WATER MORE THAN FLOUR? NAVIGATING THROUGH UNCERTAIN TIMES

Trinidad and Tobago EITI Report 2017

TTEITI Trinidad and Tobago Extractive Industries Transparency Initiative

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FOREWORD

Welcome to Trinidad and Tobago's sixth annual Extractive Industries Transparency Initiative (EITI) Report that covers Government's fiscal year 2017. Previous reports covered fiscal years 2011, 2012, 2013, 2014 and 2015 and 2016.

This report is the final one based on the EITI Standard 2016. The next report will be based on EITI Standard 2019 that was introduced in June 2019 with some new requirements. Readers of the previous reports will notice that this report includes new information and more will be seen in future reports. The innovations are being introduced because the EITI, as a dynamic initiative, is responding positively to the evolving challenges in its member-countries while upholding an international standard and accommodating the different national realities and contexts.

Since the EITI Report 2016 was published, the EITI Board and implementing countries have made substantial advances in transparency and accountability in the oil, gas and mining sectors e.g.

- There are 52 EITI implementing countries worldwide and more new members are in prospect.
- 30 countries have disclosed Beneficial Ownership data and all will be required to do so by January 1, 2020.
- 31 countries have published some extractive sectors contracts and 16 of them have published all or most of them. All countries must publish contracts signed or amended after January 1, 2021.
- 30 countries have fully or partially disclosed revenues at the project level. All countries must report data at project level for all reports covering 2018 and later.
- 40 countries are reporting on revenues from State-owned Enterprises (SOEs).
- 22 countries are reporting on companies' 'in-kind' payments to governments.
- 28 countries are reporting on environmental payments and highlight environmental policies and impact management.
- All countries are required to consider gender balance in MSG representation.
- More countries are shifting from producing printed EITI Reports and instead are publishing data systematically through routine government and company systems.

This report records the findings of revenue payments and receipts for seven fiscal years, data that allows conclusions to be drawn and new plans to be structured. Thus far, the EITI Independent Administrator has reconciled an aggregate of approximately $128 Billion in payments from extractive companies and receipts by government and found a total of $869Million in discrepancies (i.e 0.0067%) that have been satisfactorily reconciled. One conclusion that can be drawn is that the checks and balances in the system are working and show that Trinidad and Tobago is achieving revenue transparency and accountability at the level of the award of exploration and production contracts and licences and the honouring of revenue payment commitments by extractive companies to government. However, a conclusion that cannot be drawn is that the extractive sectors are completely free of corruption because the EITI process, as currently practised, will not expose corruption that might occur in companies in the sectors' value chain or in service companies.

In introducing reforms, the TTEITI Steering Committee and Secretariat are following the international trend and expanding focus beyond revenue transparency to other areas that are supportive of the primary goals of promoting transparency and accountability in the exploitation of the country's natural resources and being a disincentive to corruption. Examples of that expanding focus, some of which are reflected in this report, are:

- More Mining Sector company revenues reporting.
- More environmental impact reporting.
- Encouraging more mid-stream and down-stream energy companies reporting.
- Beneficial Ownership disclosure.
- Transfer Pricing information reporting.
- Commodity Trading information reporting.
- Mainstreaming the EITI reporting in government and companies systems.

Internationally, the EITI remains a voluntary coalition of the stakeholders (governments, extractive companies and civil society) engaged in the exploration and monetization of natural resources. Under the initiative, the three stakeholder groups work together to improve openness about and accountable management of the revenues earned from the extractive sectors. The EITI is recognized as the global gold standard for the good governance of oil, gas and mineral resources, an initiative that protects the people's patrimony and their children's inheritance derived from the wealth of the country's natural resources. The EITI remains headquartered in Oslo, Norway and it saw management changes in 2019 with the appointment of Mark Robinson as the new Executive Director of the International Secretariat and Helen Clark, a former Prime Minister of New Zealand, as the new Chair of the EITI Board.

In Trinidad and Tobago, the EITI continues to provide a collaborative mechanism and platform for developing and consolidating transparency and accountability in the nation's oil and gas sectors, the cornerstones of the national economy. The collating, verifying and sharing of these sectors' data will build a better understanding among citizens on how the government is using the country's scarce non-renewable natural resources. Through information dissemination, the EITI Report facilitates greater citizens' participation in the country's governance thus creating a more participatory democracy. Also, the greater availability of data enhances the trust of investors and helps build the strong institutional frameworks that are necessary to support an improved investment climate. TTEITI's aim has been and remains to ensure that the EITI is relevant to and effective in targeting the national priorities. Looking ahead, do expect that, in time, the current annual printed format for reporting on the extractive sectors will give way to a more efficient online data disclosure format that will provide stakeholders with data that is relevant, timely, easily accessible and cost-effective to produce.

On behalf of the TTEITI Steering Committee and Secretariat, I wish to acknowledge with thanks the roles played by the stakeholders - Government, extractive companies and civil society - in guiding and supporting EITI implementation over the last year and in producing this report. In particular, I recognize the Ministry of Energy and Energy Industries and the Ministry of Finance's Board of Inland Revenue and Investments Division for their contributions. Also, I recognize the EITI Independent Administrator, BDO Trinity Limited, supported by Hart Nurse Limited, for their professionalism in conducting the sectors surveys and reporting on their findings for all the EITI Reports we have published to date.

Finally, I bid farewell to all upon my retirement from the TTEITI and chairmanship of the Steering Committee, a role in which I have been privileged to serve from inception on December 8, 2010 to June 30, 2019, a total of 8.5 years. Please accept my thanks for your support and I hope that, given the importance of the EITI to the well-being of our country, you will continue to support TTEITI.

Victor A Hart

Chair TTEITI Steering Committee (8.12.2010 to 30.06.2019)

Member EITI International Board (2016 to 2019)

July 30, 2019

ABBREVIATIONS AND ACRONYMS

ALNG	Atlantic LNG Company of Trinidad and Tobago
AUM	Ammonia Urea Melamine
Bcf	Billion standard cubic feet
BGTT	BG Trinidad and Tobago (now Shell)
BIR	Board of Inland Revenue
Boe	Barrels of oil equivalent
Bopd	barrels of oil per day
Bpd	Barrels per day
bpTT	BP Trinidad and Tobago LLC Trinidad Branch
BTU	British Thermal Units
CBTT	Central Bank of Trinidad and Tobago
CEC	Certificate of Environmental Clearance
CNC	Caribbean Nitrogen Company
CNG	Compressed Natural Gas
CSR	Corporate Social Responsibility
CT	Corporation tax
E&P	Exploration and Production
EIA	Environmental Impact Assessment
EITI	Extractive Industries Transparency Initiative
EMA	Environmental Management Authority
FY	Fiscal Year
GDP	Gross Domestic Product
GoRTT	Government of the Republic of Trinidad and Tobago
HSF	Heritage and Stabilization Fund
IPSC	Incremental Production Sharing Contract
IRD	Inland Revenue Division

IRSF	Interim- Revenue Stabilization Fund
JV	Joint Venture
LATT	Lake Asphalt of Trinidad and Tobago (1978) Limited
LIC	Light Industrial Consumers
LICS	Light Industrial and Commercial Sectors
LNG	Liquefied Natural Gas
LOFO	Lease Operatorship and Farm Out
LPG	Liquefied Petroleum Gas
mcf	Million cubic feet
MEEI	Ministry of Energy and Energy Industries
MHTL	Methanol Holdings Trinidad Limited
mmbtu	Million British Thermal Units
mmcfd	Million Standard Cubic feet per day
MOF	Ministry of Finance
MOU	Memorandum of Understanding
mt	Metric tonne(s)
NCMA	North Coast Marine Area
NGC	The National Gas Company of Trinidad and Tobago Limited
NGL	Natural Gas Liquid
NP	Trinidad and Tobago National Petroleum Marketing Company Limited
NQCL	National Quarries Company Limited
OAG	Office of the Auditor General
Petrotrin	Petroleum Company of Trinidad and Tobago Company Limited
PLNL	Point Lisas Nitrogen Limited
PPGPL	Phoenix Park Gas Processors Limited
PPT	Petroleum Profits Tax

PSC	Production Sharing Contract
RE/EE	Renewable Energy/ Energy Efficiency
RTP	Reserves-to- Production
SOE	State Owned Enterprise
SPT	Supplemental Petroleum Tax
STCIC	South Trinidad Chamber of Industry and Commerce
T&T	Trinidad and Tobago
T&TEC	Trinidad and Tobago Electricity Commission
tcf	Trillion cubic feet
TGU	Trinidad Generation Unlimited
THA	Tobago House of Assembly
TPIN	Tax Payer Identification Number
Trintomar	Trinidad and Tobago Marine Petroleum Company
TT $	Trinidad and Tobago Dollar(s)
TTDAA	Trinidad and Tobago Deep Atlantic Area
TTEITI	Trinidad and Tobago EITI
TTEITI SC	Trinidad and Tobago EITI Steering Committee
UL	Unemployment levy
UNDP	United Nations Development Programme
US $	United States Dollar(s)
USGS	US Geological Survey
VAT	Value Added Tax
WHT	Withholding Tax
WTI	West Texas Intermediate

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Report of the Independent Administrator

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BDO Trinity Limited as the lead consultant, supported by Hart Nurse Limited, has been appointed by the Government of the Republic of Trinidad and Tobago, acting through the Ministry of Energy and Energy Industries, to produce an EITI Report on payments directly or indirectly made by participating extractive oil and gas companies involved in upstream and associated activities to the GoRTT and revenues reported as received by the GoRTT agencies from those companies for the 2017 fiscal year, 1st October 2016 to 30th September 2017 and to report on the Pilot Project conducted with selected mining companies for the 2017 fiscal year ("Engagement").

The Engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. The procedures performed were those set out in the Terms of Reference appended to this report, except where stated otherwise in this report including its appendices.

We set out our findings in the following report including its appendices; pages 24 to 67 were provided by the TTEITI Steering Committee and were not reviewed by us as part of the Engagement. Because the procedures were not designed to constitute an audit or review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the transactions beyond the explicit statements set out in this report. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Our report is solely for informing the TTEITI Steering Committee on the matters set out in the Terms of Reference and is not to be relied upon for any other purpose.

The report relates only to the subject matter specifically set out herein and does not extend to any financial statements of any entity taken as a whole.

Riaz Ali
Director
BDO Trinity Limited

September 30, 2019

1 INTRODUCTION

This is the sixth Trinidad and Tobago EITI Report, which includes EITI revenue data from the period 1st October 2016 to 30th September 2017. The Independent Administrator's work was carried out between August 22, 2018 and September 30, 2019 in accordance with the Terms of Reference included in Appendix 8.2. The report is based on information received up to September 30, 2019. Information received after this date has not been taken into account.

The report is intended for the use of the TTEITI Steering Committee for the purpose of that initiative and is not to be relied upon by other parties.

The report includes its Appendices, which are provided separately.

1.1 Objective

The objective of the Engagement is to produce an EITI Report for the Fiscal Year 2017 in accordance with the EITI Standard and the terms of reference for the Engagement, on payments directly or indirectly made by participating extractive oil and gas companies involved in upstream and associated activities to the GoRTT and revenues reported as received by the GoRTT agencies from those companies for the 2017 Fiscal Period. This included an analysis and reconciliation of material payments and receipts made by specified reporting entities in Fiscal 2017 in the oil and gas sector.

In addition, the report includes a pilot project on the mining sector. Five companies from the mining sector were included in the pilot reporting and reconciliation for Fiscal 2017, and payments to GoRTT were reported by these companies and receipts reported by GORTT from these companies are included in this report and reconciled in accordance with the decision of the TTEITI Steering Committee.

1.2 Structure of the report

The report contains:-

- Foreword from the Chair of the TTEITI Steering Committee
- Administrator's report to TTEITI Steering Committee
- Introduction
- Executive summary
- The extractive industries in Trinidad and Tobago
- Determination of scope and reconciliation methodology
- Oil and gas sector
- Mining sector
- Recommendations
- Appendices

The appendices contain full details of receipts and payments reported by entities participating in the reconciliation together with other supporting information.

1.3 Acknowledgements

We would like to express our sincere thanks to the Ministry of Energy and Energy Industries, the TTEITI Steering Committee, and to Mr. Sherwin Long from the TTEITI Secretariat, who have assisted us in

receiving timely replies from the Government and participating companies from the extractive industries, and for sending and receiving official confirmation letters to/from these parties.

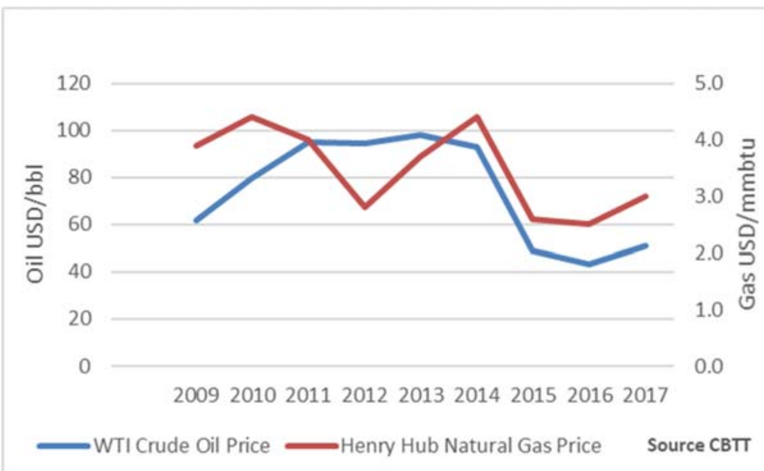
2 EXECUTIVE SUMMARY

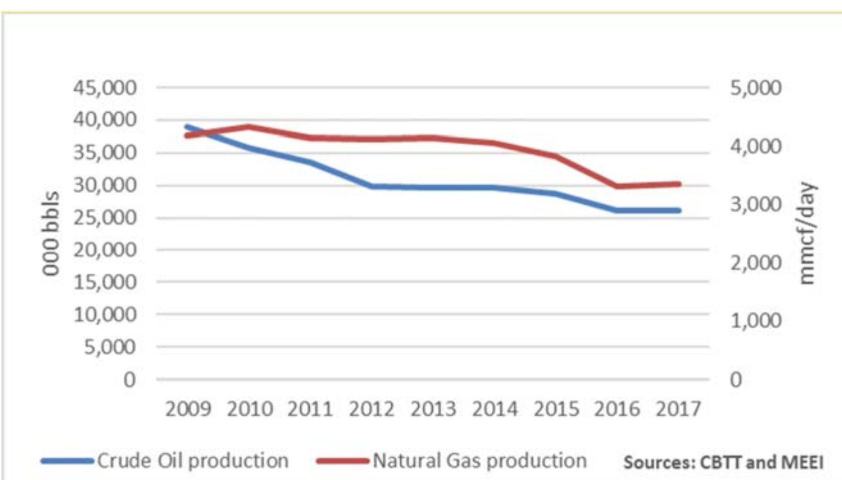
This summary sets out the main findings of the Independent Administrator, including a summary of receipts and payments reported by participating entities and discrepancies after reconciliation of these amounts.

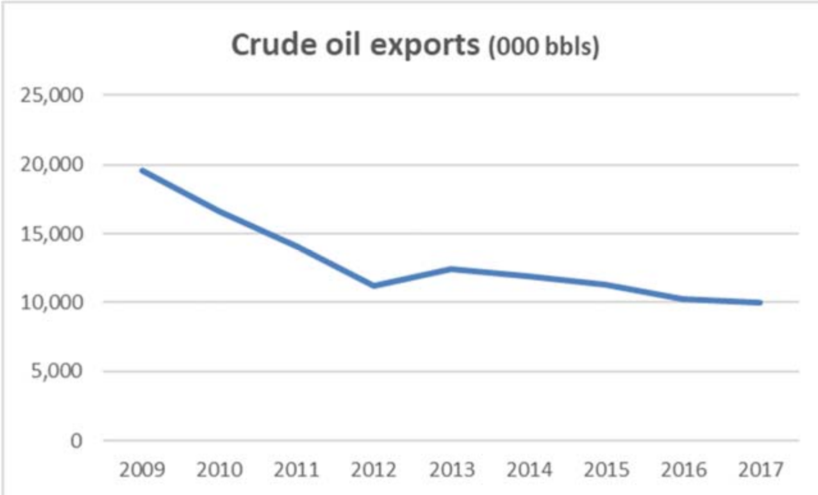
This section contains:-

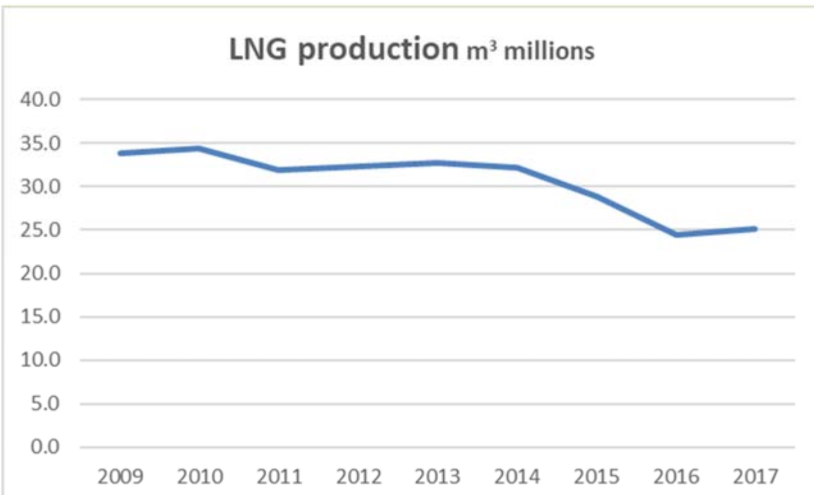
2.1 Sector overview

2.1.1 Oil and gas prices and production





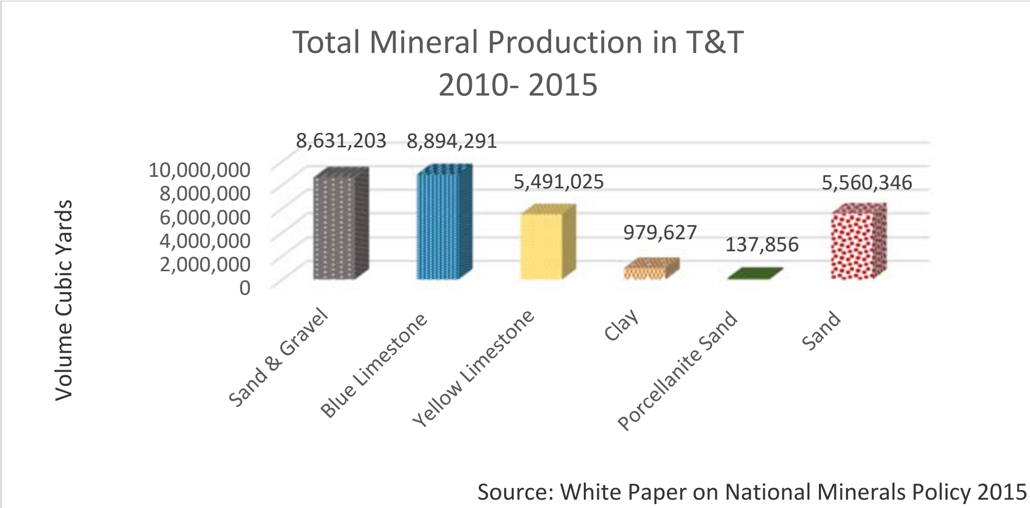




Source: CBTT

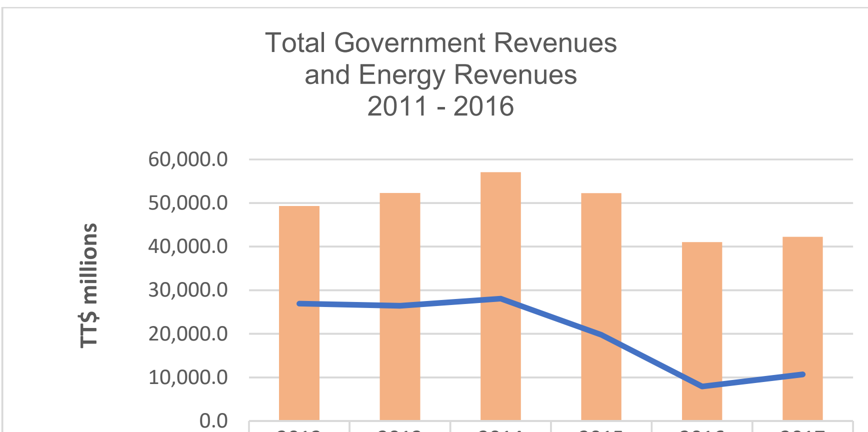
2.1.2 Mining

Production of minerals is reported in the White Paper on National Minerals Policy issued in June 2015, as portrayed in the graph below.



The White Paper notes that "the information is sourced from data provided by quarry operators to the MEEI during its mineral audits, for the operations that were audited. The figure does not represent operations for which data was not available and is thus a very conservative estimate of production over the period 2010 to 2015. The data also does not include production from illegal mining (quarrying) operations over the period 2010 to 2015."

2.1.3 Contribution to the economy



	2012	2013	2014	2015	2016	2017
Total revenue	49,266.5	52,280.8	57,080.5	52,272.3	41,026.6	42,249.6
Energy revenue	26,923.0	26,420.5	28,056.9	19,767.2	7,929.8	10,694.6

Total revenue   Energy revenue

Source: Ministry of Finance

2.2 EITI participation

The Government of Trinidad and Tobago became an EITI Candidate country in 2011 and has produced five reports covering six years. This current report is the sixth to be produced and is the third under the 2016 EITI Standard. In January 2019 the EITI Board found that Trinidad and Tobago had made meaningful progress in implementing the 2016 EITI Standard for the first Validation and identified 8 corrective actions to be addressed by the country following the validation. Further information on the validation and the corrective actions may be found on the EITI website[1].

2.3 Total government receipts – oil and gas sector

2.3.1 Government receipts in 2017 from the oil and gas sector

Prior to commencing the reconciliation, information on receipts from all companies operating in the oil and gas sector was provided to the TTEITI Secretariat by MEEI, MOF IRD and MOF Investment decision for purposes of establishing the materiality threshold for company selection.

MEEI provided a list of receipts for all the flows selected by the Steering Committee, analysed by company. MOF Investment Division provided similar data.

MOF IRD provided a list of receipts for all the flows selected by the Steering Committee but, citing section 4.2 of the Income Tax Act, did not provide an analysis by company. Separate totals were provided by MOF IRD for all extractive companies and for EITI companies; however, since there was no analysis by company, a comparison of the MOF IRD information with the company analysis from MEEI, to ensure completeness and correspondence, was not possible.

The summary of flows considered by the Steering Committee (prior to reconciliation adjustments) was:-

TTS millions	All Reporting	EITI Reporting	EITI as %
MOF IRD	1,707	1,586	
MEEI	3,132	3,124	
Sub total	***4,839***	***4,710***	***97.3%***
MOF Inv	1,353	1,353	
Total	**6,192**	**6,063**	**97.9%**

2.3.2 Reconciliation coverage – oil and gas sector

Following receipt of template data and reconciliation between government receipts and company payments for companies included in the EITI reconciliation, the summary of government receipts (after reconciliation) for all oil and gas companies, and for EITI participating companies was:-

TTS millions	All Reporting	EITI Reporting	EITI as %
MOF IRD	1,307	1,186	
MEEI	3,302	3,329	
Sub total	***4,609***	***4,515***	***97.9%***
MOF Inv	1,353	1,353	
Total	**5,962**	**5,868**	**98.4%**

[1] See https://eiti.org/sites/default/files/documents/eiti_-_trinidad_and_tobago_validation.pdf

The data provided by MEEI for the initial Steering Committee decision contained errors and required adjustment prior to inclusion in the Steering Committee decision. The MEEI templates were re-submitted after completion of the initial reconciliation due to further errors.

The MOF IRD information provided to and used by the Steering Committee contained entries relating to transfers from MEEI, rather than cash receipts from companies, and was consequently overstated. Adjustments were made to the data for reporting companies, based on the MOF IRD templates; but no adjustment was made (if any was required) to non EITI companies because MOF IRD did not provide disaggregated information for these entities.

2.4 Overview of reconciliation results

2.4.1 Comparison of reconciled government and company flows – oil and gas sector

A comparison between receipts reported by government with payments reported by companies for 2016/17, after completion of the reconciliation, is set out in Table 2.4.1.

Adjusted		
Government	**Companies**	**Discrepancies**
TT$m	**TT$m**	**TT$m**
5,869,327,146	**5,873,257,294**	**(3,930,148)**
Recurrent items		
Timing differences		(4,316,992)
Foreign exchange differences		386,844
		(3,930,148)
Unexplained discrepancies		**-**
Total		**(3,930,148)**

Table 2.4.1

The items set out in table 2.4.1 are:-

Adjusted total flows reported

Receipts/payments reported by respectively government/companies after adjustment in the reconciliation.

The ***reconciling items*** are analysed according to the reason for the difference:-

Timing differences

Timing differences arise when payments are carried out in close proximity to the reporting date. Payments to the MEEI are reported by the Companies on the date paid but are reported by the MEEI on the date the payment cleared in the MEEI's bank account. Timing differences mostly arise in cases where payments are carried out via electronic wire transfer.

Included in timing differences is an amount of TT$56,236,703 that was paid by a reporting company in 2015 but was not receipted by the MEEI until 2017. We have sought an explanation from the MEEI for the unusual delay with this deposit. We were advised that the credit advice in question was never given to the MEEI in 2015 and, consequently, the payment was kept in the Suspense Account. When BHP requested the receipt for the payment from the MEEI in 2017, it was only then the knowledge of the payment was brought to the MEEI's attention.

Foreign exchange differences

Foreign exchange differences arise when payments are made in US$ and different exchange rates are used to report the amounts in TT$ by the Government and Company.

2.4.1.1 7 year summary

Summary government receipts reported in EITI reports over the 7 years since the initiative was commenced in Trinidad and Tobago are shown in Table 2.4.1.1:

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Tax	Final	Final	Final	Final	Final	Final	Final
	TT$	TT$	TT$	TT$	TT$	TT$	TT$
SPT	4,160,419,740	2,343,739,704	3,295,995,706	4,441,746,156	4,706,250,459	134,541,340	502,909,675
PPT	9,101,826,132	7,611,632,525	7,192,785,111	8,248,006,365	3,252,705,166	241,203,208	196,649,264
UL	907,437,646	681,891,235	717,648,169	830,522,829	349,333,162	28,235,823	19,850,118
CT	1,273,397,002	36,825,374	1,408,482,346	1,539,649,065	1,088,083,809	196,968,681	316,995,650
Green Fund Levy	69,947,733	33,005,886	93,445,096	86,642,533	58,487,734	100,306,793	116,532,321
Business Levy			-	-	-	13,664,323	30,239,555
WHT on dividends	19,376,028	-	-	-	-	186,257,110	-
WHT on deemed branch remittance	151,780,527	170,737,570	-	27,734,925	19,716,853	4,710,693	-
Insurance Premium Tax		2,473,979	2,593,176	4,389,622	2,735,465	11,144,607	3,183,560
Interest		6,223	3,898,896	3,454,661	154,605,519	113,449	63,878
Penalties		3,000	46,436	3,000	-	240	-
							-
Sub total	**15,684,184,808**	**10,880,315,497**	**12,714,894,936**	**15,182,149,156**	**9,631,918,167**	**917,146,267**	**1,186,424,021**
Royalty	2,359,931,987	2,345,273,854	2,226,300,399	2,349,905,420	1,074,589,267	435,395,711	883,003,858
Minimum rent - E&P	3,378,756	3,577,071	7,268,114	15,517,938	7,019,129	18,009,588	5,804,884
Annual licence acreage payments	62,325,245	63,824,316	102,456,053	65,707,462	63,007,823	81,188,263	84,971,794
Petroleum Levy	531,057,562	559,382,834	553,656,523	528,948,455	360,518,849	128,085,455	155,224,683
Petroleum Impost	84,986,659	70,561,185	74,650,897	78,885,522	89,485,228	90,530,084	93,434,641
PSC Share of Profit	2,817,933,074	5,907,617,995	3,866,765,519	5,147,183,592	3,854,246,841	2,208,845,778	1,106,912,601
PSC Signature Bonuses	171,343,796	12,822,400	1,765,665	-	-	-	-
PSC Bidding Fees	829,452	2,117,798	-	2,122,941	102,809	-	-
Transfer fees		-	-	-	-	-	-
Abandonment provisions		-	-	-	-	167,611,638	144,089,372
Annual admin charges		45,850,588	56,028,992	51,836,279	54,125,552	60,274,957	71,139,547
Training Fees		16,522,866	30,233,640	37,426,576	27,881,592	36,016,057	37,402,123
R&D Fees		21,004,723	25,928,369	37,421,668	27,662,049	35,881,316	37,229,920
Production bonus		6,410,800	9,625,650	-	-	24,214,320	-
Technical assistance		-	9,132,995	7,717,440	14,158,613	477,405	20,257,100
Scholarships		5,696,829	6,746,029	14,509,623	10,266,550	17,288,646	13,341,660
P.S.C Holding fees		19,033,607	1,010,842	22,871,377	11,012,484	26,050,851	27,082,473
Other payments under PSCs	1,115,248,917	480,375	321,030	-	9,393,861	1,193,943	649,813,753
Sub total	**7,147,035,448**	**9,080,177,242**	**6,971,890,716**	**8,360,054,293**	**5,603,470,648**	**3,331,064,011**	**3,329,708,409**
Other payments to government		-					
Dividends paid by Petrotrin / NGC	350,000,000	965,000,000	1,500,000,000	4,850,000,000	5,772,203,200	4,616,223,238	1,353,194,716
	-						
Sub total	**350,000,000**	**965,000,000**	**1,500,000,000**	**4,850,000,000**	**5,772,203,200**	**4,616,223,238**	**1,353,194,716**
Total Flows	**23,181,220,256**	**20,925,492,738**	**21,186,785,653**	**28,392,203,449**	**21,007,592,015**	**8,864,433,516**	**5,869,327,146**

2.4.2 Overview of contributions from oil and gas companies

The companies making the largest payments in 2016/17 were:-

Company name	**Total receipts** TT$
The National Gas Company of Trinidad and Tobago	2,212,350,983
BP Trinidad and Tobago LLC Trinidad Branch	785,679,084
EOG Resources Trinidad 4(A) Unlimited	480,608,929
Petroleum Company of Trinidad and Tobago Ltd.	399,317,932
Shell Trinidad and Tobago Limited (formerly BGTT)	355,988,806
Total – 5 companies	4,233,945,734
Total payments	**5,869,327,146**

Table 2.4.2

The payments from these companies represent 72% of all payments made by oil and gas companies in 2016/17. Further, the payments reported by The NGC included dividends paid of $1,353,194,716.

2.5 Selection of companies

The Steering Committee selected 46 companies from the oil and gas sector for inclusion in the EITI reconciliation and identified 7 further companies which may have made material payments to Government but which are not included in the current year's reconciliation (see further section 4.2.5).

Five mining companies were selected for inclusion in the pilot mining sector reconciliation (see further section 6).

