Trinidad and Tobago EITI Report

October 1st 2012 - September 30th 2013

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ABBREVIATIONS AND ACRONYMS

ALNG	Atlantic LNG Company of Trinidad and Tobago ("Atlantic")	mmbtu	Million British thermal units
AUM	Ammonia Urea Melamine	mmcfd	Million Standard Cubic feet per day
Bcf	Billion standard cubic feet	MOF	Ministry of Finance
BG TT	BG Trinidad and Tobago	Mt	Metric tonne(s)
Boe	barrels of oil equivalent	NGC	The National Gas Company of Trinidad and Tobago Limited
Bpd	Barrels per day	NGL	Natural Gas Liquid
bpTT	BP Trinidad and Tobago LLC Trinidad Branch	OAG	Office of the Auditor General
BTU	British Thermal Units	PLNL	Point Lisas Nitrogen Limited
CBTT	Central Bank of Trinidad and Tobago	PPGPL	Phoenix Park Gas Processors Limited
CNC	Caribbean Nitrogen Company	PPT	Petroleum Profits Tax
CNG	Compressed Natural Gas	PSC	Production Sharing Contract
CSR	Corporate Social Responsibility	SOE	State Owned Enterprise
CT	Corporation tax	SPT	Supplemental Petroleum Tax
E&P	Exploration and Production	STCIC	South Trinidad Chamber of Industry and Commerce (now known as "Energy Chamber of Trinidad and Tobago)
EITI	Extractive Industries Transparency Initiative	T&T	Trinidad and Tobago
FY	Fiscal Year	T&TEC	Trinidad and Tobago Electricity Commission
GDP	Gross Domestic Product	Tcf	Trillion cubic feet
GoRTT	Government of the Republic of Trinidad and Tobago	TGU	Trinidad Generation Unlimited
HSF	Heritage and Stabilization Fund	THA	Tobago House of Assembly
IRD	Inland Revenue Division	TPIN	Tax Payer Identification Number
IRSF	Interim- Revenue Stabilization Fund	TT $	Trinidad and Tobago Dollar(s)
JV	Joint Venture	TTDAA	Trinidad and Tobago Deep Atlantic Area
LIC	Light Industrial Consumers	TTEITI	Trinidad and Tobago EITI
LICS	Light Industrial and Commercial Sectors	UL	Unemployment levy
LNG	Liquefied Natural Gas	UNDP	United Nations Development Programme
MOU	Memorandum of Understanding	US $	United States Dollar(s)
LOFO	Lease Operatorship and Farm Out	USGS	US Geological Survey
mcf	Million cubic feet	VAT	Value Added Tax
MEEA	Ministry of Energy and Energy Affairs[1]	WHT	Withholding Tax
MEEI	Ministry of Energy and Energy Industries[1]	WTI	West Texas Intermediate
MHTL	Methanol Holdings Trinidad Limited		

[1] The Ministry of Energy and Energy Affairs (MEEA) was re-named the Ministry of Energy and Energy Industries (MEEI) in September 2015

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Report of the Independent Administrator

Trinidad and Tobago EITI Steering Committee
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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 Affairs, 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 2013 fiscal year, 1st October 2012 to 30th September 2013, ("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 19 to 81 were provided by the TTEITI Steering Committee and was 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 used 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

September 30th 2015

1 INTRODUCTION

This is the third Trinidad and Tobago EITI Report, which covers the period 1st October 2012 to 30th September 2013. The work was carried out between 3rd August and 30th September 2015 in accordance with the Terms of Reference included in Appendix 9.3.

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 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 Fiscal 2013. This included an analysis and reconciliation of material payments and receipts made by specified Reporting Entities in 2012/13 in the oil and gas sector.

1.2 SCOPE OF WORK

BDO Trinity Ltd and Hart Nurse Ltd ("the Administrator") were required to undertake the work set out in the TOR for the Engagement. 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 TTEITI Steering Committee's materiality decision is included at Appendix 9.4.

If there are material receipts or payments omitted from the reporting templates by both the paying and receiving entities, our work would not be sufficient to detect them. Any such receipts or payments would not therefore be included in our report.

In conducting our work, we have relied upon the information and explanations obtained from Reporting Entities.

Our report incorporates information received up to 30th September 2015. Any information received after this date is not, therefore, included in our report. Certain confirmations, that did not affect data or reconciliations, were received subsequently and have been included.

1.3 STRUCTURE OF THE REPORT

The report contains:-

- Foreword from the Chair of the TTEITI Steering Committee
- Administrator's report to TTEITI Steering Committee
- Introduction
- Executive Summary
- Overview of the Extractive Industries in Trinidad and Tobago
- Overview of Flows Reported and Reporting Entities
- Approach, Methodology and Work Done
- Results of the Reconciliation
- Other information
    - Oil and Gas Production
    - Social Expenditures and Infrastructure Provisions
    - Transportation Tariffs
    - Register of Licences
    - Allocation of Licences
    - Beneficial Ownership
    - Contracts
- Recommendations
- Appendices

Full details of amounts reported initially, adjustments made and the reconciled flows analysed by type of financial / in kind flow are reported together with other supporting information in the appendices.

1.4 ACKNOWLEDGEMENTS

We would like to express our sincere thanks to the Ministry of Energy and Energy Affairs, the TTEITI Steering Committee, and to Mr. Sherwin Long, Head of 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.

2 EXECUTIVE SUMMARY

This summary sets out the main findings of the exercise to reconcile the receipts declared by the Government from oil and gas companies included in the EITI reconciliation for 2012/13 with the payments to Government reported by those companies.

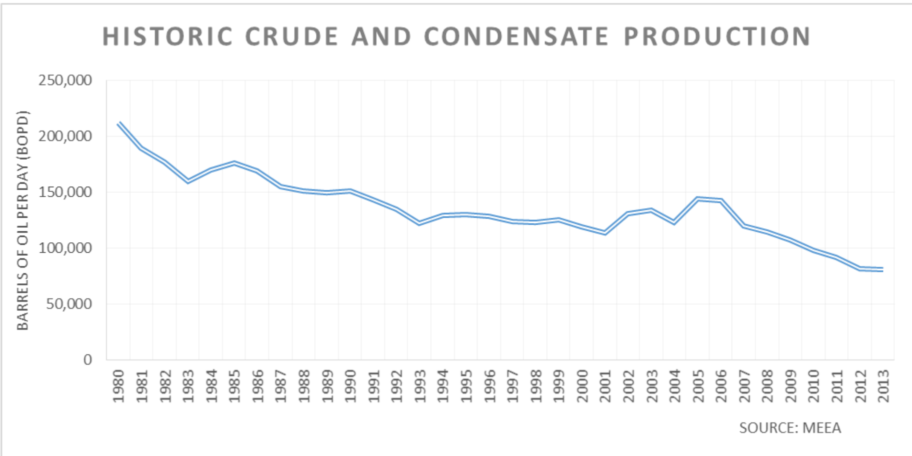
The areas covered are:-

2.1 Sector overview
2.2 Government receipts reported in the EITI reconciliation
2.3 Company payments
2.4 Key findings
2.5 Completeness and accuracy of data, and assurance

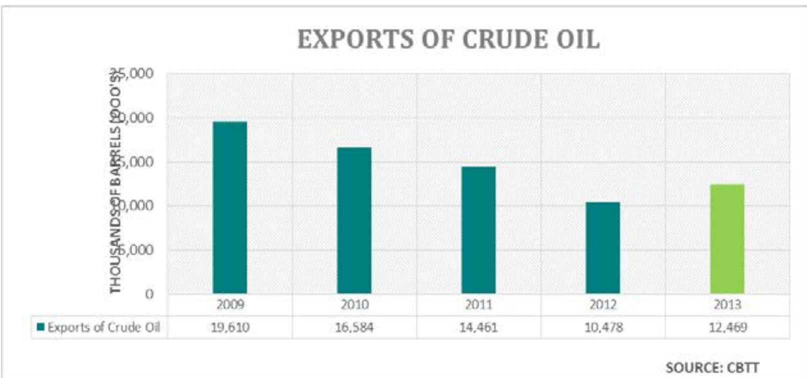
2.1 SECTOR OVERVIEW

2.1.1 OIL

Production of oil and condensate has been slowly falling in recent years.

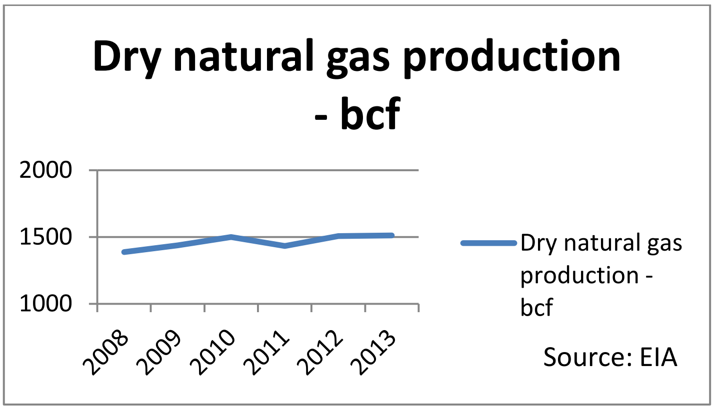


Crude oil exports increased in 2013 in comparison to the previous year.

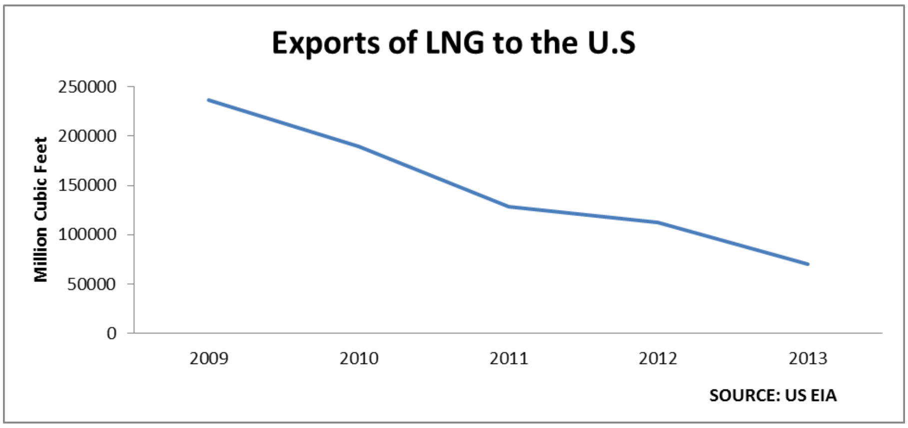


2.1.2 GAS

Gas production has been broadly stable between 2010 and 2013.



LNG exports to its major market, USA, have been falling.



2.1.3 CONTRIBUTION TO THE ECONOMY

The direct contribution of the energy sector to the economy is highlighted in a table published by the Central Bank, reproduced below. In the top half of the table, the financial receipts from the energy sector (including taxes on profits from petrochemicals companies) are shown by type of receipt. In the lower half of the table, the proportion of total government revenues represented by each type of receipt is set out, expressed as a percentage of GDP,

It can be seen that the contribution to GDP has been falling during this period, due primarily to lower corporation tax receipts.

The 2013 figures in the table are noted by the Central Bank as provisional.

	2009/2010	2010/2011	2011/2012	2012/2013P
Energy Sector	51.8	57.6	54.0	50.4
Corporation Tax	33.6	34.1	32.1	28.1
Royalties	4.3	5.1	5.0	4.5
Unemployment levy	2.3	2.6	2.6	2.1
Withholding tax	1.5	1.9	1.6	1.3
Excise duty	0.2	0.2	0.2	0.2
Other Companies[1]	9.6	13.4	12.3	12.6
Oil Impost[2]	0.2	0.2	0.2	0.1
	(PER CENT OF GDP)			
Energy Sector	17.6	18.8	17.4	16.3
Corporation Tax	11.4	11.1	10.4	9.1
Royalties	1.5	1.7	1.6	1.5
Unemployment levy	0.8	0.9	0.8	0.7
Withholding tax	0.5	0.6	0.5	0.4
Excise duty	0.1	0.1	0.1	0.1
Other Companies	3.3	4.4	4.0	4.1
Oil Impost	0.1	0.1	0.1	0.0

SOURCES: Ministry of Finance and the Economy and the Central Bank of Trinidad and Tobago.

2.2 GOVERNMENT RECEIPTS REPORTED IN THE RECONCILIATION

2.2.1 TOTAL GOVERNMENT RECEIPTS FROM THE OIL AND GAS SECTORS

In respect of the financial flows included in the Fiscal 2013 Report, the three government agencies participating in the reconciliation (MOF – IRD, MEEA and MOF – Investment Division) reported

- both the total receipts from the oil and gas sector (Table 2.1 below), and also
- the receipts from each of the companies required to report payments to government (see section 6.2 and Appendix 9.6).

Total government receipts from the sector (including companies not reporting for EITI) were:-

	TT$ m
MOF - IRD	
Total for oil/gas sectors	15,883.4
Less paid by MEEA (Note 1)	(4,663.6)
Paid by companies	11,219.8
MEEA	
Total for oil/gas sectors	6,992.2
MOF - Investment Division	
Total for oil/gas sectors	1,500.0
Total	
Total for oil/gas sectors	19,712.0

Table 2.1

Notes

1. MOF - IRD receives payments both directly from companies and indirectly via the MEEA from the share of PSC profits. In the table above, the amount reported by MEEA is deducted from the MOF - IRD total to eliminate double counting of receipts.
2. Total receipts from the sector were reported to TTEITI SC by the MOF-IRD, MEEA and MOF-Investment Division in relation to the SC's consideration of materiality for the EITI Report.

The final adjusted flows reported by companies to MOF-IRD, MEEA and MOF-Investment Division were TT$ 21,415.5m. These flows include corporation tax payments amounting to $TT 1,408.5m from NGC, which were not included in the MOF-IRD totals for the sector in Table 2.1.

Excluding the corporation tax payments for purposes of comparison, flows of $TT 19,778.3m were reported by government as received from oil and gas companies included in the EITI reconciliation.

A comparison between the adjusted figures reported by companies included in EITI and total figures for the sector (excluding corporation tax) reported by the respective government ministries shows:-

TT$ m	Total sector	Reporting companies	Coverage
MOF - IRD	11,219.8	11,306.4	100.8%
MEEA	6,992.2	6,971.9	99.7%
MOF - Investment Division	1,500.0	1,500.0	100.0%
Total	**19,712.0**	**19,778.3**	**100.3%**

Table 2.1a

The percentage of payments from the sector included in the reconciliation is distorted because the MOF-IRD figures used by the SC require further review (see further comment in section 2.4.3).

2.2.2 SUMMARY OF RESULTS FOR TTEITI RECONCILIATION

Total receipts from the oil and gas sectors in 2012/13, after reconciliation, are set out in Table 2.2 (see also Table 6.2).

Receipts reported by government	Reconciled differences	Unidentified receipts differences	Payments reported by companies
TT$ millions	TT$ millions	TT$ millions	TT$ millions
21,186.79	**195.99**	**32.55**	**21,415.51**

Table 2.2

Reconciled differences comprise:-

Foreign exchange differences	Timing differences	Insurance premium tax on foreign policies	Payments not related to E&P	Total reconciling items
TT$ millions	TT$ millions	TT$ millions	TT$ millions	TT$ millions
0.69	208.90	24.14	(37.74)	195.99

Table 2.2a

The items set out in tables 2.2 and 2.2a are:-

Receipts reported by government

Government receipts after adjustment in the reconciliation

Foreign exchange differences

Foreign exchange differences arise when payments are carried out in US$ and different exchange rates are used to report the amounts in TT$ by the Government and Company.

Timing differences

Timing differences arise when payments are carried out in close proximity to the reporting date. Payments to the MEEA are reported by the Companies on the date paid but are reported by the MEEA on the date the payment cleared in the MEEA's bank account. Timing differences mostly arise in cases where payments are carried out via electronic wire transfer.

Insurance premium tax on foreign policies

Certain companies are insured by foreign insurance companies but transact the insurance policy through the use of a local insurance broker to whom the company pays over the insurance premium tax due. The insurance broker is then responsible for paying over the taxes collected to the Government which is sometimes done as a bulk payment for a number of their customers. This gives rise to the Government being unable to identify the reporting company that would have paid the tax to the insurance broker. In the cases of the BP group and the Petrotrin group, adequate documentation to support the amounts reported as paid by each group for this category was provided.

Payments not related to E&P

Certain operating companies carry out exploration and production (E&P) activities as well as non-exploration and production activities. Payments to the Government made by such companies are made on a total basis and are not separated by E&P and non-E&P activities. For the purpose of this report, such companies have reported the portion of their payments that relate to E&P activities while the Government has reported the total of the payments received.

Unidentified receipts differences

Items that were not reconciled due to an absence of adequate information.

Payments reported by companies

Company receipts after adjustment in the reconciliation.

2.2.3 2012/13 REPORTED RECEIPTS – GOVERNMENT TOTAL

Government receipts from companies included in the EITI Report may be expressed graphically (TT$'000):-

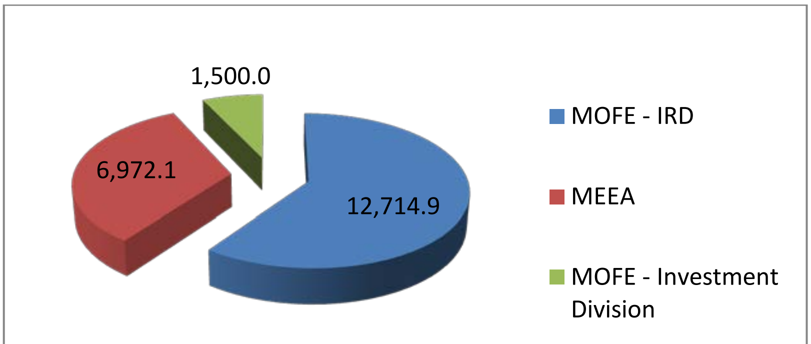


Table 2.3

2.2.4 2012/13 REPORTED RECEIPTS - MOF - IRD

2012/13 receipts reported by MOF - IRD, after reconciliation, may be expressed graphically as follows:-

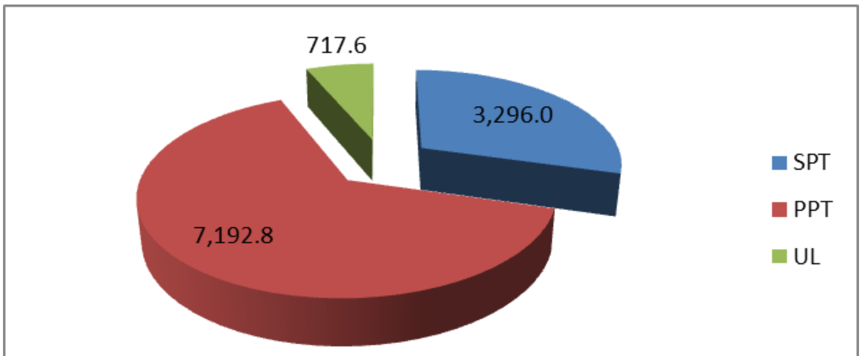


Table 2.4

Other payments comprise:-

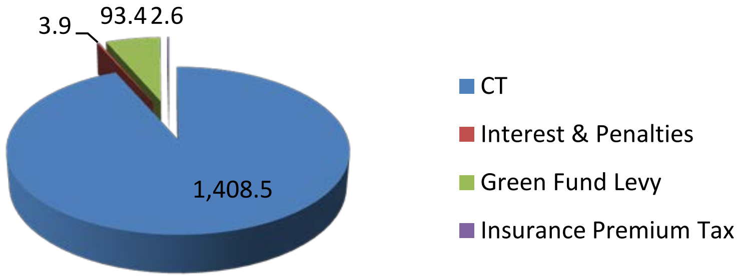


Table 2.5

2.2.5 2012/13 REPORTED RECEIPTS - MEEA

2012/13 receipts reported by MEEA, after reconciliation, may be expressed graphically as follows:-

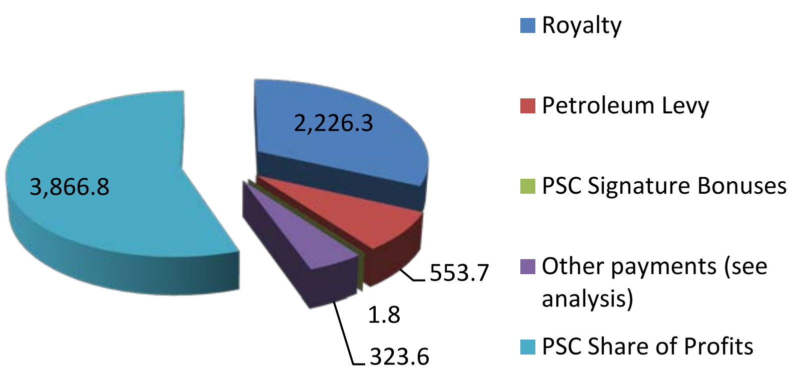


Table 2.6

Other payments comprise:-

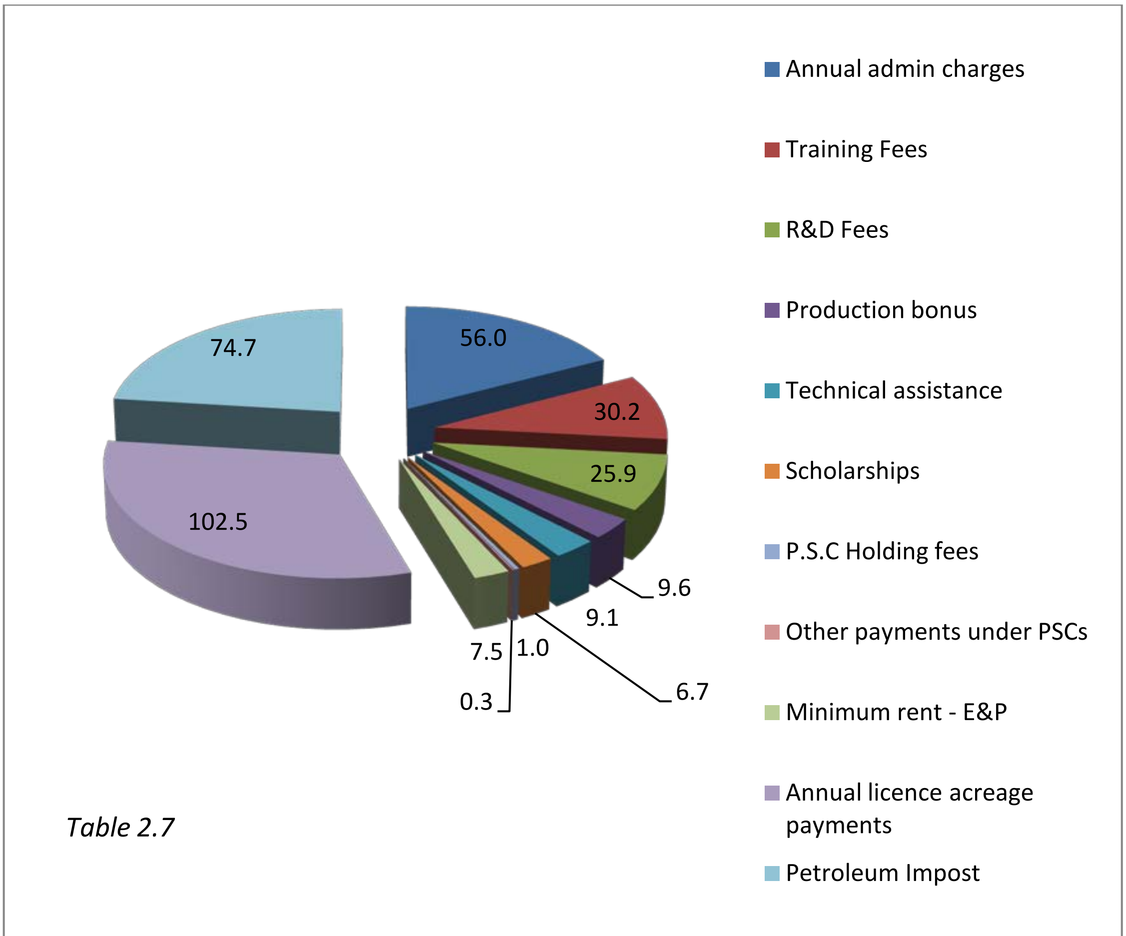


Table 2.7

2.3 COMPANY PAYMENTS

Reconciliation results analysed by company are shown in section 6.2. The return of templates by companies is discussed in Section 2.5.1.

2.4 KEY FINDINGS

The key highlights and conclusions arising from the reconciliation work carried out were:-

1. Confidentiality
    a. Memorandum of Understanding
    b. MOF-IRD
2. Assurance: government figures
3. MOF-IRD reporting
4. TTEITI Memorandum of Understanding
5. Production
6. Selection of entities

2.4.1 CONFIDENTIALITY OF INFORMATION

2.4.1.1 Memorandum of Understanding (MOU)

The new MOU governing the implementation of EITI in Trinidad and Tobago contains a number of provisions relating to confidentiality of information, which were not included in the previous (expired) MOU. Whilst there have been no issues raised with us by reporting entities over confidentiality, a number of the provisions are potential barriers for implementation.

In particular, there is a provision that information is confidential unless all (23) parties agree unanimously on its disclosure unless required by law. And clause 12 of the MOU provides that "a Company ….. shall not be obliged to disclose any information pursuant to this Memorandum or otherwise unless it established, to its own satisfaction, that such disclosure will not contravene any of its own, affiliates', partners' or contractors' obligations to preserve confidentiality or similar obligations imposed by any applicable subsurface use contract, production sharing agreement, licence, law or otherwise".

These provisions impose potential barriers to complete disclosure of information, in that they empower each individual party/company to block disclosure.

2.4.1.2 MOF-IRD

Issues surrounding the sharing and publication of confidential tax information were identified as an obstacle to implementation in an initial legal scoping exercise undertaken in October 2011. The main obstacle identified in that scoping exercise was that the Income Tax Act[2] makes it a criminal offence to divulge a person/company's tax information to a third party even with the consent of the person/company.

Potential solutions have been proposed, as described in Trinidad and Tobago's EITI Report 2012, but there has been no change which overcomes this restriction. There is draft EITI legislation which contains provisions surrounding confidentiality, with specific reference to section 4 of the Income Tax Act, but this has not yet been enacted.

For the 2012/13 reconciliation, the MOF - IRD provided

a. aggregated information on total receipts from the oil and gas sectors; and
b. disaggregated information on receipts in respect of the flows included in the reconciliation from companies in the reconciliation.

While the MOF-IRD has provided data to progress the reconciliation, the confidentiality obligations of the Income Tax Act remain potentially constraining on its capacity to engage with the EITI implementation.

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[2] Section 4.1 states that "every person having any official duty or being employed in the administration of this Act shall regard and deal with all documents, information, returns, assessment lists, and copies of such lists relating to the income or items of the income of any person, as secret and confidential".

2.4.2 ASSURANCE: GOVERNMENT FIGURES

The capacity of the office of the Auditor General to give assurance on the figures declared by government for inclusion in the EITI Report was highlighted in previous EITI Reports. We accordingly met with the Auditor General (AG) to discuss progress and what assurance could be given in respect of the 2012/13 government declarations.

The AG confirmed that the project to improve capacity in the department was under way, but not yet complete. For the 2012/13, the AG said that he is unable to provide assurance that audits have been conducted under INTOSAI (the International Organisation of Supreme Audit Institutions). He also highlighted other matters affecting the assurance which could be given.

2.4.2.1 MOF-IRD

The EITI Standard requires that the multi stakeholder group, in consultation with the Independent Administrator, is required to examine the audit and assurance procedures in companies and government entities participating in the EITI reporting process. Accordingly, we met with the Auditor General to discuss what assurance he would give on the information provided by the MOF-IRD for the 2012-13 EITI Report.

The Auditor General said that they had not been granted access to records in the MOF-IRD relating to income from taxpayers and, having been unable to perform audit work in this area, would not be able to provide any assurance on the declarations made by the MOF-IRD in connection with the 2012-13 EITI Report.

We note that Section 116.2 of the Constitution of Trinidad and Tobago states that the Auditor General or any person authorised by him in that behalf shall have access to all books, records, returns and other documents relating to the public accounts of Trinidad and Tobago. The revenue records held by the MOF-IRD appear to fall into this category.

The MOF-IRD commented that it believed it had statutory obligations to maintain confidentiality in this area and that it had, together with the Auditor General, requested an opinion from the Attorney General.

2.4.2.2 MEEA

The EITI Standard requires that the multi stakeholder group, in consultation with the Independent Administrator, is required to examine the audit and assurance procedures in companies and government entities participating in the EITI reporting process. Accordingly, we met with the Auditor General to discuss what assurance he would give on the information provided by the MEEA.

The Auditor General said that the work carried out by his staff suggested that the MEEA did not carry out audit of information provided by extractive companies as permitted under the agreements with those companies and that he could not give assurance that the declarations made by the MEEA in connection with the 2012-13 EITI Report were correct. The MEEA responded that the Ministry normally carries out quarterly audits of the companies' information in meeting with the requirements under the PSCs. However, based on resource constraints several of these audits were outstanding at the time the 2012/2013 EITI report was being prepared.

2.4.3 MOF-IRD REPORTING

MOF-IRD provided information on companies selected by the TTEITI SC as part of the EITI reconciliation process. MOF-IRD also provided information to the TTEITI SC on total receipts from the sector, in connection with the determination of materiality for the reconciliation.

2.4.3.1 Commentary on total sector information

There were some anomalies in the entities listed in the total receipts information, which were resolved during the course of the reconciliation (see section 7.8.1).

The total information provided to the TTEITI Steering Committee identified the SPT, PPT and the Unemployment Levy separately, and recorded a total for other receipts. It was not part of the terms of reference for this assignment to validate these totals, but we observe this does not comply with practice under Requirement 4.2.a of the EITI Standard, that disclosure should be made of the total receipts under each of the benefit streams agreed in the scope of the EITI Report.

As noted earlier (section 2.2.1), the total payments to MOF-IRD reported by companies included in the reconciliation exceeds the amount reported by MOF-IRD for receipts from the whole sector.

