PARLIAMENT

REPUBLIC OF TRINIDAD AND TOBAGO

SE

11th REPORT OF THE

JOINT SELECT COMMITTEE ON

STATE ENTERPRISES

on

An inquiry into the activities, administration and operations of National Flour Mills (NFM) including the Company's role in the processing of rice from local farmers.

July 2019

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The Joint Select Committee on State Enterprises

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REPUBLIC OF TRINIDAD AND TOBAGO

Joint Select Committee on State Enterprises

An inquiry into the activities, administration and operations of National Flour Mills (NFM) including the Company's role in the processing of rice from local farmers.

Eleventh Report 2018/2019 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. Anthony Vieira
Dr. Lester Henry
Mrs. Cherrie-Ann Crichlow-Cockburn
Mr. Wade Mark
Mr. Fazal Karim
Brig. Gen. (Ret.) Ancil Antoine
Mr. Adrian Leonce
Mr. Garvin Simonette

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, Mrs. Krystle Gittens, Graduate Research Assistant, and Ms. Safiyyah Shah, Graduate Research Assistant (Intern).

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:

1. National Flour Mills is 51% owned by National Enterprises Limited (NEL), and 49% by public shareholders;
2. Nonetheless, NFM more or less subscribes to the framework set out in the State Enterprises Performance Monitoring Manual (SEPMM);
3. At the time of this Report, the aspects of the SEPMM framework that NFM was yet to adhere to were:
   - Utilisation of the e-Auction system;
   - Full compliance with the Occupational Safety and Health Act;
   - Submission of Annual Performance Review and Appraisal Reports (Appendix K of SEPMM); and
   - Submission of Board Minutes.
4. NFM operates three strategic divisions in a highly competitive market:
   - Food;
   - Animal feed; and
   - Imported dry goods and grain.
5. NFM's products are primarily supplied to the local market with approximately 10% of NFM's output being exported regionally and internationally;
6. Despite NFM's stated Mission *"to feed the region…"* food security is not the primary objective of the organisation. As a publicly traded entity, NFM made clear that it prioritises shareholders' interests;
7. Nonetheless, NFM acknowledges its responsibility to preserve the affordability of the primary staples of the local population. For this reason, NFM sets prices based on Government directives, rather than market fluctuations;
8. NFM listed the following major challenges:
   - No control over wheat prices;
   - Inability to increase the price of flour in line with changes in wheat process;

- Increased competition for both flour and feed products resulting in decreased revenue;
- Compliance with quality food standards;
- Depressed economic conditions, with reduced consumer spending; and
- The need to adapt products to better suit the trend of healthier lifestyles.

9. NFM is engaged in a continuous improvement programme focused on improving operating margins and working with managers and customers in pursuit of sustainable profitability;
10. Over the next six (6) months, NFM will be focused on developing strategies in consultation with the Unions to:
    - Improve productivity;
    - Reduce operational costs;
    - Identify the gap in the required competencies throughout the organisation, which will be used as the basis for employee training, and retraining;
    - Reconfigure the organisation to address the issues of increased competition and changing consumer requirements, inclusive of introducing new technology on a phased basis; and
    - Revise NFM's organisational structure in its next Strategic Plan.
11. NFM also aims to attain Safe Quality Food (SQF) certification by the end of the current fiscal year. This will increase export participation;
12. Another improvement identified was the inclusion of a Virtual Reality Tour of its facilities as an option for shareholders at Annual General Meetings. This facility will also be used for training purposes;
13. NFM is currently exploring new products e.g. composite flour (cassava/corn and wheat). However, Investment in developing gluten-free products has not being deemed suitable at this time, due to limited local market demand for such products;
14. NFM's participation in rice milling, through the operation of the Carlsen Field Rice Mill on behalf of the State, commenced in 1985 at the request of the Government of the Republic of Trinidad and Tobago;
15. The Carlsen Field Rice Mill has the capacity to mill 21,000 metric tonnes of rice per year;

16. (5%) of the milled rice paddy is sold as Brown Rice and (95%) is used as an Input for animal feed;
17. NFM has determined that rice production is not a part of its core business and therefore is currently engaged, with the support of the Government, in the process of divestment of the Carlsen Field Rice Mill to a private investor;
18. At the time of this Report, the following activities were outstanding in the Carlsen Field Rice Mill divestment process:
    - Negotiations for the sale of the Rice Mill to the preferred Investor.
        - Estimated completion date: March 31, 2019.
    - Negotiations between the preferred Investor and NFM for leasing of the land at the site of the Rice Mill.
        - Estimated completion date: June 30, 2019.
    - Construction of the Facility for the Production of Parboiled Rice.
        - 18 months from the execution of the Agreements.
19. As an agent for the Ministry of Agriculture, Land and Fisheries (MALF) NFM fulfills the following functions:
    - Grading of rice paddy;
    - Weighing of rice paddy;
    - Milling of rice paddy; and
    - Disbursement of payments to rice farmers for rice paddy.
20. The MALF has historically been slow to provide payments to rice farmers for paddy purchased through NFM due to the current economic constraints. However, all outstanding invoices were paid on 10 January 2019;
21. At the time of this Report, the MALF owed NFM outstanding Management Fees for the period July to October, 2018.

<u>Status of the Trinidad and Tobago Rice Industry.</u>

22. Local rice production drastically decreased from approximately 21,000 metric tonnes in 1992 to 585 metric tonnes in 2018;

23. The decline in rice production has been attributed to:
    - The cessation of rice farming in the Nariva Swamp; and
    - Decisions by farmers to cultivate other crops.
24. Of the 30 active rice farmers, only 3 sold rice to NFM in the last crop (2018);
25. There are two types of rice cultivation in Trinidad, irrigated, and rain-fed;
26. The following details were provided for rice cultivation:
    - Timespan from sowing to harvest - 3.5 - 4 months;
    - 3,500-4,000lbs of rice are produced per acre;
    - Cost of production per acre is approximately $3000.00; and
    - Estimated Profit per acre, $1,000 - $1,500.
27. Cost-effective rice production can be achieved through:
    - Large scale rice farming;
    - A guaranteed market, and price.
28. The primary challenges faced by Rice Farmers:
    - Low/poor quality seed stock;
    - Late payment for paddy;
    - Irrigation systems;
    - Lack of technical support from the MALF;
    - Land tenure; and
    - Absence of a parboiled rice production facility.
29. Additional challenges experienced by farmers include:
    - With the introduction of the grading system at NFM by the MALF, farmers' profit margins have become smaller. The system was described as "unsatisfactory"; and
    - The uncertainty surrounding the process of divestment of the Carlsen Field Rice Mill, and its success being contingent upon MALF's support system.
30. The MALF provides the following support to rice farmers, but it may not be sufficient:
    - Engineering Division has many projects on the books - e.g. Irrigation system;
    - Water management - access to pumps;
    - Free soil testing; and

- Pest control management.

31. The MALF informed the Committee that:
    - Late payments to rice farmers were due to an anomaly for the 2016/2017 period. The situation was since rectified with the last payment being made in January 2019; and
    - Claims made by farmers affected in the October, 2018 flooding incident are being processed at the Divisional Offices, MALF.
32. The Committee learned that the Ministry of Trade and Industry does not have any initiatives specifically targeted to the Rice Industry;
33. The ADB informed the Committee that it is guided by the MALF in achieving its mandate:
    - Since 2006-2012, the ADB has provided financial support to rice farmers;
    - Assignment of Procedures wherein, payments from rice farmers are made by the NFM to the ADB;
    - 9 rice farmers are clients of the ADB;
    - A 75% default rate from these rice farmers due to late payments by the MALF and hence NFM;
    - ADB offers the refinancing and rescheduling of loans to the rice farmers - 4 of whom have accessed this facility; and
    - The ADB does not offer technical support (e.g. business plans) to farmers.

Summary of Recommendations

The following is a summary of the recommendations proposed by the Committee:

1. While NFM has voluntarily adhered to the framework for State Enterprise operations, as defined in the SEPMM, the Committee encourages completion of necessary activities to:
    - Implement the e-Auction system; and
    - Fully comply with the Occupational Safety and Health Act.
2. Given the current state of the Rice Industry in Trinidad and Tobago, it is understandable that NFM has decided to withdraw from participation as an agent for the Government. However, the Committee appreciates that NFM also has to strike a balance between shareholder interests and the national interest, as pertains to food security.
3. Overall, the Committee is encouraged by the strategies being implemented by NFM to realise profitability and long-term sustainability. A status report on the completion of necessary activities, along with implementation dates, should be submitted to Parliament by October 31, 2019.
4. The Committee recommends that the Ministry of Agriculture, Land and Fisheries put systems in place to enable the successful development of the Rice Industry in Trinidad and Tobago, with or without NFM. Necessary activities include:
    - Development of a comprehensive National Rice Development Plan;
    - Development of an appropriate programme of incentives to encourage farmers to engage in rice cultivation;
    - Improvement of:
        - Seed stock;
        - The system for payment for paddy;
        - Irrigation systems;
        - Provisions of technical support;
        - Land tenure issues; and
    - Provision of a parboiled rice production facility.

A status report on the completion of necessary activities, along with implementation dates, should be submitted to Parliament by October 31, 2019.

5. Given the issues experienced with the payment arrangements between the MALF and NFM, as the Ministry's agent, it is recommended that the MALF review its systems in order to streamline the payment process and ensure that the issues of timeliness are resolved. A report on the streamlined process should be submitted to Parliament by October 31, 2019

Status of the Trinidad and Tobago Rice Industry.

6. Based on the information gathered from various stakeholders, it is the Committee's belief that a collaborative effort among all stakeholders is needed to revive the Rice Industry. Key outcomes from the collaboration will include:
    - A comprehensive National Rice Development Plan;
    - Better quality, and higher quantities of seed stock;
    - Timely payments for paddy;
    - Efficient irrigation systems;
    - Land allocation policy;
    - Financial support services;
    - Parboiling/ milling operation; and
    - Technical support from the MALF.

Report Summary

This report examines the activities, administration and operations of National Flour Mills (NFM) including the Company's role in the processing of rice from local farmers. During the inquiry, the Committee focused on following objectives:

i. To determine whether NFM is adhering to the framework for operations as outlined in the State Enterprises Performance Monitoring Manual;
ii. To determine NFM's strategy to support the achievement food security for Trinidad and Tobago;
iii. To determine the strategies being used to guide the Company over the next five year period;
iv. To determine NFM's business model to realise profitability and long-term sustainability; and
v. To determine the productive nature of NFM's relationship with its clients for example the Ministry of Agriculture, Land and Fisheries and the Rice Farmers of Trinidad and Tobago

In summary, the Committee considers NFM to be conscientiously working at addressing the major threats to its future viability. This is very encouraging.

In the course of the Committee's interrogation of the pertinent issues surrounding its defined objectives, an additional inquiry priority evolved, pertaining to the status of the Rice Industry in Trinidad and Tobago.

Recommendations proposed by the Joint Select Committee on State Enterprises are intended to improve the efficiency and effectiveness of the operations of NFM, as well as address the challenges being faced by the Rice Industry of Trinidad and Tobago.

1. Introduction

1.1. Literature Review and Background

1.1.1. The State Enterprises Performance Monitoring Manual outlines the framework within which State Enterprises and the Minister of Finance (Corporation Sole) interact. It defines:

i. the roles of the major interacting agencies involved in monitoring the State Enterprise Sector;
ii. the Monitoring Mechanism;
iii. the Performance Monitoring Indicators applicable to the Sector;
iv. Compliance as well as the inputs for generating synergies within the Sector.

1.1.2. The rationale for this document is to facilitate the Government of the Republic of Trinidad and Tobago (GORTT) thrust to enhance efficiency and effectiveness in the State Enterprise sector.

1.1.3. This five-part manual is the result of extensive consultation with stakeholders and the collaborative effort of officials of the State Enterprises and the Ministries[1].

1.1.4. The Framework for State Enterprises Operations is attached at **Appendix I**.

1.2. Entity profile:

1.2.1. NFM commenced trading activities in 1966 as Trinidad Flour Mills which was then owned and operated by a group of local and foreign shareholders. NFM has maintained ISO certification continuously since 1994. In 2008, they successfully converted their ISO 9001:2008.

[1] State Enterprises Performance Monitoring Manual, 2011: http://www.finance.gov.tt/wp-content/uploads/2013/11/State-Enterprise-Performance-Monitoring-Manual-2011.pdf

1.2.2. The company was incorporated on September 30, 1972, with the Government of Trinidad and Tobago holding the majority of the issued share capital; minority holdings were held by two foreign investors - Inter Continental Grain Company and Maple Leaf Limited.

1.2.3. The shareholdings of these two foreign investors were purchased by the Government of Trinidad and Tobago in 1980, thus NFM became a wholly owned State Enterprise. Currently, 49% of NFM's shareholding is owned by the Public and 51% by National Enterprises Limited, which itself is a publicly listed company

1.2.4. In 2017, despite reduced sales as a result of the depressed economic conditions, the Company was able to attain revenues of $435M and a Net Profit after Tax of $29M. Earnings per Share declined from 29 cents in 2016 to 24 cents in 2017, a decrease of 17%[2].

1.2.5. Areas of Business

- Flour & Dry Mix Operations
- Animal Feed & Pet Food Operations
- Trading Operations
- The divestment of the Rice Mill at Carlsen Field has been approved by Government and efforts are underway to effect this decision. This move would effectively transfer the responsibility for rice processing to the private sector leaving NFM to focus on its core operations[3].

1.2.6. Recent Measures Implemented to Improve Performance

i. Better Forex Management – the more favourable allocation of foreign exchange to the manufacturing sector has improved NFM's ability to pay NFM suppliers and meet NFM loan obligations on a timely basis, resulting in reduced finance charges.

[2] National Four Mills Annual_Report_2017: http://nfm.co.tt/Portals/0/Documents/Annual_Report_2017.pdf
[3] National Four Mills Annual_Report_2017: http://nfm.co.tt/Portals/0/Documents/Annual_Report_2017.pdf

ii. More Effective Procurement Practices – grain prices continue to be monitored closely and prudent grain purchases have resulted in significant cost savings compared to prevailing market rates.

iii. Enterprise Resource Planning (ERP) Upgrade – the upgrade of the ERP system commenced in 2017. By mid-2018, NFM will have in place a fully integrated ERP system. This will facilitate traceability, transparency, real-time information and better governance, all of which will work towards promoting more effective decision-making.

iv. Continuous Improvement Programme – significant strides were achieved across NFM operations as over 30 projects were completed to date with a focus on efficiency improvement. This has resulted in better management and deployment of production shifts and preventive maintenance programmes with a corresponding impact on plant and labour productivity. [4]

v. "NFM embarked on a strategic planning process in the 4th quarter of 2017 to determine the strategies required to guide the Company over the next five year period. Given the variability of wheat and ocean freight prices and trends by consumers for healthier, more easy to use products, the objective of the strategic planning exercise was to chart a course that would reduce the Company's reliance on wheat-based products. In addition, given the need to contribute to the achievement of food security and economic diversification, it was determined that linkages to the agricultural sector would be explored[5]."

Mission:

1.2.7. To feed the region by meeting and exceeding global food safety standards, value for money offerings, and fairness and equity in treating with our employees.

Vision:

1.2.8. To be the most trusted food and feed manufacturer in the region.

[4] National Four Mills Annual_Report_2017: http://nfm.co.tt/Portals/0/Documents/Annual_Report_2017.pdf
[5] National Four Mills Annual_Report_2017: http://nfm.co.tt/Portals/0/Documents/Annual_Report_2017.pdf

1.3.Reported Issues/Challenges Experienced by NFM

1.3.1. The Committee became aware of several instances over the past year when allegations were made against NFM concerning outstanding debt to rice farmers and issues with the NFM rice mill.

- 200 tonnes of rice left to rot at NFM mill: Guardian Newspaper Article dated March 03, 2017
- Farmers threaten lawsuit over NFM debt: Guardian Newspaper Article dated December 12, 2017
- Farmers mired in debt - Lowest rice production in years: Guardian Newspaper Article dated May 22, 2018

1.3.2. These allegations gained particular significance in the light of a June 04, 2018 dividend declared of $0.10 per share[6].

1.3.3. On Tuesday June 12, 2018, at a sitting of the Senate, the Minister of Agriculture, Land and Fisheries in response to a question stated the following [7]:

"The current arrangement with NFM requires NFM to pay the farmers when the rice is milled and sold. This is not payment by the gate because there is no other outlet for local rice, so NFM takes on the responsibility on behalf of the Government to purchase, mill, package and sell, and based on the proceeds of the sale the farmers are paid…. rice is one of the most subsidized and supported commodities in the country. The land is made available. The Ministry during the dry season makes pumps available for them.... Rice is one of the few remaining agricultural commodities in this country, milk being the other one, that is still provided with a price guarantee. The farmers are guaranteed that based on grade 1, grade 2, or grade 3 we will pay $299 a kilogram for grade 1 rice, the best rice.

Madam President, the price NMF pays for local white rice is higher than the price NFM

[6]FINAL DIVIDEND TIMETABLE National Flour Mills Limited https://www.stockex.co.tt/read.php?ContentID=12716

[7] 20180612, Unrevised Senate Debate - Tuesday June 12, 2018 - 10:00 a.m. http://www.ttparliament.org/hansards/hs20180612.pdf

pays for US parboil rice landed in the plant on Wrightson Road. That is the reality of rice in Trinidad."

1.3.4. The Minister further explained that[8]:

"The reason why production declined in 2015 is because the farmers were supplied bad seeds in 2014"

1.3.5. However, a report was made in a Newsday Newspaper Article on June 15, 2018 that Mr. Vasant Bharath, former Minister of Food Production, Land and Marine Affairs, stated that *"NFM owes farmers".*

1.3.6. In addition, the following extracts from the National Four Mills Annual Report, 2017 were of interest:

i. National Flour Mills Limited (NFM) has an agreement with the Ministry of Agriculture, Land and Fisheries which allows for NFM to purchase all rice paddy from local rice farmers. The amounts paid to local rice farmers is reimbursable by the Ministry to NFM. This amount as well as the proceeds for the sale of the processed rice (which is reimbursable by NFM to the Ministry) is recorded as the amounts due to the GORTT and totalled $14.44M (2016: $11.62M).

ii. For the rice sales a payable is set up with the GORTT through the agreement with the Ministry of Agriculture, Land and Fisheries; and an asset (other receivable) recorded for the management fees and costs associated with maintaining the rice paddy as amounts due from the GORTT and totalled $10.4M (2016: $7.86M).

[8] 20180612, Unrevised Senate Debate - Tuesday June 12, 2018 - 10:00 a.m. http://www.ttparliament.org/hansards/hs20180612.pdf

iii. Also included within amounts due from GORTT is a balance owed from the GORTT from offering discounts to customers to pass onto the public. This totalled $6.7M (2016: $7.34M).

iv. NFM has an agreement with the Ministry of Agriculture, Land and Fisheries whereby NFM is paid a management fee of $400 per month for the operation of the Rice Mill at Carlsen Field. This agreement is expected to be terminated during 2018 as the process to divest the Rice Mill has begun. The Rice Mill asset will be sold outright whilst a lease for the occupied premises will be entered into between the successful applicant and NFM. This divestment is expected to also terminate the arrangement by which NFM purchases and processes rice from the local Rice Industry[9].

1.4. Previous Inquiries into NFM.

1.4.1. During the First Session of the Eleventh Parliament, the Public Accounts (Enterprise) Committee conducted an inquiry into NFM[10].

1.4.2. The following Key Recommendations were reported:

i. *NFM should implement stringent measures to adhere to the stipulated deadlines set in Section 3.1 of the State Enterprises Performance Monitoring Manual which states that audited financial statements must be submitted to parliament within four (4) months after a company's end of year and within two (2) months of the mid-year date subject to the approval of the Minister of Finance.*

ii. *In meeting the stipulated deadlines as stated in the State Enterprises Performance Monitoring Manual, the finance and accounting department, should:*

- *Set clear targets and milestones for successful performance levels and submission of Audited Financial Statements;*

[9] National Four Mills Annual_Report_2017: http://nfm.co.tt/Portals/0/Documents/Annual_Report_2017.pdf

[10] The Report of the Public Accounts (Enterprise) Committee on inquiries conducted during the First Session of the Eleventh Parliament: http://www.ttparliament.org/reports/p11-s1-J-20160913-PAEC-R1.pdf

- *Strengthen the internal controls of the Company to ensure the timely preparation and submission of Statements; and*
- *Intensify the monitoring of financial accounts to ensure prompt closure in books.*

iii. *NFM should develop a clearly defined process to monitor the progress of goals.*

iv. *NFM should focus on increasing the sales but without any increase in overhead expenses and issue new or additional shares to increase the cash flow. This cash can be used to repay the existing liabilities and in turn reduce the debt burden.*

v. *NFM should conduct a supply market analysis in respect of the purchase of goods and or services (grains) quarterly.*

vi. *NFM should develop a detailed plan to monitor the progress of the steps to increase revenue generation, profit maximization and sales revenue.*

vii. *Implement robust procedures regarding the budget process and clear milestones towards on delivery time, cost and quality.*

viii. *Establish a robust system for monitoring actual cost.*

ix. *NFM should identify clearly defined steps to be taken in the exploration of the Dominican Republic market.*

x. *NFM should put in place strong assurance mechanisms to identify and urgently address any risks arising from its new trading plans.*

xi. *NFM should conduct market research and analysis before entering the Dominican Republic markets and any other markets for trading.*

xii. *NFM should establish clear and enduring vision based on expected new market penetration benefits together with specific milestones and priorities.*

xiii. *NFM should establish a billing process that ensures accurate invoices are sent in a timely basis.*

xiv. *NFM should set a standard for the collection of all debts.*

xv. *NFM should strengthen its internal processes to facilitate accurate reporting.*

xvi. *NFM should set out a clear time table for ultimately reducing its backlog of unrecoverable accounts receivable and report on its progress monthly.*

xvii. *NFM should establish a robust system for recording all transactions in order to determine the value of goods loss through theft, wastage and other means that can hamper the profitability of the operations of the organsiation.*

xviii. *NFM must do more to tackle the issue of fraud investigation. There needs to be an increase in the number of investigations and reporting.*

1.5.Suggested Rationale for the Inquiry

1.5.1. Given the forgoing and taking into account the following:

i. It is an opportune time to verify that NFM is adhering to the framework for operations as outlined in the State Enterprises Performance Monitoring Manual;

ii. NFM embarked on a strategic planning process in the 4th quarter of 2017 to determine the strategies required to guide the Company over the next five year period;

iii. Given the need to contribute to the achievement of food security and economic diversification, it was determined that linkages to the agricultural sector would be explored by NFM;

iv. NFM is in the process of terminating the arrangement by which NFM purchases and processes rice from the local Rice Industry; and

v. Given that "the price NMF pays for local white rice is higher than the price NFM pays for US parboil rice landed in the plant on Wrightson Road", concerns justifiably arise concerning State's participation in the production of rice.

An inquiry into this entity seemed appropriate.

1.6. Objectives of the Inquiry

vi. To determine whether NFM is adhering to the framework for operations as outlined in the State Enterprises Performance Monitoring Manual;

vii. To determine NFM's strategy to support the achievement food security for Trinidad and Tobago;

viii. To determine the strategies being used to guide the Company over the next five year period;

ix. To determine NFM's business model to realise profitability and long-term sustainability; and

x. To determine the productive nature of NFM's relationship with its clients for example the Ministry of Agriculture, Land and Fisheries and the Rice Farmers of Trinidad and Tobago

1.7. Conduct of the Inquiry

1.7.1. At its Thirty-First (31st) Meeting held on October 29, 2018, the Committee agreed to conduct an inquiry *into the activities, administration and operations of National Flour Mills (NFM) including the Company's role in the processing of rice from local farmers*.

1.7.2. The Committee decide on a phased approach to the Inquiry as follows:

Phase One: Hearing with NFM, Ministry of Trade and Industry, Ministry of Agriculture, Land and Fisheries and the Investment Division, Ministry of Finance;

Phase Two: Hearing with NFM, Rice Farmers and Ministry of Agriculture, Land and Fisheries; and

Phase Three: Hearing with the Agricultural Development Bank, the Rice Farmers and Ministry of Agriculture, Land and Fisheries.

1.7.3. The Committee held three (3) public hearings over the course of the inquiry with entities listed in **Table 1** below.

1.7.4. At each hearing, the Committee posed questions on the various matters in connection with the inquiry objectives set out.

1.7.5. Via correspondence dated January 23, 2019, the Minister of Agriculture, Land and Fisheries, Sen. the Hon. Clarence Rambharat requested to appear before the Committee.

Table 1

Persons who appeared and provided oral evidence

Name of Official	Portfolio	Organization
Public Hearing Held on January 14, 2019		
Mr. Nigel Romano	Chairman	National Flour Mills
Mr. Kelvin Mahabir	Chief Executive Officer	National Flour Mills
Ms. Sati Jagmohan	Corporate Secretary	National Flour Mills
Mr. Jason Mohammed	Chief Operating Officer	National Flour Mills
Ms. Lydia Jacobs	Permanent Secretary	Ministry of Agriculture, Land and Fisheries
Ms. Marlene Andrews	Planning Officer, Agricultural Planning Division	Ministry of Agriculture, Land and Fisheries
Ms. Michelle Durham-Kissoon	Permanent Secretary (Ag.)	Ministry of Finance, Investments Division
Ms. Sharon Mohammed	Senior Business Analyst	Ministry of Finance, Investments Division
Ms. Frances Seignoret	Permanent Secretary (Ag.)	Ministry of Trade and Industry
Mr. Dennis Scott	Senior Business Analyst	Ministry of Trade and Industry

Public Hearing Held on January 28, 2019		
Mr. Nigel Romano	Chairman	National Flour Mills
Mr. Kelvin Mahabir	Chief Executive Officer	National Flour Mills
Ms. Sati Jagmohan	Corporate Secretary	National Flour Mills
Mr. Winston Rudder	Chairman	Agricultural Development Bank
Mr. Sheivan Ramnath	Chief Executive Officer	Agricultural Development Bank
Mr. Sunil Rickhi	Corporate Manager, Credit	Agricultural Development Bank
Ms. Lydia Jacobs	Permanent Secretary	Ministry of Agriculture, Land and Fisheries
Dr. Simone Titus	Chief Technical Officer	Ministry of Agriculture, Land and Fisheries
Ms. Marlene Andrews	Planning Officer, Agricultural Planning Division	Ministry of Agriculture, Land and Fisheries
Mr. David Paponette	Farmer	
Mr. Eniat Hosein	Rice Farmer	
Mr. Fazal Akaloo	Rice Farmer	
Public Hearing Held on February 11, 2019		
Sen. the Hon. Clarence Rambharat	Minister of Agriculture, Land and Fisheries	Ministry of Agriculture, Land and Fisheries
Mr. Nigel Romano	Chairman	National Flour Mills
Mr. Kelvin Mahabir	Chief Executive Officer	National Flour Mills

Ms. Sati Jagmohan	Corporate Secretary	National Flour Mills
Ms. Frances Seignoret	Permanent Secretary (Ag.)	Ministry of Trade and Industry
Mr. Dennis Scott	Senior Business Analyst	Ministry of Trade and Industry
Ms. Michelle Durham-Kissoon	Permanent Secretary (Ag.)	Ministry of Finance, Investments Division
Ms. Sharon Mohammed	Senior Business Analyst	Ministry of Finance, Investments Division

1.7.6. Prior to each hearing, requests for information were sent to officials, and in response, written submissions were received. These responses provided a frame of reference for the questions posed during the hearing.

1.7.7. During the hearings the Committee proffered supplementary questions for written response, which were also submitted by the respective officials.

1.7.8. The Minutes of the Meetings during which the public hearings were held are attached as **Appendix II** and the Verbatim Notes as **Appendix III**.

2. Key Issues, Findings and Recommendations

Objective 1: To determine whether NFM is adhering to the framework for operations as outlined in the State Enterprises Performance Monitoring Manual.

2.1.1. National Flour Mills is 51% owned by National Enterprises Limited (NEL), and 49% by public shareholders;

- In accordance with a legal opinion obtained by NFM, NFM operates with the understanding that Section 66A of the Constitution does not applying.

- Therefore, it is NFM's opinion that the extent to which the Government has influence over NFM's operations is limited to appointing/changing the Board of Directors.
- The status of NFM's standing as a State Enterprise remains uncertain, in light of the judgement in the case of *Ravi Balgobin Maharaj v. TSTT*.

2.1.2. Nonetheless, NFM more or less subscribes to the framework set out in the State Enterprises Performance Monitoring Manual (SEPMM).

2.1.3. At the time of this Report, the aspects of the SEPMM framework that NFM was yet to adhere to were:

- Utilisation of the e-Auction system;
- Full compliance with the Occupational Safety and Health Act;
- Submission of Annual Performance Review and Appraisal Reports (Appendix K of SEPMM); and
- Submission of Board Minutes.

Recommendations

2.1.4. While NFM has to a great extend adhered to the framework for State Enterprise operations, as defined in the SEPMM, the Committee encourages completion of necessary activities to:

- Implement the e-Auction system; and
- Fully comply with the Occupational Safety and Health Act.

Objective 2: To determine NFM's strategy to support the achievement food security for Trinidad and Tobago.

2.1.5. NFM operates three strategic divisions in a highly competitive market:

- Food;
- Animal feed; and
- Imported dry goods and grain.

2.1.6. NFM's products are primarily supplied to the local market with approximately 10% of NFM's output being exported regionally and internationally.

2.1.7. Despite NFM's stated Mission *"to feed the region…"* food security is not the primary objective of the organisation. As a publicly traded entity, NFM prioritises shareholders' interests.

- Nonetheless, NFM acknowledges its responsibility to preserve the affordability of the primary staples of the local population. For this reason, NFM sets prices based on Government directives, rather than market fluctuations.

2.1.8. NFM's participation in rice milling, through the operation of the Carlsen Field Rice Mill on behalf of the State, commenced in 1985 at the request of the Government of the Republic of Trinidad and Tobago.

- The Carlsen Field Rice Mill has the capacity to mill 21,000 metric tonnes of rice per year;
- (5%) of the milled rice paddy is sold as Brown Rice and (95%) is used as an Input for animal feed;
- There is no facility to produce parboiled rice, which is the primary rice product consumed in Trinidad and Tobago (34,000 metric tonnes)
- The cost to produce local rice is higher than that to import parboiled rice;

2.1.9. NFM has determined that rice production is not a part of its core business and therefore is currently engaged, with the support of the Government, in the process of divestment of the Carlsen Field Rice Mill to a private investor.

2.1.10. At the time of this Report, the following activities were outstanding in the Carlsen Field Rice Mill divestment process:

i. Negotiations for the sale of the Rice Mill to the preferred Investor.

  - Estimated completion date: March 31, 2019.

ii. Negotiations between the preferred Investor and NFM for leasing of the land at the site of the Rice Mill.
  - Estimated completion date: June 30, 2019.

iii. Construction of the Facility for the Production of Parboiled Rice.
  - 18 months from the execution of the Agreements.

