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PARLIAMENT

REPUBLIC OF TRINIDAD AND TOBAGO

8th REPORT OF THE

JOINT SELECT COMMITTEE ON

STATE ENTERPRISES

on

An inquiry to examine the operations of National Quarries Company Limited (NQCL), and to determine its effectiveness in fulfilling its mandate by maintaining quality of product and stability of supply.

June, 2018

An electronic copy of this report can be found on the Parliament website: www.ttparliament.org

The Joint Select Committee on State Enterprises

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PARLIAMENT
REPUBLIC OF TRINIDAD AND TOBAGO

Joint Select Committee on State Enterprises

An inquiry to examine the operations of National Quarries Company Limited (NQCL), and to determine its effectiveness in fulfilling its mandate by maintaining quality of product and stability of supply.

Eighth Report 2017/2018 Session, Eleventh Parliament

Report, together with Minutes

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The Joint Select Committee on State Enterprises

Establishment

1. The Joint Select Committee on State Enterprises was appointed pursuant to the directive encapsulated at section 66A of the Constitution of the Republic of Trinidad and Tobago. The House of Representatives and the Senate on Friday November 13, 2015 and Tuesday November 17, 2015, respectively agreed to a motion, which among other things, established this Committee to inquire into and report to Parliament on State Enterprises falling under its purview with regard to:

- their administration;
- the manner of exercise of their powers;
- their methods of functioning; and
- any criteria adopted by them in the exercise of their powers and functions.

Current Membership

2. The following Members were appointed to serve on the Committee:

Mr. David Small
Dr. Lester Henry
Mrs. Cherrie-Ann Crichlow-Cockburn
Mr. Wade Mark
Mr. Fazal Karim
Brig. Gen. (Ret.) Ancil Antoine
Mr. Adrian Leonce
Mr. Ronald Huggins

Powers

3. The Committee is one of the Departmental Select Committees, the powers of which are set out principally in Senate Standing Orders 91 and 101, and HOR Standing Orders 101 and 111. These are available on the Internet via www.ttparliament.org.

Secretarial Support

4. Secretarial support was provided by Mr. Brian Caesar, Clerk of the Senate, who served as Secretary to the Committee, Ms. Sheranne Samuel, Assistant Secretary and Mrs. Krystle Gittens, Graduate Research Assistant.

Contacts

5. All correspondence should be addressed to the Secretary to the Joint Select Committee on State Enterprises, Level 3, Tower D, Port of Spain International Waterfront Centre, 1A Wrightson Road, Port of Spain. The telephone number for general enquiries is 624-7275; the Committee's email address is jscse@ttparliament.org.

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General Findings

During the inquiry, the Committee made the following findings on NQCL:

1. The primary challenges identified by the Board and Executive Management at NQCL were:
   i. A legacy debt of $85 million;
   ii. Impaired plant and equipment; and
   iii. Employee competencies are less than adequate due to a historical trend of ineffective hiring practices.

2. Outsourcing was locally provided and amounted to fifty-eight (58) percent of operating costs;

3. NQCL had not been profitable since 2009 and based on submissions dated January 10, 2018, the Company *"does not maintain information concerning the total market size (or) NQCL's market share"*;

4. As at 31 March, 2017, NQCL's outstanding royalties were as follow:
   i. sand and gravel Turure operations owed $38,022,354.50; and
   ii. limestone operations at Scott's Quarry owed $10,207,048.24;

5. As at February 16, 2018, NQCL had eleven (11) ongoing litigation matters at an accumulated cost to the Company of $981,016.00;

6. Supplier/contractor relationships were severely eroded or non-existent due to bad payment;

7. The Government was not in a position to provide financial assistance;

8. However, NQCL submitted that there is an expectation that the Company will attain profitability in financial year 2018; and

9. The Committee remains concerned that despite being in existence since 1979, NQCL does not possess the capacity to fulfill its mandate.

During the inquiry, the Committee made the following findings on MEEI:

10. Of the sixty-seven (67) mining operators on record, only six (6) were operating with current licenses;

11. The State loses large sums in the form or unpaid/uncollected royalties; and

12. The following challenges were listed:
    i. There are a number of established positions to be filled;
    ii. There are inadequate vehicles and drivers; and
    iii. The is no formal enforcement unit to take enforcement action

Summary of Recommendations

The following is a summary of the recommendations proposed by the Committee for NQCL and MEEI:

1. In light of the fact that outsourcing amounts to **fifty-eight (58) percent** of NQCL's operating costs, strong emphasis should be placed on building in-house capacity in:
    i. blasting;

ii. crushing; and
iii. processing activities

2. NQCL should also seek to sharpen the pencil on the contract terms for these outsourced services to ensure they are getting the best services at the most competitive cost;

3. NQCL should urgently engage with the MEEI to agree on a strategy to boost its capacity and optimize output;

4. NQCL should continue its strategic emphases on:
   i. reduction of direct and indirect costs;
   ii. production optimization; and
   iii. sales targets.

5. NQCL should include as a strategic emphasis research and development into the current mining market in order to develop suitable strategies in support of its mandate to become *"the market leader in the aggregate industry";*

6. NQCL in collaboration with the MEEI should urgently commission a study to establish the status of the local aggregates market, its size, the number of players and their respective shares;

7. NQCL must maintain a more reliable database of private mining operators so as to provide the necessary data to make a more informed assessment of the industry;

8. Consideration should be sought to adjust the mandate of the NQCL as it relates to maintaining "the price" of aggregates. Rather it should include "competitive pricing";

9. A study should be done on lease mining rental rates by NQCL with a view to proposing an upward adjustment in the existing $250 per hectare rate;

10. A study should be done, in collaboration with the MEEI, to review the existing royalty rates and a proposal made to the Ministry of Finance for an updated, competitive, business sensitive adjustment;

11. NQCL should urgently engage with the MEEI to agree on a plan to clear the company's indebtedness to the State as it relates to outstanding royalty payments;

12. The MEEI should strongly lobby for the Miscellaneous Provisions (Illegal Mining) Bill to be given priority attention at the LRC and brought to Parliament before the end of 2018;

13. The MEEI should urgently address the sluggishness of the licensing process for mining operators. Serious consideration must be given to simplifying the process;

14. The MEEI should consider the establishment of a National Aggregates Industry Authority to act as an industry regulator. Registration with such a body should be a standard term of the license. It will allow for greater data collection and better tracking and management of the industry; and

15. Additionally, the MEEI in collaboration with NQCL should conduct a study to determine standard best practice in other countries for regulation of the Mining Industry.

Report Summary

This report examines the operations of NQCL, to determine its effectiveness at fulfilling its mandate by maintaining quality of product and stability of supply.

The outcome of this examination reveals that though NQCL may have the potential to become a valuable contributor to the State, currently the Company is unable to effectively and efficiently fulfill its mandate.

Though the Company has committed to continue making the necessary adjustments in order to achieve a state of profitability, there are significant obstacles that undermine this objective.

In light of the above, the Committee recognizes that there is a need for strategic collaboration between NQCL and the MEEI to ensure that the benefits gained through the active participation of the State in the aggregate sector outweigh the cost of participation.

CHAPTER 1

1 Introduction

1.1 Entity profile:

1.1.1 National Quarries Company Limited is a fully State-Owned Company set up by the Government of the Republic of Trinidad & Tobago (GORTT) in February 1979. The main objective at the time was the rationalization of the supply of aggregate to the Construction Sector at the lowest possible economic price to facilitate the major development projects either in progress or earmarked for start-up.

1.1.2 Recently, the Company undertook a comprehensive review of its operations and emerged with a new strategic direction informed by a commercial and profit oriented focus.[1]

[1] Company Profile: http://nqcl.co.tt/?page_id=74 Accessed October 25, 2017

Mission:

1.1.3 "To create a competitive profitable customer focused employee driven organization by providing quality products in a safe, efficient and environmentally sensitive manner, whilst recognizing our obligations to our stakeholders."[2]

Vision:

1.1.4 "The leading regional player in the construction industry providing quality products to international standards that add value to community."[3]

1.2 Minerals Production in Trinidad and Tobago

1.2.1 Minerals production data collected by the then Ministry of Energy and Energy Affairs (MEEA) for January, 2005 to February, 2015 are presented in Table 2 below. The data presented represent information provided by quarry operators to the MEEA during its mineral audits, for the operations that were audited. The figures do not represent operations for which data was not available, and are thus a very conservative estimate of production over the period 2005 to 2015. The data also do not include production from illegal mining (quarrying) operations over the period 2001 to 2015.[4]

[2] Mission: http://nqcl.co.tt/?page_id=76 Accessed October 25, 2017
[3] Vision: http://nqcl.co.tt/?page_id=76 Accessed October 25, 2017
[4] White Paper on National Minerals Policy, Ministry of Energy and Energy Industries, June 2015: http://www.energy.gov.tt/wp-content/uploads/2014/01/White-Paper-on-National-Minerals-Policy-June-2015.pdf Accessed October 24, 2017 Pg11

Table 2: Minerals Production in Trinidad and Tobago for Years: 2005 to 2015
(Source: MEEA's Minerals Audit Reports 2005 to 2015)

YEAR	Volume (Cubic Yards)							
	Sand & Gravel	Blue Limestone	Yellow Limestone	Clay	Porcellanite	Sand	Andesite	Total
2005	1,532,624	329,274	1,097,045	184,372	7,000	49,705	151,556	3,351,576
2006	2,446,903	763,043	1,300,891	178,043	4,870	863,277	184,615	5,741,641
2007	3,282,023	768,672	1,554,634	185,669	24,986	1,330,834	120,664	7,267,483
2008	2,364,280	885,841	1,532,960	203,282	27,087	549,180	NA	5,562,630
2009	1,696,315	1,429,604	1,095,183	90,721	12,329	648,045	NA	4,972,196
2010	1,740,499	1,235,829	1,082,291	102,338	20,744	973,911	NA	5,155,611
2011	2,134,645	2,986,258	1,229,115	238,043	25,587	1,189,002	NA	7,802,650
2012	1,747,040	3,056,592	932,465	260,287	34,328	1,217,728	NA	7,248,439
2013	1,948,863	1,508,357	1,113,753	243,376	34,276	1,218,084	NA	6,066,709
2014	1,059,062	107,255	1,052,370	132,595	22,921	961,621	NA	3,335,824
2015	1,094	NA	81,031	2,988	NA	NA	NA	85,113
TOTAL YTD	19,953,346	13,070,726	12,071,736	1,821,713	214,128	9,001,388	456,836	56,589,872

Data is based on information provided by quarry operators to MEEA's Internal Audit Unit;
N/A – Data Not Available at the time of preparation of this policy document;
Note that Mineral Audits for Years 2014 and 2015 are still in progress and figures represent data available at time of preparation of this policy document.

1.2.2 As at the end of February, 2015, there were eighty-eight (88) active mining operations in Trinidad and Tobago. Of this number, forty-two (42) were licensed, while forty-six (46) were operating under expired licences. There were also forty-seven (47) new applications for mining licences being processed by the MEEA. Further, as at the end of February 2015 there were sixty-two (62) mineral processing plants currently operating in Trinidad and Tobago without licences.[5]

1.3 Relevance of the Minerals Sector to Trinidad and Tobago

1.3.1 From the data available and presented in the table below, it can be inferred that during the period under review, the Minerals Sector contributed approximately 0.1% of the total Gross Domestic Product (GDP) of the national economy and represented between 0.6% and 0.8% of the Economic Value Added (EVA) by the

[5] White Paper on National Minerals Policy, Ministry of Energy and Energy Industries, June 2015: http://www.energy.gov.tt/wp-content/uploads/2014/01/White-Paper-on-National-Minerals-Policy-June-2015.pdf Accessed October 24, 2017 Pg13

total Construction Sector. However, it should be noted that the Minerals Sector supports the much larger construction sector[6]

1.3.2

Table 4: Contribution of the Minerals Sector to the National Economy
(Source: Central Statistical Office, May 2014)

	Minerals Sector			Total Construction Sector			Total T&T Economy
	TT$ million			TT$ million			TT$ million
Year	Gross Output	Value Added* (Gross Output *less* Intermediate Costs)		Gross Output	Value Added* (Gross Output *less* Intermediate Costs)		GDP (Current Prices)
2000	87.20			10,650.49	3,833.10		**51,370.60**
2001	90.68			11,396.02	4,353.30		**55,007.20**
2002	87.56	34.40		10,712.26	4,092.08		**56,290.00**
2003	109.47	43.01		13,604.57	5,197.00		**71,169.00**
2004	109.80	43.14		15,546.62	5,938.81		**83,652.50**
2005	125.39	42.70		19,509.16	7,452.50		**100,682.00**
2006	167.59	57.07		22,452.70	8,576.93		**115,951.10**
2007	230.04	78.33		29,606.73	11,309.77		**136,952.50**
2008				37,896.61	14,476.51		**175,287.20**
2009				35,933.15	13,726.50		**121,281.30**
2010				24,634.76	9,410.50		**131,198.00**
2011				22,964.03	8,772.30		**150,886.50**
2012				22,980.45	8,778.50		**149,326.60**
2013				24,482.39	9,352.30		**157,417.80**

N.B. **Value Added*** is the contribution to G.D.P. at Current Prices
The Minerals Sector is classified as part of the Construction Sector for National Economic Accounting from 2008, Minerals Sector figures were merged with the Total Construction Sector

1.4 Rationale for the involvement of the State in Enterprise

1.4.1 According to the State Enterprises Performance Monitoring Manual:

"Government will retain or acquire equity in the State Enterprise ***sector only where such ownership is integral to the achievement of policy objectives for the sector in which the Enterprise is located.*** *The Government of Trinidad and Tobago (GORTT) will concentrate on providing facilitatory mechanisms, including the removal of constraints to investment in commercial activity and the establishment of the appropriate institutional, regulatory and incentive framework.*

It is recognised, nonetheless, that ***there may be instances where state equity participation is necessary, or may become necessary, or where the private sector***

[6] White Paper on National Minerals Policy, Ministry of Energy and Energy Industries, June 2015: http://www.energy.gov.tt/wp-content/uploads/2014/01/White-Paper-on-National-Minerals-Policy-June-2015.pdf Accessed October 24, 2017 Pg11-12

is not willing to take the risk in the absence of the State's direct participation. *It is not envisaged, however, that such participation should be long-term in nature and enterprises should be divested to the private sector as soon as this becomes feasible."*[7]

1.5 State Enterprises with Specific Mandates

1.5.1 "Some State enterprises have specific mandates from GORTT to undertake developmental projects in the areas of education, community development, national infrastructure, sporting infrastructure, rural and urban development. The responsibilities of the companies include:

- Project Management
- Sourcing contractors
- Certification of expenditures
- Overseeing project execution and completion

1.5.2 The mandates of these Companies are specified in Cabinet Minutes whereas the mandates of the other State Enterprises are specified in their respective incorporation documents."[8]

1.6 The Role of the National Quarries Company Limited

1.6.1 According to the NQCL website, the main objective of the Company was "to maintain price, quality of product and stability of supply of aggregate to the Construction Sector.

1.6.2 However, recently, the Company undertook a comprehensive review of its operations and emerged with a new strategic direction informed by a commercial and profit oriented focus. The new strategic approach has already begun to

[7] State-Enterprise-Performance-Monitoring-Manual-2011: http://www.finance.gov.tt/wp-content/uploads/2013/11/State-Enterprise-Performance-Monitoring-Manual-2011.pdf Accessed October 25, 2017 Pg 1

[8] State-Enterprise-Performance-Monitoring-Manual-2011: http://www.finance.gov.tt/wp-content/uploads/2013/11/State-Enterprise-Performance-Monitoring-Manual-2011.pdf Accessed October 25, 2017 Pg 3

achieve results as evidenced by an impressive turnaround in operational and functional fortunes.”[9]

1.6.3 Despite the statements above, the following are not readily obvious when considering NQCL's role as a State Enterprise:

- The policy objectives being achieved through the existence of NQCL.
- The specific mandate of NQCL as a State Enterprise.

1.7 Reported Issues/Challenges Experienced by NQCL

1.7.1 According to the Public Accounts (Enterprises) Committee Omnibus Report, First Session of the 11th Parliament, the following issues were being experienced by NQCL[10]:

i. The NQCL informed the Committee of challenges being experienced, which were:
   - unsustainable debt;
   - losses;
   - absence of a management team;
   - lack of a governance structure;
   - ineffective procurement processes;
   - insufficiently trained technicians;
   - illegal mining of acreage; and
   - the non-payment of royalties.

ii. The production facilities were not up to standard.

iii. NQCL indicated that problems were also being experienced with the financial management of the company.

[9] Company Profile: http://nqcl.co.tt/?page_id=74 Accessed October 25, 2017
[10] Public Accounts (Enterprises) Committee Omnibus Report, First Session of the 11th Parliament, http://www.ttparliament.org/reports/p11-s1-J-20160913-PAEC-R1.pdf Accessed October 24, 2017

iv. During the Committee's investigation it was discovered that National Quarries had not paid royalties for a number of years.

v. The Committee also noted that despite the company's increasing unprofitability, it continued to hire new employees.

1.8 Ministerial Response by NQCL to Public Accounts (Enterprises) Committee Omnibus Report, First Session of the 11th Parliament.

1. *The Board should recruit a properly trained and adequately qualified management team to govern the daily activities of the NQCL;*

Response:

NQCL reported that a qualified Executive Team has been employed, which comprises:

- Chief Financial Officer
- Manager- Technical Services
- Manager Human Resources
- Procurement Manager
- Internal Auditor

Further the Board is in the process of recruiting a Chief Executive Officer (CEO) and initial interviews will take place by the end of the 1st Quarter 2017.

2. *Training should be provided to the currently recruited technicians and the Human Resource Department should ensure regulations are followed when hiring technicians in the future;*

Response:

NQCL reported that the relevant line managers are in the process of developing a Train the Trainer learning plan for the technicians that are currently employed. It is expected that training should commence within the Second Quarter 2017.

NQCL also reported that the job descriptions for all technical positions have been revised to include the requisite qualifications and training required for candidates to be considered.

3. *NQCL should formulate a procurement strategy, which will emulate the provisions outlined in the Public Procurement and Disposal of Public Property (Amendment) Act, 2015. This will serve as a blueprint for NQCL to ensure there are proper guidelines to follow throughout its procurement process.*

   Response:

   NQCL has begun to revamp its Tenders Rules & Procedures to align with best practices and to ensure that the requirements of the Public Procurement and Disposal of Public Property (Amendment) Act, 2015 are met. As a result, various policies regarding Procurement of Goods & Services, Expediting, Logistics & Warehousing are being revised/created.

4. *A plan should be developed and implemented between officials from NQCL and MEEI with the advice of the Ministry of Finance for outstanding royalty payments to be made; and*

5. *NQCL must provide much needed training to its accounting staff to ensure that the issue of identifying the quantum of arrears and drafting proposals for the payment of outstanding royalties is completed in a timely manner*.

   Response:

   NQCL will be required to submit a schedule for repayment of outstanding royalties for the consideration of the MEEI and MOF. The MEEI is currently liaising with NQCL to update the quantum of arrears.

6. *The Board should as a matter of priority either employ more qualified human resource personnel or train existing personnel;*

7. *<u>The Board should also review the process used for hiring persons to ensure the right fit based on the recommended criteria;</u>*

8. *<u>The Board should ensure that recruitment is only done when absolutely necessary; and Analysis should be conducted, comparing the number of persons being recruited in relations to the company's workload to determine their value to the advancement of the company. With this information the Board can find ways in which the excess workers currently employed can be utilized in a more productive manner.</u>*

   <u>Response:</u>

   The NQCL Board of Directors is currently addressing the company's human resource requirements, which includes the recruitment of qualified staff and programs for training and development of staff.

9. *<u>Through efforts by the Defence Force, a plan should be developed and implemented to ensure well-trained personnel can be stationed at specific points throughout the Quarry to deter perpetrators and regain control over the company's resources.</u>*

   <u>Response:</u>

   NQCL has negotiated a Memorandum of Understanding with the Trinidad and Tobago Defence Force (TTDF) to ensure the continuous presence of trained military personnel at the Company's Turure Quarry.

10. *<u>The Audit Committee of the Board should increase its monitoring capacity over the internal controls of the Company. These Members should be well informed of the provision outlined in the State Enterprises Performance Monitoring Manual so that each regulation is followed to ensure it functions efficiently and effectively;</u>*

11. *<u>In areas where the Internal Audit function is absent, mechanisms should be implemented so that the existing staff can be trained to carry out its function.</u>*

    <u>Response:</u>

The NQCL Internal Audit department was established in May 2016 and the Audit Charter & Audit Plan were developed and presented and agreed to by the Audit Committee of the Board. All Internal findings are monitored and tracked via a database to ensure the process owners have been addressing the audit recommendations in a timely manner.

1.9 Suggested Rationale for the Inquiry

1.9.1 Given the forgoing and taking into account the following:

i. The company is 100% State-owned.

ii. The policy objectives being achieved through the existence of NQCL are unclear.

iii. The specific mandate of NQCL as a State Enterprise is unclear.

iv. Submissions of Audited Financials and Annual Reports continue to be grossly behind schedule.

An inquiry into this entity seemed necessary.

1.10 Objectives of the Inquiry

1. Understanding the structure of the NQCL and how it is managed.
2. To determine the policy objectives being achieved through the existence of NQCL.
3. To determine whether NQCL is satisfying transparency and accountability principles.

1.11 Conduct of the Inquiry

1.11.1 At its 20th Meeting held on Tuesday September 19, 2017 the Committee agreed to conduct an inquiry into National Quarries Company Limited.

1.11.2 On January 29, 2018 a public hearing was held with representatives of the NQCL, Ministry of Energy and Energy Industries and Trinidad and Tobago Extractive

Industries Transparency Initiative, at which time the Committee questioned the officials on the various matters in connection with the inquiry objectives set out.

1.11.3 **Officials of the National Quarries Company Limited (NQCL)**

Mr. Ulric Warner	Chairman
Mr. Mashtaq Mohammed	Chief Executive Officer
Mr. Raymond Hackett	Chief Operating Officer
Mr. Glen Stephen	Chief Financial Officer

Officials of the Ministry of Energy and Energy Industries (MEEI)

Mr. Selwyn Lashley	Permanent Secretary
Mrs. Penelope Bradshaw-Niles	Deputy Permanent Secretary
Mr. Monty Beharry	Director, Minerals

Officials of the Trinidad and Tobago Extractive Industries Transparency Initiative (TTEITI)

Mr. Victor Hart	Chairman
Mr. Sherwin Long	Head, TTEITI Secretariat

1.11.4 Prior to the public hearing, a request for information on the general objectives of the inquiry was sent to NQCL on January 04, 2018, and in response, written submissions were received dated January 10, 2018. These responses provided a frame of reference for the questions posed during the hearing.

1.11.5 During the public hearing the Committee determined that a second (2nd) hearing would be necessary to further examine the inquiry objectives. The Committee proffered supplementary questions for written responses to be obtained from NQCL, Ministry of Energy and Energy Industries and Trinidad and Tobago Extractive Industries Transparency Initiative dated February 9, 2018. These responses were received dated February 16, 2018.

1.11.6 On February 19, 2018 a second (2nd) public hearing was held with representatives of the NQCL and the Ministry of Energy and Energy Industries.

1.11.7 **Officials of the National Quarries Company Limited (NQCL)**

Mr. Ulric Warner	Chairman
Mr. Mushtaq Mohammed	Chief Executive Officer
Mr. Raymond Hackett	Chief Operating Officer
Mr. Glen Stephen	Chief Financial Officer

Officials of the Ministry of Energy and Energy Industries (MEEI)

Mr. Selwyn Lashley	Permanent Secretary
Mr. Monty Beharry	Director, Minerals
Ms. Indira Ramkissoon	Senior State Counsel

1.11.8 During the public hearing the Committee proffered supplementary questions for written response. These responses were received from the NQCL and the Ministry of Energy and Energy Industries.

1.11.9 The Minutes of the Meeting during which the public hearing was held are attached as **Appendix II** and the Verbatim Notes as **Appendix III**.

CHAPTER 2

2 Key Issues, Findings and Recommendations

Objective 1: Understanding the structure of the NQCL and how it is managed.

2.1.1 In submissions dated January 10, 2018, the following organisational structure was provided:

DEPARTMENT	CONTRACT	PERMANENT	TOTAL HEADCOUNT
CEO's Office	1	1	2
Technical Services			
COO's Office	0	7	7
Quality Assurance	0	7	7
Field Audit	0	5	5
Mining	1	15	16
Maintenance	0	31	31
Processing	13	15	28
Limestone	0	7	7
HSSE	1	17	18
Procurement	0	8	8
Human Resources	0	6	6
Accounts	1	7	8
IT	0	2	2
Sales	0	10	10
Marketing	1	2	3
Legal	1	2	3
Administration	2	16	18
Internal Audit	0	2	2
Total	**21**	**160**	**181**

2.1.2 At that time, there were twenty-five (25) vacant positions as detailed below:

DEPARTMENT	VACANT	FILLED	TOTAL POSITION COUNT
CEO's Office	0	2	2
Technical Services			
COO's Office	0	7	7
Quality Assurance	1	7	8
Field Audit	3	5	8
Mining	4	16	20
Maintenance	1	31	32
Processing	5	15	20
Limestone	1	7	8
HSSE	5	17	22
Procurement	0	8	8
Human Resources	3	6	9
Accounts	1	7	8
IT	0	2	2
Sales	0	10	10
Marketing	0	3	3
Legal	0	3	3
Administration	2	17	19
Internal Audit	0	2	2
Total	26	165	191

2.1.3 NQCL's Board of Directors comprises of:

Mr. Ulric Warner	Chairman
Dr. Wanda-Lee Delandro-Clarke	Director
Mr. Ramnarine Clive Deokie	Director
Mr. Shazim Mohammed	Director
Mr. Roger Rajan	Director
Mr. Dons Waithe	Director

2.1.4 At the time of this report two (2) Board Sub-Committees existed, Audit and Finance.

2.1.5 The Board of Directors exercise oversight of the Company's operational activities through:

i. examination the CEO's Report along with other reports from members of the Executive to keep apprised of operational and financial activities within the organisation; and
ii. determination of deliverables and timelines for the Executive, based on its review of reports.

2.1.6 Additionally, the Committee was informed that the Board ensures line Ministry policy is implemented by maintaining *"open communication with the line Ministry which guarantees that all policies and other deliverables are implemented."*

2.1.7 NQCL outsources areas of operation:
i. that are not the core business;
ii. where the Organisation does not have the required competencies; and
iii. where the services are readily available externally at a competitive price.

2.1.8 Areas currently outsourced are:
i. crushing and processing of limestone;
ii. haulage;
iii. blasting;
iv. rental of mining equipment; and
v. security

2.1.9 NQCL considers the following areas as core areas of business, and is seeking to develop skills internally for same:

i. blasting;
ii. crushing; and
iii. processing activities.

2.1.10 Outsourcing is locally provided and amounts to **fifty-eight (58) percent** of operating costs.

2.1.11 Strategic areas that NQCL considers vital are:

i. Geological Assessments and Mine Planning;
ii. Quality Assurance/Quality Control;
iii. Operations;
iv. Drilling; and
v. Marketing.

2.1.12 The primary challenges identified by the current Board and Executive Management were:

i. A legacy debt of $85 million;
ii. Impaired plant and equipment; and
iii. Employee competencies are less than adequate due to a historical trend of ineffective hiring practices.

2.1.13 To overcome these challenges, the current team has:

i. placed focused attention on bringing financial reporting up to date in order to get a clear picture of the Company's liabilities and the bring the Company into compliance;
ii. completed of a full financial analysis of the company and systematically reduce the debt burden and chart a course to profitability by setting targets for:
   - reduction of direct and indirect costs;
   - production optimization; and
   - sales targets.
iii. Engage staff in a structured process of change management and training.