2.6 Completeness and accuracy of data and assurance

An assessment of the assurance environment pertaining to government and companies is given in section 4.4 for the oil and gas sector and in section 4.5.5 for the mining pilot study participants. A summary of the assessment is given under key findings (section 2.7.1).

Government entities were required to provide information on receipts using templates approved by the Steering Committee and signed on behalf of the government entity by the Permanent Secretary. Companies, including SOEs, similarly were required to provide information on receipts using templates approved by the Steering Committee and signed on behalf of the company by a Board level or senior level manager.

Compliance with these requirements is summarised below. Appendix 8.5 contains full details of templates returned by reporting entities.

2.6.1 Government

All the government entities included in the reconciliation scope – MOF-IRD, MEEI and MOF–Investments Division - have returned reporting templates, with the accompanying declaration signed by the Permanent Secretary, except in the case of MOF IRD, whose templates were signed "Ravi Taklalsingh, Chairman, Board of Inland Revenue". Mr Taklalsingh is a Commissioner who was Acting Chairman at the time of signature.

2.6.2 State owned enterprises

All SOEs from the oil & gas sector included in scope and all SOEs from the mining sector included in the pilot returned templates, duly signed by a Board level or senior level manager.

2.6.3 Private companies

All companies selected for inclusion in the reporting process returned templates with declarations signed by a Board level or senior level manager, with the exception of:-

TCL Limited, a company included in the mining pilot study, did not submit a reporting template, and MOF IRD did not submit a template in respect of the company.

2.7 Key findings

2.7.1 Assurance – government reporting

2.7.1.1 Government audit

Reporting government departments were required to provide templates signed by a senior official confirming diligent preparation, completeness and other matters (see Appendix 8.15). The overall assurance environment for EITI reporting in MEEI is considered weak (section 4.4.1.1), while in MOF Investment Division it is considered adequate (section 4.4.1.2).

The overall assurance environment for EITI reporting in MOF IRD is considered weak (section 4.4.1.3). MOF IRD did not provide reporting templates directly to the Independent Administrator and has been unresponsive or slow to respond to requests for clarifications and further information. Citing section 4.2 of the Income Tax Act, MOF IRD has not permitted the Auditor General to conduct an audit over all of its revenue records. The effects of section 4.2 of the Income Tax Act on transparency and assurance have been highlighted in previous EITI reports, and discussions between the MOF IRD, the Auditor General and the Attorney General have not produced a resolution, and it would appear to require ministerial intervention in order to permit appropriate access, such as has been granted to other agencies.

2.7.1.2 MEEI PSC audits

At 31st December 2018, after allowing for blocks still in development phase (and therefore not at this stage subject to revenue and costs audits) and blocks where licences have expired, there were 61 revenue and 162 cost audits still to be carried out. See further section 4.4.2.1

The audits covering the period 2014 to 2017 have identified under reported revenue of US$ 487,000. Assessments have been raised for this amount but as of the end of December 2018, no money had been received.

The audits covering the period 2014 to 2017 have resulted in the permanent disallowance of approximately US$ 88 million of costs) and assessments have been raised for some US$ 41 million of this; assessments are yet to be raised for the balance.

Precise calculation of the benefit accruing to the government from the costs disallowed is difficult. Some of the PSCs where costs have been disallowed are not in production, so additional money is not yet due to the government; and the effect of a disallowance of costs is dependent upon different factors, such as the terms of the PSC, level of production, commodity price. Nevertheless, it is clear that the PSC audits have safeguarded government income and highlight the need to bring the programme up to date and to carry out audits on a timely basis.

2.7.1.3 MEEI Production audits

The Auditor General commented in the report on the FY 2016 National Accounts that verification by MEEI of production used for royalty calculations was not adequate; and in the report on the FY 2017 Accounts noted that the weaknesses had not been addressed. The MEEI is compiling a preliminary report on production verification processes as used in other countries. Committee meetings will then review it and provide recommendations for possible adoption by the MEEI. See further section 3.3.8.1.

Within MEEI, the Petroleum and Operations Management Division (POMD) is charged with monitoring and witnessing petroleum measurement activities as it relates to accurately determining that the quality and quantity of extracted and sold crude petroleum and refined product delivery.

POMD reported that during FY 2017, the Division witnessed 73% of all fiscal/ custody transfer meter calibrations (plan 89%) and witnessed 61% of all custody transfer gas meter calibrations (plan 71%). See further section 4.4.2.2.

2.7.2 MEEI systems and controls

2.7.2.1 EITI submissions

MEEI revised its initial EITI submission several times due to errors in the compilation of the information. The final version, checked by MEEI internal audit, contained receipts from Atlantic LNG companies for “Other PSC payments”, which on further investigation were confirmed to have been included in error. See further section 4.2.4.1.

We observed that the collation and preparation of data for EITI reporting is manual, entailing the use of spreadsheets, and is open to error. MEEI staff providing data for the EITI report seemed to rely on the internal audit and PSC audit functions within the Ministry to correct any errors in preparation, rather than to act as a check that systems were operating satisfactorily to produce reliable data.

2.7.2.2 Amounts due from PSCs, royalties due, other fees

There does not appear to be systematic reporting within MEEI of amounts due but not yet paid under PSCs, with regular summaries provided to the PS and senior management. Similarly, there does not appear to be a comprehensive record of royalties due but not yet paid. This makes it difficult for MEEI to ensure that revenues are collected on a timely basis and that collection of monies due is complete.

See section 7.2.4.

2.7.3 PSC assignments and transfers

Three PSCs were transferred during the period covered by the report. MEEI procedures for obtaining certain documentation and for monitoring collection of transfer fees require improvement.

The previous TTEITI report highlighted fees due to MEEI following transfers of PSCs dating back to 2012. MEEI has received payments in respect of several, but not all, PSCs where fees were due and it is not clear, in cases where payments have been made, whether all amounts due have been collected in all cases.

Under the Model PSC published on the MEEI website, PSC parties are required to provide certain guarantees and undertakings and there is no allowance in the PSC for the requirement for guarantees and/or undertakings to be dispensed with. MEEI was not able to provide copies of any guarantees or undertakings for PSCs where consent for transfer was granted in 2017 and said that in the case of NCMA 1 and NCMA 4 none were obtained. See further section 5.7.5.

2.7.4 State share of production

One of the corrective actions from the validation was that "in accordance with Requirement 4.2, TTEITI is required to disclose the volumes and revenues received from the sale of the state's participation in the sector. The published data must be disaggregated by individual buying company."

MEEI provided the revenues received for the sale of the government share in FY 2017, and the total volumes produced from the PSCs where a government share was due. MEEI stated that it will not, for reasons of commercial confidentiality, disclose the volumes relating to the sale of the state's participation in the sector (see further section 5.5).

2.7.5 Mining sector

Progress in improving regulation of the mining/quarrying sector remains slow.

For the FY 2017 TTEITI Report, the mining sector reporting was limited to 5 companies, comprising two SOEs, one publicly quoted and two privately owned companies. The publicly quoted company did not return templates or any other data in respect of the period covered by the current report.

There are numerous unlicensed operators, including the government itself (NQL) and calculation of royalties is based on operator declarations, since most have no weighbridges. MEEI is investigating drone technology, which is already in use in the private sector, to assess production but progress has been slow and a drone is yet to be purchased.

As reported elsewhere, financial accounts for mining SOEs are well out of date and NQL is unable to produce a current balance sheet or quantify the value of royalties due to the government, suggesting a loss of financial control over its activities.

2.7.6 MOU – expiry and voluntary

Trinidad and Tobago has adopted a voluntary approach for participation by companies in EITI reporting, through periodic MOUs. This report is produced under an MOU which expires upon publication of this report; there is a new draft MOU in process, although this does not deal with some of the issues encountered in production of the current (and previous) reports, for example

- issues created by section 4.2 of the Income Tax Act
- issues of engagement with companies making material payments which do not agree to participate

These issues in particular created uncertainty over whether this report includes receipts and payments from all companies making material payments to government in FY 2017. See further section 4.2.6.

There has been discussion over some years about the introduction of some all encompassing EITI legislation in Trinidad and Tobago. In the event that such legislation is not brought in, the government may wish to consider the introduction of provisions into all new licences/PSCs requiring companies to adhere to TTEITI requirements.

3 THE EXTRACTIVE INDUSTRIES IN TRINIDAD AND TOBAGO

3.1 Natural Resources

Natural (or extractive) resources, such as oil, gas and minerals belong to a country's citizens. Extraction of these resources can lead to economic growth and social development. However, when poorly managed it has too often led to corruption and even conflict. More openness around how a country manages its natural resource wealth is necessary to ensure that these resources can benefit all citizens.

- EITI international

3.1.1 Crude Oil & Natural Gas

In Trinidad, onshore production is concentrated in three (3) broad areas located in the South East (e.g. Moruga, Guayaguayare), South West (e.g. Point Fortin, Guapo and Forest Reserve) and Central (e.g. Central Range Block and Central Block). Offshore production is concentrated off the North Coast (North Coast Marine Area), on the East Coast (East Coast Marine Area) and the South West Coast (South Coast Marine Area).

In Tobago, there is no onshore production, but BHP is conducting exploration drilling off the North-East Coast in Block 23 (a) while Shell has acreage offshore in Block NCMA 4 (formerly Centrica Energy) off the North Coast.

Oil producers comprise both foreign and local companies. Heritage Petroleum Company Limited (formerly Petrotrin) is the largest oil producer and it contracts smaller companies under arrangements known as Lease Operatorships (LO), Farm Outs (FO), or Incremental Production Sharing Contracts (IPSCs) to produce from its smaller oilfields.

Producers of Crude Oil in T&T 2018

Heritage Petroleum Company Limited	59%
BHP	7%
Parenco	16.5%
BPTT	11%
Other	6.4%

Source: Ministry of Energy and Energy Industries (MEEI), Consolidated Monthly Bulletin Jan- Dec 2018

Producers of Natural Gas in T&T 2018

BPTT	57%
EOG	13%
Shell	16%
BHP	11%
Other	3%

Source: MEEI, Consolidated Monthly Bulletin Jan- Dec 2018

3.1.2 Minerals

The mining sector is dominated by state-owned[2] and by locally owned private companies.

Asphalt extraction is the longest established industry in the mining sector and it is used locally for road paving and for roofing. The majority of production is exported internationally.

Minerals produced in the largest quantities are sand and gravel, blue limestone and sand are also extensively produced. In the Northern Range, blue limestone, sharp sand and gravel are extracted while in Central Trinidad, red sand, yellow limestone and clay are quarried. To the south, operators extract oil sands, asphalt and porcellanite. In Tobago, the main material quarried is andesite. These minerals are mainly used in the construction industry.

3.1.3 Oil, Gas and Mineral Reserves

Reserves are those quantities of oil and gas (hydrocarbons) which are expected to be produced and sold based on known accumulations of oil and gas in the earth, from a given date forward (Society of Petroleum Engineers, 1997). By extending this definition to include minerals, T&T's reserves refer to the amount of oil, gas and minerals that can be produced and sold, providing that there are no major issues[3] that prevent production. Reserves are classified into three groups:

3.1.3.1 Oil and Gas Reserves

The last independent audit of oil reserves in Trinidad and Tobago (as at January 1, 2012) conducted by petroleum consultants, Netherland, Sewell and Associates of Dallas (NSAI) recorded estimated proved unrisked reserves of 243 million barrels of oil. A gas audit for the year ended 2018 is ongoing.

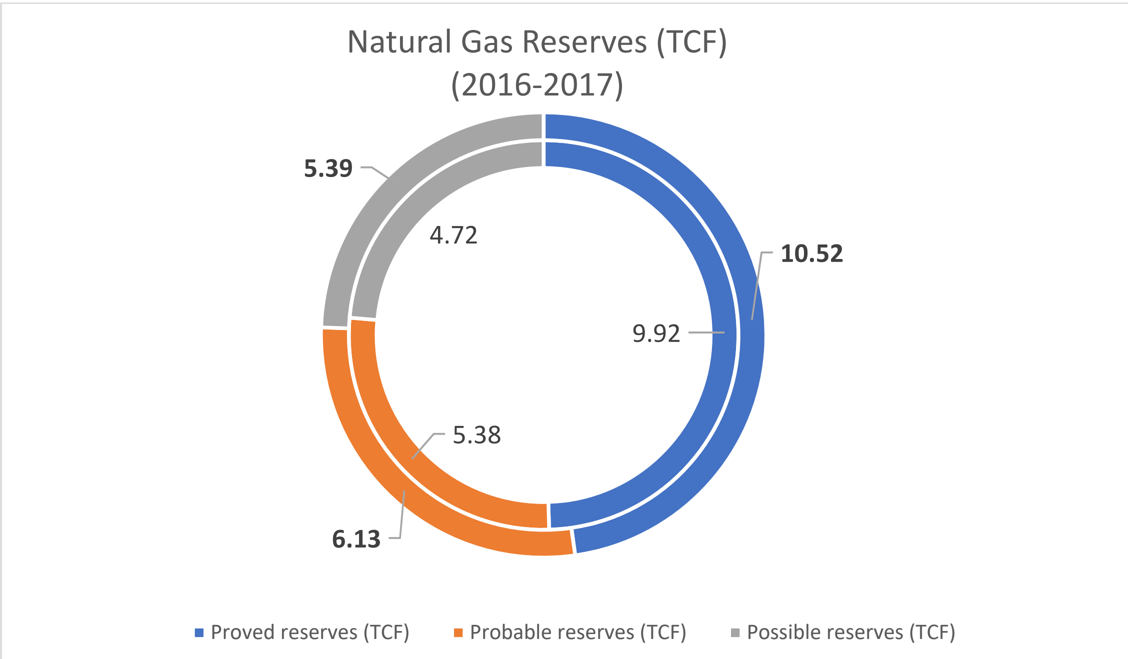
According to the Minister of Energy, the most recent natural gas audit shows that total gas reserves increased between 2016 and 2017. The audit report however is not publicly available because it contains commercially sensitive information on the reserves of upstream companies. However, in his

[2] Lake Asphalt of Trinidad and Tobago (1978) Limited (LATT), National Quarries Companies Limited (NQCL), Palo Seco Agricultural Enterprises Limited and the Estate Management and Business Development Company Limited. This Report focuses only on LATT and NQCL.

[3] These issues include wars and conflict, a price that is not accepted, high technology costs, an unstable political environment, weak tax incentives offered by Government, etc.

April 2019 Parliamentary response to gas reserves queries, the Minister of Energy stated that an abridged version of the report would be disclosed to the public subject to Cabinet approval.

He shared that the 2017 reserves-to-production ratio indicate that T&T can continue producing gas from known reservoirs for 14.6 years if no new discoveries are made. The reserves to production (RTP) ratio increased by 16% from its 2016 value of 12.6 years. The 2017 RTP is based on proved and probable reserves using a production rate of 1.14 TCF. A gas audit for year ended 2018 is ongoing.



Source: Ministry of Energy

3.1.3.2 Mineral Reserves

The most recent audit of mineral reserves in T&T was completed by GWP LLP Consultants for the MEEI in 2013 as part of a Strategic Environmental Impact Assessment Study. According to the study, T&T's recoverable mineral reserves were estimated at 467 million metric tonnes. These reserves were computed for only those minerals in proposed mining zones, which amount to roughly 1.4% of the total land area of T&T (White Paper on National Minerals Policy, 2015).

3.2 Exploration

3.2.1 Oil, gas and mineral exploration activity

Box 1: Technical and Financial Criteria Used to Evaluate Oil and Gas Bids

Before signing any production sharing contract with a prospective partner, the MEEI assesses both the financial and technical capacity of extractive companies bidding to develop oil and gas blocks in T&T. The MEEI uses a point based system to gauge how well these companies meet certain criterion. For the financial criteria, the MEEI tracks financial ratios highlighting the company's profitability, liquidity and long term solvency. A company's cash flow, current ratios, return on capital employed, return on assets, return on equity, debt and risk profiles are evaluated. Points are awarded based on how well a company's performance measures up to established benchmarks.

For the technical criteria, the MEEI requires evidence of a company's "technical capacity, competence and experience in petroleum operations". The MEEI evaluates the bidding firm's minimum work programme. Points are then awarded based on whether companies reprocess existing 3D seismic data and commission new seismic acquisition and geophysical studies. Companies are also awarded points based on how deep they plan to drill their wells and how much share of production and profits they plan to split with the Government. These bidders are also required to participate in the National Oil Spill Contingency Plan and comply with the country's Local Content Policy. The company that scores the highest based on the MEEI's assessment of these criteria enters into negotiation with the view of finalizing terms through a PSC.

These details and more can be found in the recent Competitive Bidding Order at http://www.energy.gov.tt/wp-content/uploads/2013/12/The-Petroleum-Regulation-Shallow-Water-Competitive-Bidding-Order-2018.pdf

Before production can occur on land or offshore in marine areas, companies must first explore for (or identify) potential areas where oil and gas deposits may lie. Once the deposits are found and certified, they then complete different studies (e.g. environmental impact assessments) in order to apply for a licence that will enable them to produce and sell to markets.

The uptick in exploration drilling between 2017 (3 wells) and 2018 (6 wells) was due to drilling by BHP Billiton in TTDAA5 and 14 blocks, Lease Operators Limited in its Rio Claro Block and BPTT in South East Galeota.

To stimulate exploration drilling, the Government invited companies to bid to explore and produce from six (6) offshore shallow water blocks located off the eastern, northern and western coasts of Trinidad in 2018. These blocks are **Block 4(c), Block U(c), Lower Reverse L, NCMA 2, NCMA 3, and Block 1(b).** The Technical Evaluation Committee of the MEEI will evaluate the submitted bids after the close of the bid round in May 2019 and the results will be announced in November 2019. There were no Competitive Bid Rounds in 2017.

As it relates to the mining sector, the MEEI invited operators to submit bids for Mining and/or Processing Licences for six (6) Mining Blocks A, B, C, D, E and F located in the Melajo Forest Reserve, Matura. The deadline for the submission of bids was on June 4, 2018. An Evaluation Committee that comprised some members of the Minerals Advisory Committee (MAC) then evaluated bids. The MAC made recommendations to the Minister of Energy and Cabinet approved the award of Blocks C and F on February 14, 2019. The other blocks were not awarded but another bid round is currently being planned for Blocks A, B and D.

3.2.2 Licence Registers

3.2.2.1 Oil and Gas

Most countries with extractive sectors have registry databases to help them manage their extractive industry licensing systems. From these registers, citizens can see which companies have been awarded rights to extract and produce their natural resources. Information in these registers include the name of the company holding the licence, the duration of the licence and the coordinates of the licensed area. Section 29 (1) M of the Petroleum Act empowers the President to ensure that a register of all licences issued is maintained by the appropriate Government department. An accurate registry system can encourage investment, clarify property rights and help to avoid conflicts over the ownership and location of blocks.

For T&T's oil and gas licence register, see: http://www.energy.gov.tt/services/license-registers/.

3.2.2.2 Minerals

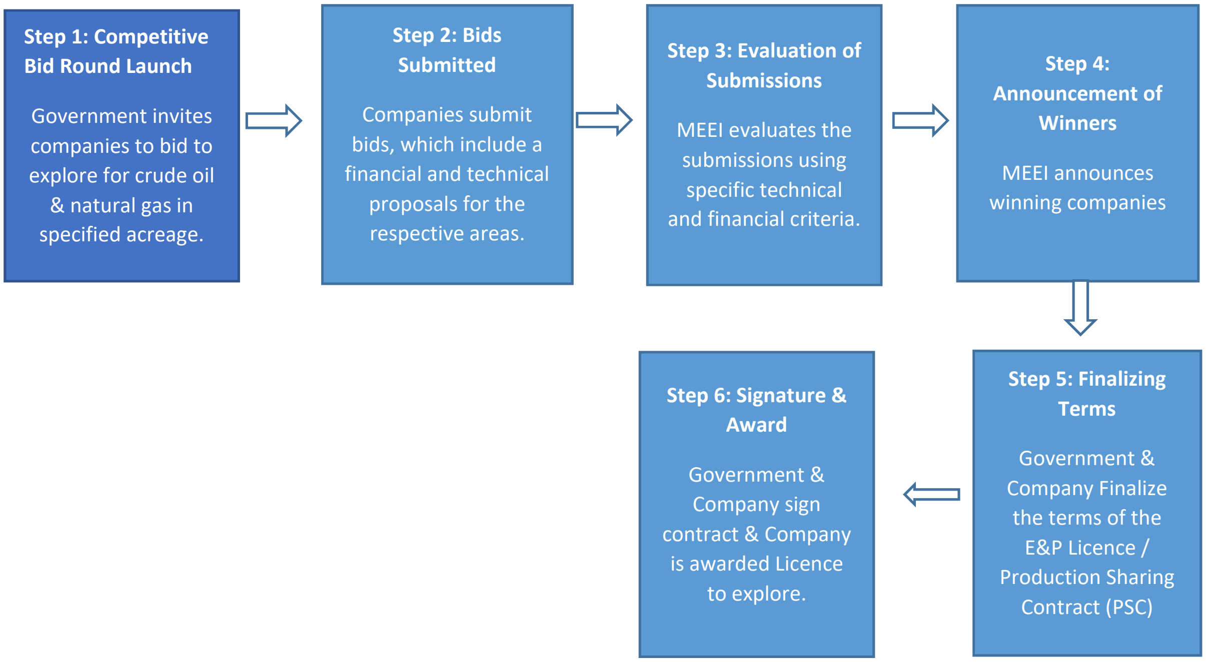
The mineral licence register provides a list of the operational quarries and it includes the following information on licensed as well as non-licensed quarries:

1. The name of the quarries
2. Their locations,
3. Size (hectares)
4. Land status (private or State) and
5. The type of material quarried.

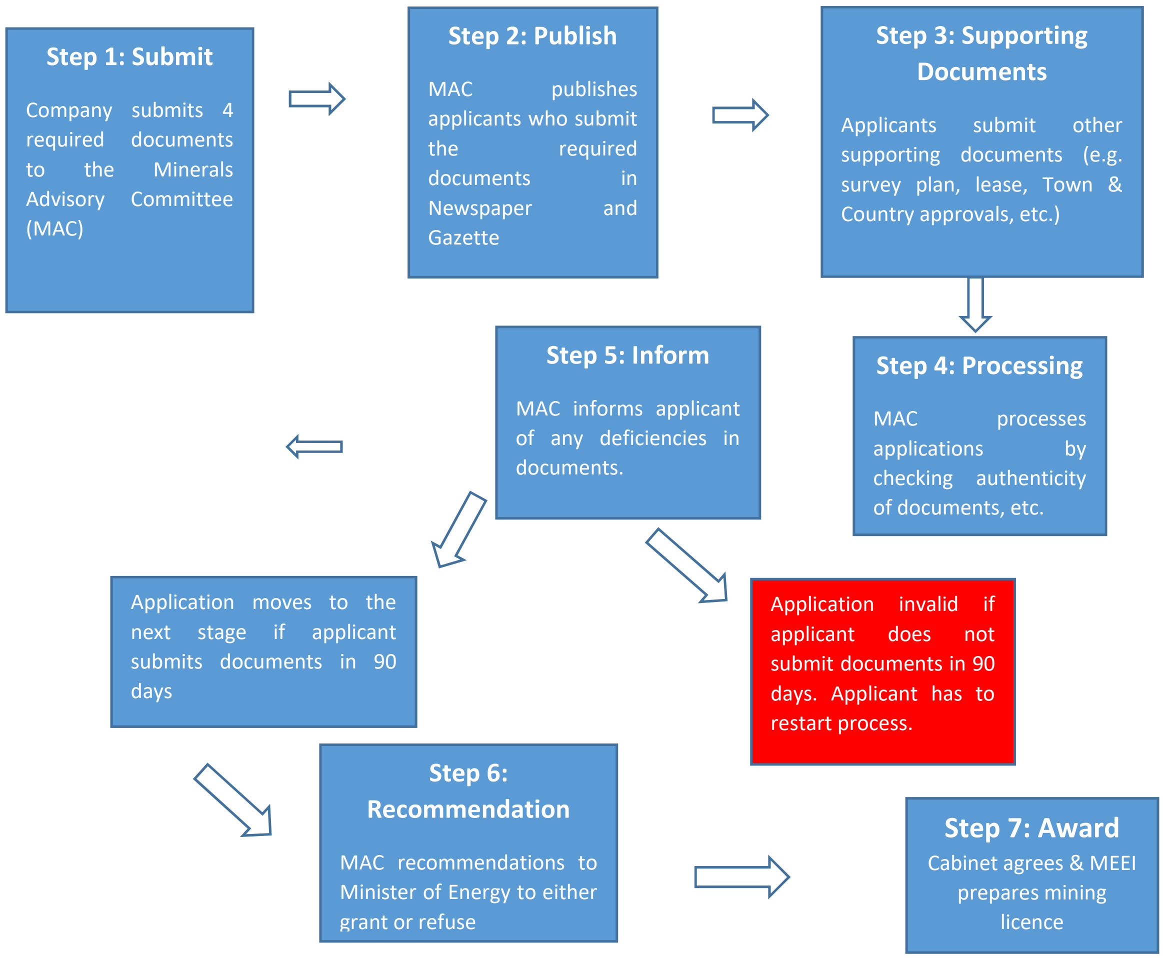
The mineral licence register provides a list of the operational quarries as at May 1 2019 and it includes information required by the EITI Standard 2016 (e.g. the licence holders, the coordinates of the licence areas, the date of application, the date of award and the duration of the licence). For T&T's mineral licence register see http://www.energy.gov.tt/services/license-registers/

3.2.3 Licence Allocations

3.2.3.1 The Process of Awarding an Oil/Gas Licence



3.2.3.2 The Process of Awarding a Mining Licence



For more details see: http://www.energy.gov.tt/wp-content/uploads/2013/12/Guidelines-Flow-Chart-Mining-Licence.pdf

3.2.3.3 Improving the efficiency of mining licence allocations

The Minerals Division of the MEEI is implementing a Minerals Electronic System (MES). Through this system licence applicants will be able to submit their data online, receive responses on the completeness of the application within 72 hours and it will allow the Minerals Advisory Committee (MAC) to log into a portal and review applications.

The MES has been tested by the Developer (Schlumberger) and the IT Unit of MEEI and it is functional but has not yet been rolled out to end users. The MES is currently being reviewed to ensure that expected outcomes and functions of the system matches actual performance of the system and complies with the prescriptions and processes itemised in the Minerals Regulations 2015. This is being facilitated via simulation of various application scenarios.

The roll out process is expected to be conducted in phases amongst the internal Minerals staff, Minerals Advisory Committee (MAC) members and then to the public stakeholders. A segment of the rollout process entails potential modification of Minerals Division internal processes to coalesce with the MES. This process is carded to be completed at the end of 2019; however, this is dependent on the evaluation process of the MES.

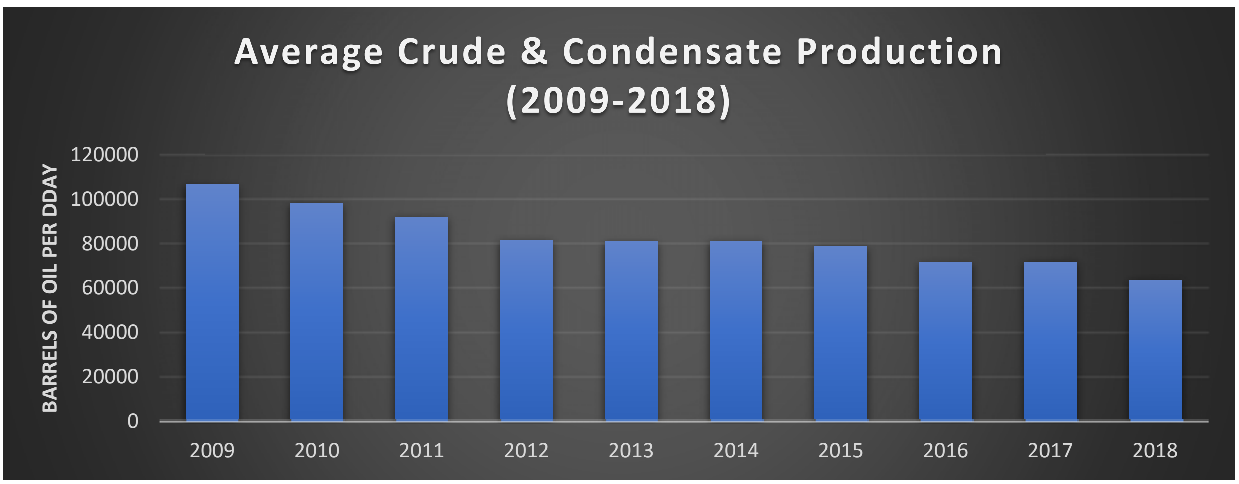
- 8 operators with valid licences
- 57 active operators who are currently in the licencing process
- 66 new mining licences before the Ministry

Source: MEEI

3.3 Production

3.3.1 Oil Production

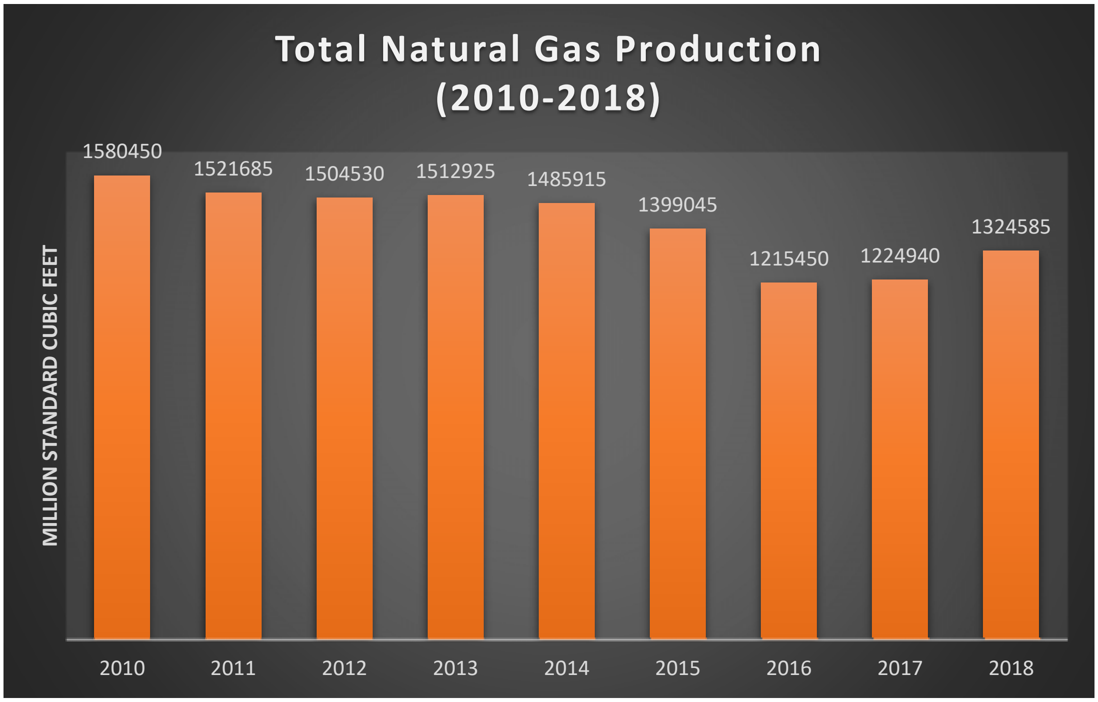
Average crude oil and condensate production has been decreasing steadily, falling from a peak of 230,000 barrels of oil per day (bopd) in 1978 to an annual average of 63,495 bopd in 2018. This natural decline is because T&T's oilfields have significantly matured over time since its first well was drilled over 100 years ago.



