

Finance Minister defends Government support of Heritage Petroleum



Minister of Finance, COLM IMBERT.

Mon Jun 01 2020

Minister of Finance, Colm Imbert MP, has defended Government's recent decisions concerning Heritage Petroleum, and its continued support of the state-owned company.

In an official statement issued this morning, the finance minister sought to clarify issues raised by Guardian Media in an editorial piece on Heritage Petroleum.

Following is the full text of the statement issued by the Minister of Finance on the matter...

MISLEADING GUARDIAN EDITORIAL ABOUT HERITAGE PETROLEUM

The Minister of Finance, the Hon. Colm Imbert, M.P., wishes to correct the misinformation in today's Trinidad Guardian editorial. In that editorial, the Guardian accused the Government of favoring Heritage Petroleum Limited over private companies by waiving the imposition of oil taxes for the company, specifically supplemental petroleum tax.

The editorial also erroneously suggested that because Heritage Petroleum Limited was not required to pay supplemental petroleum tax in fiscal 2020, this may have prevented the auditors from questioning whether Heritage Petroleum Limited was a going concern. That is simply untrue and misleading in the extreme.

Heritage Petroleum Limited is a subsidiary of Trinidad Petroleum Holdings Limited, which is a wholly owned state enterprise. Heritage Petroleum is the national oil company which was created in 2018 when the former Petrotrin was restructured.

As part of the restructuring of Petrotrin and the refinancing of the US\$850 million Petrotrin bond that was taken over by Trinidad Petroleum and due for payment in August 2019, the Government gave an undertaking to make equity investments in Heritage Petroleum to finance the exploration and production of oil, in sums equal to the amount of supplemental petroleum tax that would be due and payable over the period July 2019 to June 2021.

As any oil producer will know, investment in exploration and production, specifically the drilling of new wells, the workover of existing wells and the maintenance and upgrade of ageing infrastructure, such as pipelines, pumps, tanks and machinery is critical to the maintenance of oil production volumes. It is also no secret that because of its financial difficulties, the former Petrotrin was unable to make the required investment in exploration and production, which led to a reduction in oil production.

As the owner of Heritage Petroleum, therefore, the Government is entitled to make any investment in this important state-owned company that is appropriate and necessary. It is also basic business common sense for the Government to ensure that the national oil company has sufficient cash flow to maintain its oil production volumes.

Finally, it is noteworthy that in 2019, Heritage paid the Government \$833 million in royalties, levies, licenses and taxes, a complete turnaround from the situation with Petrotrin in previous years, where Petrotrin owed the Government billions of dollars in unpaid royalties and taxes.