

NINETEENTH

REPORT
FROM

THE PUBLIC ACCOUNTS
COMMITTEE

EXAMINATION
OF

The Reports of the Auditor General on the
Financial Statements of the Agricultural
Development Bank (ADB) for financial years
2014 to 2018.

Public Accounts Committee

The Public Accounts Committee (PAC) established by the Constitution of the Republic of Trinidad and Tobago in accordance with Section 119(4) is mandated to consider and report to the House of Representatives on:

- '(a) appropriation accounts of moneys expended out of sums granted by Parliament to meet the public expenditure of Trinidad and Tobago;*
- (b) such other accounts as may be referred to the Committee by the House of Representatives or as are authorized or required to be considered by the committee under any other enactment; and*
- (c) the report of the Auditor General on any such accounts.'*

Current membership

Mr. Davendranath Tancoo	Chairman
Ms. Jearlean John	Vice- Chairman
Mrs. Ayanna Webster-Roy	Member
Mr. Adrian Leonce	Member
Mrs. Paula Gopee-Scoon	Member
Mr. Roger Monroe	Member
Dr. Amery Browne ¹	Member
Mrs. Hazel Thompson-Ahye ²	Member

Committee Staff

The current staff members serving the Committee are:

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Ms. Khisha Peterkin	Assistant Secretary to the Committee
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Publication

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¹ Dr. Amery Browne was appointed in lieu of Mr. Randall Mitchell with effect from January 12, 2021.

² Mrs. Hazel Thompson-Ahye was appointed in lieu of Ms. Charrise Seepersad with effect from October 24, 2023.

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Members of the Public Accounts Committee

TWELFTH PARLIAMENT, REPUBLIC OF TRINIDAD AND TOBAGO



Mr. Davendranath Tancoo
Chairman



Ms. Jearlean John
Vice- Chairman



Mrs. Ayanna Webster-Roy
Member



Mrs. Paula Gopee-Scoon
Member



Mr. Adrian Leonce
Member



Mr. Roger Monroe
Member



Dr. Amery Browne
Member



Mrs. Hazel Thompson-Ahye
Member

Executive Summary

The Public Accounts Committee (PAC) is the Parliamentary Financial Oversight Committee tasked with the responsibility of examining the Report of the Auditor General and Audited Accounts of Statutory Authorities and Bodies. The Committee presents its Nineteenth Report of the Twelfth Parliament, which details its *examination of the Reports of the Auditor General on the Financial Statements of the Agricultural Development Bank (ADB) for the financial years 2014 to 2018* highlighting its findings.

This report sets out the issues raised and the recommendations proposed by the Committee. During this inquiry, the following issues arose:

1. Outstanding Audited Financial Statements
2. Government subventions
3. Outdated Legislative Framework
4. The lack of an established pension scheme.
5. The absence of a mobile app
6. Levels of Debtor Delinquency
7. Market Growth Rate
8. Youth engagement
9. Human Resources
10. Selection of Legal Service Providers
11. Risk Management

Based on the Committee's examination the following observations were made:

- i. *While the Committee acknowledges the ADB's efforts to meet its commitments with internally generated funds from the principal repayments and interest income to ensure that the bank remains functional, the receipt of the Government Subvention as a revenue stream is essential towards its operational efficiency.*
- ii. *It is important that the ADB aggressively pursues the development of the mobile app as the Committee is concerned that as technology evolves, it may only be a matter of time before another technological advancement is developed that is more effective than the mobile app and the ADB will be at a further disadvantage. The creation of the mobile app could be independent of the Core Banking System.*

- iii. *The Committee noted the agriculture-related programmes offered for youth by the MYDNS and encourages the ADB to partner with the Ministry on these projects, if it has not already done so;*
- iv. *The Food and Agriculture Organization (FAO) of the United Nations has issued publications outlining examples of how to go about engaging youth in agriculture. One such example is the 2014 report Youth and Agriculture: Key Challenges and Concrete Solutions³. Two of the six themes addressed are access to financial services and access to markets – both of which are directly related to the ADB’s mandate and stated priority growth areas. The Committee believes that the case studies and guidance presented in this FAO report could serve as a useful reference for the ADB in its efforts to bolster youth participation in the agri-business sector in Trinidad and Tobago.*
- v. *The Committee is aware that in instances of staff suspension, operationally the Bank will be deprived of the full-utilisation of its human resource capacity and this can add constraints to its existing resources. The Committee therefore looks forwards to the swift resolution of the matters.*
- vi. *The Committee acknowledges the efforts made to ensure that risks are effectively managed given the organisational constraints. However, there is a concern that without the Corporate Manager -Risk and Compliance to guide the organisation’s overarching risk policy, gaps can be overlooked.*

Based on the Committee’s examination the following recommendations were proposed:

- i. *The ADB should inform Parliament on the status of the outstanding audited financial statements for FY 2020-2023 by January 14, 2025; and*
- ii. *The MALF in collaboration with the ADB should propose amendments to the Agricultural Development Bank Act Chap. 79:07 to include a provision relating to the timeframe in which financial statements are to be submitted to the AGD and provide an update to the Parliament by January 14, 2025.*
- iii. *The MALF should briefly provide to the Parliament by January 14, 2025, a rationale as to how the approved level of subvention for the ADB is determined and what avenues can be pursued to better align requests to meet the ADB’s desired outcome.*

³ FAO, Youth and Agriculture: Key Challenges and Concrete Challenges. Accessed September 3, 2024. Available: <http://www.fao.org/3/a-i3947e.pdf>

- iv. *The MALF should provide an update to Parliament on the status of the finalisation of the proposed amendments to the ADB Act and briefly describe the anticipated benefits of the draft amendments for the greater fulfilment of the Bank's mandate by January 14, 2025.*
- v. *The ADB should provide a status update to Parliament on the decision reached by the Board for an approved pension scheme, and indicate the way forward to ensure implementation of the approved scheme, expected by the end of FY 2025, by January 14, 2025.*
- vi. *The ADB should provide a status update to Parliament on the development of a mobile app by January 14, 2025 ; and*
- vii. *The ADB should provide an update on the timeline for the rollout of the Core Banking System by January 14, 2025.*
- viii. *The ADB should report to Parliament on whether there are any international best practices followed by counterpart institutions in other jurisdictions which the Bank could adopt in treating with this issue of debtor delinquency by January 14, 2025.*
- ix. *The ADB should provide to the Parliament a brief report on the formulation of the Strategic Plan for the period 2026-2028 specifically noting the strategic objectives which may be included in the area of market expansion, as well as the expected timeline for the development of the Plan by January 14, 2025; and*
- x. *The ADB should advocate to the MALF on the necessity for the Bank to facilitate foreign exchange and provide an update on this discussion to the Parliament by January 14, 2025.*
- xi. *The ADB should consult the FAO publication Youth and Agriculture: Key Challenges and Concrete Solutions and report to Parliament by January 14, 2025 on the extent to which the Bank may be able to incorporate some of the advice contained therein into its own youth-related initiatives; and*
- xii. *The ADB should report to Parliament on the following by January 14, 2025:*
 - a. *Work done to date in collaboration with the MYDNS as part of the Youth Aquaculture Project and/or the Youth Agricultural Shade House Project, or ways in which the ADB could pursue such collaboration.*
- xiii. *The ADB should;*

- a) *Increase the staffing component of the Internal Audit Unit through short-term staffing with the assistance of the MALF;*
- b) *Provide an update on the recruitment of the personnel based on its prioritised list of vacancies;*
- c) *Provide an update on the outcome of the planned manpower audit and if it has not been initiated, provide an expected timeline for its completion; and*
- d) *Report on the outcome of its request to the MALF for the provision of personnel to fulfil existing posts on a short-term basis.*

The aforementioned information should be provided to the Parliament by January 14, 2025.

- xiv. *The ADB should provide the Parliament with status update of the outcome of the investigation of the four staff members by January 14, 2025.*
- xv. *The ADB should provide a status update to the Parliament on the development of guidelines for the selection of legal service providers outside of its approved panel of attorneys by January 14, 2025.*
- xvi. *The ADB should provide a status update on its efforts to recruit a Corporate Manager - Risk and Compliance to the Parliament by January 14, 2025; and*
- xvii. *The ADB should provide a status update on the outcome of the Policy Review and Board approval of the Risk and Compliance Policy to the Parliament by January 14, 2025.*

Introduction

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

The Constitution of the Republic of Trinidad and Tobago mandates that the Committee shall consider and report to the House on appropriation accounts of monies expended out of sums granted by Parliament to meet the public expenditure of Trinidad and Tobago and the report of the Auditor General on any such accounts.

In addition to the Committee's powers entrenched in the Constitution, Standing Orders 111 of the House of Representatives and 101 of the Senate also empower the Committee, inter alia, to:

1. Send for persons, papers and records;
2. Have meetings whether or not the House is sitting;
3. Meet in various locations;
4. Report from time to time; and
5. Communicate with any other Committee on matters of common interest.

Election of the Chairman and Vice-Chairman

In accordance with section 119(2) of the Constitution, the Chairman must be a member of the Opposition in the House. At the first meeting held on Wednesday November 18, 2020 Mr. Davendranath Tancoo was elected Chairman of the Committee and Ms. Jearlean John was elected Vice-Chairman of the Committee.

Establishment of Quorum

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

Determination of the Committee's Work Programme

The Committee agreed to a work programme for the Fourth Session of the Twelfth Parliament as follows:

1. The Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Year 2022;
2. The Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Year 2023;
3. The Police Complaints Authority (PCA);
4. The Airports Authority of Trinidad and Tobago;
5. The Agricultural Development Bank of Trinidad and Tobago (ADB);
6. The Regulated Industries Commission (RIC);
7. The National Agricultural Marketing and Development Corporation (NAMDEVCO);
8. The Heritage and Stabilisation Fund (HSF);
9. The Land Settlement Agency (LSA);
10. The Caribbean Industrial Research Institute (CARIRI); and
11. The National Lotteries Control Board (NLCB).

The Inquiry Process

The inquiry process outlines steps taken by the PAC in developing the findings and recommendations of its examination of the Reports of the Auditor General on the Financial Statements of the Agricultural Development Bank (ADB) for financial years 2014 to 2018.

The inquiry process included the following steps:

1. Identified issues in the Reports of the Auditor General on the Financial Statements of the ADB for the financial years 2014-2018;
2. Drafted an Inquiry Proposal on the selected issues. The Inquiry Proposal outlines:
 - Background of the entity;
 - Objectives of the inquiry; and
 - Proposed Questions
3. Questions for written response based on the issues identified in the Financial Statements were sent to the ADB on April 24, 2023. The response was received on June 21, 2023;
4. Prepared an Issues Paper which identified and summarised matters of concern in the responses provided by the ADB;
5. Based on the issues identified, the Committee agreed to have a public hearing;
6. The public hearing was held on June 26, 2024. Representatives of the ADB, the Ministry of Agriculture, Land and Fisheries (MALF) and the Auditor General's Department (AGD) (see Appendix I – Witnesses) attended the hearing to discuss the issues of concern;
7. Questions for additional information based on the issues discussed at the public hearing were sent to the ADB on July 25, 2024 (see Appendix II – Minutes). The responses to these questions were received on August 09, 2024;

8. Reported the Committee's findings and recommendations to Parliament upon conclusion of the inquiry;
9. The Report will be transmitted to the Ministries, Departments and Agencies to which recommendations were addressed for written response within sixty (60) days in accordance with Standing Orders 110(6) of the House of Representatives and 100(6) of the Senate;
10. Subsequent follow-up will be carried out to monitor progress in the implementation of the Committee's recommendations.

Background: Agricultural Development Bank

The ADB specializes in development financing for the agricultural sector. It takes a holistic approach to providing the best financial solutions that nurtures investment and entrepreneurship across the entire agri-food chain and in all aspects of agriculture.

The Bank uses its knowledge and over 55 years' experience to create a portfolio of innovative and comprehensive financial products and services. These are uniquely tailored to meet the diverse needs of farmers and other agri-entrepreneurs consistent with sector development and Government's mandate given to develop the agricultural sector.⁴

The ADB as the funding arm of the MALF is a major source of funding for the development of the agricultural and agro-business sectors in Trinidad and Tobago. Its specialist knowledge of the sector is reflected in its holistic financing options, strategic linkages for customer support and flexible terms. The ADB offers competitive developmental interest rates which are the lowest amortized rates in the local financial sector. Diverse loan products and services along with the introduction of savings and investment options have been developed in response to customer and sector needs. The Bank's aim is to contribute to increased employment, improvements in farmers' and agri-entrepreneurs' standard of living, increased sector competitiveness, sector sustainability, food and nutrition security and rural development. Additionally, focus is placed on the development of youth in agriculture which would contribute to re-defining the future in agri-sector investment and financing. The Bank has broadened its mandate to include micro-enterprise financing and support for farmers' projects, lifestyle, and community needs.⁵

⁴ Agricultural Development Bank of Trinidad and Tobago: <https://www.adbtt.com/banking/>, Accessed August 16, 2024

⁵ Agricultural Development Bank of Trinidad and Tobago: <https://www.adbtt.com/history/>, Accessed August 16, 2024

Mission ⁶	Vision	Mandate
To facilitate food security, sustained agricultural growth and socio-economic development through the provision of focused financial products, customer-centric services and robust strategic alliances.	To be the lead financial provider for agri-business and rural development.	To encourage and foster the development of agriculture, commercial fishing and associated industries, i.e. the 'farm to plate' concept including all segments of the production chain-support services, marketing and agro-processing.

⁶ Agricultural Development Bank of Trinidad and Tobago: <https://www.adbtt.com/corporate-vision-mission/>
Accessed August 16, 2024

Background: Auditor General's Department

Establishment of the Office of the Auditor General⁷

The Constitution of the Republic of Trinidad and Tobago (Act 4 of 1976) Chapter 8- Section 116 states that:

- 1) There shall be an Auditor General for Trinidad and Tobago, whose office shall be a public office.
- 2) The public accounts of Trinidad and Tobago and of all officers, courts and authorities of Trinidad and Tobago shall be audited and reported on annually by the Auditor General, and for that purpose the Auditor General or any person authorized by him in that behalf shall have access to all books, records, returns and other documents relating to those accounts.
- 3) The Auditor General is hereby empowered to carry out audits of the accounts, balance sheets and other financial statements of all enterprises that are owned or controlled by or on behalf of the State.
- 4) The Auditor General shall submit his reports annually to the Speaker, the President of the Senate and the Minister of Finance.
- 5) The President of the Senate and the Speaker shall cause the report to be laid before the Senate and the House of Representatives, respectively, at the next sitting of the Senate and the House of Representatives after the receipt thereof, respectively.
- 6) In the exercise of his functions under this Constitution, the Auditor General shall not be subject to the direction or control of any other person or authority.

Current Auditor General⁸

2023 - Present Ms. Jaiwantie Ramdass

⁷ Constitution of the Republic of Trinidad and Tobago. Accessed August 16, 2024: <http://laws.gov.tt/pdf/Constitution.pdf>

⁸ Ibid, *Profile of the Auditor General*. Accessed August 16, 2024: <http://www.auditorgeneral.gov.tt/content/profile-auditor-general>

Role and Function⁹

The Auditor General is required by law to examine and report annually to Parliament on the accounts of Ministries, Departments, Regional Health Authorities, Regional Corporations and such State Controlled Enterprises and Statutory Boards for which the Auditor General is the statutory auditor. The portfolio also includes the audit of:

- The accounts of projects funded partly or wholly by International Lending Agencies;
- All pensions, gratuities and other separation benefits paid by the State in accordance with the Pensions Acts and other Agreements; and
- The grant of credit on the Exchequer Account in accordance with the requirements of section 18 of the Exchequer and Audit Act, chapter 69:01.

The audit services take the form of financial audits, compliance audits and value for money audits intended to promote:

- Accountability;
- Adherence to laws and regulations; and
- Economy, efficiency and effectiveness in the collection, disbursement and use of funds and other resources.

Duties and Powers of the Auditor General¹⁰

The duties and powers of the Auditor General are defined in the Exchequer and Audit Act Chapter 69:01 of the laws of Trinidad and Tobago. Part III of the Exchequer and Audit Act specifies these duties listed here under:

1. The Auditor General shall not be capable while holding the said office of holding any other

Office of emolument in the service of the State.