Recommendations

2.1.11. Given the current state of the Rice Industry in Trinidad and Tobago, it is understandable that NFM has decided to withdraw from participation as an agent for the Government. However, the Committee appreciates that NFM also has to strike a balance between shareholder interests and the national interest, as pertains to food security.

2.1.12. The Committee recommends that the Ministry of Agriculture, Land and Fisheries put systems in place to enable the successful development of the Rice Industry in Trinidad and Tobago, with or without NFM. Necessary activities include:

i. Development of a comprehensive National Rice Development Plan;

ii. Development of an appropriate programme of incentives to encourage farmers to engage in rice cultivation;

iii. Improvement of:
  - Seed stock;
  - The system for payment for paddy;
  - Irrigation systems;
  - Provisions of technical support;
  - Land tenure issues; and

iv. Provision of a parboiled rice production facility.

A status report on the completion of necessary activities, along with implementation dates, should be submitted to Parliament by October 31, 2019.

Objective 3: To determine the strategies being used to guide the Company over the next five year period.

2.1.13. NFM listed the following major challenges:

- No control over wheat prices;
- Inability to increase the price of flour in line with changes in wheat process;
- Increased competition for both flour and feed products resulting in decreased revenue;
- Compliance with quality food standards;
- Depressed economic conditions, with reduced consumer spending; and
- The need to adapt products to better suit the trend of healthier lifestyles.

2.1.14. NFM is engaged in a continuous improvement programme focused on improving operating margins and working with managers and customers in pursuit of sustainable profitability.

- Over the next six (6) months, NFM will be focused on developing strategies in consultation with the Unions to:
  - Improve productivity;
  - Reduce operational costs;
  - Identify the gap in the required competencies throughout the organisation, which will be used as the basis for employee training, and retraining;
  - Reconfigure the organisation to address the issues of increased competition and changing consumer requirements, inclusive of introducing new technology on a phased basis; and
  - Revise NFM's organisational structure in its next Strategic Plan.
- NFM also aims to attain Safe Quality Food (SQF) certification by the end of the current fiscal year. This will increase export participation.

- Another improvement was the inclusion of a Virtual Reality Tour of its facilities as an option for shareholders at Annual General Meetings. This facility will also be used for training purposes.

2.1.15. NFM is currently exploring new products e.g. composite flour (cassava/corn and wheat). However, Investment in developing gluten-free products has not being deemed suitable at this time, due to limited local market demand for such products.

- NFM's market researchers are monitoring the market trends to determine whether this may be a viable option for the future;

Recommendations

2.1.16. The Committee is encouraged by the strategies being implemented by NFM to guide the Company over the next five year period. A status report on the completion of necessary activities, along with implementation dates, should be submitted to Parliament by October 31, 2019.

Objective 4: To determine NFM's business model to realise profitability and long-term sustainability.

2.1.17. Despite NFM's profitability, it has failed to meet profitability targets primarily due to unavailability of foreign exchange and the increase in the price of wheat.

- NFM would benefit from a removal of constraints on its ability to adjust prices in response to market fluctuations in the price of raw materials.

2.1.18. NFM's current competitive advantage in the local market is primarily due to established relationships with the largest consumers.

2.1.19. NFM's primary competitive disadvantage is the inability to focus on diversification into non-flour products i.e. dogfood.

2.1.20. As mentioned under the previous objective, NFM has implemented a continuous improvement programme focused on improving operating margins and working with managers and customers in pursuit of sustainable profitability

Recommendations

2.1.21. The Committee is encouraged by the strategies being implemented by NFM realise profitability and long-term sustainability. A status report on the completion of necessary activities, along with implementation dates, should be submitted to Parliament by October 31, 2019.

Objective 5: To determine the productive nature of NFM's relationship with its clients for example the Ministry of Agriculture, Land and Fisheries and the Rice Farmers of Trinidad and Tobago.

2.1.22. NFM functions as an agent for the Ministry of Agriculture, Land and Fisheries (MALF) fulfilling the following functions:

- Grading of rice paddy;
- Weighing of rice paddy;
- Milling of rice paddy; and
- Disbursement of payments to rice farmers for rice paddy.

2.1.23. The MALF has historically been slow to provide payments to rice farmers for paddy purchased through NFM due to the current economic constraints. However, all outstanding invoices were paid on 10 January 2019.

2.1.24. At the time of this Report, the MALF owed NFM outstanding Management Fees for the period July to October, 2018.

Recommendations

2.1.25. The Committee understands that NFM is in the process of exiting the arrangement with the MALF to act as the Ministry's agent.

2.1.26. Given the issues experienced with the payment arrangements between the MALF and NFM, as the Ministry's agent, it is recommended that the MALF review its systems in order to streamline the payment process and ensure that the issues of timeliness are resolved. A report on the streamlined process should be submitted to Parliament by October 31, 2019.

Status of the Trinidad and Tobago Rice Industry.

2.1.27. Local rice production drastically decreasing from approximately 21,000 metric tonnes in 1992 to 585 metric tonnes in 2018.

2.1.28. The decline in rice production has been attributed to:

- The cessation of rice farming in the Nariva Swamp; and
- Decisions by farmers to cultivate other crops.

2.1.29. Of the 30 active rice farmers, only 3 have sold rice to NFM in the last crop (2018).

2.1.30. There are two types of rice cultivation in Trinidad, irrigated, and rain-fed.

- Climate Change has negatively impacted on the rain-fed rice cultivation.

2.1.31. Rice cultivation:

- Time to harvest of 3.5 - 4 months;
- 3,500-4,000 lbs of rice produced per acre;
- Cost of production per acre, $3000.00; and
- Estimated Profit per acre, $1,000 - $1,500.

2.1.32. Cost-effective rice production can be achieved through:

- Large scale rice farming;
- A guaranteed market, and price.

2.1.33. The primary challenges faced by Rice Farmers:

- Low/poor quality seed stock;
- Late payment for paddy;
- Irrigation systems;
- Lack of technical support from the MALF;
- Land tenure; and
- Absence of a parboiled rice production facility.

2.1.34. Additional challenges experienced by farmers include:

- With the introduction of the grading system at NFM by the MALF, farmers' profit margins have become smaller. The system was described as "unsatisfactory"; and
- The uncertainty surrounding the process of divestment of the Carlsen Field Rice Mill, and its success being contingent upon MALF's support system.

2.1.35. The MALF provides the following support to rice farmers, but it may not be sufficient:

- Engineering Division has many projects on the books - e.g. Irrigation system;
- Water management - access to pumps;
- Free soil testing; and
- Pest control management.

2.1.36. The MALF informed the Committee that:

- Late payments to rice farmers were due to an anomaly for the 2016/2017 period. The situation was since rectified with the last payment being made in January 2019; and
- Claims made by farmers affected in the October, 2018 flooding incident are being processed at the Divisional Offices, MALF.

2.1.37. The Committee learned that the Ministry of Trade and Industry does not have any initiatives specifically targeted to the Rice Industry;

- The Ministry focuses support on activities geared towards innovation and exports.

2.1.38. The ADB informed the Committee that it is guided by the MALF in achieving its mandate:

- Since 2006-2012, the ADB has provided financial support to rice farmers;
- Assignment of Procedures wherein, payments from rice farmers are made by the NFM to the ADB;
- 9 rice farmers are clients of the ADB;
- A 75% default rate from these rice farmers due to late payments by the MALF and hence NFM;
- ADB offers the refinancing and rescheduling of loans to the rice farmers - 4 of whom have accessed this facility; and
- The ADB does not offer technical support (e.g. business plans) to farmers.

Recommendation

2.1.39. Based on the information gathered from various stakeholders, it is the Committee's belief that a collaborative effort among all stakeholders is needed to revive the Rice Industry. Key outcomes from the collaboration will include:

- A comprehensive National Rice Development Plan;
- Better quality, and higher quantities of seed stock;

- Timely payments for paddy;
- Efficient irrigation systems;
- Land allocation policy;
- Financial support services;
- Parboiling/ milling operation; and
- Technical support from the MALF.

3. Conclusion

3.1 In light of the above, the Committee is optimistic that with diligent implementation of the recommendations proffered, NFM will be better poised to ensure that it is effectively able to fulfill its mandate, and support the policy objectives of the Ministry of Agriculture, Land and Fisheries.

3.2 Additionally, given that parboiled rice is a primary staple for the population of Trinidad and Tobago, if the Government desires to priorities food and nutrition security, the Committee believes that the recommendations for revival of the Rice Industry should be urgently implemented.

3.3 Your Committee therefore awaits the response of the Minister of Agriculture, Land and Fisheries to the recommendations listed on pages 11 and 12, 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…."*

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

Sgd

Mr. Anthony Vieira
Chairman

Sgd

Dr. Lester Henry
Vice-Chairman

Sgd
Mrs. Cherrie-Ann Crichlow-Cockburn, MP
Member

Sgd
Mr. Wade Mark
Member

Sgd
Mr. Fazal Karim, MP
Member

Sgd
Brig. Gen. (Ret.) Ancil Antoine, MP
Member

Sgd
Mr. Adrian Leonce, MP
Member

Sgd
Mr. Garvin Simonette
Member

APPENDICES

FRAMEWORK FOR STATE ENTERPRISE OPERATIONS[11]

[11] State Enterprises Performance Monitoring Manual, 2011: http://www.finance.gov.tt/wp-content/uploads/2013/11/State-Enterprise-Performance-Monitoring-Manual-2011.pdf

The following framework provides the guidelines for the effective operations of a State Enterprise as outlined in the State Enterprises Performance Monitoring Manual. These guidelines were used as a benchmark against which the JSC on State Enterprises conducted exploratory assessments of State Enterprises operations.

Criteria	Policy	Compliance Requirements
Appointment, Removal And Resignation Of Board Directors	Strong Boards are vital for the effective governance of State Enterprises. GORTT appoints and removes Directors of Boards of State Agencies which must be done via the respective Line Ministers of State Agencies incorporated under the Companies Act, Chap 81:01 and by statute. The statutes specify the composition and required skills/experience of Directors. Letters of resignation of Directors of State Enterprises incorporated under the Companies Act, Chap. 81:01 must be forwarded to the Minister of Finance (Corporation Sole) under whose responsibility this lies	The Investments Division maintains a register of Boards of Directors of State Agencies.
Annual Meetings		The Agenda of Annual Meetings (AM) should include the following: 1. Confirmation of minutes of the previous AM 2. The consideration of the financial statements 3. The directors' report 4. The auditors' report, if any 5. The sanction of dividends 6. The election of directors 7. The election of auditors

Appointment And Removal Of An Auditor	State Enterprises are no longer required to appoint the Auditor General as their Auditor unless required under the relevant statute of incorporation or if so desired. Auditors are appointed at an AGM with prior approval of the Corporation Sole.	
By-Laws	Special provisions are included in the Model By-Laws of State Enterprises to govern the interaction between the Minister and Companies. Changes to the By-Laws of Companies are to be approved by the Minister of Legal Affairs then accepted by the Corporation Sole and presented at an Annual or Special Meeting	
Procurement Procedures	GORTT has agreed that the Minister of Finance review and audit contracts awarded by State Enterprises as considered necessary and appropriate.	State Enterprises are required to submit to the Minister of Finance within fourteen (14) days following the end of each month, lists of all contracts which were awarded during the month, together with the value of each contract. Tender rules and any amendments must also be submitted to the Minister of Finance for approval. Details on the Standard Procurement Procedures for the Acquisition of Goods, Provision of Services, Undertaking Works and Disposals of Unserviceable Items in State Enterprises/Statutory Bodies (State Agencies) are given at Appendix B of the SEPMM.
E-Auction	All State Enterprises have been mandated to use e-Auctions to procure items of large spend.	The Ministry of Finance, in keeping with its initiative to reform Public Sector Procurement, is facilitating the implementation of e-auctions among State Enterprises. The e-Auction system is a procurement tool using web-based software

		that allows suppliers to bid online for a contract to supply goods and services. The e-Auction or online/electronic reverse auction (e-RA) is a bidding event sponsored by a buying organisation and forms a single part of the greater e-Procurement strategy. It is an online dynamic negotiation or bidding process between suppliers who compete to supply products by successively bidding prices downward.
Dividend Policy	GORTT has agreed that the profitability of the Enterprise, its liquidity, legal restrictions/loan covenants and the replacement cost of essential capital goods are considered in determining the quantum of dividends that a Company would be required to pay. State Enterprises are also required to pay interim dividends based on semi-annual financial results. Actual distributions of profit are to be agreed with the Minister of Finance and appropriately disclosed in the financial statements. State Enterprises with Retained Earnings in excess of Working Capital requirements may be required to pay a Special Dividend.	
Approval For Overseas Business Travel	Managers (include Managing Directors and Executive Directors) and other senior personnel of State Enterprises who are required to travel obtain the approval of the Board of Directors of their Companies, who may delegate this authority. Chairmen and Non-Executive Directors who are required to travel obtain the approval of the Line Ministers responsible for their respective Companies.	The Company is required to meet only the expenditure related to official business. The costs associated with foreign travel should comply with the guidelines published by the Comptroller of Accounts or the Company's Business Travel policy approved by the Minister.

Board Fees And Allowances	Board Fees and Allowances for State Enterprises are determined by GORTT.	
Use Of Cellular Phones And Laptop Computers	State Enterprises may wish to utilise wireless portable communication devices at the level of the Board of Directors to enhance the efficiency of their operations. State Enterprises may therefore adopt the policy approved by GORTT on the use of Cellular Phones and Laptop Computers for the members as outlined at Appendix C of the SEPMM.	
Appointment Of Executive Directors And Consultancy Contracts	Boards of Directors are required to obtain the written non-objection of the Minister of Finance (Corporation Sole) to authorise the following: (i) appointment of Directors to be the holder of any executive position; (ii) entry of Directors into consultancy contracts with their companies. In each case, the detailed rationale for the proposal must be provided.	
Procedures Regarding Negotiation Of Pay And Other Terms And Conditions Of Employment	GORTT has agreed that: • the monitoring of wage and salary negotiations, the establishment and/or revision of pay and other terms and conditions of employment of employees of State Enterprises, including managerial staff and persons employed on contract should fall under the purview of Ministerial Committee for monitoring remuneration arrangements, a sub-committee of Cabinet.	

	• terminal benefits such as separation packages and gratuities, other than those already specified in Collective Agreements, which State Enterprises propose to pay to employees be also subject to the approval of the Ministerial Committee for monitoring remuneration arrangements.	
Payment Of Bonuses	Bonuses are payable on the attainment of a minimum of eighty percent (80%) of the approved performance targets, after approval by the Line Minister. The bonus to be paid to each employee is limited to one (1) month's salary annually. Payments which do not conform to the policy require specific approval of the Ministerial Committee for monitoring remuneration arrangements.	At the beginning of the fiscal year, each State Enterprise is required to provide the respective Line Minister with identified performance targets, which could include, but not necessarily be limited to: • Profits • Quality of product and service delivery • Productivity The targets to be used in the evaluation of progress in achieving objectives should be verifiable, feasible, measurable and consistent with the Business Plan of the State Enterprise. These targets must be agreed upon with the Minister to whom the State Enterprise is required to report on its performance. The Annual Performance Review and Appraisal Reports (Appendix K) certify the Company's performance. Requests for approval of the payment of bonuses should be made within four (4) months of the end of the Company's financial year and the response time from Line Ministries is within six (6) weeks after receipt of requests.

Approval Of New Assets/ Investments, Debt And Contracts	State Enterprises or their subsidiaries are required to obtain prior approval of the Minister of Finance for the acquisition of significant assets, new investments in non-government securities, the incurrence of new/additional longterm debt and entering into significant contracts (relative to the Company). In addition, all GORTT guaranteed borrowings of State Enterprises under the Guarantee of Loans (Companies) Act, Chap 71:82 are to be negotiated by the Ministry of Finance on behalf of the enterprises.	
Inter – Agency Debt		State Enterprises are to inform the Ministry of Finance on matters related to Inter-Agency Accounts Receivables and Payables that are unmanageable as detailed in the Quarterly Returns Report
Litigation Proceedings	State Enterprises are to utilise avenues other than the courts for resolution of disputes. Under no circumstances should legal action be initiated by one State Enterprise against another without prior approval of the Minister of Finance.	State Enterprises are to inform the Ministry of Finance on matters related to litigation proceedings as detailed in the Quarterly Status Report
Publishing Of Financial Statements	State Enterprises are required to publish in at least one (1) major daily newspaper a summary of its audited financial statements within four (4) months following the completion of the financial year and a summary of the un-audited half-yearly statements within two (2) months of the mid-year date subject to the approval of the Minister of Finance. These summary statements	

	should contain the disclosures required by the Securities Industry Act, 1995.	
Shares And Transfers	State Enterprises are required to submit to the Investments Division original Share Certificates in the name of Corporation Sole and the Government Nominee Shareholders within five (5) weeks after the allotment of these shares and within two months after the date on which a transfer of any of these shares is presented to the Company for registration. The issuance of Government Shares must be with the approval of the Minister.	
Statutory Compliance	• Payment of Royalties and Taxes • Integrity in Public Life • Occupational Safety and Health • Environmental Management	Occupational Safety and Health State Enterprises are required to comply with the Act (as amended), which came into force in February 2006. Environmental Management In accordance with the Environmental Management Act, Chapter 35: 05, State Enterprises are required to collaborate with the Environmental Management Authority to facilitate the proper management of the environment and to achieve the goal and objectives of the National Environmental Policy
Performance Monitoring		Strategic Plans • Companies are required to submit their Strategic Plans to both the Investments Division and the respective Line Ministry at least six (6) months prior to the start of the

		implementation period of the plan, for those receiving subventions to allow for National Budgetary Preparation activities and one (1) month for others. Annual Operating Budgets • Companies that require subventions from GORTT are required to submit their annual Budgets to the Investments Division and respective Line Ministry for assessment at least six (6) months prior to commencement of the Fiscal year. The Investments Division and Line Ministry will review the Budget and respond within one (1) month prior to the start of the Fiscal Year. Project Management Protocol • GORTT has agreed that a Project Management Protocol be adopted as part of the governance framework for the management of some of the State Enterprises with specific mandates. Risk Management • The success of risk management will depend on the effectiveness of the management framework providing the foundations and arrangements that will embed it throughout the organisation at all levels. Audited Financial Statements

		• State Enterprises are required to submit the following: a) Audited Financial Statements (2 originals and 120 copies) to the Minister of Finance within four (4) months of their financial year end. These reports are to be laid in Parliament and subsequently submitted to the Public Accounts and Enterprises Committee for consideration; b) Copies of their Management letters issued by Statutory Auditors. Administrative Reports • Under Section 66D of the Constitution of the Republic of Trinidad and Tobago, Act No 29 of 1999, State Agencies are required to report to the public on their performance annually. Board Minutes • Board Minutes should be made available to the Investments Division and respective Line Ministries to ensure that the Board is proceeding within the framework of the Strategic Plan and GORTT policy decisions.

MINUTES OF PROCEEDINGS

MINUTES OF THE THIRTY-FOURTH MEETING OF THE JOINT SELECT COMMITTEE ON STATE ENTERPRISES, HELD IN THE ANR ROBINSON EAST AND WEST MEETING ROOMS, LEVEL 9, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN ON JANUARY 14, 2019.

Present were:

Mr. Anthony Vieira	Chairman
Dr. Lester Henry	Vice-Chairman
Mr. Fazal Karim, MP	Member
Mr. Wade Mark	Member
Brig. Gen. (Ret.) Ancil Antoine, MP	Member
Mr. Adrian Leonce, MP	Member

Mr. Brian Caesar	Secretary
Ms. Sheranne Samuel	Assistant Secretary
Mrs. Krystle Gittens	Graduate Research Assistant
Ms. Safiyyah Shah	Parliamentary Intern

Absent were:

Mrs. Cherrie-Ann Crichlow-Cockburn, MP	Member (Excused)
Mr. Garvin Simonette	Member (Excused)

Also present were:

National Flour Mills (NFM)

Mr. Nigel Romano	Chairman
Mr. Kelvin Mahabir	Chief Executive Officer
Ms. Sati Jagmohan	Corporate Secretary
Mr. Jason Mohammed	Chief Operating Officer

Ministry of Agriculture, Land and Fisheries (MALF)

Ms. Lydia Jacobs	Permanent Secretary
Ms. Marlene Andrews	Planning Officer, Agricultural Planning Division

Ministry of Finance, Investments Division (MoF)

Ms. Michelle Durham-Kissoon	Permanent Secretary (Ag.)
Ms. Sharon Mohammed	Senior Business Analyst

Ministry of Trade and Industry (MTI)

Ms. Frances Seignoret	Permanent Secretary (Ag.)
Mr. Dennis Scott	Senior Business Analyst

CALL TO ORDER

1.1 The Chairman called the meeting to order at 10:07 a.m. Those present were welcomed.

CONFIRMATION OF MINUTES OF 33RD MEETING OF 17.12.2018

2.1 There being no amendments, the motion for the confirmation of the Minutes was moved by Mr. Wade Mark and seconded by Brig. Gen. (Ret.) Ancil Antoine.

MATTERS ARISING FROM THE MINUTES

3.1 **Paragraph 3.1, page 2**: The Chairman informed Members that the submission from NFM was received and made available to Members.

3.2 **Paragraph 3.2, page 2**: The Chairman informed Members that the letter to the former Chairman was dispatched.

3.3 **Paragraph 5.1, page 2**: The Chairman advised that the meeting did not take place on January 07, 2019 due to a request from CEPEP for a deferral of the hearing until after January 28, 2019, as a result of the travel obligations of the General Manager.

3.4 **Paragraph 5.2, page 2**: The Chairman informed Members that via round robin it was agreed that the Committee would defer the CEPEP hearing and bring forward NFM's inquiry to Monday January 14, 2019.

3.5 **Paragraph 7.4, page 4**: The Chairman indicated that the additional information from LATT was requested. The responses were expected on January 16, 2019.

PRE-HEARING DISCUSSION: NFM INQUIRY

4.1 The Chairman proposed a phased approach to the NFM Inquiry:

- **Phase One:** Hearing with NFM, Ministry of Trade and Industry, Ministry of Agriculture, Land and Fisheries and the Investment Division, Ministry of Finance
- **Phase Two:** Hearing with NFM, National Rice Farmers Association (NRFA) and Ministry of Agriculture, Land and Fisheries
- **Phase Three:** Hearing with the Agricultural Development Bank, the National Rice Farmers Association and Ministry of Agriculture, Land and Fisheries

A discussion ensued. The Committee agreed to combine phases 2 and 3.

4.2 The Committee was informed that the NRFA had accepted the invitation to make a written submission and that the submission was received on January 13, 2019.

4.3 The Committee agreed that the NRFA would be invited to make an oral submission on January 28, 2019.

4.4 The Committee discussed the approach to be adopted during the public hearing.

Suspension

5.1 The Chairman suspended the meeting at 10:38 a.m.

PUBLIC HEARING: NFM INQUIRY

The meeting resumed at 10:46 a.m. *in public*, in the ANR Robinson East Meeting Room.

6.1 The Chairman welcomed officials and introductions were exchanged.

6.2 The Chairman outlined the objectives of the inquiry.

6.3 Detailed hereunder are the issues/concerns raised and the responses proffered during the hearing with the officials of NFM, the Ministry of Agriculture, Land and Fisheries, Ministry of Trade and Industry and the Ministry of Finance, Investments Division:

i. National Flour Mills being: 51% owned by National Enterprises Limited (NEL), and 49% by public shareholders;
   - Section 66 of the Constitution does not applying to NFM based on a legal opinion obtained by NFM;
   - The extent to which the Government has influence over NFM's operations being limited to appointing/changing the Board of Directors.

ii. NFM operating three strategic divisions in a highly competitive market:
   - Food;
   - Animal feed; and
   - Imported dry goods and grain;

iii. NFM's products primarily being supplied to the local market with approximately 10% of NFM's output being exported regionally and internationally;

iv. The primary challenges faced by NFM:
   - Volatility of raw materials;
   - Compliance with quality food standards;
   - Depressed economic conditions, with reduced consumer spending; and
   - Adaptation of products to better suit the trend of healthier lifestyles;

v. NFM exploring new products e.g. composite flour (cassava/corn and wheat);

vi. Investment in developing gluten-free products not being deemed suitable at this time, due to limited local market demand for such products.
    - NFM's market researchers are monitoring the trends to determine whether this may be a viable option for the future;

vii. Despite NFM's stated Mission *"to feed the region…"* food security not being the primary objective of NFM, as the company is a publicly traded entity and prioritises shareholders' interests;

viii. NFM's participation in rice milling through the operation of the Carlsen Field Rice Mill on behalf of the State commencing in 1985 at the request of the Government of the Republic of Trinidad and Tobago;

    - The Carlsen Field Rice Mill has the capacity to mill 21,000 metric tonnes of rice per year;
    - (5%) of the milled rice paddy is sold as Brown Rice and (95%) is used as an Input for animal feed;
    - There is no facility to produce parboiled rice, which is the primary rice product consumed in Trinidad and Tobago (34,000 metric tonnes)
    - The cost to produce local rice is higher than that to import parboiled rice;

ix. Local rice production drastically decreasing from approximately 21,000 metric tonnes in 1992 to 585 metric tonnes in 2018;

x. The decline in rice production being attributed to:
    - The cessation of rice farming in the Nariva Swamp; and
    - Decisions by farmers to cultivate other crops;

xi. NFM deeming that rice production is not a part of its core business and is currently engaged, with the support of the Government, in the process of divestment of the Carlsen Field Rice Mill to a private investor;

xii. Producing rice profitably not being possible given the current industry configuration. Key elements for success are:
    - Better seed stock;
    - Improved drainage;
    - Pest management;
    - Security of land tenure; and
    - A parboiled rice production facility;

xiii. The MALFbeing slow to provide payments to rice farmers for paddy purchased through NFM due to the current economic constraints;

xiv. All outstanding invoices being paid on 10 January 2019 by the MALF;

xv. The MALF owes NFM outstanding Management Fees for the period July to October, 2018; and

xvi. Claims made by farmers affected in the October, 2018 flooding incident being processed at the Divisional Offices, MALF.

6.4 A request for additional information was made of NFM and the MoF, Investments Division.

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

(Please see Verbatim Notes for detailed oral submissions)

Suspension

7.1 The Chairman suspended the meeting at 12:25 p.m.

POST-HEARING DISCUSSION

8.1 There Chairman reconvened the meeting *in camera* at 12:29 p.m.

8.2 The Chairman invited discussion on the just concluded public hearing.

OTHER BUSINESS

Work Programme

MIC-Institute of Technology

9.1 The Chairman informed the Committee that an Inquiry Proposal for MIC-IT was being prepared.

Sport Company of Trinidad and Tobago

9.2 The Chairman suggested a 'Single Evidence Session' with SPORTT, in light of the following:

- Frequent Board Changes in the last three (3) years (3 Boards);
- Recent allegations of collusion between a former SPORTT Company Director and the TTCB President, published in the Trinidad Guardian newspaper dated January 08, 2019 re "*Audit into SPORTT point at collusion*";
- Operational issues identified by the PA(E)C in 2nd Report in the 2nd Session of the 11th Parliament;
- Status of operationalisation of the National Aquatic Centre:
    - Whether it is being used at full capacity,
    - Number of employees, and

- o Number of events hosted at the facility.

9.3 The Chairman advised the Committee that he was involved in a litigation against SPORTT.

9.4 The Secretariat was directed to draft an Inquiry Proposal.

Tracking of Recommendations

9.5 The Chairman indicated that the Committee would engage in the tracking of recommendations with regard to Vehicle Management Company of Trinidad and Tobago and National Quarries Company Limited.

Seminar

9.6 The Committee discussed a suggestion for a symposium on the relevance of the State Enterprises. Further discussion on this suggestion to be held at a subsequent meeting.

Lake Asphalt of Trinidad and Tobago (1978) Limited (LATT)

9.7 The Committee also discussed a possible site visit and the completion of the inquiry into LATT. Further discussion on this suggestion to be held at a subsequent meeting.

Next Meeting of the Committee

9.8 The Committee agreed that the next meeting of the Committee will take place on January 28, 2019 at 10:00 a.m. when the Committee will continue its NFM inquiry.

ADJOURNMENT

10.1 There being no other business, the Chairman thanked Members for their attendance and the meeting was adjourned.

10.2 The adjournment was taken at 12:37 p.m.

I certify that these Minutes are true and correct.

Chairman

Secretary

January 25, 2019

MINUTES OF THE THIRTY-FIFTH MEETING OF THE JOINT SELECT COMMITTEE ON STATE ENTERPRISES, HELD IN THE ANR ROBINSON EAST AND WEST MEETING ROOMS, LEVEL 9, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN ON JANUARY 28, 2019.

Present were:

Mr. Anthony Vieira	Chairman
Dr. Lester Henry	Vice-Chairman
Mr. Fazal Karim, MP	Member
Mr. Wade Mark	Member
Brig. Gen. (Ret.) Ancil Antoine, MP	Member

Secretariat

Mr. Brian Caesar	Secretary
Ms. Sheranne Samuel	Assistant Secretary
Mrs. Krystle Gittens	Graduate Research Assistant
Mr. Jean-Marc Morris	Legal Officer I
Ms. Safiyyah Shah	Parliamentary Intern

Absent were:

Mr. Adrian Leonce, MP	Member (Excused)
Mr. Garvin Simonette	Member (Excused)
Mrs. Cherrie-Ann Crichlow-Cockburn, MP	Member (Excused)

Also present were:

National Flour Mills (NFM)

Mr. Nigel Romano	Chairman
Mr. Kelvin Mahabir	Chief Executive Officer
Ms. Sati Jagmohan	Corporate Secretary

Agricultural Development Bank (ADB)

Mr. Winston Rudder	Chairman
Mr. Sheivan Ramnath	Chief Executive Officer
Mr. Sunil Rickhi	Corporate Manager, Credit

Ministry of Agriculture, Land and Fisheries (MALF)

Ms. Lydia Jacobs	Permanent Secretary
Dr. Simone Titus	Chief Technical Officer

Ms. Marlene Andrews	Planning Officer, Agricultural Planning Division

National Rice Farmers Association (NRFA)

Mr. David Paponette	President
Mr. Eniat Hosein	Public Relations Officer, Caribbean Rice Association of Trinidad and Tobago (CRATT)
Mr. Fazal Akaloo	Rice Farmer, Trinidad Islandwide Rice Growers Association (TIRGA)

CALL TO ORDER

1.1 The Chairman called the meeting to order at 10:09 a.m. Those present were welcomed.

ANNOUNCEMENTS

2.1 The Chairman indicated that Mr. Adrian Leonce, Mr. Garvin Simonette, and Mrs. Cherrie-Ann Crichlow-Cockburn asked to be excused from the day's proceedings.