2.1.14 However, the Committee is concerned that funding would be required for NQCL to achieve its strategic objectives, which include acquiring of a Mining License and Certificate of Environmental Clearance.

2.1.15 According to oral submissions dated January 29, 2018, due to the current economic constraints being faced by the Government of Trinidad and Tobago, NQCL has been constrained. The Chairman, Mr. Warner stated:

> *"Among the things that we did is that we said this company is in a situation where it needs financing to move forward, so in discussions with our Ministry, we sought to get a bit of a loan guarantee to help us treat with those issues. The Government's position was that we are in a deep position and we cannot help the way we would like to help. Go back and see what you can do."*

Recommendations

2.1.16 In light of the fact that outsourcing amounts to **fifty-eight (58) percent** of NQCL's operating costs, strong emphasis should be placed on building in-house capacity in:

i. blasting;
ii. crushing; and
iii. processing activities

2.1.17 NQCL should also seek to sharpen the pencil on the contract terms for these outsourced services to ensure they are getting the best services at the most competitive cost.

2.1.18 NQCL should urgently engage with the MEEI to agree on a strategy to boost its capacity and optimize output;

2.1.19 NQCL should continue its strategic emphases on:

i. reduction of direct and indirect costs;
ii. production optimization; and
iii. sales targets.

Objective 2: To determine the policy objectives being achieved through the existence of NQCL.

2.1.20 NQCL's mandate is:

"To support sustainable national development by becoming the market leader in the aggregate industry, delivering consistent quality products to our customers in a safe and efficient, cost effective and environmentally responsible manner"

2.1.21 NQCL has done the following to ensure its supply of aggregate remains continuous:

i. Reviewed the estimated reserved of the Limestone and Sand & Gravel Divisions;
ii. Engaged in a new contract for more efficient and reliable crushing equipment at the Limestone Division; and
iii. Initiated detailed geological exploration of selected pits at the Sand & Gravel Division.

2.1.22 However, despite the above, the Committee remains concerned by the fact that NQCL has not been profitable since 2009.

2.1.23 Additionally, based on submissions dated January 10, 2018, the Company *"does not maintain information concerning the total market size (*or*) NQCL's market share".*

2.1.24 It is the Committee's opinion that an understanding of the market is essential for NQCL to achieve its mandate to become *"the market leader in the aggregate industry"*.

2.1.25 Moreover, the Committee learned the following:

i. As at 31 March, 2017, NQCL's outstanding royalties to the State were as follow:
   - sand and gravel Turure operations owed $38,022,354.50; and
   - limestone operations at Scott's Quarry owed $10,207,048.24;

ii. As at February 16, 2018, NQCL had eleven (11) ongoing litigation matters at an accumulated cost to the Company of $981,016.00;

iii. The company was carrying a large legacy debt burden;

iv. Supplier/contractor relationships were severely eroded or non-existent due to bad payment; and

v. The Government was not in a position to provide financial assistance.

2.1.26 Nonetheless, NQCL submitted that there is an expectation that the Company will attain profitability in financial year 2018.

2.1.27 It was noted the in NQCL's Strategic Plan, one objective was, *"Focus on increasing revenue and profitability through improved marketing efforts and cost recovery."* One action item geared towards attaining this objective was "*Capital Refinancing including seeking financing sources and Write-off of Royalties".*

2.1.28 The Committee is doubtful that this objective is realistic given the current economic challenges being faced by the State.

2.1.29 Even more troubling to the Committee than the challenges being faced by NQCL, is that the Minerals Division at the Ministry of Energy and Energy Industries is hard pressed to fulfill its oversight function.

2.1.30 According to submissions by the Trinidad and Tobago Extractive Industries Transparency Initiative (TTEITI), dated February 14, 2018 *"Based on a historical analysis of production, the TTEITI Steering Committee calculated the amount due to the MEEI in royalties for the 2005-2013 period using both the old royalty rates (pre-2015) and* *the new royalty rates (post-2015) (See Table 1). For the period 2005-2013, Government collected a total of TTD 13.3 million in royalties from the minerals sector. However, based on production figures, royalty payments should have amounted to TTD 132.3 million."* **(See Appendix I – Status of Quarries in Trinidad and Tobago.)**

2.1.31 The TTEITI added that *"Using the post-2015 rates, royalty payments for the period would amount to TTD 233.7 million."*

2.1.32 These troubling statistics reveal a significant inadequacy in the system of oversight and revenue collection.

2.1.33 To add to the above, the Committee learned in submissions dated February 16, 2018, of the sixty-seven (67) mining operators on record, only six (6) were operating with current licenses. (**See Appendix I – Status of Quarries in Trinidad and Tobago.)**

2.1.34 In submissions dated May 1, 2018, the MEEI listed the following challenges:

i. There are a number of established positions to be filled;
ii. There are inadequate vehicles and drivers; and
iii. There is no formal enforcement unit to take enforcement action.

2.1.35 The abovementioned realities pose a significant challenge to NQCL's efforts to achieve profitability.

2.1.36 The following strategies to overcome the challenges were provided:

i. Recruitment to fill vacant positions;
ii. Restructuring exercise to fill skills gaps which is expected to be completed by June, 2018;
iii. Requisition of additional vehicles is budgeted for fiscal 2019;

iv. Upgrades in technology to assist with the carrying out of duties e.g. Unmanned Aerial System; and
v. At a legislative level, the Miscellaneous Provisions (Illegal Mining) Bill is currently before the Legal Review Committee (LRC), having been added to the agenda on January 12, 2015.

2.1.37 The Committee was appalled to learn that the Miscellaneous Provisions (Illegal Mining) Bill has been on the LRC agenda since 2015.

2.1.38 The Committee is concerned that NQCL does not currently possess the capacity to fulfill its mandate.

Recommendations

2.1.39 NQCL should include as a strategic emphasis research and development into the current mining market in order to develop suitable strategies in support of its mandate to become "the market leader in the aggregate industry"

2.1.40 NQCL in collaboration with the MEEI should urgently commission a study to establish the status of the local aggregates market, its size, the number of players and their respective shares;

2.1.41 NQCL must maintain a more reliable database of private mining operators so as to provide the necessary data to make a more informed assessment of the industry;

2.1.42 Consideration should be sought to adjust the mandate of the NQCL as it relates to maintaining "the price" of aggregates. Rather it should include "competitive pricing"

2.1.43 A study should be done on lease mining rental rates by NQCL with a view to proposing an upward adjustment in the existing $250 per hectare rate;

2.1.44 A study should be done, in collaboration with the MEEI, to review the existing royalty rates and make a proposal to the Ministry of Finance for an updated, competitive, business sensitive adjustment;

2.1.45 NQCL should urgently engage with its Line Ministry to agree on a plan to clear the company's indebtedness to the State as it relates to outstanding royalty payments;

2.1.46 NQCL in collaboration with the MEEI should urgently commission a study to establish the status of the local aggregates market, its size, the number of players and their respective shares;

2.1.47 The MEEI should urgently address the sluggishness of the licensing process for mining operators. Serious consideration must be given to simplifying the process;

2.1.48 The MEEI should strongly lobby for the Miscellaneous Provisions (Illegal Mining) Bill to be given priority attention at the LRC and brought to Parliament before the end of 2018;

2.1.49 The MEEI should consider the establishment of a National Aggregates Industry Authority to act as an industry regulator. Registration with such a body should be a standard term of the license. It will allow for greater data collection and better tracking and management of the industry; and

2.1.50 Additionally, the MEEI in collaboration with NQCL should conduct a study to determine standard best practice in other countries for regulation of the Mining Industry.

<u>Objective 3: To determine whether NQCL is satisfying transparency and accountability principles.</u>

2.1.51 In submissions dated January 10, 2018, the Committee was informed of the following:

i. The new Board was appointed on November 28, 2015;
ii. At that time, the Company's Executive were non-existent, with the exception of the CEO (Ag.)
iii. There was no accounting expertise at the Company, thus no proper financial records were available;
iv. There was no internal audit function;
v. There were no audited financial statements completed since 2010;
   - The 2010 financial statements were completed with a material misstatement of $12 million TTD;
vi. There were no production and marketing relationships;
vii. There was only one (1) written contract for the entire operation;
viii. There was a legacy debt of approximately $85 million TTD;
ix. Plant reliability was approximately 20%;
x. There was no critical spares programme in place;
xi. Supplier/contractor relationships were severely eroded or non-existent due to bad payments; and
xii. There was significant reputational damage playing out in the Media.

2.1.52 The Board took the following actions:

i. Recruitment of a professional executive team;
ii. Review of the financial and implementation of a robust accounting system;
iii. Implementation of a prequalification process;
iv. Safeguarding of the company's assets and implementation of corporate governance principles;

v. Performed a full financial analysis of the company and developed clear goals for operating and direct cost, production and sales, with the intention of moving the company from a loss to profitable position;
vi. Moved from a production oriented to market driven organisation;
vii. Product development in partnership with public-private stakeholder;
viii. Restarted payments of Royalties, Business Levy and Green Fund for 2017; and
ix. Significantly improved safety performance in 2017, with plans for further improvements moving forward.

2.1.53 It is the Committee's opinion that these actions are moving NQCL towards full satisfaction of transparency and accountability principles.

3 Conclusion

3.1.1 National Quarries Company Limited may have the potential to become a valuable contributor to the State. However, currently the Company is unable to effectively and efficiently fulfill its mandate.

3.1.2 Though the Company has committed to continue making the necessary adjustments in order to achieve a state of profitability, there are significant obstacles that undermine this objective.

3.1.3 In light of the above, the Committee is doubtful that the benefits gained through the active participation of the State in the aggregate sector outweigh the cost of participation.

3.1.4 Your Committee therefore awaits the response of the Minister of Energy and Energy Industries (MEEI) to the recommendations listed on pages 1 and 2, in accordance with Standing Orders 100(6) and 110(6) of the Senate and the House of Representatives respectively which states inter alia that –

> *"The Minister responsible for the Ministry or Body under review shall, not later than sixty (60) days after a report from a Standing Committee relating to the Ministry or Body, has been laid upon the Table, present a paper to the House responding to any recommendations or comments contained in the report which are addressed to it….".*

3.1.5 Your Committee therefore respectfully submits this Report for the consideration of the Houses.

Mr. David Small **Chairman**	Dr. Lester Henry **Vice-Chairman**
Mrs. Cherrie-Ann Crichlow-Cockburn, MP **Member**	Mr. Wade Mark **Member**
Mr. Fazal Karim, MP **Member**	Brig. Gen. (Ret.) Ancil Antoine, MP **Member**
Mr. Adrian Leonce, MP **Member**	Mr. Ronald Huggins **Member**

APPENDICES

APPENDIX I: STATUS OF QUARRIES IN TRINIDAD AND TOBAGO

APPENDIX II: MINUTES OF PROCEEDINGS

MINUTES OF THE TWENTY-FOURTH MEETING OF THE JOINT SELECT COMMITTEE ON STATE ENTERPRISES, HELD IN THE ARNOLD THOMASOS EAST MEETING ROOM, LEVEL 6, AND THE J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN ON JANUARY 29, 2018

Present were:

Mr. David Small	Chairman
Mr. Fazal Karim, MP	Member
Mr. Wade Mark	Member
Mr. Adrian Leonce, MP	Member
Mrs. Cherrie-Ann Crichlow-Cockburn, MP	Member
Brig. Gen. (Ret.) Ancil Antoine, MP	Member

Mr. Brian Caesar	Secretary
Ms. Sheranne Samuel	Assistant Secretary
Ms. Vahini Jainarine	Legal Officer I
Mrs. Krystle Gittens	Graduate Research Assistant

Absent were:

Dr. Lester Henry	Vice-Chairman (Excused)
Mr. Ronald Huggins	Member (Excused)

Also Present were:

Officials of the National Quarries Company Limited (NQCL)

Mr. Ulric Warner	Chairman
Mr. Mashtaq Mohammed	Chief Executive Officer
Mr. Raymond Hackett	Chief Operating Officer
Mr. Glen Stephen	Chief Financial Officer

Officials of the Ministry of Energy and Energy Industries (MEEI)

Mr. Selwyn Lashley	Permanent Secretary
Mrs. Penelope Bradshaw-Niles	Deputy Permanent Secretary
Mr. Monty Beharry	Director, Minerals

Officials of the Trinidad and Tobago Transparency Initiative (TTEITI)

Mr. Victor Hart	Chairman
Mr. Sherwin Long	Head, TTEITI Secretariat

CALL TO ORDER

1.1 The Chairman called the meeting to order at 9:22 a.m. Those present were welcomed.

Announcements

1.2 The Chairman indicated that the following Members asked to be excused from the day's proceedings of the Committee:

- Dr. Lester Henry
- Mr. Ronald Huggins

CONFIRMATION OF MINUTES OF 23RD MEETING OF 11.12.2017

2.1 The motion for the confirmation of the Minutes without amendments, was moved by Mr. Wade Mark and seconded by Mr. Adrian Leonce.

MATTERS ARISING FROM THE MINUTES

3.1 **Paragraph 11.1, page 5**, The Chairman indicated that the 24th meeting of the Committee was rescheduled due to the laying in state of the former President of the Republic of Trinidad and Tobago, Professor George Maxwell Richards, at the Parliament building.

PRE-HEARING DISCUSSION: NQCL INQUIRY

4.1 The Chairman reminded Members of the following documents which were circulated to Members:

a. Written submission received from NQCL; and
b. Revised Inquiry Proposal on NQCL;

4.2 The Chairman directed Members to the Issues Paper based on responses received from NQCL.

4.3 The Chairman informed Members that the TTEITI was also invited to appear before the Committee. A discussion ensued on the rationale and process in issuing the invitation to the TTEITI.

4.4 Member Karim suggested that TTEITI be engaged in any future inquiries related to the extractive industries.

4.5 Members agreed that TTEITI could be engaged in the future regarding energy revenue in the state sector. Members further agreed to discuss the matter further at the next meeting of the Committee.

OTHER BUSINESS

Correspondence received from Petrotrin

5.1 The Chairman drew Members attention to correspondence received from the Chairman of Petrotrin dated January 26, 2018 regarding the termination of employment of Mr. Vidya Deokiesingh.

5.2 A discussion ensued. The Secretariat was directed to seek confirmation from Petrotrin that the matter involving A&V Oil and Gas was referred to the Director of Public Prosecutions.

Next Inquiry

5.3 The Committee agreed that the next entity to be examined is Evolving Tecknologies and Enterprise Development Company Limited (eTecK).

Date of next meeting of the Committee

5.4 The Committee agreed that the next meeting of the Committee would be held on **Monday February 19, 2018** at 9:00 a.m.

Suspension

6.1 The Chairman suspended the meeting at 10:03 a.m.

PUBLIC HEARING: NQCL INQUIRY

7.1 The meeting resumed at 10:15 a.m. *in public*, in the J. Hamilton Maurice Room.

7.2 The Chairman welcomed officials and introductions were exchanged.

7.3 The Chairman outlined the objectives of the inquiry.

7.4 Detailed hereunder are the issues/concerns raised and the responses proffered during the hearing with the officials of NQCL, the MEEI and the TTEITI:

NQCL

i. The new Board's emphasis on governance, leadership and human resource development;
ii. The expectation that NQCL will attain profitability in financial year 2018;
iii. The major policy objectives being pursued by NQCL;

iv. NQCL's core competence;
v. NQCL's capacity to supply its customers' current demand for aggregate;
vi. Challenges faced by the new Board since appointment in November, 2015;
vii. The Board's actions to ensure suitable and capable staff hired;
viii. NQCL's partnership with UWI for development of suitable graduates;
ix. The current issues that affect NQCL's profitability;
x. Actions taken by the Board to effect the changes in Company's culture that are required to support the drive towards profitability;
xi. NQCL's methodology for setting production targets, in the absence of comprehensive market data;
xii. The major objectives of NQCL's strategic plan;
xiii. Whether NQCL has plans to invest in new equipment;
xiv. Other strategies employed by NQCL to boost production capacity;
xv. The relationship between the Tobago House of Assembly and NQCL in relation to the Studley Park quarry site;
xvi. Whether strategic public-private partnerships may be used to develop NQCL's capacity;
xvii. The basis for a 2014 claim that NQCL controls 65% of the aggregate market;
xviii. NQCL's plans for payment of outstanding royalties, Business Levy and Green Fund levy;
xix. Whether NQCL has a valid mining license;
xx. NQCL's strategy to recover outstanding monies owed by clients;
xxi. The status of NQCL's ISO accreditation;
xxii. The process for pre-qualification as an NQCL supplier;
xxiii. Concern over the staff turnover at NQCL;
xxiv. Whether a needs analysis was conducted at NQCL, and a training plan developed;
xxv. The CEOs at NQCL prior to Mr. Mohammed;
xxvi. Weather NQCL is still involved in agricultural production;
xxvii. Whether NQCL has any litigation matters pending;

MEEI

xxviii. The issue of uncollected royalties owed by mining companies to the MEEI;
xxix. Actions being taken by the MEEI to address the issue of illegal mining;
xxx. Challenges being faced in the licensing process for mines;
xxxi. MEEI's strategy for measuring mining output;
xxxii. The current potential for royalty generation from the mining sector;
xxxiii. The status of the National Minerals Policy;

TTEITI

xxxiv. The purpose and composition of TTEITI;
xxxv. TTEITI's recommendations concerning NQCL's operations; and
xxxvi. The recommendation that legislation be passed to mandate that as part of the registration process for a mining license, companies must register with TTEITI.

7.5 Requests for additional information were made of the entities who appeared.

7.6 The Chairman thanked officials for attending and they were excused. The Chairman also thanked the viewing and listening audience.

Suspension

8.1 At 12:32 p.m., the Chairman suspended the *public* meeting.

Resumption

9.1 The meeting resumed at 12:36 p.m. *in camera*.

Post-hearing discussion

10.1 The Committee discussed the public hearing and agreed to invite NQCL to appear before the Committee again on **Monday February 19, 2018**.

ADJOURNMENT

11.1 There being no other business, the Chairman adjourned the meeting.

11.2 The adjournment was taken at 12:39 p.m.

I certify that these Minutes are true and correct.

Chairman

Secretary

February 16, 2018

MINUTES OF THE TWENTY-FIFTH MEETING OF THE JOINT SELECT COMMITTEE ON STATE ENTERPRISES, HELD IN THE ARNOLD THOMASOS EAST MEETING ROOM, LEVEL 6, AND THE J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN ON FEBRUARY 19, 2018

Present were:

Mr. David Small	Chairman
Dr. Lester Henry	Vice-Chairman
Mr. Fazal Karim, MP	Member
Mr. Wade Mark	Member
Mr. Adrian Leonce, MP	Member
Mrs. Cherrie-Ann Crichlow-Cockburn, MP	Member
Brig. Gen. (Ret.) Ancil Antoine, MP	Member

Mr. Brian Caesar	Secretary
Ms. Sheranne Samuel	Assistant Secretary
Ms. Vahini Jainarine	Legal Officer I
Mrs. Krystle Gittens	Graduate Research Assistant

Absent was:

Mr. Ronald Huggins	Member (Excused)

Also Present were:

Officials of the National Quarries Company Limited (NQCL)

Mr. Ulric Warner	Chairman
Mr. Mashtaq Mohammed	Chief Executive Officer
Mr. Raymond Hackett	Chief Operating Officer
Mr. Glen Stephen	Chief Financial Officer

Officials of the Ministry of Energy and Energy Industries (MEEI)

Mr. Selwyn Lashley	Permanent Secretary
Mr. Monty Beharry	Director, Minerals
Ms. Indira Ramkissoon	Senior State Counsel

CALL TO ORDER

1.3 The Chairman called the meeting to order at 9:23 a.m. Those present were welcomed.

Announcements

1.4 The Chairman indicated that the following Member asked to be excused from the day's proceedings of the Committee:

- Mr. Ronald Huggins

CONFIRMATION OF MINUTES OF 24TH MEETING OF 29.01.2018

2.1 The motion for the confirmation of the Minutes without amendments, was moved by Mrs. Cherrie-Ann Chrichlow-Cockburn and seconded by Mr. Wade Mark.

MATTERS ARISING FROM THE MINUTES

3.2 **Paragraph 5.2, page 3**, The Chairman indicated that the response from Petrotrin was received and circulated to Members.

3.3 **Paragraph 7.6, page 5**, The Chairman stated that the additional information requested from NQCL, MEEI and TTEITI was received and circulated to Members.

PRE-HEARING DISCUSSION: CONTINUATION OF NQCL INQUIRY

4.6 The Chairman reminded Members of the following documents which were circulated to Members:

c. Written submission received from NQCL;
d. Written submission received from MEEI; and
e. Written submission received from TTEITI;

4.7 Members confirmed receipt of the Issues Paper developed based on the responses received from NQCL, MEEI and TTEITI.

4.8 A discussion ensued on the approach to be taken at the hearing with officials of NQCL and the MEEI.

OTHER BUSINESS

EFCL Report

5.5 The Chairman drew Members attention to the draft EFCL Report which was circulated at the meeting.

5.6 The Chairman suggested that Members take one (1) week to review, paying particular attention to the findings and recommendations. The draft Report would be discussed in greater detail at an *in camera* session on February 26, 2018, with view of finalisation.

Follow-up

5.7 The Chairman suggested that the Committee engage in follow-up regarding its reports presented in the more than 6-12 months ago, so as to gain an appreciation of the status of implementation of the Committee's recommendations. The Committee agreed.

5.8 The Secretariat was directed to prepare a document offering a snapshot of actions taken in relation to specific recommendations. This will inform the Committee's actions into recalling certain entities or request further information.

5.9 The Chairman also suggested that the Committee follow-up on the submission of Annual Administrative Reports by entities under its purview. The Committee agreed.

5.10 The Secretariat was directed to determine the current status since the last exercise in March 2016 regarding the submission of Annual Administrative Reports. The Committee would then determine whether to recall any Permanent Secretaries to give an account.

Date of next meeting of the Committee

5.11 The Committee agreed that its next meeting would be held on **Monday February 26, 2018** at 10:00 a.m. when the it would consider:

- the draft EFCL Report;
- the draft eTecK Inquiry Proposal;
- the summary of actions taken per recommendation per report;
- update on outstanding Administrative Reports; and
- the approach to be adopted for TTEITI.

Suspension

6.2 The Chairman suspended the meeting at 10:02 a.m.

PUBLIC HEARING: CONTINUATION OF NQCL INQUIRY

7.1 The meeting resumed at 10:14 a.m. *in public*, in the J. Hamilton Maurice Room.

7.2 The Chairman welcomed officials and introductions were exchanged.

7.3 The Chairman outlined the objectives of the inquiry.

7.4 Detailed hereunder are the issues/concerns raised and the responses proffered during the hearing with the officials of NQCL and the MEEI:

NQCL

xxxvii. What would drive the Company's increase in output as outlined in the Strategic Plan;

- The metrics being used to track NQCL's productivity and profitability;

xxxviii. NQCL's plans to address Human Resource issues such as staff turnover, tardiness, etc.;

xxxix. Whether Training, Information Technology and Legal Services are outsourced by NQCL;

xl. Whether any staff training was conducted during the period November, 2015 – December, 2017;

xli. Whether any training deficiencies have been identified in the existing complement of staff;

xlii. Whether any significant investments have been made in staff development over the period 2015-2017;

xliii. Whether any consideration has been given to assessing and accrediting worker competencies while on the job;

xliv. Whether there are any litigation matters between NQCL and contractors;

xlv. The reason for the delay in NQCL's process for acquiring a Certificate of Environmental Clearance;

xlvi. Whether NQCL's operations meet all environmental standards;

xlvii. Turnaround time at the MEEI for renewal of mining operators licenses;

- What the renewal process entails;
- What causes delays in the process;

xlviii. The tendering process for the award to:

- one (1) individual contractor some forty-nine (49) contracts for IT Services; and
- one (1) individual contractor for Training Services.

xlix. Whether there are any plans for diversification of NQCL's operations;

l. NQCL's request for assistance with the application process for its Certificate of Environmental Clearance.

MEEI

li. Whether unlicensed mining operators are allowed to operate;

- The factors that determine whether or not unlicensed mining operators are allowed to operate;
- Mechanisms for monitoring of mining operators who are unlicensed;

lii. Whether the current legislative structure that governs the mining industry sufficiently supports the oversight function of the MEEI;

liii. Reason for the increase in the number of applicants for licenses from 1 in 2016 to 61 in 2018;

liv. The need for the provision of increased security for MEEI staff responsible for conducting site visits at mines;

- Whether there are any security arrangements between the Minerals Division of the MEEI and the Ministry of National Security, for persons who are required to conduct mining site visits;

lv. whether any consideration is being given to accelerating the licensing process for mining operators, in light of the pending highway expansion project;

lvi. Measures being taken by the MEEI for the collection of income foregone due to ineffective monitoring of mining operations;

lvii. The value of outstanding royalties owed to the Government of Trinidad and Tobago;

lviii. The value of outstanding taxes owed by mining operators;

lix. Whether the MEEI is able to properly measure output of the mining industry;

lx. Whether any quarries have ever been shut down due to non-payment of royalties;

lxi. Whether mining operators have the country "high-jacked";

lxii. The cost to mining operators of applying for a mining license;

lxiii. Whether any national assessment has been conducted on the impact of mining;

lxiv. Whether the MEEI Minerals Division is sufficiently resourced with staff and expertise to effectively monitor the mining industry;

7.5 Requests for additional information were made of the entities who appeared.

7.6 The Chairman thanked officials for attending and they were excused. The Chairman also thanked the viewing and listening audience.

SUSPENSION AND ADJOURNMENT

8.1 At 12:35 p.m., the Chairman suspended the *public* meeting.

8.2 There being no other business, the Chairman adjourned the meeting.

8.3 The adjournment was taken at 12:35 p.m.

I certify that these Minutes are true and correct.

Chairman

Secretary

February 21, 2018

APPENDIX III: VERBATIM NOTES

VERBATIM NOTES OF THE TWENTY-FOURTH MEETING OF THE JOINT SELECT COMMITTEE ON STATE ENTERPRISES HELD IN THE J. HAMILTON MAURICE ROOM (IN PUBLIC), MEZZANINE FLOOR, TOWER D, OFFICE OF THE PARLIAMENT, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, #1A WRIGHTSON ROAD, PORT OF SPAIN, ON MONDAY, JANUARY 29, 2018 AT 10.15 A.M.

PRESENT

Mr. David Small	Chairman
Mr. Wade Mark	Member
Mr. Fazal Karim	Member
Mr. Adrian Leonce	Member
Brig. Gen. Ancil Antoine	Member
Mrs. Cherrie-Ann Crichlow-Cockburn	Member
Mr. Brian Caesar	Secretary
Miss Sheranne Samuel	Assistant Secretary
Mrs. Krystle Gittens	Graduate Research Assistant
Miss Vahini Jainarine	Legal Officer I

ABSENT

Mr. Lester Henry	Member [*Excused*]
Mr. Ronald Huggins	Member [*Excused*]

ALSO PRESENT

MINISTRY OF ENERGY AND ENERGY INDUSTRIES

Mr. Selwyn Lashley	Permanent Secretary
Mrs. Penelope Bradshaw-Niles	Deputy Permanent Secretary

Mr. Monty Beharry	Director, Minerals

NATIONAL QUARRIES LIMITED

Mr. Ulric Warner	Chairman
Mr. Mushtaq Mohammed	Chief Executive Officer
Mr. Raymond Hackett	Chief Operating Officer
Mr. Glen Stephen	Chief Financial Officer

TRINIDAD AND TOBAGO EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE STEERING COMMITTEE

Mr. Victor Hart	Chairman
Mr. Sherwin Long	Head, TTEITI Secretariat

Mr. Chairman: Good morning everyone. Pleasant day to everyone here. I would like to welcome everyone here today to the public enquiry into the National Quarries Company Limited, and to say that this is the Joint Select Committee on State Enterprises and we are really happy to have you all here today. The purpose of this enquiry is to determine the effectiveness of NQCL in fulfilling its mandate of maintaining high quality product and stability of supply to the local aggregate market.