2.4.3.2 Commentary on transfers from MEEA to MOF-IRD

All companies make payments directly to MOF - IRD for the taxes it collects, except that in the case of PSCs the liability for 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 Petroleum Operations under the PSC is settled by transfer of money from MEEA to MOF - IRD, from the share of PSC profits, which is paid to MEEA. MOF-IRD issues assessments to individual companies and notifies MEEA, which makes a payment to MOF-IRD in settlement.

MEEA reported the amounts it paid to MOF-IRD in Fiscal 2012/13 as part of its declaration of total receipts from the sector; the payment for 2012/13 totalled TT$ 4,664m. It was not part of the Terms of Reference for the current year to reconcile these payments but we noted discrepancies between amounts reported by MOF-IRD and MEEA in the information provided to the TTEITI SC for purposes of its assessment of materiality. We also observe that reconciliation of these material transfers is part of improving the understanding of government revenues, and the transfer of funds received by one Ministry (MEEA) but reported as income by another Ministry (MOF-IRD).

We recommend that these payments between MEEI and MOF-IRD should in future be reconciled during the 2013/14 EITI reconciliation.

2.4.4 TTEITI MOU

The EITI implementation in Trinidad and Tobago is voluntary and not governed by legislation[3]. The process is overseen by a Steering Committee established by Cabinet Minute 716 (Second Session) – 2010/09/09, and government, civil society and companies sign a Memorandum of Understanding. The first MOU was signed on 7th June 2013 and covered the production of the first two EITI reports. A second MOU was signed on 30th July 2015 and covers the production of the third and fourth EITI Reports.

The MOU approach followed by Trinidad and Tobago has features which require consideration:-

- The continuity of the EITI implementation is not guaranteed, insofar as the first MOU was limited to the production of two EITI Reports, and the current MOU expires upon publication of the fourth TEITI Report
- In order to sustain the implementation of EITI, the MOU must be regularly renewed
- The renewal process consumes time and resources, which would otherwise be available for EITI development
- The process provides no indication of long term commitment

2.4.5 IN KIND FLOWS

The EITI Standard requires disclosure of the sale of the state's share of production or other revenues collected in kind where such flows are material. This includes transfers between state owned enterprises and other government agencies. As recommended by the Standard, the TTEITI Steering Committee required that these flows should form part of the reconciliation and templates were issued to government, state owned enterprises and companies.

The PSCs and E&P licences permit the government to receive certain payments in kind or in cash. Two companies declared in-kind flows (section 6.4) for supply of gas to NGC, while a third company – which we understand has a similar arrangement for supply to NGC – did not report an in kind flow.

We did not have access to the agreements governing these arrangements, nor to the basis on which MEEA determines the price payable to NGC for in kind gas.

These areas requires clarification by the TTEITI SC.

[3] There is a draft EITI Bill, which has not yet been enacted.

2.4.6 MATERIALITY DEFINITION AND THRESHOLDS

The TTEITI SC determined the materiality thresholds and selected the companies which should participate in the 2012/13 reconciliation based on information from MEEA and MOF-IRD[4]. We identified 4 companies which were incorrectly included on the list and other instances where ownership and/or company names had changed[5] .

MEEA and MOF-IRD should ensure that their information is reliable and regularly updated so that monies due to the government are not put at risk; and TTEITI Steering Committee should conduct better due diligence in advance to ensure that information on which future materiality decisions are based is up to date and reliable.

2.4.7 GENERAL

2.4.7.1 Issue of templates

In view of the timing of the appointment of the Independent Administrator and the desire to meet the reporting deadline set by the Standard, the TTEITI SC took a decision to dispatch reporting templates for the 2013 fiscal year to government and companies ahead of the appointment of the administrator. The 2013 reporting templates were unchanged from the 2012 reporting templates except for changes in the dates on the templates and the return address which was set as the TTEITI Secretariat.

2.4.7.2 Quality of information from reporting entities

The quality and content of information provided by reporting entities was generally satisfactory.

While the BG Group submitted their reporting templates on time, the initial reporting was not in accordance with the reporting instructions, since audited financial statements as well as details of receipt numbers for several reported payments were not included. Responses by the BG Group to follow up questions on the reconciliations were slow, which, according to the BG Group was due to missing receipts. The BG Group explained that all receipt numbers were not included as the original receipts were not provided by the MEEA. However, the MEEA said it conducted a review of its records which indicate that the said original receipts were provided to the BG Group.

2.4.7.3 MEEA systems

The information systems used by the MEEA are manual and much effort by the MEEA staff was required to be able to provide information. The ability of the data systems and reporting used in MEEA to produce the information required for EITI reconciliations on a continuing basis should be examined and, where appropriate, improvements made. This is discussed further in Section 8.1.10.

[4] See Appendix 9.4 for the SC's materiality decision.
[5] See section 7.8.

2.4.7.4 *Definition of production*

In carrying out production reconciliations, we noted that one company reported production net of re-injected natural gas while MEEA has reported the total volume initially extracted as production for that company. This issue highlights the requirement for the TTEITI SC to clarify its definition of production for use in future EITI reports.

2.4.7.5 *Project level reporting*

The TTEITI SC confirmed it had considered project level reporting and decided not to progress this area until suitable definitions had been agreed; and that it would continue to monitor international progress

2.5 COMPLETENESS AND ACCURACY OF DATA AND ASSURANCE

2.5.1 COMPLETENESS AND ACCURACY OF DATA

Based on the list of entities specified by the TTEITI Steering Committee to be included in the reconciliation, we comment on their participation in the reconciliation.

i. Of the three government entities included in the reconciliation scope, MEEA and MOF – Investment Division have returned reporting templates, with the accompanying declaration signed by the Permanent Secretary. In the case of MOF – IRD, we await a signed declaration form.
ii. All companies included in the reconciliation scope have returned templates, except
   - Chaoyang Petroleum (Trinidad) Block 2C Limited
   - Companies in the Niko Resources Group
     - Niko Resources (Block 4B Caribbean) Limited
     - Niko Resources (NCMA 2 Caribbean) Limited
     - Niko Resources (NCMA 3 Caribbean) Limited
     - Niko Resources (Trinidad and Tobago) Ltd (Block 2ab)
   - Total E&P Trinidad Block 3A Unlimited
   - BG Trinidad and Tobago Limited Block 6
   - BG Trinidad and Tobago Limited NCMA
   - Chevron T&T Resources Block 5A
   - Chevron T&T Resources Block 6

   Chaoyang Petroleum (Trinidad) Block 2C Limited officially vacated Trinidad and Tobago in June 2015. We understand that the TTEITI Secretariat has been unable to contact a representative from the Company to whom the reporting template could be sent. The Government has not reported any direct receipts from this company in the various reporting templates.

   Niko Resources' representative has indicated that Niko is currently relocating the Trinidad data server and it will take time to install and reconfigure the server. Reporting will be delayed until information can be made available to Finance. Niko further requested an extension until

October 30, 2015 to report as required. The MEEA has reported receiving payments of TT$47,090,432 from the Niko companies listed above.

Total E&P Trinidad Block 3A Limited was dissolved and struck off from the Trinidad and Tobago Companies Register on August 14, 2015. The Government has not reported any direct receipts from this company in the various reporting templates.

BG Trinidad and Tobago Limited Block 6, BG Trinidad and Tobago Limited NCMA, Chevron T&T Resources Block 5A and **Chevron T&T Resources Block 6** appear to have been included on the list of reporting companies in error (see detailed discussion in section 6.5).

iii. All company template declarations were signed by a Board level or senior level manager

2.5.2 ASSURANCE

In accordance with the decision of the TTEITI Steering Committee, figures provided by government for the current reconciliation were approved by senior government officials but were not confirmed by the Government Auditor General.

Data provided by companies was approved by a senior official of each company. Companies were asked to provide audited financial statements, and a summary of the information provided is included in Appendix 9.7.

3 OVERVIEW OF THE EXTRACTIVE INDUSTRIES IN TRINIDAD AND TOBAGO[6]

3.1 INTRODUCTION

The Extractive Industries Transparency Initiative (EITI) is a global initiative which promotes transparency and accountability by companies and governments engaged in the oil, gas and mining industries. To achieve this, the EITI seeks to disclose to the public the reconciled accounts of the total government revenue received from companies in the extractive industries and the amounts paid by these companies to the Government.

Civil Society can play an important role in monitoring the EITI implementation process and in using the EITI Report information to ensure full accountability for revenues earned and taxes paid by the Government and companies. In order to do so effectively, Civil Society must understand how the energy sectors work and be aware of how its oil and gas resources are being managed. To this end, Civil Society must be equipped with the right tools, capability and information to contribute meaningfully to the process.

This Mini Scoping Study of the Trinidad and Tobago Extractive Sectors is meant to provide an overview of the structure and recent performance of the oil and gas sectors in Trinidad and Tobago (T&T). Importantly, it is presented in a form that is easily understood by members of Civil Society and the public at large. The study covers the period 2009 to 2013, with emphasis on the Fiscal Year (FY) 2013.

Sections 2 and 3 of the study provide insight into the major players in and the structure and performance of the extractive industries. Section 4 analyses data on the contribution of the extractive industries to the economy, placing emphasis on government revenue, gross domestic product (GDP), export earnings and employment. This section also provides readers with an explanation of the key factors that determine the level of Government revenue from the sector.

One such factor is the Legislative and Fiscal regime which is covered in greater detail in Section 5 of this report. In keeping with the transparency and accountability objectives of the EITI, Section 6 gives a clear description of how revenues gained from the extractive sectors are spent to the benefit of citizens. Apart from outlining Government's current expenditure profile, this section focuses heavily on two areas in which Government directly allocates energy sectors revenues – i.e. the Fuel Subsidy and Heritage and Stabilization Fund.

[6] Section 3 is reproduced from a study by Gregory Mc Guire commissioned by the TTEITI Steering Committee and has not been validated by the Administrator.

The study concludes with an overview of the structure and fiscal contribution of the major State-Owned energy companies as well as their spending on corporate social responsibility (CSR) initiatives. These companies are the Petroleum Company of Trinidad and Tobago (Petrotrin), the National Gas Company of Trinidad and Tobago (NGC) and the National Petroleum Marketing Company Limited (NP).

3.1.1 History

Trinidad and Tobago is the only Caribbean State that is not a net energy importer and, instead, is a major exporter of oil and Liquefied Natural Gas (LNG). The Minister of Finance and the Economy reported that the country's energy sector contributed 42.9% of GDP, 85% of the country's exports and 50.4% of total revenues in 2013.

Trinidad and Tobago's hydrocarbon resources have been exploited since the 16th century, when Sir Walter Raleigh used the Pitch Lake on Trinidad - the largest natural deposit of asphalt in the world - to caulk his ships. Trinidad and Tobago has been a site for dedicated petroleum exploration since 1857, when a well was drilled 280 feet by the Merrimac Corporation next to the Pitch Lake - two years before Edwin Drake sank his well in Titusville, Pennsylvania. In 1901, and with Canadian financial backing and expertise, the productivity of the Trinidad fields was proved and, until 1934, Trinidad was the eleventh largest producer of oil in the world.

Gas became more popular subsequent to WWII, when the drive to promote electricity sales as a means of stimulating industrialisation led to gas being made available as a low- cost fuel. By the 1950s, natural gas was being used in the production of ammonia and cement. In 1969 a gas field of significant potential was discovered off the east coast of Trinidad, and became the lynchpin of an industrialisation policy facilitated by the creation of the National Gas Company of Trinidad and Tobago in 1975. The National Gas Company was formed to develop the gas market in Trinidad and was granted monopoly rights for the purchase, transmission, and sale of gas within the country, though Trinidad never completely nationalised the upstream oil industry.

By the early 1990s, the hydrocarbon sector in Trinidad and Tobago had transitioned from being oil-dominant to predominantly natural gas based. Whilst most oil and gas production is focused offshore, the Government has recently begun to encourage onshore development, and 2013 saw the first dedicated land-based bid since the 1990s.[7]

3.1.2 Petroleum Geology of Trinidad and Tobago

[7] Paragraphs 3.1.1, 3.1.2, 3.2.1, 3.11, 3.12 and 3.13 were prepared by the TTEITI Secretariat for the EITI Report. The remaining paragraphs are reproduced from a Mini-Scoping Study of the Extractive Sectors by Consultant Gregory McGuire commissioned by the Trinidad and Tobago Multi-Stakeholder Group Steering Committee which has not been validated by the Administrator.

The main hydrocarbon basins in Trinidad and Tobago are shown in Figure 1.

The **Southern Basin** has been the site of petroleum exploration since 1857. Several oil fields have been developed since that time, and total oil production so far has exceeded 1.5 billion barrels of oil. The Basin is the largest contributor to date of oil production in the country.

The discovery of the Angostura field in 1999 in the **Central Range/Darrien Ridge** suggested resources of 450 million barrels of oil and 1.75 tcf of natural gas, and revitalised exploration interest in these features.

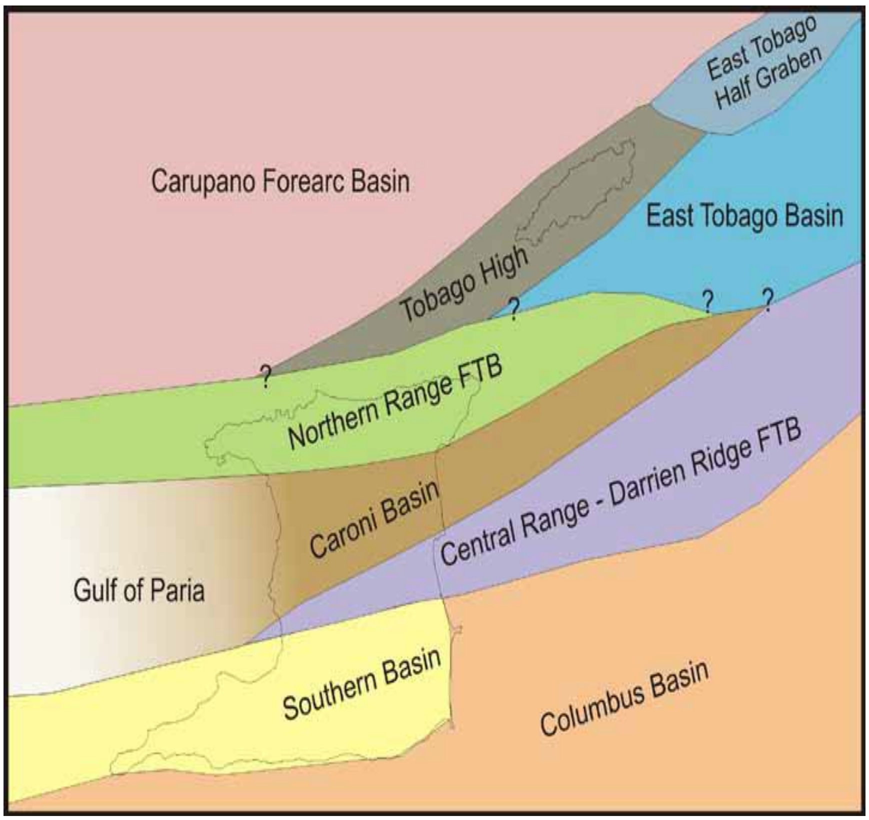


Fig. 1 *Trinidad and Tobago Ministry of Energy and Energy Affairs*

The **Northern Range** marine area has produced around 500mscfd of almost pure methane with very little liquid.

Several giant natural gas fields have been exploited within the **Carupano Forearc Basin**, including Dragon, Patao, El Caribe, Hibiscus, Chaconia, and Poinsetta.

Natural gas has been discovered in the onshore **Caroni Basin**, and both oil and gas have been discovered in the **Gulf of Paria**. The Gulf is a recent area of exploration populated by smaller firms from Canada, Italy, Venezuela, and Taiwan. Together, the Caroni-Paria system has so far produced over 200mbbl of oil.

The **Columbus Basin** has so far produced 1 billion barrels of oil and 25 tcf of gas. Large oil fields have been discovered since 1968 but contemporary major production comes from several gas and condensate fields which feed domestic downstream gas industries. As such, the potential of the Columbus Basin has not been realised. This also applies to the untapped continental slope and ultra-deep areas of the basin.

3.1.3 Minerals

Mineral mining is conducted for sand and gravel, yellow limestone, porcellanite, clay, blue limestone, red sand, oil sand and asphalt. Sand and gravel, yellow limestone and porcellanite account for the majority (73 percent) of mineral production.

The mineral resources are widely distributed across Trinidad. Blue limestone is quarried in the Northern Range for use in the construction industry while red sand, is used as a low grade fill material and as a construction finishing material. Yellow limestone is quarried mainly in south-central Trinidad. Clay is used in the manufacture of blocks, tiles and pottery and is extracted from the central and south-eastern regions of Trinidad. Porcellanite is used as low grade road base material.[8] Oil Sand and Asphalt are found in the oil belt of the south-western peninsula. In Tobago the primary material quarried is andesite. The primary quarries in Tobago are the Green Hill, Studley Park and Winfield Scotts Quarries.

3.2 THE STRUCTURE OF THE EXTRACTIVE INDUSTRIES IN TRINIDAD AND TOBAGO

Extractive Industries refer to those industries engaged in the exploration, production, processing and sale of natural resources. The Extractive Industries Transparency Initiative (EITI) defines extractive industries as industries in the oil, gas, and mining sectors. However, for the purposes of this study emphasis is placed solely on the oil and gas sector with a brief note on the activities of the mining sector included.

3.2.1 The Oil and Gas Value Chain

To fully grasp the workings of the energy sector, it is imperative that the concept of an oil and gas value chain is understood. In simple terms, this concept refers to the process through which the value of oil and gas increases as they move from one stage of production to the next; that is from the upstream through the midstream and the downstream sectors and finally to the end market consumer.

Generally, companies operating in the upstream sector, such as bpTT, BGTT, and Petrotrin, are involved in drilling exploratory wells in search of undiscovered resources and successively bringing these resources to the surface. For this reason, this sector is commonly referred to as the ***Exploration and Production or E&P sector.***

After these resources are extracted, they are sent to the ***midstream sector*** which refines, processes, stores, transports and markets natural gas, crude oil and refined products. In keeping with the concept of the energy sector value chain, as the extracted resources are refined and processed in the midstream sector they become more valuable. The National Gas Company of Trinidad and Tobago (NGC), the Petroleum Company of Trinidad and Tobago Limited (Petrotrin), Phoenix Park Gas

[8] Ministry of Energy and Energy Affairs, 2012

Processors Limited (PPGPL) and Atlantic (formerly known as Atlantic LNG) are the major midstream companies in the natural gas sector in Trinidad and Tobago (T&T). NGC purchases, compresses, sells, transmits and distributes natural gas to petrochemical companies and steel and power plants, among others, on the Point Lisas Industrial Estate. Phoenix Park Gas Processors Limited (PPGPL) extracts propane, butane and natural gasoline from natural gas prior to its sale to the downstream consumers of NGC. Products from Phoenix Park are sold on the local and international markets. NGC also transports gas to Atlantic in Point Fortin. Atlantic, the largest single consumer of natural gas, converts the gas into a liquid form (liquefied natural gas - LNG), so that it can be shipped to different countries of the world. Because this conversion of natural gas to LNG is a midstream activity, Atlantic is also considered to be a midstream operator. Similarly, Petrotrin, which operates the only oil refinery in T&T, is midstream in the oil sector. Petrotrin produces a range of petroleum products, including diesel, kerosene, aviation fuel and various grades of gasoline.

Finally, the ***downstream sector*** also buys natural gas from NGC and converts it into Ammonia, Methanol and Urea, also referred to as petrochemicals. Petrochemicals are valuable chemicals which are used to produce many other intermediate and finished goods including plastics, resins, lubricants, gels and fertilizers. Methanex, Methanol Holdings Trinidad Limited, PCS Nitrogen and Yara are among the downstream operators which produce these petrochemicals. Downstream activities also include the use of natural gas as fuel in power generation, transportation (i.e. CNG) and in the manufacture of Cement, Steel and several other light manufacturing products (See (Figure 2). These conversion processes further increase the value of the natural gas resources.

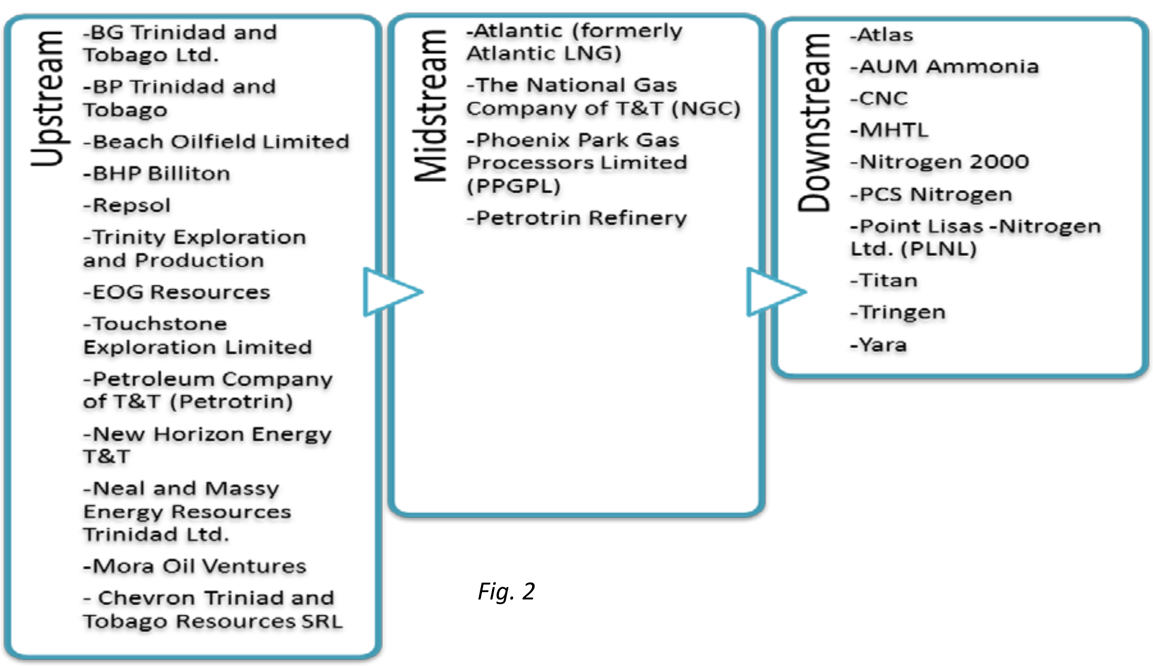


Fig. 2

3.3 EXPLORATION AND DEVELOPMENT DRILLING ACTIVITY

Upstream companies drill both on land and offshore/in marine areas (*see Table 1 for a list of onshore and offshore areas drilled in 2013*). T&T's main marine producing fields are located on the North Coast (North Coast Marine Area), the East Coast (East Coast Marine Area), and the South West Coast (South Coast Marine Area). On land, production is concentrated in South Trinidad (e.g. Guayaguayare and Point Fortin) and in Central Trinidad (e.g. Central Range Block & Central Block).

Table 1

Onshore and Offshore Fields/Blocks Drilled in 2013			
Onshore Field	***Operator***	***Offshore Field***	***Operator***
Parrylands	Petrotrin (LO)	Immortelle	bpTT
Forest Reserve	Petrotrin (LO) & Petrotrin	Savonette	bpTT
Fyzabad	Touchstone Exploration	Starfish	BGTT
Coora	Petrotrin (LO)	Block 22 & NCMA 2	Centrica
Parrylands	Petrotrin	Osprey	EOG
Quinam	Petrotrin (FO)	East Brighton	Repsol
Palo Seco	Petrotrin (LO)	Galeota	Trinity Exploration and Production
Erin	Petrotrin (LO)	Brighton Marine	Trinity Exploration and Production
Guapo	Petrotrin (LO)	Main Soldado, Southwest Soldado & Trinidad Northern Area Block	Petrotrin TRINMAR

Source: Ministry of Energy and Energy Affairs
Notes: LO- Lease Operator, FO—Farm-Out Operator

Exploration vs. Development Drilling

<u>*Exploration or exploratory drilling:*</u> involves drilling in search of undiscovered oil or gas reservoirs.

<u>*Development drilling*</u>*:* occurs after oil and gas have been discovered and is done to determine the size and grade/quality of the deposit.

These broad areas or acreages with potential hydrocarbon resources are separated into smaller pieces referred to as 'blocks'. Through competitive bid rounds, energy companies submit bids to explore and produce oil and gas in specific blocks which are offered by the government. In May 2013, the Government launched an Onshore Bid Round requesting companies to submit bids to explore and produce on 150,000 acres of State land. The blocks offered were the Rio Claro Block (74,954 acres), the Ortoire Block (44,731 acres) and the St. Mary's Block (37,760 acres). Eleven companies submitted bids and the results were announced in 2014. Also, a Deepwater Competitive Bid Round was a held in August of 2013 in which six blocks in the East Coast Marine Area (ECMA) and Trinidad and Tobago Deep Atlantic Area (TTDA) were offered with a closing date of January 2014.

After a company or consortium (group of companies) wins a bid, they must obtain the right to drill and produce by agreeing to certain terms in a production-sharing contract drawn up by the Government (see Section 5 for an explanation of this legal framework). Only after the execution of such a contract can the company engage in a drilling program to find undiscovered oil or gas reservoirs. This type of drilling is known as **exploration** or **exploratory drilling**. Typically, the upstream company drills test holes to locate the areas in which there are deposits of hydrocarbons. Once hydrocarbons are found the upstream producer drills to determine the size and quality of the deposit to see if it is worth bringing to the surface for commercial use. This is referred to as **development drilling**. Trinmar (Trinidad in the Northern Area Block), Centrica (Block 22 and the NCMA4), Trinity Exploration and Production (Galeota) and Repsol (East Brighton) all drilled exploratory wells in 2013

Given the pivotal role of drilling in finding and producing new hydrocarbon resources, the extent of drilling activity (*measured by the number of feet drilled)* is a reliable indicator of how well the upstream sector is performing. In 2013, there was a marked improvement in drilling activity when compared to activity in 2009. In the aftermath of the 2008 global financial crisis, there was a 71 percent drop in the total number of feet drilled from 497,475 feet in 2008 to only 145,615 feet in 2009. However, after 2009 drilling activity recovered markedly from 185,238 feet in 2010 to 355,605 feet in 2013.[9] See 3.

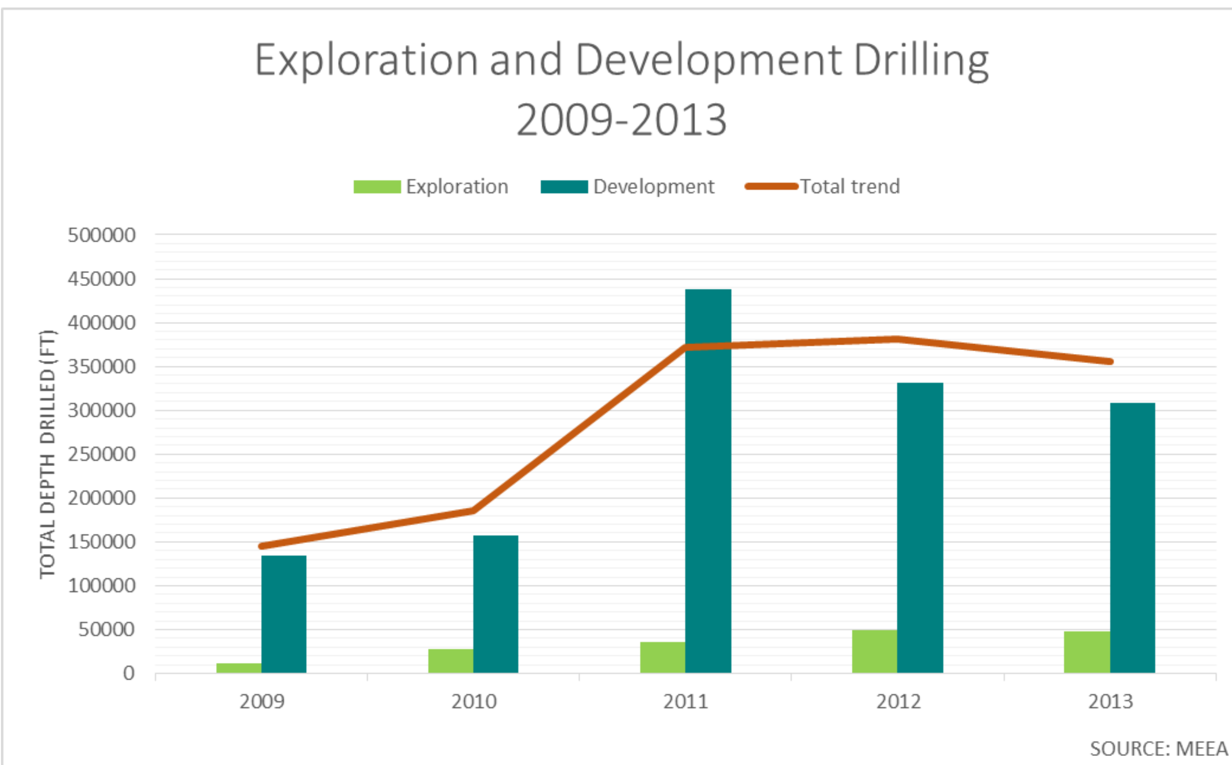


Fig. 3

[9] Ministry of Energy and Energy Affairs, 2009-2013

3.4 DOMESTIC PRODUCTION & EXPORTS

3.4.1 Oil Production

When companies drill for oil and gas a typical well may produce oil and/or gas in different proportions. The liquids produced with gas are called condensates. Condensate production is counted with crude oil and contributes about one quarter of overall oil production in T&T. Therefore, total oil production is comprised of the combined output of both crude oil and condensates.

In total, oil production for the year 2013 was roughly 29.6 million barrels, a decrease of 1% less than the amount produced in 2012 (29.9 million barrels).[10] Petrotrin, the country's major oil producer accounted for more than half of the total oil production, of which 27% was produced by Trinmar (a division of Petrotrin that operates in the Soldado Field); 16% by Petrotrin (onshore); 10% by Petrotrin through two marginal field programmes – Lease Operatorship and Farm Out (LOFO) and Incremental Production Service Contracts(IPSC)(see Figure 4).