CONFIRMATION OF MINUTES OF 34TH MEETING OF 14.01.2019

3.1 There being no amendments, the motion for the confirmation of the Minutes was moved by Mr. Fazal Karim and seconded by Brig. Gen. (Ret.) Ancil Antoine.

3.2 The Minutes were approved.

MATTERS ARISING FROM THE MINUTES

4.1 **Paragraph 3.5, page 2**: The Chairman informed Members that the additional information from LATT was received on January 21, 2019 and was included in Members' packages.

4.2 **Paragraph 4.2, page 2**: The Chairman indicated that the National Rice Farmers Association will be appearing today (January 28, 2019).

4.3 **Paragraph 6.4, page 4**: The Chairman advised that the additional information from NFM and the MoF, Investments Division was received on January 23 and 24, 2019 respectively. The documents were made available to Members.

4.4 **Paragraph 9.1, page 5**: The Chairman informed Members that the MIC-IT Inquiry Proposal was available in their packages. Members were given one (1) week to review and provide feedback on the Inquiry Proposal.

4.5 **Paragraph 9.2, page 5**: The Chairman indicated that an Inquiry Proposal for 'Single Evidence Session' with SPORTT was drafted and included in Members' packages. A discussion ensued. Members agreed to one (1) week for the review of the Inquiry Proposal.

4.6 **Paragraph 9.7, page 6**: The Chairman indicated that the site visit to LATT is proposed for February 18, 2019. A discussion ensued on the availability of Members and logistical arrangements.

PRE-HEARING DISCUSSION: CONTINUATION OF NFM INQUIRY

5.1 The Chairman advised Members that the Minister of Agriculture, Land and Fisheries requested to appear before the Committee in relation to the NFM Inquiry. A copy of the letter was made available to Members. The Chairman indicated that this will require a third hearing.

5.2 The Committee considered that the Minister may have information pertinent to the inquiry and agreed to have the Minister appear.

5.3 The Chairman informed Members that the following entities were invited to appear at hearing (January 28, 2019):

i. National Flour Mills
ii. Ministry of Agriculture, Land and Fisheries
iii. National Rice Farmers Association
iv. Agricultural Development Bank

5.4 The Chairman drew Members' attention to a judgement, *Ravi Maharaj v TSTT CV 2017-00619* that was at variance with the position articulated by the Chairman of NFM.

5.5 The Chairman advised that information was requested from National Enterprises Limited (NEL), and the response was made available to Members.

5.6 The Committee engaged in a pre-hearing discussion relative to the continuation of the NFM inquiry.

OTHER BUSINESS

6.1 A Member suggested that the Committee look into the newly formed state enterprises: Heritage Petroleum Company Limited, Paria Fuel Trading Company and Guaracara Refining Company. A discussion ensued.

6.2 The Chairman reminded Members that there is a subject specific Joint Select Committee on Energy and Energy Affairs charged with the responsibility of deliberating on such issues.

Suspension

7.1 The Chairman suspended the meeting at 10:34 a.m.

PUBLIC HEARING: CONTINUATION OF NFM INQUIRY

The meeting resumed at 10:40 a.m. *in public*, in the ANR Robinson East Meeting Room.

8.1 The Chairman welcomed officials and introductions were exchanged.

8.2 The Chairman outlined the objectives of the inquiry.

8.3 Detailed hereunder are the issues/concerns raised and the responses proffered during the hearing with the officials of NFM, ADB, the Ministry of Agriculture, Land and Fisheries and the NRFA:

i. National Rice Farmers Association formed to focus on the divestment of the Carlsen Field Mill, and as a rice support mechanism;

ii. Caribbean Rice Association of Trinidad and Tobago (CRATT), a non-profit organization liaising with the Ministry of Agriculture, Land and Fisheries for rice lands;

iii. Two types of rice cultivation – irrigated, and rain-fed. Climate Change has negatively impacted on the rain-fed rice cultivation;

iv. Rice cultivation:
   - A crop time of 3.5-4 months;
   - 3500-4000 lbs of rice produced per acre;
   - Cost of production per acre, $3000.00;
   - Estimated Profit per acre, $1000-1500;

v. Cost-effective rice production can be achieved through:
   - Large scale rice farming;
   - A guaranteed market, and price;

vi. The primary challenges faced by Rice Farmers:
   - Low/poor quality seed stock;
   - Late payment for paddy;
   - Water irrigation;
   - Lack of technical support from the MALF; and
   - Land ownership;

vii. MALF – Late payments to rice farmers due to an anomaly for the 2016-17 period. The situation was since rectified with the last payment being made in January 2019;

viii. The tributary carrying water to rice fields from the Hydraulic Road weir, Caroni has been locked off, affecting water supply to the fields;

ix. With the introduction of the grading system at NFM by the MALF, farmers' profit margins have become smaller. The system was described as "*unsatisfactory*";

x. Of the 30 active rice farmers, 3 have sold rice to NFM in the last crop (2018);

xi. The instability of the divestment process of the Carlsen Field Rice Mill, and its success being contingent upon MALF's support system;

xii. The ADB being guided by the MALF in achieving its mandate:
- Since 2006-2012, the ADB has provided financial support to rice farmers;
- Assignment of Procedures wherein, payments from rice farmers are made by the NFM to the ADB;
- 9 rice farmers are clients of the ADB;
- A 75% default rate from these rice farmers due to late payments by the MALF and hence NFM;
- ADB offers the refinancing and rescheduling of loans to the rice farmers - 4 of whom have accessed this facility; and
- The ADB does not offer technical support (e.g. business plans) to farmers.

xiii. MALF providing support to rice farmers, but it may not be sufficient:
- Engineering Division has many projects on the books - e.g. Irrigation system;
- Water management - access to pumps;
- Free soil testing; and
- Pest control management.

xiv. A collaborative effort needed to revive the rice industry:
- Better quality, and higher quantities of seed stock;
- Timely payments;
- Efficient irrigation systems;
- Land allocation policy;
- Financial support services;
- Parboiling/ milling operation; and
- Technical support from the MALF.

8.4 A request for additional information was made of the MALF and NRFA.

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

(Please see Verbatim Notes for detailed oral submissions)

Suspension

9.1 The Chairman suspended the meeting at 12:28 p.m.

POST-HEARING DISCUSSION

10.1 The Chairman reconvened the meeting *in camera* at 12:32 p.m.

10.2 The Chairman invited discussion on the just concluded public hearing.

10.3 The Committee agreed that the Permanent Secretaries of the Ministry of Finance and the Ministry of Trade and Industry should be invited to the next hearing on NFM and that NFM would be questioned in detail on its operations.

OTHER BUSINESS

Next Meeting of the Committee

11.1 The Committee agreed that the next meeting of the Committee will take place on February 11, 2019 at 10:00 a.m. when the Committee will continue its NFM inquiry.

ADJOURNMENT

12.1 There being no other business, the Chairman thanked Members for their attendance and the meeting was adjourned.

12.2 The adjournment was taken at 12:44 p.m.

I certify that these Minutes are true and correct.

Chairman

Secretary

February 07, 2019

MINUTES OF THE THIRTY-SIXTH MEETING OF THE JOINT SELECT COMMITTEE ON STATE ENTERPRISES, HELD IN THE ANR ROBINSON EAST AND WEST MEETING ROOMS, LEVEL 9, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN ON FEBRUARY 11, 2019.

Present were:

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

Secretariat

Mr. Brian Caesar	Secretary
Ms. Sheranne Samuel	Assistant Secretary
Mrs. Krystle Gittens	Graduate Research Assistant
Mr. Jean-Marc Morris	Legal Officer I
Ms. Safiyyah Shah	Parliamentary Intern

Absent were:

Mr. Adrian Leonce, MP	Member (Excused)
Mr. Garvin Simonette	Member (Excused)

Also present were:

National Flour Mills (NFM)

Mr. Nigel Romano	Chairman
Mr. Kelvin Mahabir	Chief Executive Officer
Ms. Sati Jagmohan	Corporate Secretary

Ministry of Agriculture, Land and Fisheries (MALF)

Sen. the Hon. Clarence Rambharat	Minister of Agriculture, Land and Fisheries

Ministry of Trade and Industry (MTI)

Ms. Frances Seignoret	Permanent Secretary (Ag.)
Mr. Dennis Scott	Senior Business Analyst

Ministry of Finance, Investment Division (MoF)

Ms. Michelle Durham-Kissoon	Permanent Secretary (Ag.)

Ms. Sharon Mohammed		Senior Business Analyst

CALL TO ORDER

1.1 The Chairman called the meeting to order at 10:06 a.m. Those present were welcomed.

ANNOUNCEMENTS

2.1 The Chairman indicated that Mr. Adrian Leonce and Mr. Garvin Simonette asked to be excused from the day's proceedings.

CONFIRMATION OF MINUTES OF 35TH MEETING OF 28.01.2019

3.1 The following amendment was made:
Paragraph 10.1, page 5: The word "There" was replaced with the word "The".

3.2 There being no further amendments, the motion for the confirmation of the Minutes was moved by Mr. Fazal Karim and seconded by Dr. Lester Henry.

3.2 The Minutes was approved.

MATTERS ARISING FROM THE MINUTES

4.1 **Paragraph 4.4, page 2**: The Chairman informed Members that the Secretariat would proceed to send questions to MIC-IT for written response.

4.2 **Paragraph 4.6, page 2**: The Chairman advised Members that arrangements for the LATT site visit were being finalised. Members were advised of the following:

- the objective of the visit was to gain a realistic perspective of the issues discussed with LATT through direct observation;
- the estimated time of departure on Monday February 18, 2019 was 8:00 a.m.; and
- that they were required to indicate whether they preferred to meet at the Parliament Building or be picked up along the route.

The Chairman indicated that further information regarding the site visit would be communicated via email on Wednesday February 13, 2019.

4.3 **Paragraph 5.2, page 3**: The Chairman informed Members that the Minister of Agriculture, Land and Fisheries would be appearing before the Committee after the appearance of NFM, MTI and MoF. A discussion ensued and the Committee agreed that the other entities would remain in the room during the Minister's appearance.

4.4 **Paragraph 8.4, page 5**: The Chairman indicated that the additional information was received from the National Rice Farmers Association. The Secretary advised that the information was also requested from the MALF, given that the information originated with the Ministry.

4.5 **Paragraph 10.3, page 5**: The Chairman informed Members that the Permanent Secretaries of MTI and MoF would be appearing (February 11, 2019).

PRE-HEARING DISCUSSION: CONTINUATION OF NFM INQUIRY

5.1 The Chairman advised Members that this third hearing would be the last in the Committee's inquiry into NFM.

5.2 The Chairman indicated that an Issues Paper was prepared based on oral and written submissions received and was emailed to Members on February 08, 2019.

5.3 The Chairman advised Members that the discussions with NFM would be focused on its operations.

5.4 The Committee engaged in a pre-hearing discussion relative to the continuation of the NFM inquiry.

OTHER BUSINESS

6.1 Mrs. Crichlow-Cockburn indicated that she would have to leave the meeting by 10:30 a.m.

6.2 The Committee agreed that it would next examine CEPEP on Monday March 18, 2019.

6.3 The Committee also agreed to discuss at a subsequent meeting the order of inquiries following the CEPEP inquiry on March 18, 2019.

6.4 The Chairman informed Members that follow up information requested from National Quarries Company Limited was received and made available to Members.

Suspension

7.1 The Chairman suspended the meeting at 10:26 a.m.

PUBLIC HEARING: CONTINUATION OF NFM INQUIRY

The meeting resumed at 10:35 a.m. *in public*, in the ANR Robinson East Meeting Room.

8.1 The Chairman welcomed officials and introductions were exchanged.

8.2 The Chairman outlined the objectives of the inquiry.

8.3 Detailed hereunder are the issues/concerns raised and the responses proffered during the hearing with the officials of NFM, MTI and MoF, Investment Division:

i. NFM being profitable currently although profitability targets have not been met;
   - Unavailability of foreign exchange and the increase in the price of wheat have impacted profitability;

ii. NFM being able to benefit from a removal of constraints on its ability to adjust prices in response to market fluctuations in the price of raw materials;

iii. NFM's acknowledgement of its responsibility to preserve the affordability of the primary staples of the local population;

iv. NFM's current competitive advantage in the local market due to established relationships with the largest consumers;

v. A competitive disadvantage of NFM: the inability to focus on diversification into non-flour products, primarily dogfood;

vi. NFM's continuous improvement programme focused on improving operating margins and working with managers and customers in pursuit of sustainable profitability;

vii. NFM's aim to attain Safe Quality Food (SQF) certification by the end of the current fiscal year;
   - This will increase export participation;

viii. NFM's plan to revise its organisational structure in its next Strategic Plan, due this year;

ix. NFM inclusion of a Virtual Reality Tour of its facilities as an option for shareholders at Annual General Meetings;
   - This facility will also be used for training purposes;

x. NFM's legal fees:
   - Industrial Relations lawyer on retainer;
   - Corporate lawyer; and
   - Lawyers in relation to the explosion at the Edible Oil Complex;

xi. RM Engineering Limited being contracted by NFM, at a cost of $635,000, to design a warehouse facility at Carlsen Field;
   - The design has to be reworked to reduce the cost of the project;

xii. NFM's loan portfolio: inclusive of loans from National Commercial Bank, RBTT and EximBank;

xiii. The age of the facilities at Wrightson Road:
   a. Flour Mill – 13 years;
   b. Dry Mix Lines – 15-25 years;
   c. Feed Mill – 25 years;
   d. Silos – some 13 years and others 45 years;

xiv. Activities outstanding in the Carlsen Field Rice Mill divestment process:
   a. Submission of additional information on financing of the parboiling facility; and
   b. Settlement of the issue of leasing of land from NFM;

xv. The Ministry of Trade and Industry not having any initiatives specifically targeted to the rice industry;
   a. The Ministry focuses support on activities geared towards innovation and exports;

xvi. The matter of NFM's standing as a State Enterprise, in light of the judgement in the case of *Ravi Balgobin Maharaj v. TSTT*.

8.4 The Chairman thanked officials for attending and they were invited to remain in the room for the next segment of the public meeting.

Suspension

9.1 The Chairman suspended the meeting at 11:31 a.m.

PUBLIC HEARING: CONTINUATION OF NFM INQUIRY

10.1 The Chairman resumed the public meeting at 11:38 a.m.

10.2 The Chairman welcomed the Minister of Agriculture, Land and Fisheries.

10.3 Detailed hereunder are the issues/concerns raised and the responses proffered during the hearing with the Minister:

i. Agriculture existing in a free market system: one of the costs of the aggressive pursuit of energy products was the opening of the Trinidad and Tobago market to agricultural products from trading partners;

ii. The Government not having the money to purchase the majority of agricultural produce from farmers or subsidise agricultural production;
   a. Rice is one of the few commodities that still has a guaranteed price arrangement with the Government;

iii. Production of rice coming at a direct cost to the taxpayers;

iv. The closure of Caroni (1975) Limited being the primary reason for the fall in rice production in Trinidad and Tobago;

v. According to Gazette No. 40, Vol. 55, 11th April, 2016, the Caribbean Rice Association of Trinidad and Tobago was struck off the Register of Companies;
   a. There currently exists no other rice farmers association in Trinidad and Tobago;

vi. MALF's willingness to support rice production, including the establishment of a privatised parboiling facility, if the following conditions are met:
   a. Improved, efficient production measures taken by farmers;
   b. Rice farmers coming together and establishing a registered association;
   c. Submission of a realistic business proposal to the Ministry;

vii. The Ministry's rice plan that outlines the extent of support for the industry:
   a. Provision of seeds;
   b. Provision of land;
   c. Irrigation;
   d. Fixed prices for paddy; and
   e. A privatized parboiling facility;

viii. Acknowledgement that late payments to farmers occurred for many years but the time-lag has been progressively reduced;
   a. ADB has always been requested to provide a moratorium in instances where late payments affect farmers' ability to service loans;

ix. The National Rice Development Plan, 2014-2024 being unrealistic;

x. There being no need for a Large Farms Unit at the Ministry since it is not a strategic objective of the Ministry;

xi. The Ministry developing a Strategic Plan that will focus on Nutrition Security above Food Security;
   a. Expected by the end of fiscal 2019;

xii. Land tenure being the number one threat to agriculture in Trinidad and Tobago.

(Please see Verbatim Notes for detailed oral submissions)

10.4 The Chairman thanked the Minister for attending and he was excused. The Chairman also thanked the viewing and listening audience.

Suspension

11.1 The Chairman suspended the meeting at 12:45 p.m.

POST-HEARING DISCUSSION

12.1 The Chairman reconvened the meeting *in camera* at 12:50 p.m.

12.2 The Chairman invited discussion on the just concluded public hearing.

12.3 A request for additional information was made of the NFM.

OTHER BUSINESS

Next Meeting of the Committee

13.1 The Committee agreed that the next meeting of the Committee will take place on March 18, 2019 at 10:00 a.m. when the Committee will commence its inquiry into CEPEP.

ADJOURNMENT

14.1 There being no other business, the Chairman thanked Members for their attendance and the meeting was adjourned.

14.2 The adjournment was taken at 12:59 p.m.

I certify that these Minutes are true and correct.

Chairman

Secretary

March 06, 2019

VERBATIM NOTES

VERBATIM NOTES OF THE THIRTY-FOURTH MEETING OF THE JOINT SELECT COMMITTEE ON STATE ENTERPRISES HELD IN THE A.N.R. ROBINSON ROOM (EAST), LEVEL 9 (IN PUBLIC), OFFICE OF THE PARLIAMENT, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, #1A WRIGHTSON ROAD, PORT OF SPAIN, ON MONDAY, JANUARY 14, 2019 AT 10.46 A.M.

PRESENT

Mr. Anthony Vieira	Chairman
Dr. Lester Henry	Vice Chairman
Brig. Gen. Ancil Antoine	Member
Mr. Adrian Leonce	Member
Mr. Wade Mark	Member
Mr. Fazal Karim	Member
Mr. Brian Caesar	Secretary
Ms. Sheranne Samuel	Asst. Secretary
Mrs. Krystle Gittens	Graduate Research Assistant
Ms. Safiyyah Shah	Parliamentary Intern
Mr. Jean-Marc Morris	Legal Officer

ABSENT

Mrs. Cherrie-Ann Crichlow-Cockburn	Member [*Excused*]
Mr. Garvin Simonette	Member [*Excused*]

NATIONAL FLOUR MILLS (NFM)

Mr. Nigel Romano	Chairman
Mr. Kelvin Mahabir	Chief Executive Officer

Ms. Sati Jagmohan	Corporate Secretary
Mr. Jason Mohammed	Chief Operating Officer

MINISTRY OF AGRICULTURE, LAND AND FISHERIES

Ms. Lydia Jacobs	Permanent Secretary
Ms. Marlene Andrews	Planning Officer, Agricultural Planning Division

MINISTRY OF FINANCE, INVESTMENTS DIVISION

Ms. Michelle Durham-Kissoon	Permanent Secretary (Ag.)
Ms. Sharon Mohammed	Senior Business Analyst

MINISTRY OF TRADE AND INDUSTRY

Ms. Frances Seignoret	Permanent Secretary (AG.)
Mr. Dennis Scott	Senior Business Analyst

Mr. Chairman: Good morning, the time is now 10.46 and I would like to call this sitting to order. Ladies and Gentlemen, my name is Anthony Vieira, and I would like to extend a warm welcome. I anticipate your attendance here today.

Before I ask other members of the Committee to introduce themselves, may I just indicate for the record that the following members have asked to be excused? Mr. Garvin Simonette and Mrs. Cherrie-Ann Crichlow-Cockburn. I will now ask the other committee members to please introduce themselves.

[*Introductions made*]

Mr. Chairman: Thank you, and now, I know we have representatives from NFM; Ministry of Agriculture, Land and Fisheries; Ministry of Finance, Investments Division, and the Ministry of Trade and Industry. So, may I ask you, to please introduce yourselves?

[*Introductions made*]

Mr. Chairman: Thank you all. Now before we start official proceedings, a couple housekeeping matters. I would be grateful if all the cell phones can be turned off or put on silent, please. Also, as you have done, before speaking turn on the microphone and after you speak if you can turn it off.

Time is allotted and short, we hope to finish around noon and there is a lot we want to cover today. So, I would ask participants to keep questions and answers as short and succinct as possible, please? So that all can have a chance to contribute.

I also want to recognize, I understand that there are members from the National Rice Farmers Association present, you are in the public gallery. We did receive your submissions. We have not had a chance to study them as yet. But, what we will do is we will have another hearing, at which you will have an opportunity to make your presentations and we can ask questions of you. So, there is a lot that we would want to hear from you as well, thank you.

So, the purpose of the meeting is to commence our query into the operations of the National Flour Mills with specific reference to the agreement between NFM and the Ministry of Agriculture, Land and Fisheries for the purpose of rice paddy from local farmers, and how that agreement has impacted the ability of the farmers to service their business communities.

As you know this Committee is a creature of the Constitution, and we are appointed to enquire into and to report to both Houses of Parliament, in relation to your administration, the manner of the exercise of your powers, your methods of functioning and the criteria you use when you exercise powers and functions.

So, in other words our task is to review and evaluate the efficiency, economy and effectiveness of your operations, with a view towards ensuring transparency and public trust and that you are properly fulfilling your mandate, that your policies and processes are clear and accessible to relevant stakeholders and the public. It is all about transparency and accountability.

But, in addition to our oversight function. These hearings also afford you a forum to provide and share your challenges, your concerns, and your recommendations for improvements. And so, they also provide a unique opportunity to increase public awareness, understanding, support and respect for your operations.

The Committee has suggested that because of the extent of this enquiry, today will probably not be the only hearing, in fact we will recommend a phased approach. So today we will focus on NFM's operations. But, at the next hearing we would want to interrogate the farmers, again with NFM and the other stakeholders present.

So, today we will focus on NFM's operations and I would just like to remind you that this meeting is being broadcast on the Parliament's Channel 11, Parliament's Radio 105.5 FM and the Parliament's YouTube Channel, *ParlView*. Viewers and listeners can participate by sending comments relating to today's engagement with the National Flour Mills; the Ministry of Trade and Industry; the Ministry of Agriculture, Land and Fisheries, and the Investments Division of the Ministry of Finance, via email: *parl101@ttparliament.org* or on our Facebook page, at *facebook.com/ttparliament* on Twitter *@ttparliament*.

Mr. Romano, we did receive your written opening submissions, so there is no need for you to read them all out to us. But, we will invite you to make a brief opening and to provide us with some salient information about your company.

Mr. Romano: Thank you, Chair. All protocols observed. The National Flour Mills is a company incorporated under the Companies Ordinance, and it is 51 per cent owned by the National Enterprises Limited, which is an investment holding company that is owned—66 per cent of which is owned by the Government of Trinidad and Tobago. The remaining 49 per cent of National Flour Mills shares are owned by the public of Trinidad and Tobago and the Caribbean.

NFM has three strategic divisions and operates in a very competitive environment. In food and animal feed, and imported and dry goods—food, animal feed and imported dry goods and grain are the three divisions. In the flour segment, our competitors include Nutrimix and Caribbean Gain Mills, locally. We have regional competition from Seprod out of Jamaica, the Jamaica Flour Mills, Eastern Caribbean Flour Mills Group and

Barbados Flour Mills. We have also seen recently imports of flour coming from Turkey.

In the feed segment, our competition is Nutrimix, Master Mix and Central Feeds in the local market and Jamaica Producers and ECGC regionally.

For dog food, we compete with all the big brands, Purina, Alpo, Mars, Pedigree, Ol' Roy and some smaller brands. Our two local dog food brands are Command Performance and Perromax.

Our vision for Flour Mills is to be the most trusted food and feed manufacturer in the region. And our mission, our purpose is to feed the region by meeting and exceeding global food safety standards, providing value for money and offerings while ensuring that we treat our employees fairly and equitably.

Thankfully, National Flour Mills have been profitable over the last few years, we have averaged about $27 million in net after tax profits since 2013. For the nine months ended September 2018 we earned an unaudited profit after tax of $19 million.

Our challenges, we are very mindful of the challenges facing NFM. These include the volatility in the cost of raw materials. Our major raw materials are imported wheat. We have to meet increasingly stringent quality food standards. And we are always concerned about the investments in plant and machinery, training and certification required to remain compliant with those standards. In addition to that, we are also very mindful of the trend to healthier living in terms of gluten free products. Our products are not gluten free.

So our strategic focus in the short-term is on completion of our SPF food safety programme and certification and while we continue to explore opportunities to diversify our revenue streams and move into new markets. Thank you, Chairman.

Mr. Chairman: Thank you. So the floor is now open, I believe Mr. Karim, you had some questions.

Mr. Karim: Thank you very much, Mr. Chairman. Let me add my words of welcome to all of you, officials and those in the public gallery to this very important enquiry that we have been tasked with.

I want to start with respect to the rice aspect of it as the Chairman indicated what the areas of interest are. If you can be able to advise us of the volume of rice that is consumed in Trinidad and Tobago annually? How much in your research, or what figures do you have to tell us about that?

Mr. Romano: Our research indicates it is about 34,000 metric tonnes per annum.

Mr. Karim: Okay. And out of that 34,000, how much is produced by rice farmers, local ones? And how much do you import, and I suspect from the information you submitted, import pre-packaged?

Mr. Romano: I will address the first question and then I will ask Kelvin to, you know.

So the total—the local rice farming industry has been in drastic decline over the years as evidenced by the quantity of rice paddy brought to the mill for processing. So NFM, on behalf of the Government buys rice paddy—on behalf of the Government—from the farmers and that paddy is graded. There is grade one, grade two, grade three and the Government guarantees the price of the paddy. So for grade one, I think is something like $2.99, for grade two it is $2.85, and I think there is another grade. But about 60 per cent of the paddy is grade one.

In 1992, approximately 21,200 metric tonnes of paddy was processed, declining to 2,859 metric tonnes in 2013, and 1,893 metric tonnes in 2015. Last year, 2018, we purchased only 585 metric tonnes of paddy. That paddy is then converted—60 per cent yield in terms of rice. So if you take 60 per cent of 585, you will get the get the amount of rice that was derived from the paddy in 2018.

We then used the rice produced for two things, one as input into our feed, into the production of feed and to use brown rice which we sell on the market.

Of the 34,000 metric tonnes I referred to earlier, most of that is parboiled rice not white or brown rice and we do not produce parboiled rice in Trinidad. So, I will turn it over to Kelvin to deal with the imports.

Mr. Mahabir: In terms of imports, NFM would import under a thousand metric tonnes of rice each year. The industry as indicated earlier, consumes the 34-odd thousand tonnes of rice. In fact, in some years it has gone up even beyond that, more recent numbers have suggested that it is climbing and close to 80 per cent of that total volume is parboiled rice. And Trinidad does not have the capability to produce that.

The bulk of the other rice would be like Basmati and Jasmine and so on. So that you get the imports coming in from the Far East, with the parboiled rice coming from mainly Guyana and South America.

Mr. Karim: With respect to the quantity of rice that the Chairman and yourself, now alluded to—and I am dealing here now with the local rice farmers, the paddy. All of that that you would have bought from the—or supplied by the local rice farmers would that have been milled only at NFM's facility in Carlsen Field?

Mr. Mahabir: What we purchase, we mill. There are other small mills in the country that also take rice from their own production, rice paddy and mill those into—

Mr. Karim: Of the percentage that you would have bought from the local rice farmers, the paddy, and milled at Carlsen Field—in fact, I should ask is the mill operating at what capacity and for how long?

Mr. Mahabir: The mill is operating at about 15 per cent of capacity and it is simply because there is insufficient paddy.

The mill was designed to do close to 20,000 tonnes of production when it was set up originally. It was set up many years ago, but was refurbished at 20 other years ago, and at that point in time there was sufficient paddy for running the mill practically flat out. Currently the paddy, as you heard earlier, is much lower because we just refine about 85 tonnes in 2018.

Mr. Karim: What percentage of the milled paddy, locally would you say, finds itself through NFM on the shelves for human consumption? And what percentage is used for animal feed?

Mr. Mahabir: I would say, I do not have the exact percentage, but the bulk of it ends up in animal feed with a small amount going into the supermarkets.

Mr. Karim: Could you hazard a guess?

Mr. Mahabir: I would say about 5 per cent going onto the shelf.

Mr. Karim: Five per cent out of the State investment, rice mill, finds itself on the shelves of supermarkets and wherever else for human consumption, and 95 per cent of the production received by farmers finds itself as animal feed.

Mr. Romano: That is input into animal feed—

Mr. Karim: Yeah. Input into animal—sure no problem. But, maybe I would want to come back to asking you another question. But, maybe I should ask the Ministry of Agriculture, Land and Fisheries, what has been responsible for this serious constant decline, and what have you been doing or what are your plans to increase rice production in this country?

Ms. Jacobs: Chair, through you, as far as my research would say there are a number of reasons for the decline in the rice production. In doing some research, there was the issue of, I recall, the Nariva Swamp when farmers were removed from the swamp. And in doing research, I have noted that farmers have also gone into other areas of more profitable production, and those are some of the issues which I am aware of.

Mr. Karim: Is there an agreement in oversight by the Ministry to ensure that where lands have been extended for the cultivation of rice that that is maintained and not be used for any diverse purposes?

Ms. Jacobs: I am not aware that the lands that have been allocated for rice have been otherwise used. I am not aware of that.

Mr. Karim: Is there any agreement, signed agreement or given between the Ministry, National Flour Mills, the rice producers that will indicate what are the stipulations of the contract? Is there any agreement at all that governs this relationship with the Ministry of—?

Ms. Jacobs: Oh, we have the relationship with NFM; that is the agreement we have with NFM.

Mr. Karim: Do you have any contract or written agreement or any document indicating your support to these rice farmers?

Ms. Jacobs: I guess the policy positions of the Government and therefore the Ministry would indicate its support for all farmers inclusive of rice farmers.

Mr. Karim: But there is nothing in writing that governs that relationship with the rice farmers and the Ministry of Agriculture, Land and Fisheries?

Ms. Jacobs: I cannot specifically say at this point in time. But I am aware of the relationship with farmers on the whole, in terms of the incentives, all that are available to other farmers are also available to rice farmers. So in that context, I would say that there is agreement, yes, in terms of how we treat with farmers on the whole.

Mr. Karim: Mr. Chairman, I just have two follow-up questions. In view of the fact that you have this steady serious decline, what plans do you have to sustain or is there a plan as well to sustain rice production in Trinidad and Tobago or increase it?

Ms. Jacobs: I believe the plan to address the whole issue of rice is centred around the entire diversification exercise, and therefore, the benefits of that will only come when those, that entire framework is fully in place.

Mr. Karim: So are you saying that the future of rice is really a part of a diversification strategy?

Ms. Jacobs: I believe that was the policy position as far as I am aware from the various Cabinet Minutes from 2006 to present.

Mr. Karim: With respect to the—sorry.