The role of this Committee is to firstly examine the issues which arose based on National Quarries' written responses to the Committee. And secondly, to aid National Quarries, to help in improving its operations resulting in a more efficient and effective organization.

This meeting is being broadcast live on Parliament Channel 11, Parliament Radio 105.5 FM, and the Parliament's YouTube Channel *ParlView*. Viewers and listeners can participate by sending comments relating to today's enquiry with the National Quarries Company Limited via email to parl101@ttparliament.org, or on our facebook page at facebook.com/ttparliament, or on twitter@ttparliament.

I would like now to welcome the officials present to invite themselves, and I will go in the order of the representatives of National Quarries, representatives of the Ministry of Energy, and representatives of the TTEITI. So, beginning with National Quarries, could you please introduce yourselves to the meeting? Thank you.

[*Introductions made*]

Mr. Chairman: Thank you very much. I would like now to call on members of this Committee to introduce themselves to the meeting, beginning with members on my left.

[*Introductions made*]

Mr. Chairman: Good morning, my name is David Small, I am the Chairman of this Committee. I must say it is particularly interesting for me to be here and I must declare that I know virtually everyone [*Laughs*] on the table seated in front of me in some way, shape or form for some time, so it will be an interesting meeting. So, forgive me if the Chairman tends to say, I know some of these guys here, and I have known some of them for probably 20/30 years, in particular a couple of you guys here. It is a pleasure to have you here. I would now like to call on the entities representative to give a few brief opening remarks in the same order, firstly National Quarries, then the Ministry, and then TTEITI. Brief opening remarks.

Mr. Warner: Thank you very much, Mr. Chairman. Just to outline some of the issues that National Quarries Company had to address. The company, we provided some bullet points, but in a general sense what we would like to state is that when the new board came into being on the 28th of November in 2015, we found an organization which was previously very successful, but at the time the organization had been going through some challenges, and those challenges were challenges of governance, challenges of systems, challenges of leadership, and challenges of people.

The board and the Executive have been able to address some of these challenges in each of those areas: governance, systems, leadership, and also in people, and we are looking forward to this organization actually being successful at the end of this year. The way in which we have been able to address these issues affecting the organization is by paying attention to four simple areas from a strategic perspective, and those areas are:

1. Safety and operational efficiency;
2. People and people-capability and competence;
3. Prudent financial management of the organization; and
4. Ensuring that the organization repays its debt, and at the same time become a significant contributor to Government revenues.

We hope that we would be about to address these issues as the Committee asks its questions, and we would be able to respond accordingly. Thank you very much, Sir.

Mr. Chairman: Thank you very much Mr. Chairman, and I now call on Mr. Lashley, Permanent Secretary, to give a few opening comments.

Mr. Lashley: Thank you, Chair, I will be brief. We are here as usual to provide support to the Committee in terms of its questions and the responses. Today, of course, it is about National Quarries which is one of the state enterprises that we have responsibility for. We certainly would, as usual, provide the support and the information as requested and required by the Committee, and we look forward to a very informative session.

Mr. Chairman: Thank you very much, Mr. Lashley. Given all that is happening in the sector, the Committee appreciates your ability to attend and bring your team with you. I call on Mr. Hart to give a few brief opening remarks.

Mr. Hart: Chairman, I think it is important to just link the Trinidad and Tobago Extractive Industries Transparency Initiative with the National Quarries Company Limited so that everyone would understand how come we are associated. The

TTEITI is a body set up by Cabinet comprised of the three stakeholder groups involved in the extractive industries, namely: government, extractive companies and civil society.

When Government established the TTEITI Steering Committee on the 8th of December of 2010, the numbers started with 15, 14 plus the chair, myself, and among the 14 were six government representatives, four from civil society and four from extractive companies. Among the six Government representatives were the Ministry of Energy and Energy Industries, the Ministry of Finance, the Board of Inland Revenue, and three state owned companies: Petrotrin, National Gas and the National Quarries Company Limited. So that from day one, NGCL has been serving as a member of the Steering Committee that oversees EITI implementation in Trinidad and Tobago, and so it is that we have bonded over the almost eight years of the existence of the Steering Committee and have become partners in implementing the EITI in our country.

Mr. Chairman: Thank you very much, Mr. Hart, and thank you again to all the members who are here.

Okay, I am going to start my examination this morning, the Committee's examination, by addressing a broad general question to the Chairman of National Quarries. I know that the company is in the process of relooking at your strategic plan. I want to get from you your sense, or your view, or the collective view of after the work is—given where the work is, the major policy objectives to be pursued by National Quarries. Because, I looked at the original mandate and it was very narrow, and I have looked at your draft document that you provided to the Committee, but I want to get a sense from you, if you could share with the national community what is the company's view today in terms of its major policy objectives.

Mr. Warner: Thank you very much, Mr. Chairman. National Quarries Company Limited plays a significant role in terms of regulating what takes place in the whole business of the aggregates that are produced in Trinidad and Tobago. Absent National Quarries, then we would have a market that would be essentially open and that can have all kinds of impact in terms of pricing and availability. In the strategic plan that the company is working on, and the board last week was able to approve the workshop documents to go forward to the final stage, we are concentrating on a couple of issues.

Among those issues that we are concentrating on is ensuring that National Quarries continues to be a supplier of quality aggregate. We are also concentrating on the fact that National Quarries will be able to meet the market demand, and both our CEO and our COO will talk a bit about that.

We are also concentrating on the reliability of the company in terms of our ability to produce. And, most of all, Mr. Chairman, there has been a discussion in the construction industry, or wherever you may, which spoke to the quality of our product that is essentially from our limestone division at Verdant Vale where there was the view that we did not produce the quality that was expected in the market.

I want to be able to state that we have had our discussions with all of the key players, and you will see in our strategic plan that we are capable of providing all of the limestone material that is necessary for a country to continue with its road building programme, and we have gone ahead where we have formed a public/private partnership with a crusher, and that is also within our strategic plan. So that from a strategic holistic point of view, National Quarries is making a statement to the public: One, we are a serious business in which we are seeking to become profitable this year, based on all of the actions that we have taken. Two, we are a reliable supplier of aggregate, and a reliable supplier of the limestone rock that is used for road building. Thirdly, that we produce quality products, and we have had the discussions with the road builders, the AECOM, PURE, NIDCO, all of those people. Four, that while our plants are not where they are supposed to be, because of the quality of people we have at the executive level in the organization, and the emphasis that we are paying on people capability and people competence, that we are going to deliver for the national community, and perhaps.

Finally, the fact that National Quarries has made a 90 degree or 100 degree change within the area of our competence which is the mining of aggregate to supply Trinidad and Tobago. That is where we are, Sir, and that is what is represented in our strategic plan.

Mr. Chairman: Okay, Mr. Chairman, thank you for that response. Let me just do a quick follow up, and I want to reference in your opening comments you alluded to the company when the board came in you indicated that there were some challenges. So I want to get a sense from you, Mr. Chairman, some of the challenges initially when the board started up that you saw within the company, and then what specific actions that you identified—those challenges, what specific actions have you taken to give proper redress to these challenges? Because at the end of the day, Mr. Chairman, this Committee is about trying to help National Quarries go forward. We do not want to repeat the mistakes of the past, but in order to understand what happened in the past, and to not repeat those mistakes, we need to be clear about what went wrong. So, I want to help you—if you could help this Committee with a couple of the major issues that you saw that needed urgent treatment, and what action did you, your new board and indeed with your new management, to try to see if you could put National Quarries back on a positive growth path?

10.30 a.m.

Mr. Warner: Thank you very much, Mr. Chairman. One of the issues about a company like National Quarries, it falls within what you would call the State Enterprise Monitoring Manual. It is a very important document that is one more of moral suasion than it is persuasive or legalistic. The board recognized that that powerful document needed to be paid attention to in terms of some of the things that are required. Among the things that the State Enterprise Monitoring Manuel outlined is the fact that there must be an audit committee of the board and certainly in the case of National Quarries one of the things that we discovered was that there was absolutely no one in the organization with any kind of financial training or experience. The board went ahead and put in place systems to ensure that we had the proper accounting processes in place—we have a CFO—and more than that, beyond those things we formed the committees. Well, it is not mandated, it is more of suasion in the case of the State Enterprise Monitoring Manual.

So we got a proper and professional executive team. We started looking at our finances which were not where they were supposed to be. In fact, only last month this board was able to have two Annual General Meetings in which the financial statements for the years 2010 and 2011 were produced to the Corporation Sole and the Ministry of Finance. We are not particularly happy about that but that is what we found and we have been working very hard to ensure that by the end of the year the National Quarries Company Limited would have had all of its financial statements up-to-date.

Beyond that, Mr. Chairman, we had issues in terms of our plant and the production level within the organization, and so our CEO and our Chief Operating Officer they have been able to address these issues in terms, planned maintenance, in terms of the reliability of the plant so that we can produce, and that took care of the issue of production. But beyond that, we started looking at the quality of staff that we had, you know: who do we need to train to bring them to where we are; what skills do we need and more than that, Sir, we had a look at what was it costing us in terms of our production to be able to treat with where we are financially and how successful we are.

And so, if you would give me an opportunity to just go over to my CEO who would just talk a little bit in terms of some of the issues from a production perspective that we have been able to do, if you do not mind.

Mr. Chairman: Please proceed.

Mr. Warner: Thank you.

Mr. Mohammed: Mr. Chairman, good morning.

Mr. Chairman: Morning.

Mr. Mohammed: Started as the CEO at the company what we started to do is try to model the business, understand commercially where we were heading directionally and what we would have to do operationally to be able to close that gap. That led us down a path of taking a holistic look at the business and really understanding the cost of production. We have spent the last month and a half just building what that model would look like and what our findings were, we were selling at a lower cost than it was costing us to produce the material that we were mining.

We have done the work around that and we have taken several steps. One is, we have actually set some targets for what our direct cost of production should be and we think that we could actually hit those targets. We have looked at our machinery and though we do not have the capital to invest in a full upgrade, we have started to make incremental improvements in the way we manage and operate that equipment to be able to meet our production quotas and thirdly, we have begun the implementation of a new maintenance regime for our equipment to be able to make them more reliable in the long run. That, together with engaging our staff, we have done a lot of work in terms of bringing the staff on board as to what is the new requirement of the business, as well as pointing in the areas where we can make improvements to the way we operate to improve operational deficiencies. That is where we are today and we are certainly confident that the actions we are taking will move the business forward in a, I would say, in a profitable direction.

Mr. Chairman: Thank you very much. That is my introductory because I had these high level questions. I have several questions on the course of your operations that I am going to deal with, but right now I am going to give the floor to member Crichlow-Cockburn, you have the floor.

Mrs. Crichlow-Cockburn: Thank you, Mr. Chairman. Mr. Chairman, I noted you mentioned the issue of staffing, but going through the documents I noted that the 2012—2016 strategic plan, the objectives were not achieved due in part to resource constraints. That is one. And even in the report concerning the 2018—2020 three-year plan, I am noting that one of the major issues identified is the absence of a qualified and suitable staff affecting production.

Now, I know that National Quarries they would have dealt with the executive level but we all know that the executive level, while that is critical, it is the managerial and rank and file that really operationalize and get the work done. So what I am trying to find out is, what have you all done to ensure that you now have capable and suitable staff?

Mr. Warner: Thank you very much, member. At the executive level we recognized immediately where we were and the board took the action to bring on board those people who were necessary. At the day-to-day operational level, our executive through our CEO, has been addressing that and so if you do not mind, I will again defer to my CEO to respond to that.

Mr. Mohammed: What we have done is that we have looked at what our core competencies are in the business. And really in our business our core competencies reside around three or four key areas: mining, and geological surveys, blasting, operating the equipment that we have and I would add safety to that. What we have been embarking on is forming relationships with the universities. We have met with Prof. Townsend and we are looking to bring in young graduates into the business who have special capabilities or capabilities in those particular areas: mining, particularly around blasting, and the ability to do effective geological surveys. So it is really through a partner relationship with the university where we could help to build young human resource that we are trying to fill those gaps in the short term. We expect that some of these graduates that come in would want to stay with the company and therefore create career paths with us for the future.

Mrs. Crichlow-Cockburn: Okay, so I note what you said, mining is critical and I noted that there are four vacancies in that area. That is one. You are also speaking futuristically in bringing the young graduates in and having them trained, so we can see the organization benefiting from them maybe in two to three years. So what I am having a difficulty understanding is that the company expects to be profitable by the end of this year. In the absence of these key resources, how are you going to achieve that?

Mr. Mohammed: Well, currently the organization has resources that, I would say, are capable of producing the mines in a way that can be efficient. Where the real opportunity is, is being able to understand the full potential of the mines, what are the reserves that are yet to be discovered and what are the best approaches to doing that. And secondly, it is about having the resources to be able to produce the product with new ideas and technology that is able to continually drive the cost of production down.

So in the short term there is capacity to continue operations, but to make the business sustainable is where we need to think a little bit further out and get the right resources in. There is 30 years of experience at mining the asset at National Quarries and that is how we see we fill the short-term gap until we get these resources up and running.

Mrs. Crichlow-Cockburn: But are you satisfied? Because when we look at the history with National Quarries we can understand why they are where they are in terms of not being profitable. And you are very strong in your belief that you are going to be profitable by the end of the year. It is just that I am not seeing the link between the resources that do not have the necessary capacity at this point in time, in addition to which, in the document there is also talk about not having the correct culture and the need for culture change. So I am just trying to understand how you are going to treat with those things to ensure that by the end of this year you can be profitable.

Mr. Warner: Thank you very much, member. Mr. Chairman, I will respond with your permission. When the board came together two years ago, there was no relationship between production, marketing, or knowledge of what was happening in the business. The board took the decision that we needed to drive people to understand how the business worked and so we started what we call the annual corporate meeting. And what did that do. We took the opportunity to show members of staff for the first time ever the finances of the business, where we were, where we were losing money, the fact that we had no written contracts, that everything was in an unsystematic way in which business was done, so we had to engage. It was a new thing because when members actually were told about this meeting, it was like, what is this all about, what do we need to know? But that was different from the way in which the board had engaged businesses previously. So that we started bringing the organization together. These are the financials, as we know them at the time, and this is what it would take to make this business successful. That was one part.

The second part of that was ensuring that that continues. So we had the start of the year, we called it the annual corporate, we had the mid-year where we said this is what we were going to do and this is where we are today and that now has become a part of the business. It is a whole culture change for the business. On top of that we felt that we needed to engage people at a lower level and so the board had a discussion with the executive again. We have supervisors who do not know what is the production target for any day. People just produce. We were mining from fine mines that we did not need to mine from and that was a cost to us. So that what the executive was able to say or what the board was able to say to the executive, engage your supervisors at a lower level and make them understand where they fall in the business and what we are doing. And more than that, we said, we needed to get and, in fact, the words used by me is, this thing is almost like a case study you know, we need to get a guiding coalition of change. Who are those people who are on the bus and willing to go along with us and then we would have those who we have to pull on the bus and maybe some may not get on the bus. But we have to do it in such a way where we engage our people to become excited about what we are trying to do.

More than that, there was the issue of trust in the business, where no one trusted the management, no one trusted the board, no one trusted any form of leadership and it takes time. But it is two years now since this board is in place and what do we have? We have a situation in which people are engaging with us where even today they are aware that we are going to be here, they are listening right now and they have sent us, you know, comments that say good luck because we are there with you.

Now, that is a significant turnaround from a business in which we had to make some hard decisions and I will tell you some of the decisions. The board took the decision that substance abuse is an issue that we would not treat with in any small way. So we banned all alcohol, nothing in that organization, alcohol or any form of substance and people had a problem with that. We said we would accept no gift beyond $100, anything more and it has alcohol, it goes back. We said we would not have the company closed down before the end of the year because we close almost for 10 days. The highest production level we have had in more than 10 years was last month, because we are trying to change the culture to ensure that people are engaged in the success of this business. And more than that, we have made it abundantly clear that the only role of this board is to ensure the success of this business, nothing else, and we want nothing from the company. And that is how we have pushed the culture change.

Mrs. Crichlow-Cockburn: Thank you very much, Mr. Chairman.

Mr. Chairman: Thank you very much, Madam—Mrs. Crichlow-Cockburn. Before I give the floor to MP Leonce, I just have a—there were some issues raised in your responses, Mr. Chairman, that kind of troubled me so I am seeking clarity. The issue about the line understanding, the targets, it jumps out at me because I would have thought that the company would have clear production targets and would have some kind of score card to keep track and that would flow—cascade through the system. But then I recognized it is a challenge because I look firstly at one of your submissions and it says, on page 9, that currently the National Quarries does not maintain information regarding the market size or its market share. So that if you do not have data on the market size or your market share, then the ability to know what to produce is a big question mark. So that for me is a big gap, and forgive me. I want to marry it, I want to marry it with some of the information inside of your strategic draft plan that you all are working on, where you are projecting for limestone that production will increase by 300 per cent from last year to this year.

So that when I marry those bits of information, you do not seem to have a good grasp on the size of the market and what is your share of the market. You are forecasting a 300 per cent increase in a particular area in the business where we have heard that you have production challenges. And then I heard from you, in your response, that you have, one of your issues is that you have mines operating that perhaps you do not need to operate and it is because the persons down the line do not have the information as to know whether or not what should be mined and when.

So that suggests to me that up here at this level the target setting, about okay, this is the target for this month and we are going to target, we are going to get X from these various mines. That is something in my respectful view should have been articulated above and then cascaded through the system and then at the end of the period, you do a back check through a score card to see how well the company has performed against its target. So that is my logical thinking, so I need you to help me with that.

Mr. Warner: Thank you, Mr. Chairman. And you are so correct. Again, just taking a quick step back and I do not like to step back but I have to tell you. When the board came into place the question was, what is our production target? So someone looked at me, no response. I said, what are our sales for today? Someone looked at me. I said, what are we working with? Nothing. The board actually had to put in place and this is where it became a little bit dicey because the board now had to literally, because it was not known. So we were able to get the daily production and sales figures in place because there were no data available to manage the business. They produced, they sell or they sold. It was like, is this a serious business? And coming from a background in the energy sector of Trinidad and Tobago and wherever it was uncomfortable for a chair with that kind of background to operate.

So we started then to say, let us work by data because the question was, what about our markets? Well, we do not know. Who are we selling to? Well, when we produce we sold. So, Mr. Chair, we moved from that to where we are now and I am going to, again, because as I say this is not an executive Chair, we have our executives here and I am going to defer again to my CEO who would respond to that in a way in which addresses exactly what you are asking about.

Mr. Mohammed: Mr. Chairman, very, very good question and one of the key items in our strategic plan is doing a market, understanding the market a little better. I think it is point one in the strategic plan. So, in fairness we “doh” quite understand the size of the market and we “doh” quite understand what our share of the market is. What we have done though is that we have started a process, in particular, with the Government institutions that are responsible for infrastructure development, where we meet with them quarterly to understand what their forecast looks like and where we could support meeting the demand for that infrastructural development.

Our budget for 2017/2018 is based on that forecast which is something we did not have before. We have also been meeting with our customers on a one on one basis to understand what their outlook looks like and how they see their business evolving in 2018. And we have been using that data, not exactly where we would want to be, to create our projections for 2017/2018. In our strategic plan, it is probably a little bit conservative that our target for sand and gravel for 2018 is 695,000 tons. I believe we sold a little bit more in 2016/2017, but as all around trying to manage the risk of not having fully understanding the market and where we fit. But we would close that gap once we get our marketing plan done.

Mr. Chairman: Okay. That is an obvious big issue that you are running a business and you are not crystal or have a good handle on the size of the market. It is a big red herring. That is something that needs urgent attention. I cannot see how we can run a business and you do not have some kind of feel for the size of the market and then if you do not understand the size of the market then what you are producing relative to the market? Are we the number five? Are we the number one? So that speaks to something that should be attached urgently. I have a couple of follow-ups but I would allow now, MP Leonce because I have a train of thinking on it, because the TTEITI does some work in understanding the size of the market and I want to be able to open that conversation. But I will now give the floor to MP Leonce.

Mr. Leonce: Thanks, Chair. With respect to the last statement with respect to the market and I could stand corrected, I was under the impression that when we were doing the road works, the highway works, that the country did not have enough capacity to supply the aggregate and we were bringing in aggregate from as far as Nova Scotia. So in terms of market I am sure in terms of building capacity, especially with the projected work to be done, that is somewhat of an open market.

My question was specifically to the increase in productivity which after the Chairman spoke, there is a culture change that is required and you also spoke about increasing maintenance and that kind of stuff to get the efficiency of the machinery. In light of the existing equipment that you all have, is there room for investment in new equipment and how are we treating with that?

Mr. Mohammed: All right. I will let our COO take that question.

Mr. Hackett: Chairman, member. Your question is directly related to the production from the limestone division. That material is used to support the road building infrastructure works. Historically, there would have been question marks in the local market about the ability to supply in terms of quantity as well as the quality of the local materials.

The other material that is available within Trinidad and Tobago that can support road building works would be the andesite material out of Studley Park in Tobago. That having been said, of course, the importer of aggregates would involve of course utilization of scarce foreign exchange and it would always be in our best interest to produce locally if it is we have the capacity to do so.

So in pursuit of that, what we have sought to do is to put new contractual arrangements in place for our limestone division, which is a 125-acre quarry. So through a public/private partnership, we have put in place a new arrangement which would significantly improve our ability to produce. We are looking at new equipment coming in there within the first quarter of this year with significantly increased capacity over what would have existed before. So any concerns about our ability to supply against what are the actual projected demands for NIDCO, AECOM, PURE, as we understand it through directly meeting with them, should not be a major challenge for us.

Mr. Leonce: Is this arrangement an arrangement of transition where there is a public/private partnership that will eventually be weaned off where the National

Quarries would take full ownership? One. And the second one is, it is interesting that you mentioned the Studley Park. The Studley Park has a special type of aggregate, you know, high quality. What is the strategic alliance between yourselves and the THA and the production in that area?

Mr. Hackett: To your first question in terms of the nature of the relationship, it is a three-year production contract that does not specifically speak to transition at this point in time. However, that is something we have thought about and discussed and that may become a possibility in the future. So as it stands it is simply a three-year production contract.

With regard to the THA and Studley Park, there is no official strategic relationship between ourselves and them. However, we do exercise a cooperative relationship as with other state enterprises.

Mr. Leonce: In terms of product—because I see this entity as a gold mine for the country. Right, you agree?

Mr. Hackett: Yes, agreed.

Mr. Leonce: And with the strategic advancements that we are making and I am really happy to hear the energy coming from the Chairman and that seriousness in changing culture and stuff. Has there or is there any discussion or activity currently for, one, the same arrangement with respect to the partnership for us to build our personnel capacity for it? Because after three years, then what happens? And two, the gold mine that we have in Tobago, how are we going to maximize that into the benefit of our national community?

Mr. Mohammed: Member, I would say part of our strategic plan looks at how we build capacity to be able to meet the needs of aggregate for infrastructure building and for home building. I think there is still some work to be done for how we do that in partnership with other suppliers of material and maybe Studley Park.

We have not actually spent the time and the details into looking at what the strategic relationship would be like and we will evaluate it. We want to say thanks for the idea, but we have not actually taken a deep look into what a strategic relationship would look like. What we have been discussing with Studley Park is exchanges of equipment so that we maintain reliability and the ability to supply. We started some discussions with Studley Park last year on how we actually optimize equipment between assets to be able to maintain security of supply. Beyond that, we have not had any deeper strategic discussions.

Mr. Leonce: Just a comment. In my personal view and this is just my personal opinion, it would be very sad if we as a country and as a people do not capitalize on that and maybe a private entity abroad see the opportunity and come and invest and then you would realize this gold mine that we have is now being realized and benefited by others. Thank you.

Mr. Mohammed: We appreciate the comment and we certainly would take note of it. Thank you.

Mr. Chairman: Thank you very much, MP Leonce. I now give the floor to Sen. Mark.

Mr. Mark: Thank you very much, Mr. Chairman, and may I warmly welcome all. We know that minerals are both finite and non-renewable by nature. I recalled some time in 2014 a former chairman of National Quarries made a statement in the newspapers that National Quarries controlled 65 per cent of the market for aggregates in the Republic of Trinidad and Tobago. Is either he did not know what he was speaking about or he knew what he was speaking about. So I am somewhat alarmed that we are being told that a company that is about to make 40 years of existence and a board that has been appointed for two years and two months, with your new management team, cannot provide to this Committee and through us to the country the size of the market.

So I think you need to clear the air for me and for us as to this 2014 statement, whether it was pie in the sky or airy-fairy, or whether we need to know something more about it. Mr. Chairman, you could clear the air for us?

Mr. Warner: Thank you very much, member. Again, through the Chair, National Quarries at the moment has been having meetings with the main movers within the construction sector on behalf of the Government of Trinidad and Tobago. Those organizations are NIDCO, PURE, the consultants on the highway, AECOM, and of course, we have had meetings with the, on the other side, that is on the aggregate, sharp sand, three-eights and all of that. We have had meetings with the Housing Development Corporation. We have had a discussion with the Minister involved there.

11.00 a.m.

What we have projected in terms of our capacity to supply is based on information that we got. In fact, when we spoke with Minister Randall Mitchell, the Minister advised us that he would speak directly with the Housing Development Corporation. We had an extensive meeting with the HDC and arising out of that meeting the HDC said to National Quarries, "These are our projections from now till the next three years, and what we will be doing is that we would suggest to our main contractors that this percentage of the product must be taken from you". Okay?

Apart from that, our discussions with NIDCO, the chairman of NIDCO, Mr. Herbert George, and all of his technical people, what they provided us with is the projections of road building taking place, and we took the position: What percentage can we realistically supply based on the capacity of our plant in this?—and so our budgets were based on that.

The point that I am making, Sen. Mark, is the fact that all figures that are provided in our budget are based on exact meetings with the key stakeholders who are working on behalf of the Government of Trinidad and Tobago, and being prudent managers what we decided is that we are not going to state that we can supply 100 per cent of that. We cannot. But we know what percentage, based on our plants, based on our reliability, based on our public/private partnership in the case of the Limestone Division.

And so, what we are saying is that we have realistic data in terms of what we can supply. We also are aware that there may have been issues of, you know, our quality. We have addressed that from all sides. We brought in AECOM, we talked about the labs where the material is tested, we got additional advice from AECOM in terms of what, and every single one of those agencies are saying we have no problem with what you supply.

Sir, in terms of percentages, I am not going to go on a discussion that I do not have any data to treat with. I will leave that just as it is, but I would say, based on what we have provided in our budget from a perspective of realistic production on our plants, our reliability, our resources, that is where we are based on the discussions we have had with the Ministries, with the providers for government financing of road-building projects.

Mr. Mark: I think that you all have to work harder and come up with some, maybe with the cooperation of the Ministry of Energy and Energy Industries—that is the regulatory agency for minerals in this country—and the amount of illegal mining that is taking place here, that is undermining the state coffers; and I will come to that because that is a big issue.

I would like to ask you—your board, and the company by extension, has taken a decision, which is very positive, to restart the payment of royalties, business levy and the Green Fund, could you tell this Committee what is the exact outstanding amounts owed by National Quarries to the people of Trinidad and Tobago in terms of royalties, in terms of business levy, and in terms of the Green Fund; and what is the timeline you all have as it relates to fulfilling your obligations to the Treasury in terms of these very important items?

