

Trinidad and Tobago EITI Report
October 1st 2017 - September 30th 2018

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FOREWORD

Welcome to Trinidad and Tobago's seventh annual Extractive Industries Transparency Initiative (EITI) Report. The country has been implementing the EITI for a decade and this year's report arrives at a time when the Covid-19 pandemic has severely impacted the economy and nation. The combined direct and indirect impact of the pandemic plus depressed oil, gas and petrochemical prices and declining production have pushed Trinidad and Tobago into a deep economic recession. The Government has been forced to trigger a massive multi-billion dollar relief programme to support workers and businesses impacted by the pandemic. Thankfully, Government has been able to partly finance the relief programme by drawdowns from the Heritage and Stabilization Fund, which was established to meet shortfalls in revenue from a crisis of this nature.

Trinidad and Tobago is in an economic quagmire as current reality conflicts with aspirations in several areas. Government is grappling with a precipitous decline in revenue while seeking to manage expenditure and save jobs, with a high fixed current expenditure profile. The erosion of our competitiveness as a location for gas based industries has called into question the long-term viability of our long standing gas monetization model. The prognosis of energy commodity prices remaining depressed beyond the short term does not auger well for the economy. Notwithstanding adverse trends, Government continues to press the energy sector development accelerator by launching new bid rounds for exploration acreage and granting approval for the first large scale renewable energy project sponsored jointly by the private sector. Given this uncertainty, sharing up to date information on oil, gas and mining revenue, policy changes and the future outlook for these sectors will be paramount. This report reconciles Government's payments for fiscal year 2018. However, the SC has included up to date information on the Government's revenue from royalties and profit share from production sharing contracts and other key parameters for the period up to 2020.

Over the last year, we have been focussing on advancing the practice of systematic disclosure whereby EITI information becomes available at source within the relevant Ministry websites and is not confined to EITI Reports. In 2021, the SC will embark on a pilot with the EITI International Secretariat concentrating on the steps necessary for systematic disclosure to become the norm. Our new work plan for 2021-23, also targets an increase in mining sector participation in TTEITI and the passing of TTEITI legislation. We will also go through our second Validation where our performance against the 2019 Standard will be assessed. This report therefore introduces several innovations.

The SC and Secretariat are expanding focus beyond revenue transparency to other areas that support greater transparency and accountability in the extractive sector as well as act as a disincentive to corruption. The following are examples of that expanded focus, some of which are reflected in this report:

- Production sharing contract analysis
- Environmental reporting
- Contract Transparency
- Beneficial ownership disclosure
- Open data and open budgets

These 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. 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 cornerstone of the national economy. The collating, verifying and sharing of these sectors' data will build a better

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understanding among citizens on how the government is using the country's scarce non-renewable natural resources in a time when revenues are shrinking. The SC's aim is also to ensure that the EITI is relevant to and effective in targeting national priorities, including digitalisation and local Government reform on participatory budgeting.

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 sector surveys and reporting on their findings for all the EITI Reports we have published to date. Finally, I want to thank the TTEITI Steering Committee and the Secretariat for their daily contributions to EITI implementation. I am optimistic that the information provided in this report will advance dialogue and debate on the country's extractive sector. My fervent hope is that we all continue to support the EITI's journey for the next decade and beyond.

Gregory McGuire

Chairman, TTEITI Steering Committee

February 25, 2021

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ABBREVIATIONS AND ACRONYMS

ALNG	Atlantic LNG Company of Trinidad and Tobago	IRSF	Interim- Revenue Stabilization Fund	PSC	Production Sharing Contract
AUM	Ammonia Urea Melamine	IV	Joint Venture	RE/EE	Renewable Energy/ Energy Efficiency
Bcf	Billion standard cubic feet	LATT	Lake Asphalt of Trinidad and Tobago (1978) Limited	RTP	Reserves-to- Production
BGTT	BG Trinidad and Tobago (now Shell)	LIC	Light Industrial Consumers	SOE	State Owned Enterprise
BIR	Board of Inland Revenue	LICS	Light Industrial and Commercial Sectors	SPT	Supplemental Petroleum Tax
Boe	Barrels of oil equivalent	LNG	Liquefied Natural Gas	STCIC	South Trinidad Chamber of Industry and Commerce
Bopd	barrels of oil per day	LOFO	Lease Operatorship and Farm Out	T&T	Trinidad and Tobago
Bpd	Barrels per day	LPG	Liquefied Petroleum Gas	T&TEC	Trinidad and Tobago Electricity Commission
bpTT	BP Trinidad and Tobago LLC Trinidad Branch	mcf	Million cubic feet	tcf	Trillion cubic feet
BTU	British Thermal Units	MEEI	Ministry of Energy and Energy Industries	TGU	Trinidad Generation Unlimited
CBTT	Central Bank of Trinidad and Tobago	MHTL	Methanol Holdings Trinidad Limited	THA	Tobago House of Assembly
CEC	Certificate of Environmental Clearance	mmbtu	Million British Thermal Units	TPIN	Tax Payer Identification Number
CNC	Caribbean Nitrogen Company	mmcf/d	Million Standard Cubic feet per day	Trintomar	Trinidad and Tobago Marine Petroleum Company
CNG	Compressed Natural Gas	MOF	Ministry of Finance	TT \$	Trinidad and Tobago Dollar(s)
CSR	Corporate Social Responsibility	MOU	Memorandum of Understanding	TTDAA	Trinidad and Tobago Deep Atlantic Area
CT	Corporation tax	mt	Metric tonne(s)	TTEITI	Trinidad and Tobago EITI
E&P	Exploration and Production	NCMA	North Coast Marine Area	TTEITI SC	Trinidad and Tobago EITI Steering Committee
EIA	Environmental Impact Assessment	NGC	The National Gas Company of Trinidad and Tobago Limited	UL	Unemployment levy
EITI	Extractive Industries Transparency Initiative	NGL	Natural Gas Liquid	UNDP	United Nations Development Programme
EMA	Environmental Management Authority	NP	Trinidad and Tobago National Petroleum Marketing Company Limited	US \$	United States Dollar(s)
FY	Fiscal Year	NQCL	National Quarries Company Limited	USGS	US Geological Survey
GDP	Gross Domestic Product	OAG	Office of the Auditor General	VAT	Value Added Tax
GoRTT	Government of the Republic of Trinidad and Tobago	Petrotrin	Petroleum Company of Trinidad and Tobago Company Limited	WHT	Withholding Tax
HSF	Heritage and Stabilization Fund	PLNL	Point Lisas Nitrogen Limited	WTI	West Texas Intermediate
IPSC	Incremental Production Sharing Contract	PPGPL	Phoenix Park Gas Processors Limited		
IRD	Inland Revenue Division	PPT	Petroleum Profits Tax		

Report of the Independent Administrator

Trinidad and Tobago EITI Steering Committee
15th Floor
International Waterfront Centre
1 Wrightson Road
Port of Spain
Trinidad and Tobago

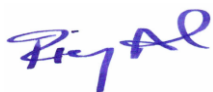
BDO Trinity Limited as the lead consultant, supported by Hart Nurse Limited, has been appointed by the Government of the Republic of Trinidad and Tobago, acting through the Ministry of Energy and Energy Industries, to produce an EITI Report on payments directly or indirectly made by participating extractive 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 2018 fiscal year, 1st October 2017 to 30th September 2018 and to report on the Pilot Project conducted with selected mining companies for the 2018 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 86 to 137 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

February 25, 2021

1 INTRODUCTION

This is the seventh Trinidad and Tobago EITI Report, which includes EITI revenue data from the period 1st October 2017 to 30th September 2018. The Independent Administrator's work was carried out between February 28, 2020 and February 25, 2021 in accordance with the Terms of Reference included in Appendix 8.2. The report is based on information received up to February 23, 2021. Information received after this date has not been taken into account.

The report was prepared during the Covid-19 pandemic, during which there were restrictions imposed on the movement of individuals and face to face meetings were not permitted during certain periods. There was extensive use of electronic means of data exchange and transmission and video communication in place of meetings in order to prepare and complete the report; this was accomplished in a generally satisfactory manner (see Section 3.3.1 for observations on data collection processes). Timescales for data collection and responses to queries were inevitably extended since staff were not in the office for much of the time.

In line with efforts by TTEITI towards mainstreaming extractive industry data, information which is available online is not reproduced in this report, instead reference is made to the online location for such data.

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 2018 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 2018 Fiscal Period. This included an analysis and reconciliation of material payments and receipts made by specified reporting entities in Fiscal 2018 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 2018, 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 Chairman of the TTEITI Steering Committee
- Administrator's report to TTEITI Steering Committee
- Introduction
- Executive summary
- Determination of scope and reconciliation methodology
- Oil and gas sector

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- Mining sector
- Recommendations
- The extractive industries in Trinidad and Tobago

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. We also recognise the additional efforts made by stakeholders to overcome the difficulties caused by the Covid-19 restrictions.

2 EXECUTIVE SUMMARY

This summary sets out an overview of the extractive sector and 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.

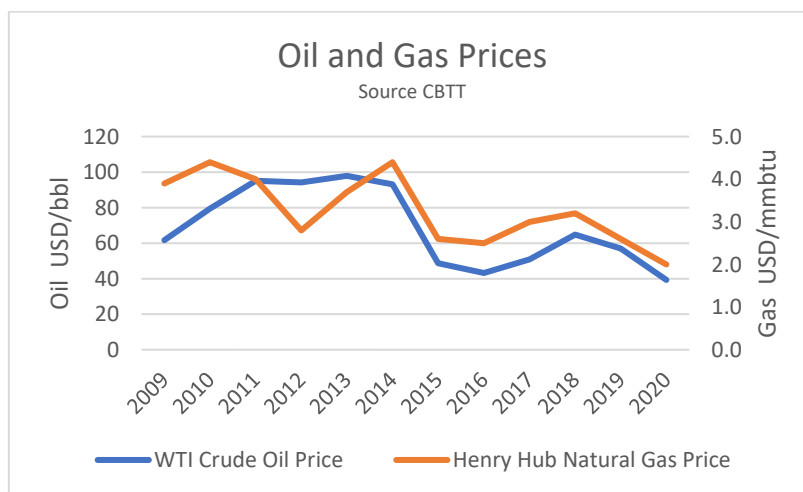
This section contains:-

- 2.1 Extractive sector overview
- 2.2 EITI participation
- 2.3 Total government receipts – oil and gas sector
- 2.4 Overview of reconciliation results
- 2.5 Selection of companies
- 2.6 Completeness and accuracy of data, and assurance
- 2.7 Key findings

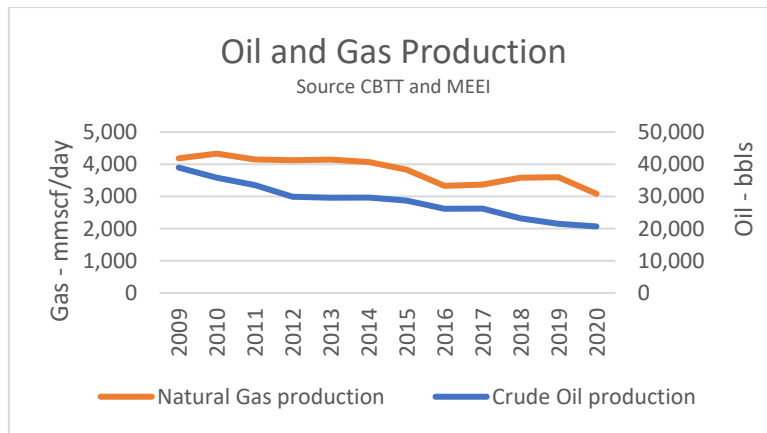
2.1 Extractive sector overview

2.1.1 Oil and gas

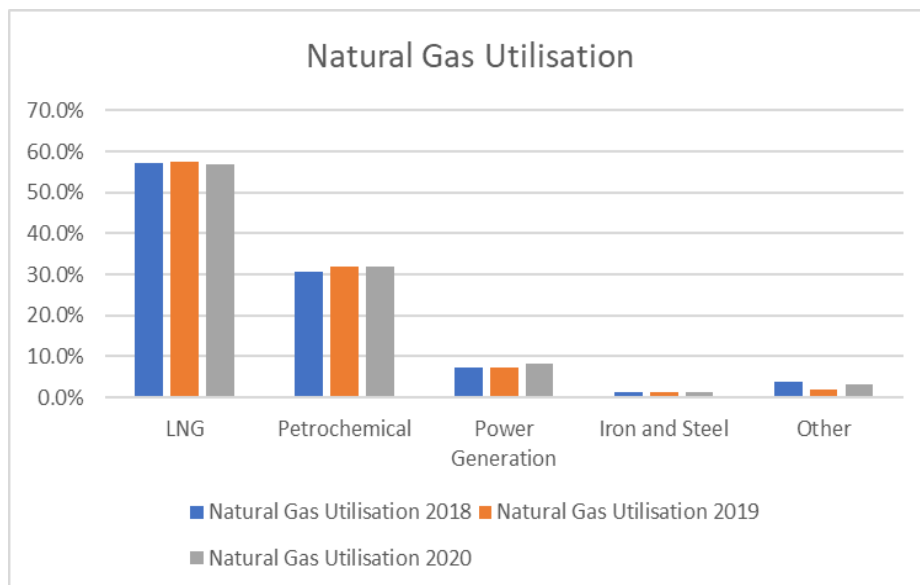
Key metrics for production, prices, etc for the oil & gas sector since 2009 reflect the effect of changes in output and commodity prices.



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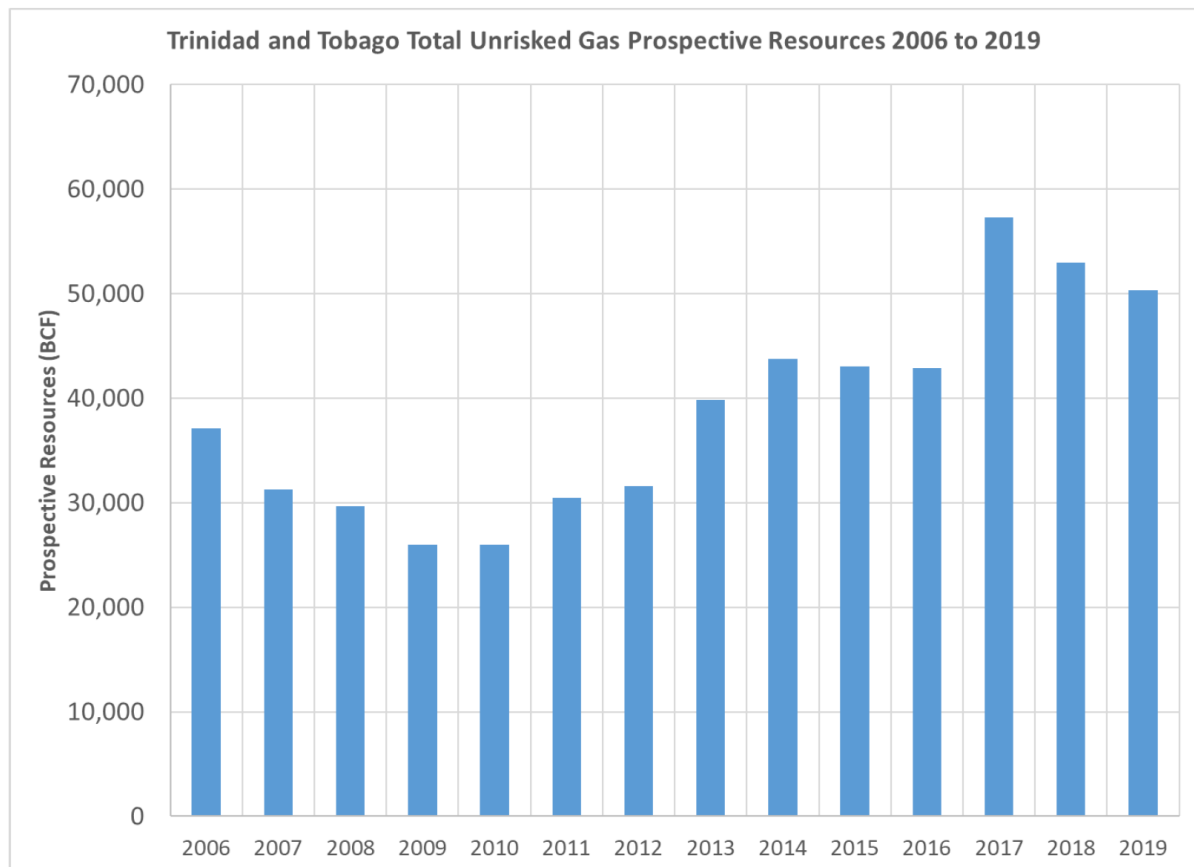
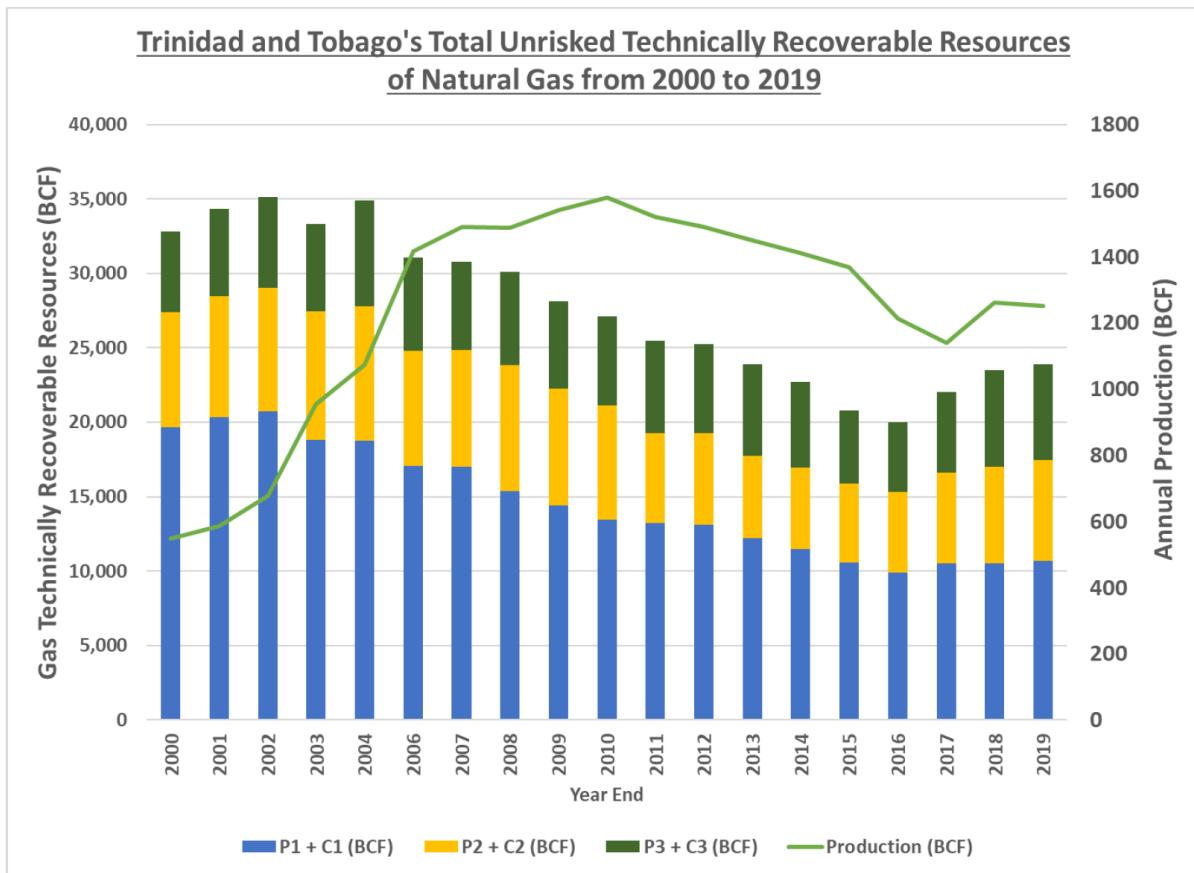
Gas is used largely for LNG production, but also for manufacture of methanol and ammonia, domestic power generation and other purposes.



Source MEEI via Contextual report

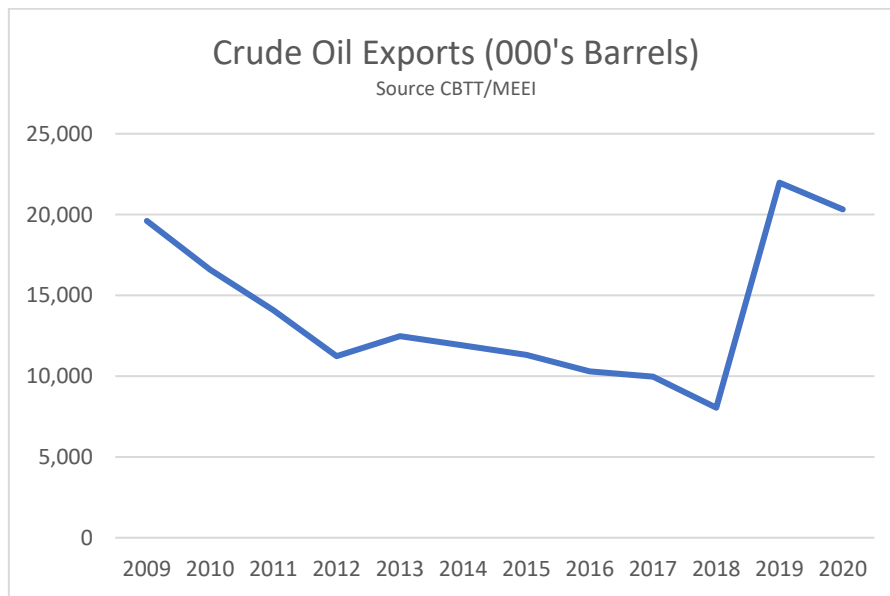
The results of the Annual Audit of the Non-Associated Natural Gas Reserves and Resources of Trinidad and Tobago for Year End 2019, announced in January 2021, include the following overview.

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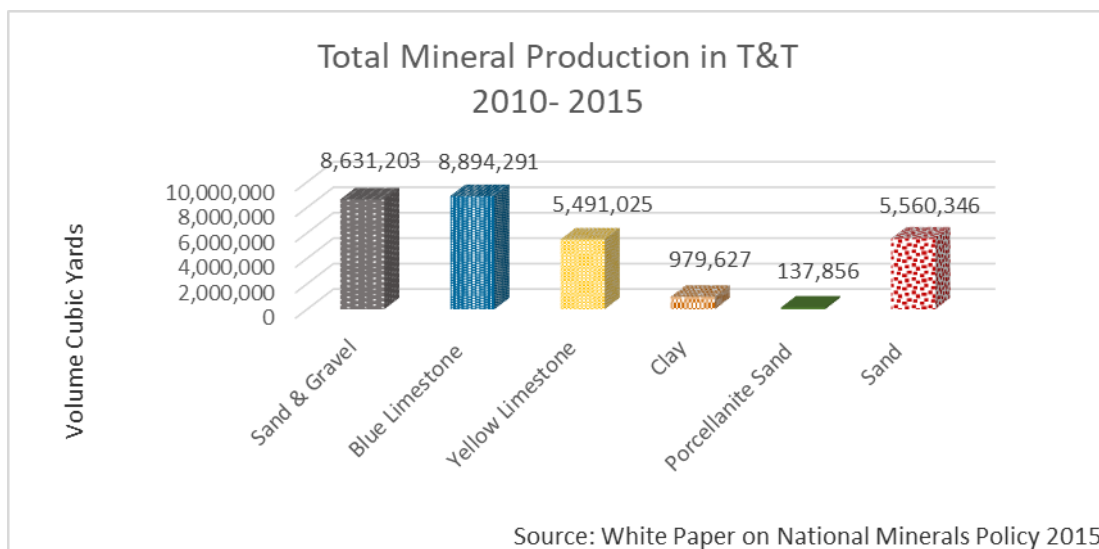
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Crude oil exports increased significantly in 2019 due to the closure of the Petrotrin refinery at Point Lisas. As can be seen from the earlier graph, production continued to decline in 2019.



2.1.2 Mining

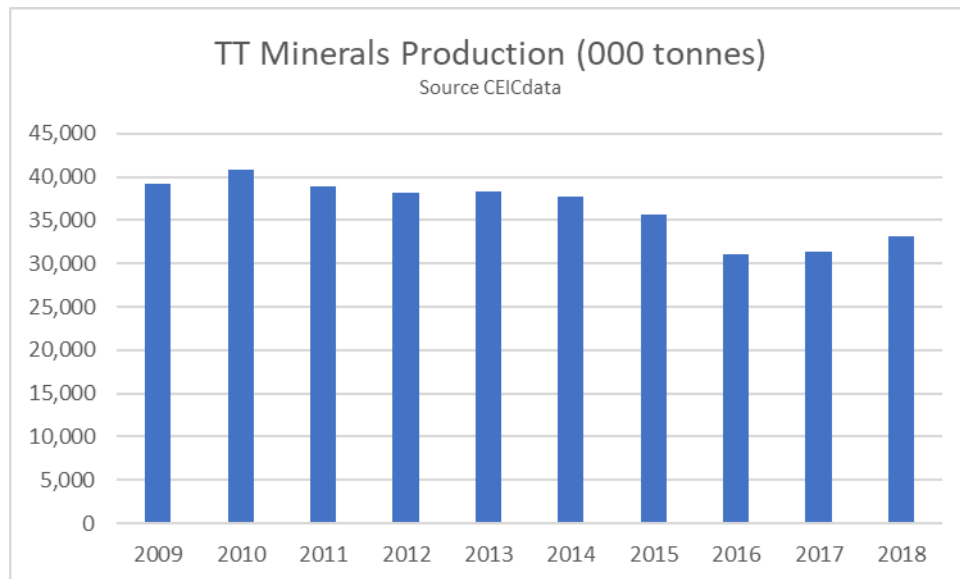
Production of minerals was reported in the White Paper on National Minerals Policy issued in June 2015, as portrayed in the graph below.



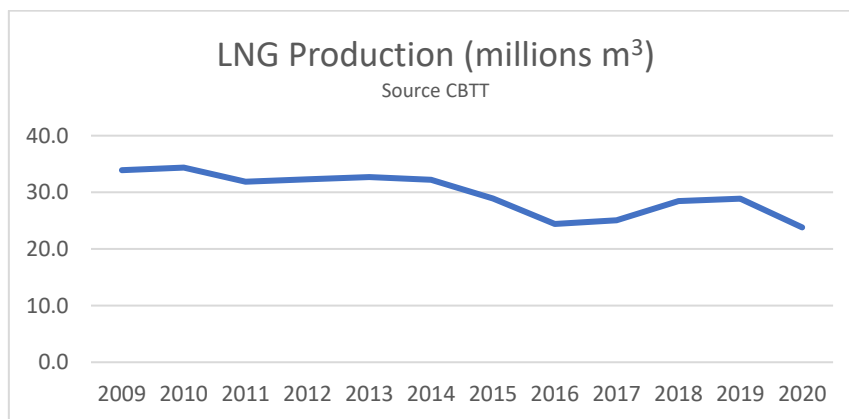
Further information sourced from the website of *CEICdata*¹, a commercial organisation which publishes information on worldwide minerals and other production, shows total production of minerals in Trinidad and Tobago:-

¹ <https://www.ceicdata.com/en/indicator/trinidad-and-tobago/minerals-production#:~:text=Trinidad%20and%20Tobago%20Minerals%20Production%20was%20reported%20at%2033%2C166%2C590.000%20Metric,Metric%20Ton%20for%20Dec%202017.>

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2.1.3 LNG

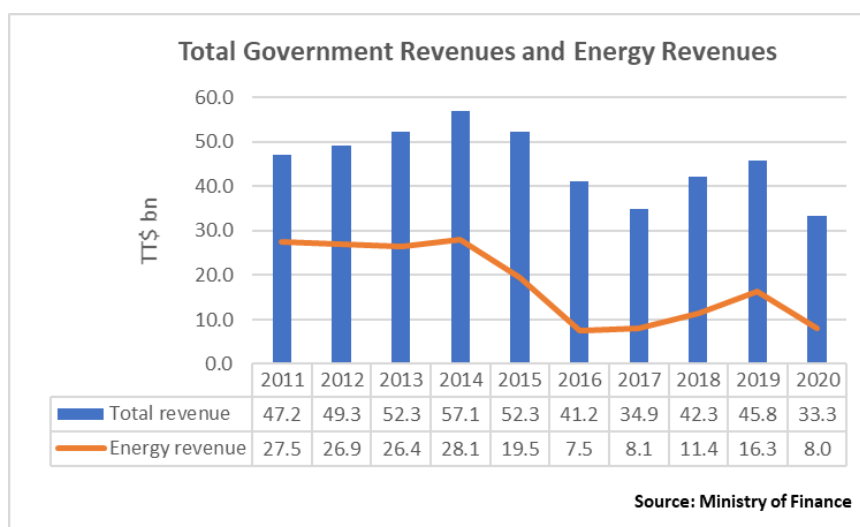


Source CBTT

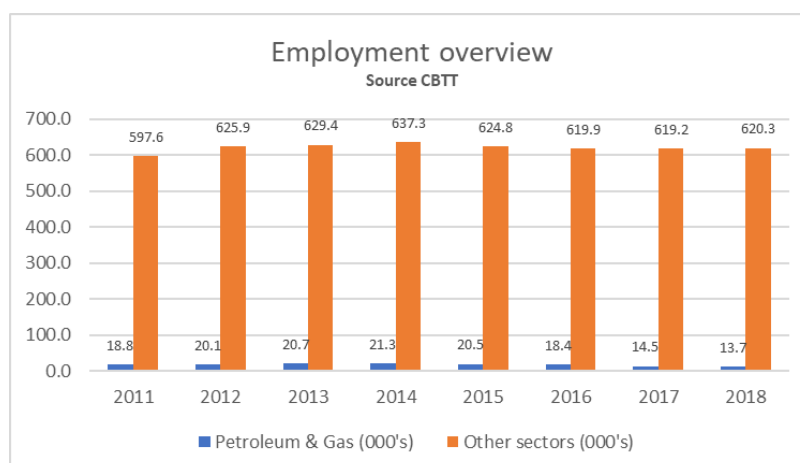
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2.1.4 Contribution to the economy

The contribution of the energy sector to overall government revenues, using data published by the Ministry of Finance, is depicted in the chart which follows.



