



PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE THIRD REPORT

The Estate Management and Business Development Company Limited

Fourth Session, 10th Parliament

**Examination of the Financial
Statements for the Years Ended**

September 30, 2007 - 2009

Ordered To Be Printed By the
House of Representatives and Senate



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.”

An electronic copy of this report can be found on the Parliament website: www.ttparliament.org

Office of the Parliament
Levels G-7, Tower D
The Port of Spain International Waterfront Centre
1A Wrightson Road Port of Spain Republic of Trinidad and Tobago
Tel: (868) 624-7275; Fax: (868) 625-4672

Email: paec@tpparliament.org

**MEMBERS OF THE PUBLIC
ACCOUNTS (ENTERPRISES)
COMMITTEE**

**TENTH PARLIAMENT
REPUBLIC OF TRINIDAD AND
TOBAGO**



**Mr. Fitzgerald Hinds
Chairman**



**Mr. Errol McLeod
Member**



**Mr. Rudranath Indarsingh
Member**



**Mrs. Paula Gopee-Scoon
Member**



**Mr. Colm Imbert
Member**



**Mr. Fazal Karim
Member**



**Ms. Marlene Coudray
Member**



**Mr. Embau Moheni
Member**



**Dr. Rolph Balgobin
Member**

Table of Contents

| | |
|--|----------|
| Executive Summary | 5 |
| Requirement to Report | 5 |
| Recommendations | 5 |
| Chapter 1 | 7 |
| The Committee | 7 |
| Establishment, Election of Chairman and Dtermination of Quorum | 7 |
| Change in Membership | 7 |
| Committee Support Staff | 8 |
| Meetings | 8 |
| Chapter 2 | 10 |
| Company Profile | 10 |
| The EMBD’s Mission Statement and Core Values | 10 |
| The Board of Directors | 11 |
| Projects Department | 11 |
| Estate Management | 11 |
| Chapter 3 | 13 |
| Examination of the EMBD | 13 |
| Chapter 4 | 34 |
| Issues and Recommendations | 34 |
| Appendix I | i |
| Appendix II | xiii |
| Appendix III | lxxviii |
| Appendix IV | lxxxiii |
| Appendix V | lxxxv |
| Appendix VI | lxxxviii |
| Appendix VII | xciii |

Executive Summary

This Third Report of the Public Accounts (Enterprises) Committee (P.A.(E).C.) of the Tenth Parliament examines the entity:

The Estate Management and Business Development Company Limited (EMBD) on its Financial Statements for the years ended September 30, 2007, 2008 and 2009.

Requirement to Report

In accordance with Section 119(5) of the Constitution of the Republic of Trinidad and Tobago, which empowers and guides the functions of the P.A.(E).C, the EMBD falls under the purview of the P.A.(E).C. Furthermore, Standing Order 79(7)(d) of the House of Representatives and 71(7)(d) of the Senate states, “each Joint Select Committee shall also have the following powers....(d) to report from time to time”¹.

As such, the Committee wishes to present its report on the matters considered in the examination of the EMBD and based on its findings, the Committee submits for the consideration of the Parliament its recommendations.

Recommendations

The Report concludes with the following main recommendations:

- The EMBD must act in accordance with the law when making financial decisions outside its purview. Additionally, all financial undertakings of the EMBD must be in the name of the entity and not the Chairman or any member of the executive management. According to the Ministry of Finance Investments Division (2011) guide book, section 3.1 “state enterprises are required to obtain prior approval, from the Minister of Finance for the acquisition of significant assets; new investments in non-governmental securities; the incurrence of new/additional long-term debt; and entering into significant contracts”².

This mandate is in accordance with the *Incorporation Act No 5 of 1973, Chap 69:03*.

¹ Republic of Trinidad and Tobago Standing Orders of the House of Representatives. Standing Order 79 (7) (d). 101

² Ministry of Finance, Investments Division. Improving the Corporate Governance Framework for State Enterprise 2011. 22

Ibid. page 14

- The EMBD must take legal action against CLICO to retrieve the funds which matured in 2008.
- The EMBD must establish a records management system. It is advised that this system be made policy and stringent measures be imposed for failure to adhere to this policy. Furthermore, the Committee recommends that EMBD source all documentation needed to settle outstanding debts.
- The Committee concurs that a log system be implemented at the sandpits. It is recommended that, security be employed at all sites and a comprehensive log system be developed for civilians and cargo
- The EMBD should devise a system to calculate present and past royalties with regards to the sandpits. Efforts must be made to repay outstanding royalties to the Government of the Republic of Trinidad and Tobago.
- The EMBD must implement policies that adhere to the procedures outline by the Ministry of Finance for tendering and the procurement and employment of staff.

Chapter 1: Presents details of the establishment of the P.A.(E).C. in the Tenth Republican Parliament, the Election of Chairman and Determination of the Committee's Quorum.

It also includes the particulars of Meetings held with the entity under report and lists the Support Staff of the Committee

Chapter 2: Outlines the company profile of the EMBD and explains the evidence given to the Committee

Chapter 3: Presents the examination of the EMBD and the issues that were discussed

Chapter 4: Lists the main issues; each with specific recommendation presented by the Committee, for the consideration of the Parliament

Appendix: The supporting Minutes of Meetings and Notes of Evidence.

Chapter 1

THE COMMITTEE

Establishment, Election of Chairman and Determination of Quorum

1. The P.A.(E).C, of the Tenth Republican Parliament was established by resolutions of the House of Representatives and the Senate at sittings held on Friday September 17, 2010 and Tuesday October 12, 2010 respectively.
2. The Committee, held its first meeting on Tuesday October 26, 2011. At this meeting the Committee elected Mr. Fitzgerald Hinds as Chairman, in accordance with Section 119(6) of the Constitution of the Republic of Trinidad and Tobago. Furthermore, the Committee agreed to meet on the third Tuesday of every month.
3. At that same meeting, the Committee also resolved that its quorum should comprise of six (6) Members, inclusive of the Chairman and any other Opposition Member. However, at a meeting, held on Tuesday October 16, 2012, by agreement, the quorum was reduced to five (5) Members, with no change to the composition.

Changes in Membership

4. Following the establishment of the Committee, by resolution of the House of Representatives made on October 16 2012, the Senate agreed to the appointment of Dr. Rolph Balgobin in lieu of Mr. Basharat Ali.
5. By a resolution of the Senate made on Tuesday November 20, 2012 Ms. Marlene Coudray replaced Dr. Bhoendradatt Tewarie as a Member of the Committee.
6. On September 27, 2013, the Speaker of the House declared the St. Joseph seat in the House of Representatives vacant. As such, Mr. Herbert Volney ceased to be a member of the House and a member of the P.A.(E).C.

Committee Support Staff

7. The following members of staff serve the Committee through the provision of procedural, administrative and research support services:

- Ms. Keiba Jacob - Secretary to the Committee
- Ms. Khisha Peterkin - Assistant Secretary to the Committee
- Ms. Candice Williams - Graduate Research Assistant
- Mr. Ian Mural - Parliamentary Intern
- Ms. Dianne Forde – Administrative Assistant

Meetings

8. Public hearings were convened with representatives of the EMBD on the following dates:

- Tuesday April 19, 2011 – *in public*;
- Tuesday May 17, 2011 – *in public*;
- Tuesday January 17, 2012 - *in public*;

9. At the meetings held *in public*, the Committee met with Officials of the EMBD to examine its Audited Financial Statements for the years ended September 2007, 2008 and 2009. The witnesses attending on behalf of the EMBD on Tuesday April 19, 2011, and Tuesday May 17, 2011 respectively were:

| | | |
|----------------------------|---|---|
| Mr. Kristendath Ramkissoon | - | Chairman |
| Mr. Stephen Broadbridge | - | Director (Vice Chairman) |
| Mr. Anthony Gopaul | - | Director |
| Mr. Stephen Ramkissoon | - | Director |
| Mr. Seebalack Singh | - | Chief Executive Officer |
| Mr. Keith Gray | - | Divisional Manager, Corporate Services |
| Ms. Salisha Bellamy | - | Divisional Manager Estate Management |
| Mr. Anup Jaimungalsingh | - | Aggregate, Security and Rent Collection Co-ordinator |
| Mr. Kahilil Baksh | - | Project Manager |
| Ms. Nadira Mohammed | - | Accountant |

10. The officials on behalf of the EMBD that attended the meeting held *in public* on Tuesday January 17, 2012 were:

| | | |
|----------------------------|---|-------------------------------------|
| Mr. Kristendath Ramkissoon | - | Chairman |
| Mr. Anthony Gopaul | - | Director |
| Mr. Stephen Ramkissoon | - | Director |
| Mr. Seebalack Singh | - | Chief Executive Officer |
| Ms. Nadira Mohammed | - | Divisional Manager, Finance Finance |
| Mr. John Pouchet | - | Internal Auditor |
| Mr. Khalil Baksh | - | Project Manager |

11. The Committee was assisted by officials from the Investment Division of the Ministry of Finance and the Economy at the meetings held in *public* on Tuesday April 19, 2011, Tuesday May 17, 2011, and Tuesday January 17, 2012. The officials attending were:

Tuesday, April 19, 2011

- Ms. Sharon Mohammed - Business Analyst
- Mr. Samuel Deonarine - Senior Audit Analyst

Tuesday May 17, 2011

- Ms. Savatry Ramsaran - Business Analyst
- Mr. Samuel Deonarine - Senior Audit Analyst

Tuesday January 17, 2012

- Ms. Sharon Mohammed - Investments Division
- Ms. Brenda Jones - Comptroller of Accounts

12. At the meeting held in *public* on Tuesday April 19, 2011, the Committee was assisted by officials from the Comptroller of Accounts Department. The officials attending were:

- Mrs. Sharem Ali-Baksh - Treasury Officer III
- Ms. Radica Deonanan - Treasury Accountant I

Chapter 2

COMPANY PROFILE

13. The EMBD is a limited liability company under the Government of Trinidad and Tobago. The company's primary mandate is to manage and develop lands formerly owned by Caroni (1975) Limited, to stimulate and facilitate activities in the areas of agricultural estates, residential estates, industrial manufacturing and commercial complex.

14. In 2009, the Government of the Republic of Trinidad and Tobago added all state agricultural lands to the EMBD's portfolio to manage and develop the agricultural sector to optimize growth and development, in a manner which ensures consistent sustainable development for the socio-economic benefit of the people of Trinidad and Tobago.

The EMBD's Mission Statement and Core Values

15. The EMBD's mission is "To develop systems for the management of state agricultural lands for the socio-economic benefit of the citizens of Trinidad and Tobago through an efficient, committed and innovative team." The EMBD's core values are:

- **Professionalism** – accurate, timely and courteous response;
- **Integrity** – all operations capable of withstanding scrutiny;
- **Quality** – provision of service as defined by customer requirements;
- **Transparency** – open to scrutiny by all stakeholders;
- **Equity** – equal access to information; and
- **Equality** – equal treatment of all internal and external customers.

16. On December 3, 2010 the Board of Directors were officially appointed by the Minister of Food Production, Land and Marine Affairs. The EMBD is governed by a Chairman and Board of Directors with two primary departments, the Projects and the Estate Management Departments.

The Board of Directors

17. At the time of the Committee's examination of the EMBD, the Board of Directors were:

- Mr. Kristendath Joe Ramkissoon - Chairman
- Mr. Stephen Broadbridge - Deputy Chairman
- Mrs Dhano Sookoo - Director
- Mr. Marcus Ramdwar - Director
- Mr. Lloyd Munga - Director
- Mr. Robert Salandy - Director
- Mr. Anthony Gopaul - Director
- Mr. Devendra Duggal - Director
- Mr. Stephen Ramkissoon - Director
- Mr. Rasheed Kondiah - Director
- Dr. Ian Khan Kernahan - Director

Projects Department

18. The Projects Department's core responsibilities include:

- Developing residential lots for Caroni 1975 Limited, Voluntary Separation Employment Packages (VSEP) employees, and
- Providing technical and engineering support for the rehabilitation of the Agricultural Access Roads Programme, in collaboration with the Land and Water Management Division of the Ministry of Food Production, Land and Marine Affairs.

19. The Projects Department is responsible for subsidiary functions such as procurement, engineering, project management, construction management, regulatory permitting and health and safety.

Estate Management

20. The Estate Management division's primary focus includes the management of the commercial, residential, industrial and agricultural lands. The Division ensures that the policies to facilitate the sustainable use and development of the land and its resources are adhered to. The EMBD through the issuance of sub-leases can provide security of tenure to farmers.

21. This Division was mandated to create a digital Land Information System for the agricultural lands under the Commissioner of State Lands. Presently, this department is in the process of redefining the boundaries of the two acre agricultural parcels developed for Caroni 1975 Limited VSEP employees.

Chapter 3

Examination of the EMBD

22. During the examination of the EMBD's financial accounts on April 19, 2011, the following issues arose:

i. CLICO Insurance Policy

The Committee noted that the EMBD invested in two (2) policies with CLICO called an 'Executive Flexible Premium' in which the annuitant, Mr. Uthara Rao, was the Executive Chairman at the time. The Committee queried why this was done and under whose authority. Representatives from the EMBD were unable to provide an explanation.

ii. Bad Debts Written Off

The Committee enquired into the 'bad debt expense' that was written off which amounted to approximately one (1) million dollars. The EMBD elucidated that the debtors at the time were Caribbean Minerals (\$345,000); Phoenix Welding and Fabrication (\$460,000); Green Field Properties (\$268,000); Bewil and Company (\$3,890); and Innovative Security (\$80,178). Questions were raised by the Committee pertaining to why the debts were written off, and whether any attempts were made to collect the debts prior to it being written off. In response, the EMBD stated that efforts were made to retrieve records to determine what those sums represented, and how the transactions emerged. However, the lack of documentary evidence had resulted in no recovery attempts.

iii. The Managing of Sandpits Owned by Caroni (1975) Limited

In the EMBD's income statement, the Committee noted that the EMBD had received 'Sand mining management fees' in the sum of \$9,025,000. The Committee quoted note 12 on page 17 of the EMBD's 2008 financial statements which indicated that "Management fees represent the proceeds from contractors who extract sand from sandpits owned by Caroni (1975) Limited. This arrangement was implemented in order to compensate the Company for securing and managing the sandpit assets." As such, the Committee enquired into why the EMBD was making a gross profit whilst their

sandpit operating expenses for 2008 stood at \$153,082. Questions were further raised by the Committee to determine what other expenditures were involved in that management contract, and whether the EMBD had a legitimate contract with Caroni that entitles the EMBD to collect any additional proceeds from contractors. The Committee agreed to put this in writing to obtain a written response from the EMBD. (See pages, 19-20)

iv. The Arrears of Value Added Tax and Corporation Tax

The Committee highlighted notes prepared by the Ministry of Finance and the Economy which indicated that the EMBD is carrying a value added tax receivable amount of TT \$112 million dollars for which recoverability is uncertain. In addition, the Committee noted that the EMBD has been tardy with corporation tax payments. At the end of 2008, the EMBD owed \$1.7 million dollars in corporation tax payments and an additional liability of \$3.7 million dollars was also recognized. However, no installments were made during that period. As such, the Committee questioned the EMBD's tardiness with such matters. In response, the EMBD stated that they are in the process of filing all VAT returns, all corporate tax returns and any other additional taxes before the tax amnesty expires.

v. Benefits Paid to Key Management Personnel

The Committee noted that in addition to the salaries key management personnel were receiving, the EMBD also provided non-cash benefits to executive officers. For instance, in 2008, the compensation for key management personnel comprised of short-term employment benefits in the sum of \$2,442,688.00. Whereas, in 2007 the short term employees benefits stood at \$1,328,946, thus illustrating an excess of \$1,000,000. The Committee request an explanation into the non cash benefits to key management personnel. The EMBD responded that no records could be located to reflect these benefits for 2008.

23. Subsequent to the Committee's public examination, the EMBD was asked to provide responses to the following questions, **1- 6**, in writing:

1) The composition of the EMBD Board in 2008 and whether this composition was a full complement.

The EMBD's Response to question 1:

On 1st January 2008, the Board consisted of an Executive Chairman – Mr. Uthara Rao and three (3) members as follows:

- Ms. Lenore Joseph
- Mr. Raymond Tim Kee
- Mr. Deroop Teemal

On 18th July 2008, Mr Noel Garcia was appointed Chairman of the Board. Mr Uthara Rao remained a board member along with the following three (3) members:

- Ms. Lenore Joseph
- Mr. Raymond Tim Kee
- Mr. Deroop Teemal

On 17th December 2008, the following four (4) persons were added to the Board:

- M.s Jacqueline Ganteaume-Farrell
- Ms. Karen Bridgewater-Taylor
- Ms. Savatry Ramsaran
- Prof. Jacob Opadeyi

The Board then consisted of the Chairman – Mr. Noel Garcia and eight (8) members.

On 18th December 2008, Mr Uthara Rao ceased to hold office as a Director leaving the Chairman, Mr Garcia and seven (7) members. **(See Appendix III)**

A full complement of the EMBD's Board of Directors is a minimum of five (5) and a maximum of thirteen (13).

2) With respect to the two insurance policies established to the value of \$52million and US\$327,000.00, with the Annuitant being the former CEO, Mr. Uthara Rao:

a) The rationale as to why two CLICO insurance policies were taken out in the first instance, in the name of the then CEO, Mr. Uthara Rao.

The EMBD's Response to question 2 (a):

The two (2) investments made by the EMBD in the Executive Flexible Premium Annuities (EFPA) – R000186025 & US00033219 at CLICO were taken out in the name of Estate Management Business Development Company Limited as owner.

| | |
|----------------------------|--|
| Beneficiary – Relationship | Estate Management Business Development Company Limited |
| Annuitant | Mr. Uthara Rao |
| Payor | Estate Management Business Development Company Limited |
| Owner | Estate Management Business Development Company Limited |

b) Is there evidence available to determine whether the above decision had the full approval of the then Board of Directors?

The EMBD's Response to question 2(b):

No evidence has been found so far to indicate whether the above decision had the full approval of the then Board of Directors.

c) What was the total sum of interest accrued from the policy investment, how much of this was recorded and in what manner was it recorded in the Company's books?

The EMBD's Response to question 2(c):

Policy No. R000186025 has an accrued interest of TTD \$4,366,243.74m and Policy No. US00033219 has an accrued interest of USD \$45,303.00 as at 30th September 2008.

The total sum of interest accrued on both policies was recorded in the Audited Financial Statement as Finance Income.

d) What evidence is there to show that no interest was paid to the former CEO from the insurance policies?

The EMBD's Response to question 2(d):

Correspondence issued by the Vice President of Insurance Operations at CLICO, dated May 12th 2011 states "According to our records, no disbursement have been paid to EMBD or any of its representatives". (See **Appendix IV**)

e) What evidence can be brought to show that the policies are now in the name of the EMBD Ltd.?

The EMBD's Response to question 2(e):

Correspondence dated January 26th 2009, signed by the Corporate Counsel/Asst Corporate Secretary states, "Colonial Life Insurance Company (Trinidad) Ltd. wishes to confirm that the captioned investments are held solely in the name of Estate Management and Business Development Co. Ltd as owner". (See **Appendix V**)

f) How does the Company intend to recover the value of the annuities held in CLICO, on which they (CLICO) have already been written to?

The EMBD's Response to question 2(f):

The company will be guided by the Ministry of Finance (Corporation Sole) on this matter.

g) An explanation with respect to the disparity between the figures stated on Page 13, Note 4 of the Report entitled "Investment" and how each of these amounts was arrived at?

The EMBD's Response to question 2(g):

This was a typographical error on the part of the auditors, KPMG. The correct figure should have been \$55,054,018.

Specific sums are TTD \$52,880,063 and USD \$347,833.

h) Whether the Company is in a position to state what sums representing Commissions on the policies were paid and to whom;

The EMBD's Response to question 2(h):

The issue relating to commission paid is a matter between CLICO and its agent. The EMBD is not in a position to answer this question.

i) Information as to who had the legal entitlement to the policy and any income coming from the policy (if the policy was in fact in the name of the CEO at a particular point in time)

The EMBD's Response to question 2(i):

The two (2) investments – US00033219 and R000186025 “are held solely in the name of Estate Management & Business Development Company Limited as owner”. “The Estate Management & Business Development Company Limited is the beneficiary of the principal and interest of any and all investments held by CLICO”. (See Appendix V)

j) Whether the policy/contract was actually terminated, and when;

The EMBD's Response to question 2(j):

The policy was not terminated. (See Appendix IV)

k) What are the effective dates of the two policies and in what respective denominations were the policies made?

The EMBD's Response to question 2(k):

| Policy No. | Issue Date | Initial amount |
|------------|------------------------------|--------------------|
| R000186025 | October 2 nd 2007 | TT \$48,513,819.36 |
| US00033219 | July 28 th 2006 | US \$211,000.00 |

With respect to the US dollar investment, additional contributions were made as follows;

| Date | Amount |
|---------------------------------|----------------|
| October 19 th , 2006 | US \$29,000.00 |
| July 16 th , 2007 | US \$28,530.00 |
| October 16, 2007 | US \$34,000.00 |

l) Whether the EMBD is wholly State-owned and as such, whether the investments made was therefore state funds being utilized.

The EMBD's Response to question 2(l):

The EMBD is a wholly state owned company. The investments were made with the company's funds.

m) Whether the companies listed as debtors to the EMBD are still in operation, with a view to the recovery of the sums owed?

The EMBD's Response to question 2(m):

A legal search is being conducted to determine the existing state of affairs and what would be the future possible course of action.

3) With respect to the management of sandpit operations and revenue collection by EMBD on behalf of Caroni Ltd.:

a) Is this agreement a contractual one?

The EMBD's Response to question 3(a)

By Minute No. 2914 of November 20th 2003, Cabinet agreed to the following:

i "With immediate effect Caroni (1975) Ltd transfers the responding for the operation of the sandpit located at Esperanza, Forres Park and Todd's Road to the Estate Management and Business Development Co. Ltd."

ii "The Estate Management and Business Development Co. Ltd assume full responsibility for the operations of the sandpits including all contractual relationships pertaining thereto"

b) What is the nature of the associated security contracts as noted in the accounts?

The EMBD's Response to question 3(b):

There was no specific security contract for the quarries. The security costs reflected in the 2008 accounts (\$3.7M) represented the overall cost of securing ALL lands formerly under Caroni (1975) Ltd.

- c) *Is there any further expenditure incurred by that agreement; and*
- d) *How many employees are assigned to this activity?*

The EMBD’s Response to questions 3 (c-d):

Based on records the only direct costs associated with the operations of the Sandpit was the salary paid to one (1) employee and motor vehicle expenses:

| | | |
|-----------------------|---|---------------------|
| Salary for 2007/2008 | = | \$146,400.00 |
| NIS was | = | \$ 4,685.14 |
| Motor Vehicle Expense | = | <u>\$ 1,997.48</u> |
| Total | = | <u>\$153,082.62</u> |

- 4) A clear explanation as to what the non-cash benefits to executive officers comprised, as well as how the short-term employment benefits to key management personnel have been disbursed.**

The EMBD’s Response to question 4:

To date, no records can be located on non-cash benefits to Executive Officers for the fiscal year 2008.

- 5) Copies of all contracts for the audited period ended 31/12/2008 for which the company has entered into with contractors and other entities.**

The EMBD’s Response to question 5:

Enclosed are letters of Awards and Acceptance Letters relative to the contracts awarded for the period ended 31/12/2008. (*See Appendix VI*)

The company is continuing its efforts to locate the contract documents for 2008.

- 6) Written notification on or before May 30, 2011 to the P.A.(E).C, regarding the company’s position with respect to its arrears for V.A.T. and Corporation tax.**

The EMBD’s Response to question 6:

This is being addressed at present and the Committee will be notified with the Specified time-frame.

Enquiry of the EMBD – May 17th, 2011

24. At the second *public* examination of the EMBD's financial accounts by the Committee on May 17, 2011, the following issues arose:

i. The EMBD's mandate and infrastructural works

Based on infrastructural works conducted by the EMBD, the Committee queried the aggregate cost of works undertaken by the EMBD, as well as the names of companies that were awarded contracts in 2008. Based on the last meeting, the EMBD indicated that they are currently putting together a list of contracts and sums that were awarded in 2008, which are being prepared for submission to the Committee on May 26, 2011.

The Committee went further to question the quality of works that were produced by drawing reference to certain EMBD job sites which displayed four (4) inch PVC pipes protruding from the ground. The EMBD stated all pipes were connected to the system, and that all works were done in accordance with the specification certified by independent consultants.

In addition, the Committee raised the issue on whether the lands identified for agricultural and residential purposes have obtained the required approvals, for example, WASA, the EMA, the regional corporation etc. In response, the EMBD stated that for some of the contracts the approvals were not obtained before the work had commenced, and they are now currently in the process of attaining such approvals.

ii. Commercialization Activity

The Committee raised issues with respect to the EMBD's mandate for commercialization. Specific reference was made to the development of Bank Village Gated Community which has been developed using substantial sums of money and has yet to yield any financial return. Based on the accounts of 2008, the Committee sought to gather information pertaining to the expenditure and the returns on that investment. Furthermore, the Committee noted that the gated community at Bank Village was developed without the approvals of relevant authorities. In response, the EMBD stated that it was the norm during that period to acquire lands and to develop

it without the statutory approvals. The EMBD is now in the process of obtaining approvals for the site from relevant agencies.

iii. Reconciliation of the outstanding sums of \$112million (2008)

The Committee queried whether appropriate actions were taken by the EMBD in filing all VAT returns, all corporation taxes, and any outstanding matters within the tax amnesty period. In addition, the Committee sought to get an explanation on the \$54 million dollars in 2007 which remains unrecoverable and to determine whether the \$112 million dollars in 2008 was indeed collected. The EMBD indicated that the \$54 million dollars in 2007 was an incorrect entry which was eventually corrected in 2009. Furthermore, the EMBD specified that they are currently filing all the returns as outstanding from October 2008 to present, and whatever balances are left in the VAT account from prior periods would be reconciled.

iv. Recovery of the annuities held with the CLICO Insurance Company

The decline of the financial institution, CLICO, in 2009, jeopardised the policies of the EMBD which matured in 2008 and rolled over in 2009. As such, the Committee raised issues concerning the EMBD's approach towards recovering the value of the annuities held at CLICO. Furthermore, it was revealed that EMBD did not engage in any form of litigation to retrieve the matured funds. The EMBD indicated that the company will be guided by the Ministry of Finance and the Economy (Corporation Sole) on the issue of litigation against CLICO.

v. Outstanding payments to contractors and consultants in the agricultural and residential land development projects for the period 2008

The Committee questioned whether outstanding sums to contractors have been paid to date. The EMBD indicated that due to the lack of proper documentation of contracts during that period, by the previous EMBD board, and the inability to locate the contracts awarded, payments could not be issued. The Committee further enquired into who kept the security of records when contracts were issued, and whether the EMBD has any litigation before them from any contractor. The EMBD informed the

Committee that there was a matter before the Court concerning a contractor, but the Court instructed that the matter be resolved through the process of arbitration.

vi. Sandpit Operations

The Committee enquired into the contract between Caroni (1975) Limited and the EMBD to determine whether there were any other direct expenses associated with the sandpit operations other than the \$153,000 stated in their financial statements for 2008. In addition, issues were raised by the Committee that concerned how the EMBD arrived at the \$9.205 million dollars; the outline of the contracts that were agreed upon; the total amount of sand that could be extracted within a set period; the mechanisms that were used to check and verify what the contractors extracted, and the agreed amount. It was revealed that EMBD had no logs of the operations at the sandpits and could not confirm the quantity of loads removed.

vii. Status and condition of containers that were found on the EMBD's job sites and contents within

The Committee enquired into the status of a container that was held on one of the EMBD's job sites. Due to the EMBD's inefficiencies to maintain proper documentation and the inability to source pertinent information pertaining to their own operations, the Committee posed questions relating to the status of the container, the location, and the contents that maybe held within which can shed light on the project/s being undertaken by the EMBD.

viii. Inability to locate relevant documents

The Committee noted the inability of the EMBD to provide relevant documents in relation to their operations and quoted a statement from the KPMG's financial statements, dated November 19 2009, which stated "we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion." Because, of this, the Committee questioned the accuracy of the EMBD's claims to locate pertinent documents.

ix. The availability of documents that were used by KPMG to conduct the 2008 audit assessment

The Committee enquired into the availability of the documents that were used by KPMG to arrive at their conclusions and whether those documents can be made available to the Committee in order to test the veracity and accuracy of KPMG's conclusions. The EMBD clarified that the audit conducted by the KPMG was under a previous management. As such, the EMBD indicated that once those documents are located they would be made available to the Committee.

x. The availability of records from the Ministry of Finance and the Economy

The Committee made a formal request to the Ministry of Finance and the Economy to peruse their records to determine whether any submissions were made to the Ministry by the EMBD for that accounting period, and to provide an immediate report to the Committee.

25. Arising out of the discussions, the Committee informed the Board that the Secretary would write the EMBD Chairman with questions, **1 - 7**, raised by Members for response. The requested information is as follows:

1. How many lots were distributed up to 2008, for residential and/or agricultural purposes and in which localities?

The EMBD's Response to question 1:

No residential lots were distributed up to 2008. Up to 2008, agricultural lots were distributed under the purview of the Commissioner of State Lands.

2. Are the 4" PVC pipe fittings which were prepared for the civil works connected to a system and if not, why?

The EMBD's Response to questions 2:

The 4" PVC pipes which were prepared for the civil works are interconnected to form the sewer and water reticulation system. However, the EMBD in preparing its sites for inspection has found one instance where a pipe was in an unconnected state.

3. What is the expenditure on the Bank Village gated community development to date, and by when would the approval process be completed?

The EMBD's Response to question 3:

The expenditure on the Bank Village gated community to date amounts to \$3,031,716. The approval process is expected to be completed by February 2012.

4. Was there any instance of infrastructural work being executed on any site without first having the requisite outline approval?

The EMBD's Response to question 4:

Yes there were instances.

5. What was the process for the disbursement of funds to EMBD Ltd by the Ministry of Finance, with particular reference to the 2008 allocation of \$133M?

The EMBD's Response to question 5:

In fiscal 2008, requested for funds was submitted to the Ministry of Finance based on invoices certified by independent engineering consultants for work which had been completed. The sum of \$133M represents the Company's bank balance as at 30th September 2008.

6. With respect to the accounting item "Related Party Transactions" on page 15 of the 2008 Accounts, which contractors and consultants are owed the largest amounts, have they been paid to date and if so, what are the details of the payments made?

The EMBD's Response to question 6:

The audited financial statements presented by KPMG reflect that an amount of \$2,422,344 as owed to South M Construction. Subsequently, an amount of \$1,514,265 was reconciled and settled.

7. Information with respect to the containers that have been found on sites, including the purpose, location and contents.

The EMBD's Response to question 7:

No containers belonging to the EMBD were found on sites. However, contractors would normally have containers on site for use as a site office.

Enquiry of the EMBD – January 17th, 2012

26. In the course of the EMBD's third *public* examination of its financial accounts, on January 17th, 2012, the Committee noted the following issues:

i. Income & Expenditure accounts for infrastructural work.

The Committee enquired into the reasons the income and expenditure for infrastructural work was not being appropriately reflected in the Income and Expenditure statements. The EMBD stated that there is no income and expenditure account for infrastructural work. Instead, the funds that were collected and utilized are shown as a net amount under 'Related Part Transactions' on page 15 of the 2008 financial statements. In addition, the Committee questioned whether the EMBD was in full compliance with the standard international accounting practice by posting the income and expenditure for infrastructural work in the balance sheets. The EMBD indicated that this was in fact the standard.

ii. Substantial increase in trade payables from 2008 to 2009.

Based on the EMBD's financial statements, the Committee sought to acquire justification for the substantial increases in trade payables for the period 2008 and 2009. In response, the EMBD stated that the increase was due to changes in accounting systems. In 2008, the accounting system used by the EMBD at the time was a cash accounting system. Whereas, in 2009, the EMBD implemented accounting on an accruals basis, so at the end of the fiscal year, bills which were not paid but, in fact, owed will be reflected in the accounts.

iii. Increase in total operating expenses by \$7.3 million.

