

Head 40: Ministry of Energy and Energy Industries'

A summary of the Ministry of Energy and Energy Industries' Expenditure, Divisions and
Projects

Financial Scrutiny Unit, Parliament of the Republic of Trinidad and Tobago

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About this Guide

This guide provides a summary of expenditure for the Ministry of Energy and Energy Industries for the period 2012-2018. It provides the Members of Parliament and stakeholders with an overview of the Ministry's responsibilities. The primary purpose of this guide is to consolidate the information contained within the various Budget Documents pertaining to the Ministry of Energy and Energy Industries and provide readers with an analysis of same. This guide is based primarily on the Draft Estimates of Recurrent Expenditure, the Estimates of Development Programme, the Public Sector Investment Programme and the Auditor General's Report on the Public Accounts of the Republic of Trinidad and Tobago for the fiscal year 2016.

Head 40: Ministry of Energy and Energy Industries

Ministry Overview.¹

Mission

The mission of the MEEI is to contribute to Trinidad and Tobago's prosperity, through the sustainable development of energy and mineral resources.

Vision

A global leader in the strategic development of the energy and mineral sectors.

Minister: Senator The Honourable Franklin Khan

Permanent Secretary: Mr. Selwyn Lashley

The MEEI is responsible for the overall management of the oil, gas and minerals sectors in Trinidad and Tobago. These sectors are the largest single contributors to the GDP of the country and the revenues generated provide the resources for the future development objectives of the Government of the Republic of Trinidad and Tobago. The MEEI is responsible for monitoring, controlling and regulating the energy and mineral sectors of Trinidad and Tobago.

In order to fulfill the diverse responsibilities that fall under the remit of the Ministry of Energy and Energy Industries, there are six (6) established Divisions as published in the Trinidad and Tobago Gazette:²

- Energy Industries
- Energy Policy Planning and Research
- Hydrocarbons
- Natural Resources

¹ Ministry of Energy and Energy Industries website, accessed on August 14, 2017. <http://www.energy.gov.tt/about-us/who-we-are/>

² Trinidad and Tobago gazette, pg. 1095, accessed on August 07, 2016: <http://www.news.gov.tt/archive/E-Gazette/Gazette%202015/Gazette/Gazette%20No.%2097.pdf>

- Power Generation
- Quarries and Mine

Key Statement from 2016 Standing Finance Committee Debate

During the Standing Finance Committee debate of 2016, the following statement was made in relation to the emphasis of the Ministry of Energy and Energy Industries for fiscal year 2016/2017³:

“The Ministry of Energy and Energy Industries is actively seeking to boost exploration and development activities by reviewing proposals of existing operators and evaluating data with the objective of issuing a competitive bid round. Priority will also be given to concluding discussions with Venezuela on the supply of natural gas from cross border and/or across the border reserves.”

³ Minister of Energy and Energy Industries, Standing Finance Committee Hansard of Ministry of Energy and Energy Industries 13Oct16, Accessed August 14, 2017

Where the Ministry spends its money

2017-2018 Estimates of Expenditure

The budget allocation of \$179,045,290.00 for the Ministry of Energy and Energy Industries is comprised of:

- The Draft Estimates of Recurrent Expenditure in the sum of **\$109,030,290.00**;
- The Draft Estimates of Development Programme in the sum of **\$70,015,000**
 - Consolidated Fund in the sum of **\$11,396,000.00**; and
 - Infrastructure Development Fund⁴ of the sum **\$58,619,000.00**.

The Estimates of Recurrent Expenditure include:

- 01 Personnel Expenditure - **\$31,519,000**;
- 02 Goods and Services - **\$64,256,300**;
- 03 Minor Equipment Purchases **\$681,750**; and
- 04 Current Transfers and Subsidies **\$12,573,240**.

⁴ Head 18 -Ministry of Finance, Sub-Head 04 - Current Transfers and Subsidies, Sub-Item 11- Infrastructure Development Fund (IDF) (Infrastructure Development Fund allocation is part of the Ministry of Finance allocation for the financial year. *Therefore, the total recurrent expenditure for the Ministry of Energy and Energy Industries does not include the IDF funding.*

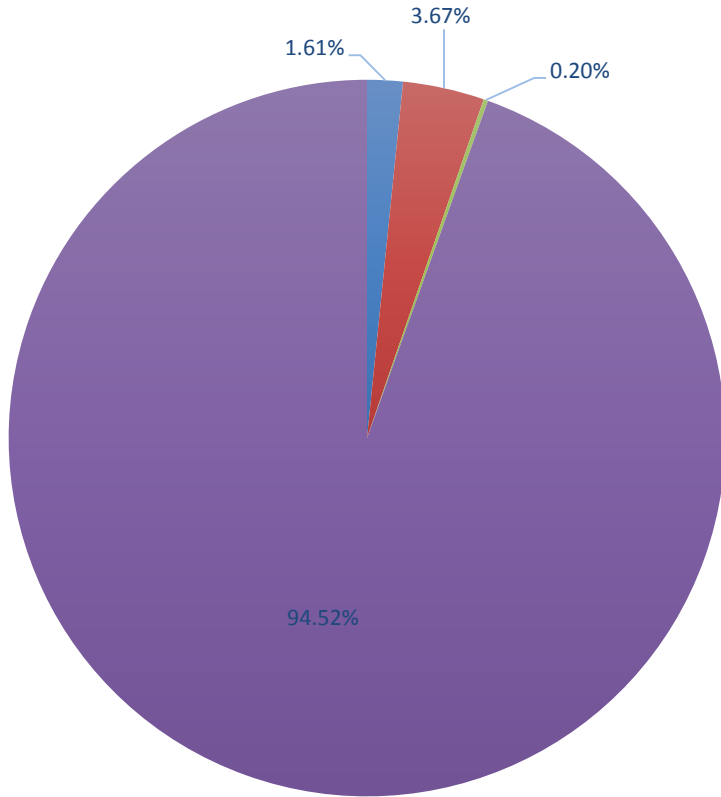
The Ministry of Energy and Energy Industries':