Employment in the oil and gas sector and in all other sectors is shown in the chart below. Information is not available for periods after 2018.



2.2 EITI participation

The Government of Trinidad and Tobago became an EITI Candidate country in 2011 and has produced six reports covering seven years. This current report is the seventh to be produced. 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 – this means that that significant aspects of the EITI requirements have been implemented and the broader objectives of the requirements are being fulfilled. Further information on the validation may be found on the EITI website².

² See https://eiti.org/sites/default/files/documents/eiti_-_trinidad_and_tobago_validation.pdf

2.3 Total government receipts – oil and gas sector

2.3.1 Government receipts in 2017 from the oil and gas sector

2.3.1.1 MEEI and MOF Investment Division

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 and MOF Investment Division 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.

2.3.1.2 MOF Inland Revenue Division

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.

MOF IRD provided to the TTEITI Secretariat figures showing total income from extractive companies in respect of the flows selected by the TTEITI Steering Committee, showing values for each of the flows.

The values from TTEITI participating companies were shown as a sub total within each flow.

There was no analysis by individual company, nor any detail of the amounts paid in cash by the companies and amounts paid by MEEI to MOF IRD in settlement of liabilities out of the government's share of profits from PSCs.

MOF IRD sent to each company details from its records of income from that company, to be passed on to the Administrator for reconciliation purposes. The administrator summarised the information received from the MOF IRD via the reporting company and forwarded the same to the secretariat for use in the materiality determination. The completed templates were sent by the MOF IRD to the companies via email, in a change of procedure from last year. See further section 3.2.4.3.

MOF IRD was asked whether the total from non-TTEITI participating companies contained receipts in excess of TT\$ 1m, so that there could be confirmation that all receipts above the Steering Committee's materiality limit (TT\$ 2m) had been identified. MOF IRD has not responded on this point.

MOF IRD did not provide any information for two mining companies included in the pilot reconciliation, FW Hickson Limited and Trinidad Cement Limited. The audited financial statements of the latter company for 2018 state that "The [TCL] Group is involved in certain significant tax proceedings." To the extent that these relate to Trinidad and Tobago, the absence of reporting or comment by the government is material.

The lack of detail in support of the MOF IRD information and the manner in which it was provided have not been conducive to transparency in reporting of government receipts.

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

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Receipts initially reported by government for oil & gas companies			
TTS millions	All Companies	TTEITI participating	EITI as %
MOF IRD	2,844	2,828	
MEEI	4,325	4,318	
Sub total	7,169	7,146	99.67%
MOF Inv	665	665	
Total	7,834	7,810	99.70%

Table 2.1

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:-

Receipts reported by government for oil & gas companies after reconciliation			
TTS millions	All Companies	TTEITI participating	EITI as %
MOF IRD	2,235	2,218	
MEEI	4,499	4,492	
Sub total	6,734	6,711	99.65%
MOF Inv	665	665	
Total	7,399	7,375	99.68%

Table 2.2

Further details on the adjustments made to government figures are set out in section 3.2.6.7.

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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 FY2018, after completion of the reconciliation, is set out in Table 2.3.

Adjusted total flows		Discrepancies
Government	Companies	
TT\$m	TT\$m	TT\$m
7,374.1	7,349.5	24.6
Recurrent items		
Timing differences		29.9
Foreign exchange differences		(5.4)
		24.5
2018 items		
Insurance Premium Tax receipt		0.1
		0.1
Unexplained discrepancies		
Total		24.6

Table 2.3

The items set out in table 2.3 are:-

Adjusted total flows

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.

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.

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2.4.1.1 8 year summary

Summary government receipts reported in EITI reports over the 8 years since the initiative was commenced in Trinidad and Tobago are shown in Table 2.4.

Summary of receipts reported by government for EITI in the year ending 30th September								
TTS millions	2011	2012	2013	2014	2015	2016	2017	2018
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	883,756,211
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	403,824,699
UL	907,437,646	681,891,235	717,648,169	830,522,829	349,333,162	28,235,823	19,850,118	42,114,479
CT	1,273,397,002	36,825,374	1,408,482,346	1,539,649,065	1,088,083,809	196,968,681	316,165,662	731,854,496
Green Fund Levy	69,947,733	33,005,886	93,445,096	86,642,533	58,487,734	100,306,793	117,362,309	122,169,154
Business Levy						13,664,323	30,239,555	11,357,814
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	-	432,945
Insurance Premium Tax		2,473,979	2,593,176	4,389,622	2,735,465	11,144,607	3,183,560	23,220,580
Interest		6,223	3,898,896	3,454,661	154,605,519	113,449	63,878	32,995
Penalties		3,000	46,436	3,000	-	240	-	3,000
Sub total - MOF IRD	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	2,218,766,373
Royalty	2,359,931,987	2,345,273,854	2,226,300,399	2,349,905,420	1,074,589,267	435,395,711	858,289,334	1,936,137,129
Minimum rent - E&P	3,378,756	3,577,071	7,268,114	15,517,938	7,019,129	18,009,588	5,390,125	6,057,258
Annual licence acreage payments	62,325,245	63,824,316	102,456,053	65,707,462	63,007,823	81,188,263	74,590,784	90,869,512
Petroleum Levy	531,057,562	559,382,834	553,656,523	528,948,455	360,518,849	128,085,455	155,224,683	187,606,760
Petroleum Impost	84,986,659	70,561,185	74,650,897	78,885,522	89,485,228	90,530,084	93,256,044	75,504,575
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	1,273,271,006
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	61,507,030
Training Fees	-	16,522,866	30,233,640	37,426,576	27,881,592	36,016,057	37,402,123	38,184,968
R&D Fees	-	21,004,723	25,928,369	37,421,668	27,662,049	35,881,316	37,229,920	40,113,174
Production bonus	-	6,410,800	9,625,650	-	-	24,214,320	-	-
Technical assistance	-	-	9,132,995	7,717,440	14,158,613	477,405	13,495,200	834,263
Scholarships	-	5,696,829	6,746,029	14,509,623	10,266,550	17,288,646	13,341,660	10,491,396
P.S.C Holding fees	-	19,033,607	1,010,842	22,871,377	11,012,484	26,050,851	27,082,473	13,829,804
Other payments under PSCs	1,115,248,917	480,375	321,030	-	9,393,861	1,193,943	656,575,653	756,305,762
Sub total - MEEI	7,147,035,448	9,080,177,242	6,971,890,716	8,360,054,293	5,603,470,648	3,331,064,011	3,294,019,519	4,490,712,637
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	664,619,327
Sub total - MOF Inv. Div'n	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	664,619,327
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	5,833,638,256	7,374,098,337

Table 2.4

2.4.1.2 Escrow accounts

Under Requirement 6.1.b, where material payments by companies to the government related to the environment are mandated by law, regulation or contract that governs the extractive investment, such payments must be disclosed.

Payments into escrow accounts relating to rehabilitation and abandonment provisions were reported by MEEI and companies as follows:-

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Account Name	MEEI receipt	Company payment	Difference
	US \$	US \$	US \$
EITI reporting companies	5,317,746	5,139,453	178,293
Non EITI reporting companies	1,767,671	-	1,767,671
TOTAL	7,085,416	5,139,453	1,945,963

Table 2.4a

For further detail and comment, see section 4.9.3.

2.4.2 Overview of contributions from oil and gas companies

The companies making the largest payments in 2017/18 were:-

Company name	Total receipts
	TT\$ millions
The National Gas Company of Trinidad and Tobago	2,055
BP Trinidad and Tobago LLC Trinidad Branch	1,675
Perenco Trinidad and Tobago Limited	654
EOG Resources Trinidad Limited	584
Shell Trinidad and Tobago Limited	550
Petroleum Company of Trinidad and Tobago Ltd.	495
Total – 6 companies	6,013
Total payments	7,350

Table 2.5

The payments from these six companies represent 82% of all payments made by oil and gas companies in 2017/18. Further, the payments reported by NGC included dividends paid of \$665 million.

2.5 Selection of companies

The Steering Committee selected 41 companies from the oil and gas sector for inclusion in the EITI reconciliation and identified 10 further companies which may have made material payments to Government, but which are not included in the current year's reconciliation (see further section 3.2.6).

Five mining companies were selected for inclusion in the pilot mining sector reconciliation (see further section 5).

2.6 Completeness and accuracy of data and assurance

An assessment of the assurance environment pertaining to government and companies is given in section 3.4 for the oil and gas sector and in section 3.5.6 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 compliance

MEEI and MOF Investments Division returned reporting templates for receipts in FY 2018, duly signed.

MOF IRD provided a template, duly signed by the Chairman, for receipts from each company to the company concerned except as noted below, and the company passed these templates to the Independent Administrator for reconciliation. There were some delays in receipt of MOF IRD templates (see section 3.2.4.3).

MOF IRD provided no information for two of the three private companies included in the mining pilot, FW Hickson Limited and Trinidad Cement Limited.

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 – this company did not return any information.

2.7 Key findings

2.7.1 Transparency in government and SOE reporting

GORTT has been an active member of EITI since joining in 2011, but in a number of areas there is scope for improved transparency to meet the requirements of the EITI Standard and for a fuller examination of the status of information about the extractive sector said by reporting entities to be confidential.

MOF IRD cites section 4.2 of the Income Tax Act as imposing restrictions on disclosure of information to, amongst others, the Auditor General, the EITI independent Administrator and the TTEITI Steering Committee. As concerns the EITI reconciliation, due to the process adopted by MOF IRD, it is difficult or impossible to be assured that all material receipts have been declared. MOF IRD records are not subject to independent audit, the EITI declarations are not independently reviewed, MOF IRD did not provide any information on extractive companies which are not MOU signatories (even on a no names

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basis) and did not provide any information on two of the companies which are MOU signatories. 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.

The government is of the view that disclosure of contracts and licences, as required for example by Requirement 2.4 of the Standard for contracts entered into or amended from 1 January 2021, is not permitted under existing legislation in Trinidad and Tobago. For the current report, the terms of actual PSCs, contracts and licences could not be examined in order to obtain a fuller appreciation of the sector.

Information on the volumes of the government share of production was provided for this report for the first time, but an analysis of these volumes by company – in line with the level of disaggregation adopted for reporting – was not provided on grounds of confidentiality.

NGC provided information on gas purchases as set out in section 4.4.2, although the contracts themselves were deemed confidential. Analysis of transportation revenue in line with the level of disaggregation adopted for reporting by the Steering Committee and Requirement 4.4 of the Standard was not provided by NGC on grounds of confidentiality; and Petrotrin recorded nil transportation revenue on the data collection template, although some information was provided by Petrotrin separately (see section 4.9.5.2).

2.7.2 Company selection – oil and gas sector

2.7.2.1 EITI Requirement

The EITI (Requirement 4.1.a) requires disclosure of all material payments by oil, gas and mining companies to governments (“payments”) and all material revenues received by governments from oil, gas and mining companies (“revenues”)

The EITI Standard further requires (Requirement 4.1.d) that all oil, gas and mining companies making material payments to the government are required to comprehensively disclose these payments in accordance with the agreed scope. A company should only be exempted from disclosure if it can be demonstrated that its payments are not material.

2.7.2.2 Materiality not known

In reviewing the companies for inclusion, the Steering Committee expressed uncertainty over the materiality of payments to government by some companies:-

- A&V Oil & Gas Limited
- Lennox Production Services Limited
- Range Resources Limited
- Goudron E&P Limited
- T.N. Ramnauth & Co Limited
- Rocky Point T&T Limited
- Trinidad Wireline Limited
- NAKT Limited
- Petroleum Contracting Services Limited
- Hydrocarb Trinidad Limited

but decided not to include them.

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2.7.2.3 Centrica companies

MEEI reported receipts of TT\$ 8.9 million in FY 2018 from Centrica Resources Ltd (BLK22), as part of its disclosure of all receipts from companies in the sector. This is greater than the threshold set by the Steering Committee for inclusion in the reconciliation (TT\$ 2.0 million). However, this Centrica company and others (Centrica (Horne & Wren) (BLK1a); Centrica North Sea Gas Ltd (BLK1B); Centrica North Sea Oil Ltd (NCMA4)) were not included in the reconciliation by the Steering Committee on the grounds that they had transferred their interests to Shell during 2017 and were not signatories to the current MOU.

It is not known whether any payments were made by the Centrica companies to MOF IRD, because it did not provide any information on these companies.

2.7.2.4 Escrow payments

Each year, the EITI report has included all receipts into escrow accounts reported by MEEI and relating to contractual obligations for environmental restoration. In FY 2018, three receipts were reported relating to companies not included in the EITI reconciliation:-

	<u>USD</u>
Point Ligoure– Guapo Bay– Brighton Marine Block	331,466
Guapo Bay– Brighton Marine Block Trinidad (Offshore) Block	898,303
Petrotrin & Massy Engy-Moruga West Block, Public Petro Rights	<u>537,902</u>
	<u>1,767,671</u>

More details on these and other possible omissions are set out in sections 3.2.6.2, 3.2.6.3 and 4.9.3.

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2.7.3 Assurance over amounts reported by participating entities

2.7.3.1 Independent audit using International Auditing Standards

The EITI Standard has an “expectation that government and company disclosures as per Requirement 4 are subject to credible, independent audit, applying international auditing standards.” In summary, the entities reporting for the 2018 TTEITI reconciliation were subject to an independent audit under international auditing standards (IAS) and produced audited financial statements (AFS) as follows:-

	Independent audit under IAS	2018 AFS	Unqualified audit opinion
MOF IRD	No	N/a	N/a
MOF Investment Division	Yes	N/a	N/a
MEEI	Yes	N/a	N/a
NGC	Yes	Yes	Yes
Petrotrin	Yes	Yes	No
Lake Asphalt	No recent audited accounts		Audit disclaimer
National Quarries			
Private companies	Some*		

Table 2.6

Detailed discussion on assurance in reporting entities is set out in section 3.4 (oil and gas) and 3.5.6 (mining). Details of audited financial statements provided by reporting companies are given in Appendix 8.5.

Reporting government departments were required to provide templates signed by a senior official confirming diligent preparation, completeness and other matters. The overall assurance environment for EITI reporting in MEEI is considered weak (section 3.4.1), while in MOF Investment Division it is considered adequate (section 3.4.1). The overall assurance environment for EITI reporting in MOF IRD is considered weak (section 3.4.1).

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2.7.3.2 MEEI PSC audits

MEEI reported that assessments for disallowed costs totalling USD 67.4 million and USD 10.4 million had been raised in 2018 and 2019 respectively following PSC audits, emphasising the importance of this control for government revenues. However, at 31st December 2019 a number of audits remain to be completed:-

	<u>Revenue</u>	<u>Cost</u>
Audits outstanding at 31-Dec-19	<u>79</u>	<u>304</u>
Relating to		
2019	37	59
2018	24	64
2017 and before	<u>18</u>	<u>181</u>

2.7.3.3 MEEI systems and controls

MEEI provided receipts from all extractive companies for purposes of the initial materiality assessment. However, the total receipts for selected companies provided on MEEI's templates were substantially lower; during the reconciliation process, omitted receipts were identified and the final adjusted figure for receipts was some 4% higher than initially reported for the companies selected. There were also inconsistencies in production reported by different departments within MEEI. Manual systems and standalone spreadsheets are used to provide data for the EITI reconciliation and for other reporting purposes, and these are prone 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.

2.7.4 PSC assignments and transfers

MEEI reported no applications were made for transfers, assignments or relinquishments of PSCs in 2018.

There were fees outstanding at the beginning of FY 2018 from previous transfers and neither MEEI nor the companies concerned reported any payments for these fees in 2018. In November 2020, MEEI issued letters to two PSC operators in respect of two historical PSC transfers not previously reported by MEEI. See section 4.7.5.2 for details.

Procedures within MEEI for ensuring that all monies due upon change or termination of licences need to be improved to avoid revenue loss to GoRTT.

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2.7.5 State share of production

MEEI reported total volumes for the state share of production, together with revenues for the sale of the oil and gas.

Summary of state share of production

	Quantity		Value US\$
	Oil bbls	Gas mmcf	
Oil	732,119		56,856,621
Gas		91,168	259,081,889
Total			315,938,510

Table 2.7

The total volumes were not further analysed by MEEI, on grounds of confidentiality.

There were material differences in production amounts reported by different departments within MEEI (see section 4.3). The lack of granularity in the information provided by MEEI and NGC on volumes of gas sold by the state mean that further analysis of these differences was not possible. We did not have access to the terms under which MEEI sells the state share of gas.

2.7.6 Mining sector

Five mining companies were selected by the Steering Committee for the 2015 EITI report as a pilot project. These companies remain the only mining companies selected for the current report, again on a pilot basis. Two SOEs with interests in the mining sector have chosen not to participate. One of the selected companies, Trinidad Cement Limited (TCL), did not provide any information and MOF IRD provided no information on two of the selected companies, including TCL. Greater focus is needed to increase coverage and participation by mining and quarrying companies.

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

There are numerous unlicensed operators, including the government itself (NQCL) and calculation of royalties is based on operator declarations, since most have no weighbridges. For some time now, MEEI has been investigating drone technology, already in use in Trinidad and Tobago 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. NQCL is unable to produce a current balance sheet or quantify the value of royalties due to the government, indicating a loss of financial control over its activities.

3 DETERMINATION OF SCOPE AND RECONCILIATION METHODOLOGY

3.1 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 February 23, 2021. 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.

3.2 Determination of scope – oil and gas

3.2.1 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 six 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 EITI reports for the fiscal years (ending on 30th September) from 2018 to 2022. The MOU was signed on 31st December 2019.

The Steering Committee approved data collection templates via its TSC meeting on 19th March 2020 and the Secretariat then issued templates to companies and government entities participating in the 2017-18 reconciliation for completion. The flows to be reported were agreed by the Steering Committee to be the same as those included in the 2016-17 reconciliation.

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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 17th September 2020; and the full Steering Committee reviewed the resulting proposals and approved the materiality threshold on 17th September 2020. The paper considered by the Steering Committee at this meeting is included as Appendix 8.3.

3.2.2 Selection of financial flows for inclusion

The financial streams selected for inclusion in the FY 2018 reconciliation were based on the experience of previous years. 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 – Inland Revenue Division	MEEI
SPT	Royalty for gas and crude
PPT	Minimum rent - E&P (surface rental fees)
Unemployment levy	PSC Minimum Hectare Payment (Annual Licence Acreage payments)
Corporation tax	Petroleum Production Levy
Green Fund Levy	Petroleum Impost
Business Levy	PSC Share of Profit
WHT on dividends	PSC Signature Bonuses
WHT on deemed branch remittance	PSC Bidding Fees
Insurance Premium Tax	Fees for assignment of PSCs
Interest	PSC Abandonment Provision – Payments into Environmental Escrow Account
Penalties	PSC Annual admin charges
Other	PSC Training Fees
	R&D Fees
	Production bonus
	Technical assistance
	Scholarships
	P.S.C Holding fees
	Other payments under PSCs

MOF – Investment Division
Dividends paid

Flows declared by one party (not reconciled)
Flow 1- Social Payments
Flow 2- Infrastructure Payments
Flow 3- Transportation Tariffs

Table 4.1

3.2.3 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. Investment Division
 - ii. Inland Revenue Division

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3.2.4 Materiality threshold

3.2.4.1 MEEI

MEEI provided details of production and receipts from all extractive companies during the period, analysed by type of flow and by company. The flows reported were those agreed by the Steering Committee for the 2018 report.

There were discrepancies in the MEEI data, for example between companies for which production was reported and companies for which production related payments were reported. These were clarified by the Administrator with MEEI and adjustments made as necessary. Nevertheless, the inconsistencies reveal weaknesses in MEEI reporting systems which should be corrected, and should be borne in mind in assessing the reliability of information under any proposals for mainstreaming.

3.2.4.2 MOF Investment Division

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

3.2.4.3 MOF Inland Revenue Division

MOF-IRD provided details of receipts for the reporting period in total, analysed by flow but not by company. The receipts included both amounts received from companies and also payments from MEEI in respect of liabilities settled by MEEI from PSC companies' profit share. The MEEI payments were not separately identified (despite requests in previous years) and consequently made assessment of the materiality threshold unnecessarily complicated. Inclusion in the totals of payments from MEEI to MOF-IRD for liabilities settled out of profit share is 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.

The total receipts from each flow were split into two parts:-

- i. a total for "EITI reporting companies (Fiscal 2018)"; and
- ii. a total for "non EITI company collections (Fiscal 2018)".

The companies included by MOF IRD as EITI reporting companies and non EITI companies was based on a list circulated by the Secretariat. The non EITI companies were not identified individually by MOF IRD on grounds of confidentiality.

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 sent to each company details from its records of income from that company, to be passed on to the Administrator for reconciliation purposes. The Administrator summarised the information received from the MOF IRD via the reporting company and forwarded the same to the secretariat for use in the materiality determination.

The procedure for transmitting the MOF IRD templates to the Independent Administrator was changed from last year, due to Covid-19. MOF IRD maintains that information about individual taxpayers is confidential between itself and the taxpayer. Last year, transmission of the templates was effected by means of a meeting at which the MOF IRD templates were physically handed over by MOF

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IRD to each company, who then immediately passed them to the Independent Administrator. For the current reconciliation, the completed templates were sent by the MOF IRD to the Companies via email. It was expected that the companies would immediately forward the same email to the administrator so that checks could be made on whether it would be possible for the company returns to have been prepared with knowledge of the MOF IRD reported receipts; however, in a number of cases the MOF IRD email was not initially forwarded by the company. Upon further checking, it transpired that MOF IRD had not sent templates to some companies, and only did so when there was a follow up. The companies that were in possession of the MOF IRD template ahead of submitting their own reporting template were as follows:-

	Date Company provided completed reporting template	Date Company forwarded template received from the BIR to BDO	Date BIR submitted template to Company	# of days elapsed between BIR submission and Company reporting to BDO	Company submitted completed template before BIR submission?
BHP Billiton Petroleum (Trinidad Block 23B) Limited	19-Jan-21	18-Aug-20	24-Jul-20	25	NO
BHP Billiton Petroleum (Trinidad Block 7) Limited	11-Jan-21	18-Aug-20	24-Jul-20	25	NO
NGC Pipeline Company Limited	17-Sep-20	24-Jul-20	24-Jul-20	-	NO

BHP confirmed that the above noted submissions were sent in after the BIR submission as the blocks noted had already been relinquished.

All other reporting companies would have submitted their reporting template before receiving the completed template from the BIR.

MOF IRD was asked to confirm that none of the companies for which it did not provide templates made payments exceeding the TT\$ 1 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.

3.2.4.4 Decision on materiality threshold

At the 57th Technical Sub-Committee Meeting held on 19th August 2020, 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 119th Meeting held on 17th September 2020.

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

3.2.5 Selection of companies

The companies selected for inclusion in the FY 2018 reconciliation by the Steering Committee is explained in the paper on the materiality decision (Appendix 8.3) and included 41 companies (see Section 9 of the paper in Appendix 8.3).

The Steering Committee and our own review of the materiality decision indicate uncertainty over whether all the companies making material payments in FY 2018 have been included.

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3.2.6 Completeness of coverage

3.2.6.1 EITI requirement for comprehensive coverage

Requirement 4.1.d states “... All oil, gas and mining companies making material payments to the government are required to comprehensively disclose these payments in accordance with the agreed scope. A company should only be exempted from disclosure if it can be demonstrated that its payments are not material”

3.2.6.2 Lack of certainty over specific companies making material payments

The Steering Committee mentions a number of companies which may make material payments but for which information is not to be collected because they are not signatories to the MOU. It was not possible to obtain information on any tax receipts from MOF IRD, since information is given only for MOU signatories. These companies are:-

- A&V Oil & Gas Limited
- Lennox Production Services Limited
- Range Resources Limited
- Goudron E&P Limited
- T.N. Ramnauth & Co Limited
- Rocky Point T&T Limited
- Trinidad Wireline Limited
- NAKT Limited
- Petroleum Contracting Services Limited
- Hydrocarb Trinidad Limited

An internet search carried out by the IA has not revealed any publicly available financial information regarding these companies, with the exception of

- a) **Lennox Production Services Limited**, which appears to be a subsidiary in the Trinity group of companies (see <https://trinityexploration.com/about-us/trinity-story/>).
- b) **Range Resources Limited**, part of the Range Resources Group which has assets in Trinidad and records a tax charge in its audited consolidated financial statements for the year ending 30th June 2018 of USD 1,827,521 relating to Trinidad – Oil & Gas Production.
- c) **Goudron E&P Limited** is part of a group headed by Columbus Energy Resources plc, quoted on the London AIM. It appears that in the calendar year 2018, the Group incurred royalties and taxes in Trinidad of the order of GBP 2.18m (c TT\$ 19.0m) and GBP 0.28m (c TT\$ 2.5m)

Also, that there are a number of companies from this group operating in Trinidad, as listed in the extract from the 2018 audited financial statements below.

Leni Trinidad Ltd	Trinidad & Tobago	100%	Oil and Gas Production and Exploration Company
Columbus Energy Services Ltd	Trinidad & Tobago	100%	Oil and Gas Services Company
Goudron E&P Ltd	Trinidad & Tobago	100%	Oil and Gas Production and Exploration Company
Caribbean Rex Ltd	St Lucia	100%	Investment Company
Steeldrum Oil Company Inc	St Lucia	100%	Investment Company
Steeldrum Petroleum Group Ltd	Trinidad & Tobago	100%	Investment Company
FRAM Exploration (Trinidad) Ltd	Trinidad & Tobago	100%	Oil and Gas Production and Exploration Company
Jasmin Oil & Gas Ltd	Trinidad & Tobago	100%	Oil and Gas Production and Exploration Company
Cory Moruga Holdings Ltd	Trinidad & Tobago	100%	Oil and Gas Production and Exploration Company
West Indian Energy Group Ltd	Trinidad & Tobago	100%	Oil and Gas Services Company
T-REX Resources (Trinidad) Ltd	Trinidad & Tobago	100%	Oil and Gas Production and Exploration Company

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The activities of this group seem to be material in the context of TTEITI.

- d) **NAKT Limited** was included in an Annual Report of Trinity Exploration and appears to be a subsidiary in the group.

A number of these companies have been operating as Petrotrin LOFOs or IPSCs. Heritage Petroleum is in process of renewing all LOFO and IPSC arrangements with contracts which require the companies to participate in EITI reporting. The Steering Committee should actively engage with Heritage Petroleum and the LOFOs and IPSCs to include them in future EITI reporting.

3.2.6.3 *Centrica companies*

Four Centrica companies (Centrica Resources Ltd (BLK22); Centrica (Horne & Wren) (BLK1a); Centrica North Sea Gas Ltd- (BLK1B); Centrica North Sea Oil Ltd (NCMA4)) transferred their assets to Shell in May 2017 and no longer have any operations in Trinidad and Tobago. The companies were not joined as signatories to the MOU and were not included by the Steering Committee in the 2018 reconciliation. Shell has confirmed that their liability for payments to government commenced on takeover of the assets. Consequently, any unpaid liabilities at the date of transfer would be due to be paid by the Centrica companies.

MEEI report a receipt in FY 2018 of TT\$ 8.9 million from Centrica Resources Ltd (Block 22). This would appear to be in settlement of a liability prior to May 2017, while MOF IRD did not provide any information on any of the Centrica companies. Government departments have not confirmed that all monies due and unpaid as at 30th September 2017 were received in FY 2018 or thereafter, so the payment recorded by MEEI may or may not be the full amount due.

The receipt of TT\$ 8.9 million is greater than the threshold set by the Steering Committee for inclusion in the reconciliation (TT\$ 2.0 million). However, this Centrica company and others were not included in the reconciliation by the Steering Committee on the grounds that were not signatories to the current MOU.

GORTT procedures for ensuring that all monies due from oil/gas companies leaving its jurisdiction are not known, but should include a continuing responsibility to report payments after termination. And the Steering Committee should remain informed and current on changes in ownership so that they can properly include all companies making material payments.

3.2.6.4 *Columbus Energy Resources*

The Columbus Energy Resources plc Group reports material amounts relating to royalties and taxes apparently relating to activities in Trinidad & Tobago in its group accounts. Its subsidiaries include:-

- i. Leni Trinidad Ltd
- ii. FRAM Exploration (Trinidad) Ltd
- iii. Jasmin Oil and Gas Ltd
- iv. Cory Moruga Holdings Ltd
- v. T-Rex Resources (Trinidad) Limited
- vi. Goudron E&P Limited

3.2.6.5 *Trinity Group*

The Trinity Group of companies includes a number of subsidiaries registered in Trinidad and not reporting under TTEITI. Trinity has stated that these companies were not active during FY 2018:-

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- i. Ligo Ven Resources Limited
- ii. Tabaquite Exploration & Production Company Limited
- iii. Trinity Exploration and Production (GOP) Limited
- iv. Trinity Exploration and Production (GOP-1B) Limited

3.2.6.6 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.

