is a third one which is growing locally and globally at the same time. And the fourth pillar is really what you are speaking of here, which is the national contribution.

If you would have looked at our sustainability reports, I think this is our fourth one that is coming out. We started for 2017, '18, '19 and the 2020 is coming out all around the middle of this year. So, as far as I am aware, the global companies like BP and Shell, they do sustainability reports as well. I am not aware that they do any sustainability reports locally in Trinidad, but if you look at the state entity here, NGC is producing a sustainability report that is showing how we are running the business.

So you would see safety statistics there. You would see the way how we are managing the projects. You would see the skill building going on with people, going on in the organization, and the skill being built, and you would see the value creation that we have been talking about as well where

we have done several activities, not only using the auctions, but also doing many other activities from contract negotiations, to many other activities that we identify value.

In the case of CSR in particular, there would have been budgets of over 200 million, this was prior to 2016. We are managing in a—we are managing in one tenth of that framework, but basically the thinking is different. The thinking is no longer just about sponsorship. The thinking is about sustainability. So an example of that is if you take three steel bands that we sponsor and they would have gone Panorama, the thinking now is that we would give them skills. They are part of an MIC programme, which is three years long, where they learn welding, manufacturing, music technology. We would score their music, and so on as well, so that does not get lost. So you would see that the whole sustainability thinking, we would involve the university. They would get credits for scoring the music, and things like that. So it is taking a different realm.

We would have sponsored the police youth club as well as the YTEPP and so on, but they are now linked together, whereas before they were not. Now what you are seeing as part of the whole sustainability thinking, you are getting the youths that would have dropped off the police youth club now getting into the YTEPP programmes, and that becomes a more sustainable link. So that is the kind of thinking that is going on.

We are already in the big areas like Bocas Lit, and literacy across the country and, of course, sport, the NAAA and so on. But the thinking is very much sustainability, how are we building. Maybe before it was about measuring what you are doing by contributions and all these other things, but I think where we are thinking now is what impact are we making, and who is benefiting, and how does the individual and communities actually benefit from that. So I think there is a thinking shift or mindset change that is built in to our sustainability reports.

Mrs. Lezama-Lee Sing: Thank you so very much. I am really, really delighted to hear that response, and I think that this approach that you have adopted could probably potentially be used as a best practice for other enterprises in Trinidad. I am particularly happy that you are talking about sustainability and involvement for the young people, and longevity and long-term things. I do hope that we will not have another happiness campaign. I really like the direction you are going. Thank you. Mr. Chairman, that is it for me so far. Thanks for this opportunity.

Mr. Chairman: Thank you. Mr. Loquan, we have two questions from the public.

Mr. Hinds: Mr. Chairman, just in case you may have forgotten me, I do look forward to your attention so that I too can direct my questions to the panel before us.

Mr. Chairman: You go ahead. Would you like to intervene at this time?

Mr. Hinds: Yes. I know you are a very observant man, but I feared that you might have forgotten me.

Mr. Chairman: Proceed, Sir.

Mr. Hinds: May I thank you very warmly, Mr. Chairman. As I listened to Mr. Loquan a moment ago, he did not mention that only last week I joined his colleagues, including the NGC Chairman at the Military-led Academic Training facility out in Mausica where they, Phoenix Park Gas Processors, sponsored and developed a dining hall, a very sustainable and well-developed dining hall for the MiLAT Cadets. For the public to understand, these are the young men who have come into this military-led programme to carry on with their academic development, taking them out of the community into that. So I want to congratulate them for that.

Let me direct this to the Chairman of NGC, Mr. Chairman, if you would be kind enough to permit me. Mr. Enill, would it be correct—this way we will give Mr. Loquan a little break, because he has been on the truck since we started this morning. Mr. Chairman, would it be correct for me to understand what I have heard this morning to be, Trinidad and Tobago, a little island south of the Caribbean, next to a 15 per cent gas and oil repository, that is Venezuela, got involved in the 1990s in the business of gas, when previously we flared it, it was burnt and went into the atmosphere. Mr. Pariag told us a moment ago that between 2015 and 2020, the company has done remarkably well, and I am very, very happy to hear that.