Mr. Romano: So, one of the things we recommended to the Government was the divestment of the rice mills to the private sector, to people who are rice farmers. A rice milling operation is central to any strategy to develop a sustainable rice industry as it forms part of the value chain for the conversion of raw paddy into finished product. The existing plant, as Kelvin alluded to, is 45 years old and requires significant investment to operating in an efficient manner. As you noted also, the large major upgrade was 25 years ago. And as he also alluded, a major shortcoming of the rice milling operation is that there are no facilities for the production of parboiled rice.

So what NFM recommended is that we identify an investor, who is involved in rice, who will upgrade the mill and invest in a parboiling facility. Right? To make it viable, that facility would need to be processing at least 12,000 metric tonnes of paddy per annum. All right? Given the current levels of local paddy production, any investor will have to import paddy.

In addition to that, we recommended to the Government that they continue to provide technical and managerial assistance to the farmers and to address some of the major concerns with the industry, including getting better seed stock which is genetically suited so that they get increased yield, improve irrigation and drainage. All of this is part of the technical assistance that is required. Support and training re pest management and soil technology, to improve yields. And, of course, security of the land tenure for the farmers. These were the recommendations.

Mr. Karim: Okay. I know some of those and you would have written that. But there is also something that you sent in as a response to one of the questions, and I just want to read it.

As far as reasonably practicable, NFM has given in to the demands of the investor. What is it that you have given in to the demands of the investor? And when is this transaction due to be completed? So I want to know first of all, what is it—now you wrote this in here. What are these demands that you have given in to the investor?

Mr. Romano: Yes, I read that as well, and I asked the question "given in". Because we did not give in. What we did was accommodate a lot of the requests of the investor, and to arrive at what we consider to be a win-win situation, giving the identified investor the opportunity to invest while ensuring that we help to alleviate the risk involved. So, my thing is that, I can tell you we did not give in, that was a very unfortunate turn of phrase. We negotiated and as far as possible, worked with the investor to arrive at a win-win solution.

Mr. Karim: What in terms of the win-win for the investor have you considered that will allow him to win?

Mr. Mahabir: One of the things that we had to consider was that we were moving from an environment of a state subsidized arrangement, into what would eventually become a pure commercial type of arrangement over a period of time. And one of the things that we negotiated with the potential investor, was the question of a transition period where you would have certain things operate, and to be phased out at a particular point in time. So that there will be continuity in terms of some of the current arrangements that we have until such time that the industry is able to accept the market prices.

At the end of the day, we had a transition period agreed where during that time, the investor would be looking at putting up the parboiling facility. So that will allow the facility to be built so by the time the transition came to an end there will be an operating parboiling facility, which will utilize the paddy from local production but also have to import paddy because the footprint of the plant is such that you cannot be commercially viable on the small amount that we produce locally. And over a period of time that the industry, with the assistance of the Ministry of Agriculture, Land and Fisheries, along with the investor and farmers, would work towards improving and increasing the production in Trinidad of paddy. Such that the import content drops off and more local production takes place over a period.

Mr. Karim: All right. Just my final question with respect to—at this time I would come back on for another rounds with the Chairman. But this investor who is going to take possession of this facility at Carlsen Field, is it the entire thing, the plant, the property, the equipment, is it the entire facility going to be available to the investor or is it a part of it or, what is it?

Mr. Mahabir: The facility at Carlsen Field was demarcated into three zones, and one of those zones that include the plant would be the parcel that would be allocated to this particular project. The rest of it is part NFM's own development of its own facility in Central Trinidad.

Mr. Karim: So a division will have to take place?

11.15 a.m.

Mr. Chairman: Thank you. Now, I know Brig. Antoine has a question and then Mr.

Mark has a question, but I just wanted to ask a couple of things flowing from Mr. Karim. Is NFM meeting market needs, in your view?

Mr. Mahabir: Yes, because the entire market—it is a competitive market for rice so that there are a number of people in Trinidad who import rice out of Guyana and Brazil, and together with the dozen or so players who import rice, the market is satisfied for rice in terms of what is demanded. The main importers in Trinidad, some of them are much larger than NFM in terms of the import that they do.

Mr. Chairman: And given that the bulk of production ends up as animal feed, are NFM's products up to mark and desirable from a consumer's point of view?

Mr. Mahabir: Yes, it is. All our products are scientifically developed and monitored. We have lab facilities that test the developmental stage and the production stage of the products that we produce. As the Chairman indicated earlier, we are in the final stages of implementing one of the leading quality standards and safety standards for food, which is the SQF standard Level 3. So that is something that would also ensure that beyond quality that you also have total food safety in terms of the entire chain of production.

Mr. Chairman: Brigadier.

Brig. Gen. Antoine: A follow-up to member Karim's question. What is the present position in respect of the divestment of the rice mill?—because I am not clear. Is the divestment on hold? Is it progressing? And what is the time frame for the completion of this divestment?

Mr. Mahabir: The divestment would have been handed from NFM in terms of the processes that we would have done along with our consultant to arrive at the evaluation and preferred investor, and would have been transferred through the Ministry of Finance through the transition committee, which is a committee consisting of Finance, Trade, Agriculture and NFM to manage that process, which would include the completion of the negotiations with the investor and the determination of the conditionalities that would apply for the investor to have to adhere to during this period and post the transition period, such that—and it would include the establishment of the new facilities and the developmental programme for the industry itself. So, the expectation was that it should have been completed by now, it has been protracted. My understanding is that the investor has been given a deadline. I am not too sure what that is, but we could check that and get back to you.

Brig. Gen. Antoine: Well then I need to shift this question to the Ministry then. Any of the PSs could answer this question. What is the position on this divestment?

Ms. Durham-Kissoon: Thank you, Chair. Thank you, member. My understanding is, and the CEO is correct, the transition team, the negotiating team does comprise the Ministry of Finance, the Ministry of Trade and Industry, the Ministry of Agriculture, Land and Fisheries, NFM, and the NEL. My understanding is that the preferred bidder has been requested to provide the Committee with some financing information, and I believe at this point that information is outstanding. I would like to ask my Senior Business Analyst if she has any additional information on that.

Ms. Mohammed: No. There is no further information. We are waiting, and negotiations are still ongoing.

Brig. Gen. Antoine: So how long have these negotiations been taking place?

Ms. Durham-Kissoon: Through you, Chair, I believe the negotiations started in 2017 when the proposals were evaluated, August 2017, and there were a number of negotiations points as agreed to by Government. And I believe, as the CEO mentioned, there were some agreed points with respect to the transition period, but another sticking point is with respect to the leasing arrangements between the preferred bidder and NFM as regards to the amounts to the paid for that lease for the five-year duration.

Brig. Gen. Antoine: And have these negotiations involved the parboiling facility, and when would we expect a completion date?

Ms. Durham-Kissoon: May I defer to NFM on that, please?

Mr. Mahabir: Yes. The arrangement consists of three parts basically, one is the sale of the existing plant that is on the compound; two, the lease of the land, that piece of land designated for leasing to the perspective bidder; and, thirdly, the construction of this parboiling facility. Because without that any attempt to grow and produce more in Trinidad would end up with difficulty, because you would be supplying something for which there is very little demand. And you need to match those, because you need to take good paddy, and you do not process it into a product that can be sold quickly, it deteriorates. If you process it into a product and you cannot sell it, it also deteriorates over a period of time. So that, therefore, it is important that you get the value chain correct. You have the right product that is demanded by the public, and you match that back with the facilities that would transform the paddy to ensure that that product is available.

Brig. Gen. Antoine: Possibly, I want to bring some questions about the price to the—but—

Mr. Chairman: Before member Mark, Mr. Henry had a question.

Dr. Henry: Before I turn over to member Mark, from what I am hearing here and the figures presented in terms of the numbers of volumes of rice consumed in the country and what is produced locally, rice is not a very important part of your operation at NFM, is it not?

Mr. Romano: No, it is not. It is not part of our core business.

Dr. Henry: Okay. That is what I think we are—

Mr. Romano: No, we are very clear about that.

Dr. Henry: Yeah, because based on the numbers here, I really do not see—and so it is in your best interest to rid yourself of this.

Mr. Romano: It is.

Dr. Henry: It is, okay.

Mr. Chairman: So, flowing from that, would you agree that the link between farmers and the rice industry is the rice mill?

Mr. Romano: I mean, it this is critical for the development of the industry. The rice mill and the parboiling facility, because without the parboiling you are selling a product that nobody wants.

Mr. Chairman: So if the rice mill stops, what happens to the rice industry?

Mr. Mahabir: It means that the paddy that is available would have to go to one of the smaller plants to be processed, and if they cannot process it then it will not be processed. And, therefore, if there is going to be a shutdown of a facility like this, it must be managed over a period of time with all parties involved, understanding where it is going, rather than an abrupt removal of the facility from the processing of paddy.

Mr. Chairman: Thank you. Mr. Mark.

Mr. Mark: Mr. Chairman, if I were to look at the vision, the vision of the company, and dealing with the most trusted food and feed manufacturer, would you not agree with me, Mr. Romano, that rice production is a component or a critical element in that vision of your company in terms of food and food security for Trinidad and Tobago, and, by extension, the region?

Mr. Romano: Through you, Chairman, we are in business to add value to produce value. In this case we would be producing flour and rice. However, we are a commercial entity and we have to produce that value at a price or a cost that is profitable. Given the current configuration of the industry, producing rice profitably is not possible. And this is why, given that it is not our core business, we deferred to people who understand the industry much better than us.

Mr. Mark: Would say that this was imposed on you by the Government?

Mr. Romano: What was imposed on us?

Mr. Mark: Rice, rice production.

Mr. Romano: Well, if you go through the history you will realize that back, I think in 1985, the rice, the NFM was dragged into the rice industry. Subsequent to that we, NFM bought the flour—the rice mill from the Government and paid in shares. I mean, in additional equity to the Government.

Mr. Mark: Mr. Chairman, I think the Permanent Secretary in the Ministry of Agriculture, Land and Fisheries attempted to share with us what your research, as to the reason for the decline in the production of paddy. I am seeing from your statement, Mr. Romano, that in 1992 Trinidad and Tobago produced approximately 21,200 metric tonnes of paddy, and that was also processed. So, from 1992 to 2018, we have come from 21,000, roughly, metric tonnes to just about 585. Would you want to share with us any additional reasons for this—almost like a massive decline in paddy production? And whether you would want to say the payment system to farmers that was instituted by the former Prime Minister, Patrick Manning, may his soul rest in peace, back then, and was faithfully carried out by the National Flour Mills, until about six years ago, do you think that that may have contributed to the decline in paddy production and the disappearance of scores of rice farmers?

Mr. Romano: Well, what I can tell you is that one of the major reasons for the decline, and the Ministry of Agriculture, Land and Fisheries can jump in after, was the removal of farmers from the Nariva Swamp. I think that was a big supplier, if you will, of paddy. The Government has maintained the subsidy because the rates that the Government pays for paddy is higher than you would if you had to import it. So grade one paddy, as I said, is $2.99 per kilogram; grade two, $2.86, and I think there is another layer, but, as I said, 60 per cent of the paddy is normally at grade one, and the farmers get the $2.99. I think another reason is farmers getting out of rice farming and using their lands for other purposes, but I will defer to the Ministry of Agriculture, Land and Fisheries.

Mr. Mark: No, well, I think that I have heard from the Permanent Secretary already. Could you indicate to us what is the total Government subsidy at this material time to rice farmers?

Mr. Mahabir: Well, it would include a number of things that the Ministry of Agriculture, Land and Fisheries is doing, but from the paddy side of it, what we can say is the price which we pay on behalf of the Ministry—so, we act as the agents of the Ministry here where we collect the paddy and process it, and therefore NFM will not be in a position to say what the subsidy is, save and except to say that the paddy is being purchased at a price that is significantly higher than if you were to import it from, say, Guyana.

Mr. Mark: Well, could I ask the Permanent Secretary?

Ms. Jacobs: Yes, Chair, through you. So I can give some figures on the expenditure for paddy, which is the subsidized costing for 2016, 2017 and 2018. So we have had $3.9 million in 2016, $3.3 million in 2017, and $5.1 million in 2018. That is what we would pay from the Ministry to NFM.

Mr. Mark: But given we were 2,859, just around 3,000 metric tonnes in 2013, according to the information I have before me, what would have accounted for this? They would have left Nariva Swamp, I would imagine, years before. are we still maintaining that farmers are giving up their lands for other purposes, or is it that farmers are being frustrated because of the inability of the National Flour Mills to meet the payments on a timely basis? We have had many instances at the level of the Parliament where matters had to be raised on behalf of farmers because of the late payment of their subsidies, and the blame has been squarely placed at the doorstep of the National Flour Mills. So I would like to find out, Mr. Romano, whether the National Flour Mills would have contributed to this scenario, because what explains 3,000 metric tonnes in 2013 collapsing to 585 metric tonnes produced by only 21 farmers by the end of 2018? Something has to be wrong, and some analysis must be made by the Ministry of Agriculture, Land and Fisheries and by the National Flour Mills, or conjointly with the rice farmers to find out what is causing—because if this thing continues, in three years there would be no paddy and the farming community would disappear. So I do not know what is the game plan or the end game, but something is wrong, and I am asking you, Mr. Romano; I know that you have just arrived on the compound, but I think it is pertinent to ask, what is the role of NFM in this whole situation when there was an agreement between the then Government of Patrick Manning and the NFM to meet these payments and they will be reimbursed by the Government? What has caused NFM to renege on that and have the Ministry come back—well, I cannot say the Ministry come back. "What does cause that problem", because I understand the problem is that you do not pay on time?

Mr. Romano: Sir, we buy the paddy, we grade the paddy and we send the invoice to the Ministry of Agriculture, Land and Fisheries, and our role is to act as an agent for the Government. I believe there was some concern, and I may be wrong, as to the mechanism, whether we should pay and then wait, because, as I said, we are a commercial enterprise, and therefore we have to be mindful of our cash flows and our management of our finances. I agree with you that the process and the whole system could be improved so that the farmers are not adversely affected—but I do not know if Kelvin wants to jump in. I belief there is room for improvement in how we manage the finances.

Mr. Mark: You see, the reason why I am asking this, my understanding, unless you prove me wrong, is that the National Flour Mills receives a management fee. So you do not work for free; you get a fee. So the Government would reimburse you the amount that you put out and you will get a fee for getting the job done. Is that not so? Correct me if I am wrong.

Mr. Romano: So you have to make a distinction between the amount you pay for the paddy and the cost to process the paddy and run the mill. We get the paddy, we process the paddy, and the cost of that is what the management fee covers. Any rice produced, we pay the Government for the rice. So there is the amount paid to the farmers for the paddy and the Government has that subsidized rate. We take the paddy, we send the invoices to the Government, the Government is supposed to give us the money and then we pay the farmers. The management fee is for running the mill, processing the paddy and the cost thereof, and then any rice that we take, either as raw material for our feed mill, our production of feed, or to sell to the public, we pay the Government at market rates. So the part that we need to look at is the timing between when we send the invoice to the Ministry of Agriculture, Land and Fisheries and when we get pay to—and if the Government—I mean, this is something we can discuss—if the Government wants to us pay and wait, then we would appreciate some compensation for the time that we have to wait. In other words, if they want to use us like a bank, then we need to be compensated.

Mr. Mark: All right, just clear for the Committee's sake whether there was an agreement, either a Gentleman's agreement or a formal agreement, under the period of Mr. Patrick Manning's reign, between the National Flour Mills—and maybe Mr. Mahabir could come in here—and the Government for you to make the payments to farmers, and that was going smoothly and production was rising, but five years ago NFM stopped that arrangement, as you said, maybe for whatever commercial reasons, and everything went topsy-turvy. Can you share with this Committee whether, at any material point in time, NFM was responsible for payments to the rice farmers and would seek whatever reimbursement you would be entitled to for whatever you would have expended from the Government? Was that an arrangement ever entered into between NFM and the farmers? I am not too sure, I am just trying to get clarification. I think Mr. Mahabir could clear the air for us.

Mr. Mahabir: Unfortunately, I cannot clear the air, but I could say that ever since I have been at NFM the arrangement has always been one of acquire the grains from the farmers and submit the bills to the Ministry and we would be reimbursed. There have been difficulties in recent times. As you know, the Ministry would have had its own challenges in terms of getting funds to us, and that would have delayed. Now, when I look back at the history of it in terms of recent times, for example, the payments made in June and December of 2015 related to invoices raised between November '14 and March 2015. In 2016, payments made in April and September related to invoices raised between the months of April 2015, April 2016. So there is, on average, about a five to six months lag between the acquisition of the product itself and the payment to the farmers. We do also pay on behalf of, I think it is six farmers, who would have commitments with the ADB for equipment, and so on, that they would have bought; we "doh" pay from the amounts due to them to the ADB prior to releasing funds for them. So this has been something that, since I have been there now, about four years, they have always had an arrangement where we would submit the bills and then be paid. So maybe we can go back and check in the history if there was a different arrangement, but I am not aware of it.

Mr. Mark: Mr. Chairman, I know that we do not want to spend too much time, we are going to have the farmers later on, and I know that I have spoken for a little while, but I want to go on, after you go to the second rounds, to the whole issue of procurement.

Mr. Chairman: Thank you. Mr. Leonce.

Mr. Leonce: Chair, I thank you. Mr. Romano, in your submission you would have indicated that your operation is not at full capacity, and you also spoke about being able to, well, wanting to diversify with some of the products. What are the strategies that you have put in place, or what have you done to—and the time frames in terms of the upgrading of your mills, and when do you expect to get some returns on that?

Mr. Mahabir: The document alluded to the fact that the current mill, the flour mill that is, is not operating at full capacity. There is no need to upgrade the current flour mill that we have. On the feed side, there is some work that we have to do on the feed side, but it is also not operating to full capacity, and that is more a requirement of what the market wants, and therefore to grow beyond that we have to export as much as we can, and not all products are capable of being exported well. For example, when you make pelleted feeds, if you export it and it is handled many times before it gets to its final destination, it powders. So that you have the customer at the end of the chain saying that, "You know what, we got too much powder in this feed. It is not what we are looking for because the animals would not want to eat it". So that, in terms of the changes that we are making, it is to use some of those products into value-added products, like in the dry mixes and so on. So the flour, for example, you add different things to it and you now make new products which you can attract different types of markets for. So you have the situation, like you have roti mixes, baking powder, different types of products that you are making that would increase the demand for your main ingredient, which is flour, but not necessarily in the form of raw flour. And then we have the strategy to diversify away from purely doing flour and feed. So on the feed side, we have gone into pet food production, and we have started now, a couple of years ago, into dog food production, and that is something that we want to grow in different areas over the next couple of years.

Mr. Leonce: Thank you. In terms of the gluten-free products, are you all trying to go into investments into that also?

Mr. Mahabir: Which products again?

Mr. Leonce: Gluten-free.

Mr. Mahabir: The gluten-free product is something that has become very popular in certain countries and it is really because certain populations have, for want of a better description, a genetic defect so that they have what is called celiac disease, and therefore they have a particular reaction to the use of gluten, which is the protein in the flour. Our population, fortunately, does not have that particular problem, and in fact we have people eating roti and "doubles" every day and they are fine. However, it is a small market. It is one where there is a perception that it is healthier and therefore some people are gravitating towards it. It does not, at this point in time, allow us to invest because of the size of that particular market to do that particular volume. But it is a market that we are trending and following in terms of where, as the population ages, as the markets become more sophisticated, as they follow the trends in other countries, our product streams would also have to change too.

11.45 a.m.

Mr. Leonce: The reason I asked that was because you indicated that the reason for not operating at full capacity was because you would have basically covered the local market, and you were interested in diversifying some of the products and also interested in doing some export.

Is it then that the direction of the export, does it include the gluten? And is it then also that with these new products the feed, the mill then, will now be operating at full capacity?

Mr. Mahabir: The new products—as I indicated, the mill is operating at about 65 per cent capacity. When it was set up in 2006 thereabouts, it was designed to do the entire requirements of the country. Well, now there are a number of mills in the country and therefore, we are not operating at that 100 per cent capacity.

In fact, for a brief period in 2008 when the price of wheat went up significantly, the NFM got the entire market because the other private sector player shut his operations down because it did not make sense, he was now producing at a cost that exceeded the price of the product in the marketplace. And NFM got the entire market at a huge loss, because clearly, you were producing each bag of flour at a cost that is higher than the price at which you were selling it.

And that is a challenge that we have, so that what we have here is a situation where you want to move from that 65-odd per cent of capacity, up. The dry mixes, et cetera, would not necessarily take up 100 per cent of the output, in fact, it is not desirable that any plant should operate at 100 per cent, it should be somewhere in the vicinity of 80/85 per cent, so that you can do all of the requirements of maintenance and so on for the plant. Now, once it starts getting beyond 90, you have to start thinking about building an additional plant because it is now getting to the point where you can create more problems if something happens on the plant.

So that, we will see over the years an increase in the throughput of the mill because of exports of flour which we are doing right now, and also because of the dry mixes that we are doing; that is on the flour side.

On the feed side, the pet food business is going to improve the output of that particular plant, that is why we are spending some money in terms of ensuring that that plant is also gearing up to supply the pet food business.

Mr. Leonce: Thank you.

Mr. Chairman: Thank you. Based on your submissions and the appendixes and some of the comments arising, I had some questions that I wanted to get clarification on, in particular relating to governance, and how the company sees itself and the role it plays. All right? You have said that you are an indirectly controlled state enterprise. Correct? And you have repeatedly said that you see yourselves as a commercial entity or a commercial enterprise, a pure commercial-type arrangement. NFM is a publicly traded company?

Mr. Romano: Yes. We are listed on the stock exchange.

Mr. Chairman: Right. And the objects for which NMF was established in the Memorandum of Association in 1972, those continue to govern the company?

Mr. Romano: I would imagine, yes.

Mr. Chairman: You say that you have no line Minister to determine operations on policy mandates.

Mr. Romano: Yeah. That is the responsibility of the board of directors.

Mr. Chairman: And you do not provide information and documents under the Freedom of Information Act?

Mr. Romano: That is correct.

Mr. Chairman: Now, that position was based on a legal opinion.

Mr. Romano: That is correct.

Mr. Chairman: And I gather that that legal opinion continues to guide the company.

Mr. Romano: That is correct.

Mr. Chairman: Now, I am not challenging or questioning the validity of that opinion, but as our mandate requires us to enquire into your administration and the manner and exercise of your powers, it raises a number of interesting aspects that I would like to get clarification on. Now, according to the advice that was given, NFM is not an arm of government?

Mr. Romano: That is correct.

Mr. Chairman: And government has no power to interfere in or to give directions to the board.

Mr. Romano: Government has the power to change the board, but once the board is constituted, the board has the responsibility to run the company in the interest of its shareholders and other stakeholders.

Mr. Chairman: Right. And so, NFM is not owned or controlled by the State.

Mr. Romano: It is indirectly owned by the State. That is why we say it is an indirectly controlled state enterprise. It is owned by—the majority shareholder is the National Enterprises Limited.

Mr. Chairman: And so National Enterprises Limited control would reside in National Enterprises Limited, but—

Mr. Romano: Fifty-one per cent. Yes.

Mr. Chairman:—but as you have pointed out in the opinion, the shareholder does not give directions or set policy; you are not answerable to.

Mr. Romano: Not in any public or private corporation.

Mr. Chairman: Right. And so, NFM is not a public authority.

Mr. Romano: It is definitely not a public authority. No.

Mr. Chairman: And the Government is not a shareholder directly.

Mr. Romano: That is correct.

Mr. Chairman: And so the Government does not own or control NFM.

Mr. Romano: The question of control is an interesting one. It does not own NFM directly. It owns NFM through the National Enterprises Limited, and ultimately it has control in its power to change the board; that is the ultimate control.

Mr. Chairman: And so, does the company get any funding from the State?

Mr. Romano: No.

Mr. Chairman: So, given all that you have said, and if NFM's position as mapped out in the opinion is factually and legally correct, I wonder why you are here; you are not a state enterprise.

Mr. Romano: We are an indirectly controlled state enterprise, and frankly, I have absolutely no problem with transparency, so I have, I mean, we are an open book, and that is how we run the company.

Mr. Chairman: Okay. And I am going to ask the Minister of Finance some questions in a minute, but coming under to that. So, under the State Enterprises Performance Monitoring Manual, I know the company is listed as a state enterprise. It is listed under the manufacturing and agro-based services. But as a matter of logic and consistency with the legal opinion, under section 66A of the Constitution, the State Enterprises Performance Monitoring Manual does not apply to you, and so it may be of no relevance or consequence.

Mr. Romano: Technically it does not, but we are very mindful of the state enterprises manual and we take it into consideration in running the company because it is good governance, it is good practice.

Mr. Chairman: So it has moral, if not legal force.

Mr. Romano: Definitely.

Mr. Chairman: And I notice you said at 4.4, that there are no guidelines, no written policies.

Mr. Romano: No written policies for?

Mr. Chairman: The company; I think you said that.

Mr. Romano: No. No. No. We have a lot of written policy.

Mr. Chairman: I will come back to that. Yes. You said that—44, we had asked:

> Has NFM adhered to its guidelines/written policies?

And the answer was:

> There are no guidelines/written policies. Matters are reviewed on a case-by-case basis and decisions are made that are in the commercial interest of NFM.

Mr. Romano: That was in litigation proceedings.

Mr. Chairman: That was in terms of litigation. So issues like food security which, when I read your submissions, that was just sort of the last sentence and almost as an aside, may not necessarily be the concern of NFM which sees itself as a corporate entity, as a commercial entity. Am I right?

Mr. Romano: Could you repeat, please?

Mr. Chairman: I was commenting that the issue of food security is the last sentence in your submission, but it reads almost as an aside, a "by the way", it did not come across as a primary concern of the company. So, I was wondering if you had any comment on that.

Mr. Romano: Well, we take our responsibility to provide safe quality food for the people of Trinidad and Tobago and the region very seriously. In the sense of ensuring that there is a supply of rice or a supply of other food, I do not think, I do not see that as an NFM mandate, it may be a policy mandate of whoever the government of the day is, but I do not think it is a mandate for NFM per se. The State may, through its policy directives, call on us to provide certain products, but I do not see NFM's mandate as food security for Trinidad and Tobago.

Mr. Chairman: Okay. Thank you. So, I am going to hand over to Mr. Henry, and then Mr. Karim, and then Mr. Mark and then Brig. Antoine. Mr. Henry.

Dr. Henry: Okay. I have just two lines of questions, just a couple of things. In terms of your increase in staff costs from 2013—2017 rising from 57.9 million to 81.4 million, could you give us an explanation as to why the staff costs have been increasing?

Mr. Mahabir: In that particular year—sorry, that is 2013—2014.

Mr. Romano: 2013—2017.

Dr. Henry: Yeah.

Mr. Mahabir: So the big jump took place in that particular year. 2014, we introduced the IAS 19 which is the requirement for the accounting for employee benefits, and the medical plan was brought on for the first time in that particular year. We also paid up ESOP for the last three years which is part of the requirements that we have. There is an ESOP plan, and because of the fortunes of the organization in prior periods, it was not paid up.

There was also—managers at that point in time were not adjusted for seven years and an adjustment was made. And in that particular year also, we settled union negotiations at 12 per cent. So those would have comprised about 95 per cent of the quantum of the change.

Dr. Henry: And my other question has to do with your stated goal of trying to increase your exports. Could you just tell me first of all, what are some of your core products in terms of the high revenue products that you have gravitated into, that you see the possibilities of expanding your business in? And what are the prospects of really increasing exports? They are two separate questions.

Mr. Mahabir: So in terms of the current products, we export throughout the Caribbean, throughout Caricom, and we also export a small amount of product into Canada and the United States. So we go from Suriname in the south, all the way to Jamaica in the north.

Dr. Henry: Can you name the products, I mean, can you give—

Mr. Mahabir: We have flour, we have animal feeds, we have baking powders, all our dry mix products; so those are distributed throughout the region.

As I indicated earlier, the intent is to expand upon those. We have attempted to go into Latin markets over the last couple of years. We did have a brief foray into Venezuela at the end of 2016 or ’17, early ’17, which had its problems because the challenge was, of course, getting paid. And we entered into an arrangement initially where we were 100 per cent paid up front, and then the second batch was 80 per cent up front and 20 per cent on delivery, et cetera. So that took us a while to recover that money, and future transactions with Venezuela, we have not been able to do any further transactions with Venezuela subsequently.

The other Latin markets, we are in the process of getting registered, et cetera, so you have Cuba, you have the Dominican Republic, and we have made initial enquiries into Panama and Costa Rica but there is nothing yet concrete there.

And then we are looking at moving outside of the pure flour business, and that is a strategy that we are developing right now in terms of where this country can generate products that have high value added, that are food and agriculture based, that are going to be products with strong geographic indications that we believe have strong potential for growth. And therefore, NFM in its capacity as a producer of food and with its linkages into the agriculture sector, we believe it is an important role that we can play in really diversifying the economy which I think, you know, we have been, as a country, trying to do for a long period of time.

Dr. Henry: Okay. That leads to my final question. How far away are you from being a net foreign exchange earner?

Mr. Mahabir: We are significantly far away from being a net foreign exchange earner. Approximately 10 per cent of our product is exported, and our content, because we produce based on importation of grain. So one of the things that we have to do in our diversification strategy, is to look at the types of grain and the types of raw materials that are available in Trinidad and in the region that will allow us to move away from this high dependence on importing of grain. So that, you know, if 60 per cent of your cost is imported content. So therefore, we are significantly unbalanced as far as foreign exchange is concerned.

Mr. Chairman: Thank you. Brigadier.

Brig. Gen. Antoine: The name of the organization is National Flour Mills, but what commodity provides you with—as a cash cow? Is it wheat, soya or rice?—because you are skirting in terms of the question. How much involvement are you in soya production?

Mr. Mahabir: We do not produce soya. Some years ago, NFM would have brought in soya beans, crushed that to make soya bean meal, and produce oil. The market shifted some years ago and we have moved away from that. There was also an accident on the plant, I think in—I do not remember the year now, it is long before my time. So, we are not in the business of producing soya at this point in time.

Now, there is a possibility that in the region you can in fact, grow soya, you can in fact, grow corn which are raw materials to the inputs of animal feed, a significant part of the inputs for animal feed. So that, we use those as inputs into the production of feed. There have been experiments to use things like cassava and sweet potato et cetera, in the production of feed, and also as a source of making a different type of flour which is a blend of wheat and cassava flour.

Again, the reliability of supply is something that you need to have because you do not want to be shifting between one product and another, because animals are very particular. If you give them a particular blend and then you change it because you do not have the raw materials and you change it back, you could find that there is a reason for the animals not to want to use your particular product and therefore, the owners would not be buying your product, but buying someone else's.

So, going back to the original question, the per cent, the major products that we sell are flour-based products and then the feed products. It is about, I would say 65 per cent of our revenues would come from the flour-based products and the rest from the feed-based products.