⁹ Ibid, *Appointment, Role and Function*. Accessed August 16, 2024: <http://www.auditorgeneral.gov.tt/content/appointment-role-and-function>

¹⁰ Exchequer and Audit Act Chapter 69:01. Accessed July 26, 2024: http://rgd.legalaffairs.gov.tt/laws2/alphabetical_list/lawspdfs/69.01.pdf

2. (1) Save as is otherwise provided for in the Constitution the provisions of the law and regulations in force relating to the public service shall apply to the Auditor General.
(2) Where the Auditor General is removed from office under the Constitution the Minister shall make a full statement of the reasons therefore at the first opportunity to Parliament.
3. (1) The Auditor General shall examine, inquire into and audit the accounts of all accounting officers and receivers of revenue and all persons entrusted with the assessment of, collection, receipt, custody, issue of payment of public moneys, or with the receipt, custody, issue, sale, transfer or delivery of any stamps, securities, stores or other State property.
4. The Auditor General shall satisfy himself that -
 - (1) all reasonable precautions have been taken to safeguard the collection of public moneys and that the laws, directions and instructions relating thereto have been duly observed;
 - (2) all issues and payments were made in accordance with proper authority and that all payments were properly chargeable and are supported by sufficient vouchers or proof of payment;
 - (3) all money expended has been applied to the purpose or purposes for which the same was granted by Parliament and that such expenditure conforms to the authority which governs it and has been incurred with due regard to the avoidance of waste and extravagance;
 - (4) essential records are maintained and the rules and procedures framed and applied are sufficient to safeguard the control of stores and other State property.

Issues, Observations and Recommendations

During the Committee's examination of the Reports of the Auditor General on the Financial Statements of the ADB for the financial years 2014-2018, the following issues were identified, observations made and recommendations proposed.

1. Outstanding Audited Financial Statements

Audited financial statements for the years 2020, 2021, 2022 and 2023 remained outstanding. In its initial written submission dated June 21, 2023, the ADB advised that following the submission of its 2018 financial statement, the AGD had requested a revaluation of the ADB's properties. The delay in the submission of the financial statements for the period 2019-2022 stemmed from the late submission of the valuation report of the ADB's properties from the Valuations Division of the Ministry of Finance. This hampered the ADB's ability to furnish subsequent financial statements on time as adjustments to statements were required based on the report from the Valuations Division.

At the public hearing held on June 26, 2024, officials from ADB explained that:

- the 2020 financial statement was being audited by the AGD; and
- the financial year statements for 2021 and 2022 had been completed by ADB and were awaiting scheduling for audit.

The AGD indicated that the audit of the 2020 financial statement would be completed by mid-August 2024 and highlighted that the outstanding audits would be scheduled only when the signed financial statements submitted to the Department. The ADB committed to submit its 2021 and 2022 financial statements to the AGD by July 05, 2024 and informed the Committee that the 2023 financial statement was in the process of being completed and would have been submitted to the AGD thereafter. A timeline for the finalization of this process was not provided. Furthermore, it was noted that there was an absence of provisions in the Agricultural Development Bank Act Chap. 79:07 regarding the timeframe within which the ADB was required to submit its financial statements to the AGD.

Recommendations:

- i. *The ADB should provide to Parliament the status of the outstanding audited financial statements for financial years 2020-2023 by January 14, 2025; and*
- ii. *The MALF in collaboration with the ADB should propose amendments to the Agricultural Development Bank Act Chap. 79:07 to include a provision relating to the timeframe in which financial statements are to be submitted to the AGD and provide an update to Parliament by January 14, 2025.*

2. Status of Government Subventions

The ADB experienced irregularity in the receipt of Government Subventions as well as shortfalls in budgetary allocations. A weakness outlined in the SWOT analysis of the Strategic Plan 2023-2025 was the inconsistent receipt of allocated annual subventions restricted the Bank's medium and long-term planning. At the public hearing, the ADB stressed that it was in need of greater Government Subventions which would assist in increasing its loan portfolio and that this, working in tandem with an amended ADB Act, would directly expand the interest income earned thereby helping to ensure the Bank's sustainability. Officials explained that with the interest rate cap of 2% to 4% in Tobago and 3% to 5% in Trinidad, revenue generation was suppressed and that, as such, intervention would be required. The Bank highlighted that the subventions received were not provided in the anticipated timeframe and were substantially less than the allocations provided for in the budgets.

Observation:

- i. *While the Committee acknowledges the ADB's efforts to meet its commitments with internally generated funds from the principal repayments and interest income to ensure that the bank remains functional, the receipt of the Government Subvention as a revenue stream is essential towards its operational efficiency.*

Recommendation:

- i. *The MALF should briefly provide to the Parliament by January 14, 2025, a rationale as to how the approved level of subvention for the ADB is determined and what avenues can be pursued to better align requests to meet the ADB's desired outcome.*

3. Outdated Legislative Framework

The legislative framework to effectively support the Bank's initiatives was severely outdated. There was a need for amendments to the Agricultural Development Bank Act, Chap. 79:07 ("the ADB Act") given the extensive changes to the sector since the Act was first enacted in 1968 and last revised in 1995.

In its initial submission, the Bank indicated that there was a need to expand the mandate of the ADB Act. Proposals in this regard were submitted to the MALF. It was explained that the proposed amendments would support the objective of expanding the Bank's lending base with the goal of growing its loan portfolio.

At the public hearing, it was further explained that there were certain specifications in the Act that restricted the Bank from properly serving the entire agri-business sector. ADB officials indicated that the interpretation of the Act was subject to different legal opinions and that with the revision of the Act, clarity would be gained for the organization and the sector. The MALF informed the Committee that the proposed legislative amendments to the Act were being considered and that the Ministry would continue to work with the ADB to formalise the proposal to update the legislation.

Recommendation:

- i. The MALF should provide an update to Parliament on the status of the finalisation of the proposed amendments to the ADB Act and briefly describe the anticipated benefits of the draft amendments for the greater fulfilment of the Bank's mandate by January 14, 2025.*

4. The Lack of an established Pension Scheme

The Bank was continuously in contravention of Section 25 of the ADB Act due to its failure to create a pension scheme.

Section 25 of the ADB Act provides that:

"The Bank shall, within a period of three years from the date of its establishment with the approval of the Minister, provide for the establishment and maintenance of a compulsory Pension Scheme

for the benefit of the officers and servants of the Bank, and in every such Scheme different provisions may be made for different classes of officers and servants.”

As the ADB was established in January 1968, the pension scheme should, therefore have been in place by January 1971.

The lack of a pension scheme noted in the Auditor General’s reports on the ADB’s financial statements under the heading *Other Legal and Regulatory Requirements* were a concern to the Committee. The International Standards for Supreme Audit Institutions (ISSAI) notes that paragraphs detailing such “other matters” address “matters other than those presented or disclosed in the financial statements which, in the auditor’s judgement, are relevant to users’ understanding of the audit”¹¹. Therefore, while the absence of the pension scheme may not have been a financial matter, it was an issue of regulatory compliance, the monitoring of which is part of the Auditor General’s role and function¹².

ADB officials indicated that under past management, emphasis was not placed on the creation of a pension scheme as it was viewed as a costly initiative despite its implementation being mandated by law. However, with the present management, a cost analysis of various pension schemes was being undertaken. When completed, the report of this undertaking was to be presented to the new Board of Directors for its consideration.

It was stated that the Board’s decision as to which pension scheme would be implemented was expected by the end of the financial year; in September 2024, and it was anticipated that by the end of the next financial year in September 2025, the pension scheme would be established. In the absence of a pension scheme, many persons who would have retired from the ADB would have only been eligible for the standard Government pension. Furthermore, the Committee was advised that with the eventual formation of the new pension scheme, retroactive payments to past ADB retirees would not be allowed. Only persons who were employed at the time of its operationalization would enjoy the benefits of the pension scheme, by virtue of their financial contributions to the system.

¹¹ INTOSAI, ISSAI 200 Financial Audit Principles. Accessed August 30, 2024. Available: https://www.intosai.org/fileadmin/downloads/documents/open_access/ISSAI_100_to_400/issai_200/ISSAI_200_en_2020.pdf

¹² Auditor General’s Department, *Appointment, Role and Function*. Accessed August 16, 2024: <http://www.auditorgeneral.gov.tt/content/appointment-role-and-function>

In a subsequent written submission dated August 09, 2024, the ADB indicated that due to improper record keeping it was unable to provide the number of persons who had retired from 1968 to 2009, which the Committee requested at the public hearing. However, from 2010 to 2024, eleven (11) persons had retired with their benefits being covered under the Pension Extension Ordinance 1961.

Recommendation:

- i. The ADB should provide a status update to Parliament on the decision reached by the Board for an approved pension scheme, and indicate the way forward to ensure implementation of the approved scheme, expected by the end of FY 2025, by January 14, 2025.*

5. The absence of a Mobile App

The ADB did not create a mobile app to facilitate ease of doing business despite competing in a technologically driven banking industry. In its initial submission, the Bank stated that a new Core Banking System would be introduced to technologically thrust the ADB forward to not only reduce cost but increase efficiency. It would also allow clients to access services without having to be physically present at the Bank. At the public hearing, ADB officials reiterated that the new core banking system was being developed, and indicated that the creation of a mobile app was associated with this process.

The Committee noted with concern that the ADB was not up-to-date with the level of financial sector technological advancements utilised worldwide and, as such, was not maximizing the benefits in terms of revenue generation and cost efficiency that came from the utilization of an app. Furthermore, the Committee noted that, as farmers were usually from rural communities, a mobile app would be useful in allowing them to conduct transactions without, for example, needing to go in person to bank branches.

The mobile app was seen as a basic tool that could foster more interaction between farmers and the Bank and also attract new clientele. Additional information received from the ADB indicated that the core banking system was in the procurement stage and that a definitive timeline for the rollout of the system could not have been provided.

Observation:

- i. *It is important that the ADB aggressively pursues the development of the mobile app as the Committee is concerned that as technology evolves, it may only be a matter of time before another technological advancement is developed that is more effective than the mobile app and the ADB will be at a further disadvantage. The creation of the mobile app could be independent of the Core Banking System.*

Recommendations:

- i. *The ADB should provide a status update to Parliament on the development of a mobile app by January 14, 2025 ; and*
- ii. *The ADB should provide an update on the timeline for the rollout of the Core Banking System by January 14, 2025.*

6. Levels of Debtor Delinquency

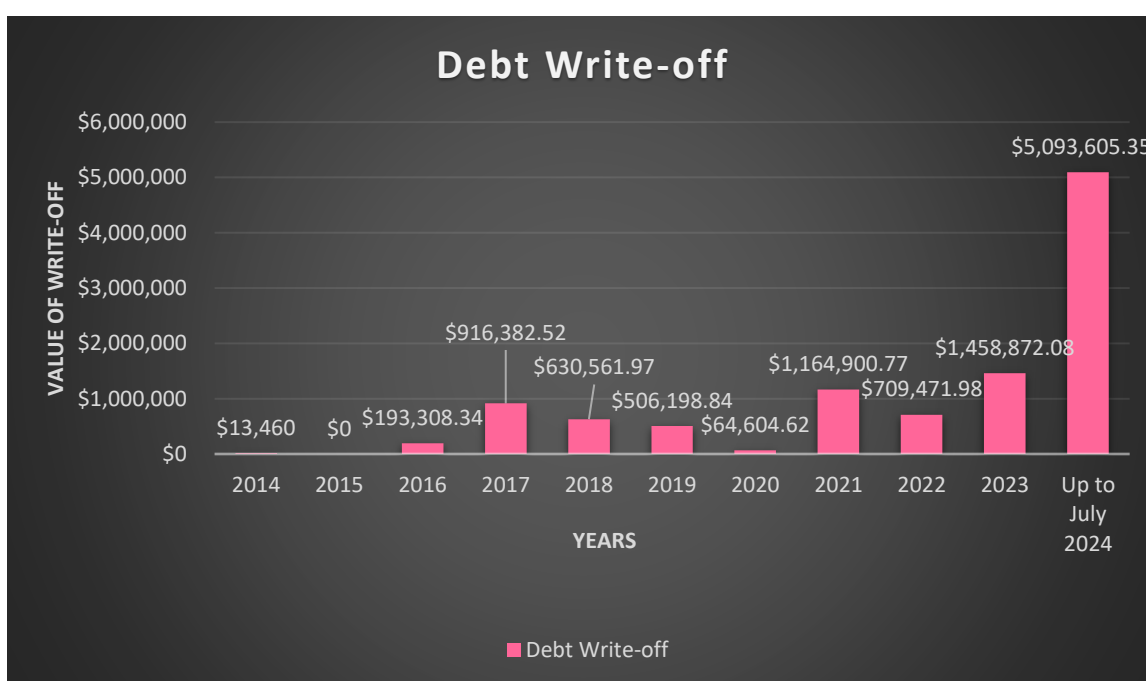
The delinquency rate of the ADB's loan portfolio was at an unsatisfactorily high level. The Committee was informed at the public hearing that the ADB experienced a fluctuating delinquency rate. However, in recent times the rate was steadily increasing. It was explained that in the primary production sub-sector there were challenges with client behaviour towards credit and external factors such as climate change and the increased supply costs, which impacted production and the realisation of the projected cash flows.

As long as the farmers were unable to recognise their projected cash flows, they could not honour their debt. ADB officials indicated that, at the end of May 2024, the arrears by value from its branches was approximately 10.8% and that the value of arrears was \$31.9 million for the branches. It was explained that default loans were transferred to the Recoveries Department when repayment at the branches could not have been negotiated. The process of recovery wherein all measures were exhausted for loan repayments was the last stage before the Bank would write off loans.

In a subsequent submission, the ADB indicated that, as at July 2024, the Bank's Recoveries Portfolio and the value and percentage of same that was actually recoverable was as follows:

SUMMARY	
Remaining Principal	\$150,023,586.74
Value Recoverable	\$ 74,439,567.08
Percentage Recoverable	49.6%

Furthermore, the value of the Bank's write-off over the past ten (10) years showed significant fluctuations with the highest value being accounted for thus far in 2024. The bar graph below shows the ADB's Debt write-off value from 2014 to 2024:



Recommendation:

- i. *The ADB should report to Parliament on whether there are any international best practices followed by counterpart institutions in other jurisdictions which the Bank could adopt in treating with this issue of debtor delinquency by January 14, 2025.*

7. Market Growth Rate

A greater push was required to facilitate market expansion at the Bank. At the public hearing, the Committee was informed that the ADB's portfolio was valued at \$446.6 million. ADB officials

indicated that the Bank's growth rate had stagnated over the past decade and that management was tasked with properly articulating in the next Strategic Plan, clear action items geared towards increasing the ADB's portfolio. The Committee learned that, though the ADB funded all activities along the value chain, its agricultural credit market share was 69.7% for the period 2022. It was noted that more effort was required to attract more entrants and build capacity in the agricultural sector. ADB officials highlighted that the Bank faced competition from commercial banks that were financing agriculture and agribusiness. Further, another major challenge to its operations was that the Bank's loans were only denominated in TT dollars, as the Bank did not facilitate foreign exchange.

Recommendations:

- i. The ADB should provide to Parliament a brief report on the formulation of the Strategic Plan for the period 2026-2028 specifically noting the strategic objectives which may be included in the area of market expansion, as well as the expected timeline for the development of the Plan by January 14, 2025; and*
- ii. The ADB should advocate to the MALF on the necessity for the Bank to facilitate foreign exchange and provide an update on this discussion to Parliament by January 14, 2025.*

8. Youth engagement

Youth engagement in agriculture was at a moderate level and in order to expand the ADB's portfolio, increased involvement by this demographic was crucial. In its initial written submission dated June 21, 2023, the ADB indicated that its aim was to increase its customer base and expand its reach with a greater focus on youth in agriculture. At the public hearing it was explained that, with an ageing farming population, targeting youth in agriculture was essential. It was highlighted, however, that such engagement was not at its desired level due to their inability to access credit and their low interest in agriculture.

It was stated that the ADB collaborated with MALF, Ministry of Youth Development and National Service (MYDNS) on the Youth Agriculture Homestead Programme (YAHP): designed to equip nationals with the skills to become successful 21st century agri-entrepreneurs. The ADB also worked with YBTT and NEDCO through its Business Accelerator Programme to build

capacity for borrowing as well as technical capabilities. It was noted that a more aggressive marketing approach was required by the ADB to foster greater interest amongst the youth. For instance, in the Bank's subsequent written submission, it was mentioned that an information product entitled '7 Steps to Planning Successful Technology Based Agri-Project- Thinking About Hydroponics' was developed in 2019 and that young persons were the demographic most interested in the technology-based projects. While business conversions were small, increased understanding of the operations amongst prospects was reported. Based on the example provided, the Committee has noted that more innovative methods of engagement would be necessary to attract young people to the agricultural sector.

The Committee is aware that apart from the YAHP programme, the MYDNS offers the following agriculture-related programmes:

- The Youth Aquaculture Project provides training in aquaculture and support for the formation of aquaculture co-operatives¹³.
- The Youth Agricultural Shade House Project: designed to equip nationals between the ages of 16 and 35 with the skills and resources to develop agriculture co-operatives focused on the production of high-value, short-term crops¹⁴.

