

Address by Senator the Honourable Kevin Ramnarine  
Minister of Energy and Energy Affairs  
On the occasion of the 1<sup>st</sup> anniversary of the appointment of  
The TTEITI Steering Committee  
8 December, 2011

The Honourable Wade Mark, Speaker of the House of Representatives,

Senator Basharat Ali, Independent Senator,

Mr. Victor Hart, Chair TTEITI Steering Committee,

Heads of upstream companies,

World Bank presenters Mr. Anwar Ravat, Ms Claudia Vasquez and Dr Patricia Oliviera,

Mr. Leroy Mayers, Permanent Secretary Ministry of Energy and Energy Affairs

Members of the TTEITI Steering Committee,

Ladies and Gentlemen

Members of the Media

Good morning

Transparency and accountability have become priority issues for Governments and corporations alike around the world. Our citizens have become very discerning with respect to the management of our natural resources and are demanding that those who manage these resources account for their stewardship in a transparent manner.

The People's Partnership Government is committed to the systemic entrenchment of transparency and accountability in the conduct of governance. Government's policy, commits to "good governance through effective representation, participation, transparency and accountability". Amongst our many commitments in this regard, is the implementation of the Extractive Industries Transparency Initiative (EITI).

In the 18 months since coming to office this Government has taken bold and unprecedented steps to enhance transparency and accountability in the extractive sector. Examples of this include the development and publication of a points based assessment framework for the approval of gas based projects and the holding of a national consultation for the development of an energy policy.

The Government also revealed the technical criteria for the assessment of the winners of the last (2010) bid round. This Government is committed to making extractive (oil, gas and mining) revenues more transparent as an important first step in improving governance of the sector, with the ultimate goal of converting extractive resources into real results that matter in the lives of the average citizen.

On this date, one year ago, Trinidad and Tobago publicly reaffirmed its commitment to the EITI. At the same time it appointed a multi-stakeholder Steering Committee comprised of Government, Civil Society and Industry leaders to oversee the implementation process under the chairmanship of well-known transparency advocate Victor Hart. This nineteen member Steering Committee is comprised of:

-Six Government organisations ranging from the Board of Inland Revenue, the Ministry of Energy and Energy Affairs and the Ministry of Finance and three key state extractive companies Petrotrin ,the National Gas Company and the National Quarries Company and,

-Eight civil society organisations including the Trinidad and Tobago Transparency Institute, the Energy and T&T Chambers, the OWTU, Fishermen and Friends of the Sea, the Cropper Foundation, the Network of NGO's for the advancement of Women and the National Youth Council of Trinidad and Tobago and

-Four private sector energy companies represented here this morning in the form of bpTT, BGT&T, BHP Billiton and EOG Resources. It is perhaps noteworthy that three of these four companies have among others here today, such as Repsol, Chevron and Total, made corporate level commitments to supporting EITI implementation in their various operating countries.

Since its appointment last December, the TTEITI Steering Committee has made great strides in achieving the ultimate goal of achieving EITI compliant country status. Within two months of their appointment, the Committee had completed the preparatory work for Government to submit Trinidad and Tobago's formal application for candidate country status, achieving this status inside one month of that application.

Achievement of candidate country status on March 1 2011 put Trinidad and Tobago on a tight 30 month timeline to being declared an EITI compliant country by August 28 2013 by the International Board of the EITI. To achieve this status Trinidad and Tobago must cross two significant hurdles; firstly it must publish its first Reconciliation of extractive payments report and have the same report validated by an external body selected by the EITI Board before August 2013.

In the first half of 2012, The Ministry of Energy and Energy Affairs will award a contract for the compilation of Trinidad and Tobago's first Reconciliation of Extractive Sector Payments Report. For this first report, the TTEITI Steering Committee has taken the decision to focus on the oil and gas extractive companies in the 1<sup>st</sup> Phase. The mining sector, namely the quarry sector will be covered in the succeeding Phase.

In this context, it is perhaps fitting that my first public statement on the implementation of the Extractive Industries Transparency Initiative or EITI, should be made to you the leaders of Trinidad and Tobago's upstream companies.

Support for the Extractive Industries Transparency Initiative, internationally, has gathered impressive steam and support since Trinidad and Tobago achieved EITI candidate country status on March 1 2011. In the nine months since that time, this global anti-corruption and good governance standard, has picked up impressive endorsements from the leaders of the G8 Countries at their May 2011 meeting, from the Heads of the Commonwealth at their October 2011 meeting and from leaders from the G20 Countries in November.

These leadership commitments are underpinned by existing (in the US) and pending (in the EU) statutory requirements which will require extractive industry companies operating within these jurisdictions to report all revenue earned in each of their countries of operation. Additionally, and perhaps more importantly, two developed countries with large extractive sectors, the United States and Australia, have chosen to voluntarily implement the EITI's principles, thereby dispelling the widely held view that the EITI is a standard only to be met by developing countries.