Mr. Warner: Thank you very much, member Mark. With respect to royalties, again when the board was constituted we recognized that there was an outstanding amount, and Mr. Beharry will tell you it is in the vicinity of about between 38 and 40 million. Mr. Beharry? But you came into an organization that was not making a profit, that was in a deep, dark place in terms of its operations. So that while that sum of money had been outstanding, the board took a decision that going forward we will ensure that we make our commitments as far as is possible. And so, as a result of that, this board began the payment of royalties, and as it is we have paid since we came into being $5,411,927. It is a small amount, Sir, but I always believe that when you walk you start with the first creep, and so this board, since its inception, has paid this $5 million and continue to pay.

With respect to issues of our Green Fund and all of that, similarly we met a situation which was untenable and we have taken the position that we will address that, and we have started addressing those. But more than that, at the end of this financial year, Sir, this company will not be owing the Government of Trinidad and Tobago any issue with respect to Green Fund and all of those. The royalty issue of that 40 million, it is not something that can be addressed today, but we recognize it is there.

The Ministry has been working with us and the Ministry has also seen our efforts in terms of addressing the issue, but if it is that you are in an almost difficult position to meet your daily commitments while there is the issue of ensuring you meet government commitments, at least the position that we have taken is that we are here and we are not going to let it pile up. We are going to pay as much as we can pay on a consistent basis, and at the end of this year all issues with respect to that, with the exception of the outstanding royalties of 40 million, you know, we will address those.

Mr. Mark: Yeah, may I ask Mr. Selwyn Lashley, Permanent Secretary in the

Ministry, because of the criminal activities taking place in the mining industry and the mineral sector in particular, in which we have been advised that between the period 2001—2015, royalties to the people of Trinidad and Tobago by mining companies stood at roughly $120 million—that was at the end of 2015 in accordance with a National Minerals Policy Draft issued by your Ministry—only 10 per cent of that was collected, which was roughly $12 million. So we are owed up to 2015, $108 million in royalties. We understand that there are scores—in fact, from that report issued by your Ministry we understand that there are 88 active mining operations in this country. Only 42 are licensed and 46 licences have expired. We also understand that there are 47 new applications for mining licences being processed by the Ministry of Energy and Energy Industries as at the end of February 2015, and there were 62 processing plants currently operating without licences in Trinidad and Tobago.

Now, Mr. Lashley, I raise all these things to ask you, as the regulatory agency for the mineral sector, how is this contributing to the undermining of the National Quarries Company of Trinidad and Tobago when we have so many illegal mining operators in this country not paying any royalties and they are doing it at will and this has been going on from between the period 2001 and maybe before? I am just dealing with your report 2001—2015. Maybe you need to bring us up to date with what is the current state of affairs with illegal mining, and what is the Ministry doing to address this plague in our country because we are in tight situation. Some people cannot even get water when they go to Ministries, and tea, and the reason for that is because we do not have the funding, but here it is we have $120 million in royalties to be collected minus 10 per cent of that. So let us say $108 million.

So could you share with this Committee what is being done by the Ministry of Energy and Energy Industries to bring this madness to some degree of order so that we can gain what is rightfully ours? And to those who are illegally mining, either they get licence to properly mine, or they are put out of business, but they cannot continue to rob the people of Trinidad and Tobago of our mineral resources, which as you know, as you stated, finite and non-renewable. So could you share with us what is being done to deal with that and how is that undermining the National Quarries Company of Trinidad and Tobago? Could you help us with that, Sir?

Mr. Lashley: Thank you, member Mark. The issue is threefold. What you described as illegal mining, I think we could categorize into unlicensed, in terms of having a current licence; you mentioned in your submission that there are some operators whose licences may have expired and are in the process of renewal; but then there is the other category of downright illegal mining where it is an issue that has plagued the industry for quite some time. It rears its head, of course, whenever there is an upsurge in activity when the demand for aggregate is high, and the efforts at controlling are sometimes stymied by the fact that the illegal operators have a lot of inside information. They operate outside of the daylight hours, they poach in terms of conducting activities adjacent to legally licensed operations.

The Ministry, of course, has been pursuing and clamping down on these activities in conjunction with other agencies who have responsibilities, for instance, the Office of the Commissioner of State Lands, the EMA, Water Resources Agency, et cetera, and engaging the services and support of the national security arm because in a large measure of these instances and locations there is a criminal element associated. And in fact, there have been numerous instances where in going after and curtailing operations there have been some casualties—I use the word, you know, lightly—but certainly there is a lot of resistance to providing information that is necessary in order to go forward and clamp down on some of these activities.

Having said that, the licensing process, as you mentioned, there are applications currently being considered by the Ministry. The licence process involves information and approvals coming from other agencies as well. So, for instance, having approval from the Town and Country Planning Division, having a CEC for certain activities, having and showing valid and confirmed proof of title to the particular lands that have been applied for is something that needs to flow into the licensing process, and we have been experiencing some difficulties in terms of various elements of the information flowing in not coming forward at the pace that we would like to see.

Notwithstanding that, we have been collaborating closely with the agencies responsible and moving forward as best we could to get as many of the—and I categorize them as unlicensed operators—back within the fold. Now, you mentioned the outstanding royalties that may or may not have accrued to the State. One of the issues we have a challenge with is there has been some resistance or some pushback in some instances where people are claiming that because of the uncertain title, that in fact numbers that we ascribe as having a duty or royalty to the State may actually in part be payments that are due to private individuals who have the mineral rights. That is a process that we are actively pursuing again in conjunction with the Chief State Solicitor's Office where the interrogation into the proof of title and, in particular the mineral rights, is one where—is very important in terms of establishing and confirming the royalty outstanding slate for some of these people.

I will stop here and allow my Director, Minerals, to give some more detail around some of these activities—he can add some—and I could come back to deal with some of the current activities that are actually taking place as we speak in terms of going after some of the reports and the information coming back to us in terms of illegal activity, and to also answer the question in terms of the impact on National Quarries.

Mr. Beharry: Chairman, just to build on what PS has said, we have been actively pursuing the collection of royalties. In fact, our records as audited by our internal auditors indicate that in the past three years we have collected, going back 2015, 4.134 million; 2016, 5.215 million; 2017, 8.298 million. So we have started increasing our collection of revenue from the sector in the form of royalties and licence fees. So we have made positive strides in that sense. Again, as PS indicated, we are working closely with the Chief State Solicitor's Office to ascertain title and mineral rights—and surface rights may be owned by the State or may be owned privately, mineral rights may be owned by the State or owned privately—and once we ascertain that we will know what is the liability due to the State in the cases where the State owns the mineral rights.

Mr. Mark: Mr. Lashley, what is the number of the illegal activities taking place in the country in terms of the number, and how is that undermining the National Quarries as a state organization?

Mr. Beharry: Chairman, currently within the past four or five months, we received 14 complaints of illegal quarrying. These are persons who would have entered upon parcels of land, state land in particular, or in some cases private land and they have no former licences, they have no tenure in quarrying ever, and we have referred those matters to the Ministry of National Security to assist with enforcement, and the Ministry of National Security is actively looking into these matters, and that is as much as I would like to say at this time about that. But I can assure you that the Ministry of National Security has it on their agenda; the Trinidad and Tobago Police Service is actively dealing with these matters.

Mr. Lashley: Just to add, and I notice, Chairman, your brow furrowed a bit. The issue in terms of pursuit of illegal mining operations is one that requires a bit of secrecy, let us say, because in a large number of instances when we get reports, between getting the reports and responding and going, there has been an observation that in fact the more information that is out there, sometimes it stymies the efforts of arresting or catching the perpetrators in the act and going forward with proper prosecution. So that is the only reason why the Director, Minerals, has said that on national TV.

Going back to the question, member Mark, about the impact on National Quarries, the National Quarries having tenure over certain parcels in very prime mineral acreages have in fact been the victims of illegal quarrying to parts of their acreage. In fact, in some of the surveillance that has been done by the company and in fact reported by other people who have done surveillance in the field, it has been discovered that in fact part of the resource that is in the hands of National Quarries, from time to time illegal quarry operators would have mined parts of those resources. So that as you quite rightly say that would be undermining—and no pun intended—the resource base of National Quarries, and in fact the potential for the company to increase its profitability, and in fact revenue coming to the State by virtue of the royalties that National Quarries would, of course, if properly mined, flow back to the State. So I do not know if that answers your question that in fact that is one area. The other area, of course, is obvious if in fact there is a market out there that these people are supplying, it is a market that National Quarries could have been supplying and certainly, of course, that is the other negative impact of illegal mining.

Mr. Chairman: If you would permit me, member Karim, Brigadier General has a quick follow-up.

Brig. Gen. Antoine: Yes, I have to ask the Chairman's permission to interject here because based on the questions that have been asked, we are dealing with a very broad area. I want to narrow it down a little bit in dealing with illegal mining. In the response from National Quarries you said that you are working on an MOU with the defence force, so I want to know what is the status of that MOU?

The second question I want to ask is that we are dealing with a Ministry of Government, and we are dealing with a state enterprise who is producing a product, so you have customers that you are selling your product to and there is illegal quarrying going on and these illegal people are selling their product to your customer, what action are you taking with your customer to deal with illegal quarrying? Therefore, if it is that your is customer is purchasing aggregate illegally, then therefore you can take certain action against your customer to debar them from taking these steps in terms of illegal quarrying.

So I want to move away from the royalties and the licensing, and so forth, to see what is National Quarries doing in terms of the MOU with the defence force; what is the status of that; and also what are you doing with your customers who are purchasing aggregate illegally from those who are involved in illegal mining, both in your acreage or raping the country because when I fly over Valencia area you see the extent of illegal quarrying. So what action are you taking in terms of your customer base?

Mr. Warner: Thank you very much, member. I will start with the actions that National Quarries has taken with respect to illegal quarrying within the acreage. National Quarries occupies 2,400 acres in the Turure area of Sangre Grande, and when the board came into existence we discovered that there was illegal mining on more than one occasion. The board felt that the company of itself could not address this, but we had the capacity to think through how this thing could be done, and in thinking the process through we asked for a couple of things. One, we said if we can get an agreement amongst some state agencies starting with Commissioner of State Lands, along with the defence force, the police, and inclusive of the air guard, we should be able to address some of the issues.

And so, a meeting was organized among those key stakeholders and all we asked for at the time—and I am not going to say what it was—for the air guard to do a piece of work along with the actual men on the ground, and that process went into place some time ago and we are happy to report since then there has been absolutely no incursion of illegal quarrying on the National Quarries land. Okay? That has proven to be extremely effective, so much so that apparently, you know, boots on the ground creates fear on the part of people and so they stayed away. We have had none since that took place.

With respect to the actual MOU, all of the details have been in place and only last week we sent a follow-up letter to—is it Commander Pritchard is his name?

Brig. Gen. Antoine: Commodore Pritchard.

Mr. Warner:—Commodore Pritchard—stating, we know, we are ready to sign the document. All of the legalities and all of that have gone through and we have even made some additional suggestions, and this was because of the good collaboration we had between all of the members of our defence services. We are talking about the police, the army, the air guard, everybody, and we have to thank the defence force and all of the other people who have supported National Quarries. And I must say it is an organization that everybody seems to want for it to be successful and we are very happy about that.

With respect to the customers, we have to say that one of the things about National Quarries is the quality of what we sell, and if it is that the man in the street is buying a product that does not meet the quality for his block manufacturing, or whatever process, or even if it is a small consumer building a home, then that person has the opportunity, but there is no way that we can actually go out and say do not buy product that may or may not come from a particular area. What we can say and we have been saying, and the market says it, in terms of the quality of product that you want, the place to go is the National Quarries company because our reputation is for the delivery of quality product, and that goes from two sides—one, we have the ISO certification which—

Mr. Beharry: ISO 9000.

Mr. Warner:—ISO 9000 certification and, two, even from just the man in the street—is this good compared to what I get?—we have it there. That is how we intend to address that. Thank you so much.

Brig. Gen. Antoine: Again, dealing from government agencies, we have a Bureau of Standards in terms of the standards of product, but we also deal with big customers. I am not talking about the man in the street who is building a house. I am talking about the Ministry of Works and Transport who are doing road construction. Right? You have big customers and other private organizations that you can deal with in terms of the purchase of illegal aggregate.

Mr. Warner: What we have done, member, is we have held meetings with the agencies that are responsible for implementing Government's policy decisions. Again, those agencies are NIDCO, PURE, the National Housing Corporation, and from us what we have been able to get is the fact that they know that we have the product that is of the quality that they need. In terms of influencing where they go—because they do not do their business directly. They work through the sub-contractors, and that part to the extent of the quality of what we produce, whether tested in the labs at CARIRI, or otherwise, that is where we can go, but to literally say, "Do not buy from", we do not know who those people are in the first place.

All we can say is, you want quality you come to the National Quarries Company Limited. They are aware of that and we are partnering with them, and they feel comfortable that the place to go—in fact, in one of the discussions that we had, you know, one of the organizations said we will put in our contract that you must take this percentage of product from the National Quarries Company Limited.

In terms of addressing the outside user, it is a matter of choice, and in the end it will be the quality that you get will determine the quality of the product that you deliver.

Mr. Chairman: Thank you, Chairman. I now give the floor to MP Karim.

11.30 a.m.

Mr. Karim: Thank you very much, Mr. Chairman. Let me add my welcome to the nine members on the front row and others as well who are here from the media. My first question: Does the National Quarries Limited, do have at this time as we speak, a valid licence to mine?

Mr. Mohammed: The answer is no.

Mr. Karim: And might you tell the country why is that so? Because we have been listening to you all morning and we are talking about illegal quarrying and we are talking about systems that are absent because I listened to the Chairman and he made some very important comments about the strategies for advancement. Could you tell us why and how long now have you been operating without a valid licence?

Mr. Mohammed: So I will give you the facts as I know them. The history, I am not clear on. But we have not had a mining licence as far as I understand— let me not go back into the history. What I could say though is that we have applied for the mining licence. We have placed our application in last week and our intention is to be able to get the licence to mine National Quarries. We expect, however, that that process will take some time because it requires a certain degree of technical work both on the CEC side as well as on the technical assessment of reserves.

Mr. Karim: Are you illegally mining therefore? No, I want an answer to that specific question. If you do not have a licence to mine, do we conclude that therefore you are engaging in illegal mining?

Mr. Warner: Part of the process for the operation of the company treats with going through the Certificate of Environmental Clearance and all of that. As you are aware, the company would have gone past the process of it: got its licence, it expired, it moved on. This board came into place and found that there was no action with respect to treating with that issue. Immediately on coming on board, we wrote to our Ministry and say look, this is where we are, we need to do certain things. We went out and we sourced the relevant organizations to help us with the Certificate of Environmental Clearance, cost $3.6 million.

Among the things that we did is that we said this company is in a situation where it needs financing to move forward, so in discussions with our Ministry, we sought to get a bit of a loan guarantee to help us treat with those issues. The Government's position was that we are in a deep position and we cannot help the way we would like to help. Go back and see what you can do. So what did we do? We went back and we said, look, we cannot do the full 2,400 acres but what we—

Mr. Karim: Mr. Chairman, I just wanted—because we have a time constraint as a Committee. I just wanted to find out a very simple question. Since this board came into effect, have you, therefore, been mining illegally without a valid certificate? That is all I want to ask.

Mr. Warner: Yeah and I would say no. We are in the process correcting this situation.

Mr. Karim: No, but I am asking again the question: do you have—when you came into being and since you are there, in November whatever it is, 2015, for the last two years, are you in possession, can you present to this Committee your valid licence to mine? Do you have one?

Mr. Warner: I cannot present that but I can show you, Sir—

Mr. Karim: Do you have one? Do you have one, Sir?

Mr. Warner: I can show you the process—

Mr. Karim: No, not the process. No, no, no.

Mr. Warner:—that we are using to get there.

Mr. Karim: That is like "I going for ah licence to drive ah motor car and ah going and do all these regulations". I am asking—

Mr. Chairman: Member, I think the Permanent Secretary is trying to get my attention to provide some elucidation.

Mr. Karim: Okay.

Mr. Lashley: Thank you, Chair. Just to add some clarity. In my earlier statement, I had attempted to make a distinction between an unlicensed operations and illegal mining. I think that is the term being used that National Quarries is operating illegally. I think the point that the Chairman was trying to make was that they are currently in the process of obtaining a valid licence. They formerly had a licence and they are in the process of now obtaining a mining licence.

Mr. Karim: So are you saying, Mr. Permanent Secretary, that they are operating without licence? An unlicensed.

Mr. Lashley: Yes, they are unlicensed at this time.

Mr. Karim: That is all I am asking. And I want to also pursue some other questions. Could you indicate to us what is the monetary value, the amount of money, outstanding in terms of licence fees and royalties from persons who are associated with the National Quarries? As I am asking that, I want to go on to the marketing question after because I am not sure how long this current CEO has been in the office so I want to pursue that. Could you tell us the value that the State is foregoing in terms of the opportunity cost that we could have been using that money for other investable purposes?

Mr. Lashley: I will ask Director, Minerals to give you an update to that.

Mr. Beharry: Chairman, with respect to National Quarries sand and gravel operations, data we have up until the 31 March 2017, the period April to the end of last year still being audited, so as at 31 March, 2017, sand and gravel Turure operations owes $38,022,354.50 in royalty. With respect to the National Quarries limestone operations at Scott's Quarry, as 31 March, 2017, the outstanding royalty is at $10,207,048.24.

Mr. Karim: So in other words, we have approximately $49 million outstanding?

Mr. Beharry: That is correct.

Mr. Karim: Could you tell us—I do not know if I would want to—if I can ask you to tell us who are some of these major persons owing and what steps are being taken to recover that money? Because I listened to the Chairman and one could understand the situation in which we find ourselves and therefore, any amount of receivables and in terms of also payables, which I will be asking.

Mr. Beharry: The figures I quoted are for National Quarries, there are two operations.

Mr. Karim: Yes, sure. What are we doing in terms of recovering this money in terms of National Quarries for those outstanding amounts?

Mr. Warner: Member, the board, in coming into being, recognized that we had a huge debt and noting where this debt was, we decided that we will take specific action. I will just give an example of one. One of those organizations that was outstanding significant sum to National Quarries is a company called OAS Construtora. Okay. OAS just decided that they are not going to pay. The board felt that we would not treat with it this way so we went to court and got a judgment. But when we got the judgment, there was no money to pay so what we ended up getting was the equipment. So we got the equipment which was the value, almost the value of the debt which was approximately $6 million. The equipment was essentially trucks and some pavers and all of that but those are assets that diminish real fast. So the company decided let us get the cash for this thing as quickly as possible and so we conducted an auction but the auction yielded less than $3 million because of the quality of the equipment that we got.

Now having said that, we actually engaged our legal people to go after some of these people who just were not paying and I am happy to say that payment has begun, and most of the people who we are treating with, they are making payments, not as we would like them to make it but we are seeing a difference. In other words, the debt is not just standing and becoming totally uncollectable, we are in a position now where some of the debt has actually been completed and we still have some outstanding.

Mr. Chairman: If you would permit the Chair. I would like to request that the entire process that the company is undertaking regarding these outstanding moneys, could you provide a submission to this Committee detailing the strategies that you are undertaking, detailing the current status of all of the various parties who you have taken actions against and the status of what your assessment of the recoverability of this debt. I think this is something significant and I would like the Committee to be provided with a status update on that. MP Karim.

Mr. Karim: Thank you. Mr. Chairman, earlier on, I think the ISO 9000 was made mention of. I am not sure what is the status of your current accreditation even in terms of ISO 14000. Are you currently properly accredited?

Mr. Warner: Yes we are and I will just have our Chief Operating Officer speak with that.

Mr. Hackett: Mr. Chairman and Member, we were recertified to both ISO 9000 and ISO 14000 last year and we were recertified against the 2015 standard.

Mr. Karim: What is the situation of your lab works? Is it very effective, very efficient? Is the lab operating well? Is it delivering to expectations?

Mr. Hackett: We have a fully staffed laboratory that runs the full suite of tests required for our aggregate products both at the sand and gravel division as well as our limestone division. We have also been working collaboratively with AECOM who are the main consultants to NIDCO for highways programme as well as with PURE and their internal laboratory to make sure that we have good alignment with our customers insofar as testing is concerned. Additionally, we also work closely with CARIRI to do external third party verification of our internal tests.

Mr. Karim: Okay. All right. The other thing I wanted to deal with is to come back to this aspect of the marketing plan because the Chairman did indicate earlier on in terms of your strategies for moving forward and the fact that you might have a positive outlook by the end of this calendar or this financial year. What is the situation with respect to this marketing plan? How far are you advanced? And while

I am asking that, is this for the two-year period so far? I do not think you have completed it. Have you?

Mr. Warner: Member Karim, if you could just repeat the question because I am not sure—

Mr. Karim: Yeah, I just wanted to know the status of your marketing plan? Is it completed? So that you are in a position to tell us what is the market share that you hold or that of your competitors and whether you might do analysis, whether legal—not that the analysis is illegal but those extraneous—

Mr. Warner: Good. Our last board meeting was last Thursday and our marketing folks provided the details for the full marketing plan to the board. The board reviewed the document as provided by the executive and provided additional insight into some more of what is expected that will give us a firm handle on where we are. In fact, when the board came together, we had no marketing but we felt it was absolutely necessary for us to get that expertise in and use that resource to help us in terms of our planning. And that is what made the big difference because we were now producing based on the market requirements. Before we produced and there was no relationship between market and production so you may have overproduced, let us say on three-eighths when, in fact, three-eighths was not what was required, sharp sand may have been the requirement. So our marketing folks have been doing a job of having a relationship between what is expected outside there and what we produce.

But more than that, marketing is driven by hard data and this is why our marketing folks now were mandated by the board to come up with the process for us to do that deep dive into where we are with the market. Hence, the reason when the question was asked about what percentage of the market, we are not going to try and fool ourselves and say we have 10 per cent or whatever until we have the data. Because this executive and board, we are driven primarily only by data that we can assess and analyse and that is where we are.

Mr. Karim: So you are not in a position at this stage to say as yet what is your market share?

Mr. Warner: No, but we will be able to soon enough.

Mr. Karim: And two years ago and two years hence, given the data in a small economy like ours, that is something challenging. Is it not?

Mr. Warner: The way in which the market operates, first you have to understand we had no one with the capacity to even tell us what to do so we had to first recruit that expertise, and you speak of the size of the market but it is the number of players in the market. It is not just Trinidad and Tobago is a small market. How many players do we have? Who are the miners? Who are the buyers? Who are the biggest buyers? What are they using it for? Those are the things that we had to address. We now know for us because we had no data as a board, who are our biggest buyers, what do they use the product for. Who are the ones who wanted to buy what they call "dirty ballast" to do further refining so that they could cut our throat and we had to say that is not a product that we will be producing.

Mr. Karim: Given the data that you now have and given the fact that we are experiencing a downturn in the economy, do you have an inventory concern? Do you have an oversupply? Do you have a stock that you are finding it difficult to get off? Or everything that you produce is being bought?

Mr. Warner: I can let my CEO respond to that with a smile.

Mr. Mohammed: No, at this time, what we produce is being bought. There is no inventory, major inventory that we have in stock at this time.

Mr. Karim: Mr. CEO, how long now are you in that position?

Mr. Mohammed: November the 27^{th}, 2017, just about two months.

Mr. Karim: Okay, so maybe I may be able to ask this question now. The Chairman earlier on—or I do not know, I am not sure who it is—made mention of a public/private partnership. Can you give us some information as to that public/private partnership? Was it advertised? Did it go through the full processes? What was the purpose of it? Who is the person that was the preferred, selected in that public/private partnership? What were they selected for? I want to ask a question: Did that person meet the experiential requirements of performing the job?

Mr. Warner: One of the things that the board found when it came into existence was the absence of pre-qualified providers of service to National Quarries and to ensure that we followed all of the requirements of the procurement legislation, we went out publicly—you would have seen it in the newspaper—where we invited people to come and buy the packages to pre-qualify and just to make sure people understand what that is. To pre-qualify, it requires each person to provide who their directors are, who are your bankers, your three years of financial statements, your ability to perform the service and where you have performed the service before. Okay, and all of the other issues for you to pre-qualify. Following that, you become part of the list of selected providers.

Having done that, what we said is any service that we have to go out for, we will ensure that we have pre-qualified vendors, you know, to do that. And so in the case of the crushing contract, it was no different. In fact, the people who came to buy the packages, they had all pre-qualified before including, we believe, people who were just looking to see what we were doing. In other words, technically, they are our competitors but they got involved in the pre-qualification to provide the crushing service for us.

Mr. Karim: Excuse me, this was with respect to the list of approved suppliers but I was asking about—you made a comment with respect to the public/private partnership.

Mr. Warner: Right and so I am going to continue with that. In other words, it is a private firm. And what we are asking for, as all the suppliers, we are asking for someone who can provide us with a crushing service for a period of three years. Why? Because the current provider worked in the business and there was no contract. Two, the current provider worked in the business but did not have the level of technical delivery if you wish and this is not to suggest that they were incapable of doing it but what we are looking at is quality of equipment, level of technical skills, all of those things.

Mr. Karim: So who eventually won out in terms of supplying this service to you? What is the name of the company? Of all you have been saying, who is the person that—

Mr. Warner: Mr. Chair, is it okay if we send that out in writing or you want the answer right off because we do have the answer?

Mr. Chairman: I think we will accept it in writing.

Mr. Warner: Yeah, okay, thank you.

Mr. Karim: And when you are sending it in writing, could you also indicate whether that person who was the preferred selected company also had any previous dealings with the National Quarries Limited?

Mr. Warner: Definitely.

Mr. Karim: And the amount of experience they would have had to qualify in this regard.

Mr. Warner: Definitely.

Mr. Karim: All right. You made mention with respect to training and so on and the fact that you had a deficiency in terms of your talent and capability. Would you say that you would have experienced a high level—and I am using high in terms of industry standards—or a concern for the level of staff turnover? Now, that is the first thing. And secondly, with respect to training and development, you spoke about a certain professor but which institution locally or whether you had to send people outside of Trinidad and Tobago to be so trained and is there a training plan, a training design, a needs analysis, that you would have conducted to so inform you?

Mr. Warner: Okay, the company, at the time, we came on board, had a large group of staff who were not necessarily what might be accustomed for a simple processing plant like that. Let me explain. If you were to go to the Point Lisas Industrial Estate, you would have a series of people who are trained with the mechanical engineering technician diploma, the electrical engineering technician diploma, et cetera, et cetera. Our staff essentially came from the community in which the organization resides and the level of technical expertise was not where we would have liked to see it. But remember, these are people who are putting their best out to get this organization going.

So how did we address that? We had to address it from the perspective of providing the kind of guidance at the top at first. Because we did not have the level of planned maintenance as we are accustomed to in, let us say, the Point Lisas environment or checking on the reliability of our plant as we are accustomed to. So we brought in our Chief Operating Officer who came from that background to be able to start to bring the staff around to a thinking that was far more manufacturing industrial than one in which we get the plant running but not the way it ought to be running. Okay? So that you had to look at it strategically from on top first in that do we have the right resource to be able to guide the process so that we can have planned maintenance and all of the other things that go along with that kind of reliability on the plant and that is where we have started?

Mr. Karim: Do you now have the right resource? The job fit**.**

Mr. Warner: Oh, we do. We have our chief—

Mr. Karim: How many persons do you have working or employed in the NQ?

Mr. Warner: Right now, 100 and—

Mr. Mohammed: There are 178 employees at National Quarries.

Mr. Karim: Okay, and I was asking in terms of building the capability. How many persons you have had to seek training for and where?

Mr. Mohammed: All right. So we have been training somewhere between 6 and 8 per cent over the last year and in terms of the training, what we have been doing is basically having the in-house training. And one avenue we have been exploring for further development is e-training through the Institute of Quarrying Association where we actually bring the training to the team on their computers rather than having them leave the site to do training. So we have been exploring that.