Mr. Chairman: Thank you. Now, I am going to allow questions up to 12.15 or so. So, we have Mr. Karim and then Mr. Mark.

Mr. Karim: Thank you very much, Mr. Chairman. Earlier you indicated that you receive approximately $400,000 per month for management fees, and I expect this will have to do as well with respect to the milling of the paddy at the rice mill. So that amounts to approximately $5 million a year. Do you get it every month?

Mr. Romano: $400,000 a month.

Mr. Karim: So, $4.85 million, I am just rounding it off. But out of that that you are being paid every month, how many months out of the 12 are you actually in operation doing milling of paddy for the farmers?

Mr. Mahabir: We are not actually paid every month. In fact, we have not been paid for about 18 months, I think. Yeah. So, since June of 2017 we have not been paid. So, while there is a commitment to pay, we have not been paid and therefore the cash flow is the issue.

Mr. Karim: But you were getting that before—the last period when you got paid, prior to that you were getting paid monthly.

Mr. Mahabir: No. It is, again, generally speaking, the Ministry of Agriculture, Land and Fisheries released those payments at the same time generally, that they would release payments to farmers except in the last particular periods, they have not had the resources to pay us, and they have just paid the farmers.

Mr. Karim: Because I was reading from the Chairman's remarks here.

Mr. Mahabir: Yeah. So while it is a commitment, it has not been paid. Now, there is something new that the accounting bodies have put in place, something called IFRS 9, which means that if you are not being paid for a particular period of time, you will now have to provide for it and write it off in the particular period. And that is something that, you know, in any arrangement that we are making now, is going to become important in that you cannot have a commitment that is not being met and therefore, as far as the standard is concerned, this is a bad debt.

Mr. Karim: Well, you are not being paid any monthly fee for the last, what?—18 months you say?

Mr. Mahabir: Yes.

Mr. Karim: So you are not being paid to mill the paddy. You are not being paid for this, you are not getting money for the subsidies, you are not getting enough money to pay the rice farmers when they submit. Am I correct in saying that the facility at El Carmen, and this is a Ministry's response, has been discontinued? The plaza at El Carmen, they are no longer in operation. Am I correct?

Ms. Jacobs: Chair, through you, may I just respond first to the issue of the payments. As you are aware, we pay through the basis of the authority which comes from Cabinet. For the period 2017, there was a little anomaly, in that the previous Minute had expired, and in the toing and froing a bit with the how far this had reached, there was a lapse. But we did get the authority which allowed us to pay from June 2017—June 2018, we got releases. Subsequently the Cabinet approval—we did get releases, we audited those invoices, and those were paid January the 10th. So that was an anomaly, that was a period that was not normal in terms of the payments.

Mr. Karim: So how much money would you say farmers are currently owed? And how many months?

Ms. Jacobs: Because we also—I do not know how the—the invoices from September '18 to November 2018, we also paid that on January the 10th. Those invoices were received, I believe, around December, we got the releases in a fairly short time and we were able to pay that by the 10th of December. We do not have any outstanding invoices for paddy. We do have outstanding invoices for the management fee, that will be July, August, September and October. Okay? But the Vote has been—

Mr. Karim: Exhausted.

Ms. Jacobs:—expended, so we now have to transfer some funds to be able to facilitate that.

Mr. Karim: What about with respect to the flooding that occurred last year. Do you have claims that have not been paid, so like these farmers, for the loss of their fields and paddy and so on?

Ms. Jacobs: The processing of those claims occurs at two main divisions, the region north and the region south. So that, at the last—as at September, the last month of the fiscal, we were able to clear all that came into the Ministry barring one or two where there were queries. Any claims after that, they are still being processed.

I would have checked up to last week and we had not received them into the Ministry's head office where we will process and pay. Okay? So, I can say that the claims were still at the district levels because there are a number of processing procedures that they have to undergo there.

Mr. Karim: We are in the month of January 2019, the flood was in October 2018. How long does it take the file to move from the district level for payment while these farmers have to face their financial institutions, mainly the ADB? And has the Ministry been intervening in that regard to make representation to the ADB to assist them with some moratorium with their interest and their loans so that they would not go bankrupt?

Ms. Jacobs: I know at the level of the regions and the counties where the offices are stationed, they try to do that as quickly as possible, but the farmers also have to submit documents at times, you know?

Mr. Karim: But does the Ministry intervene on behalf of the farmers, or even the NFM, with respect to their liabilities at the financial institution? Do you make representation for them?—bearing in mind that you are not able to satisfy their claims immediately, what happens to them? Are they left out in the cold?

Ms. Jacobs: I really cannot answer that particular procedural issue, but—

Mr. Karim: You know, to somebody who is listening on this, you know, the people who are listening and looking on the television, some may conclude that there is probably a deliberate strategy to close down this industry. It has consistently been reduced. I mean, what about the—you talk about the seed stock. We have a University of the West Indies here which came out of the Imperial College of Tropical Agriculture. Is there a relationship in terms of the support to farmers vis-à-vis with the Ministry of Agriculture, Land and Fishers? Do you all assist in that regard?

Ms. Jacobs: In terms of the quality of seeds, definitely, not only with rice, but with other types of crops, because at the end of the day, the Ministry's business is about food, and having high quality seeds, high quality, you know, raw materials is critical so—

Mr. Karim: I agree.

Ms. Jacobs:—for different products, for instance.

Mr. Karim: I agree with you, you know, but the El Carmen is now closed down, the feed stock. Okay. Well, let me just ask finally because I know that we will have you all at another occasion. When I read the submission from the National Flour Mills, if I were an investor, I would say, "allyuh setting meh up", because—I will read it. It says here:

> Trinidad and Tobago does not have the resources to produce the required quantity and quality of paddy to satisfy the needs of Trinidad and Tobago even…

—And this is the important part:

> Even…

—And this is your submission, eh, to us.

> …even if the rice mill is divested to produce at full capacity, the investor will need to bring in paddy.

And you are telling the investor where to get the paddy from; Guyana. I mean, I would like to continue at the next occasion, but I want to thank you.

Mr. Chairman: Thank you. Mr. Mark.

Mr. Mark: Thank you very much. Mr. Chairman, I know we are inching closer and closer to closure, so what I will do is to raise some questions, and I will ask through you for the National Flour Mills to put in writing those responses to the questions that I would now seek to clarify.

Now, in your submission on page 4, dated December the 17th, when the question about NFM's adherence to tender rules and procedures, NFM stated and I quote:

> From time to time there may be breaches…

I would like to ask the following questions. As I said, you can give me a summary and then put everything else in writing. Could you describe for this Committee how and when these breaches occurred? What were the effects of these breaches? What actions were taken against the persons responsible for the breaches? Could you provide this Committee with an update on the training done to prevent any recurrence of these said breaches? How will electronic tendering prevent or reduce the number of breaches? And I would also like to ask, Mr. Chairman, if Mr. Romano and his team could provide this Committee with a comprehensive list of all projects approved; the value of each of these projects over the past three years; the name of the individual or organization or company that was involved; whether there were any cost overruns in these projects and whether there were any issues resulting in what I call remedial work subsequent to the completion of these projects.

12.15 p.m.

And as I am on that, Mr. Chairman, I would also like to ask the NFM to deal with the whole question about the employment of consultants. I would like for the NFM to supply to this Committee the number of consultants employed over the last three years; the value that each of these consultants would have received; the names of these consultants; the services that these consultants provided; the amount of moneys that were paid to each consultant and the duration of these contracts.

And finally, Mr. Chairman, litigation. Provide this Committee with a list of all litigations over the last three years. Provide this Committee with the names of the lawyers or firms, legal firms, that were involved in these litigations and defended NFM; the amount of moneys that were paid to these attorneys or legal firms and what is the status of these particular matters. Because of time constraint I know you cannot answer these things, but I think in terms of transparency and accountability it is essential that we get answers to these matters. These are my views, Mr. Chairman.

Mr. Chairman: Thank you, Mr. Mark. Well, Mr. Romano, what will happen is that we will follow Mr. Mark's questions and put them to you in writing, and you could forward those answers in due course in writing as well. Thanks. Mr. Head.

Mr. Romano: Thank you, Chair, just to respond to one thing. The submission says that there may be breaches. It never said that there were breaches. Because, NFM is not perfect; I do not think any of us are, and there may be breaches that have taken place that we are not aware of, so that is the reason why the statement was worded like that. But we will respond to the question.

Mr. Mark: Mr. Chairman, if I may also? It is a fact that you have a whistleblowing policy. One of the things I forgot to raise is to ask the NFM how effective this whistleblowing policy has been, whether you have instances where people brought to the attention of the NFM, matters, and what has been the responses in terms of action as it relates to those matters? I forgot to raise that.

Mr. Chairman: Thank you. I will allow one final question from Mr. Henry. Thank you.

Dr. Henry: Yes, I just wanted to know from the Ministry of Trade and Industry's perspective, if any particular challenges you have faced in providing any kind of oversight to the National Flour Mills, and what is it? Because, given what we have heard before, the company basically is saying that we are indirectly controlled and so on. Does that square well, and how does the Ministry of Trade and Industry deal with that issue?

Ms. Seignoret: Thank you very much member, Sen. Henry. In terms of the—I think it is a question you have raised, we recognized the legal opinion that was proffered in 2003, however, there is an open line of communication with the company, with National Flour Mills. Should there be any cause for concern, that concern is raised, and therefore we do believe at this point that there is a fruitful communication and relationship with the company. We do take on board as well that the company is committed to the best rules of transparency, we look forward to that being very carefully adhered to and pursued, and we also are minded that the State Enterprises Performance Monitoring Manual also serves, while not legally obliging the company, but it does serve as a form of guidance on the operations of the company. And you would perhaps have seen over the last couple of years, there would have been the visit or so by the Minister of Trade and Industry to the compound of the National Flour Mills company to observe the processes, and she would also have given her nod of approval to the efforts towards their diversification efforts, and the Ministry of Trade and Industry remains committed to advancing non-energy exports markets as long as there is a mandate.

Mr. Chairman: Thank you very much, PS. Well, I would now like to invite closing comments from, in this order, officials from the National Flour Mills, then from the Ministry of Trade and Industry, and then from the Ministry of Agriculture, Land and Fisheries, and then the Ministry of Finance.

Mr. Romano: Thank you, Chair. This has been my first experience with the JSC, and I have to say I have been pleasantly surprised. We, as I said, are very open and transparent. Myself and the board that I preside over, take our responsibilities very seriously and we operate in a very, very transparent and open manner with the clear objective of ensuring that we deliver value, and capture value for our shareholders, all shareholders, and we take that responsibility very seriously. Thank you, we would like to thank you for the questions that you posed. I always tell the teams that I deal with that feedback and criticism are the only way you can improve. We will continue to improve each and every day. Thank you.

Mr. Chairman: Ministry of Trade and Industry.

Ms. Seignoret: Thank you, Mr. Chairman. The Ministry of Trade and Industry also wishes to record its appreciation for the opportunity to be part of this discussion, this enquiry. We do see this exchange of views and the questions posed, the concerns raised, very vital to moving forward and building a sound company, and in fact a sound structure, infrastructure that will boost the economy of Trinidad and Tobago. So, we look forward to further discussions, and the proposals that came out this morning—it is afternoon—we do look forward to building on those recommendations moving forward. Thank you.

Mr. Chairman: Thank you. Ministry of Agriculture, Land and Fisheries.

Ms. Jacobs: Thank you, Mr. Chairman. We at the Ministry of Agriculture, Land and Fisheries also welcomed this opportunity to look at some aspects of our business as it relates to our farmers, and we want to stress to you, and to the Committee and the viewing public, that we take this business seriously. As you know, agriculture spans a wide field, from land regularization to the training and the support that we will give to our farmers, to the research and technical aspects, and to incentives. It is wide-ranging, and we look forward to providing additional information so that all ambiguity will be cleared up. Thank you.

Mr. Chairman: Thank you, and Ministry of Finance, you have the last word.

Ms. Durham-Kissoon: Thank you, Chair. Good afternoon. The Ministry of Finance also welcomes this enquiry. We thank you for the conversations that we have just completed. We know it is an ongoing conversation, and we look forward to clarifying any misconceptions that may be there in the public domain. Notwithstanding the legal opinion of 2003, we do have an open dialogue with the National Flour Mills through the National Enterprises Limited, and we look forward to further conversations. Good afternoon.

Mr. Chairman: Thank you. Well, there will be further correspondence, and we will more likely have another hearing date. But I think, ladies and gentlemen, it would appear that this concludes our business today. So, I would like to declare the meeting suspended, and in closing may I thank the company, National Flour Mills, Ministries, the media and the viewing and listening audience for your attendance. Thank you.

12.25 p.m.: *Meeting adjourned*.

VERBATIM NOTES OF THE THIRTY-FIFTH MEETING OF THE JOINT SELECT COMMITTEE ON STATE ENTERPRISES, HELD IN THE A.N.R. ROBINSON ROOM (EAST), LEVEL 9, (IN PUBLIC), OFFICE OF THE PARLIAMENT, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, #1A WRIGHTSON ROAD, PORT OF SPAIN, ON MONDAY, JANUARY 28, 2018, AT 10.40 A.M.

PRESENT

Mr. Anthony Vieira	Chairman
Dr. Lester Henry	Vice-Chairman
Brig. Gen. Ancil Antoine	Member
Mr. Wade Mark	Member
Mr. Fazal Karim	Member
Mr. Brian Caesar	Secretary
Ms. Sheranne Samuel	Assistant Secretary
Ms. Krystle Gittens	Graduate Research Assistant
Mr. Jean-Marc Morris	Legal Officer I
Ms. Safiyyah Shah	Parliamentary Intern

ABSENT

Mr. Adrian Leonce	Member [*Excused*]
Mrs. Cherrie-Ann Crichlow-Cockburn	Member [*Excused*]
Mr. Garvin Simonette	Member [*Excused*]

NATIONAL FLOUR MILLS (NFM)

Mr. Nigel Romano	Chairman
Mr. Kelvin Mahabir	Chief Executive Officer
Ms. Sati Jagmohan	Corporate Secretary

AGRICULTURAL DEVELOPMENT BANK

Mr. Winston Rudder	Chairman

Mr. Sheivan Ramnath	Chief Executive Officer
Mr. Sunil Rickhi	Corporate Manager, Credit

MINISTRY OF AGRICULTURE, LAND AND FISHERIES

Ms. Lydia Jacobs	Permanent Secretary
Dr. Simon Titus	Chief Technical Officer
Ms. Marlene Andrews	Planning Officer, Agricultural Planning Division

NATIONAL RICE FARMERS ASSOCIATION

Mr. David Paponette	President
Mr. Eniat Hosein	PRO CRATT
Mr. Fazal Akaloo	Rice Farmer (TIRGA)

Mr. Chairman: Good morning. The time is now 10.40 and I would like to call this sitting to order. A warm welcome to all, nice seeing you again. As you would recall, the purpose of this meeting is to continue our enquiry into the operations of the National Flour Mills with specific reference to the agreement between NFM and the Ministry of Agriculture, Land and Fisheries for the purchase of rice paddy from local farmers, and how that agreement has impacted on the ability of farmers to service their business communities.

As you would recall, the role of our Committee is, firstly, to examine the issues which arose based on NFM, and other stakeholders written on our responses to the Committee's questions, and, secondly, to aid NFM 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 engagement with the National Four Mills, the Ministry of Agriculture, Land and Fisheries, the National Rice Farmers Association and the Agricultural Development Bank. You can send email to parl101@ttparliament.org, on our Facebook page @facebook.com/ttparliament, or on Twitter @ttparliament. So, again, I would like to welcome warmly all officials and representatives present, and I would be grateful if you could introduce yourselves. Thank you.

[*Introductions made*]

Mr. Chairman: Thank you all. And before I ask the Committee members to introduce themselves, I would just like to point out that we have had apologies from Mr. Leonce, Mr. Simonette and Mrs. Crichlow-Cockburn. Members.

[*Introductions made*]

Mr. Chairman: Thank you, and just to remind everyone that I would be grateful if you could put your phones of silent and remember to turn on and off the microphone when speaking. Okay. So without further ado, let me invite the Chairman to make some brief opening remarks and to pick up from where we left off on a last occasion.

Mr. Romano: Thank you, Chair. I really have nothing further to add. We responded to the questions asked and we submitted our answers, so over to you.

Mr. Chairman: Okay, thank you. Well, let me acknowledge that we got submissions from the National Rice Farmers Association and that was dated 11th of January, 2019. We also got a submission from the National Enterprises Limited (NEL) which basically supports the position that was adopted by the National Flour Mills. Coming back to the submissions of the National Flour Mills, I would like to have confirmed that the persons here today represent, in fact, three organizations, the National Rice Farmers Association, the Trinidad Islandwide Rice Growers Association and the Caribbean Rice Association of Trinidad and Tobago. Is that so? Thank you. And let me just thank you very much for putting forward a very succinct position statement in a very non-political, very searching and in a very concise way about relevant and important concerns. So we will want to hear from you. And what is becoming clear is that what started off as a simple enquiry into the operations of a company is now evolving into a somewhat deeper investigation about food security, and perhaps the need for a strategic plan for national food safety. All right. So over to you, National Rice Farmers.

Mr. Paponette: Thank you, Mr. Chairman. First, let me thank this Committee for allowing the national rice community to make representation on behalf of the industry. It is indeed, and it has been indeed a very great and tremendous challenge for the national rice industry as it evolves over this period of time. As my case submission on behalf of the National Rice Farmers would indicate, there are a number of issues that would need to be looked at once the divestment process which has already started with the National Flour Mills asset in its rice mill, to be successful, a number of commitments and things have to be done in order to create the platform. Hence, the submission would have indicated a number of these things and it would have addressed a wider cross-section of issues that are inter-related to the survival of the rice industry as it stands. However, based on the fact that the original question asked and the original issue being looked at by this Committee, I would have tried to or made an attempt to be as relevant as necessary in relation to the core issues. From a neutral perspective I must just give a little background of the National Rice Farmers Association as well.

The National Rice Farmers Association specifically was not formed to just to champion rice issues. As indicated in the case submission, it was formed specifically to deal with and focus on the divestment process that has already begun by—that was already begun by the National Flour Mills in the Ministry of Trade and Industry, and to create a platform for a sustainable and powerful transition of this particular state-owned asset into the hands of the private sector with the view of creating a sustainable rice industry support mechanism over time. This is the core mandate of the National Rice Farmers Association, and to date the National Rice Farmers Association had been involved in a number of issues and meetings, and so forth, in relation to this divestment process. We would have been present when this initially would have begun.

Just to give you a little bit of my background from this perspective, I am someone who has over 24 years' experience in agriculture. I would have actually been involved, coincidentally, in the negotiation with National Flour Mills before this present negotiation with the present investors for that very rice mill. However, as someone with extensive experience from various areas, I stand in a position, and certainly in a position where I have an objective view from a neutral perspective, as well as, as I would see, you know, the perspective of all the rice farmers involved, and so forth, hence, there I saw it fit, and through communication with your Secretary, to have the National Rice Farmers also represented by the two other associations that had been longstanding in order to give their perspective on things. So I will just pause for a while to give the opportunity, through you, Mr. Chairman, when permission is granted, to Mr. Eniat Hosein and Mr. Fazal Akaloo, who both represent two other associations.

Mr. Chairman: Well, Mr. Hosein.

Mr. Hosein: Thank you for having me. I am a rice farmer of 22 years planting rice. My institute is CRATT, Caribbean Rice Association of Trinidad and Tobago. It is a non-profit organization that used to have dealings with the Ministry on getting lands for rice farmers. That was basically the main thing what CRATT is about. So far CRATT is not very active anymore because most of farmers are falling off because of the—well, mainly because of late payments. What else could I say?

Mr. Chairman: That is it?

Mr. Hosein: That is about it. Thanks.

Mr. Chairman: Mr. Akaloo.

Mr. Akaloo: I must say thanks to the members of the JSC for having farmers come and have their views expressed. First, I am a rice farmer for about 40 years now. I grew up with my parents into the rice industry growing rice for their own local consumption, own private use, and from there we continued to plant rice in a commercial way to sell rice to make a livelihood. I will like to—well, everyone knows that food security, there is no argument on that. We know every country needs to have a certain amount of food to sustain themselves and their citizens. I will like to just introduce and talk about rice crop per se as a crop other than vegetable crops.

Rice crop is of two different varieties that we can grow, irrigated and rain-fed. Now, because of climate changes the rain-fed issue is kind of out, so if we need to plant rice in Trinidad we need to have access of water and fields prepared in such a way that you could grow your rice. The time that a rice crop will take to mature from planting to harvest time is between 3½ months to 4 months, and the yield is about 3,500 pounds to 4,000 pounds per acre. The cost of production for rice farming on a large scale is about TT $3,000 per acre, and the profits that you will gain from that is between $1,000 to $1,500 per acre, whereas in other crops you will gain much more than that.

So hence the reason for—to be successful in rice production in Trinidad you need to have large acreages to be productive and to earn an honest livelihood. So this is one of the reasons that farmers, rice farmers, in particular, need the assistance from the State, because to go on, on their own, and to produce rice is very difficult in Trinidad. So that is the reason you will find that the people who started this initiative they had foreseen these issues and they gave the rice farmers a guaranteed market and a guaranteed price, which is very important, especially the guaranteed market, because when time to harvest rice you cannot go to the market and sell that; it is a big amount of rice. So it would have to have a mill prepared to take all these rice at one time and to do the drying, and the facilities for it. And the guaranteed market is so that—the guaranteed price too is that the farmer could foresee in the future what inputs he could have into that crop so that he could make a profit. So the next thing that we need is research and development.

Research and development—

Mr. Chairman: Mr. Akaloo, before going in there, can you just indicate how many rice farmers we actually have in Trinidad and Tobago?

Mr. Akaloo: Right now we actually have about 30 rice farmers. Around '92, '93, '96 we had 6,000 farmers. But because of problems in the industry, that we will get to—

Mr. Chairman: And of that 30, how many actually sell rice to the National Flour Mills?

Mr. Akaloo: Well, this last crop here only about three farmers sold rice because of the flood we had. The whole rice industry was almost destroyed, wiped out clean. So we had only about three farmers in different areas that brought in a little rice. The National Flour Mills might have a better idea on that, how much rice came in.

Mr. Chairman: Now, I know you want to get into research and development and some very technical things, and I do not want to necessarily cut you here, but we have a lot to cover today, and I know Mr. Karim has some questions for us, so may I ask if you could just hold on that for a moment and we will get back to it. I would like to open the floor now to members. Mr. Karim.

Mr. Karim: Thank you very much, Mr. Chairman. Let me join with the Chairman and all of us in welcoming all members who are present this morning for this meeting, very important, as the Chairman indicated, with respect to the whole issue of national food security. Mr. Akaloo, since you have said that you have been involved in rice productions for the last 40 years, going back to the days of your parents. You said there are about 30 rice farmers. I just want to get an idea—I have a few questions to start with you, number one, in that 40-year period how you will describe your most recent experience in terms of the support you would have gotten in terms of the level of productivity?—in terms of a lot of things. I do not want to tell you. I want you to say to us, how will you describe your most recent experience in rice production?

Mr. Akaloo: Well, my experience recently in the rice industry is one of disaster. I myself as a rice farmer, and I have three sons who are rice farmers. For the last two or three years they have not been planting rice again. They came off of rice production because of many issues, and one of the most blatant excuse is late payment. I was going further to explain the rice crop, how it really actually works to understand why late payments affect the industry.

Mr. Chairman: Well, let me ask you before you continue, because I suspect what you are going to be talking about in terms of late payments, and which is really a main part of this enquiry—

Mr. Akaloo: Yeah.

Mr. Chairman: You may refer to your relationship with any financial institution or with the National Flour Mills, and so on, the Ministry of Agriculture, Land and Fisheries. But the Chairman would have indicated, the Chairman of NFM, when he started last week, indicated that rice production in 1992 was—they bought 21,200 tonnes. That fell to 2,859 tonnes in 2013, and in 2018 it was 585 tonnes. So in your answer I would like to ask you to elaborate as to, in addition to what you had started to say in terms of the payment aspect, what are the factors, what are the reasons why we had such a dramatic decrease in the production of paddy and the purchase of rice paddy?

Mr. Akaloo: Yeah, well, the decrease was caused by many factors. One of the factors that caused the decrease in production, to my knowledge, was the introduction of something called the grading system. The grading system was where paddy was going to be graded in four different categories, and, as I said before, the profit line in rice production is very small and when you have the grading system introduced to farmers and they cannot pay for the—the cost of production is costing more than what the return is, so they had to leave the industry because it was not making sense. That is one of the reasons why many small farmers left the industry, because where initially you had a guaranteed price of 89 cents a pound, they brought in a system where they were getting between $1.30 for your paddy; $1, first grade, and the fourth grade is 30 cents a pound, so you have four different categories. So when a farmer brings his rice and he gets a fourth grade or a third grade, it was not profitable. In fact, he was losing money on that.

Mr. Karim: Can I ask you, with respect to the grading, whether you are satisfied with the grading process?

Mr. Akaloo: No, I was not satisfied.

Mr. Chairman: And why is that?

Mr. Akaloo: Because when farmers carried their rice to the National Flour Mills, grade one, two, three and four is dumped in the same heap and the rice is processed in that way. So for minor, minor little infringes, like you have a percentage of red rice, or a percentage of chalky rice, you will be degraded for that. So in that way it was not profitable for most farmers to continue planting rice.

Mr. Karim: What would you have said would have been necessary for you to have the best grade of rice to be sold and therefore paid at the highest rate?

Mr. Akaloo: Initially, the National Flour Mills had the mandate to buy rice from farmers.

They had the monopoly to bring in rice into this country, and the mandate was to assist farmers in producing better grades of rice, better quality of rice before the grading system was introduced. Together with the Ministry of Agriculture, they were supposed to assist in water development, irrigation system. This never took place.

Mr. Karim: Did they help in any way, and if not, in your view, why not?

Mr. Akaloo: Well, in fact, the Government of the day did not see agricultural rice production as that important to have inputs into it. In fact, since the National Flour Mills acquired the rice mill at Carlsen Field there, they did not do much upgrading to the mill itself and they did very little to assist farmers in upgrading their performance and grading to the level of the rice grades that they needed.

Mr. Karim: You said that there was need for assistance from the State. Could you elaborate on that? What kind of assistance would you require? And in that regard, could you tell us a little more about—because we have been advised that this is going to be a very dry season coming up here with respect to the water resource that will be an important—a critical ingredient for rice production. So in what way would you have expected the State, or would you like the State to support the industry and to support the farmers?

Mr. Akaloo: One of the problems that we are having right now is water supply, and I must say that the powers that be, they are not supporting rice farmers at all. Why I am saying this is that the hydraulic road where, in Caroni, was built to supply farmers with water in the Bejucal area, and lower down in the Felicity area, the surrounding areas. That was taken over by WASA, and the tributary to carry the water to the farmers, there was a control there and it was locked off completely. Instead of—

Mr. Karim: Can you say how long that has happened so that we get a sense as to?

Mr. Akaloo: That has happened about 10 years now. So they locked off the tributary to go to the farmers, completely, and allowed the extra water to go over the where?—to the swamp. And the Ministry of Agriculture, Land and Fisheries have put something in place called, assisting farmers by putting water pumps. So it had reached to a stage now where the Ministry used to man the pumps, fuel the pumps, and everything like that. Now, they want the farmers to do that. So all these are extra on the farmers and these are very trying times.

Mr. Chairman: Thanks. As you were talking about assistance and payments and financial aspects, I wondered if this might not be a timely moment to ask the ADB, because we have both the Chairman and the Chief Executive Officer of the ADB here, to perhaps share their perspective on this. Thanks.

Mr. Rudder: May I be further advised specifically on what aspect of these arrangements?

Mr. Chairman: I was actually going to let you speak as you saw fit on finance for farmers and food security and the role of the ADB.

Mr. Rudder: Chairman, thank you very much. Well, the ADB is established as a State enterprise, a State corporation under Act No. 3 of 1968, and the objects of the bank is to encourage and foster the development of agriculture and fisheries, and in this regard what we do, we provide both credit and technical support. But the ADB, as a bank, is essentially a financial institution and therefore the technical support with respect to rice varieties, agronomy, research and development, and incentives, and what have you, beyond the supply of financial support is primarily coming out of the Ministry of Agriculture, Land and Fisheries, and therefore the ADB is guided with rice production as it is with all the other commodities that are produced in Trinidad and Tobago by the overall policy and support that the Ministry provides and directs. With respect to the rice farmers, since 2006, and in fact this was renewed by a letter from the Ministry in 2012, I think, we have been requested by the Ministry to provide the required finance to the rice industry as farmers would request, and in this regard we have been providing financial support to rice farmers for the productive purposes. And in terms of repayment, and this is, I guess, the relationship between ourselves and the NFM and the farmers, farmers do contract by way of a letter of assignment of proceedings that the National Flour Mills repay the loans as contracted with the Agricultural Development Bank through deductions made when they are being paid for their rice. So that there is a clear policy on the part of the Agricultural

Development Bank to provide support to the rice farmers. We have in fact been doing so, and like all farmers, their particular rice project is assessed on the basis of its financial viability, and what have you.

Mr. Chairman: Thank you. Brigadier, you had some questions?

Brig. Gen. Antoine: Yes, I would like to have some follow-up questions to my colleague, Mr. Karim, and this is to Mr. Akaloo. Do you have access to or do you own a private rice mill called Island Grain?

Mr. Akaloo: No, Sir.

Brig. Gen. Antoine: So you are not aware of the—and you are not involved in any proposal for the milling of rice?

Mr. Akaloo: That would be my brother.

Brig. Gen. Antoine: And has he submitted a proposal for the milling of rice for the rice farmers?

Mr. Akaloo: Sir, I would not know that.

Brig. Gen. Antoine: So you would not know that?

Mr. Akaloo: No.

Brig. Gen. Antoine: Okay.

Mr. Chairman: Mr. Mark.

Mr. Mark: Good morning, and thank you very much, Mr. Chairman. I just want to ask the—Mr. Rudder, Chairman of the ADB, could you share with this Committee how many rice farmers are clients at the ADB?

11.10 a.m.

Mr. Rudder: At the current time, I am advised that the records indicate nine farmers are clients of the ADB.

Mr. Mark: How long have you been Chairman of the ADB?

Mr. Rudder: I have been Chairman of the ADB since November 2016.

Mr. Mark: When you look at the records of the ADB, what would have been the number of farmers accessing loans 10 years ago as compared to now? Do you have any idea?

Mr. Rudder: I do not, but I am sure my CEO would have an idea.

Mr. Mark: May I ask your CEO then?

Mr. Ramnath: Thank you, and good morning to all. The number of farmers we have accessing loans to the ADB is approximately 1,800 farmers.

Mr. Mark: Eighteen hundred?

Mr. Akaloo: Farmers or rice farmers?

Mr. Ramnath: Farmers, total farmers. Rice farmers currently have nine.