This is an impressive track record for an initiative which is less than 10 years old. The EITI was launched by former UK Prime Minister Tony Blair in 2002 as a coalition of Governments, companies, civil society groups, investors and international organizations.

The EITI is conceived as a standard for transparency and accountability by companies involved in extractive industries (i.e. oil, gas and mining) by disclosing to citizens the total payments made to Government by those companies, independently reconciled with the Government's declared receipts. These two sets of figures are compiled and reconciled by an independent audit firm called an Administrator, which is chosen by the EITI multi-stakeholder group in each EITI implementing country. Member countries voluntarily become "candidates" of the standard and seek "validation" status through compliance. As stated earlier, Trinidad and Tobago became a candidate country of the EITI in March 2011.

In a November 2011 review entitled "*Extracting Data*," the EITI's International Secretariat reported that since formal reporting started in 2005, data from some 800 companies for 102 fiscal periods across 29 countries have been disclosed. The report indicates that "most reports cover the oil, gas and mining sectors although some countries have included other strategically important natural resource sectors such as forestry and fisheries and agriculture.

EITI Reports often include a description of the oil, gas and mining sectors, how they are governed, and who is operating where. Payments and revenues are shown by revenue streams and other forms through which the Government collects taxes from the extractives sector". This information can be aggregated by sector or company or disaggregated by company, revenue streams, or also by project. The determination as to whether the information is aggregated or disaggregated is made after consultation amongst the three key stakeholder groupings involved in the process namely Government, Industry and Civil Society.

The *Extracting Data* report goes on to describe a typical EITI Report as including data from "medium and large oil, gas and mining companies that have made significant payments to the Government. This way, the most significant payments are captured in the report without making the reporting process overly burdensome." Ideally the report should provide the reader with an idea of how payments can be traced from their origin (the company) to their destination (the tax collecting entity). I am advised that the decision on whether Trinidad and Tobago's reporting will be aggregated or disaggregated will come after consultation with the participating companies.

Some have questioned why Trinidad and Tobago, with its well established fiscal regimes and systems of revenue collection, has signed on to an initiative which on the surface, appears geared for countries with weak financial management systems and poor extractive revenue reporting. The answer to this is quite simple; Implementation of the EITI is as good for governance as it is for business.

Among the country benefits to be derived from becoming an EITI compliant country include:

- 1) Achieving an improved investment climate;
- 2) strengthening and promoting greater economic and political stability
- 3) Mitigating political and reputational risks;
- 4) Improving revenue collection by reducing leakages

Strengthening Trinidad and Tobago's competitiveness as a global energy player continues to be a priority for the Ministry of Energy and Energy Affairs. In its 2011 Global Competitiveness report on Trinidad and Tobago, the World Economic Forum ranked Trinidad and Tobago 81<sup>st</sup> out of 142 countries on its Global Competitiveness Index or GCI, the fourth successive year of improvement.

The WEF defines competitiveness as "the set of institutions, policies, and factors that determine the level of productivity of a country". The GCI measures the microeconomic and macroeconomic foundations of national competitiveness in areas as diverse as the strength of national institutions, infrastructure, macro-economic environment and business sophistication.

It is not my intention to go into the pros and cons of this report this morning, but suffice it to say that globally significant indices like these have important "knock on" effects on other key performance indicators for both the Government and companies such as sovereign debt ratings and the country risk variables that impact the cost of accessing capital for extractive sector investment projects. In other words, we are all in this together.

While important, let me assure you that the Government's implementation of the EITI is not just about sovereign debt rating-boosting or a public relations gambit. Rather, it is a manifestation of our unequivocal commitment to delivering on our social contract with the people of Trinidad and Tobago. We take this commitment seriously and urge the extractive sector and all relevant stakeholders to work with the TTEITI Steering Committee to achieving compliant country status.

EITI implementing countries are required to follow rules established by the EITI Board. At requirement number 7 the EITI Rules 2011 edition requires Government to engage oil, gas and mining companies to advise of its commitment to the implementation of the EITI and of the central role companies voluntary participation plays in achieving this objective. Requirement 7 also calls on Government address capacity constraints affecting companies' participation in the process of EITI reporting. In keeping with this requirement, I take this opportunity to encourage all upstream operators in Trinidad and Tobago to co-operate with the TTEITI Steering Committee and the appointed Administrator in this most important exercise. I also commend all companies present to take full advantage of the information workshop put on by the World Bank that follows, to understand what will be required of participating companies.

In closing I wish to commend the TTEITI Steering Committee once again for the tremendous strides it has made to date and urge them to continue the good work in partnership with the other key stakeholders to achieving compliant country status by August 28 2013.