Source: MEEI

3.3.2 Gas Production

Between 2010 and 2016, natural gas production also decreased consistently from 4,330 million standard cubic feet of gas per day (mmscf/d) to 3330 mmscf/d. The marginal increase in production in 2017 continued into 2018, with average production reaching 3,629 mmscf/d. Despite this increase, the routine and temporary shutdowns of gas facilities for maintenance work, consistently disrupt supply. The recent investments in new exploration and production programmes signal possible increases in production and revenue for T&T in the near future.



Developments in the T&T Gas Sector

- The T&T- Venezuela Dragon Field Gas Deal
- First gas delivered from De Novo's Iguana Field (Nov 2018) – now producing 80 million cubic feet of gas per day
- BPTT offshore projects
  - First gas expected from BPTT's Angelin in Jan- Mar 2019
  - Cassia Compression project will allow for low-pressure gas reserves from currently producing fields in the Greater Cassia Area to be accessed and produced. First gas expected Jul - Sep 2021 and the Cassia C Jacket will be fabricated in Trinidad.

3.3.3 The Users of Natural Gas

Atlantic LNG is the largest user of natural gas in Trinidad and Tobago. The company liquefies natural gas it receives from upstream gas producers in its liquefaction plants (referred to as Trains) and then exports it on tankers to LNG off-takers to their first ports of destination. With respect to Trains 2, 3 and 4 there is a tolling arrangement so that Atlantic is not the purchaser of gas and the upstream companies retain title to their gas. LNG off-takers are companies that are contracted to take ownership of Atlantic's cargoes. They sell Atlantic's cargoes to final buyers. South America, North America and the Caribbean are the company's largest export destinations. Smaller LNG cargoes dock in Europe, the Middle East and Asia.

Users of Natural Gas 2017 & 2018		
	2017	**2018**
LNG	54.0%	56.9%
Petrochemicals Industry	33.0%	31.4%
Power Generation	8.0%	7.2%
Iron and steel	1.0%	1.3%
Other	3.5%	3.3%

Source: MEEI

Atlantic's Liquefaction Trains				
	Train 1	**Train 2**	**Train 3**	**Train 4**
Shareholders	Shell 46% BPTT 34% NGC 10% China Inv. Corp 10%	Shell 57.5% BPTT 42.5%	Shell 57.5% BPTT 42.5%	Shell 51.1% BPTT 37.8% NGC 11.1%
Gas supply	BPTT (100%)	Shell 50% BPTT 50%	BPTT 75% Shell 25%	BPTT 67% Shell 30% EOG 3%
LNG Purchasers/ Off-takers	Engie 60% Gas Natural 40%	Shell 20% Engie 11% Gas Natural 21% PFLE* 48% BPTT (excess volumes)	Shell 48% Other partners 52% BPTT (excess volumes)	BPTP 37.8% SLNG 22.2% TTLNG 11.1% SGSTL 28.9%

PFLE: Point Fortin LNG Exports

BPTP: BP Trinidad Processing

SLNG: Shell LNG

SGSTL: Shell Gas Supply Trinidad Limited

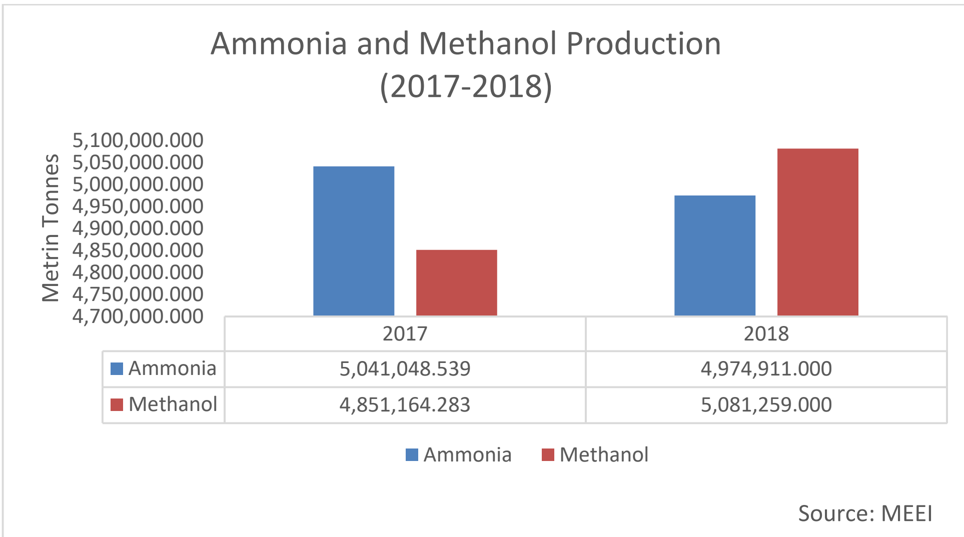
TTLNG: NGC Subsidiary

Source: MEEI, 2019

3.3.4 Petrochemical Production

Petrochemical products, such as ammonia and methanol, are derived from natural gas and are used to produce lubricants, fertilisers, pharmaceuticals, paints, etc. Despite lower levels of production by four of the six methanol plants in 2018, methanol production increased by 2% between 2017 and 2018. This increase was because of higher production by the M4 and Titan plants.

However, natural gas supply curtailments and plant repairs / maintenance work adversely affected ammonia production. The Caribbean Nitrogen Company Ltd. also recorded zero production in February and March 2018, due to the expiry of its gas sales contract with NGC. Total ammonia production fell by 4% from 5,041,049 metric tonnes in 2017 to 4,851,164 metric tonnes in 2018.



3.3.5 Mineral Production

There are challenges in analysing mineral production volumes because of the sparsity of data reported (e.g. no data reported for andesite). Furthermore, the data shows volumes that are lower than previous years. The Minerals Unit of the MEEI provided the following explanations:

1. There is a trend of Quarterly Report submission lapses, which are generally approximately 3-6 months after the quarter has completed.
2. Simple delinquency by the operators has been an issue with which the Unit is seeking to treat.
3. There is not a designated person assigned to deal with royalties and production compilation and the Quarry Management Officers are currently liaising with quarries to identify operational issues and to address the challenges data collection.

Minerals Production 2016-2018MATERIAL	CALENDAR YEAR	PRODUCTION
ANDESITE	2016	-
	2017	-
	2018	-
BLUE LIMESTONE	2016	338,404.51
	2017	79,539.60
	2018	-
CLAY	2016	174,196.21
	2017	134,819.32
	2018	90,189.67
PORCELLANITE	2016	22,761.00
	2017	31,613.00
	2018	23,169.00
SAND	2016	375,834.94
	2017	251,966.55
	2018	-

MATERIAL	CALENDAR YEAR	PRODUCTION
SAND AND GRAVEL	2016	1,015,072.82
	2017	642,384.92
	2018	375,467.28
YELLOW LIMESTONE	2016	541,549.21
	2017	459,415.65
	2018	-
TAR SAND	2016	46,396.50
	2017	45,642.50
	2018	37,895.50
ASPHALT (Tonnes)	2016	9,245.00
	2017	5,551.00
	2018	8,137.00

Source: MEEI, Minerals Division

3.3.6 Market Value of Production

3.3.6.1 The market value of crude oil production

The market value of crude oil production is calculated by multiplying total annual oil production volumes by the corresponding average annual West Texas Intermediate price quoted in US dollars per barrel. The data shows that the improvements in the oil price over the last three years has resulted in higher market values, despite declining oil production. As average WTI prices rose by 27.6% between 2017 and 2018, the market value of local crude produced increased from US$ 1.3 billion to US$ 1.5 billion.

The Market Value of Local Oil Production 2016-2018

	Total annual oil production	Average WTI Price	Market value (US$)
2016	26,092,390.00	43.14	1,125,734,422.89
2017	26,210,891.01	50.88	1,333,719,346.54
2018	23,175,675.00	64.94	1,504,989,708.38

Source: US EIA & MEEI

3.3.7 The market value of LNG Production

The market value of **LNG produced** in T&T is calculated by multiplying the annual average LNG production by the average LNG Free on Board (Point Fortin) prices quoted in US dollars per mmbtu.[4] Due to higher Point Fortin LNG prices, the value of local LNG volumes increased by US$ .4 billion between Jan –Sep 2017 and Jan-Sep 2018. **Market Value of Local LNG Production 2016-2018**

	Annual LNG production (mmbtu)	Avg. Annual Point Fortin FOB (US$ per mmbtu)	(US$) Annual market values
2016	551,917,619	2.59	1,431,920,386.04
2017	569,941,679	3.34	1,901,833,393.58
Jan -Sep 2017	420,014,695	3.29	1,382,716,133.58
Jan -Sep 2018	479,077,882	3.66	1,753,858,465.77

Source: MEEI

3.3.7.1 The Market Value of petrochemicals

The market value of ammonia production is calculated by multiplying the annual average Caribbean Ammonia market price per metric tonne (US$) by the corresponding total ammonia production volume. Similarly, the annual average Methanol Rotterdam price per metric tonne (US$) is multiplied by total methanol production volumes to obtain market values of methanol production.

Notwithstanding lower domestic ammonia production volumes in 2018, the market value of ammonia production increased from US$ 1.2 to US$ 1.3 billion between 2017 and 2018. A slowdown in global production combined with increasing demand in East Europe resulted in an upward shift in market values. In line with higher local methanol production and higher methanol prices, the value of methanol produced also increased in 2018 by US$. 3 million.

Petrochemical Market Values and Prices

	Market Value of Ammonia Production (USD)	Caribbean Ammonia Price (US/MT)	Market Value of Methanol (USD)	Rotterdam FOB price (US/MT)
2017	1,205,650,886	239	1,661,429,569	334
2018	1,340,134,055	276	2,007,626,603	395

Source: MEEI

3.3.7.2 The Market Value of Minerals

A single market value of mineral production cannot be determined since there is no benchmark price of minerals sold on the local market. In addition, updated price and production data for Lake Asphalt's products are not available.

[4] This Free on Board price is the average price of all of the LNG sold for each Atlantic entity/Train, as each Train has its own particular pricing formula.

3.3.8 Calculating and verifying production values and volumes

3.3.8.1 Oil & Gas Volumes

The net volumes of crude oil, condensate and natural gas, either sold/ transferred during the month, are calculated through the use of meters that are calibrated on a monthly basis.

The operators print out the production data generated by the computers in the format required by the MEEI (i.e. the form of Production Reports/PRODs). These reports are forwarded to the Contract Management Division (CMD) for their review. The CMD reviews the production reports on a monthly basis. If there are any issues that need to be raised by the Petroleum Engineers in the CMD, they will raise it with company representatives for clarification.

The Measurement Unit is charged with *ensuring* that measurement systems are approved and calibrated. The Unit uses a weekly inspection schedule for witnessing a sample of the calibrations taking place in the field. Personnel in the CMD use PROD Forms which represents the fiscalised production data received from operators. Daily production is first tallied by Petroleum Engineer Assistants (PEAs) using daily production reports submitted by operators (most send daily) – total in barrels (bbls) per operator is tallied on a daily basis. If there are visible variances that may be of concern, PEAs will then contact the relevant Petroleum Engineer (PE) to identify reasons which is then indicated in a Report. This is considered preliminary production.

Monthly production is estimated by the PEA III using this daily production tallied for the previous month, total in bbls and barrels of oil per day (bopd) per Operator. Companies typically send in fiscalised production by the 3rd working day in the following month and this is used as final production and crosschecked with other production reports when received (figures are usually the same). As final monthly production reports are submitted by the Operators (first by email), the above figures change from preliminary to corrected and indicated as such. This is final production. PEA's check to ensure all relevant forms are received, by email, in signed hard copy and the totals on relevant forms are the same e.g., PROD 1 and 1a. Data from the production reports (PROD 1a) is then entered in excel spreadsheets by the PEA I. This is done by Operator by Field (for both calendar and fiscal formats). If there are any queries to address, this is done the PE's in CMD."

Notwithstanding, the Auditor General noted several gaps in the verification of production data submitted by upstream oil and gas companies to the MEEI. The AG's Report 2016 notes that:

1. There is no collaboration between the Measurement Unit and the Contract Management Unit (CMU)
2. A Log is not maintained to reflect queries raised by the CMU with the operators and the resolutions made.
3. The Measurement Unit is constrained by a shortage of manpower and a lack of measurement training. As a result, 75% of the planned activities was not done[5].

The Auditor General concludes that "… As a result, the accuracy of revenue from Royalties and Share of Profits from Oil Companies could not be assessed."

[5] However, see section 4.4.2.2 for details of the Measurement Unit's report on activities carried out in 2017, where 73% of fiscal/custody meter calibrations were witnessed

The Auditor General's Report 2017 reported in the following year that, "Examination of the Draft Strategic Plan that was sent to Cabinet for approval revealed that the MEEI did not address the weaknesses related to the Ministry's inability to determine the veracity of production data…"

Regarding these gaps, the MEEI is compiling a preliminary report on production verification processes as used in other countries. Committee meetings will then review it and provide recommendations for possible adoption by the MEEI.

3.3.9 Mineral Volumes

Mineral production volumes are submitted by quarry operators on a quarterly basis to the Minerals Unit of the MEEI, using a quarterly returns form prescribed by the Ministry. However, there is no independent verification of mineral production. The Minerals Unit of the MEEI indicated to the TTEITI Secretariat that auditors from the Internal Audit Unit of the MEEI visit quarries and verify production using the records submitted by the operators.

Nevertheless, the Auditor General's Report 2017 (Section EN1 3.11 pg. 53), states that "production data that was submitted by the extraction companies was not examined by the Ministry with a view of determining the accuracy of the data submitted."

The Minerals Unit of the MEEI is seeking to implement a drone system as a means of independently verifying production data. The deadline for providers to submit Expressions of Interest (EOIs) to acquire a single drone to run a pilot programme was October 2018. Next steps involve the establishment of an Evaluation Committee for the evaluation of EOIs received, although as at 31st July 2019, no conclusions have been reached.

3.3.10 Mineral Values

Concerning the issues around mineral production values the Auditor General's Report 2017 (Section EN1 3.10 & 3.12 pg. 53) states that "there was no documented system that allowed the Ministry to capture all the existing quarry operators (i.e. both registered and unregistered), for the purpose of collecting royalties due. Operators in arrears were determined only from those who submitted Quarterly Returns to the Ministry. Operators in default of submission are therefore not recorded or notified of their arrears)."

3.4 Exports

3.4.1 Oil & Gas

Despite lower oil export volumes, the value of oil exports increased between 2017 and 2018 due to improvements in global oil prices. T&T received US$ 2.6 billion in 2018 from oil exports compared to earnings of US $ 2 billion in 2017 (CBTT).

On the other hand, the 14% jump in LNG export volumes from 2016 to 2018 mirrors the increase in gas production and the subsequent rise in gas volumes supplied to Atlantic. The latest estimates from the Central Bank shows that LNG export cargoes generated US million 1.63 billion between Jan-Sep 2017 and US$ 2.08 billion between January – September 2018.

Energy Export Volumes (2016-2018)		
	Crude Oil (Barrels)	LNG (mmbtu)
2016	10,257,744	548,943,161
2017	9,971,693	565,502,280
2018	8,047,023	637,378,645

Source : MEEI Consolidated Monthly Bulletins

Energy Export Values (US$Mn) (2017-2018)	
Crude Oil	LNG
1,962.60	1,631.40
2,575.30	2,084.90

Source : CBTT

3.4.2 Minerals

The Minerals Division of the MEEI confirmed that all minerals produced in T&T are used domestically and not exported.

3.4.3 The Calculation and Verification of Export Volumes and Values

As it relates to the calculation and verification of export volumes and values, the Central Bank of Trinidad and Tobago (CBTT) and the Central Statistical Office (CSO) collaborates on this exercise. The CBTT conducts direct surveys of oil and gas companies to ascertain the volumes exported on a quarterly basis and uses benchmark prices to calculate export values. The Customs and Excise Division also provides data on export volumes to the CSO generated from its ASYCUDA system. To verify these export volumes, the CBTT and the CSO compare/reconcile their figures. Periodically, the CBTT will also liaise with the MEEI to verify consistency with export data compiled by the MEEI.

In addition, the CBTT uses global benchmark prices to calculate export values and liaises with the CSO when preparing its reports (e.g. Annual Economic Surveys).

3.5 Revenue Collection

The EITI is based on the principle that "a public understanding of Government revenues and expenditure over time could help public debate and inform choice of appropriate and realistic options for sustainable development".

– EITI International

The increase in Government revenues collected from oil and gas over the last three years was due in large part to the strengthening of global energy prices. On average, energy revenues accounted for 25% of the Government's total current revenue over the period.

Decline in oil and gas revenues

2008 TT$32.4 billion

2012 TT$ 26.62 billion

2016 TT$ 8.86 billion

2017 TT$ 9.08 billion

2018 TT$ 12 billion

**Revenue figures for 2017 and 2018 are unaudited figures and were obtained from the Ministry of Finance.*

3.5.1 Mining Sector Revenues

The most recent data from the Ministry of Energy and Energy Industries (MEEI) shows that at the end of 2018, **the Government should have gained TT$201 million from quarry operators, but only collected TT$27.3 million.** This is largely because of underreporting of mineral production volumes and because of challenges in collecting royalties owed.

> As at the end of September 2018, quarry operators owed TT$ 174 million to the Government in outstanding royalty payments.

Correctly recording the volume (or amount) of minerals produced is necessary to determine the amount of royalties owed to the Government. To obtain this information, the MEEI currently relies on self- reports from operators. However, the Ministry is exploring the use of drone technology to better verify production volumes and as a result, better calculate what is due.

Several companies submitted expressions of interest to supply a single drone to run a trial programme and an evaluation committee plans to complete the evaluation by the end of August 2019. The MEEI is also restructuring and staffing its Minerals Division to improve royalty collection.

Royalty Payments from the Mining Sector 2017-2019	
Year	TT$ Millions
2017	7.9
2018	3.5
2019	5 (estimate)

Source: Ministry of Finance, Draft Estimates, Various Years.

3.5.2 Revenues Collected from State-Owned Enterprises (SOEs)

SOEs in the oil and gas sector make payments to government for royalties, taxes, etc. in the same way as other companies and in addition may make payments of dividends out of their net profits after tax.

Profits after tax and dividends paid by the National Gas Company (NGC) and Petrotrin in 2016 / 2017 were:-

TTS millions		Profit after tax	Dividends paid
NGC	2017	989.2	1,647.1
	2016	720.7	1,810.7
Petrotrin	2017	(2,194.2)	-
	2016	(4,986.9)	-

Source: 2017 audited annual reports - NGC/Petrotrin

3.6 In-kind Revenues from Oil and Gas Companies

The Government is entitled to receive its royalty payment or its PSC share of profits in the form of gas or in cash. Where it decides to receive its entitlement in-kind (i.e. as gas), the gas is supplied to NGC, which then pays the Government for the gas supplied. NGC sells this gas to its customers. MEEI confirmed that no payments in kind were received in 2017.

3.7 Volume and Value of State's Share of Production

In 2017, the Government of the Republic of Trinidad and Tobago earned US $242.5 million from the sale of its share of production under the Production Sharing Contract (PSC) type of arrangement.

The volume of production sold from each PSC has not been disclosed as it is considered to be confidential information based on the laws of Trinidad and Tobago ('TT').

Notwithstanding the above, Minister's share of oil is marketed by the operator companies on the international market whereas Minister's share of gas is sold either to Atlantic LNG ('Atlantic') or to the National Gas Company ('NGC'). Atlantic sells the LNG to foreign markets and the NGC sells the gas to the domestic market (petrochemical, power generation and light manufacturing) in TT.

3.8 Infrastructure provisions and barter arrangements

Oil, gas and mining companies sometimes provide the Government with loans, grants or infrastructure works in exchange for oil and gas concessions (e.g. rights to drill in a Block). However, this practice does not occur in T&T. Some state companies may spend on infrastructure work as part of their Corporate Social Responsibility programmes or based on the Government's rural development policy. Such expenditure is disclosed as "Social Expenditure" in the EITI report.

Infrastructure and barter arrangements are not included in any oil, gas or mining sector laws including in the primary pieces of legislation (i.e. the Petroleum Taxes Act, Minerals Act 2000, Minerals (General) Regulations 2015). There are also no provisions for these arrangements in Production Sharing Contracts or E&P Licences.

3.9 Transportation Revenues

See section 5.9.5.

3.10 Subnational Payments

In other countries such as Peru, Papua New Guinea and Senegal, companies are required to make certain payments (royalties or land levies) directly to local Governments in the areas where they operate. This type of payment is not practised in T&T, where all payments are made to the national government. Several Acts and other legal documents (e.g. the Petroleum Taxes Act, Production Sharing Contracts and E&P Licences) detail the payments that apply to upstream oil and gas companies and they identify the various agencies responsible for collecting the payments. The provisions in these Acts, Production Sharing Contracts and E&P Licences do not allow for the payment of oil and gas payments to Regional Corporations.

In relation to the mining sector, the Minerals Act 2000, Section 8 (e) charges the Ministry of Energy and Energy Industries with the responsibility of determining and collecting the various payments required by mining companies (e.g. royalties, bonds and licence fees). Schedules 4 and 5 of the Minerals (General) Regulations 2015, detail the various payments and their rates.

Prior to the Minerals Act 2000, the State Lands Act Chapter 57:01 Section 6 (2) gave the Commissioner of State Lands jurisdiction to collect royalties and other licence payments from other operators, which were paid at the District Revenue Office. This practice continues today even with the proclamation of the Minerals Act 2000. Operators make payments to an account in the name of the Permanent Secretary of the Ministry of Energy and Energy Industries.

3.11 Revenue Allocation

Extractive sector revenue collected by the Government is distributed in a number of different ways and involves several different institutions. Transparency in revenue allocations enables citizens to track whether the money from the extractive sector ends up in the national budget or is distributed to other funds or Government entities.

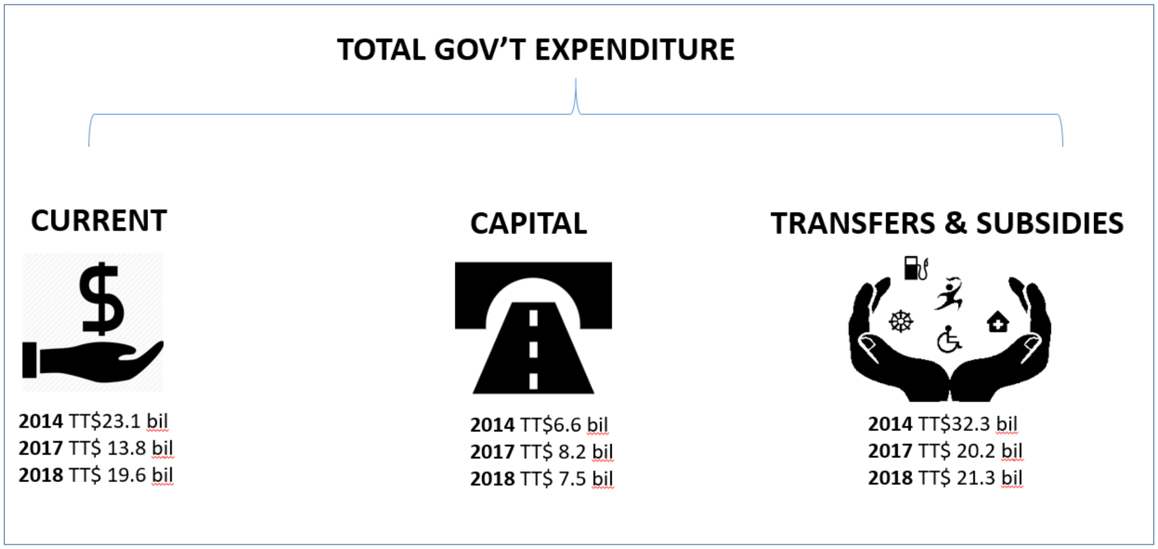
- EITI International

3.11.1 The Process of Distributing Extractive Revenues

There is no revenue sharing formula that determines how revenues should be allocated to different priority areas (e.g. health care, security, tourism development, etc.). Generally, the Minister of Finance meets with representatives of stakeholder groups (e.g. Business Associations and Chambers) to gather information on the areas that they deem important for spending for the upcoming fiscal year. [6] The Minister incorporates this information into the National Budget (referred to as the Appropriation Bill) which is submitted to Parliament for approval. Once the Budget is approved, the extractive and non-extractive revenues from the Consolidated Fund are allocated to the various Government Ministries and Statutory Agencies which then provide goods and services for the public.

[6] Some Line Ministers also consult with stakeholder groups for input into the budget, which then goes to the Minister of Finance. However, this is an informal process and it is difficult to gauge the extent to which this occurs and the degree to which stakeholder proposals are included in the Budget. Some countries use models for participatory budgeting which gives ordinary citizens the power to prioritize public spending projects and make real decisions about how the money is spent. See: https://www.participatorybudgeting.org/

Government Spending Affected by Low Energy Prices and Production



Note: 2018 figures are revised estimates

Source- Ministry of Finance, Estimates of Revenue 2019.

Corruption and Mismanagement: Keeping a Close Eye on Revenues and Expenditures

There are established legal mechanisms and procedures to minimise corruption and mismanagement of revenues from the Consolidated Fund. The parties involved in this oversight are 1) the Minister of Finance, 2) The Auditor General and 3) the Accounting Officer (appointed by the Treasury) and 4) the Parliament's Joint Select Committees. These mechanisms are detailed in the Accounting Manual prepared by the MOF's Treasury Division, which can be found on the Auditor General's Department webpage. The financial/ audit reports of T&T's Parliament's Public Affairs Committee and Public Accounts (Enterprises) Committee, can also be accessed on the official webpage of the Auditor General's Department.
See:
http://www.auditorgeneral.gov.tt/sites/default/files/Accounting%20Manual%20Comptroller%20of%20Accounts.pdf.

3.11.2 Sub National Transfers

Subnational transfers refer to the movement of extractive revenues between the national (or Central Government) and subnational government entities (e.g. Local /Regional Corporations). There is no statutory requirement for this practice in T&T.

Chapter 8 Section 112 (1) to (4) of The Constitution Of The Republic of Trinidad and Tobago states that *"All revenues or other moneys raised or received by Trinidad and Tobago,… shall… be paid into and form one Consolidated Fund."* Once moneys enter the Consolidated Fund, there is no distinction between and among the revenue sources (i.e. extractive vs non-extractive revenues).

In addition, the Municipal Corporation Act 25:04 does not provide for any transfer of extractive revenues between the Central Government and the Local Councils. Local Governments receive expenditure allocations from the Consolidated Fund by virtue of Chapter 113 (2) of The Constitution of the Republic of Trinidad and Tobago.

The Minister of Finance prepares the estimates of expenditure and includes it in the Appropriation Bill (or National Budget) to be approved by the House of Representatives. Once the necessary approvals are given, money is disbursed from the Fund to the different Heads of Expenditure, which includes disbursements to Municipal Corporations).

3.11.3 The Heritage and Stabilisation Fund: Saving for Rainy Days and for the Future Generations

Some petroleum revenues are deposited into the Heritage and Stabilisation Fund (HSF) to provide a cushion for the Government in the event that there is a significant decrease in energy revenues (caused by a fall in oil prices and or production). It also provides savings for future generations.
Petroleum revenues are placed in the HSF in each quarter of the financial year ***IF*** the revenues for that quarter exceed budgeted revenues by more than 10%. Because of the low energy price environment over the past 5 years, there were no deposits into the fund since the year 2013. The total net asset value of the Fund as at the end of December 2017 was US$5,888.6 million and US$5,965.8 million at the end of September 2018.
Importantly, the Heritage and Stabilisation Fund Act (Act No. 6 of 2007) specifies strict rules that define how funds are to be deposited into and withdrawn from the HSF. For more on these rules see: https://www.finance.gov.tt/the-heritage-and-stabilisation-fund-act-no-6-of-2007/.

The HSF is overseen by a Board and is audited by the Auditor General to prevent any financial mismanagement. The Fund was audited in 2017 and 2018 and the reports were laid in Parliament in January 2019.

HSF Deposits and Withdrawals

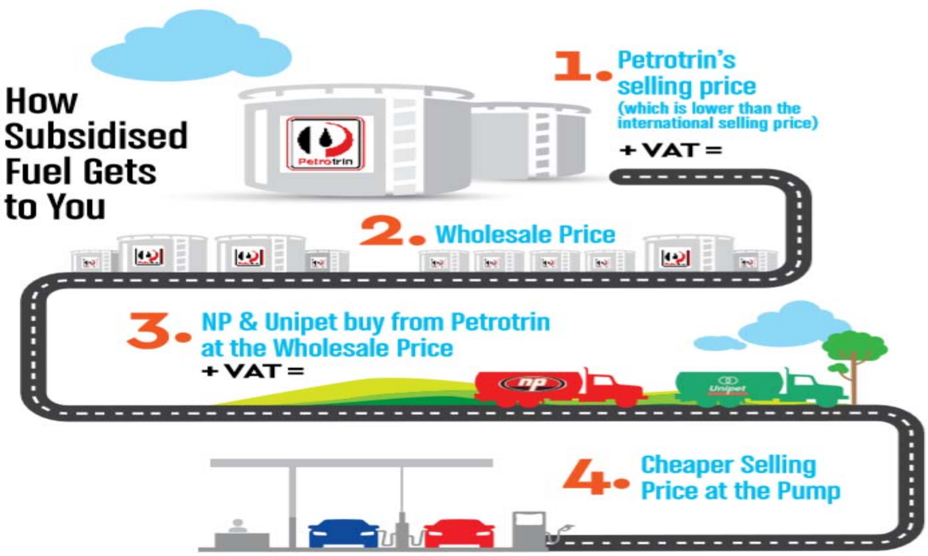
	Oil Price (US$)[2]	Deposits (US$)[1]	Withdrawals (US$)[1]
2010	79.48	477,344,263	-
2011	94.88	451,400,519	-
2012	94.05	207,550,846	-
2013	97.98	42,414,251	-
2014	93.17	-	-
2015	48.66	-	-
2016	43.29	-	-
2017	50.8	-	375,050,860
2018	66.34	-	252,548,048

Source: MOF, HSF Quarterly Investment Report (July-Sep 2018) [1], US EIA[2]

3.11.4 Fuel Subsidies: Paying Less at the Pump

The Petroleum Fuel Subsidy was introduced in 1974 as a means of directly sharing oil and gas revenues with citizens and to cushion consumers from high fuel prices. It effectively allows vehicle owners to obtain fuel at prices that are below the current market prices. Both the Government and E&P companies share the burden of the fuel subsidy by paying Paria Fuel the difference between the actual selling price and the lower subsidised price.