Fiscal 2018 Oil and Gas Materiality Report				
Tax Type	Non-EITI Company Collections (Fiscal 2018)	EITI Reporting Companies (Fiscal 2018)	Total Collections	Percentage
Supplemental Petroleum Tax	6,409,946	937,385,565	943,795,511	33.2%
Petroleum Profits Tax	4,668,654	832,478,820	837,147,475	29.4%
Unemployment Levy	745,034	148,728,672	149,473,706	5.3%
Green Fund Levy	1,711,230	134,155,471	135,866,701	4.8%
Corporation Tax	2,346,180	731,627,699	733,973,879	25.8%
Business Levy	847,741	11,455,358	12,303,098	0.4%
Withholding Tax	-	27,430,211	27,430,211	1.0%
Insurance Premium Tax	-	4,285,997	4,285,997	0.2%
Interest and Penalties	313	66,379	66,693	0.0%
Total	16,729,098	2,827,614,173	2,844,343,271	

MOF IRD data

Table 3.1a

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.

3.2.6.7 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	2,844	2,828	
MEEI	4,325	4,318	
Sub total	7,169	7,146	99.67%
MOF Inv	665	665	
Total	7,834	7,810	99.70%

Table 4.2

The final government figures after the reconciliation were:-

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TTS millions	All Reporting	EITI Reporting	EITI as %
MOF IRD	2,235	2,218	
MEEI	4,499	4,492	
Sub total	6,734	6,711	99.65%
MOF Inv	665	665	
Total	7,399	7,375	99.68%

Table 4.2a

While the absolute value of the receipts was over-stated in the Steering Committee assessment, the coverage achieved after reconciliation was similar, assuming that all companies making material payments were included.

The adjustments made to the totals initially reported by government were:-

TTS millions	All Reporting	EITI Reporting
Remove receipts from MEEI (Note 1)	(905)	(905)
Adjust to template data (Note 2)	277	277
Reconciliation adjustments (Note 3)	19	19
Adjust MOF IRD	(609)	(609)
Adjust to template data (Note 2)	(657)	(657)
Reconciliation adjustments (Note 3)	831	831
MEEI reconciliation adjustments	174	174

Table 4.2b

Notes

1. MOF IRD receipts included amounts received from MEEI in settlement of tax liabilities from PSC profit share. This is not a cash flow to government, rather a transfer between government departments, and should not be included in government receipts.
2. The amount reported by MOF IRD and MEEI on the initial templates was lower than the totals reported to the Steering Committee by the amounts shown. This difference does not form part of the reconciliation.
3. The adjustments made as a result of the reconciliation exercise.

3.3 Methodology – oil and gas

3.3.1 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 3.2.4.3). 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.

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

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3.3.2 Templates used in the 2018 reconciliation

The Steering Committee approved data collection templates at the 113th SC Meeting held on March 19, 2020 and the Secretariat then issued templates to companies and government entities participating in the 2017-18 reconciliation for completion.

3.3.3 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.

3.3.4 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 2018 fiscal year
- Held meetings 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 2018 - 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, and containing other information as required under the Terms of Reference and the EITI Standard.

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3.4 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. The Standard states that the expectation is that government and company disclosures as per Requirement 4 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.

	Independent audit under IAS	2018 AFS	Unqualified audit opinion
MOF IRD	No	N/a	N/a
MOF Investment Division	Yes	N/a	N/a
MEEI	Yes	N/a	N/a
NGC	Yes	Yes	Yes
Petrotrin	Yes	Yes	No
Lake Asphalt	No recent audited accounts		Audit disclaimer
National Quarries			
Private companies	Some*		

*See report for fuller comment

3.4.1 Government 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.

The Auditor General audits and reports on the MEEI and EITI reports for MEEI are drawn from the Ministry’s records, which have been the subject of such audit. We have not discussed the scope of work carried out by the Auditor General. In a number of instances, information provided by MEEI was subsequently amended, in some cases on more than one occasion and there were inconsistencies between reporting from different departments within the Ministry. MEEI audits of PSC costs and revenues are not up to date (section 4.3), which may result in under collection of revenue by government from PSC participants and delays in correcting procedural errors. While there is an independent audit of the Ministry’s records, the manual systems used to provide data for EITI reporting and the inconsistencies noted mean that the assurance environment is not strong.

MOF IRD does not permit the Auditor General to have access to its revenue records, citing statutory confidentiality restrictions. Its figures are not subject to an independent audit and little detail was provided by IRD in support of the EITI reporting. In the light of this, the assurance environment must be considered unknown, possibly weak.

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MOF Investment Division only reports SOE dividends. In FY 2018, only NGC paid a dividend confirmed by the company's independently audited accounts and agreed by MOF Investment Division. Assurance over receipts reported by MOF Investment Division is therefore adequate.

However, the Investment Division is also responsible for ensuring that SOEs produce timely audited financial statements (AFS) and as noted elsewhere, AFS for NQCL and LATT are overdue for some years; and the latest AFS for Petrotrin contain a material qualification (see section 3.4.1). MOF Investment Division has a responsibility to promote sound financial control with current independent audit in the SOEs.

3.4.2 SOE reporting

NGC's annual financial statements are audited by a third party professional audit firm, and the audit opinion on NGC's financial statements for the year ending 31st December 2018 was unqualified.

Petrotrin's annual financial statements similarly are audited by a third party professional audit firm. However, the audit opinion on Petrotrin's financial statements for the year ending 30th September 2018 was qualified³, with the auditor unable to confirm whether the payables and expenses were properly stated.

We note that (the same) auditors gave an unqualified opinion on the 2017 financial statements for Petrotrin.

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

³The full auditor's qualification states:- *"Documentation to support the veracity of certain trade and other payables and expenses recorded in the Group's records could not be provided by management. This was due to the inability of management to locate the supporting evidence from its repository of files and or to obtain directly from the respective vendors. We were unable to obtain sufficient appropriate audit evidence about the completeness and accuracy of the trade payable and other payables and expenses balances by other means. Consequently, we were unable to determine whether any adjustments to these amounts were necessary."*

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3.4.3 Other government assurance procedures: PSC auditing

MEEI has provided updated information on the number of PSC audits due, conducted and outstanding for the calendar year 2019, which shows in summary:-

	Revenue	Cost
Audits outstanding at 31 st December 2018 (as at May 2019)	61	162
Scheduled audits in progress/completed to May 2019	62	36
Audits outstanding at 31 st December 2018 (as at December, 2018)	123	198
Add: Additions in 12 months to 31st December 2019		
PSCs moving out of marketing development phase	-	83
Audits relating to blocks relinquished in 2019	-	60
Quarterly audits due	24	76
Less:		
Audits relating to blocks relinquished in 2019	-	(60)
Audits completed in 2019	(68)	(53)
Audits outstanding at December 2019	79	304
Relating to		
2019	37	59
2018	24	64
2017 and before	18	181
	79	304

Table 4.3

3.4.4 Reporting companies

All reporting companies in the oil and gas sector were asked to provide a copy of their audited financial statements (AFS) covering Fiscal 2018. Details of the responses are set out in Appendix 8.5.

In summary, this report includes 37 private companies (excluding the 4 SOEs), of which only 14 provided AFS. Of the remainder, 18 provided group AFS and stated that audited AFS are not prepared for the company.

The level of assurance applying to a particular company from audited group accounts differs from that given by audited accounts for the company itself. 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. So 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.

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The receipts reported in 2018 were supported by AFS for the reporting oil and gas companies as follows:-

	No of companies	Payments TT\$ millions	% of total
AFS provided for the reporting company	14	3,501	47.48%
SOEs providing AFS	4	2,644	35.86%
No AFS for the reporting company			
- Group AFS provided	18	507	6.88%
- No AFS provided	5	722	9.79%
Totals	41	7,374	

Table 3.3a

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 2018 returns shows that these declarations were made for around 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 2018.

3.4.5 Assurance procedures adopted for EITI reporting in 2018

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 declaration confirming diligent preparation and completeness of the data, and other matters

Companies were required to sign a confirmation to provide addition evidence of the assurance underlying their 2018 returns by supplying

- i. a copy of the company's audited financial statements covering the 2018 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

3.4.6 Compliance with assurance procedures for the 2018 TTEITI report

3.4.6.1 Government

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

3.4.6.2 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.

3.5 Mining Sector

3.5.1 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. Two SOEs with interests in the extractive sector, EMBDCL and PSAEL, were asked to participate but declined.

3.5.2 Flows included

The Steering Committee reviewed the flows arising in the mining sector and drew on the knowledge of its members and prior experience gained from including the mining sector in the previous EITI report. The Steering Committee decided that flows to central government described in this section should be included in the EITI Report for FY 2018.

3.5.2.1 *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 30% 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

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month. In the case of a foreign insurer, the tax is to be remitted 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

3.5.2.2 *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)

3.5.3 Government entities included

Government entities included are

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

3.5.4 Companies included

The companies included in the report are:

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

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3.5.4.1 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.

3.5.4.1 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.

3.5.4.2 Hermitage Limestone Limited

MEEI Minerals Division reported that Hermitage Limestone Limited has interests in mineral extraction as follows:-

Location	Land Status	Minerals
Tumbason Road, Heights of Guanapo, Arima	Private	Blue Limestone, Private Mineral Rights - Operational

Table 3.4

3.5.4.3 Trinidad Cement Limited

In January 2017, the multinational cement company Cemex acquired nearly 70% of the shares in TCL. Cemex is quoted on the Mexican and New York Stock Exchanges. TCL itself is quoted on the Trinidad and Tobago Stock Exchange.

Through subsidiary companies, TCL has interests in extraction in Trinidad and Tobago, per MEEI records, as follows:-

Subsidiary company	Location	Land Status	Minerals
READYMIX W.I. LIMITED	Bridle Road, Valencia	Private	Sand and Gravel, State Mineral Rights - Operational
READYMIX W.I. LIMITED	Tapana, Valencia	Private	Sand and Gravel, State Mineral Rights - Operational
READYMIX W.I. LIMITED	Block 3 Tapana Road, Valencia	State	Sand and Gravel, State Mineral Rights - Operational

Table 3.5

TCL agreed to participate in the TTEITI and signed the current MOU. However, it has not provided any permissions to MOF IRD and has not returned any templates for inclusion in the reconciliation.

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3.5.4.4 FW Hickson & Co Ltd

This privately owned company held a minerals licence in Trinidad, now lapsed, and has an interest in a site in Tobago, currently under judicial dispute. It is not producing but is supportive of the EITI and has signed the current MOU.

3.5.5 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. As SOEs with an interest in extraction, these companies 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 companies, and if there is continued refusal from the companies, should request support from MOF Investment Division as well as MEEI so that they are included in subsequent reporting.

3.5.5.1 Estate Management and Business Development Company Limited (EMBDCL)

MEEI Minerals Division reported that EMBDCL has interests in mineral extraction as follows:-

Location	Land Status	Minerals
Coco Road, Off Cedar Hill Road, Claxton Bay	State	Sand, State Mineral Rights - Operational
Windsor Park, Claxton Bay	State	Sand, State Mineral Rights - Operational
Indian Trail Road, Couva	State	Sand, State Mineral Rights - Operational

Table 3.6

EMBDCL also has a stone quarry is located in the Guaracara area of Williamsville.

The EMBD website (<http://embdtt.org/embd-projects/quarry-management/>) states that the company has active extractive activities:-

“The Estate Management and Business Development Company Limited is presently overseeing two quarries located at the Esperanza Estate which was formerly managed 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.”

3.5.5.2 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.

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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.

3.5.6 Assurance

3.5.6.1 Government

See section 3.4.1 above.

3.5.6.2 SOEs

Audited financial statements for the two SOEs participating in the mining pilot - National Quarries Company Limited and Lake Asphalt Trinidad And Tobago (1978) Limited - are not up to date. This was an issue included in the FY 2017 and earlier TTEITI reports. National Quarries said that they do not have up to date management accounts including a balance sheet. The financial control environment seems to be very weak.

The Minister of Finance (Corporation Sole) has responsibility for the State's entire portfolio of investments of which the State Enterprise Sector is a major element. The Investments Division of the Ministry acts on behalf of the Minister of Finance (Corporation Sole) and carries out corporate functions [including] submission of the annual audited accounts of the State Enterprises to the Public Accounts (Enterprises) Committee (PAEC) on a yearly basis.

The Ministry of Finance Investment Division publishes the State Enterprises Performance Monitoring Manual (SEPM), which may be found at

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

The Manual sets out various procedures, including:-

- Reporting relationships between State Enterprises, Ministry of Finance and Line Ministries
- Role of Directors
- Tendering Procedures
- Appointment of Auditors
- Dividend Policy
- Board Fees and Allowances
- Guidelines for approval of Overseas Business Travel
- Guidelines for Consultancy Contracts
- Approval to enter into Debt Obligations
- Negotiation/Revision of Remuneration Packages
- Litigation Proceedings
- Submission of Reports

With regard to audited financial statements, State Enterprises are required to submit:-

- a) Audited Financial Statements (2 originals and 120 copies) to the Minister of Finance within four (4) months of their financial year end. These reports are to be laid in

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Parliament and subsequently submitted to the Public Accounts and Enterprises Committee for consideration.

- b) Copies of their Management letters issued by Statutory Auditors.

Under TT Company legislation, the Directors of every company are required to hold an annual meeting no later than 15 months after the last such meeting (i.e. at least every 15 months); and to submit to the annual meeting a set of audited financial statements. State Enterprises are also required to submit audited Annual Financial Statements to the Registrar of Companies not less than twenty-one (21) days before each annual meeting of the shareholders or within such other time limits specified. Failure to comply attracts a penalty of one hundred dollars (\$100.00) for every day, or part thereof.

MOF Investment Division commented that they strive to ensure that State Enterprises are compliant with the submission of various reports as itemised in the SEPMM. Email and formal correspondence are sent out to the companies issuing reminders for reports that are due and requesting outstanding reports; telephone calls to the relevant company personnel are also made in this regard. It is to be noted that the SEPMM outlines the framework within which State Enterprises and the Minister of Finance (Corporation Sole) interact; the SEPMM is not a legally binding mechanism nor is there a system of institutionalised penalties that can be enforced by the Government for non compliance on the part of the SOEs.

Whilst the SEPMM may not have legal standing in itself, there are alternative and sufficient mechanisms for a company shareholder – in this case the Minister of Finance – to require production of audited financial statements.

We asked MOF Investment Division for their explanation of the delay in preparing audited financial statements for NQCL and LATT, and details of their proposals to bring these up to date. On 9th February 2021, MOF stated that

NQCL has audited financial statements for the period ended September 30th, 2016 and is in the process of obtaining acceptance at an Annual Meeting, after which the audited financial statements for the period ended September 30th, 2016 would be published.

The Auditors are presently engaged in completing the audited financial statements for the years ended September 30th 2017 and 2018 with a view to completion within six (6) months. In the interim, NQCL has provided the Ministry with Draft Financial Statements for the financial years 2017 to 2019.

LATT has submitted audited financial statements for the year ended September 30th 2014 and the company is collaborating with the Shareholder on the Agenda for the Annual Meeting, after which the audited financial statements for the year ended September 30th 2014 would be published.

We recommend that the Steering Committee maintains contact with MOF Investment Division on progress in meeting these dates, and on the plan for the audit of NQCL financial statements for 2019 and 2020, and LATT financial statements for 2015 and following; and MOF Investment Division's future timetable to produce audited financial statements in line with legislation.

3.5.6.3 *Other companies*

Hermitage Limestone Limited and FW Hickson & Co Ltd state that they do not produce audited financial statements.

In 2018, Trinidad Cement Limited (TCL) did not provide templates signed by a member of senior management, nor any audited financial statements.

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The audited consolidated financial statements of TCL for the year ended 31st December 2018 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 notes a key audit matter is "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 36 % of the group's receivables have been outstanding for more than 90 days

Assurance over information from these companies is considered weak.

3.5.6.4 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 and did sign a declaration confirming that any payments submitted for EITI have been diligently prepared, etc.

4 OIL AND GAS SECTOR

4.1 Introduction

4.1.1 Participation in FY 2018 reconciliation

Three government entities and 41 oil and gas companies (of which three were SOEs) were invited to participate in the reconciliation; all companies 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 3.2.5; the basis of selection is described in the same section.

4.1.2 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:

- oil and gas production (section 4.3)
- NGC gas sales and purchases (section 4.4)
- revenues collected in-kind (section 4.5)
- the sale of the State's share of production (section 4.6)
- licensing and contracts (section 4.7)
- beneficial ownership (section 4.8)
- monitoring by MEEI of amounts due and paid from PSCs (section 4.9.1)
- MOF IRD liabilities settlement from PSC profit share (section 4.9.2)
- escrow accounts (section 4.9.3)
- infrastructure provisions and social expenditures (section 4.9.4)
- transportation revenues (section 4.9.5)
- audited financial statements (section 4.9.6 and Appendix 8.5)
- payments declared by PSC and E&P operators on behalf of participants (section 4.9.7)

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4.2 Results of the reconciliation

A summary of the results of the FY 2018 reconciliation is set out in Table 4.1. Detailed schedules are included at Appendix 8.4.

Company	Receipts reported by government			Payments reported by companies			Reconciling Items	Analysis of reconciling items		
	Original	Adjustments	Adjusted total per Government	Original	Adjustments	Adjusted total per Company		Foreign exchange difference	Timing differences	Unidentified receipt
	TTS	TTS	TTS	TTS	TTS	TTS	TTS	TTS	TTS	TTS
Amoco Trinidad Gas BV Trinidad Branch	23,255,826	-	23,255,826	23,255,730	-	23,255,730	96	96	-	-
BP Trinidad and Tobago LLC Trinidad Branch	1,648,987,152	26,123,451	1,675,110,603	1,675,130,603	(20,000)	1,675,110,603	-	-	-	-
BP Exploration Operating Company Limited - Trinidad Branch	-	-	-	-	-	-	-	-	-	-
BP Trinidad Processing Limited	60,554,769	-	60,554,769	60,554,769	-	60,554,769	-	-	-	-
BP Group	1,732,797,747	26,123,451	1,758,921,198	1,758,941,102	(20,000)	1,758,921,102	96	96	-	-
BG International Limited	6,241,027	58,877,467	65,118,494	65,118,494	-	65,118,494	-	-	-	-
Shell Trinidad and Tobago Limited	569,972,977	(20,303,913)	549,669,064	549,286,626	410,391	549,697,017	(27,952)	(27,952)	-	-
Shell Trinidad Central Block Limited	23,322,715	-	23,322,715	17,451,826	200	17,452,026	5,870,689	320	5,870,369	-
Point Fortin LNG Exports Limited	17,049,012	-	17,049,012	17,043,678	5,334	17,049,012	-	-	-	-
Shell Trinidad SA Limited	17,699,057	(17,699,057)	-	-	-	-	-	-	-	-
Shell Trinidad and Tobago Resources SRL	-	-	-	-	-	-	-	-	-	-
Shell Trinidad Block E Limited	13,235,626	(11,886,046)	1,349,580	1,351,640	-	1,351,640	(2,060)	(2,060)	-	-
Shell Trinidad North Coast Limited	-	-	-	-	-	-	-	-	-	-
Shell Group	647,520,414	8,988,451	656,508,865	650,252,264	415,925	650,668,189	5,840,677	(29,692)	5,870,369	-
BHP Billiton (Trinidad-2C) Limited	300,515,408	485,423	301,000,831	356,785,358	(55,697,171)	301,088,187	(87,356)	(87,356)	-	-
BHP Billiton (Trinidad-3A) Limited	7,466,804	75,121	7,541,925	7,144,184	(20,411)	7,123,773	418,152	418,152	-	-
BHP Billiton Petroleum (Trinidad Block 14) Limited	10,984,623	-	10,984,623	11,047,023	-	11,047,023	(62,400)	-	(62,400)	-
BHP Billiton Petroleum (Trinidad Block 23A) Limited	19,827,665	-	19,827,665	19,984,971	-	19,984,971	(157,306)	-	(157,306)	-
BHP Billiton Petroleum (Trinidad Block 23B) Limited	1,162,101	-	1,162,101	-	-	-	1,162,101	-	1,162,101	-
BHP Billiton Petroleum (Trinidad Block 28) Limited	3,880,151	-	3,880,151	2,596,615	-	2,596,615	1,283,536	-	1,283,536	-
BHP Billiton Petroleum (Trinidad Block 29) Limited	10,459,895	-	10,459,895	10,509,944	-	10,509,944	(50,049)	-	(50,049)	-
BHP Billiton Petroleum (Trinidad Block 3) Limited	10,362,229	-	10,362,229	10,435,180	-	10,435,180	(72,951)	-	(72,951)	-
BHP Billiton Petroleum (Trinidad Block 5) Limited	10,944,238	-	10,944,238	11,001,641	-	11,001,641	(57,403)	-	(57,403)	-
BHP Billiton Petroleum (Trinidad Block 6) Limited	10,436,669	-	10,436,669	10,486,364	-	10,486,364	(49,695)	-	(49,695)	-
BHP Billiton Petroleum (Trinidad Block 7) Limited	795,024	-	795,024	-	-	-	795,024	-	795,024	-
BHP Group	386,834,807	560,544	387,395,351	439,991,280	(55,717,582)	384,273,698	3,121,652	330,796	2,790,856	-
De Novo Energy Block 1A Ltd	6,596,634	-	6,596,634	6,596,634	-	6,596,634	-	-	-	-
De Novo Group	6,596,634	-	6,596,634	6,596,634	-	6,596,634	-	-	-	-
EOG Resources Trinidad 4(A) Unlimited	312,683,514	-	312,683,514	194,094,263	100,847,271	294,941,534	17,741,980	(67,642)	17,809,622	-
EOG Resources Trinidad Limited	583,815,007	-	583,815,007	583,815,007	-	583,815,007	-	-	-	-
EOG Resources Trinidad- U(A) Block Limited	129,103,504	-	129,103,504	124,215,897	-	124,215,897	4,887,607	-	4,887,607	-
EOG Resources Trinidad U(B) Block Unlimited	24,621,623	-	24,621,623	23,149,455	-	23,149,455	1,472,168	-	1,472,168	-
EOG Group	1,050,223,648	-	1,050,223,648	925,274,622	100,847,271	1,026,121,893	24,101,755	(67,642)	24,169,397	-
Lease Operators Limited	26,110,236	-	26,110,236	26,080,316	29,920	26,110,236	-	-	-	-
The National Gas Company of Trinidad and Tobago	1,300,927,331	751,138,162	2,052,065,493	2,043,251,769	11,763,166	2,055,014,935	(2,949,442)	-	(2,949,442)	-
NGC E&P Investments (Netherlands) B.V.	-	-	-	-	-	-	-	-	-	-
NGC Pipeline Company Limited	102,812,005	-	102,812,005	102,812,005	-	102,812,005	-	-	-	-
Trinidad and Tobago LNG Limited	110,252,501	-	110,252,501	110,252,501	-	110,252,501	-	-	-	-
NGC Group	1,513,991,837	751,138,162	2,265,129,999	2,256,316,275	11,763,166	2,268,079,441	(2,949,442)	-	(2,949,442)	-
Perenco T&T Limited	596,186,643	58,168,213	654,354,856	617,828,837	36,518,924	654,347,761	7,095	7,095	-	-
Repsol Angostura Limited	-	-	-	-	-	-	-	-	-	-
Primera Oil & Gas Limited	7,490,542	-	7,490,542	7,490,542	-	7,490,542	-	-	-	-
Touchstone Exploration (Trinidad) Ltd	1,473,724	-	1,473,724	1,473,724	-	1,473,724	-	-	-	-
Touchstone Group	8,964,266	-	8,964,266	8,964,266	-	8,964,266	-	-	-	-
Petroleum Company of Trinidad and Tobago Limited	489,471,026	-	489,471,026	495,016,411	-	495,016,411	(5,545,385)	(5,682,025)	-	136,640
Petrotrin Group	489,471,026	-	489,471,026	495,016,411	-	495,016,411	(5,545,385)	(5,682,025)	-	136,640
Oilbelt Services Limited	26,687,546	755,167	27,442,713	27,322,836	126,459	27,449,295	(6,582)	-	(6,582)	-
Trinity Exploration & Production (Galeota) Limited	37,992,197	4,987,348	42,979,545	41,976,432	1,023,297	42,999,729	(20,184)	-	(20,184)	-
Trinity Exploration and Production (Trinidad and Tobago) Limited	-	-	-	-	-	-	-	-	-	-
Trinity Exploration Group	64,679,743	5,742,515	70,422,258	69,299,268	1,149,756	70,449,024	(26,765)	-	(26,765)	-
Total	6,523,377,001	850,721,336	7,374,098,337	7,254,561,275	94,987,379	7,349,548,655	24,549,683	(5,441,372)	29,854,415	136,640

Table 4.1

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4.3 Production

Production was reported by

1. Companies
2. MEEI Commercial (PSCs only)
3. MEEI Downstream and Retail Marketing Group (PSC and E&P gas)
4. MEEI Energy Information Management & Technology Division (PSC and E&P oil)

The results of the production reconciliations between 1, 3 and 4 as above are as follows:

Company	Oil Production			Gas Production		
	MEEI	Company	Difference	MEEI	Company	Difference
	Barrels	Barrels		MCF	MCF	
BP Trinidad and Tobago LLC Trinidad Branch	2,780,433	2,780,436	(3)	765,088,061	765,088,061	-
Shell Trinidad and Tobago Limited	79,811	79,811	-	139,990,501	139,990,501	-
Shell Trinidad Central Block Limited	179,304	179,533	(229)	13,294,418	12,982,148	312,270
Shell Trinidad 5A Limited	-	-	-	19,928,733	19,928,733	-
Shell Trinidad Block E Limited	-	-	-	8,771,671	8,771,671	-
BHP Billiton (Trinidad-2C) Limited	1,801,995	1,801,988	7	157,067,543	157,067,543	-
EOG Resources Trinidad 4(A) Unlimited	-	-	-	25,086,270	25,086,270	-
EOG Resources Trinidad Limited	530,437	530,437	-	120,943,948	120,943,948	-
EOG Resources Trinidad- U(A) Block Limited	7,923	7,923	-	34,801,894	34,801,894	-
EOG Resources Trinidad U(B) Block Unlimited	10,375	10,375	-	3,914,208	3,914,208	-
Lease Operators Ltd	936,041	936,041	-	-	-	-
Perenco T&T Limited	3,965,014	3,965,022	(8)	10,311,388	10,311,388	-
Primera Oil & Gas Limited	106,188	101,984	4,204	-	-	-
Touchstone Exploration (Trinidad) Ltd	488,096	488,096	-	-	-	-
Petroleum Company of Trinidad and Tobago Limited	11,302,359	11,333,925	(31,566)	627,058	627,061	(3)
Oilbelt Services Limited	668,351	654,025	14,326	-	-	-
Trinity Exploration & Production (Galeota) Limited	388,137	388,142	(5)	-	-	-
Total	23,244,464	23,257,738	(13,274)	1,299,825,693	1,299,513,426	312,267

Table 4.3

MEEI Commercial does not monitor oil and gas production from non-PSC operations.