- Recurrent Expenditure as a percentage of the total Recurrent Expenditure budget is 0.2%
- Consolidation Fund allocation as a percentage of the total Consolidated Fund allocation is 0.5%
- Infrastructure Development Fund allocation as a percentage of the total Infrastructure Development Fund is 2.2%.

Summary of Recurrent Expenditure for the period 2012-2018

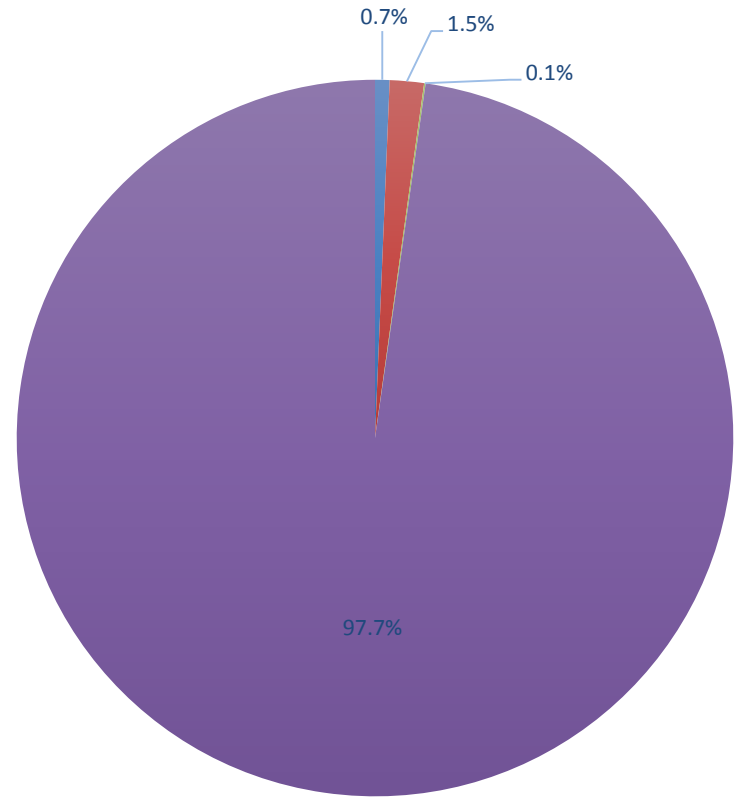


2012 Actual



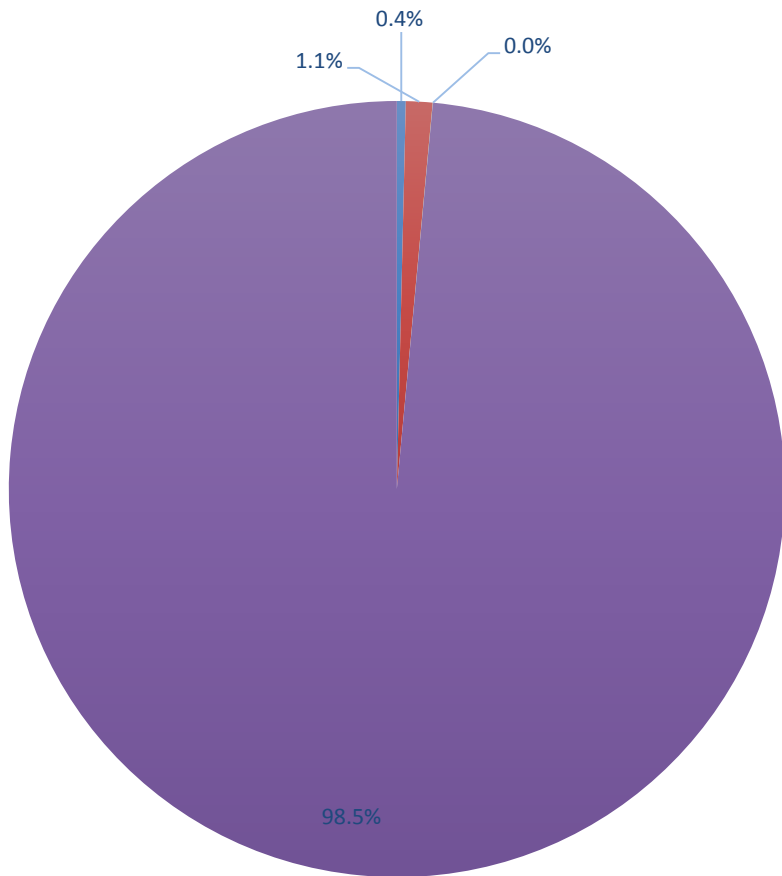
- 01 Personnel Expenditure
- 02 Goods and Services
- 03 Minor Equipment Purchases
- 04 Current Transfers and Subsidies