Observations:

- The Committee noted the agriculture-related programmes offered for youth by the MYDNS and encourages the ADB to partner with the Ministry on these projects, if it has not already done so;*
- The Food and Agriculture Organization (FAO) of the United Nations has issued publications outlining examples of how to go about engaging youth in agriculture. One such example is the 2014 report Youth and Agriculture: Key Challenges and Concrete Solutions¹⁵. Two of the six themes addressed are access to financial services and access to markets – both of which are directly related to the ADB's mandate and stated priority growth areas. The Committee believes that the case studies and guidance presented in this*

¹³ Ibid, Youth Aquaculture Project brochure. Accessed September 4, 2024: <https://www.mydns.gov.tt/wp-content/uploads/2024/06/image-30.png>

¹⁴ Ibid, Youth Agricultural Shade House Project Brochure. Accessed September 4, 2024: <https://www.mydns.gov.tt/wp-content/uploads/2024/06/image-33.png>

¹⁵ FAO, Youth and Agriculture: Key Challenges and Concrete Challenges. Accessed September 3, 2024. Available: <http://www.fao.org/3/a-i3947e.pdf>

FAO report could serve as a useful reference for the ADB in its efforts to bolster youth participation in the agri-business sector in Trinidad and Tobago.

Recommendations:

- i. The ADB should consult the FAO publication Youth and Agriculture: Key Challenges and Concrete Solutions and report to Parliament by January 14, 2025 on the extent to which the Bank may be able to incorporate some of the advice contained therein into its own youth-related initiatives; and*
- ii. The ADB should report to Parliament on the following by January 14, 2025:*
 - a. Work done to date in collaboration with the MYDNS as part of the Youth Aquaculture Project and/or the Youth Agricultural Shade House Project, or ways in which the ADB could pursue such collaboration.*

9. Human Resources

The Bank was understaffed due to structural constraints as well as general vacant positions. In its initial submission the ADB indicated that there were instances whereby departments such as the Internal Audit Unit were fully staffed according to the Bank's organisational structure but the operation of the department was constrained because of an inadequate number of staff members in terms of the reality of the work to be done. In this case, the department was unable to provide reasonable assurance in a timely manner on risks which may have affected the organisation's ability to meet its objectives.

At the public hearing, the Committee learned that in addition to the shortcomings identified with the Internal Audit Unit, several vacancies existed for key positions across the ADB. These included the Corporate Manager - Risk and Compliance and the Corporate Secretary. ADB officials explained that the new Board had mandated the Bank's management to develop a prioritized list of the vacancies to be filled. It was indicated that the Bank was in the process of preparing its next strategic plan and that this would include a manpower audit to ensure the alignment of the resources to meet the organization's objective. Furthermore, it was mentioned that the ADB had approached the MALF for assistance in recruiting on a short-term basis, contract labour for some of its departments. However, it was noted that in the said request, additional staff for the Internal Audit Unit was not included.

Additionally, the Committee was concerned that since October 2023, four (4) members of staff were on paid suspension pending investigations into issues involving them, which had been raised in audit reports.

Therefore, from an operational level, the Bank was adversely affected in terms of its ability to effectively meet its mandate as many important positions were vacant, including some at the managerial level.

Observation:

- i. The Committee is aware that in instances of staff suspension, operationally the Bank will be deprived of the full-utilisation of its human resource capacity and this can add constraints to its existing resources. The Committee therefore looks forwards to the swift resolution of the matters.*

Recommendations:

- i. The ADB should provide to the Parliament by January 14, 2025 the following:*
 - e) Increasing the staffing component of the Internal Audit Unit through short-term contracts with the assistance of the MALF;*
 - f) Provide an update on the recruitment of the personnel based on its prioritised list of vacancies;*
 - g) Provide an update on the outcome of the planned manpower audit and if it has not been initiated, provide an expected timeline for its completion; and*
 - h) Report on the outcome of its request to the MALF for the provision of personnel to fulfil existing posts on a short-term basis.*
- ii. The ADB should provide Parliament with status update of the outcome of the investigation of the four staff members by January 14, 2025.*

10. Selection of Legal Service Providers

The ADB needed clearer documented procedures for the selection of legal services providers outside of its approved listing. At the public hearing the Committee was informed that there was an approved panel of attorneys that served the Bank in relation to the execution of credit

duties and its corporate services. It was highlighted that the Board of Directors reviewed their selection regularly.

The Committee learned that under the direction of the previous Board, two (2) legal providers who were not on the Bank's approved panel of attorneys had been hired. The criteria for their selection were based on the outcome of an audit report that required the skillset of legal services providers that were outside of the approved panel. Since this was a decision of the previous Board, further justification on the selection could not be provided and as the legal matter was at the time being pursued, the new Board decided to continue retaining the services of the said attorneys, as severing ties would not have been in the best interest of the Bank.

Furthermore, it was acknowledged that for future reference, a proper selection process would be required to ensure that when there was a need for services outside of the expertise of the approved panel of attorneys, a transparent system would exist.

Recommendation:

- i. The ADB should provide a status update to Parliament on the development of guidelines for the selection of legal service providers outside of its approved panel of attorneys by January 14, 2025.*

11. Risk Management

An approved Risk Management Policy remained outstanding. In its written submission the ADB indicated that the Bank had established its initial risk and compliance policies and procedures which were approved by the then Board of Directors and that the policy was being reviewed. At the public hearing, the Committee learned that the approved policies and procedures were supported by annual and independent audits of the functioning of the Risk and Compliance Department. It was stated that these policies were documented as a compliance manual. It was however noted that there was no Corporate Manager-Risk and Compliance since July 2023, who would have been responsible for oversight of this key functional area. The risk and compliance covered in the approved manual focused on AML/CFT. The enterprise risk management component which would be integrated across the ADB was expected to be implemented when the Corporate Manager for that position was recruited.

Additional written submission provided to the Committee indicated that the Bank's Risk and Compliance policy had been tabled before the Policy Review Committee in 2023. However, since the ADB was without a Corporate Manager-Risk and Compliance, the policy had not been finalised and presented to the Board for approval. Based on a Risk and Compliance Audit undertaken in 2019, it was determined that the risk register was incomplete. This incomplete register remained due to the ADB diverting its resources in the Risk and Compliance Department to focus primarily on becoming AML/CFT compliant, as well as there being the incomplete revised policy due to Departmental managerial changes.

Observation:

- i. The Committee acknowledges the efforts made to ensure that risks are effectively managed given the organisational constraints. However, there is a concern that without the Corporate Manager -Risk and Compliance to guide the organisation's overarching risk policy, gaps can be overlooked.*

Recommendations:

- i. The ADB should provide a status update on its efforts to recruit a Corporate Manager - Risk and Compliance to Parliament by January 14, 2025; and*
- ii. The ADB should provide a status update on the outcome of the Policy Review and Board approval of the Risk and Compliance Policy to Parliament by January 14, 2025.*

Conclusion

The ADB plays a crucial role in aiding Trinidad and Tobago in fulfilling its developmental goal of food sustainability. While the Committee notes the advancements made by the ADB to provide financial support to the agricultural sector since its colonial inception, its growth has stagnated. Additionally, the relevant legislation necessary for the ADB to effectively execute its mandate is severely outdated. This presents as a challenge to the Bank and as such the Committee encourages the MALF as ADB's line ministry, to make every effort to amend the ADB Act. This will ensure that the Bank can more effectively meet the diverse needs of the agricultural market.

The Committee reiterates the need for the Bank to become more technologically attuned with the development of a mobile app and to fulfil its mandate as outlined in the ADB Act of establishing a pension scheme. It is of integral importance that the ADB is adequately staffed to ensure that key functions such as Risk Management and Internal Audit operate optimally. The Committee notes the efforts made to increase youth involvement in agriculture and urges the Bank to create more dynamic strategies to foster engagement.

This Report will be transmitted to the Ministries, Departments and Agencies to which recommendations were addressed for written response within sixty (60) days in accordance with Standing Orders 110(6) of the House of Representatives and 100(6) of the Senate

The Committee looks forward to engaging further with the ADB as part of the necessary follow-up to the present inquiry.

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

Sgd.
Mr. Davendranath Tancoo
Chairman

Sgd.
Ms. Jearlean John
Vice-Chairman

Sgd.
Mrs. Paula Gopee-Scoon
Member

Sgd.
Dr. Amery Browne
Member

Sgd.
Mrs. Ayanna Webster-Roy
Member

Sgd.
Mr. Roger Monroe
Member

Sgd.
Mr. Adrian Leonce
Member

Sgd.
Mrs. Hazel Thompson-Ahye
Member

Appendix I – Witnesses

At the public hearing held on June 26, 2024, the witnesses in attendance were as follows:

Agricultural Development Bank (ADB)

- Mr. Farid Antar - Chairman
- Ms. Kimya Valentine - Deputy Chairman
- Mrs. Wendy Samsundar-Beharry - Chief Executive Officer (Ag.)
- Mr. Gleason Garraway - Corporate Manager, Finance and Administration

Ministry of Agriculture, Land and Fisheries (MALF)

- Mr. Ric Javeed Ali - Deputy Permanent Secretary
- Mr. Chris Ramkissoon - Planning Officer III,
Agricultural Planning Division

Auditor General's Department (AGD)

- Ms. Annesah Baksh - Assistant Auditor General (Ag.)
- Ms. Cheryl Ann Wright - Audit Director
- Ms. Seeta Beedasic - Audit Senior

**THE PUBLIC ACCOUNTS COMMITTEE
4TH SESSION, 12TH PARLIAMENT
MINUTES OF THE 20TH MEETING
HELD ON WEDNESDAY JUNE 26, 2024 AT 10:01 A.M.
IN THE LINDA BABOOLAL MEETING ROOM, GROUND FLOOR, CABILDO
BUILDING, PARLIAMENTARY COMPLEX,
ST. VINCENT STREET, PORT OF SPAIN**

Present were:

Mr. Davendranath Tancoo	-	Chairman
Ms. Jearlean John	-	Vice-Chairman
Mrs. Hazel Thompson-Ahye	-	Member
Ms. Khisha Peterkin	-	Assistant Secretary
Ms. Terniq Roberts-Edwards	-	Research Specialist
Ms. Asha Edmund	-	Research Specialist

Excused were:

Mrs. Ayanna Webster-Roy, MP	-	Member
Mr. Adrian Leonce, MP	-	Member
Mr. Roger Monroe, MP	-	Member
Dr. Amery Browne	-	Member
Mrs. Paula Gopee-Scoon	-	Member

COMMENCEMENT

- 1.1 At 10:01 a.m., the Chairman called the meeting to order and welcomed those present. The Chairman informed Members that Mrs. Ayanna Webster-Roy, Mrs. Paula Gopee-Scoon, Mr. Adrian Leonce, Dr. Amery Browne and Mr. Roger Monroe had asked to be excused from the Meeting.

EXAMINATION OF THE MINUTES OF THE NINETEENTH MEETING

- 2.1 The Committee examined the Minutes of the Nineteenth Meeting held on Wednesday, May 1, 2024.
- 2.2 The following corrections were made:
- Paragraph 4.1: each sub-bullet point was to begin with a lower case letter. Therefore, “Assess” became “assess”, “Assist” became “assist”, “Observe” became “observe” and “Determine” became “determine”.
- 2.3 There being no further omissions or corrections, the Minutes were confirmed on a motion moved by Mrs. Hazel Thompson-Ahye and seconded by Mrs. Jearlean John.

MATTERS ARISING FROM THE MINUTES OF THE NINETEENTH MEETING

- 3.1 With reference to item 3.1, the Chairman informed Members that the 14th, 15th and 16th Committee Reports, were laid at the sittings of the HOR and the Senate held on May 13 and May 17, 2024 respectively.
- 3.2 With reference to item 3.4, the Chairman informed Members that the Draft 17th Committee Report was being prepared and would be circulated for their consideration shortly.
- 3.3 With reference to item 8.3, the Chairman informed Members that the responses to the Committee's questions for additional information were received from NAMDEVCO and the Ministry of Agriculture, Land and Fisheries, and that they were being used to draft the 18th Committee Report.

OTHER BUSINESS

- 4.1 The Chairman indicated that the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for FY 2023 had been laid in the HOR on May 24, 2024 and referred to the Public Accounts Committee. The Chairman proposed and Members agreed that, in line with the Committee's mandate, the examination of issues raised in the aforementioned Report would be the first inquiry conducted during the upcoming 5th Session of the 12th Parliament. It was also agreed that electronic copies of the Auditor General's Report would be circulated to the Members.
- 4.2 The Chairman indicated that the Committee would establish the Work Programme for the Fifth Session of the Twelfth Parliament two weeks prior to the commencement of Committee meetings.

PRE-HEARING DISCUSSIONS RE: AN EXAMINATION OF THE REPORTS OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE AGRICULTURAL DEVELOPMENT BANK (ADB) FOR FINANCIAL YEARS 2014 TO 2018.

- 5.1 The Chairman reminded Members that the purpose of the public hearing was to:
- assess whether the ADB's expenditure conforms to the authority which governs it;
 - assist the ADB in achieving the efficient execution of its mandate while ensuring that expenditure is embarked upon in accordance with parliamentary approval;
 - determine the challenges being faced by the ADB and the possible solutions to these challenges.
- 5.2 The Chairman outlined the remit of the inquiry.
- 5.3 The Chairman invited Members to review the Issues Paper based on the written submissions received from the ADB.

- 5.4 The Chairman invited Members to raise any issues or questions related to the inquiry. Members discussed the areas of concern and the general approach for the public hearing.

SUSPENSION

- 6.1 There being no further business for discussion *in camera*, the Chairman suspended the meeting at 10:19 a.m.

PUBLIC HEARING: AN EXAMINATION OF THE REPORTS OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE AGRICULTURAL DEVELOPMENT BANK (ADB) FOR FINANCIAL YEARS 2014 TO 2018.

- 7.1 The Chairman called the public meeting to order at 10:35 a.m.

- 7.2 The following officials joined the meeting:

Agricultural Development Bank (ADB)

- Mr. Farid Antar - Chairman
- Ms. Kimya Valentine - Deputy Chairman
- Mrs. Wendy Samsundar-Beharry - Chief Executive Officer (Ag.)
- Mr. Gleason Garraway - Corporate Manager, Finance and Administration

Ministry of Agriculture, Land and Fisheries (MALF)

- Mr. Ric Javeed Ali - Deputy Permanent Secretary
- Mr. Chris Ramkissoon - Planning Officer III, Agricultural Planning Division

Auditor General's Department (AGD)

- Ms. Annes Shah Baksh - Assistant Auditor General (Ag.)
- Ms. Cheryl Ann Wright - Audit Director
- Ms. Seeta Beedassie - Audit Senior

7.3 Key Topics Discussed:

1. The requirement that the ADB's financial statements be audited "by the Auditor General or by a professional firm of chartered accountants approved by the Auditor General" in accordance with section 8 of the Agricultural Development Bank Act Chap. 79:07 ("the Act");
2. The mandate of the ADB "to encourage and foster the development of agriculture and commercial fishing and industries connected therewith and to mobilise funds for the purpose of the development" pursuant to section 6 of the Act;

3. The appointment of the ADB's current Board of Directors in March 2024;
4. The establishment of a pension scheme as required by section 25 of the Act being the only unresolved issue arising from the AGD's audits of the ADB's FY 2014 to 2018 financial statements;
5. The non-establishment of the required pension scheme due to the high costs involved in the operation of such a scheme;
6. The existing practice whereby ADB employees receive pension under the general public service scheme upon retirement in the absence of a specific ADB pension scheme;
7. The status of the development of the required pension scheme and the upcoming submission of the draft scheme to the ADB's Board of Directors for review in preparation for finalisation, anticipated by the end of FY 2025;
8. The non-possibility of retroactive payments to ADB retirees under the tentative pension scheme that is to be implemented;
9. The status of the AGD's ongoing audit of the ADB's FY 2020 financial statements, which is due for completion in July 2024;
10. The ADB's intention to submit its FY 2021 and 2022 financial statements to the AGD by July 2024, and the impending finalisation of its FY 2023 statements for subsequent submission to the AGD;
11. The absence of provisions in the Act regarding the timeframe within which the ADB is required to submit its financial statements to the Auditor General;
12. The utility of ADB creating a mobile app to encourage youth engagement as well as being an overall innovative tool for clientele to utilise their services;
13. The operationalisation of the ADB's banking system in terms of its ability to facilitate bank transactions since the Bank is not a clearing bank that is directly connected to the payment network;
14. The possibility of the ADB examining how technology such as the M-PESA system has been used in Africa to facilitate mobile payments;
15. The ADB's collaboration with agencies such as the Ministry of Agriculture Land and Fisheries (MALF), National Entrepreneurship Development Company (NEDCO), Ministry of Youth Development and National Service (MYDNS), Youth Business Trinidad and Tobago (YBTT) and WHYFARM to push youth involvement in agriculture and entrepreneurship and the level of success of these efforts noted to date;
16. The need for the ADB to create demand for services in the agricultural sector;
17. The \$446 million value of the ADB's asset portfolio as at FY 2024 and the scope for achieving further growth in this value;
18. ADB's credit market share being 69.7% for the period as at FY 2022 and there being challenges in attaining new market entrants in the agricultural sector due to the competition faced from commercial banks and other financial agencies;
19. The ADB's funding of all agricultural processes along the value chain;
20. The Bank's inability to provide funding in foreign currency as it only lends in TT dollars.
21. The SWOT analysis in the ADB's Strategic Plan and the need to place more emphasis in the Plan on agricultural activity as the core of the Bank's work;