Based on notes presented by the Ministry of Finance and the Economy, the Committee questioned the EMBD on the total operating expenses which had increased from \$7.3 million dollars in 2008 to \$14.6 million dollars in 2009. The notes indicated that the increase was mainly in the areas of salaries and wages. As such, the Committee posed a question to determine whether the increase in expenses was actually due to additional staff, additional works, higher salaries, consultancy and

professional fees etc. In response, the EMBD stated that the increase resulted from increases in both the personnel cost and administrative cost.

iv. Inconsistency between retention amounts and terms and conditions of contracts.

The Committee proceeded to question the hiring of staff at the EMBD based on issues that were raised in the management report and audit report. The Committee noted that some personnel were being employed without a formal contract, without a standard letter of offer, and without conducting proper reference check. Because of this, the Committee raised questions pertaining to the hiring of consultants in 2009 to determine whether they were hired through the appropriate tendering process or through a non-verbal agreement by the then Chairman of the Board. In reply, the EMBD indicated that they do not have records of any tendering process being conducted during that period.

v. New Initiatives in keeping with the Company's mandate.

During the examination of the EMBD, the Committee recited the main/core business of the EMBD which is to manage lands owned by Caroni (1975) Limited and to stimulate and facilitate new business activities through the establishment of light industrial, agricultural and housing estates and commercial complexes. In light of this, the Committee queried what new initiatives were being undertaken by the EMBD to stimulate and facilitate new business activities. The EMBD, in response, stated that the housing development was expanded to look at lands for sale, not for commercial use, but for housing use. With respect to agricultural, the EMBD stated the agricultural two-acre parcels project which had commenced in 2009 is currently towards the end phase of development. However, the EMBD mentioned that there was no development in the area of light industrial or even commercial complexes as all former Caroni lands were now handed over to the Government, which are now under the purview of the Commissioner of State Lands.

vi. Issue of Contracts to persons/firms not listed on the pre-qualification list.

The Committee noted that contractors who were not on the pre-qualification list were being awarded contracts in 2009. Because of this, questions were raised by the

Committee with respect to those contractors and amounts which have been expended by these contractors who were not on the list. In response, the EMBD indicated that those contractors were API Pipelines Construction, Ajay Enterprises Limited, Sigma Technologies Systems Limited, and Baksh Construction Services Limited. They also indicated that they have rectified this deficiency and intends to follow the appropriate procedures.

vii. Issues related to squatting, both agricultural and residential.

The Committee queried the EMBD's policy and operations in addressing squatting. The EMBD indicated that their policy entails providing security patrols for all lands under their purview and to halt potential squatters from erecting any structures for occupational reasons. However, if it is discovered that people have already erected homes and have been residing in them for a considerable period then the EMBD would refer the matter to the Commissioner of State lands as the onus resides with them. Based on the EMBD's response, the Committee noted that it is the responsibility of the EMBD to manage the lands and to provide advice to state land authorities.

With respect to agricultural squatting, the EMBD stated that their security personnel would warn the squatters to harvest and leave once their crops are short-term in nature. The Committee indicated that state policy for the regularization of agricultural squatters requires occupation before 1998. As such, the Committee insisted that the EMBD constantly monitors persons who came into agricultural squatting post 1998 and thereafter.

viii. Completion of 2010 Audited Financials.

The Committee enquired into the completion of the EMBD's audited financial accounts for 2010. The EMBD stated that it should be completed within two or three weeks, dependent on a response from the Ministry of Food Production.

27. The EMBD Ltd. was asked to provide written response to the following questions, **1-4**, to the Committee within two (2) weeks' time:

1. Details on the amount spent on infrastructural works in 2009 and the particulars of the works undertaken.

The EMBD's Response to question 1:

In fiscal year 2009 an amount of \$227M was spent on infrastructure works. This sum was spent in the following areas:-

| | | |
|----------------------------|---|----------|
| 1. Land Development works | - | \$249.3M |
| 2. Engineering Consultants | - | \$ 15.0M |
| 3. Surveying | - | \$ 3.8M |
| 4. Landscaping | - | \$ 0.4M |
| 5. Security | - | \$ 5.7M |
| 6. T&TEC & WASA | - | \$ 2.9M |

2. With respect to consultants hired for the audited year 2009:

a) Who were the consultants hired?

The EMBD's Response to question 2(a):

The Consultants at the Company in FY 2009 included the following:

- Vista Consulting Limited
- Natasha David
- Agricultural Development Bank (ADB)
- Ian G. Telfer
- Jarette Narine
- Pricewater House Coopers (PWC)
- Linda Rajpaul
- Lennox H. Sealy
- Simon Clement
- Teresa Dookharan
- Odyssey Consulting
- Eastman and Associates
- Eve Anderson and Associates\

b) *How much were they paid?*

The EMBD's response to 2 (b):

| Name of Consultant | Amount Paid TTD |
|---------------------------|------------------------|
| Vista Consulting Limited | 514,189 |
| Natasha David | 96,462 |
| ADB | 45,000 |
| Ian G Telfer | 125,000 |
| Jarette Narine | 80,575 |
| PWC | 539,160 |
| Linda Rajpaul | 42,000 |

| Name of Consultant | Amount Paid TTD |
|------------------------------|------------------------|
| Lennox H. Sealy & Associates | 321,496 |
| Simon Clement | 50,000 |
| Odyssey Consulting | 30,000 |
| Teresa Dookharan | 7,000 |

| Name of Consultant | Amount Paid TTD |
|---------------------------|------------------------|
| Eastman and Associates | 8,393 |
| Eve Anderson & Associates | 6,969 |
| Total | 1,866,244 |
| | |

c) *What were their respective roles?*

d) *What were their terms of reference?*

The EMBD's Response to 2(c) & (d):

The roles and terms of reference for the above consultants are outlined as follows:-

- **Vista Consulting Limited**

The role and terms of reference of Vista Consulting Limited as per agreement included the investigation of outstanding VAT receivable, inventory of PVC pipes, investigation of former CEO's compensation package, 2002-2008, sandpit operations, citrus fields

and investigation of accounts receivable written off \$0.9M. For the period July 1, 2009 to September 30th 2009 the firm was hired as “Consultant, Finance and Administration”. Their role as stated in their agreement included the development of financial and administrative policies and procedures and the management of the finance department; providing administrative and consulting services to the Chairman and project management to the new Head Office building. Prior to the contract granted on July 1, 2009 – from December 2008 to June 2009 – Vista Consulting Limited was paid for performing consultancy and administrative services to the EMBD.

- **Natasha David**

Payment to Natasha David represented consultancy services for a study tour to Wisconsin and visits to Miami, Wisconsin and Washington.

- **ADB**

Payments to the Agricultural Development Bank (ADB) represented amounts reimbursed by the EMBD to ADB for support services provided to the Chairman by Vista Consulting Limited.

- **Ian G. Telfer**

Ian Telfer was recruited as Divisional Manager Projects department to oversee the management of all construction projects to ensure compliance with established standards.

- **Jarette Narine**

Jarette Narine was hired as a liaison between the agricultural industry and the local communities.

- **PWC**

To review the recommended organization structure of the EMBD, recruit key personnel to resource the new functions of the organization and manage the implementation.

- **Linda Rajpaul**

Corporate Secretary/Cum Legal officer.

- **Lennox H. Sealy**

To facilitate the transformation of the EMBD and the creation of a new entity, the Trinidad and Tobago State Land Management Agency (TTSLMA). Preparation of the EMBD strategic plan 2009-2014.

- **Simon Clement**

Financial Advisor – clarification with Statutory auditors of all reported operating income subject to tax versus income from government grants, presentation of argument re: the computed and paid tax liability with respect to profits for five (5) years as stated in audited financial statements.

- **Odyssey Consultancy**

To conduct a weekend retreat for EMBD staff with the objective of building team unity.

e) What process was followed in the hiring of these consultants?

The EMBD's Response to question 2(e):

Ian Telfer and Linda Rajpaul were selected from candidates who were interviewed for the respective positions. There are no documents to suggest that any process was followed in the hiring of the other consultants noted above. There were no quotes from similar type consultants and from the records none of the above consultants had worked with the Company prior to fiscal 2009.

f) Was there approval from the Board of Directors in the decision to hire these consultants?

The EMBD's Response to question 2(f)

Minutes of Board meetings held for the fiscal period 2009 were reviewed. These minutes reveal that with the exception of PWC, the appointments of the consultants were not approved by the Board of Directors. The appointment of PWC was approved by the Board at its meeting on November 6, 2008.

Whilst the appointment of Lennox Sealy, Simon Clement and Odyssey Consulting was not approved by the Board, the Board was informed of the arrangement between the EMBD these consultants as noted in the minutes of the meetings of the Board held during 2009.

3. Details of any initiatives implemented during 2009 in relation to the establishment of light industrial and commercial complexes.

The EMBD's Response to question 3:

There are no records of any initiatives being implemented during 2009 in relation to the establishment of light industrial and commercial complexes.

4. What was the procurement procedures established for the EMBD Ltd. in 2009?

The EMBD's Response to question 4:

Draft Tenders procedures were submitted for approval by the Board of Directors at the 48th Meeting of the Board on 8 January, 2009. The Board of Directors determined that these draft policy and procedures be used for the Company's operations in the interim until the policies are reviewed by the respective sub-committees and adopted and approved by the Board. At the 49th Meeting of the Board of Directors on 12 February 2009, the Board decided that the draft policy be forwarded to the Ministry of Finance for consideration and approval.

A copy of this draft policy is enclosed. (*See appendix VII*)

Chapter 4

Issues and Recommendations

28. After the examination of the EMBD's financial accounts, the following issues were identified and recommendations proposed:

29. **Issue: CLICO Insurance Policy in the Chairman's Name**

Recommendation: This Committee recommends that the EMBD acts in accordance with the law when making financial decisions outside its purview. Additionally, all financial undertakings of EMBD must be in the name of the entity and not the Chairman or any member of the executive management. According to the Ministry of Finance Investments Division (2011) guide book, section 3.1 "state enterprises are required to obtain prior approval from the Minister of Finance for the acquisition of significant assets; new investments in non-governmental securities; the incurrence of new/additional long-term debt and entering into significant contracts". This mandate is in accordance with the *Incorporation Act No 5 of 1973, Chap 69:03*.

30. **Issue: Bad Debts Written Off**

Recommendation: The Committee recommends that the EMBD continue to make attempts to collect moneys that have been written off as bad debts, starting with supplier reconciliations.

31. **Issue: Litigation for Policies**

Recommendation: The entity must take legal action against CLICO to retrieve the funds which matured in 2008.

32. **Issue: Records Management System**

Recommendation: The Committee recommends that, EMBD establishes a records management system. It is advised that this system be made a policy and stringent measures be imposed for failure to adhere to this policy. Furthermore, the Committee recommends that EMBD source all documentation needed to settle outstanding debts.

33. **Issue: Quarry/Sandpit Operations**

Recommendation:

- It is recommended that, security be employed at all sites and a comprehensive log system be developed for civilians and cargo, and at the sandpits
- This Committee proposes that a system be devised to calculate present and lost royalties. Efforts must be made to repay outstanding royalties to the Government of the Republic of Trinidad and Tobago.

34. **Issue: Appointment of Staff**

Recommendation: The EMBD must implement policies that adhere to the procedures outlined by the Ministry of Finance for tendering and the procurement and employment of staff.

35. **Issue: Arrears of Value Added Tax and Corporation Tax**

Recommendation: The EMBD must immediately pay all outstanding Value Added Tax and Corporation Tax. The EMBD must put mechanisms in place to ensure that Value Added Tax and Coporation Tax are paid on time.

This Committee respectfully submits this Report for the consideration of the Parliament

Sgd

Mr. Fitzgerald Hinds
Chairman

Sgd

.....
Mr. Errol McLeod
Member

.....
Mr. Colm Imbert
Member

Sgd

.....
Mr. Fazal Karim
Member

Sgd

.....
Mr. Embau Moheni
Member

Sgd

.....
Mr. Rudranath Indarsingh
Member

Sgd

.....
Mrs. Paula Gopee-Scoon
Member

Sgd

.....
Ms. Marlene Coudray
Member

Sgd

.....
Dr. Rolph Balgobin
Member

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

**MINUTES OF THE FIFTH MEETING HELD ON TUESDAY, APRIL 19, 2011 AT
10:10AM IN COMMITTEE ROOM #2, AND 11:20AM IN THE PARLIAMENT
CHAMBER, OFFICE OF THE PARLIAMENT, THE RED HOUSE,
ABERCROMBY STREET, PORT OF SPAIN.**

Present were:

| | | |
|--------------------------|---|---------------------------|
| Mr. Fitzgerald Hinds | - | Chairman |
| Mr. Rudranath Indarsingh | - | Member |
| Mr. Errol McLeod | - | Member |
| Mr. Colm Imbert | - | Member |
| Mrs. Paula Gopee-Scoon | - | Member |
| Mr. Subhas Panday | - | Member |
| Mr. Fazal Karim | - | Member |
| Mr. Embau Moheni | - | Member |
| Mr. Basharat Ali | - | Member |
| Mr. Ralph Deonarine | - | Secretary |
| Ms. Keiba Jacob | - | Assistant Secretary |
| Ms. Indira Binda | - | Graduate Research Officer |

Absent were:

| | | |
|--------------------|---|------------------|
| Mr. Herbert Volney | - | Member (excused) |
|--------------------|---|------------------|

Also present:

ESTATE MANAGEMENT AND BUSINESS DEVELOPMENT COMPANY LTD.

| | | |
|----------------------------|---|---|
| Mr. Kristendath Ramkissoon | - | Chairman (Director) |
| Mr. Stephen Broadbridge | - | Director (Vice Chairman) |
| Mr. Anthony Gopaul | - | Director |
| Mr. Stephen Ramkissoon | - | Director |
| Mr. Keith Gray | - | Chief Executive Officer (Ag.) |
| Ms. Salisha Bellamy | - | Divisional Manager, Estate Management |
| Mr. Anup Jaimungalsingh | - | Aggregate, Security and Rent Collection Co-ordinator |
| Mr. Kahlil Baksh | - | Project Manager |
| Ms. Nadira Mohammed | - | Accountant |

MINISTRY OF FINANCE

| | | |
|----------------------|---|----------------------|
| Ms. Sharon Mohammed | - | Business Analyst |
| Mr. Samuel Deonarine | - | Senior Audit Analyst |

COMPTROLLER OF ACCOUNTS

| | | |
|-----------------------|---|-----------------------|
| Mrs. Sharem Ali-Baksh | - | Treasury Officer III |
| Ms. Radica Deonanan | - | Treasury Accountant I |

COMMENCEMENT

1.1 The Chairman called the Meeting to order at 10:40am in the presence of a quorum.

The Chairman informed Members that Mrs. Paula Gopee-Scoon had replaced Dr. Keith Rowley as a PA(E)C Member and welcomed Mrs. Gopee-Scoon to the Committee.

EXAMINATION OF MINUTES OF THE FOURTH MEETING

2.1 The Committee examined the Minutes of the Fourth Meeting held on Tuesday March 22, 2010.

2.2 There being no omissions or corrections, the Minutes were confirmed on a Motion moved by Mr. Rudranath Indarsingh and seconded by Mr. Embau Moheni.

MATTERS ARISING FROM THE MINUTES

3.1 Discussions were held as to a more effective and timely method of post-meeting follow-up with entities examined by the Committee.

3.1.1 It was agreed that following an examination, the Secretary would within one week following a meeting, provide Members with a draft of the issues raised. Members would have one week thereafter to make corrections and return the document to the Secretary who would then dispatch correspondence to the entity, outlining the issues raised by the Committee for response. Members agreed that the deadline for response by the entity should be two weeks from receipt of the document and should be communicated to the entity when written to by the Secretary.

3.2 The Chairman informed members that the Committee had written the EMBD Ltd. inviting them to attend the Fourth Meeting, for the purpose of examining their 2008 audited accounts. The Chairman advised members that the EMBD officials had arrived and then suspended the *in-camera* meeting, to resume in the Parliament Chamber, *in public*.

MEETING WITH ESTATE MANAGEMENT AND BUSINESS DEVELOPMENT COMPANY LTD.

4.1 ***The following issues arose from the discussions held with officials from the EMBD Ltd.:***

4.1.1 Issues relating to investment decisions made under the former CEO, namely two CLICO Insurance Policies;

4.1.2 Expenditure issues relating to bad debts written off and contracts engaged;

- 4.1.3 Financial issues relating to the management of sand-pit operations and related security contracts;
- 4.1.4 Issues relating to the arrears of Value Added Tax and Corporation Tax incurred;
- 4.1.5 Issues relating to Transactions with key management personnel (benefits paid).

4.2 The issues arising from discussions for response by EMBD Ltd. are as follows:

- i. The composition of the EMBD Board in 2008 and whether this composition was a full complement;
- ii. With respect to the two insurance policies established to the value of \$52million and US\$327,000.00, with the Annuitant being the former CEO, Mr. Uthara Rao:
 - a. The rationale as to why two CLICO insurance policies were taken out in the first instance, in the name of the then CEO, Mr. Uthara Rao;
 - b. Is there evidence available to determine whether the above decision had the full approval of the then Board of Directors;
 - c. What was the total sum of interest accrued from the policy investment, how much of this was recorded and in what manner was it recorded in the Company's books?
 - d. What evidence is there to show that no interest was paid to the former CEO from the insurance policies;
 - e. What evidence can be brought to show that the policies are now in the name of the EMBD Ltd.;
 - f. How does the Company intend to recover the value of the annuities held in CLICO, on which they (CLICO) have already been written to;
 - g. An explanation with respect to the disparity between the figures stated on Page 13, Note 4 of the Report entitled "Investment" and how each of these amounts were arrived at;
 - h. Whether the Company is in a position to state what sums representing Commissions on the policies were paid and to whom;
 - i. Information as to who had the legal entitlement to the policy and any income coming from the policy (if the policy was in fact in the name of the CEO at a particular point in time);
 - j. Whether the policy/contract was actually terminated, and when;
 - k. What are the effective dates of the two policies, and in what respective denominations were the policies made;
 - l. Whether the EMBD is wholly State-owned and as such, whether the investment made was therefore state funds being utilized;
 - m. Whether the companies listed as debtors to the EMBD are still in operation, with a view to the recovery of the sums owed?

- iii. With respect to the management of sandpit operations and revenue collection by EMBD on behalf of Caroni Ltd.:
 - a) Is this agreement a contractual one;
 - b) What is the nature of the associated security contracts as noted in the accounts;
 - c) Is there any further expenditure incurred by that agreement; and
 - d) How many employees are assigned to this activity?
 - iv. A clear explanation as to what the non-cash benefits to executive officers comprised, as well as how the short-term employment benefits to key management personnel have been disbursed (page 15, sub. 8 of the Statements entitled “Related Party Transactions).
- 4.2.5 Copies of all contracts for the audited period ended 31/12/2008 for which the company has entered into with contractors and other entities.
- 4.2.6 Written notification on or before May 30, 2011 to the PA(E)C, regarding the company’s position with respect to its arrears for V.A.T. and Corporation tax.

ADJOURNMENT

- 5.1 The Chairman thanked the Officials from EMBD Ltd. and noted that there were several matters on the audited accounts which require further examination. As such he advised that the Company would be asked to re-appear before the Committee, under written invitation by the Secretary.
- 5.2 The Chairman also thanked the officials from the Ministry of Finance, the Comptroller of Accounts and the Media for their presence.
- 5.3 There being no further matters for consideration, the Chairman adjourned the meeting. The adjournment was taken at 12.30pm.

We certify that these Minutes are true and correct.

CHAIRMAN

SECRETARY

May 2, 2011

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

**MINUTES OF THE SIXTH MEETING HELD ON TUESDAY, MAY 17, 2011 AT
10:33AM IN COMMITTEE ROOM #2, AND 11:05AM IN THE PARLIAMENT
CHAMBER, OFFICE OF THE PARLIAMENT, THE RED HOUSE,
ABERCROMBY STREET, PORT OF SPAIN.**

Present were:

| | | |
|--------------------------|---|---------------------------|
| Mr. Fitzgerald Hinds | - | Chairman |
| Mr. Rudranath Indarsingh | - | Member |
| Mr. Herbert Volney | - | Member |
| Mr. Colm Imbert | - | Member |
| Mrs. Paula Gopee-Scoon | - | Member |
| Mr. Subhas Panday | - | Member |
| Mr. Fazal Karim | - | Member |
| Mr. Embau Moheni | - | Member |
| Mr. Basharat Ali | - | Member |
| Mr. Ralph Deonarine | - | Secretary |
| Ms. Keiba Jacob | - | Assistant Secretary |
| Ms. Indira Binda | - | Graduate Research Officer |

Absent was:

| | | |
|------------------|---|------------------|
| Mr. Errol McLeod | - | Member (excused) |
|------------------|---|------------------|

Also present:

ESTATE MANAGEMENT AND BUSINESS DEVELOPMENT COMPANY LTD.

| | | |
|----------------------------|---|---|
| Mr. Kristendath Ramkissoon | - | Chairman (Director) |
| Mr. Stephen Broadbridge | - | Director (Vice Chairman) |
| Mr. Seebalack Singh | - | Chief Executive Officer |
| Mr. Anthony Gopaul | - | Director |
| Mr. Stephen Ramkissoon | - | Director |
| Mr. Keith Gray | - | Divisional Manager, Corporate Services |
| Ms. Salisha Bellamy | - | Divisional Manager, Estate Management |
| Mr. Anup Jaimungalsingh | - | Aggregate, Security and Rent Collection Co-ordinator |
| Mr. Kahilil Baksh | - | Project Manager |
| Ms. Nadira Mohammed | - | Accountant |

MINISTRY OF FINANCE

| | | |
|----------------------|---|----------------------|
| Ms. Savatry Ramsaran | - | Business Analyst |
| Mr. Samuel Deonarine | - | Senior Audit Analyst |

COMMENCEMENT

- 1.2 The Chairman, noting that a quorum was established, welcomed Members and called the Meeting to order at 10:33am. The Chairman informed Members that Mr. Errol McLeod had asked to be excused from the Meeting.

EXAMINATION OF MINUTES OF THE FIFTH MEETING

- 2.1 The Committee examined the Minutes of the Fifth Meeting held on Tuesday April 19, 2011.
- 2.2 The Secretary was asked to double-check the spelling of the names of the EMBD officials to ensure the accuracy of the Committee's records in particular, that of Mr. Kahlil Baksh, the Project Manager.
- 2.3 There being no omissions or corrections, the Minutes were confirmed on a Motion moved by Mr. Subhas Panday and seconded by Mr. Basharat Ali.

MATTERS ARISING FROM THE MINUTES

- 3.1 The Chairman informed members that the issues from the Meeting with EMBD were prepared and circulated to Members by the Secretary who, having received no objectionable responses, forwarded the list of issues to EMBD Ltd. on 11/05/11. Receipt was confirmed on 12/05/11 and an assurance given that they would respond to the issues by the 26/05/11.
- 3.2 The Chairman advised that based on the outstanding issues arising from the last encounter with the EMBD, a decision was taken to invite the EMBD to reappear before the Committee at its Sixth Meeting, to complete the matters under consideration and allow for a conclusive report of the work of the Committee to the Parliament.
- 3.3 The Chairman also informed Members that the EMBD had, since the last meeting with the Committee, appointed a new CEO – Mr. Seebalack Singh and Mr. Keith Gray, the former Acting CEO had reverted to his post of Divisional Manager, Corporate Services.
- 3.4 Members were advised that the EMBD officials had arrived and were awaiting the Committee. As a result, the Chairman suspended the *in-camera* meeting, to resume in the Parliament Chamber, *in public*.

MEETING WITH ESTATE MANAGEMENT AND BUSINESS DEVELOPMENT COMPANY LTD.

- 4.1 The Chairman resumed the Meeting (in public) at 11:05am and welcomed the EMBD Officials, and the Officials from the Ministry of Finance, Investments Division.

4.2 **The following issues arose from the discussions held with the EMBD Ltd. Officials:**

- 4.2.1 Infrastructural Works in keeping with the Company's mandate – approvals being sought subsequent to infrastructural works being undertaken;
- 4.2.2 Development of Gated Community at Bank Village – expenditure and progress of construction;
- 4.2.3 Reconciliation of the outstanding sums of \$112million (2008) and \$54million (2007) for VAT receivable;
- 4.2.4 Recovery of the annuities held with the CLICO Insurance Company;
- 4.2.5 Outstanding payments to contractors and consultants in the agricultural and residential land development projects undertaken;
- 4.2.6 Active Litigation based on contracts awarded for agricultural and residential land development projects;
- 4.2.7 Sand-pit operations and the status of operating contracts;
- 4.2.8 Status and condition of Containers that were found on EMBD job sites and contents;
- 4.2.9 Differing reports between the views expressed by the Auditor – KPMG on pages 1 (Auditor's Responsibility) and 2 (Opinion) of the Financial Statements and those expressed by the EMBD Officials;
- 4.2.10 The present availability of those documents from which KPMG would have conducted their 2008 audit assessment;
- 4.2.11 A directive was issued to the Ministry of Finance personnel present to peruse their records to determine whether any submissions were made to the Ministry by the EMBD Ltd. for that accounting period, and making an immediate report to the Committee on such.

ADJOURNMENT

- 5.1 The Chairman thanked the Officials from EMBD Ltd., the representatives from the Ministry of Finance, the members of the media and the staff of the Parliament Channel.
- 5.2 There being no further matters for consideration, the Chairman adjourned the meeting. The adjournment was taken at 12.30pm.

We certify that these Minutes are true and correct.

CHAIRMAN

SECRETARY

May 23, 2011

**THE PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE –
SECOND (2011/2012) SESSION, TENTH PARLIAMENT**

**MINUTES OF THE NINTH MEETING HELD ON TUESDAY, JANUARY 17,
2012 AT 10:48 AM IN THE ARNOLD THOMASOS ROOM (EAST), 6TH FLOOR
AND THE J.HAMILTON MAURICE ROOM, MEZZANINE LEVEL, OFFICE
OF THE PARLIAMENT, TOWER D, INTERNATIONAL WATERFRONT
CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN.**

Present were:

| | | |
|--------------------------|---|---------------------|
| Mr. Fitzgerald Hinds | - | Chairman |
| Mr. Herbert Volney | - | Member |
| Mr. Rudranath Indarsingh | - | Member |
| Mr. Colm Imbert | - | Member |
| Mrs. Paula Gopee-Scoon | - | Member |
| Mr. Fazal Karim | - | Member |
| Mr. Ralph Deonarine | - | Secretary |
| Ms. Keiba Jacob | - | Assistant Secretary |
| Ms. Indira Binda | - | Research Assistant |

Absent/Excused were:

| | | |
|--------------------------|---|------------------|
| Dr. Bhoendradatt Tewarie | - | Member (excused) |
| Mr. Embau Moheni | - | Member (excused) |
| Mr. Basharat Ali | - | Member (excused) |
| Mr. Errol McLeod | - | Member (excused) |

Also Present were:

Officials from the Estate Management & Business Development Company Ltd.

| | | |
|----------------------------|---|-----------------------------|
| Mr. Kristendath Ramkissoon | - | Chairman |
| Mr. Anthony Gopaul | - | Director |
| Mr. Stephen Ramkissoon | - | Director |
| Mr. Seebalack Singh | - | Chief Executive Officer |
| Miss Nadira Mohammed | - | Divisional Manager, Finance |
| Mr. John Pouchet | - | Internal Auditor |
| Mr. Khalil Baksh | - | Project Manager |

Officials from the Ministry of Finance

| | | |
|----------------------|---|-------------------------|
| Miss Sharon Mohammed | - | Investments Division |
| Miss Brenda Jones | - | Comptroller of Accounts |

COMMENCEMENT

- 1.1. The Chairman called the meeting to order at 10:48 am, after a quorum had been attained.
- 1.2. Apologies were read on behalf of Mr. Basharat Ali, Mr. Embau Moheni, Mr. Errol McLeod and Dr. Bhoendradatt Tewarie who had asked to be excused from the Meeting.

EXAMINATION OF MINUTES OF THE EIGHTH MEETING

- 2.1 The Committee examined the Minutes of the Eighth Meeting held on Tuesday November 15, 2011.
- 2.2 There being no corrections, the Minutes were confirmed on a Motion moved by Mr. Rudranath Indarsingh and seconded by Mrs. Paula Gopee-Scoon.

MATTERS ARISING FROM THE MINUTES

- 3.1 A question was asked whether there was any update with respect to Item 3.2.2. The Chairman informed Members that the Secretary wrote ETeck who presented a response confirming the completion and submission of their accounts up to 2009 to the Ministry of Finance. The Chairman informed members that the Parliament had not yet received the reports. The Chairman asked that the Secretary circulate the correspondence to Members and also to enquire of the Ministry of Finance when those accounts would be available.
- 3.2 Members expressed a further concern as to the timeliness of Reports received from the Ministry of Finance and discussed possible interventions to avoid undue delay in this regard. A suggestion was made to write to the Ministry of Finance enquiring in general terms, on the process of receiving and forwarding audited reports to Parliament and the associated timelines for these activities.
- 3.3 Under paragraph 3.1, the Committee agreed that the issue was sufficiently addressed and there was no need to pursue the matter any further.
- 3.4 The Chairman advised the Committee that the Estate Management and Business Development Company (EMBD) Ltd. was invited to meet with the Committee to discuss their 2009 Audited Financials and were awaiting the Committee's arrival. Members then engaged in discussions on their process of enquiry into the 2009 accounts of EMBD Ltd.

SUSPENSION

- 4.1 The Chairman suspended the *in camera* meeting at 11:11am and invited Members to the J.Hamilton Maurice Room for resumption *in public*.

RESUMPTION

- 5.1 The Chairman called the meeting *in public* to order at 11:16am and welcomed all present. Introductions were made on the part of the EMBD Ltd. Officials, the

Officials from the Ministry of Finance and Comptroller of Accounts and the Members of the Committee.

5.2 Discussions were held on the following issues:

5.2.1 ***Income & Expenditure accounts for infrastructural work.***

Members questioned the absence of the accounting entries for infrastructure work in the Income and Expenditure account. It was revealed that the relevant entries were made in the Balance Sheet, which was in keeping with standard international accounting practice.

5.2.2 ***Substantial increase in trade payables.***

The Committee noted that between 2008 and 2009, there was a substantial increase in trade payables. The reason presented was that the change was due to the movement from a cash accounting system to an accrual basis system, and thus the year end accounts would reflect bills which were incurred but not yet paid. A concern was expressed however, that the new accounting system did not reflect how much was actually spent on infrastructure work in 2009.

5.2.3 ***Increase in total operating expenses by \$7.3 million.***

Members queried the increase in total operating expenses from \$7.3 million in 2008 to \$14.6 million in 2009. The Committee was informed that the increase was due to increases in wages and salaries, by way of the hiring of additional staff, including management staff, increases in general administrative costs, professional fees as well as consultancy fees.

5.2.4 ***Inconsistency between retention amounts and terms and conditions of contracts.***

A concern was expressed that the Management Report outlined inconsistencies between retention amounts and terms & conditions of contracts. The EMBD official stated that this related to the case of interim payments on five different contracts where a larger amount was retained than stated in the terms and conditions. These amounts were not in the contractors' favour, which the Company had since then corrected and effected measures to prevent a reoccurrence.

5.2.5 ***New Initiatives in keeping with the Company's mandate.***

The EMBD officials stated that in 2009, the Company continued work on the agricultural two-acre parcels for distribution to the Caroni VSEP workers.

5.2.6 ***Issue of Contracts to persons/firms not listed on the pre-qualification list.***

The officials from the EMBD Ltd. reported that the contractors who were not on the pre-qualification list but presented contracts according to the 2009 Management Report, were in fact presented with contracts in 2008. The officials reported that the situation had since been rectified following which the necessary protocols have been instituted and adhered to.