2013 Actual



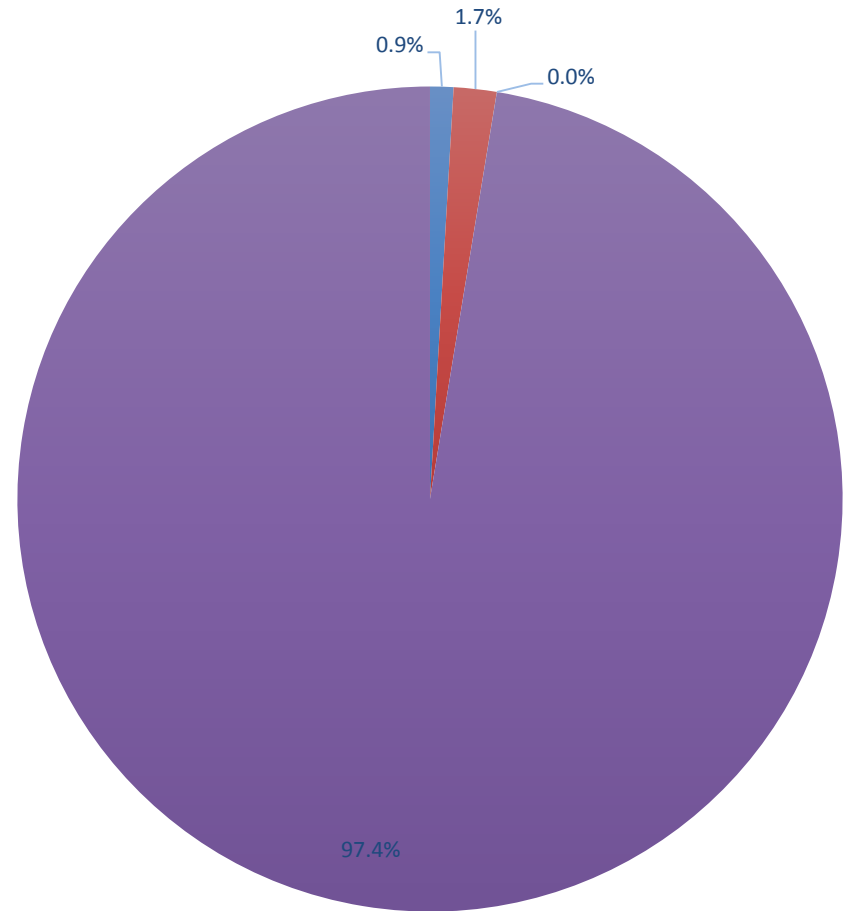
- 01 Personnel Expenditure
- 02 Goods and Services
- 03 Minor Equipment Purchases
- 04 Current Transfers and Subsidies

2014 Actual



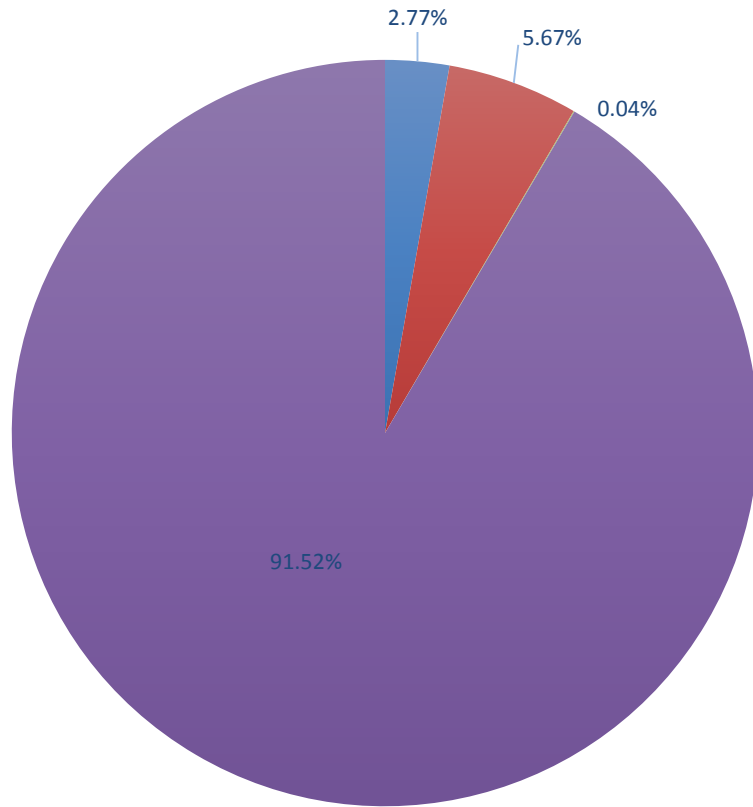
- 01 Personnel Expenditure
- 02 Goods and Services
- 03 Minor Equipment Purchases
- 04 Current Transfers and Subsidies