Mr. Mark: Nine. But I was asking Mr. Rudder, could you share with this Committee what it was about a few years ago, like 10 years, five years between five and 10 years?—before we have nine.

Mr. Ramnath: Yeah. From 2012 to now, the number of rice farmers has remained relatively stable. The farmers that we have today in 2019 are basically the same farmers who would have accessed loans around 2012.

Mr. Mark: You want to share with us what, if any, is the default rate?

Mr. Ramnath: The default rate? Well, the default rate with regard to the rice farmers is approximately in the vicinity of almost close to over 75 per cent, and that is related really to the late payments that we have been receiving from NFM.

With regard to the total number of nine, we have three farmers who are basically up to date, four farmers who are basically about, approximately one month in arrears, and two—because the bank's arrears figure is basically calculated, once you miss one day's payment it goes into arrears.

Mr. Mark: In the instance where farmers are unable to honour payments to the ADB due to delays in receiving payments for paddy sold to the NFM, does the ADB provide any kind of moratorium to the farmers?

Mr. Ramnath: There are facilities available to the farmers there, for example, moratoriums, skip payments, you could refinance or reschedule your loans. Knowing the situation with regard to the late payments, the bank has kept in contact with clients and basically tried to, at least, have discussions with them until the payments come in.

We have made known to the farmers the facilities available, and we have had situations where, at least, four of the farmers have accessed the facilities that the bank has made available to them to help them to continue with the project with the intention of guiding project success down the line.

Mr. Mark: Now, apart from financial support, what other types of support does the ADB provide the farmers?

Mr. Ramnath: The ADB concentrates on the financial support, we do not get into the technical aspect of it; that part of it really comes from the Ministry. The ADB however, part of our process in terms of monitoring is to pay visits to the clients, and based on that we try to work with them with regard to the repayment aspect.

Mr. Mark: Mr. Chairman, I just wanted to ask the NFM through you, the Chairman Mr. Nigel Romano, we keep receiving and securing information from farmers, both in written correspondences and their public utterances, that the late payment for their rice paddy from the NFM seems to be a major contributing factor to the decline in the number of farmers in Trinidad and Tobago.

Do you take any responsibility at all, Mr. Chairman, for this development as it relates to these allegations?—I would say—where it is being alleged that it is because of the late payments for their rice production, their paddy, and he has now combined that with the kind of grading system that NFM has put in place, dumping all one, two, three and four into one package and, therefore, that also contributes to the farmers and so on disappearing from rice production.

Could you share with us, given your own experience as Chairman and from the files and records available whether these things have any roots or any merit?

Mr. Romano: Thank you. Chairman, through you, there are a number of problems with the rice industry, late payment being one of them. The NFM is an agent with the Ministry of Agriculture, Land and Fisheries, we buy the paddy from the farmers based on the arrangement with the Ministry of Agriculture, Land and Fisheries, and we pay the farmers when the Ministry of Agriculture, Land and Fisheries pays us. The NFM is not a financial institution, we produce food for the population; we do not provide credit to the farmers; we buy the paddy based on the agreement with the Ministry of Agriculture, Land and Fisheries.

The grading system was implemented on behalf of the Ministry of Agriculture, Land and Fisheries, so what we do is that we run those, the paddy through the laboratory and determine the grades, and based on those grades, the documents—so much grade one, so much grade two, so much grade three—send the note to the Ministry of Agriculture, Land and Fisheries, and then we have to pay the farmers once we get paid.

Having said that, I believe that we could do a better job managing the flows, but as I said, there are other issues: the seed stock could be improved, the irrigation and drainage could be improved, the support and training in pest management and soil technology, these are all factors. So to highlight— because, I believe that if you to want to get into business you need to create value, but you also need to create value at a cost that is less than the value that you create so that you can make a profit.

And right now we are supporting the farmers, the Government that is, through the subsidies $2.99 per kilo, $2.86 for grade one, $2.86 for grade two, and I am not sure what the grade three is, because there are really three grades; and that is not sustainable. But what is sustainable is working with the farmers to improve the quality of the seed stock, improve their management, and I expect that should come through the expertise at the Ministry of Agriculture, Land and Fisheries so that they get to a stage where they can be self-sufficient.

So in our divestment proposal to the Government we made this very clear, that the farmers would be supported and helped to upgrade the quality of their produce and while reducing the cost of production, and that the investor would invest in a parboiling facility, so that the rice could be sold to a population that likes parboiled rice as opposed to brown rice or white rice; so that would be my response.

Mr. Mark: Gentlemen, one final question before—Mr. Romano, we have been told by somebody this morning that the NFM in collaboration with the Ministry of Agriculture, Land and Fisheries had a very clear mandate to provide certain services to the farmers. One of the things that I took down here was water management. I do not know if you can share with us whether that is a fact or that is the figment of somebody's imagination. Apart from the NFM buying paddy, milling it at the Carlsen Field mill, does the NFM have any other responsibilities to the farmers in the rice business in T&T?—as far you are aware.

Mr. Romano: No! As I said, we are a National Flour Mills, our job under the arrangement with the Ministry of Agriculture, Land and Fisheries is to buy the paddy based on the grades and tell the Ministry, these are the paddy, this is the amount owed to the farmers.

Mr. Mark: Mr. Chairman, you see, there appears to be some confusion, because the farmers are saying one thing, you are saying something else and, I guess, if I go to the Ministry I might get another story, so there is confusion, and hence the collapse of the farming industry in Trinidad and Tobago, because nobody apparently is taking responsibility for anything.

So may I ask the President of the National Rice Farmers Association to elaborate or to clear the air on this apparent confusion?—or not confusion. It is clear to me that what Mr. Romano has said that institution called NFM does not have any responsibility with these kinds of things that I am talking about.

Mr. Paponette: Okay. Mr. Chairman, through you. Mr. Mark, thank you for the opportunity to clear the air. There are indeed some issues that need to be elaborated upon. In reference to my case submission which I would have submitted to the Committee sometime back—now basically, Mr. Romano actually is right. NFM's role in keeping this rice industry afloat and supported had specifically to do with the arrangement that existed between the Ministry and NFM for payment.

However, there have been a number of issues which I would have indicated here that fall directly in the purview of the Ministry of Agriculture, Land and Fisheries as it relates to support services and a number of things that have directly affected the industry in a significant way which would have resulted, played a significant role in the resulting decline, as you would see. I would have done a little graph in this submission showing the rapid decline of rice production over the past five years which I actually would have gotten from NFM who was very supportive in collecting my data for this case submission.

I would have also communicated with past employees of the then rice unit and the large farms unit which has now been disbanded by the present administration; I do not know under whose instruction. Basically this unit was set up to create a very solid support base for the rice industry, and a revitalization plan that already had been drafted and under implementation—I would show just the cover of it here [*document displayed*]—this says the Trinidad and Tobago Rice Industry Development Plan 2014 to 2024 that details a very comprehensive, not just an outlook, but a plan of action that basically would have—the implementation of which would have begun, as stated in the case submission you would see that a lot of these services that were previously offered by the Ministry are no longer in existence, based on the fact that there no longer exists a rice unit in the Ministry of Agriculture, Land and Fisheries.

This unit was specifically set up to create or support not just rice farming and production, but also the divestment process. I would have been over a three-year period very intimately involved with the then directors and individuals involved in that unity from a technical perspective. My company would have had an agreement with them under the authorization of the PS, we would have made visits to Guyana to the Guyana Rice Development Board on local rice-related issues.

This industry has to be supported significantly by the Ministry of Agriculture, Lands and Fisheries and so does the divestment process. I am also in constant collaboration with and have been in collaboration with all of the prospective bidders for the existing mill.

Just to clear up some concerns, I was asked at that first initial meeting to exclude the Akaloo family from it, based on the fact that there was a conflict of interest arising from the question that was asked earlier by one of the members of the Committee. There is a lot that has to be gone into, and basically I am giving a synopsis of a number of the issues because we are spinning around in the same place, you know, and we are not—

Mr. Chairman: Mr. Paponette, yes. Thanks. I know Vice-Chair Henry wants to ask something, but when I read your submissions what—I think, a couple of points resonated and stood out. One was that, (a), as you said, the large farms unit has since been disbanded, and as a result of that the industry is now near to collapse. The second point that resonated was that, we import US $14 billion a year.

Mr. Paponette: No. No. Wrong figure—million.

Mr. Chairman: Fourteen million per year. Thank you. And that is a haemorrhaging of scarce foreign reserves.

Mr. Paponette: Yes.

Mr. Chairman: And then the other points that you were making was that there were concerns about the need for a written policy on rice. There was the acceleration of the divestment process for the rice mill, the desire for strategic plan for national food safety, and then, again, as reiterated, the need for support from the State for farming generally and for the rice sector in particular.

Mr. Paponette: Yes.

Mr. Chairman: Correct? Now, I am going to come back to some of these points, but I do not want to hold back any longer on Vice-Chair.

Mr. Paponette: Thank you, Mr. Chair.

Dr. Henry: I really want to get the Ministry of Agriculture, Lands and Fisheries to have a say in this as well, but before that, Mr. Paponette, what is your role in the whole thing, apart from what you described? Because you are not a rice farmer, what is your—

Mr. Paponette: Now, the rice farmers have asked me—originally, I was engaged by the then director of the large farms unit under the company that I represented, a Canadian company that had interest in purchasing the rice mill in 2016. And being someone who was actually planning my entrance into rice, because I have 24 years' experience in commercial agriculture, I saw the need to act as a go-between person between the investors, National Flour Mills and the rice farmers. I was asked to assume the position of the President of the National Rice Farmers Association because I had a very comprehensive and intimate understanding of all of the mechanisms and parts and components of this whole transition process into the private sector.

Dr. Henry: Okay. Well, Mr. Akaloo I think, said that there are only about 30 rice farmers in the country right now, so those are the people who you represent?

Mr. Paponette: Yes. Collectively, well basically even though Mr. Akaloo is here and Mr. Eniat Hosein is here as well, they are both also members of the National Rice Farmers Association. However, based on the fact that there is a broader perspective from a farmer's perspective, they were basically given the opportunity to represent a more broad-based outlook on rice that went outside of the divestment issue and focused on some of the production issues and to give the Committee a hands-on understanding and internal experiential understanding of what they would be experiencing, although we are all aware. I would have submitted some of these issues inside of the case submission. So basically, that basically is what forms the platform for how today's representation has been structured.

Dr. Henry: I would like to bring in the Ministry of Agriculture, Land and Fisheries now to respond to some of these issue because it seems like the rice industry has been in decline for a very long time, so I would like the Ministry of Agriculture, Land and Fisheries to comment on that and some of the factors that were involved. Could you comment on the price support that has been in place in terms of the aiding the farmers at that above-market price?

Ms. Jacobs: Chair, I will allow my Chief Technical Officer to talk about the price or whatever it is that was in debate. But what I can say is that the Ministry of Agriculture, Land and Fisheries does provide support. It may not be the level of support that is required, but I know for a fact that the engineering division has a number of projects on the books relative to some of the concerns that would have been raised with respect to the whole irrigation system. So there is support as we do supply to all the farmers in terms of incentives and in terms of the technical support that I know from the engineering division.

With respect to the other issues, I would just like to bring in the Chief Technical

Officer who would be able to—who has better history on those other matters.

Dr. Titus: Good day. Through you, Chair, I am just following from what the Permanent Secretary has indicated, the Ministry does do some water management. I noticed that was mentioned before, and we do lend assistance in terms of providing pumps and access roads to all farmers, and rice farmers are not excluded.

And the Ministry also provides free soil testing, in case soil testing is required, and there is—and this is for all farmers—there is some degree of technical support that can be accessed through our plan clinics. So there are areas where farmers and members of the public can go to the Ministry's staff with your, let us say, samples of leaves or so, and it can be diagnosed and the Ministry would guide as to what treatment can be used.

We realized that after some time that sometimes asking farmers or members of the public to go to one particular site may at times be inconvenient, so we have also launched this online. So you can take a picture on your cell phone, upload it, and the Ministry's staff can diagnose it, and guide as to how you proceed in treatment. So there is some technical support that is lent out to all farmers inclusive of rice farmers.

Dr. Henry: When and why was the grading system implemented?

Dr. Titus: In discussions with my colleague, we will have to supply that information later.

Mr. Chairman: I know Brigadier has some questions. I just wanted to ask a couple questions of the farmers. On the last occasion the NFM said that Trinidad does not have the capacity to provide enough rice paddy. Well first, do you agree with that statement? And secondly, if you believe that Trinidad does in fact have the capacity to produce sufficient, safe, nutritious food, can you indicate the basis for that belief?

Mr. Paponette: Thanks, Mr. Chairman. I believe, based on the exposure that I have had and the technical information that I have had the chance to peruse that there is local capacity for the rice industry to, within the next three years, supply approximately 50 per cent of local demand once the parboiling facility is made available, and some of the issues that presently exist are sorted out; some of the issues that we have that we are airing here.

This can drastically increase to much more than that once appropriate technologies are implemented and a new, a changed view of production is adopted by the farmers themselves as well. I have been to various countries and I have seen the levels of efficiencies that are way above the present local industry, so it is highly possible.

Mr. Chairman: And on the last occasion we also learned that NFM, the mill, is operating at 15 per cent capacity. It buys rice from six out of the number of local farmers. So my question is: Who then buys and mills the rice from the other farmers?

Mr. Akaloo: I would like to clear up one issue here first before I answer that question. This is a letter on the 24th of January from the rice farmers to the engineering division of Ministry of Agriculture, Land and Fisheries asking for assistance with a pump and for the channels to be cleared to accommodate the water. And I spoke to the deputy director, and he told me that they do not have any equipment right now to clear any channels; and this, I cannot remember the last time they cleared channels for farmers.

And concerning the amount the acreage of land for rice production in this country, when the previous agriculture Minister Mr. Vasant Bharath was in office, he took the initiative to allocate land for rice production, and he had members of the rice unit go around the country locating lands for rice production, and enough lands were located to produce more than 50 per cent of the local consumption right now.

Mr. Chairman: What I was also trying to find out is: Besides NFM, is there another mill that rice farmers can go to?

Mr. Akaloo: Yeah. That farmer is a private mill, he only mills his own rice.

Mr. Chairman: So it is not available to the other farmers?

Mr. Akaloo: No. No. Not at all.

Mr. Chairman: Okay.

Brig. Gen. Antoine: We have here the rice farmers, we have the Ministry of Agriculture, Land and Fisheries, ADB. So, I am throwing out this question: What resources do farmers need, long term and short term to revive the rice industry?

Mr. Paponette: Brigadier, I will be the first to answer that question, Mr. Chairman, through you. First of all a collaborative effort is needed. The industry, the rice industry cannot be revitalized by just the farmers increasing their production and investing more money in the rice industry based on a number of factors that would have been indicated. There are some key and critical areas for support to create the transitionary platform in order for the industry to become self-sustaining. And when I say self-sustaining, I am using the poultry industry as an example, as a viable example of self-sustenance which is where we are hoping to have the rice industry end up in the next five to six years. However, in order to do that, this is just one issue, the ADB, sorting out the ADB matter and the NFM matter and so forth, as we have been speaking about here for the past two sessions.

As well, there are four key pillars that could be viewed as critical to the resuscitation of the rice industry. One would be a reliable seed supply for planting material; the other one would be timely payments. Right? Well, course, the irrigation situation and engineering will have to be sorted out. And then the other one has to be a working and properly financed parboiling milling operation. Right?

Now, I just want to elaborate on a couple of these areas as it relates to the seed unit part of it. Now, the Ministry of Agriculture, Land and Fisheries under the past large farms unit was in process of developing a seed unit at El Carmen. This was a process that had already begun through an organization called FLAR, and that organization basically would have been paid some twenty-something thousand US for membership. They facilitate memberships from governments, from States basically to support the development of rice and other particular commodities, target commodities.

Now, this was a project that was already in existence. The aim of this project was basically to create a local rice/seed unit that would create reliable availability of seed and planting material to the rice industry.

Mr. Chairman: Would that include things like our Moruga rice?

Mr. Paponette: Yes. Those things could have been developed, further developed under that unit. That unit under the large farms unit was scrapped as well. The investment from the State would have gone down the drain. Now, this information is not information I would have acquired just by hearsay. I interacted, as I told you, personally with individuals from these units, my company had an agreement with them. I was actually engaged officially to assist them in a public/private partnership to help resuscitate the rice industry, and this is where this data would have come from, a very reliable source.

Now, in order to be able to create this comprehensive resuscitation plan, this has to be looked at from all of these angles. If these issues are not addressed, we will be back to square one. The divestment in particular, all of the investors would have indicated to me that without a proper support system and policy from the Government, from the existing Government, they cannot move forward with the investment.

Now, this is something, I would not call names here, I interacted with all the investors over the period of time of the present divestment project. And this mechanism does not presently exist within the Ministry which could see us reaching a stalemate position, and having the divestment process fail, a failed initiative which already a very large sum of money would have already been expended on this process; this has to be a critical component in it. So just to give you a few ideas; there are many more things that I can say, but I choose to stop there.

Mr. Chairman: Well, I just want to make sure that Brigadier is able to get the answers he is looking for.

Brig. Gen. Antoine: Could I get a response from Mr. Hosein and Mr. Akaloo: What resources would the farmers need to revive the rice industry?

11.40 a.m.

Mr. Hosein: Well immediately, we will need some seed. As you are aware, we had a flood last October. During that flood we lost most of our seed. What farmers do now is we propagate seeds ourselves. So, seed is a part of the crop growing and when harvest comes around we would keep the best parts as a seed plot and the extras we will sell to the mill. What happened was the flood took all of the seeds, so we have all the farmers without seeds. What little seed that we had from before, like a few bags of storage seed, farmers propagated it, so we will have seeds for the following crop. Getting seeds from Guyana is pretty hard right now. One of the farmers is trying to access seeds from Guyana, but he is getting some problems with licences. So, we do not think that would reach down into Trinidad in time for the following crop. So, seed is definitely the main thing right now.

Brig. Gen. Antoine: Any other resource that the farmers need from the ADB?

Mr. Hosein: Well, apart from capital, that we do not have, the late payments. We do not have any capital to really reinvest either. Farmers caught in a circle. Right? It is a little cycle. Now, we need to invest before the crop; so it is five months before we should be selling rice, we need to invest. So we put out all our outputs and stuff; and after we sell all rice now, we should hope to get paid within a month to be able to reinvest in the second crop. If payment does not come, we need to find the money somewhere.

So what farmers would do is they will cut down on the acreage, they will take away fertilizers because that is an extra input, thus reducing the yields, making a worse second crop. They will maybe sell equipment to get some capital to put back into the fields. So when they sell equipment they could work less land, and that is the cycle that is being in, and we have been doing that for the last six years. So, it is like my institution, it is CRATT. It is a conglomerate of farmer. It is just farmers come together to acquire lands and produce rice.

Now, most of them they already went bankrupt. They are already out. We are dwindling with—we have about six active members, and in the last crop, how much? About only three planted, because they are the only ones with some funds to keep going, and then the flood now came and took away all the seeds, everything that we had. So, we are in a really bad state at the moment because of it. And many of us may not even get the flood relief because the paperwork is not in order for most of us. We are planting lands that were planted by—were originally leased to other farmers, but they gave up the lands, so other farmers came in and we planted it, and, well, the crops lost. So, we do not know where we are going from here right now.

Brig. Gen. Antoine: Mr. Akaloo.

Mr. Akaloo: Yes, excuse. After the floods that we had in October, the Minister of Agriculture, Land and Fisheries, Mr. Clarence Rambharat, the honourable, had a tour in the area, and he promised rice farmers that we are going to get seeds from Guyana. So, we are hoping that he keeps his promise. But, we have gotten seeds from Guyana already and the seeds were not at the quality that we expected. So that is the reason why the unit is so important to produce our own seeds here. And it is a sad fact to know that, you know, moneys were paid because this organization was to come and propagate seed and then it was dismantled. I cannot really understand these kinds of decisions that people in position take. Not that I am really looking at the industry in the food security that we need in this country. It really is beyond my understanding.

Brig. Gen. Antoine: And let me just shift the question to the National Flour Mills and the ADB: What resources you believe the farmers need to revive the rice industry?

Mr. Mahabir: Chairman, through you, I think that is a question for the rice farmers to answer, they are the businessmen. They are the farmers. They have to answer that. I am in the flour business not the farming business.

Mr. Akaloo: Maybe I could answer some quick questions in a really simple way. The farmers need water that grow their rice, they need fertilizer to grow their rice, they need equipment to grow their rice, they need payment on time, because the way the rice industry, the rice crop grows, after you harvest one crop you have to immediately go and plant the next crop to avoid the dry season. So if you do not get paid in time—

Observer: You lost everything.

Mr. Akaloo: That is it, you cannot plant the next crop, and the farmer was explaining what he does to plant the next crop. So the payment on time and support from the Ministry with seeds is very important. Now, as farmers we used to get water from a natural flow, from the hydraulic weir. The hydraulic weir was in Kelly. Natural flow, we used to get water. Now, the Ministry has to put pumps, put "watchmans". I have a document here from the Ministry of Agriculture, Land and Fisheries, the agreement that farmers have to—when they get a pump. All fuel is to be supplied by the farmers. The farmers must provide a watchman, they must make sure the pump is operating, the fuel pressure gauge, engine speed, fuel level, abnormal noise, you need an engineer to monitor the pump, and that is at the cost of the farmer. So, we could have a system where farmers are getting water naturally, but because of no coordination between the Ministry of Agriculture, Land and Fisheries and WASA, WASA closed off the system and that was it.

Mr. Chairman: Mr. Karim.

Mr. Karim: Thank you very much, Mr. Chairman. I will come back to some of the issues that Mr. Akaloo raised. But let me start with Mr. Paponette. You had made reference in your contribution to, "I was asked" and "my company", could you tell us who you were asked by and what is the name of your company?

Mr. Paponette: Thank you again. Through you, Mr. Chairman, the large farms unit under the Ministry of Agriculture, Land and Fisheries would have**—**at that point I would have been representing a private international pharmaceutical company invested in biotechnology in agriculture in various countries through Caricom and various other countries outside of Caricom, and we would have had a partnership agreement with the Ministry of Agriculture, Land and Fisheries under the then large farms unit. And at that point—to answer the question I was asked—I was asked by the then director of the large farms unit to consider having that company make an input as a private sector entity into the rice industry based on the need that he would have indicated through this plan, that this plan would have highlighted for a private investor to come in and**—**

Mr. Karim: What year was that?

Mr. Paponette: This would have been in 2016. Between 2015-2016.

Mr. Karim: And the name of your company?

Mr. Paponette: Massy Environment Technologies is the name of my present company. Now, the thing is, at that point I would have represented the international company Health 2000 Inc., which had some significant interest in the rice industry. We would have written to the Minister of Agriculture, Land and Fisheries, and so forth, to create a platform for dialogue to begin. There seemed to have been a desperate need then, as indicated by the then director of the large farms unit to us, that investment was critically needed for this parboiling unit. So basically from that point, being a farmer myself, I saw the need to continue as a pro bono representation to see this process to the end, based on the fact—

Mr. Karim: Let me see if I get it correct. You were asked by the large farms unit of the Ministry of Agriculture, Land and Fisheries—

Mr. Paponette: In collaboration with the farmers who were there. We actually had our first meeting, about 10 of us, including Mr. Akaloo and Mr. Eniat, who you are seeing here.

Mr. Karim: It started with the request from the large farms unit of the Ministry of Agriculture, Land and Fisheries.

Mr. Paponette: From the large farms unit of the Ministry of Agriculture, Land and Fisheries yes.

Mr. Paponette: For you to intervene?

Mr. Paponette: Yes.

Mr. Karim: To oversee in a sense, to assist or to work with the farmers, and with respect to the divestment of the rice mill.

Mr. Paponette: Of the rice mill.

Mr. Karim: Right. Now, tell me a little bit about this divestment. When did this start? I know there was a steering committee—well, I want you to tell us for the benefit of all of us who are here and those who are listening, what is—because you see you made mention of the fact, and even NFM made mention of the fact last time, about a parboiling facility. But you might have a parboiling facility and no paddy to parboil.

Mr. Paponette: Exactly.

Mr. Karim: So, all of these things that we are talking about what is required, the contingent investment in my view, I would like to know, what is this contingent investment in terms of the feasibility of the sale of this rice mill in Carlsen Field to a potential investor who would not be sold a lemon? Because you may not be able to profitably engage in anything, and I want you to answer that, because that is very critical, not only to us listening to the investment opportunities, but to the national community, because this is a national asset, and in terms of food security. And I would come to Guyana after.

Mr. Paponette: So, I am very grateful that you asked that question because it brings us into the crux of the matter here now. Now, from where I sit, firstly on the side of the investment side and then on the side of production, farming, and as I would have mentioned, somebody wanting to get into rice as well, I was planning this, and then someone who sees the critical need of national importance to be addressed. Critical to this investment actually going anywhere, and this parboiling facility, and this investment in this mill, actually becoming operational, and this is not just my view, this is the view of all the investors I would have interacted with, in this process and the previous one. Because this point should be noted that this is not the first time the mill went up for bid. We were actually in the previous one. Not this one. So basically, the first one would have failed, and from the information I would have gotten, reliable information, it would have failed for some of the same reasons. The investors see the farmers' ability to stably produce over a long period of time a critical component to the success of the investment.

Mr. Karim: Let me just ask you quickly, do you think based on what you are seeing and what you have noticed and the experience of the past, that this one would fail too?

Mr. Paponette: I am getting some symptoms, and that is the reason why I decided to stay here—these gentleman really asked me to stay on board based on this particular fact, because I really wanted to excuse myself from this to not have my company becoming—to be put in the limelight and so forth. But, I see some significant potential for the failure of this particular divestment process. And this is not just hearsay. I interact with all of the investors and I see things. I interact with everybody. So, basically, there are—I even spoke to the Minister on this issue via text message about two weeks ago, who would have indicated to me, the Ministry's policy is to support the divestment and so forth.

My view of that, sitting from where I sit and not from just a passionate perspective, being someone whose livelihood is affected, although I could identify with it—from the perspective of investment, sustainability and national food security as well as from the perspective of national interest, because I did sit on a state board before. So I understand from all different perspectives, being someone who was involved in policy, agricultural policy formation and so forth, this divestment can fail very easily without the key components for support from the Ministry of Agriculture, Land and Fisheries. All of the investors would have indicated such to me throughout this process that there needs to be an ongoing support system. And we are not speaking about basically keeping the subsidy in existence for the next 100 years. We are speaking about support services specific to rice. Rice is not the same type of crop.

Mr. Karim: Let me ask you, based in terms of the support services to the rice production paddy and the mill, what kind of quantum of investment do you think will bring it to a stage where at least we could break even if a potential investor is there, in terms of the investment cost to support, and the investment cost to upgrade the mill, the investment cost in terms of the parboiling facility? What do you think as a ballpark figure might be?

Mr. Paponette: Now, I would give you a ballpark figure based on an educated guess. Basically in the vicinity of 30 to 40 million dollars for a proper parboiling facility with the capacity to facilitate future expansion processing capacities and so forth. And as it relates to that, a support system and land allocation policy for a comparative land reserve for specifically keeping this production on stream. So there—tied into this investment is the actual component of the key persons which we view to be the farmers, in this component; if you do not have paddy to process after that large investment is made, problems will exist.

Mr. Karim: What do you think would be the ideal size and the amount of acreage that will be able to at least support the mill for production?

Mr. Paponette: Looking at it from a realistic perspective, we are saying that about 6,000 acres allocated to rice production specifically has to be set aside and set aside with policies to back it up for change of use and that type of thing, so that people basically are not going to just migrate out of rice once they have two and four and 500 acres of land.

Mr. Karim: Are we close to the divestment now?

Mr. Paponette: Based on what I have seen how the divestment is turning out, there seems to be an existing stalemate. I sat and I listened in the back at the prior hearing. I did not say anything because I was not called upon to speak. There seems to be an existing stalemate where the divestment process is concerned from different components. I am a person who speaks to everybody who is involved, the critical people who are involved in this, and I see the potential for this to fail if the Ministry does not step up to the game and put in place a structure and policies to solidly support the sustainability of this divestment.

Mr. Karim: You think we might reach to a situation like we experienced in the recent past, where we do not have any raw material anymore to mill at Carlsen Field? We might have the closure of the rice industry and the total importation of rice into this country?

Mr. Paponette: We are very close to that. Right now, through you, Mr. Chairman, I would say we are very, very close to that point. This little graph I would have done in this thing would clearly indicate that.

Mr. Karim: I just want to ask one question more with respect to the—because we are dealing here as well in terms of the farmers' ability to service their business needs. I want to get from whoever, and I hope I will be able to get, and the listening community would be able to hear. I am a rice farmer, I take my paddy to Carlsen Field, the paddy has to be graded for me to get that slip to be sent to the NFM for payment. It goes then to the Ministry of Agriculture, Land and Fisheries who will give the NFM. I want to know, I take my paddy today, how long does it take to be graded? First question.

Secondly, having gotten the slip to be sent to the NFM, how long does it take to move from Carlsen Field to Port of Spain, or Wrightson Road to be processed? Thirdly, when it finishes there, how long does it take to go to the Ministry of Agriculture, Land and Fisheries to ensure that this is the amount of money we have to pay? Fourthly, how long does it take from the Ministry of Agriculture, Land and Fisheries to give to the NFM the moneys to pay? So, it is a kind of cyclical situation, and maybe somebody might ask the question: Why does the Ministry of Agriculture, Land and Fisheries themselves not pay to the farmers directly based on the grading system?

But I want to get those figures now so that we would get a sense as to where is this delay, from the day of the grading of the paddy, to the slip being produced, I do not know how long it would take afterwards, because it has to go to the lab. I have seen this facility in Guyana. As a matter of fact, when you talk about Guyana, Mr. Paponette, I am very much aware of the GRDB and what they do in Guyana. So, I have a sense of comparison. How long does it take to grade? How long does the slip take to move? When the slip goes there, how long does it take to go to the Ministry? How long, having gone to the Ministry, does it take for money to come to the NFM and then to be paid to the rice farmer?

Mr. Akaloo: Well, from a farmer's perspective, the same day that our rice is taken to the mill, the same day we get our grading slip, and we get our voucher stating how much money we get for the rice, from there the National Flour Mills will have to answer further.

Mr. Mahabir: Chairman, through you, the process of grading is instantaneous as we heard before. As you deliver, you get the grade of your particular product, because it is checked at that point in time, and the slips would then come to NFM from Carlsen Field. Within a week we would try to have those slips to the Ministry of Agriculture, Land and Fisheries. On average, over the last two years or so I would say that it has taken approximately six months for payments to be made. In recent times, in particular in the last one, we actually paid for October to December paddy on the 23rd of January, so this one was in fact much faster.

Mr. Karim: From the Ministry of Agriculture, Land and Fisheries?

Mr. Mahabir: It comes to us and then—so within a day or two of coming to us we pay it out to the farmers.