Mr. Karim: But what about in terms of any local institution? Have you had any collaboration with, any agreements for training? You see, education and training must be demand-led, it is not supply-driven. And if you want to build your capacity and your capability, then you need to tell us with whom have you been liaising to develop certain specific curricula to satisfy the needs of your company? Who and want have you done in that regard?

Mr. Warner: We have had extensive discussion with Professor Brian Copeland, who is the principal of the University of the West Indies, where we sat and we looked at how the University can assist National Quarries to build the people capability. And what he suggested in our discussion, he says look, we can do this from two levels. One, we have students who have to do final papers who we can provide over into your area to start looking at some of the areas. Now, remember we have different areas. We have the mining area; okay, we have the whole issue of the mechanical areas, et cetera. And up to two weeks ago, as Chairman, I had another discussion with Professor Copeland in terms of moving the discussion from our discussions and agreements into actually making it happen right now.

Mr. Karim: Let me just ask. What specific programme have you asked the University of Trinidad and Tobago, for example, your walk-by neighbour, and who can respond to your needs and who has a relationship and who has the curricula in terms of mining and for improving quality in that area? Professor Copeland was just appointed so you are going to have extensive discussions. But what programmes have you sourced, not e-programmes, not distance programmes, what programmes have you sourced in connection with and in collaboration with the tertiary institutions in Trinidad? And if you could give me an agreement and a specific course for example.

Mr. Warner: Good. And I would like to state that we have not gotten there as yet and there is a reason for that. When you come into an organization that is as broken as ours in terms of trying to address issues, there are so many things that need to be addressed. Example, as everyone knows, the company had not produced audited financial statements and we had absolutely no one with even the lowest level of ACCA, Sir, and I would suggest to you that making sure we get those things in place as important as the plant was, there are certain things that we have—

Mr. Karim: Can I just ask because—

Mr. Chairman: Can I interject? I would like National Quarries to provide the Committee with what you are undertaking. What I am sensing here is that the member is trying to get from you, have you done a training needs analysis. Okay? That is what I am sensing.

Mr. Karim: A training plan.

Mr. Chairman: A training needs. You need to understand what your needs are and then based on your needs, flows from that a plan to say, listen we are targeting these areas. And I would like National Quarries to provide a document to us in terms of what you have done in that area to try to understand, hey, we have all of these people in the company. These are the areas of our business and our view is that we need training, we need to improve in these particular areas. In order to aid that improvement and support that improvement, these are the strategies and areas that require training in. So if you could provide that in writing to the Committee that will allow us to move on. You have anything further?

Mr. Karim: I just want one question. You see, that will also help us to advise you as to where you can find the appropriate kind of training. Before the current CEO, as you mentioned in terms of your capability, could you tell us who was the CEO or acting CEO before Mr. Mohammed?

Mr. Warner: Before Mr. Mohammed, we had someone by the name of Sheldon Cyrus. He was our CEO and before him, we had someone by the name of—acting—Mr. Bevon Cook.

Mr. Karim: How long did Mr. Cook act for?

Mr. Warner: We met him there. It must have been about two and a half, maybe three years.

Mr. Karim: So how long did he act under your remit as the CEO?

Mr Chairman: I do not want you to guess, Mr. Chairman.

Mr. Warner: I would prefer to—

Mr. Karim: And I want to ask about—you see, I do not want to personalize it. Where I am going with this is the capacity and the ability to manage an organization which you said you found in a situation of need. So if you can give us in writing Mr. Cook's acting duration, Mr. Cyrus as well, but very importantly, if you could tell us Mr. Cook's substantive position. Do you remember it? Before he acted as CEO? What was his position?

Mr. Warner: He was the Reconciliation Clerk.

Mr. Karim: So you had the Reconciliation Clerk acting as your Chief Executive Officer of the National Quarries Limited? If you could provide this in writing, I will be very grateful.

Mr. Chairman: Thank you very much. I want to go, before I give the floor to the next member, I want to address a question on the money and I want to ask, I have noted the response from the Ministry of Energy, Mr. Beharry, about the outstanding royalties and Sen. Mark spoke to a number. But inside of the minerals White Paper document is a key statement where it says:

> The current system of accounting for production is deficient and therefore the revenue stream from the exploitation of mineral resources is not being returned to the State, especially in relation to the computation and collection of royalties.

So you have given us a number based on your best assessment of what is going on but even within the draft minerals policy, it is suggesting here that there is not a good handle on what is being produced. So that I think someone earlier mentioned that, you know, mining in Trinidad and Tobago is a potential gold mine and I tend to support that view. It is a gold mine but the returns from that gold mine is going not to the citizens but it is going elsewhere.

So I have a question to the Ministry on that and that in terms of the Ministry of Energy, I know certainly in oil and gas, issues of measurement and on being very clear on what is being produced from a wasting asset is absolutely critical to make sure the State gets its share. We have not seemed to be able to do the job in terms of getting a similar level of confidence around the quarrying sector. So I would like to understand what you are doing to try to fix that. And then, I want to get from the TTEITI representative what is their assessment of the revenue impact of this because you have quoted some numbers for royalties but do you have an assessment or a feel in terms of what that impact is? So I will first address my question to the Ministry in terms of what are you doing regarding the measurement and being able to have higher confidence about the amount of aggregate and other materials being produced.

12.00 noon

Mr. Lashley: I will ask Director, Minerals, to treat with that.

Mr. Chairman: Certainly.

Mr. Beharry: Thank you, PS. Chairman, that is a very good question. It is something that we have actively been discussing at the Minerals Advisory Committee. Currently the system as it was, is basically an honour system where persons are required to, operators are required to—[*Interruption*]

Mr. Chairman: An honour system? Could you explain an honour system for the members of the public?

Mr. Beharry: An honour system is where they maintain books, records of their production, and those books are sent, production figures are sent to the Ministry where our internal staff would prepare statements of royalties due, based on the production times the production rate. The statements would—[*Interruption*]

Mr. Chairman: Can I stick a pin? Who verifies what is written in the book that is sent to the Ministry?

Mr. Beharry: Yes, I was getting to that. The statements are then audited by our internal audit unit who would make spot checks to the quarries to verify that the record submitted correspond with the records and the book. We recognize that is not an ideal system and there are many ways to cheat that system.

We have been discussing at the Minerals Advisory Committee the use of technology. Currently there are several different types of technology available. The ideal system for us is to survey the quarries. Now, using the conventional survey it takes a lot of time, a lot of manpower, a lot of resources to get those surveys done. We have been looking at the use of unmanned aircraft systems also called drones. We have been scoping the requirements for drones and very soon we will be placing an ad in the newspapers requesting quotations for the supply of drones, which would be able to capture that data for us. So we could use that data to compute the volumes removed, then reconcile the books that were based on the honour system and say whether the operators have been reporting accurately or not. We should be able to get a much more accurate figure for production from the quarries, which ties back to the revenue due to the State.

Mr. Chairman: I am happy to hear that because that is exactly where I was going, because this UAV technology unmans their vehicles to go in. In a lot of other places that is used because allows for a highly accurate recording of the removal of spoil from various areas and it would obviate the issue that we have. I understand that we have a personal safety issue. We have all sorts of issues with persons going out there to do that work, and then the personal interaction issue with the same person going there. You have other issues that could come up.

Having an aerial vehicle, you would be available to map it geo-spatially and be able to capture the data, the vehicle went today, it goes 30 days later. It can come pretty close to understanding what was removed. So I am happy to hear that the Ministry is moving in that direction because that would make your job a lot easier.

But more importantly, we are trying to understand the haemorrhage that the State is suffering now, in particular in this environment where the State is struggling to keep the coffers together. Any opportunity for us to increase the revenue from this important gold mine sector is very important.

I want to just address Mr. Hart and/or Mr. Long because I have noted several things, in terms of your comments on the quarry industry and you have noted the issues about royalty payment in particular are an issue. Could you help us understand your work that you are doing in this area? And then do you have any sense as to where we are, in terms of the potential for royalty generation from the quarry sector?

Mr. Hart: Mr. Chairman, Sherwin Long will take the question.

Mr. Long: Mr. chairman, just to highlight the EITI process, what we would do is reconcile revenue paid by operating companies, whether oil, gas or minerals. An independent auditor would then audit those figures against what the Ministries or other state agencies say they receive.

Currently, we only have five mining companies that participate in the EITI process, including National Quarries, Lake Asphalt, TCL, Hermitage Limestone, as well as FW Hickson. Those are the only five operators that currently give us data.

When we look at the larger picture, through the lenses of our auditor, what the auditor sees is, if you have a universe of operators, the auditor would highlight what is simply due to the Government in licence fees, rehabilitation bonds and performance bonds. What that figure was, was $141million. So that was due to the State basically. If you have all of the operators' licence would be $141million in rehabilitation bonds as well as performance bonds and licence fees.

On the royalty side, if you look at the historic production, there has been a change in the royalty regime over the past two to three years. So there are higher rates of royalties. If you look at historical production, using all of the minerals, you would see that would have been due under the old system would have been $133million. Under the new royalty system, the State would basically be due $233million. Again, this is if you capture the revenue from all of the operators' licences, et cetera.

Mr. Chairman: Well, you have helped me because I am trying to get a sense of what the universe could be for the State and I think this is valuable input, in terms of what it could be. It may not be close, but at least you have some estimation that informs the work that this committee is doing, because National Quarries is a key player. It is a key player in this business. So let me help you, if you are suggesting that the number is $200 million-plus but National Quarries is only paying, let us say, $40 million out of that, then perhaps, we understand now the extent of illegal quarrying in the country. Yeah?

So it is important for us to get a grasp and a hold on this. That is what this committee is about. We are trying to get it because it has gone away and we are trying to bring it back in, and National Quarries is key to this but they are only a part of it.

So, Mr. Long, I want to thank you for that because we are running close on time. I want to give the floor. I have two more requests, one from member Antoine and, three now, three additional requests. Member Antoine, you have the floor.

Brig. Gen. Antoine: Thank you, Mr. Chairman. National Quarries seemed to have moved away a bit from their core competencies in dealing with the environment, and I saw in the past that they became involved in the production of agricultural products and in terms of produce and in terms of fishing, in terms of tilapia. My question is: You received $108,000-plus, in terms of the sale agricultural produce and just $860 in terms of the sale of tilapia. What was the cost of production, in terms of the agricultural produce and the fishing, vis à vis, the amount of money that you made?

Mr. Warner: I would like to make it clear that National Quarries is a mining company, aggregate mining. The issues of what took place previously, that may have meandered away from the role of this organization, was addressed by the board. It has been addressed by the board in several ways. When we look at, you know, what the cost was for, you know, the bit of meandering, if you will, that was something that we were set up to do.

I also want to state that in terms of the environment, National Quarries has been addressing the issue of the environment, from the actual process of natural regrowth, and all of that. I do not know that this board has spent any time on any of the issues that you raised. It is not even something that is a cost area for us because it does not exist, as far as we are concerned, any longer, because all of that meant that we were not doing what we were supposed to do. This is a mining company with a serious focus on mining and that is what we are addressing. So, I really do not have an answer for you with respect to that.

Mr. Antoine: So National Quarries has returned to its core competencies?

Mr. Warner: Sir, when the board came we read the Articles of Association and what this organization was supposed to address, and that is what we are doing as a board. Outside of that, I do not know of anything else, but ensuring that we provide quality aggregate to Trinidad and Tobago and to be able to address the issues that the Government of Trinidad and Tobago established the company for. That is all we are concerned about.

Mr. Chairman: MP Leonce.

Mr. Leonce: Thank you Chair. I will be brief. My question goes back a bit on the illegal mining, with respect to the process. Now, I understand that a number of agencies like the EMA, and so on, would form part of this initiative to fight against illegal mining. I understand also that you would have some form of partner or relationship or an MOU with national security. I have seen where things fall through because of documentation. For example, the police giving support to the EMA is different to the police initiating a process based on some form of submission. So, I am asking the question in terms of the process in tackling this illegal mining. Is it a support from the Ministry of National Security for enforcement of the agencies, or has a criminal fight been initiated?

Mr. Warner: Each of the arms have their specific roles, and if you read the MOU, you would recognize that when this thing was put together it was not just a case of the organization sitting and saying, okay we will do this. It was a case of defining the specific role of each particular arm of the State. Example, if you were to take the Commissioner of State Lands, their role was to determine whether in fact the lands that we say are in fact National Quarries lands are in fact National Quarries lands, which really belong to the State.

Similarly, the defence force, they do not have the power to arrest, as far as I am aware. So that if you read through the document you will see clearly stated each agency role and what they are supposed to do, within the ambit of the law. Because one of the things about the organization right now is that we make sure that we are clinical, in terms of following the law, following the Articles of Association and ensuring that the role of the board is distinct from whatever else any other organization has to do along with the Executive. So that, there is no issue of somebody getting involved and doing what they are not supposed to do.

Mr. Leonce: The reason why I am asking that is because this has been a problem that has been plaguing us, I am saying us, the country, for some time and I am thinking attacking this in different directions. So, for example, one, making sure that the persons that abuse their freedom to do the illegal activity, it ceases and there is some form of reprimand based on the law.

But also, for something like this to happen, there must be some form of learning, some mitigation plan or process to avoid persons from being able to say: You know what? Let us go and feed off of this existing quarry because it is easy. I take the point where Member Antoine would have said, in terms of customers. Now, your response was the customer would procure, based on quality. But then, if an illegal "quarryer" brings good, good quality then you have a competition. So some form of policy or some form of maybe a proposal for legislation where to sell the product, you should have some form of documentation, and to get this you have to pass through a certain process to ensure that the law is followed. I am just saying, in terms of tackling illegal quarrying, besides the strong arm of fighting existing ones now, there must be some form of plan to reduce the attraction from other entities to go against your marketing targets.

Mr. Warner: Noted.

Mr. Leonce: All right.

Mr. Chairman: Thank you very much. I want to say that given the intense interest that this enquiry has generated, I want to, I think put the National Quarries on notice that we the members would consider have to bring you back, because we have—certainly I have not even started to ask the questions that I want to ask and I have several requests. So in that vein I am asking the members who are remaining—I have two more members who, if you could keep your questions brief so that we could keep it to around 12.30 so we could wrap up. I will now invite Sen. Mark.

Mr. Mark: I agree completely, Mr. Chairman, because I have several questions. But what I am going to ask, Mr. Chairman, we can get it in writing. So I am directing this at the Director of Minerals, and you can supply it in writing.

As of today's date, or given your last audited arrangement as you said, could you supply to this Committee the total number of licensed operators in the mineral industry to date; the total amount of unlicensed operators to date; the total number of applications for licences as new entrants to the industry, to the Ministry that is; and the total number of illegal, not unlicensed, illegal persons or organizations operating in Trinidad and Tobago to date. I know you gave us eight but give us over a period.

Mr. Chairman: Sen. Mark, if you allow me to interject. When you are providing the information, Ministry, we want the acreages, so not the just but the acreages, in terms of the licensed and the unlicensed. I suppose the illegal might be a bit difficult, but certainly the licensed and the unlicensed, we would like to get the acreages also, and the locations.

Mr. Mark: Yeah. Thank you very much, Mr. Chairman. In addition to those questions, I wanted to ask, given that the TTEITI is a body that is sanctioned by the State and we have the power to issue licences as the State, through the Ministry of Energy and Energy Industries, could we not, Mr. Lashley, consider having a provision or a clause that says if your licence is being renewed you must supply information to the TTEITI. Now, I am shocked to hear only five mineral companies are supplying information and there are hundreds or scores of operators in that industry. So I am proposing for your consideration that included in future licences that provision. Because we are issuing it and that is a body that we have sanctioned and, therefore, they must supply information. That is another one.

The other one I would like to get some clarification on, and I do not know if you could put it in writing for us, what is the status of the National Minerals Policy? Is it floating? Have we implemented it? How far do we have to go in implementing it? That is one I would like to have in writing as well.

And if you can tell us, according to your submission on page 13 of your submission to Mr. Brian Caesar, National Quarries, on page 13 you talked about a prequalification system whereby suppliers and contractors doing business must go through a rigorous process of evaluation of technical and— Could you provide in writing to this committee the names of all of your suppliers and contractors who have met and satisfied the prequalification system? And is that prequalification system part of your new procurement policy that you have provided us? All right, cool.

And finally you talked about a new list of attorneys that you have on board, could you provide us with the old list of attorneys, as well as the new list of attorneys? You could put all those things in writing.

I have about 30 more questions, but as the hon. Chairman said, we have to hold, because of time. But these are my initial salvo, okay.

Mr. Chairman: Thank you very much, Sen. Mark. I appreciate the brevity of your request. MP Karim, you have the opportunity to last the last couple of questions.

Mr. Karim: Thank you very much. I will reserve some of my questions for the next time, but I will just give you a few of what I have in mind.

The first question I want to ask is: Given our interest in the success of the National Quarries as a state entity and given the fact that you are now in terms of improving your whole remit, do you have a whistleblower policy?

Second thing I want to ask is: With respect to the list of attorneys, do you have any litigation matters before the organization at this time and will you be able to give us some information with respect to what are these matters? How long have they been attended to and what are the implications and cost and so on?

The third thing I want to ask about is your actual operations policy. Is it that, given the constraints of resources, you could have mined at greater depths into the earth's surface to where I understand you might get even better quality, but that you are operating now not at that that level and therefore you are not getting the best quality for market?

I will have more questions for our colleagues from the transparency organization, but I just want to ask as well if you want to answer. Given the fact that you have oversight for the minerals sector, are there any areas of concern that you would have noted as you are here present with the National Quarries that you might want to alert us to that might be useful for improvement towards their operational efficiencies and viability? Because you are getting data from National Quarries and have you met with any resistance? Are there constraints? What are the concerns you have, that you would have noted in your relationship with this State entity?

Mr. Long: Member, so far the National Quarries Company, they have embraced EITI with open arms. They have actually sponsored some of our outreach workshops to other operators and trying to bring more companies into the fold. We have also partnered with the company on a quarry rehabilitation project through the EU environment programme to rehabilitate 80 hectares abandoned quarry.

In terms of the general recommendations, our auditor finds around National Quarries, it would be on updated financials. That was the major sort of highlight that our auditor raised.

The concerns that the audit raised, in terms of recommendations for the entire industry includes some of the matters we have discussed today, including independent verification of production, the need for more licensed operators and for the licensing process to be either—[*Interruption*]

Mr. Karim: I wanted to ask you to focus in terms of your audited report or your auditor's report. What is the general statement of measures you would like to see corrected, improved, or you noted? An exceptions report, what did that say?

Mr. Long: Chair, for National Quarries specifically, again the main "red flag" was the need for up-to-date financial statements.

Mr. Karim: Is it possible, through the Chairman, that you put those in writing so the next time we might be able to, given the time constraints, examine further, in terms of the improvement and the relationship, particularly in your context as oversight. If you oversighted that the financial audited statement is a concern then you need to tell us what were the concerns, what aspect of it and what did you recommend for improvement. So, maybe at the next occasion.

Mr. Long: Sure.

Mr. Lashley: Okay. It has been a little while we have been here. Mr. Hart, I will allow you two minutes because we are trying to wrap up and I want to say the EITI has a specific role and the role is not just with the oversight. The role has to do with accounting for what transpired and you do not necessarily target, look at companies. You look at the sector. So I want us to be clear about that. But Mr. Hart I am giving you a couple of minutes.

Mr. Hart: Yeah. I think it is important, Chair and members, to appreciate that the EITI is about protecting the people's patrimony, in terms of bringing transparency and accountability to the exploitation of the country's natural resources. So it is terribly important that legislators as well as the man in the street appreciate the importance of the EITI.

I welcome Sen. Mark's suggestion that maybe the ministry could impose a condition of licences that mining companies participate in the EITI as a condition of being granted a licence. I see that we have suggested to even Petrotrin as a state enterprise that they should introduce something like that, in terms of their lease, things like the A&V situation we had previously.

Finally, I want to say to overcome the inadequacies of representation of companies in the EITI reporting system and therefore to broaden the transparency and accountability in the extractive sectors.

We have been advocating the introduction of an EITI Bill to Parliament so that it could be debated and enacted. At the moment, Permanent Secretary Lashley has on his desk a draft Bill that we have produced, that he is considering for discussions with the Minister and then on to Cabinet. So I hope that you will support that Bill if and when it comes to the legislative floor.

Mr. Chairman: Well, Mr. Hart, I want to put you on notice that the Committee has already had some preliminary discussions and the broad consensus of the Committee is that we may have to call you in and have a session with the EITI in terms of all of these state entities under your purview. So that we will be communicating with you further on that. You do not need—we will communicate with you and you would be advised accordingly. The Committee still has to make a final decision, but we have had a discussion on that today and that is something that we are looking at.

Mr. Hart: We would welcome that opportunity, Chair.

Mr. Chairman: Yes. Good. So as we are about to wrap up this session I want to invite closing comments from the Chairman of National Quarries, followed by the Permanent Secretary and then the head of EITI.

Mr. Warner: Thank you, Chairman. I want to thank the members for their very, very insightful comments, with respect to the operations of National Quarries. Member Karim, I guess I understand where you are coming from and I feel that we can probably have some discussions, in terms of—because certainly, having had a particular role before, you certainly have some ideas in terms of where we can go and I really look forward to that.

I want to thank the former retired member of the Defence Force for all of the assistance that I know he would take behind the scenes so we could have certain things signed off, and also from Mr. Mark. I love Mr. Mark's questions and that he always helps to make us think what else can we do to make sure that we do it right.

And so, on behalf of the National Quarries Company Limited, a company that is going places, looking to continue to be successful and thanking the members for all that they have done for us and certainly coming out from the Public Accounts (Enterprises) Committee and some of the questions put forward from Mr. Mark, we have been able to take significant steps and we hope to continue to do so using this Committee. Thank you so much, Chairman, for giving us this opportunity.

12.30 p.m.

Mr. Lashley: Thank you Chair and members of the Committee for another informative session. I think, as we go forward with the growth and development of National Quarries, it is evident that there is a lot of potential in the company, not just for as Chairman indicated, discharging its mandate to satisfy supply to the domestic market, but certainly looking further afield. The company certainly, in my view, has the potential for adding to the diversification thrust, where we have another state enterprise which can contribute positively to the national coffers and the development of the country.

So, I thank you again, for the session this morning and I wait for the follow-up session which, of course, will be as insightful as this one. Thank you.

Mr. Chairman: Thank you very much, Mr. Lashley for your very positive reflections on the future. We like when the people who are the policy people have positive reflections on the future. Mr. Hart, just a quick closing remark.

Mr. Hart: Yes, I mentioned Chair about legislation, the difference that it would make is that currently the TTEITI is a voluntary initiative in Trinidad and Tobago and if we had legislation—one of the clauses in the draft that Mr. Lashley is considering now, is making it mandatory so that across the board all companies engaged in the extractive industries: oil, gas and mining will have to participate and become more transparent and more accountable.

And secondly, a lot was said about capacity building for National Quarries. We are looking at capacity building across the board in the mining sector and we have been working over the last five years with the smaller quarrying companies for capacity building in terms of management of the organizations, in terms of accounting practices and so on. So, we are continuing that this year and in that regard we expect to have the cooperation of National Quarries, who have been assisting us as well, as we have reached out to the smaller mining companies.

Mr. Chairman: Thank you very much, Mr. Hart. And, once again on behalf of the members of the Committee, I want to thank the representatives of all the entities who have taken their time out to be here today. The Committee appreciates your attention to our request and your frank and full responses. This is how we get to be able to fix Trinidad and Tobago, and always remember the Committee is here to help. The role of this Committee is to help; we try to identify the issues and then we can make recommendations to see how we can improve on the performance of not only National Quarries, but all the entities that appear before us.

In closing, I want to thank the viewing and the listening audience for taking in this hearing and I want to say now that this session is now suspended. Thank you very much.

12.32 p.m.: *Meeting suspended.*

VERBATIM NOTES OF THE TWENTY-FIFTH MEETING OF THE JOINT SELECT COMMITTEE ON STATE ENTERPRISES HELD IN THE J. HAMILTON MAURICE ROOM (IN PUBLIC), MEZZANINE FLOOR, TOWER D, OFFICE OF THE PARLIAMENT, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, #1A WRIGHTSON ROAD, PORT OF SPAIN, ON MONDAY, FEBRUARY 19, 2018 AT 10.14 A.M.

PRESENT

Mr. David Small	Chairman
Mr. Wade Mark	Member
Mr. Fazal Karim	Member
Mr. Adrian Leonce	Member
Brig. Gen. Ancil Antoine	Member
Mrs. Cherrie-Ann Crichlow-Cockburn	Member
Dr. Lester Henry	Member
Mr. Brian Caesar	Secretary
Miss Sheranne Samuel	Assistant Secretary
Miss Vahini Jainarine	Legal Officer I
Mrs. Krystle Gittens	Graduate Research Assistant

ABSENT

Mr. Ronald Huggins	Member [*Excused*]

ALSO PRESENT

MINISTRY OF ENERGY AND ENERGY INDUSTRIES

Mr. Selwyn Lashley	Permanent Secretary
Mr. Monty Beharry	Director, Minerals

Ms. Indira Ramkissoon	Senior State Counsel

NATIONAL QUARRIES COMPANY LIMITED

Mr. Ulric Warner	Chairman
Mr. Mushtaq Mohammed	Chief Executive Officer
Mr. Raymond Hackett	Chief Operating Officer
Mr. Glen Stephen	Chief Financial Officer

Mr. Chairman: Thank you very much for taking the time to be here. The Committee really appreciates your response to the work that we are trying to do. I would like to state that the purpose of the meeting is to continue the enquiry into the operations of the National Quarries Company Limited and to determine its effectiveness of fulfilling its mandate and making quality products. I would just declare too, the role of this Committee is to impact on any issues that had arisen based on the National Quarries' written submissions and your oral responses regarding the questions that we would have raised at the last hearing.

And secondly, to help. This Committees is here to help National Quarries in improving its operations and resulting in a more efficient and effective organization.

This meeting is being broadcast live on the Parliament Channel 11, Parliament radio 105.5 FM and the Parliament's YouTube channel *ParlView*. Viewers and listening can participate by sending comments relating to today's engagement with National Quarries Company Limited via email to parl101@ttparliament.org or on our Facebook page at facebook.com/ttparliament or on our Twitter page @ttparliament. I would like now invite the officials present to introduce themselves to the members of the Committee, please.

[*Introductions made*]

Mr. Chairman: Thank you very much. I would now like to invite the members of the Committee to introduce themselves beginning on my extreme left.

[*Introductions made*]

Mr. Chairman: And I am David Small, I am the Chairman of this Committee. Just to the housekeeping notes, I would like to remind all persons that if anybody has cell phones to keep them either on vibrate or on silent, and also, please, when you are speaking to address your questions, your responses to the Chair and remember to engage the mike when you are responding.

I am going to ask now for brief opening comments firstly from the Chairman of National Quarries followed by the Permanent Secretary, Ministry of Energy and Energy Industries to give us a few brief opening remarks. Mr. Chairman.

Mr. Warner: Thank you very much, Mr. Chairman. At the last session there were several questions that were asked by the Committee and National Quarries Company Limited we were pleased to address those questions and return the written answers to the Committee. We trust that those answers would suffice, but we are willing to answer any additional questions based on the submissions that we have made. Thank you very much.

Mr. Chairman: Mr. Lashley.

Mr. Lashley: Good morning, Chair, and thank you. Similarly, the Ministry of Energy and Energy Industries received a list of questions from the Committee. We responded and we hope the responses featured adequately with those questions, but nevertheless if there are any additional questions or clarifications, we are here today to treat with any issues that will arise. Thank you.