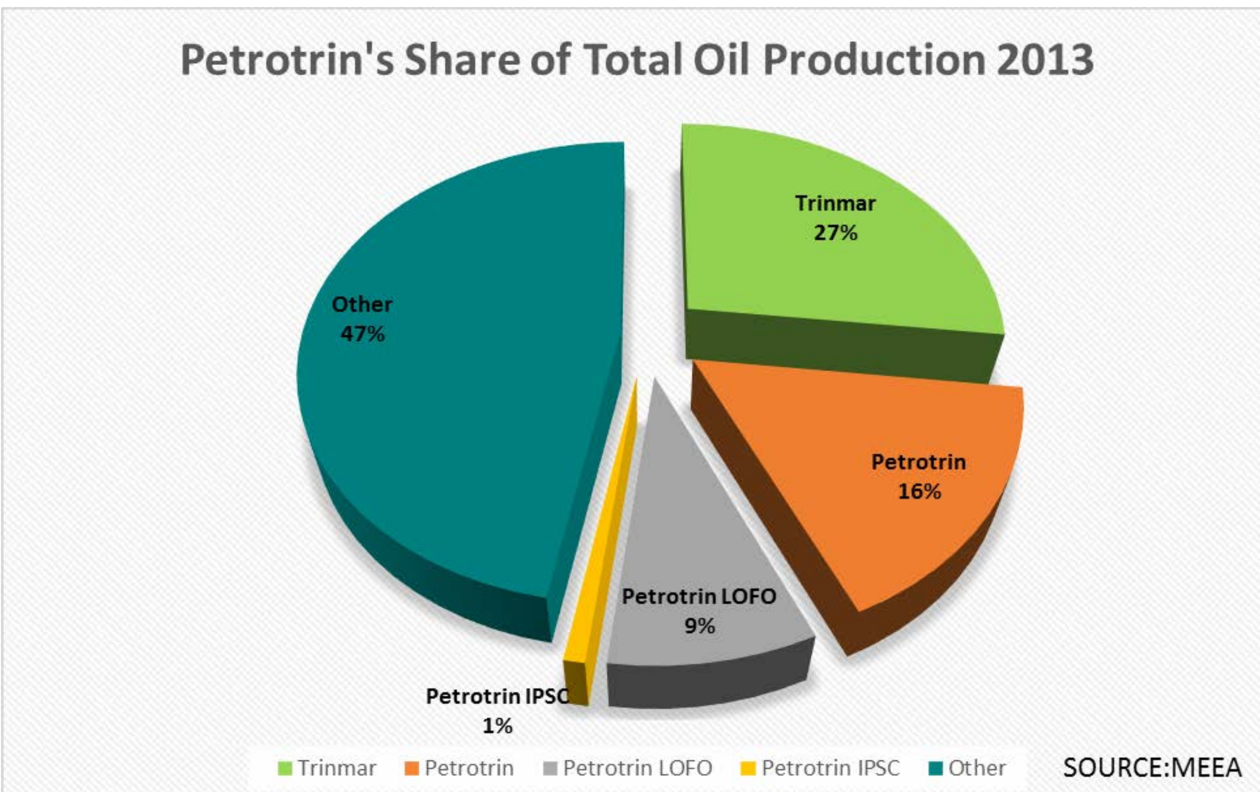


Fig. 4

[10] Ministry of Energy and Energy Affairs, 2013

T&T has been producing oil since 1909 and naturally its oil reservoirs have become mature and significantly depleted, particularly those on land. As a result, oil production has declined consistently in recent years (See Figure 4). Average daily oil production decreased from 106,756 barrels of oil per day (bopd) in 2009 to 81,114 bopd in 2013 – a 24% fall. In fact, the year 2010 marked the first time since 1957 that average crude oil and condensate production fell below 100,000 bopd.

Between 2009 and 2013, most of the crude oil and condensate production (76%) occurred offshore. During this period production on land averaged 22,422 bopd which was much lower than offshore production of 69,519 bopd (MEEA 2009-2012). However, this was expected given that onshore oil fields are significantly more depleted and mature than offshore fields.

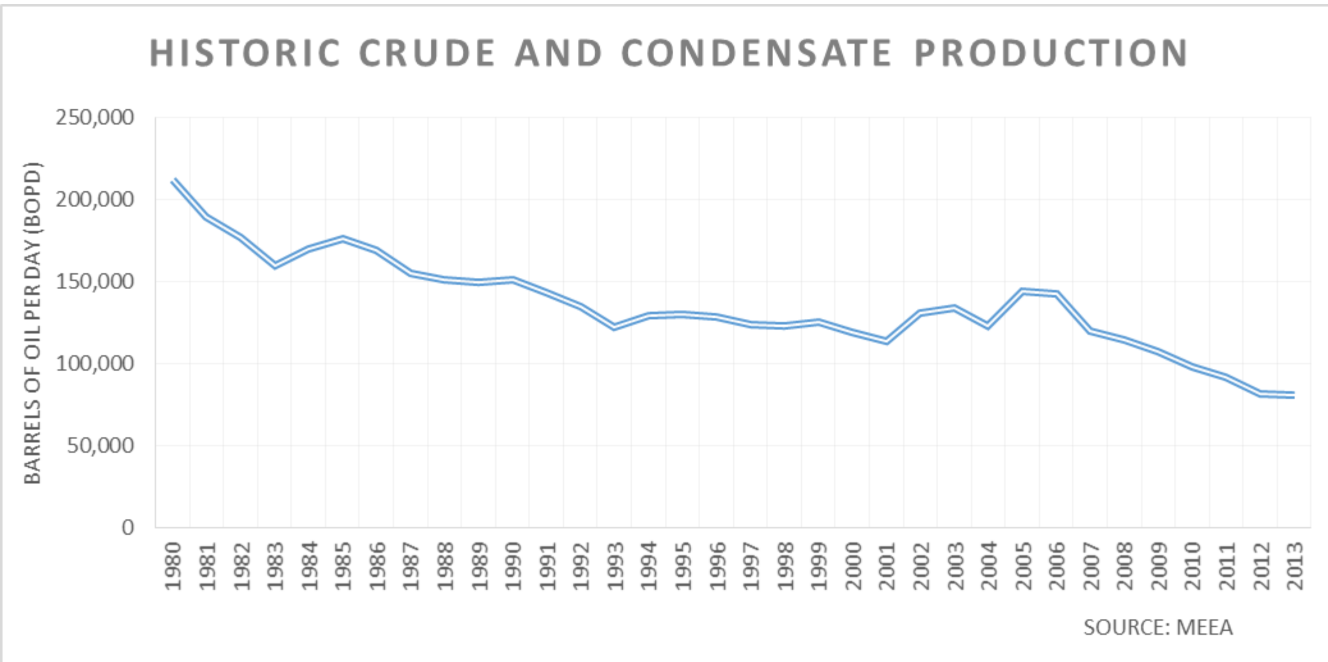


Fig. 5

Although many of the land fields are mature/marginal, resources can still be extracted. Petrotrin uses an arrangement known as Lease Operatorship and Farm Out (LOFOs) to contract smaller operators to produce from these fields because extracting from mature fields is more cost-effective for smaller companies. Over the past five years, LOFOs have accounted for roughly 7% of total crude and condensate production.

In an attempt to revitalize oil production, Petrotrin has applied new technology such as 3D seismic surveys to improve the exploration success rate, while seeking to develop the West and Southwest Soldado and Jubilee fields.[11]

[11] Central Bank of Trinidad and Tobago, 2013

3.4.2 Oil Refining

Refinery throughput refers to the number of barrels of oil per day processed into refined products by a refinery. State-owned Petrotrin operates T&T's only local refinery at Pointe- à-Pierre which refines oil to make fuel oil, gasoline, kerosene, diesel aviation fuel and LPG.

The Petrotrin refinery operates below its full capacity. In fact, while it has the capacity to process 168,000 barrels per day, during 2013 throughput was approximately 48,148 barrels per day or roughly 29% of the refinery's capacity. This means that the refinery had 71% unused capacity to process more barrels of oil into refined products. Therefore, Petrotrin imports crude from other countries (e.g. Gabon, Russia, Colombia and Barbados) to process at its refinery.[12] Petrotrin imports this oil directly on its account or under processing agreements.

Downtime at several plants at the refinery, coupled with industrial unrest during the second part of 2012, led to the decline of crude refining activity in September and October 2012 Figure 5 shows that during the last quarter of 2012 refinery throughput decreased by approximately 68%. Similarly, the contraction in crude oil refining activity reduced the volume of crude oil imported for refining. In 2013, however, Petrotrin's refinery was back up and operating at near-full capacity by June. A week-long industrial action which occurred in March 2013 did not have any significant impact on refinery throughput or product sales.[13] In fact, at the end of 2013 total refinery sales (i.e. both local and export sales) increased by 12.6% to 47.6 million barrels, up from 42.1 million barrels in 2012. Refinery throughput also improved in 2013 to 48.2 million barrels from 39.1 million barrels in 2012.

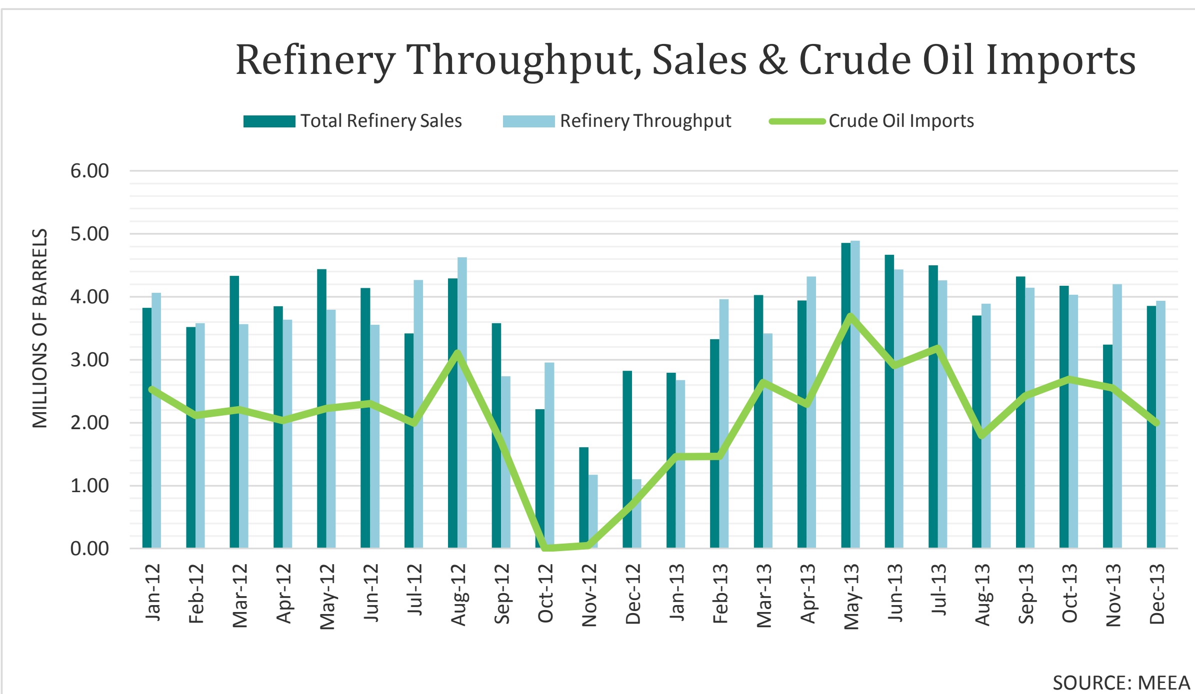


Fig. 6

[12] Ministry of Energy and Energy Affairs, 2013
[13] Central Bank of Trinidad and Tobago, 2013

3.4.3 Oil Exports

In line with the decreasing trend in oil production, exports of crude oil have also been declining over the period 2009-2012. However, although oil production declined in 2013, international shipments of crude increased by 19% from its value in 2012. This was due to higher production levels from bpTT and a new entrant Trinity Exploration and Production Limited.[14] See Figure 7.

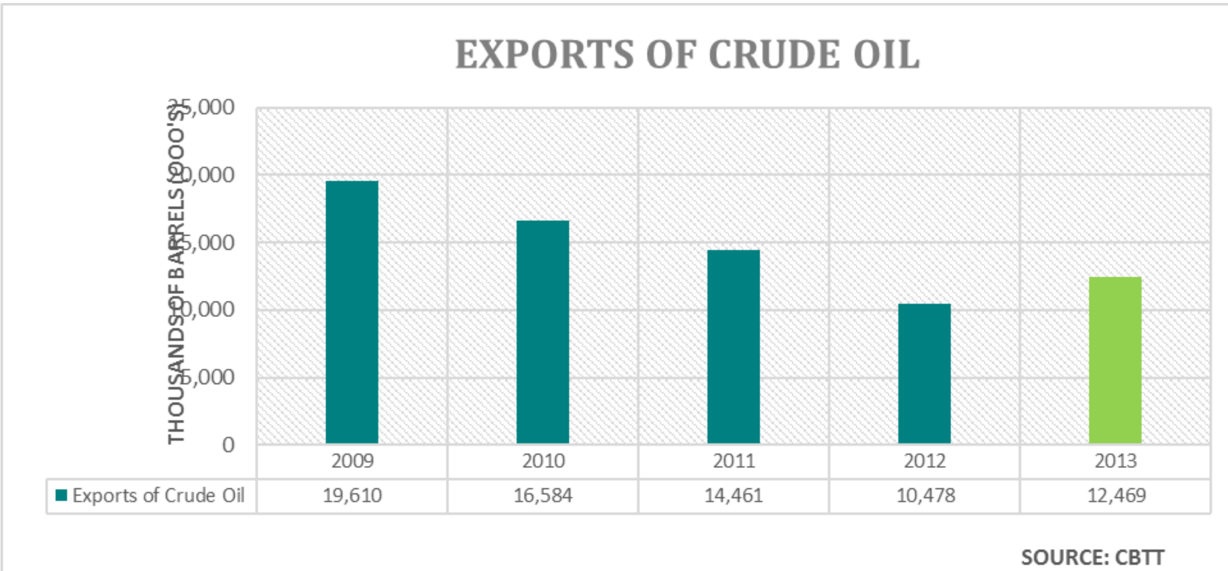


Fig. 7

3.5 NATURAL GAS

Natural gas production in T&T is dominated by four large foreign multinational corporations. bpTT is the largest producer (59.9%), followed by BGTT(22%), EOG Resources (11.9%) and BHP Billiton (10%). The remaining 1.3% is produced by Trinmar, Repsol and Petrotrin (MEEA 2009-2013).

In September of 2013, there was a significant natural gas supply shortage which was caused by continued upgrade and maintenance work on the offshore installations of the country's largest gas producers, BGTT and bpTT. This was evidenced by the sharp 20% drop in production between August and September 2013. Nonetheless, natural gas production rebounded by the end of the year and increased marginally from 4,122 million standard cubic feet per day (mmscf/d) in 2012 to 4,145 mmscf/d in 2013. See Figure 8.

[14] Central Bank of Trinidad and Tobago, 2013

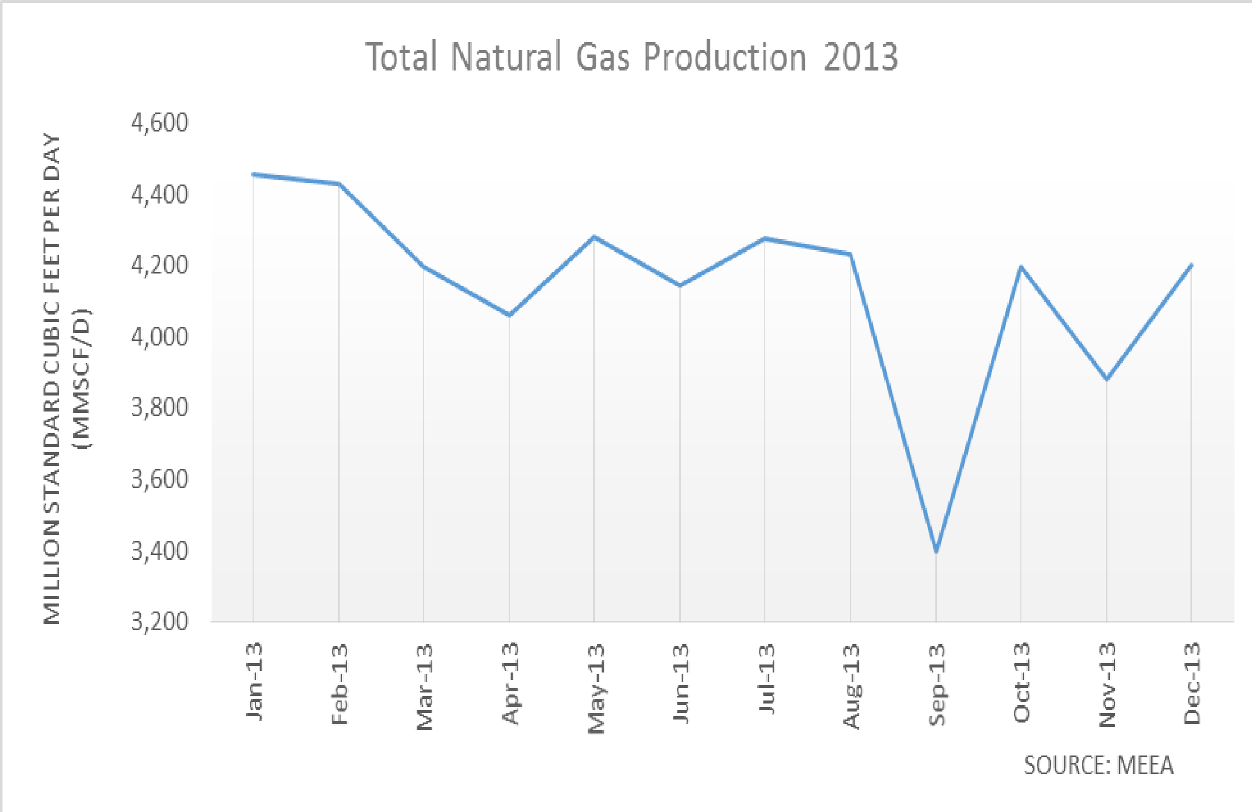


Fig. 8

3.6 LIQUEFIED NATURAL GAS (LNG)

3.6.1 Production

Natural gas is converted into a liquid form known as liquefied natural gas or LNG so that it can be transported to different countries. Section 4.3.2 provides more details on LNG exports. The gas is cooled or refrigerated to temperatures less than -161 degrees Celsius in an LNG Plant or Train, after which it is transported to its destination in an LNG ship fitted with refrigerated tanks. As mentioned above, Atlantic (formerly known as Atlantic LNG) is the only company in T&T which converts natural gas to LNG. Atlantic is the seventh largest producer of LNG in the world and the largest producer in the Western Hemisphere.[15] The company operates and manages four trains which are owned by different shareholders. Table 2 below shows the ownership structure of these trains.

[15] Atlantic, 2014

Table 2

Equity Stake in Atlantic's Liquefaction Trains 2013					
Train 1		**Trains 2 and 3**		**Train 4**	
Company	**Share of Ownership**	**Company**	**Share of Ownership**	**Company**	**Share of Ownership**
BP (Barbados) Holding SRL	34%	Repsol YPF	25%	BP (Barbados) Holding SRL	37.78%
BG Atlantic 1 Holdings Limited	26%	BG 2/3 Investments Limited	32.50%	Repsol YPF	22.22%
Repsol YPF	20%	BP Train 2/3 Holding SRL	42.50%	BG Atlantic 4 Holdings Limited	28.89%
NGC Trinidad and Tobago LNG Limited	10%			Trinidad and Tobago LNG Limited	11.11%
Summer Soca LNG Liquefaction S.A.	10%				

Source: Atlantic

Atlantic continues to be the largest user of natural gas in T&T. In 2013, 57.4% of the natural gas produced was used by Atlantic to produce LNG. A total of 32.7 million cubic feet of LNG was produced in 2013, which was roughly 1.3 percent above the amount produced the year before (See Figure 9).

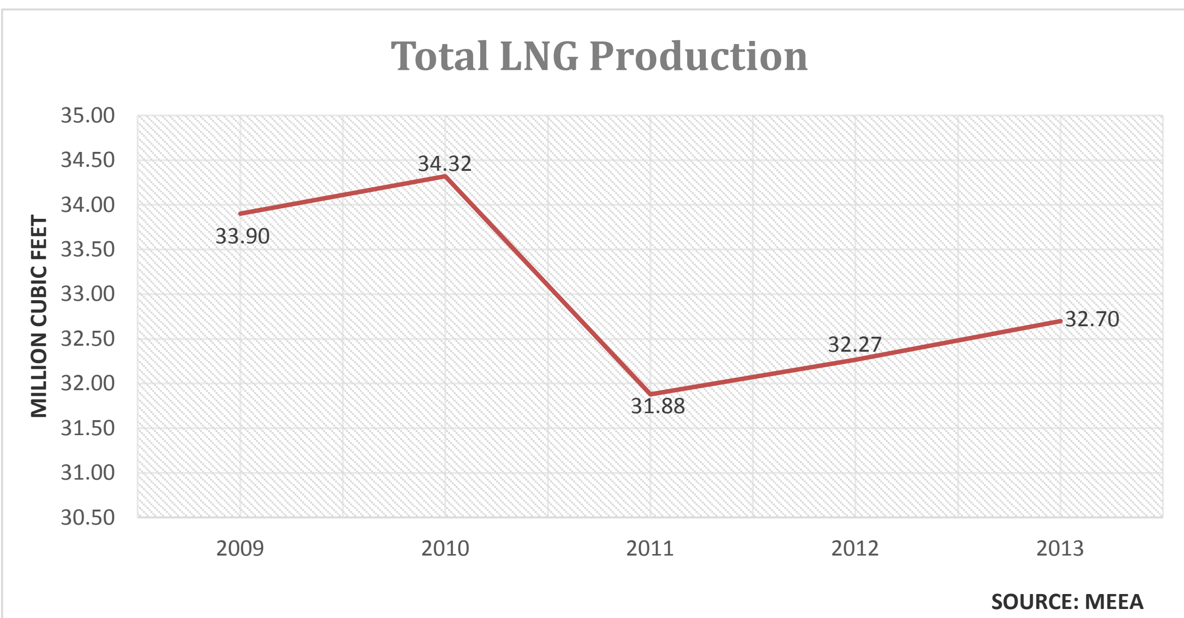


Fig. 9

3.6.2 LNG Exports

In 2013, T&T exported 744.5 trillion British Thermal Units (BTUs) of LNG to 14 countries, which was 5.2% more than the amount exported in 2012.[16] The year 2013, marked an historic change in T&T's major LNG export destination. The United States had always been T&T's leading export destination until 2013 when it slipped to fourth place. The share of total LNG exports to the US fell from 19.4% in 2012 to 13.6% in fiscal year 2012/2013. Moreover, between 2009 and 2013 LNG exports to the US dropped significantly by 70.5% from 236,202 million cubic feet in 2009 to 69,744 million cubic feet in 2013.[17] This decline in export volumes did not come as a surprise given that it could have been anticipated that at some point the US would replace T&T's LNG with its increasing domestic supplies of shale gas. Hence, T&T's new top export destinations during the 2012/2013 period were Spain, Argentina and Chile which accounted for 18.1%, 15.6% and 14.5% of LNG exports respectively Ministry of Finance and the Economy 2013.[18] T&T benefited significantly from higher prices for LNG delivered in Latin America, Europe and Asia relative to cargoes delivered to US ports (See Table 3)

Table 3 LNG Delivered Prices at Selected destinations (US$/ MMBTU)

Country/Destination Port	2012	2013
USA- Cove Point	4.21	3.95
USA- Lake Charles	2.67	3.33
Spain	9.59	11.45
Brazil- (Bahia)	12.68	15.52
Japan	14.11	15.47
Korea	12.68	15.52
Source: FERC.		

[16] Ministry of Finance and the Economy, 2013
[17] Ministry of Finance and the Economy, 2013
[18] Ministry of Finance and the Economy, 2013

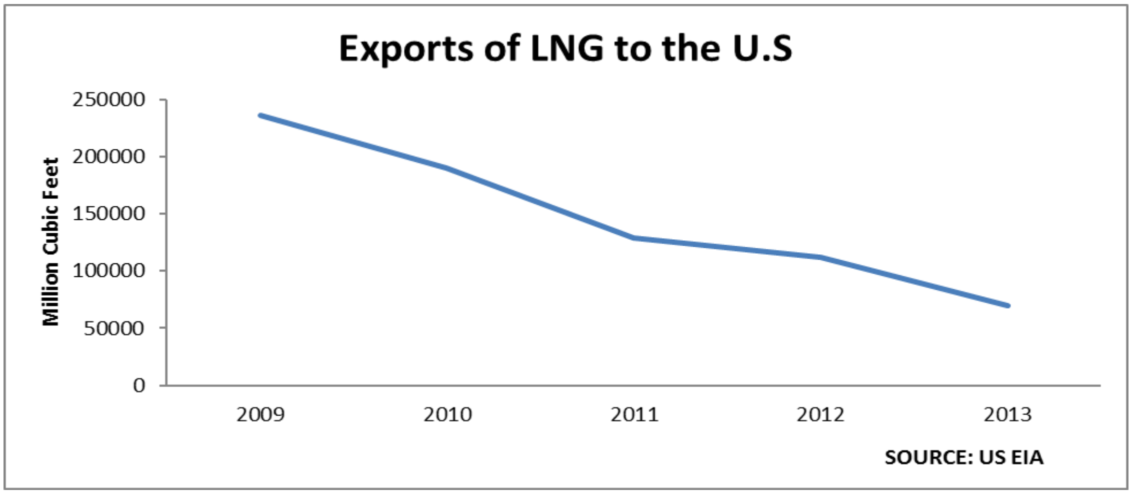


Fig. 10

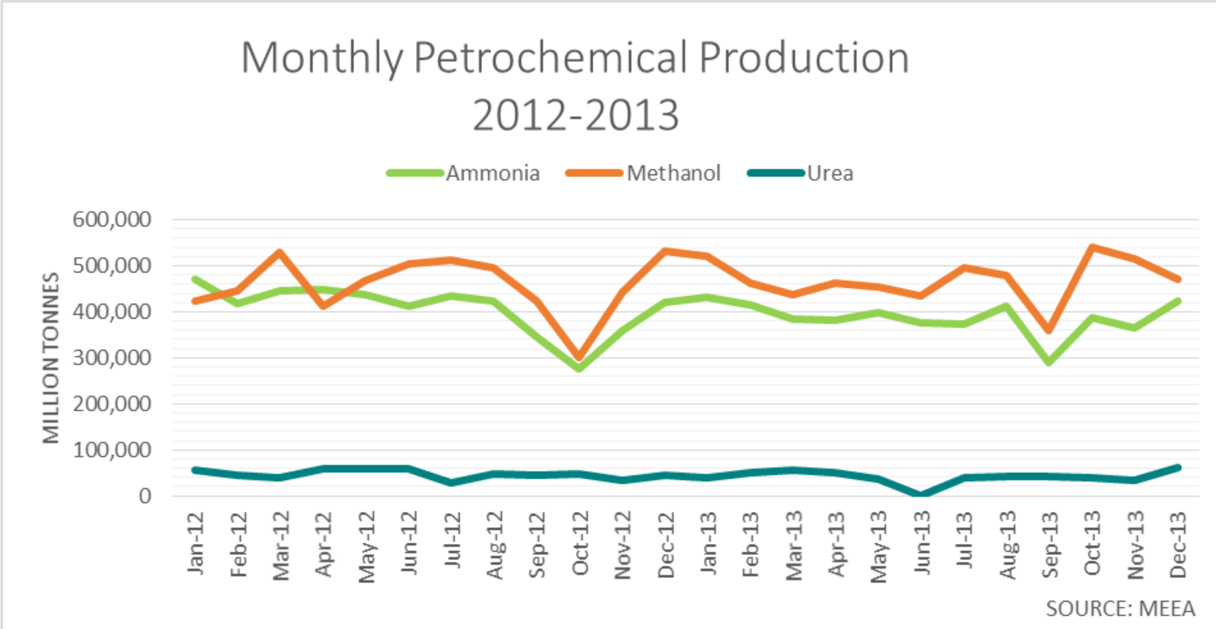
3.7 PETROCHEMICAL PRODUCTION AND EXPORTS

A shortfall in gas supplies continued to have serious impact the fortunes of the petrochemical sector. In order to minimize the impact of the gas shortage, downstream plants on the Point Lisas Industrial Estate coordinated and shutdown their plants to complete maintenance and safety upgrades. As described in Section 1.1, these downstream operators use natural gas to produce Ammonia, Methanol and Urea which in turn are used to make fertilizers and lubricants among other things.

Figure 10 illustrates that in October 2012 there was a sharp decrease in the production of both Methanol and Ammonia. This was in response to a shortfall in gas supplies because BGTT and bpTT embarked upon maintenance upgrades of their facilities to improve safety and reduce risks. However, Methanol production rebounded in 2013 despite work stoppages for maintenance work at the MHTL 5000 and Titan plants (Central Bank of Trinidad and Tobago 2013). At the end of 2013 total Methanol production amounted to 5.6 million tonnes (MT), up by roughly 2.6% from 2012. Given this increasing trend, Methanol exports in 2013 also rose above exports in 2012 by about 3% (See Figure 11).

On the other hand, both Ammonia and Urea production and exports were negatively affected by natural gas shortfalls and the maintenance work at all plants.[19] Ammonia production decreased by 5.1%, from 4.89 MT in 2012 to 4.64 MT in 2013. At the same time international shipments of Ammonia declined between 2012 and 2013, from 4.45 MT to 4.21 MT respectively. The decreasing trend in Urea production during this period also resulted in a fall in exports from its 2012 amount of .54 MT to .49 MT in 2013 (See Figure 11 and 12).