5.2.7 *Issues related to squatting, both agricultural and residential.*

The EMBD Ltd. officials stated that squatting in 2009 remained an issue, both at the agricultural and residential levels. The officials reported that despite the intensification of security arrangements to eliminate squatting, the issue was one that still existed. Committee Members reminded the EMBD officials of their duty to report all squatting activity to the relevant authorities and of its responsibility to continually monitor its various landholdings, given the ongoing nature of the problem.

5.2.8 *Completion of 2010 Audited Financials.*

The question of when the submission of the 2010 audited accounts would take place arose, to which the EMBD officials stated that a query was raised with the Ministry of Food Production and pending a response, the accounts could be submitted within two to three weeks thereafter.

5.3 The EMBD Ltd. was asked to provide the following information to the Committee within two (2) weeks' time:

- i. Details on the amount spent on infrastructural works in 2009 and the particulars of the works undertaken;
- ii. With respect to consultants hired for the audited year 2009 –
 - a. Who were the consultants hired?
 - b. How much were they paid?
 - c. What were their respective roles?
 - d. What were their terms of reference?
 - e. What process was followed in the hiring of these consultants?
 - f. Was there approval from the Board of Directors in the decision to hire these consultants?
- iii. Details of any initiatives implemented during 2009 in relation to the establishment of light industrial and commercial complexes;
- iv. What were the procurement procedures established for the EMBD Ltd. in 2009

ADJOURNMENT

6.1 There being no further matters for discussion on the 2009 audited financials, the Chairman thanked the officials from the EMBD Ltd., the Ministry of Finance and Comptroller of Accounts, the support staff of the Parliament and the viewing public and adjourned the Meeting.

6.2 The adjournment was taken at 12.25pm.

We certify that these Minutes are true and correct.

CHAIRMAN

SECRETARY

January 24, 2012

**VERBATIM NOTES OF THE PUBLIC ACCOUNTS (ENTERPRISES)
COMMITTEE HELD IN THE CHAMBER, RED HOUSE, ABERCROMBY
STREET, PORT OF SPAIN, ON TUESDAY, APRIL 19, 2011, AT 11.20 A.M.**

PRESENT

| | | |
|--------------------------|---|---------------------|
| Mr. Fitzgerald Hinds | - | Chairman |
| Mr. Subhas Panday | - | Member |
| Mr. Fazal Karim | - | Member |
| Mr. Rudranath Indarsingh | - | Member |
| Mr. Colm Imbert | - | Member |
| Mr. Errol Mc Leod | - | Member |
| Mr. Embau Moheni | - | Member |
| Mr. Basharat Ali | - | Member |
| Mrs. Paula Gopee-Scoon | - | Member |
| Mr. Ralph Deonarine | - | Secretary |
| Miss Keiba Jacob | - | Assistant Secretary |

ABSENT

| | | |
|--------------------|---|--------|
| Mr. Herbert Volney | - | Member |
|--------------------|---|--------|

MINISTRY OF FINANCE

| | | |
|----------------------|---|----------------------|
| Ms. Sharon Mohammed | - | Business Analyst |
| Mr. Samuel Deonarine | - | Senior Audit Analyst |

COMPTROLLER OF ACCOUNTS DEPARTMENT

| | | |
|-----------------------|---|-----------------------|
| Mrs. Sharem Ali-Baksh | - | Treasury Officer III |
| Ms. Radica Deonanan | - | Treasury Accountant I |

ESTATE MANAGEMENT AND BUSINESS DEVELOPMENT COMPANY LTD.

| | | |
|----------------------------|---|---|
| Mr. Kristendath Ramkissoon | - | Director, Chairman |
| Mr. Stephen Broadbridge | - | Director, Vice Chairman |
| Mr. Anthony Gopaul | - | Director |
| Mr. Stephen Ramkissoon | - | Director |
| Mr. Keith Gray | - | Chief Executive Officer (Ag.) |
| Ms. Salisha Bellamy | - | Divisional Manager, Estate Management |
| Mr. Anup Jaimungalsingh | - | Aggregate, Security and Rent Collection Co-ordinator |
| Mr. Kahilil Baksh | - | Project Manager |

11.20 a.m.

Mr. Chairman: May we call this session to order. I would like to begin of course by welcoming very warmly officials from the EMBD Limited, who have responded to our invitation to be with us at this meeting of the Public Accounts (Enterprises) Committee.

I am advised by our Secretariat that of course the management and the board have been invited and we are happy to have you here. Also, I would like to welcome the officials from the Ministry of Finance, Investments Division, and the Comptroller of Accounts Department. I would certainly like to welcome as well members of the media who are here to assist in making the deliberations of this meeting available to the citizens of Trinidad and Tobago and all else who care to give attention to it.

I would like of course to ask the officials from the EMBD Limited to in turn introduce themselves, and I assure you that thereafter we will introduce the Members of our Committee. Shall we.

[Officials of the Estate Management and Business Development Company Limited introduced themselves]

Mr. Chairman: Thank you very much. Now, I would like to ask Members of the Committee to introduce themselves beginning with Mr. McLeod on my right.

[Members of the Committee introduced themselves]

Mr. Chairman: Thank you very much ladies and gentlemen and, of course, I am Fitzgerald Hinds, Chair of this Committee.

As you would by now know our business is to look at your accounts and in this case with particular reference to 2008, and we know that you are prepared so to do. So without more, I would like to open the floor to our Members to begin the examination of those accounts as indicated.

Mr. Indarsingh: Mr. Chairman, good morning again to everybody. Before we go into the examination of the accounts for 2008, I just want to find out, was there a full complement of Board of Directors in 2008, and if that could be outlined and who were the members of the Board of Directors?

Mr. Gray: Good morning again. When you say a full—

Mr. Indarsingh: I would like to know the composition of the Board of Directors of the EMBD in 2008?

Mr. Gray: You had the Chairman—do you need names?

Mr. Indarsingh: Yes, yes certainly.

Mr. Gray: The Chairman was Mr. Utharo Rao.

Mr. Panday: They cannot catch him at all. He gone.

Mr. Gray: Deputy Chairman was Mr. Timkey and you had Lenore Joseph and Mr. Timal.

Mr. Indarsingh: But in keeping with the question that I asked, was this a full complement or would have persons resigned from this Board and so on?

Mr. Gray: I cannot say whether it was a full complement or whether people—

Mr. Panday: Thank you very much Mr. Chairman. Mr. Gray of the Estate Management and Business Development Company Limited. I see here the company invested in two policies with a financial institution called a executive flexible premium annuity and the annuitant is the CEO, why? Why is this so?

Mr. Gray: I cannot explain why that is, I think that is probably how—is it Clico who organized their—

Mr. Panday: No, it is not Clico, I am not talking about EMBD. EMBD is a separate legal entity, do you agree with, Sir?

Mr. Gray: Yes.

Mr. Panday: EMBD being a separate legal personality. Why did EMBD take out an insurance policy in the name of the CEO?

Mr. Gray: I would not be able to answer that.

Mr. Panday: Who was the CEO at that time may I ask?

Mr. Gray: Mr. Rao.

Mr. Indarsingh: Mr. Chairman, did this transaction have the full approval of the Board of Directors at this time Mr. Gray? You would have been the Ag. Chief Executive Officer of the Company in 2008, yes or no?

Mr. Gray: No, I was not.

Mr. Indarsingh: You were not. But is there no paper trail existing in relation to whether this transaction had the approval of the Board of Directors and further to that, is it normal for such a transaction to be done in the name of the person who held that particular office at that time, and what was the sum of this transaction?

Mr. Gray: I cannot say whether this is normal or not; I cannot—

Mr. Panday: Okay. Could you kindly help us on this one. We noted that in spite of that arrangement the interest income from this investment has been recorded in the company's records. Did you find out how much that interest was? What was recorded in the company's book, how much that interest was, and how much interest was accrued? Could there have been money accrued outside and some being placed in the account and some being placed in the CEO's pocket?

Mr. Gray: I do not have the information.

Mr. Panday: Okay, let us go on with the next one then.

Mr. McLeod: May I interrupt. I just want to go back to an earlier question. Were you employed in the Company during the tenure of Mr. Rao?

Mr. Gray: No.

Mr. McLeod: When did you join?

Mr. Gray: January 1, 2009.

Mr. McLeod: 2009. And you did not come across any information that would assist

you in answering the question that has just been asked?

Mr. Gray: Which question is that?

Mr. Indarsingh: In relation to the transaction with the financial company which it is touted that the investment was in the name of the Chief Executive Officer at that time.

Mr. Gray: Yes, there were documents.

Mr. Indarsingh: And is it normal Mr. Gray from where you sit, you being the Chief Executive Officer of a state enterprise, is it normal for such a transaction to be done in an individual's name?

Mr. Gray: No, it is not normal as far as I know.

Mr. Karim: Mr. Chairman, can I ask before we—I have a number of questions actually—but before I go into the questions, I think the questions that have been raised by my colleagues they really must impact upon the responsibility of the EMBD, and I think it is important for us to get it from you what are these responsibilities that the EMBD was created to fulfill. I will then ask questions arising out of what you are saying that you are supposed to do.

Mr. Gray: In August 2002 the responsibility was to manage the Caroni lands. We had a mandate to develop residential sites, and to develop lands for light industrial estates and commercial estates.

Mr. Chairman: Just for the benefit of the public, those who are listening to us, by the way, these proceedings are live on the Parliament Channel.

11.35 a.m.

Mr. Chairman: The document in front of me, the notes prepared by the Ministry of Finance and it is just to give a little more detail as to the main business of the EMBD, it says: “The EMBD was established to manage lands owned by Caroni (1975) Limited and to stimulate and facilitate new business activities through the establishment of light industrial, agricultural and housing estates and commercial complexes”. EMBD was also given the responsibility to provide security services on lands belonging to Caroni. Does that more accurately reflect? Did that leave any of your main issues or functions out?

Mr. Gray: At the time, no.

Mr. Panday: Coming back to this insurance which this company took out in the name of the CEO, are there any records as to when the interest was paid to the CEO and when the interest was paid to the company?

Mr. Gray: My recollection is that when it matured the first time it was rolled over.

Mr. Panday: It rolled over?

Mr. Gray: Yes.

Mr. Panday: And the other times?

Mr. Gray: When it matured then we asked to end the plan and get back our funds.

Mr. Panday: Could you indicate why did the company allow a CEO to take out an insurance policy on his personal name?

Mr. Gray: My recollection is that the policy was taken out and the beneficiary, I think, was in the CEO's name.

Mr. Indarsingh: We are not hearing you Mr. Gray. You are not being very clear on—

Mr. Chairman: You were not with the company at that time?

Mr. Gray: No, not at that time.

Mr. Panday: I want to say that we do not intend to embarrass you. You were not there but we are investigating the accounts of 2008 when Mr. Rao was there.

Mr. Gray: Sure.

Mr. Chairman: Was your accountant Nadira Mohammed there at that time?

Mr. Gray: No, she was not.

Mr. Chairman: She was not. Was anyone present, there at that time?

Mr. Baksh: Yes.

Mr. Chairman: Are you familiar with the details as being asked by Members of our committee?

Mr. Baksh: No, I am not familiar with the financial details.

Mr. Chairman: Okay, so therefore the question is and this now remains to be answered—

Mr. Imbert: Mr. Chairman, I would like to ask a number of questions with respect to this particular issue. If I look at page 5 of the management report—

Mr. Chairman: Which document Mr. Imbert?

Mr. Imbert: The management report, it says on the extreme right-hand side that both policies currently exist in the name of the EMBD. So that the situation that is referred to has been adjusted, I do not want to use the word “corrected”, it has been modified, adjusted, these policies are no longer in the name of the CEO.

Mr. Panday: Mr. Rao.

Mr. Chairman: Just a moment Mr. Imbert is still talking, just hold on. You would get your time.

Mr. Imbert: That was question one. So the policies that are held at Clico are in the name of the company?

Mr. Gray: That is correct.

Mr. Imbert: Right. Second question, as far as you know the interest earned was it retained and accrued to the value of the policy or was it paid to someone?

Mr. Gray: To my knowledge it was not paid, it was rolled over.

Mr. Imbert: Right. So the interest accrued and that just increased the amount. So, nobody received any payment as far as you know of this interest?

Mr. Gray: Right.

Mr. Panday: Mr. Chairman, Mr. Chairman—

Mr. Chairman: Do not disturb the committee, just hold on. Just before you go, Mr. Imbert, just for the sake of smooth operations and good order, I would identify the next speaker if you do it through me. Okay?

Mr. Panday: Thank you and I would not abstain.

Mr. Imbert: Could you clarify that for us please? You are saying as far as you know, but could you tell us, not now, I suspect the committee would be writing the company a letter, so one of the things that I would like, Mr. Chairman, in that letter, that we confirm this information that no interest was paid to the CEO from these policies and that the policies are now in the name of the company? You do not have to tell us that now, because you are telling us as far as you know.

If I go now to the accounts—financial statements—page 13, which deals with the same issue. I noticed that the sums are substantial; one is \$52 million—

Mr. Panday: What?

Mr. Chairman: Fifty two million.

Mr. Imbert: Mr. Chairman, I know Mr. Panday is a bit exuberant, but I am just reading from the record.

Mr. Chairman: Yes, yes, proceed. [*Interruption*]

Mr. Imbert: Good, thank you. So, one of them is \$52 million and the other is US \$347,000—about \$2.4 million or something like that—Has the EMBD taken any legal action against Colonial Life to recover the value of these annuities?

Mr. Gray: Not legal action. We have written to them on various occasions to try to get from them—

Mr. Imbert: Sure, sure, and I presumed that you have had no success?

Mr. Gray: No.

Mr. Imbert: Right, so you have not taken any legal action?

Mr. Gray: No, not yet.

Mr. Imbert: Does the company intend to try and recover this money by way of legal action against Colonial Life?

Mr. Gray: I will be guided by the board—

Mr. Imbert: Okay, Mr. Ramkissoon.

Mr. Ramkissoon: There are a number of items here that we have been looking at and it is quite likely that we will have to engage a professional in the area of forensic audit to get through these things. A lot of these things are coming to the board now and we are very concerned about it and we are in fact considering, as I said, having someone with the expertise of forensic auditing. Because there are items which you are raising about interest and payments of interest; the CEO, as indicated, was also Executive Chairman as you know.

Mr. Imbert: Let me just clarify you with what I am asking. In the context of reports in the newspapers—because I am just going on what I have read—there are several policyholders who have initiated legal action against Colonial Life, the Central Bank and so on, in an attempt to recover the money that they had in these annuities, it was in that context that there is a statement here that there is \$52 million in one policy and \$2-plus million in another policy, is it the intention of EMBD to attempt to recover this money from Colonial Life by way of legal action similar to the legal action that is currently being initiated by other policyholders?

Mr. Panday: In fairness to the other side, to them, this would be in conflict with certain statements made by the Government, so I think we should discuss this matter further before we commit the company in moving into that direction.

Mr. Imbert: Mr. Chairman, I am asking the Chairman—

Mr. Ramkissoon: I would point out that the intention is for the company to recover the money. We would be advised when, by the specialist that I proposed, especially on the forensic aspect of it as well.

Mr. Imbert: Thank you very much.

Mr. Chairman: Let me recognize Mr. Ali.

Mr. Ali: Thank you, Mr. Chairman. On the same issue of these investments, if you turn to Note IV, page 13 and you look at the first sentence there, “Annuity held to maturity”—

Mr. Chairman: Where are you reading from Mr. Ali?

Mr. Ali: Page 13, Note IV, at the bottom line there: “Annuity held to Maturity 2008, \$50-plus million” and then 2007, I believe the other number may be 1773 from what I know that is a restated number from the previous year. But then we go to another paragraph and we see investments \$52,880,063 in these EFPA, so I am wondering whether that \$52,880,063 is in fact the two policies previously in the name of the CEO, plus this US \$347,000 converted to TT dollars? So it is a question for the accountants to answer.

Mr. Chairman: He wants to know if it is three separate items.

Ms. Mohammed: It is two policies that we hold with Clico, one is a TT dollar policy and the other one is a US dollar policy.

Mr. Chairman: Right, so the TT policy, that is the one—\$52,880,063?

Ms. Mohammed: Yes.

Mr. Chairman: And then separately the US policy in the sum of \$347,833?

Ms. Mohammed: Yes.

Mr. Chairman: So, Mr. Ali, that answers your question?

Mr. Ali: Not really, because the numbers are then not congruent.

Mr. Chairman: Essentially, it is two policies rather than three.

Mr. Ali: Well, yes, if they say they are two separate policies. So this \$347,833 is not converted to TT dollars and included in that \$52,880,063 either, that is the question I am

asking, because it differs from the \$508,045 in the previous line.

Mr. Chairman: In other words, how do you explain the disparity in those figures?

Mr. Ali: Yes, that is all I am asking.

Mr. Chairman: Are you able to?

Ms. Mohammed: Not right now, no.

Mr. Chairman: Right, you would like to find out. So, we would like with your notice, to get written response to that shortly after this meeting, a clear and concise explanation for the disparity in the figures, whether it has to do with the conversion to TT or some other reason?

Let me recognize promptly Mr. Indarsingh and then Mr. McLeod.

Mr. Indarsingh: Returning to this particular issue, Mr. Chairman, I would like to say if this particular investment transaction had the full approval of the board of directors at that time—and I am sure that such large sums of moneys being invested in Clico at that point in time, certain commissions and so on would have been paid and if we could find out what sums of commissions would have been paid for this transaction and to whom it would have been paid.

Mr. Chairman: My understanding is, commissions paid by who—not by the EMBD?

Mr. Indarsingh: No, no, no. Clico.

Mr. Chairman: Well, that is—I do not know if that is EMBD's affair.

Mr. Indarsingh: Well, the investment is in an individual's name as against the EMBD.

Mr. Chairman: Yes, but usually a commission is paid by the insurer to its sales representative or its—

Mr. Indarsingh: Well, what was the value of the commission on this transaction?

Mr. Chairman: Well, I am not so sure whether that is something that the EMBD—I mean, I do not know if that is something that the EMBD is in a position to answer, however, if it is something that the EMBD is in a position to answer, we would like to know that as well. Okay? If not, say so. Okay, Mr. Indarsingh.

Let me recognize—[*Interruption*—Mr. Moheni and then Mr. McLeod.

Mr. Moheni: I have two questions, one I would like to get some kind of explanation, given the fact that the EMBD is a legally constituted body, why is it necessary to have an investment coming from the company in the name of a particular individual, and, secondly, where does the legal entitlement to the benefits of such an investment lie?

Mr. Chairman: Well, I think those questions were already advanced expressly and impliedly as well, and I think Mr. Imbert really summed it up as well—he wanted to know and they have committed to answer, whether the interest was made payable to any individual. We were told by the CEO that it rolled over and on the second year the thing was removed from the individual to the company. Is that my understanding?

Mr. Gray: Yes.

Mr. Moheni: I am not saying what would have been done or what may have been done; I am asking where the legal entitlement would have—that is a different question.

Mr. Chairman: Okay, I accept that. Mr. Moheni then wants to know whether it can be legally justified and if so you can direct us—the company can direct us to that justification?

11.50 a.m.

Mr. Imbert: If you do not mind, I think what he is asking is, if it was in the name of the CEO, who was legally entitled to it at the time? That is the question he is asking.

Mr. Chairman: Oh, that is the understanding. Could you repeat it?

Mr. Imbert: If the policy was in fact in the name of the CEO at a particular point in time—*[Interruption]*

Mr. Chairman: Yes.

Mr. Imbert: —at that time, who had the legal entitlement to the policy—*[Interruption]*

Mr. Chairman: To the benefits of the policy.

Mr. Imbert: And any income coming from the policy.

Mr. Chairman: Alright that is the question. Thank you for the clarification, Mr. Moheni and Mr. Imbert. Let me recognize Mr. McLeod and then Mr. Karim.

Mr. McLeod: Thank you, Mr. Chairman. It might be somewhere in the notes but I do not see it at this time. Could we be told please when these investments, when these policies were contracted?

Mr. Gray: It was sometime in 2007.

Mr. McLeod: 2007?

Mr. Gray: Yeah.

Mr. McLeod: So the opportunity to roll over the interest with the sums invested, the principal would have been that one and only opportunity in October 2008.

Mr. Gray: Yes and then in 2009 when it matured we tried to put it to an end, but we could not.

Mr. McLeod: And you are certain that the contract was done in 2007?

Mr. Gray: Yes it was.

Mr. Panday: But the Minister pulled her money out, and you could not pull yours.

Mr. Chairman: Let me understand this. I heard Mr. Gray say, “we tried to”. Did you put it to an end?

Mr. Gray: Yes, when the policy matured we wrote asking to end it and get our money.

Mr. Chairman: So as far as you are concerned, the business, that contract came to an end.

Mr. Gray: Yes.

Mr. Chairman: But the benefits of it have not yet been made available to the company. So that the contract does not—of course quite apart from what is happening with Clico—the contract does not—well you have brought it to an end.

Mr. Gray: We wrote to them and they wrote asking us to roll over another time.

Mr. Chairman: And what transpired thereafter?

Mr. Gray: We wrote to them asking them to at least give us the interest that was made on it and to date we have not received any.

Mr. Chairman: Just a moment. I am hoping that we can just keep the order. Mr. Panday if you want to ask a question you feel free, I will give way.

Mr. Panday: So therefore the contract—you terminated the contract and the company has received no benefit?

Mr. Gray: I am not able to say if it is terminated or not.

Mr. Panday: But you said you terminated the contract. You are saying that the contract has been terminated and the company has received no benefit. \$Fifty-something million—

Mr. Chairman: Okay, Mr. Panday, the question is taken.

Mr. Ali: Mr. Chairman, I want to just get back to that issue of when that transaction took place. Evidently it did not take place during the financial year 2008, that transfer. And in fact it would appear to me, looking at the balance sheet, that it was during 2008, that those EFPAs were entered into because when you look at the investment restated in 2007 is only \$1.773 million. And then in 2008 you have \$55.054 million. So evidently to me that big investment which they say, the note says here, the management letter said was in the name of a CEO would have been that large number.

Mr. Chairman: At what time?

Mr. Ali: Up to the time the company, the auditing company was doing this audit. Because they did say that the company invested in two policies with a financial institution called an EFPA and the agent is the CEO. That is what they are saying. It is a grade one comment which is a serious matter, okay. So I think we need to clarify that because also I have listened to Mr. Gray but I am not sure whether this matter started in 2007 or 2008, because this is where—I have not been able to find a 2007 report, but this is a restated figure in the present accounts before us. I think we need to have a clear statement on this and you may be the only person who can, because you are the point of reference—and we need to be able to establish, Mr. Chairman, that legally we are okay, because to my knowledge and going back, I believe that CEO resigned at the end of 2008. So we need to clarify and make sure that that amount of money where ever—whether we get it or not as we said, is really in the name of EMBD.

Mr. Chairman: Thank you, Mr. Ali. Mr. Gray, are you able to elucidate on the point just raised by Mr. Ali.

Mr. Gray: Well just to clarify, that one policy was initiated in 2007 the other one was in 2008. So he is correct.

Mr. Chairman: Does that satisfy your—[*Interruption*]

Mr. Ali: Is it a good policy then.

Mr. Chairman: All right, so what this committee would like is the effective dates of the two policies and in what sums, and whether it is in TT or US denominations. We would like a response. Is that correct Mr. Ali? All right, great.

Mr. Karim: Mr. Chairman, if Mr. Panday is asking a question along the same lines I will give way to him because I want to—[*Interruption*]

Mr. Panday: I just want to find out that if EMBD is a company which is wholly state owned. And therefore, this money which was invested was state money. A question I will ask, what was—and you said EMBD is a separate legal entity. The rationale in the company giving the CEO to spend \$50 something million or invest \$54 million dollars in his own name? What is the rationale and could you find the board meetings to indicate, when that was done?

Mr. Chairman: Mr. Panday fortunately for you, all of those questions have already been advanced and we have already requested responses to every one of them.

Mr. Panday: I abstain, I abstain, Sir.

Mr. Chairman: Thank you.

Mr. Karim: Mr. Chairman, thank you. I want to go on to another matter but more on the line with the financial statement that we have before us. On Page 20 you have the “bad debts expense” which amounts to almost \$1 million. In fact the figures—

Mr. Chairman: What page Mr. Karim is on.

Mr. Karim: I am on Page 20 of the accounts.

Mr. Chairman: Of the accounts.

Mr. Karim: We have a bad debt expense of \$998,107.00 was written off as bad debt. My questions will be as follows: I have not really seen or read any documentary evidence of attempts to collect these moneys prior to write off and therefore I would like to find out, who are the debtors, why was the debt written off and what effort we made to collect the debt.

Mr. Chairman: Great. Can we get responses to those matters immediately?

Ms. Mohammed: The debtors at that time were: Caribbean Minerals \$345,000; Phoenix Welding and Fabrication \$460,000, Green Field Properties \$268,000; Bewil and Company \$3890 and an adjustment Innovative Security \$80,178. Those were the debtors.

Mr. Chairman: Did you get that Mr. Karim?

Mr. Karim: I did not get all of them.

Mr. Chairman: Would you like to repeat them more slowly and distinctly please.

Ms. Mohammed: Caribbean Minerals \$345,000; Phoenix Welding and Fabrication \$460,000; Green Field Properties \$268,333; Bewil and Company \$3,890; Innovative Security a credit to that amount \$80, 178.

Mr. Chairman: That answer to only one part of your question. That is who are or were the debtors. What were the other questions Mr. Karim?

Mr. Karim: Why was the debt written off and what efforts were made to recover?

Mr. McLeod: Will you permit an intervention before that question is answered?

Mr. Chairman: Sure.

Mr. McLeod: These entities that you just identified as debtors, is the EMBD continuing to do business with them?

Mr. Panday: Yes. [*Laughter*] I will answer that for you. Yes.

Mr. Chairman: Mr. Panday allow the board. No, they do not crave your help, Mr. Panday.

Mr. Panday: It seems to me they are having serious difficulty.

Mr. Chairman: Yes, yes. Mr. McLeod question, do you still do business with those entities?

Ms. Mohammed: Not that I am aware. At least not under these names.

Mr. McLeod: At least not under these names. So you can well be doing business with them but perhaps under different names.

Ms. Mohammed: It would not be to my knowledge.

Mr. Panday: Did the chief executive officer check—[*Interruption*]

Mr. Chairman: Just now, just now, Mr. Karim is on his legs and the other question was, what action has been taken, if any to recover those sums? That is the important question as well.

Ms. Mohammed: We have tried going back to the records in order to determine what the sum represented, how the transaction came about. Unfortunately we could not find anything, any documentary evidence to recover.

Mr. Chairman: If this committee asked you to pursue that matter and to give us that information you consider that from your searches perhaps, useful of useless exercise. In other words we will be sending you again to find no records or have you satisfied yourself that there are absolutely no records or are you still in a search.

Ms. Mohammed: We have done a thorough search.

Mr. Panday: And cannot find the records?

Ms. Mohammed: No.

Mr. Panday: They did a proper search and cannot find the records for 2008?

Ms. Mohammed: Some of these transactions would have taken place in 2007.

Mr. Panday: Well I would not quarrel with you for a year.

Ms. Mohammed: Fiscal year 2007.

Mr. Panday: Did you check to see whether these companies at this present time are

solvent? No answer the question. The question is, did you check to find out—
[*Interruption*]

Mr. Gray: No.

Mr. Panday: —whether innovative for example—I did not get all the names—is still operating and whether it is solvent or not.

Mr. Gray: No, Sir, I have not.

Mr. Panday: Have not. Could you kindly request—

Mr. Chairman: Yes I think this is an important enquiry, because I mean if you cannot find records of these companies you would be able to do a company search to see whether they are still operating. Another investigation can help. Mr. Panday is quite right, in terms of trying to pursue the recovery of these moneys. But of course you need your own records as well, so there is a little issue there.

Mr. Ali: Thank you, Mr. Chairman. I would like to go on to the income statements, statement of income, Page 4 and I am looking at the first line there, management fees \$9,025,000 that is what it says. If I go to note 12, Mr. Chairman, note 12 on Page 17 says:

“Management fees represent the proceeds from contractors who extract sand from sandpit owned by Caroni (1975) Limited. This arrangement was implemented in order to compensate the Company for securing and managing the sandpits assets.”

That is the statement there.

So this fee is a gross amount. It would appeared to me, I am not an accountant by the way, I am an engineer, that is the number there, but looking to see any specific expenses related to sandpit all I can find is under operating expenses sandpit expenses for 2008 of \$153,082. So that is a big profit if I may say so. But I wonder what other expenditures are involved in that management contract, if it is indeed a contract. Does EMBD have a contract with Caroni for carrying out this activity to deal with the contractors? And what would be the expenditure because they say securing and managing the assets so maybe there are security charges, but I would doubt whether it is in that sandpit expenses I cannot say any or otherwise. So I wanted to get a true feel as to what the income is from the management of those sandpits which do not belong to EMBD. I do not know who can answer my question.

12.05 p.m.

I have to be satisfied what the net income tax is on the management contract; the management fees. Just for that. If that note 12 is right, it says: The management fees represent proceeds for just extraction of sand from sand mines owned by Caroni. So it does not say anything else, but I notice you do have expenditures for security contracts there, and that is a sizable amount: \$3.7 million and you do have in Schedule 1, professional fees also there. So I would like to know what is the value of that contract to EMBD; the net value from these data. I cannot find it from these data.

Mr. Grey: I am not sure that I could give you that figure, but what I do know is that EMBD had the responsibility to manage the sandpit and to collect the revenues from it.

Mr. Ali: As Acting CEO I expect you would know that, but I also expect that you will know what revenue is coming from that. If you are doing it as a contract, then you must know. That is business. In auditing, et cetera, in accounting, we are looking for value for money. So if you are expending money, then we must know what moneys you are expending; how much staff do you have; what system do you have if you are dealing with the contractors; if you are handling the sales, for example. I do not know whether Mr. Jaimungalsingh is the boss of that: Aggregate, Security and Rent Collection. So I would like to get an idea of what the costs are. If not, I will ask for you to submit it at some time, so that we know what that number means.

Mr. Chairman: Well, we look forward to—this is a commitment to respond in writing. Would you summarize it for the benefit of the Clerk?

Mr. Ali: The summary is that the management fees are listed as \$9.025 million and the only identifiable expenditure for sandpit extraction is sandpit expenses under “Operating Expenses”, of \$153,082. So that is a big net figure, if those are the only two. I would like to know what the security contracts are; how many employees are dedicated to this particular activity, because there are also quite a number of staff costs.

Mr. Chairman: Is that clear, Mr. CEO?

Mr. Grey: Yes.

Mr. Chairman: Thank you. May I recognize Mr. Indarsingh?

Mr. Indarsingh: Thank you, Mr. Chairman. The notes that have been prepared by the Ministry of Finance, page 4, indicate that the company is carrying a value added tax receivable amount of TT \$112 million for which the recoverability is uncertain. And, Mr. Grey, I do not know from where you stand if you could tell us why this came about. How did it originate itself? I am also saying that the company has been tardy with its corporation tax payment also.

In addition to that, this business of being in sand mining operations, and so on, Mr. Grey, you know that this has been causing a sense of environmental concern and pollution issues have arisen in the area of Winsor Park/ Phoenix Park. This has been existing prior to 2008, during 2008 and even today, and all attempts to have some kind of dialogue, and so on, in relation to EMBD fulfilling its corporate, social responsibility where this sand mining operations are taking place, seem to be falling on deaf ears, and so on. So I do not know if you could bring us up to speed, what is being done in relation to the environmental issues that need to have addressed also.

Mr. Grey: What I remember is that we met, myself and Mr. Indarsingh, along with some members from the area, and we came up with a solution a few months ago, whereby we—

Mr. Indarsingh: All my information up to this morning is that your office has been failing to fulfill its responsibility to the people in that particular area.

Mr. Grey: What we had agreed to is put up a barrier to prevent the truck drivers from driving through—

Mr. Indarsingh: Well, I would like you, Mr. Grey, to address the financial issues, really.