22. The increasing rates of delinquency in the repayment of loans made by the ADB, which stood at 10.8% (\$31.9 Mn) of total sums loaned as at May 2024;
23. The factors influencing the delinquency rates, including clients' attitudes towards credit, climate change, and increasing costs of inputs, all of which affect farmers' projected cash flows;
24. The conditions under which unrecovered sums may be written off as bad debts;
25. The Expected Credit Loss Model developed by the ADB to assess the impairment of its loan portfolio;
26. Customers' low level of interest in the ADB Secure Loan, which provides credit to agri-entrepreneurs to secure their agricultural holdings against praedial larceny, given that the Bank's customer base has prioritised accessing financing for agricultural supplies;
27. The ADB's lending being based on individual borrowing and company type loans as opposed to group lending;
28. The outreach programmes conducted by the ADB, which focus on capacity building sessions for lending, as well as the ADB's collaboration with the MALF through the Extension Training & Information Services (ETIS) initiative to build agri-entrepreneur's technical capacity;
29. Examples of some of the financial literacy programmes undertaken, which focused on the importance of good record keeping management and the sensitization of what types of borrowing are available;
30. The role and function of the Mobile Banking Unit as well as the general mobilization strategy ADB uses for outreach programmes.
31. The directive of the new Board to re-examine the Strategic Plan to drive self-sufficiency and push farm production and explore avenues to make the Bank more sustainable and build the ADB's portfolio;
32. The need for amendments to the Act, given the extensive changes to the sector since the Act was first adopted in 1968, and the status of proposed amendments submitted by the ADB to the MALF.
33. The ADB's need for annual Government Subvention and the adequacy of sums received from GORTT given that all sums allocated are less than sums requested;
34. The staffing challenges faced by the ADB regarding its Internal Audit function; The mandate from the ADB's Board to review the Bank's policy guidelines and conduct a manpower audit to determine priority listing for the recruitment of vacancies within the organisation.
35. The issue of 4 ADB staff placed on paid suspension since October 2023 pending the conclusion of ongoing investigation of issues raised in audit reports;
36. The ADB's recent recruitment of a procurement officer and the Bank's alignment of its procurement procedures with the requirements of the Office of Procurement Regulation;
37. The rationale and criteria for the use of sole selective tendering and for selection of service providers not on the approved listing as was done to engage the services of two (2) attorneys who were not on the aforementioned approved list;
38. The Risk and Compliance Policy developed by the ADB and the Bank's ongoing efforts to recruit a Corporate Manager – Risk and Compliance; and

39. The variance in the processing time of loans owing to staff inefficiency and/or the applicants requiring more time to satisfy the necessary requirements.

Please see the verbatim notes for the detailed oral submission by the witnesses.

- 7.4 The Chairman thanked the representatives from ADB, the MALF and the AGD for attending the public hearing and they were excused.

SUSPENSION

- 8.1 At 1:06 p.m., the Chairman suspended the public meeting for a post-mortem discussion with Members only.

POST-MORTEM DISCUSSION

- 9.1 At 1:10 p.m., the Chairman resumed the meeting.
- 9.2 The Chairman sought Members' views on the public hearing. A discussion ensued.
- 9.3 The Committee agreed that additional questions would be sent to ADB and to the MALF.
[Please see Appendix]

ADJOURNMENT

- 10.1 The Committee agreed that the next meeting will be held on a date to be confirmed.
- 10.2 The Chairman thanked Members for their attendance and wished them a happy parliamentary recess.
- 10.3. The adjournment was taken at 1:13 p.m.

We certify that these Minutes are true and correct.

CHAIRMAN

SECRETARY

July 03, 2024

Appendix 1 to the Minutes

ADDITIONAL INFORMATION REQUESTED

Questions to the ADB

Provide the following in writing:

1. The number of persons since the ADB's inception from 1968 to present that have retired from the organization without benefitting from an ADB pension scheme.
2. A breakdown of the sums written off by the ADB due to non-repayment of loans in each year since FY 2014.
3. The Board minutes outlining the rationale for the procurement of legal services from providers outside of the approved listing.
4. The current value of the ADB's Recoveries portfolio, and the value and the percentage of the portfolio which is actually recoverable.

Issue – Mission, Vision and Mandate (page 2)

Food Security

The ADB's submission details the Bank's work to fund commercially viable agricultural products and promote agricultural best practice to support national food production and promote food security.

United Nations Sustainable Development Goal 2 to “end hunger, achieve food security and improved nutrition and promote sustainable agriculture” includes the following target:

“2.3: By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular **women, indigenous peoples, family farmers, pastoralists and fishers**, including through secure and equal access to land, other productive resources and inputs, knowledge, **financial services**, markets and opportunities for value addition and non-farm employment.”

Question:

1. To what extent has the Bank prioritised enhancing access to financial services for agri-entrepreneurs from any of these groups?

Regarding food production, an information product was produced as the Bank noted an increase in complex technology-based agri-products with poor success rates given the limited technical capacity of many agri-entrepreneurs (page 8).

2. When was this information product produced and made available to agri-entrepreneurs?
3. What were the benefits of the information product?
4. What have been the feedback received / improvements observed thus far?

Strategic Plan

The ADB identified clients' record keeping difficulties as a challenge to successful delivery of the Bank's services in furtherance of its strategic goals. To address this, the ADB collaborated with the Central Bank of Trinidad and Tobago on a program to promote financial literacy (page 16).

Questions:

1. What did this collaboration with the Central Bank entail?
2. When was the financial literacy programme launched?
3. How many of the ADB's clients participated in the programme?
4. How impactful has the programme been in improving clients' recordkeeping?

Issue –Risk Management

According to the ADB's written submission, "the Bank established its Risk and Compliance policy and procedures, which were approved by the Board of Directors. This policy is currently being reviewed" (page 17).

Questions:

1. Was the review of the policy completed?
2. If yes, what were the findings of the review?
3. Did the review lead to any significant changes to the policy?
4. If yes, what were these changes?

According to the Bank's written submission, the ADB developed and implemented an "expected Credit loss model with the assistance of an independent external consultant," in order to assess the impairment of its the loan portfolio. (page 19)

Questions:

5. What criteria were utilised in choosing the external consultant?
6. What was the cost of procuring the services of the external consultant?

Internal Audit Risk Review Report

- (B) Risk Register and Top Ten Risks

Concern was raised by the Risk and Compliance Audit on the risk register and top ten risks. Both were considered incomplete with little monitoring to ensure updated information was placed on the sheet.

Questions:

7. What were the reasons for the incomplete risk register?
8. Was the risk register eventually brought up to date?

- (D) Risk Council

The finding was that “the Council did not fulfil its role to oversee risk management practices”.

Questions:

9. What action was taken to ensure that the Risk Council duly fulfils its role?
10. Was a Terms of Reference document developed as recommended in the Report?
11. If yes, to what extent did this strengthen the work of the Council?
12. What are the challenges the council faces in carrying out its role?
13. Since the May 2016 to November 2018 audit, did the Risk Council assess the risks and recommend solutions or treatment for each year from 2018 to 2022?
14. What are the reasons for the infrequent meetings of the Risk Council?

- (E) Operating Procedures

The audit made the following recommendation:

“As a newly formed department where operations commenced in 2016, a structured approach for the execution and management of all risk management should be developed as this would guide and assist the department in its assessment of new, reoccurring or inherent risk and how these are to be addressed in order to assist the Bank with the achievement of its objectives”.

Question:

15. When did the ADB comply with this recommendation?

Issue: Human Resources

Appendix 5 - Internal Audit Risk Review Report

Section (F) - Examination of Board Notes

AUDIT RECOMMENDATION	MANAGEMENT RESPONSE	QUESTION
The Risk and Compliance Department should be structured in a way where one Risk Officer can be assigned to perform the AML/CFT functions and the other to assist the manager in ERM activities.	The bank has commenced the process for additional staffing within the department, which must be done consistent with the pending manpower audit.	<ol style="list-style-type: none">1. When was the manpower audit conducted?2. What were the findings of the audit and what changes were made based these findings?3. Did the Bank assign Risk Officers specifically to AML/CFT functions as recommended?4. If yes, how many?

Appendix 6(g) – Audit Report No. 2022/4 – East Branch Audit

Item 5 – Staffing of the Mobile Banking Unit (MBU)

ISSUE AND AUDIT RECOMMENDATION	MANAGEMENT RESPONSE	QUESTION
<ul style="list-style-type: none">• Issue: “Currently, the MBU consists of only a driver and the Marketing Research Officer (Loans Officer II), who attends to all customers at outreach events. <p>If for any reason 1 or both incumbents are unable to work, any outreach event scheduled will be postponed, as no designated backup officers exist.”</p> <p>Recommendation:</p> <ul style="list-style-type: none">• The Bank should consider hiring a full time MBU Officer (Relationship Officer) for the Mobile Bus and consider the implementation of proper succession planning for the MBU staff.	<p>There is no designated backup MBU Officer or driver. However, those staffing requirements to ensure continuity for scheduled outreach activities are treated with priority cancellations.</p> <p>As a last resort, in the interest of avoiding disruptions to frontline branch operations, assistance is explored through the Credit Department / Branch for the relevant area targeted for outreach.</p> <p>Assistance with replacement drivers is sought through formal requests to the CM – Finance and Administration from the Bank’s pool of drivers / messengers.</p>	<ol style="list-style-type: none">1. Was the staffing of the MBU considered during the manpower audit mentioned at Appendix 5, Section F?2. Have any steps been taken to assign more staff to the MBU and / or to develop succession planning?

Issue: Income

The ADB’s written submission indicated that a “new Core Banking System” would be introduced whereby costs would be reduced.

Questions:

1. What does this Core Banking System entail?
2. Has the system been introduced? If no, when does the ADB intend for the rollout to take place?

Issue: Internal Fraud Policy

The ADB's written submission highlights that the Bank conducts "annual compliance training" with all staff (page 49).

Question:

1. What does this annual compliance training entail?

Suspicious activity is said to be reported to a compliance officer for review, in combination with reporting to the Financial Intelligence Unit/ Fraud Squad.

Questions:

2. Were any instances of suspicious activity reported between 2014 and 2018?
3. If yes, what was the conclusion of the investigations into these reports?

Issue: Whistleblowing Policy

The ADB has a Whistle Blowing Policy. According to the written submission, employees are guided as to the relevant reporting processes (page 50).

Question:

1. What does the guidance provided to staff entail?

Appendix III - Verbatim Notes

VERBATIM NOTES OF THE EIGHTEENTH MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD (IN PUBLIC) IN THE J. HAMILTON MAURICE MEETING ROOM, GROUND FLOOR, CABILDO BUILDING, PARLIAMENTARY COMPLEX, ST. VINCENT STREET, PORT OF SPAIN, ON WEDNESDAY, JANUARY 24, 2024, AT 10.52 A.M.

PRESENT

Mr. Davendranath Tancoo	Chairman
Ms. Jearlean John	Vice-Chairman
Dr. Amery Browne	Member
Mrs. Paula Gopee-Scoon	Member
Mr. Roger Monroe	Member
Mrs. Hazel Thompson-Ahye	Member
Ms. Keiba Jacob Mottley	Secretary
Mr. Justin Jarrette	Senior Research Specialist

ABSENT

Mrs. Ayanna Webster-Roy	Member
Mr. Adrian Leonce	Member

REGULATED INDUSTRIES COMMISSION

Mrs. Dawn Callender	Chairman
Dr. Michelle Salandy	Executive Director
Ms. Carol Balkaran	Deputy Executive Director
Mr. Derrick Phillips	Assistant Executive Director Technical Operations
Ms. Donna Chapman	Manager, Human Resources & Administration
Mr. Shameel Khan	Chief Financial Officer

AUDITOR GENERAL'S DEPARTMENT

Mr. Gary Peters

Assistant Auditor General

Ms. Annesha Baksh

Audit Director

MINISTRY OF PUBLIC UTILITIES

Ms. Nicolette Duke

Permanent Secretary

Mr. Curtis Augustine

Monitoring and Evaluation Coordinator

Ms. Danielle Salandy

Administrator, Legal Services

Mr. Chairman: Good morning and welcome to the officials from the Ministry of Public Utilities, the Regulated Industries Commission, and the Auditor General's Department. My name is Davendranath Tancoo and I am the Chairman of the Public Accounts Committee.

The Public Accounts Committee has a mandate to consider and report to the House on:

- a. The appropriation accounts of moneys expended out of sums granted by Parliament to meet the public expenditure of Trinidad and Tobago;
- b. Such other accounts as may be referred to the Committee by the House of Representatives or as are authorized or required to be considered by the Committee under any other enactment; and
- c. The report of the Auditor General on any such accounts.

The purpose of this meeting is for the Public Accounts Committee to conduct an examination of the reports of the Auditor General on the financial statements of the Regulated Industries Commission for the financial years 2014 to 2018; to assess whether the RIC's expenditure conforms to the authority which governs it; to examine the challenges being faced and possible solutions for those challenges; and to assist the RIC in achieving the efficient execution of its mandate, while ensuring that expenditure is embarked upon in accordance with parliamentary approval. Based on these issues, the following representatives were invited to today's public hearing: the Ministry of Public Utilities, the Regulated Industries Commission, and the Auditor General's Department.

Please note that this meeting is being broadcast live on Parliament's Channel 11, on radio 105.5 FM, and the Parliament's YouTube Channel *Parhview*. Viewers and listeners are welcome and invited to send their comments related to today's enquiry via email, parl101@tpparliament.org, facebook.com/tpparliament, or Twitter [@tpparliament](https://twitter.com/tpparliament).

I will now invite members of the Public Accounts Committee to present and introduce yourselves to the members of the media and your colleagues here present, starting on my right.

[Introductions made]

Mr. Chairman: Thank you. We also have present, members of the Secretariat of the Public Accounts Committee. I will now invite representatives present from the various institutions here to introduce themselves, beginning with the Ministry of Public Utilities.

[Introductions made]

Mr. Chairman: Thank you. Can members from the Regulated Industries Commission introduce yourselves, please?

[Introductions made]

Mr. Chairman: Thank you. And from the Auditor General's Department, we have?

[Introductions made]

Mr. Chairman: Thank you. I now invite the Auditor General's Department, that is the Assistant Auditor General who is with us present, to make a brief opening statement.

Mr. Peters: Thank you, Chairman. Good morning to members of the Committee, Ministry officials, and officials from the RIC, and members of the viewing public. The Regulated Industries Commission Act, section 34(2) states:

“The accounts of the Commission shall be audited annually by the Auditor General or by an auditor authorised by him for such purpose.”

For the years that are under consideration this morning, the audits were conducted by a private firm, but it does not end there. Before we issue our covering report, we actually go look at the auditor's working papers to ensure that everything that was supposed to be done, in accordance with the contract, is actually done. Thank you.

Mr. Chairman: Thank you. I now invite the Permanent Secretary from the Ministry of Public Utilities to make a brief opening statement.

Ms. Duke: Good morning, again, Chairman, Vice-Chairman, members of the Committee, members of the RIC, Auditor General. Thank you for affording the Ministry of Public Utilities the opportunity to join this discussion as it relates to the audited financial statements of the Regulated Industries Commission. In the execution of its role as an independent regulator, the RIC contributes to the Ministry's thrust to enhance the quality of life of the citizens, as well as the country's overall economic and social development through the provision of reliable, high-quality public utility services. The Ministry therefore looks forward to today's discussion and any recommendations that will enable us to further our efforts, along with our key partners, to meet this critical need of all citizens. Thank you.

Mr. Chairman: Thank you very much. I now invite the Executive Director of the RIC to make a

brief opening statement. Sorry, I think we have the Chairman. Sorry, my apologies. My apologies, Ma'am.

Mrs. Callender: Okay. Thank you, Chairman. I recognize you and the Vice-Chairman, members of the Committee, our colleagues from the Ministry of Public Utilities, and the Auditor General's Department, and, of course, the wider viewing public. The RIC is pleased to appear before this august Committee to respond to important questions concerning its mandate and its operations. We consider ourselves a learning organization and thus, we are always interested in receiving feedback from our stakeholders. In this context, the RIC will welcome the insights and recommendations that would result from this morning's proceedings. Thank you.