Mr. Chairman: Thank you, Mr. Lashley, and as the Chairman of this Committee and I want to say, on behalf of the Committee, this Committee is completely satisfied and pleased with the way in which National Quarries responded at the last hearing. We also want to put of the record, given the history of what has happened in other places at other times that all of the requests for information requested by this Committee both from National Quarries and the Ministry, the responses were complete and met all of the—there was nothing outstanding. So, the Committee wishes to place on record its thanks and its appreciation for demonstrating your understanding how serious this Committee approaches its work, and that when we request information you all treated it with that level of seriousness and your responses were full, complete and right up to what we were expecting. On that note, I want to personally say that is what we were expecting from entities and we are very, very pleased with that.

So now, I would like to begin today's session as those of you who would have been here the last time would recall that we had a previous session a couple weeks ago, and I think that several matters came up and arose. And one of the key things that had arisen is the fact that National Quarries has had a difficult history, it has had a difficult history, I think everyone understands that, and that the road going forward is not necessarily going to be smooth, I think everyone understands that as well, even this Committee understands that. We do not expect that, you know, you will just sit there and in two years it is going to turn around and be profitable just like that, it requires effort.

But what we want to be sure about is to be able to understand how we can help you. How in the things that the company is doing and in terms of how the Ministry sees itself as being able to support the company, how can this Committee help you in terms of getting to a place where National Quarries is a company that we can consistently be proud of, and I am very careful with my words, consistently proud of, to be able to deliver products in a way in which everyone is happy, there are no issues with quality, there are no issues with timeliness and is able to pay its dues to the relevant authorities in terms of royalties and taxes due to the State, because after all, you are a State entity and you are owned by the State and it is expected that at the very least, state entities will be paying their share. Otherwise what you have is a situation where the state company does not pay, then others will decide, well perhaps, you know, we do not have to either. So good. Those were my few brief opening remarks.

I want now to address to the Chairman. Mr. Chairman, since the last enquiry we had—you would recall several questions about the way in which the entity National Quarries, which you are the chairman of, is doing its work. We have quite a bit of documentation here from you from the first hearing and also from the second. I want to ask, I want your assessment because I have looked at our draft strategic plan, I have seen some, what I consider to be—and here let me be clear. I appreciate that the current board and management are positive, but I looked at some of the projections and I am not sure if they are practical or realizable.

So, I looked at the suggestions for increasing sales of limestone by 300 per cent and, you know, I am just looking at some of the things in there and I am not sure, I do not have the supporting information that tells me how you hope to realize some of these gains. There are several issues in there that I think, while I like them generically and I understand your thinking, but what I am trying is to—I want something granular in terms of, what is going to drive the company to be able to deliver these types of increases.

And then before I close this first question, I note that you have a people engagement issue in the company where I am seeing that, you know, absenteeism or punctuality is a number that—it is a challenge. I "doh" want to put all the numbers, but if you have one of four staff arriving late every day, then that is a problem, that is a problem for any business, quarter of your staff almost. So those are the things I want to understand.

One, in terms of your projections for how you are going to move your production to where you want it to be? What is your assessment of the company's ability to do that? What are the resources required and what is your view of the time frame? And then some of the people issues, because there are several other people issues including litigation matters that I will ask about later on. I sense that the company has some people issues, and one of the things in companies when you see you have people issues, you see issues with people leaving the company frequently, you see issues with punctuality and other issues. There is a reason that these things happen, because there is some issue inside of the company regarding how the people management is going. So, Mr. Chairman, I would like if you would start to give us some responses on those questions.

Mr. Warner: Thank you very much, Mr. Chairman. I would first like to address the issue in terms of the production that we are projecting within the strategic plan. I also want to state immediately that the board met with the executive and reviewed the document because it was a draft, and the board has been able to accept the plan and also, you know, make some changes to it, and that happened only at our last board meeting. So, the written-up document is not yet ready, but it will be ready soon enough, and we will be willing to provide you with the final copy of that.

Mr. Chairman: We would appreciate that.

Mr. Warner: With respect to our production capacity, when the board came into being in November of 2015, we had what was essentially a high production period, and that is because there was a tremendous amount of road works going on in Trinidad and Tobago. It was the year 2015, which was a significant year, and I do not need to go into why 2015 was a significant year, but there was a tremendous amount of road paving. So that the production within National Quarries was quite high.

2016/2017 almost went to nothing, meaning that the extent of the requirement for the limestone that we produced was not as heavy. In fact, every day when we tracked our production figures, you see sand and gravel would be making the target or just under the target, but in terms of the limestone quarry, the targets were not being achieved. And that is simply because the extent of road works was extremely small and in some cases almost non-existent, so you moved from a high to almost zero.

10.25 a.m.

The board, looking at what is happening, and we look at the trends in the economy, what is happening in the economy, and we look at the projections that were provided by the relevant state sector companies, and those projections indicated that certain road works would take place. Plus, we had direct involvement of our line where the line was saying to us that the guidance from the directorate is that you have to be ready since no foreign exchange would be given for the importation of limestone.

So that we looked at what the providers of the implementation arm of the Government was saying, and they said, "Look, we need X", all right, and we based on that. Now, we did not take the position that National Quarries is the only supplier. We took what we call a very determined guesstimate of how much can we supply based on our production capacity, and we actually went another route where we said, if it is at the moment, these are the requirements, can we do this with the current plant? And this is where we went into a public/private partnership where National Quarries, through a public tender, asked for people to come in to assist us with the crushing. And as a result, after putting that into the newspaper and people making submissions and having all of this reviewed in a very transparent manner, following our procurement process, we were able to appoint someone.

So that in terms of what we are looking at, in terms of our production capacity, there are two things: One, we are looking at increased plant capacity because we have actually looked at the plant that is going to come, we have seen it operate, our people visited it. We also looked at the demand, and this is straight demand from the implementers of Government's road working projects.

With respect to our capacity, that is our people capacity, one of the issues that we found when we came into the organization is that morale was fairly low; issues like, where is the company going? That was not something that was known to the rank and file. So the board took the position that we would implement first what we call the annual corporate meeting, which is now part of the whole structure of the organization. What did we do there? We explained to people this is where we are, because 99 per cent of our employees had never had the opportunity to look at the financials of the organization and see where we are. In fact, they thought that it did not matter whether they come or not, their salaries would be paid, Government was just sending the money. They were unaware that National Quarries Company Limited as a state enterprise, gets absolutely no subvention from the Government of Trinidad and Tobago. Employees were totally unaware of that.

The morale being low and the general work attitude was what we would consider to be one for improvement, and so we had to take several actions to treat with that. One of them, of course, is leadership by example. And when we speak of leadership by example, we talk about, if the CEO came into work at 2.00 in the afternoon, which was the normal thing, or the CEO called a meeting for 10 o'clock, and that meeting did not start until 1.00, and in the meeting the CEO spent 45 per cent or 90 per cent of the time speaking on a telephone, then, who really cares about what is going on there? And I am just using that as an example to suggest that that kind of behaviour had to change. As the chairman of the company, I remember my first board meeting; nine o'clock is nine o'clock, and it is not a second after 9.00. And the board meeting started at 9.00, and we had a situation where a key employee came into the meeting 40 minutes late and said, "Oh, I have a couple of calls to make", and we had to ask him, "Well, if that is how you lead, then what is going to happen in the organization?"

I am pleased to say, Mr. Chairman, that there has been significant improvement in terms of so many areas of the culture of the organization. And one of the pillars that we speak about in the strategic plan is really that issue about transformational change within the organization. On the occasions that I go there, you know, it is strange now that I drive in and the carpark is full. Previously, you drove in to the carpark and you have about three cars. Now, that is not the case. Our CEO arrives in the organization—we start work at 8.00 and he is there at 6.30. So that, when the organization's top leadership operate that way, and when actions are taken to treat with issues of tardiness then you find it is a change around. And mind you, it was not an easy process, Mr. Chairman. Because change takes place over a period, and in some cases some people are unwilling to accept the change, and that is when we have to take decisive action.

But there has been significant improvement in the whole culture, in the productivity, in the way in which we engage with people, because they are now seeing that if we do not do that, this organization can see its demise, and not so much by a Government taking the decision, you know, it is by the people within the organization helping the organization to go in the wrong direction. Thank you.

Mr. Chairman: Thank you, Mr. Chairman. I have one question for the Ministry; two questions actually, perhaps the Permanent Secretary, and I suppose the Legal Officer can assist.

At the last hearing we found out that there was, or there is a situation where you have many quarries, including National Quarries, who have requested renewals of their licences, and this Committee—and it seems that this process has been protracted. So, what this Committee wants to understand is: What is the process in the Ministry? What is the turnaround time? Because from where the Committee sits we expect that there is a different process for someone applying for a new licence as opposed to someone who is already operating. Because we have a situation where very few operators now in the country are operating with a licence. I think someone drew the reference that if you go down the street and you drive "yuh" car and "yuh" permit is expired, you get a ticket. There is no in-between, there is no compromise; you cannot drive without a valid permit. But we have a situation where, probably the majority of the quarry industry are operating without a licence in different stages, whether their licence is in the process of being renewed or they are now applying for a licence. We still do not get how someone could be applying for a licence and be operating. So we need to get some understanding from the Ministry, one, why is it taking so long? What is the process in the Ministry? Does it require—we are not sure, because it seems that there is a protracted process.

Then the other question I have, specifically to the Legal Counsel, is the current legislative frame work for the minerals sector, I want to get a sense, the Committee wants to get a sense, as to whether or not your view of whether or not that affords the Ministry as the entity that is charged with administering the sector, is there enough inside of there, including the Minerals Act, to really run this sector efficiently? I know there is an issue with the protection of workers. I am well aware of the issues. But this Committee wants to understand the current existing legal frame work. In your view, does it represent a frame work that allows, if it works properly, or does it require some—or do you have suggestions for ways in which it could be improved? So, the Committee understand there are challenges and we are here to help, but the only way we could help is if we understand the problem. Right now we are hearing the problem but we do not understand the problem.

So I will start with the Permanent Secretary regarding the issues with the period. What is the process in the Ministry for renewing and what is the length of time? And similarly, if someone is applying for a quarry for the first time, is it that you give them a provisional approval to operate? We have no idea how it works, so we are trying to get information here, so Mr. Permanent Secretary you have the floor.

Mr. Lashley: Thank you, Chair, and we have actually two of the key officers in the application and approval process here with us this morning. Suffice it to say, I share your sentiments that in fact we are far from the preferred position where we have licensed operators operating under bona fide licences, but we all recognize that we are going through a period of transition, where we want to implement proper licensing engagement and a frame work under licences that have very specific terms and conditions, that allow for improved administration in terms of the monitoring and reporting and, of course, the collection of the revenue as you quite rightly pointed out. So what I would like to do with your permission, is that I will ask the Director of Minerals probably to walk us through the process for treating with applications. I noticed one of the questions you asked dealt with new entrants as opposed to existing unlicensed persons who are going through the process, so probably he would want to treat with that as well.

Mr. Chairman: Beharry, you have our attention.

Mr. Beharry: Thank you, Chairman. Thank you, PS. Chairman, the two categories that we are concerned with here are those who are operating with expired licences and they are in the renewal process, and the second category are those who have submitted new applications. Now, those who have submitted new applications are not allowed to operate. So, it is not simply that somebody can submit an application today and start operating tomorrow, who has never operated before and has no history of operating. The persons who are operating—

Mr. Chairman: Can I stick a pin?

Mr. Beharry: Sure.

Mr. Chairman: Everybody who has now applied for a new licence, none of them are operating?

Mr. Beharry: No.

Mr. Chairman: Well, okay, that is what I want to be clear. So, that they are not supposed to but they are?

Mr. Beharry: No, they are not.

Mr. Chairman: They are not?

Mr. Beharry: They are not, and if they are operating then enforcement action is usually the next step to prevent persons from simply putting in an application– we have seen situations like this where persons would simply drop in an application form with no supporting documents and then start operating, based on information they would have received from whoever is advising them out there.

The persons who are operating now, and we are licensing or re-licensing are persons who held applications in 2006 which were renewed in 2007 and some of them were renewed further in 2008, '09 or so for five-year licences, as well as persons who received new licences in 2011 for five years which expired. So those persons who are operating now are considered to be the bona fide persons who would have gone back in history, some of whom would have predated the Minerals Act in 2000. Others would have been recognized around 2003/2004 as bona fide operators who had been in the industry. But those are the persons who are operating now, and they are the people who we are re-licensing, and we are in the renewal process.

Persons who submit applications now—brand new applications—are not authorized to operate, they are not encouraged to, and if they take it upon themselves to do that, then they are acting illegally, and we take the necessary steps to deal with that.

Mr. Chairman: I just want to be clear, Mr. Beharry. So that those persons who have new applications, and you say come and drop it in, to your knowledge, are any of those parties operating?

Mr. Beharry: Not to my knowledge.

Mr. Chairman: Okay. Proceed with your answer, please.

Mr. Beharry: The application process is laid out in the Minerals Regulations 2015. There are five types of licences that the Minister can issue under the Act. We focus basically on two main types: The mining licences and the processing licences. The mining licences for mining activities and processing licences for processing activities. Persons who are operating in the renewal process may either be mining alone, mining and processing, or processing alone. There are three basic types of activities that take place out there.

Applications are done in accordance with the guidelines as set out by the Ministry which flow straight out of the Minerals Act, the Minerals Regulations, and those guidelines are detailed with a flow chart and it is available on the Ministry's website for anyone who wishes to have access to it. That information is public information, it is available on the Ministry's website, and that details the entire process, the requirements to be submitted. In addition to the application form, there are their title documents, their survey plans, mine design plans, processing plans, certificate of environmental clearance, Town and Country Planning approval, water abstraction permits, and a host of other company core documents to assist you.

Mr. Chairman: I want to focus you. So, the entities that have held licences that are in the renewal phase, what is the time period for a renewal? I suppose that you have a licence, as you say, for five years? I would like to understand, if at the end of that five years National Quarries comes and submits a renewal, how long does it take the Ministry to issue a renewal licence?

Mr. Beharry: It depends. If someone—previously it was a five-year licence. One of the terms of that five-year licence is that they are supposed to apply for a renewal within a certain time frame before the licence expires. Once that application comes in, the application is treated by the Minerals Advisory Committee that makes a recommendation to the Minister who would then take it to Cabinet, whether to grant or refuse the application. When the application comes in there is an application form and the supporting documents that I mentioned, all of which—

Mr. Chairman: Let me be clear, every single application for a renewal has to go for Cabinet approval?

Mr. Beharry: It goes before the Minerals Advisory Committee.

Mr. Chairman: Minerals Advisory Committee, who makes a recommendation to Cabinet.

Mr. Beharry: Makes a recommendation to the Minister and the Minister would then take it to Cabinet.

Mr. Chairman: Proceed.

Mr. Beharry: One of the challenges we have and this has been a major challenge for not just the Ministry of Energy but the other regulatory agencies including the EMA, Town and Country Planning, the Water Resources Agency, which are the three key agencies that have to give their statutory approvals prior to the issue of the licence, is that applicants simply do not submit supporting documents or when applicants are asked to provide additional information to those agencies and even additional information to the Ministry of Energy, they simply do not do so in a timely manner, and that is one of the reasons the applications simply cannot go forward.

But built into the regulations in 2015 was a time frame within which an application would be valid. Once an application is submitted, if it is incomplete, the applicant has 90 days to complete the application, failing which, once that 90 days expire the application lapses, and the applicant has to resubmit a new application. So, there is a 90-day time limit. So, if you ask the question, what is the time frame for processing an application? If an application is incomplete, it expires after 90 days, it lapses and it is invalid. If an application comes in, it is complete, it goes before the Minerals Advisory Committee. Usually there is a subcommittee that will review the applications, check to ensure that the submissions are valid and that there is substance to the submissions—I have personally seen things come into the Ministry that are fluff basically, things that have simply been put on paper and sent with no substance to support the application. So, we see all sorts of different things coming in, and it is unbelievable sometimes.

Mr. Chairman: Okay, Mr. Beharry, so you have helped us because there seems to be a series of steps—and this is for renewals as well—and a series of verification that needs to happen. It is not just, well, okay, you have been operating for five years and I think you are a good operator and we will renew. There is a series of steps that the Ministry has to go through.

Mr. Beharry: That is correct.

Mr. Chairman: And the timeline for that could become protracted depending on whether or not the entity supplies all of the required documentation or responds properly to the Ministry's request for additional information.

Mr. Beharry: That is correct. There is one additional challenge we have, and it is something that we mentioned at the last meeting which we are trying to address now. Once these applications come in, it is a requirement under the Act and the Regulations, that searches be done. The applications first of all must be published in two daily newspapers. It must be gazetted. Searches must be done for title to the parcel of land, for mineral rights, company searches for bankruptcy, et cetera. And all these things are laid out under section 13 of the Act and under regulation 6 of the Regulations. So, these searches and this due diligence has to be done prior to a decision being made or a recommendation being made by the Minerals Advisory Committee to the Minister to either grant or refuse the application. So, the process is well laid out in the guideline documents, it is available on the Ministry's website, and there is a flow chart that shows the steps involved, which documents are required, which agencies are required to do what. So that information is public knowledge and it is out there.

Mr. Chairman: Okay, Mr. Beharry. Ms. Mohammed, Ms. Ramkissoon, forgive me. I had asked a question earlier about the existing legal frame work, and the Ministry's comfort that the existing legal frame work allows for effective management of the sector, could you please help the Committee?

Ms. Ramkissoon: Good morning, Chair, members of the Committee. There is at this time before the LRC a Bill. The name of that Bill is the Miscellaneous—

Mr. Chairman: Let the members know—all members of the public may not know what the LRC is.

Ms. Ramkissoon: My apologies. The Legislation Review Committee.

Mr. Chairman: Thank you.

Ms. Ramkissoon: And there is a Bill at this time before that committee. It is called the Miscellaneous Provisions (Illegal Mining) Bill. That Bill has been, I would say, on the agenda for some time and we have reached a point where further information was required from the Ministry. And I started with that because that Bill really represents the culmination of a lot of work that would have been done by an inter-agency committee tasked specifically with looking at the existing legislative provisions with respect to the minerals sector, assessing that and coming up with recommendations. It would have started around 2012 or so.

Mr. Chairman: 2012?

Ms. Ramkissoon: 2012 to 2013, when we had quite an increase in illegal activity. So, at the time it was the response of that administration, and the Minister in charge of energy and minerals for us to do this. That Bill really focuses on enforcement, and it is called the Miscellaneous Provisions (Illegal Mining) Bill, because it is not just touching the minerals legislation or the Minerals Act, it is also touching state lands and some other pieces; at least five or six other pieces of legislation. The committee tasked with doing this was really a legal committee, as I indicated, and the focus was on enforcement. And why was that? When we reviewed the minerals legislation, the Act in particular—so, for example, the Minerals Act, Chap. 61:03, Part IV, is headed in bold "Enforcement".

But when you look at what is contained there, we have two sections, 29 and 30. And the first one, 29, the side note talks about the "Taking of samples"; 30 talks about the "Powers of the Director"—of Minerals—"to investigate". The enforcement component—so for example, when we compare the state lands legislation with the Minerals Act, and bear in mind, Chairman and members of the Committee, the Minerals Act and the Minerals Regulations cover both State and private lands. And therefore, if we remember that, it would be the enforcement on both State and private, and therefore to cover that private component we have to look at the Minerals Act and the Regulations and see whether we have the powers that can mirror what can really be done by the Commissioner of State Lands.

So, the powers of seizure, the powers of arrest, the powers of forfeiture, the powers to take this, when illegal activity is found, to seize, to arrest, the equipment, persons, the material, and then take it all the way through the courts, when we look at the state lands legislation it had provisions for all of that. The minerals legislation that we have had and what we are trying to work with at the Ministry, somehow did not contain very much. We had offences created and over the years we got improved, or increased I should say, fines and even imprisonment, we got that increased a couple years ago. But it is not sufficient, and you did—

Mr. Chairman: Ms. Ramkissoon, you have helped us, because that is what this Committee wanted to understand. What you are saying in a nutshell is that, when you look at the current mining—the issue is the inability of the current Act to allow for proper or effective enforcement of the Act, and that there is a Bill before the LRC looking at that, given the fact that someone somewhere along the line looked at the existing Minerals Act and recognized that there are gaps. So, at least we understand that from the Ministry's point of view it is clear that the existing Minerals Act allows for people who want to do illegal things they can do it because they know that the enforcement part of the Act is weak.

Ms. Ramkissoon: It is going to fall down there and this is what we are trying to fix.

Mr. Chairman: Yes, it is weak. Because you see, we did not know. So this is what we are trying to do, we are trying to get information. Well, all right, you have laid the frame work for us and you have helped us tremendously so that we understand now in terms of things that the Committee could recommend, because while it is a lawful society to operate within the Act, we also recognize where the Act has weaknesses and we may need to take other actions to try to see if we can get proper people or persons to act in accordance with the spirit and the letter of the law. I now open the floor to Sen. Mark. Sen. Mark, you have the floor.

Mr. Mark: Thank you, Mr. Chairman. Before I deal with some of the areas, I want to—may I ask the Senior Legal Officer to share with this Committee, when was that Miscellaneous Provisions (Illegal Mining) Bill referred to the LRC? What year?

Ms. Ramkissoon: It would have been on the agenda since, I think, late 2015/2016. It has been there for a "lil" bit.

Mr. Mark: Could you be a little more specific?

Ms. Ramkissoon: I did not—

Mr. Mark: And you could probably submit that to the Chairman.

Mr. Chairman: Could you submit that in writing?

Ms. Ramkissoon: I certainly will. I certainly will submit that data. I did not walk with that document.

Mr. Mark: And would it be asking out of the ordinary for this Committee to have sight of the provision of that?

Ms. Ramkissoon: Certainly not. That would be made available. Surely.

Mr. Mark: All right. May I also ask, Mr. Chairman, and this is directed to the Permanent Secretary. Permanent Secretary, I have what is called the Auditor General's Report for, I think it is 2015/2016. This report at that material time on page 53 indicated that there were only 103 operators when that report was tabled in Parliament, and if I can share with you the breakdown, they were saying that expired licences, 76; operating without licences, 19; operating with licences, seven; and new application, one; giving a grand total of 103 at that material time. What you have provided to this Committee one year later, or maybe one year and a few months later, is a scenario in which the number of new applicants or applications moved from one, when this report was tabled in 2016, to now, what I have here, 61. That is a massive, mammoth rise in numbers, from one application in the Auditor General's Report to 61.

Now, this must be a lucrative business, and when the Chairman asked the director about these entities, and several of them—in fact, my estimation is that almost 85 per cent of these new applications were on private lands as opposed to State lands. So, I would like to, on behalf of the Committee, find out from you whether these private operators which numbered one in 2016, and now rose to 61 in 2018, does the director have material evidence to prove that these private entities are not operating? Because he has just indicated that you need a licence to operate. But then, why would we move from one to 61 if there is not an incentive, Mr. Chairman, that these people are receiving or getting to apply? So, is there a division in your Ministry that would really go out there and monitor these applications to ensure that there is no activity taking place on those lands? I just wanted to clarify that as a first.

10.55 a.m.

Mr. Lashley: Sure. I want to ask the director to answer that. As the director rightly pointed out, it falls within the remit of the division that has that responsibility. Mr. Beharry.

Mr. Beharry: Thank you, PS. Mr. Chairman, let me clarify first the numbers, the move from one to 61. The Mineral Regulations came into effect in June 2015 and those regulations laid out the procedure for the application for licences and included the entire list of supporting documents and the process, et cetera. Some of these persons who form the 60 or 61 now, when the report was compiled by the Auditor General, did not have new applications under the new forms. So they may have had an old application which predated the regulations, pre-regulations regime essentially and they were written to and asked if they were still interested to submit a new application to conform with the new form that came under the new regulations and to submit the new requirements.

At that point in time, there may have been just one person when that data was collected who would have submitted under the new forms, under the new regulations and since then the numbers have increased and that is why we see this increase. It is not simply new people just applying because it is—the state of the industry now is fairly slow and to see it, an increase in 60, at this point in time does not really reflect the realities of them. This simply reflects persons who had applications before the regs went into effect and the old outdated forms and they were asked to submit new applications once they were interested. I hope that—so they are transitioning into the new regulation system.

The second question with respect to, are we monitoring. The answer is, yes. We have been working on increasing, as the chairman indicated, provisions for security for the staff to visit the fields and we try to monitor as much as we can based on the resources that are available to us as well as the security resources which are provided by the Trinidad and Tobago Police Service to assist the staff members when they are out in the field. There are many challenges out there and it is unsafe to send staff to some of the places where quarrying takes place in Trinidad. So we are monitoring, we also monitor complaints, if we receive complaints that persons have started operations and in some cases the Trinidad and Tobago Police Service may receive complaints themselves and they may actually monitor. We have recent cases where the Trinidad and Tobago Police Service received complaints from residents, they monitored and they took enforcement action and then they came to us and asked for assistance. So we have a situation like that and I think somebody mentioned the driver's permit.

Again, maybe it is not the appropriate analogy here but if you are driving a vehicle, the police does not have to go to the Transport Commissioner to ask who has a licence. They can stop you and ask you to produce your licence. Similarly, the Trinidad and Tobago Police Service members can go to any operation in the country where someone is quarrying and ask that person to produce a licence. And if that person does not have a licence they can take action, then they usually come to us.

Mr. Mark: And Mr. Beharry, as you are aware, the Government has embarked on a highway from Cumuto to Manzanilla and my enquiries have revealed that for the first two phases they would need about 1.4 to 1.6 million cubic metres of aggregate. These private agencies that have applied, not to mention those that are operating without licences because their licences have expired, would you not agree with me that there is an incentive that has been triggered to allow these entities to ramp up their operations even in the absence of a proper licence being granted. And whether this Ministry of Energy and Energy Industries, along with the police, do we need a special unit within the Ministry to be out there 24 hours, seven days a week, 365 days a year to ensure that the environment is not being destroyed by these criminal elements, that many criminal elements we understand are involved in this industry. And I just give an example of a trigger that could encourage them to go forward.

So, would you want to share with this Committee apart from what the legal counsel has indicated any interim measures that you may want us to consider when we are submitting our reports, because I say this against the background of the fact that we are in stringent economic times and citizens are being asked to make tremendous sacrifices and in doing so they are being deprived of many fundamental basic services because of these sacrifices as a result of the crunch in the revenue stream. And here it is we have hundreds of millions of dollars outstanding in royalties, in corporation taxes, in Business Levy, in Green Fund and I really would like the Ministry to tell this Committee what is the rough estimation of the value of moneys that we have foregone as a country between 2001 to the present time. And that is why I raise these matters to get from you a sense of whether there are recommendations you would like to share with this Committee so that we can recommend to the Parliament to take action so that moneys that we are now being denied can flow into the Consolidated Fund and provide basic and essential services to the people of the Republic of T&T. These are some of my concerns, both the Permanent Secretary and your good self, Sir.

Mr. Beharry: Thank you, PS. Chairman, yes, thank you member for the comments and questions. I agree with you that we have to put in place security because of the nature of the industry. As Senior State Counsel indicated before, there is a Miscellaneous Provisions (Illegal Mining) Bill before the LRC at this time which addresses those concerns. The security needs for the Ministry staff of the Minerals Division as well as the monitoring of the operations outside the intelligence gathering, the investigations, the prosecution, taking matters to the courts, et cetera, and those matters hopefully would be addressed in the miscellaneous provision Bill.

I agree with you also that we have to collect the revenue and we have taken steps to do that. In fact we have increased the collection of revenue mainly in the form of royalties and licence fees over the past few years. The current figure I would have given at the last sitting which indicated the amount we had collected still stands. We are still updating and auditing the books of the other operators. What we have decided to do also again through the licensing process because again, one, the requirements under the Act is that no person may be issued a licence who holds royalties to the State.