[19] Central Bank of Trinidad and Tobago, 2013


Monthly Petrochemical Production
2012-2013
Ammonia
Methanol
Urea
MILLION TONNES
600,000
500,000
400,000
300,000
200,000
100,000
0
Jan-12
Feb-12
Mar-12
Apr-12
May-12
Jun-12
Jul-12
Aug-12
Sep-12
Oct-12
Nov-12
Dec-12
Jan-13
Feb-13
Mar-13
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Nov-13
Dec-13
SOURCE: MEEA

Fig. 11

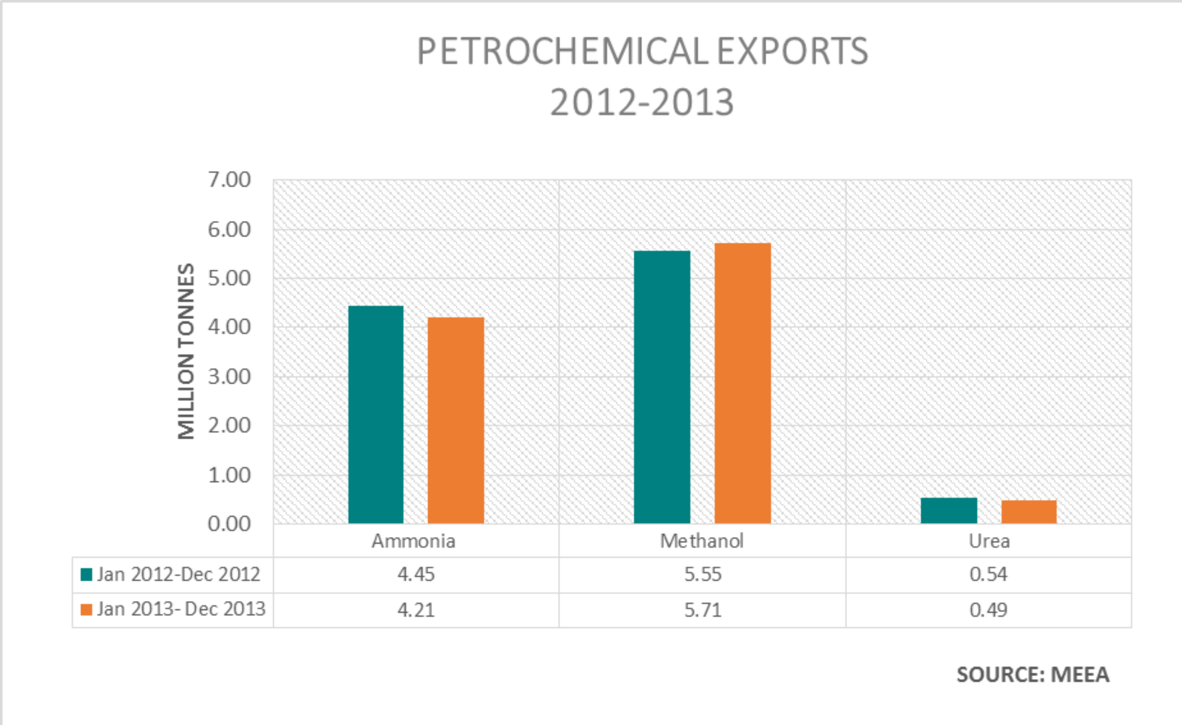


Fig. 12

3.8 ECONOMIC CONTRIBUTION OF EXTRACTIVE INDUSTRIES

The extractive industries contribute significantly to the economy of Trinidad and Tobago in terms of Gross Domestic Product (GDP) (42.9 %), exports earnings (85%) and government revenue (50.4%).

Table 4 Selected Economic Indicators (2009-2013)

Selected Economic Indicators	2009	2010	2011	2012	2013
Energy Sector share of GDP	34.6	42.7	46.8	43.7	42.9
Energy sector share of government revenue (%)	49.5	51.8	57.6	54.0	50.4
Energy exports as % of total exports	86.1	84	85	81.4	85
Energy employment as a % of total employment	3.3	3.2	3.2	3.3	3.4
SOURCE: CBTT ANNUAL ECONOMIC SURVEY 2013					

3.8.1 Gross Domestic Product (GDP)

The most widely used indicator of how well a country is performing economically is the Gross Domestic Product (GDP). In simple terms, the GDP of a country refers to the total dollar value of all of the goods and services produced within the borders of that country in a given year.

In fiscal year 2012/2013 (i.e. 1 October 2012- 30 September 2013) the total value of goods and services produced in T&T stood at TT$165,188.8 million of which 42.9% or TT$70,849.6million was accounted for by the energy sector.[20] Notwithstanding, in real terms, the pace of growth in the energy sector was slow as it registered a growth rate of only 0.5% (See Figure 12). However, in 2013, overall GDP grew by 1.6%, largely on account of the non-energy sector which registered a growth rate of 2.5% that provided some support for the overall economy. The slow pace of growth in the energy sector is partly due to the fall off in natural gas production during the year. However, available data does not allow a systematic analysis of which energy subsectors (e.g. exploration and production, refining, petrochemicals, service contractors, distribution and asphalt production) underperformed in 2013.

3.8.2 Labour Contribution

The number of persons employed in the energy sector has always been small relative to other sectors of the economy. This is because the sector generally requires significantly more equipment and machines than human labour. Over the past five years, about 3.3% of the all workers (on average) were employed in the sector. Similarly, according to the latest available data from the Central Statistical Office (CSO), there were 21,300 persons employed in the energy sector at the end of the third quarter in 2013. This represented roughly 3.4% of total employment in the country.

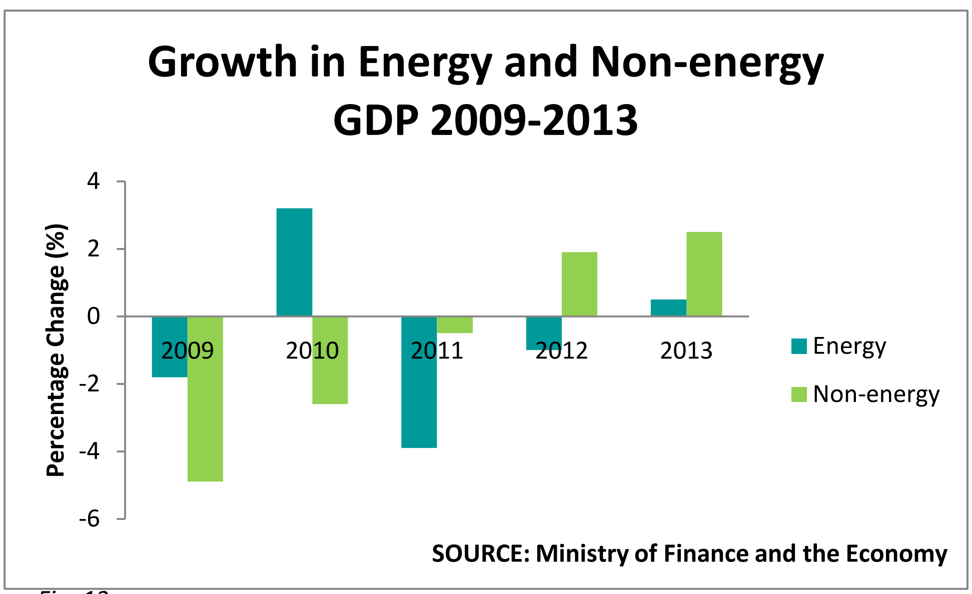


Fig. 13

[20] Ministry of Finance and the Economy, 2013

A large cadre of local workers provides services to the upstream and downstream sectors. Local energy services companies provide maintenance services, drilling services; fabricate oil and gas platforms and install pipelines for the upstream sector. Local companies are also engaged in engineering design, project management and plant and pipeline construction.

Foreign workers or expatriates are typically project managers, captains, and engineers (drilling, directional, foremen and crews) and are hired usually on a short term or project basis.[21]

3.8.3 Energy Sector Export Earnings

The energy sector accounts for the vast majority of export earnings in T&T. Between 2009 and 2013, the energy sector accounted for an annual average of roughly 84.3% of total export receipts.[22] Crude oil and refined crude oil contribute the most to total energy export receipts (US$4,724.8 million), followed by natural gas (US$3,447.8 million) and lastly by petrochemicals (US$2681.6million).[23]

Following the decline in export volumes in 2009, which happened as a result of the global financial crisis, the total value of exported goods from the sector started to recover and increased by 60.1% between 2009 and 2011. However, in 2012 there was a sharp decline of 17% in the value of energy sector exports to TT$10,569.5 million largely as a result of a fall in the export volumes of petrochemicals and crude oil. However, higher volumes of energy exports in 2013 resulted in 0.2% increase in export earnings from the energy sector in 2013 to US$10,854.2 million.[24]

3.8.4 Energy Sector Revenues

The government receives revenue from the energy sector mainly through taxation of oil and gas companies. Section 5 provides more details on the tax/fiscal regime which ultimately determines the amount of energy sector revenue the Government receives. In addition, Government receives revenue from dividends paid by state owned enterprises in the energy sector namely NGC and Petrotrin.

Given that it does not sell oil and gas on its own, the tax revenue which the government receives equates to their share of production. Put another way, by taxing the profits and gross income of oil and gas companies, the government ensures that it gets a stake of the money which oil and gas operators earn. A portion of this revenue is saved, while the government invests some in social programmes, education, healthcare and infrastructure, among other things. For further details on how the government distributes energy revenues see Section 6.

[21] The Energy Chamber of Trinidad and Tobago, 2007
[22] Central Bank of Trinidad and Tobago, 2013
[23] Central Bank of Trinidad and Tobago, 2013
[24] Central Bank of Trinidad and Tobago, 2013

It is important to understand what influences the amount of money received by extractive companies when they sell oil and gas because it directly affects how much money the government receives in taxes.

In general terms, the amount of revenue received by oil and natural gas companies depends on two factors, namely:

a) the price of oil/gas
b) the amount of oil and gas produced

The higher the price and/or volume of oil and gas sold, the more revenue oil and gas operators receive. On the other hand, if the price and/or volume sold decreases, then these companies can expect to receive less revenue (See
Table 5.

Table 5

How oil and gas revenues are determined			
	Large Volume Sold	**Smaller Volume Sold**	**Volume Sold remains constant**
HIGH Selling Price	**$$$**	**$***	**$$$**
LOW Selling Price	**$****	**$**	**$**
Selling price remains constant	If large volumes are sold at a high price high revenues will be earned. If volumes are large enough to cancel out the effect of a low selling price, large revenues can still be earned.	If the price is high enough to cancel out the effect of lower sales volumes, relatively more revenues can be earned	Revenue remains the same

Notes:

$ denotes low revenue

$$$ denotes high revenue

$*- energy sector revenues can be high if the selling price is high enough to cancel the effect of smaller volumes sold

$**-revenues can be high if the volumes sold are large enough to cancel the effect of low selling prices

3.8.5 What determines the price of oil and gas?

The *price of locally produced crude oil* is derived from the spot prices of international benchmark crudes like West Texas Intermediate (WTI) and North Sea Brent.[25] Generally, the price varies depending on differences in the quality of crude and freight/transportation costs between T&T and major markets.

In *the case of natural gas*, in T&T prices are determined by different pricing mechanisms for each subsector of natural gas consumers. Therefore, different prices prevail in the LNG sector, the petrochemical sector, the power generation sector, transportation sectors, heavy industry, and in light industrial and commercial sectors (LICs). Prices fluctuate over time and could range from US$4.50/mmbtu for petrochemicals to US$1.25/mmbtu for light industrial firms. In the case of the petrochemicals, the price of gas is linked to the price of Ammonia and Methanol on international markets. Therefore, higher product prices yield higher gas prices. Nevertheless, the key take-away is that a higher commodity price accompanied by the same level or a higher level of production means that increased oil and gas revenues can be expected. Table 6 provides a snapshot of the prices of energy commodities from 2009 to 2013.

Table 6

Prices of Selected Export Commodities 2009-2013					
COMMODITY	**2009**	**2010**	**2011**	**2012**	**2013**
Crude Oil (Brent ;US$ per barrel)	61.8	80	111.3	111.8	**109.1**
Crude Oil (WTI; US$ per barrel)	61.7	79.4	95.1	94.2	**97.9**
Natural Gas (Henry Hub; US$ per mmbtu)	3.9	4.4	4	2.8	**3.7**
Ammonia (FOB Caribbean; US$ per tonne)	227.6	362.7	534.2	559.9	**506.3**
Urea (FOB Caribbean; US$ per tonne)	265.4	311.4	435.8	476.4	**347.3**
Methanol (FOB Rotterdam: US$ per tonne)	241	338.3	430	429.7	**517.3**

Source: Central Bank of Trinidad and Tobago

3.8.6 Energy revenues in fiscal year 2012/2013

The energy sector contributes significantly to the revenues received by the government. Data from the Central Bank of Trinidad and Tobago shows that in fiscal year 2012/2013, the energy sector generated TT$26,521 million, which amounted to half (50.4%) of total government revenue. That revenue was 0.4% less than what was generated by the sector in the previous fiscal year (see Figure 13). While oil prices (WTI) remained relatively stable at an average of US$95.62 per barrel, the decline of 2,426

[25] A benchmark or marker crude is a widely traded crude oil that is used as a reference for pricing of other crudes. The spot prices of benchmark crudes are determined on the international commodity markets and published in various online databases, industry journals and newsletters.

barrels of crude oil produced between fiscal year 2012 and 2013 led to reduced energy sector revenues.[26]

Nevertheless, the total revenue received by the government increased by 6.9% to TT$52,656.6 million in fiscal year 2012/2013. This was due in part to the growth in non-energy sector revenues which included increased collections of Value Added Tax (VAT), taxes on income and profits, goods and services and international trade. There was also a huge increase in government capital revenue (i.e. revenue received from fixed assets such as equipment and machinery) to TT$493 million from TT$43.4 million in fiscal year 2012 due to the receipt of TT$332.7 million from the settlement of the legal matter arising from the termination of the Offshore Patrol Vessel contract.[27]

[26] Central Bank of Trinidad and Tobago, 2013
[27] Central Bank of Trinidad and Tobago, 2013

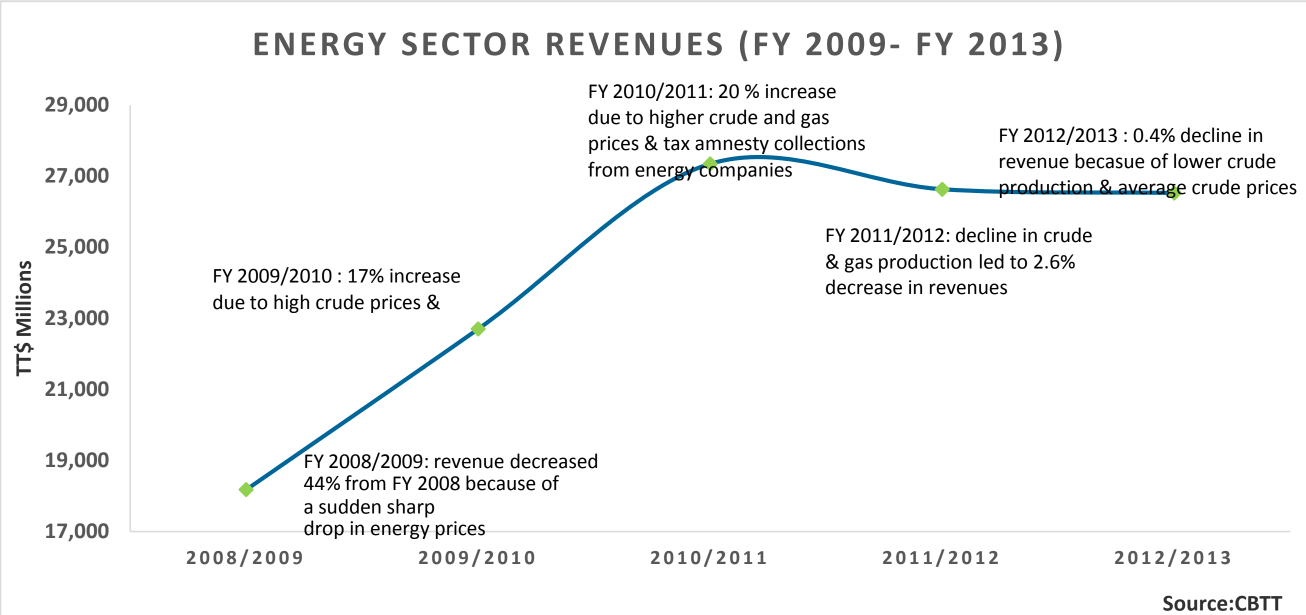


Fig. 14

3.9 THE LEGAL FRAMEWORK AND FISCAL REGIME

3.9.1 Petroleum Taxes

The oil and gas fiscal regime is the mechanism which is used to determine the amount of taxes that upstream operators are required to pay. The main taxes paid to the government are the Supplemental Petroleum Tax (SPT), the Petroleum Profits Tax (PPT), the Unemployment Levy, the Petroleum Production Levy, Petroleum Impost, Green Fund Levy and the Withholding Tax.
Table 7 shows how much these taxes contributed to total Government revenues in fiscal year 2012/2013.

Table 7

Energy-Based Tax Revenues as a Percent of Total Gov't Revenues	
Corporation Tax	28.1%
Royalties	4.5%
Unemployment Levy	2.1%
Withholding Tax	1.3%
Excise Duty	0.2%
Other companies	12.6%
Oil Impost	0.1%
Total	**50.4%**

Source: Central Bank of Trinidad and Tobago

Note: Numbers may not add up due to rounding off. Corporation tax includes the Supplemental Petroleum tax and the Petroleum Profits Tax.

This fiscal regime also includes a package of incentives provided to these companies to boost oil and gas production and attract new investment. Incentives may take the form of tax rebates and various allowances which generally serve to lower the tax burden on the companies. These include the Sustainability Incentive, Investment Tax Credit, the Workover Allowance and the Deepwater Allowance, among others. It is to be noted that the more tax revenue the government receives and the more operators produce due to these incentives, the more revenue the government receives.

The Government therefore tries to find new ways to attract foreign investment in the sector and to stimulate production by introducing new incentives and allowances as a means of generating more energy sector revenues for the country.

Importantly, those companies which are engaged in E&P of oil and gas are taxed under the Petroleum Taxes Act, while petrochemical companies and NGC are taxed under the Companies Act. The Petroleum Taxes Act outlines the taxation rules or laws governing businesses engaged in E&P, refining and marketing. The Act details the type of taxes applicable (e.g. PPT and SPT), how these taxes are calculated and administered and the general principles of taxation. It also outlines incentives and explains how they are to be applied. The Government also obtains revenue from LOFOs which are also taxed under the Petroleum Taxes Act.

3.9.2 Fiscal Incentives

During the National Budget presentation at the beginning of fiscal year 2013 (i.e. September 2012), the Government announced amendments to the Petroleum Taxes Act which granted new incentives under the SPT and the PPT. Any change to the fiscal regime is usually announced during the National Budget presentation and details can be found on the Ministry of Finance and Economy's website: (http://finance.gov.tt/category/budget-statement/).

A new PPT incentive was introduced for companies which drill exploration wells in deep horizon on land or in shallow marine areas. Under this incentive, any company that drills exploratory wells in these areas and incurs capital expenditure, will be granted capital allowances on 140% of that expenditure provided that:

1. The exploration wells are drilled at or beyond a depth of 8000 feet on land or 12000 feet in shallow marine areas.

2. The Minister of Energy and Energy Affairs certifies the exploration drilling work.

3. The expenditure is incurred during the period January 1st 2013 to December 31st 2017.

4. The exploration expenditure excludes the cost of drilling dry holes, finance, administrative and other indirect costs.

Additionally, there were two incentives introduced under the SPT namely the harmonization of SPT rates for marine areas and the introduction of a special SPT rate for new field development:

a) *Harmonization of SPT Rates for Marine Areas*

A fiscal regime change in 2010 created two separate SPT rates for upstream operators which held E&P licences before 1988 and those who held licences after 1988. This distinction of Pre-1988 and Post-1988 SPT rates was removed in 2013 so that only one SPT rate applies for all marine areas except for deep-water marine areas and new field development. With this new rate, companies pay a base rate of 33% if oil prices fall between US$50 and US$90 per barrel. The SPT rate in 2013 for marine areas was set at the base rate of 33% for prices ranging from US$50/bbl.–US$90/bbl., compared with 2010 base rates of 42% and 33% for Pre 1988 and Post 1988 marine areas respectively.[28]

b) Introduction of a Special SPT Rate for New Field Development

According to the Ministry of Energy and Energy Affairs, a new field is defined as any area within the licenced area or contracted area which has a petroleum reservoir or several reservoirs grouped on the same geological structure or in which the total proved reserves do not exceed 50 million barrels of oil equivalent. A SPT rate of 25% was introduced for new field developments which produced at prices above US$90 per barrel to US$200 per barrel. To receive this incentive the oil produced from these fields must occur after January 1st 2013 and the Ministry of Energy and Energy Affairs must certify the reserves.

Production-Sharing Contracts (PSCs) and Exploration Licences (E&P License)

In a contract known as a Production-Sharing Contract or (PSC) or an Exploration and Production License (E&P), upstream operators sign and agree to pay these taxes and levies (see Table 7). All companies engaged in exploration and production activity on land or in marine areas must hold an approved PSC (or an E&P license).

Essentially, PSCs determine how the output from the field is to be shared between the operator and the Government. **Under the PSC arrangement, the Government's take or share of production includes the tax revenue to be paid to the Ministry of Finance and the Economy on behalf of the upstream operators.** However, with an E&P license the Government gives the licensor the right to explore for and produce hydrocarbons from the licensed area. Under the E&P license, the company is subject to a range of taxes as detailed in the Petroleum Taxes Act.

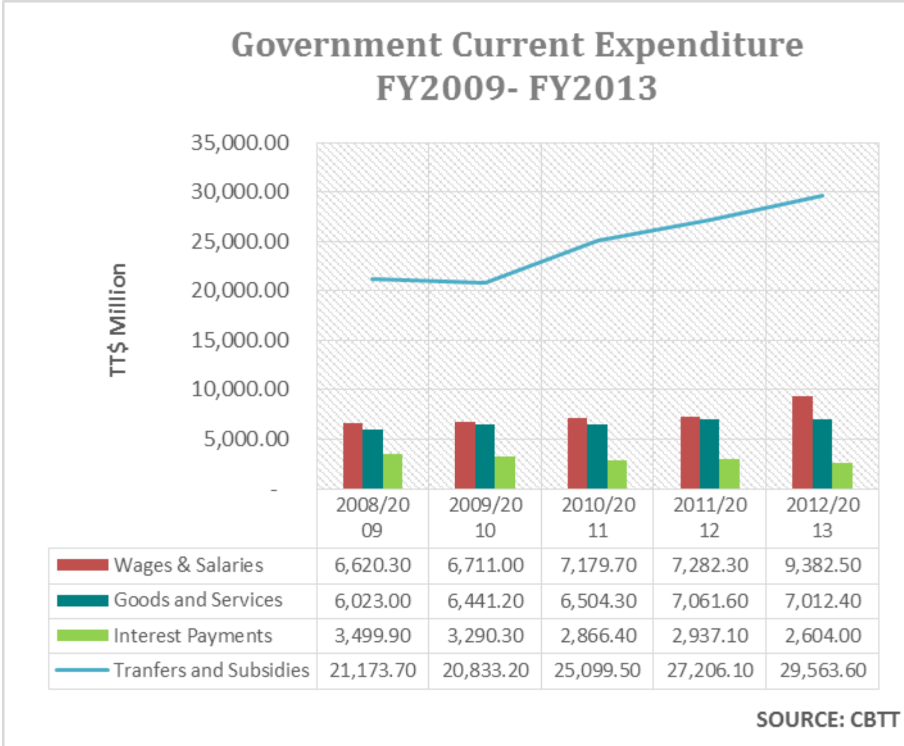
[28] Ministry of Energy and Energy Affair,s 2014

3.9.3 Distribution of Revenues from Extractive Industries

Since oil and gas resources belong to the citizens of a country, governments of resource –based economies are charged with the responsibility of equitably distributing the wealth generated so that the entire country benefits. These governments are encouraged to adopt policies which promote the allocation of resource wealth in a way that both present and future generations benefit. To do this, the Government of Trinidad and Tobago spends the revenue it receives from the oil and gas sector on two broad areas, namely capital goods (e.g. machinery, equipment and infrastructure) and on current goods and services (e.g. salaries, consumer goods and services and transfer payments and subsidies).

Importantly, through transfers and subsidies, oil and gas wealth is allocated directly to the citizenry via the Petroleum Fuel Subsidy, or indirectly through social programmes. Not only does it spend on these areas, it also saves some of this revenue in a fund to stabilize the economy in the case of an economic downturn and to provide for future generations. This fund is referred to as the Heritage and Stabilization Fund.

Total government spending in fiscal year 2013 was TT$56,831.8 million, 9.4% more than in the previous fiscal year (i.e. TT$ 51,474.8 million). As it relates to current spending, the Central Bank of Trinidad and Tobago explains that settlement of outstanding wage negotiations such as those with the Water and Sewerage Authority (WASA) and the Public Transport Service Commission (PTSC) resulted in a 29% increase in government expenditure on wages and salaries from TT$7,282.3 million in fiscal 2012 to TT$9,382.5 million in fiscal 2013. Additionally, in fiscal year 2013 spending on transfers and subsidies was at its highest (TT$2,953.6 million) since fiscal year 2009. This was largely due to higher petroleum subsidy payments of TT$4,457 million (Central Bank of Trinidad and Tobago 2013). The 17.6% increase in transfer payments to statutory boards and similar bodies such as local government bodies and WASA also contributed to the rise in transfers and subsidy payments in fiscal year 2013 (See Figure 14). The government implemented several capital projects, e.g. the Accelerated Housing Programme, the Early Childhood Centres, Primary and Secondary Schools Modernization Programme, resulting in the acceleration of capital expenditure, especially during the latter half of 2013, to TT$8,269.3 million from TT$6,987.7 million in fiscal 2012.



	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
Wages & Salaries	6,620.30	6,711.00	7,179.70	7,282.30	9,382.50
Goods and Services	6,023.00	6,441.20	6,504.30	7,061.60	7,012.40
Interest Payments	3,499.90	3,290.30	2,866.40	2,937.10	2,604.00
Tranfers and Subsidies	21,173.70	20,833.20	25,099.50	27,206.10	29,563.60

What determines how much energy revenue is spent on capital goods and current goods and services? This decision is based on the budgeted price of oil and gas. In the same way households spend based on a budgeted amount, or on the amount of money they expect to receive, so too the government spends an amount which is determined by the amount of revenues it expects to receive from the energy sector in that fiscal year .

Because it does not know exactly how much money it will receive during the new fiscal year, the government makes revenue projections based on assumptions about the most likely prices of oil and gas. For example, during the 2013 National Budget presentation the Minister of Finance and the Economy announced that Government expenditure for fiscal 2013 (i.e. October 2012- September 2013) was based on a predicted oil price of US$75 per barrel and US$2.75 per million cubic feet of gas.[29] This is important to understand because the higher the budgeted price of crude oil and natural gas, the more revenue the Government expects to receive and this may translate into higher government spending. In fiscal year 2013, the total projected revenue was TT$50.736 billion of which oil revenue was expected to be TT$20.038 billion. Since the total planned expenditure of TT$58.405 billion was greater than the amount the government expected to receive, there was a planned deficit of TT$7.669 billion.

3.9.3.1 Mechanisms Implemented to Safeguard Against the Mishandling of Revenues

In order to ensure transparency and accountability, there are several rules/mechanisms which govern the management of revenues received by the government.

[29] Ministry of Finance and the Economy, 2013

Under Chapter 8 Section 112 (1) to (4) of The Constitution of the Republic of Trinidad and Tobago, ***all revenues or other moneys raised or received by T&T should be placed into a Consolidated Fund.***

The government cannot withdraw from this fund unless it receives authorization from the Minister of Finance and the Economy. The Minister of Finance and the Economy is also responsible for properly supervising the Consolidated Fund and controlling and directing all matters that relate to the financial affairs of the State. But, the Minister of Finance and the Economy is not the only agency involved in this process.

In addition, the Auditor General conducts audits of all the financial accounts of officers, courts, state-owned and controlled enterprises and all other state authorities in T&T to safeguard against the mishandling of revenues. The Auditor General is mandated to do this annually and report to Parliament through the Speaker of the House of Representatives and the President of the Senate and to the Minister of Finance and the Economy.

There is also an Accounting Officer, appointed by the Treasury, to ensure that moneys spent do not exceed the amount authorized by Parliament and to make sure that these funds are spent for their intended purposes.

For more information on these mechanisms please refer to the Accounting Manual prepared by the Treasury Division of the Ministry of Finance and the Economy which can be found on the Auditor General's Department webpage. The financial/audit reports of T&T's Public Accounts prepared by the Auditor General can also be accessed on the official webpage of the Auditor General's Department .

1. The use of a **Consolidated Fund** and rules which govern the management of the fund

2. The specific supervision role of the **Minister of Finance and the Economy** as detailed by law

3. An auditing process conducted by the **Auditor General** to ensure that funds are not mishandled

4. An **Accounting Officer** appointed by the Treasury who is responsible for ensuring that the amount spent by the government does not exceed the amount agreed to by Parliament among other things

3.9.4 The Fuel Subsidy

The Petroleum Fuel Subsidy is another medium through which oil and gas revenues are shared directly with citizens. Introduced in 1974, with the proclamation of the Petroleum Production Levy and Subsidy Act (Act 314 of 1974), fuel subsidies absorb a part of the total cost of petroleum fuels as a means of protecting consumers from high fuel prices and sharing of the petroleum wealth.

This happens when the producing companies and the government reimburse Petrotrin for supplying petroleum fuels to the local market at prices much lower than what exists on the international market. The total cost of the Petroleum Fuel Subsidy is shared by both the producing companies and the government. Specifically, E&P companies pay up to 4% of their gross income as a petroleum levy towards meeting the cost of the fuels subsidy. The government is responsible for paying any additional amounts in excess of this 4% using its own revenues (See Figure 16). The Ministry of Finance and the Economy makes the subsidy payments on behalf of the government.