Would it be correct for me to say, Mr. Chairman, that record, as described by Mr. Pariag a while ago, was as a result of your renegotiating those contracts that Mr. Loquan spoke about? Some of which may have been palpably unfavourable to Trinidad and Tobago in the sense that the upstreamers, those who were exploring and extracting this finite resource from the earth, as Mr. Loquan said, they were doing so and we were not getting at that time commensurate returns for the loss of this natural resource. But the renegotiation of the contracts, contributed to the outstanding performance that Mr. Pariag spoke about a while ago, in the sense that those renegotiated contracts brought more moneys, more returns to Trinidad and Tobago through the NGC, and more than that, royalties, something that we had not seen. These are payments by these upstream explorers, extractors, we had not seen for a long time. Would that be correct, Mr. Chairman?

Mr. Enill: Thank you, thank you member. Let me respond to you by indicating something that you have information on, but we have not expressed and did this. If I were to have you look at your documents, you would see that the operating company cost structure, and it is important that we understand this, is as follows, of the 100 per cent cost associated with the National Gas Company, gas

purchases represent 88 per cent. Employee costs, 3 per cent; depreciation, 3 per cent; interest costs, 2 per cent; maintenance, 1 per cent, and others, 3 per cent. I say that because it is important that we understand that the structure of the NGC does not fit the normal structure of another commercial type entity. That is the first issue.

It means, therefore, that where we can get the best benefit is how we negotiate the gas purchase arrangements. The gas purchase arrangements start with the Government's policy on how it is going to incentivize the upstreamers, and how it shares in those costs to produce that gas, so that the National Gas Company can make it available to the petrochemical sector, and that the petrochemical sector can make a profit that goes to the Consolidated Fund, that allows us to run the country to pay for goods and services.

That construct requires all agencies: the Ministry of Finance, the Ministry of Energy and Energy Industries, the NGC in particular, the Parliament, to understand what is taking place at the particular point in time. And you are correct, because at different points in time, depending on what is happening in the global energy sector, the country has to respond in a particular way.

What may be appropriate in a high price environment is not going to be appropriate in a low price environment. The NGC was able to do a number of things to stabilize the petrochemical sector. Yes, it was also able to go back and negotiate with the upstreamers, those who produce, to produce so that we could get product available to the Trinidad and Tobago citizen, so that it could convert to revenue streams. You are absolutely correct.

The NGC has had to do quite a number of things. We have done quite a number of things. Now is not the appropriate time to discuss it, but this is what I need to say to you: On the basis of all we have seen in 2020 and on the basis of what we are seeing in 2021, we believe that in the very short-term the NGC will continue to get back to its former state, where it will contribute positively to the Trinidad and Tobago revenue as we see it. What we are asking at this point in time, is that simply all the players just hold on for a little bit longer as we go through these intervening period, which has gotten a little bit worse as a result of COVID, and a number of other things taking place, the introduction of shale gas into the United States, the change in the structure.

Suffice it to say member, that the NGC has a plan. We have looked at these matters, and I think that we are at the stage now where we can explain how we propose to create the sustainability that the President has talked about, with some the things that we are doing and some of the strategies that we are putting in place.

One other issue that arises is that we may need the support of the Government, insofar as

looking at some legislation is concerned to help with the process. I am very sure that Minister Khan and others would be looking at that.

The other thing that we are looking at, just to close my point, is an examination of what is taking place at every segment of the gas business. We are trying to ensure that the people of Trinidad and Tobago get the best possible benefit on what has been invested. In order to do that, we are learning the business and we are making investments in the business for the long-term, because as we look at our gas supply issue, we believe that in 12 to 24 months we are going to be at a stage where the revenue streams, as we knew them before, will be improved significantly. That is what, member, is taking place right now in our shop.

12.15 p.m.