Mr. Chairman: Thank you very much, Ma'am. The way the Committee usually proceeds is I would begin by asking a few questions, you will respond, et cetera, and then my colleagues—we will open up the floor so that my colleagues will also engage the Committee's—the various institutions present here today. So allow me to begin with the first set of questions, please.

According to your submission to the Commission—the RIC, that is—you sent something to us, and on page 15 of it, it says that:

“The RIC Act clearly specifies the RIC's powers and functions. However, the RIC recognises that these powers and functions may need to be updated in light of new developments in the utility sector, including introducing renewable energy. The RIC is addressing its concerns surrounding...”—these—“...powers with the Ministry of Public Utilities.”

It continues on page 16 of that same submission of the RIC to the Public Accounts Committee, that:

“The RIC has proposed amendments to its primary legislation to improve operational efficiency and its ability to effectively regulate the sectors under its purview.”

Now, I have looked at your previous strat plans and I have looked at your submissions to the Public Accounts Committee. This requirement and the need for legislative adjustments and legislative changes was identified in your 2010 to 2014 strat plan, in your 2016 to 2018 strat plan, and we are still talking about the need for legislative review. Can you advise whether legislative amendments or proposed amendments to the RIC Act has been, in fact, prepared? And if so, have they been submitted to the Ministry of Public Utilities for its review and therefore, subsequent action?

Dr. Salandy: The RIC has indeed prepared a document, which would include the amendments—the suggested or the proposed amendments to the RIC Act, alongside a policy document that is basically a companion of the amendments to the MPU for its review, and that has been done—well, it was previously submitted earlier on in 2016. It was again resubmitted in 2021, alongside changes in the

realm of what is happening in the utilities sector in terms of RE. So that has been submitted.

Mr. Chairman: Thank you. Madam Executive Director, you indicated that it was submitted in 2016 and then, in 2021, it was resubmitted?

Dr. Salandy: Alongside further—because it was reviewed again, and alongside further changes, there were submissions. Again, this came with the review of the feed-in tariff policy, et cetera, so the Regulated Industries Commission would have provided additional comments.

Mr. Chairman: Thank you. Question to the Permanent Secretary of the Ministry of Public Utilities: Ma'am, we just heard that submissions were made based on concerns that the RIC had with regard to expanding its mandate, and that that has been submitted to you in 2016, and revised and resubmitted in 2021. Can you advise whether the Ministry is currently considering—in fact, let us go the other way, can you advise what is the current status of those recommendations from the RIC?

Ms. Duke: Yes, Chairman. Those recommendations were received and they are being considered in conjunction with proposed legislative changes or amendments to the T&TEC Act as well. All of these fall within the ambit of the Ministry's analysis of power generation and transmission. So there are a number of pieces of legislation that impacted that, including the RIC Act, and they are all being considered together. I will have the Admin, Legal, elaborate a bit more.

Mr. Chairman: Thank you.

Ms. Salandy: Good day, Chair. Currently, the Ministry of Public Utilities has completed an overarching policy for power generation. As the PS has rightly stated, this overarching policy not only includes amendments to the RIC legislation, but also to the T&TEC legislation, the electrical inspectorate legislation as well. The Ministry has had stakeholder engagements on the policy thus far and they have completed the second draft, which will go before Cabinet shortly. Thank you.

Mr. Chairman: Madam PS, I assume that you have a very good relationship with the RIC and that you are in constant conversations with each other, so we are hopeful that these amendments, these proposed legislative changes, would be presented in the shortest possible time frame, especially given that the RIC has been complaining about this for quite a while—since 2010, I believe it was. In fact, since that 2010 to 2014 strat plan, it was a focus of the RIC, yes?

Ms. Duke: Yes, Chairman. We are really working hard at trying to put this before Cabinet in the shortest possible time. One of the things about these types of legislation is because there are so many nuances from one to the next, you really want to ensure that you get it right. And then, with the advent of RE and the feed-in tariff, you want to make sure that you consider all the stakeholders in the process. We believe that in the consultations, that we have incorporated the key stakeholders, and

their comments have been incorporated into the policy, and so we are thinking that within the shortest time frame, before the end of this fiscal year, we should have had that in Cabinet, and possibly—well, on Cabinet’s timetable—have some feedback as to how we proceed from there.

Mr. Chairman: Thank you very much, Madam PS. That feeds into my area of concern. Because although I am not aware of what the contents of the recommendations are, based on the strat plan, et cetera, I saw the direction in which they were seeking to go, and I want to use that to springboard off something that my colleague from the Auditor General’s Department raised. Section 34 of the Act—section 34 of the Act to expand—based on what the Assistant Auditor General raised—section 34 of the Act states, and this is 34(3):

“(3) The Commission shall, not later than six months after the end of the preceding financial year, submit to the Minister in respect of the preceding financial year—

(a) a copy of the audited statement of accounts; and

(b) an annual report in respect of the preceding year.

(4) The Minister shall cause a copy of the annual report and of the audited statement to be laid before Parliament within twenty-eight days of his receipt of the report and if Parliament is not then in session, within twenty-eight days of the commencement of its next session.”

Where am I going with that? We have had reports from the RIC in which it stated that the 2020 audited financial statements were expected to be done on or before the 31st of December, 2023. The financial statements for 2021 were to be submitted for auditing at the end of December 2023. So that is not the financial statements—the audited financial statements being submitted to the Ministry. The audited for fiscal 2022 and 2023 will follow with the expectations that it is going to be finished in the first half of 2024.

As an entity with the responsibility of setting targets, implementing rules of law, in fact, providing—we will talk about that in a little bit—structures and penalties for failure to abide by the law, it is of grave concern to me and to my colleagues here that we seem to have a hiccup in the submission of your financial statements on time, as is required by law. Is it that—and maybe you can now advise—there is a—in fact, it was highlighted in the management letters to the RIC on several occasions—which I have had sight of—that there is this lethargy when it comes to submitting financial statements for consideration and for audit?

The 2019 management letter, if I may share, because I want to make—I want to give you as much—I want to give members of the public as much information as possible, and yourself as possible, so you could respond with regard to a solution. The “Observation” in the management letter

of 2019 was that:

“There...”—has been—“...a very long period between the completion of all audit work and the approval and eventual sign off of the financial statements which resulted in rework and additional procedures to be performed.”

The “Risk”:

“There is a risk that rework and additional time spent over the budgeted hours lead to higher audit fee.”

The 2019 management letter made a “Recommendation”:

“A more efficient process for the review and approval of the financial statements should be implemented to ensure a smoother flow of work and to avoid overruns in the audit fee.”

Given the experience of delay in the submission of financial statements—not just financial statements for audit, but financial statements, by extension, to the Minister, and therefore to the Parliament, and therefore to your Committee, can you advise what has been the reason for this persistent backlog in the preparation of financial statements over the years?

Mrs. Callender: Chairman, I should begin by saying that we also, as a board, share the concerns of not having our financial statements submitted on time and that we are taking steps to address that. So apparently, the delay actually was something that occurred prior to my board assuming responsibility there. So, in fact, we met a backlog. I took that chairmanship in 2019. At that time, 2016 was being done. However, as I said, we have taken ownership of the process. We have completed the 2020 statements recently.

We used a different approach in moving from the draft financials to the completely signed off financials. And I can say to you that even though we had committed there to do it by December the 31st, we actually had to go through some—well, you know, I do not want to call them “extra procedures”, but sometimes getting third-party confirmations, and so on, those things can be a little time protracted. But we put all efforts into getting it done and we recently signed those statements, I think it may have been last week Friday or maybe Monday this week.

We were able to meet the standard for the 2021 statements and we have submitted them to the auditors, and they are in the process of being audited. We expect, perhaps within the next month, that those will be completed, and we will move immediately thereafter to do the 2022 and 2023 as we have submitted. So if I were to say the reason for them being late, to some extent, we inherited a delay. Notwithstanding our commitment, you know, we have experienced—I do not even want to bring into the discussion, COVID and so on, but those things did occur. But most of all, I think the

commitment of the board to get them ready and taking ownership to get them up to date is there, and we will actually achieve that by the first half of this year.

Mr. Chairman: Ma'am, are you saying that you will have—you would be current, with the exception of 2023, as at the first half—at the end of the first half? Is this fiscal or calendar?

Mrs. Callender: No, this is calendar. So we are talking about June 30, 2024, we will certainly be completed with 2022, and it is our intention really to do 2023 by that date as well. But certainly, 2022 will be brought up to date by that time.

Mr. Chairman: So I just want for clarification, this is for the Commission to provide its audited financial or to provide the statements for auditing?

Mrs. Callender: No, no, no, audited financials.

Mr. Chairman: All right.

Mrs. Callender: We will complete them by that date in June.

Mr. Chairman: In your consideration for legislative changes, have you considered increasing the time frame required for the provision of these statements? Because even if you are finished with 2021, 2022 and 2023, the requirement, as is in law now, is a maximum of about seven months between when you submit your audited financial statements to the Minister—so that is your time frame. You have six months to submit your audited financial at the end of the financial year.

Mrs. Callender: “Mm-hmm”.

Mr. Chairman: Admittedly, it seems to be a challenge. Let me ask the question then, what action do you think is required—or do you think that you have put enough things in place to ensure that we do not have a repeat of delays in the submission of financial statements for auditing, and in the submission of the audited financial statements to the Ministry, to the Parliament, and to the Public Accounts Committee?

Mrs. Callender: No. So, Chair, I would not want an extension. I think having a time period of six months is quite appropriate. The fact that we have not met means that we have to really review ourselves and to meet that deadline. We have made some changes. So, for example, we had an issue that required a lot of reconciliations to be done, and we actually did that work, so now that we find that in moving forward, it is a lot smoother than it was before. So I think we are committed to meet the standard and we will put all our efforts into so doing.

Mr. Chairman: Can you advise—now, I am aware that the 2014 to 2018 financial statements were audited by a firm appointed by yourselves, with the approval of the Auditor General's Department, and that was in keeping with section 34 of the Act itself. Can you advise of the cost of these audits,

that is the 2014 to 2018, which is really the period that we are supposed to focus on?

Mrs. Callender: Sure. With your permission here, I will ask our CFO, who was there during that period, to respond to that question.

Mr. Chairman: Thank you.

Mrs. Callender: Thank you.

Mr. Khan: Thank you, Chair. The annual cost was \$85,000.

Mr. Chairman: Thank you. Can you advise as to whether or not that annual cost was increased to higher because of the fact that there were late submissions or delays in submissions?

Mr. Khan: In certain cases where additional work was required, there were slight overruns. In one case, it was by about 10,000, but other than that, it was in line with the \$85,000 fee.

Mr. Chairman: Last question before I pass on to my colleagues. Is it then that the RIC does not have—let me ask the question differently again. Is the RIC sufficiently staffed and resourced, in your opinion—I will ask this to Madam Chairman. Is the RIC sufficiently staffed and resourced, in your opinion, to effectively and efficiently ensure at least—this question is purely with regard to financial statements—that the audited financial statements are prepared in the time as required by the Act?

Mrs. Callender: So, Chairman, I would say, yes. So the difficulty that I would say occurred is that we actually inherited a backlog. That situation was made a little—it was worsened by COVID and, you know, persons not being in the office and so on. I think apart from that, because of the commitment we made as a board, the statements otherwise would really have been up to date now. So I do not think it is really an issue of staffing, everybody always wants more resources and so on, but I would say that we have taken a very proactive approach.

We follow up differently with the auditors now. You know, we ask them to turn around the drafts for us more quickly. And as members of the board, we have all committed that our review should be quite timely. So I also look forward, just given my own background, to having up-to-date and current financial statements, and so we are holding ourselves—I would not even say “to a high standard”, the standard that we should achieve, and it is our intention to do that, Chair.

11.20 a.m.

Mr. Chairman: Thank you. Colleagues, who is going first?

Mrs. Gopee-Scoon: Thank you very much—I am sorry.

Mrs. Thompson-Ahye: Mrs. Callender, you sounded very impressive. I felt confident that you would meet the goals that you have set for yourself, but then you go and spoil it all like the song says by saying the words “I think.” So I am sure you would agree with me that you are going to withdraw

that “I think” and say we are committed to meeting the standards because “I think” spoilt it all, just like the song said.

Mrs. Callender: Absolutely, we are committed. And this commitment is not solely my commitment, it is the commitment of the board. We have been engaging in different techniques, those techniques have been quite well supported by our Executive Director and our CFO in meeting those standards. So yes, our commitment is there. Thank you.

Mrs. Thompson-Ahye: I am comforted, thank you.

Mrs. Gopee-Scoon: Thank you very much. I just want to ask a few about service standards. I am aware that there are service standards that are applicable to T&TEC at this time and there are service standards penalties that apply, you can correct me if I am wrong when you are responding. I want to know if there are similar service standards for WASA and have they been gazetted, what is the situation with regard to your service standards for those two particular entities? Thank you.

Dr. Salandy: The quality of service standards they exist for T&TEC as you asked and in regard to WASA, there has been continuous engagement with WASA and external stakeholders as well, in terms of consumers that quality of service standards actually have been resubmitted. I would say after all of the engagement at December 19th, 2023, and it is now submitted for gazetting. But at this current time, quality of service standards for WASA are not officially published just yet because we await gazetting.

Mrs. Gopee-Scoon: And I would imagine that that responsibility for gazetting and so on is with the Ministry of Public Utilities.

Dr. Salandy: Yes.

Mrs. Gopee-Scoon: Perhaps, PS can tell us where that is and then I would further want to go into your enforcement policy framework enquiry because they go hand-in-hand, whether or not your enforcement policy framework policy is in place as well. Thank you.

Ms. Duke: Yes, member we are in receipt at the Ministry of the quality of service standards for WASA. The Ministry is now preparing—normally when we get these quality of service standards, we prepare a note to Cabinet so that Cabinet is informed of the standard, and once we get the approval we move to the gazetting. So we are at this time preparing that note.

Mrs. Gopee-Scoon: And I expect in the interest of the customer that that will be expedited.

Ms. Duke: Quite so Minister.

Mrs. Gopee-Scoon: Quite so. But then of course there is the enforcement policy framework and I know that there was a commitment to review and implement a compliance and enforcement policy

framework for both WASA and T&TEC. What is the status of that?

Mrs. Callender: So in order to have the compliance framework one must have their standards gazetted and taking effect.

I think just one clarification, the submission that we did in December 2023 was actually a fine-tuning of submissions that had been made prior. So in the case of T&TEC where those standards have been gazetted and accepted, there are a number of reports that T&TEC must produce to the RIC annually, things like their codes of practice, some of the provisions of the standards that were gazetted, what percentage compliance they have achieved. And so that is done annually in the case of T&TEC and would be done in the case of WASA once the standards actually are gazetted, in which case they then become effective for WASA's compliance.

Mrs. Gopee-Scoon: Good. So in the case of T&TEC, are they in compliance and if not, is there some kind of enforcement policy to ensure that they comply with the service standards which have been set and agreed on by the Ministry and Cabinet?

Mrs. Callender: Okay. I know we have some details on that and I will just let our ED respond.

Dr. Salandy: In relation to the quality of service standards for T&TEC there are two components, the guaranteed standards and the overall standards. The guaranteed standards are specific to basically individual service standards that must be met for the individual customer, where overall standards basically exist where it cannot meet particular specifics of an individual customer but relate to all customers in totality.

Relating to the standards, the general electricity standards there are eight of them. The first one in terms of the compensatory payments in terms of enforcement that is, of the eight standards the only standard in which it is not an automatic payment but for the remaining standards GES 2 to GES 8 those standards, the payments are automatic in terms of the compensation to customers for any breaches therein and the RIC would publish standards annually I can probably give you an example of how T&TEC is in terms of there. In relation to GES 1, which is regarding response and restoration time of an unplanned outage within 10 hours, T&TEC in terms of the percentage for compliance is almost 100, it is between 99.5 in 2014 to 99.9 in 2015, a slight dip to 99.76 per cent in terms of T&TEC's compliance.

Just go down to another, a GES 5 is in terms of investigation of voltage complaints. T&TEC is required to respond to all voltage complaints within 24 hours and in 2018 they had a maximum in terms of keeping to that standard of 100 per cent and in 2014, 99.9. Their standards in regard billing punctuality and for most of the standards their compliance level has been in the late 90s and very close

to 100 and in some cases 100 per cent compliance.

Mrs. Gopee-Scoon: What system is in place in terms of the review of the compliance, when it is done because you are referring to 2014, long time now right? So what system is in place? I would imagine it is that enforcement policy framework, is that it?