Mr. Karim: So, it takes you a week to process your slips with the grading, and then forward it to the Ministry of Agriculture, Land and Fisheries, then it takes six months before you get the money from the Ministry of Agriculture, Land and Fisheries?

Mr. Mahabir: Yes, about that.

Mr. Karim: Could you enlighten us as to what? Because this is what has been said this morning so frequently, and it places the farmer in a very invidious position, to service their business commitments.

Ms. Jacobs: Chair, through you, I would have explained on the last occasion that there was an anomaly in the '17 early '18 period which accounted for a significant delay. Paddy cost for September, October and November, as far as my records show, we got those invoices in December, and by January we were able to pay for those paddy costs. So I cannot—I explained before, there was an anomaly in the previous period, but generally it should not take so long, and therefore from the September, October and November period, we were able to pay that in under a month.

Mr. Karim: Mr. Akaloo and any of the—maybe Mr. Hosein, could you tell us, could you verify that the period of time to receive your moneys have in fact reduced by about three months, PS?

Ms. Jacobs: Well, I would say from the time we received the invoice, which was December—and the Ministry of Finance is very responsive to incentives, all those things, so we do not have a long waiting period. So, I can say from my experience that those invoices were paid very quickly when we received it.

Mr. Karim: Within what period of time?

Ms. Jacobs: Well, from December to January.

Mr. Karim: Yes, how many weeks? If you could tell us. I want the farmers to—

Ms. Jacobs: Roughly three weeks.

Mr. Karim: Three weeks. Could the farmers indicate that you have been seeing an improvement with respect to the rapidity with which you are being paid for your paddy?

Mr. Akaloo: Yes. Mr. Chairman, I would like to just take a minute to get some forms here. I went to National Flour Mills—well say Carlsen Field, Friday at 2.12 in the afternoon with these receipts that I have sold paddy on the 25th of April, 2018, and my cheque was not received down there as yet. I did not receive any payment on Friday gone there, 2.12 p.m., and my money did not reach down there as yet. So, I have bills here to verify it. I have other bills from previously—well, they said they had a problem in the beginning, but usually eight months, six months, for the last five years, it is only recently, this last crop that farmers—some farmers received money, I must say, but this happened because of this investigation that is going on that farmers received some money. Other than that, no.

Mr. Karim: Was it money for the flood, arising out of that flood, or was it moneys that were being—actually better being paid now for the paddy you supplied? Compensation for the flood?

Mr. Akaloo: No compensation. That compensation we might get that next year.

Mr. Karim: Oh, no compensation for the flood so far?

Mr. Akaloo: No, no, not at all. What I am saying is paddy that was sold April last year, when I went Friday I did not receive any payments for that.

Mr. Chairman: PS, you wanted to respond?

Ms. Jacobs: Yes, Chair. I would have indicated that '17 to '18, there was the issue. So that the cheque for the period which we had, for September, October and November, that is what would have been paid January. Right? That is what would have been paid January.

Mr. Chairman: Thank you, PS.

Ms. Jacobs: And those were the outstanding paddy bills that we would have had.

Mr. Chairman: But I think the point that Mr. Karim was trying to highlight is that there is an ecosystem for farming, and there are many different parts and aspects to it, and what we are seeing is that there are some critical gaps in the benchmarks and the timelines, and I think if we are to talk about food security, and rice farming in particular, we do need to work through this ecosystem, and to see what we can do in terms of shoring up and closing those gaps.

And, what is quite clear is that we cannot put it all on NFM, because NFM—no pun intended—does not operate in a silo. All right? But, on the point of food security and rice production, on the last occasion we heard that farmers—that a lot of the production ends up as animal feed. How does the Ministry, and how do the farmers feel about that?

Mr. Hosein: This is a very disheartening fact. Because we do a lot to increase our quality in the seeds. We try to use the best seeds that we have accessible to us. We do not have a programme where the developing the correct seeds for Trinidad climate or anything like that, but whatever is the best we have, we try the best and we try to get the grade one, and as NFM stated previously, 60 per cent of the rice is grade one that we sell to the mill. And it is a shame to be putting out all these extra efforts just to go into animal feed.

Mr. Chairman: But, would not having a bank of seeds be a part of a national security plan? My understanding is that the Moruga rice that we have is a very good rice, and one would have thought that we would have done research and development into Moruga rice, and we would have as part of our national food policy to start banking that rice and looking to mill it and export it, even.

Mr. Paponette: Mr. Chairman, I chose to answer that question based on the fact that I have had intimate collaboration with the person who was directly in charge of the rice unit and in charge of that seed development programme on the FLAR. Basically, the FLAR programme was developed to have local varieties be worked on and enhanced, so basically we would have ended up with our own local varieties of rice over time through some base cultivars and so forth. Basically, in order to have an industry like this and have it survive we cannot develop it on the basis of imported seed material from other competing countries, by the way, because Guyana competes with us for our own market.

Mr. Chairman: Not only that, but by being reliant on, say, seeds supplied by Monsanto, you are actually putting yourself at risk, because you need to have your own indigenous food stocks that are—

Mr. Paponette: So basically, to top off this issue, this FLAR issue that is in existence, what would have happened, because FLAR is directly involved with governments, the farmers themselves would not be able to access any benefits from FLAR directly, only directly through the Government and through some government unit that is specifically charged with the mandate of doing or spearheading this development. And this unit, basically, I would have toured these fields for myself at El Carmen, the lands were already prepared, the cultivars were being prepared to actually begin to our own seed unit. All of these things collapsed after the rice unit was shut down, and basically these are key ingredients to making sure that the rice industry is sustainable.

Mr. Chairman: It also seems that we have missed an opportunity, because as you were talking about plant varieties, that is a form of intellectual property that we could have acquired and exploited as geographical indications for some of the top type of rice. Yes, I do not know if you have any thoughts on this?

Ms. Jacobs: Not at this time, Chair. But I am aware that there was a rice unit, but since my assumption of duty at the Ministry there has been no rice unit. I do not know much about the history of it, so I prefer not to really comment on that.

Mr. Chairman: Vice-Chair?

Dr. Henry: Not to pre-empt the role of the Chair, but I would just like to inform members that the Committee has agreed that the Minister of Finance will make an appearance.

Brig. Gen. Antoine: Minister of Agriculture, Land and Fisheries.

Dr. Henry: Sorry, Agriculture. Sorry, my error.

Hon. Member: The Minister of Finance?

Dr. Henry: Yeah, he can come to. But, seriously. So, I just have two issues that I would like to raise with Mr. Akaloo. You said that, in response to Brig. Antoine's question about the rice milling proposal, that that is something that you are aware of, or submitted by your brother? Can you confirm or deny that? The Island Grain?

Mr. Akaloo: Yes, my brother has a rice mill, Island Grain, but I am not aware of any proposal to the Government. Previously, many years ago, through Nariva farms, we had proposed to—we had a proposal for the mill and that was not—when I say, we did not get through with that proposal, so I did not take the initiative to do anything again. That would be up to my brother, I do not know.

Dr. Henry: So your brother might have submitted a proposal to process all locally grown rice, and you do not know about it?

Mr. Akaloo: I do not know about the proposal.

Dr. Henry: In relation to the water issue that you raised before, is it this coordination between the Ministry and WASA you said that caused you a problem? Or was there a problem of an issue with pumping water out of national watercourses without a licence? What was that about?

Mr. Akaloo: Pumping water from the courses you have to get a licence. I have a licence right now that I could pump water. But there was an agreement after the shutdown of the tributary to the farmers from the hydraulic weir. After they shut down that, there was an agreement between the Ministry and WASA that they would pump water from the Caroni River to the Guayamare River, and farmers would use their pumps on a private basis and pump water that they need to their fields. But that pump that was initially used to do that is not available anymore.

But what I would like to do is to see that the Ministry of Agriculture, Land and Fisheries and WASA come together and get that tributary that leads to the farming sector reinitiated, and farmers to start getting water on a—you do not have to—all you have to do is get one person to man the gates, and it is an automatic system where you just lock off or open, and no cost at all.

Mr. Chairman: Member Mark.

Mr. Mark: Thank you, Mr. Chairman. Mr. Chairman, based on what the National Rice Farmers Association President said earlier, the industry seems to be in a state of rigor mortis, and I want to ask the President of the same association, you displayed a document a short while ago on the rice production development for the period 2014 to 2024, who is the author of that document?

12.10 p.m.

Mr. Paponette: Through you, Mr. Chair, this is the document in reference. Again, this is the *Trinidad and Tobago Rice Industry Development Plan*. This document was done specifically by the Ministry of Agriculture, Land and Fisheries, under the large farms unit in collaboration with the rice farmers of Trinidad and Tobago. It was a document that was done, taking into consideration collective contribution to the development of this plan to move the industry forward.

Mr. Mark: May I now direct this to the Permanent Secretary. In light of the fact that the Ministry of Agriculture, Land and Fisheries has developed a plan, and a policy must guide a plan, so you have a policy for rice production which is manifested in this plan, 2014—2024. But we are being told, and you have to verify this, and if you can verify it tell us what is the reason for it. We have been advised and informed that the rice unit for the large farmers, which would have also been engaged in the development of seeds for the rice farmers, researching that area, has been closed down, has been shut down, has been discontinued. Could you clear or clarify for this Committee whether this is factual or is that an allegation?

Ms. Jacobs: Chair, as I indicated I do not have that history, but maybe the Chief Technical Officer who has been in the Ministry much longer than I have been, she may be able to clear some of that.

Dr. Titus: Through you Chair, my knowledge is that we did in fact have a commercial large farms unit and at this point in time no such unit exists.

Mr. Mark: Seeing that you are the Chief—what, Technical Officer, you said?

Dr. Titus: Yeah.

Mr. Mark: Would you like to share with this Committee—first of all let me ask, are you aware of the reasons advanced by your Ministry for the closure of this unit? Are you aware of any rationale for it?

Mr. Chairman: Mr. Mark, I understand that the Minister of Agriculture, Land and Fisheries will be coming and perhaps he will be able to better explain the history and the policy of the Ministry at this stage.

I am wondering Mr. Paponette, the document that you have been showing us and referring to, if you could make a copy of it available to us for our information and records.

Mr. Paponette: Yes, Mr. Chairman. I will through your Secretary who I constantly collaborate with, Mr. Brian Caesar, via email. So, you would have it available.

Mr. Mark: Mr. Chairman, may I continue please. There are a number of questions I have here, but as you rightly said, maybe the civil servants may not be in a position to answer these questions. So then we would have to wait on the policymaker to do so. So—

Mr. Chairman: Mr. Karim has one more, so if you—and Brig. Gen. Antoine also has a question. Well, Mr. Mark, while you gather your thoughts—Mr. Karim.

Mr. Karim: Thank you, Mr. Chairman. I would just like to get a response from the stakeholders who are here, and the question is very specific. What is the projected outlook for this year's rice crop considering all these factors that you would have spoken about this morning and the very dry season that we are expecting after the floods of last year? So what is this projected outlook for this year's rice crop?

And the second part is, what can we as consumers expect? And if I could hear it from as many of the representations of the persons who are here, I would be very happy, including the Ministry of Agriculture, Land and Fisheries, NFM—I know you are not into rice production but you also sell rice. So if you could give us a sense as to that and the rice farmers who are here.

Mr. Akaloo: From a rice farmer's perspective, the amount of rice that planted this crop would just be a certain amount of seed that we need. So we would not be able to sell any of that rice. We have to hold that rice to plant for the other crop. So I do not think National Flour Mills will be receiving any rice for this crop. They will be receiving rice in about 10 months' time when we harvest these seeds and we wait for the beginning of the rainy season to plant back the seeds. It will be about November, December.

Mr. Karim: So almost for the rest of the year.

Mr. Akaloo: Yeah.

Mr. Karim: And any others would like to—any of the other farmers' groups and the Ministry of Agriculture, Land and Fisheries?

Mr. Paponette: Mr. Chairman, through you, I would say in response to that question that there is a definite sign here that we are on the brink of the total collapse of the rice industry. It is evident based on the evidence given. So basically, the rice industry as indicated by Mr. Akaloo is already significantly affected by this. The lack of proper planting material for this new crop which to an extent is not even possible without a direct intervention from probably the Ministry of Agriculture, Land and Fisheries for the expedited importation from probably Guyana or some other place. It is not possible for even the mill to operate and mill any rice for the first half of this year, which is terrible. So all of the evidence is there. We are on the brink of the total collapse of a rice industry if proper intervention is not had.

Mr. Karim: So on that information received could the NFM give us a comment based on the fact that you may not see any local production for the next, well, almost for the rest of the year. What does the implication for us as consumers—what the NFM intends to do—I mean, I know it is an open market, people could import. Do you have any plans based on this information, and if you can tell us what you have in mind, what that additional cost could be.

Mr. Romano: Chairman, through you, again, our focus is food and whatever.

Mr. Karim: Yeah, sure. Well, rice is a food staple—

Mr. Romano: And this is the reason why we went out in 2017 to find an investor who knew the rice industry. And I think we found that investor. And we are in the process of negotiating with that—or the team that was charged with negotiating the investment based on that process. So for me what needs to happen is that there needs to be a clear policy decision as to, do we want to have a rice industry in Trinidad? That is the first question. And if the answer is, yes, then what follows is that you need to provide the support in terms of—the technical support in terms of the development of the seeds and having the strain of seed necessary to produce some quality products.

Mr. Karim: Mr. Chairman, but given the information we just heard, does it mean that NFM may see a potential market increase or you see an opportunity to import more rice on the basis of this shortage?

Mr. Romano: Well, I mean, based on—I do not know if there is an opportunity—

Mr. Karim: There is a business option.

Mr. Romano:—to import more rice. The point is that there was very little in 2018 and therefore we imported to meet the needs of the local market. Very few people, I mean, I am maybe one of the few people who would enjoy brown rice given my dietary preferences, but most people like the high calorie, low nutrient products. That is not me, but that is the market.

Mr. Karim: But now that we might have no production locally, what would be your response?

Mr. Mahabir: Well, the situation is that traditionally in Trinidad and Tobago you have a series of importers of parboiled rice which is the preferred type of product that is consumed. And I think that will continue. Unfortunately, prices for rice vary based on climatic changes that are taking place in the large producing countries. So, for example, Brazil, Guyana, et cetera, as they get impacted they would alter the price, it would go up or down based on actual yields that they are getting at that point in time. So that I think as the chairman indicated, Mr. Romano indicated earlier, the bottom line would be for the divestment and also for the future because they are both intertwined, in that, the divestment is part of a continuing industry. In other words, it does not make sense to divest something and then shut down the industry because then there is nothing to run the—through the mills and the new parboiling facility. Unless, you know, if that were to happen then it means that that parboiling facility will have to depend on totally imported paddy.

Mr. Karim: And in your view finally, what can consumers expect, in your view?

Mr. Mahabir: I think there would be supply. I cannot say much about pricing because earlier in the year and while we are affected this year by a very dry season I do not know what the conditions are in some of the other producing countries. I cannot really make any pronouncements on that.

Mr. Chairman: We are coming towards the end but before I invite closing submissions I just want to allow one more question.

Brig. Gen. Antoine: Good afternoon again. It would appear from the discussions that the future of the rice industry hinges on the establishment of a parboiling facility with the rice mill. My question is, what time frame do we have for the completion of the divestment and the establishment of this parboiling facility?—otherwise we are just doing animal feed. What is the time frame for eventual establishment of the parboiling facility at the rice mill?

Mr. Paponette: Before Mr. Mahabir or anybody answers that question, I will just make my short piece. For me that time frame is highly dependent on the Ministry's desire to establish a rice unit. Without it there is a no go on the investment. I happen to know this, and that time frame now is very significantly hinged on the Ministry's ability to mobilize and to create the platform for making the commitments necessary to make sure that this divestment process is successful. If that does not happen, I am afraid that the divestment process will fail. So the time frame can be infinitum, basically, we would not get there, this would not be a completed process.

Ms. Jacobs: Chair, it is unfortunate that the Ministry of Finance is not here because those negotiations are resting with that agency at this time. So to speak to an issue that is under the purview of another Ministry, I would be unable to do that.

Mr. Chairman: Okay, we are very close to 12.30 p.m., but I would like to just give Mr. Romano, Mr. Paponette and Ms. Jacobs an opportunity to make closing submissions, starting with you Mr. Romano.

Mr. Romano: Thank you, Chair. Again, I have to emphasize that rice is not core to NFM and therefore when we initiated the second attempt to divest we were very clear that the local industry needed assistance, technical and managerial assistance to the farmers to help them to up their game. And we had two objectives in mind: one, a much more efficient and sustainable rice industry giving the guys good seed, the irrigation and what not, to allow them to produce better quality with better yields and a seed that was suited to our environment. And the second and very important thing was somebody who knew the rice business, who would invest in the parboiling facility. That is where we are and we need to bring that to closure. So, I mean—and the other thing I said before, we are prepared also, understanding that we are not a financial institution, to work with the Ministry of Agriculture, Land and Fisheries to ensure that the time period between submission of invoices and payment to farmers is as short as possible. So thank you.

Mr. Paponette: Mr. Chairman, thank you for allowing me the privilege of making closing remarks. To continue from where Mr. Romano left off, basically, I continue to hold my view that once the direct involvement of the Ministry of Agriculture, Land and Fisheries is not made on a timely basis, this divestment process will fail. I happen to know this for a fact. I am hoping that through this hearing and through this enquiry we are able to not just open dialogue but to create a platform for progressively moving forward to solving these issues which in my view can be easily solved with the right support mechanisms. We thank you for the opportunity of allowing us a voice on this national platform and we continue to support the work of the JSC as it relates to this very critical issue.

Ms. Jacobs: Thank you, Chair. What I would like to say is that the Ministry of Agriculture, Land and Fisheries is always willing to address the concerns of our stakeholders, inclusive of the farmers and we have been making strides towards eliminating some of those challenges, such as the late payments which is a recurring position. We have tried very hard and we will continue to look at all the other issues with a view to bringing some favourable conclusion to these matters. Thank you.

Mr. Chairman: Thank you, PS. And ADB, thank you for coming. If you would like to say anything before we conclude.

Mr. Rudder: Thank you, Chair. The ADB commits to support the policies of the Government of Trinidad and Tobago with respect to the development of the agricultural sector. I say this as chairman. If I am permitted a comment, as somebody who has had some experience in agricultural development, it is clear to me when I look at the scenario, that the establishment of our parboiling facility in Trinidad and Tobago and the development of a rice industry of Trinidad and Tobago are not mutually exclusive in the sense that there is a case for a parboiling facility in Trinidad and Tobago, whether or not Trinidad and Tobago decides to support the development of the rice industry because of the market that exists for parboiling of rice in Trinidad and Tobago.

Mr. Chairman: I want to thank all of you for your very helpful and insightful contributions. And it appears that this concludes our business today. So I would like to declare this meeting now suspended. And in closing, may I thank all of you again, the media and the viewing and listening audience. Good day.

12.28 p.m.: *Meeting adjourned*.

VERBATIM NOTES OF THE THIRTY-SIXTH MEETING OF THE JOINT SELECT COMMITTEE ON STATE ENTERPRISES, HELD IN THE A.N.R. ROBINSON ROOM (EAST), LEVEL 9, (IN PUBLIC), OFFICE OF THE PARLIAMENT, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, #1A WRIGHTSON ROAD, PORT OF SPAIN, ON MONDAY, FEBRUARY 11, 2019, AT 10.35 A.M.

PRESENT

Mr. Anthony Vieira	Chairman
Dr. Lester Henry	Vice-Chairman
Brig. Gen. Ancil Antoine	Member
Mr. Fazal Karim	Member
Mr. Wade Mark	Member
Mr. Brian Caesar	Secretary
Ms. Sheranne Samuel	Assistant Secretary
Ms. Krystle Gittens	Graduate Research Assistant
Mr. Jean-Marc Morris	Legal Officer I
Ms. Safiyyah Shah	Parliamentary Intern

ABSENT

Mr. Adrian Leonce	Member [*Excused*]
Mr. Garvin Simonette	Member [*Excused*]
Mrs. Cherrie-Ann Crichlow-Cockburn	Member [*Excused*]

NATIONAL FLOUR MILLS (NFM)

Mr. Nigel Romano	Chairman
Mr. Kelvin Mahabir	Chief Executive Officer
Ms. Sati Jagmohan	Corporate Secretary

MINISTRY OF AGRICULUTRE, LAND AND FISHERIES

Sen. The Hon. Clarence Rambharat	Minister of Agriculture,

Land and Fisheries

MINISTRY OF TRADE AND INDUSTRY

Ms. Frances Seignoret	Permanent Secretary (Ag.)
Mr. Dennis Scott	Senior Business Analyst

MINISTRY OF FINANCE, INVESTMENTS DIVISION

Ms. Michelle Durham-Kissoon	Permanent Secretary (Ag.) Ministry of Finance
Ms. Sharon Mohammed	Senior Business Analyst

Mr. Chairman: Good morning. Thank you all for being here with us again today. Today will be the third, and I think last instalment of the public hearings to do with the enquiry into the operations of the National Flour Mills. So, in the course of today's sitting, I am pleased to say that joining us will be the hon. Minister of Agriculture, Land and Fisheries, Sen. Clarence Rambharat. When he comes in we will take a slight break, so that the seating arrangements can be recalibrated, and then we will resume, but everyone will continue sitting throughout the hearing, so there will be full participation.

Before asking the members of the Committee to introduce themselves, I would just like to express my sincere appreciation to our parliamentary Secretariat and support staff, in particular, Mr. Brian Caesar, Secretary to the Committee and Ms. Sheranne Samuel, Assistant Secretary. And now, may I ask my Committee members to please introduce themselves?

[*Introductions made*]

Mr. Chairman: Thank you. We have two apologies this morning: Mr. Simonette and Mr. Leonce, and member Crichlow-Cockburn had to leave, so we are three down. May I now ask participants to introduce themselves? Thank you.

[*Introductions made*]

Mr. Chairman: Thank you all, and we also have in the public gallery, members from the National Rice Farmers Association. All right. Well, as you would recall, time is limited and there is a lot we would like to cover. [*Pause*] I am reminded that there were two technocrats in the back row who did not introduce themselves?

[*Introductions made*]

Mr. Chairman: Thank you. So, as I was saying, we would like to keep questions and answers focused and as brief as possible so that we can maximize the number of persons who would like to contribute.

The purpose of this meeting is to continue the enquiry into the operations of the National Flour Mills with specific reference to the agreement between NFM and the Ministry of Agriculture, Land and Fisheries for the purchase of rice paddy from local farmers and how that agreement has impacted the ability of the farmers to service their business commitments.

The role of this Committee is, firstly, to examine the issues which arose based on NFM and other stakeholders' written and oral responses to the Committee's questions and, secondly, to aid NFM 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 engagement with the National Flour Mills, the Ministry of Trade and Industry and the Ministry of Finance via email to parl101@ttparliament.org, on our Facebook page at facebook.com/ttparliament, or on twitter@ttparliament. I now open the floor. Member Karim.

Mr. Karim: Thank you very much, Mr. Chairman. May I join with the Chairman and our colleagues here in, once again, welcoming all of you who have joined us this morning. We are substantially going to be focusing on NFM's operations now, and I want to ask the NFM whether you consider yourself to be a very profitable company? If yes, what would have been responsible for that? And my second part of the question is, what do you see as your challenges, your threats or your weaknesses to operate financially viable and sustainable in the future?

Mr. Romano: "Very" is an adjective, right?—and it indicates in relation to something. I would not describe NFM as “very” or “not very”. NFM is profitable. Whether we could be more profitable, definitely. So to speak to the other question, if you look at the strategic landscape that is NFM, and you compare us to the competition, you compare us to how other private sector entities operate, I would say that the constraint on our ability to adjust our prices in response to increasing cost is one of the constraints with which we have to operate.

Having said that, we as NFM recognize that despite the competition from other producers, we have a responsibility to the people of Trinidad and Tobago to keep a very important staple in their diets affordable. That also has its limitations. So that, to the extent that that obligation affects our profitability, we would have to adjust and make decisions that we believe are appropriate and in the best interest of all our stakeholders, including our customers, our employees and our shareholders.

Mr. Karim: If you had to request of the Government of Trinidad and Tobago or to ask them certain things or conditions or concessions or whatever adjective you want to describe as you indicated the word “adjective” in terms of “very”, what will those things be that you will want to make a demand of the Government or to ask them or to request of them to assist you in being more profitable?

Mr. Romano: Well, I am not in the habit of asking for assistance. We have an obligation to run a profitable enterprise and, quite frankly, we do not really need the permission of the Government. However, as I have said, we understand our position in the society. In fact, the competition follows our lead because we are the most important player in this case.

Our first obligation is to ensure that we are doing everything in our power to improve our productivity, to improve our efficiency and thereby to ensure that we maintain margins that will lead to continued profitability. We have had, and we are very focused on, a continuous improvement programme where we strive each and every day to do things better. We are looking at the whole job evaluation process and the way NFM is organized to ensure that we continue to operate as efficiently and as profitably as possible.

We are also very much focused on working with customers to understand their pain points and where we can continue to add value, and we are working with our leadership team to ensure that they lead the company, in partnership with the two unions that represent the staff members to ensure that we maintain sustainable profitability. So I do not want to go asking the Government for any help. If I were to ask the Government for any input, it would be to not frustrate our attempts to be more profitable while we understand, very clearly, our objective and our purpose for how we operate in Trinidad and Tobago.

Mr. Karim: How would you say that the Government—now that you have given us this last line, how does one interpret that you would not want them to frustrate any attempts to be more profitable? What is the—

Mr. Romano: So, there is always a healthy tension and I have no problems with tension or conflict, once it is healthy, and the Government would like to ensure that we maintain the price of flour at a certain level, so that the people of Trinidad and Tobago would not be affected. As I have said before at this Committee, we are here to create value, but unless we capture some of that value in the form of profits, we will not be able to sustain NFM.

Mr. Karim: So what would you be saying to the Government to assist you in doing? And that subsequently follows a question, that is, the relationship you have with your line Minister in ensuring that you get the necessary support and the removal of any idiosyncrasies, if I may use that word, or any tensions, that you may wish to eradicate. What are some of these issues that you would like to see? And, again, I ask that in the context of—

Mr. Romano: Well, we are constantly making the case for our situation, and having ongoing conversations. We recognize the Government and any Government's objectives, and we are also mindful of NFM's objectives and our—as a board and as a management team, our responsibility to ensure that we have and maintain sustainable operations, and that dialogue continues.

Mr. Karim: So if I were to ask you to indicate, are you in a sense indicating that if you had your way—and maybe I do not want to put words in your mouth—would the price of flour increase?

Mr. Romano: In fact, it may well decrease because of course we are operating in a competitive environment, and the reason we would go that route would be to put the competition out of business.

Mr. Karim: So the NFM has as part of its strategic plan or intent to decrease the price of flour?

Mr. Romano: I never said that.

Mr. Karim: All right. Do you have it on the reverse then—to increase the price of flour?

Mr. Romano: It depends.

Mr. Karim: Do you think there is that potential?

Mr. Romano: There is always the potential. It depends on what happens to the price of the raw material coming into Trinidad and Tobago, it depends on how we manage the risk of a price increase, and it is all fluid. So that, remember our objective is sustainable operations. "Sustainable" means profitable operations.

Mr. Karim: Have you met your profitability target?

Mr. Romano: We did not meet the target, but we continue to be profitable.

Mr. Karim: And what would have caused you not to meet the target?

Mr. Romano: Do you want to help here? [*Laughter*]

Mr. Mahabir: Yes. A number of things. During the last year, in particular—and I am dealing with 2017, because we have not yet published 2018—we would have had challenges with foreign exchange during that period where there were times when we could not get enough foreign exchange to pay for vessels that are arriving into the country, which would incur penalties, demurrage, et cetera, to get the appropriate foreign exchange so that we can pay so that the vessels will dock. So they will sit outside in the gulf and wait until you pay. That has improved in recent times, so that is one factor that is improving.

In terms of the price of wheat itself, wheat prices have been fluctuating; and over the last two years, we have had increases in the price of wheat. So, while as Mr. Romano said earlier that we have been improving the performance of the organization from a perspective of continuous improvement, reorganizing, we are now looking at competency levels, et cetera, to ensure that we have the competencies against those jobs that we deem to be relevant in the new strat plan. We also have the negatives of those factors that are sometimes outside of our control that we have to treat with and, therefore, it is a balancing of those two as we move the organization forward.

Mr. Chairman: Thank you. I wonder if you could tell us what are NFM's comparative advantages or disadvantages in meeting the competition.

Mr. Romano: I would say that in the case of the local competition, because I think recently we have seen imported flour on some of the shelves, our comparative advantage, our primary competitive advantage, is our relationship with our major customers. We have very good relationships with the major producers of bread and bread-type products in the country and we continue to maintain those.

For me, the major disadvantage would be our inability to really work with the non-flour customer, and I speak here specifically about dog food. I think we can do a much better job relating to the big users, commercial type users of dog food—the trainers, the security companies, that kind of stuff—and ensure that we really sell the product to them as a good-quality product at a much more affordable price. So, for me, we need to focus now—and it is part of our strategic plan—to diversify away from the focus on flour, through looking at other avenues for producing safe-quality food, because that is the other advantage. We have a very competent, very well-run production facility, and by the end of this year, if not before, we would have that SQF Certification affording us the opportunity of exporting to the major markets. So, for me, that is a critical competence that I think we can leverage into other areas of food manufacturing.

Mr. Chairman: One, and then Mr. Mark.

Mr. Karim: Thank you very much, Chairman. This is really a statement that the CEO made just now when he indicated that one of challenges would have been the difficulty in obtaining foreign exchange to pay for some of your cargo that is coming in. Over the last—you could give us a ballpark figure about one, two, three years, if you could give us any indication—what would have been the additional costs which would have been unforeseen costs in terms of the cost of quality, if you could describe it in terms of that category—how much money would you have had to expend as a result of the unavailability of forex to pay, not only for a particular shipment, but for a shipment generally of any cargo into NFM over the last three years?

Mr. Mahabir: I do not have an exact figure for you, but I can describe the areas where we would have had additional costs. As I said, it would have been demurrage, it would have been penalties, it would have been where some of our suppliers would have had to go back on their trade arrangements with us saying that we can no longer afford to give you credit, et cetera. There were times when it was very difficult that we had to sometimes forego buying certain types of items and, therefore, not supply certain products to the market. But as I indicated earlier, that has significantly improved and now we are in a much better place, and you would see that as when we publish our accounts in the 2018, and the line that is called "finance charges" you would see that has come down as a result of us doing certain things, both on the financing side and in terms of those operational items related to foreign exchange.

Mr. Karim: Would you describe it as a considerable amount of money that would have been expended that could have had an opportunity cost, as it were, to satisfy other requirements that you could not have?

Mr. Mahabir: Well, it would have been an opportunity cost.

Mr. Karim: Considerable in your view?