2015 Actual



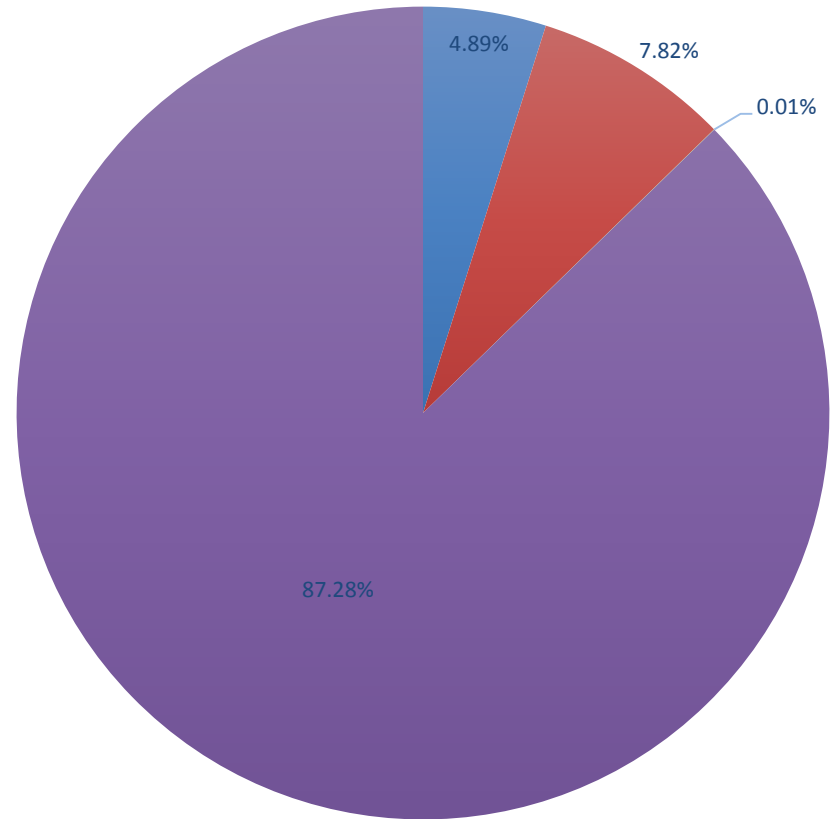
- 01 Personnel Expenditure
- 02 Goods and Services
- 03 Minor Equipment Purchases
- 04 Current Transfers and Subsidies

2016 Actual



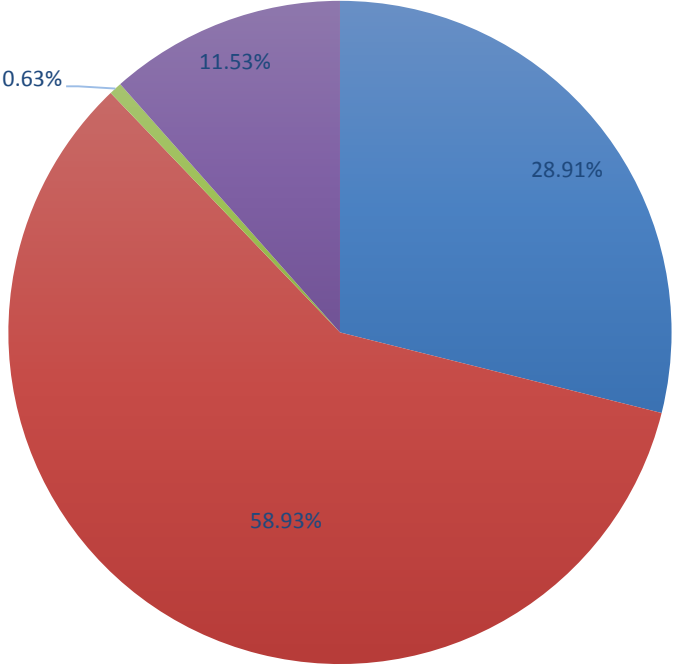
- 01 Personnel Expenditure
- 02 Goods and Services
- 03 Minor Equipment Purchases
- 04 Current Transfers and Subsidies

2017 Revised Estimates



- 01 Personnel Expenditure
- 02 Goods and Services
- 03 Minor Equipment Purchases
- 04 Current Transfers and Subsidies