A comparison of the production figures reported by various sources within the MEEI is as follows:

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Company	Oil Production					Gas Production				
	MEEI		Energy Information Management & Technology Division	Difference	Company	MEEI		Downstream and Retail Marketing Group	Difference	Company
	Commercial	Difference				Commercial	Difference			
Barrels	Barrels	Barrels	Barrels	Barrels	mmcf	Barrels	mmcf	mmcf	mmcf	
PSCs										
BHP Block 2(c)	1,801,987	8	1,801,995	(7)	1,801,988	116,345	40,723	157,068	-	157,068
EOG Resources Block MOD U(a)	7,380	543	7,923	-	7,923	34,599	203	34,802	-	34,802
EOG Resources Block MOD U(b)	9,910	465	10,375	-	10,375	3,894	20	3,914	-	3,914
EOG Resources Block 4(a)	-	-	-	-	-	25,039	47	25,086	-	25,086
SHELL 5(a)	59,988	(59,988)	-	-	-	17,835	2,093	19,928	-	19,928
SHELL BLOCK E	-	-	-	-	-	8,591	180	8,771	-	8,771
SHELL BLOCK 6	57,386	22,425	79,811	-	79,811	23,696	3,297	26,993	-	26,993
SHELL BLOCK NCMA 1	-	-	-	-	-	89,835	23,162	112,997	-	112,997
Sub total	1,936,651	(36,547)	1,900,104	(7)	1,900,097	319,834	69,725	389,559	-	389,559
E&P										
EOG Resources Trinidad Limited	-	-	530,437	-	530,437	-	-	120,943	-	120,943
BG Trinidad Central Block Limited	-	-	179,304	229	179,533	-	-	13,294	(312)	12,982
BP Trinidad and Tobago LLC Trinidad Branch	-	-	2,780,433	3	2,780,436	-	-	765,088	-	765,088
Repsol E&P TT Ltd	-	-	-	-	-	-	-	-	-	-
Sercan/EMZ Area	-	-	-	-	-	-	-	-	-	-
Petroleum Company of Trinidad and Tobago	-	-	-	-	-	-	-	627	-	627
Trinidad and Tobago Marine Petroleum Company Limited	-	-	6,890,400	(23,538)	6,866,862	-	-	-	-	-
PRIMERA OIL & GAS LIMITED	-	-	106,188	(4,204)	101,984	-	-	-	-	-
TRINITY EXPLORATION & PRODUCTION (GALEOTA)	-	-	388,137	5	388,142	-	-	-	-	-
PETROTRIN COMPANY OF TRINIDAD AND TOBAGO LIMITED	-	-	4,411,959	(4,411,959)	-	-	-	-	-	-
TRINITY EXPLORATION AND PRODUCTION (OILBELT)	-	-	668,351	(14,326)	654,025	-	-	-	-	-
PERENCO T&T LTD	-	-	3,965,014	8	3,965,022	-	-	10,311	-	10,311
Sub total - EITI reporting companies	-	-	23,720,431	(4,453,796)	19,266,635	-	-	1,689,381	(312)	1,689,069
PETROTRIN COMPANY OF TRINIDAD AND TOBAGO LIMITED										
- Farmouts	-	-	220,052	-	-	-	-	-	-	-
- IPSCs	-	-	562,061	-	-	-	-	-	-	-
- Lease operators	-	-	2,330,309	-	-	-	-	-	-	-
Beach Oilfield Limited	-	-	1,730	-	-	-	-	-	-	-
MASSY ENERGY PRODUCTION RESOURCES	-	-	26,887	-	-	-	-	-	-	-
NEW HORIZON EXPLORATION T & T UNLIMITED	-	-	23,283	-	-	-	-	-	-	-
Total all companies			24,984,649		17,366,538			1,299,822	-	1,299,510

Table 4.1a

As above, various differences in the amounts reported by the different departments at the MEEI are apparent. While production reported by companies was reconciled to production reported by MEEI Energy Information Management and Technology Division (oil) or MEEI Downstream and Retail Marketing Group (gas) as shown above, the differences between these departments and MEEI Commercial as per the following table were not explained:

Companies which were not part of the EITI reporting group were not required to provide data on production, so no comparison is made with MEEI figures for these companies.

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4.4 NGC gas sales and purchases

4.4.1 Introduction

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 currently standing at 4.4 Bcf/d.

Gas is transported through the network for both third party producers and for GORTT.

4.4.2 Summary of gas sales and purchases

NGC provided information on its agreements to purchase gas from producers, and the quantities purchased in fiscal 2018, 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		Payments made by NGC to? (block operator name or detail if more than one)	made by NGC to MEEI (Y/N)?
					From	To		
BHP Billiton (Trinidad 2C) Ltd	Block 2C	116,345,473	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		242,623,392	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 Resources Trinidad Ltd.		131,987,469	Amended and Restated Contract for the Sale and Purchase of Natural Gas By and Between EOG Resources Trinidad Limited and The National Gas Company of Trinidad and Tobago Limited	27th January 2005	1st January 2004	31st December 2018	EOG Resources Trinidad Ltd.	N
EOG Resources Trinidad U(b) Block Unlimited.	U(b) Block		Contract for the Sale and Purchase of Natural Gas By and Between EOG Resources Trinidad Limited and The National Gas Company of Trinidad and Tobago Limited	23rd January, 2004	23rd January, 2004	23rd January, 2019	EOG Resources Trinidad Ltd.; EOG Resources Trinidad U(b) Block Unlimited.	N
EOG Resources Trinidad Block 4(a) Unlimited.	4(a) Block		Contract for the Sale and Purchase of Natural Gas by and between EOG Resources Trinidad Block 4(a) Unlimited and The National Gas Company of Trinidad and Tobago Limited	1st June, 2007	1st June, 2007	2nd June, 2022	EOG Resources Trinidad Block 4(a) Unlimited.	N
EOG Resources Trinidad - U(a) Block Ltd.	U(a) Block		Gas Sales Contract between between EOG Resources Trinidad, EOG Resources Trinidad -U(a) Block Limited and The National Gas Company of Trinidad and Tobago Limited	11th March, 2002	11th March, 2002	11th March, 2022	EOG Resources Trinidad - U(a) Block Ltd.	N
Shell Trinidad & Tobago Ltd	Block 6; Block 5A; Block E	37,479,243	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 Tobago Limited as Buyer pertaining to The Sale of Gas for use in The domestic market of the Republic of Trinidad and Tobago	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	5,477,821	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		533,913,398						<i>Table 5.2</i>

As can be seen from the table, NGC had contracts in place covering all these sales in FY 2018, although some of these expired subsequently. NGC provided additional information on the renewals:-

- Gas Sales Contract Between The National Gas Company of Trinidad and Tobago Limited and BP Trinidad and Tobago LLC (expiry 1-Jan-19)

NGC executed a new Gas Sales Contract with BP Trinidad and Tobago LLC for a 5-year term from 1-Jan-2019.

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- Amended and Restated Contract for the Sale and Purchase of Natural Gas By and Between EOG Resources Trinidad Limited and The National Gas Company of Trinidad and Tobago Limited (expiry 31-Dec-18)

NGC and EOG entered into a new GSC (New Reserves GSC between EOG and NGC) for a 5-year term beginning 1-Jan-2019.

- Contract for the Sale and Purchase of Natural Gas By and Between EOG Resources Trinidad Limited and The National Gas Company of Trinidad and Tobago Limited (expiry 23-Jan-19)

Upon expiry of this contract, the contracted volumes were supplied by EOG to NGC under the New Reserves GSC.

- 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 Tobago Limited as Buyer pertaining to The Sale of Gas for use in The domestic market of the Republic of Trinidad and Tobago (expiry 31-Dec-19)

NGC and Shell and executed a Domestic Gas Sales Contract (DGSC) for a 5-year term commencing on 1-Jan-2020.

- Binding Term Sheet for the Sale of Central Block Gas to NGC (expiry 31-Dec-19)

The sale and purchase of all Central Block volumes were incorporated into the DCQ volumes under the DGSC contract.

Gas produced from the Central Block was sold to NGC under a Binding Term Sheet between Shell Trinidad Central Block Limited, Petroleum Company of Trinidad & Tobago Limited and The National Gas Company of Trinidad and Tobago Limited.

4.4.3 Purchases by NGC from MEEI

NGC purchases gas from each PSC under the terms of the contracts described in section 4.2. Payment is made to the PSC Operator or E&P licence holder, except in the case of Blocks 2C, 6, 5A and E; for these blocks, payment is made to each PSC party according to the periodic invoice issued by the PSC Operator.

4.5 Revenues collected in kind

The government is entitled to a share of the oil and gas produced from PSC and E&P operations. Further details are given in section 4.6. In addition, according to the model E&P licences on the MEEI website, royalty is due on all oil and gas produced. Usually, this liability would be settled in cash but the model contract provides that GoRTT is entitled to receive royalty in kind – i.e. as a volume of oil or gas. MEEI has stated that there were no revenues in kind in FY 2018.

4.6 Sale of state's share of production

Requirement 4.2 of the EITI Standard states that

“Where the sale of the state's share of production of oil, gas and/or mineral resources or other revenues collected in kind is material, the government, including state-owned enterprises, are required to disclose the volumes received and sold by the state (or third parties appointed by the state to sell on their behalf), the revenues received from the sale, and the revenues transferred to the state from the proceeds of oil, gas and minerals sold. Where applicable, this should include payments (in cash or in kind) related to swap agreements

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and resource-backed loans. The published data must be disaggregated by individual buying company and to levels commensurate with the reporting of other payments and revenue streams (4.7). Multi-stakeholder groups, in consultation with buying companies, are expected to consider whether disclosures should be broken down by individual sale, type of product and price.”

GORTT is entitled to a share of oil production and gas production. 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 reported that GORTT received US \$315.9 million in FY 2018 from the sale of its share of oil and gas production under the Production Sharing Contract (‘PSC’) type of arrangement.

Summary of state share of production

	Quantity		Value US\$
	Oil bbls	Gas mmcf	
Oil	732,119		56,856,621
Gas		91,168	259,081,889
Total			315,938,510

Table 4.3

MEEI declined to provide any further analysis of the volumes – for example, 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.

There were material differences in production amounts reported by different departments within MEEI (see section 4.3). The lack of granularity in the information provided by MEEI and NGC on volumes of gas sold by the state mean that further analysis of these differences was not possible. We did not have access to the terms under which MEEI sells the state share of gas.

4.7 Licensing and contracts

4.7.1 Register of licences

4.7.1.1 Introduction

The MEEI website contains information on licences ([Ministry of Energy and Energy Industries | License Registers](#))⁴ as follows:-

1. Petroleum Registers (Production Sharing Contracts and Exploration & Production)
2. Mining License Register – Mining Licence Register as of September 2020
3. Sub-Licences Register - Register of Petroleum Production Sub-Licences for Fiscal Year 2010/2011

4.7.1.2 Petroleum register

The petroleum registers comprise an Excel file entitled “2021 Revised Petroleum Registers Production Sharing Contracts and Exploration and Production – 2”. There is no record in the file itself of the date to which entries are made. The register contains the minimum information required under Requirement 2.3.b.

The 2017 EITI report identified that Ministerial approval was given on 3rd December 2018 for transfer of the licence for Block 3A between parties. The transfer was for the 25% share held by Kerr McGee TT E&P Limited from Kerr McGee to the other three parties holding the licence: BHP Billiton (Trinidad 3A) Limited, Chaoyang Petroleum (Trinidad) Block 3A Limited and NGC E&P (Netherlands) BV. The 2021 Register records the current licence holder as Kerr McGee/BHP/Chaoyang/NGC – i.e. it has not been updated for the transfer.

The treatment in the Petroleum Register of the other transfers listed in the 2017 report was:

- Block 22 Updated
- NCMA 1 Not updated
- NCMA 4 Updated

However, the update to the register does not show the transfer details, simply the licence holders post transfer.

We did not review the register, nevertheless we observed that E&P licences were recorded in the name of a company *Trinity Exploration and Production and Petroleum Company of Trinidad and Tobago Limited*. The company signing the MOU from the Trinity Group is Trinity Exploration and Production (Trinidad and Tobago) Limited, and the group accounts do not contain a company with the italicised name. This appears to be an error on the register.

We recommend that a thorough review be undertaken of the register and that changes in licence holders including the applicable dates of the changes should be recorded, so that the full history of the licence may easily be seen.

⁴ Accessed 15 February 2021

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4.7.1.3 Mining licence register

The mining licence register contains details of only 8 licences, although the MEEI acknowledges on its website that “at present, there are approximately ninety (90) active mining operations (both public and private), where forty-five (45) of these are sand and gravel quarries.”

4.7.1.4 Register of sub-licences

The register of sub licences is dated 2010-11 and does not contain the details listed under Requirement 2.3.b.

4.7.2 Allocation of licences

Upstream concessions are granted by the state under

- i. Production Sharing Contracts;
- ii. Public E&P Licences (which relate to public petroleum rights);
- iii. Private E&P Licences (which relate to private petroleum rights); and
- iv. Exploration licences.

Where a concession relates to acreage that covers both public and private petroleum rights, the MEEI typically issues a single public E&P Licence.

The procedure for allocation of petroleum E&P licences set out by the MEEI is included at Appendix 8.7.

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 “Prequalification criteria for participation in competitive bid rounds in Trinidad and Tobago” may be accessed on the MEEI website⁵

4.7.3 Bid rounds

4.7.3.1 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.

⁵ <https://www.energy.gov.tt/prequalification-criteria-for-participation-in-competitive-bid-round/> Accessed 15th February 2021

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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. As at the end of January 2021, no award had been made.

4.7.3.2 2020 bid round

The Ministry of Energy and Energy Industries had planned to offer Blocks in the Deep Water acreage via a round of Competitive Bidding in the third Quarter of 2020, but as at the end of January 2021, no announcement had been made.

4.7.4 Contract disclosure

4.7.4.1 Applicable to contracts awarded before 1st January 2021

The EITI Standard (2.4.c) 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 website⁶ in a section entitled “Model Contracts”:-

⁶ Website inspected 18-Jan-21

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- 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 2014 (<http://www.energy.gov.tt/wp-content/uploads/2018/08/Product-Sharing-Contract-Deepwater-Model.pdf>)
- d. Production Sharing Contract Draft Deep Water Model 2012 (<http://www.energy.gov.tt/wp-content/uploads/2018/08/Product-Sharing-Contract-Draft-Deepwater-Model.pdf>)

MEEI also publishes model PSCs for each bid round. In connection with the 2018 bid round, the MEEI website contains:-

- a. Model Production Sharing Contract 2018 (<https://www.energy.gov.tt/wp-content/uploads/2013/12/The-Model-Production-Sharing-Contract-May-2019.pdf>)
- b. Model Joint Operating Agreement Trinidad Shallow Water Bid Round (<https://www.energy.gov.tt/wp-content/uploads/2013/12/Model-Joint-Operating-Agreement.pdf>)
- c. Other model documents (Final Deep Water PSC documents; 2010 Draft Deep Water Model PSC) (<https://www.energy.gov.tt/competitive-bid-round-guidelines-archive/>)

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.

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.

4.7.4.2 Applicable to contracts awarded from 1st January 2021 onwards

The EITI Standard also requires that implementing countries disclose any contracts and licences that are granted, entered into or amended from 1 January 2021. Implementing countries are encouraged to publicly disclose any contracts and licences that provide the terms attached to the exploitation of oil, gas and minerals.

This requirement is only recently come into force and does not affect disclosures for this current EITI report. Preliminary discussions with MEEI indicate that the current legislation does not permit the disclosures envisaged under the Standard. It is therefore recommended that the Steering Committee should engage with GORTT over the approach to be taken in subsequent reporting.

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4.7.5 PSC transfers

4.7.5.1 Transfers in FY 2018

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).

MEEI said that there were no applications for licence transfers in FY 2018. As previously reported (TTEITI report FY 2017), an application on 5th June 2017 for transfer of a licence in respect of Block 3A was given consent on 8th December 2017 (i.e. in FY 2018). Per MEEI, no transfer fee was payable under the PSC.

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.

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.

4.7.5.2 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 TTEITI Report for FY 2017 highlighted that fees due had not been collected:-

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Fiscal Year	Block	Date	Fee payable?	Amounts received			Transferor	Transferee
				Date	USD	TT\$		
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					
FY 2017	NCMA 4	10-May-17	Yes	31-Jan-19	165,000	1,114,146	Centrica North Sea Oil Limited	BG International Ltd

Table 4.3a

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.

The FY 2017 TTEITI report noted that MEEI expected to receive a total of US\$365,000 for Block NCMA4. Neither MEEI nor the company reported payment of any transfer fee in FY 2018.

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.

MEEI also identified two additional transfers of PSCs, not previously reported, for Blocks TTDA5 and TTDA6 and said that letters had been sent to the operators of these PSCs in November 2020, although the purpose of the letters was not stated.

4.8 Beneficial ownership

On 4th April 2019, the TT Parliament passed the Companies (Amendment) Act 2019, which contains provisions relating to beneficial ownership, including a definition of a beneficial owner, a requirement to obtain and validate annually the beneficial ownership status of shareholdings and to update the TT Companies Registry annually.

TTEITI has established a beneficial ownership registry with details of 31 companies, which may be accessed at

<https://www.tteiti.com/beneficial-ownership-register#beneficial-ownership-listings>

The registry contains details of 28 oil companies, comprising

- 25 subsidiaries of listed companies
- 1 SOE
- 2 privately held companies

In the case of the private companies, names of beneficial owners are given. Other requirements of the Standard - nationality and country of residence of the beneficial owner – are not given and none of

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the recommended information - national identity number, date of birth, residential or service address, and means of contact – is listed.

The register contains details of 3 mining companies, comprising

- 1 listed company
- 2 SOEs

Information has been requested from 35 companies. As at the end of January, responses had not been received from:-

- a. Heritage Petroleum
- b. Hermitage Limestone (did not submit due to security issues)

4.9 Other matters

4.9.1 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 | - Administrative Charge |
| - Technical Equipment Bonus | - Research & Development Contribution |
| - Environmental Bonus | - Training Contribution |
| - Escrow Payment | - Scholarship |
| - Annual Surface Rental | - Minimum payment |

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

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

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Block	Operator	Balance due/(overpaid) at 31-Dec-17			2018 transactions		Balance due/(overpaid) at 31-Dec-18
		As previously reported	Amendment	As now reported	Amounts due	Amounts paid	
		USD	USD	USD	USD	USD	
BLOCK 1(A)	DeNovo	182	1	183	977,813	(977,793)	202
BLOCK 2(C)	BHP		214	214	1,679,101	(1,679,101)	214
BLOCK 3(A)	BHP	-	-	-	1,117,690	(1,117,690)	0
BLOCK 4(A)	EOG	201	0	201	21,420,694	(21,420,370)	525
BLOCK 5(A)	Shell	636	-3	633	1,410,213	(1,410,030)	816
BLOCK 5(B) *	ATGB V	(1,436)	2,807	1,371	1,392,799	(1,392,428)	1,742
BLOCK 5(C)	Shell	51,176	1	51,177	1,252,189	(1,252,608)	50,758
BLOCK 5(D)	Shell	113,133	-18,843	94,290	1,156,956	(1,153,838)	97,408
BLOCK 22	Shell	994	0	994	1,334,669	(1,334,851)	812
BLOCK 23(A)	BHP	8,463	1	8,464	2,968,365	(2,967,897)	8,931
BLOCK 23(B)		-	-	-			-
BLOCK E	Shell	39,313	-	39,313	100,000	(100,000)	39,313
BLOCK MOD U(A)	EOG	251	(0)	251	17,818,955	(17,818,945)	261
BLOCK MOD U (B)	EOG	46	(1)	45	1,167,868	(1,167,867)	45
BLOCK NCMA1	BG	1,204	1	1,205	1,599,526	(1,595,847)	4,884
BLOCK NCMA 4	Shell	(438)	1	(437)	1,187,723	(1,182,957)	4,329
BLOCK TTDA3	BHP	553	(1)	552	1,576,480	(1,576,444)	588
BLOCK TTDA5	BHP	2,106	(0)	2,106	1,630,817	(1,630,599)	2,323
BLOCK TTDA6	BHP	1,942	2	1,944	1,554,499	(1,554,300)	2,142
BLOCK TTDA7	BHP	(3,553)	3,553	-			-
BLOCK TTDA14	BHP	3,201	1	3,202	1,638,719	(1,638,548)	3,373
BLOCK TTDA28	BHP	1,954	1,069	3,023	338,233	(383,686)	(42,430)
BLOCK TTDA29	BHP	1,926	1	1,927	1,557,991	(1,557,792)	2,125
BLOCK 4(B) **	Niko		-				-
BLOCK NCMA2 **	Niko		-				-
BLOCK NCMA3 **	Niko		-				-
BLOCK GUYA SHALLOW ***	Range		-				-
BLOCK GUYA DEEP ***	Range		-				-
BLOCK 1(B) ****	DeNovo		-				-
Total		221,854	(11,198)	210,656	64,881,300	(64,913,593)	178,363

* figures for this PSC are included on the MEEI report for FY 2018, not Calendar 2018

** Niko withdrew from these blocks and amounts due (see 2017 report) have not been received. MEEI no longer discloses the amounts as due

*** Range Resources took these blocks over from Voyager. A transfer fee was due but has not been calculated.

**** The 2016 report notes that the De Novo Block 1(B) was relinquished on 4th July 2016 and payments due after this date were not paid.

Table 4.4

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.

4.9.2 MOF IRD liabilities settlement from PSC profit share

Under PSC arrangements, 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.

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MOF IRD raises assessments in the usual way on the PSC companies for taxes due, and 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.

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

A reconciliation of the total for FY 2018 reported by the MOF IRD and the MEEI in respect of payment made by the MEEI on behalf of the PSC companies shows:

	2018
	<u>TT\$</u>
Payments reported by MEEI	628,243,086
Receipts reported by MOF-IRD	631,974,028
Discrepancies	(3,730,942)
BHP 2C direct CT payments to BIR not declared by MEEI	(3,724,942)
Shell Block E interest declared by BIR but not reported by MEEI	(6,000)
Other	-
	(3,730,942)

Table 4.5

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.

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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:

	2018
	TT\$
Payments to MOF-IRD made by MEEI	628,243,086
Settled by MEEI on behalf of companies, as reported by companies	628,230,210
Difference	12,876
Payments declared by MEEI and IRD not declared by De Novo	12,856
Payments declared by MEEI and IRD not declared by various BHP companies	20
	12,876

Table 4.6

4.9.2.2 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	MEEI declaration of taxes paid to MOF IRD on behalf of company	Profit share received from PSC company per MEEI
BHP Billiton (Trinidad-2C) Limited	264,295,938	285,499,724
BHP Billiton (Trinidad-3-A) Limited	20,411	0
BHP Billiton Petroleum (Trinidad Block 14) Limited	413	0
BHP Billiton Petroleum (Trinidad Block 23A) Limited	4,839	0
BHP Billiton Petroleum (Trinidad Block 23B) Limited	6,569	0
BHP Billiton Petroleum (Trinidad Block 28) Limited	254	0
BHP Billiton Petroleum (Trinidad Block 29) Limited	402	0
BHP Billiton Petroleum (Trinidad Block 3) Limited	186	0
BHP Billiton Petroleum (Trinidad Block 5) Limited	10	0
BHP Billiton Petroleum (Trinidad Block 6) Limited	107	0
BHP Billiton Petroleum (Trinidad Block 7) Limited	76	0
De Novo Energy Block 1 A Limited	19	0
De Novo Energy Block 1 B Limited	1	0
EOG Resources Trinidad 4(A) Unlimited	196,519,984	307,540,323
EOG Resources Trinidad- U(A) Block Limited	1,092,740	118,544,482
EOG Resources Trinidad U(B) Block Unlimited	19,999,438	17,177,941
NGC E&P Investments (Netherlands) B.V.	133,904,955	0
Shell Trinidad 5A Limited	1,179,490	8,780,572
Shell Trinidad and Tobago Limited	9,022,541	535,726,973
Shell Trinidad and Tobago Resources SRL	2,097,414	0
Shell Trinidad Block E Limited	97,299	0
	628,243,086	1,273,270,015

Table 4.7

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4.9.3 Escrow accounts

4.9.3.1 Introduction

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 (N.B. all amounts in USD):-

ACCOUNT NAME	USD BALANCES AT 30-SEP-17	RECEIPTS FROM COMPANIES	INTEREST RECEIVED	DISBURSEMENTS	USD BALANCES AT 30-SEP-18
PETROTRIN AND BG T'DAD CENTRAL BLOCK LTD	5,805,333	270,723	59,992	-	6,136,048
PETROTRIN - BALATA EAST SHALLOW HORIZONS	100,920	20,103	1,215	-	122,239
PETROTRIN - CRUSE HORIZONS	6,294,447	544,080	69,488	-	6,908,015
PETROTRIN - GUAPO OROPOUCHE BRIGHTON	3,300,494	474,914	38,122	-	3,813,530
PETROTRIN - HERRERA HORIZONS	7,903,985	1,201,686	91,867	-	9,197,538
PETROTRIN - MAYARO GUAYGUAYARE HORIZONS	964,108	191,470	11,605	-	1,167,183
PRIMERA OIL & GAS LTD - FYZABAD	12,482	-	128	-	12,610
PRIMERA OIL & GAS LTD - PALO SECO BLOCK	48,761	-	501	-	49,262
PETROTRIN AND BEACH OILFIELD LTD-SOUTH WEST PENINSULA	123,619	-	1,270	-	124,889
TRINIDAD NORTHERN AREAS (TRINMAR) PUBLIC PETROLEUM RIGHTS, PETROLEUM COMPANY TRINIDAD & TOBAGO	6,958,730	2,255,860	91,533	-	9,306,123
EOG RESOURCES TRINIDAD BLOCK U (A) OSPREY FIELD	22,098,634	-	226,974	-	22,325,608
EOG RESOURCES TRINIDAD BLOCK 4 (A) OFFSHORE	20,421,772	-	209,751	-	20,631,523
TRINITY EXPLORATION AND PRODUCTION (GALEOTA) LIMITED, GALEOTA AREA, PUBLIC PETROLEUM RIGHTS	600,933	358,910	14,297	-	974,140
POINT LIGOURE- GUAPO BAY- BRIGHTON MARINE BLOCK	-	331,466	1,567	-	333,032
GUAPO BAY- BRIGHTON MARINE BLOCK TRINIDAD (OFFSHORE) BLOCK	-	898,303	1,578	-	899,881
PETRO'IN & MASSY ENGY-MORUGA WEST BLOCK,PUBLIC PETRO RIGHTS	-	537,902	-	-	537,902
TOTAL	74,634,218	7,085,416	819,890	-	82,539,524

Table 5.8

As at 30th September 2018, MEEI stated that there were no escrow accounts other than those with the Central Bank. More recently, a PSC contractor has requested that a new escrow account be set up with a private bank.

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4.9.3.2 Company reporting

A comparison between receipts reported by MEEI and payments reported by companies is shown in the table which follows (N.B. all amounts in USD):-

Account Name	MEEI receipt	Company payment	Difference
	US \$	US \$	US \$
PETROTRIN AND BG T'DAD CENTRAL BLOCK LTD	270,723	270,723	-
PETROTRIN - BALATA EAST SHALLOW HORIZONS	20,103	20,103	-
PETROTRIN - CRUSE HORIZONS	544,080	544,080	-
PETROTRIN - GUAPO OROPOUCHE BRIGHTON	474,914	474,914	-
PETROTRIN - HERRERA HORIZONS	1,201,686	1,201,686	-
PETROTRIN - MAYARO GUAYGUAYARE HORIZONS	191,470		191,470
PRIMERA OIL & GAS LTD - FYZABAD	-		-
PRIMERA OIL & GAS LTD - PALO SECO BLOCK	-		-
PETROTRIN AND BEACH OILFIELD LTD-SOUTH WEST PENINSULA	-		-
TRINIDAD NORTHERN AREAS (TRINMAR) PUBLIC PETROLEUM RIGHTS, PETROLEUM COMPANY TRINIDAD & TOBAGO	2,255,860	2,255,860	-
EOG RESOURCES TRINIDAD BLOCK U (A) OSPREY FIELD	-		-
EOG RESOURCES TRINIDAD BLOCK 4 (A) OFFSHORE	-		-
TRINITY EXPLORATION AND PRODUCTION (GALEOTA) LIMITED, GALEOTA AREA, PUBLIC PETROLEUM RIGHTS	358,910	372,088	(13,178)
Sub total EITI reporting companies	5,317,746	5,139,453	178,293
POINT LIGOURE– GUAPO BAY– BRIGHTON MARINE BLOCK	331,466		331,466
GUAPO BAY– BRIGHTON MARINE BLOCK TRINIDAD (OFFSHORE) BLOCK	898,303		898,303
PETRO'IN & MASSY ENGY-MORUGA WEST BLOCK,PUBLIC PETRO RIGHTS	537,902		537,902
TOTAL	7,085,416	5,139,453	1,945,963

Table 4.9

4.9.3.3 Commentary

Under Requirement 6.1.b, where material payments by companies to the government related to the environment are mandated by law, regulation or contract that governs the extractive investment, such payments must be disclosed.

Given the materiality of the escrow amounts, it is desirable that they should be reconciled. The Steering Committee should include all companies making escrow payments in setting its reporting and materiality scope for future reconciliations, commencing FY 2019.

MEEI has not provided copies of the PSCs entered into, deeming these to be confidential documents; accordingly, the information relating to escrow accounts has not been validated.

The escrow accounts are interest bearing. However, MEEI said that there is no basis for calculation of interest based on the contracts and these terms are not specified in any PSC/Contract/Licence and the Central Bank invests the monies in the account on behalf of the MEEI.

4.9.4 Infrastructure provisions and social expenditures

4.9.4.1 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.

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The Steering Committee is reviewing environmental reporting and has developed a template for companies to complete as part of an environmental reporting pilot for the next report. Data from the Environmental Management Authority and other publicly available sources was reviewed. At this stage, no mandatory infrastructure are disclosed.

On a voluntary basis, Shell Trinidad and Tobago Limited reported TT\$ 906,125 expenditure on infrastructure.

4.9.4.2 Social and environmental 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 these transactions. Requirement 6.1.b states that where material payments by companies to the government related to the environment are mandated by law, regulation or contract that governs the extractive investment, such payments must be disclosed. The Steering Committee has determined that there were no such arrangements applying in FY 2018.

Companies disclosed on a voluntary basis any discretionary social expenditure in total for the fiscal year via the reporting templates. Table 5.9 which follows summarises the amounts reported:-

Company	Social payments
	TT\$
BHP Billiton (Trinidad-2C) Limited	4,298,035
Shell Trinidad and Tobago Limited	18,701,715
BP Trinidad and Tobago LLC Trinidad Branch	12,381,861
The National Gas Company of Trinidad and Tobago	10,006,439
Petroleum Company of Trinidad and Tobago Limited	6,579,367
EOG Resources Trinidad Limited	1,114,035
Perenco T&T Limited	609,524
Lease Operators Limited	180,965
Total	53,871,941

Table 4.10

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

4.9.5 Transportation revenues

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 provide a level of detail and disaggregation commensurate with 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.