So we are using the licensing process and the renewal process with certain exceptions, the Minister may allow persons to enter into a payment plan, et cetera. But in general no licence may be issued if someone who refuses to pay royalties due to the State, someone who has been operating. So an operator who is in the renewal process and is transitioning to get a new licence has to pay that outstanding sum. What we recognized, based on the figure that we have before us, is that there are 21 operators who owe $1 million or more and we have started focusing on those large debt owers, owers of the State basically, and as part of the licensing process we hope to capture that revenue for the State.

Mr. Lashley: Just to expand on some of what the director was mentioning, it is a combination as you are strengthening the legislation, the enforcement provisions, the penalties if people violate and of course within the framework of the licensing framework, which is a lot more defined and rigid, we are moving to collect outstanding moneys owed. We are moving also to ensure that compliance with respect to the manner in which operations are conducted, which I think is an important piece over and above the monetary piece, how people operate in harmony with the environment and their communities to ensure that activities within this sector are conducted in a manner which demonstrates best practice.

So that is the vision going forward. You are right, we are constrained by resources but we are moving to ensure that we focus, as the director said, on the key areas which can bring in maximum returns back to the Government and by extension to the citizens of Trinidad and Tobago.

Mr. Mark: Mr. Chairman, one final review in this round. Mr. Lashley, would you be able to indicate to this Committee whether the Ministry has done any rough estimates of the value of royalties, corporation taxes, Green Fund Levy, Business Levy that we have foregone because of our inability and challenges that we face at your Ministry and maybe at other agencies in properly monitoring licensing people so that they can pay their royalties and their other taxes to the State. Is it over a billion dollars over the last 18 years, because they have not been paying since 2001, and we are now in 2018. So what is the rough estimated amount that is owed to the

State that has been foregone? Could you share with this Committee what the numbers could be?

Mr. Lashley: Yeah. I do not have that number for the Committee this morning. Certainly we have done some estimates. There were two areas I think you mentioned at the last sitting where in some situations there is a question over title and in particular title to the mineral rights. So there may be people operating who are actually contesting the fact that in fact, these royalties are owed to the State as opposed to private individuals. So there are some numbers that we have put together with respect to royalties, with respect to taxes that is something which we would not have the direct information regarding, but certainly we can review what we have and provide something to the Committee which would serve as some sort of indicator.

Mr. Mark: Yeah, my final question is this. The Auditor General has indicated and this is again a question where we are trying to solicit from you how we can help you, that is, the Ministry of Energy and Energy Industries. The Auditor General has indicated not only in the oil and gas industry which we are not mandated to address here, but in the quarrying industry we depend on the extractors of aggregate to tell us as a Ministry what is the amount of production they have addressed in the last month, the last week, the last fortnight, the last year. And the reason for that is because the Ministry does not have the mechanisms in order to properly weigh and to monitor the extraction levels of our non-renewable. That is a scarce resource that we have in Trinidad and Tobago. And the question that I would like on behalf of the Committee to clarify is whether the Ministry, technically speaking, is weak in its ability to measure accurately production levels at each quarry so you can have and the country can have accurate data, not only that you will be able to monitor properly royalties that we are entitled to and not depend on the whims and fancies or views of an extractor of the—this is what I learnt from the Auditor General's report and I also learnt that from the TTEITI that we do not have any measuring ability to determine what is the revenues due to us as a society.

So could you clarify those two entities' position on the inability of the Ministry to properly measure accurately production of aggregate in T&T and what would you like us as a Committee to recommend through your intervention to the Parliament to strengthen your Ministry where there appears to be some limitations, deficiencies, challenges and weaknesses.

Mr. Lashley: I think we touched on some of this on the last occasion where we indicated that in order to ensure we have a robust system for getting accurate quantification, it involves the employment or the engagement of technology by way of use of drones in order to do the geological surveys which at the end of the day you need to have checks and balances over time to ensure that over a piece of licensed acreage what has transpired. Now, the historical is something which in fact we may have to do some measure of estimation. But certainly going forward, we are confident in collaboration with the Office of the Commissioner of State Lands that we are establishing a framework where we can accurately monitor the progress and the activity taking place on all areas that are under active operation in order to ensure that there is reconciliation of reported numbers which operators are required to do or will be required to do under their new licensing format where they have to submit returns. That reconciliation is going to be checked and audited against information obtained by the relevant agencies, both the Ministry of Energy and Energy Industries and the Office of the Commissioner of State Lands in order to accurately determine what is the proper quantity to be assessed against the individual operators and in fact, that is going to lead to an accurate determination of what moneys are due to the State, right. So that in a nutshell is what we are doing to improve that level of confidence in the accuracy of the information that we rely on to determine these things.

Mr. Mark: But at this material time, you would agree with both the Auditor General and TTEITI that the Ministry does not have the capacity to properly and accurately measure production output of these quarries in the Republic of T&T. And you are looking forward to introducing new technology on the way forward. You would agree with both—

Mr. Lashley: Yes, yes. Certainly at this time because of the capacity only in terms of certain operations we are able to do it, but certainly in terms of the implementation of that technology we can have a broader coverage and more accurate coverage.

Mr. Chairman: Thank you very much, Sen. Mark. Before I give the floor to MP Leonce, I just want to be clear, Mr. Permanent Secretary. The operators who have requested a renewal, applied for a renewal, they are allowed legally to operate while that is in progress?

Mr. Lashley: Once a quarry is in active operation and they are in the process of securing a licence, a bona fide licence under this new process—[*Interruption*]

Mr. Chairman: I am talking with renewals.

Mr. Lashley: Yes, yes, yes. But I am dealing with it from the context there are some renewals that are in respect of operations which would have lapsed and they are not in operation. But there are some with respect to active operators. Because we are monitoring the active operators and they are in the process of licensing, they are allowed to continue pending the finalization of that licensing process. I put a caveat though, as director indicated, in some instances, because there are issues of outstanding royalties there is a pre-condition in there with respect to the issue of a new licence that in fact the outstanding royalties have to be discharged in a manner satisfactory to the Minister.

Mr. Chairman: Thanks very much. MP Leonce, you have the floor.

Mr. Leonce: Thanks, Chair. Actually I was going to ask, just to follow-up on that, the persons that would have applied for continuation, that is in some form of process, in terms of the royalties, is there provision for them to pay royalties on what they are currently doing without a licence?

Mr. Lashley: I will ask the director to answer that.

Mr. Beharry: For persons who are basically holding over, some of them are actually holding over from their existing licences so they are held under the same terms and conditions as the previous licence they were issued, and for those who have been in the industry and had previous one-year licences, and previous five-year licences, they are basically operating under the same terms and conditions of those licences until such time their application is assessed, and if they are successful they have to pay all outstanding royalties, they would then be granted a new licence. That intervening period where they are operating they are still held to pay royalties because they are operating.

The payment of a royalty is really tied to the extraction of a wasting asset, it is a non-renewable asset that belongs to the State. Where it belongs to the State, the royalty has to be paid. So the answer to your question is, yes. If the person is in the transition process and they are operating for the benefit of operating, they owe the State money and they have to pay the State the money and we are collecting that money.

Mr. Chairman: Is there also a provision or a policy that if royalties are not paid that you have the authority to shut down their operation?

Mr. Lashley: Short answer, yes.

Mr. Leonce: Has this ever been enforced?

Mr. Lashley: Not to my knowledge. I will ask the director if he—and legal counsel.

Mr. Beharry: Chairman, no. We have not enforced against persons who have not paid royalties. We are taking steps now to try to bring all those persons into the licensed legal regime, and in the process try to capture some of that outstanding revenue. At the end of the day, we are not trying to manage the mineral resources of the country. We do not want to simply shut down everyone. We will shut down the entire industry which would effectively shut down the construction sector in the country with all the unintended consequences that that may have. What we try to do is assist operators, those who are in the licensing process, who are in the renewal process and even those who are making new applications to come up to compliance, get their documents together, et cetera, and we work very closely with them. We have quarry management officers who are assigned to a certain number of persons and they try to assist these persons to get all their documents in as best as we can.

So, at the end of the day, we are not there to simply shut people down. We are there to assist because the material that comes out of the ground is used for Government's construction projects, housing projects, highway projects, everything else that we build, the materials come from the ground. So we are not—we do not take an approach where we are there to stop people for every little thing. It is basically a more partnership type of approach we take and we try to bring these persons who are in that transition process up to compliance so that it is much easier to regulate the industry.

Mr. Chairman: I want to jump in. I have a challenge with that, Mr. Beharry. I understand the partnership type approach, but when one member of the partnership is abusing the other, you have to stand your ground and this is part of it. This is, respectfully, from where I sit, I understand your role is not to shut down the industry and you are trying to work with people, but when people are abusing your good nature, you cannot sit for years upon years and allow them to abuse your good nature. So that, I would have thought at the very least the Ministry would have communicated to parties in writing, your licence is in process, you owe these royalties and we would like you to provide us with a schedule of when you are going to provide these and hold the threat over them that one of the penalties for not paying or meeting these requirements is that your licence could be forfeited. Is this something—I mean, I suppose that would be the last step you would engage in discussions. But we have to be careful because the system that we have in Trinidad now is where sometimes people because they sense a weakness in the system, they exploit it and we have to demonstrate some strength. So I am trying to understand. I am not disagreeing with you, I am just saying that, in addition to what you are doing, it could be strengthened a bit more. I see the Permanent Secretary is seeking my attention.

Mr. Lashley: Yes, Chair. Thanks. I was going to add right after the statements by the director that in fact although we have been working with operators, we have in fact communicated with several regarding not only the threat of closure but, of course, we first quantified the extent of the obligation that they have to the State. There are instances where the matters have moved, where they have contested the numbers, where in fact there is some question, a wrong title, and those are some ongoing issues. But certainly I just want to put on record that when in fact people do not have a valid licence, one, if there are outstanding royalties to the State and there is no plan in place or no arrangement in place for them to discharge that obligation in a reasonable way, that is subject of course to the agreement and approval of the Minister, that in fact they would be shut down. So let me just put that on record that that is the law and we will be implementing as we go forward.

Mr. Leonce: Chair—

Mr. Chairman: Continue.

Mr. Leonce: Thanks. Now, we heard earlier about the Bill that has been before LRC, is it since 2012?

Ms. Ramkissoon: Not since ’12. We had the Committee working within the last couple of years, but I would get that exact information to the Committee.

Mr. Leonce: Okay. Now this Bill, I have a concern in that based on the information we have here, the number of licensed operators has a total acreage just over 300 hectares and when we look at the number of unlicensed operators that I want to believe seeking renewal, it is around 3,000 hectares which means that the quantity of licensed operators that we have is about one-tenth of what may be actually operating in the country. In addition, there is about another 500 hectares that are applying which we are not sure if they are operating illegally or not.

So my thing is if it is and we are in a serious economic crunch here in the country and the director said basically a lot of the supply for this is government contracts. So are we being so lenient that only one-tenth of the operators take us seriously and that are we—our backs are against the wall. Has this industry really held us up to the point where majority of the operators are basically non-compliant? How do you respond to something like that?

Ms. Ramkissoon: I think there is one comment I would want to make to add to what was said that might bring some sort of clarity to why it takes so long and why we may have a lot of people on this list not yet licensed. Just to say that based on the law, there are several requirements. They are all very important, some trying to balance the environmental degradation that would take place, together with ensuring that we have enough material that could service our different sectors that need it. These requirements are all very important and the point is an applicant would place the application with us. They would do the form, they would pay the fee of $1,000 or whatever it is, but several of these requirements they have to rely on approvals or a document from another agency. So you have the EMA, you have Town and Country Planning (TCPD), you have sometimes Forestry, you have a lot of other agencies and they have no control over that. We in the Ministry, we do not have any control over it as well, but at the end of the day, they have to show that they are financially capable and that they are technically competent to do this work. And it is in trying to balance all of this and to meet these requirements that it is delayed and it is a fact.

Mr. Leonce: I understand that. I understand the challenges in terms of being able to provide, but I am saying in terms of an operator that is basically operating and we the operators operating so the impact to the environment is still happening. They are technically able because they are operating and they are providing services. The documentation may not be there. What I am saying is, I am trying to get a sense as to what is the Ministry's position in terms of having only one-tenth of this industry, legal aspect of the industry if you want to say, that is so critical for our development in this country. An area where we desperately need funds that—what is the Ministry's position in terms of solving something like this? Because we speak about the challenges and even the security—in the last meeting we spoke about having some understanding with national security, with the legal mining because of the risk and the dangers in which the director said, even monitoring this there is not enough resources for staff for their safety. I mean, you would not want to send your staff out where you know there is risk.

11.25 a.m.

All I am saying is, there are so much things that it appears that this industry has a country hijacked and we are allowing it because we need the minerals from them and something does not sound right with that. It does not sound right and it is a scary—explaining that is kind of scary.

Mr. Chairman: Permanent Secretary, please.

Mr. Lashley: Chair. I share your concern, member, but let me just put it in a little different context to a couple of the comments made, one, and the statistics that you are drawing some of the reference to. Now, Senior Counsel was indicating that there are requirements and in fact the quarrying activity has to be conducted in a large number of instances. These activities are conducted on acreage and in areas where there is competing use for the acreage. So she mentioned forestry, of course, due regard, not just to environmental impacts generally but specifically in some cases with respect to water courses, the aquifers, et cetera. So we have a number of agencies which when director talked about collaboration and working with the applicant, a lot of the work is not only specifically with the applicant but certainly with the other agencies who we recognize have an input to make with respect to the application. There is mention of the Minerals Advisory Committee on which a number of these agencies are represented and in fact, they have to review the application prior to making a recommendation to the Minister.

So certainly in instances where there are issues that arise in respect to any one of these areas, there is a process within the framework of the committee where these things are identified and to the extent, the individual agencies can flag an item that they need to treat with a particular applicant. They then can take it up with that applicant to move process the forward. So that is one of the areas.

I just wanted to point out though that when you mentioned the statistics, a large portion of acreage identified as unlicensed is actually acreage that is now being operated by National Quarries, the state agency, and we are in the process right now of regularizing National Quarries. So, although the statistics may appear to be huge in terms of the percentages, about, I think, over 50 per cent of that acreage is, in fact, under the process of being licenced right now and in fact, the sort of horror where you say it is unregulated or operated in a maverick manner, that is not the case with respect to that.

The director mentioned we have identified, not just in terms of the royalties but with respect of acreages, some of the key large ticket and large areas that, in fact, we are focused in our approach in terms of bringing these areas that are currently being allowed to roll over and to continue to operate into a firmly established licensed regime and in fact, when that occurs, you will see large chunks of the acreage that is currently under the category of unlicensed moving into that area of licensed acreage.

So that I am seeing that within the next year or so, six months to a year, we are going to be having a large chunk of these numbers migrate into the realm of the properly licenced and monitored and administered acreage going forward. So I understand your concern, I share your concern but certainly, we are moving quickly towards ensuring that we transition from what now is not an acceptable situation to one where we have most of the acreage under licence.

Mr. Leonce: I am happy to hear that. The information I have here, National Quarries is just under a third of the amount of acreage.

Mr. Lashley: Well, there are two—sand and gravel, and licence. You have counted both of them.

Mr. Leonce: Okay. So is it that in the near future, we would be able to follow up through the Committee that we will be able to change the statistics on this in a significant way?

Mr. Lashley: Very much so.

Mr. Leonce: And have the rest of Trinidad and Tobago smiling.

Mr. Lashley: Yes, indeed. I, as part of the general population as well, would feel more comfortable having these acreages under proper licences going forward.

Mr. Leonce: Thanks, Mr. PS.

Mr. Chairman: Right. Before I give the floor to MP Karim, I just have a quick follow up. I notice in your response, Ms. Ramkissoon, that the licence fee for a quarry is $1,000. Is that correct?

Ms. Ramkissoon: That would be the application fee.

Mr. Chairman: Application fee. And what is the fee—

Ms. Ramkissoon: The other fees are based on the acreage—

Mr. Chairman: "Is based on the acreage."

Ms. Ramkissoon: That is going to be there. There is a formula.

Mr. Chairman: All right, so that, help us with a range.

Ms. Ramkissoon: I think Mr. Beharry would be able to give us a sense of—yeah.

But we have had very huge amounts in terms of—if you can give an idea of the figures.

Mr. Beharry: Yes, Chairman, the $1,000 Senior Counsel mentioned is for the application when it is submitted. The licence fee, when a licence is granted, is tied to the acreage for the parcel of land. So the larger the parcel, the larger the annual licence fee and it is paid on an annual basis and it is calculated at $250 per hectare.

Mr. Chairman: Two hundred and fifty dollars per hectare? That sounds, you know, pretty generous on behalf of the State.

Mr. Beharry: Yes. And what I would like to add also, just to wrap some of the thoughts around some of the questions that MP Leonce mentioned. The persons who are operating on state lands, lands we call state lands or lands where the State owns the surface rights as well as those who are operating on private surface rights but where the State owns the mineral rights. So, wherever the State owns the mineral rights, we collect a royalty from those persons.

We are also in discussion with the Office of the Commissioner of State Lands and there are provisions under the State Lands Act and under the Minerals Act for the collection of surface rents or ground rents. For persons who are issued leases by the Commissioner of State Lands for operating on state lands, they pay ground rents. For persons who are not issued leases but permissions, it is possible also to collect ground rents through the licence. So we are looking at other ways to collect outstanding revenue that could be collected for the State.

Mr. Chairman: I have one quick follow up. I am aware of the some of the other structures of the Ministry's contracting system. I know in some of your other contracting systems, you have applied something called an annual administrative charge, words to that effect, that essentially covers the administration of the contract in terms of what the Ministry has to do. And I think that where we are, that is something that I would like to put on the table there. I know it is probably not something in your current thinking but certainly I am aware, probably from, you know, some previous experience, that there is an annual administrative charge, a flat amount and the thinking behind that charge is that the Ministry administratively, in order to make sure that this contract is kept relevant, we have an annual flat charge that every licence holder pays and depending on the discussion here. I think it is something that the Ministry should consider. Because you outlined a pretty tedious, long drawn out process in terms of renewals and there is a cost to that and the licence application fee of $1,000 just does not seem to capture that. So I am sharing that with you for your consideration. I am now giving the floor to MP Karim.

Mr. Karim: Thank you very much, Mr. Chairman. Mr. Chairman of the National Quarries Limited, I do not know if I am correct in saying that I probably heard you said that under your watch, you may have had the highest levels of production. Could you indicate to us what year that was and subsequent to that answer, will you be in a position to furnish us with the last 10 years of production levels?

Mr. Warner: Mr. Chairman, when I made the issue or made the point about production, I said December was the highest production year and the reason for that is the company had a policy—

Mr. Karim: December what year? Sorry.

Mr. Warner: December of 2017. And the reason for that is the company had a policy where it would close the period just prior to the Christmas and after the Christmas. The board felt that that was not a good way to go and what we could have done during that period was essentially continue production so that when the new year or January started, then we would have production to meet the targets. So in discussion with the union and the employees, we were able to get agreement that there is no need for the organization to close, we could continue production. And so December of 2017 was the highest production year—month, sorry. It is month, not year.

Mr. Karim: And so I was just asking whether you will be in a position to give us some data because you said it is over a period of 10 years. If you can give us the 10-year roll in figures prior to December 2017.

Mr. Warner: We will provide that.

Mr. Karim: So we can get a sense as to how it would have been articulated up to the December 2017 figures.

Mr. Warner: We will produce those figures.

Mr. Karim: The second thing, I do not know if it is the Chairman or the CEO. Well, I can start with the CEO's report because I notice in the document which was sent to Mr. Caesar, the Secretary of our Committee, dated January 10, 2018, that on page 5, you indicated some of your services which you were outsourcing but I did not see in those services, about five of them, where you indicated whether you are outsourcing your training services or your IT services or your legal services. Is it that you are not outsourcing any training services or is it that it is an error and an omission from the title which you have here: Services being outsourced?

Mr. Warner: With respect to the kind of training that the company needs, certainly the company cannot provide all of those services.

Mr. Karim: No, that is okay, I understand that. The question is, really I wanted to know is on page 4 of the CEO's report, you have here, the question was: Are any aspects of NQCL's function outsourced? And on the following page, you gave five only and I am not seeing any addition to those five or that I am aware that you would have outsourced other services. Is it an error or is it that—can you give us an explanation? Pages 4 and 5, because I am leading up to another question, you see.

Mr. Warner: Mr. Chairman, could you give us an opportunity to look at it?

Mr. Karim: Yeah, sure.

Mr. Warner: But you can, perhaps, move on to your next question but does the answer to this question—

Mr. Chairman: And if you do not have the document, the answer here, you are always free to submit it in writing.

Mr. Karim: No, I want to tell you what I am predicating my contribution on. Literally when you started on the last occasion with your desire to improve the capability, the capacity and the productivity of the organization which I am sharing and I am really commiserating with it. So my comments are really in terms of how do we move towards establishing a platform and a basis for competitiveness, and I had asked that question on the basis that, maybe, that was in error, omitted. It is not a big deal, I just wanted to know whether that was so.

However, I wanted to pay some attention to the training plan that you submitted to us. When I looked at the training plan, it kind of behoves me to ask the question: Did any training take place under your remit from November 2015 to December 2017? Did any training of any type? Internal or outsourced.

Mr. Warner: There was some training but to a large extent, the training was what you might call very rudimentary basic training that needed to be done, because part of the challenge with the resources that we have is that their levels are ones that we have to build upon. I will give an example. The organization has leadership in which their capacity to lead is not where it ought to be. So that even in terms of the interaction between supervisory staff and the rank and file, it is not one that we seek to be the best. As a result, some of the training that we would have done would have attempted to address that when the truth is we really needed to be a little more fundamental and I will give you an example.

We have done training on something called emotional intelligence. Now, that was done because interactions were not the best that they ought to have been, but quite frankly, if our supervisors, our leaders, were trained in what essentially is their role: What are the roles? What is the role of a supervisor? What is the role of a leader and how does a supervisor impact and influence people to take action, is different. So that in looking at the training and what needed to be done, we dealt essentially with what you might call some stopgap measures as against putting together a full training plan that would have addressed the capability that we need. And when I speak about capability, we are talking about having an organization with the kind of capacity that can treat with our significant issues. We are talking about our mechanical issues, our operations issues and of course, our electrical issues, but all of that must come together in the context of how the organization is led to deliver those things. So that what we are saying is that yes, we have done training but it is not at the level that we could have begun to look at really building capacity.

Mr. Karim: Would you say that you have noticed, therefore, deficiencies in the existing complement of personnel? Among the 181, 160 plus 21.

Mr. Warner: Mr. Chairman, I would like to be brutally honest on that but you also have to understand that when we speak here, as much as we would like our Joint Select Committee to help us, we also have an organization that we have to continue to lead and whatever we say here, you know, we have to recognize that it has an impact on the people back at home, so to speak.

I would like to suggest that our staff are doing the best that they can within the context of their ability to deliver and as much as we can, build capability. And how are we doing that? We have people who are retiring, we have people who would been separated from the organization for one reason or the other, what we have been doing is we are saying look, we need to get people with the right training and qualification, the mechanical engineering technician diploma, the process operations, the electrical, what you call the triple e, that is where we want to go. Because our staff are essentially people who are home-grown and they do not have, at this point in time, that capability of which we speak but we recognize that they have made significant contribution to that organization. So all that we seek to do is to build on that competence but what we want is of a higher level but we can only do so as we transition the organization for growth.

Mr. Karim: Well, I understand that and I mean, I am one of those who also believe quite firmly that education, schooling and certification might be different things, and it has to do with the performance of the job and the competencies. But I was going in the direction where—and I recognize the fact that you will have people who would have been there for a number of years, many of whom might not have had the certificates but many of whom can perform creditably and therefore, you might engage in an apprentice-type system to ensure that the skills and the competencies are passed on.

But really what I was going to ask you—not in terms of denigrating anybody, I am not into that mood at all. I am saying this is more developmental in our approach. And if it is that you are saying in the CEO's report that—and I am going to quote here:

> The company employs a rigorous recruitment and selection programme.

And clearly if you are saying that and then you are presenting us with a training plan that really spans between January and September, that is what your training plan is. And I am going to ask you a question about the training plan as well and that is why I wanted you to tell us on the basis of what you have, would you say that there was any significant investment—and I am using that word purposely—in people, in the staff, in your human resource, over the period of 2015 to 2017. And I am not seeing it here and that is why I am asking the question. It may have happened, you may not have recorded it but I just want to ask whether you would have had significant investment because that will advise me as to how I ask the other questions.

Mr. Warner: Mr. Chairman, you know, when we speak of the significant investment, you get into an organization in which critical roles were absent and let us speak of some of those critical roles. The organization did not have anyone with any kind of training in finance. There was no one in the internal audit function, so internal audit was not done for years. Okay? In terms of HR, there was no someone with any significant HR training. Okay? In terms of procurement, there was nothing in procurement. Procurement was: I know you and you can deliver, I give you, you know, the job to do.

So that what could we have spent our time doing? First, we had to get the right kind of staff and we spent time in seeking to get that level of staff. So we had to get a new HR Manager—well, not a new, we had to get an HR Manager. We had to get an internal auditor. We had to get a chief financial and beyond getting a chief financial, remember I indicated there was absolutely no one in this entire organization with any training in accounting. So we had to back up that person with an accountant who we felt was capable of even moving into the role of a CFO.

Mr. Karim: You see, Mr. Chairman? You see where I am heading? We have all of this natural resource, we have these quarries, we have this infrastructure, we may or may not have the kind of surveillance we expect, we are now recognizing that we had a deficiency in terms of the human capability, then what do we expect to find in terms of the competitiveness of the organization and maximizing the profitability? And that is why I am asking these questions albeit to assist in terms of how do we move forward.

So I want to ask—one of the things I noticed I did not see in your training plan is while you had the categories of employees, you did not have the beneficiaries, the individual names of the employees. That would have been something we would have liked to see to be able to analyse it properly, but I want to ask the question. How is it in this training plan you have submitted to us and I have looked at it here. How is it have you arrived at this situation where you have a department which is very important to the entire operation of this organization which is staffed by two persons in IT? Do you have one with two persons? Do you have that department with two persons or do you have only one or what do you have? What is this IT department stocked with? And I know that the IT department—I do not want to answer for you—I saw it on the org chart, I saw the unit it comes under, the divisional head, but you have two persons. One an officer and one an assistant and I will tell where I am heading with this.

We cannot talk—the Permanent Secretary is talking about drones and so on. This is a technical-driven society, it is a world. This is the new revolution. I am seeing here people are going to ALTA. Are people aware of what ALTA courses are for? What are ALTA courses for? Why do we send people to ALTA? We have a receptionist—and I do not want to personalize anything. I have come from a training background. These courses are very important. But do you know why you send people to ALTA? Anybody could answer?

Mr. Warner: Mr. Chairman, to be brutally honest and you have pushed me to responding in that way, the percentage of people who can literally read and write and who are in significant positions in this organization, we have to be careful with it.

Mr. Karim: You know, I just want to share something with you, all right. I had started something called—it is really a workforce development unit within organizations. It is called the workers' school. We can talk about that. That is not why we are here to question, I am just suggesting, that when something is done indigenously to an organization, it might have greater impact sometimes and when you bring persons who are not rudimentary to it. And therefore, the question I want to ask again is: Are you aware—you must have been aware—can you tell us how within this period of training, your proposed plan—and I am not saying it is proposed anymore, it seems to be in effect because your first training was signed off on the 30th and the 31st of January for the H&S coordinator who was sent to do what? Report writing. And I want to ask the question, tell us: How many contracts for service in the IT field have been earmarked by one individual? Could you tell us?

And if you do not, I will tell you.