Mr. Hinds: Thank you. Mr. Chairman, my next question. Thank you very much. We would have heard Mr.—let me go now to Mr. Pariag. We would have heard a loss that the company suffered, a 300-million plus loss for the first time. I think the Chairman correctly alluded to that. To the ordinary citizen in Trinidad and Tobago that might sound very alarming, alarmist even. But am I correct to think—would the ordinary citizen in the country be correct to think that, for the most part, over the past few years when we were doing particularly well, our gas was sold—25 per cent of the consumption on Eastern Seaboard of the United States purchased our gas. And today with, as you say, Shale. where they are producing their own gas, the demand for what we sold to them has fallen.

In addition to that, gas consumption internationally over the last year—as a result of COVID, gas and energy consumption would have taken a serious nose dive, heading south and, of course, we would heard from Mr. Loquan a while ago that there are more players. When we began in 1995 and thereabouts, getting involved in gas, there were fewer players in the market. Today we have many more players, and this is why the thing has become so much more competitive and we now find ourselves moving from concentration in the United States, looking now to Asia, looking at now to what we call Latin America. Would that be a correct position, generally, in terms of the performance of the NGC?

Mr. Enill: Member, generally what has happened, and we have said this before, is that the United States, as you have correctly identified, no longer buys our product because they have—and as a result of that, a couple of other things have occurred. The cheapest, if you will, of the Shale product has created new businesses in other areas within the Latin America space that we had opportunities before. What that means is that we now have to go to areas like China and Far East which creates for us an issue with pricing and with the margin that we can get as a result of that price, which reduces our

revenue substantially.

What we have tried to do in those instances is that we have tried to do two things. We are trying, first of all, to get involved in ownership of assets so that it is no longer a case of simply being in the business. We are owning assets now, we are partnering with others to learn how these assets are performing and we are, in fact, creating new value for the people of Trinidad. We are creating value as the owners because we now understand the business. We are creating value as aggregators. We know what is happening on the upstream so we can negotiate better. We know what is taking place on the downstream because we have a sense as to what is taking place, and we are trying as far as possible to make sure that energy industry, as we have known it, continues to stay competitive. In many instances, the NGC has also absorbed the cost that rightfully belongs to the marketplace, but we did this on the understanding that in the longer term, it serves us absolutely no way to cause the industry to be in any way better than 100 per cent, and that is what we are doing.

Insofar as the business is concerned, we see ourselves as integrated throughout the gas business—integrated. Before we were simply an aggregator. That is no longer the case. We are now able to compete globally with the best in class. And I want to make this particular point because I think Trinidad and Tobago needs to understand that the men and women who are part of the NGC group have done some very important work during the COVID period. In fact, I think that the COVID period tested the organization's ability to respond in a crisis. And it is to the credit of the organization that during that particular period, all our systems, our electricity and everything else worked.

There is one other point I want to make about the loss that has been discussed. There are issues that are under the management's control and there are issues that are not under the management's control. The issue of subsidizing the cost of gas to the people of Trinidad and Tobago, and the issue of non-payment by T&TEC is not under management's control. If you were to take out those items that were not under the direct control of the management, NGC in 2020 would have made a profit because there are issues that are outside of the control that the organization must deal with and is dealing with. Some of these are court issues on the basis of past claims and impairments that occurred within the normal course of the business.

So the fear that the organization is somehow or the other not doing well, is not true. The fact of the matter is that the organization is doing well but there are some issues that the organization has inherited that it could have facilitated when the price was higher. And as a result of the reduction in price, we are seeing a different result, and I think that we just need to put that on the table.

Mr. Hinds: Thank you very much. Mr. Chairman, my quite penultimate question and I direct this to Mr. Loquan. Nutrien, a down-streamer comes out of business. Yara, a down-streamer, using some of the gas originally, came out of business. And you hear alarm in the national community, all the companies are closing down and so on, and it is the NGC's fault, it is the Government's fault. I would like to ask Mr. Loquan, speaking to this Committee this morning, do you consider those developments to be a blot, an indictment against NGC? And if not, why not?

Mr. Loquan: I think I tried to explain in some of the cases earlier, like the Yara plant, for instance, which came out in 2019, that was in comparison to many plants in the local landscape as well as the international landscape that has one of the most—the smallest production and highly inefficient plant. In other words, it took a lot of energy, compared to another plant, to make one tonne of ammonia. And therefore, in the case of Yara, that is a—you know, once you have an environment where it is sort of the most competitive of the plants to survive in a global environment, one of the first things that you see coming out, not only in Trinidad but you see it also in other parts of the world as has happened before, you would see the smallest inefficient plants coming out. That is not a blot against NGC. The landscape has changed, there is no question about it. Right?