Mr. Grey: Could you just repeat what you wanted me to answer?

Mr. Indarsingh: The company is carrying a value added tax receivable amount of TT \$112 million for which the recoverability is uncertain. The company has been tardy with corporation tax payments. At the end of 2008 EMBD owed \$1.7 million and an additional liability of \$3.7 million was recognized, but no installments were made during the period. Why?

Mr. Chairman: Mr. Indarsingh is raising questions about the corporation tax on the one hand and the VAT issue on the other. Your responses, please.

Mr. Grey: With respect to the VAT, my understanding is that the previous CEO had some misunderstanding as how the VAT should be treated or dealt with and he has been in contact with—

Mr. Indarsingh: Was there a one-man show at EMBD? How this CEO was—in terms of these things were not determined by the board of directors, and so on?

Mr. Chairman: Yes, but let him answer the first question first. Could you continue the answer to the first part of Mr. Indarsingh's question?

Mr. Grey: There are documents—

Mr. Chairman: Tell us how the problem arose. That is what he wants to know.

Mr. Grey: Right. And I am saying from going through the files it appears that the previous CEO had a misunderstandings as how to treat with the VAT and—

Mr. Indarsingh: He seemed to be an expert on finance about troubles in relation to VAT payments and investing sums of money in his name, and so on.

Mr. Chairman: So that the problem as identified by Mr. Indarsingh still exists.

Mr. Grey: No. Since 2009 we started to address those problems and to date we are almost through with paying the VAT

Mr. Chairman: What does that mean? When you say “we are almost through”, what do you mean?

Ms. Mohammed: We are in the process of filing all VAT returns, all corporate tax returns and paying over all taxes before the tax amnesty expires.

Mr. Chairman: So you are saying in response to Mr. Indarsingh and the notes from the Ministry of Finance that you are well on the way to resolving the problems as so identified.

Ms. Mohammed: Yes, we are.

Mr. Chairman: When do you anticipate you will have completed that resolution?

Ms. Mohammed: We are looking at a deadline of May 25.

Mr. Chairman: Say again?

Ms. Mohammed: May 25 we are looking at filing all our returns by that date, well before the 31st.

Mr. Chairman: All right. Would it be proper, committee, if we would seek from the

company an indication as to when that would have been completed? Would you want, Mr. Indarsingh, some evidence to this committee of that fact?

Mr. Indarsingh: Yes.

Mr. Chairman: All right. We are asking that you would notify this committee on or before May 30 as to the position in respect of the VAT and the corporation taxes, and we look forward to that with promptitude.

Mr. Karim?

Mr. Karim: Mr. Chairman, I would just like to ask to the accountant whether, in her opinion, the financial performance of the company is overstated, and I will give some evidence of what I am talking about. Do you think, in your opinion, having examined the accounts, that you find that the financial performance is overstated?

Ms. Mohammed: I will have to rely on the opinion of our independent auditors, KPMG.

Mr. Karim: Okay. Let me just give you some information that I extracted from the accounts. For example, the balance sheet shows an overdraft of \$4,275,694. However, the income statement has no interest expense for that year. Was the money obtained interest free? Are you in agreement with what I am finding?

Ms. Mohammed: Yes.

Mr. Karim: Okay. The answer is yes. I want to also give you some other information that I have extracted in looking at the accounts. The company was incorporated in August 2002 and at the end of September 2008 you had an accumulated surplus of \$10.539 million. However, the balance sheet shows an investment of \$55 million, of which \$53 million was invested to 2008—some of which we may have spoken about—but importantly, a cash in hand and bank of \$133.2 million. I want to ask the questions in keeping with what I had mentioned in terms of the overstatement of the financial performance. Is it that funds provided to the company were invested and in risky investment to the detriment of the company and its creditors? In other words, I am saying that I have found as well, there is a liability of third parties of \$111 million. It appears that funds, to me, were invested while creditors were not paid. Is that a correct conclusion?

Ms. Mohammed: No.

Mr. Karim: Are you in agreement with my analysis of the figures here from the statement of accounts?

Ms. Mohammed: I just wanted to clarify that the cash in hand plus your investment, that is a total of \$184 million. That sums represented by the liabilities due to related parties are really sums that are owing to the Government as unutilized funding, as well as the deferred income of \$50 million. So if you were to take those figures, the \$111 million plus the \$50 million, plus what we have recorded as our payables—liability—it will come closely to what is represented in our investment and our bank accounts.

Mr. Karim: Okay. Can I ask as well, why are sums owed to Caroni (1975) Limited and Orange Grove not paid to the companies?

Ms. Mohammed: We collect rents on behalf of Caroni (1975), which we record as a

liability. I do not know if Ms. Bellamy can assist me with this one in terms of what that money is really---

Mr. Karim: I also want to get, Mr. Chairman, a sense as to how much moneys are owed to Caroni (1975) Limited as well as to Orange Grove for which you would have collect but not paid.

Ms. Mohammed: That is in the accounts. Let me just get the relevant page. It is on page 15, Note 8: Caroni (1975) Limited, an amount of \$1,881.022 and Orange Grove National Company, \$3,379,767.

Mr. Karim: And in spite of the fact that you have a very healthy cash account in the Bank, you still have these outstanding payments. Do you still have them?

Ms. Mohammed: Yes, we do have them.

Mr. Karim: Any reason why you have not paid them?

Ms. Mohammed: Because we are not sure who we have to pay that money over to at this point.

Mr. Karim: You are not sure who you have to pay them to?

Ms. Mohammed: No.

Mr. Karim: But you were collecting moneys on behalf of these companies.

Ms. Mohammed: That is why I would prefer to refer the question to Ms. Bellamy who would know the contractual arrangements.

Mr. Chairman: Yes, let Miss Bellamy deal with the matter then.

Ms. Bellamy: When the company was incorporated, the EMBD obtained a power of Attorney for management of the Orange Grove estates on which there are a number of tenants. There was no decision that I can see recorded as to when we collected that money from the tenants where that money will go, so it is kept in a particular account for whenever it is decided. With respect to the tenants in Caroni Limited, no decision was made or conveyed to us as to where that money is to be deposited and the money is being kept in the company.

Mr. Chairman: Let me ask our friends from the Ministry of Finance a question that EMBD may not be able to answer. Does Caroni (1975) Limited still exist?

Mr. Karim: Yes.

Mr. Chairman: It does?

Ms. Mohammed: Yes, it does.

Mr. Karim: Yes, it does, Mr. Chairman, and there is also a board.

12.20 p.m.

Mr. Chairman: Now, Mr. CEO I have a question. I saw the Ministry of Finance as at September 2008 page 4 of the letter raising an issue about your accountant has that been resolved in the persons who requested.

Mr. Gray: Yes it has.

Mr. Chairman: So the question of qualified accountant has been resolved and we have I take it, Mrs. Mohammed right. The question of the internal auditor functioning as it should, and are reports forthcoming on a timely basis, what of that?

Mr. Gray: That has been addressed, we hired an internal in 2009. However, due to ill health she had to resign in May 2010.

Mr. Chairman: And thereafter.

Mr. Gray: Since then we have not hired a replacement.

Mr. Chairman: So we are still without an internal auditor?

Mr. Gray: We are going to hire one as soon as possible.

Mr. Chairman: In what sort of time frame?

Mr. Gray: Well, with the approval of the board.

Mr. Chairman: Mr. Chairman, any indication as to when would this serious matter be resolved.

Mr. Ramkissoon: The question of certain vacancies have already been addressed, this one came in recently and we are in fact looking at advertising that position, and that should be advertised before the end of this month.

Mr. Panday: Mr. Chairman, we wish to congratulate you for nine years you did not have an internal auditor and so much money playing with.

Mr. Chairman: Alright, just a moment. Ladies and gentlemen it is now 12.21p.m. we are intended to wrap up this session at 12.30p.m. because there is going to be a sitting of Parliament shortly thereafter. The committee will decide before we conclude whether we would have you back, or whether we would content ourselves with the responses to the questions we have raised, I myself have some questions, but I see I have some Members who I must give way to. Let me begin with Indarsingh and then I should go to Mr. Imbert and then I should go to Mr. Karim.

Mr. Indarsingh: Reading from the financial statements which have been prepared by KPMJ.

Mr. Chairman: If I can ask if you could be as succinct as possible as we arrive to the conclusion.

Mr. Indarsingh: Page 15, Mr. Chairman, under heading No. 8, related party transaction II: Transactions with key management personnel in addition to their salaries the company also provided non-cash benefits to executive officers. The key management personnel compensation comprise short-term employment benefits of \$2, 442,688.00, I would assume in 2008.

Could we get a little more information on this?

Mr. Chairman: Yes, and we would want that in writing.

Mr. Indarsingh: Well, I do not know if Mr. Grey has the explanation.

Mr. Chairman: Right I think it is a pertinent question and we would want to add that to the list of the request that we have thus far directed to you. We would like a clear

explanation as what these are, and how they have been disbursed—okay. Yes before we go, Mr. Imbert.

Mr. Imbert: Yes, Mr. Chairman, my friend to the right, and Mr. Panday quite often quite make statements that could be interpreted as been quite scandalous. I want to go to a question asked by Mr. Karim.

Mr. Panday: The truth is the defense to that—

Mr. Imbert: Karim, where he spoke money being owed to creditors and he was talking about money the \$111,000,000.00 due to related parties. I have looked at the notes, and the related parties are the Government of Trinidad and Tobago, Caroni and Orange Grove, am I correct? So that there are no creditors outside there that are owed money by this company. It is simply advances from the Government of Trinidad and Tobago, and rents collected on behalf of Caroni and Orange Grove. Am I correct or in correct?

Ms. Mohammed: Included in the—

Mr. Imbert: The \$111,000, 000, if you look at page 15 there is a \$111,020 266, and Mr. Karim had referred to that as money owed to creditors, but I am saying that it is advances from the Government, and rents collected for and on behalf of Caroni and Orange Grove full stop. So there are no little people outside there who are owed money by this company that make up that \$111,000,000. Thank you.

Mr. Karim: But owned and not paid.

Mr. Chairman: Ms. Mohammed is that correct?

Ms. Mohammed: The \$111, 000,000—

Mr. Chairman: Members! Members! we are getting a response to that question—

Ms. Mohammed: The \$111,000.000 is in fact the amount that is due to the Government.

Mr. Imbert: And this company is owned by the Government.

Ms. Mohammed: Yes.

Mr. Imbert: Right. So it is himself owing himself.

Mr. Panday: [*Inaudible*] he is trying to save the PNM mismanagement and it irks me.

Mr. Chairman: So that in relation to the point that was raised by Mr. Karim is the analysis by Mr. Imbert the issue is that—has that clarified the issued raised by Mr. Karim.

Ms. Mohammed: Yes.

Mr. Chairman: Mr. Karim, your concerns have been according to the accountant so clarified, and I want to thank Mr. Imbert for that. Before we go it now 12.26 p.m.[*Interruption*] just a moment. It is quite clear that we would—I think members we have not exhausted our concerns with this particular company, is it the view of members that we should have them back to continue or should we rely on written request and written responses?

Mr. Panday: I would like to have them back, because there are certain questions I would like to ask—

Mr. Chairman: Okay forget the because you would like to have them back. Mr. Indarsingh.

Mr. Panday: About the number of contracts they give to develop housing plots—

Mr. Indarsingh: Have them back.

Mr. Mc Leod: I would wish to talk with them again.

Mr. Moheni: Yes, I agree I would like to have them back as well.

Mr. Chairman: Mr. Bhasrat Ali you would content yourself with written responses.

Mr. Bhasrat Ali: I have one question now and if that is answered that will be okay.

Mrs. Gopee-Scoon: That is not necessary.

Mr. Imbert: I really do not have a view, I abstained. [*Laughter*]

Mr. Karim: Yes, I will not abstain I think we need to have some more answers.

Mr. Chairman: In the circumstances if we apply the principles of democracy as we always do, and I must admit for my own part I would like to—there are some issues that I have not had an occasion to raise with you, in the circumstance I would like to indicate that we would notify you as to the time, date and place where we would like to have you back. And in fact, if you can make the answers that we have sought available by that time we would be quite happy with that.

Mr. Panday: Mr. Chairman, I would like to put them on notice that we would like to see all the contracts which they have entered into with contractors and other entities.

Mr. Chairman: Mr. Panday, we will have them back so we can treat with those matters at a later stage. So members [*Interruption*] we can write to them. Members [*Desk thumping*] I would like to take the opportunity on your behalf to thank the Chairman and the Board and the management of the EMBD Limited for having come this morning your presence was very worthwhile. So worthwhile that as I indicated we would like to have you back, and we wish you a safe return to your places of business. We would like to indicate that there are some refreshments, we have in the normal display of our courtesies from this Parliament made some refreshment available to you before your outward journey, and we would like you to participate in them.

I want to thank all members in particular as well the very silent partners of the Ministry of Finance and Investment Division for your presence, and members I would like to thank you as well, and on that basis I now call this meeting to conclusion I thank you.

Adjourned 12.29 p.m.

This courtesy intended I would like as well to thank the members of the media who took time out to be here and we would expect that you would report responsibly as you always do. I thank you.

**VERBATIM NOTES OF THE PUBLIC ACCOUNTS (ENTERPRISES)
COMMITTEE HELD IN THE CHAMBER, RED HOUSE, ABERCROMBY
STREET, PORT OF SPAIN, ON TUESDAY, MAY 17, 2011 AT 11.05 A.M.**

PRESENT

| | | |
|--------------------------|---|---------------------|
| Mr. Fitzgerald Hinds | - | Chairman |
| Mr. Herbert Volney | - | Member |
| Mr. Rudranath Indarsingh | - | Member |
| Mrs. Paula Gopee-Scoon | - | Member |
| Mr. Subhas Panday | - | Member |
| Mr. Fazal Karim | - | Member |
| Mr. Colm Imbert | - | Member |
| Mr. Embau Moheni | - | Member |
| Mr. Basharat Ali | - | Member |
| Mr. Ralph Deonarine | - | Secretary |
| Miss Keiba Jacob | - | Assistant Secretary |

ABSENT

| | | |
|-------------------|---|--------|
| Mr. Errol Mc Leod | - | Member |
|-------------------|---|--------|

MINISTRY OF FINANCE

| | | |
|----------------------|---|-------------------------|
| Ms. Savitri Ramsaran | - | Senior Business Analyst |
| Mr. Samuel Deonarine | - | Senior Audit Analyst |

ESTATE MANAGEMENT AND BUSINESS DEVELOPMENT COMPANY LTD.

| | | |
|----------------------------|---|---|
| Mr. Kristendath Ramkissoon | - | Director, Chairman |
| Mr. Seebalack Singh | - | Chief Executive Officer |
| Mr. Stephen Broadbridge | - | Director, Vice Chairman |
| Mr. Anthony Gopaul | - | Director |
| Mr. Stephen Ramkissoon | - | Director |
| Mr. Keith Gray | - | Divisional Manager Corporate Services |
| Ms. Nadir Mohammed | - | Accountant |
| Mr. Anup Jaimungalsingh | - | Aggregate, Security and Rent Collection Co-ordinator |
| Ms. Salisha Bellamy | - | Divisional Manager, Estate Management |
| Mr. Kahlil Baksh | - | Project Manager |

Mr. Chairman: A very good morning, and may I take the opportunity to welcome yet, again, the officials of the EMBD Limited to this our public meeting, and our Sixth Meeting of the PA(E)C. May I take the opportunity yet, again, to welcome officials from

the Ministry of Finance upon whom we rely for some history and guidance in the matters that come before this Public Accounts (Enterprises) Committee.

Well, we are aware that there has been some change in terms of the persons holding positions with the EMBD Limited. So, yet, again, I would begin by asking persons representing that entity to introduce themselves beginning, of course, with the chairman.

[Officials of the EMBD introduced themselves]

Mr. Chairman: Thank you very much. We have had no change on this side. I think you have seen Mrs. Gopee-Scoon before right here, but for the formalities, Mr. Karim, shall we?

[Members introduced themselves]

[Officials from the Ministry of Finance introduced themselves]

Mr. Chairman: Thank you very much and welcome. Well, you the representatives from the EMBD are with us a second time. I am Fitzgerald Hinds, Chairman of this Committee, and we wanted to continue our discussions with you on matters arising out of your operations at that entity. So without more, I would want to invite Members of the Committee to raise issues that they wish with officials of the EMBD. The floor is open for that purpose.

Mr. Panday: Good morning. The company was formed in 2002, and its mandate was to prepare lands for industrial, agricultural and housing estates. When did those activities started?

Mr. Ramkissoon: I cannot go back to 2002. I know that a substantial amount of infrastructural work had started on both the housing infrastructure and on the agricultural two-acre plots. I do not know exactly when it started.

Mr. Panday: You know, it occurred over a period of time then; the infrastructural works. Caroni was closed down in what year?

Mr. Indarsingh: Mr. Chairman, if I could help, Caroni was closed down in 2003.

Mr. Panday: Up to 2008, were any of those lots given out; residential and/or agricultural?

Ms. Bellamy: I believe in 2008, Orange Grove

Mr. Panday: Orange Grove? And the other parts of Caroni like Central and South.

Ms. Bellamy: I think late in—I cannot remember for sure, but I believe in 2008/2009 agricultural lots were given out in different parts.

Mr. Panday: Could you kindly indicate in 2008 what was the cost of the infrastructural works that were done and the name of the companies that got those contracts to do those works?

Mr. Baksh: Based on the last meeting, we are currently putting together a list of contracts awarded in 2008, the contractors with sums awarded and so on which are being prepared for May 26, which is the submission date.

Mr. Chairman: Thank you very much.

Mr. Karim: Can I ask then a further question to that? Based on what you would have seen and examined since you are preparing the list, and given what exist now since that time, are you satisfied with the quality of work that was done by the contractors?

Mr. Baksh: Well all the works were done in accordance with the specification certified by independent consultants and payments were made based on this.

Mr. Karim: The question I am really asking as well is that there is a view that when you drive pass a lot of these EMBD sites you have a number of 4-inch PVC pipes sticking out of the ground. Are you satisfied with the quality of the work done with respect to the infrastructure for which sums of moneys have been paid? There is a view as well that they do not have the connections, and you simply have the pipes sticking out of the ground. Are you satisfied with the quality of work in terms of the contract that was awarded?

Mr. Baksh: Yes, at this time once they were certified and they were paid, we were satisfied that the works were done so the moneys were released based on certification. In terms of quality, something may have gone into disrepair, because of the time that they were left in gaining the approvals and so on. There were instances where vandalism had taken place and fires and so on the sites.

Mr. Karim: Can I ask the question again in a different way? Are you satisfied that the infrastructural works in terms of the PVC piping, the fitting for the civil works? Are they simply per lot or they are supposed to be connected to the system.

Mr. Baksh: No, they are connected to the system.

Mr. Karim: Are they connected to a system?

Mr. Baksh: Well, to the best of my knowledge, yes they are connected to the system.

Mr. Indarsingh: Just as a follow up to Mr. Karim's question, the issue of payment being disbursed and so on, did the lands identify for agricultural and, especially, residential purposes and so forth have the required statutory approvals? I heard you indicate to Minister Karim that you were satisfied, and it was based on that that payments were made to contractors.

Mr. Baksh: In terms of the approvals, before we could distribute to the residence, we have to get all the statutory approvals including WASA, drainage, fire and, finally, the regional corporation. For some of the sites, we are in the process now of meeting those requirements by doing additional works as the agency may required.

Mr. Indarsingh: No, no, no. You are saying that you were satisfied from where you sat as Project Manager that there were certain approvals and certain requirements met.

Mr. Chairman: I understood him to be saying—he was not asked about approvals. He was asked about the infrastructural work and he did indicate that he was satisfied based on independent consultants' analysis of the thing, and thereafter the question of approvals came up. I understand the official to be saying that having been satisfied about the infrastructural work, the approvals and so on must have been had before they distributed the particular lots to the recipients. That is what I understood him to be saying.

Mr. Indarsingh: My information will guide me in the direction, Mr. Baksh, that the

infrastructural works that was done did not meet the guidelines prescribed as it relates to approvals and so on in 2008. Are you aware of this?

Mr. Baksh: Some of the contracts, while work was going on, the approvals were not obtained before the work had started, which is the correct procedure, but because of the expediency to deliver the lots, some of the work may have started before approvals were obtained and approvals are now being sought for the works which would involve going to the approval agencies; extra works may be asked by the agency to meet the requirements which we are undertaking currently and in the past and that is what we are undertaking.

Mr. Indarsingh: So, am I to conclude that that taxpayers are being subjected to what I would call, if I should use the phrase “double jeopardy” in the sense that works that was done in 2008, we are now redoing them in 2011 and going forward?

Mr. Baksh: I would not say redoing. I am saying in some instances it is additional work. For instance, if a detention pond was not built and drainage requires it, we would now go and build it. It was not built before, so it is an additional item of work which we have to go and do to meet the requirements of the different agencies.

Mr. Karim: Can I ask another question? I am going to the accounts of 2008. What in the accounts would you say, based on the performance of the company, as we have been advised in your background document that the company was established to look at the housing estates, industrial and light agricultural and so on as well as commercial complexes; is there anything in that time there you would attribute to the development of anything commercial and, if so, what?

Mr. Baksh: There were some sites that were developed under the category called Strategic Business Units (SBU) which was the model at the time. For instance, we would build lots and sell the lots at market rates to the general public, and also they would incorporate some commercial activity, for instance, construct townhouses and rent to generate income. Now, at the time, I believe that was the model, but no townhouses and so on were built, but the lots were developed.

Mr. Karim: Are you aware that there are any gated communities within your portfolio and, if so, how many gated communities do you have lying idle, but for which substantial sums were utilized to develop these gated communities?

Mr. Baksh: There is one gated community in the Waterloo area which is about 27 lots. That is the only gated community we have existing.

Mr. Karim: And you have nothing in Beaucarro?

Mr. Baksh: Gated, no.

Mr. Karim: Okay. What is happening in terms of the Bank Village Gated Community? Why has that been developed for so long and left idle when you were given a mandate for commercialization?

Mr. Baksh: It is Waterloo—

Mr. Karim: Well, I think I might know the area more than you. That area, if I understand where it is, it is just as you enter where the Waterloo High School area is, and it is an area to the left, as you exit towards the end of Bank Village, really when you

leave St. Mary's Junction. You could correct me if I am wrong.

Mr. Baksh: "Yeah".

Mr. Karim: If they are, how many lots are there and what has happened? As far as I could recall, it is supposed to be gated, it is walled. You have lights and so on and infrastructure, but nothing has happened. Can you advise us in terms of the expenditure and the accounts for 2008, what has happened in terms of the return on that investment?

Mr. Baksh: Okay, I do not have the actual figures which were expended in 2008 on that project, but the status of the project is that we are in the process, as I said before, of obtaining the approvals from the different agencies for the site.

Mr. Karim: Are you saying that you have developed it without having the approval of the agencies? Are you saying that the gated community at Bank Village was developed without the approvals of the relevant agencies?

Mr. Baksh: Yes, we did not have—

Mr. Karim: Has that been a norm during that period of time?

Mr. Baksh: Yes, on some of the sites.

Mr. Karim: Well, the norm has been to acquire lands and to develop it without the statutory approvals. That is the question that Minister Indarsingh was going down the road with. And are you saying yes to that? So, EMBD, in other words, has been breaking the law. Am I correct to assume that?

Mr. Baksh: Well at the time—

Mr. Karim: Based on what I am asking, we have invested substantial sums of money into commercialization activity, in other words, and you are saying that a lot of these areas that are being acquired have not met the statutory requirements for approval, but have been developed using substantial sums of money and, in some cases, just lying idle. I can give you the case; I have given you the case of one such which you admitted to in the Bank Village area, and you call it Waterloo and it is Bank Village.

11.20 a.m.

Mr. Karim: So I am saying to you, is it correct to say that we have had substantial experiences at the EMBD who have been acquiring and developing without the statutory approvals?

Mr. Baksh: For some of the sites before construction, we did not have all the approvals. We had outlines for certain sites, each site will be different but the question you are asking if we had all the approvals before we started construction, no.

Mr. Karim: And even in some cases when development was completed, you may not have had the approvals.

Mr. Baksh: No, and then we have to go into the process of getting the approvals, which we are currently doing.

Mr. Ramkissoon: Mr. Chairman, can I just add a point on the clarification on approvals. Normally, you would have construction starting when you get outline approval, and outline approval will specify what has to be monitored during construction. In the case of

pipng, for example, the Water and Sewage Authority would ensure that there is continuing inspection during the period. And many of the non-approved sites that we are having, in fact, is WASA's final approval has to come in. There is also the situation with the sewer treatment plants and as far as I have come across, there are no sewer treatment plants on the majority of the sites, but there is an interim WASA approval to allow septic tank single unit and that is to be able to expedite the approvals so that the lands can be allocated. And that was a WASA agreement through the approving agencies.

Mr. Indarsingh: Mr. Chairman, on the notes to the financial statements under "8. Related Party Transactions", page 15, under Roman Numeral "8.(ii) Transactions with key management personnel". I am reading: "In addition to their salaries, the Company also provides non-cash benefits to executive officers. The key management personnel compensations comprise short-term employee benefits..." and apparently in 2008, it was in the vicinity of \$2,442,688, while in 2007, it stood at \$1,328,946. I do not know what was the staff component in 2007, or what it was in 2008 and why this sudden jump in excess of \$1,000,000.

Mr. Gray: The question was raised at the last meeting and we were asked to provide a response. We are currently researching that information and it will be provided by the May 26, 2011.

Mr. Chairman: Thank you very much, we look forward to that.

Mr. Imbert: Mr. Chairman, I have a question for Mr. Baksh. If EMBD had waited until you got all of the statutory approvals, final Town and Country Planning, EMA, WASA, Ministry of Works, Regional Corporation, et cetera, et cetera, et cetera, from your experience, how long would it have taken before work could have commenced from the point at which an application was submitted to Town and Country Planning for outline approval to the point at which the Regional Corporation issued final approved plans and all of the other agencies as well, issued their final approvals, how long would that take?

Mr. Baksh: It could be more than a year.

Mr. Imbert: More than a year. Okay. In that context therefore on page 3 of the accounts, I notice that EMBD had \$133,000,000 in cash, could someone tell me what was that cash for or what was the purpose of that cash? Anybody?

Ms. Mohammed: That would be funds released by the Ministry of Finance to carryout infrastructural works.

Mr. Imbert: Okay. So EMBD, from time to time would receive money from the Ministry of Finance?

Ms. Mohammed: Yes.

Mr. Imbert: And based on a proposal made to the Ministry of Finance?

Ms. Mohammed: I am not sure of what drawdown procedure was used in 2008.

Mr. Imbert: So you cannot tell me the process whereby EMBD received this \$133,000,000?

Ms. Mohammed: In 2008, no.

Mr. Imbert: Okay, well I think that is something we need to settle under separate cover, but you are saying the \$133,000,000 was for projects?

Ms. Mohammed: Yes.

Mr. Imbert: So that if the EMBD had waited until it got all approvals, this \$133,000,000 would just be sitting idle and EMBD would have essentially done nothing—am I correct?

Mr. Baksh: If it is in the approval process yes, because it takes a year or more to—

Mr. Imbert: To just sit down and look at this \$133,000,000?

Mr. Baksh: Yes, and wait for the approvals—yes.

Mr. Imbert: And put it in Clico perhaps? So that, based on what Mr. Ramkissoon was saying, the Chairman, the process that the EMBD adopted in most cases, I gather from what you are saying, is that having obtained the outline approval, you then proceeded to do the construction work while the consultants sought to obtain the other approvals?

Mr. Baksh: Yes.

Mr. Imbert: Is that normal in the construction industry?

Mr. Baksh: Yes, and also want to add, some of the approvals are two part, in that once you have the outline only after construction could you get the final approval.

Mr. Imbert: Yes, I am well aware of that and I am glad Mr. Ramkissoon clarified that that in some cases the agencies would issue a preliminary approval and then after you do the actual work, you will get your final approval, that is fact. But I am just trying to clarify that your approach was, you get your outline approval and you start and then as you go along, you seek to comply with the detailed requirements of the agencies and that is the norm in the industry?

Mr. Baksh: Yes.

Mr. Imbert: Okay.

Mr. Chairman: And, of course, just by way of completion the public could feel comforted that the lands would not have been distributed unless and until those approvals were finally obtained, is that correct?

Mr. Baksh: Yes.

Mr. Chairman: And has that been the practice altogether?

Mr. Baksh: Yes, that is the process. The process is we have to seek all the approvals up to the final Regional Corporation and the Director of Surveys approval before we could distribute to the Caroni recipients.

Mr. Chairman: Thank you. While we have met in camera, Mrs. Gopee-Scoon had raised issues about some concerns, would you like to—

Mrs. Gopee-Scoon: Yes, please. It is a question of outstanding VAT and corporate tax and so on, and I know we addressed it on the last occasion and when I looked at a verbatim notes, Ms. Mohammed had in fact stated that they were in the process of filing the VAT returns, the corporation tax, taking full advantage of the amnesty period, and so

on. And we had looked at the question of the receivables for \$112,000,000 for the VAT; I did not see it reflected as a line item in the balance sheet as at September 30, 2008, so I would imagine that it may have been collected before that date. But what concerns me, well two things, I want to know that you are in fact progressing towards filing all of these outstanding matters, especially the corporation tax by the amnesty deadline, but what concerns me is the collection of the \$54,000,000. I do not think you gave us any details on that, why does that remain still unrecoverable and well, not recoverable, the \$54,000,000 from 2007 and please confirm that the \$112,000,000 from 2008 was in fact collected.

Ms. Mohammed: The \$112,000,000 VAT receivable that is reflected as receivable in the management letter provided by KPMG, that line items reconcile before the accounts for 2008 was finalized. Along with that reconciliation, we went back to the year 2007 and we did correcting entries to the \$54,000,000. Those were in fact incorrect accounting entries, so the bulk of the entries were corrected during the year 2009, before the financial statements for 2008 were signed off. What we are doing now is filing all the returns as outstanding from October, 2008 to present, and whatever balances is left in the VAT account for prior periods, we are also reconciling that.

Mrs. Gopee-Scoon: So in other words the question of the outstanding \$54,000,000, that was been dealt with?

Ms. Mohammed: Yes. The \$54,000,000 was not a VAT refund in the sense that the VAT office owed us any money; it was incorrect accounting entries which we have corrected.

Mrs. Gopee-Scoon: Okay, and I am sure you are well on the way to completing all of the outstanding matters?

Ms. Mohammed: Yes, we are on target.

Mr. Imbert: Mr. Chairman, I have another question.

Mr. Chairman: Yes, Mr. Imbert.

Mr. Imbert: Could I just get confirmation that the company received a copy of the Minutes? Did they? Would you normally send the company a copy of these Minutes?

Mr. Deonarine: No.

Mr. Imbert: No. Okay. Well then there is an issue in here with respect to the annuities at Clico, where I has asked, how does the company intend to recover the value of the annuities held at Clico? Have you made any progress with respect to the decision on how we are going to approach this matter?

Mr. Panday: I had indicted when you asked a question, that is a matter for the corporation sole. In that the Government is dealing with certain aspects of the problems that exist at Clico and for the company to answer that question at this point in time, would really be to embarrass the company.

Mr. Imbert: Not at all. I think it is quite a proper question, I mean public funds are invested at Clico, and I simply want to know if the company is trying to recover them. I do not see the relevance. Could the company answer this question, Mr. Chairman?

Mr. Chairman: Yes they can.

Mr. Gray: The consultants and the chartered accountants who have done the statement for 2008, in fact had indicated then in their report that the reorganized Clico, is not yet completed and therefore there is uncertainty regarding the recovery of the money. So that will have to depend on the Government and the current process. That in fact was a statement made by the auditors at the—

Mr. Imbert: So what you are essentially saying is that the company—I mean I cannot accept what Mr. Panday is saying since he is not the corporation sole, but what you are essentially saying is that you are waiting for something to happen in terms of the status of Clico, or in terms of some directive from the corporations sole before you pursue this matter, is that what you are saying?