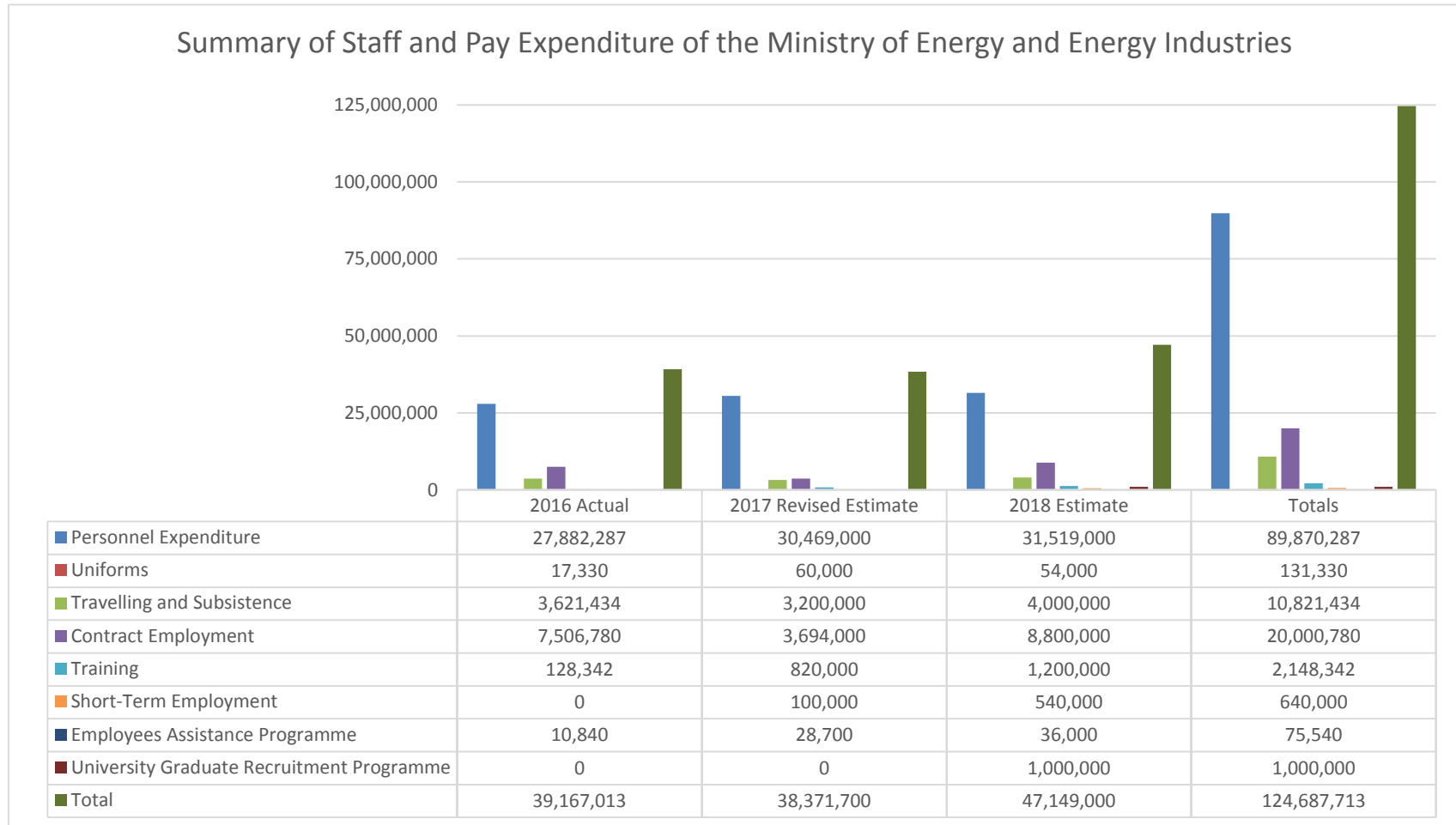
2018 Estimates



■ 01 Personnel Expenditure ■ 02 Goods and Services ■ 03 Minor Equipment Purchases ■ 04 Current Transfers and Subsidies

Staff and Pay ⁵

The allocation of staff expenditure for the fiscal year 2018 was \$47,149,000 .00 which represents an increase of approximately 22.9% from the last fiscal year 2017. The following chart provides a breakdown of all expenditure related to staff from 2016-2018.