And in the case of Nutrien and Titan, those are not plants that have said they are going out of business, they are shutting down those plants forever. That is not the case. Those are cases where they have announced—made announcements as a result of the significant cutback in industrial demand that has affected, not only Methanex and Nutrien, but many other companies worldwide where plants have either been idled or maintenance has been taken, and so on, and so on. So it is not—this is a reality of what we are going through with the economic—with the economy affected by COVID and, as I said before, prior to COVID, there was also the lower cycles coming in with some of those plants already. So COVID exacerbated those issues with the demand closing off. And as the Chairman would have said, you know, in 12 to 24 months, once the economy has recovered—because methanol, for example, is linked very heavily to—oil is linked to economies recovering because that is when the use of those products taking methanol will come back.

So I think we have to kind of stay tuned to this space, and as the Chairman said, we have to stay with firm stomachs during this time because the recovery—you have to wait until the markets recover.

Mr. Hinds: Thank you very much. Mr. Chairman, and my last question as you would permit me, and like everyone else. Mr. Pariag told us, Mr. Chairman, that the company was, of course, doing well, our cash balances at 2015 was about \$5.something billion and today it is about \$6 billion, and basically we

have done reasonably well in all of the circumstances that we have heard this morning. NGC has acquitted itself with some class in this business.

But just before that, you see—just before 2015, NGC, I am advised, hosted cash balances of some \$16 billion, Mr. Loquan. What did you do with that money? Why are you without it today? Why are you struggling to keep your books balanced? From 2015 to now, when just before that, a year or two, and a year and a half before that, you hosted \$16 billion. What is your reaction to that on behalf your NGC, Mr. Loquan?

Mr. Loquan: Well, I wish we had it because that would have certainly fit well with the growth agenda that we have in mind because this business requires investments for continuity and growth. So if you want one example of that is Block 3(a). Block 2(c) is falling off in decline, while Block 3 is the same operator that is using 2(c) infrastructure and you need to invest to keep it going. So that is some of the things that we need to have in mind. So the \$16 billion, that was not—certainly I came in September 2016, so I beg to say, well this certainly not present at the time and the—what you see in the retail earnings is really as a result of—

Mr. Hinds: But, Mr. Loquan, I cannot accept that because while you were not there, NGC has records. I am told—I am told that all of that you said to this Chairman of this Committee this morning and to us members, I am told that NGC, prior to 2015, your company, Mr. Loquan, got itself involved in things outside of oil and gas, and things that you spoke about this morning, for example, building a water treatment facility in my constituency. Is it the case that NGC still gets outside of its core, building roads, building waterworks and all of that? What is the state of affairs now? We want to know, Mr. Loquan.

Mr. Loquan: Well, we are certainly sticking to our core business, and I laid it out before, that is really in the gas value chain. So we would be involved in investments in the upstream sector with partners there with gas. In the midstream, we would be in LNG and aggregation, and in the downstream we would be with methanol and, of course, you will have all the subsidiaries that I mentioned earlier on. We are not in the water business.

So in the case of the Beetham issue, we are in arbitration, as you may be aware, because moneys would have been spent for—37 per cent was really found on the ground and 75 per cent of the money was spent out of a contract and therefore there is arbitration to recover sums, and that is where we are in those kinds of areas.

Mr. Hinds: So this Committee could be assured in closing—

Mr. Chairman: Thank you very much.

Mr. Hinds:—in closing, Mr. Chairman, in closing, this Committee, Mr. Loquan, could be assured that your sins and blemishes, prior to 2015, will be committed no more.

Mr. Chairman: Well, this is not a political meeting, so—

Mr. Hinds: No. No. No. Mr. Chairman, I asked the member a question. Permit me.

Mr. Chairman: The Chairman does not have to answer.

Mr. Hinds: No. Mr. Chairman. Mr. Chairman, I have put a question to Mr. Loquan. Would you be kind enough to let him answer me, please?