Mr. Karim: Can I, Mr. Chairman?

Mr. Chairman: Sure.

Mr. Karim: Can I go back to the accounts in another way? The 2008, makes reference to—

Mr. Chairman: Which page you are on?

Mr. Karim: I am on page 15, “Related Party Transactions”, and it makes reference to unutilized funds as at September 30, 2008, that were received to be paid to contractors and consultants in agricultural and residential land development projects. Can you indicate whether these sums have been paid to date or if they are outstanding liabilities, the quantum of that and a sense as to who owns the largest ones?

Ms. Mohammed: At this time I do not have that detailed information.

Mr. Karim: Will you say that there are still substantial outstanding claims to contractors?

Ms. Mohammed: I will prefer refer that to one of the Project Engineers.

Mr. Karim: Do you have any litigation from any contractor?

Ms. Mohammed: At the end of fiscal 2008, the audited financial statement has not reflected.

Mr. Singh: [*Inaudible*] We had gotten a letter recently, a copy, which was forwarded to us from the Ministry of Food Production, Land and Marine Affairs and we are looking into it. At the moment we cannot locate the contract award, so we are trying to find that document at this point in time.

11.35 a.m.

Mr. Baksh: The matter went to court, and the court quite rightly pointed out that it was a matter for arbitration and that it was left to the contractor to take this matter to arbitration, rather than the court deciding. As a board, the current board has to look at it, and it might very well require some level of audit, because there are also accusations in that report. This report apparently was circulated over the years. I have seen different ministries and others who have had this, coming back from way back in 2008.

Mr. Karim: As a new board would you say that you have found instances where

contracts may have been given, but you are unable to find the contract documents for 2008?

Mr. Baksh: The only one we have really looked for is this particular one, because it related to matters which were forwarded to us for investigation. This apparently was also reported in the past to the Integrity Commission, and the Integrity Commission has also written the former acting CEO asking for information. That information has not yet been found to submit.

Mr. Gopaul: To add to that, there is a lot of information that we cannot find at all. I have spoken to Kahlil to try to get some information from some container down at Caroni, and he forwarded a picture of the container inside. I have been trying to do some research from the audit company side, and it is terrible to get any informing from that period of time.

To answer your question on the contracts that were issued for that period of 2008 onwards, I remember distinctly it was **Mainway** and **Sizecon** to the tune of some \$84 million or sixty-something million. I am just saying it from off my head, but yet we cannot find the documentation for these contracts.

We have been, for the longest while, trying to get all this documentation together, so we can start processing some of the payments you are talking about, and it is right to say that without the documentation we cannot pay. So we are in a predicament right now at the EMBD, looking for information. We have reached a situation, and I think I should clarify this, that contracts were given to security contractors without any documentation, and now we have to pay. So it is not as easy as this new board sitting there. It is tireless days and nights, trying to get information to put some sort of perspective in it. We are trying to set up new systems, but we need the information of the past so we can go forward.

Mr. Panday: I wonder if Mr. Gray could help us in that regard, to indicate who were the persons responsible for giving those contracts and for securing the documents.

Mr. Gray: If you are referring to contracts in 2008, I will not be able to.

Mr. Panday: You have been there for some time. How long have you been in the company?

Mr. Gray: From January 01, 2009.

Mr. Panday: And during that period to now, have you made any attempts to locate those contracts, those missing documents for contracts?

Mr. Chairman: I must say in fairness to Mr. Gray, I think I heard other officials of the company say that as an entity they have been pursuing that matter and unfortunately so far they have not been able.

Mr. Panday: But, Mr. Chairman, this is a new board we are trying to go through, the continuity is on the back bench.

Mr. Chairman: But they are speaking on behalf of the company.

Mr. Panday: I know. This is the new board speaking on behalf of the company. We are dealing with the 2008 records. We are dealing with the 2008 records, and you are saying

that in fairness to him you cannot ask those questions, but then we asked the question and the board has indicated, “We are endeavouring to locate them.” We are asking the executive managers to tell us, “You gave out contracts, where are the records of the contracts?” Who gave the records?”

Mr. Chairman: I understand fully what you are asking.

Mr. Panday: “Who kept the security of the records?” So you have to pay money now and you do not know what you are paying money for?

Mr. Chairman: I am just trying to protect any individual from being personalized in this. This is a company, and we have had word from the officials of the company in respect of it. That is all I am trying to do, protect members of the public who serve us in public by taking positions in companies. That is all I am trying to do. I am saying that so far we have heard from officials of the company what the unfortunate circumstances are, so to identify any individual or individuals might not be the most healthy thing.

Mr. Panday: Therefore the PA(E)C is a waste of time.

Mr. Chairman: No, no, no.

Mr. Panday: We come to look at accounts, and contracts are the basis of entering into agreements to pay out money, and you are saying as the PA(E)C we cannot fine out the extent of those contracts, the record of those contracts?

Mr. Chairman: Mr. Panday, we have heard of the unfortunate situation from officials of the company that they are unable so far to find records of contract to treat with matters. We have heard that; that is unfortunate. All I am saying is, having heard that, we must be careful not to personalize the thing to any individual or individuals. Just before you go further, I see Mr. Indarsingh, Mr. Moheni and Mr. Ali are keen to ask a question. Let me recognize Mr. Ali.

Mr. Ali: Chairman, I had asked with respect to the income statement, and that is and audited statement where major income was management fees. The management fees are described as proceeds from sand pit operators or contractors on the lands of Caroni. So there should not be any question mark as to where that comes from, your accounts for 2008 were not qualified. So the figure of \$9.205 million which is a major part—

Mr. Panday: Which page of the accounts are you looking at, Mr. Ali?

Mr. Ali: The income statement is on page 2, I think. This is a question I asked last week. It is on page 4, Income Statement; “Statement of income, management fees”. I raised it last time because they said that that represented proceeds from the contractors who extract sand from lands owned by Caroni. I had asked a couple of questions. The auditors must have seen proof of that to not qualify the report in any way. I had asked whether there was a contract between Caroni Limited and EMBD to carry out that management function, which produces 9.205 income.

The second question I was asking was that the only direct expenses associated with sand pit, is given also on page 4 as \$153,000. Seeing that is the net income working up here, what are the other expenses? There must be some other expenses. I would expect it may have been in project management, et cetera. So I asked the question directly. I know they have until May 26 to reply, but if there is any reply on it today we would be happy,

because we are in a position where we have to produce our first report.

Mr. Chairman: Any response for the time being to Mr. Ali's important issue?

Mr. Gray: There was no contractual agreement with Caroni. It was by Cabinet Minute that EMBD assumed the responsibility for the sandpit operations.

Mr. Ali: That is part of the question. So what are these proceeds then, how did you arrive at these proceeds, the \$9.205 million which is in the main income statement? What are do I represent and how do you collect them and what other expenses are there? Are they management security fees, for example? How many management, staff or accounting fee charges? One does not see any of that anywhere in these statements, except if you go back to the Schedule on the cost—maybe hidden in the management costs or some of those items.

Mr. Jaimungalsingh: Mr. Chairman, the sand pit operators by contract would have paid a fixed annual rate for the facility to operate. [*Interruption*]

Mr. Chairman: Firstly, the *Hansard* reporter is not hearing you very clearly, so you need to speak into the microphone and speak a little more succinctly so she can hear you.

Mr. Jaimungalsingh: The sand pit operators by contract pay an annual rate for the facility, so they could operate. That would account for the management fees. Ms. Mohammed could tell you a little more about the expenses.

Ms. Mohammed: Based on the records for 2008, the only direct cost that we have associated with the operation of the sand pit, was salary paid to one employee, the associated NIS cost and a vehicle cost. That basically brings you to the \$153,000 as reflected on page 4 of the income statement. There are no other direct costs from the records.

Mr. Ali: I am afraid I would have to await the report data that they produce, because I really cannot figure it out now. And to see what those standard contracts are that they have with the sand pit owners. When you say it is a fixed fee for the year, so they can extract any amount? Who verifies what they extract and check, et cetera?

Mr. Gopaul: We have been working on that. When we came in we realized that the EMBD 2008 period got involved with contractors for the retrieval of the sand from the pits. Since that period to now, I do not think it was reviewed to really realize how many of our sand has been removed from the pit, because it is a fixed contract. One is a two-year contract, one is a month to month contract; so we are presently in the process of reviewing those contracts and maybe even going out tendering for more operators. That was discussed as recently as last week.

To say to give you a fixed amount, how much loads they take out for the day or the capacity of the contractor to remove, we do not have any security on site saying, for example, that 1,000 loads or a 10-wheeler went. We do not have any record of that. It is something we are look into and we want to implement as soon as possible.

Mr. Ali: That is what concerns me, and I have never seen a comment from the public auditors on such matters. To me it is very surprising. It is opening the door. I have seen reports about that in the newspapers, but I am very surprised to hear now that there is no real audit on the ground from your staff of any of these things.

Mr. Gopaul: We have recognized some of the deficiencies at present and we are trying to correct them as we move on.

Mr. Ali: I am now asking why your public auditors do not pick that up. We are not talking about internal audit, which is a function of the company. The public auditors do not mention anything, and they have what they said in the management letter. They have not questioned any of these things.

Mr. Chairman: For my own part, I see we have substantial security costs for 2008, \$3.7 million. My information is that at some point you had security at those sand pits.

Mr. Gopaul: That is all we had security. You just had security.

Mr. Chairman: In response to Mr. Ali you said that you did not have security at the sand pits, implying that the security might have been responsible for checking the number of loads that went out. I did not see that as a function of security.

Mr. Gopaul: I do not think I said that. What I said was that—in other words, we had no checks—EMBD had no checks and balances at the sand pit operations.

Mr. Chairman: I understand that.

Mr. Gopaul: To answer your question about the security, the \$3.7 million that we were paying, that was PRD Holdings, I think. Their job was really to manage the sand pit, the infrastructure of the sand pit, and not necessarily to do the checks and balances for EMBD. They were not contracted for that.

11.50 a.m.

Mr. Chairman: Yes, well I understand that but when you spoke in response to Sen. Ali, you explained that there was no security, someone listening to you may have formed the impression that the security would have been performing that additional function.

Mr. Gopaul: The security that I used—maybe it was out of context then.

Mr. Chairman: Great, great. But I want to agree with the implications as outlined by Sen. Bashrat—Sen. Ali, I am sorry—that certainly it is quite unfortunate that there was no provision made for monitoring the numbers of loads that would have gone in a fixed contract situation it is terrible.

Mr. Gopaul: And even as present it is not being done so as yet.

Mr. Chairman: And one would hope that you would hasten to put that right.

Mr. Imbert: Chairman, just let me come in there.

Mr. Chairman: Thank you.

Mr. Imbert: From my knowledge in quarry operations, a quarry operator can either pay a fixed rental or pay royalties. It would appear to me that the approach used by the EMBD was a fixed rental.

Mr. Chairman: Yes.

Mr. Imbert: It is commonplace in the quarry industry. Are you saying that the EMBD is now going move to a royalty system?

Mr. Gopaul: I am saying right now that presently we are looking at it and we are going to renegotiate contracts. I do not know what systems we will use yet, but we will be guided by the experts.

Mr. Imbert: Okay, because there are pit falls in both of them you know. In a fixed rental you are guaranteed income, in a royalty system you have to make sure that your auditing systems are robust enough so that you can actually get an accurate representation of the quantities of sand that are moved. So, I would urge a little bit of caution when you look at the two approaches, there is much to be said for both of them.

Mr. Gopaul: But on the contrary, with the fixed system, presently you have contractors who say that when the period is low they refuse to pay. So you see that there is six of one and half a dozen of the other.

Mr. Imbert: Mr. Chairman, I am glad you brought that up. On what basis would an operator say that they are not paying? If it is fixed rental they have a contractual obligation to pay.

Mr. Gopaul: Yes, they have a contractual obligation and then in order for you to get payment you have to go through litigation. So the process is not 100 per cent but you still have to recover your money

Mr. Imbert: I understand but that—just a second Mr. Ramkissoon before you come in with your vast experience. The problem that you are referring to would apply in both cases, whether it is a royalty system or whether it is a fixed rental system, if the operator refuses to pay you would still have to take some sort of action against the operator. So, that I do not agree with the argument that a fixed rental system is bad because if the person does not pay you have to take action against them. If there was a royalty system and your account showed that you are owed certain royalties, and the operator is not paying them, would you not also have to take action against the operator?

Mr. Gopaul: That depends on how you word your contract, and if you worded your contract to—I am talking open right now, I am talking open; I am not talking 2008—

Mr. Karim: Let us focus on 2008.

Mr. Gopaul: My response is for Mr. Colm Imbert.

Mr. Karim: Mr. Imbert is asking a present—day question.

Mr. Panday: We are dealing with 2008 records.

Mr. Imbert: No, no, I am not because everything revolves around what happened in 2008 because Mr. Ali is the one who raised the question about the \$9 million, how is this arrived at? What was the basis used for collection and so on. But I think the Chairman wanted to jump in here?

Mr. Ramkissoon: Well the points really are that, if I go back from my own experience when I was involved with Caroni, and the operations were taking place we in fact had a monitoring system by the truck and truck loads.

What we have inherited then is a month to month contract in one case as I have said, and it is a fixed sum, and the one is an annual contract which is also a fixed sum, with no monitoring of truck loads and I agree with the hon. Senator and the Minister, that if you

have to pay royalty to Government then you have no method of determining what royalty is to be paid.

The question of one contractor not paying, and my understanding from one correspondence that I have seen is that—or the communication or reports that I have seen—the contractor has said that he has had previous agreement with the previous board—that was what was said, right—not to operate for a period of time, and again to go back to the hon. Senator, it is very convenient for him not to operate when there is no work when you require sand to submit for construction purposes, and if you do not want to pay during that period of time your annual rental is based on an average operation throughout the year, and that is what should have been paid, and we cannot except and we have said so and on the basis we are in fact reviewing as Mr. Gopaul indicated this has to be reviewed. Not because the contractor had no contract going, that he was not operating and he did not want to pay during that period, and that is what this in effect we are looking at.

Mr. Karim: Mr. Chairman, can I ask whether based on what—I am listening to Director Gopaul—we are looking at now in retrospect and the total abandonment of controls, in an evaluative sense how much you would have said that we would have lost because of negligence in terms of a quantum, based on what you have seen and I listened to Mr. Ramkissoon and what is being really said is that there was a fixed fee, and that you take what you want, and you take when you want. And based on what we have lost in terms of the mining and the transportation, if you had to evaluate on the basis of what you would have noticed or seen, there would be a substantial amount of money—you were saying—that would have been lost. Millions of dollars

Mr. Gopaul: That is not my specialty really to say how much was taken out and calculate the volume and the cost and those things, but if you check the period of activity that has been going on in the country from 2008 to now, and you check the high period and the low period and the amount of material that has been taken off, we could run into maybe billions, maybe, I do not know, taking into consideration the cost of material now. I said I am not—

Mr. Chairman: Yes, and therefore I think it is all speculative, what we do know is that the current state of affairs is quite untenable, that is what we know, and it sounds like the joke to me, and I am very disheartened to know that that state of affairs exists, and what I am more concerned with now is going forward, and again, I am happy to hear from “Chairman” Ramkissoon that we are putting measures in place promptly to correct that situation.

I have learnt from Mr. Imbert this morning that there are two systems, the royalty system and—what is it—the fixed rent system and the advantages or disadvantages of both, but at any rate the public of this country ought to know what exactly is happening and I hope that you will review contracts and put things in place to stop that kind of bleeding henceforth. And for persons to be able to say that I had some oral agreement and that gives me the right not to pay for this period, that is just outlandish and really we need to correct that. And if we do not this will be another big national joke, and we will continue to laugh. I am very disheartened to hear all of this.

Mr. Gopaul: Yes, but, Mr. Chairman, we have tried our best to bring the EMBD—I am

speaking here in totality, to some sort of decency. You have to understand what we found when we went in, hence the reason for that period of time to now, we are still looking for information. So, when you said that you are disheartened, I cannot be blamed for that.

Mr. Chairman: Well I am not ascribing blame I am talking about going forward now—

Mr. Gopaul: But you are sort of attributing some sort of blame.

Mr. Chairman: Mr. Gopaul, just bear a little patience—

Mr. Gopaul: Because we have been working tirelessly—

Mr. Chairman: Just hold on a moment, please. Just hold on a moment please. I am certain my comments were not intended to or cannot reasonably be construed as ascribing blame to anyone. I was speaking about a situation that we have all agreed, having heard what we heard this morning, is untenable. And I was speaking about Trinidad and Tobago going forward that is what I was saying is, I am not ascribing blame to anyone. And I am saying in the interest of this country we need to sort those obvious problems out going forward, that is what I said. [*Crosstalk*]

Mr. Panday: Mr. Chairman, with the greatest respect we are talking about 2008 when there was a free-for-all.

Mr. Chairman: Just a moment please, I want to recognize persons for questions. Just a moment please. And we are directing questions to the officials at EMBD, in relation to the public accounts 2008, okay. Mr. Moheni.

Mr. Moheni: I think that is exactly what I wanted to say. [*Crosstalk*]

Mr. Chairman: Mr. Moheni.

Mr. Moheni: That is exactly what I wanted to say, that the question here is not going forward with in as much as it is important, but we are trying to establish exactly what happened in 2008, in the past, so that we can apply it to the present. What I would like to know, you referred to the fact that there is difficulty obtaining information and particularly concerned about the contracts. I am particularly concerned about the contracts. Is it that there were no contracts, or is it that the documents are missing or misplaced or destroyed or otherwise? Have you all been able to establish what the source of the problem is with regard to the information pertaining to jobs that have been dispensed in the absence of contracts?

Mr. Chairman: The question is, just to paraphrase for my own understanding, whether we have been able to identify the reasons for the inability to locate the documents? That is the question.

Mr. Gopaul: I do not think that it is our inability to locate the documentations. It simply does not exist. I have gone through the whole of EMBD together with the accountant also the project team, and we cannot find any sort of documentation for that 2008 period for contracts. We may find one-liners but tendered documents—I do not know if jobs were even tendered because you cannot find anything, and then I was referred to a container—as I have told you—and I said “well I cannot go to the container, send me some pictures”. And Kahlil Baksh—at the back—he can tell you a little more on that. If

you see some of those pictures and where the documentation of this company is being kept, you would realize that it is a no-no situation to even to go inside the container.

Mr. Chairman: Mr. Indarsingh.

Mr. Indarsingh: Mr. Chairman, there seems to be something that was very consistent at the EMBD in 2008, in relation to the lack of paper trails and documentation and so on. And I have to agree with Minister Panday when he attempted to make some comments about the overall situation, and this is not about personalizing or zeroing in on any particular individual.

If I became the CEO or Acting CEO of EMBD on the first of January 2009, from carrying out my particular responsibility, I would have wanted to know what went before—probably the last two years—what kind of obligations we have, whether it is from a liability point of view, contractual point of view and so on. So I find it a bit difficult to take words to the effect, “well, I was appointed on the first of 2009, so I cannot or I did not have any knowledge of what was taking place in the company’s operations before”. And we are looking at hundreds of millions of dollars of taxpayers monies and I think that is the critical issue that we have to zero-in on. It seems to be a free-for-all existing at the Estate Business Management Development Company in 2008. I do not know what transpired in 2007, I do not know what transpired in 2009 and so on, and if I can send a word of caution here to the current Board of Directors, in relation to the sand pit operation and the mining operation out at Windsor Park, Phoenix Park in Esperanza, take very close look at what has been done to the environment and its possible implication going forward as the rainy season approaches.

12.05 p.m.

Mr. Chairman: Thank you very much, word of caution and I think it is apposite.

Mr. Karim: Mr. Chairman, I think in listening to the members on the board and the management, there is no doubt that efforts are being made to remedy a situation and we want to congratulate you for that. But I want to ask through you and it seems as though Mr. Gopaul has quite a lot of information in terms of the inventory. First of all, how would you describe what you would have seen in terms of the 2008 accounts or thereabouts, how would you have described the operation of this company in that period?

Secondly, I think it is important for the national community as well to know a bit more about that container. What container is this? Where is it? What does it have in it, or what does it not have in it, or what it supposed to have in it? Let us find out what is it, because you obviously are trying to find documents and you cannot, maybe they are somewhere else. Maybe there is another container somewhere else or maybe it does not exist at all. So I want to ask you to tell us, in your opinion how do you describe a company in the mode of operation as you are visiting the 2008 situation and tell us a little more about the container?

Mr. Gopaul: Based on the background I come from in the private enterprise document is a key that we work it. Having seen at the EMBD where there were no systems in place. There were no checks and balances, no control over anything possible, it was like—I am telling you honestly—a one-man operation show, because if I ask the existing CEO for that period of time and for the time before that it is like—

Mr. Indarsingh: It is a one-man operation.

Mr. Gopaul: They could tell you the same, they take instructions, and if you even go down to, based on some information that we have, how the board changes from three people this month, the next month there are four persons on the board, then the other month they have different people changing in this short period of time, so there was no consistency in anything.

If I should go back to the documentation, all I can say is that place was a mad place based on my standard. It was like somebody was operating a grocery and they "eh" even know when ketchup run out. There is nothing, absolutely nothing you can find down at EMBD no matter who you ask for documentation that they could give you some response. I do not know if they are wilfully withholding information or if the information is there, but we cannot get it.

Now, the container issue, that is where—we went to the container issue when I realized that I cannot get anymore information from the auditor committee signed and I spoke to Jaimungalsingh, he was the one responsible, and I think had the keys for it.

Mr. Chairman: What was his portfolio?

Mr. Gopaul: Aggregate, Security and Rent Collection Co-ordinator.

Mr. Chairman: "Oh," he is still with us.

Mr. Gopaul: And then the keys was with the secretary, then the keys was with the Acting CEO and then—you really could not get any direction where to go and then Kahlil told me a day that he would bring some pictures for me on that container.

Mr. Chairman: You mean, Mr. Baksh, the Project Manager?

Mr. Gopaul: Mr. Baksh, the Project Manager. So, I know it is located somewhere in Caroni, maybe Mr. Baksh could tell us exactly where it is located, and the reason why I bring this up, is recently, maybe a month ago, to make space for some new engineers we hired to make sure we get their projects and them going faster another container was sought, and documentations were removed again from EMBD and put in this container. Now, I do not know where this container is right now.

Mr. Chairman: When was that done?

Mr. Gopaul: Recently, maybe about a month ago or two months. What I am getting at—I would say there is no control system, there is no system existing and we are trying right now at present to see how best we can follow up on even things that are happening behind our backs and as soon as we recognize something is being done that is not supposed to be done, we are trying to get to the root of it very fast. So, maybe Mr. Baksh could tell us a little more on this container, this location of the container and what sort of documentations were kept in it, or maybe Mr. Jaimungalsingh could tell us.

Mr. Imbert: Mr. Chairman, I have listened with some interest to the allegations made on both sides of the Chamber, but when I go through the accounts which were the financial statements submitted to us by KPMG chartered accountants. *[Interruption]* When I go through the—Mr. Chairman?

Mr. Chairman: Yes, I am with you.

Mr. Imbert: When I go through the notes prepared by the Ministry of Finance, when I go through the audit management report, there is no mention whatsoever, none whatsoever about the inability of the auditors and the Ministry of Finance to obtain the necessary documentation.

Mr. Chairman: And just for the record, Mr. Imbert, who prepared the report of which you speak?

Mr. Imbert: Well, you have the financial statements, KPMG; you have the notes prepared by the Ministry of Finance and you have the audit management report.

Mr. Chairman: Prepared by KPMG as well. Yes, go ahead.

Mr. Imbert: When I look at the KPMG financial statements they make a categorical statement. We say at the bottom of page one, "we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion." Then you go to the top of page two, "in our opinion the financial statements which have been prepared in accordance with international, financial reporting standards present fairly in all material respects the financial position of the company, its financial performance"—

So the auditors, the chartered accountants, these are reputable people, have made an unqualified statement that in all material respects they were of the view that the audit evidence is sufficient and appropriate. In that context why is the company telling us something different? Are they challenging the financial statements and the findings of the auditors?

Mr. Chairman: Mr. Chairman, a response.

Mr. Moheni: Do we have any guarantee—

Mr. Chairman: Just a moment, Mr. Moheni, hold on.

Mr. Moheni: Do we have any guarantee—

Mr. Chairman: Mr. Moheni, just hold on please.

Mr. Moheni: I am answering his—

Mr. Chairman: Mr. Moheni, can you hold on.

Mr. Moheni: I am responding to his question.

Mr. Chairman: Mr. Moheni, would you hold on please. Could you hold on please and let us maintain some order and decorum around here.

Mr. Moheni: But I am responding to—

Mr. Chairman: No, you are not to respond to—

Mr. Gopaul: No, I am going to answer it. If you refer to the management letter, page seven, 2008—"Policy and Procedures Manual"—[*Interruption*]

Mr. Imbert: Show me where that is please.

Mr. Indarsingh: Read it again.

Mr. Gopaul: Have you found it?

Mr. Panday: [*Holds up document*] The company has no documented policy—

Mr. Chairman: Mr.—Mr. Panday, I said—[*Pounds desk*] Just a moment please! Just a moment please! [*Interruption*] Could we maintain some decorum and some order please.

This is a public meeting of the Public Accounts (Enterprises) Committee of the Parliament of Trinidad and Tobago.

Mr. Gopaul: Audit management report—

Mr. Chairman: Just hold on a minute please, Mr. Gopaul. And I must admit to becoming a bit irritated. This is a public meeting and we have to conduct it with some dignity. [*Interruption*] That is all I am saying. If we cannot do that, then I as Chairman would call these proceedings to an end. I want to hear what Mr. Gopaul has to say and you cannot be shouting like that.

Mr. Panday: He is telling you look it here, you asked for it.

Mr. Chairman: I am so sorry, this would be my final intervention on this tone. If we are going to proceed along this line I am going to, in the public interest and in the interest of the dignity and the decorum of this Parliament call this meeting to an end. We will proceed but with dignity.

Mr. Panday: No problem.

Mr. Chairman: Mr. Gopaul, you were responding to Mr. Imbert.

Mr. Gopaul: Yes, Sir. If you look at the audit management report, year ended September 30, 2008.

Mr. Chairman: At page seven you said?

Mr. Gopaul: At page seven, "policy and procedures manual". If you want me to read it—

Mr. Imbert: I saw it.

Mr. Gopaul: But the recommendation clearly states: "We recommend that the policy and procedures manual be implemented for the company with address at a minimum revenue recognition procurement, including tendering procedures and disbursement."

Mr. Imbert: Accepted. Mr. Chairman, can I follow on that response?

Mr. Chairman: Yes.

Mr. Imbert: That is there, that is all well and good. But that is not consistent with my point. My point is in the financial statements—the auditors have made a categorical statement. I will read it again: "We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for an audit opinion." Now, when an auditor said something like that, because you can have qualified accounts and unqualified accounts, but they have given unqualified accounts. And my little knowledge of accounting, I mean I am not an accountant, but my small knowledge of accounting—when a chartered accountant gives an unqualified opinion and makes these kinds of categorical statements that the audit evidence is sufficient and then goes on to say that the financial statements in all material respects represent the performance of the company, et

cetera. That does not square with allegations that important documents such as contracts cannot be found. Because no auditor is going to sign off on a payment—because you have a contract you must have payments—unless he sees a paper trail resulting in the payment. No auditor worth his salt, so I am a bit confused that KPMG is saying that there is sufficient evidence to provide an audit opinion. They are saying, in all material respects these documents represent the true perform of the company.

In my view KPMG would not say these things unless they found sufficient documentation to provide sufficient evidence that there was a basis for the payments made, so that I am confused at what I am hearing. I am hearing, no documents, no paper, something in a container, I am hearing that and I am seeing the auditors saying there is sufficient evidence to give an opinion.

Mr. Chairman: And let me say, I am not—I am here as Chairman of this committee, I had no intimate knowledge of what was happening inside of IMBDC, but having sat here as Chairman this morning, I came away with a very, very bitter taste from a very horrible picture of the activities of that entity and the public would be justified in feeling the way I felt as a listener, that it was a mad house and nothing could be found and no documentation. That is the impression that a reasonable observer would have had. *[Interruption]* Now, I then urge that if that is the state of affairs it is a serious blemish on the nation's State that is Trinidad and Tobago. I was talking forcefully about corrective measures going forward as Chairman and as Members of this committee. Now, Mr. Imbert has raised that point and Mr. Gopaul.

Mr. Gopaul: I am listening.

Mr. Chairman: Having attempted to respond to Mr. Imbert, who pointed out what KPMG had to say—and by the way KPMG's note was dated November 19, 2009. *[Interruption]* Now, you then directed us to page seven of the management notes under the rubric policy and procedures manual. I agree with Mr. Imbert, that that has little bearing on the issue he raised as a commonsense person. It is just different from what he was saying, this does not help us in my own view.

On the other hand now as Mr. Imbert directed us to see, KPMG, a reputable accounting unit, telling us what it did, so now the publix of Trinidad and Tobago is hearing on the one hand from officials of EMBD that there is a mad house situation, nothing exist, but on the other hand KPMG is saying we have had no such difficulty and describes the thing as meeting international accounting standards. So, this is quite, in my view, typical of where we operate in Trinidad and Tobago. I understand—

Mr. Volney: Mr. Chairman—

Mr. Chairman: Just a moment please, Mr. Volney—but this is where we are as we speak. This is where we are and I would really like to get some clarity on the situation because I am caught between two very distinct and extreme positions. *[Mr. Gopaul raises hand]* Just hold on, Mr. Gopaul, Member Volney, for the first time in this meeting, wishes to speak.

12.20 p.m.

Mr. Volney: I am not one, thank you, Mr. Chairman, to intervene much in matters of accountancy. However, I am very troubled like yourself. You see this period of the

accountancy of this Enterprise covers the period of a change of a Government from the old PNM to the new PNM between 2007, when there was a general election into 2008. Mr. Gopaul has said that there is a shortage of or the non-existence of a lot of material.

On the other hand, we have Mr. Imbert saying that the accountancy, KPMG have found that the documents provided to them have allowed them to make an all clear assessment of what they saw or words to that effect. What I would be curious to know from Mr. Gray, who is the Manager, the Divisional Manager of Corporate Services, is whether the documents that KPMG used to arrive at the conclusions that they expressed, exits at this time. And if they do exit, whether they can be made available so that we can test the veracity and accuracy of KPMG's conclusion.

Mr. Chairman: Thank you. What I would like is to—we are speaking to an entity here. The question is, whether the documents that KPMG would have examined, are now available. That is the question. Is there anyone on your bench who is able to answer that? The accountant is the one who I think should be answering this. Are those documents available?

Ms. Mohammed: Just to clarify it a bit, the audit for fiscal year 2008 would have started in the period, October 2008 to December 2008 under previous management. At that point in time from what I understand from KPMG they would have obtained the major part of their field work. With management changing in January 2009, what was left of the audit was basically transaction entries. Again, there was a Divisional Manager Finance early in 2009, who restarted the process of dealing with the auditors and then she left. At the point that she left, I basically took on the wrap up stage of the audit. At that point in time there was no need on my end to go back to documentation. I was more or less closing off on the audit for that fiscal.

Mr. Chairman: And then I asked again, are the documents—to which we have been directed by Mr. Volney—yet or still available to the knowledge of any one representing EMBD here, Mr. Jaimungalsingh.

Mr. Jaimungalsingh: Mr. Chairman, I am not the one responsible for the documents, but I could tell you from my observation as being part of the system, it is my view that the documents may still be there, but an effort to locate them—I want to think it is possible we can locate them.

Mr. Chairman: Thanks. Since Mr. Volney directed his question to a particular member on your bench is there anything you can add Mr. Gray to what has been said.

Mr. Gray: What I was about to say is that we have been asked to provide all contracts that were given out in 2008, and we are in the process of putting that information together to submit to you.

Mr. Chairman: Thank you. Folks before we go further, before we go further—I recognize you Mr. Panday—it is now 12.24. You know we have a sitting of the Parliament this afternoon from 1.30, we proposed to wrap up at 12.30. In the circumstances I will invite Mr. Panday and then you Mr. Ali, but be very brief in your comments or questions.