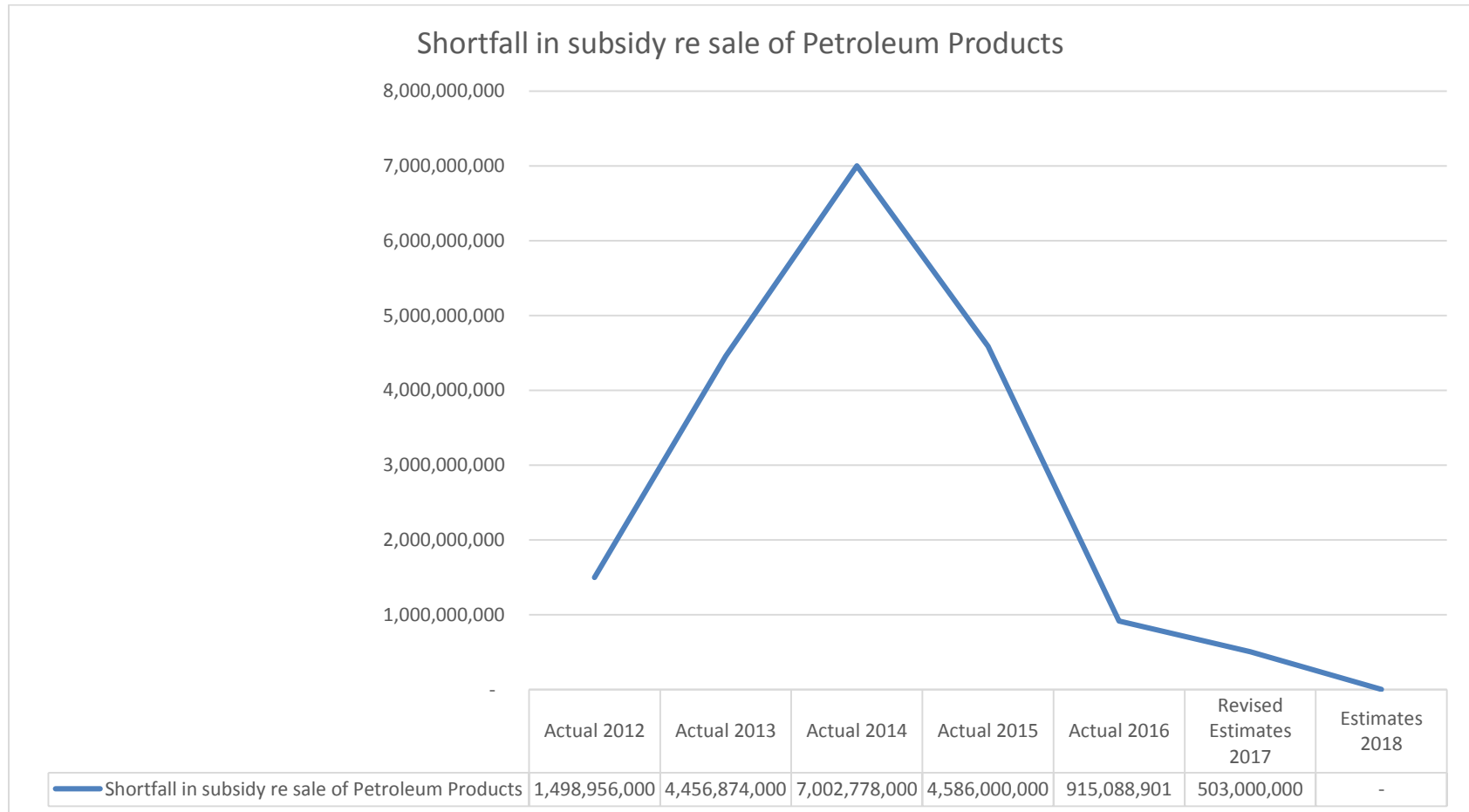
Analysis and Summary of Expenditure

Recurrent Expenditure refers to the payments for expenses which are incurred during the day-to-day operations of the Ministry for Personnel Expenditure, Goods and Services, Minor Equipment Purchases and Current Transfers and Subsidies. Recurrent Expenditure for Fiscal Year 2017/2018 is \$109,030,290.

- Recurrent Expenditure (Revised) for Fiscal Year 2016/2017 was \$623,113,100. Comparing this figure with Fiscal Year 2017/2018, there is a decrease of \$514,082,810 or 82.5%.
- The largest portion of the allocation has consistently gone to Sub-Head 02 Goods and Services. This figure has been fluctuating over the period 2012-2018, accounting for approximately 58.9% of total funding for the Ministry for fiscal year 2017/2018.
- Minor Equipment Purchases received the lowest portion of the total allocation for the Ministry over the period 2012 to 2018.
- Personnel Expenditure received the second largest portion of the allocation and has been fluctuating over the period 2012-2018. Comparing 2016/2017 to 2017/2018, there was an increase in the allocation by 3.4%.
- The actual/estimated expenditure for the four (4) Sub-Heads has been fluctuating over the seven (7) year period, from a low of \$ 109,030,290 in 2018 to a high of \$ 7,115,118,110 in 2014.

Analysis of Expenditure Unique to the Ministry of Energy and Energy Industries

Unique Expenditure refers to expenditure items incurred by the Ministry of Energy and Energy Industries that may not feature in other ministries or departments.



Summary of Development Programme Expenditure for the period 2012-2018

Development Programme is capital expenditure aimed at improving and enhancing development in different areas of Trinidad and Tobago which includes; human resources, economic and social development.

The Public Sector Investment Programme (PSIP), which represents the capital expenditure component of the National Budget, is the instrument used by Government to effect its vision and policies. It is a budgeting and strategic planning tool made up of projects and programmes, designed to realise the goals set out in the Government's overarching policy.