How Subsidised Fuel Gets to You



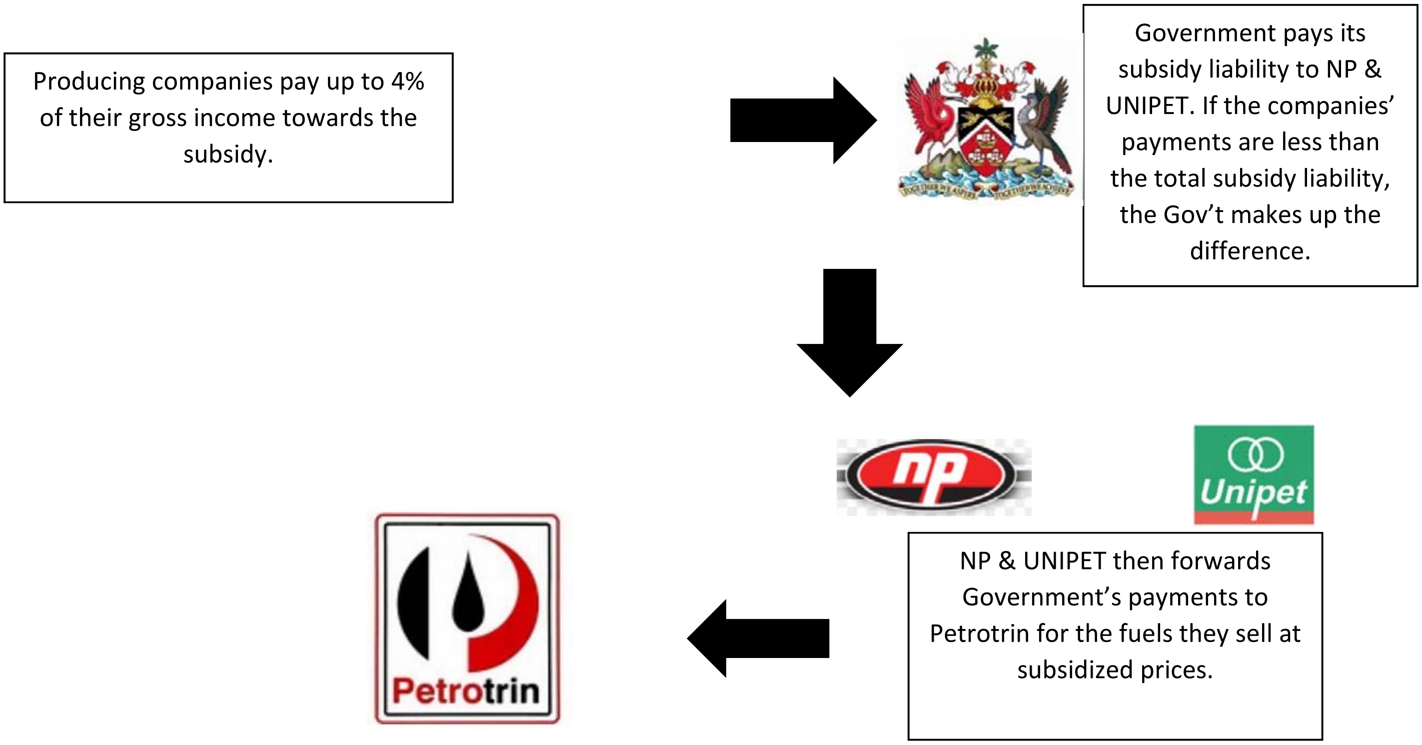
In the past, the cost of supplying heavily subsidised motor fuels to citizens when energy prices were high was significant for the Government. Government's subsidy liability has been as high as TT$3.8 billion in 2013(Ministry of Energy and Energy Industries). In September 2016 (end of Fiscal Year 2016), the Government was able to clear off all of its outstanding Government subsidy liabilities as at the end of August 2016, because of low energy prices and the increases in the price of gas since 2015. The Government's subsidy liability was TT$ 739 million at the end of fiscal year 2018.

Subsidy Claims, Levy Payments and Gov't Liability

Fiscal Year	Subsidy Claim (TT$)	Levy Payments (TT$)	Gov't Liability (TT$)
2017	809,025,070.60	280,459,975.76	528,565,094.84
2018	1,061,164,546.77	322,053,266.06	739,111,280.71
2019 YTD Mar	238,612,728.34	132,653,976.44	105,958,751.90

Source: MEEI

The Subsidy Is Paid By the Government & by E&P Companies



3.12 Social and Economic Spending

Knowing the importance of a country's oil, gas and mining sectors helps citizens to assess whether the sector is resulting in desirable social and economic outcomes.

- EITI International

The extractive sectors contribute significantly to the social and economic development of T&T. It fuels economic growth, employment, generates needed foreign exchange for the country and it provides money for the Government to pay for public goods and social services.

The Extractive Sector's Contribution to the Economy

	2015	2016	2017
Oil & Gas contribution to Gov't revenue.	38 % of total Gov't Revenue or TT$ 19.8 bil	20% of total Gov't Revenue or TT$ 8.3 bil	26% of total gov't revenue or TT $9.1 bil
Oil & Gas contribution to economic growth (Energy GDP)	24% of total GDP or TT$ 38.3 bil	20% of total GDP or TT$ 28.4 bil	22% of total GDP or TT$ 34 bil
Oil & Gas export earnings	77% of total export earnings or US$8.8 bil	78% of total export earnings or US$ 6.4 bil	77% of total export earning or US$ 7.6 bil
Mining Sector Revenues	4.1 million	5.2 million	7.9 million
Oil & Gas contribution to total employment	3.3% 20,500	3% 18,400	2.4% (Jan-Jun 17) 14,600
Heritage and Stabilisation Fund Value (Petroleum Savings)	US$5.7billion	US$ 5.6 billion	US$5,888.6 million
SOE investment in Corporate Social Responsibility	TT$ 130 million (NGC & Petrotrin)	TT$ 30.4 million (NGC & Petrotrin)	TT$10.6 million NGC

Source: Central Bank of Trinidad and Tobago, Draft Annual Economic Survey 2017, Ministry of Finance, Draft Estimates & Review of the Economy, Various Years.

Note:* CSR spending is not mandated by any of T&T's oil, gas and mining laws.

3.13 Legal Framework, Contracts and Licences

The EITI seeks to promote greater public awareness about the legal and regulatory frameworks that apply to the extractive industries. These laws and regulations establish the institutional responsibilities of the State in managing the sectors, establish rules on licence allocation and contracts, and establish detailed requirements for extractive companies.

- EITI International

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Roles and Responsibilities of Key Ministries and State Agencies

Ministry of Energy and Energy Industries (MEEI): responsible for monitoring, controlling and regulating the oil, gas and minerals sectors in Trinidad and Tobago. Activities: Formulate and implement industry legislation, award licences to explore and produce, collect petroleum revenues owed to the State (with the Minister of Finance), analyse and disseminate local & international petroleum data, etc.

Ministry of Finance- Inland Revenue Division (MOF/IRD) is the main tax collecting agency in T&T. Extractive Companies make a host of payments to the BIR including the Petroleum Profits Tax (PPT), Supplemental Petroleum Tax (SPT) & Corporation Tax (paid by petrochemical companies). Activities: Taxpayer Services/Collections, Audit/Compliance, etc.

Ministry of Finance- Investment Division: this division conducts management/performance audits of State Owned Enterprises (SOE) (e.g. Petrotrin & NGC) to ensure accountability and to ensure that they operate efficiently. Activities: monitor company adherence to performance criteria for State Enterprises and conduct audits of State Enterprises, etc.

The Environmental Management Authority (EMA) issues to extractive companies certificates of environmental clearance to drill (only if the projects will not cause significant damage to the environment), monitor company compliance with environmental standards, etc.

3.13.1 The Fiscal Regime: Understanding Extractive Sector Taxes, Royalties and Incentives

3.13.1.1 Oil and Gas

The oil and gas fiscal regime is a package of payments (e.g. taxes & royalties) and incentives administered by the Government to upstream oil and gas companies. From the fiscal regime, a company knows what taxes and royalties are due to the Government and the allowances and tax concessions it can benefit from. These payments and incentives are specified in the various laws governing the petroleum industry. While the taxes are fixed by law, companies can agree with the Government how they wish to split profits, among other things. These terms are documented in Production Sharing Contracts (PSCs) and Exploration and Production (E&P) Licences, which are signed by both parties.[7]

The MEEI Audit Unit is responsible for monitoring PSCs to ensure that companies meet their contractual obligations and to ensure that the Government maximises its returns. Apart from the Audit Unit, the Contract Management Division of the Ministry is responsible for ensuring that companies meet their contractual technical obligations and the Commercial Evaluation Division is responsible for ensuring that the companies meet their contractual financial obligations.

See further section 4.4.2.1 for a status of outstanding costs and expenditure audits.

[7] An example or model of a Deepwater Production Sharing Contract can accessed at: http://www.energy.gov.tt/wp-content/uploads/2013/11/Deep_Water_Depth_PSC.pdf

Contract Transparency: Do we receive the best return from our resources?

After companies produce and sell T&T's natural resources, what percentage of their total revenue generated is retained locally?

This question cannot be answered without access to information in confidential Production Sharing Contracts and E&P Licences. The terms agreed to in these contracts currently are kept confidential by virtue of Section 35 of the Petroleum Act, Chap. 62:01 and Section 31 (1) of the Freedom of Information Act, Chap. 22:02.

Nevertheless, public disclosure of contracts will allow for deeper civil society engagement in the management of the country's shared resources. The conversation on this matter has begun and will require further dialogue among civil society, companies and the Government. Contract transparency is becoming the global norm and there are already open online databases such as ResourceContracts.org and OpenOil repository that have collected more than 900 contracts and associated documents.

https://eiti.org/document/eiti-brief-contract-transparency-in-eiti-countries

Taxes paid by oil and gas companies

The main taxes paid to the Government by exploration and production companies are the Supplemental Petroleum Tax (SPT), the Petroleum Profits Tax (PPT), the Unemployment Levy, the Petroleum Production Levy, Petroleum Impost, Green Fund Levy and where applicable Withholding Tax on branch profits. Petrochemical companies and the non E&P activities of NGC are taxed under the Corporation Tax Act. The Government also obtains tax revenue from Lease Operatorships and Farm Outs (LOFOs) companies.

The PPT is a tax charged on the taxable profits that upstream companies make, while the SPT is charged on the gross income from the sale of crude oil and condensate. Corporation Taxes are paid on the profits of petrochemical companies and NGC.

Summary of Payments from Extractive Oil and Gas Exploration and Production Companies

Payments made to the Ministry of Finance (Inland Revenue Division)	
	DESCRIPTION
Petroleum Profits Tax (PPT)	A tax charged at the rate of 50% on the taxable profits of companies engaged in exploring for and producing hydrocarbons (Crude oil, condensate and gas)
Supplemental Petroleum Tax (SPT)	A tax levied on an oil/gas producers' gross income from the sale of crude & condensate. The purpose is to capture a greater share of oil rents. i.e. when the price is higher, the Government gets a share.
Corporation Tax (CT)	A tax imposed on the taxable profits of petrochemical companies including NGC.

Unemployment Levy (UL)	A tax imposed at the rate of 5% on the taxable profits of oil and gas producers (only) and is intended to provide funds to assist in the Government's social programmes.
Green Fund Levy	A tax charged at the rate of .03% on the gross revenues of all companies. It is intended to finance environmental projects by eligible NGOs and other agencies.
Business Levy	This is a tax paid on the gross sales or receipts of a Company. The rate of Business Levy is .6% of the gross sales/receipt for each quarter of the year where the levy exceeds the corporation tax liability. Exemption is available for certain companies, including petroleum companies and companies whose annual turnover is less than TTD 360,000. The levy is a non-deductible expense for corporation tax purposes. This is applicable whether companies are making taxable profits or not as it serves to ensure that there is a minimum contribution to the overall tax collections / net.
Withholding Tax on Dividends	This tax is withheld and remitted to Government on dividends paid to foreign shareholders (individuals and companies). It is deducted and remitted to Government and the net dividend paid to the foreign shareholder. The tax rate is between 5-15% of the gross dividend. The actual rate will depend on the percentage shareholding and the country to which it is paid. Different rates apply to different countries.
Withholding Tax on deemed branch remittance	Non-resident companies generally operate as branches in T&T. They are required to pay withholding tax on the net after tax profits regardless of whether the profits are remitted to head office or not. The rate applicable is between 5-15% depending on the country.
Insurance Premium Tax	Oil and gas companies are engaged in high-risk operations and therefore pay insurance premiums to protect their assets, infrastructure and employees. This tax is paid at the rate of 6% on the insurance premium that they pay annually.
Interest	Companies that do not make payments by their due date are required to pay interest at the rate of 20% per annum.
Penalties	The non-remittance of certain taxes by the due date will result in the imposition of a penalty, together with the interest charges. The rate of penalty is 25% of the tax due and the interest at the rate of 20%, is computed on the principal tax and the penalty (compounded sum). Examples of taxes where a penalty is imposed are PAYE, withholding tax on dividends, withholding tax on branch profits and insurance premium tax.
Payments to the Ministry of Energy and Energy Industries	
	DESCRIPTION
Royalty	A payment made by petroleum companies in exchange for the right to explore and produce from T&T's oil and gas acreage.

Minimum Rent – Exploration & Production	In addition to royalties, exploration and production companies are required to pay a minimum rent for the acreage granted.
Annual Licence Acreage Payments	This acts like a rental payment to explore, drill and produce from T&T's acreage. Although companies pay this, they do not own the acreage they occupy nor do they own the hydrocarbons produced.
Petroleum Production Levy	Exploration and Production companies pay this levy on the crude oil produced as their contribution towards the Petroleum Fuels Subsidy.
Petroleum Impost	A tax imposed to defray the administrative costs of the MEEI.
Production Sharing Contract (PSC) Share of Profit	The Government and an oil/gas company agree to split the profits that the company makes in a contract referred to as a Production Sharing Contract. This payment is made only after the company deducts its permitted costs.
PSC Signature Bonus	This is the amount that a petroleum company pays the Government upon the award of a licence for acreage or production sharing contract.
PSC Bidding Fees	When the Government offers Blocks to companies during a Competitive Bid Round), they must pay this standard fee in order to submit a bid.
Transfer Fees or stamp duty	This fee is paid by companies that buy a Block (or a share of a Block) that was owned by another company or assigned to another operator.
Abandonment Provisions	Companies make this payment to a special account referred to as an escrow account. These funds are used in the event of possible pollution and the eventual abandonment of the platform.
Training Fees	Companies pay this fee to assist nationals in getting training in fields of study associated with the energy sector. Typically, the contribution goes to the University of Trinidad and Tobago or the University of the West Indies (or an institution decided on by the Minister of Energy and Energy Industries)
R&D Fees	These payments are used to fund research and development projects in Universities throughout T&T.
Production Bonus	Companies that produce in excess of a certain threshold must make this payment having surpassed the production target. This is agreed to in both the Exploration and Production licences and the Production Sharing Contract.
Technical Assistance	These payments finance equipment (e.g. printers, scanners, telephones, etc.) for the Ministry of Energy and Energy Industries.
Scholarships	This payment is intended to finance the award of scholarships for training nationals of Trinidad and Tobago in fields of study associated with the energy industry.
PSC Holding Fees	Companies make this payment when they do not develop the hydrocarbons (i.e. oil/gas) that they would have found.

Payments to Ministry of Finance (Investment Division)	
	DESCRIPTION
Dividends paid by NGC	NGC makes these payments to the Government from its profits and retained earnings.

Incentives offered to Oil & Gas Exploration and Production (E&P) Companies

While companies make these payments, allowances and incentives are prescribed in the legislation such as accelerated capital allowances, Investment Tax Credits and Sustainability Incentives. Accelerated capital allowances are available for the exhaustion of plant and machinery used in the producing of hydrocarbons and investment tax credits and sustainability incentives allow for further investments to be made depending on the age, maturity, lifecycle of the field/reservoir. These incentives ease the tax burden on the companies and thereby encourage exploration and boost production. The Natural Gas Master Plan prepared by Poten & Partners in 2015 proposes several ways to incentivise companies to explore and produce. See http://bit.ly/ttgasmasterplan.

Changes to the Oil & Gas Legislation & Fiscal Regime

In January 2018 the Petroleum (Amendment) Regulations were amended to require all companies with E&P Licences and PSCs to now pay a royalty rate of 12.5% based on their production. Prior to this, the fiscal regime was amended over the past six years to attract investment and stimulate production.

Also, under the current PSCs, Trinidad and Tobago has not been receiving the benefit of LNG Sales under netback pricing arrangements due to transfer pricing practices relating to terminal, shipping and regasification costs. As a result, this has negatively affected the share of profit under the PSC for the Minister of Energy and Energy Industries. In order to reverse this negative affect, the Government made changes to the Model PSC for the 2018 Shallow Water Bid Round. The amended provisions are intended to curtail revenue leakage and resolve other challenges encountered by Government with regard to existing PSC arrangements.

3.13.1.2 Mining Sector

The mining sector in T&T is regulated by the Minerals Law Act 2000, the Asphalt Industry Regulation Act, the Mining Compensation Act, the Geological Survey Act and the Minerals (General) Regulations 2015. These laws can be accessed on the Ministry of Energy and Energy Industries' official website.

The last change to the country's mineral laws occurred in 2015 when the Minerals (General) Regulations 2015 was tabled in Parliament. In the same year, the Government also finalised a national mining policy, referred to as the White Paper on National Minerals Policy 2015.

Mining Sector Fiscal Regime

The fiscal regime for the mineral sector refers to the taxes and other payments mining companies are required to pay to the Government.

The mining sector fiscal regime is specified in the Minerals (General) Regulations. Mining companies are required to pay mainly royalties, fees for Competitive Bid Rounds, annual licence fees, licence renewal fees, rehabilitation bonds and performance bonds to the Government. The introduction of this Act in 2015 effectively increased the rates on all of these payments. The Government stands to collect more royalties under the new royalty rates but this depends on the effectiveness of the MEEI's efforts to collect the royalties owed.

Summary of Key Payments Required by Mining Companies

Payment	Description
Royalty	A payment made for the right to mine on State or private lands.
Fees for Competitive Bid Rounds	This is one-time payment paid by all operators submitting a bid to explore for minerals and quarry as part of a Competitive Bid Round.
Annual Licence Fees	Operators who own licences to explore, mine and process minerals pay this annually.
Licence renewal fee	Paid by operators seeking to renew their licences
Rehabilitation Bond	Used as security to properly restore quarried lands to their previous condition or to improve on the previous condition of the quarried lands.
Performance Bond	This money is held as security for the non-payment of royalties and other dues arising out of any breach of the terms and conditions of the licence.

Regulating and Monitoring the Mining Sector

The Minerals Act 2000 seeks to ensure that the mining sector is regulated through the enforcement of several guidelines linked to exploration, mining and processing licences, illegal mining, quarry rehabilitation and environmental protection.

On paper, these are critical additions, but mechanisms need to be put in place to ensure that they are enforced if citizens are to reap the full rewards of the sector, especially given the sector's challenges.

The issue of unlicensed operators is a longstanding one. Although some unlicensed companies pay royalties, there is no obligation for these companies to contribute to the national purse. Additionally, several environmental problems arise through unlicensed operations, given that they fall outside of the environmental regulatory system.

3.13.2 Compliance with Environmental Laws and Regulations in the Extractive Sector

The Environmental Legal Framework

The National Environmental Policy (NEP) provides a framework for environmental management in Trinidad and Tobago. The first NEP was approved by Parliament in 1998 and the second in 2006.The third iteration of the NEP was revised and approved by Parliament in 2018 and can be accessed on the EMA website. [8] The NEP emphasizes that although energy is necessary for economic growth and development, T&T's overdependence on scarce oil and gas resources can present several challenges. These challenges are not limited to environmental impacts but also include economic impacts (e.g. reduced energy security) and human health impacts such as illnesses due to the exposure to pollutants. In addition, the extraction of minerals can oftentimes result in habitat loss, pollution, damage to landscapes and irreversible damage to the environment.

A major air pollutant generated by the energy sector is Carbon Dioxide (CO2—a greenhouse gas/ GHG). Given that T&T does not have a greenhouse gas emissions inventory, Bios models are used to project emissions levels. Projected CO2 emissions vary depending on different scenarios (e.g. High economic versus low economic activity scenarios or scenarios based on high/ low country implementation of emissions reductions practices).

Based on this model, the industrial, power generation and transportation sectors are the largest emitting sectors in T&T, and accounted for 34 million tonnes of CO2 equivalent 2013. The Ministry of Planning is currently updating data on greenhouse gas emissions for the T&T's Third National Communication on Climate Change. However, this data will still not be current as it will only cover the year 2014. T&T's Third National Communication on Climate Change should be available by the end of 2019.

The Government has declared its commitment to minimise these negative impacts by:

a) Enforcing rehabilitation programmes at mining sites;
b) Regulating mining activities in environmentally sensitive areas
c) Discouraging wastage of mineral resources such as oil and gas;
d) Establishing and enforcing pollution reduction and control for extractive industries and
e) Offsetting carbon dioxide production by developing forest and wetland eco-systems to sequester the CO2.

[8] https://www.ema.co.tt/images/Files/NEP/NEP2018.pdf

Regulating the Oil, Gas and Mining Sectors

In T&T, the Environmental Management Authority (EMA) regulates the activities of the oil, gas and mining sectors and isguided largely by the Environmental Management Act 2000, the Certificate of Environmental Clearance (CEC) Rules and the CEC (Designated Activities) Order. These laws require extractive companies to adhere to certain provisions or rules to minimize the loss of life, threats to livelihood as well as to reduce land, sea and air pollution.

For example, all companies wishing to drill for oil or gas, build gas-processing facilities, construct pipelines or engage in quarrying must obtain a CEC from the EMA. If a project poses significant potential environmental and human health impacts, an Environmental Impact Assessment (EIA) must be done before a CEC is granted.

All data associated with the EMA's Rules and CEC process is already in the public domain. This information is readily available in the Public Register at the EMA's Head Office Library in Port-of-Spain. A full listing of all CECs issued to date is accessible at the EMA's website.[9]

Gaps in Environmental Regulation

Discussions between the TTEITI Secretariat and EMA officials in 2017 revealed that although environmental legislation exists in T&T, the EMA faces challenges in monitoring adherence to these regulations. The large volume of CECs awarded and Environmental Impact Assessments completed hint at the challenge faced by the EMA to ensure that they are all in compliance. Consider that approximately 5,312 CECs were issued since the year 2000 and some 117 EIAs were completed in the oil/gas sector and 6 in the mining sector.

Additionally, at the time of TTEITI Secretariat's meeting, the EMA also had yet to issue any air pollution permits which companies are mandated to obtain (if their emissions exceed the standards established by the EMA).

Further, the 2006 NEP requires Government, through the EMA, "to draw up a list of hazardous wastes, establish requirements for their handling and disposal, establish standards and design criteria for hazardous waste for handling and disposal facilities, and enforce these requirements through licensing and permitting requirements." This list has yet to be prepared by the EMA and no permit system exists for the control of hazardous wastes.

Additionally, the NEP highlights the need for greater public participation in environmental impact assessments, environmental monitoring and enforcement. Therefore, a national programme for achieving sustainability must involve all interest groups and seek to anticipate environmental problems.

In this regard, the TTEITI Steering Committee civil society constituency is of the view that Government should establish a National Council for Sustainable Development (NCSD) in keeping with commitments under United Nation's Agenda 21. The NCSD will legitimize the role of civil society as a partner with Government to move the agenda into action. This Council will provide a forum for Government, business and the environmental movement to have ongoing oversight with advisory functions. This forum will help build confidence in industry by the discussion of objectives, processes and practices

[9] http://www.ema.co.tt/natReg/index.php.

and the open disclosure of the results of monitoring. It will be adaptive, continually re-directing its course in response to experience and to new needs.

Unfortunately, the NCSD is yet to be formed. The TTEITI Steering Committee civil society constituency has advocated that Government take immediate steps to establish the NCSD.

The TTEITI's Push for Environmental Reporting in the Extractive Sector

Based on recommendations made by the Civil Society members on the TTEITI Steering Committee, the Committee sought feedback from stakeholders on the inclusion of a proposed environmental reporting template as part of the EITI reporting process.

Some of the elements of the reporting template proposed include:

- ✓ Evidence of receipt of Town & Country Planning Approvals,
- ✓ Compliance with the Environmental Management Authority's Air Pollution Rules and Water Pollution Rules
- ✓ The inclusion of the Certificate of Environmental Clearance (CEC) process
- ✓ Disclosure of the sector's 'Carbon Foot Print' (GHG emissions) and disclosure of the amount of water and electricity consumed by the extractive sector
- ✓ Major environmental 'incidents' such as oil spills.

The TTEITI Secretariat reviewed the template and shared it with reporting companies, state agencies and related stakeholders existing within the environmental landscape in T&T for feedback. The TTEITI Steering Committee is still assessing how environmental reporting can be included in EITI implementation.

Currently, the TTEITI Environmental Sub-committee and civil society constituency, with funding from the European Union, has commenced a three-year project to train twenty-two civil society organizations that are directly or indirectly impacted by the extractive sector to increase their governance capacity and their understanding of the importance of environmental transparency.

Summary of oil spills

2016	51 spills	(38 land; 13 marine)
2017	104 spills	(51 land, 52 marine, 1 land & marine)
2018	100 spills	(58 land, 41 marine, 1 land and marine)

Source: MEEI

Beneficial Ownership

A beneficial owner refers to a natural person (i.e. a human being) who directly or indirectly, a) exercises substantial control over, b) has a substantial economic interest in, or c) receives substantial economic benefit from a company. Sometimes, these persons/beneficial owners are 'politically exposed' in that, they are entrusted with a prominent public function. Politically exposed persons include foreign and local political figures and their immediate family members and close associates.

Beneficial ownership disclosure is important because it reduces illegal activities (e.g. tax evasion and money laundering) which have negative implications on a country's potential revenue streams. The blacklisting of T&T as a tax haven by the EU in 2017 and scandals revealed by the Panama Papers and the Paradise Papers further emphasise the need for these disclosures.

See further section 5.8.

Legal Provisions and Actual Beneficial Ownership Disclosure Practices in T&T

Several laws in T&T address beneficial ownership disclosure. However, findings from the TTEITI's Beneficial Ownership Study state that these laws should be amended to allow for disclosure of BO information to the public, to require PEPs to be disclosed and to obligate foreign companies to keep a register of their beneficial owners.

Specifically, the Companies Act Chapter 81:01, the Freedom of Information Act Chapter 22:02, the Integrity in Public Life Act Chapter 22:01 and the Securities Act 2012 Chapter 83:02 should be amended.

The Companies Act (Amendment) 2018 that was laid in Parliament on December 6 2018 will serve as the country's National Beneficial Ownership Bill. Once it becomes law, all companies will be required to disclose their beneficial owners in a National Beneficial Ownership register. *Companies will also be required to verify its ownership information and it puts obligations on the Directors and allows for the identification of secret ownership through trusts.*

3.14 State Participation in the Extractive Sector

The Financial Relationship between the Government and SOEs

Government/State owned oil, gas and mining companies must be held to standards of accountability and transparency. The EITI requires implementing countries to inform the public on the various rules and practices regarding the financial relationship between the Government and state-owned enterprises. This includes the rules and practices governing how funds are to be transferred between the SOE and the State, how retained earnings and reinvestments are to be handled as well as rules on third party financing.

The State Enterprises Performance Monitoring Manual developed by the Ministry of Finance addresses all of these issues. It also contains rules governing inter-agency debt, the publishing of financial statements and procurement. [10]

[10] The manual may be viewed or downloaded at https://www.finance.gov.tt/wp-content/uploads/2013/11/State-Enterprise-Performance-Monitoring-Manual-2011.pdf

At a presentation in January 2017, the MOF summarised the main methods used to monitor performance of SOEs.

Document	Submission Date	Receiving Agency
Strategic Plan*	Six (6) months Prior to start of Financial Year for companies receiving subventions and one (1) month for others	Investments Division and Line Ministry
Annual Budget	Six (6) months prior to start of Financial Year	Investments Division and Line Ministry
Board Minutes	One (1) week after confirmation	Investments Division and Line Ministry
Cash Statements of Operations	Within three (3) weeks after month's end	Investments Division
Quarterly Reports	End of First Month after Quarter	Investments Division
Status of Loan and Overdraft Portfolio	One (1) week after the end of the reporting Month	Investments Division
Annual Financial Statements	Four (4) months after end of Financial Year	Investments Division and Line Ministry

Table 2: The Financial Relationship between SOEs and the Government (Rules vs Practice)

Issue	Rule	Practice
	Section 3.1.19.1 of the SEPMM highlights the **different taxes and royalty payments** that SOEs are required to pay on a timely manner.	Tax and royalty payments are contractual arrangements between the MEEI and the extractive company. This therefore falls outside of the purview of the Investments Division of the MEEI. Section 3.12 of the Auditor General's Report 2017 explains that quarry operators in default of submitting arrears are not recorded or notified by the MEEI.
Transfer of funds between SOEs and the state	Section 3.1.17 of the SEPMM outlines a **dividend policy** whereby SOEs are also required to pay interim dividends based on semi-annual financial results. The Minister of Finance has to agree to the distributions of profit, which ought to be disclosed in the companies' financial statements. The manual also states specific considerations when determining the amount of dividends that a SOE is required to pay the State.	The Ministry of Finance is guided by the dividend policy to which the SOEs closely adhere.
	Section 3.1.18 of the SEPMM outlines the **policy on shares and transfers for State enterprises**. This includes the submission of original share certificates to the Ministry of Finance and Investment Division's maintenance of State Enterprises share register.	All State Enterprises closely adhere to this policy and the Ministry of Finance continuously updates its State Enterprises Share Register.
	The dividends policy in Section 3.1.17 of the SEPMM states that SOEs with **retained earnings in excess of working capital** requirements may be required to pay Special Dividends.	The retained earnings are recorded in the SOEs' Quarterly Returns Report.

	Section 4.2.2 of the SEPMM states that **retained earnings** are to be **disclosed in quarterly reports** submitted to the Investments Division in the Ministry of Finance. Also, refer to Appendix I of the SEPMM.	All SOEs submit Quarterly Returns Reports to the Investments division of the Ministry of Finance.
Retained earnings	Section 3.1.17 of the SEPMM states that SOEs with **retained earnings in excess of working capital** requirements may be required to pay Special Dividends. This has implications on the amount of money that can be reinvested.	The retained earnings are recorded in the SOEs' Quarterly Returns Report.
Reinvestment	SOEs **must first receive approval** by the Minister of Finance before taking a decision to acquire significant assets, to invest in new non-government securities, to incur any new/additional long-term debt and to enter into significant contracts. Refer to Section 3.1.14 of the SEPMM.	All State Owned Enterprises adhere strictly to this Policy.
	State Enterprises are to **inform** the Ministry of Finance on matters related to **Inter-Agency Accounts Receivables and Payables that are unmanageable** as detailed in the required Quarterly Returns Report. Refer to Section 3.1.15 of the SEPMM.	All SOEs in addition to the submission of Quarterly Returns Report, also inform the Investments Division of unmanageable Accounts Receivables and Payables while seeking an intervention from both MOF and the respective Line Ministry
Third-party financing	The Minister of Finance must approve of any Government shares to be issued. Refer to Section 3.1.18 of the SEPMM.	All State Enterprises closely adhere to this policy and the Ministry of Finance continuously updates its State Enterprises Share Register.