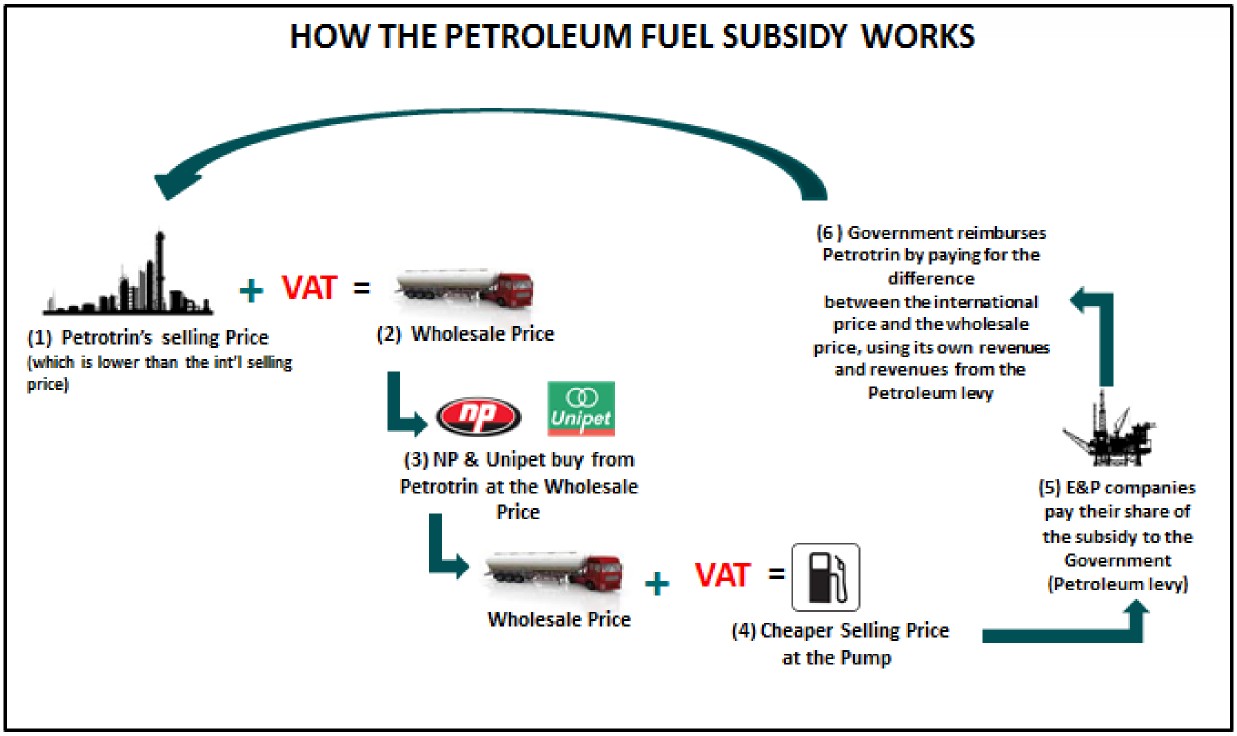


Fig. 16

Because of the fuel subsidy, citizens of Trinidad and Tobago benefit from petroleum prices that are among the lowest in the world. For example, at US 23 cents per litre, T&T outperforms countries such as Kuwait, Bahrain and the United Arab Emirates with a much lower price of Diesel. This is well below the world average of US$ 98 cents per litre.[30] (See Figure 17).

[30] GlobalPetrolPrices.com, 2014

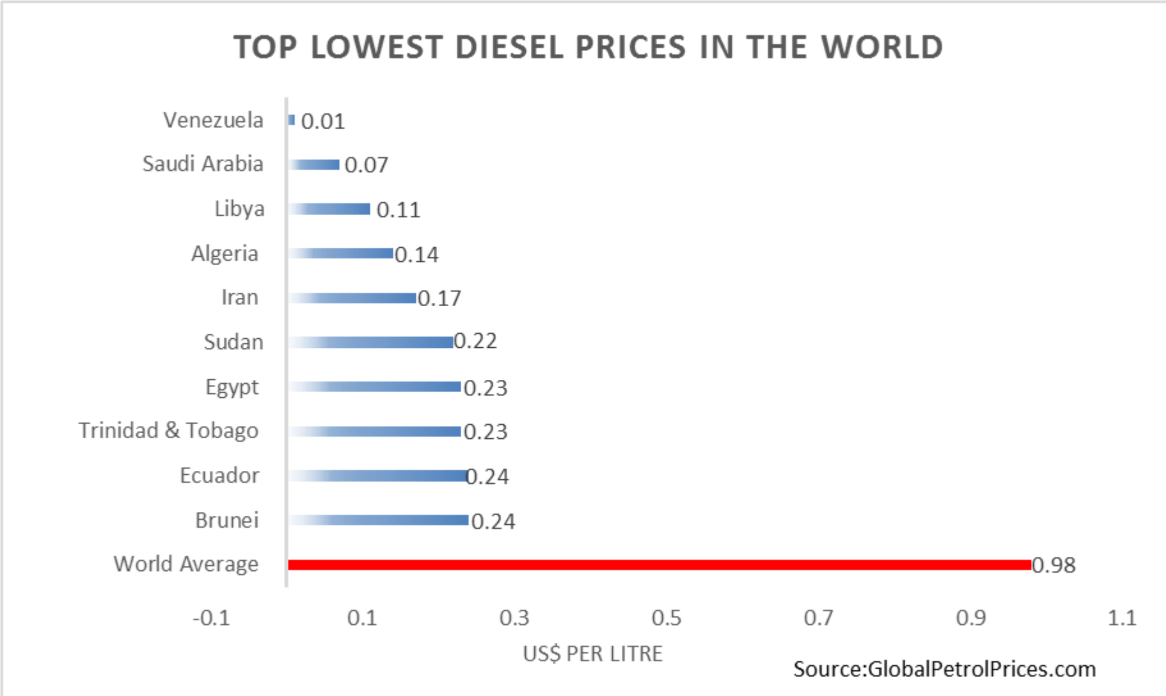


Fig. 17

Note: Older price series used as a benchmark and data updated using current exchange rates and the change in global petrol prices.

Between fiscal year 2009 and 2012, there was a consistent increase in the amount of subsidy payments due to Petrotrin. However, as the government sought to reduce its subsidy arrears owed to Petrotrin, total subsidy claims decreased marginally, from TT$4.45 billion in fiscal 2012 to TT$4.35 billion in fiscal 2013.

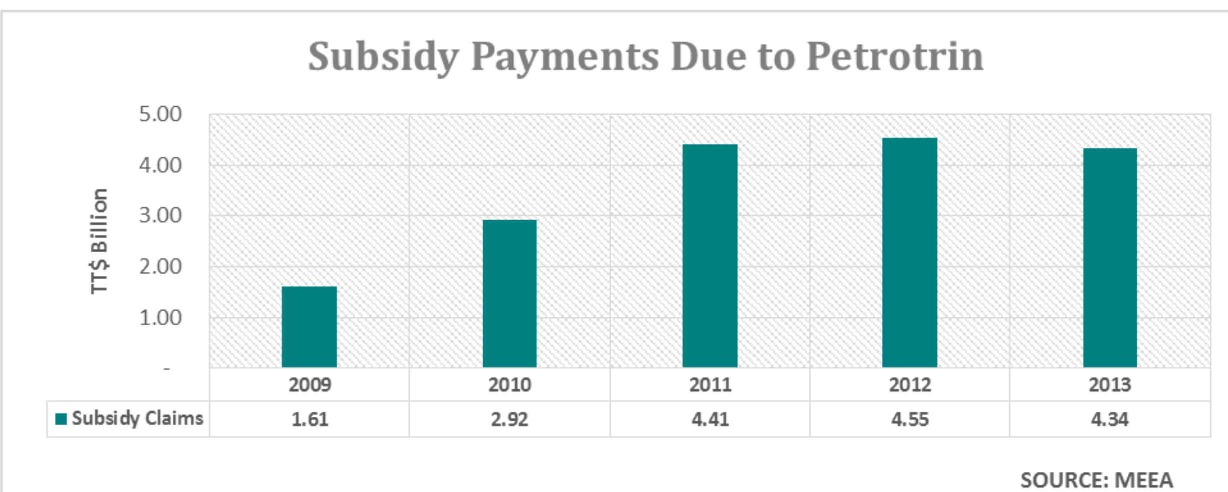


Fig. 18

3.9.5 Heritage and Stabilization Fund (HSF)

Formerly known as the Interim Stabilization Fund and introduced in 2000, the HSF was formalized in 2007 via the Heritage and Stabilization Fund Act. The HSF is designed to do two things:

1. To stabilize or cushion the economy in the event of any sustained shortfall in government revenues as a result of a collapse in export prices of crude oil and natural gas (i.e. the stabilization objective).

2. To save oil and gas wealth for future generations (i.e. the heritage objective).

The Ministry of Finance and the Economy is charged with the responsibility of depositing revenues earned from the energy sector into the Fund. The HSF Act clearly details the rules which govern the deposit and withdrawal of energy funds from the HSF (See Table 8).

Table 8

Rules Governing the Heritage and Stabilization Fund	
Rules of Withdrawal	*Rules of Deposit*
1. Government can withdraw only if actual petroleum revenues are less than what the government projected it to be by at least 10%.	1. If the quarterly actual petroleum revenue exceeds the amount estimated by the government by more than 10%, the amount equivalent to the excess (in $US) must be deposited to the HSF.
2. The amount to be withdrawn must be lesser of the two options below: a. either 60% of the amount of the shortfall of petroleum revenues, or b. 25% of the Fund's credit balance at the beginning of the year.	2. If actual quarterly revenue exceeds the estimated petroleum revenue for that quarter by less than 10%, then the amount equivalent to all or part of the excess revenue may be deposited to the HSF (in US$) from the Consolidated Fund. The decision on whether any of the excess revenue should be deposited resides with the Ministry of Finance and the Economy.

Error! Reference source not found.9 illustrates that the HSF has been consistently increasing and has grown by more than 100 times its value in 2000. In fact, since its inception and up until the end of fiscal year 2013, no withdrawals have been made from the HSF, or its predecessor, the IRSF. Due to higher than expected crude prices, the Government was able to increase the value of the fund by almost 10% from its value at the end of fiscal 2012. At the end of September 2013, the Government contributed US$42.5 million to the fund, which led to a net asset value of US$5,154 million, up from its value of US$4,712 million in the previous fiscal year.[31]

[31] Ministry of Finance and the Economy, 2013

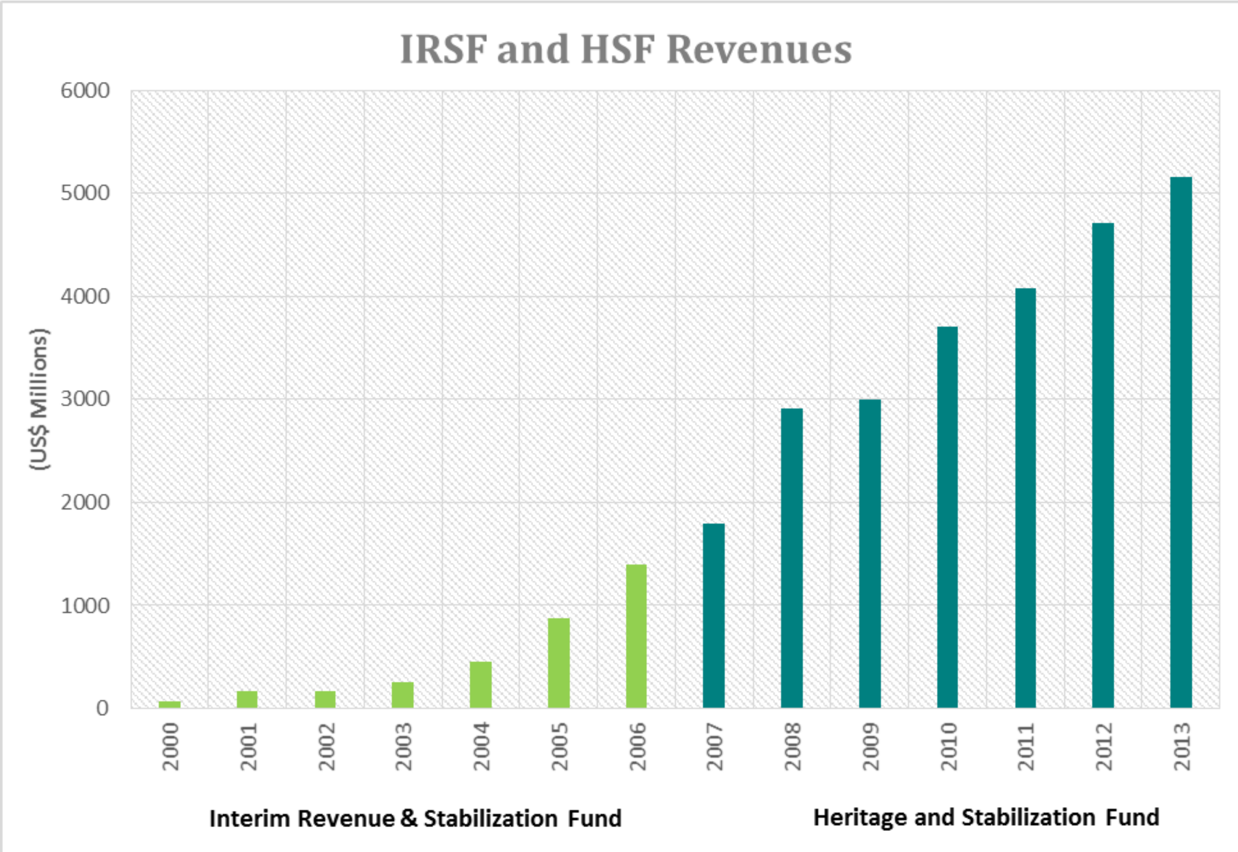

IRSF and HSF Revenues
6000
5000
4000
3000
2000
1000
0
(US$ Millions)
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
Interim Revenue & Stabilization Fund
Heritage and Stabilization Fund

Fig. 19

3.10 GOVERNMENT AND STATE-OWNED ENTERPRISES

3.10.1 The Nature and Structure of SOEs in the Energy Sector

The National Gas Company of Trinidad and Tobago (NGC), the Petroleum Company of Trinidad and Tobago (Petrotrin), and the Trinidad and Tobago National Petroleum Marketing Company Limited (NP) are the three major energy sector companies owned by the State.

These companies have had several subsidiaries set up at various times to deal with growth or specific aspects of the energy business. These subsidiaries have ranged from paper companies with revenue but no distinct employees, to separate companies amalgamated under one corporate banner, (e.g. National Energy formerly known as the National Energy Corporation or NEC), to genuine operating subsidiaries.

Due to the risky and complex nature of the oil and gas business, as well as the significant financial expenditure required to complete oil and gas projects, the GOTT sometimes also engages in joint ventures with other entities. Therefore, in some cases, SOEs in the energy sector participate in the exploration phase as a joint venture partner with private companies, as is the case with Petrotrin's for most of its offshore assets.

3.10.2 The National Gas Company of Trinidad and Tobago (NGC)

The NGC is a diversified group of companies with assets across the gas value chain. The Group comprises the NGC parent company, as well as several operating subsidiaries and paper companies. The parent company engages in mainly midstream activities including gas-based development and merchandising, natural gas-based liquids (NGLs) production, liquefied natural gas (LNG) production and shipping. NGC's current drive is to continue to broaden its heavily midstream asset base to a more diversified portfolio by investing and acquiring additional upstream and downstream assets.

The NGC has, over the years, formed several separate companies to facilitate aspects of its business transactions. For example, one of its major gas pipelines is owned by NGC Pipeline Company. Similarly, NGC's shares in Atlantic Train 1 are held by a subsidiary, NGC Trinidad and Tobago LNG Ltd, and its shares in Train IV are held by T&T LNG Company Ltd. NGC's operating subsidiaries are National Energy (formerly NEC), Phoenix Park Gas Processors Ltd, La Brea Industrial Development Company (LABIDCO) and the NGC CNG Company Limited. Organogram of the NGC Group of Companies (2013) shows a comprehensive listing of the NGC Group of Companies. Table 9 provides a list of the operating subsidiaries, their business activities and financial relationship with the parent company.

Source: NGC

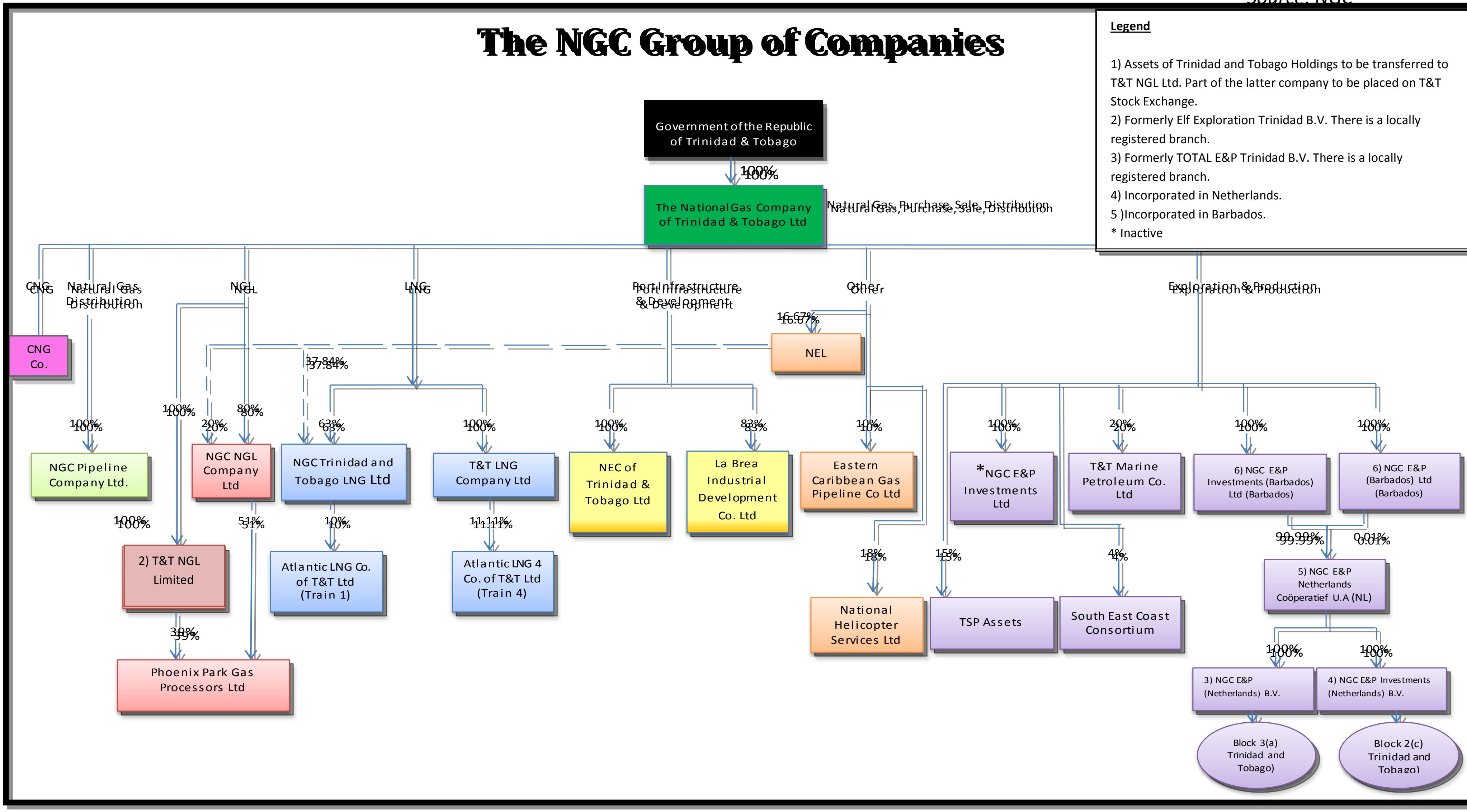


Fig. 20

Table 9 NGC subsidiaries by shareholding, business activity and type of financial relationship.

Name of company	Principal Activity	Place of Incorporation and operation	Proportion of shareholding and voting power held by the Group (%)	
			2013	2012
Subsidiaries				
National Energy Company of Trinidad & Tobago Limited	Management of certain marine infrastructural facilities at the Port of Point Lisas and the promotion and development of the Union Industrial Estate at La Brea	Trinidad and Tobago	100	100
NGC Pipeline Company Limited	Own, finance, construct, operate and maintain 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	Trinidad and Tobago	100	100
Trinidad & Tobago LNG Limited	Shareholding in a Liquefied Natural Gas (LNG) Plant in Trinidad and in the processing and sale of LNG and Natural Gas Liquids (NGL)	Trinidad and Tobago	100	100
La Brea Industrial Development Company	Promotion and development of an industrial estate and marine infrastructure facilities in La Brea	Trinidad and Tobago	84.3	84.3
Trinidad and Tobago NGL Limited (*effective 13 Sept. 2013*)	An investment holding company with the intention of holding a 39.0 percent effective ownership interest in Phoenix Park Gas Processors Limited	Trinidad and Tobago	100	-
Trinidad & Tobago Holdings LLC (*from Aug. 2013) (formerly ConoПoPhillips*)	An investment holding company with the intention of holding a 39.0 percent effective ownership interest in Phoenix Park Gas Processors Limited	United States of America	100	-
NGC Trinidad & Tobago LNG Company Limited	Shareholding in Atlantic in Trinidad in partnership with others	Trinidad and Tobago	62.16	62.16
NGC NGL Company Limited	Holds 51% interest in Phoenix Park Gas Processors	Trinidad and Tobago	80	80
NGC CNG Company Limited	Construct, operate and maintain CNG Service Stations throughout Trinidad & Tobago	Trinidad and Tobago	100	-
NGC E&P (Barbados) Limited (*effective 26 Sept. 2013*)	Provide for certain material needs for its member (NGC E&P Netherlands Coöperatief U.A)	Barbados	100	-
NGC E&P Investments (Barbados) Limited (*effective 26 Sept. 2013*)	Provide for certain material needs for its member (NGC E&P Netherlands Coöperatief U.A)	Barbados	100	-

Sub-Subsidiaries				
Phoenix Park Gas Processors Limited (*company status changed to subsidiary due to acquisition of Trinidad & Tobago Holdings LLC in August 2013*)	Natural gas processing, the aggregation, fractionation and marketing of natural gas liquids.	Trinidad and Tobago	79.8	40.8
NGC E&P Netherlands Coöperatief U.A.	Exploration, development and production of oil and gas in Trinidad & Tobago	Netherlands	100	-
NGC E&P (Netherlands) B.V. (*formerly ELF Exploration Trinidad B.V.) (effective 26 September 2013)*	Exploration, development and production of oil and gas in Trinidad & Tobago	Netherlands	100	-
NGC E&P Investments (Netherlands) B.V. (*formerly Total E&P Trinidad B.V.) (effective 26 September 2013)*	Exploration, development and production of oil and gas in Trinidad & Tobago	Netherlands	100	-
Associated Company				
Trintomar	Exploration, development and production of oil in Trinidad & Tobago	Trinidad & Tobago	20	20
Investments				
National Enterprises Limited (NEL)	Formed to consolidate the Government's shareholding in select state enterprises and facilitate a public offering on the Trinidad & Tobago Stock Exchange	Trinidad & Tobago	17	17
National Helicopter Services	Provides offshore helicopter services to the oil/gas sector and other commercial entities	Trinidad & Tobago	18	18

Source: NGC Annual Report 2013

Changes in NGC's Subsidiary Ownership for 2013

- **Acquisition of 100% of shares in ConocoPhillips Inc**.

NGC paid TT $3.852 billion to acquire the holdings of Conoco Phillips in PPGPL. The name of the acquired entity was changed to Trinidad & Tobago Holdings LLC (TTHLLC). TTHLLC owns 39% of Phoenix Park Gas Processors Limited (PPGPL), which brings the Group's total investment in PPGPL to 79.8%. This shareholding together with other considerations, resulted in the Group obtaining control over PPGPL. PPGPL was previously treated as a Joint Venture.

- **Acquisition of the assets of the French natural gas and oil producer Total S.A. in Blocks 2 (c) and 3 (a) in the Angostura field, located off the north-east coast of Trinidad**: NGC E&P Investments (Netherlands) B.V. and NGC E&P (Netherlands) B.V. were established to own those assets, with these subsidiaries holding 30 per cent and 8.5 per cent of Blocks 2 (c) and 3 (a) respectively. This acquisition costs the Company TT$ 3.537 Billion.
- **The CNG Company Limited was formed**: This Company is meant to accelerate the switch from gasoline/diesel to CNG as a vehicular fuel, in keeping with national policy to lower subsidy costs in the transportation sector.

Table 10 NGC's Related Party Material Transactions Totals (Years ended 2012-2013)

		Income from related parties $'000	Purchases from related parties $'000	Amounts due from related parties $'000	Amounts due to related parties $'000
Subsidiaries:					
Trinidad and Tobago Holdings LLC	2013	129,892	–	2,205	7,590
	2012	–	–	–	–
Trinidad and Tobago LNG Limited	2013	528,562	–	419,033	-
	2012	312,336	–	484,567	-
NGC Pipeline Company Limited	2013	31,281	76,079	91,845	1,869
	2012	31,090	76,075	53,219	812
NGC Trinidad and Tobago LNG Limited	2013	89,913	–	471	–
	2012	86,140	–	122	15
NGC NGL Company Limited	2013	492,844	–	185	–
	2012	807,799	–	195	–
NGC E&P Investments (Barbados) Limited	2013	–	–	32,497	–
	2012	–	–	–	–
NGC CNG Company Limited	2013	–	–	120	–
	2012	–	–	–	–
La Brea Industrial Development Company Limited	2013	–	–	–	5,447
	2012	–	–	–	5,396
National Energy Corporation of Trinidad and Tobago Limited	2013	44,798	–	679,923	5,462
	2012	49,469	–	821,358	3,771
Sub-Subsidiary Companies					
Phoenix Park Gas Processors Limited Gas Sales	2013	585,293	–	91,262	–
	2012	661,715	–	84,117	–

Source: NGC Annual Report 2013

3.10.3 The Petroleum Company of Trinidad and Tobago (Petrotrin)

The Petroleum Company of Trinidad and Tobago Limited (Petrotrin) is an integrated oil and gas company engaged in the full range of petroleum operations including the exploration for, development of and production of hydrocarbons, as well as the refining/manufacturing and marketing of a wide range of petroleum products. It was incorporated in 1993 to consolidate and operate the assets of State-owned TRINTOC and TRINTOPEC, which were themselves descendants of previously foreign-owned companies. The combined experience of all its predecessors effectively gives Petrotrin more than a century of experience in crude oil exploration production and manufacturing.

Unlike the relatively diversified NGC group, all of Petrotrin's fully owned subsidiaries and joint ventures, with one exception, are involved in exploration and production activity. Petrotrin's main subsidiaries are Trintomar and Trinidad Northern Areas (TNA). Petrotrin Employee Assistance Programme Services Limited (PEAPSL) is a fully owned Petrotrin subsidiary that provides counselling services to employees, their families and the general public.

Petrotrin also holds multiple contracts and joint venture arrangements for offshore acreages. In most of these joint ventures, Petrotrin's share of expenditure in the exploration phase is paid for by the joint venture partner. This arrangement defers expenditure by Petrotrin to the development phase, if it takes place. Table 12 gives a comprehensive list of jointly controlled assets.

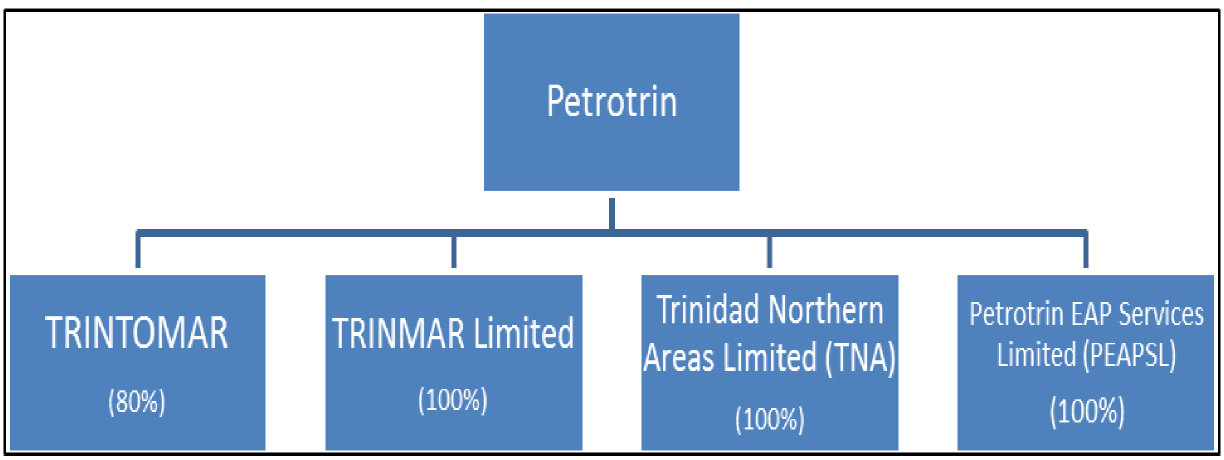


Fig.21 Source: Petrotrin Consolidated Financial Statements, 2013

Table 11 **Petrotrin's subsidiaries by shareholding, business activity and type of financial relationship.**

Company	Petrotrin's share (%)	Type of business	Type of Financial Relationship
TRINTOMAR	80	Developing & producing natural gas from the Pelican Field (originally part of South East Coast Consortium)	Direct financial link with parent company
Trinidad Northern Areas Limited[32]	100	Holds particular licenses that assign rights to explore, drill, produce and develop oil and natural gas from specific geographical areas within jurisdiction of Trinidad and Tobago	Not currently operational.
Petrotrin EAP Services Limited	100	Provides counselling services for employees and third-parties	Direct financial link with parent company

Source: Petrotrin's Consolidated Financial Statements, 2013

[32] Incorporated in the United Kingdom.