Mr. Chairman: Well, that is a political question.

Mr. Hinds: We have to function.

Mr. Chairman: He is not a politician.

Mr. Hinds: Mr. Loquan, would you provide us with an answer, please? Can we be assured that that kind of policy approach will be no more?

Mr. Loquan: Well, I maintain my statement before where we are very focused as a business. I have described that that business was across a gas value chain. We are not in any non-core type of business. We do not intend to be, and if you look at the future, you would see us getting more and more involved, not only across the gas value chain, but you would see us also involved in the green space because the green space would also require investments in renewables and those kinds of areas, and that is where our business lies.

If you look at some of the legacy-type projects—what I call legacy—in other words, they went on for many, many years, because of the formation of the projects group now and the stage gates that we follow in our project methodology, and we can say that the projects that we do go through a much more rigid methodology where you define your project very well up front, you decide what it does for your business and justify it through a board process. That is how we work.

So the project methodology, as I described, went on from finding legacy projects—some of those legacy projects have been closed off or almost closed off now over a period of time due to the fact that we have managed those projects very effectively. And any new project that is coming into the business has to be justified through the stage-gate methodology and it has to be justified right up to the board, and that is how we work. So I can give my assurance as long as I am leading the NGC, that the projects that we are doing fall in line with that methodology and fall in line with our business, which is the entire gas value chain.

Mr. Chairman: All right. Thank you very much, Mr. Loquan.

Mr. Hinds: Thank you very much.

Mr. Chairman: And I want to make it very clear as Chairman—as Chairman, let me make it very clear, this is a meeting that is dealing with the financial audited accounts of this company. This is not a political meeting so we do not put our officials in a position where they can feel uncomfortable.

So, Mr. Loquan, I just want to ask you two questions that have come from the public that they would like to have some answers on. One, NGC, it was noted—this is the question: NGC noted that it has a financial instrument in place to deal with 50 per cent of its major outstanding debt. The member of the public is asking, how will the company utilize the remaining 50 per cent? That is the first question coming from the public.

The second question coming from the public is this: Given the current challenges facing NGC, has the company done a review of its operations to return to profitability?

So, Mr. Loquan, you can either decide who in your team can answer this question or whether you are in a position to do so on behalf of the members of the public.

Mr. Loquan: Well, for the first part, which is debt instrument, I would ask my VP Finance, to respond.

Mr. Pariag: Thanks very much, Mark. Okay. Yes. So with respect to the bond to mature in 2086, as I said before, we have an instrument that will cater for US 200 million of that remaining liability. And the plan—and this instrument matures basically in 15 years from now. The plan will be to put in place another instrument that would take care of the remaining balance of that liability. Certainly, that is going to be addressed, you know, not in 2021 or 2022, but somewhere, you know, between, you know, '23, '24 accordingly. But the plan is to put in place another instrument to meet that liability when it falls due.

Mr. Chairman: And the second question, Mr. Loquan.

Mr. Loquan: The question second I gather was, have we reviewed—

Mr. Chairman: Given the current challenges facing NGC, has the company done a review of its operations to return to profitability?

Mr. Loquan: Yes, I think we have been doing that, and if you look at our, I guess, strategy evolution for NGC, it is moving the company away from simply buying and selling gas where the margins are thin. And basically, as the Chairman would have alluded to, going towards a strategy of getting value across an entire gas value chain. So that would mean that we have reviewed and are continuing to review the operations along the upstream element, the midstream element, the downstream element, the LNG marketing and trading, and the way how we conduct our operations from procurement to projects, to the way how we manage the networks, to real-time data, we are using technology and so

on. We have been reviewing that with particular strategies in place so that we can secure the business for the future, which is always number one, where we know we have contracts that are coming to an end. And therefore, a large part of the business is always looking at the contractual landscape and what we do going forward, as well as building the organization to a much sounder institution safety-wise, people-wise, governance-wise, projects-wise and creating value which we are measuring.

