

Address by the Honourable Nicole Olivierre, Minister of Energy and Energy Industries

Launch of the EITI Report 2014-2015, October 21, 2016.

## **Introduction**

### *Salutations*

- Mr. Victor Hart, Chair of the Trinidad and Tobago EITI Steering Committee and member of the EITI International Board
- Mr. Selwyn Lashley, Permanent Secretary, Ministry of Energy and Energy Industries
- Her Excellency, Carla Hogan-Rufelds, Canadian High Commissioner, His Excellency Tim Stew, British High Commissioner, His Excellency Ambassador Arend Biesebroek, Head of Delegation to the EU, other members of the Diplomatic Corp,
- Mr. Norman Christie, Regional President, BPTT, Mr. Vincent Pereira, President of BHP Billiton Trinidad and Tobago, other captains of Industry,
- Mr. Harun Abdul Haqq, Principal of BDO Trinity Limited, the EITI Administrator
- Leaders of civil society organisations,
- Members of the TTEITI Steering Committee and Secretariat,
- Staff of the Ministry of Energy and Energy Industries,
- Members of the media,
- Other distinguished Ladies and Gentlemen

Good morning

It gives me great pleasure this morning to receive Trinidad & Tobago's Fourth Extractive Industries Transparency Initiative (EITI) Report. This report is now available online for all citizens at the TTEITI website and Trinidad and Tobago has once again fulfilled its annual report obligation to the EITI Board of Directors.

Last year, in my first public address as Minister of Energy and Energy Industries, I launched the third report. And, I am honoured to be here once again to launch our fourth EITI Report which covers fiscal years 2014 and 2015 and for the first time includes reconciled revenue data on quarry and asphalt companies.

The EITI definitely adds value for resource rich countries. Through this initiative, citizens have the opportunity to review detailed, independently verified information on the taxes paid by extractive companies compared and reconciled with Government's declared receipts.

In addition, the report also contains valuable contextual information on the sector and helps explain issues related to the fuel subsidy, tax collection systems, the Heritage and Stabilisation Fund and even social expenditure by companies.

The EITI is the global transparency gold standard for resource rich countries. And Trinidad and Tobago remains committed to this movement.

Given the prevailing economic circumstances, we must be forthright in providing citizens with information on the energy sector. The ideals and principles of the EITI are therefore in sync with the Government's own values. We intend to be frank with the population whilst promoting transparency. Now more than ever, it is critical.

Some may question the value of the EITI, but in these times of low commodity prices and prevailing concerns on how these price declines will impact future national budget projections, information on our energy revenue takes pride of place. We must also help evolve the narrative from transparency to accountable and sustainable revenue management.

The Minister of Finance laid bare the country's financial position during his budget address. From his presentation, it is clear that as a country we have to take difficult corrective measures to steer us out of this period of uncertainty. We have an obligation to the future.

And still, we must elevate Trinidad and Tobago as a destination open to investors, where their investments are both welcome and protected. We know, globally, there is a battle for energy sector investment. The onus is on us to ensure we have the correct incentives in place to attract and retain investors. And, I truly believe we have the capacity to appeal to investors and usher in an energy renaissance.

This is not blind optimism.

Once we maintain our reputation as a place where contracts are respected, the rule of law is entrenched and our fiscal terms and taxation terms are coherent and attractive, we will thrive. This is no idle boast as we can show that in the latest Global Petroleum Survey Trinidad & Tobago surpassed Uruguay to become the most attractive jurisdiction in the region for upstream investment.

We were judged on the quality of our infrastructure, attractiveness of our fiscal and tax terms, the quality of the geological database and availability of skilled labour among several other indicators. **This** Government will build on these strengths.

We will continue trying to foster improvement in these areas and entrenching the EITI here will only add to our attractiveness as a destination.

There are several benefits from the initiative for different players.

**Government** benefits by demonstrating its commitment to an internationally recognised transparency and anti-corruption standard. Importantly, the EITI Report also recommends critical reforms to the country's tax collection and audit systems. By participating, we also send a message that we want the right type of investors to partner with in developing our natural resources, an investor willing to share information on their payments with all citizens.

The **industry** benefits from a level playing field in which all companies are required to disclose the same information. They also build trust with local communities where they operate and benefit from an improved and more stable investment climate in which they can better engage with their stakeholders.