Table 12 Petrotrin Joint Ventures

Joint Venture	2014	2013	2012	2011	2010
	Effective Interest (%)				
Block 9 – Unitization Offshore	19.50	19.50	19.50	19.50	19.50
Block 27 – Offshore	--	--	--	5.00	5.00
Brighton Marine Sub Area 1	--	--	--	--	35.00
Central Block	35.00	35.00	35.00	35.00	35.00
East Brighton Block	--	--	30.00	30.00	30.00
Gulf of Paria East	--	--	--	--	50.00
Moruga West	40.00	40.00	40.00	40.00	40.00
Point Ligoure	--	--	50.00	50.00	50.00
Point Ligoure, Guapo Bay, Brighton Marine (PGB)	30.00	30.00	--	--	--
South East Coast Consortium	16.00	16.00	16.00	16.00	16.00
South West Peninsula	27.50	27.50	27.50	27.50	27.50
Parrylands 'E' Block	25.00	25.00	25.00	25.00	25.00
Teak, Samaan, Poui (TSP)	15.00	15.00	15.00	15.00	15.00
Block 1a	20.00	20.00	20.00	20.00	20.00
Block 1b	20.00	20.00	20.00	20.00	20.00
Block 22	10.00	10.00	10.00	10.00	10.00
Block 3A	15.00	15.00	15.00	15.00	15.00
Galeota	35.00	35.00	35.00	35.00	35.00
Guayaguayare Shallow	35.00	35.00	35.00	35.00	35.00
Guayaguayare Deep	20.00	20.00	20.00	20.00	20.00
Central Range Deep	--	--	20.00	20.00	20.00
Central Range Shallow	--	--	35.00	35.00	35.00
Block 2ab	--	--	35.00	35.00	35.00
Mayaro/Guayaguayare	30.00	30.00	30.00	--	--
NCMA 2	20.00	20.00	20.00	--	--
NCMA 3	20.00	20.00	20.00	--	--
NCMA 4	20.00	20.00	20.00	--	--

Source: Petrotrin's Consolidated Financial Statements, 2011-2014

3.10.4 National Petroleum Marketing Company

The National Petroleum Marketing Company Limited (NP) is a diversified petroleum marketing company, which began operations as a wholly State-Owned Enterprise in 1972. It had operated as BP Caribbean Limited for ten years prior to that. Over the ensuing years, as the GOTT began nationalising the oil industry, NP acquired the marketing assets and operation of Esso Standard S.A. Limited, T&T Oil Company Limited (TRINTOC) and Texaco Trinidad Limited. At present, NP markets the fuels that Petrotrin manufactures through service stations in T&T. The fuels from Petrotrin are transported to NP's main storage terminals at Sea Lots, Trinidad, and Crown Point, Tobago, via sea, by ocean tankers. When the products arrive on land, Road Tank Wagons transport them to service stations and industrial customers.

NP markets petroleum fuels, lubricating oils, liquefied petroleum gas used for cooking, compressed natural gas and automotive products. All products, except fuels, are exported to countries in the region such as Antigua, St. Lucia, St Vincent, Jamaica and Suriname. Natpet Investments Company Limited, NP's only active subsidiary, operates a LPG filling plant in Trinidad on NP's behalf.

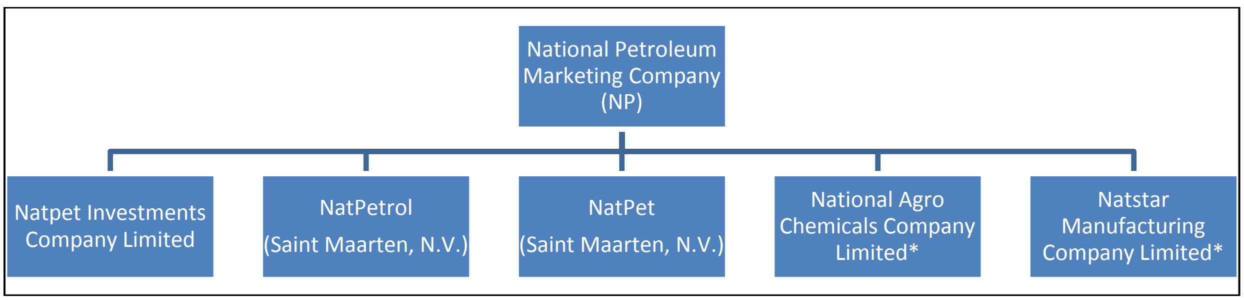


Fig.22 Source: Public Statement of National Petroleum Marketing Company in Compliance with FOIA (2013).
*currently being liquidated

Table 13 NP subsidiaries by shareholding, business activity and type of financial relationship.

Company	NP's share (%)	Type of business	Type of Financial Relationship
Natpet Investments Company Limited	100	Operation of the NP's LPG Filling Plant in Sea Lots. Also responsible for keeping marketplace adequately supplied	Direct financial link with parent company
NatPetrol, (Saint Maarten, N.V.)	100	Importation, exportation, purchase, sale, supply and trade of petroleum, petrochemical and chemical products.	Not currently operational.
NatPet (Saint Maarten, N.V.)	100	Sale, purchase, rental and leasing of immoveable property and investment in securities.	Not currently operational.

Source: Public Statement of National Petroleum Marketing Company in Compliance with FOIA (2013).

3.10.5 The Financial Contribution of Energy-Based SOEs

Government receives financial contribution from state-owned enterprises in the form of direct payments of dividends and taxes and indirectly through social expenditure payments or debt/subsidies. The amount of direct payments is determined by the prevailing laws and official guidelines. Tax payments are determined by the Petroleum Taxes Act in the case of Petrotrin and the Company Income Taxes Act in the case of NP and NGC. Dividend payments are based on general guidelines established in State Enterprises Performance Monitoring Manual, (SEPMM) 2011. The manual is aimed at improving the corporate governance framework in all State Enterprises. On the subject of dividend payments the manual states that:

"…. GORTT has agreed that the profitability of the Enterprise, its liquidity, legal restrictions/loan, covenants, and the replacement cost of essential capital goods are considered in determining the quantum of dividends that a Company would be required to pay. State Enterprises are also required to pay interim dividends based on semi-annual financial results. Actual distributions of profit are to be agreed with the Minister of Finance and appropriately disclosed in the financial statements. State Enterprises with Retained Earnings in excess of Working Capital requirements may be required to pay a Special Dividend."

The companies may also approve specific internal guidelines for payment of dividends. In the case of NGC, in 2013 the dividend policy provided the following details:

"The dividend policy of the company is to maximize distribution to the NGC shareholders whilst retaining sufficient funds to carry on its operations and maintain the viability of the Company without having to rely on shareholder financial support. The distribution allowed is 50% of the adjusted Profit after Tax, available for distribution.".

Over the period FY 2010 to FY 2013, the Government received a total of TT$17.6 billion from state-owned energy sector enterprises NGC, Petrotrin and NP. This is equivalent to an average of 16% of total energy sector revenues and a 9% share of total national revenues. The largest contribution was in fiscal year 2013 when, led by NGC, the companies contributed $6.3 billion or 24% of energy sector revenues. Table 14 details the revenue earned from each company.

The NGC was by far the most significant contributor accounting for 81% of total taxes and dividends collected. Petrotrin contributed 18% and NP 1%. Table 14 below shows that there has been a significant increase in NGC's dividend payments to Government from 2011 onward. This was partly due to increased profitability fuelled by relatively high prices of Ammonia and Methanol. The natural gas sales price is linked to Ammonia and Methanol prices. For fiscal 2013, declared dividends reached TT$3.55 billion, well over twice the already record-setting 2012 figure of TT$1.50 billion. It must be noted that declared dividends in 2013 included, not only 2013 dividends, but also a retroactive dividend for 2012 in the amount of TT$1.30 billion (see notes to Table 14). In fact, for fiscal 2013, NGC's was the only substantial payment because Petrotrin incurred a loss and NP only a marginal surplus.

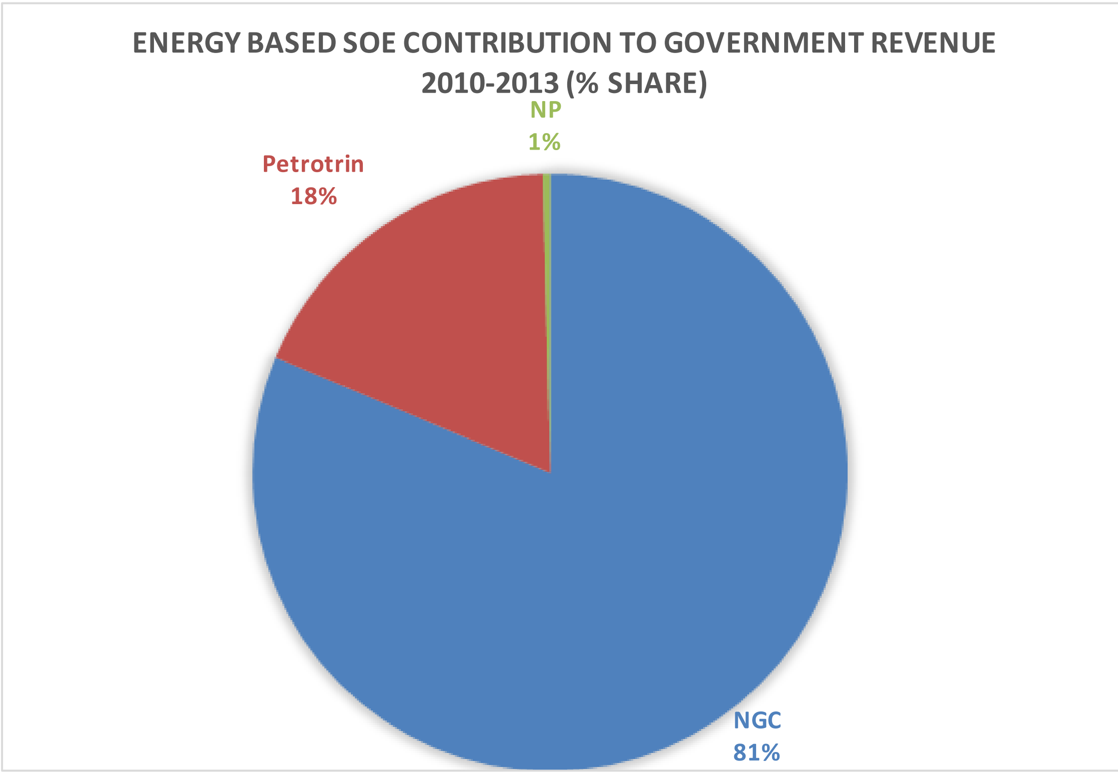


Fig. 23

Table 14: State Owned Energy Companies' Contribution to Government Energy Based SOE Revenue

	NGC		NP	
	Dividends (TT'000s)	**Corporation Tax (TT'000s)**	**Dividends (TT'000s)**	**Corporation Tax(TT'000s)**
2009	650,000	527,005	na	na
2010	400,000	1,333,800		18,700
2011	915,000	1,812,100		22,800
2012	1,500,000	1,512,034		16,600
2013	3,550,000[33]	2,870,800		7,600

Source: State Enterprises Investment Programme, MoFE (http://finance.gov.tt/category/state-enterprises/)

[33] Dividends of TT$ 3.550 billion were declared in 2013. This comprised TT$1.300 billion for 2012 and TT$2.250 billion for 2013. Actual dividends paid during the year 2013 were TT$4.200 billion, which comprised TT$825 million for 2011, TT$1.125 billion for 2012 and TT$2.250 billion for 2013.

Table 15: State Owned Energy Companies' Debt

	NGC		Petrotrin		NP	
	Debt[34] (TT'000s)	Company Debt Relative to National Debt (%)	Debt[35] (TT'000s)	Company Debt Relative to National Debt (%)	Debt (TT'000s)	Company Debt Relative to National Debt (%)
2009	5,534,620		na		na	na
2010	5,380,852		12,443,995		na	na
2011	4,345,518		13,568,677		na	na
2012	4,055,971		13,113,459		na	na
2013	5,346,062		13,018,492		na	na

Source: Company Annual Reports (several years)

3.10.6 Corporate Social Responsibility of SOEs in the Energy Sector

Energy sector companies play a leading role in Corporate Social Responsibility (CSR) in Trinidad and Tobago. A survey conducted in 2007 revelled that energy and related industries, including the foreign multinationals, accounted for over 50 percent of the total spending on external social and environmental projects. (UNDP/STCIC, 2007). The CSR programmes are strongly focused on interventions in education, arts and culture, sport, environmental protection, enterprise development and capacity building.

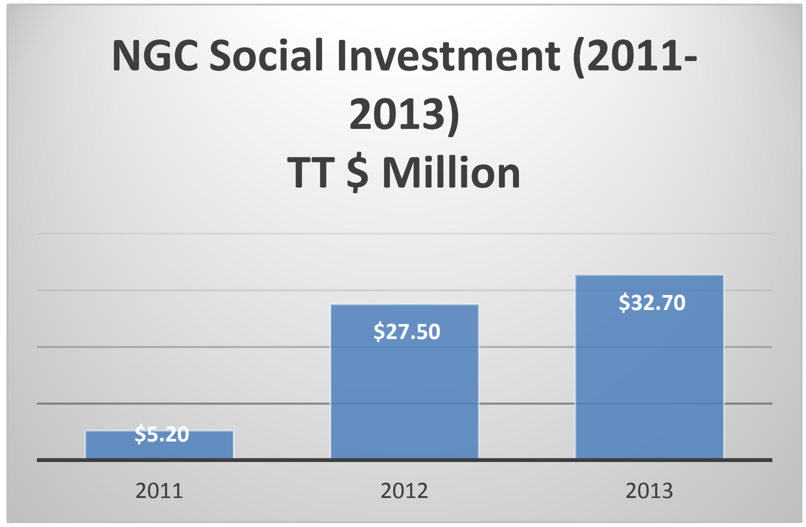
Like many other energy sector companies, the SOE's understand the need to be good corporate citizens by investing in the economic, social and environmental sustainability of communities. After all, the profits generated by these companies come from oil and gas resources which are owned by the citizens of T&T. CSR programmes of SOEs in the energy sector represent another channel through which citizens benefit from oil and gas revenues. The following provides an overview of the CSR expenditure by these companies. **Tables 17 and 18** provide a detailed listing of the projects and activities undertaken and or sponsored by NGC and Petrotrin respectively. .

3.10.6.1 National Gas Company of Trinidad and Tobago

Over the period 1991 to 2011, NGC has spent over TT$ 300 million on Corporate Social Investment (CSI) activities aimed at building sustainability in communities and country. NGC's CSI initiatives are focused on three central themes: Sport, Civic Life and Empowerment.

[34] Includes current portion of long-term debt; sundry creditors and accruals, long-term debt and long-term creditors
[35] Includes Short term loans; Current portion of long-term borrowing and Borrowings.

Fig. 24



Over recent years there has been an appreciable increase in NGC's CSR expenditure. Total social expenditure grew from $5.2 million in 2011 fiscal year to $27.5 million in 2012 and 32.7 million in 2013 fiscal year (see Figure 24).

In the latter years the Company has adopted a more robust and widespread programmes, encompassing several community infrastructure projects and sponsorship of national teams .(Cricket)

For 2013, seven (7) major projects were identified:

- Youth development through sponsorship of Police Youth Clubs in Couva, La Brea, Beetham and Laventille Road
- Construction of sporting and recreational facilities in various areas of Trinidad and Tobago to foster community building
- Continuation of the reforestation programme in which NGC partners with communities in Moruga, Rousillac and Parrylands to restore the natural environment while providing employment for the residents
- Continuation of public education programme to create public awareness of NGC, its business and natural gas safety and emergency response
- Strategic contributions and sponsorships in the areas of the arts and culture, sport, education and human and social development
- Promotion of CNG as a vehicular fuel in the transportation sector.

3.10.6.2 The Petroleum Company of Trinidad and Tobago

Over the years, Petrotrin is known to have spearheaded several corporate philanthropic activities and as a result has been able to maintain a harmonious relationship with the wider national community. Petrotrin's CSR programme emphasizes seven (7) major areas: education and training, culture, sport, environment, community empowerment, disaster relief and volunteerism. Some of the company's external CSR initiatives are:

i. **Culture:** Annually Petrotrin funds four prominent Steel Orchestras namely Phase 11 Pan Groove, Siparia Deltones, Katzenjammers of Tobago, and Hatters. The company sponsors several junior calypso events each year and hosts its own Petrokaiso Competition. The Petrotrin Rangeela Orchestra, the Levantamientos Parang Group, and the Petrotrin Cadet Corps also receive funding and support.

ii. **Sport:** Petrotrin invested TT$ 2 million in the Athlete Development Programme which provides support to train and develop local athletes in preparation for the 2016 Summer Olympics. It also invests in other areas of support such as providing sponsorship for the Southern Games, Palo Seco Games and the Petrojazz Basketball Team.

iii. **Education:** Petrotrin sponsors the Young Achiever Awards for SEA, CXC and CAPE students and a University National Sporting Achievement Reward. It also runs its craft apprenticeship and Refinery Operator apprenticeship programmes that prepare youth for sustainable jobs in the industry.

iv. **Environment:** Petrotrin has embarked on several projects aimed at improving the environment . One such is the Petrotrin Programme of Activity (PoA) , which aims at winning carbon emissions reduction credits for trading. One project targets the reduction of the greenhouse gas emissions through the recovery and utilization of methane gas currently vented. Petrotrin provides solid support to the Wild Fowl Trust located on its estate, and is involved in a coastal clean-up activities and the Coastal Monitoring programme for he Point A Pierre Harbour.

3.10.6.3 Trinidad and Tobago National Petroleum Marketing Company Limited

While NP's slate of CSR activities are not as extensive as that of NGC and Petrotrin, the company has certainly invested in quality CSR programmes focused on the development of the citizens and culture of Trinidad and Tobago. NP successfully does this via two key signature programmes – Fuelling the Future through Music Literacy and the Defensive Driving Programme.

i. Fuelling the Future through Music Literacy Programme: This programme seeks to develop music literacy and promote personal development among youths in Port-of-Spain. It provides training in music literacy at level 1 and life skills training. NP's subsidiary Natpet also provides steel drums to the Steel Band fraternity and supports several unsponsored Steel Orchestras during Carnival.

ii. Defensive Driving Programme: The purpose of this programme is to assist 100 Sixth Form students in the Port-of-Spain area to recognize hazards on the road and avoid road accidents. These students are targeted as they are deemed as being high-risk young drivers who lack the experience and knowledge about road safety.

Table 16 NGC Corporate Social Investment Programmes

SPORT
Official Sponsor: Trinidad & Tobago Cricket Team since 2012, NGC donated TT$13 million to the development of local cricket over the next three years. NGC – RIGHT ON TRACK: Track & Field And Basketball among school children Co-Sponsor of the Track and Field Championships of the National Association of Athletics Administration (NAAA) Primary Schools Track and Field Games in the Moruga Zone and the St. Patrick and Caroni Districts
CIVIC LIFE
ARTS AND CULTURE Patron of Junior Panaroma Sponsor of Trinbago Steelfest Sponsor of NGC Couva Joylanders (as well as the construction of their Pan Theatre in 2012), NGC La Brea Nightingales Steel Orchestra. National Festivals & Competitions: Tobago Heritage Festival The NGC Bocas Lit Fest, which has grown in scope and size since 2011. The Trinidad & Tobago Film Festival since 2009 National Junior Arts Festival (SANFEST) with which NGC initiated a partnership in 2003 EDUCATION NGC has also been a regular contributor to the UWI's Development and Endowment Fund Sponsor of the UWI Research Expo RESTORING PUBLIC SPACES The upgrade and refurbishment of recreation grounds and community facilities at Sobo, Gasparillo, Lower Cumuto, Ste. Madeleine, Exchange, Preysal, Penal, Scott's Road, Siparia, Rio Claro, Guayaguayare, and Mayaro, Preysal Interchange Beautification Project Upgrade And extension of the Caldrac Recreation Club FACILITIES DEVELOPMENT The construction in Couva of a new building to be shared by the Police Youth Club, Lion's Club and Scouts. Refurbishment Of The Leo Thompson Recreation Ground ENVIRONMENTAL PRESERVATION Horizontal Directional Drilling (HDD) Pipeline Construction Routes Reforestation Programme

EMPOWERMENT
YOUTH TRAINING & DEVELOPMENT YTC Multi-Purpose Sports Facility Supported Youth Training Centre (YTC) through financial donations 2012: sponsored the refurbishment of the YTC multi-purpose Sports Facility: resurfacing the gymnasium, upgrading the lighting and washroom facilities, replacing the roof and improving the ventilation Sponsor of “Reading to Learn” Programme in the communities of Beetham, Morvant, Laventille and Bon Accord, Tobago. The programme is designed to improve literacy in primary schools NIHERST/NGC National Science Centre: partnered with NGC since 1997. Police Youth Clubs: Supports five Police Youth Clubs in Couva, Penal, La Brea, Beetham and Laventille Road SKILLS DEVELOPMENT AND ENTREPRENEURSHIP Tobago Plant Maintenance Scholarship Programme Tobago Building Construction Technology (BCT) Programme: 2 cycles of a BCT Programme in collaboration with the National Energy Skills Centre (NESC) and the Division of Education of the Tobago House of Assembly (THA). Tobago Outboard Boat Engine Repairs Programmes: conducted in collaboration with the National Energy Skills Centre (NESC) and trains locals in the fields of Building Construction and Boat Engine Repairs. Bethel Empowerment Skills Training (BEST) Natural Gas Literacy Programme Community Awareness Community Awareness and Emergency Response (CAER)

Table 17 Petrotrin Corporate Social Responsibility Programmes

SPORTS AND CULTURE
Sponsored Events • Southern Games • Palo Seco Games • Road to Rio - $2.0 million towards the Olympic athletes Sponsored Groups • Petrotrin Phase II – 2013 Panorama Champions • Petrotrin Katzenjammers • Petrotrin Hatters • Petrotrin Siparia Deltones • 14 small steel bands. • Petrotrin Boodoosingh Tassa Group • Petrotrin Levantamientos • Voices of Petrotrin Choir • PetroJazz Basketball Team • Petrotrin Cadet Corps
EDUCATION AND TRAINING
Horizon Graduate Trainee Programme Craft Apprenticeship Programme Refinery Operator Apprenticeship Programme
ENVIRONMENTAL
• Clean Development Mechanism (CDM): Aimed at reducing greenhouse gas emissions by recovery and utilization of methane rich natural gas currently vented • Petrotrin Programme of Activity (PoA): Registered in 2013, the PoA generates Certified Emission Reduction (CER) credits which are recognized by European Union Emissions Trading System (EU ETS) • Pointe-a-Pierre Reforestation Programme: for 2012-2013, as part the ongoing programme a total of 912 were planted and maintained to protect and conserve the PaP camp's biodiversity • Coastal Clean-up: 460 lbs+ of rubbish and debris removed from Beach Camp, Palo Seco • Coastal Monitoring Programme for Pointe-a-Pierre Harbour: baseline conditions and coastal process characteristics established in 2011 to provide a basis for sustainable defence policies in the PaP coastal region • Disaster Preparedness for fence line communities.

COMMUNITY INVOLVEMENT
• Petting Zoo & Biodiversity Display: visited 26 schools throughout T&T as well as NIHERST Science Fair during fiscal 2012/2013 • Marabella Family Crisis Centre: helps needy families achieve a better standard of living through donations, training courses, remedial classes, counselling, sporting activities, etc. • Response programmes: • sponsorship and donation activities- Vacation Food Drive • provision of employment opportunities for community members

3.11 GAS RESERVES

Keeping track of T&T's natural gas reserves is an important exercise especially since the country's LNG production and the output from the downstream gas-based industries is inextricably linked to reserves. Quantifying the country's remaining gas reserves centres on the chance of commerciality and can be categorized as proven, probable or possible (3P) reserves.

According to the Society of Petroleum Engineers Petroleum Resources Management System Manual,

"*reserves are those quantities of petroleum which are anticipated to be commercially recovered from known accumulations from a given date forward. All reserve estimates involve some degree of uncertainty. The uncertainty depends chiefly on the amount of reliable geologic and engineering data available at the time of the estimate and the interpretation of these data. The relative degree of uncertainty may be conveyed by placing reserves into one of two principal classifications, either proved or unproved. Unproved reserves are less certain to be recovered than proved reserves and may be further sub-classified as probable and possible reserves to denote progressively increasing uncertainty in their recoverability.*"

Based on the 2014 Ryder Scott audit, the 3P non-associated natural gas reserves at December 31st 2013 (i.e. proved plus probable plus possible reserves) was 23,881,459 Million cubic feet (MMCF)/23,881.459 billion cubic feet (BCF)/23.881459 trillion cubic feet (TCF) of gas. There was a 40% replacement ratio of proved reserves i.e. the volume of gas produced in 2013 was 1.45 TCF while the volume of proved gas added was 0.58TCF.

3.12 GHG EMISSIONS

In December 2015 at a conference in Paris, over 150 countries are expected to sign a global climate change accord to replace the Kyoto Protocol (2005). Countries are mandated to reveal their national plans to curb greenhouse gas (GHG) emissions before the December deadline and T&T has already submitted its Intended National Determined Contributions (INDC) under the United Nations Framework Convention on Climate Change. This country's INDC is heavily influenced by a carbon emissions reduction strategy and action plan aimed at reducing emissions in the largest emitting sectors: the industrial, power generation and transportation sectors.

The strategy and action plan map out the policy instruments and project incentives necessary to significantly curb emissions and also identify steps to monitor, report on and verify emissions in the future. Through the use of a BIOS model, the action plan also projects the country's emissions growth from 2013 to 2040 based on several different scenarios. Four different scenarios are taken into consideration based on economic and technical-political perspectives. For the economic perspective, the model outlines emissions projections based on conservative and optimistic economic growth. For the technical-political perspective, the model outlines emissions projections based on conservative or optimistic implementation of emissions reducing actions. The model indicates that, based on conservative growth, emissions from these three sectors accounted for 34 million tonnes of CO_2 equivalent (M t CO_2e) in 2013 alone.

According to the model, if emissions reduction strategies are implemented there will be a decrease of more than 30 M t CO_2e for the electrical energy generation sector, almost 120 M t CO_2e for the industry sector and more than 20 M t CO_2e over the projected 27 year time period. These statistics reinforce the need for setting ambitious targets and for monitoring compliance.

The Executive Summary of the INDC states:

"Trinidad and Tobago's aim is to achieve a reduction objective in overall emissions from the three sectors by 15% by 2030 from business as usual, which in absolute terms is an equivalent of one hundred and three million tonnes (103,000,000) of CO2 equivalent. The estimated cost of meeting this objective is USD 2 billion, which is expected to be met partly through domestic funding and conditional on international financing including through the Green Climate Fund. In this regard, Trinidad and Tobago will commit to unconditionally reduce its public transportation emissions by 30%, or one million, seven hundred thousand tonnes (1,700,000) CO_2e compared to 2013 levels, by December 31, 2030."

Rising emissions are linked to climate change and as a small island developing state, T&T must be especially wary of rising sea levels, coastal erosion, increased flooding, soil aridity and other potential impacts which can lead to loss of livelihoods, infrastructure damage and declining economic stability. It is important to note that over the past decade T&T's CO2 emissions have doubled and steps to mitigate and adapt to climate change are critical to the country's long term sustainable development.

3.13 MINING SECTOR

In T&T, the extractive industries comprise operations in the oil, gas and mining sectors and the inclusion of revenue data from all of them in the EITI Report is a requirement of EITI implementation. However, the Steering Committee recognized that, unlike the developed oil and gas sectors, the companies in the mining sector required considerable capacity building to reach the international standard for participation in the EITI reporting process. Therefore, the Steering Committee began EITI implementation with the oil and gas sectors while engaging the mining sector in capacity building workshops aimed at raising its management and reporting standards. This capacity building will enable mining companies to join with the oil and gas companies in the EITI reporting process at a later date and the need for more training and awareness programmes explains the absence to date of revenue data from the mining sector in T&T's EITI Reports.

Asphalt extraction is the longest established industry in the mining sector. However, driven by the expansion in building and civil engineering construction projects over the past decades, mineral extraction has overtaken asphalt extraction as the main activity in the mining sector. While the EITI Steering Committee agreed to exclude reconciled revenue payments data from the mining sector for the

EITI Report 2013, there was still consensus that relevant contextual information on the sector should be made available to the wider population.

According to the Ministry of Energy and Energy Affairs, there are 88 active mining operations in the country, 42 of these are licensed while the other 46 operate with expired licenses while awaiting new licenses from the Ministry. A further 47 new mining license applications are before the Ministry and there are an additional 62 mineral processing plants operating without licenses. The sector has been plagued by problems associated with lax regulation, especially as it relates to quantifying production volumes and capturing outstanding royalty payments from operators.

Based on revised data from the 2015 Draft Estimates of Revenue, in 2013 the Ministry Of Energy and Energy Affairs collected TT $1,389,872 in royalties from the minerals sector while, according to data compiled by the Board of Inland Revenue, licensed operators paid TT $4,760,338 in taxes in 2013 (see tables 1,2 and Chart 1).

The Green Paper on Minerals Policy 2014 also alludes to a potential gross under-reporting of production and royalty payments during the period 2001 to 2013 and notes that only 10 percent of royalties was collected in this period. The Paper stated: *"This represents a loss of revenue to the State of approximately TT$120 million in royalty payments, and does not include loss of revenue from royalties for production not accounted for and from illegal mining (quarrying) as well as revenues from other sources such as: taxes, Business Levy, and Green Fund levy, over the period 2001 to 2013".*

Steps are now being taken to regulate the sector more efficiently. On June 5, 2015, the Minerals (General) Regulations were laid in Parliament empowering the Minerals Division of the Ministry of Energy and Energy Affairs to enforce compliance with the provisions of the Minerals Act No. 61 of 2000. These regulations enable the division to develop better revenue collection and enforcement systems to prosecute illegal miners, deal with the various issues of non-compliance which would include non-payment of the requisite taxes and royalties, as well as take action against operators not fulfilling their performance and environmental obligations as provided for in their contracts and licenses and in the provisions of the Minerals Act.