And not only that, we are using technology—the tool is called “Power BI”, and the Power BI is actually—I guess you may have seen it but it is actually taking all the measurements that we have in the various divisions across the company and making it visible for the people on the teams and so on, and we can see exactly where we are at various points in time for those areas, from safety, finance, HR, projects, governance, et cetera, et cetera. So that is already in the technology loop, and the board is also seeing that.

Mr. Chairman: Okay. May I seek some clarification on a statement that you made earlier, Mr. Loquan, about projects that you have via NGC in Ghana? Can you explain to this Committee or provide some information as to what are these projects and whether these projects are generating revenues to the NGC at this time? So you have projects in Ghana, if I heard you correctly. What are these projects? And are these projects generating revenues to NGC or is it generating—or are they rather generating losses?

Mr. Loquan: No. In fact, I would say, we are starting small but when I said we are leveraging our engineering services, this had to do with a small regulator skid, which is in the broad scheme of things for Ghana, was important to its power supply, and they needed that for better regulation to a power station. And that project has been—after sometime it has been subcontracted by the Ghana gas company to a company. They contracted us to do the job for which we are being paid at each different milestones of the project from engineering and design to procurement, et cetera. And that revenue is actually starting to be received. Right? So it is small projects like that that leads to, I would say, the bigger doorways of going into that space, but that is building our reputation of delivering a project that is professional by our projects group. Commendations to them and they are also in a virtual world using 3D—using technology where they can see the design of the project with somebody else on the other side of world in Ghana, and they are going through the design and different things like that. So I think that has been delivered.

Mr. Chairman: Could you indicate—

Mr. Hinds: Mr. Chairman?

Mr. Chairman: Mr. Hinds—

Mr. Hinds: Mr. Chairman—

Mr. Chairman:—I am continuing. Mr. Loquan, can you advise this Committee what is value of this project and how much we have gotten back in return thus far?

Mr. Loquan: So the answer is US \$1.3 million, which is roughly T&T \$9 million.

Mr. Chairman: Right. May I also ask, Mr. Loquan, I am going to the submission that you have made to this Committee on page 44 dealing with staff costs. You said a short while ago that in your attempt to bring about greater levels of efficiency, you have had to reduce you head count by 25 per cent, if I not mistaken. I am looking at a table in this appendix on page 44 which shows that at the end of 2016, the total number of staff members, inclusive of temporary, contract and permanent, totals 832 at a value of \$305 million.

However, when we look at comparable table or the comparative table 2020, the staff has been reduced from 832 to 647 minus temporary, 50 contract and 597 permanent, but the value remained roughly at \$304 million. So even though the head count has been reduced, the value of your wages and salaries remained at about \$304 million. Could you clarify for this Committee this conundrum?

Mr. Loquan: Yeah. I would have to get some guidance here to review that some more. But I know there was a wage freeze at the very early stages. So despite some wage freeze in the early years, going forward in time that would have been—some of that would have corrected but I would need to check those figures with my HR, if not before the meeting then within very short order.

Mr. Chairman: Okay. And we will appreciate that and if it could be submitted in writing as well. Mr. Loquan, the question of dividends, could you advise this Committee between the period 2015 to 2016 and—2015/2016 to 2019/2020, can you inform this Committee what was the annual dividends paid out to the State or the Government of the Republic of T&T on a yearly basis? So in 2015/2016, what was the value or the quantum of dividends paid out the Government of Trinidad and Tobago? And we want it for 2016/2017, 2017/2018, 2018/2019, 2019/2020 so we will have an understanding of the successful enterprise that we have operating in the interest of the national community that is contributing to the national coffers. Can we have those figures?

12.45 a.m.

Mr. Loquan: Yeah, I would ask Narinejit as VP Finance to answer if he can.

Mr. Pariag: Thank you very much, Mr. Chairman. So for the years—you know, the information I have here it is based on the calendar year and not government fiscal year, but total dividend payment from 2015 to 2020 is in the order of \$11.02 billion, and I will give you the breakout on an annual basis: 2015 was 6.8 billion; 2016, 1.4 billion; 2017, 1.4 billion; 2018, 1.05 billion; 2019, 193 million; and 2020,

109 million. So that is the total sum and the breakout on an annual basis.