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4.9.5.1 NGC

NGC reported transportation revenue received in FY 2018 via the data collection templates as follows:-

Shipper's Reserve Capacity TT\$ 309,200,561

By way of explanatory note, NGC said that customers were billed in accordance with "Cross Island Pipeline Gas Transportation Agreement" dated 1st May 2007 one month in advance and based on agreed amounts reserved on the pipeline by each shipper.

However, further disaggregation of the data by customer and information on volumes and tariffs was commercially sensitive and could not be provided.

4.9.5.2 Petrotrin

Petrotrin did not produce any information on transportation revenues in FY 2018 on the data collection template. Heritage, the Petrotrin successor company said they would seek to provide information for the 2019 report.

By way of a separate note (see Appendix 8.8), Petrotrin reported transportation and handling fees charged to Lease Operators and IPSCs in FY 2018 as follows:-

Company	Transportation & Handling Fee	Handling Fee
	TT \$	TT \$
Krishna Persad & Associates	39,074	
Coastline International Inc	-	
Hydrocarb Trinidad Ltd	1,537	
Touchstone - (New Dome)	32,724	
Range Resources T'dad Ltd	396,626	
Trange - L.B.O frmly W.S.E.L.	57,949	
Touchstone - (South P/Seco)	9,612	
Well Services Energy Ltd	-	
A.P.I. Pipeline	89,014	
Jasmin Oil & Gas Ltd	112,064	
A & V Oil & Gas		267,334
A & V Oil & Gas		848,169
Goudron E & P		889,414
Range Resources (LBO)		-
FRAM		3,876,240
Lease Operators Ltd		1,127,616
API Pipeline		-
Totals	738,601	7,008,774

Table 4.10a

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4.9.6 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/>. Petrotrin 2018 AFS are publicly available at [petrotrin-2018-signed-consolidated-financial-statements.pdf \(trinidadpetroleum.co.tt\)](https://www.petrotrin.com.trinidadpetroleum.co.tt/~/media/2018-09-28/Petrotrin-2018-signed-consolidated-financial-statements.pdf).

The financial statements provided by private companies are detailed in Appendix 8.5. In summary, compliance was:-

	# companies
<u>SOEs</u>	
Provided current audited financial statements	2
Did not provide audited financial statements	4
<u>Other companies</u>	
Supplied audited financial statements for the local company	14
Do not produce audited financial statements for local subsidiary, audited group financial statements provided	18
Do not produce audited financial statements for local subsidiary	5
Not prepared to release audited financial statements	1
Failed to provide audited financial statements	2
Total	46

Table 4.11

4.9.7 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:-

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Payments made by Operators on behalf of Partners - Summary by Operator		
Operator	Partners	TT\$
BHP Billiton (Trinidad-2C) Ltd	Chaoyang Petroleum (Trinidad) Block 2C Limited	74,154,905
	NGC E&P Investments (Netherlands) B.V.	88,985,886
BHP Billiton (Trinidad-3A) Limited	Chaoyang Petroleum (Trinidad) Block 3A Limited	2,435,538
	Petroleum Company of Trinidad and Tobago Limited	1,432,293
	NGC E&P Investments (Netherlands) B.V.	811,846
BHP Billiton Petroleum (Trinidad Block 3) Limited	BG International Limited (35%)	3,652,313
BHP Billiton Petroleum (Trinidad Block 5) Limited	BG International Limited (35%)	3,850,574
BHP Billiton Petroleum (Trinidad Block 6) Limited	BG International Limited (35%)	3,670,228
BHP Billiton Petroleum (Trinidad Block 14) Limited	BP Exploration Operating Company Limited (30%)	3,314,107
BHP Billiton Petroleum (Trinidad Block 23a) Limited	BP Exploration Operating Company Limited (30%)	5,995,491
EOG Resources Trinidad Limited	Trinidad and Tobago Marine Petroleum Company Limited	180,692
	The National Gas Company of Trinidad and Tobago Limited	3,946,664
	Petroleum Company of Trinidad & Tobago Limited	15,786,654
	BP Trinidad and Tobago LLC	1,110,925
BG International Limited	Shell Trinidad and Tobago Resource SRL	25,476,670
	ENI Trinidad & Tobago Ltd - 21.5%	3,045,508
Shell Trinidad and Tobago Limited	Shell T&T Resources SRL - 50%	4,575,537
	ENI Trinidad & Tobago Ltd - 21.5%	113,834,829
Shell Trinidad Central Block Limited	Petrotrin - 35%	6,618,015
		362,878,674

Table 4.12

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

Partner on whose behalf payments were made	TT\$
BG International Limited	11,173,115
BP Exploration Operating Company Limited	9,309,598
BP Trinidad and Tobago LLC	1,110,925
Chaoyang Petroleum (Trinidad) Block 2C Limited	74,154,905
Chaoyang Petroleum (Trinidad) Block 3A Limited	2,435,538
ENI Trinidad & Tobago Ltd	116,880,338
NGC E&P Investments (Netherlands) B.V.	89,797,732
Petroleum Company of Trinidad and Tobago Limited	23,836,962
Shell Trinidad and Tobago Resource SRL	30,052,207
The National Gas Company of Trinidad and Tobago Limited	3,946,664
Trinidad and Tobago Marine Petroleum Company Limited	180,692
Total	362,878,674

Table 4.13

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4.9.8 Review of changes in payments to government between 2018 and 2017

The TTEITI Steering Committee requested that a variance analysis summary be included in the current report. This allows for reporting companies to provide reasons for year-on-year fluctuations in their royalty and tax payments to Government. A template was designed for use by the Companies to report the movements and reasons for the movements in the total paid between the current and prior reporting year.

The full details of the information provided by the Companies are included in Appendix 8.9. The following is a summary of the information provided by the 6 largest paying entities:

Company	Payments in respect of:	2018	2017	Movement	Variance explanations
		TTS	TTS	TTS	
The National Gas Company of Trinidad and Tobago	MOF IRD (BIR)	633,424,846	187,365,814	446,059,032	Increase in commodity prices
BP Trinidad and Tobago LLC Trinidad Branch	MOF IRD (BIR), MEEI	2,590,956,562	913,801,355	1,677,155,207	Increase in commodity prices, increase in production and new fiscal/tax regime
Perenco Trinidad and Tobago Limited	MOF IRD (BIR)	539,662,294	352,032,359	187,629,935	Increase in commodity prices
EOG Resources Trinidad Limited	MOF IRD (BIR), MEEI	569,730,658	302,891,942	266,838,716	Increase in commodity prices
Shell Trinidad and Tobago Limited	MEEI	535,755,083	307,481,939	228,273,144	No comment provided by Company
Petroleum Company of Trinidad and Tobago Ltd.	MOF IRD (BIR), MEEI	399,422,226	327,221,755	72,200,471	Increase in commodity prices, increase in production
		5,268,951,670	2,390,795,164	2,878,156,507	

Table 4.14

5 MINING SECTOR

5.1 Introduction

An overview of the sector, and the legislation and fiscal regime applying to it is set out in Section 7.

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.

Trinidad Cement Limited did not provide any information for the reconciliation; the other four companies included in the pilot provided templates and supplementary data.

MOF IRD did not provide information for the following companies, which were included in the mining pilot study by the TTEITI Steering Committee:-

- Trinidad Cement Limited
- FW Hickson Limited

5.2 Reconciliation of results from participating companies

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

Company		Adjusted totals		Reconciling items
		Government	Company	
		<u>TT\$</u>	<u>TT\$</u>	<u>TT\$</u>
National Quarries Company Limited		2,180,897	2,180,897	-
Lake Asphalt Trinidad & Tobago (1978) Limited	5.2.1	1,211,450	748,836	462,614
Hermitage Limestone Limited		224,763	224,763	-
Trinidad Cement Limited	5.2.2			-
F. W. Hickson & Co Ltd	5.2.3			-
		3,617,110	3,154,496	462,614

Table 5.1

5.2.1 Lake Asphalt Trinidad & Tobago (1978) Limited

Lake Asphalt Trinidad & Tobago (1978) Limited confirmed making 4 payments for Royalty to the MEEI and produced copies of 2 receipts of the 4 payments to evidence the reported payments. The MEEI declared receiving 2 payments from the Company but did not provide copies of the receipts to support the payments declared. None of the receipts reported by the Company matched what was reported by the MEEI.

5.2.2 Trinidad Cement Limited

This Company did not submit a completed template. MEEI reported nil receipts from this Company.

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Although GORTT and the company have signed the TTEITI MOU, under which they agree to support production of EITI reporting, MOF IRD did not provide any information on receipts from TCL and the company did not provide a reporting template for 2018 FY.

We obtained a copy of the audited financial statements for 2018 via the company's website. These state that "The [TCL] Group is involved in certain significant tax proceedings." To the extent that these relate to Trinidad and Tobago, the absence of reporting or comment by the government and company is material.

5.2.3 FW Hickson & Co Ltd

FW Hickson reported no payments to Government and said that operations had not commenced as at 30th September 2018. MEEI also reported nil payments for this company but no reporting was done by the MOF IRD.

5.3 Production

Company	Limestone Production			Asphalt Production		
	MEEI	Company	Difference	MEEI	Company	Difference
Tonnes						
National Quarries Company Limited	115,305	41,998	73,307			-
Lake Asphalt Trinidad & Tobago			-	9,033	9,050	(17)
Hermitage Limestone Limited	-	146,693	(146,693)			-
Trinidad Cement Limited	401,989		401,989			-
F. W. Hickson & Co Ltd			-			-
	517,294	188,691	328,603	9,033	9,050	(17)

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.

5.4 Licensing

In looking at the mining and quarrying sector, we understand that in many individual cases there is no clarity over ownership of land and mineral rights pertaining to individual operations. Amongst other things, this makes it difficult to determine whether royalties on production are payable to GORTT and for the government to enforce claims for payment. We note that there is no national Land Registry or cadastre which contains this information.

5.4.1 General

Most mining operations in Trinidad and Tobago continue to be conducted without a duly issued licence. We have made recommendations in this respect in section 6.2.9.

5.4.1 National Quarries Company Limited

The state owned NQCL does not hold licences or permits for its operations.

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5.5 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
Lake Asphalt of Trinidad & Tobago	TT\$ 622,174
Total	622,174

Table 5.3

None of the reporting companies reported making infrastructure payments.

6 RECOMMENDATIONS

6.1 Implementation of prior year recommendations

The Steering Committee has an established 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 FY 2017 report, and the current status, is shown below.

FY 17 report ref	Summary of recommendation	Status		See section
7.2.1	Staffing of Auditor General			
	- number of staff	Repeated	Little/no progress	6.2.2
	- training in oil, gas & mining sectors	Cleared		
	Audit of MOF IRD records by Auditor General	Repeated	Little/no progress	6.2.2
	Auditor General assurance over EITI reporting	Repeated	Little/no progress	6.2.2
7.2.2	Company selection			
	Review of licences etc by Steering Committee	Cleared		
	Engage more companies in EITI reporting	Repeated	Little/no progress	6.2.3
	Include EMBD and PSAEL in EITI reporting	Repeated	Little/no progress	6.2.5
7.2.3	Introduction of appropriate computerised systems by MEEI	Repeated	Little/no progress	6.2.4
7.2.4	MEEI to improve monitoring of amounts due under PSCs and E&P	Repeated	Some progress	6.2.2
7.2.5	Continuity of EITI			
	Introduction of provisions into all new licences/PSCs for companies to adhere to TTEITI requirements	Repeated	Some progress	6.2.6
	New MOU required	Cleared		
7.2.6	MEEI to maintain publicly available license register with timely and comprehensive information	Repeated	Some progress	6.2.7
7.2.7	Company nomenclature	Cleared		
7.2.8	Individual company audits	Repeated	Little/no progress	6.2.8
7.2.9	SOEs in mining sector	Repeated	Little/no progress	6.2.5
7.2.10	Project reporting	Cleared		
7.2.11	Mining sector			
	MEEI to enact a plan to bring licensing in mining sector up to date	Repeated	Little/no progress	6.2.9
	MEEI to expedite drone technology procurement	Repeated	Little/no progress	6.2.9

6.2 Recommendations for EITI reporting and implementation

6.2.1 Review barriers to transparency

Information gathering and disclosure for the current EITI report was affected in a number of areas by concerns expressed by stakeholders over confidentiality. As described in section 2.7.1,

- MOF IRD cites section 4.2 of the Income Tax Act as imposing restrictions on disclosure of information to, amongst others, the Auditor General, the EITI independent Administrator and the TTEITI Steering Committee. 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.
- MEEI legal opinion regarding the issue of disclosure of contracts and licences, as required for example by Requirement 2.4 of the Standard for contracts entered into or amended from 1 January 2021, is that the E&P licences and PSCs are confidential documents by virtue of section 35 of the Petroleum Act, Chap. 62:01 and further, that they are exempt documents under Section 31 (1) (a) of the Freedom of Information Act, Chap. 22:02 and may not be disclosed.
- Analysis of the volumes of the government share of production in line with the level of disaggregation adopted for other reporting was not provided on grounds of confidentiality.
- NGC explained that the contracts for gas sale and purchases were confidential; and similarly transportation, where analysis of transportation revenue in line with the level of disaggregation adopted for other reporting and Requirement 4.4 of the Standard was not provided.

We recommend that the Steering Group should

1. Identify any barriers to transparent disclosure under EITI; and
2. Review and confirm its approach to the matters above and to any additional matters arising from its review;

and based on its agreed approach

3. Engage with companies, including SOEs, to find solutions to concerns expressed by them over confidentiality
4. Promote any changes required to legislation and/or contracts with senior government officials including, as necessary, ministers
5. Given the access granted by MOF IRD to certain agencies, seek action at senior government level to allow improved disclosure for EITI reporting

6.2.2 Assurance environment in government reporting

The reliability of data disclosed, whether through a separately commissioned report such as the annual EITI report, or through established government systems (“mainstreamed”, as it were), is an essential element for transparency.

MEEI reporting is largely dependent on manual systems, prone to error and inconsistency. The Auditor General’s (AG) staffing is said to be insufficient to provide assurance over information reported for EITI, and the AG is not given access to all the records (MOF IRD).

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Monitoring in MEEI of amounts due and paid under PSCs provided data which was inconsistent with other MEEI data for revenues and production. In this context, we note that the role of the PSC audit department is to validate revenues and costs with the operators and does not cover internal reporting in MEEI nor procedures for collection of transfer fees and other amounts due under PSCs.

The assurance function for which MOF Investment Division is responsible, in terms of ensuring annual audit of extractive sector SOEs, is deficient.

We recommend that the Steering Committee should

1. Engage with the Auditor General (AG) over weaknesses identified in MEEI controls over PSC amounts due (including calculation and collection of transfer fees, records of guarantees/bonds due/held/released, etc.) with a view to the AG extending the work programme to keep these under review
2. Engage with the AG to deliver improved assurance is required over government reporting for TTEITI, such discussions to be concluded in time for the AG to incorporate in the department's work programme any actions which may be required prior to the next TTEITI report
3. Seek support from GoRTT for the removal of any impediments to the audit of MOF-IRD revenue records and reporting by the AG under INTOSAI; and
4. In the event that the AG raises resource constraints as an impediment to improving the weaknesses and assurance issues in MEEI or MOF IRD, seek further support from GoRTT for appropriate resource levels for the AG such that there are out regular audits of good quality under INTOSAI provisions of the MOF IRD and MEEI revenue and cost records; and
5. Engage with MOF Investment Division over its plans to bring the audit of extractive SOEs up to date (see section 3.5.6.2) and remains informed on
 - a. progress in meeting these dates; and
 - b. the plan for the audit of NQCL financial statements for 2019 and 2020; and
 - c. the plan for the audit of LATT financial statements for 2015 and following

6.2.3 Improve methodology for determination and inclusion of all companies making material payments to government (oil & gas)

The Steering Committee has expressed uncertainty over whether certain companies make material payments to government. We also noted that there were inconsistencies between production and payments from certain companies operating under the Petrotrin LOFO/IPSC regime. We also noted that certain of the LOFO companies not included in the reconciliation (nor in the Steering Committee list of uncertainty) made substantial and material payments to MEEI in escrow for rehabilitation and abandonment. It would appear that improvements in information over the relationships held between Petrotrin (now Heritage Petroleum) and the LOFOs and IPSCs are required.

Two SOEs with connections to the extractive sector were omitted from the mining sector pilot.

- Estate Management and Business Development Company Limited
- Palo Seco Agricultural Enterprises Ltd (PSAEL)

Given that these are SOEs in a sector where the Steering Committee is seeking to improve public understanding, there is no reason to exclude them. We note that PSAEL rejected a request from the Minister for Energy to participate, which is inconsistent with the commitment of GoRTT to support EITI disclosure in Trinidad and Tobago.

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The signatory requirements for the MOU are unclear and inconsistent. The MOU is an agreement between the signatories governing the voluntary participation of companies in the TTEITI process; however, not all the participants are signatories. For example, all the subsidiaries of BHP Billiton are signatories in their own right, but in other groups (including by way of example, but not limited to, Shell, NGC) only one company is a signatory. Thus, there were 41 oil and gas companies and 5 mining companies selected for EITI reporting, but there are only 22 oil and gas companies and 5 mining companies.

We recommend that the Steering Committee should

1. Work with Heritage Petroleum to obtain a clear understanding of arrangements with Lease Operators, Farm Out operators, IPSCs with particular reference to
 - a. Royalty liabilities
 - b. Settlement of royalties between LOFO/IPSC and Heritage / MEEI
 - c. Escrow responsibilities
 - d. And similar items
2. Take all necessary steps to ensure that all SOEs in the oil, gas and mining sectors participate in future EITI reporting
3. Ensure that it (the Steering Committee) remains informed of all changes to company ownership and licences on a timely basis; and that its 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.
4. Joins all companies making material payments, on a company by company basis, as signatories to the MOU

6.2.4 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 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.

6.2.5 Steering Committee to decide on how to move quarrying reporting from a pilot for the next EITI report (2019)

Five mining companies were selected by the Steering Committee for the 2015 EITI report as a pilot project. These companies remain the only mining companies selected for the current report, again on a pilot basis. Two SOEs with interests in the mining sector have chosen not to participate. One of the selected companies, Trinidad Cement Limited (TCL), did not provide any information and MOF IRD

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provided no information on two of the selected companies, including TCL. Greater focus is needed to increase coverage and participation by mining and quarrying companies.

We recommend that the Steering Committee should

1. Review the lessons learned from the pilot study; and
2. Determine how to increase reporting on the mining sector; and
 - Take all necessary steps to ensure that selected companies participate fully

6.2.6 EITI compliance

The introduction of all-encompassing EITI legislation, or some amendments to proposed/existing legislation, in Trinidad and Tobago has been under discussion for some years, but none has yet been introduced. Heritage Petroleum intends to refresh the contractual arrangements with LOFOs and IPSCs, which is to include a requirement for each company to participate in EITI reporting. And inclusion of a similar provision in new licences/PSCs is under active consideration by MEEI.

We recommend that the Steering Committee should promote and follow up these initiatives which would improve EITI reporting in Trinidad and Tobago, and should seek support from government for their implementation.

6.2.7 Licensing data and procedures should be up to date and improved

- Procedure required to maintain up to date oil and gas licence data on MEEI website on a timely basis
- Steering Committee to engage with MEEI and to review as necessary all existing E&P licences and PSCs to ensure that bonds, guarantees, transfer fees and similar are in place and in force
- Steering Committee to review MEEI procedure for ensuring that prior to any licence changes, surrenders, etc. all necessary actions have been taken to collect monies due to GORTT

6.2.8 Individual company audits

Of the 41 oil and gas companies participating, only 18 companies (including 4 SOEs) provided audited financial statements (AFS) for the company itself, while 18 companies provided copies of AFS for the group, and 5 companies did not provide an AFS.

The level of assurance applying to a particular company from audited group accounts differs from that given by audited accounts for the company itself. 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. So 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. Equally, 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.

A good assurance environment is important to underpin the credibility of the EITI reporting process and also for reliable and effective mainstreaming.

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We 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.

6.2.9 Mining sector

There are numerous unlicensed operators, including the government itself (NQCL), 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.

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.

6.2.10 Escrow accounts

Balances held at the Central Bank in escrow accounts between MEEI and oil/gas companies, and movements on those accounts, have been included in EITI reporting. In reconciling receipts on the accounts with payments reported by companies, we noted three companies not included in scope by the Steering Committee making material payments into escrow (see further section 4.9.3.3).

Under Requirement 6.1.b, where material payments by companies to the government related to the environment are mandated by law, regulation or contract that governs the extractive investment, such payments must be disclosed. Given the materiality of the escrow amounts, it is desirable that they should be reconciled as well as disclosed.

We recommend that the Steering Committee should include companies making escrow payments in future reconciliations, and that the payments be reconciled, commencing with the FY 2019 report.

6.2.11 Petroleum licence register

We noted apparent errors relating to company names and licence holders on the petroleum register on the MEEI website (see section 4.7.1.2).

We recommend that a thorough review be undertaken of the register and that changes in licence holders including the applicable dates of the changes should be recorded, so that the full history of the licence may easily be seen.

7 THE EXTRACTIVE INDUSTRIES IN TRINIDAD AND TOBAGO

7.1 Introduction

The Bitter Dose: Resetting Policies to Shorten the Guava Season

A global pandemic that has taken millions of lives. The world gripped in its worst recession since the Great Depression. Energy economies crumbling under the weight of falling oil, gas and petrochemical prices. These scenarios sound more at home in a disaster movie, but reality has matched fiction in 2020 where the Covid-19 pandemic has led to economic upheavals for many countries. Trinidad and Tobago is not immune to the fallout. The Government has been forced to trigger a massive 6-billion-dollar relief programme to support workers and businesses impacted by the pandemic.

Covid-19 has added another layer of strain to the country's economic recovery plans. However, pre-pandemic the signs of decline were evident. Over the past year, the energy sector, the mainstay of the economy, also buckled. A price war between Saudi Arabia and Russia sent oil and gas prices plummeting. Actually, for the first time in history oil prices went negative (-\$37 per barrel) on the spot market. Quite predictably, these developments impacted Trinidad and Tobago's fortunes. Oil and gas revenue declined by 54 percent primarily because of royalties declining by 46 percent from 3.4 billion in 2019 to 1.7 billion in 2020. The share of profit the country earned from production sharing contracts slid by 20 percent from \$2.2 billion in 2019 to \$1.8 billion in 2020. The decrease in energy revenue reinforces Trinidad and Tobago's status as a price taker and the country's lack of control over global demand and supply variables. This should compel us to get the most from our resources.

The Hunt for Revenue

For the past five years, the Government has attempted to reshape fiscal policy and renegotiate several contracts to gain greater value from the country's oil and gas resources. The Government cited the Gas Master Plan's findings to highlight that the country was losing US \$1.4 billion annually from tax leakage by oil and gas companies. In their quest for a larger slice of revenue, they have experienced both triumphs and disappointments. The successes include tax reforms while the disappointments revolve around the continued failure to sell the Petrotrin refinery, as well as maintain healthy returns for all players in the upstream, midstream and downstream of the country's energy value chain.

The tax reforms started with an increase to the royalty rate to 12.5 percent in January 2018, notwithstanding what was cited in the concessions agreements. By 2019, there was an instant impact as the country earned the most from royalties in a decade. The Government also renegotiated terms with Shell and BP, resulting in tax settlements of just over TT\$ 3 billion. In the 2021 budget proposal, Finance Minister Colm Imbert also adjusted the Supplemental Petroleum Tax rates for small producers to help spur investment. Despite these actions, the Government has also received adverse reaction from commentators for negotiations that impacted the country's gas monetisation model. This model was built on the National Gas Company of Trinidad and Tobago (NGC) purchasing gas from exploration and production companies like BP and Shell then selling onwards to downstream companies such as Methanex, using the gas as a fuel and feedstock for the world class Point Lisas petrochemical sector. The model now faces structural misalignment as all players do not believe they are receiving their fair share of returns. The links on our energy value chain have weakened considerably.

Gas producers faced with increased costs and smaller fields to develop charge the NGC more for gas. The NGC, in turn, has to pass this increase on to its downstream customers. Added to this, there are several gas contracts up for renegotiation at a time when the fall in demand and prices of methanol

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and ammonia have scuttled hopes of a short-term revival for the petrochemical sector. The important question is whether this slump signals a structural shift for the T&T model? This is where analysis and strategy come to the fore.

The Government plans to develop more financial models to evaluate the value chain, and a possible restructuring of Atlantic LNG, in hopes of preserving acceptable returns for all players. These initiatives will have far-reaching consequences for the economy. But with Covid-19 impacting air travel, driving and global economic growth, Trinidad and Tobago must not only initiate a policy reset but also drive systemic changes linked to how we monitor and improve revenue collection.

Using Regulations and Laws to Arrest the Slump

Channelling our energies on legislative reform and fixing flaws in our regulatory machinery is key to capturing more returns from the extractive sectors. There are changes that can be established in a phased approach for short, medium and long-term revenue gain.

Two critical legislative reforms are the creation of the Trinidad and Tobago Revenue Authority (TTRA) and the introduction of the Property Tax. In 2020, the TTRA Bill was passed in the Upper House. The Bill seeks to establish a TTRA, which will replace the Inland Revenue Division of the Ministry of Finance (also referred to as the Board of Inland Revenue/BIR) and replace the Customs and Excise Division. The Bill establishes the Authority as a separate legal entity with the responsibility for assessing, collecting, administering and enforcing of revenue laws, border control and providing revenue collection services to statutory and other public bodies. It is estimated that the country loses an estimated 690 million in unpaid taxes annually and our recent tax amnesties have resulted in billions of dollars in payments. Getting the TTRA off the ground will streamline our revenue collection efforts.

Currently, the Auditor General (AG) has no access to the BIR's records due to confidentiality clauses in the Income Tax Act. Importantly, the TTRA Bill also allows for an annual audit by the Auditor General (AG). The AG will also 1) have access to all books and records 2) conduct a comprehensive audit of all the activities of the TTRA and 3) inform the Minister of Finance of any irregularities. The AG's Report on the TTRA will also be laid in Parliament annually. These reforms need to be finalized urgently to plug revenue leaks but also empower the Auditor General to improve the audit and assurance processes in key state institutions. There are also other existing inter-ministerial arrangements to help us retrieve unreported taxes.

In 2017, the Government reactivated the Permanent Petroleum Pricing Committee. The committee is mandated, through the Petroleum Taxes Act, to advise the Minister of Finance on fair market value linked to sales of the country's oil, gas and petrochemical resources. The Committee is comprised of senior members of the Ministries of Finance, Energy and the Board of Inland Revenue and it can co-opt other technical experts. By its definition, and theoretically, this committee is meant to safeguard the country's interest and act as a check on any unfair practices that denies T&T its just due. Its work can help the Board of Inland recoup underreported taxes.

However, currently, the membership of the committee is being reviewed due to some members retiring or moving to different positions. The committee also has no secretariat, no timeframe to report to the Finance Minister and no written or approved terms of reference. Approval is now being sought to establish an interim secretariat for the committee. The Government is also presently reviewing an opinion from the Treasury Solicitor's department that clarifies the process for the committee to achieve its mandate. This work should definitely be expedited in 2021. The Government has already retained Poter and Partners and legal firm White and Chase to seek its interests in capturing value from the energy value chain. The committee's work should align with the efforts of

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these firms in ensuring the country earns fair value from its energy resources. More importantly, T&T must seriously consider the advantages of contract transparency. Openness and availability of data can help analysts, academia and policymakers offer unique solutions to our revenue challenges.

Digging Deeper: Unearthing Value from the Mining Sector

While it is dwarfed by the size and scale of the energy sector, the mining sector has always been a missed opportunity for T&T. For over a decade, the sector's well-publicized shortcomings have been deliberated. These problems include illegal quarrying, royalty payment shortfalls, environmental impact on watercourses/watershed zones and forest and land degradation plus an outdated policy and regulatory framework. There is an urgent need for better oversight and administrative and regulatory efficiency. These reforms will help the country maximize the benefits from mining operations.

Currently, Government is owed \$193⁷ million in royalties (from as far back as 2005). To put this in context the State spent \$208 million on its OJT and Cepep programme in 2019. This non-payment is untenable. The calculation and collection of royalties rely on effective systems to record production. Unfortunately, the Ministry of Energy relies on self-reports from operators. Given the need to independently verify production, the Ministry has been looking at implementing drone technology for the past two years. Apart from resolving this lax system of recording production, it is clear that the licensing process has to be amended. There are still only 8 licensed operators in T&T out of an estimated 90 operators.

While the mining sector seems to have more failures than successes, there are signs of the State taking a tougher stance on quarry operators. The budget targeted illegal quarrying by increasing fines and other penalties by 200 percent for offenders. The State has also fixed its gaze on environmental standards as the EMA has started to revise its quarry rehabilitation guidelines. Despite these glimmers, for the sector to truly recover and contribute more tangibly to development, policies must jump off of a page and be implemented with targets and timelines carefully mapped out.

Conclusion

Trinidad and Tobago's extractive sectors are at a crossroads. The oil, gas and petrochemical sectors are facing global challenges. The mining sector needs consistent and coherent monitoring. Our short-term revenue projections are conservative to say the least. Policymakers will therefore have to focus on multiple solutions.

Despite the future outlook and need to plan for an energy transition, the energy sector remains pivotal to any short- and medium-term growth. Government has to think of the timing of bid rounds, realigning the value chain risk-reward structure, possibly rethinking NGC's role as aggregator. They must also keep an eye on how energy price fluctuations influence the length of our current recession locally referred to a "guava season". The Government has to juggle monetising the deep water frontier, incentivizing more drilling both onshore and offshore and promoting T&T as an energy destination of choice in upcoming bid rounds. The country also will start construction on its first investment scale renewable project, helping to honour its commitment to the Paris Climate agreement. This is a welcome development.