Table 18 – Royalty Payments from Minerals (Ministry Of Energy and Energy Affairs)

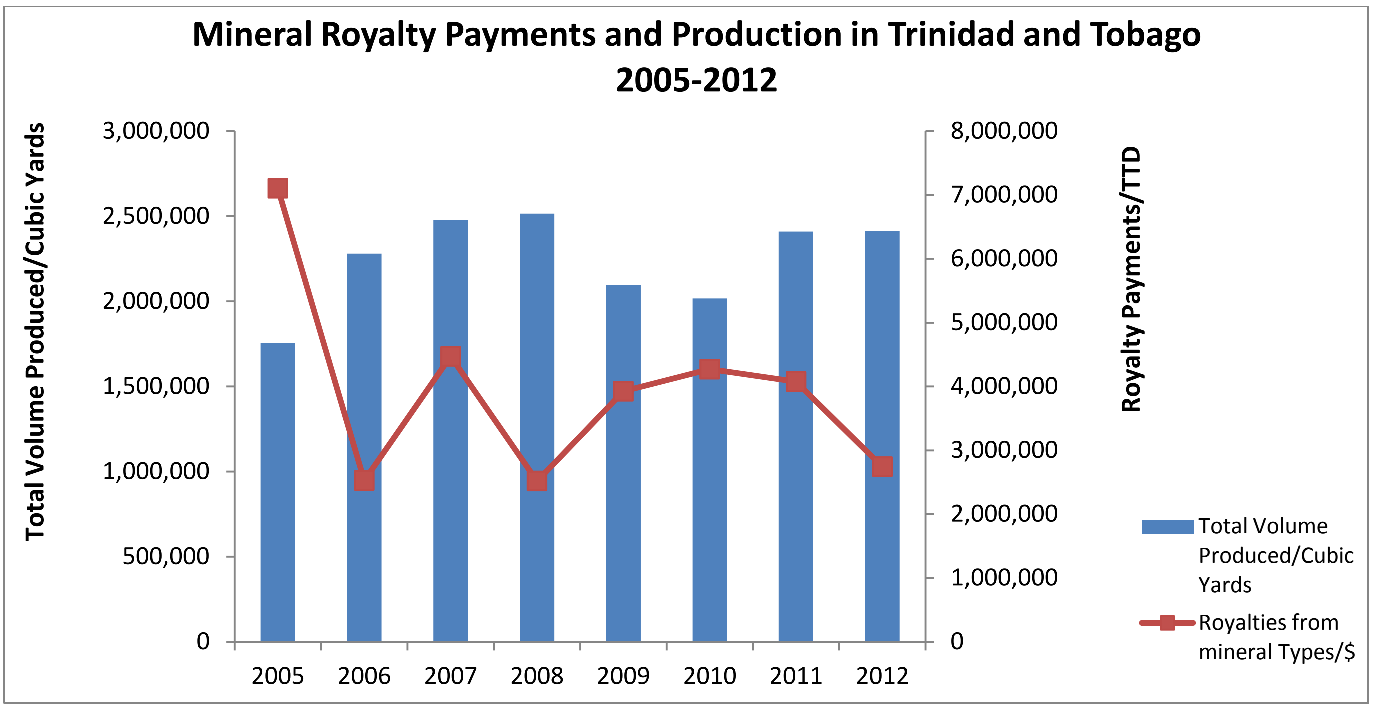
Royalty Payment	Amount (TT$)
Quarries, Sand and Gravel Pits	1,348,501
Asphalt or Pitch from Pitch Lake	41, 371

* It is important to note operators only make royalty payments to the Ministry Of Energy and Energy Affairs if they do not own the mineral rights for their acreage. Such operators pay a one-time application fee, an annual license fee of $100 per acre and provide Rehabilitation and Performance Bonds of $3000 per acre each.

Table 19 – Licensed Quarry Operator Tax Payments to Board of Inland Revenue

Tax Type	Amount (TT$)
Corporation Tax/ Individual Income Tax	3,456,260.28
Business Levy	787,726.60
Green Fund Levy	516,351.35
Total Tax Payments	**4,760,338.23**

Chart 25 Mineral Royalty Payments, License Fees and Application Fees versus Production from 2005-2012



Source: MEEA Green Paper on Minerals Policy 2014

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Table 1

Exploration and Development Drilling			
Total Depth Drilled (ft.)			
	Exploration	Development	Total trend
2009	10850	134765	145,615
2010	27383	157855	185,238
2011	36334	438235	371,235
2012	49386	331,778	381,164
2013	47,355	308,250	355,605

Source: MEEA

Table 2

Petrotrin’ Share of Total Crude and Condensate Production (bopd)					
	Trinmar	Petrotrin	Petrotrin LOFO	Petrotrin IPSC	Other
2013	21,531	13,425	7,021	621	38,349

Source: MEEA

Table 3

Historic Crude and Condensate Production	
Year	Oil Production (bopd)
1981	189,335
1982	177,038
1983	159,845
1984	169,513
1985	176,052
1986	168,877
1987	155,180
1988	150,842
1989	149,341
1990	150,792
1991	143,624
1992	134,412
1993	122,282
1994	128,913
1995	130,346
1996	128,723
1997	123,742
1998	122,627
1999	124,979
2000	119,107
2001	113,354
2002	130,642
2003	134,089
2004	122,902
2005	144,339
2006	142,753
2007	120,018
2008	114,279
2009	107,169
2010	98,233
2011	91,919
2012	81,735
2013	81,114

Source: MEEA

Table 4

Petrotrin's Refinery Sales, Throughput and Crude Imports (millions of barrels of oil)			
	Crude Oil Imports	**Refinery Throughput**	**Total Refinery Sales**
Jan-12	2.53	4.06	6.59
Feb-12	2.11	3.58	5.69
Mar-12	2.21	3.57	5.77
Apr-12	2.03	3.63	5.67
May-12	2.22	3.80	6.02
Jun-12	2.30	3.56	5.86
Jul-12	1.99	4.27	6.26
Aug-12	3.10	4.63	7.73
Sep-12	1.70	2.74	4.44
Oct-12	-	2.96	2.96
Nov-12	0.05	1.17	1.22
Dec-12	0.70	1.10	1.80
Jan-13	1.46	2.68	4.14
Feb-13	1.46	3.96	5.43
Mar-13	2.64	3.42	6.06
Apr-13	2.29	4.32	6.61
May-13	3.69	4.89	8.58
Jun-13	2.91	4.44	7.34
Jul-13	3.18	4.26	7.44
Aug-13	1.79	3.89	5.68
Sep-13	2.43	4.14	6.57
Oct-13	2.69	4.03	6.72
Nov-13	2.55	4.20	6.75
Dec-13	2.00	3.94	5.94

Source: MEEA

Table 5

Exports of Crude Oil (MCF)	
2009	19,610
2010	16,584
2011	14,461
2012	10,478
2013	12,469

Table 6

Natural Gas Production (MMSCF/D)	
Jan-13	4,453
Feb-13	4,429
Mar-13	4,195
Apr-13	4060
May-13	4279
Jun-13	4145
Jul-13	4274
Aug-13	4232
Sep-13	3398
Oct-13	4195
Nov-13	3880
Dec-13	4200

Source: MEEA

Table 7

Year	**LNG Production (cubic metres)**
2009	33.90
2010	34.32
2011	31.88
2012	32.27
2013	32.70

Source: MEEA

Table 8

T&T LNG Exports to the US (million cubic feet)	
Jan-09	18825
Feb-09	16019
Mar-09	17064
Apr-09	20212
May-09	30885
Jun-09	33574
Jul-09	21334
Aug-09	17161
Sep-09	15493
Oct-09	12547
Nov-09	16543
Dec-09	16545
Jan-10	21863
Feb-10	15979
Mar-10	16165
Apr-10	15228
May-10	16274
Jun-10	10701
Jul-10	16604
Aug-10	16512
Sep-10	16357
Oct-10	15238
Nov-10	13653
Dec-10	15175
Jan-11	15701
Feb-11	11488
Mar-11	9900
Apr-11	10554
May-11	8126
Jun-11	10971
Jul-11	12792
Aug-11	10715

T&T LNG Exports to the US (million cubic feet)	
Sep-11	8106
Oct-11	8088
Nov-11	12054
Dec-11	10127
Jan-12	9482
Feb-12	11283
Mar-12	13029
Apr-12	1447
May-12	10611
Jun-12	8256
Jul-12	12345
Aug-12	16084
Sep-12	8484
Oct-12	4748
Nov-12	8297
Dec-12	8143
Jan-13	10770
Feb-13	7722
Mar-13	4629
Apr-13	5171
May-13	5626
Jun-13	8046
Jul-13	8023
Aug-13	5961
Sep-13	8540
Oct-13	2674
Nov-13	2583
Dec-13	0

Source: US EIA

Table 9

Monthly Petrochemical Production			
Year	Ammonia	Methanol	Urea
Jan-12	470,638	424,364	56,971
Feb-12	416,715	446,722	43,666
Mar-12	444,311	529,655	39,124
Apr-12	447,838	412,154	59,377
May-12	438,222	468,394	59,497
Jun-12	410,884	503,994	59,057
Jul-12	433,637	512,288	28,186
Aug-12	423,769	495,510	48,709
Sep-12	344,941	422,318	45,112
Oct-12	275,177	301,767	48,013
Nov-12	360,130	441,496	33,212
Dec-12	421,693	532,016	43,969
Jan-13	433,043	521,685	39,870
Feb-13	415,646	461,201	49,529
Mar-13	384,089	437,138	54,757
Apr-13	380,560	463,100	51,787
May-13	397,251	452,976	37,895
Jun-13	375,760	434,531	0
Jul-13	374,027	496,352	38,765
Aug-13	413,023	479,870	40,964
Sep-13	290,999	358,264	41,427
Oct-13	387,255	540,409	39,870
Nov-13	364,218	515,606	33,377
Dec-13	423,925	471,791	61,370

Source: MEEA

Table 10

Petrochemical Exports by Fiscal Year (MT)			
	Ammonia	Methanol	Urea
Jan 2012-Dec 2012	4.45	5.55	0.54
Jan 2013- Dec 2013	4.21	5.71	0.49

Source: MEEA

Table 11

Percentage Change in Energy Sector and Non-Energy Sector GDP (constant prices)		
	Energy Sector Growth	Non-energy Sector Growth
2009	-1.8	-4.9
2010	3.2	-2.6
2011	-3.9	-0.5
2012	-1	1.9
2013	0.5	2.5

Source: Ministry of Finance and the Economy

Table 12

Energy Sector Revenues (TT$ Millions)	
2008/2009	18,183
2009/2010	22,701
2010/2011	27,341
2011/2012	26,626
2012/2013	26,521

Source: CBTT

Table 13

Current Expenditure and Transfer Payments FY 2009- FY 2013					
Fiscal Year	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
Current Expenditure (TT$ million)	**37,316.90**	**37,275.50**	**41,649.90**	**44,487.10**	**48,562.50**
Wages & Salaries	6,620.30	6,711.00	7,179.70	7,282.30	9,382.50
Goods and services	6,023.00	6,441.20	6,504.30	7,061.60	7,012.40
Interest Payments	3,499.90	3,290.30	2,866.40	2,937.10	2,604.00
Transfers and Subsidies	21,173.70	20,833.20	25,099.50	27,206.10	29,563.60

Source: CBTT

Table 14

Subsidy Claims (TT$ billion)	
Fiscal Year	SUBSIDY CLAIMS (TT$)
2009	1.61
2010	2.92
2011	4.41
2012	4.55
2013	4.34

Source: MEEA

Table 15

IRSF and HSF Revenues		
	Year	($US Millions)
Interim Revenue and Stabilization Fund	2000	66.1
	2001	162.9
	2002	162.5
	2003	248.9
	2004	453.9
	2005	870.8
	2006	1396.8
Heritage and Stabilization Fund	2007	1788.3
	2008	2909.7
	2009	2992.7
	2010	3702
	2011	4080
	2012	4712
	2013	5154

Source: MoFE

ii

4 SUMMARY OF FLOWS REPORTED AND REPORTING ENTITIES

4.1 FLOWS AND ENTITIES INCLUDED IN THE RECONCILIATION

The TTEITI Steering Committee determined that the reconciliation should cover the areas described in this section. It was not part of the TOR for the Engagement to advise on the scope for the reconciliation.

The TTEITI SC decided that the 2012/13 Report should include the upstream oil and gas sector; consideration was given to inclusion of the mining, and the midstream and downstream petroleum/gas sectors, and it was decided not to add any of these sectors to the scope of the current report, but to consider them again for the 2013/14 Report.

The paper setting out the materiality decision of the TTEITI SC is included as Appendix 9.4.

4.1.1 FLOWS INCLUDED

The TTEITI Steering Committee decided that the flows to central government described in this section should be included in the 2012/13 TTEITI Report.

4.1.1.1 Payments to MOF - IRD

a. Supplemental Petroleum Tax (SPT)

SPT is charged on gross income derived from crude oil sales provided that the weighted average price of crude oil is in excess of US$50 per barrel. The calculation is based on an oil price sensitive rate structure as below:

SPT Tax Rates from 2010 to 2012:

Price in $ US	**Rate % Marine**		**Rate % Land & Deep Water**
Between - $	A	B	C
0 and 50.00	0	0	0
50.01 and 90.00	42	33	18
90.01 and 200.00	SPT Rate = Base SPT + 0.2% (P-90.00)		
200.01 and over	64	55	40

In computing SPT certain allowances for costs incurred in petroleum operations is deductible from gross income and is administered under the Petroleum Taxes Act.

b. *Petroleum Profits Tax (PPT)*

PPT is paid by companies involved in the business of petroleum production and/or petroleum refining and is charged at a rate of 50% of the profits or gains accruing from such operations. Like SPT, it is administered under the Petroleum Taxes Act.

c. *Unemployment Levy (UL)*

UL is charged at the rate of 5% of taxable profits prior to the utilisation of any tax relief and is administered under both the Unemployment Levy Act and the Petroleum Taxes Act.

d. *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 25% for manufacturing and retail sector. It is administered under the Corporation Tax Act.

e. *Green Fund Levy*

Green Fund Levy is imposed on gross revenue at the rate of 0.1% and is payable quarterly. All companies and partnerships are liable to this levy.

f. *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 0.2% of the gross sales/receipt for each quarter of the year of income.

g. *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.

h. *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.

i. *Insurance Premium Tax*

Insurance premium tax is charged on the receipt of a premium 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 that the premium is paid and subsequently remitted to the Government.

This EITI Report includes payments of insurance premium tax on foreign policies only.

4.1.1.2 Payments to MEEA

a. Royalty

Royalties are payments to the Government by the petroleum companies for the use of property or natural resources belonging to Trinidad and Tobago that are either occupied or extracted during petroleum operations. Royalty rates vary from company to company. In the case of crude oil, the rate ranges from 10% to 12.5% of the field storage values. For licences signed up to 1989, the field storage value is based on the Royalty Lease Evaluation 1 Method and for licences signed from 1989 onwards, the field storage values are determined using international market prices of references crudes. In the case of natural gas, the royalty rate ranges from a fixed rate of 0% to 15% of the value for the natural gas.

b. Minimum rent – E & P

This is the minimum payment in respect of the exclusive right to explore for and produce petroleum from the licensed area. This is payable for each acre of State Land and Submarine Area for each licence. The rate is stipulated by the Minister and specified in the licence agreement. Every Exploration and Production (E&P) Licensee shall pay this rent quarterly in advance in January, April, July and October.

c. Annual licence acreage payments

Annual licence acreage payments represent the surface rent of all State Lands which is leased, used or occupied for the purpose of the licence. The rate is specified in the licence.

d. Petroleum Production Levy

Petroleum Production Levy is a tax charged at the lower of either:
* 4% of the gross income from the production of crude oil or
* in accordance with the following formula

$$\frac{PI \times S}{PT} = L$$

Where-
PI represents the production of Petroleum by the production business for the preceding month
PT represents the total production of Petroleum by all persons carrying on production business in Trinidad and Tobago for the preceding month
S represents the total subsidy to be paid to marketing businesses in Trinidad and Tobago
L represents the levy imposed on the production business for the month

All companies and partnerships are liable to pay this tax monthly.

e. Petroleum impost

Petroleum impost is a levy intended to cover the expenses of the public administration of the petroleum industry.
Every licensee shall pay a petroleum impost in respect of all petroleum won and saved at such rates as the Minister may determine by the issue of a Rating Order which is published in

the Gazette at least 30 days prior to the date on which the petroleum impost becomes payable.

f. *Production Sharing Contract (PSC) share of profits*

PSCs are a common type of contract between a Government and a resource extraction company concerning the quantity of the resource each shall receive. The oil company bears the mineral and financial risk and where successful, the company is permitted to use the money from produced oil to recover capital and operational expenditures (“cost oil”). The remaining money (“profit oil”) is split between the Government and the company typically at a rate of 80% to 20% respectively.

g. *PSC signature bonuses*

The signature or signing bonus is a common feature of the PSC. This is the amount the contractor agrees to pay the Government in advance of exploration activities for signing the agreement. The size of this bonus is based on the exploration licence’s presumed recovery potential and value.

h. *PSC bidding fees*

PSCs are awarded following a bidding process. PSC bidding fees are the cost to the exploration company in submitting the bid.

i. *Other payments under PSCs*

Specific payments were identified by the TTEITI Steering Committee, namely

- Fees for assignment of PSC
- Abandonment Provision – Payments into Environmental Escrow Account
- Administration Fees
- Training Fees
- R&D Fees
- Production bonuses
- Technical assistance
- Scholarships
- PSCs Holding Fee

In addition, any other payments made from companies to government under obligations arising from the PSC were to be declared.

4.1.1.3 Payments to MOF – Investment Division

a. *Dividends paid by state owned companies*

State owned companies were required to declare any payments made to government not reported on other templates.

4.1.1.4 Other payments

a. *Social expenditure and infrastructure payments*

Companies were asked to declare details of social expenditures[36] and infrastructure payments[37]. The recipient of the payment was not required to confirm the receipt and accordingly, any payments declared were not reconciled between paying and receiving entities.

b. *Payments in kind*

Reporting entities were requested to report contributions in kind made to or received by government or state owned entities.

An in kind flow is where the government receives oil or gas instead of cash, and monetises the physical commodity in some way. Examples of monetisation might include

i. use of the oil/gas received – for example as feedstock for the refinery or as gas supply to the power generator; or
ii. sale of the oil or gas to a third party; or
iii. payment for the oil/gas received from a state owned enterprise – for example NGC – which then uses the commodity for its own purposes

c. *Other payments*

Companies were asked to declare other payments relating to oil/gas exploration and production made to government, and not reported elsewhere as part of the information provided for the reconciliation.

These other payments specifically excluded PAYE, Health Surcharge, Value Added Tax, National Insurance contributions and Import Duties on the grounds that the TTEITI Steering Committee had decided that these items should not be part of the flows reported in the 2012/13 reconciliation.

The purpose of requesting these other payments was to identify any material payments which might not have been considered for inclusion by the TTEITI Steering Committee.

d. *Transportation Revenue – NGC only*

Under the EITI Standard, where revenues from the transportation of oil, gas and minerals constitute one of the largest revenue streams in the extractive sector, the government and state-owned enterprises (SOEs) are expected to disclose the revenues received. In particular, it is suggested that the EITI Report should contain disclosure of revenues received by government entities and State Owned Enterprises, in relation to transportation of oil, gas and minerals.

[36] material social expenditures mandated by law or the contract with the government that governs the extractive investment
[37] payments made under agreements, or sets of agreements involving 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

NGC receives transportation revenues (NGC consolidated accounts for 2013 disclose transportation revenue of TT$ 361m).

The TTEITI Steering Committee decided that NGC should report revenues received for transportation, but that companies paying fees to NGC would not be required to report them in the current report - i.e. a declared item, not a reconciled item.

e. *Payments from MEEA to MOF-IRD*

The Model deep water PSC provides that "*The Minister shall pay on behalf of the Contractor out of the Government's Share of Profit Petroleum referred to in Article 18.11 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 Petroleum Operations under this Contract*".

The TTEITI Steering Committee agreed that these payments, which are material, would not be included in detail in the current report but should be reported in the TTEITI Reports for 2013-14 and following. We have included the total reported by MEEA as paid in 2012/13

4.1.2 GOVERNMENT ENTITIES INCLUDED

The government entities included in the 2012/13 TTEITI reconciliation are:-

4.1.2.1 Ministry of Finance and the Economy – Inland Revenue Division

The Inland Revenue is a Division of the Ministry of Finance and the Economy and is administered by a Board consisting of five Commissioners, one of whom is appointed "Chairman". The Board of Inland Revenue develops broad policies and programmes for the administration of the tax laws and directs, guides, co-ordinates, controls and evaluates the activities of the Inland Revenue Division. The principal components of the Division are:

- Administration and Computer operations under the control and management of the Commissioner - Administration
- Audit under the Commissioner - Audit
- Collections, Accounting Control & Returns Processing under the Commissioner - Collections
- Value Added Taxes under the Commissioner - Value Added Tax Administration
- The Reform of Inland Revenue which falls under the Commissioner – Reform

4.1.2.2 Ministry of Energy and Energy Affairs[38]

The Ministry of Energy and Energy Affairs is responsible for monitoring, controlling and regulating the energy and mineral sectors of Trinidad and Tobago.

[38] The name of the Ministry was changed to "Ministry of Energy and Energy Industries" in September 2015

4.1.2.3 Ministry of Finance and the Economy – Investments Division

The Investments Division of the Ministry of Finance was established in January 1992. In pursuit of its mandate, the Division manages, monitors and advises on the rationalisation of Government's equity holdings in commercial enterprises. The Division is also responsible for conducting management / performance audits of State Enterprises, to ensure that they operate in an efficient and effective basis and that they discharge their obligations with respect to public accountability.

The Minister of Finance was incorporated as a Corporation Sole by Act No.5 of 1973 (Chapter 69:03). In keeping with his role as Corporation Sole, the Minister of Finance and the Economy is responsible for the State's portfolio of investments of which the State Enterprise Sector is a major element.

4.1.3 COMPANIES INCLUDED

In the SC's materiality decision, 55 companies were to be required to report payments to government for the 2012/13 Report. As a result of our review of the list of companies, the number of companies required to report was reduced to 51, as described in section 7.8.

The final approved list of companies, and the groupings under which they are reported, was:-

BG Group	**Primera Group**
BG Trinidad and Tobago Limited	Primera Block 3b Ltd
BG Trinidad 5(a) Limited	Primera Block 4a Ltd
BG Trinidad Central Block Limited	Primera East Brighton Ltd
BG International Limited	Primera Modified U(b)Ltd
	Primera Oil & Gas Ltd
BHP Billiton Group	Primera Rock Dome Ltd
BHP Billiton (Trinidad-2c) Limited	Optimal Services Limited
BHP Billiton (3A) Limited	Territorial Services Limited/Touchstone Exploration (Trinidad) Ltd
BHP Billiton (Trinidad Block 5) Limited	
BHP Billiton (Trinidad Block 6) Limited	**Repsol Group**
BHP Billiton (Trinidad Block 28) Limited	Repsol E&P TT Ltd
BHP Billiton (Trinidad Block 29) Limited	
	Trinity Exploration Group
BP Group	Ten degrees North Operating Co Ltd
Amoco Trinidad Gas BV Trinidad Branch	Oilbelt Services Ltd
BP Exploration Operating Co Ltd Trinidad Branch	Trinity Exploration & Production (Galeota) Limited
BP Trinidad Processing Limited	
BP Trinidad and Tobago LLC Trinidad Branch	**Others**
	Chevron T&T Resources SRL
EOG Group	Chaoyang Petroleum (Trinidad) Block 2C Limited
EOG Resources Trinidad 4(A) Unlimited	Lease Operators Ltd
EOG Resources Trinidad Limited	Total E & P Trinidad Block 3A Limited
EOG Resources Trinidad- U(A) Block Limited	
EOG Resources Trinidad U(B) Block Unlimited	**STATE OWNED ENTERPRISES**
Centrica Group	**NGC Group**
Centrica (Horne & Wren) (BLK1a)	The National Gas Company of Trinidad and Tobago
Centrica North Sea Gas Ltd- (BLK1B)	NGC Pipelines Limited
Centrica North Sea Oil Ltd (NCMA4)	NGC E&P (Netherlands) B.V. formally ELF Exploration Trinidad B.V.
Centrica Resources Ltd (BLK22)	NGC E&P Investments (Netherlands) B.V. formally TOTAL E&P Trinidad B.V.
NSGP (Ensign) Ltd	
	Petrotrin Group
ENI Group	Petroleum Company of Trinidad and Tobago Ltd.
ENI Trinidad &Tobago Limited	Trinidad and Tobago Marine Petroleum Company Limited
Niko Group	
Niko Resources (Block 4B Caribbean) Limited	
Niko Resources (NCMA2 Caribbean) Limited	
Niko Resources (NCMA3 Caribbean) Limited	
Niko Resources (Trinidad and Tobago) Ltd. (*Block 2ab*)	
Voyager Energy (Trinidad) Ltd	

Petrotrin and NGC are state owned enterprises, which operate as companies. They are accordingly treated as companies except for specific transactions where they act on behalf of government, e.g royalty gas.

5 APPROACH, METHODOLOGY AND WORK DONE

5.1 SCOPING OF RECONCILIATION

The financial flows to be included in the reconciliation and the government entities and companies which were required to report were determined by the TTEITI Steering Committee. Under the TOR for the Engagement, we were not required to carry out a scoping exercise.

5.2 TEMPLATES AND TRAINING

Our appointment as Independent Administrator was effective from 3rd August 2015. At this point, the TTEITI SC had determined the flows to be included and the entities to report, and had issued templates so that preparation of the data could be started by reporting entities.

We confirmed that the flows included in the current reconciliation were based on a review by the TTEITI SC and noted that they were in fact the same as those included in the last report. We reviewed the list of companies and clarified it, resulting in a reduction in the number of reporting companies to 51 (see section 7.8), confirmed by the TTEITI SC.

We discussed with the Auditor General the assurance which could be provided on government templates; and we discussed with company representatives on the TTEITI Steering Committee whether there had been engagement with company auditors to obtain independent confirmation on company templates. We learned that the Auditor General was not yet in a position to confirm government templates and that companies' auditors had not been requested to sign off templates for the 2012/13. We therefore recommended that templates for the current year should be signed by senior management (as last year), and that there should be involvement of auditors for the next report (see section 8.1.2).

Since templates had been issued prior to our appointment, no training was carried out.

5.3 ELEMENTS OF THE RECONCILIATION WORK

In carrying out the reconciliation, we:

- In accordance with the decision of the TTEITI SC that templates should be signed by a representative of senior management (for companies) or by the Permanent Secretary of each Ministry (the Chairman of the Board of Inland Revenue in the case of MOF – IRD), we have relied on the assurances given by these persons
- Requested a copy of the audited financial statements for each company
- 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 2013 fiscal year
    - Meetings were held with government agencies and reporting companies to investigate reported differences
    - All reporting extractive companies and government agencies were requested to support their reported figures with supporting documents and vouchers; including evidence of payments and receipts
    - 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 2013, 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 templates were signed off by senior management officials
    - Reporting schedules were amended as appropriate and summaries prepared
- Prepared this report on government receipts and company payments,
    - highlighting the reconciled discrepancies and the unresolved discrepancies;
    - making recommendations on action to be taken on the unresolved discrepancies, and for improvement of the implementation of EITI in Trinidad and Tobago more generally;
    - reporting on the total oil, gas and associated liquids produced for which payments were made and revenue collected for the fiscal period;
    - including a list of all licensed or registered companies involved in the upstream sector, noting which companies participated in the EITI reporting process and those that did not; and
    - containing other information as required under the Terms of Reference and the EITI Standard.

6 RESULTS OF THE RECONCILIATION

6.1 SUMMARY OF REPORTED FLOWS

The reported differences between the value of all relevant payments declared by companies and the Government and its Agencies before reconciliation amounted to TT$ 279.95m:-

Summary of flows initially reported

The flows initially reported were:-

	Government (TT$ m)	Extractive Companies (TT$ m)	Difference (TT$ m)	%
Total payments declared initially by reporting entities	**21,173.76**	**21,453.52**	**-279.76**	**-1.32%**

Table 6.1

Summary of flows after reconciliation

The flows after reconciliation were as follows:-

Receipts reported by government	Reconciled differences	Unidentified receipts differences	Payments reported by companies
TT$ millions	TT$ millions	TT$ millions	TT$ millions
21,186.97	**195.99**	**32.55**	**21,415.51**

Table 6.2

The reconciled differences comprise:-

Foreign exchange differences	Timing differences	Insurance premium tax on foreign policies	Payments not related to E&P	Total reconciling items
TT$ millions	TT$ millions	TT$ millions	TT$ millions	TT$ millions
0.69	208.90	24.14	(37.74)	195.99

Table 6.2a

The items set out in tables above are:-

***Receipts reported by g**overnment*

Government receipts after adjustment in the reconciliation

Foreign exchange differences

Foreign exchange differences arise when payments are carried out in US$ and different exchange rates are used to report the amounts in TT$ by the Government and Company.

Timing differences

Timing differences arise when payments are carried out in close proximity to the reporting date. Payments to the MEEA are reported by the Companies on the date paid but are reported by the MEEA on the date the payment cleared in the MEEA's bank account. Timing differences mostly arise in cases where payments are carried out via electronic wire transfer.

Insurance premium tax on foreign policies

Certain companies are insured by foreign insurance companies but transact the insurance policy through the use of a local insurance broker to whom the company pays over the insurance premium tax due. The insurance broker is then responsible for paying over the taxes collected to the Government which is sometimes done as a bulk payment for a number of their customers. This gives rise to the Government being unable to identify the reporting company that would have paid the tax to the insurance broker. In the cases of the BP group and the Petrotrin group, adequate documentation to support the amounts reported as paid by each group for this category was provided.