Government Loan or Loan Guarantees offered to Oil, Gas and Mining Companies in Fiscal 2016-2017.

NAME OF STATE OWNED ENTERPRISE	GOVERNMENT OWNERSHIP PERCENTAGE (%)	GOVERNMENT GUARANTEED LOAN
Lake Asphalt of Trinidad and Tobago (1978) Limited (LATT)	100%	No Government Guaranteed Loans
National Quarries Company Limited (NQCL)	100%	No Government Guaranteed Loans
The National Gas Company of Trinidad and Tobago Limited and its Subsidiaries (NGC)	100%	No Government Guaranteed Loans
Trinidad and Tobago National Petroleum Marketing Company Ltd (NPMC)	100%	No Government Guaranteed Loans
Petroleum Company of Trinidad and Tobago Limited and its Subsidiaries (PETROTRIN)	100%	Seven facilities (three matured by July 2017).

3.14.1.1 State-owned Extractive Companies (SOEs) in T&T

SOEs which are major players in the extractive industries in Trinidad and Tobago in 2017 are summarised below (*oil and gas / ** minerals):-

1. National Gas Company of Trinidad and Tobago (NGC) and its subsidiaries*
2. Petroleum Company of Trinidad and Tobago (Petrotrin)*
3. National Quarries Company**
4. Lake Asphalt**

In addition, the Estate Management and Business Development Company Limited (EMBDCL) and Palo Seco Agricultural Enterprises Ltd (PSAEL) are owners of land used in the extractive sector and /or provide services to the sector, although they are not themselves active extractive companies.[11] These two companies are not included in the scope of TTEITI Report 2017.

1. The National Gas Company of Trinidad and Tobago (NGC)

The National Gas Company of Trinidad and Tobago Limited (NGC) Group is a diversified group with assets worth TT$ 43 billion[12] spread across the entire value chain. The core business of the parent, NGC, is the purchase, transmission compression, distribution and sales of natural gas.

NGC has always been the highest earning State owned enterprise. The NGC Group recorded a profit of TT$989.2 million in 2017, which represents a 37% increase from its 2016 profit of TT$721 million. The company has paid the Government roughly 20 billion in dividends between 2010 and 2017. For the NGC's financial performance see: https://ngc.co.tt/financial-performance/.

NGC has a number of subsidiary companies:

- **National Energy Corporation of Trinidad and Tobago Limited (National Energy**) is 100% owned by NGC and is involved in the conceptualisation, promotion, development and management of industrial estates and port and marine facilities;
- **Phoenix Park Gas Processors Limited (PPGPL)** is majority owned and engaged in natural gas processing and the aggregation fractionating and marketing of Natural Gas Liquids – Propane Butane and natural gasoline to the Caribbean and Latin America;
- **NGC CNG Company Limited (NGC CNG)** is mandated to develop the CNG market in T&T by promoting CNG and the installation of network of CNG stations as well as implementing Government incentives for the sector.
- **Trinidad and Tobago NGL Limited (TTNGL)** is a company incorporated to hold 39% of PPGPL and was listed on the Trinidad and Tobago Stock Exchange in 2015, to allow citizens to own a stake in the energy sector. In 2017, the NGC held an APO for the TTNGL shares, giving investors more opportunities to capitalise on.
- **NGC Pipeline Company Limited** owns finances, constructs, operates and maintains a 56-inch cross-island pipeline (CIP) from Beachfield on the south-east coast of Trinidad to Point Fortin on the south west coast of Trinidad.
- **NGC E&P (Barbados) Limited** provides certain material needs and services for its member (NGC E&P Netherlands Cooperatif U.A.)
- **NGC E&P Netherlands Cooperatif U.A. & NGC E&P (Netherlands) BV.** In 2013, NGC bought these companies from Total, which is a foreign registered company. These subsidiaries explore, develop and produce oil and gas in T&T.

All the NGC group companies are registered in Trinidad and Tobago, except for

- NGC E&P (Barbados) Limited (registered in Barbados)
- NGC E&P Netherlands Cooperatif U.A. (registered in Netherlands)
- NGC E&P (Netherlands) BV (registered in Netherlands)

[11] EMBDCL oversees the Coco Road and Windsor Park quarries located at the Esperanza Estate. PSAEL manages the estates and land assets belonging to PETROTRIN and its predecessor companies (TRINTOC and TRINTOPEC) for which there are existing Management Contracts.

[12] See https://ngc.co.tt/wp-content/uploads/2018/05/ngc-annual-report-2017_building-better-future-today.pdf

The NGC Group gives a full listing of its subsidiaries, the nature of their business and their percentage equity owned by the Government in its Annual Report 2017, which can be viewed at https://ngc.co.tt/wp-content/uploads/2018/05/ngc-annual-report-2017_building-better-future-today.pdf

2. The Trinidad Petroleum Holdings Limited

Despite its improvements in crude oil production, refinery throughput and bunkering, the Petroleum Company of Trinidad and Tobago (Petrotrin) continued to be challenged by serious management-created debts, manpower issues, refinery inefficiencies, aged infrastructure and frequent oil spills. In 2018, the Government ceased Petrotrin's operations and introduced a new structure and placed it under a new holding company- Trinidad Petroleum Holdings Limited (TPHL). TPHL's four subsidiaries are:

1. **Heritage Petroleum Company Ltd:** located in Santa Flora and Point Fortin, Heritage Petroleum has the responsibility for all E&P Assets, including E&P contracts, with revenue generated through crude sales and crude storage. The operations are primarily located within southern Trinidad and Tobago with non-operated assets off Trinidad's north and east coast. In addition, Heritage also holds multiple contracts and joint venture (JV) arrangements for offshore acreages ranging from 10% to 80% interest. In most of these joint ventures, JV partners pay for the activities involved in the involvement in the exploration phase.

List of Heritage Petroleum's Joint Ventures (April 2019)

	BLOCKS	HERITAGE EQUITY	JOINT VENTURE PARTNERS
	ONSHORE		
1	Moruga West	40.0%	Massy Energy Production Resources Ltd. (60%) [1] **New Licence in progress**
2	Central Block	35.0%	Shell Trinidad & Tobago Limited (65%) [2]
3	Parrylands 'E'	25% (CVORR)	New Horizon Exploration Trinidad & Tobago Unlimited (75%)
4	Rio Claro Block	20.0%	Lease Operators Limited (80%)
5	Ortoire Block	20.0%	Touchstone Exploration (Trinidad) Limited (80%) [3]
6	St. Mary's Block	20.0%	Range Resources Trinidad Limited (80%)
	OFFSHORE		
7	Brighton Marine	45% (CVORR)	Oilbelt Services Limited (55%)
8	Point Ligoure, Guapo Bay Brighton Marine (PGB)	30.0%	Oilbelt Services Limited (70%)
9	Pelican	16.0%	EOG Resources Trinidad Limited (80%) The National Gas Company of Trinidad and Tobago Limited (NGC) (4%)
10	SECC	16.0%	EOG Resources Trinidad Limited (80%) NGC (4%)

11	NCMA-1 / Block 9 Unitised Area	19.5%	Shell Trinidad & Tobago Limited (63.1925%) [4] ENI Trinidad & Tobago Limited (17.3075%)
12	TSP	15.0%	Perenco T&T Limited (70%) [5] NGC (15%)
13	Block 3A	20.13%	BHP Billiton (Trinidad 3-A) Ltd (34.23%) Chaoyang Petroleum (Trinidad) Block 3A Limited (34.23%) NGC E&P (Netherlands) B.V. (11.41%)
14	Block 22	10.0%	BG International Limited (90%)
15	Galeota	35% (Dev. Area - CVORR)	Trinity Exploration and Production (Galeota) Limited (65%)
16	NCMA 4	20.0%	BG International Limited (80%)
17	East Brighton	30%	Primera Oil and Gas Limited (70%)
	SUBSIDIARY		
	Trintomar	80%	NGC (20%)

[1] formerly Neal and Massy Energy Resources Limited

[2] formerly BG Trinidad Central Block Limited

[3] formerly Primera Oil and Gas Limited

[4] formerly BG Trinidad Central Block Limited

[5] formerly Repsol E&P T&T Limited

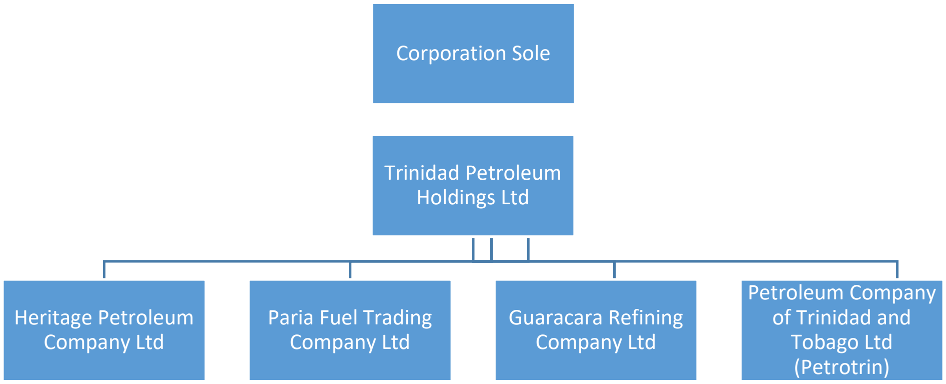
CVORR - Converted to Overriding Royalty (ORR) Arrangement

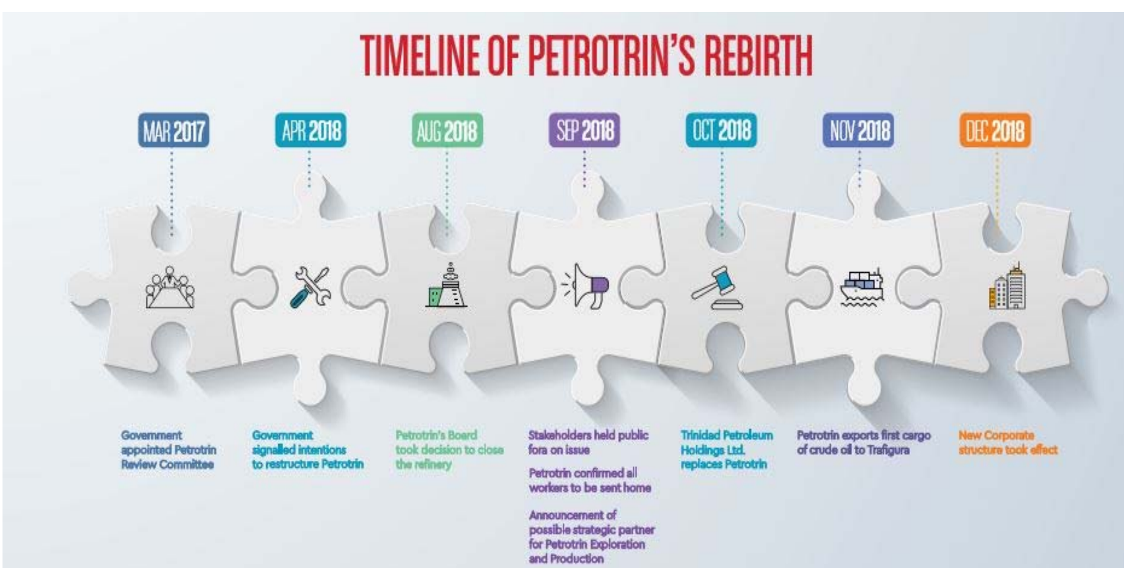
2. **Paria Fuel Trading Company Ltd:** The terminalling (fuel trading and product supply) activities are being undertaken by Paria Fuel Trading Company Ltd (Paria Fuel). Paria Fuel is responsible for trading and product supply, logistics, terminalling and handling of the exports of Heritage Petroleum. The five fuels imported are Gasoline 95R, Gasoline 92R, Jet, Gasoil and Fuel Oil.

3. **Guaracara Refining Company Ltd**: is responsible for preservation of the refinery assets, in addition to providing utility services (i.e. water - domestic and hydrant, electricity and nitrogen) to Paria Fuel and Petrotrin.

4. **Petrotrin:** Petrotrin is now responsible for all legacy items that have not been transferred to one of the new operating entities, including ongoing preservation/ maintenance works, properties, lands, prioritisation of payables, legal liabilities (the validation of which is in progress) and it will continue to support the pension plan going forward. All assets owned by the ‘old’ Petrotrin are still owned by the State-owned oil company (Trinidad Petroleum Holdings Ltd). The Government received over 70 proposals for the sale/lease of the refinery but only 25 met the requirements. A 10-member evaluation Committee led by the Permanent Secretary in the Ministry of Finance (Vishnu Dhanpaul will evaluate the 25 bids.

Chart: What the new Petrotrin looks like….





3. National Quarries Company Limited (NQCL)

National Quarries Company Limited (NQCL) is a fully state-owned enterprise that was incorporated in 1979 to ensure that the country's construction sector and Government's major development projects are adequately supplied with aggregate at a fair price. The company operates quarries, mines and sand pits, and also manufactures, imports and exports aggregate products.

4. Lake Asphalt of Trinidad and Tobago (1978) Limited

Lake Asphalt of Trinidad and Tobago (1978) Limited (or Lake Asphalt) is a state-owned enterprise situated in Brighton, La Brea with the responsibility of overseeing the commercial development of the world's largest deposit of natural asphalt. The company undertakes mining, refining, manufacturing and distribution of road building products and other asphalt related products. In addition to exporting asphalt, the company sells its refinery bitumen locally and internationally.

Commodity Trading Disclosure for T&T SOEs

For many years, there have been complaints that energy commodity trading companies operate under a veil of secrecy. These companies purchase barrels of oil, LNG cargoes and minerals from one country and sell them to its customers, sometimes, at a significant mark up, without accounting for the value or volume of the first trade.

In 2014, The Trafigura Group, one of the world's leading energy commodity trading companies, started publicly disclosing what it paid to SOEs such as Petrotrin and NGC for their cargoes. The company now reports the actual value and volume of products purchased from energy SOEs in all EITI member-countries in which it operates, including Trinidad and Tobago.

Table 1 – Value and Volume of Refined Products and Gas Commodity Trades

Year	Company	Product Type	Volume (thousand tonnes)	Volume (thousand barrels)	Volume (MMBtu)	Value (USD)
2014	Petrotrin	Refined	154.62	1,000.25	-	80,790,676.98
2014	NGC	Gas		1,643.43	9,531,881.00	105,594,826.78
2015	Petrotrin	Refined	571.07	4,381.83	-	277,672,794.92
2015	NGC	Gas		1,174.92	6,814,558.00	42,993,109.17
2016	Petrotrin	Refined	1425.94	10,586.01	-	506,148,765.69
2016	NGC	-	-	-	-	-
2017	Petrotrin	Refined	1965.78	13,905.16	-	758,650,634,46

Source: Trafigura Responsibility Report, Various Years

4 DETERMINATION OF SCOPE AND RECONCILIATION METHODOLOGY

4.1 Introduction

BDO Trinity Ltd ("the Independent Administrator") with Hart Nurse Ltd were required to undertake the work set out in the Terms of Reference for the Engagement. This includes undertaking a reconciliation of specified flows to government from companies in the extractive sector, as described further in this section.

The reconciliation has been carried out on a cash accounting basis.

The TTEITI Steering Committee defined the flows to be included in the reconciliation and the entities which should report after carrying out a scoping study. The Steering Committee's materiality decision is included at Appendix 8.3.

If there are material payments or receipts omitted from the reporting templates by a government entity and a company, our work would not have been sufficient to detect them. Any such receipts or payments would not therefore be included in our report. If either the government entity or the company reported, then it would be sufficient for us to obtain the missing information and include it in the report. Otherwise, any such receipts or payments which were omitted would not therefore be included in our report.

In conducting our work, we have relied upon the completed reporting templates and information and explanations obtained from reporting entities. No verification is made as to the accuracy or completeness of such information.

Our report incorporates payments and revenues information received up to September 30, 2019. Any information received after this date might not, therefore, have been included in the report. Confirmations received after this date not affecting data or reconciliations have been included as appropriate.

4.2 Determination of scope – oil and gas

4.2.1 Introduction

The TTEITI Steering Committee reviewed the flows arising in the oil and gas sector and is able to draw on knowledge from its members and from producing five EITI reports previously covering the oil and gas sector.

TTEITI organises outreach activities throughout each year, involving companies in the extractive sector and encouraging wider participation; and following on from these, companies were invited to sign the MOU governing the production of the EITI reports over a two year period.

The Steering Committee approved data collection templates via its TSC meeting on 16th November 2018 and the Secretariat then issued templates to companies and government entities participating in the 2016-17 reconciliation for completion. The flows to be reported were agreed by the Steering Committee to be the same as those included in the 2015-16 reconciliation.

The Technical sub-committee of the TTEITI Steering Committee reviewed the flows and companies and agreed a recommendation on the materiality threshold at a meeting on 21st February 2019; and the full Steering Committee reviewed the resulting proposals and approved the materiality threshold on 16th May 2019. The paper considered by the Steering Committee at this meeting is included as Appendix 8.3.

Further adjustments were made to the MEEI submission during the reconciliation process and the materiality threshold was re-visited again by the Steering Committee at its meeting on 9th July 2019, at which it was confirmed that there was no need to make a change. See further section 4.2.4 below.

4.2.2 Selection of financial flows for inclusion

The financial streams selected for inclusion in the FY 2017 reconciliation were based on the experience of previous years. The timing of the instruction to us to commence work on the FY 2017 report was such that government entities and most companies had already returned completed templates prior to consideration of our Inception Report by the Steering Committee. We reviewed the flows which the Steering Committee determined should be included in the reconciliation and agreed that the appropriate flows had been included, as follows:-

Reconciled flows

MOF - IRD
SPT
PPT
UL
CT
Green Fund Levy
Business Levy
WHT on dividends
WHT on deemed branch remittance
Insurance Premium Tax
Interest
Penalties
Other

MOF - InvD
Dividends paid

MEEI
Royalty
Minimum rent - E&P
Annual licence acreage payments
Petroleum Levy
Petroleum Impost
PSC Share of Profit
PSC Signature Bonuses
PSC Bidding Fees
Transfer fees
Abandonment provisions
Annual admin charges
Training Fees
R&D Fees
Production bonus
Technical assistance
Scholarships
P.S.C Holding fees
Other payments under PSCs

Flows declared by one party (not reconciled)

Flow 1- Social Payments
Flow 2- Infrastructure Payments
Flow 3- Transportation Tariffs

4.2.3 Selection of government entities

The government entities which receive the selected flows are:-

1. Ministry of Energy and Energy Industries
2. Ministry of Finance
   i. Inland Revenue Division
   ii. Investment Division

4.2.4 Materiality threshold

In order to assess the appropriate materiality threshold, the selected government entities were asked to provide receipts from all companies in the extractive sector. Assessment of the materiality threshold was complicated by several changes made by MEEI to its submissions and by the restrictions placed on disclosure by MOF-IRD.

4.2.4.1 MEEI

MEEI provided details of receipts for the reporting period detailed by company and by flow. Initially, total reported receipts included receipts from "Atlantic LNG 2/3 CO of T&T ULTD and Shell" and "Atlantic LNG 4 CO of T&T ULTD" for PSC profit share and settlement of other PSC obligations. After investigation, MEEI discovered that amounts relating to PSC operators had been included under Atlantic LNG in error and revised its schedule of total receipts, although receipts from the two Atlantic LNG companies remained, albeit at a lower value. On 3rd July 2019 following a check by MEEI internal audit, MEEI revised its figures for receipts again. Receipts from Atlantic LNG companies remained in this version but upon further investigation, these were confirmed to have been included in error.

In summary, the total receipts from MEEI changed as follows:-

TT$	All companies	Companies not in EITI reconciliation	Companies in EITI reconciliation
Initial submission	3,125,369,754	96,701,398	3,028,668,356
First amendment	6,791,793	(88,827,698)	95,619,491
Version 1	3,132,161,547	7,873,700	3,124,287,847
Second amendment	(5,616,380)	(5,616,380)	0
Version 2	3,126,545,167	2,257,320	3,124,287,847
Third amendment	38,784,872		38,784,872
Version 3:- Starting point for reconciliation	3,165,330,039	2,257,320	3,163,072,719
Reconciliation adjustments	166,635,690		166,635,690
MEEI reconciled receipts	**3,331,965,729**	**2,257,320**	**3,329,708,409**

4.2.4.2 MOF Investment Division

MOF Investment Division provided details of dividends received from reporting SOEs.

4.2.4.3 MOF Inland Revenue Division

MOF-IRD provided details of receipts for the reporting period in total, analysed by flow but not by company, and including liabilities settled by MEEI from PSC companies' profit share. The total was split into two parts; first, a total for MOU signatory companies and second, a total for all other extractive companies. Inclusion of the payment from MEEI to MOF-IRD for liabilities settled out of profit share was incorrect, since it does not represent a financial flow to government from the extractive sector, rather it is a transfer between two government entities; and a proper assessment of the materiality threshold was only possible following receipt of the template data from MOF-IRD.

MOF-IRD stated that they were unable to provide any analysis of taxes by company, citing section 4.2 of the Income Tax Act. Previously, MOF-IRD supported the TTEITI initiative by providing information by company in respect of companies which had signed the TTEITI MOU and had given a written permission to disclose such information and waived any claim for breach of confidentiality by MOF-IRD. Instead, for this reconciliation, MOF-IRD convened two special meetings at which they passed completed templates for MOU signatories to the relevant signatory companies, which passed them immediately unopened to the Independent Administrator.

MOF IRD has not provided information for the following companies, which were included in the reconciliation by decision of the TTEITI Steering Committee:-

- Trinidad Cement Limited

This Company did not participate in the information exchange process with the MOF IRD hence the MOF IRD was unable to provide information.

MOF IRD was asked to confirm that none of the companies for which it did not provide templates made payments exceeding the TT$ 2 million threshold set by the Steering Committee. The purpose of this request was to confirm that all companies making material payments were included in the reconciliation. MOF IRD has not responded to this request.

4.2.4.4 Decision on Materiality Threshold

At the 44th Technical Sub-Committee Meeting held on 16th May 2019, the materiality determination was presented to the members who had a lengthy discussion and agreed unanimously to set the threshold for materiality to TT$2 million. This threshold was agreed by the full Steering Committee at its 103rd Meeting held on 16th May 2019.

The paper setting out the materiality decision of the TTEITI Steering Committee is included as Appendix 8.3.

4.2.5 Selection of companies

The initial selection of companies by the Steering Committee is explained in the paper on the materiality decision (Appendix 8.3) and included 43 companies. Following a review by the Independent Administrator, the list of 43 companies was amended by the Steering Committee -:

i. To exclude companies which were amalgamated before the start of the period covered by the report (Optimal Services Limited and Ten Degrees North Operating Company Limited) and to remove a duplicated entry for NGC; and
ii. To include companies which are part of a group which is participating in the TTEITI reconciliation, in line with the practice from previous years, and to show separately two companies where the operatorship of a block changed during the reporting period.

i. Companies excluded from the list contained in the original materiality paper

Optimal Services Limited We confirmed with the Registrar General that the company was amalgamated with Touchstone Exploration (Trinidad) Limited on 1st July 2014. Any receipts and payments are to be reported under Touchstone Exploration (Trinidad) Limited. This was noted in the previous (2016) report but the necessary corrective action was not taken.

Ten Degrees North Operating Company Limited We confirmed with the Registrar General that the company was amalgamated with Oilbelt Services Limited on 29th December 2014. Any receipts and payments are to be reported under Oilbelt Services Limited. This was noted in the previous (2016) report but the necessary corrective action was not taken.

NGC has two numbers with the IRD and was included twice on the Steering Committee list, although it is only one company.

ii. Inclusion of companies which are part of a group which is participating in the TTEITI reconciliation

It has been the practice of TTEITI in previous reports to include all companies operating in Trinidad and Tobago and belonging to a group which has been made payments in excess of the materiality threshold. On this basis, the following companies, which were not on the list agreed by the Steering Committee, are also be included: -

- BG International Limited
- BP Exploration Operating Co Ltd
- Shell T&T Resources SRL
- Shell Trinidad Block E Limited
- NGC E&P Investments (Netherlands) B.V.

De Novo 1 B Limited was shown as a company combined with **Centrica North Sea Gas Ltd - (Block 1B)**. Ownership of the block was transferred from the Centrica company to the De Novo company during 2017, and they are shown as two separate entities in the reconciliation. After these adjustments, the list of companies included in the reconciliation is set out in the table below.

1	Amoco Trinidad Gas BV Trinidad Branch	24	EOG Resources Trinidad Limited
2	BG International Limited	25	EOG Resources Trinidad- U(A) Block Limited
3	BHP Billiton (Trinidad-2C) Limited	26	EOG Resources Trinidad U(B) Block Unlimited
4	BHP Billiton (Trinidad-3-A) Limited	27	Lease Operators Limited
5	BHP Billiton Petroleum (Trinidad Block 14) Limited	28	National Gas Company of Trinidad and Tobago Limited
6	BHP Billiton Petroleum (Trinidad Block 23A) Limited	29	NGC E&P Investments (Netherlands) B.V.
7	BHP Billiton Petroleum (Trinidad Block 23B) Limited	30	NGC Pipeline Company Limited
8	BHP Billiton Petroleum (Trinidad Block 28) Limited	31	Oilbelt Services Limited
9	BHP Billiton Petroleum (Trinidad Block 29) Limited	32	Perenco T&T Limited
10	BHP Billiton Petroleum (Trinidad Block 3) Limited	33	Petroleum Company of Trinidad and Tobago Limited
11	BHP Billiton Petroleum (Trinidad Block 5) Limited	34	Primera Oil and Gas Limited
12	BHP Billiton Petroleum (Trinidad Block 6) Limited	35	PT.Fortin LNG Exports Ltd.
13	BHP Billiton Petroleum (Trinidad Block 7) Limited	36	Repsol Angostura Ltd
14	BP Exploration Operating Co Ltd Trinidad Branch	37	Shell T&T Resources SRL
15	BP Trinidad and Tobago LLC	38	Shell Trinidad 5(a) Limited
16	BP Trinidad Processing Limited	39	Shell Trinidad and Tobago Limited
17	Centrica (Horne & Wren) (BLK1a)	40	Shell Trinidad Block E Limited
18	Centrica North Sea Gas Ltd- (BLK1B)	41	Shell Trinidad Central Block Limited
19	Centrica North Sea Oil Ltd (NCMA4)	42	Touchstone Exploration (Trinidad) Ltd
20	Centrica Resources Ltd (BLK22)	43	Trinidad and Tobago LNG Limited
21	De Novo 1 B Limited	44	Trinidad and Tobago Marine Petroleum Company Limited
22	De Novo Energy Block 1 A Limited	45	Trinity Exploration and Production (Galeota) Limited
23	EOG Resources Trinidad 4(A) Unlimited	46	Trinity Exploration and Production (Trinidad and Tobago) Limited

7 companies where the materiality of government receipts could not be identified by the Steering Committee were not included in the reconciliation – see further section 4.2.6.

Following the acquisition of BG by Shell, a number of company names were changed, including those below during 2017:-

- Shell Trinidad and Tobago Limited - 24 October 2016
- Shell Trinidad 5A Limited - 24 October 2016
- Shell Trinidad Block E Limited - 24 October 2016
- Shell Trinidad Central Block Limited - 2 November 2016

4.2.6 Completeness of coverage

4.2.6.1 EITI requirement for comprehensive coverage

Requirement 4.1.c states "…. *All companies making material payments to the government are required to comprehensively disclose these payments in accordance with the agreed scope. An entity should only be exempted from reporting if it can be demonstrated that its payments and revenues are not material* ….."

4.2.6.2 Lack of certainty over specific companies making material payments

The paper adopted by the Steering Committee at its meeting on 16th May 2019 contains the following statement (paragraph 7.3):-

"However, given the available data, the MSG is therefore reasonably confident that apart from A&V Oil and Gas Limited, Lennox Production Services Limited, Range Resources Limited, Goudron E&P Limited, T.N. Ramnauth & Co Limited, Rocky Point T&T Limited and Trinidad Wireline Limited the other companies listed above as making material payments under the LOFO arrangements with Petrotrin have been included in the reporting process."

In view of this uncertainty, and given the terms of Requirement 4.1.c, unless there is clear evidence that these companies have not made material payments, it is not appropriate to leave them out of the reconciliation.

The Independent Administrator was unable to source any data on these companies (other than in the case of Range Resources Limited, as discussed in section 4.2.6.3 below) from public sources to determine whether their omission or misstatement could significantly affect the comprehensiveness of the EITI Report.

4.2.6.3 Range Resources Limited

A review of publicly available information revealed that Range Resources Limited made tax payments in fiscal 2017 amounting to some TT$6.5 million. However, the company is not included in the list agreed by the Steering Committee since it is not a signatory to the MOU. Range Resources Limited holds a licence in its own right and as such, would appear to be liable also to make payments to MEEI. Following discussion with the TTEITI Secretariat, the Minister of Energy and Energy Industries has written to the company requesting that they should participate. At the date of this report, the company has not responded to the Minister; a company representative said that they were researching the initiative further before replying. .

MOF-IRD, citing section 4.2 of the Income Tax Act, has not provided any information on receipts from this company to assist in confirming whether it has made any material payments. MEEI has reported no receipts from the company.

4.2.6.4 MOF IRD detailed information

MOF IRD provided information to the TTEITI Secretariat on total receipts from the extractive sector as shown in the table below.

Tax Type	Non-EITI Company Collections (Fiscal 2017)	EITI Company Collections (Fiscal 2017)	Total Collections	
Supplemental Petroleum Tax	12,453,838	502,909,675	515,363,513	30.20%
Petroleum Profits Tax	63,091,251	536,913,708	600,004,959	35.15%
Unemployment Levy	6,328,034	56,470,761	62,798,795	3.68%
Interest and Penalties	568,036	63,561	631,597	0.04%
Insurance Premium Tax	838,444	2,886,878	3,725,322	0.22%
Green Fund Levy	11,801,796	128,149,997	139,951,794	8.20%
Witholding Tax on Dividends	3,256,142		3,256,142	0.19%
Withholding Tax on Branch Profits	-	11,929,607	11,929,607	0.70%
Corporation Tax	4,649,718	310,769,764	315,419,482	18.48%
Business Levy	18,042,044	35,630,094	53,672,138	3.14%
Total	**121,029,304**	**1,585,724,045**	**1,706,753,350**	

The lack of detail in the information provided by MOF IRD raises a question over whether there were companies making material payments, above the threshold determined by the Steering Committee, in the total receipts figure for non MOU companies.

MOF IRD was asked to review the receipts from the non MOU extractive companies to determine whether any of these made payments above the threshold set by the Steering Committee and if there were any such companies, to provide

a. The number of such companies; and
b. The total receipts from such companies, analysed by flow in the same way as the total information provided to TTEITI

There has been no response from the MOF IRD.