Critically, the industry upswings and downturns are cyclical so adopting policies to improve long-term economic resilience is an imperative. In 2021, how poised is T&T to counterweight the need for more

⁷ The 193 million figure was obtained from the Minerals Division of the Ministry of Energy and Energy Industries

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revenue with the need to manage the global Covid-19 health crisis? With the mass production of several Covid-19 vaccines, there is hope for a recovery. But to reverse our fortunes, democratizing data, digitization and preparing for a future beyond oil and gas are all pillars to build on. By embracing change, we can cultivate a new model of development, reimagine our place in this post-COVID-19 world and give ourselves necessary wiggle room in the face of dwindling options.

7.2 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

7.2.1 Crude oil & natural gas

Locations of crude oil and natural gas production

Trinidad and Tobago's hydrocarbon resources are located both on land and offshore provinces. The industry begun in onshore Trinidad primarily in the South East and South West regions. Offshore reserves occur in three zones: ECMA (East Coast Marine Area), NCMA (North Coast Marine Area) and the SCMA (South Coast Marine Area). There is no onshore production in Tobago.

For T&T Onshore and Offshore hydrocarbon field locations see: <https://www.energy.gov.tt/wp-content/uploads/2013/12/Offshore-Onshore-Activity-Map-2018-2.pdf>

7.2.2 Minerals

The Trinidad and Tobago mining sector consists of state owned and private locally owned companies. Sand and gravel are the minerals that are produced in the greatest quantities. Throughout the country various types of minerals are deposited at different locations.

These locations are as follows:

Northern Range

- Limestone
- Sharp Sand
- Gravel

South Trinidad

- Asphalt
- Porcellanite
- Oil Sands

Central Trinidad

- Red Sand
- Yellow Limestones
- Clay

Tobago

- Andesite
- Copper

The minerals quarried are used in the construction industry, the manufacturing of tiles, pottery and blocks. Asphalt and oil sands are utilised to pave the nation's roads, it should be noted that the majority of asphalt produced is exported.

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7.2.3 Oil, gas and mineral reserves

In previous TTEITI reports reserves information drawn from the Ryder Scott Reports reserves were classified into three groups namely:

1. Proved Reserves - very likely to be recoverable, can be produced & sold with 90% degree of certainty.
2. Probable Reserves - less likely to be recoverable, 50% probability that it can be produced and sold.
3. Possible Reserves – least likely to be recoverable, 10 % probability it can be produced and sold.

The 2018 audit of the oil reserves for Trinidad and Tobago used the international reserve standard introduced in 2012. This is the standard used in previous EITI reports and would be used for oil reserves in this report. With regards to gas reserves the 2019 Ryder Scott Report used the new international reserve standard in T&T for the first time. This standard was introduced by The Society of Petroleum Engineers in 2018. Under the new standard contingent resources were added (C1, C2, & C3) these describe commercial contingencies. For instance, a resource volume is awaiting approval of a development plan or for the necessary infrastructure to be built. Proved reserves, probable reserves and possible reserves are now called P1, P2 and P3 respectively but there is no change to their degree of certainty. Additionally, the combination of the p and c values are now referred to as technically recoverable resources.

Technically Recoverable Resources

1. P1 (proved reserves) + C1 (contingent resources)
2. P2(probable reserves) + C2 (contingent resources)
3. P3(possible reserves) + C3 (contingent resources)

7.2.3.1 Oil and gas reserves

Oil Reserves

An audit of the crude oil resources as at, 31st December 2018 was conducted by Netherland, Sewell and Associates. The oil reserves of the country have increased from the 2012 audit:-

- Proved reserves increased from 199.5 to 220.1 million barrels
- Probable reserves increased from 85.8 to 99.7 million barrels
- Possible reserves increased from 124.8 to 135.5 million barrels

Additionally, unrisks prospective resources have increased by 773.4 percent from 2012 levels to 3.2 billion barrels. Approximately 90 percent of these resources are from deep water blocks TTDA 3 and TTDA 5.

Gas Reserves

The 2019 Ryder Scott audit speaks to the need for exploration efforts to be increased. The audit consisted of the resources of energy companies who operate in Trinidad and Tobago namely BHP, BPTT, Shell, Perenco, De Novo, Trinity Exploration and open areas. Highlights of the 2019 Audit were:

- 1.5% increase in P1+C1 (technically recoverable resources) volumes
- Significant volumes from Angelin, Bele, Boom, Tuk, Mento and Osprey East fields
- Onshore discoveries by Touchstone Exploration (Coho and Cascadura fields)

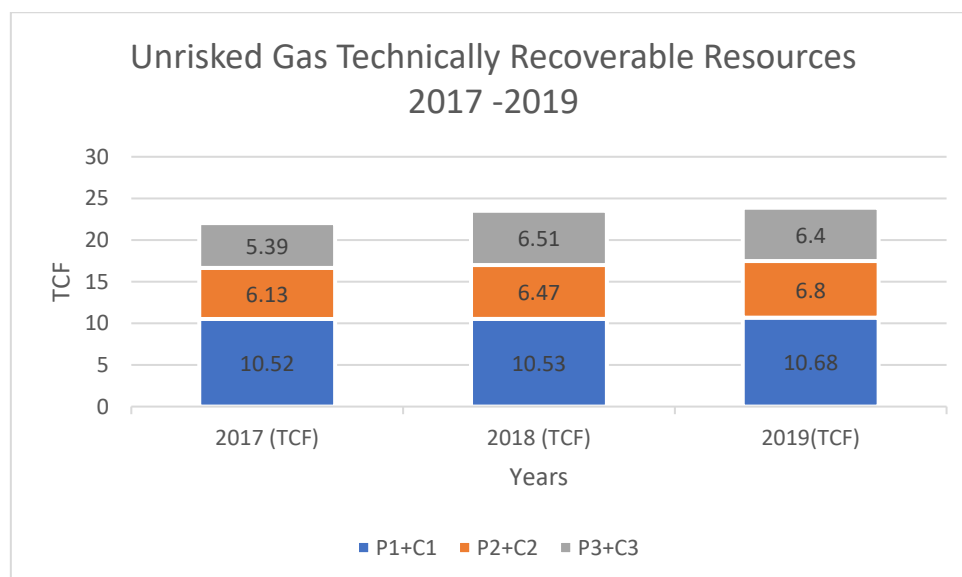
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With regards to the operating companies, the audit highlighted the following changes to P1+C1. BPTT assets were revised with an overall net upward revision, the Trinidad Region Onshore Compression (TROC) has yielded adjustments in the fields within Amherstia and Mahogany hubs. The Kapok and Angelin fields increased by 63 bcf and 316 bcf, respectively. BHP added contingent resources from exploration wells Boom, Bene, High-Hat and Tuk with overall volumes of 743 bcf. Additionally, BHP's P1+C1 resources are largely held in the Deepwater discoveries. The Shell Endeavor field revision was based on seismic interpretation and added 42 bcf of technically recoverable resources.

Table 7.2.3.1 Natural Gas Reserves

Category	2017 (TCF)	2018 (TCF)	2019(TCF)
P1+C1	10.52	10.53	10.68
P2+C2	6.13	6.47	6.8
P3+C3	5.39	6.51	6.4

Source: MEEI, Ryder Scott Report



7.2.3.2 Mineral reserves

There is no recent data available for Trinidad and Tobago's mineral reserves. The 2017 EITI report outlined this issue and the table below illustrates the reserve findings from the 2013 study.

Table 7.2.3.2 Mineral Reserves

Mineral Type	Acreage (Square Kilometres)	Reserves (Millions of Metric Tonnes)
Sand and Gravel	52	326
Blue Limestone	3.5	53
Clay	1.8	9.8
Plastering Sand	11.7	39.2
Yellow Limestone	0.8	26.1
Porcellanite	1.1	6.5
Andesite	0.5	6.5
Total	71.4	467.1

Source: MEEA SEIA Study 2013

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7.3 Exploration

7.3.1 Oil, gas and mineral exploration activity

In an effort to boost dwindling declining reserves, the Ministry of Energy and Energy Industries held a Bid Round for new Acreage in 2019, the first after a hiatus of five year. Six blocks were offered, 3 on the East Coast, 2 on the North Coast and 1 in the Gulf of Paria. Shell and BP jointly bid on the three East Coast blocks. No bids were received on the other areas. The table below illustrates the outcomes of the last nine bid rounds undertaken.

Table 7.3.1 Competitive Bid Rounds 2004 – 2019

Date	Number of Blocks on offer	Number of bids received	Number of PSC/ Licences signed
May-2019	6 Shallow offshore	3	To be determined
Mar-2014	6 deepwater	3	2
Oct-2013	3 onshore	11	3
Sep-2012	6 deepwater	12	4
Feb-2011	11 deepwater	5	3
Sep-2010	7 shallow offshore	6	5
Nov-2006	8 on and nearshore 3 shallow offshore	14	2
Dec-2006	8 deepwater	1	0
Jan-2004	10 shallow offshore	18	6

Source: Energy Chamber

There were several other significant developments in the exploration activity in both marine and land areas. In the first quarter of 2020 Shell announced FID (Final Investment Decision) for the development of Barracuda field. In March, FID was made for the Colibri project which is a joint venture with Heritage Petroleum. The Colibri project would be based in block 22 and NCMA-4 in the North Coast Marine Area, the development project consists of drilling four subsea gas wells and the installation of flowlines to tie into the existing Poinsettia Platform and first gas is expected in 2022. The timelines for both projects have been impacted by the pandemic.

In the final quarter of 2019 BHP found 3.5 trillion cubic feet of gas in its deepwater fields located in the east coast of Trinidad and Tobago. The FID on these fields is expected within a couple years. However, in 2020 BHP deferred its drilling program for its deepwater acreage to the fourth quarter as a result of Covid-19. Drilling started in September on the broadside-1 exploration well located in Block TTDA3. This undertaking was historic as it was the deepest well drilled in the history of the country’s energy sector, at a depth of over 20,000 feet (approximately 4 miles). However, BHP’s broadside well was unsuccessful.

BPTT announced they found gas in their Ginger exploration well during the first quarter of 2020. However, due to the unsuccessful infill drilling wells all drilling activity was delayed pending review of seismic data. Covid-19 related challenges also led to the delay of drilling a fifth developmental well in the Angelin field.

As previously noted, there was fall in number of wells drilled between 2019 and 2020 the section below expands on the issue.

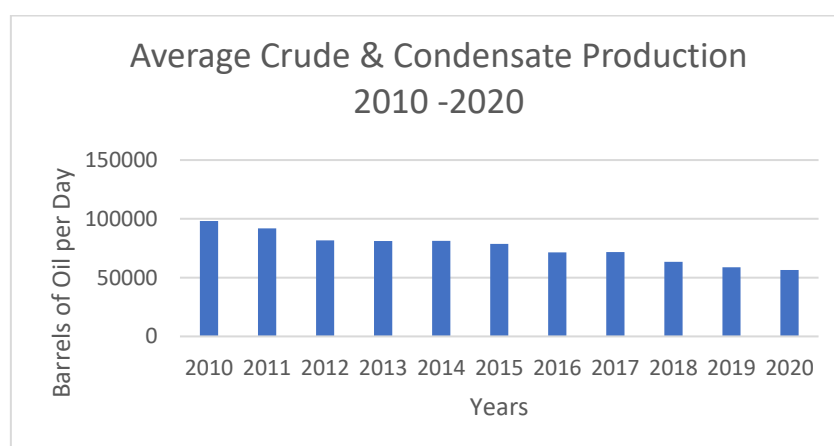
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Fall in Number of wells drilled:

- October 2019 to July 2020 wells drilled (17) 35% drop from previous year
- Development wells drilled fell by 71.4 %
- No drilling activity from farm out operators, incremental production services contract operators (IPSC) and Heritage offshore

7.3.2 Oil production

The Trinidad and Tobago oil industry is over 100 years and as a result oil fields have matured over time. The average crude oil production has had a downward trend since its peak in the 1978. Within the last decade oil production has fallen from 106,756 bopd in 2009 to 56,474 bopd in 2020. The largest producer of oil is Heritage who increased its share of production by 9% between 2019 and 2020. This can be attributed to the restructuring exercise from 2018 where the company streamlined the focus solely on upstream production.



Source: Ministry of Energy and Energy Industries (MEEI), Consolidated Monthly Bulletins

Table 7.3.4 Producers of Crude Oil in T&T

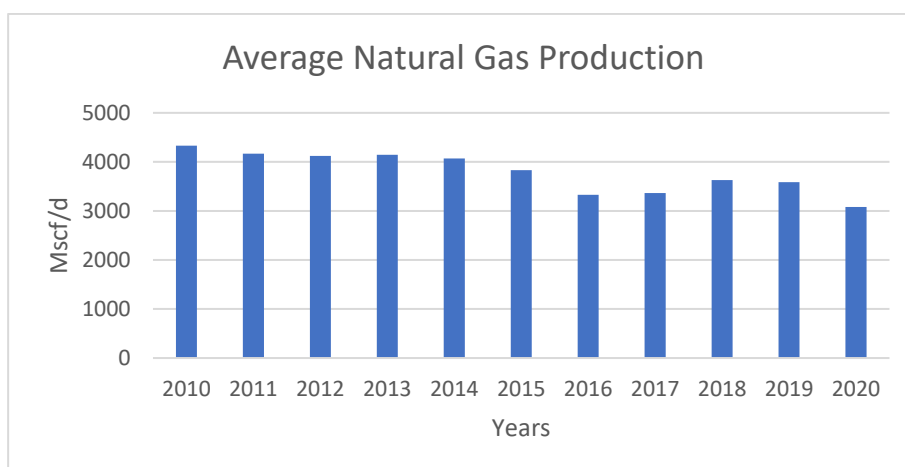
Producers of Crude Oil in T&T	2018	2019	2020
BPTT	11%	11%	12%
Heritage Petroleum Company Limited	59%	57%	66%
Perenco	17%	18%	16%
BHP	7%	7%	8%
Other	6%	7%	8%

Source: Ministry of Energy and Energy Industries (MEEI), Consolidated Monthly Bulletins

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7.3.3 Gas production

In 2020 natural gas production average 3082 mmscf/d. This is the lowest production level for the past decade.



Source: Ministry of Energy and Energy Industries (MEEI), Consolidated Monthly Bulletins

Table 7.3.4 Producers of Natural Gas in T&T

Producers of Natural Gas in T&T	2018	2019	2020
BHP	11%	11%	12%
BPTT	57%	53%	55%
EOG	13%	13%	10%
Shell	16%	19%	20%
Other	3%	3%	4%

Source: Ministry of Energy and Energy Industries (MEEI), Consolidated Monthly Bulletins

New Gas Production Outlook for T&T

- BHP Ruby project in Q3 2021, producing 150 mmscfd
- Bp Matapal in 2022, producing 300 mmscfd
- BP Cassia-C project increase of 300 mmscfd
- Shell Barracuda and Colibri in 2021 and 2022 combined additional 450 mmscfd
- Shell Manatee development 2025 capacity ranging 350 mmscfd to 700 mmscfd

7.3.4 The users of natural gas

7.3.4.1 Liquefied Natural Gas

Atlantic LNG continues to be the largest user of natural gas in Trinidad and Tobago. The company liquefies natural gas from upstream gas producers in its liquefaction plants in Point Fortin. The liquefied natural gas (LNG) via tankers leaves for various destinations around the world from the country's only export facility. BPTT and Shell are the largest players in the upstream and are the two

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major shareholders in ALNG. NGC is also a shareholder of ALNG in Trains 1 and 4, as well as an offtaker via its subsidiary TTLNG. ALNG 1 has a merchant arrangement while Trains 2,3 and 4 have a tolling arrangement.

The Government is currently in negotiations with ALNG stakeholders to create a unitised structure for the facility, that encompasses the four trains with a streamlined commercial structure. With regards to Train 1 shareholders have given approval for a turnaround (TA)⁸ scheduled for January 2021. Train 1 requires 250mmscf/d of gas for efficient operations and negotiations are ongoing with upstream suppliers. BPTT has historically supplied all the gas to train 1. However, the company has identified supply shortfalls based on infill wells performing below expectations.

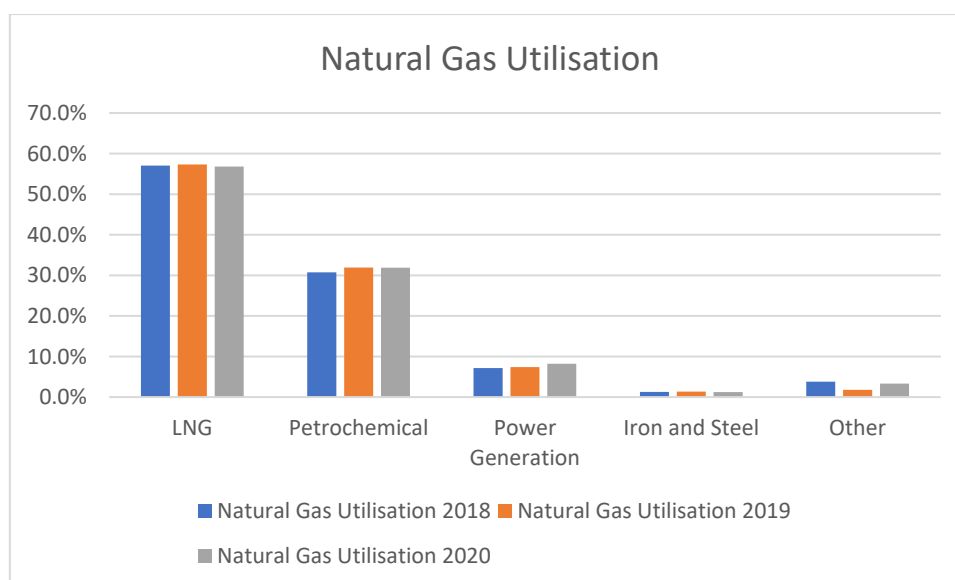
Regarding other users of natural gas there is also an unmet demand from the second largest user of natural gas the petrochemical sector. The NGC provides gas to the petrochemical sector as fuel and feedstock and has been unable to meet this demand due to a decline in supply. This demand supply imbalance has impacted relations between NGC and its customers for future contracts.

Table 7.3.5 Users of natural Gas

Users of Natural Gas 2018 - 2020			
	2018	2019	2020
LNG	57.0%	57.3%	56.8%
Petrochemical	30.7%	31.9%	31.9%
Power Generation	7.1%	7.4%	8.2%
Iron and Steel	1.3%	1.4%	1.3%
Other	3.8%	1.8%	3.3%

Source: MEEI

Note 2020 figures: Data is from January to November



⁸ A turnaround – is a planned period of regeneration in a plant or refinery. During this time, an entire part of the operation is offline whilst plants are inspected and revamped.

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Table 7.3.5.1 Atlantic liquefaction Trains

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)	BPTT 37.8% SLNG 22.2% TTLNG 11.1% SGSTL 28.9%
PFLE: Point Fortin LNG Exports BPTT: BP Trinidad Processing SLNG: Shell LNG SGSTL: Shell Gas Supply Trinidad Limited TTLNG: NGC Subsidiary Source: MEEI				

Table 7.3.5.1.1 LNG Production

LNG Production (MMBTU)	
2016	551,917,619
2017	565,502,280
2018	637,377,722
2019	646,009,003
2020	497,763,833

Source: MEEI

7.3.4.2 Petrochemical production

Ammonia

The production of ammonia was impacted by plant maintenance and plant closures in 2019. At the end of 2019 Yara Trinidad limited closed its Point Lisas ammonia plant due to falling commodity prices and misalignment with NGC on an agreement. Nutrien conducted maintenance on three of their

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plants (Nutrien 1, 2 and 4) during the period May to June 2020. Output of ammonia fell by 6.2 % from October 2019 to July 2020 and exports also decreased by 12.4 % during the same period.

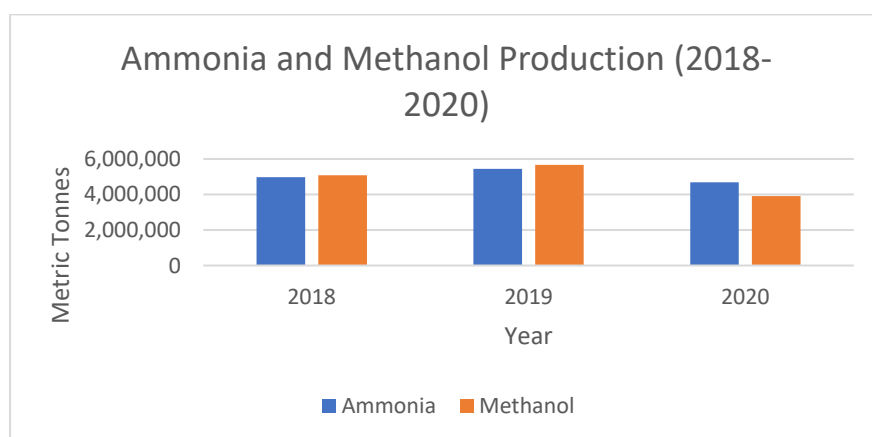
Methanol

The production levels of methanol were impacted by both falling global demand and low commodity prices. Several methanol plants were idle in 2020, the M3 and M2 plants owned by MHTL (Methanol Holdings Trinidad Limited) have been idle from April and May respectively. Total methanol production fell by approximately 31% from 5,671,815 tonnes in 2019 to 4,258,818 as at end November 2020.

Table 7.3.6.1

Year	Ammonia Production (MT)	Methanol Production (MT)
2018	4,974,911	5,081,259
2019	5,444,338	5,671,815
2020	5,066,346	4,258,818

Source: MEEI



7.3.6 Mineral production

Mineral production volumes

The volumes of minerals are quantified utilising an honour system whereby the operator submits the quarterly production reports to the Minerals Division. The royalties to be paid are calculated from the information on these reports and submitted to the Internal Audit Unit which conducts checks of the record books of the operator at their offices. There are challenges in analysing mineral production volumes because of the sparsity of data reported (for instance 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 address.
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 to address the challenges in data collection.

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Table 7.3.7 Mineral Production 2017 to 2020

Minerals	Year	Production	Minerals	Year	Production
ANDESITE	2017	0	SAND	2017	251,967
	2018	0		2018	0
	2019	0		2019	0
	2020	0		2020	0
BLUE LIMESTONE	2017	79,540	SAND AND GRAVEL	2017	648,701
	2018	0		2018	375,467
	2019	0		2019	184,396
	2020	0		2020	
CLAY	2017	134,819	YELLOW LIMESTONE	2017	507,319
	2018	122,422		2018	23,227
	2019	43,703		2019	0
	2020			2020	
PORCELLANITE	2017	31,613	TAR SAND	2017	45,643
	2018	23,169		2018	37,896
	2019	12,011		2019	17,678
	2020	0.00		2020	0
			ASPHALT	2017	5,551
				2018	8,137
				2019	590
				2020	0

Source: MEEI, Minerals Division

7.3.5 Market value of production

7.3.5.1 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 year's average annual WTI (West Texas Intermediate) price stated in USD per barrel. It is important to note WTI prices are used as proxy for the basket of local crude which at times is priced lower than WTI. Between 2018 to 2020 the total market value for crude oil production declined for two reasons namely falling oil production and lower oil prices. The market value of local crude produced decreased from US\$ 1.5 billion in 2018 to US\$ 800 million in 2020.

Table 7.3.8.1 The Market Value of Local Oil production 2016 to 2020

	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
2019	21,480,700.00	56.99	1,224,185,093.00
2020	20,613,010.00	38.96	803,082,869.60

Source: MEEI & US EIA

Note 2020 figures: are from January to November

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7.3.5.2 The market value of LNG production

The market value of **LNG produced** in T&T is calculated by multiplying the annual LNG production by the average LNG Free on Board⁹ (Point Fortin) prices quoted in US dollars per mmbtu. Please note that these are estimates based on benchmark prices and are not the certified value. There was a consistent increase in annual LNG production from 2016 to 2019. FOB prices also increased from 2016 to 2018, the increased production and higher prices resulted in increasing market values up to 2018. However, in 2019 the market value for Local LNG fell due to a fall in the FOB price.

Table 7.3.8.2 Market Value of Local LNG Production 2016- 2019

	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
2017	569,941,679	3.34	1,901,833,393
2018	637,377,722	3.85	2,453,904,229
2019	646,009,003	3.16	2,041,388,449

Source: MEEI, Minerals Division

7.3.5.3 The market value of petrochemicals

The estimated 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.

In 2019 the total market value for both ammonia and methanol production, fell due to lower domestic production and falling commodity prices.

Table 7.3.8.3 Petrochemical Market Value 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
2019	1,154,199,656	212	1,361,777,412	268

Source: MEEI

⁹ 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.

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7.3.5.4 *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.

7.3.6 *Calculating and verifying production values and volumes*

7.3.6.1 *Oil & gas volumes*

The net volumes of crude oil, condensate and natural gas, either sold or transferred during the month, are calculated by 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. These reports are forwarded to the Contract Management Division (CMD) for their review. The CMD reviews the production reports monthly, if there are any issues these are raised 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— 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 are 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 cross checked 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 and 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 the Operator by Field (for both calendar and fiscal formats). If there are any queries to address, this is done by the PE's in CMD."

7.3.6.2 *Mineral volumes*

The volumes of minerals are quantified utilising an honour system whereby the operator submits the quarterly production reports to the Minerals Division. The royalties to be paid are calculated from the information on these reports and submitted to the MEEI Internal Audit Unit which conducts checks of the record books of the operator at their offices.

Currently, there is no system in place to independently verify mineral production volumes. The Auditor General's Report 2017 stated the following findings (Section EN1 3.11 pg. 53):

- 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

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The Ministry of Energy's Minerals Division is considering Unmanned Aerial Systems (UAS) commonly known as drones to independently verify mineral production volumes. The UAS would allow the Minerals Division to conduct volumetric surveys for the calculation of volumes of minerals removed from the ground for the verification of mineral production and royalties owed by licensees to the State.

7.3.6.3 Mineral values

Auditor General's Report 2017¹⁰ in section EN1 noted several issues determining mineral production values, the findings of the report are as follows:

- 3.10 There was no documented system that allowed the Ministry to capture all the existing quarry operators (both registered and unregistered), for the purpose of collecting royalties due
- 3.12 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

7.4 Exports

7.4.1 Oil & gas

Oil

Oil export volumes significantly increased between 2018 and 2019 due to the refinery closure at Pointe-a-Pierre. This resulted in Heritage Petroleum having to export its crude for refining, in previous years all crude would be refined locally. In 2019 Trinidad and Tobago received US\$ 1.3 billion from oil exports compared to US\$ 618 million in 2018. The latest estimates from the Central Bank state the value for crude oil exports is US\$ 240 million at the end of Q1 2020. The central bank reports export values in calendar years.

LNG

LNG export volumes increased marginally by 1.3 % from 2018 to 2019. However, LNG cargo exports generated US\$ 2.5 billion in 2018 and US\$ 2 billion in 2019, the fall in value is attributed to a fall in market prices. In 2020, LNG export values at the end of Q1 are US\$ 346 million.

Table 7.4.1 Energy Export Volumes

Energy Export Volumes		
	Crude Oil (Barrels)	LNG (mmbtu)
2017	9,971,693	565,502,280
2018	8,047,023	637,378,645
2019	21,298,352	646,009,003
2020	18,409,859	497,763,833

Source: MEEI Consolidated Monthly Bulletins

¹⁰ The Auditor General Reports for 2019 does not detail issues with mineral production values.

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Table 7.4.1.1 Energy Export Values

Energy Export Values (US\$mn)		
	Crude Oil	LNG
2018	618.9	2,502.5
2019	1,375.8	2,036.5
2020	240.9	346.1

Source: Central bank of Trinidad and Tobago

Note 2020 figures: Data is provisional and from end of Q1

7.4.2 Minerals

The Minerals Division of the MEEI confirmed that most minerals produced in T&T are used domestically and not exported, the only exception is asphalt.

7.4.3 The calculation and verification of export volumes and values

The calculation and verification of export volumes and values is a collaborative effort between, the Central Bank of Trinidad and Tobago (CBTT) and the Central Statistical Office (CSO). 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 such as the Annual Economic Survey.

7.5 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

There was a decrease in Government revenues collected from oil and gas between fiscal 2019 and fiscal 2020. This was due in large part to falling global energy prices, declining local production, and the impact of the covid-19 pandemic. In 2019 the increase in revenue resulted from a rebound in gas production and the impact of Governments changes to the fiscal regime on royalty. In 2019, oil and gas revenue accounted for 35 percent of total Government revenue while in 2020 it was 24 percent of total revenue.

2016	TT\$ 7.5 billion
2017	TT\$ 8.1 billion
2018	TT\$ 11.3 billion
2019	TT\$ 16.2 billion
2020	TT\$ 7.9 billion

Source: Ministry of Finance, Budget Division

Note: 2019 are revised figures and 2020 are provisional figures

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7.5.1 Mining sector revenues

Data from the MEEI shows that quarry operators owe the Government a total of TT\$ 193 million in royalty payments, as at the end of 2019. This is due to the under reporting of mineral production volumes and the challenges in collecting royalties owed. Between 2004 and 2019 the Government should have received a total of TT\$ 222 million from quarry operators, but operators' payments amounted to TT\$ 29 million.