Let me help you there. In this document that you have submitted to us, outsourcing basically in terms of Microsoft, computer literacy and Excel is being outsourced to one person 49 times. One person. It is here you know. One person and I do not know who the person is, it is not important to me. I am saying that in an organization where we are talking about austerity in the country where we want to utilize the capacity, we want to build the resource, it might be something you might want to look at. Because your budget, although you say it is less than 1 per cent of the wages and so on, your budget for this period of time comes up to approximately $260,000 to $270,000 but what caught my attention here is not only the leadership skills that you are talking about and bringing in consultants to do it but basic—you have two IT support persons and you are outsourcing 49 times to a person to be sent for training. Could you give us any—?

Mr. Stephen: So, the way the plan is built, right, the plan is built on a person, the skills gap, what their job description required and what we see as the necessary skills to do to fill that job. So when you look at the individual gaps that need to be closed, it may appear as though that person is being outsourced 29 times but that could be two classes where we actually get people together and have classes around.

Mr. Karim: "Hear nah, hold on, lemme just stop yuh." These are not classes, these are individual positions that are sent to a person external to the organization.

Mr. Stephen: Yes, but there is the assumption there that this is going to be one person going to one, one person going to one, one person going to one and that is not the way we envision that training being done. The way we envisioned that training being done is a person with the skills and capability to execute that training has the people whose names are listed with those gaps go through a session or two, so that may be a session of 20 people or a session of 25 people.

Mr. Karim: Well, it is not written like that.

Mr. Stephen: Well, that is what I am saying.

Mr. Karim: Because if you look at the months—

Mr. Stephen: I have just provided clarity.

Mr. Karim: Yeah, well I think you will need—you know what I am just indicating, you might want to review it.

Mr. Stephen: Fair enough.

Mr. Karim: You might want to review it to maximize the presence of whoever it is in the context.

Mr. Stephen: Right, fair enough.

Mr. Karim: And if you are doing it that way and you indicate it is external, then there is a difference in terms of an external provider as opposed to an internally-driven programme or assistance. And I am saying that you might want to look at it again to make sure that you have the best advantage.

Mr. Stephen: Thank you.

Mr. Karim: Because one of the things you might want to look at as well is in terms of people going outside of the organization at various times and so on and locations when you might be able to do it in harmony.

Mr. Stephen: Thank you.

Mr. Karim: So now that we have more or less settled that and you might want to look at it, I want to also ask you to consider—and I do not know whether you have considered, maybe I should ask you the question. Have you considered at all assessing worker competencies on the work site for certification?

Mr. Stephen: I would say that we have given it some thought more from a mentoring perspective, as the Chairman spoke about, having people who are skilled work with the people who are developing, but in terms of having a process by which we actually do a skills gap assessment on the site, no, we do not have—we have thought about it but we do not have a system in place to be able to do that.

Mr. Karim: Okay, I will suggest to you afterwards but I think it is something that you can utilize to your maximum especially in terms of the transfer of learning. It is called the Accreditation of Prior Learning, sometimes called the Prior Learning Accreditation and Recognition Process.

11.55 a.m.

Mr. Karim: I want to go on to the aspect of industrial relations and legal matters, because I listened to the Chairman when he indicated there was a deficit in terms of the human resource capability, not necessarily in terms of who the person was or would have been, and so on. But could you tell us what legal matters do you have before you now, in terms of personnel and in terms of contractors? If you have those and what are the reasons for it, if it is in the case of contractors and if you could give us a status, in terms of the current position?

Mr. Warner: Okay, Mr. Chairman, we had provided a list of the legal matters.

Mr. Karim: I saw some of the—[*Interruption*]

Mr. Warner: From an IR perspective, some of the matters are outstanding prior to our time; some have arisen during our time. But I was not sure what—

Mr. Karim: Do you have anybody who has sued the company? Do you have any litigation matters against the company?

Mr. Warner: Yes, we have.

Mr. Karim: By contractors?

Mr. Warner: Now, if a contractor sues it may not necessarily be an IR matter.

Mr. Karim: No, not IR, in terms of any corporate responsibility.

Mr. Warner: Oh yes, oh yes.

Mr. Karim: That is what I am talking about.

Mr. Warner: Yes, we have some of those.

Mr. Karim: Could you give us an idea as to how many and the value of it?

Mr. Warner: This is just a rough from what—we do in fact have legal matters that range into between, I would say $7 million and maybe $12 million. Okay. Some of it—[*Interruption*]

Mr. Chairman: I would ask the Chairman to not—I do not want you to hazard a guess on these legal issues. If you could provide that information to the committee in writing, because we want to have proper information when we are making our deliberations. We appreciate that you are trying to give us a guess but the committee prefers to make sure we have accurate information as far as possible.

Mr. Warner: Thank you, Mr. Chairman, because we do have the accurate figures.

Mr. Karim: In both ways. You could give it to us.

Mr. Warner: We certainly would provide that in writing.

Mr. Chairman: Okay, I have MP Leonce. Forgive me, I want to allow my good colleague MP Leonce to go ahead of the Brigadier. Brigadier (Ret.), you have the floor.

Brig. Gen. Antoine: Good morning. I want to address the issue of security as it pertains in the industry. National Quarries stated in its previous time here with us that they had an MOU with the Defence Force in terms of security of the facilities, and I want to address the Ministry of Energy and Energy Industries. Is there any such arrangement with the Minerals Division in the Ministry with respect to personnel of the Ministry? I know that there are some challenges, in terms of personnel going out in the field. Is there any such arrangement in part with the Ministry of National Security, ministry to ministry, as the National Quarries is attempting to do, in terms of security of their personnel going out into the fields?

Mr. Lashley: Member, to answer your question, yes there is. In fact, as the director indicated we have ongoing arrangements with respect to not just the surveillance with regard to licence to active areas but also as well with respect to responding to reports of illegal quarrying that would come from the members of the public. So in those arrangements, what we typically do is we have an arrangement involving members of the protective services, and I keep it broad because there are various entities within both the police service and the defence force that we could rely on, in order to assist us and to accompany us in fact when we make visits to sites that may have some particular security concerns.

Brig. Gen. Antoine: And, to date how are these arrangements working?

Mr. Lashley: It is an ongoing exercise. It has gone through some periods where the response has had its challenges, in terms of these other agencies also being involved in other activities that may conflict at times, in terms of the schedules, but we have been trying to ensure that we coordinate. In fact, we have had a series of meetings, quite recently, where a system is now currently in place which would redound to the benefit of ensuring that there is active communication, quick response time to be able to respond to some of these things.

Mr. Chairman: Thank you very much. Mr. Chairman, I have a couple of questions regarding some items in your submission here. I see one of your ongoing objectives is to continue efforts at acquiring a CEC. Where is that and how long has that been outstanding? Because we try to operate in a place where all entities operating within the sector follow the rules and the law, and this is a State company so I see your continuing efforts. What is going on with that? Could you help us?

Mr. Warner: Mr. Chairman, to get your mining licence you have to get a CEC. You have to have a mining plan. You need to have several different things, with the CEC being fundamental to the whole process. As you are aware, once you are doing a Certificate of Environmental Clearance, it requires you to bring in experts who would, you know, do the work for you, conduct the meetings with stakeholders, et cetera. What we have found is that in following the process to go out and get firms to deliver that for us, it took us a while and when we got the information, because they submit it based on the requirements, one of the issues for us as a company that maybe other companies do not have that issue, is the cost of doing this thing. So that, we went out and recognized, wait, we do not have the ability to fund this right now. So what we said is, can we do this in, what we might call phases, which is where we are at the moment.

So that up to last week we had an additional provider come in to tell us look, how can you do it and what cost can you do it at, so that we can get the process going. And to me, as I explained to Senior Counsel this morning, we are in total agreement with the law as it is stated, but getting through those parts of it, because getting a Certificate of Environmental Clearance is not going to take three months. It can take up to a year, a year and a half and that is where we have the challenge because once we can get the contractors in, we cannot push the other agencies to be able to deliver fast for us. And this is why one of the things we had asked the former Minister is: Can you give us provisional, knowing that we had and let us go through this process so that we can get this thing done?

Mr. Chairman: All right. Thank you for that update. I have a couple more questions, more in terms of the operations of the company.

Now, I have looked at some of the documentation you have supplied here. It seems that the company is operating on a monthly loss in the region of $700,000. Now, I know you indicated that you are not getting a subvention from the Government. But operating on an almost three-quarter million-dollar monthly loss is difficult to sustain for any extended period. So I am trying to understand what is the plan, what is the thinking here to try to turn that around because I have looked at some of your cash balances at the bank, and it is tight.

So the concern from the side of this Committee is the sustainability, the viability of the business. We do not want you to end up, as with some other entities, in places where people are moving in to take assets. So those things are topical and it is obviously a concern. You are not able to sustain your current operation cost. You are running at a monthly loss and we need to just try to get from you what is the plan to try to make sure you do not end up in a place where your equipment is held by a bailiff. You know?

Mr. Warner: Mr. Chairman, that is something that my CEO addresses on a daily basis, along with the CFO. And we have taken some specific decisions and actions. I am going to pass over to the CEO and he will explain to you some of the processes, some of the targets that we set for a daily basis, and also how we monitor our cost and manage our cost. So I would pass to my CEO who would also influence, with the CFO.

Mr. Mohammed: Thank you, Mr. Chairman. You are right, looking at the numbers, they could be discouraging at times. But we have taken a very hard look at efficiencies in the business and our key focus over the last three months has been on our direct operating cost and looking for opportunities to be able to drive that direct operating cost down.

We have succeeded in reducing that cost by close to about 20 per cent since we met it and it has been done by looking and measuring some clear metrics around cost of mining, cost of haulage, all the operational costs. Where we are finding ourselves over the last two to three months is that we are starting to get to the point where we are almost breaking even. Right. We started to get to the point where we are almost breaking even, to the point where losses are now somewhere in the region of between $150,000 and $200,000 a month.

Our projection is that once we have the limestone division up and running we should be able to cross that hurdle to get back into the black, I would say, over the next two or three months. But the approach has been to take inefficiencies out of the system, focus on direct operating cost and be able to manage that on a day-to-day basis. I am just going to let the CFO say one or two words around how we do that on a daily basis.

Mr. Stephen: So, one of the things that we did was we looked at the operating cost, as the CEO mentioned, and we realized that in order to cover that cost we have to do a certain number of activities on a daily basis, which we continue to monitor on a daily basis. We know what our revenue is or should be in order to cover that cost, and again we track that every single day.

What we did as well is, we know what it costs us to produce a ton of aggregate. I am not sure if that information existed in the company before. So looking at that type of information and those metrics, we have been able to reduce that $700,000 average, as you mentioned before, down to the vicinity of $100,000 and $200,000 right now. And if we continue in that trajectory, within three to six months we should be able to make the company profitable.

Mr. Chairman: Mr. Stephen, you said a very important word that is magic to my ear. It is called metrics. If you cannot measure something, you do not know what you are doing. You have to be able to apply metrics and measure. So it is music to my ear because that means that someone somewhere is applying some rigour to what you are doing. If you do not apply the rigour, then you will always run into difficulties.

I just have a quick follow-up question because, again, I am in the details and I am looking at your unit cost. You mentioned the unit cost of production and what I found interesting here is that over the period of time provided in the data you have sent to us, when you ramp up your production levels, the unit cost of production drops. So if I look at some of the data here, if your production doubles from one month to the next, you find that your unit cost of production only goes down by about 10 to 15 per cent, which suggests that there is a high fixed cost or high fixed element in your unit cost operations. Forgive me, I like to look at numbers. So that is a challenge for you operationally because if you double production but your unit cost goes down by 15 and 20 per cent, then the only real saviour for you is just to keep running flat out. Because in months when you have lower production, your unit cost is just almost not sustainable. Is this something you have looked at?

Mr. Mohammed: Yes, we have looked at it from several perspectives and some of the key metrics that Glen spoke about that we measure every day is gravel grade. So if we have good gravel grade, 75 per cent and above, then the cost of processing per unit drops. So we have been focusing on keeping that gravel grade above 75 per cent.

The next area of focus is our haulage and our ability to maximize our haulage potential on a day-to-day basis. Once we are maximizing our haulage potential on a day-to-day basis, our unit cost drops.

And the third major part of that unit cost is capping. So how we actually cap those reservoirs after we extract from them is also another critical part. Those three metrics are probably what you would say are your high overheads in our mining cost and we pay detailed attention to it, to the point where we look at cost equipment by equipment, day-to-day, to be able to see what should be utilized and what should not be utilized. And that is actually starting to drive the efficiency and more creative ways of doing the work.

Mr. Chairman: As a member of this Committee, I am pleased to hear that someone is looking at this because at the end of the day we can talk about the policy and the strategy and dealing with all the engagement issues, but operationally we need to fix the operations of National Quarries.

Mr. Mohammed: Absolutely.

Mr. Chairman: And in order to do that somebody has to go in there and fix or at least take a hard look and pull out some of these numbers and understand exactly where the company has challenges and deal with those issues frontally. So I appreciate your response because it sounds good in my ear because I look at these numbers and I get concerned. But I appreciate the response. The response is the response that I was more or less expecting to hear.

I give the floor now to Sen. Mark.

Mr. Mark: Yes, thank you very much, Mr. Chair. I want to address this question to the Permanent Secretary and also the Chairman of National Quarries.

Now, you know in Paris, just a couple years ago, I think about a year and a half ago or two, the world signed up to what is called the Paris Climate Agreement and the whole question of the environment featured very prominently within that framework. We know the quarry industry is a very, you could put it as a polluter of the environment if certain protective measures are not taken to ensure the sustainable nature of our surroundings. I want to ask, in the case of the National Quarries, do you have silt traps to address your wastewater? Because you know if you do not have silt traps to address your wastewater, it would begin to drain into the rivers. The rivers become clogged and the aquifers are starved. And, therefore, the question that I am asking is: How are we addressing wastewater coming from the plant clogging the rivers, starving the aquifers, damaging the environment, killing fishes, damaging plants? Have we been able, at the National Quarries, to take measures to ensure—? Because I understand you have two major rivers, small La Seiva, large La Seiva and both are polluted or have some element of pollution. So the question here is: What steps have been taken by National Quarries to address the environment? That is very critical, particularly in terms of rehabilitation as well.

Mr. Warner: Mr. Chairman, I will allow the Chief Operating Officer to tell you that National Quarries, we are not just about mining. We are also concerned about the environment and that is why our Chief Operating Officer will show you the difference, in terms of how this national company operates.

Mr. Hackett: Thanks, Chairman. We operate under ISO 14000 protocols, which deal specifically with environmental management and we have in fact been recertified under those protocols.

With regard to the sand and gravel division, we operate a closed-loop recycling system for our wastewater and internally we monitor the outfalls to the natural watercourses on a periodic basis, on a quarterly basis. That is also backed up by monitoring from the EMA, who independently tests the natural watercourses insofar as the outfalls from our site, and consistently we meet the requirements of the EMA.

With regard to our limestone division, what we have is retention ponds for the water that flows across our quarry site and then exits into the Arima/Blanchisseuse River. Again, based on our internal testing and the external testing, we do in fact meet standards. So we are very mindful of the impact of quarrying on the natural watercourses and we do our very best to ensure that we do not have a negative impact on those watercourses.

Having said that, really in relation to both sites, there are other operators that are in close proximity to our sites. We do not have control over what those other operators do.

With regard to the sand and gravel site, there is also the prevalence and presence of periodic illegal activities which may in fact have impacts on the natural watercourses.

Mr. Mark: Well, maybe I can ask Mr. Lashley the following question. The CEO said that operators that function nearby, adjacent to National Quarries, they have obviously no control over them and you did make mention in your contribution a short while ago, the impact that you take on board when you are granting licences would, among other things, look at the aquifers as an example, and, of course, the rivers to ensure that, you know, it is kept reasonably clean, the potable water supply. Is the Ministry engaged in any national assessment to determine the impact on the aquifers, the potable water supply, rivers, the environment, that quarry operators could be bringing to bear on these very delicate areas of the environment? Have you been able to proceed along that line to do a proper national assessment?

Mr. Lashley: Yes, I would let the director treat with some specific issues. But certainly it is an area that is of high concern at the level of the Minerals Advisory Committee in which a lot of the other agencies who have primary responsibility for some of these things as well, the Water Resources Agency, EMA are members of the committee. So that whenever a matter/an application comes before the committee, it is of paramount importance that in fact any permission granted or any sort of licence arrangement, all of the requirements that support and inform the manner in which an operation would be conducted would have to conform to all the requirements.

So, having said that, I would pass you on to the director to treat with any sort of programmes that are currently in place, with respect to monitoring and enforcing some of the guidelines that were issued.

Mr. Mark: Before you pass on to him, I was asking specifically whether the Ministry has conducted—maybe with other agencies, because you have a minerals advisory council or board, as you have mentioned—any national assessment, given the widespread degradation of our environment? Then you also have the denuding of the hillsides. You have the impact on the rivers. You have the threats posed to the aquifers and the rivers, and so on. Is the Ministry considering conducting or seeking to have another agency conduct a national assessment on the environment, given the almost illegal, criminal behaviour exhibited thus far by these operators who are deemed illegal and the impact they are having on our environment? And, therefore, the population needs to know what are the consequences of their illegal operations and, therefore, what measures we have to take as a nation to safeguard our environment. That is the point I was making before you put me on to him.

Mr. Lashley: Before I pass you on to the director, in terms of an assessment of environmental impact, the point I was making is that the primary responsibility and the focal point for any sort of assessment like that would lie with the environmental agencies. We, of course, would partner and support.

So, for instance, quite recently there has been discussion around a study within the Gulf of Paria, with respect to activities, not just from quarrying or from the petroleum industry, farming industries, in terms of their outfalls into the system and how that impacts overall on the ecosystems and the quality of the watercourses, the marine environment, and the rivers and streams that flow into it.

So, certainly the Ministry is part of those discussions and we would continue to support and be part of any national exercise that would take a comprehensive look at the contributing elements to those things and how in fact we can mitigate any sort of activities that contribute to it. But I will pass you on to the director just to treat with some of the day-to-day.

Mr. Beharry: Thank you, PS. Chairman, as PS indicated, the lead agency responsible for the environment and environmental matters is the Environmental Management Authority, which is now under the Ministry of Planning and Development. We have, in the past, not specifically initiated any studies with respect to rivers, but the Water Resources Agency and the Water and Sewerage Authority (WASA) had a programme called Adopt a River, which they led and which the Ministry of Energy and Energy Industries, Minerals Division, with respect to the quarries was a part of. That looked at the health of the rivers and the situation with rivers in general in the country and the impacts that industrial activity, agriculture and other types of activities are having on rivers and it included the impacts that quarries were having on rivers. So there is a programme in that agency that I was aware of.

The Environmental Management Authority also does their state of the environment report every so often where they look at various aspects and impacts on the environment and we collaborate with them to provide information and we work closely with them.

As part of the licensing process, an application comes to the Minerals Advisory Committee and sitting on that committee are representatives from WASA and the EMA, among others, very senior officers from those agencies. And when an application is reviewed for the grant of a licence, consideration is given to the impacts on the aquifers, the impacts on the environment and all the various issues associated with denudation of the environment and the natural systems. So we are working closely with these agencies that have the lead on these matters.

Mr. Mark: May I ask, the Chairman of National Quarries, whether you could provide us with a detailed breakdown. I am dealing with the human resource element of your operation. I have noted that you have about 181 employees. You do not have to reply; you can submit it in writing for us. First of all, can we have a detailed breakdown by categories, qualification and salaries and years of service of those 181 employees? Would you be kind enough also to advise us on how many of those employees—do you have a collective agreement?

Mr. Warner: Yes.

Mr. Mark: There is a trade union representing workers there. What is the name of the trade union?

Mr. Warner: The Oilfields Workers' Trade Union.

Mr. Mark: Right, so you have a collective agreement. Could you supply us, Mr. Chairman, with, since you assumed chairmanship of National Quarries, how many new employees have been engaged? Again, could you give us a detailed breakdown, in terms of categories, salary levels, and qualification? Because I think one of the points that you were making and I think Mr. Fazal Karim was making, in terms of the need for upgrading your human resource base and you yourself admitted that you do have a challenge at this time with the quality of your labour force at this time.

12.25 p.m.

So maybe efficiency levels can be addressed when we look at your overall breakdown as it relates to your workforce. So if you can supply us with those pieces of data in writing, I would appreciate that very much. And my final question—as I said, put that in writing for us, you do not have to respond at this time.

And my final question goes back to the Minerals Division and I go to the Director and maybe the Permanent Secretary, again you can supply us in writing, you can give us a tight position as I outline the areas of concern.

First of all, could you outline to this Committee the company's organizational structure in the following details:

1. We would like to find out the total establishment of each department, categorized by contracted and permanent staff.
2. We would like to find out the number of positions that are filled and the number of positions that are vacant in the Minerals Division.
3. We would like to find out how does the Minerals Division ensure that employees possess the required skills and or competencies.
4. We would also like to find out what are some of the challenges being faced by the Minerals Division and also what strategies are in place to alleviate some of these challenges?

Because, as I said to you, Mr. Lashley and your Director, we are here to try to help the Ministry, as the regulator and, of course, the National Quarries as a company to improve and increase your levels of efficiency, efficacy, economy and effectiveness overall. So these are some of the concerns I would like to have submitted on behalf of the Committee to the Chairman, so that we can be able to proffer the appropriate recommendations when we do our findings, to strengthen the operations, not only of National Quarries but, of course, your Ministry which we realize, you know, is facing some challenges. But we are here to help you.

Mr. Chairman: And Mr. Lashley, also in that submission, if the Ministry has any current thinking about what types of staff or what numbers are required to really be—to really deliver, if the Ministry has any current thinking that will help us. Because we will look at it and we will be able to notionally say if it looks good or if it looks under-resourced. From where you sit, given the experience I know you have in the Ministry and understanding the challenges that the Ministry has had in administering this sector not for last year, but for the past 25—30 years it has been a challenge. So that if you have any thoughts about what could be done in terms of resourcing the Ministry, or the unit in the Ministry to do that work effectively, the Committee will be happy to receive, you know, your current thinking on that, all right.

I will now give MP Karim, we are about to wrap up, I am going to give you a couple minutes to ask one or two short questions before we wind up. We have essentially run out of time and I know you had a request for questions for some time.

Mr. Karim: Thank you very much, Mr. Chairman. Basically, very briefly, I just want to follow-up on my colleague's questions, Mr. Mark, to ask you to put in writing for us and indicate how did you arrive at the one individual who was contracted for 49 occasions for IT training? And secondly, there was one particular training provider and you will notice it from your plan, who has been contracted for over 30 occasions for a certain type of training within the organization. So an individual, and also a training provider. Thirdly, we would have heard this morning, in terms of your challenge for profitability. If you can answer or if you would like to put it in writing, but maybe you can give us a sense as to briefly, what are your plans given the time constraint in terms of your sustainability of the organization and if that includes any element of diversification?

Mr. Warner: Just quickly, Mr. Chairman. With respect to diversification, the National Quarries Company, we are sticking to our matrix, that is, we are in the mining and quarrying business which is where we are going. In terms of efficiency, we have areas in which we believe because of plant capacity and all of that, we need to address those and so that is the reason why we went into the crushing contract which was something that was advertised nationally.

In terms of further efficiency, we felt that the only way you can get the best price on everything is that there must be competitive tendering, and that is the reason why we went through an extensive process of having the suppliers prequalified, and when they are prequalified, then they can bid. That has given us already for our larger contracts reduced prices on some of what we are seeing. And the final area in terms of our competitiveness, the issue of looking at our cost on a daily basis. In the energy sector, where I came from, we used to talk about 50 cents per barrel; we now have that conversation taking place here because we know what is the cost per ton of product with everything included and everyday what we seek to do is bring that down. So each time I call my CEO on a morning, he can tell me what was the cost we delivered at. That is the only way—

Mr. Karim: Given the downturn in the construction sector, do you have any ideas as to—or any plans as to what you are going to do with this excess capacity that you have on your hand?

Mr. Warner: The capacity that we are dealing with right now is to deliver for the planned programme of the Government. As we said before, what we have done is we have kept very close contact with the implementers of Government's programme and what we did is we took what we would call a realistic view with respect to what we can deliver. As distinct from saying, well PURE says they are going to need X amount and we will deliver all of PURE. We are not the only player in the game. We have taken a percentage of what we can deliver.

Mr. Chairman: Thank you very much. I will now, as I begin to close this hearing—this enquiry, I would like to first call on the Chairman of National Quarries and followed by the Permanent Secretary, Ministry of Energy and Energy Industries, to give a few brief closing remarks.

Mr. Warner: Thank you very much, Mr. Chairman. The National Quarries Company Limited is going through a significant transformation. Some of the things that we ask of the Committee is to assist us as we continue to treat with some of the issues that we have addressed here and we certainly believe that we will get that help from here.

So, we want to thank you for the opportunity to being able to assist us. One of the areas, of course, is as we work through our CEC to get that licence, the process takes too long, you know, and we believe that if something can be done to address that, then you know we will be in a better place. A year and a half is just too long for us to get those things in place. Thank you.

Mr. Chairman: Noted. Mr. Lashley.

Mr. Lashley: Thank you, Chair. I want to again, thank the Committee for a very insightful session this morning in terms of pointing out and raising issues that we will certainly be looking into. We appreciate, of course, as usual your promise of support for moving forward on a number of these items, to the extent that we require the support from within the Parliament. Certainly as a company, National Quarries is a fundamental cornerstone for a lot of the projects, infrastructure projects that the Government is seeking to implement. So we certainly want to ensure that they are poised to deliver as they want to do, in terms of providing the supply of materials in an efficient manner going forward to support the National Quarries.

So, thanks again to all members of the Committee and on behalf of my team, I just want to give you the assurance that we will continue to provide whatever information you require.

Mr. Chairman: As I begin to close, I want to on behalf of the Committee, we want to put on the record the Committee's appreciation for the fullness of the responses. Some of the responses were I think "brutally honest" and the Committee appreciates that, because in order for us to get the work done we need the fullest responses possible. And we appreciate the fullness of the responses by the Ministry's team as well as the National Quarries' team and it will help us to be able to help you.

So as I begin to close, I want to thank all members of the viewing and listening audience and all the members of the media and I want to thank again the representatives of the Ministry of Energy and Energy Industries and the National Quarries for coming to share their time with us. I want to thank the Committee members for your hard work and diligence in being prepared to be here and I now say that this meeting is now suspended. Thank you very much.

12.35 p.m.: *Meeting suspended*.

APPENDIX IV: ATTENDANCE REGISTER

ATTENDANCE REGISTER

2017/2018 Session, Eleventh Parliament

Name	21st Meeting 06.11.17	22nd Meeting 20.11.17	23rd Meeting 11.12.17	24th Meeting 29.01.18	25th Meeting 19.02.18	26th Meeting 26.02.18	27th Meeting 12.03.18	28th Meeting 26.03.18	29th Meeting 09.04.18	30th Meeting 07.05.18
Mr. David Small	√	√	√	√	√	√	√	√	√	√
Dr. Lester Henry	Exc.	√	Abs	Exc.	√	Exc.	√	√	Abs.	Abs.
Mrs. Cherrie-Ann Crichlow-Cockburn	Exc.	Exc.	Exc.	√	√	√	√	√	Abs.	√
Brig. Gen. (Ret.) Ancil Antoine	√	Exc.	√	√	√	√	√	√	√	√
Mr. Adrian Leonce	√	√	√	√	√	Exc.	√	√	√	√
Mr. Fazal Karim	√	√	√	√	√	√	√	√	√	√
Ms. Allyson Baksh	√	Exc.	-	-	-	-	-	-	-	-
Mr. Ronald Huggins[i]	-	-	√	Exc.	Exc.	√	Exc.	√	Abs.	√
Mr. Wade Mark	√	√	√	√	√	Exc.	√	√	√	√

[i] Mr. Ronald Huggins replaced Ms. Allyson Baksh w.e.f 28.11.17