Dr. Salandy: Yes. What we do is the same standards I am just recalling here they actually are current in terms of the same percentage levels exist today. So annually these reports are out and they are kept current as we do collate the information from T&TEC and we do publish so that in terms of the transparency all customers, and any stakeholder can actually go on to the RIC website and look at the quality of service standards reporting. There is actually another one that will be released, let us say by next month because it will be sent to the board for approval. So that is one area that we consistently look at to ensure that T&TEC is—

Mrs. Gopee-Scoon: Just to go back to the WASA service standard, so there is an existing service standard that is being revised?

Dr. Salandy: Right.

Mrs. Gopee-Scoon: Is that it?

Dr. Salandy: Okay. So the WASA service standard that one is currently—it was submitted firstly in December 2004 for gazetting. At that time it went for gazetting the questions arose in terms of—just like I would say need for clarification, need for some areas to be reworked along with the major stakeholder there WASA, the RIC would have looked at the comments received and would have resubmitted for publication in 2010.

Again at that point in time there was some issue in terms of agreement in terms of meeting the standards the RIC reviewed took all the, I would say the suggestions, recommendations, and the views of the stakeholders and would have reviewed it again and resubmitted. We most recently met with WASA to look at different areas because the one thing that the RIC would want to do in terms of having those standards is to ensure that customers receive a high level of service. So there are minimum requirements that must be achieved so we relook that to ensure that customers get value in terms of their service and to ensure that the service providers are able to do so. So we reviewed it one more time and it was sent. So at this point that it is not gazetted, until they are gazetted then they become effective.

Mrs. Gopee-Scoon: Right, I understand that but my final question before I allow my colleagues, are you all—sorry. My final question before I pass on to my colleagues, are your service standards benchmarked against some international or regional levels, and then I will pass on.

Dr. Salandy: As with all of the RIC's determinations in any area and standards in terms of quality of service, it is always two-sided because we look at international benchmarks, and then we have to look at it in relation to the context of Trinidad and Tobago, the company here basically our regulatory environment, and our economic context. So it is benchmarked internationally within the region in terms of the Caribbean region and again given those benchmarking in terms of our local context, so yes.

Mr. Chairman: If I may, before we go further, you just said something that was very interesting. You benchmark based on international standards but you take the local conditions et cetera, the local context into consideration. Is your local context in terms of the requirement for service by the customer, the final customer or is your local content—your local considerations based on the status or the state, or the capability of the organization itself? So is your service standard based on the organization or the individual service required?

Dr. Salandy: The RIC in its consultations takes the views of all stakeholders and that includes the stakeholders which would be the utility and the stakeholders which are the customers. So in terms of the local environment, the customers have a very major part in influencing and guiding the RIC in terms of making its final decisions in these areas. And the RIC would look at it in terms of local context because the RIC has a customer service management database. So all of the complaints that come in that we received from customers over the years, all of those things in addition to or when we put it out for public comment, those collate together and combine to influence and guide the decisions of the RIC.

Mr. Chairman: Now, I know my colleague has some concerns about the—

Mrs. Callender: Chair—

Mr. Chairman: Sorry.

Mrs. Callender: May I just say that part of what we do is that we are interested in the service providers improving. So notwithstanding that something may be a little bit difficult for them, we are still likely to put in there what would be called, in a way, a stretch target meaning that you really should go a bit beyond your comfort zone of where you are now and get closer to the standards that we feel our consumers should enjoy.

Part of the consultative process allows the utility to understand the thinking of the RIC even before those standards are published so we always say to them, you know what our thinking is, you know where we want to go, so please begin to review your internal processes so that when it is gazetted and when it comes into effect you will actually be able meet these standards. Thank you.

Mr. Chairman: Thank you. And that is the right direction in any case. Now we have T&TEC, you have the enforcement policy already in place for T&TEC is that correct? In terms of enforcement, what exactly does RIC—what power does RIC have in terms of enforcement of a quality of standard, a standard of service? If T&TEC for example does not provide that benchmark, what recourse does RIC have, what is that enforcement policy?

Dr. Salandy: The enforcement with the quality of service standards as they are gazetted, they are now outside of GES 1 and in terms of the others the enforcement is actually—the compensation is automatic so that actually occurs. If there is a case in which a payment is, let us say, a payment is not made for whatever reason the RIC will then follow up with the utility.

Mr. Chairman: Thank you. Who determines the compensation? So in the event—just for the clarification, I think, for the viewing public if I have a surge in power supply and my appliances are damaged is that what the enforcement treats with, there is a valuation of some sort? Is that the enforcement? The enforcement I assume will be whether T&TEC does not provide reimbursement. You understand the question?

Dr. Salandy: Yes, I understand the question. That question will probably go more out—in terms of the specifics of a damaged appliance, will probably go outside of the specific standards that we have there in terms of the rebate programme or the rebate. I should not say programme, but given a rebate and I think my Assistant Executive Director for Technical Operations would possibly give you a more detailed response to that question.

Mr. Phillips: Good morning again. So for a situation where appliances are damaged for a customer they would normally file a claim with the utility and the utility will investigate and hopefully settle at that level. If that does not occur and the customer is not satisfied then they could refer their complaints to the RIC and we will investigate to see if the utility was at fault, and if we find that they were at fault because of, you know, negligence or something that they were supposed to have done and they did not do it, then we will rule in that regard and notify the utility that we believe that they are liable and they should make compensation to the customer.

Mr. Chairman: Thank you very much. Now that is a very, very, very, very, very, very, very important thing because of recent we have had multiple fluctuations of power supply but I am not aware that a substantial number of members of the public are aware of this option of proceeding in the event that T&TEC does not engage them. So there is a sort of give up by members of the public that nothing will happen even if their appliances are damaged. Can the—Madam Chair, the question is to you, are you satisfied that sufficient advertising of RIC's role in terms of enforcement of this particular sort of

service, their role. Are you comfortable in your level of advertising so that members of the public are aware that this exists that they can pursue T&TEC and having not gotten through, that there is in fact another option that they could pursue for resolution?

Mrs. Callender: Chair, I would say I am not satisfied and I think one of the learnings that we took away from the consultations that we held last year was that the public is really unaware of RIC's roles and functions and so on. There really was a low level of awareness and now, sadly, people only know us as the people who are coming to increase your rates and not some of the other work that we do. There is actually knowledge by a large section of the public about the RIC work. They come to our customer service department, we have gotten a lot of rebates and other things for them. But I certainly think that that should be improved and expanded and every consumer should know about the RIC's role.

But with respect to the concerns expressed across the consultations we actually met with T&TEC, gave them some of the feedback we got regarding different services that they should provide to the public. We have a commitment from them that they would also be engaging in public education and that is something that we will follow-up over the course of this review period that we just completed.

Mr. Chairman: Sure.

Mrs. Thompson-Ahye: In your report to us, you mentioned customer complaints and you enumerated some of them, interruption in pipe-borne water supplies, street lights repair and installation, requests for truck-borne water supply, leaks, billing, and enquiries now, you submitted 2014 and 2015. When I look at the figures I find them extremely low and I am wondering though, can you tell us how accurate these figures are? Because if one is to take the pulse of the society by just listening to the talk shows and you hear all of these complaints about all of the utilities, the utility bodies under your jurisdiction, figures like 2,390 for the whole year, 2,231 and you said that you resolved like 86 per cent, 88 per cent, I mean is this real? Are we really to think that this is what is happening in this society today? What has happened since 2016, 2023? Has there been a dramatic increase in the number of complaints received and resolved and those that have been unresolved at the end of the year, is it possible that they were resolved in another year? I find it very—more than passing strange, the numbers that you have submitted.

Mrs. Callender: Yes, so—

Mrs. Thompson-Ahye: Can you explain?

Mrs. Callender: Yes, member. So those numbers are accurate in the sense that those are the persons

who have come to the RIC for redress. Now, I agree with you, it certainly does not seem reflective of what we hear in the wider public and especially now on social media.

So one of the things that we have started doing is that we have persons who are now canvassing social media from time to time, because very often, you know, that is where someone would go to vent their concerns or to look for some sort of redress. So we do now sort of poll what is happening in social media and we give feedback to WASA in the same way. But certainly, we are also very concerned about the level of service that the consumers are enjoying, particularly I think on the water side and we would like to see that improved, we always give that feedback to WASA and meet with them quite regularly. So, you know, this is what we have in terms of things coming to us, but unlikely to be reflective of the customer's experience.

Mrs. Thompson-Ahye: Thank you, I appreciate your honesty.

Dr. Browne: Just by way of follow-up and welcome once again, appreciate the responses provided thus far to the questions from the Committee. I have a few follow-up questions on the issue of complaints seeing that this treatment—investigation, and treatment of compliant forms an important part of the RIC's mandate. And I did take note of the content in your submission, your financial statements and annual report where you track and present data on complaints. So you would have presented complaints received, resolved, and withdrawn, I was very interested in the column of complaints withdrawn. So I wanted a little more insight from you on how you receive complaints.

I know that there are several programmes, even on radio focused on getting members of the public to call in and give and register comments or concerns about experiences some of which would fall under the industries that you regulate so is that part of your source of complaints? What really constitutes a complaint? How do you pursue investigations? Is it in-house, do you utilize consultants or other service providers and is that something that is paid for separately and then complaints resolved, I join with my colleague, member, who spoke a little earlier but my take is, I am very pleased to see that a significant number of the complaints you would be tracking are being resolved from year to year. I would like some insight into what do you consider a resolved complaint.

I would give you an example. If I take my car to the mechanic, and I have a complaint he did not sort out some system and he tinkers a little further and then you ask him, he would say “yes, he has resolved the problem” and if you ask me the initial complainant, I may have a different view of it. So for you to categorize a complaint as having been resolved what goes into that and does that entail feedback from the client or the complainant as well? So let us start with that and maybe I will have one very minor supplemental.

Mrs. Callender: Member, I will just give a little context but I will have my Executive Director expand. One of the things that we should remember is that the RIC only comes into play after the person has exhausted their efforts with the utility provider. So even though we are hearing some of the concerns being expressed like on the radio as now as I said we have asked that people look and see what is happening on social media, Facebook and so on. Those are not things that the RIC can interact with directly but what we have been doing is that we will draw them to the attention of the service provider to ensure that they are engaging with the complainant so to speak. Yes? So those are not ones that we can—the law does not allow us to interact with those persons unless they have exhausted their efforts, yeah? But I will have the Executive Director give some more details.

Dr. Salandy: The RIC receives complaints via several channels. Again, firstly you know, we actually have our customer service staff ready and available for walk-ins so persons can actually come in and make their complaint, they can make an appointment beforehand and come in to make that complaint face-to-face because we know that some persons prefer that one-on-one interaction when they do have their issues.

In addition to that you can actually send the RIC your complaint via email, or just call, we have an 800 number so it is toll-free. And again with the advent of COVID, the RIC has adapted and has a WhatsApp number so persons can also feel free to WhatsApp us their complaint and we use social media. We would advertise, tell persons how they can complain, what they can complain about, and the process for making a complaint so that when they do come in it is also very smooth in terms of that process. As the Chairman would have indicated, we would identify to customers that we are the second call for redress. So the first step is to make the complaint to your service provider and if you are not satisfied with your result then you come to the RIC and we follow up on your case.

In terms of that question, what is the next step? How do we do investigation? So the first step would be to ask the customer, have you made your complaint, you should have a complaint number, those things are recorded. We take some general information from the customer, we would then review it and the customer is then informed either we would need or require some more information from them or we let them know that we require some more information from the service provider. Based on just the general conversation, or via the email thread, the information that we do have the customer services department will then determine if they need to carry the issue to our technical operations department or other members of staff in terms of looking at it from probably an engineering or more technical slant. The customer service department in some cases will actually go out and do the investigation either go to the customer's premises or actually go to the service provider

to have further investigation be done. Once that is done and at least I should say, at every single stage of the process the customer services personnel will actually communicate to the complainant so that they know what is actually happening and I think that will now answer your second question in terms how of the investigation is pursued.

You also asked, and probably I will go to last before I go back to the third which is, how do we know when a customer is actually satisfied, right? So again the RIC after conducting an investigation, waits for in terms of notifying the service provider of the issue, will get the response of the—will make obviously its judgment, and submit that to the service provider, once it gets the final decision in terms of the service provider, what is the next step to resolve the issue of the customer. That will be communicated to the said customer and at that point in time the customer can determine if they are satisfied or unsatisfied with the determination therein.

11.50 a.m.

If the customer is satisfied, well the case is closed. If the customer is unsatisfied we will continue with some mediation, and if at the end of it the result is that in the case, even with all that the RIC has done, that there is still a level of “unsatisfaction”—or dissatisfaction I should say—by the customer, the RIC will then advise the complainant that they can actually carry their complaint, either write to the board further just indicating that they are unsatisfied or have other means outside of the RIC to challenge the result.

Dr. Browne: Thank you very much.

Mrs. Callender: So, member, what I should say is that, remember in every case it is not always that the consumer is correct in what they are seeking to pursue. There are times, in fact, that the utility could actually be correct and, you know, in that case what we try to do is to communicate with the consumer and explain why their claim would be, more or less, not go any further.

Dr. Browne: Sure. I gather that from the report that you would have shared in that resolve could be in favour of the client’s perspective or sometimes from the industry’s perspective. So, I also wanted to ask a little bit of insight into withdrawal of complaints. Why do some complainants withdraw and what are some of the circumstances around that?

Dr. Salandy: I would say that there are various reasons why a customer may withdraw. Going into the minds of customers, that may be a very difficult to say, but in some cases a customer may make a complaint and at the time of the complaint, let us say they would have made the complaint, let us say, one of the cases that you may have, a complaint—no water. “I did not receive water”. So you lodged your complaint with the organization, “I have not received water in two weeks.” We have taken your

complaint and then your problem was actually resolved by the service provider. So in some cases customers would actually call and say, “I would have received water or the street light would have been fixed”, and they would withdraw the complaint then. So in most instances I can say from what we are aware of, it is that and there was resolution.

Dr. Browne: Just a little further because I hope we are not doing more harm than good here in this discussion, particularly as you have established a benchmark for what would constitute a complaint, in that it is the—certainly not—you are not the first port of call. How? That is very subjective. So how do you guide if you have a walk-in client, a member of the public, I have a concern with my—an experience with my electricity or something related, or water. I could say “I tried to call WASA this morning and did not get through and therefore I am coming”. How do you guide and determine what would constitute a client having gone through the initial steps and properly reverting to the commission.

Dr. Salandy: Any customer that makes a complaint with the service provider is generally given a—there is generally a record in terms of a number that they are provided with so that is utilized by the RIC to know that that complaint has been lodged with the service provider. So that is our first step in recognition that that complaint would have been.

Dr. Browne: Thank you. And may I just, one other matter which I tend to ask would be, to enquire on your degree of connection, interaction, collaboration with similar bodies across the region or maybe further. Are you part of any connection, peer learning, or sharing of experiences within a regional context or beyond that? Is that part of your experience?

Mrs. Callender: So there is an association called the Organization of Caribbean Utility Regulators. The RIC was actually one of the founding members there we have continued to serve on that body as part of the executive committee. We have always, well, it is not automatic, but we have always stepped forward to serve. So that actually provides two platforms for a kind of leaning and training for the member countries. One being that we do share among ourselves and, in fact, right now I do have an invitation from the regulators in Jamaica for our regulatory body, our board of commissioners, to go there and have like a meeting with them. So that is something that, just subject to further meetings with our own board here in terms of what we want to pursue for 2024, that is available for us. That is a direct invitation.

But through that body we get other contacts, somebody who has used or had access to resources, they would generally share and say, “Oh, this person had made a particular study. Let me give you a name and contact”, so we do that as well. In addition, OOCUR puts on training. Some of

that training is sponsored by, let us see, the developed countries, people who are advanced in terms of regulations. So right now there are a number of programmes. There are three programmes that are already carded for 2024. The first one is in March. We have two persons who will attend, two members of staff that is, who will attend, and then as I said, there are some others being planned.

Dr. Browne: Thank you very much for your responses. Chairman, I turn back to you.

Mr. Chairman: Thank you. Just to follow up again. The Executive Director indicated that, and that she used an example that segues into my concern with regard to WASA, complaints about not having water connection or not having pipe-borne water, or not having access to truck-borne water supply. You mentioned that in terms of why people withdraw, but if you have a situation where you have multiple occasions in which the same condition arises, as I think exists in my constituency, so I do not want to politicize it, but also exists in other parts of the country where we have repeated situations where persons are without water for extended periods of time. I know, for example, my office has received complaints, on average about 100 complaints per month, often cycling every single month. Basically, it is the same set of people coming, and those are persons who would have made complaints to WASA. The question then is that, what happens now?—because we do not have the service standards, so we have no space for enforcement. Is that correct? But what happens then for WASA who is now receiving these complaints? How does the RIC treat with those complaints if they come only to WASA?