Mr. Chairman: Mr. Pariag, could you tell this Committee whether any further moneys were accessed by the particular entity, that is, the National Gas Company, in terms of dividends? Did the Government of Trinidad and Tobago call upon the National Gas Company to pay any additional dividends outside of what you have outlined to this Committee between the period 2015/2016 to '20?

Mr. Pariag: So what I have outlined, Mr. Chairman, represents the total dividend payment from 2016 to 2020. There were three in the years 2015, 2017 and 2018. There were some exceptional dividends and I would just articulate. In 2015 the company had an IPO where we sold off interest in one of our subsidiary companies, and we did make a special dividend payment to the State which would have been incorporated as part of that overall 6.8 billion that I spoke about for 2015; in 2017 there was an additional public offering and upon successful completion we did make a special dividend payment of \$838 million to the State, and in 2018 we also did, you know, following the liquidation and settlement of some of our outstanding moneys from the CIB, Clico Investment Bank, which was severed through shares, we did do a dividend in kind to the Government of Trinidad and Tobago of 627 million. So there were three specific situations that resulted in special payments.

Mr. Chairman: Yes. Mr. Loquan, there are some areas I would like you—

Mr. Hinds: Mr. Chairman.

Mr. Chairman: Mr. Hinds, you would like to raise—

Mr. Hinds: Mr. Chairman, would you permit me to ask a question as much you are entitled to—

Mr. Chairman: No, I am not through with my line of questions, so would you permit me to be able to get through my questions as the Chairman of this meeting.

Mr. Hinds: Thank you. I look forward to an opportunity to, as there is two of them. Thank you.

Mr. Chairman: I would return to you shortly. Mr. Loquan, may I suggest to you, and I would like to find out from you on behalf of this Committee, whether the NGC did in fact get final approval for its strategic plan for the years 2017 to 2020? Mr. Loquan.

Mr. Loquan: Well, my answer to that is, in terms of getting approval we would have, back in 2017, would have had annual technical meetings where we would have presented the strategic plans or updated plans, which we would do normally every year, which included several Ministries, and not only the Ministry of Energy.

Mr. Chairman: No, the reason why I am asking this question is because we are doing a follow up. This Committee had asked the National Gas Company to submit a copy of its 2017—2020 strategic plan no later than August the 31st, 2017. We are still awaiting the submission from the National Gas

Company of its strategic plan for 2017—2020. That is why I asked the question, whether this plan was approved? Because when NGC was before us at the material time they told us they were awaiting official approval from the Ministry of Energy and Energy Industries. That is why I am asking the question, whether this plan was ultimately approved, because this Committee never received a copy of that plan. Could you clarify, Sir?

Mr. Loquan: Well, the way how we would have worked back in 2017 is we would have had the 2017 to '20 plan, 2018 to 2021 plan. Do you need to see only the 2017 to '20 or do you need to see the other plans too?

Mr. Chairman: We would like to have copies of the 2017 to 2020 plan and any subsequent plans the NGC has gotten formal approval for.

Mr. Loquan: Yeah, I am not aware of getting formal approval from the Ministry, because normally what we would do is present to our board and we would certainly get the board approval for the strategic plan. For example, last year we would have had the 2020 to 2024 plan, and we presented that to the Minister with the board. But in the years prior—sorry, I am not hearing you.

Mr. Chairman: You proceed.

Mr. Loquan: Yeah, I was saying, last year we would have presented as a board to the Minister of Energy our strategic plan 2020 to 2024. And in the years prior to that it would have been via this annual technical committee. Perhaps PS Bradshaw could comment on that, but certainly we would have had board approved plans that we would have been working through and submitted.

Mr. Chairman: Okay. Mr. Loquan, could you supply this Committee with the '17 to '20 strategic plan for the NGC as well as any subsequent plans of that company? And the other area I wanted to bring to your attention, is that NGC was requested in Recommendation 1.3 of the Public Accounts (Enterprises) Committee to provide it with a detailed schedule of the activities and time lines regarding the implementation of the plan within three months of the approval of the plan. Again, that dealt with the strategic plan, and we wanted NGC to provide this Committee with a detailed schedule of the activities. That is now passé.