Accurately recording mineral volumes produced is necessary to determine the amount of royalties owed to the Government. However, as identified earlier in the report the MEEI does not independently verify production volumes but relies on reports from operators.

The downward trend of revenues is because of declining production of minerals. Production in 2017 was 1,699,600.73 cubic metres and fell to 582,180.51 cubic metres in 2018. Additionally, the independent auditor has stated in the past 6 EITI reports that the MEEI's monitoring of revenue payments from the mining sector needs to be significantly improved.

Table 7.5.2 Royalty Payments Mining Sector

Royalty Payments from the Mining Sector 2017-2019	
Year	TT\$ m
2017	7.9
2018	3.6
2019	3.0

Source: MEEI

7.5.2 Revenues collected from state-owned enterprises (SOEs)

The significant contributor among SOEs is the National Gas Company of Trinidad and Tobago. Revenue is also collected from Trinidad Petroleum Holdings Limited (TPHL) which was created after the operations of Petrotrin were discontinued. TPHL is a holding company with four subsidiaries:

1. Heritage Petroleum Company Ltd
2. Paria Fuel Trading Company Ltd
3. Guaracara Refining Company Ltd
4. Petrotrin

Additional information on SOEs is given in the State Participation in the Extractive Section of this document.

SOEs in the energy sector make payments to the government for royalties, taxes and dividends (from net profits after tax). From our last EITI reporting year 2017 profit after tax for NGC increased by 135 % in 2018. The increase in profits was due to higher commodity prices, partial settlement from investment notes from Clico investment bank and improved productivity. However, by 2019 the upward trend for the past three years of after-tax profits ended. There was an approximate TT\$ 2 billion decrease in profits as a result of unfavourable market conditions, these are as follows:

- Natural Gas Liquids (NGL) prices fell by 23.4%
- Methanol prices fell by 31%
- Ammonia prices fell by 23%

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The following table outlines corporation tax and dividends paid by the National Gas Company (NGC) and Petrotrin (2016-18) / Trinidad Petroleum Holdings Limited (TPHL – 2019) from 2016 to 2019 as well as the companies' declared profits after tax.

Table 7.5.3 NGC and Petrotrin Profit After Tax, Dividends and Corporation Tax

TT\$ millions		Profit after tax	Dividends paid	Corporation Tax
NGC	2019	395.7	192.9	75.2
	2018	2,327.10	1,047.20	1,544.6
	2017	989.2	1,422.20	1,262.4
	2016	720.7	7,810.70	499.8
TPHL/Petrotrin	2019	147	-	217.5
	2018	(16,487.20)	-	864.7
	2017	(2,194.20)	-	463.4
	2016	(4,986.90)	-	3,093.6

Source: NGC audited annual reports (NGC accounts are for 12 months to December 31 each year), NGC Sustainability Report 2019 – NGC

Note: 2019 figure for TPHL unaudited (Petrotrin and TPHL accounts are for 12 months to September 30 each year)

7.6 In-kind revenues from oil and gas companies

Under the terms of the model deepwater Production Sharing Contract (PSC) the government is entitled to a share of the oil and gas produced. Further, the government, and each partner, shall take its share "*in kind*". In the case of gas, there are sales agreements for each PSC providing for the sale of gas produced to NGC (or to/via Atlantic LNG), so the government receives value for its share in cash by this mechanism. In respect of oil (and, if applicable, condensates), this is delivered to the export points (and previously, in some instances, to the Petrotrin refinery) where it is sold with each party receiving its share of the proceeds.

In addition, according to the model E&P licences, royalty is due on all oil and gas produced. Usually, this liability would be settled in cash but the model contract provides that GoRTT is entitled to receive royalty in kind – i.e. as a volume of oil or gas. MEEI has stated that there were no revenues in kind between 2016 and 2020. NCG has confirmed that the Royalty gas arrangement ended in 2015. All monies owed to GORTT from PSC arrangements are paid in full each month as invoiced by the Operator. For a detailed explanation see section 4.5 of the 2016 EITI Report.

7.7 Volume and value of state's share of production

One of the main objectives of the TTEITI is to report on the return Trinidad and Tobago gets in exchange for its oil and gas. Standard 4.2 requires that the volumes and revenue received are disclosed. Through EITI reporting this is the first time that the value of the state's share has been available to the public. For 2018 the value of the state's share was US\$ 315,938,511. This was earned from sales of 732,119 barrels of oil and 91,168 mmcf of gas.

7.8 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

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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 namely 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.

7.9 Transportation revenues

Both NGC and Petrotrin receive revenue for the transportation of oil and gas via their pipeline infrastructure. Under the EITI standard SOEs are encouraged to make revenue disclosures. Petrotrin deducts transportation fees from its farm outs and lease outs. For fiscal 2018, the company deducted \$TT 738,601.20 for transportation and handling fees.

Section 5.9.5 in this report provides additional information on NGC transportation revenues.

7.10 Subnational payments

In some countries, companies are required to make certain payments (e.g. royalties, land levies) directly to local Governments in the areas where they operate. This type of payment is not practised in T&T, 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.

7.11 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.

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7.12 The process of distributing extractive revenues

In Trinidad and Tobago, 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,

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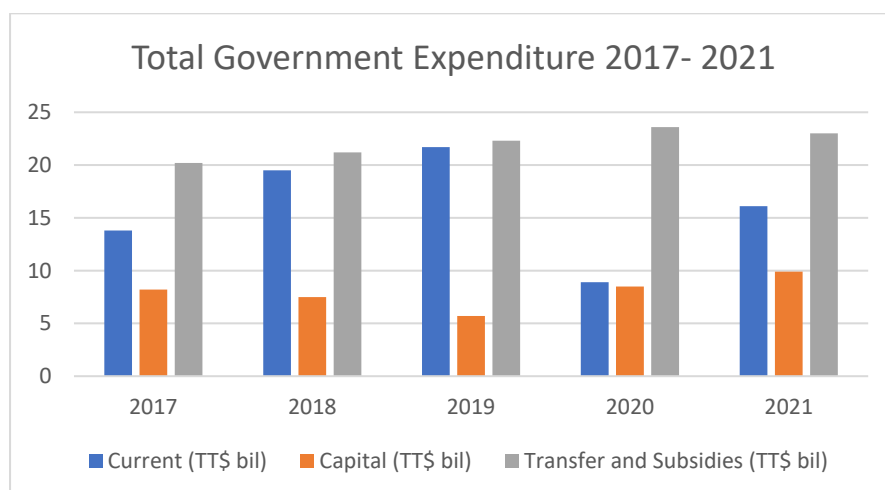
the Minister of Finance meets with representatives of stakeholder groups (e.g. Business Associations and Chambers) to gather information on the areas that they deem important for spending for the upcoming fiscal year. The Minister incorporates this information into the National Budget (referred to as 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.

Table 7.11.2 Total Government Expenditure

Year	Current (TT\$ bn)	Capital (TT\$ bn)	Transfer and Subsidies (TT\$ bn)
2017	13.8	8.2	20.2
2018	19.5	7.5	21.2
2019	21.70	5.70	22.30
2020	8.9	8.50	23.60
2021	16.1	9.90	23.00

Note: 2019 figures are revised, 2020 and 2021 are estimates

Source- Ministry of Finance, Estimates of Revenue 2020



Source- Ministry of Finance, Estimates of Revenue 2020

Corruption and Mismanagement

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
3. The Accounting Officer (appointed by the Treasury)
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.

See: <http://www.auditorgeneral.gov.tt/sites/default/files/Accounting%20Manual%20Comptroller%20of%20Accounts.pdf>

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7.12.1 Sub national transfers

Subnational transfers refer to the process of transferring revenues from the extractive sector between the Central Government and sub national government agencies, for instance regional and local corporations. In Trinidad and Tobago there is no statutory requirement for this practice.

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.”*

The money contained in the consolidated fund is not separated into buckets based on extractive or non-extractive revenues, it is one single pool of revenues. In terms of expenditure from the fund, the Finance Minister creates estimates for the national budget which is approved by the Parliament. After the budget is approved, funds are then transferred to the various heads of expenditure which include local and regional corporations.

7.12.2 The Heritage and Stabilisation Fund: saving for the future generations

The Heritage and Stabilisation Fund (HSF) was created by the Heritage and Stabilisation Act, No.6. of 2007 It has three objectives:

1. Cushion the impact on or sustain public expenditure capacity during periods of revenue downturn whether caused by a fall in prices of crude oil or natural gas.
2. Generate an alternate stream of income so as to support public expenditure capacity as a result of revenue downturn caused by the depletion of non-renewable petroleum resources.
3. Provide a heritage for future generations of citizens of Trinidad and Tobago from savings and investment income derived from the excess petroleum revenues

The Act outlines the rules for deposits and withdrawals that the Ministry of Finance must adhere to:

Deposit Rule:

- 60% of difference between actual and budgeted revenue
- For budgeted revenues, prices used for oil and gas estimates are based on defined international sources

Withdrawal Rules:

- Withdrawal permitted if annual tax revenue from oil and gas is at least 10% below budget projection
- Withdrawal could be up to 60% of shortfall but not exceeding 25% of the fund

These rules remained the same throughout the years of 2018 and 2019. However, amendments were made in Q1 2020 and this is discussed in the paragraph below. The table 7.11.4 below shows the value of the HSF at year end 2018 to 2020

Table 7.11.4 Value HSF 2018 to 2020

HSF US\$	
2020	\$5,817,072,795
2019	\$6,255,349,599
2018	\$5,965,847,092

Source: CBTT

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The Ministry of Finance publishes an annual report on the Fund, which includes financial statements for the year, audited by the Auditor General. The latest report (FY 2019) is available at <https://www.finance.gov.tt/wp-content/uploads/2020/07/HSF-Annual-Report-2019-1.pdf>

The Heritage and Stabilisation Fund (HSF) increased by 4.8% from fiscal 2018 to 2019 due to interest income earned. No deposits or withdrawals were made during 2019. On March 27th, 2020, the Minister of Finance introduced a Bill (Act no. 9 of 2020) to change the legislation of the HSF. The change in legislation was meant to amend the fiscal rules that govern the HSF. As at August 2020, total withdrawals for the fiscal year were US\$ 900 Million; under the new rules withdrawals can be made up to US\$ 1.5 billion. In February 2021, the Finance Minister announced an additional withdrawal of TT\$ 2 billion to pay salaries, pensions and to fund the health care sector.

Change in Legislation

The amendment of section 15A is as follows:

(1) Notwithstanding section 15 and any other written law and subject to subsection (2), withdrawals may be made from the Fund where:

- (a) A disaster area is declared under the Disaster Measures Act
- (b) A dangerous infectious disease is declared under the Public Health Ordinance
- (c) There is, or is likely to be, a precipitous decline in budgeted revenues which are based on the production or price of crude oil or natural gas

(2) Withdrawals under subsection (1) may be made from the fund not exceeding one and one half billion dollars at any time during the financial year.

Table 7.11.4.1 HSF Deposits and Withdrawals

	Oil Price (US\$)	Deposits (US\$)	Withdrawals (US\$)
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	-	375,050,860
2017	50.8	-	252,548,048
2018	64.94	-	-
2019	56.99	-	-
2020	38.96	-	900,000,000

Source: MOF, HSF Quarterly Investment Report

7.12.3 Fuel subsidies: paying more at the pump

Since 1974, motorists in Trinidad and Tobago have been enjoying the use of transportation fuels at prices below the open market price. Both the Government and exploration and production (E&P) companies share the burden of the fuel subsidy by paying Paria Fuel Trading Company the difference

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between the actual selling price and the subsidised price. In Trinidad and Tobago, the fuel subsidy was not based on an individual’s income levels but was universally applied.

Over several years the Government has been reducing the subsidy on fuel which resulted in price increases the table below shows these changes from 2015 to present.

Table 7.11.5

Year	Super Gasoline Price increase (per litre)	Diesel Price Increase (per litre)
2015 Q3	\$2.70 - \$3.11	\$1.50- \$1.72
2016 Q2	\$3.11 - \$3.58	\$1.72- \$1.98
2016 Q3	\$3.58	\$1.98- \$2.30
2017 Q3	\$3.58 - \$3.97	\$2.30- \$3.41
2018 Q4	\$3.97 - \$4.97	\$3.41
2020	\$4.97	\$3.41
2021 Q1	TBD (subsidy removed)	TBD (subsidy removed)

Source: Ministry of Finance

From 2015 to 2018 the price of super gasoline increased by 84% while diesel was 127%. The Government’s subsidy liability was TT\$ 739 million at the end of fiscal 2018, this amount fell to TT\$ 259 million at the end of fiscal 2019 and 85 million in 2020.

In the budget presentation for fiscal 2021 the Minister of Finance announced an end to the 46 years of fuel subsidy. Prices at the pump would no longer be fixed by the Government, leading to the liberalisation of the local fuel market. This new arrangement allows petroleum retailers to set prices in line with international markets.

Table 7.11.5.1 Subsidy Claims, levy Payments and Government Liability

Fiscal Year	Subsidy Claims	Levy Payments	Outstanding Government Subsidy Liability
2018	1,061,164,547	322,053,266	739,111,281
2019	518,035,724	258,916,627	259,119,097
2020	236,624,868	151,164,294	85,454,645

Source: MEEI

7.13 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.

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Social Expenditure by Extractive Companies

Multinational and SOE extractive companies in T&T engage in social investment both in the fenceline communities in which they operate as well as nationally. This social expenditure is aimed at the development of the human capital within T&T. These initiatives target education, capacity building, entrepreneurship, culture, sports and STEM (science, technology , engineering and mathematics).

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The payments made by extractives companies were disclosed earlier in this report. Please note that in T&T social expenditure is not mandated but is a decision made by companies.

7.14 Contribution of the extractive sector to the economy

Table 7.13 The extractive sector's contribution to the economy

	2017	2018	2019	2020
Oil and Gas contribution to Government Revenue	23% of total Gov't revenue or TT\$ 8.1 bn	27 % of total Gov't revenue or TT\$ 11.3 bn	35.5% of total Gov't revenue or TT\$ 16.2 bn	24% of total Gov't revenue or TT\$ 7.9 bn
Oil and Gas contribution to economic growth (Energy GDP)	5.1%	7%	10.1%	5.2%
Oil and Gas export earnings	47% of total export earnings or US\$ 4.1 bn	51% of total export earnings or US\$ 5 bn	41% of total export earnings of US\$ 2.9 bn	NA
Mining Sector Revenues	7.9 million	3.4 million	5.2 million	2.5 million (revised estimate)
Oil and Gas contribution to total employment	2.4% 14,600	1.6% 11,000	NA	NA
HSF Fund Value	5.8 billion	US\$ 5.9 billion	US \$ 6.2 billion	US\$ 5.8 billion
SOE investment in Corporate Social Responsibility	TT\$ 10.6 million NGC	TT\$ 10 million NGC	NA	NA

Source: Central Bank of Trinidad and Tobago, Summary Economic Indicators 2020, Ministry of Finance, Draft Estimates & Review of the Economy, Various Years.

7.15 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.

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Roles and Responsibilities of Key Ministries and State Agencies

Ministry of Energy and Energy Industries (MEEI)

- Leasing and/or licensing of areas for petroleum exploration and production
- Regulation and management of all oil and gas development activities
- Regulation and management of upstream operations in oil refining activities
- Administration of domestic marketing of petroleum products, natural gas transmission/sales, petrochemical manufacture and other natural gas-based industries
- Formulation and implementation of legal instruments for the petroleum industry
- Acquisition, analysis and dissemination of both local and international petroleum information

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- Sharing responsibility with the Ministry of Finance for the collection of petroleum revenues accruing to the State
- Representation of the interests of Trinidad and Tobago at international petroleum fora and institutions
- Long term planning, development and implementation of policy initiatives in the petroleum sector.
- Sharing of the management of the State's interests and assets in the oil and gas industry
- Sharing responsibility for the administration and management of the minerals sector.

Ministry of Finance: Inland Revenue Division (MOF/IRD)

- Main Tax collecting agency in Trinidad and Tobago
- Collection of extractive companies' tax – Petroleum Profits Tax (PPT), Supplement Petroleum Tax (SPT) and Corporation Tax (from petrochemical companies)

Ministry of Finance: Investment Division

- Establishment of performance criteria for all State Enterprises and monitoring the adherence to the performance criteria
- Ensuring consistency between Enterprise performance and GORTT macro-economic policy objectives
- Commissioning of operational and management audits of State Enterprises
- Appraising and evaluating investment plans of State Enterprises to ensure the profitability of investment projects
- Analysing of the operations of individual Enterprises to ensure consistency with Government macroeconomic and sectoral objectives
- Preparing quarterly and annual forecasts and reviews of domestic investment activity
- Providing overall strategic planning and co-ordination of the Sector

The Environmental Management Authority

- Issue Certificates of Environmental Clearance to new development projects that may impact the environment
- Determine if EIA (Environmental Impact Assessment) is requirement of the developer
- Respond to emergency incidents and spills in conjunction with other government agencies
- Monitor company compliance to standards, criteria and programs relating to the environment

7.15.1 The fiscal regime: understanding extractive sector taxes, royalties and incentives

7.15.1.1 Oil and gas

The fiscal regime for oil and gas consists of taxes, royalties and incentives managed by the Government. Companies obtain information related to taxes, royalties and tax concessions they qualify for. The payments and incentives are documented in the laws that govern the industry. However, companies can negotiate profit splits and other terms with the Government, even though the taxes are fixed by the law. The negotiated terms are recorded in PSCs (Production Sharing Contracts) and E & P Licences (Exploration and Production).

The PSC Audit within MEEI monitors PSCs to ensure returns are maximised and all contractual obligations are adhered to by companies. With regards to technical and financial contractual obligations, the contract management and commercial evaluation divisions respectively ensure compliance.

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Model of PSC: http://www.energy.gov.tt/wp-content/uploads/2013/11/Deep_Water_Depth_PSC.pdf

Contract Transparency: T&T Steps needed to contract transparency

At present information contained in PSCs and E&P licences are confidential. As a result, it cannot be determined whether the Government of Trinidad and Tobago is receiving a fair share of the total revenue generated, after extractive industry companies produce and sell the country's natural resources.

Under the EITI 2019 Standard, contract transparency changed from an encouraged practice to a requirement where all implementing countries are required to publish contracts signed or amended after January 1st, 2021. Requirement 2.4 states the following:

- a) Implementing countries are required to disclose any contracts and licences that are granted, entered into or amended from 1 January 2021. Implementing countries are encouraged to publicly disclose any contracts and licences that provide the terms attached to the exploitation of oil, gas and minerals.
- b) The multi-stakeholder group is expected to agree and publish a plan for disclosing contracts with a clear time frame for implementation and addressing any barriers to comprehensive disclosure. This plan will be integrated into work plans covering 2020 onwards.
- c) It is a requirement to document the government's policy on disclosure of contracts and licences that govern the exploration and exploitation of oil, gas and minerals. This should include:
 - i. A description of whether legislation or government policy addresses the issue of disclosure of contracts and licences, including whether it requires or prohibits disclosure of contracts and licences. If there is no existing legislation, an explanation of where the government policy is embodied should be included, and the multi-stakeholder group should document its discussion on what constitutes government policy on contract disclosures. Any reforms relevant to the disclosure of contracts and licences planned or underway should be documented.
 - ii. An overview of which contracts and licences are publicly available. Implementing countries should provide a list of all active contracts and licences, indicating which are publicly available and which are not. For all published contracts and licences, it should include a reference or link to the location where the contract or licence is published. If a contract or licence is not published, the legal or practical barriers should be documented and explained.
 - iii. Where disclosure practice deviates from legislative or government policy requirements concerning the disclosure of contracts and licences, an explanation for the deviation should be provided.

Several EITI implementing countries are leading the way on contract transparency, at the EITI Global Conference in 2019, 17 countries formed the contract transparency network illustrated in table 1 below.

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The network's goals are to:

1. Champion contract transparency, develop messaging and encourage statements of commitment by governments and other EITI stakeholders.
2. Discuss policy issues related to contract transparency and provide leadership in shaping the global narrative on these issues, including any possible recommendations for EITI's work in this area.
3. Work towards improving contract transparency in EITI countries and improve quality and usability of contracts disclosed.
4. Examine common challenges that countries with policies on contract transparency face in publishing contracts and identify solutions that countries can adopt to move toward disclosure.
5. Identify and share the most effective approaches to embed contract disclosure in government systems.
6. Determine how governments can work together to share contractual information and reduce asymmetries of information

Table 7.14.1.1 Contract Transparency Network

Armenia	Mongolia
Cameroon	Mozambique
Chad	Nigeria
Democratic Republic of Congo	Philippines
Ghana	Senegal
Guinea	Sao Tome
Indonesia	Principe
Malawi	Zambia
Mexico	

Companies' Support for Contract Transparency

Most companies that are EITI Board members have made public statements supporting the practice of contract disclosure namely BHP, BP, Equinor, Rio Tinto, Shell and Total. In 2018 Oxfam International¹¹ conducted a contract disclosure survey based on 40 leading oil, gas and mining companies. Of the companies that participated in the survey three operate in Trinidad and Tobago, namely BHP, BP and Shell. The opinions from each of these organisations are shown below as captured by Oxfam International.

¹¹ Oxfam is a global movement of people who are fighting inequality to end poverty and injustice. Across regions, from the local to the global, they work with people to bring change that lasts.

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BHP Billiton is an EITI Board Member and operates in multiple EITI countries. BHP Billiton is a vocal supporter of payment transparency rules requiring disclosure at the contract level. BHP does not have a formal policy on contract disclosure but signalled its commitment in the following statement provided for inclusion in this report. “As stated in our Economic Contribution Report 2017 BHP is transparent about the taxes and royalties that we pay to governments because we believe that openness allows our shareholders, employees, contractors, partners, customers and communities to understand the contribution we make and have a greater ability to assess the integrity of the tax systems in the countries in which we operate.

We understand the connection between this tax and royalty disclosure (which enables citizens to see what a company has paid) and contract transparency (enabling citizens to compare actual payments against what is contractually required to be paid). Accordingly, BHP would support a host government’s initiative to disclose the content of its licences or contracts for the exploitation of oil, gas or minerals that forms the basis for an extraction company’s payment liabilities.”

BP plc is a founding member of the EITI, currently serves as an EITI Board Member and operates in multiple EITI countries. BP does not have a formal policy on contract disclosure but signalled its commitment in the following statement provided for inclusion in this report: “BP supports contract transparency and recognises that it can help to promote accountability and transparency. BP has proactively disclosed contracts for its Caspian operations on its website and is considering preparing a formal policy on contract disclosure. We see contract disclosure as being led by the host government; however, we are supportive, and to the extent we can, we will support the mechanics of contract disclosure. We recognize that EITI Standard implementation has moved beyond ‘encouragement’ of contract disclosure.”

Royal Dutch Shell plc is a member of the EITI Global Board, operates in multiple EITI Implementing Countries and has publicly supported mandatory payment disclosure laws. Shell does not have a formal contract disclosure policy but has several contracts available in the public domain. In response to an enquiry for this report, Shell stated that they support the efforts of the EITI on contract disclosure and are committed to the B Team Responsible Tax Principles which include the following commitment to advocate for government publication of contracts in certain cases: “Ideally, tax exemptions and reliefs should be specified by law and generally available to all market participants. Where there are exceptions, we will work with relevant authorities to encourage publication of those incentives and contracts”.

In addition, the aforementioned companies’ contracts are available on the contract portals of countries like Mexico, Azerbaijan, Congo, Colombia and Philippines. These contracts are also available to the public via a global contract repository called resource contracts: <http://www.resourcecontracts.org/>

Trinidad and Tobago Path to Contract Transparency

At present contracts, licences and PSCs are confidential documents in this country. A legal barrier exists within the Petroleum Act Chap. 62:01 section 35 and the Freedom of information Act Chap 22:02 section 31. The applicable pieces of legislation from section 35 and section 31 (1) are Stated below:

Section 35

1. No person who obtains information by virtue of the provisions of this Act shall disclose that information otherwise than in the discharge of his functions under this Act or for the purposes of any criminal proceedings.

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2. Any person who contravenes this section is liable on summary conviction to a fine of fifteen thousand dollars or to imprisonment for one year.

Section 31(1)

A document is an exempt document if its disclosure under this Act would disclose information acquired by a public authority from a business, commercial or financial undertaking, and—

- a) the information relates to trade secrets or other matters of a business, commercial or financial nature; or
- b) the disclosure of the information under this Act would be likely to expose the undertaking to disadvantage.

The TTEITI secretariat have mapped out the following steps towards achieving contract transparency:

- New workplan to address barriers to contract transparency
- Advocacy aimed at a change in policy to remove legal barriers
- Discussion with key stakeholders on including EITI clauses in contract for the upcoming deep water bid round
- Agreement from the multi-stakeholder group

The Steering Committee and the Secretariat are looking forward to advancing discussions on contract transparency in Trinidad and Tobago. Therefore, we intend to go beyond making contracts open to the public by providing additional contextual information for the purpose of analysis as well as educating the public to improve their understanding of the content of contracts.

Taxes paid by oil and gas companies

The following are the main taxes E & P companies pay to the Government:

1. Supplemental Petroleum Tax (SPT)
2. Petroleum Profit Tax (PPT)
3. Unemployment Levy
4. Petroleum Production Levy
5. Petroleum Impost
6. Green Fund Levy

Petrochemical companies and NGC’s non-E&P activities are taxed under the Corporation Tax Act.

Table 7.14.1.1.1: 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.

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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. For withholding tax, there is a penalty of 25% and interest at the rate of 20% per annum is applied on the compounded sum.
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.

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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.

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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 and gas exploration and production

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 production 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.

Changes to the oil and gas legislation and Fiscal Regime

Capital Allowances

The fiscal 2020 budget proposed changes to the capital allowances for energy companies that engage in exploration and development. The previous regime of capital allowances was introduced in 2014, the initial allowance was 50% of cost in year 1, annual allowance of 30% of cost in year 2 and 20% of cost in year 3. This was done to encourage higher levels of investment in the upstream. The proposed change for capital allowances (tangible and intangible drilling / development costs) will be calculated using a straight-line method of 20% for a five-year period. This change would result in increased tax revenue for the Government and a slowing / staggering of the claims made in any one year for capital expenditure incurred.

Loss Relief Restriction

The Minister of Finance also proposed an amendment to the loss relief restriction, the rate changes from 100% to 75% of taxable profits. The intended purpose of this change is to increase revenue received from companies that operate in the upstream. This was scheduled to take effect on January 1st, 2020.

Fiscal 2021

Supplemental Petroleum Tax

The SPT for small onshore oil producers would change from \$50 per barrel to \$75, from January 1st, 2021.

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7.15.1.2 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.

Table: 7.14.1.2 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.

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7.15.2 Compliance with environmental laws and regulations in the extractive sector

In 2019, the EITI Standard was updated to include material environmental payments made by companies as well as contextual information relating to environmental monitoring. The specific environmental requirements of the 2019 EITI Standard are provided in the accompanying box.

Trinidad and Tobago has included certain environmental disclosures in its reports for several years. Green Fund payments have been incorporated since the beginning of TTEITI reporting in 2011; and disclosures on Abandonment Provisions have been included since 2016. In 2016, an environmental chapter was added to the TTEITI report providing an overview of regulatory framework in T&T and some of the major gaps associated with regulating the extractive industries.

The current chapter delves a little deeper into the environmental issues required under the 2019 Standard. It should be noted that this report also sees the inclusion of Rehabilitation Bond disclosures from mining companies for the first time.

The Legal and Policy Frameworks Governing the Regulation of Extractive Industry Activities

T&T's legal framework for environmental regulation is relatively extensive and is guided mainly by the Environmental Management Act Chapter 35:05 (EM Act), which includes several pieces of legislation that are a key part of regulating extractive industry activities – the Certificate of Environmental Clearance (CEC) Rules 2001, the Water Pollution Rules 2019 (which replaced the Water Pollution Rules 2001), the Air Pollution Rules 2014 and the Noise Pollution Control Rules 2001. The Environmental Management Authority (EMA) was established under the EM Act and serves as the main national environmental regulator of development activities, including that of the extractive sector.

The EMA, through the EM Act and its subsidiary legislation, aim to ensure that the environmental impact of development, extractive activities included, are managed and minimized. The National Environmental Policy, 2018, is also a critical instrument, as it provides a framework for environmental management in T&T and provides a set of principles that will guide and ground any future policies that may have an impact on environmental or natural resource management.

Extractive activities are also governed by a range of other national laws and policies that seek to hold extractive companies and actors accountable to best practice, so that the chances of negative impacts to people and the environment are lessened. Some of these laws and policies include:

- The Minerals Act Chapter 61:03 (2000 amended 2014)
- Ministry of Energy and Energy Industries (MEEI) Guidelines on approval for offshore petroleum infrastructures
- Petroleum Act, Chapter 62:01, and all relevant subsidiary legislation thereunder
- Oil Pollution of Territorial Waters Act, Chapter 37:03
- Fisheries Act, Chapter 67:51
- Conservation of Wildlife Act, Chapter 67:01
- Marine Area (Preservation and Enhancement) Act, Chapter 37:02

The specific requirements of the 2019 EITI Standard are as follows:

Requirement 6.1 “Social and environmental expenditures by extractive companies” mandates the TTEITI to undertake

Disclosure of material payments by companies to the government related to the environment

A procedure to address data quality as agreed upon by the multi-stakeholder group

Development of a reporting process for discretionary social and environmental expenditures that are deemed material by the multi-stakeholder group

Requirement 6.4 “Environmental impact of Extractive industries” encourages the TTEITI to provide

Overviews of relevant legal provisions and administrative rules and practice related to environmental management and monitoring of extractive investments

Information on regular environmental monitoring procedures, administrative and sanctioning processes of governments, as well as environmental liabilities, environmental rehabilitation, and remediation programmes.