It comes back to my question with regard to the need to publicize yourselves a little bit more aggressively so that the members of the public in particular—I think we have a fairly good control over the T&TEC issue, but I do not think we have a fairly good control over the WASA issue. So that the service standards and the enforcement policy is now critical to ensure that members of the public get a good service. The question I am trying to tie down is, how does an individual who has a repeated situation where every two weeks he has to plead with WASA for a truck-borne supply because he is not getting a pipe-borne supply, and that exists in a substantial part of Trinidad and Tobago, and I know that it exists in my constituency. So how does that person treat with that?

Dr. Salandy: Given that the QSS has not been given effect, it does not stop the RIC from still following up on the matters of customers. So if a customer does have an issue in terms of a late water supply, no water supply, it does not matter. Whichever area in terms of supplying of service, the RIC, once you make a report to your service provider, will follow up. So in terms of, as you said, there may not be at this point in time compensatory payment for—because it is not a breach of a standard, but again there are minimum levels of service that every customer is expected to have, and the RIC will

follow up, and they have been, you know, in terms of the customer service representatives. And you have said it, it is accepted, that there are many persons that do have that issue recurrently and they do call the RIC recurrently because sometimes the RIC is there as their last port of call, so they will call and say, you know, this is a problem that I am having again, and the RIC's staff in that department are very diligent, they continue, they call WASA and they try to ensure that that customer can find some resolution or receive some resolution in that time. So recurrently it happens and without fail the RIC's staff tries to ensure to find and to bring their issue to resolve.

Mr. Chairman: Thank you. Well answered. Just to follow up on a question that my colleague here asked with regard to the numbers of the complaints. Would you by chance have more recent numbers? These are 2014 and 2015 numbers that we were looking at, and the numbers admittedly are very low but those would be the persons reporting. Would you have an indication of more recent complaints? And how they are—whether the resolved percentages still are as good as it was then or whether it has not been resolved, et cetera?

Dr. Salandy: We do have recent numbers as up to 2022. The number, total number of complaints were 2,589 for the year. And yes, it is recognized that the number of complaints, given what we know and hear in society, should be or is expected to be a lot more than that, but those are the complaints that have come into the RIC, and the resolution rate is actually in the 90th percentage in terms of that. So the customer service department has kept that level of diligence in resolving complaints.

Just to give a bit of—and they actually track their stats so that we know as an organization the response there. Once a customer makes a complaint, 99 per cent of the time the RIC responds within the same day. In 99 per cent of the cases there is actually a follow-up within the week, and it is around 84 per cent, if I recall that number exactly, where customers have received resolution in under 25 days.

Mr. Chairman: Is your complaint procedure online? Is it online or is it a telephone complaint that has to happen?

Dr. Salandy: The complaint can be via various channels. So you can make it online, in person, via WhatsApp, via the website. So every channel that is available, the 800 number, we accept the complaints as the RIC is the second call of redress once you have made your first complaint through the service provider.

Mr. Chairman: Thank you. Can I then—it is my view, I think, it is our view generally that the number of complaints are understated, and maybe a lot more effort has to be put in terms of reaching out to members of the public and advertising your responsibilities and your role in having some of these things resolved ASAP. Specifically, I can tell you that, in some of my areas you will be getting a

lot more feedback from them. Maybe this 2,500 that you had for 2022 will only come from that one area in south, and that will only generally be about WASA at this point. Like I said, I think we are doing fairly well with T&TEC in terms of the solution of the complaints rate, but an increased marketing and increased presence in the public domain would allow more persons to express their opinion. I want to turn over now to my colleague.

Ms. John: Sure. Thank you very much, Chairman. Thank you, Chairman Callender, and RIC team for attending. Coming off of what the Chairman just said, I looked at your status of implementation of the strategic plan which is good. A lot of people write their plan and they do not manage and monitor it, so I congratulate you on that. What we have before us, I do not know how current it is, how up to date it is, but I am still going to ask my questions out of it. You have pages 1 to 7 and I will start from item two which deals with the QSS, the quality of service standards that the director just spoke of. I wondered if it is you have completed that that you have completed since February 12th of 2021, and you felt it was important enough to update it, revised it up to December 19, 2023, so that is good also.

Do you think—WASA has this document I assume? How do you—is there a gap analysis or a review or you manage, you oversee this whole QSS?—because I think that will also help if they are looking at the gaps. Based on your own benchmarking, I think that will be taken up in the quality of standards also. It will be based on some level of benchmarking. I hope we are not watering it down to say well, because Trinidad is Third World and we this and we that. No. We cannot do that, you know. We have to aspire to something. Well, I see my colleague here looking at me. Are we developing? Are we not Third World? Where are we? *[Laughter]*

Dr. Browne: We get—we understand.

Ms. John: You understand? So *[Laughter]* I am just saying, we do not want to compete. With our standards, you know, because people are crying every day. So I am just asking, how do you manage this gap between what you are saying? These are the minimum standards taking into account—my model takes into account for the fact that our budgeting, our economic realities, our this, our that, so this is what we are willing to accept. Your gap, do you manage your gap? Is there a gap?

Dr. Salandy: In relation to that item which is line two, the resubmission, in a sense, was not based on an evaluation of specific gaps because it has not actually been effected. Right? And in terms of giving the QSS life, it has to be gazetted first. The reason for the resubmission is in terms of from the first time the QSS has been submitted to the NPO for gazetting, so now there has always been, you know I would say, some changes in terms of persons or stakeholders having their opinions in terms

of meeting those standards, and the regulator always has that very hard and difficult role of, as you say, balancing the needs of both parties, the customers and the service provider. And definitely, to basically carry your sentiment, it is really not at that point to just water it down and say, well we know you are here, so let us just have standards that are minimal and almost, I would say, not good enough.

The RIC will always put forward standards that have a good level of service, and it is generally very comparative to what you would see internationally. Given our context, yes, but good standards, because when we look at standards internationally there are some that are actually very, very poor and just service levels that really would not be acceptable by the customer, because at the end of the day we are accountable to those customers as well. So the services in terms of the utilities that they provide, that QSS has to have some minimal level of standard and that standard has to be something that can be—the organization as well could be held to account by the customer.

Ms. John: Thank you. I want to add my voice to my other colleagues with respect to, given your role in the community as the middleman stakeholder as it were, where people see you as, well they saw you as an independent stakeholder, and I see the Chairman would have gleaned from the outing in the consultations that basically you have moved from people not knowing you to telling themselves that you wield the big stick. Right? And I do not know if there is where you want to be, because people really wanted to see you as an independent, well dealer or broker as it were looking after the interest of the consumer, the end user at the end of the day. Which brings me to your—I am jumping to item 15 now on this same, what you call it?—the management of your strategic plan. The public perception survey of the RIC. And the project description is:

The survey conducted by the independent consultant to measure public awareness of the RIC, as well as the effectiveness of the communications strategy and overall quality of the RIC's work.

I do not know if this went in there after you all would have done the consultation or if that was always there because what happened out there in the consultation must have been a wake-up call. Because certainly, well I mean, one could do what is called the Monday morning quarterbacking, but certainly if one would have gone out prior to—people might have said that, I do not know about you at all or I do not have a favourable view of you as the case might be. I do not know what it would have been. What are you going to do now, because this is in progress, a work in progress? What are you going—how soon do you expect this work to be completed, and what are you going to do with it?

Dr. Salandy: This actually did not—this came on in terms of this line item for a project as part of the 2020 to 2024 strat plan, so it was there prior. The reason it is there, the RIC generally conducts a

public perception survey. One was conducted in **2007** for the RIC looking at the public's perception and awareness of the RIC. So the survey goes out to determine the number of persons that are aware of the RIC, the function, the role of the RIC and to also ask questions in terms of how they would prefer to have the RIC engage with them. So if they are aware of the RIC, what methods have they identified what they see us in the press. Did they see us on social media, and based on that question, the follow-up: well how would you prefer to have the RIC engage with you?

In terms of the timeline for the next public perception survey that is going to happen in the first quarter of this year. It will be conducted. The reason for "in progress" the draft survey has already been developed, but given that consultations were ongoing during that time, as you say, us looking like the big bad wolf with the big stick, we decided we will have that run after the consultations have ended. So in the first quarter we will see that.

Ms. John: I have two more questions. Given that outcome in the actual operationalizing of your function, that interaction with the public, which you really do not usually do being the regulator, I am just wondering whether in listening to you talk about the complaints and that you are the person of last resort as it were, but a lot of stuff is going on with the providers, you know. Some of the complaints just fall by the wayside as the case might be. Do you think it will be better to have a process that is better managed and not kinda by the way, we look on social media, we probably listen on the radio and if somebody happens to come to us? Is there any way, I am just asking, maybe that is not possible given the law, the policies, or what have you, that it gives you no business in the operational business? I just want to know, is there a way that you can manage it a little better than that?

Dr. Salandy: That is one of the areas that we, in terms of corporate communications, in terms of the whole of organization, and alongside the board, have been looking at reviewing what we currently do. And the reality is that the organization has taken several steps to bring awareness to the public. So the organization has radio campaigns. They go on different television programmes, radio programmes, in addition to social media boosts, et cetera, and the organization actually does outreach. So they actually do outreach at different locations and that are advertised so that persons can actually come to meet the members of the RIC, bring their complaints, know more about the RIC. Those have happened.

The organization has also had different campaigns in which we involve school children. So there have been school tours. Most recently, we have actually engaged the schools in Trinidad and Tobago by having school children basically provide the RIC with different depictions of what they

would like to see as our mascot. So, we actually have “Pluggie” and “Tappie” and they would have provided some responses to us in terms of what they see as environmental. Why this mascot or what is the representation for the RIC. So, we have utilized different channels and I take it that we do need to do some more work and find some different ways to fine tune what we have been doing to get more customers to acknowledge us as their port of call for any issues that they have.

Ms. John: Thank you, Chair. I just have one last thing. In item six and seven and I saw where you had your price review, well it was concluded in the case of T&TEC, WASA is still ongoing. However, in item 13 the project is the economic appraisal of the long-term capital maintenance needs of WASA and the description is asset management, et cetera, which is, well it calls for capital. Is that not an item you pick up when you are trying to determine a suitable rate or tariff as the case might be? And if it has not started, I am just wondering, how we came to the—five and—what is it? Six and seven, and this has not yet started.

Dr. Salandy: Thirteen, in terms of that, would not have been started because that obviously, as you rightly said, would occur as you looking at capital and while you are doing the rate review to look at tariffs. At this point in time because the T&TEC has been completed, that will be, you know, completed therein, but WASA has not been completed just yet so—

Ms. John: But it is ongoing? But this has not started.

Dr. Salandy: But it is ongoing. So in terms of the economic appraisal of the long-term maintenance, that will require us to be looking at the capital expenditure, and at that point in time it has not been started because it will require us to be going through the business plan, et cetera. So once that is at that point, coming to completion, we will be—that programme, project will be started and completed therein.

Ms. John: Thank you.

Mr. Chairman: Right. So just for clarification. So that means that you will be doing that as part of your continuation of this item seven, price review under WASA. So will be looking at item 13 the economic appraisal of the long term. It will form part of your appraisal. Is that correct?

Dr. Salandy: Yes.

Mr. Chairman: I will allow my colleague.

Mr. Monroe: Thank you, Chairman, and thank you to the entities for coming before this Committee. My question would fall right in line with compliance risks. I would like to know, based on your submissions:

“...service providers operating in the water and electricity sectors”—are or should be—“listed

under this Second Schedule of the RIC...”

Who remains unrepresented? Are the Trinidad and Tobago or Trinidad Generation Unlimited, TGU, Desalcott and Seven Seas, as they are not listed in first schedule of the RIC Act, could you please inform this Committee, one, who is responsible for regulating the Trinidad Generation Unlimited, Desalcott and Seven Seas? Has any consideration ever been given to amend the RIC Act to include these entries as in the First Schedule? And if yes, what was the result or what is the result of these considerations?

Mrs. Callender: So, member, those are particular bodies, I would not use the term “regulated” because regulation has a specific context, but they operate in accordance with their contractual arrangements between them and the service provider. So TGU, for example, would have a direct contractual arrangement between themselves and T&TEC, and then the other companies you called there regarding water, they have direct arrangements with WASA.

The RIC has actually applied over many years, this is an ongoing issue, to bring those companies within the First Schedule, because I think they, just the environment would be a more even environment, all the companies subject to the same kind of review would be preferred. I do not recall when was the last time we made that initiative. It is probably part of that same review of the Act that we were talking about with respect to what we would like to see happen.

We have not had any success with that thus far, but we would see it as something that is desirable, a desirable industry framework within which everyone is operating and so we will continue to pursue, give the recommendation, and the justification as to why it should occur.

Mr. Monroe: Chairman, just a follow-up question. Given your response, do you have a projected timeline that you wish to achieve such?

Mrs. Callender: Yesterday would not be too soon. We really would like the industry to be more even and everybody to be subjected to regulations. I think it is just preferable.

Mr. Monroe: Thank you.

Mr. Chairman: Thank you, colleagues. Just for clarification, I do not know if you want to provide some basic guideline. Again, coming from the queries raised by my colleague and comments made by yourself at the RIC, at the consultations that we had before persons were of the view that the RIC’s role was something specific, and we now know that that is a little bit different. Can you for clarification advise, in November 1st, 2023, based on your strat plan you completed the price review of T&TEC. Just for clarification, because I attended several of these consultations and I was aware that persons were of the view that the RIC is raising the rates but that your role is for the calculation and estimation.

What happens after you submit your report? Just for clarification. So your role in terms of doing price review, how is it initiated and what happens thereafter?

12.20 p.m.

Dr. Salandy: Right, so it is initiated by the RIC putting out its framework and approach, and the request for the business plan. Once the business plan is received the RIC staff will then review and assess the business plan. In areas where there are questions that we posed to the service provider, they would make amendments accordingly, and when the RIC is satisfied with their final submission then we call that the “submission of the final business plan”. That is then utilized. The RIC currently uses the revenue cap mechanism, and utilizing that, the revenue requirement is calculated, et cetera, tariffs at the end.

Those tariffs are considered to be maximum tariffs. So, at this point the RIC sets the maximum rates that the utility can charge. That is determined in or stated in the final determination, along with other compliance mechanisms in there, and that is then put forward to, in terms of once it is published and given life, that is put forward to the utility who can then determine the rates and charges. But they cannot charge more than, because we set the maximum rates but they can charge that or anything less.

Mr. Chairman: Thank you, but in your submissions again, to the Committee, I saw something that says that the RIC Act places direct functional responsibility upon the commission to consult with all stakeholders, and to have regard to the public interest, and in particular—and this is the point I wanted to raise—and in particular, maximum efficiency in the use and allocation of resources, and that services are reliable, and provided at the lowest possible cost. But you just indicated that your proposal is based on the maximum tariff chargeable.

Dr. Salandy: Let me clarify in terms of that. So, the maximum rates that they can charge are aligned to the lowest possible cost. One of the things in regulation is that when someone hears “revenue requirement”, your first port of call is to think, “money that they are going to make”. But the money that is determined in terms of their revenue is actually derived from looking at the cost and that is the efficient cost of the utility.

So, when the regulator looks at a business plan submission, they are looking at it from the cost perspective, the efficiency part of it. So, they look at operating expenditure, we look at efficient level of operating expenditure that the firm or the utility basically would have to expend to provide that level of service. We look at capital expenditures. It is again, is the efficient level of capital expenditure that would have the utility provide the services.

So, once the RIC determines what is the efficient level in terms of minimal level of cost, so, when we look at minimum, it is in terms of the cost and that is why when we have the business plan submission, the utility in some cases, may ask for more than the RIC would have approval for, because the RIC only approves its efficient cost. And that efficient cost is basically the sum or the value that the RIC would determine as their revenue requirement.

So, they are only able to earn what is equivalent to their efficient cost, and once we have that, then we look at the cost of service study to determine how that sum is going to be derived from the different customer classes, and then that is brought down to the tariff that we see. So the maximum tariff that the RIC sets is equivalent to the lowest cost that utility should have, let us say the highest cost based on efficiency, and therefore, therein lies that discussion of maximum revenue. That maximum revenue should match the lowest cost in terms of efficiency.

Mr. Chairman: Thank you, well done. In your strat plan, you indicated that one of the considerations that RIC focuses on is regulation that is fair to our customers, and in item 3.1.3, that is on page 13, you specified that the protection and vulnerable groups is always a key concern for any regulator and the RIC has put measures in place for disadvantaged customers, although these have sometimes been proven inadequate. Can you indicate what sort of measures you have put in place for disadvantaged customers, and why do you think they were inadequate and what—so, three questions: What exactly you put in place for disadvantaged customers, why you thought that they were inadequate, and what measures have you put in place to ensure that they are no longer inadequate?

Dr. Salandy: And you are saying that is on page 13, in terms of “inadequate”?