4.2.7 Overview of coverage achieved

The receipts information used by the TTEITI Steering Committee in its initial assessment of materiality showed receipts reported by government as follows:-

TTS millions	All Reporting	EITI Reporting	EITI as %
MOF IRD	1,707	1,586	
MEEI	3,132	3,124	
Sub total	***4,839***	***4,710***	***97.3%***
MOF Inv	1,353	1,353	
Total	**6,192**	**6,063**	**97.9%**

Table 4.2.7

The data provided by MEEI for the initial Steering Committee decision contained errors and required adjustment prior to inclusion in the Steering Committee decision. After completion of the initial reconciliation, the MEEI templates were re-submitted due to further errors.

The MOF IRD informat ion provided to and used by the Steering Committee contained entries relating to transfers from MEEI, rather than solely cash receipts from companies, and was consequently overstated. Adjustments were made to the data for reporting companies, based on the MOF IRD templates subsequently provided; but no adjustment was made to non EITI companies, and it is not known if any was required because MOF IRD did not provide disaggregated information for these entities.

After adjustment for known errors and reconciliation, government reported receipts were:-

TTS millions	All Reporting	EITI Reporting	EITI as %
MOF IRD	1,307	1,187	
MEEI	3,302	3,329	
Sub total	***4,609***	***4,516***	***97.9%***
MOF Inv	1,353	1,353	
Total	**5,962**	**5,869**	**98.4%**

Table 4.2.7.1

4.3 Methodology – oil and gas

4.3.1 Data collection

Reporting entities provided soft copy templates to the Independent Administrator, with the exception of MOF-IRD, which did not provide any templates directly to us (see 4.2.4.3). Hard copy templates, with the assurance declaration signed by a senior official were provided by reporting entities, and copies of companies' audited financial statements were also provided in hard copy.

All companies and government entities provided signed hard copy templates. We note that the MOF IRD templates were signed by "Ravi Taklalsingh, as Chairman, Board of Inland Revenue". It is further noted that Mr Taklalsingh is a Commissioner who was Acting Chairman at the time of signature.

See Appendix 8.5 for details of audited financial statements provided by companies.

4.3.2 Templates used in the 2017 reconciliation

The Steering Committee approved data collection templates via its TSC meeting on 16th November 2018 and the Secretariat then issued templates to companies and government entities participating in the 2016-17 reconciliation for completion. These templates were the same as those used for the 2015-16 TTEITI reconciliation.

In order to meet corrective actions required following the Validation, the Steering Committee approved additional templates to capture data in respect of

a. Sale of the state share of production
b. Product transportation fees
c. LOFOs and IPSCs

4.3.3 Level of disaggregation (Requirement 4.7)

The EITI Standard requires that "the multi-stakeholder group should agree the level of disaggregation for the publication of data…and that EITI data is presented by individual company, government entity and revenue stream".

The Steering Committee decided that data should be reported and published at an individual company level and for each government entity, analysed by flow.

4.3.4 Elements of work of the Independent Administrator

In carrying out the reconciliation, we:

- Collated the templates returned by reporting entities and established a database, identifying discrepancies between receipts reported by government and payments reported by companies
- Liaised with reporting government agencies and companies to understand the reasons for discrepancies, including visits to site to obtain information from the extractive companies and government agencies
  - Analysed and reconciled data submitted by extractive companies and Government agencies in the reporting templates for the 2017 fiscal year

- Meetings were held as necessary with government agencies and reporting companies to investigate reported differences
- All reconciling items produced by all parties were scrutinised and examined for authenticity, ownership, accuracy, validity, occurrence in terms of the reporting period - i.e. FY 2017 - and other relevant attributes
- All reconciliations and non-reconciled differences were notified to the reporting entities as evidence and proof of the work done
- Reporting schedules were amended as appropriate and summaries prepared

- Prepared this report on government receipts and company payments,
  - highlighting the reconciled discrepancies and any unresolved discrepancies;
  - making recommendations on action to be taken on the unresolved discrepancies, and for improvement of the implementation of EITI in Trinidad and Tobago more generally;
  - reporting on the total oil, gas and associated liquids produced for which payments were made and revenue collected for the fiscal period
  - including a list of all licensed or registered companies involved in the upstream oil and gas sector, noting which companies participated in the EITI reporting process and those that did not;

and containing other information as required under the Terms of Reference and the EITI Standard.

4.4 Assurance – oil and gas

The EITI Standard (Requirement 4.9.a) requires an assessment of whether the payments and revenues are subject to credible, independent audit, applying international auditing standards. In line with previous reports, a summary of the audit practices applying to government and companies is given below, together with an assessment of these practices and details of assurance procedures applied for the 2017 TTEITI report, and compliance by reporting entities.

4.4.1 Government and SOE reporting

The receipts reported by government to the Independent Administrator for TTEITI are not specifically subject to independent audit – in this case by the Auditor General.

4.4.1.1 MEEI

The Auditor General audits and reports on the MEEI and its EITI reports are drawn from the department's records, which have been the subject of such audit. See section 4.4.1 below for comment on the work of the Auditor General.

However, the collation and preparation of data for EITI reporting is manual entailing the use of spreadsheets and is open to error. MEEI staff providing data for the EITI report seemed to rely on the internal audit and PSC audit functions within the Ministry to correct any errors in preparation, rather than to act as a check that systems were operating satisfactorily to produce reliable data.

MEEI audits of PSC costs and revenues are not up to date (section 4.4.2.1), which may result in under collection of revenue by government from PSC participants.

MEEI made more than one submission of its receipts for the period, due to errors discovered in earlier versions. The version used for final EITI reconciliation was reviewed by the internal audit department of the Ministry.

The assurance environment in MEEI is regarded as weak as regards information provided for the EITI report.

4.4.1.2 MOF Investment Division

The Auditor General audits and reports on the MOF Investment Division and its EITI reports are drawn from the department's records, which have been the subject of such audit.

The only income reported by the Investment Division for the EITI report is dividends from SOEs. These amounts are confirmed by the SOEs and can be seen in the SOEs audited financial statements.

Assurance over these receipts is adequate.

4.4.1.3 MOF Inland Revenue Division

MOF IRD does not permit the Auditor General to have access to its revenue records, citing section 4.2 of the Income Tax Act. The Auditor General notes this as a limitation in scope when reporting on the National Accounts.

Since the records of MOF IRD are not subject to an independent audit under international auditing standards, the assurance environment is regarded as weak.

4.4.1.4 SOEs

NGC and Petrotrin annual financial statements are audited by third party professional audit firms and the audit opinions for the year ending 31st December 2017 (NGC) and 30th September 2017 (Petrotrin) are unqualified.

Data for EITI returns is extracted from company records, and is not itself independently audited.

4.4.2 Other government assurance procedures

4.4.2.1 PSC auditing

We reviewed the status of PSC cost and revenue audits, and noted that the figure quoted for outstanding audits ("gross audits outstanding") included a number of audits that were not currently due. The table below shows adjustments for such audits, together with a brief commentary. Provisionally, PSC audits outstanding at 31st December 2018: -

	Revenue	Cost
Gross audits outstanding	61	305
PSCs in market development phase (note 1)		-83
Licence expired blocks (note 2)		-60
Provisional adjusted audits due	61	162
Relating to one group	44	91
Others	17	71

Note 1

Two PSCs are in market development, but PSC audits have been included in the totals above, although in practice, they are not due. “Market development audits” of costs have been carried out – these are on a cash basis, so there would be a need to review accruals once the PSC is out of market development, but because of the work already carried out, this is quicker than a normal PSC cost audit.

The PSCs concerned, and cost audits in the total above, are:

Block 5B – BP	31
Block 3A – BHP	52
Total	**83**

Note 2

The Guayaguayare blocks (Shallow and Deep Horizons) were purchased by Range Resources from Niko Resources in 2015. The licences for these blocks have lapsed and there has been no activity since 2015. Since Niko has left the country, there is little expectation of obtaining any information to conduct an audit of the period up to 2015, and with no activity / no licence since that date. The number of cost audits for Guayaguayare in the total above is 60.

Audits on Shell assets (ex-BG) make up 91 of the cost audits and 44 of the revenue audits.

PSC Audit results

The audits covering the period 2014 to 2017 have identified under reported revenue of US$ 487,000. Assessments have been raised for this amount but as of the end of December 2018, no money had been received.

The audits covering the period 2014 to 2017 have resulted in the permanent disallowance of approximately US$ 88 million of costs) and assessments have been raised for some US$ 41 million of this; assessments are yet to be raised for the balance.

Precise calculation of the benefit accruing to the government from the costs disallowed is difficult. Some of the PSCs where costs have been disallowed are not in production, so additional money is not yet due to the government; and the effect of a disallowance of costs is dependent upon different factors, such as the terms of the PSC, level of production, commodity price. Nevertheless, it is clear that the PSC audits have safeguarded government income.

4.4.2.2 Production auditing

The Auditor General has expressed the opinion that monitoring of gas metering is inadequate. The Petroleum Operations and Management Division (POMD) provided a summary of its workplan and activities for FY 2017.

The POMD conducts inspections of facilities on an anniversary basis from a Health, Safety, Environmental and Asset Integrity perspective to reduce or eliminate identified and assessed risks to a minimum. The Division also is charged with monitoring and witnessing petroleum measurement activities as it relates to accurately determining that the quality and quantity of extracted and sold crude petroleum and refined product delivery.

The activities of the Division relating to monitoring and witnessing petroleum measurement in 2017 were in summary:-

Activity	Nature of Activity	Activity	Activity Target p.a.	Achieved # times p.a.
Monitoring of Fiscal Oil Sales	Unplanned	27	27	27
Witness fiscal/ custody transfer meter calibrations	Planned	94	84	69
Witness custody transfer gas meter calibrations	Planned	72	51	44

Fiscal oil sales represent all crude oil liftings for export.

4.4.3 Reporting companies

The 2016 TTEITI report contained information on the audit environment applying to oil and gas companies included in the reconciliation. This was used as the basis for determining the assurance procedures to follow in the current report.

4.4.3.1 Review of assurance based on evidence from the 2016 EITI report

For the oil and gas sector in the 2016 EITI report, all reporting companies were asked to provide a copy of their audited financial statements (AFS) covering Fiscal 2016. Details of the response were set out in Appendix 9.5 to the 2016 report.

In summary, the 2016 report included 39 private companies (excluding the 4 SOEs), of which only 11 provided AFS. Of the remainder, 21 provided group AFS and stated that audited AFS are not prepared for the company.

There is a difference between the assurance given by an audit report on the activities of a company and the activities of a group. A company auditor will assess risks and set a level of materiality specific to the company being audited, while a group auditor will do this for the group as a whole. The level of assurance from a set of group AFS is not as great as for company AFS, since it depends on how material the individual company is to the group; in an extreme case, the figures for an individual company may be below the auditor's level of materiality applied to the group and therefore, the audit report on the group might in effect give no assurance over the figures for that company.

The receipts reported in 2016 were supported by AFS for the reporting companies as follows:-

		Payments TT$ millions	% of total
Companies providing AFS	11	2,272	25.7%
SOEs providing AFS	4	5,790	65.5%
No AFS for the reporting company	28	776	8.8%
	43	8,838	

Whilst the receipts reported for EITI by companies were not themselves audited, companies were required to declare that they were consistent with the financial statements audited under international auditing standards. The analysis above of the 2016 returns shows that these declarations were made for over 90% of reported receipts (for companies and SOEs providing AFS for the reporting entity itself), giving a reasonable level of assurance for the overall figures reported by companies in 2016.

4.4.4 Assurance procedures for EITI reporting in 2017

In the absence of an independent confirmation that the receipts reported for EITI by these departments and SOEs come from the audited records, a senior official from each Ministry (MEEI, MOF Investment Division and MOF IRD) and each SOE was required to sign a confirmation in the form attached in the Appendix 8.15 to this Report.

Based on the review of 2016 information on audit status, companies were required to sign a confirmation in the form attached in the Appendix 8.15 to this Report, and to provide in addition evidence of the assurance underlying their 2017 returns by supplying

i. a copy of their audited financial statements covering the 2017 fiscal year; and
ii. where a company is part of a group, a copy of the group financial statements; and
iii. a full explanation in the event that audited financial statements are not available for the company

4.4.5 Compliance with assurance procedures for the 2017 TTEITI report

4.4.5.1 Government

All government departments signed the declarations on the EITI templates in accordance with the instructions.

4.4.5.2 Companies and SOEs

All companies and SOEs signed the declarations on the EITI templates in accordance with the instructions. Details of the audited financial statements provided are set out in Appendix 8.5.

An analysis of the AFS provided for the 2017 EITI reconciliation shows:-

	Payments TT$ millions	% of total
Companies providing AFS	2,617,050,220	45 %
SOEs providing AFS	2,786,764,731	47 %
No AFS for the reporting company	465,512,195	8 %
	5,869,327,146	

Whilst the receipts reported for EITI by companies were not themselves audited, companies were required to declare that they were consistent with the financial statements audited under international auditing standards. The analysis above of the 2017 returns shows that these declarations were made for over 92% of reported receipts (for companies and SOEs providing AFS for the reporting entity itself), giving a reasonable level of assurance for the overall figures reported by companies in 2017.

4.5 Mining Sector

4.5.1 Introduction

The TTEITI Steering Committee decided to include in the current EITI report a mining sector scoping study and to report on payments made by participating mining companies. The reporting entities have not been selected after a review of the materiality of their payments

Five mining companies agreed to participate in EITI reporting and royalty payments from those firms would be reconciled. Participating companies include two SOEs.

4.5.2 Flows included

The Steering Committee reviewed the flows arising in the mining sector and is similarly able to draw on knowledge from its members and from including the mining sector in the previous EITI report.

The TTEITI Steering Committee decided that the flows to central government described in this section should be included in the EITI Report for 2015-16.

4.5.2.1 Payments to MOF - IRD

a) *Corporation Tax (CT)*

CT is a tax on the profits and short term gains of companies. There are two rates of Corporation Tax – 35% is applicable to the petrochemical sector (if the entity is not enjoying a fiscal holiday or the holiday has expired) and 25% for manufacturing and retail sector. It is administered under the Corporation Tax Act.

b) *Green Fund Levy*

Green Fund Levy is imposed on gross revenue at the rate of 0.3% and is payable quarterly. All companies and partnerships are liable to this levy.

c) *Business Levy*

Business Levy is a tax on the gross sales or receipts of Companies and Individuals in receipt of Income other than Emolument Income, viz. self-employed persons – (Small Businesses and Partnerships). The rate of Business Levy is 0.6% of the gross sales/receipt for each quarter of the year of income.

d) *Withholding Tax (WHT) on dividends*

WHT is a tax based on various income payments to non-residents. WHT on dividends is calculated at either 5% or 10% of the gross dividend remitted to a non-resident. These rates can be varied by the provisions of a Double Taxation Treaty which Trinidad and Tobago has entered into. WHT is withheld from the gross payment to the non-resident and is payable to the Inland Revenue Division within 30 days of the foreign remittance.

e) *Withholding Tax (WHT) on branch profits remitted or deemed remitted to head office*

WHT rates for this category are prescribed in the Income Tax Act. These rates can be varied by the provisions of a Double Taxation Treaty which Trinidad and Tobago has entered into. Branch profits are not automatically deemed remitted.

f) *Insurance Premium Tax*

Insurance premium tax is charged on the receipt of certain premiums by an insurer and is calculated as 6% of the premiums collected. The tax is collected by the insurer or by his intermediary, at the time the premium is paid and subsequently remitted to the MOF IRD within 15 days of the following month. In the case of a foreign insurer, the tax is to be remitted to the MOF IRD by the insured within 15 days following the month in which the premium is paid.

This EITI Report includes payments of insurance premium tax on foreign policies only

4.5.2.2 Payments to MEEI

g) Royalty

A licensee mining on State lands or private lands pays royalties to the Permanent Secretary of the Ministry responsible for mines in respect of minerals mined in the licensed area within the time period specified under his Mining Licence. The royalty payable is calculated using the current average market value for unprocessed minerals mined and charged on a per cubic metre basis at rates between TT$6 and TT$10 per cubic metre.

The TTEITI Steering Committee determined that other flows to MEEI from the sector, listed below, were not material and need not be reported or reconciled for the current report.

i. *Application for a New Licence*
   A fee of TT$1,000 is payable upon applying for a mining licence.
ii. *Annual licence acreage payments*
   A licensee who operates on State lands is required to make payments in connection with annual surface rent as required under the State Lands Act.
iii. *Application for Renewal of Licence*
   A fee of TT$1,000 is payable upon applying for the renewal of a mining licence
iv. *Annual Exploration Licence Fee*
   Annual exploration fees are due at a rate of TT $250 per hectare of licensed area.
v. *Annual Mining Licence Fee*
   Annual mining licence fees are due at a rate of TT $250 per hectare of licensed area.
vi. *Annual Processing Licence Fee*
   Annual processing licence fees are due at a rate of TT $250 per hectare of licensed area.
vii. *Application Fee for Assignment/Transfer*
   A fee of TT $1,000 is due by each applicant who wishing to assign or transfer a licence currently held.
viii. *Competitive Bidding Fees (one time fee for when blocks on offer)*

4.5.3 Government entities included

Government entities included are

1. Ministry of Energy and Energy Industries
2. Ministry of Finance, Inland Revenue Division.

4.5.4 Companies included

Reporting companies included in the report are:

1. National Quarries Company Limited *
2. Hermitage Limestone Limited
3. Trinidad Cement Limited
4. Lake Asphalt Trinidad & Tobago (1978) Limited*
5. FW Hickson & Co Ltd

Companies marked with an asterisk are SOEs.

4.5.4.1 National Quarries Company Limited

The Company was incorporated on February 23, 1979 under the Laws of the Republic of Trinidad and Tobago. Its principal activities are quarrying and mining of sand and gravel and limestone at its two quarries located at Turure Road, Guaico, Sangre Grande and Blanchisseuse Road, Blanchisseuse. Its head office is located at Churchill Roosevelt Highway, Arouca. The Company was continued under the provisions of the Companies Act, 1995 on March 15, 1999.

4.5.4.2 Lake Asphalt Trinidad And Tobago (1978) Limited

The company is incorporated in the Republic of Trinidad and Tobago. Its principal activities are mining, processing and selling asphalt and related products. The company has access to the Pitch Lake via a non-exclusive lease agreement with GoRTT. The company was continued under the provisions of the Companies Act 1995 on 27th July 1999.

The company has a 100% owned subsidiary, Trinidad Asphalt Corporation of America, incorporated in USA.

Other mining sector SOEs

In addition, two SOEs are landlords over land used in the extractive sector and/or provide services to the sector. These SOEs were not included in the mining pilot.

4.5.4.3 Estate Management and Business Development Company Limited (EMBDCL)

EMBDCL is presently overseeing two quarries located at the Esperanza Estate which was formerly managed by Caroni (1975) Limited. The operating quarries are located at Coco Road and Windsor Park.

The stone quarry is located in the Guaracara area of Williamsville. Over the years, contractors shortened the name to "Waraca" and thus the yellow stone mined here is commonly referred to as 'Waraca stone" by everyone in the construction industry. The sand quarries supply backfill material and red sand for plastering. The Guaracara yellow stone is mostly used as a sub base for road construction.

4.5.4.4 Palo Seco Agricultural Enterprises Ltd (PSAEL)

The Legal and Estates Services Department (LESD) of the company manages the estates and land assets belonging to PETROTRIN and its predecessor companies, TRINTOC and TRINTOPEC for which there are existing Management Contracts. LESD also oversees the management of PSAEL owned land assets. The Department is also responsible for the servicing of tenancies and the collection of rent and taxes for the estates they currently oversee.

The Minister wrote to PSAEL inviting the company to participate in the TTEITI initiative. PSAEL responded that it has not been able to operationalise its mining licence due to delays in obtaining the requisite statutory approvals and certain financial exigencies of the company; and as a result, no mining activities have been undertaken to date nor any revenue generated. PSAEL said that it consequently is unable to contribute to the initiative at this time.

As an SOE with an interest in extraction, albeit not yet confirmed, the company should participate in the initiative and report nil returns if appropriate, rather than refuse to participate. We recommend that the Steering Committee should engage further with the company so that it is included in subsequent reporting.

4.5.5 Assurance

We discussed with senior company management the status of the independent audit of the financial statements of the two SOEs included in the mining pilot.

4.5.5.1 National Quarries Limited

Audited financial statements have been signed, approved and published for 2013, 2014 and 2015. The audit opinion is a disclaimer, in other words the auditor was unable to form an opinion on them. The auditors are expected to conclude 2016 by the end of September 2019.

NQL is currently tendering for new auditors, who will audit the financial statements for 2017 & 2018. The public tender is to be completed by the end of July 2019.

The company has no up to date management accounts. We were told that the company produces a P&L account but is unable to produce a balance sheet from its current accounting system (Solomon), due to problems with their system, which the supplier had not assisted in resolving.

The amount of royalties due to MEEI at 30th September 2017, and currently, had not been agreed with MEEI. (NQL informed us that agreement had not been reached with MEEI on the amount of royalties outstanding for limestone operations. A figure of TT$ 39 million had since been agreed with MEEI as the balance of royalties outstanding at 31st March 2018 for non-limestone operations; non-limestone royalties since that date were not agreed.)

The assurance environment for this company is considered to be very weak and the inability to produce a current balance sheet may indicate a loss of financial control over the business.

4.5.5.2 Lake Asphalt Trinidad And Tobago (1978) Limited

Audited financial statements (AFS) have been signed off for all years up to 30th September 2013 and AGMs have been held. The audit opinion is a disclaimer, in other words the auditor was unable to form an opinion on them. Copies had been filed with Ministry of Finance.

AFS for 2014 and 2015 were in process of being finalised, and 2016 and 2017 were targeted for completion before the end of July 2019.

We were told that management accounts had been prepared up to May 2019, and requested a copy, but these have not been provided.

The assurance environment for this company is considered very weak.

4.5.5.3 Other companies

The 2017 report states that Hermitage Limestone Limited and FW Hickson & Co Ltd do not produce audited financial statements.

In 2017, Trinidad Cement Limited (TCL) did not provide templates signed by a member of senior management, nor any audited financial statements.

The audited consolidated financial statements of TCL for the year ended 31st December 2017 were downloaded from the group's website; these contain the results from the group's operations in Trinidad and Tobago, as well as other Caribbean countries. The audit opinion is unqualified, but the auditor raises as an "emphasis of matter" that there are "certain significant tax proceedings" in which the Group is involved (further clarified in the notes to the accounts as a dispute with MOF IRD); and that 44% of the group's receivables have been outstanding for more than 90 days

Assurance over information from these companies is considered weak.

4.5.5.4 Conclusion

The state of accounting systems and controls in these companies is unknown and the absence of current financial statements which have been the subject of a credible independent audit means that any assurance given over the figures is weak.

Nevertheless, senior management were asked to sign a declaration confirming that any payments submitted for EITI have been diligently prepared, etc. in the format set out in Appendix 8.15.

5 OIL AND GAS SECTOR

5.1 Introduction

5.1.1 Bid rounds

There were no new areas offered or awarded during Fiscal 2017.

5.1.2 Participation

Three government entities and 46 companies (of which five were SOEs) participated in the reconciliation and reported the financial and non-financial flows between companies and government as determined by the TTEITI Steering Committee.

The participating entities and flows are detailed in section 4.2.5; the basis of selection is described in the same section.

5.1.3 Additional financial and other data reported

In addition to the reconciliation of material financial flows between oil and gas companies and government, we report on:

- gas sale agreements (section 5.3)
- revenues collected in-kind (section 5.4)
- the sale of the State's share of production (section 5.5)
- oil and gas production (section 5.6)
- licensing (section 5.7)
- TTEITI Beneficial Ownership Registry (section 5.8)
- monitoring by MEEI of amounts due and paid from PSCs (section 5.9.1)
- MEEI payments from profit share to MOF IRD in settlement for taxes from PSCs (section 5.9.2.1)
- MEEI payments to MOF IRD compared to profit share (section 5.9.2.2)
- escrow accounts (section 5.9.3)
- the coverage of social expenditures, infrastructure provisions and barter arrangements (section 5.9.4)
- the coverage of transportation revenues (section 5.9.5)
- whether the participating companies and government entities had their financial statements audited in the financial year covered by the EITI Report; and how to access audited financial statements of reporting entities, where these are publicly available (section 5.9.6 and Appendix 8.5)
- payments declared by PSC operators on behalf of PSC participants (section 5.9.8)

5.2 Results of the reconciliation

A summary of the results of the FY 2017 reconciliation is set out in Table 5.2 (following). Detailed schedules are included at Appendix 8.4.

Company	Reported by government: Original	Reported by government: Adjustments	Reported by government: Adjusted total per Government	Reported by company: Original	Reported by company: Adjustments	Reported by company: Adjusted total per Company	Reconciling items	Analysis of reconciling items: Foreign exchange differences	Analysis of reconciling items: Timing differences
	TT$	TT$	TT$	TT$	TT$	TT$	TT$	TT$	TT$
Amoco Trinidad Gas BV Trinidad Branch	30,113,283	-	30,113,283	30,113,283	-	30,113,283	-	-	-
BP Trinidad and Tobago LLC Trinidad Branch	785,382,402	296,682	785,679,084	785,679,084	-	785,679,084	-	-	-
BP Exploration Operating Co Ltd	-	-	-	-	-	-	-	-	-
BP Trinidad Processing Limited	30,815,896	-	30,815,896	30,815,896	-	30,815,896	-	-	-
BP Group	**846,311,581**	**296,682**	**846,608,263**	**846,608,263**	**-**	**846,608,263**	**-**	**-**	**-**
BG International Limited	19,888,641	11,557,667	31,446,308	32,909,683	(1,463,375)	31,446,308	-	-	-
Shell Trinidad and Tobago Limited	344,334,694	11,654,112	355,988,806	324,656,575	31,526,972	356,183,547	(194,741)	(194,741)	-
Shell Trinidad Central Block Limited	34,096,975	358,167	34,455,142	36,456,080	(2,000,938)	34,455,142	-	-	-
Point Fortin LNG Exports Limited	14,483,609	-	14,483,609	14,483,609	-	14,483,609	-	-	-
Shell Trinidad 5A Limited	-	-	-	-	-	-	-		
Shell Trinidad and Tobago Resources SRL	-	-	-	-	-	-	-	-	-
Shell Trinidad Block E Limited	-	-	-	-	-	-	-	-	-
Shell Group	**412,803,919**	**23,569,946**	**436,373,865**	**408,505,947**	**28,062,659**	**436,568,606**	**(194,741)**	**(194,741)**	**-**
BHP Billiton (Trinidad-2C) Limited	281,093,538	-	281,093,538	224,856,835	-	224,856,835	56,236,703	-	56,236,703
BHP Billiton (Trinidad-3A) Limited	7,146,808	-	7,146,808	7,146,808	-	7,146,808	-	-	-
BHP Billiton Petroleum (Trinidad Block 14) Limited	10,415,384	-	10,415,384	10,499,076	-	10,499,076	(83,692)	-	(83,692)
BHP Billiton Petroleum (Trinidad Block 23A) Limited	18,713,514	-	18,713,514	18,927,885	-	18,927,885	(214,371)	-	(214,371)
BHP Billiton Petroleum (Trinidad Block 23B) Limited	23,723,004	-	23,723,004	21,868,738	-	21,868,738	1,854,266	-	1,854,266
BHP Billiton (Trinidad Block 28) Limited	16,706,953	-	16,706,953	16,785,603	-	16,785,603	(78,650)	-	(78,650)
BHP Billiton (Trinidad Block 29) Limited	9,875,682	-	9,875,682	9,953,395	-	9,953,395	(77,713)	-	(77,713)
BHP Billiton Petroleum (Trinidad Block 3) Limited	9,768,359	-	9,768,359	9,868,436	-	9,868,436	(100,077)	-	(100,077)
BHP Billiton (Trinidad Block 5) Limited	10,326,917	-	10,326,917	10,414,593	-	10,414,593	(87,676)	-	(87,676)
BHP Billiton (Trinidad Block 6) Limited	9,854,044	-	9,854,044	9,933,144	-	9,933,144	(79,100)	-	(79,100)
BHP Billiton Petroleum (Trinidad Block 7) Limited	9,305,029	-	9,305,029	8,982,619	-	8,982,619	322,410	-	322,410
BHP Group	**406,929,232**	**-**	**406,929,232**	**349,237,132**	**-**	**349,237,132**	**57,692,100**	**-**	**57,692,100**
Centrica (Horne & Wren) (BLK1a)	-	-	-	-	-	-	-	-	-
Centrica North Sea Gas Ltd- (BLK1B)	-	-	-	-	-	-	-	-	-
Centrica North Sea Oil Ltd (NCMA4)	-	-	-	-	-	-	-	-	-
Centrica Resources Ltd (BLK22)	-	-	-	-	-	-	-	-	-
Centrica Group	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
De Novo Block 1A Limited	7,863,864	-	7,863,864	7,872,942	-	7,872,942	(9,078)	(9,078)	-
De Novo Block 1 B Limited	10,915,418	-	10,915,418	10,915,418	-	10,915,418	-	-	-
De Novo Group	**18,779,282**	**-**	**18,779,282**	**18,788,360**	**-**	**18,788,360**	**(9,078)**	**(9,078)**	**-**
EOG Resources Trinidad 4(A) Unlimited	362,908,430	117,700,499	480,608,929	498,418,551	-	498,418,551	(17,809,622)	-	(17,809,622)
EOG Resources Trinidad Limited	312,669,569	-	312,669,569	312,667,749	-	312,667,749	1,820	1,820	-
EOG Resources Trinidad- U(A) Block Limited	151,224,752	-	151,224,752	156,112,360	-	156,112,360	(4,887,608)	-	(4,887,608)
EOG Resources Trinidad U(B) Block Unlimited	24,660,925	-	24,660,925	26,133,083	-	26,133,083	(1,472,158)	-	(1,472,158)
EOG Group	**851,463,676**	**117,700,499**	**969,164,175**	**993,331,743**	**-**	**993,331,743**	**(24,167,568)**	**1,820**	**(24,169,388)**
Lease Operators Limited	**4,890,588**	**- 2,335**	**4,888,253**	**4,887,780**	**473.00**	**4,888,253**	**-**	**-**	**-**
The National Gas Company of Trinidad and Tobago	2,212,350,983	-	2,212,350,983	2,249,481,795	-	2,249,481,795	(37,130,812)	-	(37,130,812)
NGC E&P Investments (Netherlands) B.V.	-	-	-	-	-	-	-	-	-
NGC Pipeline Company Limited	93,401,037	-	93,401,037	93,401,037	-	93,401,037	-	-	-
Trinidad and Tobago LNG Limited	81,694,779	-	81,694,779	81,694,779	-	81,694,779	-	-	-
NGC Group	**2,387,446,799**	**-**	**2,387,446,799**	**2,424,577,611**	**-**	**2,424,577,611**	**(37,130,812)**	**-**	**(37,130,812)**
Perenco Trinidad and Tobago Limited	**355,437,287**	**-**	**355,437,287**	**410,415,617**	**(54,978,330)**	**355,437,287**	**-**	**-**	**-**
Repsol Angostura Limited	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Primera Oil & Gas Ltd	1,316,559	-	1,316,559	517,252	799,307	1,316,559	-	-	-
Touchstone Exploration (Trinidad) Ltd	455,310	-	455,310	455,310	-	455,310	-	-	-
Touchstone Group	**1,771,869**	**-**	**1,771,869**	**972,562**	**799,307**	**1,771,869**	**-**	**-**	**-**
Petroleum Company of Trinidad and Tobago Ltd.	378,054,054	21,263,878	399,317,932	398,620,849	113,300	398,734,149	583,783	583,783	-
Trinidad and Tobago Marine Petroleum Company Limited	206,978	-	206,978	206,978	-	206,978	-	-	-
Petrotrin Group	**378,261,032**	**21,263,878**	**399,524,910**	**398,827,827**	**113,300**	**398,941,127**	**583,783**	**583,783**	**-**
Oilbelt Services Ltd	15,469,122	472,124	15,941,246	16,602,280	(666,094)	15,936,186	5,060	5,060	-
Trinity Exploration & Production (Galeota) Limited	22,824,686	3,629,243	26,453,929	22,406,381	4,756,440	27,162,821	(708,892)	-	(708,892)
Trinity Exploration and Production (Trinidad and Tobago) Limited	-	8,036	8,036	8,036	-	8,036	-	-	-
Trinity Exploration Group	**38,293,808**	**4,109,403**	**42,403,211**	**39,016,697**	**4,090,346**	**43,107,043**	**(703,832)**	**5,060**	**(708,892)**
Total	**5,702,389,073**	**166,938,073**	**5,869,327,146**	**5,895,169,539**	**(21,912,245)**	**5,873,257,294**	**(3,930,148)**	**386,844**	**(4,316,992)**

5.3 Gas sale agreements

In addition to its role as an investor in the energy sector, NGC is responsible for

- Natural Gas Marketing and Transportation
- Natural Gas Transmission and Distribution

NGC is the sole purchaser, transporter and seller of natural gas in Trinidad and Tobago's natural gas-based energy sector; and it constructs, maintains and operates Trinidad and Tobago's natural gas transmission and distribution pipeline network, comprising 1,000 km of onshore and marine pipelines, with a capacity of 4.4 Bcf/d.