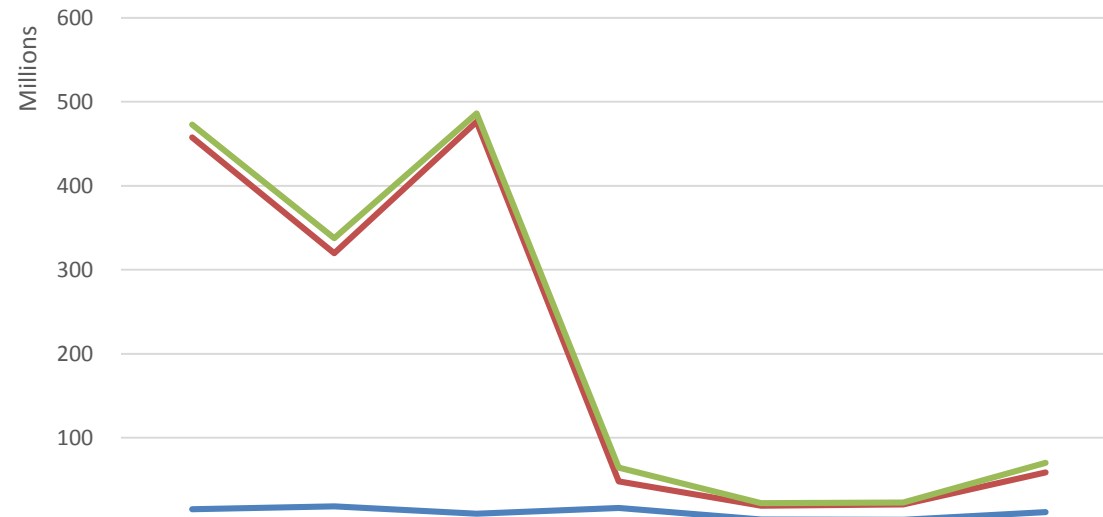
The PSIP budget document provides a detailed description of the programmes and projects and includes a review of the implementation of projects and programmes in the previous financial year and highlights the major projects and programmes to be implemented in the upcoming financial year.

- The Public Sector Investment Programme is intended to achieve:
 - the country's social and economic development goals; and
 - enhance the quality of life of all citizens.

The estimates for the development programme are presented in two parts as follows:

- Funds appropriated by Parliament and disbursed directly from the Consolidated Fund; and
- Funds disbursed from the Infrastructure Development Fund.

Summary of Development Programme Expenditure for the Period 2012-2018



	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Revised Estimates 2017	Estimates 2018
Multi-sectoral and other services- Consolidated Fund	15,013,843	18,211,306	9,596,572	16,208,268	2,775,789	2,078,000	11,396,000
Economic Infrastructure- Infrastructure Development Fund	457,740,032	319,592,198	476,504,562	48,103,189	19,157,107	20,630,946	58,619,000
Total	472,753,875	337,803,504	486,101,134	64,311,457	21,932,896	22,708,946	70,015,000

— Multi-sectoral and other services- Consolidated Fund
 — Economic Infrastructure- Infrastructure Development Fund
 — Total

The Ministry's total allocation as a percentage of the National Budget for the period 2012 to 2018.

Year ⁶	Total Allocation ⁷	National Budget ⁸	Percentage of National Budget
2012	\$ 1,605,709,700.00	\$ 55,718,271,573.00	2.9%
2013	\$ 4,587,219,384.00	\$ 59,174,226,196.00	7.8%
2014	\$ 7,124,714,682.00	\$ 65,020,886,424.00	11.0%
2015	\$ 4,729,126,586.00	\$ 61,966,922,675.00	7.6%
2016	\$ 1,008,809,409.00	\$ 56,573,913,053.00	1.8%
2017	\$ 625,191,100.00	\$ 55,598,436,912.00	1.1%
2018	\$ 120,426,290.00	\$ 54,955,041,591.00	0.2%

- Total allocation for the Ministry as a percentage of the National Budget illustrated a decrease in the allocation to the Ministry of Energy and Energy Industries by 0.9% between the period 2016/2017 and 2017/2018.

⁶ For the Fiscal Years 2012-2016, actual figures were used to calculate the Ministry's total allocation. However, estimates were used to determine the Ministry's total allocation for the Fiscal Years 2017 and 2018.

⁷ Total Allocation for the Ministry of Energy and Energy Industries= Recurrent Expenditure + Consolidated Fund

⁸ The National Budget = Total Recurrent Expenditure + Total Development Programme Consolidated Fund

Auditor General Report Findings for the Fiscal year 2016

Ref: Auditor General's Report⁹

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Revenue Control

- As reported in the previous three years, no evidence was seen that oil and gas production data received from companies, and used in the calculation of revenue collectible was verified by the Ministry. The response from the Ministry stated that verification of oil and gas data is undertaken by ensuring the witnessing and testing of calibration of meters at fiscalisation points and witnessing of meters at loading of crude at ports. The following were noted:
 - a. There is no collaboration between the Measurement Unit and the Contract Management Unit.
 - b. A Log is not maintained to reflect the queries raised by the Contract Management Unit with the Operators and the resolutions made.
 - c. The Measurement Unit is constrained by a shortage of manpower and a lack of measurement training. As a result, 75% of the planned activities was not done.

As a result, the accuracy of revenue from Royalties and Share of Profits from Oil Companies could not be assessed.

- At the time of the audit in January 2017, Royalties from eleven Oil Companies as at 30th September, 2016 were outstanding.
- Quarterly and Annual Reconciliations of Royalties due and received were not produced for nine of the eleven Oil Companies. These are required by the Petroleum Regulations, Chapter 62:01 paragraphs 70 (1) – (2) and 71 (1) – (3).