Mr. Panday: Thank you, Mr. Chairman. Just a very short question.

Mr. Chairman: Thank you.

Mr. Panday: Is there any electronic records of those contracts? Because if you do not have the paper work, what about the electronic records.

Mr. Chairman: Thank you.

Mr. Panday: Did you have computers at EMBD at that time?

Mr. Chairman: That is the question.

Mr. Panday: Are those contracts still alive? Mr. Volney has indicated that moneys are still being paid and not only that, the statutory timeline limit has not come to an end and you could still be sued.

Mr. Chairman: Question: any electronic records? Are the contracts—some of them are still in existence. Some of the contracts are still in existence.

Mr. Gopaul: Yes. Up to recently we got a—from a tenders committee, they lost the form that is normally being prepared for a retention pond.

Mr. Chairman: Yes.

Mr. Gopaul: They cannot find the manual copy of it; so therefore, they do not have an electronic copy to print. So you have to go through the whole process now of going and looking for all the documentation previous to that to see if you can, because there are still payments outstanding to contractors.

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

Mr. Ali: Thank you, Mr. Chairman. I want to say that I think we are in a situation where we would not get anywhere today. What I am trying to say is that we are expecting the 2009 Financial Statement.

Mr. Chairman: Yes.

Mr. Ali: And we will have much more continuity when that comes about. I understand from our Clerk that is already prepared—and or audit. So I would urge everybody to get those statements so that they are ready and available to Parliament, laid in Parliament and then we in a situation of having a similar kind of meeting on the 2009 accounts.

Mr. Chairman: Thank you very warmly, Mr. Ali. Mr. Ali is indicating that we learned from our Clerk—you would have inform the Clerk of this committee that the accounts for 2009 have already been prepared and are due for submission to us very shortly. Is that correct?

Mr. Gopaul: Yes.

Mr. Chairman: Thank you very much and he has urged that we—because we will be meeting again to look at those and future accounts so that we need to be ready so to do. Yes, Mr. “Chairman”.

Mr. Ramkissoon: Just a point and possibly clarification and also further information.

Mr. Chairman: Keep your eyes on the clock.

Mr. Ramkissoon: Yeah. Coming back from Mr. Karim’s initial question about how

you would describe the situation that existed in 2008—[*Interruption*]

Mr. Chairman: Yes.

Mr. Ramkissoo: I should point out that there is a requirement under the Act that the company report on a regular basis to the Ministry of Finance in this case. The Ministry of Finance should have records somewhere, and if that was not done then one should really go back and try to see if we can get supplementary information from the Ministry of Finance.

Mr. Chairman: Alright, thank you very much, Mr. “Chairman”.

Mr. Ramkissoo: In addition to that, the Ministry of Finance may or may not have information that the auditors took into consideration. Again I recall somewhere reading a statement where the auditors have indicated that they do not keep records of what they have looked at—[*Interruption*]

Mr. Panday: What!

Mr. Ramkissoo: —in developing these records. So they would have return hopefully to the body at the time.

Mr. Chairman: All I can do on behalf of this committee in light of that, to the representatives of the Ministry of Finance, is to make a formal request that you peruse your records to see whether there are any elements of those records in relation to the discussions you have heard, and if so, bring it to the attention of the committee promptly, please.

Mr. Ramkissoo: Those should be regular reports.

Mr. Chairman: Thank you very much. Folks it is now 12.28, as good a time as any for me to begin the descent.

Mr. Moheni: One request.

Mr. Chairman: It is not—yes I will give way to you for a very short intervention, very, very short.

Mr. Moheni: What I would like to request of the board and the company representatives, is whether they could provide us with regard to those areas of work, where you are having problems. Whether you could source the timeline as to when such projects would have started, and the authority in issuing the contracts or the—[*Interruption*]

Mr. Chairman: Alright point taken and thank you very much. Folks may I again on behalf of our committee thank you the officials of EMBD for availing yourselves this morning for a very important aspect of the management of your company and the governance of this country. We are very happy that you have come. We thank you for coming and we look forward to your written responses as you have promised them on our request, at least by the 26th of this month. We look forward with great anticipation.

Members of the Committee, we want to thank each and every one of you for your very robust intervention this morning in the public interest.

Mr. Panday: We did not mean any disrespect.

Mr. Chairman: We accept your apology Mr. Panday. We know that you are a man of good heart. We know that Mr. Panday, and we accept your apology without more.

Members of the Ministry of Finance, we again are thankful for your silent partnering with us, and you are due to respond to our formal request as promptly as you may. It will help us in no small measure. We want to thank members of the Media for making these proceedings available to the people of Trinidad and Tobago in their interest and of course the Parliament Channel for the great work that it has always done. I thank you as I bring these proceedings formally to closure. Thank you.

Adjourned at 12.30 p.m.

**VERBATIM NOTES OF THE PUBLIC ACCOUNTS (ENTERPRISES)
COMMITTEE HELD IN THE J. HAMILTON MAURICE ROOM, MEZZANINE
FLOOR, TOWER D, INTERNATIONAL WATERFRONT CENTRE, 1A
WRIGHTSON ROAD, PORT OF SPAIN, ON TUESDAY, JANUARY 17, 2012, AT
11.16 A.M.**

PRESENT

| | | |
|--------------------------|---|-----------------------------|
| Mr. Fitzgerald Hinds | - | Chairman |
| Mr. Fazal Karim | - | Member |
| Mr. Rudranath Indarsingh | - | Member |
| Mr. Herbert Volney | - | Member |
| Mrs. Paula Gopee-Scoon | - | Member |
| Mr. Colm Imbert | - | Member |
| Mr. Ralph Deonarine | - | Secretary |
| Miss Keiba Jacob | - | Assistant Secretary |
| Miss Indira Binda | - | Graduate Research Assistant |

ABSENT

| | | |
|--------------------------|---|--------|
| Mr. Errol Mc Leod | - | Member |
| Mr. Embau Moheni | - | Member |
| Dr. Bhoendradatt Tewarie | - | Member |
| Mr. Basharat Ali | - | Member |

Ministry of Finance

| | | |
|---------------------|---|-------------------------|
| Ms. Sharon Mohammed | - | Investments Division |
| Ms. Brenda Jones | - | Comptroller of Accounts |

ESTATE MANAGEMENT AND BUSINESS DEVELOPMENT COMPANY LTD.

| | | |
|----------------------------|---|-----------------------------|
| Mr. Kristendath Ramkissoon | - | Chairman |
| Mr. Anthony Gopaul | - | Director |
| Mr. Stephen Ramkissoon | - | Director |
| Mr. Seebalack Singh | - | Chief Executive Officer |
| Ms. Nadira Mohammed | - | Divisional Manager, Finance |
| Mr. John Pouchet | - | Internal Auditor |
| Mr. Khalil Baksh | - | Project Manager |

Mr. Chairman: Good morning to each and every one of you. As we are gathered here this morning, may I take this opportunity as well to welcome every one of you, and to wish you perhaps belated greetings. May you have the best of this New Year 2012, you and your families.

We must begin by becoming familiar with each other, at least you the officials of the EMBD. So I want us to introduce ourselves, for the record and for the benefit of the

viewing and listening public. I would want to welcome you members of the media and members of the public. Since these meetings are live, as you might know, can you introduce yourselves in turn beginning, of course, on my left.

Mr. Chairman: And, may I continue with, of course, the officials of the Ministry of Finance and the Comptroller of Accounts for the record.

Mr. Chairman: Special pleasure to have you and, of course, may we continue, now with members of the committee, Mr. Imbert, for the record.

[Members of the Committee introduced themselves]

Mr. Chairman: Thank you. We have a few other members who are not here, they having been excused. I am, of course, Fitzgerald Hinds, the Chairman of this Public Accounts (Enterprises) Committee.

Well, the purpose of this meeting, as is now clear, is to continue the examination of the audited financials in particular for the year ended September 30th of your organization, the Estate Management and Business Development Company Limited (EMBD). And we would like to assume the usual approach where my colleagues will ask questions, and you will provide the answers as appropriate among you.

I would like to begin with, Mr. Imbert. If you have any questions which you would like to raise with the—

Mr. Imbert: Thank you. When I look at the Financial Statements, I do not see any reference, unless I am missing something, to the income and expenditure for infrastructure work. It does not appear to be reflected in the Income and Expenditure statement. Is that so? And if that is so, is there a reason for that?

Miss Mohammed: Yes, you are right. There is no income and expenditure account per se for infrastructural work. Instead the funds which we have collected and utilized under IDF, are shown as a net amount on page 14, as due to related parties. It is netted off in the accounts.

Mr. Imbert: Is that the correct thing to do? If EMBD is receiving money to do infrastructure work and then spending money on that work, should it not be reflected in your Income and Expenditure statement? I mean, I am not an accountant, I am just asking.

Miss Mohammed: No it is not reflected in the Income and Expenditure account, it is reflected on the balance sheet, but we have identified the additional information that one may require and, in fact, it is something which we are working on. Historically in the accounts it was not shown separately.

Mr. Imbert: What is the standard international accounting practice?

Miss Mohammed: This is, in fact, the standard.

Mr. Imbert: You do not show it?

Miss Mohammed: In terms of the disclosure, the amount which you wish to disclose is up to you as the person presenting the accounts. What we have presented here is not incorrect; if we wish to expand the note that is also not—it will be in compliance with the

accounting standard.

Mr. Imbert: Okay.

Mr. Karim: Can I ask a related question? I do not know if it has any relevance to the question which Mr. Imbert is raising. On page 16 of the accounts, item 11, there is a substantial increase in the trade payables from '08 to '09; might you advise as to what may have caused that substantial increase?

Miss Mohammed: In 2008, the accounting system which was used at the time was a cash accounting system. So when bills came in from contractors it would be reflected in the accounts until—at the point—we would be ready to pay those bills. In 2009, we implemented accounting on an accruals basis, so at the end of the fiscal year, bills which were not paid but, in fact, owed will be reflected in the accounts. So that is why in 2009 you will see contractors invoices reflected.

Mr. Karim: I was helping Mr. Imbert actually with his question, because when you owe substantial amounts like these, you would have owed for work being done.

Mr. Imbert: Right. But if you go the page 14, where you have indicated that there were unutilized funds as at September 30th, 2009—a substantial amount, \$200 million plus. Where in these accounts would I be able to see how much you spent on these projects and payments to contractors and consultants?

Miss Mohammed: It will not be shown as line items, it will be netted off.

Mr. Imbert: So how does this committee understand—I mean I am sorry to ask you, this is going back in time. But how does this committee understand how much money was spent on infrastructure work in 2009?

Miss Mohammed: The information can be presented thereafter—

Mr. Imbert: Okay. I cannot find it here—

Miss Mohammed: Yes.

Mr. Imbert:—all right. Mr. Chairman?

Mr. Chairman: Yes, indeed.

Mr. Imbert: I would like to ask the EMBD to tell us how much they spent on infrastructure work in 2009, and give us some details of what it was spent on.

Mr. Chairman: Yes, indeed.

Mr. Karim: Mr. Chairman?

Mr. Chairman: One moment please. [*Speaks to Secretary*] And, of course, they will forward that to us. Any idea as to how long it would be before we can expect that?

Miss Mohammed: Within two weeks.

Mr. Chairman: Within two weeks we should expect a response. Thank you very much. Yes?

Mr. Imbert: Right. The next question is that there was an increase in operating expenses from \$7.3 million to \$14.6 million, and it is attributed to salaries and wages;

was that because the staff numbers increased, or the wages themselves increased? If you look at—sorry, on the notes prepared by the Ministry of Finance, did you all receive these? No? The company, they do not have this.

Mr. Chairman: No. This is normally an internal arrangement.

Mr. Imbert: All right.

Mr. Chairman: That is all right, but you can relate to it.

Mr. Imbert: I have some notes from the Ministry of Finance which indicate that total operating expenses increased by \$7.3 million, from \$7.3 million in 2008 to \$14.6 million in 2009. The note says the increase was mainly in the areas of salaries and wages. Could I ask whether the increase in salaries and wages, year on year, between 2008 and 2009 was because additional staff, additional workers were employed, or was it higher salaries?

Miss Mohammed: It was a combination of both. We hired additional staff in 2009 and salaries were also reviewed for the existing staff that was there. But just to answer your question in more detail, the increase from \$7.3 million to \$14.6 million resulted from increases in both the personnel cost and the administrative cost as well.

Mr. Indarsingh: Mr. Chairman.

Mr. Chairman: Yes.

Mr. Indarsingh: Yes, Mr. Chairman. I am hearing the administrative cost being increased from \$2.1 million in 2008 to \$5.2 million in 2009. And I am hearing about—is it increase in wages and salaries which accounted for this?

Miss Mohammed: It was an increase in wages and salaries, an increase in the number of employees at the company, as well as an increase in general administrative cost. It was personnel cost and administrative cost which resulted in the increase.

Mr. Indarsingh: I would like if we could have some clarification on this—if it had anything to do with consultancy fees, professional fees, and so on.

Mr. Chairman: Are you saying that the bulk of that increase had to do with wages and salaries?

Miss Mohammed: It was a combination. If we were to turn to page 23 of the accounts—

Mr. Chairman: Of the accounts? Yes.

Miss Mohammed: At the top you would see the personnel cost being increased from \$800,013 in 2008 to \$3.5 million in 2009.

Mr. Chairman: Yes.

Miss Mohammed: A lot of that had to do with the increase in salaries and wages. We had management staff being hired in 2009 for the very first time and we also had additional staff—more or less, created different departments in the company. When you look at the administrative cost on a line item basis you would see that the professional fees moved from \$300 thousand to \$1 million, and you had consultancy fees moving from zero to \$1.7 million which accounted for a major part of that increase.

Mr. Indarsingh: Just to follow on that, Mr. Chairman. Could this committee be informed as it relates to who were these consultants at the company in 2009? How much they were paid? What were their respective roles? What were their terms of reference? And what was the process of hiring these consultants and the engagements of these consultants, was there any approval by the Board of Directors of EMBD at that time?

11.30a.m.

Mr. Chairman: So, we would expect some feedback in that respect. Is that forthcoming as well within two weeks, yes?

Mr. Singh: Yes.

Mr. Chairman: Thank you very much, Mr. Indarsingh. On the question of staff, is it correct to say that the EMBD acquired some additional responsibilities during that period in terms of estate management?

Mr. Singh: That is correct.

Mr. Chairman: Is it that some of the staff that you would have hired has to do with the question of estate management in particular, that new responsibility—

Miss Mohammed: Sorry, will you repeat the question?

Mr. Chairman: I had enquired whether EMBD had acquired some new responsibility during that fiscal year for estate management in particular. Is that correct?

Miss Mohammed: Yes.

Mr. Chairman: And in respect of your hiring of staff, did it have to do with personnel to deal with that new area of responsibility?

Miss Mohammed: Yes.

Mr. Karim: Can I ask, in furtherance of that question—I wanted to go back to Mr. Imbert's [*Inaudible*] after. Let me deal with the question we are on now with respect to the hiring of staff. This is an item that is placed in the management report, the audit report. I am seeing here the issue that staff had no employment contract.

Mr. Chairman: What page are you at?

Mr. Karim: I am at page 9. Staff had no employment contracts, no letters of offer, et cetera. It appears as though there were simply instructions to work. People said, come out to work and that was it. Is that what you found? I am reading from the records. Could anybody on the EMBD indicate what you found? This is the audit, but it must be substantiated from your experience and what you would have enquired into. Was that how business was operating?

Mr. Singh: As documented here, I would confirm that it was correct. Four two zero nine.

Mr. Karim: Just to follow up on that, through you, Mr. Chairman, it goes back to the issue of the engagement of consultants and the increase in operating expenditure and so on. Is it true to say that the consultants who were engaged in 2009 were engaged through a verbal communication by the then chairman of the board and it had no approval of the board of directors?

Mr. Pouchet: During 2009, there were some consultants for whom we could find no record of a tendering process in their being—

Mr. Karim: So, from where you sit, Mr. Pouchet, from an auditing point of view, was it established procedures and standards in terms of corporate governance and so on at that time at EMBD?

Mr. Pouchet: No, for all contracts in excess of \$100,000, the standard is that there would be a tendering process.

Mr. Karim: And there was absolutely none.

Mr. Pouchet: I have not been able to see evidence, for all of the contracts for the consultants, that there was a tendering process followed.

Mr. Karim: For the record, who was the chairman of the board of directors at that time?

Mr. Singh: In 2009, it was Mr. Noel Garcia.

Mr. Imbert: Is it, as far as you know, standard practice in the industry to invite tenders from consultants? I worked in a consulting firm some time in the middle ages—I do not know if Mr. Ramkissoon was around at that time, but he would know what I am talking about. Is it normal to invite tenders from consultants?

Mr. Ramkissoon: There is an established procedure and, in fact, this procedure should have been followed at the EMBD at the time. Looking at some records and, in fact, the auditors had made a comment that some of their Grade 1 problems was the board not identifying properly and going through the procedure of engaging consultants.

Mr. Imbert: Could you elucidate and summarize what the procedure should have been for the engagement of consultants as opposed to contractors?

Mr. Ramkissoon: Well, consultants are generally invited by either an advertisement in the press or, if there is a list of specialists, then they get concurrent and go to the specialist. So, alternatively, they can go to a minimum of three and invite three bids. If there is an emergency, then a decision could be made if they are satisfied with an existing consultant to extend the scope or something like that.

Mr. Imbert: I am not questioning what you are saying at all, Mr. Ramkissoon. I just was not aware that consultants engaged in competitive bidding. I thought there was a standard scale of fees and you select consultants based on competence. I am a little confused here.

Mr. Ramkissoon: If they are satisfied with the performance of a particular consultant and there is an emergency, then they can extend that scope, especially if there is a related project. That is what I am saying.

Mr. Imbert: Could you just clear up what you are saying? With respect to the engagement of consultants, you invite bids and these will be competitive bids, so that the consultants would have to state what their fees would be and be evaluated based on price, track record, quality; all that sort of thing? Is that what you are saying?

Mr. Ramkissoon: There will be a technical assessment in the first instance and then, after the technical assessment and the point system, that is what they should adopt.

Mr. Imbert: You are saying you evaluate the competence of the consultants.

Mr. Ramkissoo: In the first instance—

Mr. Imbert: And then sort out which consultant is the most competent and then deal with the price issue after that.

Mr. Ramkissoo: Then they will deal with the price issue.

Mr. Imbert: A two-stage process. Mr. Chairman, can I follow up on that with respect to the hiring of personnel? Similarly, would there not have been a procedure for, or maybe there was no procedure for hiring of the person. I want to know whether that was in fact so or whether it still is so that those persons were hired without any advertisement or interview, or simply appointed and not given any contracts. Do you have any of them working in the organization currently at this stage?

Mr. Singh: The point you are making reflects a number of approaches in the institution as practised in 2009. In fact, it is a combination of employment practices. Quite frankly, as far as I can recall, in my view, people join the organization without making formal applications or being formally interviewed.

Mr. Indarsingh: You are saying that they were hand-picked and asked to come on board.

Mr. Singh: I do not have the empirical evidence to support that, but from what I have read that appears to be so.

Mr. Indarsingh: What you are saying is that there was no transparency in the hiring.

Mr. Singh: I am saying that. I can confirm though that, over the last year, all those procedures have been looked at and we have regularized them. So I can say all is well at this point in time.

Mr. Chairman: Let me ask a couple questions on this matter. Roughly when did you employ persons to deal with this new estate management responsibility?

Miss Mohammed: The process would have started in January 2009 and probably continued until about August 2009.

Mr. Chairman: Approximately how many persons do you have employed in the organization dealing with this particular area of work?

Miss Mohammed: In the Estate Management Department, right now we have four persons plus a survey crew of about 10 persons. There is a surveyor and he has his staff under him. So, we are looking at about 15 persons.

Mr. Indarsingh: Could you recollect, in 2009, what was the manpower level? All this, I think, has to do with the whole question of the administrative cost and, again, it goes back to the issue really of whether—I am kind of amazed really that—it seems to me that persons were engaged in this entity at the whims and fancies of the then chairman.

Mrs. P. Gopee-Scoon: How do you come to that conclusion?

Mr. Chairman: How do you? On what basis?

Mr. Indarsingh: I am asking in the context, again, whether, and it goes back to what

the—and I can recollect just a few moments ago that the CEO of the company, Mr. Seebalack Singh, indicating to this meeting that from when he attempted to peruse the records in relation to the engagement of persons employed at EMBD, at that point in time he found, apparently, no records.

Mr. Chairman: You will recall, Mr. Indarsingh, in all fairness to the EMBD, we were told in this committee before that there was a general problem with management of records. Were we not told that?

Mr. Indarsingh: Was it management of records or those in authority flagrantly abusing procedures and processes and so on?

Mr. Chairman: I cannot know. Like you, I am just here on the committee to enquire about these financials and so on, but I recall distinctly that we were told that there were some challenges in respect of finding documents and that documents were in containers and all kinds of strange things. Remember? That is what the officials of the company reported to us. It may very well be that some of these documents existed but have not been located or cannot be located, or are poorly stacked or managed. We heard all kinds of things, which is why I was led on that occasion to seriously question whether we are serious about going forward in this land. We cannot really come to a conclusion as to whether they existed or not because of the things we had heard from the officials of the company prior to this meeting.

Mr. Indarsingh: In terms of the level of expenditure and increase and so on, I have been around for some time in relation to the operations of this particular entity and those who would have been in charge of it. I can come to my own conclusions and I am free to do.

Mr. Chairman: Yes, yes, of course, but just to recognize that it may not be altogether accurate. So we cannot really speculate on that. What we need to do is to try to get some answers.

In this regard, I see from the notes here that there was some issue as to the departed CEO retaining his position as a signatory in respect of your cheques and your accounts and so on. That matter, I take it, has been resolved. When was it resolved?

Miss Mohammed: I do not have an exact date as to when the matter was resolved, but I do know that when the matter was brought to our attention during the audit for 2009, which would have been somewhere in 2010, it was corrected. I do not have an exact date.

Mr. Chairman: I trust you would take action to ensure that we do not repeat that issue in the future.

Mr. Karim: Can I ask, since you still have his signature on your records, were there any transactions post his departure, or any liabilities that would have been incurred post his departure?

Miss Mohammed: The last transaction on the RBTT account was in September 2008.

Mr. Karim: I just want to go back to another question that was raised, a related one. I am looking at page 6 of the report, certain contracts' retention amounts were inconsistent with the terms and conditions in the contract. Can you give us any examples or evidence where you had that kind of inconsistency with the contracts?

11.45 a.m.

Mr. Gopaul: Well, I think that KPMG was referring to five different contracts here where a larger amount was retained than should have been. But these were for interim payments and they have since been corrected by the end of 2009.

Mr. Imbert: But, that would be in the company's favour. If you retain more than you are supposed to retain, that is not in the contractor's favour.

Mr. Gopaul: No, it is not in the contractor's favour, but it has been corrected, and systems have been put in place to ensure that it does not happen again.

Mr. Imbert: Mr. Chairman, I would like to ask a question going back to the income and expenditure statement on page 4 of the accounts:

Mr. Chairman: Yes, Mr. Imbert.

Mr. Imbert: There is a heading or line item—finance income. What is that?

Miss N. Mohammed: That would represent our interest received on investment and with the current account.

Mr. Imbert: So when you receive the money from the Ministry of Finance it was invested? You earned income from it? Is that what it is?

Miss N. Mohammed: Some would be in current accounts and some would be invested. In the case of 2009, we had two investments as at the end of the fiscal year; one was a fixed deposit with FCB for about \$45 million—it is in the notes actually, and the second one was \$5 million with AIC. Apart from that, all funds were held in current accounts.

Mr. Imbert: But I am looking at 2008, finance income was \$10 million and 2009 4.5 million. So what you are referring to—this is the earnings from those deposits?

Miss N. Mohammed: Yes it was.

Mr. Imbert: And that was used to finance the operations of the company?

Miss N. Mohammed: Yes.

Mrs. Gopee-Scoon: Mr. Chairman, as we are speaking about income, we are aware that one of the core business activities of the EMBD is the question of the management and development of the Caroni Agricultural Lands Development Project. Was there any income for that period coming in from the EU, and what is the quantum of it?

Miss N. Mohammed: As far as the accounts reflect, there was no income coming in from the EU. I am not sure, you know, the process back then. I do not know.

Mr. Chairman: Yes.

Mrs. Gopee-Scoon: Would anyone from the Ministry of Finance be able to guide us on that?

Miss S. Mohammed: We do not know.

Mr. Chairman: Okay, yes I recall there was some talk about income from the EU and so on, a lot of that was bandied about. So it is interesting to know that there was no such income. Yes, Mr. Indarsingh?

Mr. Indarsingh: Mr. Chairman, I am smiling—

Mr. Chairman: You always smile, Mr. Indarsingh.

Mr. Indarsingh:—taking into consideration the question by Mrs. Gopee-Scoon. But I am coming back to the accounts of 2009, we see on the balance sheet, under assets and soon non-current assets—*[Interruption]*

Mr. Chairman: Where are you looking at, Mr. Indarsingh?

Mr. Indarsingh: Page 3.

Mr. Chairman: Page 3, yes.

Mr. Indarsingh:—construction in progress. What does that represent?

Mr. Singh: That would be land development works.

Mr. Chairman: What in particular, Mr. CEO?

Mr. Singh: Infrastructure on the ground.

Mr. Chairman: You mean electricity, plumbing, drainage, that sort of thing?

Mr. Singh: Roads, drains, electricity.

Mr. Indarsingh: Does this have any relevance to what we find in the Audit Management Report as it relates to page 7: “We noted that the cost had been incurred in both the design of a permanent head office site? And then subsequently in the construction of a temporary head office site, and where it is noted too that the company does not have legal title to either property?”

Mr. Gopaul: For 2009, it is correctly stated as is, but with reference to the Sevillahead office project, we have moved on and we have approached the Ministry of Food Production to regularize our occupancy of that property. In other words, when renovation and expansion works had commenced on the new head office project at Sevilla, EMBD did not yet have title to the land, the land still belonged to Caroni, EMBD having rented that bungalow from Caroni in 2003.

Mr. Chairman: Now, just to recall, the main or the core business, as Member Gopee-Scoon identified earlier, the main business of the EMBD was to manage lands owned by Caroni (1975) Limited and, with emphasis, to stimulate and facilitate new business activities through the establishment of light industrial, agricultural and housing estates and commercial complexes; is that correct? And we agreed earlier, that you have added to that since then, the estate management function, am I correct?

Mr. K. Ramkisoan: That is, in fact, included in—that is part of the estate management.

Mr. Chairman: Yes. In 2009, what sort of—if you like, what evidence do we have of stimulating and facilitating new business activities in respect of the core function read out a while ago?

Mr. K. Ramkisoan: Well, again, based on the reports that we see, the housing development that has been undertaken was addressing, not only the VSEP requirements, but had expanded to also look at lands for sale as well on a commercial basis. Not for commercial use, but for housing use.

Mr. Chairman: And how is that proceeding post 2009, if I might ask?

Mr. K. Ramkisoan: Well they were—the projects for the VSEP, in fact, we more recently have been concentrating in getting those and meeting the requirements of VSEP. In fact, a number of those contract arrangements are to be released later this week. And that, we have had to get those completed, so priority was put on those.

Mr. Chairman: Yes, Mr. Karim?

Mr. Karim: Mr. Chairman, I am referring to that same document that you read from a while ago, and on page 3 of that document there is a statement that Cabinet, in 2009, approved an agricultural initiative for over 500 km of access roads. Can you tell us how much of that has been done, if at all—because no cost is stated?

Mr. Singh: For 2009?

Mr. Karim: On page 3, Cabinet by Minute No. 2468 of September 07, 2009, approved an agricultural initiative for the rehabilitation of 500 km of access roads to facilitate the programme EMBD with partners with the private sector including farmers associations such as the agricultural society. The cost of this programme is funded by the Government, and I am asking, what amounts of roads were rehabilitated, at what cost or whether, in fact, that was done?

Mr. Imbert: Mr. Chairman, let me help, Mr. Karim, if he does not mind. The Cabinet decision was on September 07, the accounts closed on September 30, twenty-three days later. So it is highly unlikely they did any work between September 07 and September 30.

Mr. Karim: Now, I am still asking whether anything was done subsequent to that?

Mr. Singh: Not for 2009, but I do know the programme commenced in 2010. And if my memory serves me right, the target for 2010 was 200, and EMBD completed about 150 km. The exact—[*Interruption*]

Mr. Imbert: Mr. Chairman, a procedural matter here, we are going into 2010 matters. I mean, Mr. Karim, is trying his best, but I will have to object.

Mr. Chairman: It is rather a pertinent objection that is sustained. I want to reflect on 2009 as we have been guided by Mr. Imbert; is there any evidence, anything that we can point to by way of an achievement in respect of light industrial—well, any establishment of any light industrial operation or complex through the EMBD, which is part of your core mandate?

Mr. Singh: In 2009, I do know some initiatives were implemented on the ground to commence a programme. The exact details I do not have with me Sir, and I can submit that within the time—[*Interruption*]

Mr. Chairman: In respect of the agricultural element of it, anything in respect of agricultural, that you could point to?

Mr. Baksh: For 2009, they would have had the completion of the agricultural two-acre parcels, that project would have been ongoing, towards the end phase of that development: those two- acre parcels for all the VSEP workers.

Mr. Chairman: Yes. And what about commercial complexes another element of your core mandate, anything you can point to in 2009?

Mr. K. Ramkisoorn: There was no development in the area of light industrial or even commercial. What had happened though, sometime around then, lands were allocated to e TecKwho went into light industrial development. And there were, in fact, plans—that was under the EMBD management originally which was that former Caroni lands. But remember that all the Caroni lands were, by that time, also handed over to Government and, therefore, would have come under the Commissioner of State Lands jurisdiction for use.

Mr. Chairman: In other words, one is getting the impression that the bulk, the large chunk of all your activities in 2009—I am going to confine myself to that—had to do with the whole VSEP arrangement around these agricultural and housing plots, and that you may have dropped the ball in other areas. Is that a fair assessment?

Mr. K. Ramkisoorn: From the records that are there, the answer to that is no. They have, in fact, extended it to and were looking at land development, yes, not only for VSEP, but for sale, commercial basis.

Mr. Chairman: You see because as I understand it, EMBD has a major, a very important role to play especially given where we are in Trinidad and Tobago today, you see? And I am just concerned that we are not bogged down with the immediacy of the housing plots and all of that, and lose sight of these other major issues that are so important in your mandate, if we have to advance affairs for Trinidad and Tobago. That is the point I am making. And I would hope that we return to you to look at 2010 and 2011, we can see some successes, point to some achievements in those regards because, after all, that is your core mandate.

Mr. K. Ramkisoorn: Well, if we go back to Member Gopee-Scoon's comment, the mandate is clear and the lands are at the moment, as you said, was concentrated at that time into providing VSEP and other housing development, but not land use. The lands are there and it is for the EMBD to make sure that we have initiated these things. In fact, there was an advertisement for lands through the ministry because it comes under the Commissioner of State Lands, and right now consideration is being given to get some of those lands into production, and that is agricultural production. So that sort of management was lacked totally in 2009 coming on. So the terms of reference really was not being looked at, at all.

Mr. Chairman: Thank you. Mr. Karim?

12.00 noon

Mr. Karim: Mr. Chairman, I want to refer again to the management audit report on page 5, and there seems to be a habit here that we are seeing repeating itself. First of all, it was raised earlier on in terms of the hiring of personnel on contracts, and now we are seeing where contractors are being given contracts not on the pre-qualification list; is it possible for us to have an idea as to who these contractors were or are, and what amounts would have been expended for those contractors who are not on the pre-qualification list?Because one gets the impression as well that this was something vicariously done, certainly at an individualistic level that these contracts would be awarded without any

process.