The initiative provides companies with assurance as well.

For **companies**, the dynamics of disclosure is changing. With the new EU Accounting and Transparency directives, the Dodd-Frank Act in the US and Extractive Sector Transparency Measures Act in Canada, publicly listed companies are expected to reveal their tax payments to foreign governments. Therefore, the EITI dogma of disclosing revenue payments is already accepted as a norm.

In this vein, our Government is progressive and is willing to enact changes to existing legislation to allow for greater disclosure by extractive companies. You would already know of the efforts by the Attorney General to amend the Income Tax Act so the Auditor General has access to data from the Board of Inland Revenue.

I personally wrote to the AG asking that when the act is amended that the EITI is also included in the exemption so that we can have greater access to the information vital to this report.

We are in the advanced stages of drafting EITI legislation. We have consulted with Stakeholders and taken their views onboard. The next step will be to have a draft finalized by the Legislative Review Committee and taken to Cabinet.

But let us focus on the present. We are here today to launch the EITI Report 2015. Even without having the opportunity to read the full report, I would like to make a few brief comments on the findings of the Administrator's Report as mentioned by Mr. Abdul-Haqq:

The EITI Report shows total receipts reported by Government from the oil and gas sector of **\$28.6 billion** for 2014 and **20.8 billion** for 2015, an **\$8 billion** decline year-on-year.

These totals were reconciled against the payment amounts disclosed by a total of just over 45 reporting companies. And I hasten to add that these companies have voluntarily engaged in the EITI process.

I note too that the small differences between what companies declared as paid and what Government declared as received can be attributed by the Administrator to the following:

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- Foreign exchange differences;
- Timing differences; and
- Insurance premium tax payments on foreign policies paid by insurance brokers;

This year for the very first time mining company payments were also reconciled as part of a pilot study. I want to publicly thank the companies that participated in this pilot;

- Hermitage Limestone Limited,
- Trinidad Cement Limited
- National Quarries Company Limited and
- Lake Asphalt of Trinidad and Tobago (1978) Limited.

Pioneers in any field should be saluted. And these companies have closed their eyes and leapt into the EITI reporting process, demonstrating their bravery and commitment to transparency. They are also ahead of the curve, as in the near future, the EITI will be entrenched in law and may be mandatory for all oil, gas and mining companies.

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## Conclusion

Looking forward....It is clear that the Trinidad and Tobago energy sector is at a crossroads. Observers point to many challenges and opportunities.....issues around gas supply imbalance, our present and future deep water explorations, ongoing negotiations on gas supply contracts, our targets for renewable power and carbon emissions reduction, even our quest to export our energy services expertise to Ghana, Guyana and Suriname.

We plan to tackle these issues head on and with the required urgency. This Government is prepared and ready to implement policy prescriptions to ensure the energy sector remains competitive, vibrant and has long-term viability and so extend a ready welcome to foreign direct investment. We will never look at the future with eyes of fear.

Still, despite our long term vision we cannot lose sight of what we currently earn from our natural resources. The EITI provides assurance on these revenues but also forces us to question if we spent the billions we earned from the sector in 2014 and 2015 wisely.

The information provided in EITI Report 2015 should make us all think about the difficult decisions that we must make to sustain the gains we have made. The energy sector has profoundly altered the national landscape and will remain the pillar for future growth.

The EITI helps us to keep track of the revenue we earn and are likely to invest in the future. More importantly, separate and apart from the accounting reconciliation exercise, the EITI report provides recommendations on how we can reform Government audit and assurance processes as well as revenue collection and data management systems.

Crucially, the EITI also gives us hope that Government, companies and civil society can work together and form consensus on important national issues. This report that I am receiving today could only be published because Government, companies and civil society organizations renewed their commitment to transparency and accountability in the extractive sectors and agreed on its contents.

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This is a clear demonstration that competing interests can work together for a common cause and I commend all participants. It gives us optimism that, as we cope with low commodity prices, declining production and less revenues, we never turn away from collective governance to solve our problems or reach an agreement.

In closing, I wish to again commend the TTEITI Steering Committee and its three stakeholder groups for their dedication shown in EITI implementation in Trinidad and Tobago. I want to thank the Administrator and all companies and Government agencies that helped make this report a reality.

I thank you.