NGC provided information on its agreements to purchase gas from producers, and the quantities purchased in fiscal 2017, as set out in the table below.

Full legal name of party from whom gas purchased	Producing block	Quantity purchased (mcf)	Full legal names of all parties to the contract (NGC and other parties)	Date contract signed	Date contract effective		Payments made by NGC to? (block operator name or detail if more than one)	Payment made by NGC to MEEI (Y/N)?
					From	To		
BHP Billiton (Trinidad 2C) Ltd	Block 2C	107,524,150	Gas Sales Contract by and among BHP Billiton (Trinidad - 2C) Limited., Total E&P Trinidad B.V., Talisman (Trinidad) Ltd. And The Minister of Energy & Energy Industries and The National Gas Company of Trinidad and Tobago Limited	24th July, 2008	24th July, 2008	22nd April 2021	BHP Billiton (Trinidad 2C) Ltd; Chaoyang Petroleum (Trinidad) Block 2C Limited; Minister of Energy and Energy Affairs; NGC E&P Investments (Netherlands) B.V.	Y
BP Trinidad & Tobago LLC		234,207,379	Gas Sales Contract Between The National Gas Company of Trinidad and Tobago Limited and BP Trinidad and Tobago LLC	21st December, 2000	1st January 2000	1st January 2019	BP Trinidad & Tobago LLC	N
EOG Resourses Trinidad Ltd.		147,450,846	Amended and Restated Contract for the Sale and Purchase of Natural Gas By and Between EOG Resources Trinidad Limited	27th January 2005	1st January 2004	31st December 2018	EOG Resourses Trinidad Ltd.	N
EOG Resourses Trinidad U(b) Block	U(b) Block		Contract for the Sale and Purchase of Natural Gas By and Between EOG Resources Trinidad Limited and The National	23rd January, 2004	23rd January, 2004	23rd January, 2019	EOG Resourses Trinidad Ltd.; EOG Resourses Trinidad U(b) Block	N
EOG Resourses Trinidad Block 4(a)	4(a) Block		Contract for the Sale and Purchase of Natural Gas by and between EOG Resources Trinidad Block 4(a) Unlimited and	1st June, 2007	1st June, 2007	2nd June, 2022	EOG Resourses Trinidad Block 4(a) Unlimited.	N
EOG Resourses Trinidad - U(a) Block	U(a) Block		Gas Sales Contract between between EOG Resources Trinidad, EOG Resources Trinidad -U(a) Block Limited and and The	11th March, 2002	11th March, 2002	11th March, 2022	EOG Resourses Trinidad - U(a) Block Ltd.	N
Shell Trinidad & Tobago Ltd	Block 6; Block 5A; Block E	34,666,242	Incremental Gas Sales Contract among BG Trinidad and Tobago Limited and Chevron Trinidad and Tobago Resources SRL as Sellers and The National Gas Company of Trinidad and	18th May 2007	18th May 2007	31st December 2019	Shell Trinidad & Tobago Ltd; Chevron Resources SRL; Ministry of Energy & Energy Affairs	Y
Shell Trinidad Central Block Ltd	Central Block	2,615,295	Binding Term Sheet for the Sale of Central Block Gas to NGC	4th February, 2017	4th February, 2017	31st December 2018	Shell Trinidad Central Block Ltd; Petroleum Company of Trinidad and Tobago Ltd	N
Total purchases in year		**526,463,912**						

5.4 In kind flows

MEEI has confirmed that there were no revenues in kind in FY 2017.

5.5 Sale of state's share of production

Requirement 4.2 of the 2016 EITI Standard states that "Where the sale of the state's share of production …. is material, the government, including state-owned enterprises, are required to disclose the volumes sold and revenues received. The published data must be disaggregated by individual buying company and to levels commensurate with the reporting of other payments and revenue streams."

The Minister's share of oil is marketed by the operator companies on the international market. The Minister's share of gas is sold either to Atlantic LNG ('Atlantic') or to the National Gas Company ('NGC'). Atlantic sells the LNG to foreign markets and the NGC sells the gas to the domestic market (petrochemical, power generation and light manufacturing) in Trinidad and Tobago.

MEEI stated that GORTT US $242.5 million from the sale of its share of production under the Production Sharing Contract ('PSC') type of arrangement but did not provide an analysis by PSC, or details relating to sales arising under E&P contracts.

MEEI declined to provide volumes sold by each PSC since it considers that volumes of production sold from each PSC are confidential information based on the laws of Trinidad and Tobago; for example, section 35 of the Petroleum Act, Chap. 62:01 which provides for the non-disclosure of confidential information. Also, that such information is exempt information under section 33 (1) (c) of the Freedom of Information Act, Chap. 22:02.

5.6 Production

Production was reported by each company and by the MEEI, as shown below.

Company	MEEI Barrels	Company Barrels	Difference	MEEI MCF	Company MCF	Difference
BP Trinidad and Tobago LLC Trinidad Branch	4,303,336	4,303,330	6	660,036,261	660,036,264	(3)
BG Trinidad and Tobago Limited	150,200	62,813	87,387	168,666,234	168,127,933	538,301
BG Trinidad Central Block Limited	117,418	117,815	(397)	7,522,842	10,228,226	(2,705,384)
Shell Trinidad 5A Limited	0	87,439	(87,439)	24,545,207	24,545,207	0
Shell Trinidad Block E Limited	0	0	0	8,239	8,239	0
BHP Billiton (Trinidad-2C) Limited	1,542,820	1,542,820	0	132,717,469	132,717,469	0
De Novo Block 1 B Limited	0	0	0	0	0	0
EOG Resources Trinidad 4(A) Unlimited	0	0	0	35,666,000	35,666,000	0
EOG Resources Trinidad Limited	402,656	401,790	866	106,580,909	106,580,908	1
EOG Resources Trinidad- U(A) Block Limited	51,793	51,793	0	35,507,568	35,507,568	0
EOG Resources Trinidad U(B) Block Unlimited	14,896	14,896	0	5,734,957	5,734,959	(2)
Lease Operators Ltd	933,349	933,349	0	0	0	0
Perenco Trinidad and Tobago Limited	4,106,718	4,106,718	0	14,838,590	14,838,590	0
Primera Oil & Gas Ltd	110,981	106,502	4,479	0	0	0
Touchstone Exploration (Trinidad) Ltd	376,819	376,819	0	0	0	0
Petroleum Company of Trinidad and Tobago Ltd.	13,180,510	13,249,044	(68,534)	728,780	728,780	0
Trinidad and Tobago Marine Petroleum Company Limited	0	491	(491)	5,250,946	5,514,680	(263,734)
Oilbelt Services Ltd	659,821	570,298	89,523	0	0	0
Trinity Exploration & Production (Galeota) Limited	343,547	343,551	(4)	0	0	0
Total	**26,294,864**	**26,269,467**	**25,397**	**1,197,804,002**	**1,200,234,822**	**(2,430,820)**

5.7 Licensing and contracts

5.7.1 Register of licences

The MEEI website contains information on licences (http://www.energy.gov.tt/services/license-registers/) as follows:-

1. The List of Oil and Gas Contract/ Licence Holders - Register of Production Sharing Contracts (PSCs) for Fiscal Year 2010/2011.
2. Sub-licences Register - Register of Petroleum Production Sub-licences for Fiscal Year 2010/2011
3. Petroleum Register for Exploration and Production Licences
4. Petroleum Register for PSC's

The information for items 1 and 2 is out of date and the information for items 3 and 4 is undated. Since production of the FY 2016 report, TTEITI has worked with MEEI to add elements of the minimum data required by the EITI Standard which were previously not included:-

- Licence holder(s)
- Coordinates of the licence area
- Date of application, date of award and duration of the licence
- In the case of production licences, the commodity being produced

5.7.2 Allocation of licences

In the oil and gas industries in Trinidad and Tobago, licences are normally awarded as Exploration and Production (Public Petroleum Rights) Licences or Production Sharing Contracts (PSCs). Information related to the award or transfer of licences through competitive bid rounds can be accessed on the Ministry's website at http://www.energy.gov.tt/for-investors/competitive-bid-round/bid-rounds/

The procedure for allocation of petroleum E&P licences set out by the MEEI is included at Appendix 9.9

The "Prequalification criteria for participation in competitive bid rounds in Trinidad and Tobago" from MEEI is included as Appendix 9.13 to this report.

5.7.3 2018 Bid Round

There was a Shallow Water Competitive Bid Round in 2018. The bid round opened on November 8th, 2018 and ran for six months, with the deadline for submission of bids on May 20th, 2019. The Round contained six offshore shallow water blocks, namely

- Block 4(c)
- Block U(c)
- Lower Reverse L
- NCMA 2
- NCMA 3
- Block 1(b)

located off the eastern, northern and western coasts of Trinidad.

Three Bids were received as follows:

- Block U(c) – BP Exploration Operating Company Limited/BG International Limited
- Block 4(c) – BP Exploration Operating Company Limited/BG International Limited
- Block LRL – BP Exploration Operating Company Limited/BG International Limited

A Cabinet appointed committee is currently evaluating the received Bids.

5.7.4 Contract disclosure

The EITI Standard requires that the EITI Report documents the government's policy on disclosure of contracts and licences that govern the exploration and exploitation of oil, gas and minerals, including relevant legal provisions, actual disclosure practices and any reforms that are planned or underway.

The Standard defines "contract" as:

i. The full text of any contract, concession, production-sharing agreement or other agreement granted by, or entered into by, the government which provides the terms attached to the exploitation of oil gas and mineral resources.
ii. The full text of any annex, addendum or rider which establishes details relevant to the exploitation rights or the execution thereof.
iii. The full text of any alteration or amendment to the documents

The Standard defines "licence" as:

i. The full text of any licence, lease, title or permit by which a government confers on a company(ies) or individual(s) rights to exploit oil, gas and/or mineral resources.
ii. The full text of any annex, addendum or rider that establishes details relevant to the exploitation rights … or the execution thereof.

iii. The full text of any alteration or amendment to the documents

MEEI legal opinion regarding the issue of disclosure of contracts and licences is that the E&P licences and PSCs are confidential documents by virtue of section 35 of the Petroleum Act, Chap. 62:01. Further, they are exempt documents under Section 31 (1) (a) of the Freedom of Information Act, Chap. 22:02 and may not be disclosed.

The Ministry publishes on its website[13] in a section entitled "Model Contracts":-

a. Exploration and Production Public Petroleum Rights Licence – Offshore (http://www.energy.gov.tt/wp-content/uploads/2018/08/Exploration-and-Production-Public-Petroleum-Rights-Licence-Offshore.pdf)
b. Exploration and Production Public Petroleum Rights Licence – Onshore (http://www.energy.gov.tt/wp-content/uploads/2018/08/Exploration-and-Production-Public-Petroleum-Rights-Licence-Onshore.pdf)
c. Production Sharing Contract Deepwater Model (http://www.energy.gov.tt/wp-content/uploads/2018/08/Product-Sharing-Contract-Deepwater-Model.pdf)
d. Production Sharing Contract Draft Deep Water Model (http://www.energy.gov.tt/wp-content/uploads/2018/08/Product-Sharing-Contract-Draft-Deepwater-Model.pdf)

The terms of model PSCs are modified from time to time, so these models do not necessarily cover all the PSCs which have been awarded, and do not provide any indication of the provisions which may be negotiated when individual contracts are awarded.

As part of the publication of the 2018 Bid Round (section 5.7.3 above), MEEI published a Model Production Sharing Contract, which would govern any successful awards (http://www.energy.gov.tt/wp-content/uploads/2013/12/The-Model-Production-Sharing-Contract-May-2019.pdf)

The MEEI legal advice is that publication of the model E&P licence on its website illustrates the willingness of the government to comply with Requirement 2.4.b of the EITI Standard.

5.7.5 PSC transfers

5.7.5.1 Transfers in FY 2017

Implementing countries are required to disclose the information related to the award or transfer of licences pertaining to the companies covered in the EITI Report during the accounting period covered by the EITI Report (Requirement 2.2).

While no new licences were awarded in 2017, there were applications for transfer of licences between companies in FY 2017 as shown in table 5.7.5.1 below; the applications were granted on the dates shown.

	Block 22	**NCMA1**	**NCMA4**	**Block 3A**
Date of application for a transfer/assignment	17-Feb-17	17-Feb-17	17-Feb-17	05-Jun-17
Consent for the transfer	10-May-17	31-Mar-17	10-May-17	08-Dec-17

Table 5.7.5.1

[13] Website inspected 31-Jul-19

The Model PSC published on the MEEI website requires the PSC parties to provide:-

i. A guarantee for the minimum exploration programme and details of the guarantor
ii. A guarantee for the other PSC obligations and details of the guarantor
iii. An undertaking from the parent company of the assignee to provide necessary technical and financial resources

The guarantee for the minimum exploration programme would not be required on cases where the PSC development is past the stage of the minimum exploration programme. However, there is no allowance in the PSC for the requirement for the guarantee for other PSC obligations or for the parent company undertakings to be dispensed with. MEEI was not able to provide copies of any guarantees or undertakings for the PSC transfers for which it gave consent in 2017 and said that in the case of NCMA 1 and NCMA 4 the guarantees and undertaking were not obtained.

Where a transfer fee is payable, MEEI should obtain as a condition of granting consent a copy of any executed Deed of Assignment and Sale and Purchase Agreement for licence transfers , so that it has full information on the transfer and is able to follow up and collect any transfer fees payable.

5.7.5.2 Collection of fees due on transfer of PSCs

The model Deepwater PSC published by the MEEI provides that in event of an assignment or transfer,

For each assignment or transfer made by any entity or entities, the following rates shall apply to the amounts or value of the consideration:

a) For every dollar of first US$100 million: 1%
b) For every dollar of next US$100 million: 1.5%
c) For every dollar thereafter: 2%

The Minister reserves the right to waive this payment or any part thereof.

In practice, not all PSCs contain this clause.

The previous TTEITI Report highlighted that fees due had not been collected, accordingly we give an overview of fees due and collected in respect of the period 2012 – 2018 in table 5.7.5.2 below.

PSC assignments 2012 - 2018

				Amounts received				
Fiscal Year	Block	Date	Fee payable?	Date	USD	TT$	Transferor	Transferee
FY 2014	TTDAA 14	19-Feb-14	Yes	1-Feb-19	26,792.81	188,526.65	BP Exploration Operating Company Limited	BHP Billiton Petroleum (Trinidad Block 14) Limited
FY 2014	Block 5C	10-Jun-14	No					
FY 2014	Block 23A	14-Aug-14	Yes	1-Feb-19	48,666.70	329,726.63	BP Exploration Operating Company Limited	BHP Billiton Petroleum (Trinidad Block 23A) Limited
FY 2015	Guayaguayare - Deep Horizons	10-Jul-15	Yes	Fee not received as at 30-Jun-19 (see note below)			Voyager	Range Resources
FY 2015	Guayaguayare - Shallow Horizons	10-Jul-15	Yes				Voyager	Range Resources
FY 2016	Block 1A	25-Apr-16	No					
FY 2017	Block 22	10-May-17	No					
FY 2017	NCMA 1	31-Mar-17	No					
FY 2017	NCMA 4	10-May-17	Yes	31-Jan-19	165,000.00	1,114,146.00	Centrica North Sea Oil Limited	BG International Ltd
FY 2018	Block 3A	8-Dec-17	No					

Table 5.7.5.2

MEEI confirmed that no further fees were due in respect of Block TTDAA 14 and Block 23A, and reported that a total of US$365,000 was expected for Block NCMA4.

MEEI noted that fees were due in respect of Guaguayare Deep Horizons and Guaguayare Shallow Horizons, but that the precise transfer fee could not be calculated as the dollar amount of the consideration for the respective transfers were omitted from the assignment documents. We recommend that MEEI follow up the missing information and collect any fees due as soon as possible.

Our review of the processes within MEEI for the identification, quantification, follow up and collection of transfer fees indicates that they are not sufficiently robust and "joined up". Communication between the departments in MEEI involved in licence transfers needs to be improved. The Legal Department is involved in monitoring compliance with the PSC/contracts, the Commercial Department confirms the calculation of any transfer fees payable, while the Revenue Department monitors receipt of fees due. There needs to be a single schedule showing transfers which have taken place, whether a fee is due and in what amount, and whether the fee has been received and what follow up action is being taken.

5.8 Beneficial ownership

5.8.1 EITI requirements

Requirement 2.5 of the EITI Standard deals with beneficial ownership. Many of the provisions do not come into force until 1st January 2020. The provisions applying to this report are stated in Requirement 2.5.b, which states:-

"*It is required that:*

i. The EITI Report documents the government's policy and MSG's discussion on disclosure of beneficial ownership. This should include details of the relevant legal provisions, actual disclosure practices and any reforms that are planned or underway related to beneficial ownership disclosure.

ii. By 1 January 2017, the multi-stakeholder group publishes a roadmap for disclosing beneficial ownership information …. The MSG will determine all milestones and deadlines in the roadmap, and the MSG will evaluate implementation of the roadmap as part of the MSG's annual activity report."

5.8.2 Overview of current developments

5.8.2.1 Review of Register and Reporting Forms

The TTEITI Steering Committee in partnership with the British High Commission hired consultants Michael Barron and Tim Law to revamp the TTEITI Beneficial Ownership Register and Beneficial Ownership reporting form. The consultants prepared a report that highlighted gaps in the TTEITI current Beneficial Ownership Registry against the requirements of the EITI Standard 2016 and produced an updated registry. The consultants also highlighted points of divergence between the EITI Standard requirements and Government policy and legislation.

5.8.2.2 Beneficial Ownership sensitisation campaign

In 2019, the TTEITI Steering Committee partnered with the EU to undertake a year long national beneficial ownership sensitisation campaign. The overall objective/goal of this action is to assist Trinidad and Tobago to better meet its international obligations as it relates to secret company ownership disclosure, to the disclosure of politically exposed persons (PEPs) and to anti-terrorist financing. To achieve this goal, the action will meet the following three specific objectives:-

1. To increase public and civil society awareness of the need for the disclosure of beneficial ownerships and PEPs
2. To increase Parliamentary capacity and willingness to implement beneficial ownership laws
3. To increase companies' willingness and capacity to disclose their beneficial owners (i.e. both extractive and non-extractive companies). This project was the first of its kind in Trinidad and Tobago and its activities involve a mix of face-to-face capacity building presentations to Parliamentarians, civil society workshops, an information session, the distribution of beneficial ownership information kits to extractive companies, public participatory theatre performances and media promotion targeted to the public.

5.8.2.3 Online portal

The TTEITI Steering Committee developed an interactive online portal where reporting companies upload their beneficial ownership information and shared the beta-version of the portal with the Registrar General's department to demonstrate a technological solution to capturing beneficial ownership information from all locally registered companies.

5.8.2.4 Revised definitions

At its August 2019 Steering Committee, the SC agreed on new definitions of beneficial ownership and PEP that aligns with the definitions in the amended Companies Act passed in Q 1 2019:-

Beneficial owner definition

A beneficial owner is the natural person on whose behalf a transaction is being conducted, or a natural person who exercises ultimate effective control over a legal person or arrangement. It includes all natural persons who ultimately own or control an entity/company indirectly, directly or through some other means. This definition does not apply to companies listed on a regulated market that is subject to disclosure requirements which ensure adequate transparency of ownership information.

Politically exposed person definition

A public official who has been entrusted with a prominent public function. These include foreign and local political figures and extend to their immediate family members and close associates.

5.8.3 Trinidad and Tobago roadmap

TTEITI has published on its website a roadmap with a summary of progress (see http://www.tteiti.org.tt/wp-content/uploads/Beneficial-Ownership-Roadmap-Final.pdf).

5.8.4 TTEITI website

In addition to the roadmap, the TTEITI website (http://www.tteiti.org.tt/industry-overview/beneficial-ownership-declaration/) also contains information on its approach to meeting the beneficial ownership requirements of the EITI Standard, and a number of documents, including:-

1. Creation of a Beneficial Ownership Register Report
2. TTEITI Revised Beneficial Ownership Registry
3. TTEITI New Beneficial Ownership Declaration Form with guidance

4. Beneficial Ownership Report
5. Beneficial Ownership Registry
6. Beneficial Ownership Roadmap
7. MEEI's Policy on Beneficial Ownership

5.8.5 TTEITI Beneficial Ownership Registry

Given current efforts to update the TTEITI beneficial ownership register, we were asked to review the updated TTEITI Beneficial Ownership Registry and comment on the usefulness and authenticity of the information provided by extractive companies. Our review is based on data downloaded on 2nd August 2019.

1.1.1.1 Overall recommendations

1. The TTEITI MOU should contain require signatories to disclose beneficial ownership information meeting the requirements of the TTEITI and the EITI Standard.
2. Future PSCs should incorporate a requirement that signatories disclose beneficial ownership information meeting the requirements of the TTEITI and the EITI Standard.
3. Companies should be cross reference to MEEI licence data and the MOF tax identification number (TIN)
4. A manual governing the Register should be developed, covering such matters as
    a. The purpose of the register
    b. The body responsible for entering and maintaining the data
    c. The criteria for inclusion of a company on the register
    d. Methodology for submission of data and responsibility for its completeness and accuracy
    e. Periodic confirmation of the data
    f. Liaison with other bodies (TTCR, MOF IRD, MEEI)

5.8.5.1 Detailed observations

During our review of the Registry, we noted various matters which might be examined in developing the Registry further, although this does not purport to be a comprehensive list of possible improvements:-

1. The Registry is in the form of a spreadsheet with three tabs entitled "Summary", "Registry" and "Deleted". The purpose and relationship of the tabs is not stated.
2. Consideration should be given to a more user friendly presentation of the data. While the content is useful, the numerous data fields spread across the screen/page and the Register is difficult to read.
3. A unique reference number against each company in the master list would be useful for identifying entries and tracking changes
4. The MOF IRD tax identification number (TIN) is missing in all cases.
5. Several of the companies have no registration number listed from the TT Companies Registry, for example

   a. Massy Energy Resources Ltd
   b. Parex Resources (Trinidad) Ltd

6. Quoted companies are listed as the beneficial owner of their subsidiaries. This is incorrect, a beneficial owner can only be a natural person (with the exception of the GORTT ownership of SOEs). It is useful to have a wholly alphabetical list, but to deal with subsidiaries and parents, it would be beneficial to additionally group the companies under ownership.

7. Where a company states it is a subsidiary of a publicly owned company, it would greatly assist if it were required to give

   a. the name of the publicly listed company owning its shares
   b. the Stock Exchange (SE) on which the quotation appears and
   c. the SE number of the listed company to permit easy identification

We noted instances where a company whose details demonstrate it to be a subsidiary of a listed company did not have full information completed in the Registry (e.g. Amoco Trinidad Gas BV Trinidad Branch, and others)

5.9 Other matters

5.9.1 Monitoring of amounts due and paid from PSCs

PSCs include provision for operators to pay various fees, levies and other contributions. MEEI Commercial Evaluation Division maintains a report which monitors various amounts due from PSCs. The system has been in place for several years.

The MEEI report includes amounts due from PSCs in respect of

- Signature Bonus
- Technical Equipment Bonus
- Environmental Bonus
- Escrow Payment
- Annual Surface Rental
- Administrative Charge
- Research & Development Contribution
- Training Contribution
- Scholarship
- Minimum payments

and details amounts received in the calendar year for each of these items.

The report does not include all amounts due under PSCs for example

- profit share due
- holding fees
- fees for transfers/assignments.

The report should be amended to include all amounts due from PSCs so that a complete picture is available for each PSC. The report provided does not contain a summary or a total, and it is therefore difficult to identify quickly whether receipts are up to date and where there are large balances outstanding.

For purposes of this report, we have summarised the information provided by PSC on the following table. The information has not been validated.

Block	Operator	Balance due/(overpaid) at 31-Dec-17
BLOCK 1(A)	DeNovo	182
BLOCK 3(A)	BHP	0
BLOCK 4(A)	EOG	201
BLOCK 5(A)	Shell	636
BLOCK 5(B)	ATGB V	(1,436)
BLOCK 5(C)	Shell	51,176
BLOCK 5(D)	Shell	113,133
BLOCK 22	Shell	994
BLOCK 23(A)	BHP	8,463
BLOCK E	Shell	39,313
BLOCK MOD U(A)	EOG	251
BLOCK MOD U (B)	EOG	46
BLOCK NCMA1	BG	1,204
BLOCK NCMA 4	Shell	(438)
BLOCK TTDAA3	BHP	553
BLOCK TTDAA5	BHP	2,106
BLOCK TTDAA 6	BHP	1,942
BLOCK TTDAA 7	BHP	(3,553)
BLOCK TTDAA 14	BHP	3,201
BLOCK TTDAA 28	BHP	1,954
BLOCK TTDAA 29	BHP	1,926
Total		**221,854**

The amounts shown above are described in the MEEI report as the balance carried forward at 31st December 2017, and include balances owing/overpaid from these PSCs at 31st December 2016, per the MEEI report.

The original information provided by the MEEI for the purposes of the above table was significantly amended following a query from BHP 2C in relation to an amount initially reported as being due by the MEEI. The MEEI investigated the query and found that BHP 2C was in fact correct and the originally reported dues from that entity was adjusted to nil. The BHP Group further queried the above remaining dues in respect of the Groups other blocks but the MEEI was unable to provide feedback at the date of this report.

We compared the balance at 31st December 2016 included in this 2017 report with the amounts reported last year, and noted some changes:-

		Balance as at		
		31-Dec-16		31-Dec-17
Block	Operator	As reported 2016	As reported 2017	Current report
		US $	US $	US $
BLOCK GUYA SHALLOW	Niko	2,825,968	-	-
BLOCK GUYA DEEP	Niko	2,118,979	-	-
BLOCK 4(B)	Niko	1,322,665	-	-
BLOCK NCMA2	Niko	1,531,988	-	-
BLOCK NCMA3	Niko	1,280,195	-	-
Sub total	**Niko**	**9,079,795**	-	-
BLOCK 1(B)	DeNovo	788,362	-	-
BLOCK 4(A)	EOG	253,474		
BLOCK 5(D)	Shell		(105,296)	113,133
Others		181,738	17,857	108,720
Total		**10,303,369**	**(87,439)**	**221,853**

Niko withdrew from the blocks above and no money has been received in respect of these amounts shown as due. The 2016 report notes that the De Novo Block 1(B) was relinquished on 4th July 2016 and payments due after said date were not paid. The EOG balance at 31st December 2016 relates to a training payment, which was under discussion with the company. These items were not included in the 2017 report, meaning that there was no explanation for the reduction in amount due.

All amounts due at the end of one year should be included in the following year's report, with details of whether money was received or not, and what action was taken.

It is important that this monitoring is continued by MEEI; we additionally recommend that a full review of prior periods should also be undertaken in order to ensure that liabilities from PSC operators are correctly stated and that any necessary action may be taken to collect sums owed.

Summarising the weaknesses we noted:-

a. The report is not properly cumulative – i.e. it does not record the amount owing from periods before the current year. This means that the balance shown as owing may be understated, and that MEEI may not follow up amounts due. This should be corrected going forward.
b. The report does not contain a summary. This means that users cannot easily see areas requiring attention, and makes it more difficult to ensure that material balances are followed up. A summary should be added.
c. The report has the potential to provide key information to senior staff in the Ministry, and as such should be endorsed by the PS and circulated to the PS and senior staff at the Ministry.

These recommendations were contained in the TTEITI report for FY 2016, and have not been implemented.

5.9.2 MOF IRD liabilities settlement from PSC profit share

Under PSCs, the Contractor (the Operator and other parties to the PSC) is responsible for paying to the MEEI a profit share on behalf of itself and other parties in the PSC, in an amount determined under the provisions of the PSC. Such payments are made by the Operator on behalf of all the parties to the PSC.

The MEEI is responsible under the PSC for payment, on behalf of the Contractor out of the Government's Share of Profit Petroleum, of the Contractor's liability for Royalty, Petroleum Impost, Petroleum Profits Tax, Supplemental Petroleum Tax, Petroleum Production Levy, Green Fund Levy, Unemployment Levy and any other taxes or impositions whatsoever measured upon income or profits arising directly from the operations.

5.9.2.1 MEEI payments from profit share to MOF IRD in settlement for taxes from PSCs

Each company which is a party to the PSC notifies the MEEI of its liability to PPT, SPT and other taxes and levies payable to the MOF – IRD. An internal settlement is made between MEEI and MOF - IRD, which issues a receipt to each company for the amount of the settlement.