Mr. Singh: For 2009, the contractors who were awarded contracts and were not on the list—if there was a list—were API Pipelines Construction, Ajay Enterprises Limited, Sigma Technologies Systems Limited, Baksh Construction Services Limited—it has nothing to do with my Project Engineer, Carl King Company Limited, KJS Enterprises, and Online General Contractors. These were the contractors who were given work in 2009 and they were not on the list.

Mr. Imbert: Could I just come in here?

Mr. Singh: Sure.

Mr. Imbert: If you look at the same document that Mr. Karim is looking at, the response from the management is that the contracts that were identified were awarded in 2008 not 2009. What is correct? Is this correct or what you just said correct?

Mr. Singh: I think these contracts were awarded in 2008 and they rolled over into the work.

Mr. Imbert: But the contracts were actually awarded in 2008 and the work continued in 2009.

Mr. Singh: That is correct.

Mr. Imbert: So it is not correct to say that contracts were awarded in 2009 to that group of contractors.

Mr. Singh: I think you are correct.

Mr. Imbert: Okay.

Mr. Chairman: And not in relation of course to 2009, but are we assured, can the public of Trinidad and Tobago feel assured that that deficiency is rectified, and has not and would not take place in your institution, again?

Mr. Singh: The public can rest assured that this will not happen anymore. It has not been happening and we have a list of approved contractors and consultants which we subscribe to each time and every time.

Mr. Chairman: We are comforted by that.

Mr. Ramkissoon: If it can add that the CEO has been reproached by the board to make sure that this in fact does not take place. In other words, we must follow the procedure and that he is the first to answer for these things.

Mr. Imbert: Could I ask a generic question because I do not want to get into 2010 and 2011, but since this issue was flagged in these documents has EMBD now adopted a procedure that could stand scrutiny with respect to pre-qualification of contractors?

Mr. Singh: We are in the process of evaluating all the responses in our pre-qualification exercise, and that pre-qualification exercise we estimate its completion date to be January 31, 2012.

Mr. Imbert: All right, so that is in progress, but I did not want to get into that. The question I am driving at is that this document, the Audit Management Report—are you

all hearing me by the way, I get the impression that you all are not hearing me—says that contracts were awarded to contractors who were not on the pre-qualified list; are you saying that between then—and it seems to have gone back to 2008—and now you have not yet developed a pre-qualification list?

Mr. Singh: That is not entirely correct, because we had a pre-qualification list in 2010 and we had one in 2011. What we are doing is reviewing and updating as we move along.

Mr. Imbert: Something happened after these—2009.

Mr. Singh: To correct this.

Mr. Imbert: I do not want to go into that.

Mr. Karim: But effectively, while we do not want to go into 2010/2011, what we are saying is that, in spite of the fact that the contracts may have been awarded in 2008 and you have reported they rolled over in 2009, that does not escape the fact that there was no process. There is no documentation, you cannot find anything, so that there was no integrity in the selection of these persons—that is the point I was making.

Mr. Singh: Then.

Mr. Karim: Then—you have no records of it. And there is a similar pattern in terms of recruitment, whether it is persons to work in the organizations or persons as consultants or professionals, or now as pre-qualified contractors. Is that correct?

Mr. Singh: [*Inaudible*] That is right.

Mr. Karim: Then—I am talking about.

Mr. Imbert: Mr. Chairman, I will have to object. Mr. Karim is using some words that have English meaning. He said—

Mr. Indarsingh: Mr. Chairman, I would be forced to concur with what Mr. Karim is stating. It seems to be what transpired out there is a consistent behavioural pattern in terms of abuse of procedures and policies, and so on.

Mr. Chairman: Let me permit Mr. Imbert to continue.

Mr. Indarsingh: He is intelligently trying to mislead the meeting in terms of the state of affairs at the EMBD in 2009; that is the simple fact, you know.

Mr. Chairman: Let us permit Mr. Imbert to continue.

Mr. Imbert: And I will ignore that abuse I was just subjected to. Mr. Karim asked the gentlemen whether there was no integrity in the procurement process for contractors, and the gentlemen said, yes. Are you in a position to actually say yes to that question from Mr. Karim, that there was no integrity in the procurement process? That is the question he asked you, you know, whether there was no integrity, and you said, yes.

Mr. Singh: I probably misunderstand.

Mr. Imbert: So you misunderstood.

Mr. Singh: Yes.

Mr. Imbert: Thank you.

Mr. Karim: Mr. Chairman, what I was saying is that you had no policy and you had no procedures, and therefore you had no integrity of any process because none existed.

Mr. Imbert: You gone back with that?

Mr. Chairman: Yes, I will have to get my dictionary and return. But insofar as expenses for 2009, the concern, and we saw an increase in your personnel expenses; did you have a problem with squatting in 2009?

Mr. Ramkissoon: There have been some problems that is even raising its head now that took place back, as far back as 2008 coming through to 2009, and in those instances that we are looking at, those particular instances, when we go for records we cannot find proper records. As you indicated earlier on, last year we reported about the difficulties with records. We have in fact gotten into those containers and we are in fact sorting out most of those containers that we found and everything else—

Mr. Chairman: Still sorting out?

Mr. Ramkissoon: Well, the exercise should be completed, but remember we cannot just concentrate on that; we have got to look at particular reports that are coming in. And a particular one, I think the exercise—when you are supposed to finish that?

Mr. Singh: By the end of January.

Mr. Ramkissoon: By the end of January this year—sorry, we had to get a house area to move it from the containers into those areas. But coming back to the projects, as we look into particular projects we are finding reports that would indicate that procedures were not properly followed, and that is a fact. In fact, we have one particular case where a lawyer recently wrote a letter to you on the matter and we are going through the process.

Mr. Chairman: Just for clarity, so you are saying that in 2009, you had and you continue to have a problem with squatting?

Mr. Ramkissoon: Yes, from contractors who are still claiming that they have not been paid for certain things. In fact, there is one I think, they have written to Parliament in some other instance.

Mr. Chairman: I was speaking specifically about the squatting problem, Mr. Ramkissoon.

Mr. Singh: [*Inaudible*] could answer.

Mr. Chairman: Thank you.

Mr. Indarsingh: Chairman, in the context of these—

Mr. Chairman: Just a moment please, Mr. Indarsingh, let me just take the answer and then I should revert. Yes.

Mr. Singh: The specific answer—yes, there was squatting in 2009.

Mr. Chairman: What is the company's policy in relation to that problem?

Mr. Singh: Our mandate includes securing all the lands under our control and security would be a prime instrument in doing that. What we have done over the last two years, we have continued to intensify our security arrangements for all told 77,000 acres of

former Caroni lands, which now come under our purview. Mr. Chairman, quite frankly, we cannot totally eliminate squatting. It has reduced considerably over the last two years; we still have it existing. A primary area where we are concentrating on is Orange Grove; we still have issues related to squatting in that particular area.

Mr. Chairman: Before you proceed, let me ask specifically, the squatting problem, some would be agricultural and some residential, am I correct?

Mr. Singh: You are quite right.

Mr. Chairman: Continue.

Mr. Singh: And our policy in that regard is that our security patrols, they patrol the entire area, and if they find anybody building a home they try to get them to stop building. If we find people who already constructed homes and are residing in those homes for a considerable period, there is nothing much one can do. We refer those matters to the Commissioner of State Lands. In the case of agricultural squatting, our security people warn the squatters to harvest and leave. Hopefully, the crops that they plant are temporary in nature—

Mr. Chairman: In other words, there is some acquiescence on the part of the EMBD, if you allow—I mean you are saying that you allow them to harvest, if harvest is due in another six weeks or so, you turn a blind eye, that is what you are saying?

Mr. Singh: No, I mean you find somebody with a crop—cabbages, let us say.

Mr. Chairman: Yes.

Mr. Singh: And you say, well look, this crop will mature and be ready for market in six weeks; what do you do, destroy the crops?

Mr. Chairman: No, but what he does typically for my—you see I have ground understanding like Mr. Karim and [*Inaudible*], he puts down some seedlings again, so by the time you return it is now two months old.

Mr. Karim: These are the accounts of 2009 we are talking about?

Mr. Chairman: Yes, because we are talking about personnel expenditure and the first thing I got—

Mr. Indarsingh: Mr. Chairman, with all due respect to you, you are attacking the integrity of farmers in the country too.

Mr. Chairman: No, let us keep this thing serious. In all seriousness, we are talking about personnel expenses, and the management of the EMBD indicated that part of this personnel expenditure—that is the first thing I cleared—had to do with dealing with the question of squatters, both residential and agricultural, did we not?

Mr. Singh: That is correct.

Mr. Chairman: Good. And therefore it is very, very apposite, and I am asking, what is the company's position on how you treat with this? That is all I am asking. At least how you treated with it in 2009, we will come to 2010, and thereafter. Yes, Mr. Ramkissoon?

Mr. Ramkissoon: The existing squatters that we encounter, in a lot of cases they have been there for a number of years. When the security goes down, all the security can do is

address what is taking place at that point in time. For example, if there is a building that is already there and has been there for a few years and we do not identify that there is a lease or anything at all, we would not go into that; that has to be referred to the Commissioner of State Lands. In fact, the Commissioner of State Lands is the only person who I would guess, legally, can move any squatter. Remember that we cannot as EMBD lease any lands to anybody, either. The operations there are restricted to ongoing security and what is happening at the time, and if we move into an area and there is a cabbage field that is already in growth and advanced, we have to refer that back to the Commissioner of State Lands, because the person has been there.

12.15 p.m.

Mr. Chairman: While that is so as a fact, it is your responsibility to manage the lands and therefore to be able to advise the state lands authorities. You are the ones; the lands are under your purview, and while you cannot remove them, you will provide the guidance to the State Lands Commissioner. Is that not correct?

Mr. Ramkissoon: And that is what I said we do.

Mr. Chairman: Therefore your constant monitoring of these lands is critical. You follow? Let me just say this. As I understand it, state policy for the regularization of agricultural squatters requires occupation before 1998, and you know that. Am I correct? Therefore you would have to be monitoring constantly persons who come into occupation for agricultural purposes post-1998. You follow? And particularly 2009 and thereafter, this is what we are talking about. Your responsibility is to monitor this, because I understand it is an ongoing problem. You may have new people coming on in 2009. The question is: How are you treating with it?

Mr. Karim: Mr. Chairman, can I go to the other end of the spectrum? Does the EMBD—or have you inherited on the other side any gated type development that is in your possession.

Mr. Chairman: Let me assist; he does not really need it, but what he is asking since we are dealing with 2009, is whether—if I may be permitted—whether any gated community engaged your attention in the year 2009. That is what he is asking.

Mr. Ramkissoon: Yes, Mr. Karim, I think there is one, if I recall, Bank Village.

Mr. Karim: Was that part of this mandate?

Mr. Ramkissoon: I could not say.

Mr. Karim: I was just going on the other extreme. On the one side you are talking about squatting; I was just asking on the other end. Was that part of the mandate for the EMBD to develop?

Mr. Chairman: I do not understand the question.

Mr. Imbert: Chairman, I am a little confused. Is this relevant to the 2009 accounts?

Mr. Karim: It is varying in terms of the accounts and the expenditure of 2009, whether you inherited on the accounts any assets which would have comprised a gated community or gated communities. It might be useful for you to find out what you made reference to in terms of Bank Village.

Mr. C. Imbert: Before Mr. Indarsingh jumps in, let me jump in ahead of him.

I was listening to what the Chairman was saying that you are going through these containers of document and you are finding things, and you did find some documents which led you to believe that the established procedures may not have been followed in some instances. Am I correct so far?

Mr. Ramkissoon: Yes, more recently. It may not necessarily relate to 2009.

Mr. C. Imbert: But I am dealing with 2009. I have a two-pronged question. What were the established procedures? Because before you can establish that procedures have been breached, you must know what the procedures were. So I do not want you to answer that today. Could you come back to us and tell us what were the procedures established for the EMBD in terms of procurement?

Mr. Ramkissoon: That is prior to 2009?

Mr. Imbert: In 2009? What were the established procedures; where did they come from and what authority decided that these were the procedures? That is the first question. The second question I would ask is: Is it not accurate to say that since you are still going through all these containers full of documents, you cannot come to any definitive conclusions at this point in, time in terms of breach of procedures?

Mr. Singh: I would say you are correct.

Mr. Chairman: How much time do you think it would take you to provide a response to this?

Mr. Ramkissoon: Two weeks.

Mr. Chairman: The management not raised the question of an independent person reviewing the bank recons, and I saw your response was that, that has now been achieved.

Ms. Mohammed: Yes.

Mr. Chairman: So we can be assured that going forward we would not have that issue again?

Colleagues, Mr. Volney?

Mr. Volney: Seems like all the good questions have already been asked. [*Laughter*]

Mr. Chairman: Mr. Karim, Mr. Imbert, Mrs. Gopee-Scoon?

Mrs. Gopee-Scoon: I have just one comment. Until the Chairman and members are able to wade through the documents with regard to record keeping and so on, the present company should refrain from jumpings to assumptions and conclusions regarding procedure and integrity.

Mr. Chairman: Just as an extension to that. We have substantially, it is hoped, improved our record keeping and the management of these records within recent times. Am I correct to assume that? Am I to be comforted in assuming that?

Mr. Seebalack: You are absolutely correct.

Mr. Indarsingh: On a light note, Mr. Chairman, in terms of these containers and so on with all these records—

Mr. Chairman: I wanted to deal with the heavy stuff first.

Mr. Indarsingh: Seeing that contractors are getting contracts who were not prequalified and so on, my colleague is coming to certain conclusions. Just on a light note, they must conclude or seek to ensure that these containers are kept in a very safe environment.

Mr. Chairman: We are aware that there is a lot of activity taking place through the EMBD post-2009, a lot of development work taking place. We will be very, very keen on those matters, because you may have heard, I mean we are dealing with 2009 and we are coming to a conclusion now, but I am just putting you on notice, because we will be with you and you with us again, we would have heard about a lot of activity taking place, work being redone and redone again. These are matters of deep concern to this committee, and based on the rules that we are guided by, we are not permitted to go there today. We have brought you here to look at the accounts for 2009, and we have confined ourselves to that. But we want to put you on notice that we will be taking a very keen view on these works and some issues that have been brought to us by the public in relation to 2010 and thereafter.

Mr. Imbert: Mr. Chairman, I have a question. When does the company expect to complete its 2010 accounts? I see your financial year ends at the end of September, so that was four months ago. When do you think you would be ready with those accounts?

Ms. Mohammed: The 2010 accounts—we wrote to the Ministry of Food Production seeking clarification on one item on the audited financial statements, so I would say within maybe two or three weeks following their response we should be ready.

Mr. Imbert: So it is dependent on a response from the Ministry of Food Production.

Ms. Mohammed: Yes.

Mr. Chairman: With those matters behind us, I would like to bring to a conclusion this meeting. In order to properly do so, I would like to thank you, Mr. Chairman, and all the officials of the EMBD for your attendance and your responses thus far to the issues that we have raised. Thank very much and we wish you well in the governance of that important entity, and to ask you to focus on the mandate as we have described it today.

We would as well like to thank the officials of the Ministry of Finance and the Comptroller of Accounts for your presence as silent partners, silent overseers in this whole process. We are fully aware that the public of Trinidad and Tobago is far more sensitized to these issue, and demanding far more answers from us in public life and those of us who govern those institutions on their behalf. Therefore we appreciate your presence and we know you have a role to play in this as well.

For my part we take these matters very, very, very seriously, and we look forward to interfacing with you going forward in the future. We would also like to thank the members of the media whose presence today ensures that the public will be brought up to speed on what is happening on their behalf in this space.

We would like to thank the members of the public who took time to come, and no doubt our Clerk, Mr. Deonarine, and all the staff of the Parliament who work very hard to make the entire process feasible.

I thank you very much and I bring this meeting to a conclusion.

12.25 p.m.: *Meeting adjourned.*

REPUBLIC OF TRINIDAD AND TOBAGO

Form 8

THE COMPANIES ACT, 1995
(Sections 71 and 79)
NOTICE OF DIRECTORS
OR
NOTICE OF CHANGE OF DIRECTORS



1. Name of Company ...ESTATE MANAGEMENT AND BUSINESS DEVELOPMENT COMPANY LIMITED
2. COMPANY NO. E 1351 (95)
3. Notice is given that on the.....day of..... the following person(s) was appointed a director(s):

| NAME | ADDRESS | OCCUPATION |
|----------------|---------|------------|
| NOT APPLICABLE | | |

4. Notice is given that on the 12TH DECEMBER, 2007 the following person(s) ceased to hold office as a Director

| NAME | ADDRESS | OCCUPATION |
|-------------------|---|----------------------|
| ALICIA CHANKAR | 14 LAURIER BOULEVARD, COCONUT DRIVE, SAN FERNANDO | ATTORNEY AT LAW |
| DEO SINGH | 2 LUKINI ROAD, VALSAYN | MEDICAL PRACTITIONER |
| SHARON INGLEFIELD | 61-63 EDWARD STREET, PORT OF SPAIN | REAL ESTATE MANAGER |

5. The Directors of the Company as of this date are:

| NAME | ADDRESS | OCCUPATION |
|-------------------|---|-------------------------|
| LENORE JOSEPH ✓ | 10 BENGAL STREET, ST. JAMES | PUBLIC RELATION OFFICER |
| UTHARO RAO ✓ | 1 LUKINI ROAD, VALSAYN SOUTH | CIVIL ENGINEER |
| RAYMOND TIM KEE ✓ | 3 FLAGFORT VILLAS, LONG CIRCULAR, ST. JAMES | INSURANCE EXECUTIVE |
| DEORoop TEEMAL ✓ | 4A SANKAR STREET, ST. AUGUSTINE | CIVIL ENGINEER |

- 6.

| DATE | NAME AND TITLE | SIGNATURE |
|----------|----------------------------------|----------------------|
| 21/10/09 | LINDA HELEN RAJPAUL SECRETARY | <i>Linda Rajpaul</i> |

REPUBLIC OF TRINIDAD AND TOBAGO

THE COMPANIES ACT, 1995
(Sections 71 and 79)

NOTICE OF DIRECTORS
OR
NOTICE OF CHANGE OF DIRECTORS



1. Name of Company ...ESTATE MANAGEMENT AND BUSINESS DEVELOPMENT COMPANY LIMITED
2. COMPANY NO. E 1351 (95)
3. Notice is given that on the 18TH JULY, 2008 the following person(s) was appointed a director(s):

| NAME | ADDRESS | OCCUPATION |
|-------------|---------------------------------------|-------------------|
| NOEL GARCIA | BLOCK 107, BON AIR GARDENS, AROUCA | EXECUTIVE DIRECTR |
| | | |
| | | |
| | | |

4. Notice is given that on theday of the following person(s) ceased to hold office as a Director

| NAME | ADDRESS | OCCUPATION |
|----------------|---------|------------|
| NOT APPLICABLE | | |
| | | |

5. The Directors of the Company as of this date are:

| NAME | ADDRESS | OCCUPATION |
|-----------------|---|-------------------------|
| LENORE JOSEPH | 10 BENGAL STREET, ST. JAMES | PUBLIC RELATION OFFICER |
| NOEL GARCIA | BLOCK 107, BON AIR GARDENS, AROUCA | EXECUTIVE DIRECTR |
| UTHARO RAO | 1 LUKINI ROAD, VALSAYN SOUTH | CIVIL ENGINEER |
| RAYMOND TIM KEE | 3 FLAGFORT VILLAS, LONG CIRCULAR ROAD, ST. JAMES | INSURANCE EXECUTIVE |
| DEOROOP TEEMAL | 4A SANKAR STREET, ST. AUGUSTINE | CIVIL ENGINEER |

- 6.

| DATE | NAME AND TITLE | SIGNATURE |
|-----------------|----------------------------------|----------------------------|
| 21 October 2009 | LINDA HELEN RAJPAUL SECRETARY | <i>Linda Helen Rajpaul</i> |

REPUBLIC OF TRINIDAD AND TOBAGO

THE COMPANIES ACT, 1995
(Sections 71 and 79)
NOTICE OF DIRECTORS
OR
NOTICE OF CHANGE OF DIRECTORS



1. Name of Company ...ESTATE MANAGEMENT AND BUSINESS DEVELOPMENT COMPANY LIMITED
2. COMPANY NO. E 1351 (95)
3. Notice is given that on the 17TH DECEMBER 2008 the following person(s) were appointed as director(s):

| NAME | ADDRESS | OCCUPATION |
|------------------------------|---|---|
| JACQUELINE GANTEAUME-FARRELL | 9 AUZONVILLE HEIGHTS, 38-40 AUZONVILLE ROAD, TUNAPUNA | PERMANENT SECRETARY |
| KAREN BRIDGEWATER-TAYLOR | 76 GORDON STREET, ST. AUGUSTINE | DEPUTY REGISTRAR GENERAL |
| SAVATRY RAMSARAN | LP 3 MC SHINE STREET, SANGRE GRANDE | BUSINESS ANALYST |
| JACOB OPADEYI | BREGON PARK EXTENSION, AROUCA | INFORMATION TECHNOLOGY/SURVEYING ENGINEER |

4. Notice is given that on the ...day of..... the following person(s) ceased to hold office as a Director

| NAME | ADDRESS | OCCUPATION |
|----------------|---------|------------|
| NOT APPLICABLE | | |

5. The Directors of the Company as of this date are:

| NAME | ADDRESS | OCCUPATION |
|------------------------------|---|---|
| NOEL GARCIA | BLOCK 107, BON AIR GARDENS, AROUCA | EXECUTIVE DIRECTOR |
| LENORE JOSEPH | 10 BENGAL STREET, ST. JAMES | PUBLIC RELATION OFFICER |
| UTHARO RAO | 1 LUKINI ROAD, VALSAYN SOUTH | CIVIL ENGINEER |
| JACQUELINE GANTEAUME-FARRELL | 9 AUZONVILLE HEIGHTS, 38-40 AUZONVILLE ROAD, TUNAPUNA | PERMANENT SECRETARY |
| RAYMOND TIM KEE | 3 FLAGFORT VILLAS, LONG CIRCULAR, ST. JAMES | INSURANCE EXECUTIVE |
| KAREN BRIDGEWATER-TAYLOR | 76 GORDON STREET, ST. AUGUSTINE | DEPUTY REGISTRAR GENERAL |
| SAVATRY RAMSARAN | LP 3 MC SHINE STREET, SANGRE GRANDE | BUSINESS ANALYST |
| JACOB OPADEYI | BREGON PARK EXTENSION, AROUCA | INFORMATION TECHNOLOGY/SURVEYING ENGINEER |
| DEOROOP TEEMAL | 4A SANKAR STREET, ST. AUGUSTINE | CIVIL ENGINEER |

- 6.

| DATE | NAME AND TITLE | SIGNATURE |
|----------|----------------------------------|----------------------------|
| 21/10/09 | LINDA HELEN RAJPAUL SECRETARY | <i>Linda Helen Rajpaul</i> |

REPUBLIC OF TRINIDAD AND TOBAGO

THE COMPANIES ACT, 1995
(Sections 71 and 79)
NOTICE OF DIRECTORS
OR
NOTICE OF CHANGE OF DIRECTORS



1. Name of Company ...ESTATE MANAGEMENT AND BUSINESS DEVELOPMENT COMPANY LIMITED
2. COMPANY NO. E 1351 (95)
- 3.. Notice is given that on the the following person(s) was appointed a director(s):

| NAME | ADDRESS | OCCUPATION |
|----------------|---------|------------|
| NOT APPLICABLE | | |
| | | |
| | | |

4. Notice is given that on the 18TH DECEMBER, 2008 the following person(s) ceased to hold office as a Director

| NAME | ADDRESS | OCCUPATION |
|------------|------------------------------|----------------|
| UTHARO RAO | 1 LUKINI ROAD, VALSAYN SOUTH | CIVIL ENGINEER |
| | | |

5. The Directors of the Company as of this date are:

| NAME | ADDRESS | OCCUPATION |
|------------------------------|---|---|
| NOEL GARCIA | BLOCK 107, BON AIR GARDENS, AROUCA | EXECUTIVE DIRECTOR |
| LENORE JOSEPH | 10 BENGAL STREET, ST. JAMES | PUBLIC RELATION OFFICER |
| JACQUELINE GANTEAUME-FARRELL | 9 AUZONVILLE HEIGHTS, 38-40 AUZONVILLE ROAD, TUNAPUNA | PERMANENT SECRETARY |
| RAYMOND TIM KEE | 3 FLAGFORT VILLAS, LONG CIRCULAR, ST. JAMES | INSURANCE EXECUTIVE |
| KAREN BRIDGEWATER-TAYLOR | 76 GORDON STREET, ST. AUGUSTINE | DEPUTY REGISTRAR GENERAL |
| SAVATRY RAMSARAN | LP 3 MC SHINE STREET, SANGRE GRANDE | BUSINESS ANALYST |
| JACOB OPADEYI | | INFORMATION TECHNOLOGY/SURVEYING ENGINEER |
| DEOROOP TEEMAL | 4A SANKAR STREET, ST. AUGUSTINE | CIVIL ENGINEER |

- 6.

| DATE | NAME AND TITLE | SIGNATURE |
|--------------------|----------------------------------|----------------------|
| 21st October, 2009 | LINDA HELEN RAJPAUL SECRETARY | <i>Linda Rajpaal</i> |

REPUBLIC OF TRINIDAD AND TOBAGO

THE COMPANIES ACT, 1995

(Section 9)



ARTICLES OF INCORPORATION

Estate Management and Business Development

1. Name of Company Company Limited Company No. E 1351(95)

2. Liability of Members

Limited by Shares

Limited by Guarantee

Limited by Shares and Guarantee Unlimited



3. Is the Company a Public Company?

Yes

No

4. The classes of shares and any maximum number of shares in each class that the Company is authorised to issue

Unlimited number of Ordinary shares

5. Restrictions, if any, on share transfers or share ownership

None

6. Variation of Pre-emptive Rights

The annexed Schedule is incorporated in this form

REGISTERED

7. Restrictions, if any, on powers of directors to amend by-laws

Approval of shareholder prior to any amendment is required

8. Number (or minimum and maximum number) of Directors

Minimum of five (5)

Maximum of thirteen (13)



P.O. Box 443, 29 St. Vincent Street, Port of Spain, Republic of Trinidad & Tobago, W.I.
Tel: (868) 623-1421, Fax: (868) 627-3821, Email: info@clico.com, Website: clico.com

May 12, 2011

Mr. Keith Gray
Estate Management & Business Development Co. Ltd.
Unit 2
275 Valpark Shopping Plaza
1 Mosquito Avenue
VALSAYN

Dear Mr. Gray

**RE: EXECUTIVE FLEXIBLE PREMIUM ANNUITIES (EFPA) – R000186025 & US00033219
I.N.O. ESTATE MANAGEMENT AND BUSINESS DEVELOPMENT COMPANY LIMITED**

We hereby acknowledge receipt of your request dated May 11, 2011 for information on the above-mentioned policies and advise as follows:

Two policies were issued by Colonial Life which are owned by Estate Management & Business Development Company Limited. Details are outlined below.

| POLICY NO. | ISSUE DATE | INITIAL AMOUNT |
|------------|-----------------|-------------------|
| R000186025 | October 2, 2007 | TT\$48,513,819.36 |
| US00033219 | July 28, 2006 | US\$211,000.00 |

With respect to the US dollar investment, additional contributions were made as follows:

| DATE | AMOUNT |
|------------------|---------------|
| October 19, 2006 | US\$29,000.00 |
| July 16, 2007 | US\$28,530.00 |
| October 16, 2007 | US\$34,000.00 |

..../2



Mr. Keith Gray
Estate Management & Business Development Co. Ltd

-2-

Estate Management & Business Development Company Limited is hereby confirmed as being the named beneficiary on both policies.

In both instances, all benefits (interest and/or principal balances) will be paid to the owner.

According to our records, no disbursements have been paid to **EMBD** or any of its representatives.


With respect to the final question, we respond as follows:

With effect from September 09 2010, the Honourable Minister of Finance had mandated a moratorium be placed on ALL transactions related to EFPA's. Consequently, all payments have ceased until further notice.

In accordance with the budget plan which was presented on September 08, 2010 all EFPA and mutual fund holders whose principal balances exceed TT\$75,000 will be paid an initial amount of TT\$75,000 and settlement of the remaining outstanding balance will be paid over twenty (20) annual installments.

We trust that the details given are adequate; however should you require further information, please contact the undersigned at 625-4444 ext. 1113.

Yours respectfully


.....
f SYLVESTER SAMUEL
VICE PRESIDENT INSURANCE OPERATIONS

SS/lS



January 26, 2009

Ms. Linda Rajpaul
Corporate Secretary
Estate Management and Business Development Company Limited
Unit No. 2.27S, Valpark Plaza
#1 Morequito Avenue
Valsayn South

Dear Ms. Rajpaul,

Re: Policy Nos: US00033219/R000186025
Estate Management & Business Development Company Limited

Your letter dated December 23rd, 2008 refers. According to our records, Colonial Life Insurance Company (Trinidad) Limited ('CLICO') wishes to confirm that the captioned investments are held solely in the name of Estate Management & Business Development Company Limited as owner. No interest has been paid out on the said investments plans to date.

We also confirm that the interest is not assigned to the annuitant Uthara Rao, and the annuitant cannot request any changes to this contract, unless authorized by the stated owner. Please note that Estate Management & Business Development Company Limited is the beneficiary of the principal and interest of any and all investments held by CLICO.

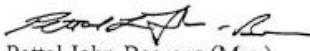
Please find attached copies of certificates for both investments, for your records.

As per your request, the values of the investments as of January 20th, 2009 are

| | | |
|------------|---------------------------------|--------------------|
| R000186025 | Net Cash Value as at 01/20/2009 | : \$ 54,278,005.00 |
| US00033219 | Net Cash Value as at 01/20/2009 | : \$ 355,676.25 |

Should you require any additional information, please do not hesitate to contact the undersigned.

Yours faithfully


Pettal John-Beerens (Mrs.)
Corporate Counsel/ Asst. Corporate Secretary

Enc



P.O. Box 443, 29 St. Vincent Street, Port of Spain, Republic of Trinidad & Tobago, W.I.
 Tel: (868) 623-1421, Fax: (868) 627-3821, Email: info@clico.com, Website: clico.com

May 12, 2011

Mr. Keith Gray
 Estate Management & Business Development Co. Ltd.
 Unit 2
 275 Valpark Shopping Plaza
 1 Mosquito Avenue
VALSAYN

Dear Mr. Gray

**RE: EXECUTIVE FLEXIBLE PREMIUM ANNUITIES (EFPA) – R000186025 & US00033219
 I.N.O. ESTATE MANAGEMENT AND BUSINESS DEVELOPMENT COMPANY LIMITED**

We hereby acknowledge receipt of your request dated May 11, 2011 for information on the above-mentioned policies and advise as follows:

Two policies were issued by Colonial Life which are owned by **Estate Management & Business Development Company Limited**. Details are outlined below.

| POLICY NO. | ISSUE DATE | INITIAL AMOUNT |
|------------|-----------------|-------------------|
| R000186025 | October 2, 2007 | TT\$48,513,819.36 |
| US00033219 | July 28, 2006 | US\$211,000.00 |

With respect to the US dollar investment, additional contributions were made as follows:

| DATE | AMOUNT |
|------------------|---------------|
| October 19, 2006 | US\$29,000.00 |
| July 16, 2007 | US\$28,530.00 |
| October 16, 2007 | US\$34,000.00 |

..../2



Mr. Keith Gray
Estate Management & Business Development Co. Ltd

-2-

Estate Management & Business Development Company Limited is hereby confirmed as being the named beneficiary on both policies.

In both instances, all benefits (interest and/or principal balances) will be paid to the owner.

According to our records, no disbursements have been paid to **EMBD** or any of its representatives.

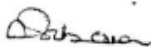
With respect to the final question, we respond as follows:

With effect from September 09 2010, the Honourable Minister of Finance had mandated a moratorium be placed on ALL transactions related to EFPA's. Consequently, all payments have ceased until further notice.