The point I would like to make is that we had given NGC some recommendations, which they accepted, and they were supposed to provide this Committee with several detailed pieces of information on their operations, which we are yet to receive. Because there is another meeting that is about to start shortly, we are stress—we are trapped I should say, for time, so I would ask all members who have outstanding questions, put them in writing and we shall submit them to the NGC. We have a number of outstanding questions that we will also submit to the NGC for written responses. We

have now exhausted our time at this meeting.

Mr. Loquan, we will welcome brief closing remarks. We will also welcome brief closing remarks from the Permanent Secretary and from Ms. Mohammed from the Investments Division.

Mr. Hinds: Hi, hi, Mr. Chairman.

Mr. Chairman: Mr. Loquan, you have the floor.

Mr. Loquan: Okay. So I would just end off by saying thank you, Chair and Committee for inviting us and posing your questions. We have tried to answer to the best that we can, but I would like to end off by saying some important things for the future here:

- One is we are moving to a business framework that is incorporating value along the entire gas value chain. That is one aspect that I would like to remain with. Meaning upstream, midstream, downstream, trading and any other of the areas of the associated subsidiaries.
- Secondly, we are focused on sustainability thinking now, which is evidenced by our sustainability report. Our fourth one should come out by the middle of this year for 2020, that describes some of the things that we have been talking about for the morning, which is really explaining all the various aspects that we are working in, all the dimensions.
- And then thirdly, the question on the green agenda is very important, because I think the whole area of not only expanding energy, but expanding with a clean energy mix and framework is an issue that is facing all companies in the energy sector.

NGC will be no different in that space. The only difference is we are across the chain and we can make an immense contribution to Trinidad and Tobago and to the region with our capabilities and our focus on the green agenda. We continue to remain focused on value and value is going to be created through remaining focused on our gas contract sustainability of the PETCHEM sector and as well as the sustainability of the LNG sector. So we will continue to depend on working with the Government very closely in solving some of the challenges ahead. Thank you for your time. We are not hearing.

Mr. Chairman: Yes, can I invite the Permanent Secretary in the Ministry of Energy and Energy Industries to make brief closing remarks.

Mrs. Bradshaw-Niles: Thank you, Chairman. I just want to say that I have taken note of some of the questions and the comments that you have had with respect to NGC, and we too will continue to liaise with the company. I just want to make three points:

1. We at the Ministry of Energy and Energy Industries see natural gas as a key fuel in terms of the transition towards being sustainable, and in terms of changing the energy agenda, and therefore we still think that natural gas is good business;
2. We see NGC as fulfilling a critical role in terms of where its placement within our natural gas sector locally; and
3. That we will continue to work, as we have been doing, very much in the last few years, to ensure that the best decisions are taken with respect to the entire natural gas value chain.

Thank you.

Mr. Chairman: Thank you. And Ms. Sharon Mohammed, Ministry of Finance, Investments Division, brief.

Ms. Mohammed: Yes, Chairman. Thank you, Chairman and the Committee members for having the Ministry as part of this meeting with the NGC. We have taken note of the questions that were asked by the Committee, and we will follow up and submit our responses within the agreed time frame. Thank you.

Mr. Chairman: Thank you so very much. At this time we would like to thank all the officials from the Ministry of Energy and Energy Industries, also the National Gas Company of Trinidad and Tobago, and of course we have with us also, the last group we have with us, I would like to thank them, that is, well, I think I mentioned gas, Ministry of Energy and Energy Industries, Ministry of Finance, Investments Division, and of course the National Gas Company. So have a very wonderful evening. And Mr. Loquan, we put you on notice along with Mr. Enill the Chairman, and all the officials from the Ministry of Energy and Finance, if the Committee deems it fit to ask you to return, we shall. So I want to put you on notice, you may be recalled in the event that you are needed by the Committee. Have a great evening. We will now allow the members to leave and other members shall stay. This meeting is now suspended.

Mr. Loquan: Thank you.

Ms. Mohammed: Thank you.

Mrs. Bradshaw-Niles: Thank you, Chair.

Mr. Pariag: Thank you all.

1.02 p.m.: *Meeting adjourned.*