Operational Quarries

- Operators are required to apply for a Mining Licence which is valid for five years from the date of issue. Minerals (General) Regulations 2015 refer. The status of one hundred and three (103) Operational Quarries was submitted. Details are as follows:

⁹ Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Year ended September 30, 2016, pg 52-54
http://www.auditorgeneral.gov.tt/sites/default/files/Auditor%20General%27s%20Report%20on%20the%20Public%20Accounts%202016_0.pdf

Status of Operational Quarries	No. of Quarries
Expired Licences	76
Operating without Licences	19
Operating with Licences	7
New Application	1
Total	103

- From a sample of 20 Operational Quarries selected for audit examination, the following were noted:
 - > Production Data relating to the quantity of minerals mined, processed and sold for 17 operators was not submitted.
 - > Royalties were not collected from 16 operators.
 - > Five operators mining on private land did not provide proof of ownership of the Mineral Rights in order to be exempted from paying royalties. Further, evidence was not seen that Royalties were received for the financial year 2015/2016.

Noteworthy Development Programme Estimates in 2017-2018

The table below lists the projects that have been noted due to uncharacteristic variances in estimates for funding: ¹⁰

Sub-Item Head Description	Project	2017 Estimate	2017 Revised Estimate	2018 Estimate
005-06-A003	Renewable Energy and Energy Efficiency Initiatives	\$18,000,000	\$1,000,000	\$7,000,000
005-06-A007	Environmental Policy Grant Project	\$3,000,000	\$602,000	-
003-05-D005	Development of New Port Facilities	\$40,000,000	\$15,000,000	\$15,000,000
003-05-D011	Dredging of Sea-Lots Main Channel and Turning Basin	-	\$5,630,946	\$22,619,000

¹⁰ Estimates of Development Programme 2018, accessed on October 2, 2017 <http://www.finance.gov.tt/wp-content/uploads/2017/10/Numbered-Draft-Estimates-Development-Programme-2018.pdf>

Status of New Projects for the Financial Year 2016-2017

The following new projects that received funding in the 2016/2017 financial year¹¹:

Sub-Head Description	Project -Item	2017 Estimate	2017 Revised Estimate	2018 Estimate
005-06-A007	Environmental Policy Grant Project (EU)	\$3,000,000	\$602,000	-

¹¹ Estimates of Development Programme 2018, accessed on October 2, 2017 <http://www.finance.gov.tt/wp-content/uploads/2017/10/Numbered-Draft-Estimates-Development-Programme-2018.pdf>

New Projects for the Financial Year 2017-2018

The following new projects that received funding in the 2017/2018 financial year¹²:

Sub-Head Description	Project -Item	2018 Estimate
005-06-F003	Above Ground Fuel Tank Installations	\$900,000

¹² Estimates of Development Programme 2018, accessed on October 2, 2017 <http://www.finance.gov.tt/wp-content/uploads/2017/10/Numbered-Draft-Estimates-Development-Programme-2018.pdf>

Major Programmes and Development for the Period 2016 to 2018

The following table shows a list of the significant expenditure items, based on the proportion of the budgetary allocation assigned¹³.

Development Programme 2017	PROJECTS	2016 Actual	2017 Revised Estimate	2018 Estimate
003-05-001-IDF	Development of Industrial Sites	\$2,183,077	-	\$21,000,000

¹³ Estimates of Development Programme 2018, accessed on October 2, 2017 <http://www.finance.gov.tt/wp-content/uploads/2017/10/Numbered-Draft-Estimates-Development-Programme-2018.pdf>

Committee Inquires Related to the Ministry of Energy and Energy Industries

Inquiry	Report Status	Ministerial Response	Key Recommendations ¹⁴
<p>1. <i>Inquiry into the Strategies and Incentives to promote new production in the Energy Industry with specific focus on the Ministry of Energy and Energy Industries</i></p>	<p>Report Presented: 09.12.16</p>	<p>Presented: 28.07.2017</p>	<ul style="list-style-type: none"> • MEEI urgently engages external assistance through the supporting partnerships from such institutions as the Oxford Institute of Energy Studies and the Jackson School of Geosciences, University of Texas, Austin Bureau of Economic Geology, University of Texas to seek their assistance in reviewing some of these contracts and to provide recommendations to ensure the protection of the State’s interests in these matters. • Due consideration must be given to returning to the MEEI the scholarships that exist under the Production Sharing Contracts that were removed and placed under the ambit of the Ministry of Public Administration. These scholarships should be for the sole use of creating and sustaining a “pipeline” of young, recently graduated energy professionals who are required to serve the MEEI for specified periods. The evidence is clear that many,

¹⁴ Key Recommendations relate to recommendations that may have a financial impact on the Ministry

			now senior, professionals who benefited from these scholarships and returned, have made significant contributions.
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General Useful Information

- Ministry of Energy, CAN: <http://www.energy.gov.on.ca/en/>
- Natural Resources Canada: <http://www.nrcan.gc.ca/19501>
- World Energy Council Page: <https://www.worldenergy.org/>
- Energy Information Administration, USA: <https://www.eia.gov/>
- US Department of Energy, USA: <https://energy.gov/oil>