Mr. Chairman: Item 3.1.3, it is regulation that is fair to all customers.

Dr. Salandy: On page 13? Okay. I can, from the perspective of the rates, what the RIC would put into place, firstly, for rates, is to ensure that there is that—which is what we call the “lifeline tariff”, which is really in the first tier. And that lifeline tariff is firstly, one, placed to ensure that for that, I would say, minimal average level of service, that those rates are generally the lowest.

The assumption therein, and it is an assumption, but the assumption there is that persons that really fall in that tariff category, that first band, are generally those that are considered to be customers that are most vulnerable. They have the lower level in terms of their consumption, in terms of their usage of electricity, so, that is the first thing. First thing off, setting tariffs and that is why we would have that tiered system and not a fully flat system. The tiered system allows that first level to meet with a lower tariff level, for those groups of customers.

In addition to that, the RIC will have things in terms of codes of practice, in terms of directives

through the utility to provide for persons that may have different levels of hardship at different times. So in terms of how you disconnect, putting things in place for customers, having payment plans, those are some of the things we would discuss with the utility to ensure that persons who may be vulnerable would have some level of recourse there.

Outside of that, I am not saying that one in terms of—and that is the only thing I am not saying in terms of “inadequate”. “Inadequate” at the point on page 13, really responds to the fact that the current tariffs are inadequate, because in terms of fairness, we look at it from twofold. In terms of fairness of rates, we look at it from the customer perspective.

So, you have the lifeline rates and then additional to that, there is a World Bank, I would say, benchmark or target that many regulators look at, and it is to ensure that your expenditure on electricity is no more than in terms of 10 per cent of your overall expenditure as a customer. The RIC will also look at that target to say, okay, generally we are not burdening customers too much, and we have something in place for all the vulnerable, but in terms of inadequacy, as part of ensuring that customers are met with a high quality service, we also have to ensure that there is longevity for the utility so that they can provide that service. So there must be that level in terms of the RIC being responsible to ensure that the service provider can meet its efficient cost.

Mr. Chairman: Well done. Again, following up on my colleague who raised the issue with regard to the strat plan, and some of the items that were listed as incomplete. Some of those items in your strategic plan would have straddled several previous strategic plans, and therefore, we would have still have focused on them because we would have seen that there were important enough to put as an item for consideration in the strat plan, between 2020 and 2024. Some of those are very, very, very critical, published RIC’s views on the legal, institutional and governance arrangements for the electricity and the water, and waste water sector, not started.

Well, we spoke about the economic appraisal before, that has not started but you indicated that that will be a work to fall into line when you get further along the line of the price review of WASA. Item 14, “the Regulatory Reporting and Compliance Manual for T&TEC and WASA”, that too is pegged to the rate review, correct? But there are two others that I am very curious about, which are listed as not started in your implementation of the deliverables for 2020/24 strat plan that you have provided as part of your submission to the Committee.

Item 20, “customer satisfaction survey of services provided by T&TEC and WASA”. The project description: “an external third party will be contracted to conduct the survey measuring customer satisfaction of the service provided by WASA and T&TEC”, that is listed as not started.

There is a paper on affordability of electricity and water services in Trinidad and Tobago, that too, is listed as not started. Both of those in theory should inform any evaluation listed on items 6 and 7, which is the price review.

Both of those should be used for guiding your way forward. Now, you have stated that these are not started here. Is it that the intention is to have them started and competed so that they will inform your rate review, or at least with regard to WASA, which is in progress, or is it that these were simply not started for another reason?

Dr. Salandy: Item 20, “customer satisfaction survey for the services”. This is not started because it was not intended, even at the plan it is intended to occur after. So we have a rate review completed, you potentially would possibly see increases in prices. So completion of rate review if prices have increased or they have stayed the same, once we have completed a price review, the aim thereafter is to look at customer satisfaction because with any review it is twofold.

The RIC does not look at the review of prices simply to increase prices. The increased prices, if they are prevalent, it is to be matched with an increase in service, because again, the cost is the revenue which had to be matched with what the service provider is supposed to provide to the customers. And therefore, we can now hold them to account because they have been provided with the revenue to conduct their work, so that happens after. So now that we have completed the price review for T&TEC, then that will start. The contractual arrangements there to have a third party do that, those things can generally happen very quickly, so now that the price review has been conducted, this will actually happen in 2024.

Mr. Chairman: Should there not be a benchmark? Should you not be able to compare? How would you know if things have gotten better or worse? Should there not be a before and an after? Because you are doing an assessment of customer satisfaction after the rate increase.

Dr. Salandy: There was a customer satisfaction—so in 2017, we looked at our public perception and in 2021, the RIC actually conducted a survey with customers on the service providers.

Mr. Chairman: In 2021?

Dr. Salandy: In 2021.

Mr. Chairman: I have not seen those results. Were those results public or is that in-house?

Dr. Salandy: That would be—I would have to get that from corporate. I am not too sure at this point in time, so that is something I can provide to you at a later date. I know that those results are generally out and we can provide that. Twenty-one, which is the paper on affordability of electricity and water services in Trinidad and Tobago, the aim of that paper is to look at the impact in terms of

elasticity of demand and so forth. And because there is not sufficient data because in terms of the last price increase that would have happened in regard to electricity, that occurred in 2009. And because that occurred in 2009, we would not have sufficient data for the preceding years to conduct such analysis. And with the rates review, that will allow the RIC to have such data to work on that paper. I mean, we did have some delays in the completion of that, if not, it may have already been started, but now that that is completed, those two items can now proceed.

Mr. Chairman: Thank you. My final question at least as at now: In your SWOT analysis, the RIC listed in its weaknesses: human resource constraints, inadequate monitoring capabilities, need for review and expansion of enforcement powers, organizational structure, and staffing not fully aligned with strategic priorities. I have that listed because I printed these individual pages as opposed to the whole book. Why I have that listed is as part of the strat plan of 2020 to 2024.

So this SWOT analysis, I am hoping that this is not true. That this SWOT analysis existed for the strat plan for 2020/24. No?

Dr. Salandy: Given the question, the question asked us, we looked at it from a current perspective, given that we would have provided the strategic plans here. Those aspects, some of them are relatively new. So one in terms of looking—so one would have been prior in terms of looking at the overall structure—some of the things are current—

Mr. Chairman: These concerns, weaknesses, well, these identified weaknesses are current?

Dr. Salandy: Potential weakness are current.

Mr. Chairman: So, in terms of human resource constraints, what are those?

Dr. Salandy: So, human resource constraints, we do have some vacancies that the RIC will be looking to fill and that has been identified. It is something that the HR manager, and managers here would have been looking at, and that has been brought to the board, and soon the organization will be filling those vacancies to ensure that we have the staffing requirement for the work.

12.35 p.m.

Mr. Chairman: How many vacancies are there and at what levels?

Dr. Salandy: There are vacancies at—we currently have 12 vacancies, and the vacancies are at various levels within the organization but mostly at the lower management, sort of, points within the organization.

Mrs. Callender: Do not forget to say the professional level.

Dr. Salandy: The professional level. We have some professionals.

Mr. Chairman: But in your view—because you have identified this as a weakness—has this impacted

upon the organization's ability to effectively function and fulfil its mandate?

Dr. Salandy: At this point, no. The vacancies—actually, some of them are very current. So given that we had that staff component, the organization is able to carry out its mandate. It is now recognized, as I said, recently, because we know that we need to push to fill those vacancies to ensure that we can continue to fulfil our mandate.

Mr. Chairman: Just remind me, you said there were how many vacancies? Twelve?

Dr. Salandy: Twelve.

Mr. Chairman: You have an organizational structure with a staff complement of 39?

Dr. Salandy: Thirty-nine.

Mr. Chairman: So 12 out of 39 is a substantial amount of persons that are missing—

Dr. Salandy: Yes.

Mr. Chairman:—but you are convinced that that has not adversely affected your efficiency?

Dr. Salandy: In terms of efficiency, because the 12 vacancies—a couple of them happened within the last five to six months—

Mr. Chairman: Okay.

Dr. Salandy:—and the persons who have been there are now at the upper management and the executive team. One of key strong points of the organization is that many of our staff, and at the senior level, have been there for over 20 years, so they have all of the organization's history, the understanding, the regulatory expertise. So with the coming of those vacancies, we have had to depend heavily on those very skilled and knowledgeable staff members.

Mr. Chairman: Thank you.

Mrs. Callender: Chair, if I may be allowed to add that the number of vacancies is something that we will be moving to address quite soon. Of course, the persons who were there, we had work to do, we had deadlines to meet, and they have risen to the occasion. But, of course, you know, it is not sustainable that we will kind of call on those staff members. The interesting thing though about having that level of vacancy coming out of the last public consultations and really just completing a rate review—as I think we all know the RIC has not completed a lot of rate reviews before. So it is kind of an opportune moment—not desirable from a staffing standpoint to burden the persons there too much—but it is also opportune in that we have learnt a lot about what is required now, in terms of doing a rate review, so that we will use that information and filter that in with respect to the kind of organization that we want to forge.

And just to give you one example. You know, somebody was asking before, well, how do you

determine if these standards and the reporting from T&TEC and so on, if that is adequate? One of the things that I felt coming out of the rate review is that we must get closer to our service providers, and we must have persons who can go in there more regularly and become more intimate with what they are doing. So that is—the vacancies allow us to kind of craft a job description in that direction. Other than that, it is quite possible that we may have just filled the vacancies, just turned them over with what we had before. But I think it is a bit fortunate that we can use what we have just learnt in kind of crafting the organization that we want.

Mr. Chairman: So, is that the logic behind this other weakness, the organizational structure and staffing not aligned fully with the strategic priorities? Is that what you meant—

Mrs. Callender: Yes.

Mr. Chairman:—that your strategic priorities would now have changed based on your consultants, et cetera, so, you know, you need different clientele, different support staff, et cetera, and you are now going to realign your structure?

Mrs. Callender: Yes.

Mr. Chairman: So we can look forward to seeing a change in the organizational structure itself to reflect these new priorities?

Mrs. Callender: Oh, certainly. And, you know, as I did say at the beginning, we see ourselves as a learning organization, and that really was not just a platitude. I think as we have done more and more work, we have discovered the importance of research, and us being, in a sense, thought leaders of some of the things that we want to promote in the country. So those vacancies would allow us that opportunity—you know, filling them with respect to the alignment with the strategy.

Mr. Chairman: Final, before I turn over to my colleagues. You indicated that several of your—well, many of your senior officers now have been there for a long time and therefore they understand the system, et cetera, so you moved them up, which is why we have the vacancies at the lower level. How is employment at RIC done? Is it internally sourced or do you have to advertise? Are you required by law to advertise? Do you have to go through the Service Commissions, the various institutions? Although I know you are an independent organization, how—if I want a job at RIC—well, not me. If an individual is seeking a job at the RIC, how do they apply?

Mrs. Callender: We advertise our positions, so we take applications from members of the public. And I think we do what, in my view—this is just my personal view—what good organizations do, which is that we begin that process with an internal advertisement and we look at our staff members there, and once they have achieved the standards, we are quite willing to promote them. Now, of

course, that requires that in order for them to be ready, that we review their performance, we give them feedback, we give them training as the case might be, and once they are attaining the standards, we are very willing and open to promote them.

Mr. Chairman: Who makes that decision?

Mrs. Callender: Well, we have a performance management system and in the system, your performance is recorded. I think because people have been there for a while, they do tend to know their staff members and so on. So it is really done through a structured process, the performance management system.

Mr. Chairman: Sure. Thank you. I want to turn over to member Munroe—

Mrs. Thompson-Ahye: Thank you—

Mr. Chairman: No, let me let member Monroe first and then I will come back to you.

Mr. Monroe: Thank you very much, Chairman. Just a question to the Auditor General's Department. I would like to know if the Auditor General's Department has ever been called upon to assess the RIC-proposed cess rate, as provided by section 33 of the RIC Act?

Mr. Peters: Well, I am not sure if we have ever been invited, but I am pretty sure we never made any recommendations or responded to any such question.

Mr. Monroe: Thank you very much for your clarity.

Mrs. Thompson-Ahye: Thank you, Chair. I am looking at your report to us where you stated that—following on from what Mr. Chairman's line of questioning just now:

“...retraining staff has been a challenge for the RIC as highly skilled and trained staff are lost to other regulatory agencies and utilities locally, regionally and internationally.

This is at least in part because the RIC ‘is unable to match the packages offered internationally compared to the nationally approved packages’”.

You stated also that in your:

“...2016-18 strategic objective to ‘develop an employee retention programme to retain and reward employees’ was listed as ‘not achieved’. As it was not ‘deferred’, it is therefore not part of the 2020-2024 work plan submitted to the Committee.”

So you are not pursuing that.

When I put that against an amazing statement, which speaks to your competence or operation, you said, in quoting—first of all, the legislation says—section 29 of the RIC Act provides the following:

“The funds and resources of the Commission shall consist of such amounts as may be received

by the Commission in respect of—

- (a) amounts as may be appropriated by Parliament until the Commission attains self-sufficiency...”

And then comes the amazing statement:

“The RIC’s submission indicated that, having achieved self-sufficiency...the Commission does not apply for or receive any Government Subvention...”

—which must please the Minister of Finance very much.

So, on the one hand, you are unable to retain employees because you have not been able—you know, you do not have the wherewithal to do so, yet there is a potential for achieving self-sufficiency—for achieving your objective by following what the Act has put for you, section 29, where you can get money from Parliament, but you choose not to do that because you say you are self-sufficient. So how on the one hand, you are self-sufficient, and on the other hand, you cannot meet the requirements for your employee retention? I am puzzled.

Now, I mean, I am sure you have some formula or you have some way that you have achieved this self-sufficiency, which you can share because everybody wants part of the financial pie, but you are saying, “Oh, it is available to me, but I am leaving that alone.” So I am a little puzzled.

Mrs. Callender: Let me ask the CFO to speak about how the RIC obtains its funding, which is through cess, and cess is actually provided based on the RIC’s budget and then charged to the service provider, but he could explain to you in greater detail. With respect to the RIC’s salaries, those salaries are not set independent of the RIC. We go through the HR committee—the Government, CPO and the HR committee, in terms of determining what those salaries are, so we are subject to that limitation.

And through you, Chair, and member, if we were to try to match what persons have gotten internationally, we would be here for a different reason, because those are very high and favourable packages. When we have actually—I think four of the vacancies, where we have lost persons recently, they have gone internationally. We could not possibly matched those packages. So, if I could, let me just get the CFO to talk a lil bit more, in terms of our funding, so that there is some clarity on that, and then we can speak about what flexibility we have with respect to setting salaries. Yes?

Mrs. Thompson-Ahye: Before we go to the CFO, I just want to make it clear, I am not expecting you to match internationally, because the people who—most of them are leaving and staying there.

Mrs. Callender: The last four persons who left have gone internationally.

Mrs. Thompson-Ahye: Yeah, but you had more than four people leaving over the time. Yes?

Mrs. Callender: “Em hmm”.

Mrs. Thompson-Ahye: All right. Sure.

Mr. Khan: Thank you. Good morning, again. The RIC's budget is set according to the cost that the RIC would expect to incur over the next year, and this is built up—let me address specifically the salaries. It is aligned to the limits as set by the Minister who obtains those salaries from the CPO. So it is from that, that the budget is built and then we receive, in addition to the other expenses of the Commission, that from the service providers on a percentage basis from their cumulative revenue.

With respect to the funding, we attained sufficiency in 2004. So therefore, we do not require or request any moneys through subventions from the Government and we are fully self-sufficient on cess income from the service providers. Thank you.

Mr. Chairman: All right. I think we have no more questions for you all and therefore it falls unto me to thank you all—

Mrs. Thompson-Ahye: [*Inaudible*]

Mr. Chairman: Sorry?

Mrs. Thompson-Ahye: No, no, I am trying to wrap my mind around their concept of self-sufficiency.

Mr. Chairman: All right. So it falls upon me to thank you all very much today for your presence here and your willingness to provide information as required and requested. It has been a pleasure engaging you all. I just want to remind the RIC of the Committee's recommendation, that a little bit more public relations outreach is done. Because I think if you do that, you will probably get a lot more complaints, but you will get a lot more satisfied members of the public, that something is being done to treat with some of the concerns they have, particularly about WASA. Thank you all again.

At this point, we will break camera coverage, live coverage—and I want to thank you—to facilitate your exit, at least from the chamber. But thank you all very much again. It has been a pleasure.

Mrs. Callender: Chairman, allow me to respond to just say thank you for the very probing questions. We have actually taken notes where concerns have been expressed and we will actually be utilizing it, in terms of what we do in 2024, and as we do our new strategic plan for the next period. So thank you very much.

Mr. Chairman: Thank you.

12.50 p.m.: *Meeting suspended.*