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MINISTRY OF ENERGY AND ENERGY INDUSTRIES

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Media Release

TTEITI Launches Latest Report on Oil, Gas and Mining Sectors

Through the Ministry of Energy and Energy Industries, the Trinidad and Tobago Extractive Industries Transparency Initiative (TTEITI) launched the latest Trinidad and Tobago EITI Report 2018 as well as a new summary report called the State of the Extractive Sectors Report for 2021 today (28th May 2021).

The EITI Report 2018 gives a snapshot of the performance of the energy and mining/quarrying sectors, highlighting revenue trends and offering recommendations on how the government can repair any deficient systems to earn greater returns and improve its data management and audit and assurance environment.

Speaking at the launch webinar, the Minister of Energy and Energy Industries and Minister in the Office of the Prime Minister, the Honourable Stuart Young M.P., noted the current Covid-19-related economic challenges and the role of the extractive sectors in any future economic upturn.

“The revenue from the energy and mining sectors will act as pillars to our economic recovery. This TTEITI report independently verifies how much we have earned from the extractive sectors and highlights the areas we must address urgently to capture the right value for the country from our resources,” Young said. “It is important that citizens have access to this information as the government has always supported transparency and accountable management of the extractive sectors.”

The report’s major findings focus on several key areas including:

Revenue Trends

This seventh EITI report covers fiscal 2018. However, in an effort to disclose more up-to-date tax and royalty information in the public domain, the TTEITI Steering Committee agreed to include unaudited and unreconciled information for fiscal 2019 and 2020 in this report.

For the period 2019-2020, unaudited figures indicate a declining trend in revenue. The report highlights that oil and gas revenue declined by 54 percent primarily because of royalties declining by 46 percent from TT\$3.4 billion in 2019 to \$1.7 billion in 2020. The share of profit the country earned from production sharing contracts also slid 20 percent from \$2.2 billion in 2019 to \$1.8 billion in 2020.

In 2018, a total of TT\$7.37 billion in revenue was paid by the 41 upstream oil and gas companies involved in the reconciliation exercise. This represents 99.6 percent of all revenues generated from the upstream sub-sector.

The TTEITI independent auditor (IA) found a TT\$24.6 million difference between what oil and gas companies reported in payments compared to government receipts.

The reasons for the differences were foreign exchange fluctuations and timing differences. Importantly, there were no unidentified differences and all revenue could be accounted for.

Mining Sector Reform

The most recent data from the Ministry of Energy and Energy Industries (MEEI) show that at the end of 2020, the government was owed \$194 million in outstanding royalties from quarry companies.

This is largely because of underreporting of mineral production volumes and the concomitant challenges in calculating and collecting royalties owed.

The TTEITI auditor recommended that the MEEI expedites the procurement of drone technology to monitor production so that royalties may be better assessed and collected.

The auditor also flagged the issue of the number of unlicensed operators. Currently, eight quarry operators are licensed and the IA recommended creating a time-bound action plan to authorise as many quarry operations as possible.

State-Owned Enterprise Audits

The IA examined the audit and assurance systems for the participating State-Owned Enterprises (SOEs) including NGC, Petrotrin, National Quarries Company Limited (NQCL) and Lake Asphalt of Trinidad and Tobago (LATT), and reported where irregularities occurred.

The IA reported that financial accounts for mining SOEs are out of date. More specifically, the report notes, “NQCL is unable to produce a current balance sheet or quantify the value of royalties due to the government, suggesting a loss of financial control over its activities.”

The IA recommended that NQCL produce full management accounts as soon as possible and direct as much resources as needed to this activity. The IA also advised the Ministry of Finance’s Investment Division to ensure that both NQCL and LATT have approved and published audited financial statements for the years outstanding from 2015 to 2019 in line with legislation.

During the launch event, TTEITI Steering Committee Chairman Gregory McGuire pointed to the need for systematic disclosure and mainstreaming where timely information is available to the public in real time.

“This report comes at a time when the energy sector is underperforming so getting important and up-to-date information into the hands of citizens and policymakers is key. The report’s findings provide insight into the challenges we must overcome, McGuire said. “Focusing on embedding EITI in government systems is our main focus for 2021 along with promoting data digitisation and this report helps us with these goals.”