In accordance with the budget plan which was presented on September 08, 2010 all EFPA and mutual fund holders whose principal balances exceed TT\$75,000 will be paid an initial amount of TT\$75,000 and settlement of the remaining outstanding balance will be paid over twenty (20) annual installments.

We trust that the details given are adequate; however should you require further information, please contact the undersigned at 625-4444 ext. 1113.

Yours respectfully


.....
f SYLVESTER SAMUEL
VICE PRESIDENT INSURANCE OPERATIONS

SS/ls

Summary of contract awarded in fiscal 2008

| | Contractor | Design | Supervision | Total |
|------------------|-----------------------|---------------------|---------------------|-----------------------|
| Residential | 165,289,549.58 | 4,844,056.20 | 1,261,628.98 | 171,395,234.76 |
| Agricultural | 167,757,784.70 | 3,621,429.91 | 4,696,514.26 | 176,075,728.87 |
| Surveying | 1,538,240.00 | | | 1,538,240.00 |
| Utility Corridor | 98,481,094.41 | | | 98,481,094.41 |
| Total | 433,066,668.69 | 8,465,486.11 | 5,958,143.24 | 447,490,298.04 |

Contracts Awarded

Financial Year 2008

N.B. Based on available records

Residential:

| Contractor | Site | Contract Sum VAT Inc | Date Awarded | Consultant | Design & Reimbursement | Supervision | Date Awarded | Remarks |
|--------------------|------------|----------------------|--------------|------------|------------------------|--------------|--------------|--|
| Mainway Industrial | La Romain | 82,306,897.97 | 30-Jan-08 | Planviron | 2,037,576.44 | 442,951.40 | 15/11/2005 | Contract was revised to \$87,250,534.01 VAT Inc dated 18/12/2009 |
| KJS Enterprises | Picton III | 71,779,438.45 | 16-Mar-08 | APR | 1,834,250.00 | 496,800.00 | | No awarded letter was given for the consultant |
| South M | Hermitage | 11,203,213.16 | 9-Jun-08 | PCA | 972,229.76 | 321,877.58 | 3/22/2005 | |
| Saiscon | Caroni | | | | | | | Site was cancelled |
| Total | | 165,289,549.58 | | | 4,844,056.20 | 1,261,628.98 | | |

| Agricultural: | | | | | | | | |
|----------------------|---------------|----------------------|--------------|------------------------|--------------|--------------|--------------|---|
| Contractor | Site | Contract Sum VAT Inc | Date Awarded | Consultant | Design | Supervision | Date Awarded | Remarks |
| LCB Contractors | Waterloo | 2,874,621.96 | 17-Nov-07 | Cordec | - | 333,960.00 | 9-Feb-09 | Verbal Instruction was given under Mr. Rao, Mr. Gray signed a formal letter |
| Namalco Construction | Montserrat II | 13,162,611.35 | 25-Mar-08 | Vikab | 849,736.15 | 602,600.00 | | Variation to La Gloria site, original contract sum VAT Ex. \$1,734,783 |
| API | La Gloria II | 5,386,233.44 | 22-Sep-08 | F&H | 1,769,127.46 | 451,602.06 | 22-Sep-08 | |
| Stephen Sawh | Reform E | 25,469,711.25 | 25-Mar-08 | Lee Young and Partners | - | 461,748.00 | 25-Mar-08 | |
| J. Sammy | Felicity | 28,695,653.88 | 21-Jan-08 | CEAL | 1,002,566.30 | 396,046.20 | 2-Dec-05 | Contract was revised original design services VAT Ex 1,095,700 |
| API | Petit Mome B | 21,229,322.00 | 21-Jan-08 | Lee Young and Partners | - | 372,048.00 | 21-Jan-08 | |
| R. Mahabir | Waterloo 2A | 7,821,320.78 | 17-Oct-07 | Cordec | - | 333,960.00 | 25-Feb-09 | Verbal Instruction was given under Mr. Rao, Mr. Gray signed a formal letter |
| R. Mahabir | Petit Mome D | 16,295,033.68 | 25-Mar-08 | Lee Young and Partners | - | 538,706.00 | 25-Mar-08 | |
| Saiscon Ltd | Exchange 2A | 15,054,494.75 | 28-Mar-08 | Lee Young and Partners | - | 461,748.00 | 25-Mar-08 | |
| Stephen Sawh | Petit Mome C | 16,218,881.25 | 21-Jan-08 | Lee Young and Partners | - | 372,048.00 | 21-Jan-08 | |
| Universal Haulers | Petit Mome A | 15,549,900.38 | 21-Jan-08 | Lee Young and Partners | - | 372,048.00 | 21-Jan-08 | |
| Total | | 167,757,784.70 | | | 3,621,429.91 | 4,696,514.26 | | |

Survey:

| Surveyor | Site | Contract Sum VAT Inc | Date Awarded |
|-------------------|----------------------|-------------------------|--------------|
| Winston Ramcharan | Exchange II | 443,670.00 | 16-Sep-08 |
| Winston Ramcharan | Roopsingh Road II | 113,850.00 | 31-Jul-08 |
| RJRJ | Factory Road II | 59,800.00 | 5-May-08 |
| Voltec | Petit Morne | 154,100.00 | 30-Jul-08 |
| Voltec | Chin Chin II | 282,900.00 | 16-Sep-08 |
| Voltec | La Romain II | 50,370.00 | 5-May-08 |
| Voltec | Felicity III | 235,750.00 | 30-Jul-08 |
| Creative Design | Egypt | 103,500.00 | 5-May-08 |
| Creative Design | Waterloo II | 94,300.00 | 31-Jul-08 |
| Total | | 1,538,240.00 | |

Utility Corridors:

| Contractor | Site | Contract Sum VAT Inc | Date Awarded |
|--------------------|-----------------|----------------------|--------------|
| Ajay Enterprises | Roopsingh Road | 7,578,766.80 | 21-Jul-08 |
| Cigma Technologies | Beaucarro | 4,849,823.54 | 25-Jul-08 |
| Cigma Technologies | Esperanza | 878,949.00 | 12-Jun-08 |
| Cigma Technologies | Orange Field II | 2,506,475.99 | 23-Jul-08 |
| Cigma Technologies | Calcutta | 1,211,291.00 | 12-Jun-08 |
| Carl King | Chin Chin I&II | 11,937,324.63 | 8-Aug-08 |
| Hunt | Balmain | 3,066,390.00 | 27-Jun-08 |
| KJS | Picton III | 8,423,173.28 | 31-Jul-08 |
| Online General | Felicity | 10,963,145.50 | 7-Aug-08 |
| Online General | Exchange II | 9,790,303.05 | 23-Jul-08 |
| Online General | Sonny Ladoo | 3,457,947.08 | 23-Jul-08 |
| Online General | Exchange I | 6,385,595.72 | 25-May-08 |
| Online General | Picton I | 3,972,403.60 | 25-Jan-08 |
| Online General | Factory Road | 4,257,165.85 | 28-Jul-08 |
| Saiscon | Reform | 12,571,291.70 | 8-Aug-08 |
| South M | Hermitage | 2,994,161.17 | 26-Jun-08 |
| South M | Woodland | 3,636,886.50 | 2-Apr-08 |
| Total | | 98,481,094.41 | |



REPUBLIC OF TRINIDAD AND TOBAGO

TENDERS RULES

THE ESTATE MANAGEMENT AND BUSINESS
DEVELOPMENT COMPANY LIMITED TENDER RULES

1. These Rules may be cited as the Estate Management and Business Development Company Limited, hereinafter referred to as "the Rules".

2. (1) In these Rules:

"Articles" mean all goods, materials, stores, vehicles, machinery, equipment and things of all kinds;

"Board" means Board of the Company;

"Chairman" means the Chairman of the Committee;

"Committee" means the Tenders Committee charged with all matters relating to tenders within its scope in accordance with these Rules;

"Company" means the Estate Management and Business Development Company Limited;

"Divisional Manager Finance" means the Divisional Manager Finance of the Company;

"Chief Executive Officer" means the person responsible for carrying out the decisions of the Company;

"Minister" means the Minister to whom responsibility for the Company is assigned;

"Ministry" means the Ministry to which responsibility for the Company is assigned;



“Relative” means father, mother, brother, sister, son, daughter, son-in-law, daughter-in-law, spouse (including common-law spouse) and parents of spouse of the person referred to in these rules;

“Secretary” means Secretary to the Committee unless otherwise stated;

“Services” mean administrative, financial, marketing, legal, engineering and all other technical services including consultancy service;

“Tender” means an offer or quotation or group of offers or quotations made by companies or persons in response to a request by the Company to conduct specified Works, Services or to supply Articles.

“Works” mean building construction, maintenance and engineering works of all kinds;

- (2) Unless otherwise defined herein, terms used in these Rules shall have the usual meanings given.
- (3) References to a “Rule” are references to the relevant rule in these Rules.

**Establishment of
Committee**

- 3. (1) There is hereby established a Tenders Committee for the purpose of
 - (a) inviting, considering, accepting or rejecting offers for the supply of such articles, works or services, as are necessary for carrying out the functions of the Company; and
 - (b) disposing of any surplus articles belonging to the Company with the approval of the Board in accordance with these rules.



**Composition of
Committee**

- 4.
- (1) The Committee shall comprise-
 - (a) two (2) members of the Board other than the Chief Executive Officer;
 - (b) the Chief Executive Officer;
 - (c) The Divisional Manager Finance
 - (d) the Divisional Manager Project Management
 - (e) the Divisional Manager Estate Management; and
 - (f) a representative from the Ministry of Finance.
 - (2) The Chairman and Deputy Chairman of the Committee shall be appointed by a resolution of the Board subject to the approval of the Minister.
 - (3) The Corporate Secretary of the Company shall attend meetings of the Committee and act as Secretary to the Committee.
 - (4) In the absence of the Corporate Secretary of the Company, an officer of the Company shall be appointed by the Chief Executive Officer to carry out the functions of Secretary.

**Functions & Powers
of the Committee**

5. The Committee shall
- (a) in respect of tenders for the supply of articles or services or the undertaking of works of all kinds necessary for the carrying out of the functions of the Company, where the total value of such articles, works or services is more than one million dollars (\$1,000,000) but does not exceed ten million dollars (\$10,000,000)
 - (i) act for the Company in inviting and considering tenders;
 - (ii) make recommendations to the Board or make decisions on behalf of the Company on the acceptance or rejection of tenders;
 - (iii) where the decision of the Committee is unanimous, accept tenders and award contracts in respect of such accepted tenders;



- (iv) where the decision of the Committee is not unanimous, refer the matter to the Company with the recommendations of the Committee.

The Committee shall not, for the purpose of giving itself authority to act under this sub-rule, sub-divide the quantity of articles to be supplied or the services or works to be undertaken into two (2) or more portions so that the value of the portions shall be Ten Million Dollars (\$10,000,000.00) or less.

- (b) in respect of tenders for the supply of articles or services or the undertaking of works of all kinds necessary for the carrying out of the functions of the Company, where the total value of such articles, works or services exceeds ten million dollars (\$10,000,000)
- (i) act for the Company in inviting and considering tenders;
- (ii) make recommendations to the Board on the acceptance or rejection of tenders.
- (c) The value of the contract mentioned in this Rule may be varied by resolution of the Board subject to the approval of the Minister.
- (d) dispose of surplus or unserviceable articles belonging to the Company.

**Power of Chief Executive
Officer to award
Contracts**

6. (1) Notwithstanding any other provisions of these Rules, the Chief Executive Officer shall have power to act for the Company by inviting quotations and placing requisitions where the value of the articles to be supplied or of the services or works to be undertaken does not exceed one million dollars (\$1,000,000), but the Chief Executive Officer shall not, for the purpose of giving himself authority to act under this Rule, sub-divide the quantity of the articles to be supplied or the services or works to be undertaken into two (2) or more portions so that the value of the portions shall be one million dollars (\$1,000,000) or less.



- (2) In acting under sub-rule (1) the Chief Executive Officer shall follow the same procedure as set out in sub-rule 15 (3).
- (3) The Chief Executive Officer shall inform the Company/Board not later than one (1) month after payment for the articles and services of any action under the provisions of sub-rule (1).
- (4) The Chief Executive Officer, with the approval of the Chairman of the Board, may, without inviting tenders, purchase articles or approve payments for works undertaken or for the performance of services, as and when required, the total cost of which in respect of any one transaction does not exceed One Hundred Thousand dollars (\$100,000).
- (5) The sums or values mentioned in sub-rules (1) and (4) may be varied by resolution of the Board subject to the approval of the Minister.

**Cases of
Emergency**

7. In case of emergency, the Chairman of the Company, or in his absence, the Chairman of the Committee, shall be empowered to authorize without inviting tenders the purchase of any articles or services or the performance of works necessary for the expeditious handling of such emergency, the total cost of which does not exceed One Hundred Thousand Dollars (\$100,000), and when any such action is taken this fact shall be reported to the Committee/Board at the first ensuing meeting.

**Exemption
from Rules**

8. (1) At the discretion of the Committee and with the approval of the Chairman of the Company the purchase of articles and services for use by the Company, where there is a limitation of sources of supply of articles or performance of a service, or where the articles form part of a system already in use by the Company, or where the articles are spare or replacement parts for other articles already in use by the Company, may be exempted from the operations of these Rules.
- (2) The Committee shall report to the Company/Board at its first ensuing meeting any purchase made under sub-rule (1).



Meetings of the
Committee

9. (1) The Committee shall meet as often as is necessary or expedient for the transaction of its business.
- (2) The Chairman of the Committee shall set the date, time and place at which the Committee shall meet and may call special meetings of the Committee for the consideration of any urgent matter.
- (3) Except in such cases as may be determined by the Chairman, notices and agendas of meetings shall be circulated to members at least forty-eight (48) hours before the time fixed for such meetings.
- (4) Meetings of the Committee shall be presided over by the Chairman and in the absence of the Chairman for any meeting or part thereof, the Deputy Chairman or in his absence a member of the Board, would act as Chairman of the meeting.
- (5) A member of the Committee who
- a. is a member of a Company or other body; or
 - b. is partner in a firm or partnership; or
 - c. is employed by a Company, other body, firm or partnership;
or
 - d. has a financial interest in a Company, other body, firm or
partnership; or
 - e. is married to a person; or
 - f. is relative of a person; or
 - g. is married to a person who has a relative,



who has submitted an offer for the supply or purchase of articles or for the undertaking of works or services which is the subject of consideration by the Committee, shall disclose that fact to the Committee prior to the consideration of any offer or tender from such Company, firm, partnership, other body, relative or person and shall not take part in the consideration or discussion of, or vote on, any question relating to, such offer or tender.

Quorum

10. At any meeting of the Committee or for the purpose of voting on papers circulated, three (3) members shall constitute a quorum one of whom shall be a member of the Board.

Decisions of Committee

11. (1) Decisions of the Committee shall be taken at meetings or, in cases where the Chairman shall so direct, by the circulation of papers among the members.
- (2) Where papers are circulated among members, the Chairman may direct that the papers shall not be circulated to any member, who through declared interest under Rule 9 (5), is precluded from voting.
- (3) Where papers are circulated among members for decision, any member of the Committee may request the Chairman to reserve any matter for discussion at the next meeting of the Committee.
- (4) The decisions of the Committee shall be by a majority of votes and for that purpose the Chairman shall have both an original and a casting vote.
- (5) Decisions taken by the Committee and justification and conditions if any for all decisions are to be recorded. In the event the Committee or the Chief Executive Officer does not make an award, the reasons shall also be recorded.



- (6) Any member of the Committee who dissents from a decision may request the Chairman to record such dissent, and the Chairman shall cause such dissent and the reason therefore to be recorded in the minutes.

Minutes of Meetings

12. (1) Minutes of each meeting of the Committee shall be prepared in proper form and kept at the Company's office, and shall be confirmed by the Committee and certified by the Chairman at the next succeeding meeting.
- (2) Copies of confirmed minutes of the Committee shall be submitted to the Minister and each member of the Committee.
- (3) A copy of such minutes certified by the Chairman shall be forwarded to the Board within one (1) month of certification.
- (4) Monthly reports in tabular form with details of acceptance and rejection of Tenders, successful contractors, value of awards and subsequent variations, if any, shall be prepared by the Secretary of the Committee and certified by the Chairman for submission to the Board.
- (5) All awards by the Company shall be published in the Trinidad & Tobago Gazette on a quarterly basis.

Directions by the Board

13. (1) In the exercise of its powers and the performance of its duties, the Committee shall conform with any general or special direction with respect to policy given to it by the Board.
- (2) The Committee shall at the request of the Board or the Minister furnish the Board or the Minister as the case may be with information or documents which the Board or the Minister may from time to time require.



**Confidentiality of
Information**

14. (1) Every person having an official duty or being employed in the work of the Committee shall regard and deal with all documents and information relating to the functions of the Committee as confidential.
- (2) A Board member, member of staff of the Company or any appointee to a committee having possession or control of a document or information relating to any tender, who at any time communicates or attempts to communicate information contained in such a document to an unauthorized person shall be subject to the disciplinary action of the Company.

**Invitation to
Tender**

15. (1) Whenever articles or services are required to be supplied to, or works are required to be undertaken on behalf of the Company, the Chief Executive Officer shall make written request to the Committee to invite on behalf of the Company offers for the supply of those articles or services or for the undertaking of the works. The Chief Executive Officer shall certify to the Committee that the articles, services and works are in fact necessary for the operation of the Company.
- (2) The request referred to in sub-rule (1) shall contain sufficient description of the articles or services to be supplied or the works to be undertaken.
- (3) On receipt of any such request, the Committee shall either:
- a. invite members of the public in general to make offers for the supply of such articles or services, or for the undertaking of such works, as the case may be, by notice published in the Trinidad and Tobago Gazette and in local or overseas newspapers; or
 - b. subject to the approval of the Chairman of the Board, invite such body bodies person or persons as may be selected by the Committee to make an offer or offers for the supply of such articles or services or for the undertaking of such works, as the



case may be, whenever the Committee considers it expedient or desirable to do so.

- (4) The notice referred to in sub-rule (3) (a) shall be signed by the Chairman and shall contain:
- a. a sufficient description of the articles or services required or scope of works to be undertaken and shall whenever necessary also contain the place where and the time when additional information relating thereto can be obtained;
 - b. the form or manner in which an offer is to be made;
 - c. date of completion for works or services and the period of delivery for articles;
 - d. the date and time within which an offer is to be made;
 - e. the place where and the manner in which the offer is to be submitted;
 - f. a request for the submission of the Board of Inland Revenue file number and a certificate issued by the Board of Inland Revenue certifying satisfaction of all obligations in respect of taxes administered by the Board of Inland Revenue;
 - g. a request for the submission of a certificate issued by the National Insurance Board, certifying satisfaction of all obligations under the National Insurance Act;
 - h. an indication of the form of security for performance;
 - i. a request for the submission of the Value Added Tax clearance certificate; and
 - j. any other matter which the Committee considers necessary.



- (5) The notice described in sub-rule (4) shall be in such form as the Committee may determine, and shall be advertised as appropriate.
- (6) The Committee shall maintain a register of approved persons, companies, partnerships or business firms to tender or make offers.

**Advertisement of Offers
on Radio and Television**

16. The Chairman may cause announcements in respect of offers for the supply of articles or services or for the undertaking of works in connection therewith to be made by radio or television or such other form of communication as he may from time to time deem expedient.

**Form of
Tender**

17. (1) The Company may prepare and cause to be printed such forms or other documents as in its opinion are necessary and appropriate for the making of offers for the supply of articles or for the undertaking or works or any services in connection therewith.
- (2) Offers for the supply of articles or for the undertaking of works or services in connection therewith may be made on the appropriate form supplied by the Committee, in accordance with sub-rule (1), or when so directed by the Committee, by letter, and shall be signed by the person making the offer, or in the case of a Company, partnership or business firm by a duly authorized officer or employee of such Company, partnership or business firm and shall be enclosed in a sealed envelope addressed to the Chairman of the Committee.
- (3) Unless otherwise stipulated by the Committee every offer shall be accompanied by the Board of Inland Revenue file number of the offeror and a certificate issued by the Board of Inland Revenue and dated not more than six months prior to the closing date of the tender certifying satisfaction of all the offeror's obligations in respect of taxes administered by the Board of Inland Revenue.



- (4) Unless otherwise stipulated by the Committee every offer shall be accompanied by a valid certificate issued by the National Insurance Board, certifying satisfaction of all obligations under the National Insurance Act.
- (5) Unless otherwise stipulated by the Committee every offer shall be accompanied by a valid Value Added Tax Clearance Certificate.
- (6) Alterations or erasures in any offer made to the Committee shall be initialed by the person making the offer or, in the case of a Company, partnership or business firm, by the authorized officer or employee of such Company, partnership or business firm.

Tender Deposit

18. The Committee may require any person who is desirous of making an offer in response to a public notice, to deposit with the Company a sum in an amount to be fixed by the Committee before any offer is made.

Tender Boxes

19.
 - (1) The Company shall keep at its office specially constructed boxes in which all offers shall be placed. The boxes may also be kept in such other places as in the opinion of the Chairman may be necessary for security or accessibility.
 - (2) Each box shall be marked "**Tenders Box**" and shall conform to specifications that ensure security of the documents placed in the box.
 - (3) Each box shall have two independent locks that control the opening of the box. The key of one lock shall be kept by the Chairman and the other lock shall be kept by such other member of the Committee as the Committee may decide.
 - (4) The Chairman shall assign a box for the receipt of offers on any matter up to the date and time fixed in the relevant notice, and shall cause the box to be marked so that it may readily be identified by persons delivering offers.



**Receipt of
Tenders**

20. Any person making an offer to the Committee shall place the offer in a sealed envelope, and shall deposit the envelope in the box before the closing date and time specified.

**Opening of
Offers**

21. (1) On the date fixed for the opening of offers on any matter, the Chairman or such other member of the Committee who is a member of the Board (delegated by him) and a member of the Committee keeping the keys of the locks shall unlock the box and remove the offers found therein.
- (2) The Chairman or any other member of the Committee who is a member of the Board delegated by him and a member of the Committee shall open the sealed envelopes containing the offers, and shall cause a note to be taken of the following information, namely:
- a. the names of persons or firms making the offers;
 - b. the sums of money mentioned in the offers;
 - c. where appropriate certificate issued by the Board of Inland Revenue certifying satisfaction of all obligations in respect of taxes administered by the Board;
 - d. where appropriate certificate issued by the National Insurance Board certifying satisfaction of all obligations under the National Insurance Act; and,
 - e. where appropriate Value Added Tax clearance certificate;
 - f. such other information as the Committee may determine,
- and shall sign each offer as it is opened and shall also sign the note containing the information.
- (3) If the time fixed for the opening of offers is before the time fixed for a meeting of the Committee, then the offers, having been opened, noted and signed, shall be placed in a safe place to the satisfaction of the Chairman and shall be kept there until the Committee considers them.



- (4) The Committee at its discretion may invite tenderers and other interested persons to attend the opening of tenders.

**Consideration of
Tender**

22. (1) After the offers have been opened the Committee shall, at such time or times as may be deemed necessary or expedient, consider the offers so received.
- (2) Subject to sub-rules (3) and (4), where the Committee is satisfied that there is no significant difference in the quality of the Articles or in the capacity of tenderers/offerors to undertake works or services, the lowest offer/tender shall be accepted by the Committee.
- (3) Where the quality of Articles differs between tenders/offers, the Committee in selecting which tender/offer shall be accepted by the Company shall take account of:-
- a. price quoted;
 - b. evidence of reliability of performance;
 - c. any warranty or guarantee given;
 - d. maintenance or repair service provided;
 - e. compatibility with other articles, works or services used by the Company;
 - f. adequacy of stocks or spares held in Trinidad and Tobago by the tenderer;
 - g. the time when the tenderer/offeror can provide the articles or service; or
 - h. any other matter related to the quality, reliability or adequacy of the articles.



- (4) Where there is a significant difference in the capacities of persons making offers to supply articles or to undertake works or services for the Company, the Committee shall take account of:
- a. price quoted;
 - b. evidence of previous performance of similar works or services;
 - c. any warranty or guarantee given;
 - d. technical skills, adequacy of supporting staff, supporting financial and contractual arrangements available in Trinidad and Tobago to the persons making the offer;
 - d. compatibility with other articles, works or services used by the Company;
 - f. Government's policy with respect to locally made or processed items and locally offered services being given preference within the limits of reasonable economic operations;
 - g. the time when the tenderer/offeror can provide the articles or services; or
 - h. any other matter related to the quality or adequacy of the supply of articles or the performance of the works or services which the Committee considers appropriate in selecting which offer shall be accepted by the Company.
- (5) In its consideration of any offer the Committee may:
- a. consult with any officer of the Company's staff, or any officer of Government or of a Statutory body, or such other person or persons as the Committee in its discretion may consider proper and desirable;



- b. require any person who has made an offer to the Committee to attend a meeting of the Committee and to furnish the Committee within a specified time with such information with respect to that person's finances, equipment or professional or technical qualifications as the Committee may require or any other information that in the opinion of the Committee is necessary for the proper assessment of the offer and the offeror's capacity to execute the same;
- c. make inspections and arrange for the Chairman or another member of the Committee or an officer of the Company to make any inspection whatsoever and wheresoever the Committee considers it desirable to do so;
- d. require samples to be submitted for test or examination.

**Deviations,
Errors and Omissions
in Tender**

23.

- (1) In this Rule, the following definitions apply:
 - (a) "deviation" means departure from the specified requirements;
 - (b) "error" means a mistake in the presentation of arithmetic information or its expression in words; and
 - (c) "omission" means the failure to include some or all of the required information or documentation.
- (2) The Company shall determine whether a Tender is substantially responsive to the requirements set out in the invitation to tender based solely on the Tender.
- (3) A Tender is substantially responsive to the requirements set out in the invitation to tender if it conforms to all of the terms, conditions and specifications of those requirements, without non-reparable deviations, reservations, omissions or errors.
- (4) A non-reparable deviation, reservation, omission or error is one that, if accepted by the Company, would do the following:



- (a) affect in a substantial manner the scope, quality or performance of the articles, works or services to be provided;
 - (b) limit in a substantial manner, inconsistent with the requirements of the invitation to tender the Company's rights or the obligations of the tenderer; or
 - (c) significantly affect the competitive position of other tenderers who submitted substantially responsive Tenders.
- (5) If a Tender is not substantially responsive to the requirements of the invitation to tender, the Company shall reject it and it may not subsequently be made responsive by a correction of the non-reparable deviations, reservations, omissions or errors that originally rendered it non-responsive.
- (6) The tendering process shall allow for the possibility of correcting deviations, reservation, omissions and errors that are reparable, provided that the tender is substantially responsive to the requirements of the invitation to tender and in such cases the Company may -
- (a) waive any deviation, reservation or omission in the Tender that does not constitute a material deviation;
 - (b) request that the tenderer submit the necessary information or documentation within a reasonable period of time, to rectify such reparable omissions, provided that such omission is not related to any aspect of the price of the Tender; and
 - (c) correct arithmetical errors on the following basis:
 - (i) if there is a discrepancy between the unit price and the total price obtained by multiplying the unit price and the corresponding quantity, the unit price shall prevail and the total price shall be corrected, unless in the opinion of the Company the decimal point in the unit price has been obviously misplaced, in which case the total price as quoted shall govern and the unit price shall be corrected;



(ii) if there is an error in the total corresponding to the addition or subtraction of subtotals, the subtotals shall prevail and the total shall be corrected; or

(iii) if there is a discrepancy between words and figures, the amount in words shall prevail, unless the amount expressed in words is related to an arithmetical error in which case the amount in figures shall prevail subject to (i) and (ii) above.

(7) Where the tenderer does not accept the correction of errors, the Tender shall be rejected.

Acceptance of Offers

24. (1) Where a tender or offer has been accepted, the person who has submitted the same shall be notified by the Chairman of its acceptance, and the Chairman shall inform him that he is required to enter into a formal contract with the Company.

(2) Subject to Rules 26 and 27, where an offer has been accepted by the Committee, the Company and the person whose offer has been accepted shall enter into a formal contract, in appropriate cases, for the supply of the Articles or the undertaking of the works or services, as the case may be.

(3) A formal contract shall be in such form and contain such terms, conditions and provisions, as the Company may determine, and shall specify inter alia, whenever applicable:

- a. a description of the articles to be supplied or the works or services to be undertaken;
- b. the price to be paid for the supply of such articles or the undertaking of such works or services;
- c. the period within which the matters contemplated by the contract are to be performed;



- d. the amount of damages payable by the contractor for delay or non-completion within the period stipulated;
- e. provision for termination on breach;
- f. a condition making the contract void where the person contracting with the Company made any gift or gave any reward to any member of the Committee, Board or Officer or employee of the Company for the purpose of being considered favourably for the award of the contract;
- g. provisions for determination of disputes.

**Provision of Security
by Contractor**

- 25. The Company may require every person to whom any contract is awarded to provide security in such form and to such extent as it may determine.

**Disqualification of
Award of Contract**

- 26. Any person whether he has made an offer or not who, with the intention of gaining any advantage or concession for himself or any other person, offers any member of the Committee, Board, Officer or employee of the Company a gift of money or other thing, or approaches any member of the Committee, Board, Officer or employee of the Company with respect to any matter that is before the Committee or that is expected to come before the Committee, shall be disqualified from being awarded a contract.

**Prohibition from
Entering into Contract**

- 27. A member of the Board or an employee of the Company or the relative of any such persons shall not enter into any contract for the supply of articles or the undertaking of any services or works for the Company.

**Forfeiture or Refund
of Tender Deposit**

28. (1) Where a deposit is made by virtue of Rule 18, the Company may forfeit or refund the deposit, as the case may be, in accordance with the following sub-rules.
- (2) The Committee may forfeit any sum so deposited if:
- a. any person whose offer is accepted fails or refuses to enter into a formal contract;
 - b. any person to whom a contract is awarded fails to execute and fulfill the terms thereof; and
 - c. any person having made an offer withdraws the same.
- (3) After a contract is awarded the Chairman shall authorize the refund of deposits to persons whose offers have not been accepted.
- (4) Notwithstanding sub-rule (2) (c), the Chairman may authorize the refund of the deposit to any person who, having made an offer, withdraws the same in the manner set out in sub-rule (5) before the date and time within which an offer is to be made.
- (5) An offer may only be withdrawn by a letter addressed to the Chairman and signed by the person making the offer or by the duly authorized employee of a Company, partnership or business firm making the offer, provided that the letter is forwarded to or reaches the Chairman before tenders are opened.

**Disposal of Surplus
or Unserviceable Goods**

29. (1) The Company may from time to time certify articles which are the property of the Company as being no longer serviceable or as being surplus to its requirements and when articles are so certified the Company shall report to the Committee to this effect.



- (2) The report shall contain a full description of the articles, the quantity thereof and the places where the articles are stored.
- (3) The Committee may sell and dispose of the unserviceable or surplus articles by public auction or may adopt such other method of disposal as the Committee may consider proper and desirable.
- (4) A member of the Committee or staff of the Company nominated by the Chairman of the Committee shall attend every such sale and report to the Committee in writing the results thereof.
- (5) The proceeds of such sale less all expenses incurred as a result thereof shall be tendered to the Divisional Manager Finance for deposit to the Company's account.

**International
Contracts**

30. Notwithstanding any other Rule in these Rules in respect to the awarding of contracts, contracts shall not be awarded to non-residents unless the approval of the Board is first had and obtained.

**Central Tenders Board
Procedure to be Supplemental to Rules**

31. With respect to any matter not expressly provided for in these Rules, the Tenders Committee may be guided by the provisions of the Central Tenders Board Ordinance 1961 (No. 22 of 1961) and the Central Tenders Board Regulations 1965 (GN.127/1965), as amended, in so far as those provisions are not inconsistent with the directives and policies expressed or implied in these Rules.

Amendment of Rules

32. These Rules may be adopted, rescinded or amended by resolution of the Board supported by a simple majority of the Directors present at a meeting of the Board, due notice having been given of the proposal to adopt, rescind or amend these Rules and subject to the approval of the Minister.