Payments not related to E&P

Certain operating companies carry out exploration and production (E&P) activities as well as non-exploration and production activities. Payments to the Government made by such companies are made on a total basis and are not separated by E&P and non-E&P activities. For the purpose of this report, such companies have reported the portion of their payments that relate to E&P activities while the Government has reported the total of the payments received.

Unidentified receipts differences

Items that were not reconciled due to an absence of adequate information.

Payments reported by companies

Company receipts after adjustment in the reconciliation.

6.2 FLOWS TO GOVERNMENT ANALYSED BY COMPANY

Total relevant amounts[39] reported as received or paid by government or companies respectively, after reconciliation, are reported in Table 6.3 below, analysed by company. Full details of the reconciliation by company are set out in Appendix 9.6.

[39] A relevant amount is a receipt / payment for a flow which the TTEITI Steering Committee determined should be included in the reconciliation (see section 4.1.1 for a list of these flows).

Company	Adjusted total per Government	Adjusted total per Company	Reconciling items	Analysis of reconciling items				
				Foreign exchange differences	Timing differences	Insurance premium tax on foreign policies	Payments not related to E&P	Unidentified receipt
	TT$	TT$	TT$	TT$	TT$	TT$	TT$	TT$
Amoco Trinidad Gas BV Trinidad Branch	7,659,517	7,659,517	-	-	-	-	-	-
BP Exploration Operating Co Ltd Trinidad Branch	13,943,733	13,943,733	-	-	-	-	-	-
BP Trinidad and Tobago LLC Trinidad Branch	6,500,398,181	6,523,145,932	(22,747,752)	-	-	(22,747,752)	-	-
BP Trinidad Processing Limited	51,211,626	51,211,626	-	-	-	-	-	-
BP Group	**6,573,213,057**	**6,595,960,808**	**(22,747,751)**	-	-	**(22,747,752)**	-	-
BG International Limited	252,942,417	276,854,608	(23,912,191)	58,514	(23,970,705)	-	-	-
BG Trinidad 5(a) Limited	-	-	-	-	-	-	-	-
BG Trinidad and Tobago Limited	733,221,533	753,617,757	(20,396,224)	1,056,900	(21,453,124)	-	-	-
BG Trinidad Central Block Limited	78,901,839	98,876,984	(19,975,145)	87	-	-	-	(19,975,232)
BG Group	**1,065,065,789**	**1,129,349,349**	**(64,283,560)**	**1,115,501**	**(45,423,829)**	**-**	**-**	**(19,975,232)**
BHP Billiton (3A) Limited	5,380,071	5,376,168	3,903	3,903	-	-	-	-
BHP Billiton (Trinidad-2c) Limited	1,041,065,670	1,162,516,215	(121,450,545)	(19,772)	(121,430,773)	-	-	-
BHP Billiton (Trinidad Block 5) Limited	7,189,163	7,193,764	(4,601)	(4,601)	-	-	-	-
BHP Billiton (Trinidad Block 6) Limited	7,084,673	7,089,207	(4,534)	(4,534)	-	-	-	-
BHP Billiton (Trinidad Block 28) Limited	7,104,502	7,109,049	(4,547)	(4,547)	-	-	-	-
BHP Billiton (Trinidad Block 29) Limited	7,089,459	7,093,996	(4,537)	(4,537)	-	-	-	-
BHP Group	**1,074,913,538**	**1,196,378,399**	**(121,464,860)**	**(34,088)**	**(121,430,773)**	**-**	**-**	**-**
Centrica (Horne & Wren) (BLK1a)	5,580,727	5,571,560	9,167	9,167	-	-	-	-
Centrica North Sea Gas Ltd- (BLK1B)	5,306,419	5,309,132	(2,713)	(2,713)	-	-	-	-
Centrica North Sea Oil Ltd (NCMA4)	12,161,948	12,156,108	5,840	5,840	-	-	-	-
Centrica Resources Ltd (BLK22)	11,697,078	11,688,125	8,953	8,953	-	-	-	-
NSGP (Ensign) Ltd	-	-	-	-	-	-	-	-
Centrica Group	**34,746,172**	**34,724,925**	**21,247**	**21,247**	**-**	**-**	**-**	**-**
Chaoyang Petroleum (Trinidad) Block 2C Limited	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
Chevron T&T Resources SRL	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
ENI Trinidad &Tobago Ltd	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
EOG Resources Trinidad 4(A) Unlimited	360,336,792	360,199,467	137,325	137,325	-	-	-	-
EOG Resources Trinidad Limited	1,224,382,220	1,224,569,950	(187,730)	(187,730)	-	-	-	-
EOG Resources Trinidad- U(A) Block Limited	153,751,545	153,990,250	(238,705)	(238,705)	-	-	-	-
EOG Resources Trinidad U(B) Block Unlimited	44,423,359	44,556,504	(133,145)	(133,145)	-	-	-	-
EOG Group	**1,782,893,917**	**1,783,316,172**	**(422,255)**	**(422,255)**	**-**	**-**	**-**	-
Lease Operators Ltd	**42,863,095**	**42,863,095**	**-**	**-**	**-**	**-**	**-**	-

Company	Adjusted total per Government	Adjusted total per Company	Reconciling items	Analysis of reconciling items				
				Foreign exchange differences	Timing differences	Insurance premium tax on foreign policies	Payments not related to E&P	Unidentified receipt
	TT$	TT$	TT$	TT$	TT$	TT$	TT$	TT$
The National Gas Company of Trinidad and Tobago	4,528,978,103	4,571,555,201	(42,577,099)	(535,019)	(42,042,080)	-	-	-
NGC Pipelines Limited	66,962,850	66,962,850	-	-	-	-	-	-
NGC E&P (Netherlands) B.V. formally ELF Exploration Trinidad B.V.	-	-	-	-	-	-	-	-
NGC E&P Investments (Netherlands) B.V. formally TOTAL E&P Trinidad B.V.	-	-	-	-	-	-	-	-
Total E & P Trinidad Block 3A Limited	-	-	-	-	-	-	-	-
NGC Group	**4,595,940,953**	**4,638,518,052**	**(42,577,099)**	**(535,019)**	**(42,042,080)**	**-**	**-**	**-**
Niko Resources (Block 4B Caribbean) Limited	6,457,822	-	6,457,822	-	-	-	-	6,457,822
Niko Resources (NCMA2 Caribbean) limited	7,526,578	-	7,526,578	-	-	-	-	7,526,578
Niko Resources (NCMA3 Caribbean) Limited	11,867,775	-	11,867,775	-	-	-	-	11,867,775
Niko Resources (Trinidad and Tobago) Ltd. (Block 2ab)	5,379,652	-	5,379,652	-	-	-	-	5,379,652
Voyager Energy (Trinidad) Ltd	15,858,604	-	15,858,604	-	-	-	-	15,858,604
Niko Resources Group	**47,090,432**	**-**	**47,090,432**	**-**	**-**	**-**	**-**	**47,090,432**
Petroleum Company of Trinidad and Tobago Ltd.	4,225,188,376	4,249,498,519	(24,310,144)	(951,150)	-	(1,397,007)	37,741,240	(59,703,226)
Trinidad and Tobago Marine Petroleum Company Limited	9,748,090	9,729,488	18,602	18,602	-	-	-	-
Petrotrin Group	**4,234,936,466**	**4,259,228,007**	**(24,291,541)**	**(932,548)**	**-**	**(1,397,007)**	**37,741,240**	**(59,703,226)**
Primera Block 3b Ltd	-	-	-	-	-	-	-	-
Primera Block 4a Ltd	-	-	-	-	-	-	-	-
Primera East Brighton Ltd	35,599	-	35,599	-	-	-	-	35,599
Primera Modified U(b)Ltd	-	-	-	-	-	-	-	-
Primera Oil & Gas Ltd	66,844,855	66,844,855	-	-	-	-	-	-
Primera Rock Dome Ltd	-	-	-	-	-	-	-	-
Optimal Services Limited	37,962,494	37,962,495	-	-	-	-	-	-
Territorial Services Limited/Touchstone Exploration (Trinidad) Ltd	20,476,959	20,476,959	-	-	-	-	-	-
Primera Group	**125,319,907**	**125,284,309**	**35,598**	**-**	**-**	**-**	**-**	**35,598**
Repsol E&P TT Ltd	**1,448,049,030**	**1,448,049,030**	**-**	**-**	**-**	**-**	**-**	-
Trinity Exploration & Production (Galeota) Limited	56,517,411	56,401,705	115,706	115,706	-	-	-	-
Ten degrees North Operating Co Ltd	30,550,454	30,569,368	(18,913)	(18,913)	-	-	-	-
Oilbelt Services Ltd	74,873,906	74,873,906	-	-	-	-	-	-
Trinity Exploration Group	**161,941,771**	**161,844,979**	**96,793**	**96,793**	**-**	**-**	**-**	**-**
Total	**21,186,974,127**	**21,415,517,122**	**(228,542,996)**	**(690,368)**	**(208,896,682)**	**(24,144,759)**	**37,741,240**	**(32,552,428)**

6.3 IN KIND FLOWS

6.3.1 BACKGROUND

The EITI Standard requires disclosure of the sale of the state's share of production or other revenues collected in kind where such flows are material. This includes transfers between state owned enterprises and other government agencies. As recommended by the Standard, the TTEITI Steering Committee required that these flows should form part of the reconciliation and templates were issued to government, state owned enterprises and companies.

The PSCs and E&P licences permit the government to receive certain payments in kind or in cash, as follows:-

1. Sale of the state's share of production or other revenues collected in-kind
2. Royalty oil
   - option to settle royalty in kind or in cash
3. Royalty gas
   - MEEA may choose to receive royalty in kind (as gas) or to nominate an amount under an agreement with the producing company. Under this arrangement, part of the gas sent to NGC is allocated by the producing company as royalty gas; NGC uses the gas and pays the government its value

6.3.2 2012/13 IN KIND FLOWS

Two companies, bpTT LLC and BHP Billiton Block 2C, reported contributions in kind during the reconciliation period.

6.3.2.1 bpTT

We have seen correspondence from the MEEA requesting that bpTT deliver royalty gas relating to volumes sold to Atlantic LNG be delivered to the NGC on its (MEEA) behalf. This contribution in kind is based on the volume of gas sold and a monetary value is not attached to the same. This contribution in kind was not reported by the MEEA in its reporting templates, but was reported by NGC. We understand that there is a settlement arrangement in place between MEEA and NGC.

6.3.2.2 BHP Billiton

The BHP Billiton Block 2C scenario is different from the bpTT situation. BHP is the operator of Block 2C, and the other partners are MEEA, Chaoyang and NGC. All gas produced is transmitted to NGC and we understand that under the terms of the gas sales agreement, BHP (as operator of Block 2C) forwards on a monthly basis payment request to the NGC for gas delivered during the period. The payment request includes directions on how the payment should be split between the operator and its partners in the block. NGC makes payment to each partner in accordance with these instructions.

NGC has reported the payments to the MEEA in respect of this arrangement as gas purchases and the MEEA has reported the receipts from NGC as PSC share of profits.

From conversations with the parties, this would seem to be an in kind transfer from BHP Billiton to NGC.

6.3.2.3 Other in kind flows

No other in kind flows were reported. However, we understand that there is a similar arrangement to that of BHP Billiton with another producer, who did not report the flow as a contribution in kind.

6.3.2.4 Conclusion

This area requires further clarification by the TTEITI Steering Committee.

6.3.3 IN KIND FLOWS REPORTED

Flows reported by companies, NGC and MEEA in relation to in kind flows were:-

		Reported by company		Reported by NGC	
		as delivered in kind to NGC		Volumes relating to payments for gas to MEEA	
	Company	Unit	Quantity	Unit	Quantity
1.	bpTT	mcf	59,709,966	mmbtu	15,595,405
2.	BHP 2C	mmscf	21,156	-	-
3.	Entity 1	-	-	mmbtu	22,724,116
4.	Entity 2	-	-	mmbtu	62,344,058

MEEA reports cash received from NGC for PSC share of profits

NGC reports payments to MEEA for gas purchases, together with the volumes to which the payments refer

7 OTHER INFORMATION

7.1 OIL AND GAS PRODUCTION DECLARED BY EXTRACTIVE COMPANIES FOR 2012/13

The MEEA and companies which were operators of blocks were asked to report production for the Fiscal Year 2013.

One company reported production net of re-injected natural gas while MEEA has reported the total volume initially extracted as production for that company. There is a need for a clearer understanding of the definition of production.

The amounts declared for the EITI Report differed between government and companies. While there is an annual calendar year reconciliation undertaken, the differences arising in this report appear to highlight problems with the reconciliation process (see our recommendations in Section 8.1.6). We discussed differences in reported production with the entities concerned and were able to eliminate a number of these. The production reported, after reconciliation, is shown in Table 7.1 below.

	Production reported by					
	Government		Companies		Differences	
Company Name	BBLS	MCF	BBLS	MCF	BBLS	MCF
BG Trinidad 5(a) Limited	0	46,203,427	270,293	46,278,742	(270,293)	(75,315)
BG Trinidad and Tobago Limited	284,779	260,209,000	15,134	259,794,671	269,645	414,329
BG Trinidad Central Block Limited	428,543	24,339,000	428,543	24,339,000	0	0
BHP Billiton (Trinidad-2c) Limited	3,911,307	85,851,292	3,911,308	81,908,000	(1)	3,943,292
BP Trinidad and Tobago LLC Trinidad Branch	3,196,728	825,313,377	3,196,729	825,313,381	(1)	(4)
EOG Resources Trinidad 4(A) Unlimited	0	58,113,095	0	58,113,095	0	0
EOG Resources Trinidad Limited	640,253	106,631,569	578,887	106,648,600	61,366	(17,031)
EOG Resources Trinidad- U(A) Block Limited	0	8,066,320	46,318	8,066,320	(46,318)	0
EOG Resources Trinidad U(B) Block Unlimited	0	5,493,557	15,047	5,317,337	(15,047)	176,220
Petroleum Company of Trinidad and Tobago Ltd.	15,539,746	0	15,975,224	7,657,208	(435,478)	(7,657,208)
Primera Oil & Gas Ltd	162,553	0	162,553	0	0	0
Repsol E&P TT Ltd	4,329,322	11,330,939	4,329,326	11,327,694	(4)	3,245
Trinity Exploration & Production (Galeota) Limited	829,048	0	630,443	0	198,605	0
Trinidad and Tobago Marine Petroleum Company Limited	0	0	9,658	1,163,607	(9,658)	(1,163,607)
					0	0
Total	**29,322,279**	**1,431,551,576**	**29,569,463**	**1,435,927,655**	**(247,184)**	**(4,376,079)**

7.2 SOCIAL EXPENDITURES AND INFRASTRUCTURE PROVISIONS

Companies were asked to disclose any social expenditures and infrastructure provisions. Amounts reported are shown in Table 7.2.

Company	Social Expenditures	Infrastructure Payments
	TT$	TT$
BP Trinidad and Tobago LLC Trinidad Branch	21,234,631	
BG Trinidad and Tobago Limited	9,120,248	
BHP Billiton (Trinidad-2c) Limited	863,635	
EOG Resources Trinidad Limited	1,668,650	
Lease Operators Ltd	429,045	
Repsol E&P TT Ltd	2,169,799	
Sub total	35,486,008	-

Company - State owned	Social Expenditures	Infrastructure Provision
	TT$	TT$
NGC	31,100,509	1,656,838
Petroleum Company of Trinidad and Tobago Ltd.	12,839,160	
Sub total	43,939,669	1,656,838
Grand total	**79,425,677**	**1,656,838**

Table 7.2

These amounts were declared by the companies and were not included in the flows to be reconciled.

7.3 TRANSPORTATION TARIFFS

The TTEITI Steering Committee included transportation tariffs paid to NGC and NGC Pipelines as flows in the reconciliation, and decided that these should be reported by NGC and NGC Pipelines only – i.e. they should be declared flows and not reconciled flows.

The flows reported were:-

Company	Transportation tariffs
	TT$
NGC	5,142,411
NGC Pipelines Ltd	272,159,688
Total	**277,302,099**

Table 7.3

7.4 REGISTER OF LICENCES

Trinidad and Tobago's petroleum register is to be maintained by the MEEA, as provided for under regulation 20 (1) of the Petroleum Regulation. There is a register accessible via the Ministry's website; however, this appears to be out of date and is stated as relating to the 2010/11 year (http://www.energy.gov.tt/services/license-registers/).

A copy of the licence register provided to us by MEEA is attached at Appendix 9.10. It does not appear to be up to date (the E&P file is dated 12-Jan-15, while the PSC file is dated 24-Jan-14) and does not contain various information required by the EITI Standard, in particular

- coordinates of the licence area
- date of application
- date of award
- duration of the licence
- commodity being produced (production licences)

Based on legal advice obtained from the MEEA, the Ministry should add the required information into the Petroleum Register and publish the Register on its website, to be regularly updated.

7.5 ALLOCATION OF LICENCES

In the oil and gas industries in Trinidad and Tobago, licences are normally awarded as Exploration and Production (Public Petroleum Rights) Licences or Production Sharing Contracts (PSCs). Information related to the award or transfer of licences pertaining to the companies covered in the EITI Report can be accessed on the Ministry's website at http://www.energy.gov.tt/for-investors/bid-rounds/competitive-bid-round-2013-deepwater/

The MEEA procedure for allocation of petroleum E&P licences is included at Appendix 9.8.

The "Prequalification criteria for participation in competitive bid rounds in Trinidad and Tobago" from MEEA is included as Appendix 9.9 to this report.

7.6 BENEFICIAL OWNERSHIP

7.6.1 OWNERSHIP OF PRIVATE COMPANIES

Trinidad and Tobago does not currently have a publicly available register of the beneficial owners of the corporate entity (ies) that bid for, operate or invest in extractive assets.

At its April 2015 meeting, the SC agreed to implement a TTEITI Beneficial Ownership Project which would be a standalone project from the International EITI Beneficial Ownership Pilot Project. A brief on the proposed definitions for Beneficial Ownership and Politically Exposed Persons was circulated to SC members previous to the meeting for feedback.

In this connection, the SC agreed to the following definitions:

Beneficial Ownership

"Beneficial Ownership - the natural person who is directly or indirectly the owner of a company or controls at least ten percent of the shares or total votes, exclude persons acting as a nominee, intermediary, custodian or agent on behalf of another person. Politically Exposed Persons, who otherwise benefit financially from the company, are also considered to be beneficial owners."

Politically Exposed Persons

"A Politically Exposed Person (PEP) is an individual who is or has been entrusted with a prominent political function. These include foreign and local political figures and extend to their immediate family members and close associates."

7.6.2 STATE OWNED ENTERPRISES

The interests of the two state owned enterprises included in the scope of this report are set out in Section 3, as follows:

The National Gas Company of Trinidad and Tobago	Section 3.10.2
The Petroleum Company of Trinidad and Tobago Limited	Section 3.10.3

7.7 CONTRACTS

Based on legal advice obtained from the MEEA regarding the issue of disclosure of contracts and licences, it is the opinion of the MEEA that the E&Ps 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 the model contracts on its website at: http://www.energy.gov.tt/wp-content/uploads/2013/11/Deepwater_Model_PSC_CBO_2013.pdf.

While this means that the full text of the general terms and conditions of the model E&Ps and PSCs are publicly available, it does not provide any indication of the provisions which may be negotiated when individual contracts are awarded.

7.8 REPORTING COMPANIES

In the materiality decision adopted by the TTEITI SC, 55 companies were to be required to report payments to government for the 2012/13 Report.

7.8.1 DUPLICATE ENTITIES

The TTEITI list included 4 entities included on the schedule provided to TTEITI by MOF-IRD, which disclosed indirect receipts as follows:-

TT$	Total	PPT	SPT	UL
BG Trinidad and Tobago Limited Block 6	208,687,299	188,207,060	1,659,533	18,820,706
BG Trinidad and Tobago Limited NCMA	298,091,289	270,992,081	-	27,099,208
Chevron T&T Resources Block 5A	126,770,790	107,568,132	7,126,020	12,076,638
Chevron T&T Resources Block 6	67,468,732	60,111,113	1,346,508	6,011,111
Total	**701,018,110**	**626,878,386**	**10,132,061**	**64,007,663**

Upon investigation during the reconciliation, it appears that these entities were incorrectly described by MOF-IRD on its list, since there is only one taxpayer number, which is for Chevron Trinidad & Tobago Resources SRL; and as a consequence, three entities appear on the materiality list (two from the MOF-IRD list and one from the MEEA list) when there is only one entity.

For similar reasons, the two BG entities listed above are in fact one legal entity, namely BG Trinidad and Tobago Limited, which was also included on the TTEITI list of companies.

7.8.2 OWNERSHIP AND NAME CHANGES

A few of the companies had changed name and/or ownership prior to or during the reporting period. The legal entities were still due to report, but information was addressed incorrectly and the lack of clarity caused some delay. Evidence of name changes was obtained and MEEA agreed the ownership changes.

Such events are to be expected in a dynamic environment such as the Trinidad and Tobago oil and gas sector. MEEA and MOF-IRD should ensure that their information is reliable and regularly updated so that monies due to the government are not put at risk; and TTEITI should conduct better due diligence in advance to ensure that information on which future materiality decisions are based is up to date and reliable.

7.8.3 AMENDMENT TO REPORTING COMPANIES

As a result of our review of the list of companies, the number of companies required to report was reduced to 51, with the exclusion of the four entities listed in section 7.8.1 above.

8 RECOMMENDATIONS

8.1 RECOMMENDATIONS ARISING FROM PREPARATION OF THE 2012/13 REPORT

During the course of undertaking the Engagement, we noted areas where improvements could be made, affecting

- the conduct and scope of future reconciliations;
- the oversight of the TTEITI Steering Committee over the EITI process; and
- the extent of the EITI in Trinidad and Tobago

In this section, we set out our observations and make recommendations to the TTEITI Steering Committee for improvements.

8.1.1 DETERMINATION OF ENTITIES MAKING MATERIAL PAYMENTS

The total receipts figures provided by MOF-IRD and used by the TTEITI Steering Committee in its materiality determination required further review.

a. The figures did not include corporation tax, although NGC as a reporting entity paid and reported corporation tax
b. There was duplication of certain entities (see section 7.8), resulting in a decision to include 55 companies instead of 51 companies
c. The total MOF-IRD receipts appear to include receipts from companies whose liabilities were settled by MEEA from the PSC profit share, although the MEEA declaration of amounts paid appears not to agree in detail to the MOF-IRD information

While our Terms of Reference did not include an analysis of this area, and did not include reconciliation of the payments from MEEA to MOF-IRD, we note matters coming to our attention.

The provisions of Section 4.1 of the Income Taxes Act, as implemented by MOF-IRD, mean that it requires a letter of consent from each company before it can disclose information about the amounts paid to MOF – IRD by that company. Consequently, all companies making material payments to the MOF – IRD need to provide such a letter so that the scope can be fully determined, although information would first be required from government on the companies making material payments so that letters can be obtained.

Legislation relating to EITI has been drafted and is currently under consideration by MEEI; while this seeks to eliminate the restrictions of section 4.1, this will not be achieved without specific amendment of the Income Taxes Act. We understand that this is also proposed but we did not see any detailed proposals and the timescale for implementation of the proposed EITI legislation and any amendments to other legislation has not been set.

We recommend that:-

1) government should ensure that the TTEITI Steering Committee is provided by its agencies with all the information necessary for an informed decision on materiality prior to commencement of the 2013/14 reconciliation
2) legislative change is sufficient to remove restrictions on disclosure of information for EITI purposes by MOF-IRD
3) the 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.

8.1.2 AUDIT AND ASSURANCE

8.1.2.1 Government

Assurance on Government figures has been given by the senior official in the reporting departments (Permanent Secretary, MEEI and MOF – Investment Division; Chairman of the Board of Inland Revenue). The Auditor General (AG) was not in a position to give any opinion on the EITI figures submitted by government for 2012/13 as outlined in section 2.4.2. The AG confirmed that his office is putting in place improved procedures and audit practices which will enable him to give audit confirmations on government figures upon completion of the programme; and subject to gaining access to all records in MOF-IRD necessary to give such assurance; at present, the AG has not seen the revenue records of MOF-IRD, which states that it is bound by the confidentiality provisions imposed by section 4.1 of the Income Taxes Act.

We recommend that

1) the TTEITI Steering Committee remains informed on the progress on improving procedures and audit practices by the AG's Office, and informs the AG in good time of the requirements for assurance for future reports.
2) government should remove any impediments to the audit of MOF-IRD figures under INTOSAI

8.1.2.2 Companies

In response to the recommendation in the 2010/11 Report, the TTEITI Steering Committee said that companies will be asked to phase in the audit of their local subsidiary accounts as part of their annual accounts reporting with effect from the fiscal 2013 Report.

Companies were requested to provide a copy of their audited financial statements, so that a review could be undertaken of the assurance procedures applied to them – e.g. use of international auditing standards.

A summary showing the companies which provided financial statements and those which did not is included at Appendix 9.7. Where financial statements were provided, the auditors stated that they had used international auditing standards.

The 2011/12 report contained a recommendation that the TTEITI Steering Committee should consider obtaining for the next EITI Report, in the case of larger companies, a confirmation letter from the companies' external auditor that confirms that the information they have submitted is comprehensive and consistent with their audited financial statements, with such a procedure phased in so that the confirmation letter may be integrated into the usual work programme of the company's auditor. No action was taken to implement this recommendation, which is therefore re-iterated.

We recommend that

1) the government should consider including in the legislation under consideration a requirement for larger companies operating in the extractive sector in Trinidad and Tobago to prepare financial statements covering their operations in Trinidad and Tobago, and to have these financial statements independently audited under international auditing standards. This requirement would apply equally to companies registered in Trinidad and to branches of foreign registered companies, which would be required to produce audited financial statements covering their operations in Trinidad and Tobago. Such a requirement would improve the level of assurance on the figures reported by companies operating in Trinidad and Tobago for purposes of revenue collection and taxation by GoRTT, as well as TTEITI.
2) the TTEITI Steering Committee should improve the assurance to be given on company figures submitted for EITI by obtaining for the next EITI Report, in the case of larger companies, a confirmation letter from the companies' external auditor that confirms that the information they have submitted is comprehensive and consistent with their audited financial statements, with such a procedure phased in so that the confirmation letter may be integrated into the usual work programme of the company's auditor.

8.1.3 PSC TAX SETTLEMENT

Under PSCs, 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.

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.

The amounts reported by MEEI as paid to the MOF – IRD together with the amounts reported by companies as paid directly to the MOF – IRD did not in all instances agree. One of the principles of EITI is to enhance public financial management and accountability.

This matter was recommended for action in the 2012/13 EITI Report but was not implemented. The TTEITI Steering Committee decided that these payments and receipts should be reconciled in the 2013/14 Report.

We recommend that the scope of the TTEITI 2013/14 reconciliation should include a reconciliation of amounts paid by MEEI to MOF – IRD with receipts declared by MOF – IRD for payments due from PSC Contractors. The level of disaggregation should be consistent with other receipts and payments included in the EITI report.

8.1.4 LICENSED COMPANIES

As part of ensuring that licence records are accurate and up to date, we recommend that the companies holding licences are agreed to the records for taxpayers maintained by the MOF-IRD and that the TTEITI Steering Committee monitors progress on this exercise.

We also recommend that the licence information published on the MEEI website should be published and regularly updated and should contain as a minimum all the data set out in the EITI Standard, including

- Licence holder(s)
- Coordinates of the license area
- Date of application, date of award and duration of the license
- In the case of production licenses, the commodity being produced

The 2011/12 Report included this recommendation.

8.1.5 MEMORANDUM OF UNDERSTANDING

TTEITI participation is covered by an MOU signed on 30th July 2015 by government, companies and civil society. This MOU covers only the 2013, 2014 and 2015 EITI Reports and states that:-

"This Memorandum shall take effect upon the date that all parties have signed it and shall terminate upon the publication of the 2014 and 2015 Reports".

We note that conclusion of the MOU was achieved ten months after publication of the second EITI Report and that in the interim there was no formal mechanism under which the EITI implementation would continue for so long as Trinidad and Tobago proceeds under an MOU implementation.

The intention is to publish the 2015 Report by 30th September 2016, in advance of the latest date permitted under the EITI Standard. We recommend that the government should take steps to ensure that there are formal mechanisms in place no later than the date on which the existing MOU expires, covering the sectors to be included in the Trinidad and Tobago EITI implementation.

8.1.6 PRODUCTION INFORMATION

Production information is published on the MEEI website. The TTEITI reconciliation has, however, raised questions on the operation of the system used to compile figures for production.

We recommend that the process used by MEEI for compiling and publishing production figures is reviewed to ensure it is robust and produces reliable figures.

8.1.7 GOVERNMENT SYSTEMS

The records in the MEEI are kept using manual systems. This made the obtaining and collation of information time consuming and prone to error. It also makes management of the information, and control over government revenues, more difficult and prone to error.

We recommend that the MEEI introduce appropriate computerised systems to record and control information relating to the production and finances from the oil and gas sector.

8.2 STATUS OF RECOMMENDATIONS INCLUDED IN 2011/12 EITI REPORT

Inclusion of offshore companies

Payments from offshore companies relating to operations in Trinidad and Tobago were included in the reconciliation where applicable. *Matter cleared*.

Reporting at project level

The TTEITI Technical Standard requires Reporting at project level, provided that it is consistent with the United States Securities and Exchange Commission rules and the forthcoming European Union requirements.

Given that these regulations are not yet effective for company reporting, this is not an issue for the 2012 EITI Report. We also note that there are discussions and legal clarifications in progress, and it is uncertain when these discussions will have been concluded.

It is recommended that the TTEITI Steering Committee monitors the issue and includes this future requirement in its forward planning, and consults with companies as appropriate, so that preparation can be made at the appropriate time.

8.2.1 INTEREST AND PENALTY PAYMENTS TO MOF - IRD

The 2011/12 Report contained a recommendation that entities should be required to report under the headings set out on the templates approved by the TTEITI Steering Committee, relating in particular to interest and penalty payments to MOF-IRD. Reporting on these items was much improved for the current report. *Matter cleared*.

8.2.2 TRANSPORTATION TARIFFS

Transportation tariffs were included by NGC as unreconciled declarations. *Matter cleared*.