Below is a reconciliation of the total reported by the MOF IRD and the MEEI in respect of payment made by the MEEI on behalf of the PSC companies:

	2017
	TT$
Payments reported by MEEI	361,311,378
Receipts reported by MOF-IRD	373,270,826
Discrepancies	11,959,448
WHT declared by BIR not by MEEI	11,929,507
GFL declared by BIR not by MEEI	30,000
Other	(59)
	11,959,448

Table 5.9.2.1

As noted earlier, the above table illustrates the reconciliation of the payments made by the MEEI to the MOF IRD in respect of various dues to the MOF IRD. The figures reported by the MEEI are further reconciled against the payments reported by the PSC companies as having been made on their behalf by the MEEI is as follows:

	2017
	TT$
Payments to MOF-IRD made by MEEI	361,311,378
Settled by MEEI on behalf of Companies, as reported by companies	356,633,580
Difference	4,677,798
MEEI and BIR declared Rcpt 21/09/17 PPT, UL, GFL in total 16,637,246	16,637,246
WHT on branch profits declared by BIR & Company not declared by MEEI	(11,929,507)
GFL levy declared by Company & BIR not declared by MEEI	(30,000)
	59
	4,677,798

Table 5.9.2.2

5.9.2.2 MEEI payments to MOF IRD compared to profit share

The MEEI also reported the profit share received from the PSC companies for each reporting period. The MEEI uses a portion of the profit share receipts to make payments to the MOF-IRD for PSC company taxes. A comparison between profit share received by MEEI and the taxes paid to the MOF IRD on behalf of PSC companies is set out in the table which follows.

Company Name	**BIR #**	**MEEI declaration of taxes paid to the IRD on behalf of Company**	**Profit share received from PSC Company as per MEEI**
BHP Billiton (Trinidad 2C) Ltd	000117683-6	18,433,109	270,066,453
EOG Resources Trinidad U(A) Block Limited	000115200-9	92,507,715	141,287,939
EOG Resources Trinidad U(B) Block Unlimited	000122055-9	1,643,215	17,656,556
EOG Resources Trinidad Block 4(A) Unlimited	000124867-0	247,221,357	358,049,255
Shell T&T Limited	000112940-1	1,505,982	310,120,184
		361,311,378	**1,097,180,387**

Table 5.9.2.2

5.9.3 Escrow accounts

The Model PSC contains provisions intended to ensure that production facilities are properly decommissioned once production is over and to ensure that there is scope to rectify any pollution. These provisions require that following the end of production, or earlier relinquishment of some or all of the Contract Area, the Contractor shall carry out to the Minister's satisfaction a programme for abandonment and decommissioning of facilities agreed with the Minister …. such programme for abandonment and decommissioning of facilities shall comply with sound and current international Petroleum industry principles and guidelines for abandonment and decommissioning of facilities.

In order to provide funding for any works, the Minister and Contractor …. establish an interest bearing escrow account in the name of the Minister at a financial institution determined by the Minister to accumulate cash reserves for use to fund against possible pollution and eventual abandonment of wells and decommissioning of facilities related to Petroleum Operations in the Contract Area.

The Operator is bound to make payments into the account based upon production of oil or gas, while the Minister may withdraw funds in the event that Contractor (i) fails to effect environmental clean-up during the term of this Contract, or (ii) fails to properly abandon wells, or decommission facilities to the satisfaction of the Minister upon termination of this Contract. Where the Contractor carries out clean up and decommissioning in accordance with a plan approved by the Minister, the Contractor may use funds from the escrow account. If these funds are insufficient, the Contractor must pay any excess. On the other hand, if upon determination of the Contract, where Contractor fulfils all obligations in respect of environmental remediation, abandonment of wells and decommissioning of facilities to the satisfaction of the Minister, any existing funds in the escrow account shall remain with the Minister.

MEEI provided a schedule of escrow accounts maintained by the Central Bank:-

ACCOUNT NO.	ACCOUNT NAME	USD BALANCES AS AT 30-SEP-2016	FY 2017		USD BALANCES AS AT 30-SEP-2017
			ESCROW PAYMENTS	INTEREST EARNED	
01-20715-001-00-00-00	PETROTRIN AND BG T'DAD CENTRAL BLOCK LTD	5,427,881	361,264	16,189	5,805,333
01-20715-004-00-00-00	PETROTRIN - BALATA EAST SHALLOW HORIZONS	85,097	15,528	295	100,920
01-20715-005-00-00-00	PETROTRIN - CRUSE HORIZONS	5,855,764	420,264	18,419	6,294,447
01-20715-006-00-00-00	PETROTRIN - GUAPO OROPOUCHE BRIGHTON	2,924,007	366,838	9,650	3,300,494
01-20715-007-00-00-00	PETROTRIN - HERRERA HORIZONS	6,952,660	928,218	23,106	7,903,985
01-20715-008-00-00-00	PETROTRIN - MAYARO GUAYAGUAYARE HORIZONS	813,394	147,897	2,816	964,108
01-20715-010-00-00-00	PRIMERA OIL & GAS LTD - FYZABAD	12,445	-	37	12,482
01-20715-011-00-00-00	PRIMERA OIL & GAS LTD - PALO SECO BLOCK	48,618	-	143	48,761
01-20715-016-00-00-00	T'DAD EXPLORATION & DEV CO UNLTD - SOUTH WEST PEN BLOCK - ONSHORE	21,796	(21,791)	(5)	(0)
01-20715-019-00-00-00	PETROTRIN AND BEACH OILFIELD LTD-SOUTH WEST PENINSULA	101,461	21,791	367	123,619
01-20715-020-00-00-00	TRINIDAD NORTHERN AREAS (TRINMAR) PUBLIC PETROLEUM RIGHTS, PETROLEUM COMPANY TRINIDAD & TOBAGO	4,995,775	1,942,665	20,291	6,958,730
01-20715-021-00-00-00	EOG RESOURCES TRINIDAD BLOCK U (A) OSPREY FIELD	22,033,882	-	64,752	22,098,634
01-20715-022-00-00-00	EOG RESOURCES TRINIDAD BLOCK 4 (A) OFFSHORE	3,156,115	17,217,948	47,709	20,421,772
01-20715-023-00-00-00	TRINITY EXPLORATION AND PRODUCTION (GALEOTA) LIMITED, GALEOTA AREA, PUBLIC PERTOLEUM RIGHTS	-	599,282	1,651	600,933
		52,428,895	**21,999,905**	**205,419**	**74,634,219**

There is a small difference (USD 2.23) between the total declared above for 2016 – USD 52,428,895.12 – and the amount declared by the Central Bank last year – USD 52,428,892.89.

5.9.4 Infrastucture provisions and social expenditures

5.9.4.1 Infrastructure provisions

Requirement 4.3 states that the EITI report should contain details of the provision of goods and services (including loans, grants and infrastructure works), in full or partial exchange for oil, gas or mining exploration or production concessions or physical delivery of such commodities. The Steering Committee has determined that there were no such arrangements applying in FY 2017.

5.9.4.2 Social expenditures

The EITI requires disclosures of information related to social expenditures and the impact of the extractive sector on the economy, helping stakeholders to assess whether the extractive sector is leading to the desirable social and economic impacts and outcomes.

Requirement 6.1.a states that where material social expenditures by companies are mandated by law or the contract with the government that governs the extractive investment, implementing countries must disclose and, where possible, reconcile these transactions. The Steering Committee has determined that there were no such arrangements applying in FY 2017.

Companies were asked to report on a voluntary basis any discretionary social expenditures, in total for the fiscal year. Companies reported social expenditures as set out in table 4.7.6.1 which follows.

Company	Social payments	Infrastructure Payments	Transportation Tariffs
	TT$	TT$	TT$
BP Trinidad and Tobago LLC Trinidad Branch	11,822,622	-	-
Shell Trinidad and Tobago Limited	9,647,030	-	-
EOG Resources Trinidad Limited	1,252,247	-	-
Lease Operators Ltd	193,772	-	-
NGC	10,664,078	-	-
NGC Pipelines Limited	-	-	246,748,139
Perenco E&P Trinidad and Tobago Limited	1,047,397	-	-
Touchstone Exploration (Trinidad) Ltd	65,550	-	-
Total	**34,692,696**	**-**	**246,748,139**

Companies not represented in the table above did not report any discretionary social expenditure.

5.9.5 Transportation fees

Requirement 4.4 states that "*where revenues from the transportation of oil, gas and minerals are material, the government and state-owned enterprises (SOEs) are expected to disclose the revenues received. The published data must be disaggregated to levels commensurate with the reporting of other payments and revenue streams.*"

NGC, through its subsidiary NGC Pipelines Limited, and Petrotrin both receive revenues from transportation. NGC has disclosed total revenues received in previous EITI reports. Corrective action 7 from the validation states that "in accordance with Requirement 4.4, if they are considered material future reporting should include all the information needed such as tariffs, individual companies paying for this service, volumes transported and if practicable reconciling such payments."

The Steering Committee decided to gather further information from the SOEs on transportation, but that for the time being that this should not be reconciled. SOEs were requested to provide data on

- volumes of gas and/or oil transported
- tariff rates
- revenues received for transportation

and in line with Requirement 4.7, this information was required to be disaggregated by company.

5.9.5.1 NGC

NGC provided information in line with disclosures in their audited financial statements (AFS). The NGC Pipeline AFS for the calendar years 2016 and 2017show

	Year ending 31-Dec	
	2017	**2016**
	$000	$000
Shippers reserved capacity	283,992	279,997
Shippers commodity	36,153	35,557
Shippers supplemental tariff	4,405	4,331
Reimbursable insurance	1,463	1,549
Reimbursable pigging	309	500
Interruptible supply	9,449	-
Reimbursable allocation	4,738	2,287
	340,509	**324,221**

There are differences between the amounts reported in the AFS, which are prepared on an accruals basis, and on the templates, which are prepared on a cash basis.

NGC said that further disaggregation of the data by customer and information on volumes and tariffs were commercially sensitive and could not be provided.

5.9.5.2 Petrotrin

Petrotrin said that in view of the company reorganisation and the historical nature of the information requested, it would not be possible to respond to the information request for FY 2017, but that they (Heritage) would seek to provide information for the 2018 report.

5.9.6 Audited financial statements

As part of examining the assurance environment applying to oil and gas companies, companies were required to provide a copy of their audited financial statements and in accordance with the terms of reference for the assignment, we have documented whether the participating companies and government entities had their financial statements audited in the financial year covered by the EITI Report.

In the oil and gas sector, audited financial statements were obtained for both SOEs. NGC AFS are publicly available at https://ngc.co.tt/media/publications/. A copy of the Petrotrin AFS is included as Appendix 8.16.

The financial statements provided by private companies are detailed in Appendix 9.5. In summary, compliance was:-

	# companies
Supplied audited accounts for the local company	13
Do not produce audited accounts for local subsidiary, audited group accounts provided	18
Do not produce audited accounts for local subsidiary	3
Not prepared to release audited accounts	1
Failed to provide audited accounts	11
Total	**46**

Table 5.9.6

5.9.7 Project level reporting

Under the EITI Standard (requirement 4.7) and EITI Board decision of 8 March 2017, project level reporting is required for all reports covering fiscal years ending on or after 31 December 2018. This requirement does not apply to the period covered by this report, and was not included in scope by the TTEITI Steering Committee.

On Thursday August 17, 2017, the SC agreed to the following definition of project level reporting:-

A project is defined in line with the Canada ESTMA, EU Directives and US SEC rules, which all essentially define a project to be taken as:

“the operational activities that are governed by a single contract, licence, lease, concession, or similar legal agreement and form the basis for payment liabilities with a government, and if multiple such agreements are substantially interconnected, they would be considered a single project”.

“Substantially interconnected” means forming a set of operationally and geographically integrated agreements (e.g. contracts, licences, etc.) with substantially similar terms that are signed with a government, resulting in payment liabilities."

Further examination of the operations in Trinidad and Tobago is required to determine how certain activities are to be reported – for example, companies which are parties to more than one PSC; and whether companies with E&P operations have more than one project under this definition.

The Steering Committee should give further consideration to project reporting so that the FY 2019 report meets the requirements of the Standard.

5.9.8 Payments declared by PSC and E&P operators on behalf of participants

The PSC and E&P Operator is responsible for making payments on behalf of all parties to the PSC & E&P agreement. The amounts declared by operators in respect of such payments were:-

Payments made by Operators on behalf of Partners

Operator	Partners	TT$
BHP Billiton (Trinidad-2C) Ltd	Chaoyang Petroleum (Trinidad) Block 2C Limited	56,184,672
	NGC E&P Investments (Netherlands) B.V.	67,421,607
BHP Billiton (Trinidad-3A) Limited	Anadarko Petroleum Corporation	49,093
	Chaoyang Petroleum (Trinidad) Block 3A Limited	2,429,545
	Petroleum Company of Trinidad and Tobago Limited	1,428,776
	NGC E&P Investments (Netherlands) B.V.	809,849
BHP Billiton Petroleum (Trinidad Block 3) Limited	BG International Limited (35%)	3,453,953
BHP Billiton Petroleum (Trinidad Block 5) Limited	BG International Limited (35%)	3,645,107
BHP Billiton Petroleum (Trinidad Block 6) Limited	BG International Limited (35%)	3,476,600
BHP Billiton Petroleum (Trinidad Block 7) Limited	BG International Limited (35%)	3,143,917
BHP Billiton Petroleum (Trinidad Block 14) Limited	BP Exploration OperatingCompany Limited (30%)	3,149,723
BHP Billiton Petroleum (Trinidad Block 23a) Limited	BP Exploration OperatingCompany Limited (30%)	5,678,366
BHP Billiton Petroleum (Trinidad Block 23 b) Limited	Repsol Angostura Limited (40%)	8,747,495
EOG Resources Trinidad Limited	Trinidad and Tobago Marine Petroleum Company Limited	1,306,353
	The National Gas Company of Trinidad and Tobago Limited	3,087,892
	Petroleum Company of Trinidad & Tobago Limited	12,351,569
	BP Trinidad and Tobago LLC	12,615,640
BG International Limited	Chevron Trinidad and Tobago Resource SRL	9,619,478
	Shell Trinidad and Tobago Resource SRL	6,282,725
Shell Trinidad and Tobago Limited	Chevron T&T Resources SRL - 50%	3,202,425
	Shell T&T Resources SRL - 50%	275,366
	NSGP (Ensign) Ltd - 21.5%	57,020,842
	ENI Trinidad & Tobago Ltd - 21.5%	66,936,094
Shell Trinidad Central Block Limited	Petrotrin - 35%	2,190,383
		334,507,470

Payments made by Operators on behalf of Partners - summary by Partner

Partner on whose behalf payments were made		TT$
Anadarko Petroleum Corporation		49,093
BG International Limited		13,719,577
BP Exploration Operating Company Limited		8,828,089
BP Trinidad and Tobago LLC		12,615,640
Chaoyang Petroleum (Trinidad) Block 2C Limited		56,184,672
Chaoyang Petroleum (Trinidad) Block 3A Limited		2,429,545
Chevron Trinidad and Tobago Resource SRL		12,821,903
ENI Trinidad & Tobago Ltd		66,936,094
NGC E&P Investments (Netherlands) B.V.		68,231,455
NSGP (Ensign) Ltd		57,020,842
Petroleum Company of Trinidad & Tobago Limited		15,970,729
Repsol Angostura Limited		8,747,495
Shell Trinidad and Tobago Resource SRL		6,558,091
The National Gas Company of Trinidad and Tobago Limited		3,087,892
Trinidad and Tobago Marine Petroleum Company Limited		1,306,353
		334,507,470

6 MINING SECTOR

6.1 Introduction

An overview of the sector, and the legislation and fiscal regime applying to it is set out in Section 3.

The TTEITI Steering Committee decided to include in this EITI report a scoping study covering the mining sector and to report on payments made by participating mining companies.

Five mining companies agreed to participate in EITI reporting and royalty payments from those firms would be reconciled with receipts reported by government. Participating companies include two SOEs.

Reconciliation of results from participating companies

The results of the reconciliation of agreed flows for participating companies were:-

Table 6.1

Company		Adjusted totals		Reconciling items
		Government	Company	
		TT$	TT$	TT$
Trinidad Cement Limited	*6.2.1*	-	-	-
Hermitage Limestone Limited		269,111	269,111	-
National Quarries Company Limited	*6.2.2*	841,674	2,724,020	(1,882,346)
Lake Asphalt of Trinidad and Tobago (1978) Ltd	*6.2.3*	1,494,283	1,097,349	396,934
F. W. Hickson & Co Ltd	*6.2.4*	-	-	-
		2,605,068	**4,090,480**	**(1,485,412)**

6.1.1 Trinidad Cement Limited

Trinidad Cement Limited did not provide a reporting template for 2017 FY. The MOF IRD was unable to forward any information on this entity as the entity was not represented at the information hand-over ceremony. The MEEI reported nil receipts from this Company.

6.1.2 National Quarries Limited

The reconciling difference relates to receipts declared by the Company that were paid at the district revenue office and were not included on the reporting template supplied by the MEEI as they have no sight of such payments. The company did not provide copies of the receipts for verification.

By way of note, NQL informed us that agreement had not been reached with MEEI on the amount of royalties outstanding for limestone operations.

A figure of TT$ 39 million had been agreed with MEEI as the balance of royalties outstanding at 31st March 2018 for other operations. Royalties since that date were not agreed.

Company cash flow did not currently permit payment of any historical royalties. Royalties for 2018 and Jan-Feb 2019 had been paid on a current basis (based on NQL estimates), but royalties for March to June 2019 had not been paid, due to cash flow constraints.

6.1.3 Lake Asphalt of Trinidad & Tobago (1978) Limited

The reconciling difference relates to a receipt declared by the MEEI which was not reported by the Company. As at the date of completion of our fieldwork, we were not able to access the relevant personnel at the MEEI for assistance in locating a copy of this receipt for verification.

6.1.4 F. W. Hickson & Co Ltd

This company reported no payments to the Government and has indicated that operations had not yet commenced as at 30.09.2017. The MEEI and MOF IRD also reported nil payments for this company.

6.2 Production

Company	MEEI Limestone Production	Company Limestone Production	Difference	MEEI Raw Crude Asphalt Production	Company Raw Crude Asphalt Production	Difference
Trinidad Cement Limited	497,870	-	497,870	-	-	-
Hermitage Limestone Limited	-	143,366	(143,366)	-	-	-
National Quarries Company Limited	-	-	-	-	-	-
Lake Asphalt of Trinidad and Tobago	-	-	-	9,139	-	9,139
F. W. Hickson & Co Ltd						
	497,870	**143,366**	**354,504**	**9,139**	**-**	**9,139**

As noted in Section 3, MEEI does not independently verify production and relies upon figures reported by the companies. Where no production is included in the table above, the company and/or MEEI did not provide any information.

6.3 Licensing

6.3.1 General

Most mining operations in Trinidad and Tobago are conducted without a duly issued licence. MEEI provided a list of quarry operators , which is included as Appendix 8.17. We have made recommendations in this respect in section 7.2.11.

6.3.2 National Quarries Limited

As noted elsewhere, the state owned NQL does not hold licences or permits for its operations.

NQL informed us that the company had nearly completed the process to obtain licences to occupy its properties, which are state-owned land, and the applications were with the Attorney General's office. There was reference to the need to obtain a certificate of environmental clearance in order to conclude the process of obtaining the licences to occupy (although it is not a requirement under statute).

Licences to occupy were required before application may be made for mining licences. However, NQL has carried out preliminary work in preparation for an application, in particular

- Preparation of a mine design plan
- Assessment of reserves, with duration under the planned production profile
- Definition of the planned acreage (c 500 acres)

6.4 Social expenditures and infrastructure provisions

Companies were asked to report on a voluntary basis any discretionary social expenditures, in total for the fiscal year. Only Lake Asphalt reported such social expenditures, as set out in the table below.

Company	Social payments	Infrastructure Payments
	TT$	TT$
Lake Asphalt of Trinidad & Tobago (1978) Limited	231,034	-
Total	**231,034**	**-**

None of the reporting companies reported making infrastructure payments.

7 RECOMMENDATIONS

7.1 Implementation of prior year recommendations

The Steering Committee has established a process to review recommendations in the EITI reports and to take action where considered necessary, and progress has been made in this area.

A summary of recommendations from the 2015-16 report and the current status, is shown below.

15/16 report ref	Summary of recommendation	Status	See section
8.2.1	Licensing		
	MEEI to maintain public oil and gas register adhering to EITI Requirement 2.3	Outstanding	7.2.6
	MEEI to publish model E&P Licence	Cleared	
	MEEI and MOF-IRD to confirm all license holders have a tax payer ID	Outstanding	7.2.6
8.2.2	Audited financial statements: mining SOEs	Repeated	7.2.9
8.2.3	Fees for assignments or transfers of PSCs		
	MEEI to take action to collect transfer and assignment fees due at 30 September 2016	Cleared	
	MEEI to set up system to ensure fees are paid in future.	Outstanding	7.2.4
8.2.4	Monitoring of amounts due from PSCs	Outstanding	7.2.4
8.2.5	Continuity of EITI under MOU arrangement	Outstanding	7.2.5
8.2.6	Assurance environment of government reporting		
	Removal of impediments to the audit of MOF-IRD figures by the Auditor General under INTOSAI	Repeated	7.2.1
	Discussion with AG on what assurance is required over Government reporting for TTEITI and inclusion in AG dep't workplan.	Repeated	7.2.1
8.2.7	Royalty monetisation - NGC	Concluded	
8.2.8	Mining sector	Outstanding	7.2.10
8.2.9	MEEI systems	Repeated	7.2.3
8.2.10	Company selection	Outstanding	7.2.2

7.2 Recommendations for EITI reporting and implementation

7.2.1 Assurance environment in government reporting

We consider the control environment in MEEI to be weak, with improvements needed in monitoring of amounts due and in MEEI systems and reporting, along with a review of the work carried out by the Ministry's own audit teams. There is no independent audit of the MOF IRD records, since the Government Auditor General is not permitted access by MOF IRD, which cites section 4.2 of the Income Tax Act.

MOF IRD and MEEI are two of the major revenue collectors for GoRTT and it is important that there is a robust assurance environment applying in their processes and reporting.

Accordingly, we recommend that :

1. The staffing of the Auditor General should be set at a level sufficient to carry out regular audits of good quality under INTOSAI provisions of the MOF IRD and MEEI revenue and cost records; and
2. The staff of the Auditor General should be trained in knowledge of the oil, gas and mining sectors, with technical (non financial) assistance as appropriate so that the audits contribute to an improving control environment in these ministries; and
3. GoRTT should remove any impediments to the audit of MOF-IRD revenue records and reporting by the Auditor General under INTOSAI; and
4. The TTEITI Steering Committee through the TTEITI Secretariat should discuss with the Auditor General what assurance is required over government reporting for TTEITI, such discussions to be concluded in time for the Auditor General to incorporate in the department's workplan any actions which may be required prior to the next TTEIT report.

7.2.2 Company selection

EITI currently operate on a voluntary basis in Trinidad and Tobago and contributors to the EITI report are essentially limited to companies which have agreed to sign the MOU. The limitations on information from MOF IRD make more difficult the identification of companies making material payments. The Steering Committee itself was unable to conclude that all companies making material payments in Fiscal 2017 had been included in the reconciliation, with evidence from public sources giving partial confirmation that this was the case. The companies where there was no certainty were not signatories to the MOU, and have not responded to invitations to participate.

We note the efforts made to promote TTEITI and to encourage participation, but we also note the possible gaps in coverage in this report.

Accordingly, in terms of ensuring there is inclusion of all companies making material payments, we recommend that :

1. The Steering Committee conducts an in depth review of licence, production and financial data – including enlisting the cooperation of MOF IRD so that material payments are not overlooked – to identify companies which are or appear to be making material payments to government. The review to be carried out promptly after conclusion of this report; and
2. Following this review, the Steering Committee uses all possible means to join all companies making material payments into the TTEITI initiative; and
3. Periodically and regularly refreshes the examination of extractive companies to ensure that all companies making material payments are brought into the TTEITI initiative

We also noted that MEEI and MOF-IRD reported receipts from companies which had been amalgamated prior to the start of the reporting period (see section 4.2.5).

We recommend that :

4. The process for selection of companies for inclusion in future reconciliations includes a review of changes of ownership and/or activity during or subsequent to the reconciliation period, so that data requests can be directed appropriately.

We also noted two SOEs with connections to the extractive sector which were not included in the reconciliation (see section 4.5.4.3 and 4.5.4.4). TTEITI should determine the nature of the oversight of quarries exercised by Estate Management and Business Development Company Limited and Palo Seco Agricultural Enterprises Ltd, and the extent of the extractive activities – if any – of the two companies.

We recommend that:

5. The TTEITI Steering Committee should further investigate the involvement of these companies in the extractive sector and bring them into the reporting for the next report once their status is determined.

7.2.3 MEEI systems

The records in the MEEI are kept using manual spreadsheet-based systems. Such systems

- often contain inadequate controls over data integrity
- are time consuming to maintain
- make management of information – in this case, information on government revenues - difficult, and
- are prone to error

Without adequate systems, preparation of data for EITI reporting – including any plans to mainstream information – are not likely to be effective.

We recommend that the MEEI give priority to the introduction of appropriate computerised systems to record and control information relating to the production and finances from the oil and gas sector.

7.2.4 Monitoring of amounts due under PSCs and E&P

MEEI produces a report to monitor certain amounts due from PSCs for each fiscal year (see section 5.9.1). It is important that this monitoring is continued by MEEI and we additionally recommend that the reporting be improved as follows:-

1. A review of prior periods should be undertaken as a matter of urgency in order to ensure that liabilities from PSC operators are correctly stated and any necessary action may be taken to collect sums owed.
2. The report should be produced on a cumulative basis – i.e. showing amounts owing from all prior periods as well as the current period. The outcome of the review referred to in (1) above should be added to the report.
3. The report should contain a summary by PSC so that users can easily see areas requiring attention, and making it easier to ensure that material balances are followed up.
4. The report should be endorsed by the PS and circulated to the PS and senior staff at the Ministry.
5. The report does not include all amounts due under PSCs – e.g.
    - profit share due
    - fees for transfers/assignments of PSCs
    - holding fees

These and any other relevant amounts should be added so that a complete picture is available for each PSC.

Similarly, amounts due from E&P companies – and in particular royalties – should be reported regularly. We observed that there was no comprehensive and current record of royalties due and unpaid covering all companies.

7.2.5 Continuity in the TTEITI

Trinidad and Tobago has adopted a voluntary approach for participation by companies in EITI reporting, through periodic MOUs. We would highlight some of the issues with the MOU approach, namely

- Potential lack of continuity if the MOU lapses before the new MOU is signed
- Time consuming drafting and negotiation of each new MOU
- Need to continually review membership to ensure that EITI commitments and requirements are met
- Unresponsive to changes in EITI requirements and/or TTEITI Steering Committee requirements
- Does not deal with issues created by section 4.2 of the Income Tax Act

In the event that there is no all encompassing EITI legislation introduced in Trinidad and Tobago, as has been under discussion for some years, we recommend

1. Consideration of the introduction of provisions into all new licences/PSCs the requirement for companies to adhere to TTEITI requirements
2. Timely signature by all parties of a follow on MOU to the current MOU
3. Consideration of an indefinite term for the follow on MOU
4. Appropriate provisions for joining and leaving, changes of coverage and other provisions as required

7.2.6 Licensing

1. MEEI should maintain a publicly available register or cadastre system with timely and comprehensive information regarding each of the licences pertaining to companies covered in the EITI and all other entities and containing, as a minimum, the information set out in Requirement 2.3 of the EITI Standard.
2. MEEI and MOF-IRD should conduct an exercise to compare the data they hold on respectively licences and taxpayers to confirm that all holders of extractive licences have a taxpayer Identification Number, and to assist MOF IRD in identifying extractive companies accurately.

The TTEITI Steering Committee should remain informed on actions taken by MEEI and MOF-IRD in these areas.

Pending implementation of (1) above, the information provided by MEEI and the TTEITI Secretariat on licences is included in the Appendices to this report.

7.2.7 Company nomenclature

We noted various instances where the use of company names by MEEI and MOF IRD was inconsistent. On occasion, MEEI submissions were internally inconsistent, while on other occasions there were differences between MEEI and MOF IRD; and in other instances, receipts were reported against companies which had been amalgamated prior to the start of the reporting period, or where ownership changed before or during the period.

The compilation of MEEI data on spreadsheets is likely to explain some of the naming problems there.

MOF IRD said that where there were amounts owed to MOF IRD by a company which was amalgamated with another, the original company was retained until the liability was cleared. This appears to be incorrect, since the amalgamated company assumes responsibility for the liabilities of the company which is amalgamated into it, and MOF IRD should reflect the new position.

Incorrect use of names is confusing in the context of the EITI reconciliation, and may even cause a Ministry to pursue the wrong legal person for a debt in the worst case.

We recommend that the process for selection of companies for inclusion in future reconciliations includes a review by the TTEITI Secretariat of changes of ownership and/or activity during or subsequent to the reconciliation period, so that data requests can be directed appropriately.

7.2.8 Individual company audits

Given that the results of individual operations change from year to year, a reliance on the assurance given by group AFS means that the level of assurance may vary (up or down) in any particular year.

We therefore recommend that audited accounts should be required for every company operating in the oil/gas sector in Trinidad and Tobago, with an exemption for small operators.

7.2.9 SOEs in mining sector

As described in section 4.5.5, the audited financial statements for National Quarries Limited and Lake Asphalt Trinidad & Tobago (1978) Limited are not up to date.

Of greater concern is the finding that NQL is not able to produce full management accounts including a statement of its assets and liabilities.

We recommend that MOF Investment Division takes all necessary action to ensure that

1. NQL and LATT have approved and published audited financial statements for the year ending 30th September 2018 before the end of this calendar year (2019); and
2. NQL and LATT approve and publish audited financial statements for the year ending 30th September 2019, and subsequent years, within 9 months of the company's year end; and
3. NQL produces full management accounts, including a balance sheet, as soon as possible and in any case by 30th September 2019; and that all necessary resource is directed to achieve this end; and
4. NQL produces full management accounts after 30th September 2019 at least quarterly.

7.2.10 Project reporting

Under the EITI Standard (requirement 4.7) and EITI Board decision of 8 March 2017, project level reporting is required for all reports covering fiscal years ending on or after 31 December 2018.

We recommend that the Steering Committee should further examine the operations in Trinidad and Tobago to determine how certain activities are to be reported – for example, companies which are parties to more than one PSC; and whether companies with E&P operations have more than one project under this definition.

7.2.11 Mining sector

There are numerous unlicensed operators, including the government itself (NQL), and the process of obtaining licences and permits is time consuming, due both to the involvement of several agencies in the permitting process and to the response time in the government agencies. Nevertheless, GORTT should ensure that all its SOE mining operations are licensed and permitted in accordance with the law; and should adopt a phased approach, starting with the largest operators, to license and put in place permits covering their mining operations.

Calculation of royalties is currently based on operator declarations, since most have no weighbridges. MEEI is investigating drone technology, which is already in use in the private sector, to assess production but progress has been slow and a drone is yet to be purchased.

We recommend that

1. a time bound schedule be initiated by the MEEI, agreed by the other permitting agencies, so that the award of licences and permits to all mining SOEs covering each and all of their operations is effected before publication of the next EITI report; and that a similar schedule be initiated for each and all of the operations of the ten largest private producers; and
2. MEEI expedites its procurement of drone technology to monitor production, so that royalties may be better assessed and collected. We note that drone technology is already in use in the private sector in Trinidad and Tobago.

The mining sector is described in Section 3 and results from the EITI pilot and comments on the sector are contained in Section 6.

8 APPENDICES (separate volume)

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