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Trinidad and Tobago is also party to many international treaties and conventions that have helped shape national legislation and help keep the country accountable in international arenas for policies or practices that may impact the natural environment, including those related to the extractive sector. These include the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement; the United Nations Convention on Biological Diversity (CBD); and the Montreal Protocol.

A comprehensive list of international treaties and conventions related to the environment to which Trinidad and Tobago is a part can be found in the schedule to the Revised National Environmental Policy (2018).

As at 2018, it was reported that total GHG emissions in T&T amounted to approximately 45 million tonnes of carbon dioxide equivalent (MtCO₂e); of which 60% were attributable to the industry sector.

On February 22nd 2018, Trinidad and Tobago ratified the Paris Agreement – a very important step in managing GHG emissions in T&T. T&T has committed to Nationally Determined Contributions, where the goal is to reduce overall emissions from the three main emitting sectors (electricity generation, transportation and industry) by 15% by 2030. In absolute terms, this means reducing cumulative emissions by 103 MtCO₂e, inclusive of emissions from the industry sector of 72 MtCO₂e).

Environmental Permitting and Compliance: Data Related to the EMA Act

Certificate of Environmental Clearance Rules: Since the enforcement of the CEC Rules in 2001 (and up to March 2020), a total of 276 CECs were issued to oil and gas companies; and 101 were issued to quarries. Extractive industries collectively accounted for 11% of all CECs issued by the EMA since the CEC Rules were enforced in 2001.

In the ten-year period between 2010 and 2019, the majority of CEC applications for oil and gas exploration (73%) and production (83%) have successfully resulted in the issuance of CECs. However, in the case of mining a proportionately higher percentage of quarrying applications are still pending clarification (37.5%) or have resulted in a decision being taken that a CEC was not required for the activity to proceed (16.5%).

If the activity is expected to result in significant impacts on the environment, as determined by the EMA's Standard Operating Procedure, the CEC applicant will be required to conduct an Environmental Impact Assessment (EIA). Since 2001, the EMA has required 173 of all extractive industry CEC applications (oil & gas, and quarries) to prepare an (EIA), roughly 45% of all CEC applications for extractive activities since 2001.

At present, the EMA's accounts do not distinguish between CEC- and EIA-related fees applicable to extractive industries, and fees received from any other type of activity, making future reconciliation of these payments from companies to the EMA difficult under the 2019 EITI Standard. All fees collected enter an organisational consolidated fund.

Water Pollution Rules: The Water Pollution Rules, 2019, aims to protect the freshwater systems of Trinidad and Tobago from pollution. Over the period 2007 to 2019, and under the WPR 2001, twenty-two (22) water pollution permit applications were received from extractive industries. Of these 22 applications, a total of twelve (12) permits were issued by the EMA. Eight (8) water pollution permit applications have been received from extractive industries under the new Water Pollution Rules 2019, with the first permit being issued on July 7, 2020. These new rules follow the Polluter Pays Principle (PPP) which means that the more you pollute, the more you should pay to manage the impact on the environment of that pollution.

Air Pollution Rules: Like the Water Pollution Rules, 2019, the Air Pollution Rules, 2014, seek to control the emission of air pollutants known to have negative impacts on the environment and human health. As of March 2020, only one (1) application for an air pollution permit was received from an extractive industry company under the APR2014, and a determination is pending (EMA, 2020).

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Compliance Data: Section 63(2) of the EM Act allows the EMA to issue a written Notice of Violation (NoV) to the holder of any environmental permit or CEC, where the EMA believes that the person/entity is in violation of the environmental requirements(s) within the permit/ CEC. Additionally, the EMA can issue an NoV for failure to comply with the environmental requirements laid down in Section 62 of the Environmental Management Act (2000). For example, pursuant to Section 62(f) you can be served with a NoV for failure to apply for a CEC.

Following the issuance of a NoV, the EMA may cancel the NoV or establish an agreed resolution in writing - a Consent Agreement, that typically includes measures/actions to be taken to address the violation. If the person/entity is unable to respond to the NoV in specified time or is unable to resolve with the EMA all the matters specified in the NoV, the EMA may issue what is called an Administrative Order under Section 64 of the EM Act.

Fourteen (14) Notices of Violation were issued to extractive industries between 2010 and July 2020. Of these, eleven (11) Consent Agreements were reached; and three (3) Administrative Orders were issued. The single largest penalty enforced as a result of the issuance of NoVs was the fine of \$20,000,000 charged to Petrotrin in 2013 for an oil spill in the La Brea area.

Recommendations for the Future of TTEITI Environmental Reporting

The TTEITI Steering Committee is currently developing a reporting process for discretionary social and environmental expenditures that are deemed material; and they are also developing a procedure to address data quality.

Environmental Financial Flows: In addition to the receipts related to the Green Fund, Abandonment Provisions and Rehabilitation Bonds (which are reported by the TTEITI), the following data and information are considered important in the context of accountability and transparency reporting:

- Utilisation of monies collected under the Green Fund, Abandonment Provisions and Rehabilitation Bonds. Thus far, no monies related to Abandonment Provisions or Rehabilitation Bonds have been utilised by the government and only 6% of the Green Fund money was utilised in accordance with the rules for its disbursement. This is a clear indication that these funds are not having their intended impact on minimising environmental impact of development and improving the overall state of the environment.
- Fees and fines paid by companies and collected by the EMA under the EM Act – specifically related to the CEC Rules (including EIAs), the WPR2019 and the APR2014. *In certain cases, variable payments (such as the discharge fee under the WPR2019 and fines for non-compliance) can serve as indicators of environmental impact based on the EMA's current fee/fine structures.*

Environmental Impacts of Extractive companies: In order to improve the monitoring of the environmental impacts of extractive companies, the following non-exhaustive list of data and information can be included in TTEITI reporting in the near future:

- Consumption of resources: Electricity; Crude Oil/Diesel/Petrol; Natural Gas; Other Fuel; Alternative Energy Source(s); and Water from all sources
- Greenhouse gas emissions and measures being taken by companies to reduce GHG emissions or to contribute to national carbon reduction goals
- Number, size/ category and location of oil spills (using spatially explicit mapping)
- Number, size and location of quarries (using spatially explicit mapping)

Innovative approaches to understanding the impact of extractive activities on the environment should be considered in future TTEITI reporting. Approaches such as natural capital accounting and economic valuation of ecosystem services can help give economic estimates of damage caused to the environment by extractive activities and help support more balanced assessments of costs vs. benefits

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of such activity. This deeper analysis of environmental impact is also aligned with the 2019 EITI Standard, Section 6.4, where countries are encouraged to disclose information on the managing and monitoring of the environmental impact of the extractive sector.

As the nature and scope of TTETI’s environmental reporting continues to evolve, it will help to play an important role in monitoring national performance on the environmental regulation of extractive industries. Not only can it highlight gaps, but it may also provide an opportunity to catalyse/ facilitate discourse on additional data and information that can be collected or generated to enhance transparency and accountability of the sector - even if the information is not required by the current 2019 Standard.

Table 7.14.2 Summary of Oil Spills

Year	Summary of Oil Spills
2016	51(38 land and 13 marine)
2017	104 (51 land,52 marine, 1 land &marine)
2018	100(58 land,41 marine, 1 land & marine)
2019	200(175 land and 25 marine)
2020	60(49 land, 10 marine and 1 land& marine)

Renewable Energy Projects in T&T

The MEEI had an RFP (request for proposals) for utility scale renewable projects and 11 proposals were submitted that included wind and solar projects. The successful proposal to build two commercial scale solar power projects was submitted by a consortium formed between BP Lightsource¹² and Shell Trinidad and Tobago. BP Lightsource is the managing partner and has 300+ utility-scale solar installations and over ten years’ experience in this sector.

The undertaking consists of two projects:

Brechin Castle Solar Project

- 225,303 Megawatts supplied per year
- Equivalent energy needs of 31,500 homes
- 587 acres of land
- 123,000 tons of carbon dioxide emissions saved

Orange Grove Solar Project

- 50,417 Megawatts supplied per year
- Equivalent energy needs of 7000 homes
- 148 acres of land
- 27,500 tons of carbon dioxide emissions saved

Trinidad and Tobago are signatory to the Paris Agreement which is related to international targets to reduce carbon emissions this project can aid in this. Both projects have completed the site selection process and are in the stage of preliminary assessments and site design

¹² A 50:50 joint venture between Lightsource and bp, is a global leader in the development and management of solar energy projects.

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Abandonment Provisions: systems for monitoring, decommissioning and clean up

Decommissioning provisions are contained in the licenses issued to Operators in the Energy Sector. The Operator is required to send their Decommissioning Plans to the MEEI. Prior to decommissioning, approval from the MEEI is required and any other Government institution having jurisdiction. Oversight of decommissioning is conducted by the relevant Division of the MEEI based on the type of infrastructure. For instance, oversight for wells are under Contract Management Division, for pipelines it would be POMD and DPMD, and for offshore platforms – POMD.

Monitoring would be conducted by daily reports on the activity submitted to the MEEI and site visits. Mechanical Engineers, Environmental Officers and Petroleum Inspectors primarily would be involved in these activities. With respect to oil spills, the POMD has a Pipeline and Oil Loss Section with Petroleum Inspectors who monitor clean-up of oil spills.

For the Point Lisas Estate, from an operational point of view POMD would review any Decommissioning plan, monitoring would be done by both POMD and DPMD. Chemical Engineers, Environmental Officers and Petroleum Inspectors would be involved in these activities.

Rehabilitation and Performance Bonds

MEEI provided information on rehabilitation bonds outlining the total value of the bonds and whether the bonds were used by the state for rehabilitation. Approximately, 30 quarries submitted bonds valued at TT\$ 17.2 million for the period 2008 to present. However, none of these bonds have been used by the state for rehabilitation. Performance bond are currently valued at TT\$ 6.6 million and similarly have not been used for rehabilitation.

Table 7.14.2.1 Green Fund Levy

Year	Green Fund Balance	Cumulative Disbursements	Disbursements
2007	1,146,191,464	0	0
2008	1,593,301,307	0	0
2009	1,906,841,159	0	0
2010	2,221,298,122	10,624,516	10,624,516
2011	2,581,557,614	16,104,660	5,480,144
2012	2,916,148,341	28,018,352	11,913,692
2013	3,252,186,048	61,655,386	33,637,034
2014	3,565,863,827	129,327,747	67,672,361
2015	3,789,261,585	251,754,734	122,426,987
2016	4,396,918,503	255,817,443	4,062,709
2017	5,190,253,514	265,444,890	9,627,447
2018	6,002,631,525	266,212,205	767,315

Beneficial Ownership

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. A beneficial owner (BO) refers to a living person who directly/indirectly owns a company or controls at least 10% of the shares or total votes, while a Politically Exposed Person (PEP) is a beneficial owner who has been entrusted with a prominent political function.

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Participating EITI countries are required to disclose BO's and PEP's participation in extractive sector companies. The TTEITI published the country's first BO register which supported the Government's obligations under FATF, Global Forum and the EITI. The register provided the Government with the extractive sector model of how BO disclosure can be applied. This electronic database was supported by a national sensitization campaign which reached close to 75,000 people and contributed to T&T being removed from the FATF grey list. With digitization of the declaration form and register, the TTEITI has seen a 93% increase in companies disclosing their BOs and over 5000 visitors to the register within one week of its launch.

The TTEITI facilitated increased dialogue among civil society, extractive companies and government agencies through our BO campaign workshops. The action also facilitated close inter-ministerial collaboration as workshops were held with the Registrar General's Department (RGD) and the Attorney General's (AG) office. The TTEITI also developed content for the RGD to be used in a public sensitisation campaign.

Legal Provisions and Beneficial Ownership Disclosure Practices in T&T

The Companies Act (Amendment) 2019 was assented to by Parliament on 4 April 2019 and proclaimed by the President on 30 May 2019. Companies are 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.*

7.15.3 Licence registers

7.15.3.1 Oil and gas

Countries that rely on the extractive sectors have registers that enable proper management of extractive industry licences. In T&T the Petroleum Act Section 29 1 (M) states "for ensuring that a Register of all licences issued and any orders, judgments or awards relating thereto, is maintained in the appropriate Department or Departments".

The licence register gives the public access to licence documents that outline the companies given the right to explore for and produce hydrocarbons in a defined area. Countries with extractive sectors maintain a database to effectively manage their country's licensing system, many utilise online data portals. There are several benefits to a well-managed registry system namely clear property rights and it can also foster investment.

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

7.15.3.2 Minerals

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

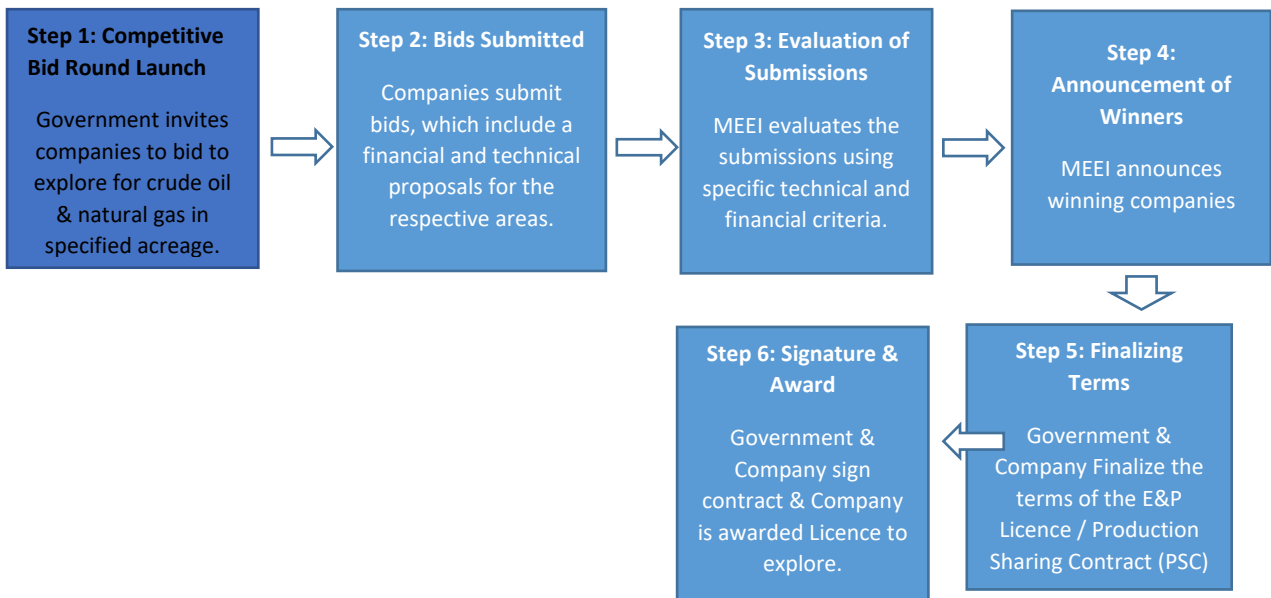
1. *The name of the quarries*
2. *Their locations,*
3. *Size (hectares)*
4. *Land status (private or State) and*
5. *The type of material quarried.*

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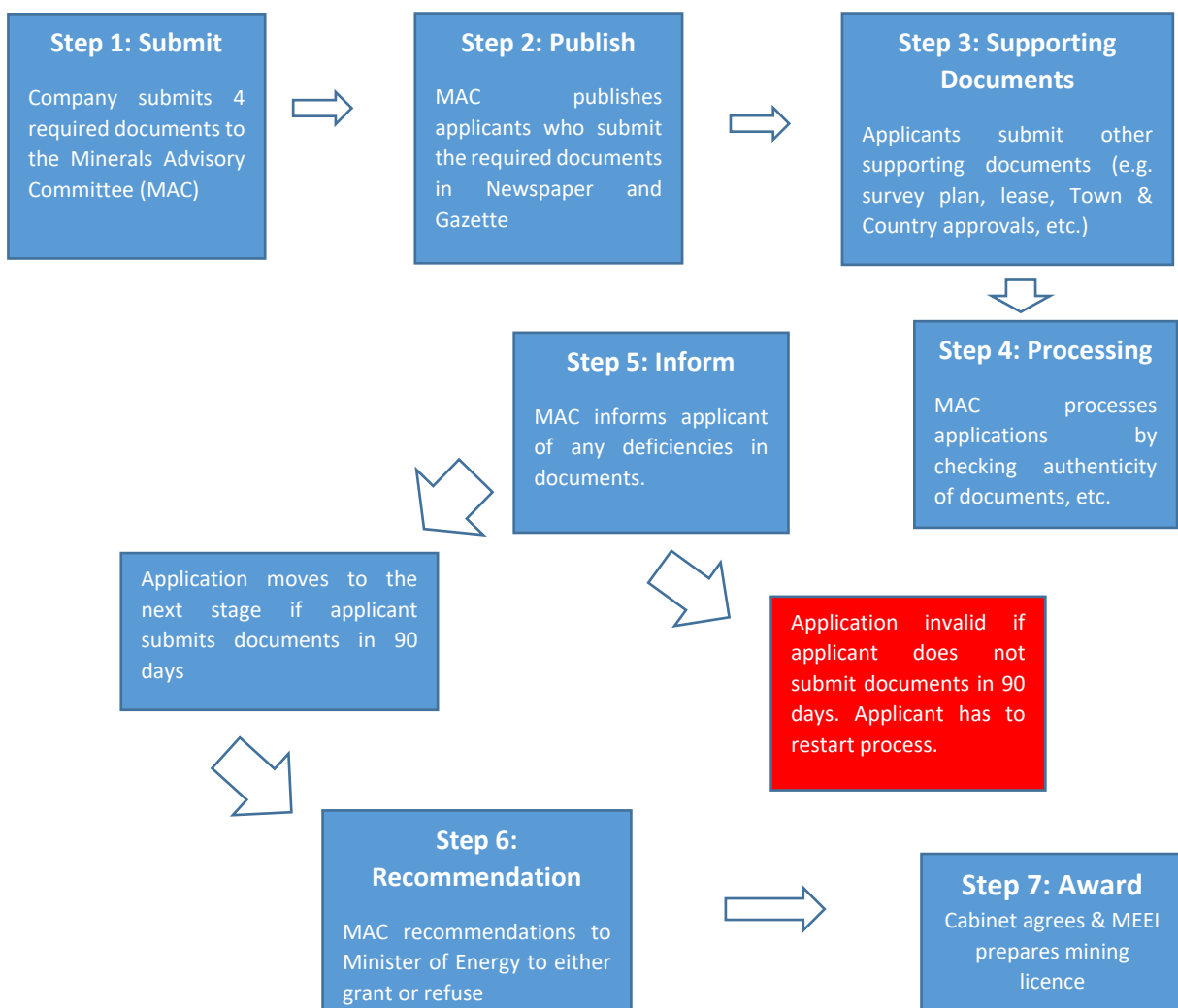
The register provides details on mining operations as at October 5 2020 and it includes information required by the EITI Standard (e.g. the licence holders, the coordinates of the licence areas, the date of application, the date of award and the duration of the licence).

For T&T’s mineral licence register see: <https://www.energy.gov.tt/services/license-registers/>

7.15.4 Licence allocations



The process of awarding a mining licence



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See link below for additional information:

<http://www.energy.gov.tt/wp-content/uploads/2013/12/Guidelines-Flow-Chart-Mining-Licence.pdf>

7.15.4.1 Improving the efficiency of mining licence allocations

The Minerals Division of the MEEI is implementing a Minerals Electronic System (MES). The benefits of the MES are as follows:

- Simplified system for the public to create a licence application
- Reduced time to process licence
- Tracking facility on status application
- Licence applications are reviewed and evaluated more efficiently
- Internal records management system

The MES development phase is completed and system is currently being tested and there are plans to fully implement the system by Q3 2021. There would also be an external phased rollout with key stakeholders' licensee, operational quarries, current applications and new applicants.

7.16 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 these issues. It also contains rules governing inter-agency debt, the publishing of financial statements and procurement.

Table 7.15 State Enterprises Performance Monitoring Manual

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 7.15.1 The Financial Relationship between SOEs and the Government

Issue	Rule	Practice
<p><i>Transfer of funds between SOEs and the state</i></p>	<p>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.</p>	<p>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.</p> <p>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.</p>
	<p>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 an SOE is required to pay the State.</p>	<p>The Ministry of Finance is guided by the dividend policy to which the SOEs closely adhere.</p>
	<p>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.</p>	<p>All State Enterprises closely adhere to this policy and the Ministry of Finance continuously updates its State Enterprises Share Register.</p>
	<p>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.</p>	<p>The retained earnings are recorded in the SOEs’ Quarterly Returns Report.</p>

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	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.
<i>Retained earnings</i>	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.
<i>Reinvestment</i>	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
<i>Third-party financing</i>	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.

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Table: 7.15.1.1 Government Loan or Loan Guarantees offered to Oil, Gas and Mining Companies in Fiscal 2021

NAME OF STATE OWNED ENTERPRISE	GOVERNMENT OWNERSHIP PERCENTAGE (%)	GOVERNMENT GUARNANTEED 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
The Trinidad Petroleum Holdings Limited	100%	Seven facilities (three matured by July 2017).

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

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

1. National Gas Company of Trinidad and Tobago (NGC) and its subsidiaries*
2. The Trinidad Petroleum Holdings Limited
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. These two companies are not included in the scope of TTEITI Report.

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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\$ 40 billion 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 is the largest contributor to earnings from State owned enterprises. The NGC Group recorded a profit of TT\$395.75 million in 2019 which represents an 83.48% (TT\$ 2 billion) fall from its 2018 profit of TT\$ 2.39 billion. In 2019 the company paid the Ministry of Finance TT\$ 192.9 million in dividends compared to roughly TT\$1 billion in 2018. For the NGC's financial performance see: <https://ngc.co.tt/financial-performance/>.

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 2019. For NGC's annual report see: <https://ngc.co.tt/wp-content/uploads/2020/10/ngc-annual-report-2020-resolute-and-resourceful.pdf>

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 a 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.
- **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 members (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)

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2. 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.

Table 7.15.1.1.1 List of Heritage Petroleum's Joint Ventures 2019

	BLOCKS	HERITAGE EQUITY	JOINT VENTURE PARTNERS
	<u>ONSHORE</u>		
1	Moruga West	40.0%	Massy Energy Production Resources Ltd. (60%) New Licence in progress
2	Central Block	35.0%	Shell Trinidad & Tobago Limited (65%)
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%)
6	St. Mary's Block	20.0%	Range Resources Trinidad Limited (80%)
	<u>OFFSHORE</u>		
7	Brighton Marine	45% (CVORR)	Oilbelt Services Limited (55%)
8	Point Ligoure, Guapo Bay Brighton Marine (PGB)	30.0%	Oilbelt Services Limited (70%)

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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%) ENI Trinidad & Tobago Limited (17.3075%)
12	TSP	15.0%	Perenco T&T Limited (70%) 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%)

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

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Holdings Ltd). On closure of the refinery the Government revealed it planned to sell or lease the facility. The Government received expressions of interest from 77 bidders. However, only 25 signed the Non-Disclosure Agreements (NDAs) and could continue in the process. Of the remaining 25 potential buyers, 8 submitted Non-binding Offers (NBOs). Following the evaluation of the submitted offers 5 bidders were shortlisted.

Cabinet then appointed a 10-person evaluation committee with a mandate based on the following:

- Select preferred bidder
- Negotiate and finalise a binding offer
- Negotiate and execute a definitive agreement
- Initiate negotiations of critical agreements
- Negotiate any government incentives and conduct environmental audits

Patriotic Energies and Technologies Company Limited was named the preferred bidder and they were given a month to present a detailed work plan. However, the Government and Patriotic were not aligned on several issues and an agreement was not made. On the 31st of October 2020, the Minister of Energy stated, “the proposal did not address key outstanding issues and, as such, Patriotic does not meet the criteria necessary to lead to a signed contractual agreement.”



5. **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.
6. **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.

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Commodity Trading Disclosure for T&T SOEs

Energy commodity trading companies are not transparent regarding the value or volume of the first trade. 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.

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. For the years of 2018 and 2019 payments made to the Government are shown via the following SOE’s Petroleum Company of Trinidad and Tobago limited, Heritage Petroleum Company Limited and Trinidad and Tobago LNG Limited

7.15.1.1.1 Table Value and Volume of Refined Products and Gas Commodity Trades

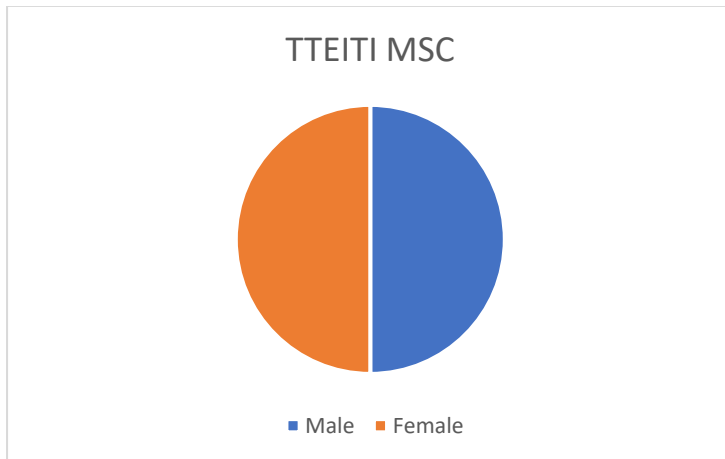
Year	Company	Product Type	Volume (thousand tonnes)	Volume (thousand barrels)	Volume (MMBtu)	Value (USD)
2014	Petrotrin	Refined	154.62	1,000.25	-	80,790,676.98
2014	NGC	Gas		1,643.43	9,531,881.00	105,594,826.78
2015	Petrotrin	Refined	571.07	4,381.83	-	277,672,794.92
2015	NGC	Gas		1,174.92	6,814,558.00	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
2018	Petroleum Company of Trinidad and Tobago Limited	Refined	810.1	6,440.1	-	508,426,152
2018	Petroleum Company of Trinidad and Tobago Limited	Crude Oil	71.1	494.5	-	31,553,423
2018	Heritage Petroleum Company Limited	Crude Oil	70.4	482.6	-	22,035,327
2019	NGC	Gas	77.07	670.47	3,776,207	13,043,680
2019	Heritage Petroleum Company Limited	Crude Oil	150.00	1,029.80	-	69,057,652

Source: Trafigura Responsibility Report, Various Years

7.17 Gender

MSG Gender Composition TTEITI MSG

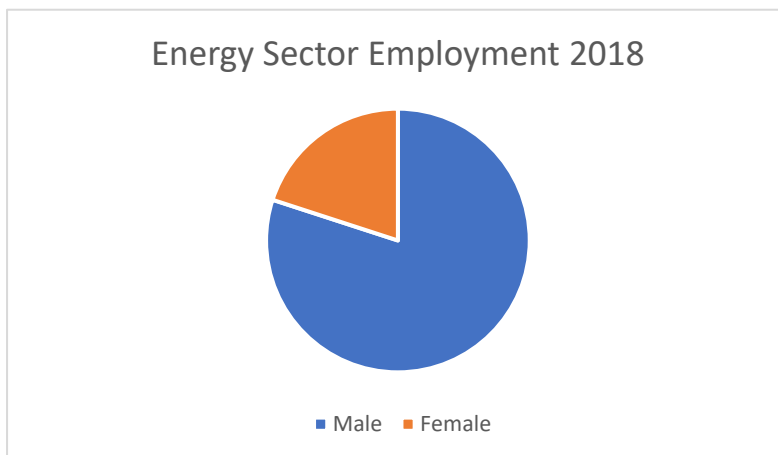
The TTEITI MSG gender balance is 50/50 and consists of 15 males and 15 females. The composition is illustrated in the pie chart below.



Source: Ministry of Finance, Review of the Economy 2020

Employment Figures Balance (Update Graph below)

The data obtained from the central statistical office is not separated by individual projects. The data provides employment information by sector and separated by gender. The latest information is from 2018 and the figures for energy sector employment are shown below. Women make up 20% employed in the energy sector while 80% are men. The data does not detail employment by job classification.



Source: Ministry of Finance, Review of the Economy 2020

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Women in leadership Roles T&T Energy Sector

In the local energy sector, there are several women in key leadership positions at various organisations. The list below highlights a few individuals:

- Arlene Chow - CEO Heritage
- Christine Sahadeo – Director Heritage
- Claire Fitzpatrick- Regional President BPTT
- Giselle Thompson- VP of Corporate Affairs BPTT
- Candice Clarke-Salloumn -External Relations Manager STTL
- Jenna Joseph – General Manager non-operated venture STTL
- Sandra Fraser – Permanent Secretary MEEI
- Louise Poy Wing- Senior State Counsel MEEI
- Carla Noel-Mendez - Corporate Affairs Manager BHP
- Soraya Khan- Finance Manager BHP
- Verlier Quan Vie – VP Commercial NGC
- Mitzi St Rose – Manager Energy Marketing and Trading NGC

8 APPENDICES (separate volume)

8.1