Mr. Mahabir: Not in respect of the total operations of the business, but it does create constraints for us which we have to work around and that is something that, you know, we have had to get the management team to look at options as we pursue the areas where we had difficulties, at that time, to get foreign exchange to do things differently. One of the things that, for example, Mr. Romano said before, is the dog food area. So, there were times when we would have had to forgo purchase of certain raw materials for that and, therefore, come out of the market for short periods.

Mr. Karim: You said that has improved considerably?

Mr. Mahabir: It has.

Mr. Karim: Would you say that it would have been a couple millions of dollars you may have lost as a result of that?

Mr. Mahabir: I would not say couple—what you said, billions or—?

Mr. Karim: Millions.

Mr. Mahabir: It would have been a couple million dollars, yes it would.

Mr. Karim: Which would have affected substantially your operating costs?

Mr. Mahabir: It would, yes.

Mr. Chairman: Thank you. Member Mark.

Mr. Romano: So, let me just finish the talk there. Again, we were in a situation where like everybody else in the market faced with the foreign exchange constraints, what we did was raise our hand, and say look, this is a very important enterprise, and as a result of the lack of access to foreign exchange, in other words, we had to join the queue like everybody else and we had the constraint on prices. One hand cannot clap, you know, let us have a conversation, and the Ministry of Finance recognized that and put arrangements in place to help us to access the foreign exchange. So, again, one cannot just sit back and complain, one has to be proactive and have a conversation recognizing that different parties have different objectives.

Mr. Chairman: Thank you. Member Mark.

Mr. Mark: Yes. Thank you very much, Mr. Chairman. Good morning again. Mr. Chairman, I would want to agree that the profitability of this enterprise could have been much higher at the net level and both the shareholder, the people of T&T, owning 51 per cent of NFM, as well as the private shareholders, would have been able to realize greater dividends. But there are some realities that we have to deal with, apart from the foreign exchange crisis that you are faced with, apart from the price or prices that you have to face on the international market for wheat, there are other challenges and I want to ask you very directly on these matters.

Can you tell this Committee if you have had challenges in the procurement area of your operation which might have resulted in losses being realized by the company over the last three years? And would you also share with us whether it is your opinion that you have a top-heavy management structure that is weighing heavily on that efficiency level that can realize greater dividends and, maybe as Mr. Romano said, greater levels of well, reductions, I should say, in the prices of goods and services that you produce including flour?

I would like to ask either Mr. Romano or the CEO, were any services procured from any board member or members without proper procurement procedures being implemented or followed over the last three years and, if so, how would those developments affect or would have affected your operations and your bottom line? Either the CEO or Mr. Romano.

Mr. Chairman: I gather there were lots of questions in there, [*Laughter*] so can you break them down for us as you go along? Thank you.

Mr. Romano: So, on the question of the top-heavy management, I believe there is room for improvement in terms of the structure, both at the management level and the number of layers of employee across the organization. So right now we have 11 layers; best-in-class speaks to five and we are actively working to address that.

Mr. Mark: Any time frame that you would like to share with this Committee?

Mr. Romano: In the not-too-distant future. I cannot be specific as to the time frame.

Mr. Mark: But you do have a strategic plan?

Mr. Romano: We have a strategic plan which we will be approving at the board meeting next week.

Mr. Mark: And that would be based, obviously, on some new organizational chart that you will want to derive from that strat plan?

Mr. Romano: That is correct.

Mr. Mark: Thank you.

Mr. Romano: On the question of procurement, there was one instance where at the last AGM—the AGM before the last AGM—certain shareholders had requested to visit NFM, and one of our board members, who is very involved in the media area and who had used virtual reality technology, offered a solution where at the AGM we actually filmed the operations and at the AGM people were able to put on these virtual reality goggles and virtually walk through NFM. We are also going to use that for training purposes subsequent.

We had a little hitch in the way that was approved and we corrected it, and that is the only instance where a board member, his services were offered and the costs that we paid for it was so minuscule that it in no way affected the cost of operations. In fact, we believe that it would save us a lot of money in terms of training going forward, and it will be available at every AGM going forward so that shareholders can have a first-hand look at the facility. I cannot remember the other questions, I think—if you want to ask them again.

11.05 a.m.

Mr. Mark: No, I will come back to it, but could you share with this Committee what was the cost, the miniscule cost that you mentioned?

Mr. Romano: TT $75,000.

Mr. Mark: TT $5,000?

Mr. Romano: TT $75,000.

Mr. Mark: Would you tell this Committee or share with this Committee whether this director of the board breached your procurement rules, any procurement rules by providing services to the company conscious that this person is the director? Could you tell us if any rules were breached or broken or violated?

Mr. Romano: I do not believe any rules were breached or broken by the director, or because he recused himself from the approval and he was the only person that we knew of at the time who could provide the service, which in fact we believe saved us a lot of money.

Mr. Mark: So you are saying in Trinidad and Tobago there is no one else available in the Republic of T&T that could have done a virtual reality tour video for the shareholders outside of this gentleman? Is that what you are telling this Committee?

Mr. Romano: At the time that was our belief and given the cost.

Mr. Mark: And you are also telling this Committee that there was no violation or breach of the rules of the tendering process of the NFM? Are you also saying that there was no breach in terms of conflict of interest?

Mr. Romano: Not from the director, but I will let Sati Jagmohan respond to that.

Ms. Jagmohan: Hi, good morning. The director did not participate in any decision to use his services. He offered his services to NFM at deeply discounted rates compared to what he would have charged commercially. We were tracking the cost right through to ensure that it was not an exorbitant amount, and we have access to all the materials which became the property of NFM. Thank you.

Mr. Mark: Mr. Chairman, that is one area, could you indicate as it relates to legal fees, can you indicate whether there were any breaches of your procurement rules as it relates to the payment of legal fees to any individual, any attorney over the last three years? Can you share with this Committee if any such breaches took place?

Ms. Jagmohan: Mr. Chairman, I am not aware of any breaches. As you can see here, we have very limited legal matters, most of which fall into the realm of industrial relations. We have Mr. Courtney McNish as the industrial relations consultant on our panel and he has handled most of the industrial relations matters. He is also on retainer by the company to deal with industrial relation matters reaching the courts, as well as to conduct negotiations with the unions on behalf of the company.

Mr. Mark: Is that all?

Ms. Jagmohan: The other areas, Ashmead Ali is our corporate attorney and he would handle matters that are of a corporate nature. The only other matters we have active are matters relating to the explosion of the Edible Oil Complex in 2005, in which three persons were terminated as a result. We lost two of our employees in that explosion. So the matters are in court and they would have started many years ago. We are simply trying to conclude the process right now. Thank you.

Mr. Mark: Did you ever employ one Dr. Claude Denbow, and could you tell us in what capacity and at what cost, and was that in breach of any procurement rules of the NFM?

Ms. Jagmohan: Mr. Chairman, Dr. Denbow, we needed to get advice regarding this whole matter of NFM's status and we added Dr. Denbow. It was a board decision to add Dr. Denbowto our panel of attorneys. Can we provide the costs in a written submission because I do not know the amount offhand?

Mr. Chairman: Yes, thank you.

Mr. Mark: All right, I have no problem, through the Chair. Mr. Chairman, I would also like to deal with the issue—do you know of a company called RM Engineering that was employed by the NFM to provide design works? And could you tell us whether the works were satisfactory, the delivery of the works in terms of the designs, were satisfactory to the NFM? And could you share with this Committee, if they were not, well, then the cost would have been recovered and could you tell this Committee what was the payment made to this company called RM Engineering?

Mr. Mahabir: Yes, RM Engineering was engaged to do a particular project which had to do with the design of our operating hub at Carlsen Field, which included new warehousing facilities, et cetera. The design was done and we had gotten to the tendering stages. When the cost came in, in terms of the design, they were on the very high side in terms of the amount of work to be done to provide those facilities. Now, remember that what NFM in its thrust to become SQF compliant is doing, is putting down structures that meet and exceed the normal, both food quality and food safety standards. What we have had to do is to go back now and do something called, value engineering, to look at what is going to be required to bring in the cost in line with something that is going to be a bit more competitive and affordable for us, because, at the end of the day, while it might be the best design or the best facility, it has to be commercially viable for us to want to move it forward. So we had to go back and look at it, and that is on the particular Carlsen Field site where it is located north of the rice mill operations.

Mr. Mark: Yeah. But could you tell this Committee, what was the cost of this exercise, and having regard to what you have just said, were you able to recover any costs, having regard to certain effects that you would have discovered at the material time? Could you share with this Committee?

Mr. Mahabir: Well, the cost is written in the submission at $635,000. And, as I indicated, it is not that the design is bad, it is that the design has to be reworked so that it could be more cost competitive.

Mr. Mark: So we paid $635,000 for a design that has to be reworked, is that what we are being told?

Mr. Mahabir: Well, it is part of what you have to do in a building of that size, you must do a design that meets all the approvals in terms of statutory approvals, and then ensure also that it meets the commercial requirements.

Mr. Mark: Let me just ask another final question here before I pause to return, could you tell this Committee whether in the last three years, NFM has been engaged in any loans as working capital, and if you have been could you indicate to us the value of those loans and to whom you would have accessed those loans from in terms of working capital for the NFM?

Mr. Mahabir: Yes, we have had loans with a number of institutions, including Republic Bank, the Exim Bank, and NCBG; NCB Global, I think it is.

Mr. Mark: Would you want to share with this Committee—would you like to give this Committee a breakdown of the loans that were acquired under these three companies over the last three years?

Mr. Mahabir: I am just checking our financials here. Yep, Exim Bank has, at 2017, has a facility of $3 million on the book; NCB Global, $9million, and Republic Bank has an equivalent of $38,914,000.

Mr. Mark: When were these loans taken out?

Mr. Mahabir: The Exim Bank is an ongoing arrangement where it rejuvenates itself every six months based on the requirements of the organization. Republic Bank is a five-year facility. I do not have the exact date, but I think it would have been somewhere around 2014, early 2015. And NCB would have been, I think in 2017—and that was part of also a requirement to get foreign exchange at that point in time because that is a US-dollar based loan.

Mr. Mark: Mr. Chairman, I have raised these questions in the public interest to ask the Chairman, through you, whether he can tell us whether NCB Global Finance has a 25—30 per cent shareholding of JMMB and whether the Chairman of NFM is not the CEO of JMMB? That is what I am trying to clarify here.

Mr. Romano: My name is Nigel Romano, I am the CEO of JMMB Bank (Trinidad and Tobago) Limited. NCB no longer has any shareholding in the JMMB bank.

Mr. Mark: Could you tell us when that took place, before the loan or after the loan?

Mr. Romano: One has nothing to do with the other. If you are trying to imply that as Chairman of NFM, I was influenced by the relationship between NCB and the JMMB Group, I take serious offence to that.

Mr. Mark: No, I am not—

Mr. Romano: I have not influenced in any way, shape or form, the relationship between NCB and the NFM.

Mr. Mark: No, well, Mr. Chairman, I have not accused anyone of anything.

Mr. Romano: You are implying—

Mr. Mark: No, I am asking—

Mr. Romano:—an implication that I take serious objection to.

Mr. Chairman: Mr. Romano, your answer is noted, and I think we will leave it at that. I appreciate the clarification made and it is now on the record. I have a couple of questions, if I may? How old is the plant at Wrightson Road?

Mr. Mahabir: How old is the plant?

Mr. Chairman: Yes.

Mr. Mahabir: Well, there are a number of plants on the Wrightson Road facility, the flour mill was constructed around 2006 and commissioned then when there was a fairly new modern facility. We have a number of dry mix lines which vary between 25 years to maybe 15 years old, and then we have the feed milling operation which comprises the base feed mill, which is in the 25-year age, and then we have newer pieces of equipment where we would have upgraded packing facilities, and so on, over the years. So that in certain parts we will have robotics that are handling certain aspects of the operation, but you also have older equipment, which, as Mr. Romano indicated earlier, part of what we want to do in the future is look at how we utilize technology to improve the performance of the organization.

Mr. Chairman: Now, the silos that you see when you drive past on Wrightson Road, what is the purpose of those silos?

Mr. Mahabir: Those silos would normally be used to store wheat, corn. When the vessels come in, the vessels will discharge—the cargo is weighed and then discharged into those silos, and during operation our systems would automatically draw from the silo for the requirements of production.

Mr. Chairman: Now, how old are those silos?

Mr. Mahabir: The silos were built at different times. Some of them would have been built with the first plant, which would have been 45 years, thereabout, and then the newer ones would have been built at the time that the flour mill was built in 2006, the new flour mill.

Mr. Chairman: Do silos have a life?

Mr. Mahabir: Generally, you have silos that could last 100 years. They have been designed to be very long-lasting. They are, of course, tested every year in terms of inspections, and so on, to make sure that there are no cracks or leaks. Post the earthquake last year, we had to do a survey again, and we constantly do that because, you know, we are in an area that was previously a landfill operation where it was reclaimed, I suspected, many years ago, and therefore the water table is quite high and we have to keep managing that.

Mr. Chairman: Yeah, because you mentioned that you need to have structures that meet or exceed food safety standards, and my understanding is that a lot of silos typically have a life between seven and 15 years, and so I am comforted to hear you say that you do regular inspections and maintenance, so would that be to deal with things like temperature, insect activity, and so on? Could you elaborate?

Mr. Mahabir: The inspections are done in terms of the integrity of the structure itself. So, for example, besides the actual concrete work we have steel work that would be part of the elevator system to move the grain around, part of the bridge structure that goes from the new flour mill to the silos, so you would see a long spine of bridge. So we have to inspect that to ensure that there are no mechanical failures around the joints. And, again, there are certain parts of the silos that are below ground level that you have to inspect to make sure that there is no water intrusion, nothing is changing that would compromise the silos.

Mr. Chairman: So, based on your most recent inspection reports, you would say that the silos and the plant are up to safety standards?

Mr. Mahabir: Yes. There are minor cracks, and so on, which you always find every time you go into an inspection, but nothing that is different from the norm.

Mr. Chairman: Thank you. Member Henry.

Dr. Henry: I would just like the person from the—the representative from the Ministry of Finance to update the Committee on the status of the divestment of the Carlsen Field rice mill? Any new information?

Ms. Durham-Kissoon: Through you, Chair, on the last occasion I was here, I would have said that negotiations had commenced. I believe the timeline I had stated was a bit erroneous. The negotiation committee had, in November, submitted in August, had submitted its evaluation report; that is August 2017. In November 2017, the Government established a negotiating team and there was a preferred bidder, and the meetings with the preferred bidder started in March 2018. As of today, we had requested some additional information on the financing of a parboil facility from the preferred bidder, and we are awaiting a response to close the negotiations.

Mr. Chairman: That is it? Brigadier.

Brig. Gen. Antoine: Good morning. My question is to the Ministry, the Permanent Secretary in the Ministry of Trade and Industry, in your Strategic Plan 2016—2020, it was stated that the Ministry support is extended to all sectors through various initiatives, including agriculture and agro-processing. Are there any initiatives that specifically target the rice industry in Trinidad and Tobago?

Ms. Seignoret: Thank you very much, member, and, through you, Chair, the Ministry of Trade and Industry's strategic plan is an overarching one. There is support to the different areas, but not necessarily directly. For example, if one is to look at some of the incentives that—I should say, rather, the initiatives—a couple of the initiatives of the Ministry of Trade and Industry is actually advancing, such as the research and development facility where one is encouraged to provide information on areas that are being developed for export. It could be a number of different areas and so agriculture and agro-processing could fit into that facility, and that is one where persons or producers are encouraged if there is a focus on innovation and exports. It is perhaps, I would say, not necessarily directly, but one that can apply to a number of different sectors. So that, again, just to go back, the strategic plan focuses on the need to expand non-energy exports, and the MTI will try at every opportunity to lend support to those areas.

Brig. Gen. Antoine: In your opinion on the opinion of the Ministry in respect of the local rice industry, if the facility to deal with parboiled rice is brought on stream, do you see this as a feasible agricultural objective of Trinidad and Tobago in terms of the production of parboiled rice?

Ms. Seignoret: From the feedback that we have received, parboiled rice is one of the products that the population gravitates towards. And if that is in fact the case and it is meeting a need, then it is something that we see as being a very important aspect, and especially if it gives others an opportunity to explore their areas of focus and their expertise in this area. It would be a win-win at the end of the day, and we see that there would be benefit to the population if that is explored through an investor, hence the reason for the current process to bring to conclusion the negotiations with the preferred bidder.

Brig. Gen. Antoine: And to the Ministry of Finance, how far forward are we in terms of this investor and the divestment in terms of the rice industry?

Ms. Durham-Kissoon: As I indicated a few minutes ago, we are waiting for the preferred bidder to come back to us on the financing of this parboil facility. There were some sticking points, and I believe that most of the sticking points have been clarified. I need to come back to you on whether the issue of the land, the lease of the land has been sorted out, but barring those two factors, negotiations, I hope, can conclude within the next three months.

Mr. Chairman: Thank you. I understand that the Minister of Agriculture, Land and Fisheries is here, so I am going to take one more question from member Henry and then we will take a short break.

Dr. Henry: Mr. Chairman, just to clarify the issue of NFM's status as not being a public company, a publicly owned company, in light of the TSTT judgment, does that cause you to revise your position or not?

Mr. Romano: We had been informed by legal counsel that the established authority on this matter is the judgment of Mr. Justice des Vignes in the Cellular Planet case. We can provide a copy for your consideration. We have also been advised that in the very same case, *Ravi Balgobin Maharaj v. TSTT*, Mr. Justice Harris wrote a judgment on the 7th of July, 2017, in which he followed the adopted, and adopted the Cellular Planet case. Subsequently, on December 4th he changed his mind and wrote another judgment. In any event, the latter decision is under appeal to the Court of Appeal so that it may pronounce definitively on this matter. While we cannot guarantee the outcome, it is our opinion, based on the advice of legal counsel that the Cellular Planet case is likely to prevail, so we are not changing our mind at this point in time. Thank you.

Mr. Chairman: All right then. And just to put on the record that I am aware that the matter did go up to the Court of Appeal and then it halted, and the Court of Appeal did put out a press release basically saying that it is not a settled question, and I suppose, at some point, it is going to get up there for definitive answer. So we thank you for that.

Mr. Romano: You are welcome.

Mr. Chairman: So, thank you very much, participates. We will take a short break now to accommodate the Minister's joining us. You are welcome to stay, because in the event the Minister says certain things that you may wish to ask or comment upon, your presence would be appreciated. Thank you.

11.32 a.m.: *Meeting suspended.*

11.38 a.m.: *Meeting resumed.*

Mr. Chairman: So, good morning again and we are very pleased to be able to welcome the hon. Minister of Agriculture, Land and Fisheries, Sen. Clarence Rambharat.

Senator, you had written to us indicating that you would like to appear before our Committee today on the enquiry into the operations of the National Flour Mills. So we are delighted to have you, and please give us your statement. Thank you.

Mr. Rambharat: Thank you very much, Chairman. I have been following the proceedings, as you know. I am happy to be here to lend my voice and maybe provide some clarification on what you have already heard.

In my opening I want to say two things. The first is that in 1995 when I was in private practice, the firm I worked with represented NFM as external counsel, and I have from that period a very intimate knowledge of the workings of NFM. I want to say that to you. And of particular interest, which I must share with the Committee, is the fact that together with Lynette Maharaj SC and Fyard Hosein, who eventually would be Senior Counsel, I was involved in that infamous matter relating to the importation of rice in NFM. I was on record then as a solicitor in that matter. So, I thought I should say that to you.

At the same time, from 1995 to 1998, I was also external counsel for Caroni (1975) Limited. In November 1998, I joined Caroni Limited, and I left Caroni and the sugar industry in 2004 as CEO of Caroni Limited. During that time I also was involved in Caroni's operation, including its rice operations.

The third thing I would say is that I am from a community that has been involved in rice for a very long time. I still have relatives who are involved in rice in Plum Mitan, so that I have an interest in rice but I am also declaring that I have relatives who are involved in the business of rice farming. Thank you.

Mr. Chairman: Well, Minister, was there anything that you had wanted to say in particular about the operations of NFM and the submissions made by the rice farmers?

Mr. Rambharat: Yes, I want to say a few things. The first is to say, having followed the deliberations of the Committee so far, having listened to some of the submissions, one of the missing elements in this relates to the numbers and in terms of the decline, and I felt it was important that the Committee understood that decline. But before I go there, I will make an overarching statement in relation to agriculture.

There are a lot of people who cannot adjust to the fact that we have existed for some time now in a free-market system. We previously existed in a state-driven system, with a lot of protectionist measures in place, one of which was the Negative List. So there was a period in this country's history when we were able to protect agriculture through the Negative List. That opportunity, if it exists, it exists only in a very small way. We have opened our markets, and agriculture is one of the areas that has been opened.

The second thing I would make the point is this, people have a difficulty in understanding when this country went aggressively in search of markets for its energy products, it gave up space in the agriculture market. In other words, when we went to potential trading partners and asked them to open their space to our energy products, we allowed at lot of them, including those in the region, to be able to send their agricultural products to us. And there are people out there, I hear them all the time, talking about Negative List, talking about previous Ministers who have banned apples and grapes. I have heard people talk about meat, pork, and calling on me to ban it, and I have always said to them I do not have the tools that other Ministers have.

The third thing is that there are people who operate on the basis that the Government has an endless supply of money and resources, and it is the Government's role to support primary production in agriculture, but more importantly to take supply of primary production from producers. There was a time in this country when we had something, Central Marketing Agency, operating around the country, taking primary supplies from the farmers, paying guaranteed prices and disposing of it as they felt the need to. A lot of people believed that the Government should be a purchaser, the State should be a purchaser of primary production. And it is not a market, it is not in an environment that I am prepared to operate in.

So I would say, I would go back to what I said at the start. I have seen and I have heard the figures of 21,700metric tons a year in relation to production from 1992 and the decline. I have heard in relation to that, references to the exit from the Nariva Swamp as the reason for that. Let me place on the record that the production in 1992 was about 21,200 metric tons, and production in 2015 was 1,893 metric tons.

In 1992, Caroni was about to hit its peak in production. Caroni had been heavily invested in rice production. Caroni had two forms of rice production, what is called "rain-fed" rice and what is called "irrigated rice" fields. In relation to irrigated lands, Caroni had 2,000 acres under production, and on those lands Caroni produced two crops a year.

In relation to rain-fed land, Caroni had 2,247 acres under production. Surprisingly, while Caroni was not an efficient sugar producer, Caroni was an efficient rice producer, and those lands yielded on average every year close to 10,000 metric tons of rice. It means that the production of rice in this country has historically been linked to Caroni (1975) Limited. It left the small rice farmers—and the records show there might have been about 65 of them—to produce on average 9,000 metric tons a year. So when you talk about the decline, you really have to look at a movement of about 9,000 from private farmers—about 1992—to a decline to 1,893 using a group of, I think, it is about 15 or 16 farmers. So that is the first thing I would say.

The second thing I would say to you in relation to the production is that the decline in rice, part of it has to do with the fact—if you go to south Trinidad, for example, in the days of Trinidad Islandwide—and I am surprised actually to see Trinidad Islandwide Rice Growers Association linked to some action outside our Ministry a few weeks ago, because that organization has ceased to exist for a long time. But in the heyday of Trinidad Islandwide Rice Growers Association, a significant part of the small farmers came from south Trinidad: Debe, Penal and those areas.

And if you go down to that part of Trinidad, you would see a lot of that rice land is now in supermarkets and car parts places, and used-car dealerships, because over a period of time those persons, private landowners, found that it was more effective to them to use their land for commercial use, and we cannot force people to farm. So part of the decline on the private farming of rice has been the disinterest of private farmers and the disinterest of private investors in the cultivation of land.

The third thing I would say in relation to what we have now as an industry, and I would say at this time the industry is around 1,300metric tons and it is around 3,000 acres of land. As I said before there are about 16 persons involved in it, and I would say 14 of those are connected in some way to the Akaloo family. The Akaloo family is a significant player in the current and the future production of rice in this country.

From my data in Caroni (1975) Limited, Caroni produced, I would say, about 1.1 metric tons of rice per acre. In Guyana, based on the latest information I have out of Guyana, Guyana produces 1.18 metric tons of rice per acre. At this time, using the 2017 figure, I would say we are producing .46 metric tons of rice per acre. So if we are to configure, and I would say that we could safely move rice production to 5,000 metric tons a year. But before we talk about moving rice production, there are a few things that we must understand.

The first is that we have a guaranteed price for rice paddy in this country. That is the first thing. Rice and cocoa remain among the few commodities where we have a guaranteed price for it. In other words, the market is not buying rice at the price that the farmers are being paid. It is uncompetitive for them to do so. So what the State has done is the State has guaranteed a price to the purchaser of the paddy. At this time that purchaser is National Flour Mills. So that if we are to increase production it comes at a cost to the taxpayer, and I will give you those numbers.

So, I would say we can safely go to 5,000 metric tons. What that would mean is simply two things, it means becoming more efficient in the 3,000 acres that we currently cultivate. The rice farmers are behind me, they know all the nonsense that is happening in the sector. They know what is happening amongst themselves, and I have called upon them to come together, it is a small group, and to understand the numbers and to talk to me as a Minister on the basis of numbers, and not on the basis of foolishness. So that if they wish to get to 5,000 metric tons, they can focus on the efficiency of their production, the quality of their work and set out to achieve at least what Guyana is doing, 1.18 metric tons per acre, and that would take them close to 3,895 tons in production.

The second thing is that to get to 5,000 metric tons they would need an additional 1,200acres of land, and if they farm that additional acreage and yield 1.18 metric tons per acre, that would bring them up to the 5,000. The combination of being more efficient on the current acreage and the introduction of 1,200 new acres would bring us to 5,000 metric tons. And as a Minister, I am quite prepared to support the farmers with an additional 1,200 acres to do that.

Every Minister sets these targets: 50 per cent reduction in the food import bill; 40 per cent increase in this. Well, I am a Minister that deals with in numbers. My predecessors have said, for example, that they wish to have local rice on the market, they wish to have 50 per cent of our needs. Well, we import at this time 36,000 tons of parboiled rice. That is what the market wants. We cannot shove white rice down people's throat. The market wants parboiled rice. There is no parboiling plant in this country, and I will come to that. So if we aim to fill that market of 36,000 with 18,000 metric tons, we could work the numbers and you would see what it requires us to do in terms of land, in terms of water, in terms of fertilizer, in terms of labour. We will see that. But I will tell you what it will take us to get to 10,000tonnes.

If we get to 5,000 tonnes and we then need to get a further 5,000 tonnes to reach 10,000, we would need an additional 5,800 acres. But more importantly, based on the guaranteed price of paddy in this country, we would need to put out another $56 million a year to buy the paddy from the farmers. And my question is: Are taxpayers prepared to pay—this is for 10,000 metric tons?—are the taxpayers prepared to pay $112 million to the rice farmers? That is the first question. And, is the Parliament prepared to allocate that money to it? And that is only on the paddy; I have not spoken about the land. Rice consumes a lot of water. The fertilizer, the support on the grains, the support on the inputs, are we prepared as a country to do that? And that is the configuration. That is the matter I want to—I have longed for a discussion with the rice farmers.

Let me talk about this issue with National Flour Mills. NFM happens to be the only company in this country that could handle that tonnage of rice. The few other millers we have are very, very small in production. The biggest of them now is Island Grain, but Island Grain is only of recent vintage. The other ones are very small and they are not able to handle. So when we had a need for someone to take over the Carlsen Field Mill, it is the NFM that was entrusted with that responsibility. And over the years NFM has—and I listened to them and I agree with them in part. A lot of times they have been very unwilling on this exercise. In fact, there have been several attempts to divest the Carlsen Field Mill by NFM.

And every time NFM has tried to divest that asset, it has had to face this issue of who will mill the rice for the rice farmers, and it has had to face the issue of what arrangements have been made for the rice farmers. And there were a lot of protests over the years. In fact, the rice farmers would tell you that. They would tell you that rice was dumped outside the Carlsen Field Mill. The Carlsen Field Mill was shut down for a long time, and simply because NFM had no interest in it.

And one of the things that shocked me, Chairman, in listening to the recent deliberations, when I came in as Minister I made it clear to the rice farmers in this country: I am not prepared to use taxpayers' funds to take rice and give it to dogs. When you talk about food security—and I am not sold on that argument that we should put the whole country at risk because we wish to grow rice in every nook and cranny of this country—but I accept, there is a valid argument that we should be able to provide a portion of our carbohydrate needs, and I support a component of our rice being local rice. But I am sure you would have been surprised to hear NFM say recently 95 per cent of the rice purchased from local rice farmers goes into pet.

So, could you imagine that the taxpayers of this country support rice by providing sometimes the seeds that are required, support rice by making the water that is required available, support rice by making the land that is available, support rice by guaranteeing a fixed price, support rice by paying NFM $4.8 million a year to mill that rice, and the taxpayers that I represent in this country finding out that that rice does not end up on their plates, but ends up in the kennels around the country? That is something that has me very, very concerned because I was very clear to the rice farmers, and I was very clear to NFM, that if taxpayers have to be in this business of rice it must be to put rice on the plate for human consumption.

On February 26, 2016, that is five months after my appointment, I was able the meet with the rice farmers and put to them a proposal where I would support them in the establishment of their own mill. I would support them in ensuring that the Government maintains the guaranteed price. I would support them in ensuring that we provide support on the seeds and some of the other things that they need, including land. But I also said to them that they need to come together and organize themselves as a business. And they cannot— they cannot—operate on the basis that in the dry season we face noise about water, in the wet season we face noise about claims, and we have all this sort of action going on, that we need order—we need order—because the taxpayers are putting a lot of money behind them.

Mr. Chairman: Okay, Minister, before I open the floor I just have a couple of questions. Based on what you have said I am wondering if the current arrangement, the current model, whereby NFM and the Ministry of Agriculture, Land and Fisheries buys the rice paddy, is a sustainable and cost-effective model, and if not, what—

Mr. Rambharat: It is not, Chairman.

Mr. Chairman: It is not. And so, the follow-up question to that would be, well what is a viable alternative, what should the Ministry be doing?

Mr. Rambharat: I would tell you what has taken place so far. When I came in as Minister I met yet another attempt to divest the Carlsen Field Mill. The problem with that attempt, there are two problems with it, one is that the request for proposals went out from the Ministry of Agriculture, Land and Fisheries, and I was shocked to find out that a Ministry would seek to divest an asset that belongs to a publicly listed company. That was my problem. I said to NFM, you are supposed to be divesting your own asset, the Ministry has no role in that, and that process was abandoned and replaced by the current effort to divest the mill.

Secondly is that I have nothing to do with NFM's business. NFM provides a service for me on behalf of the farmers, but I have no reason to interfere. If they want to divest themselves of their asset then I cannot interfere with that, but I know of the problems of the past. So that is why my discussions with the rice farmers have been around a mill. We need a mill to be able to mill your rice. In February 2016 I was promised a proposal. The funny thing is that I got that proposal towards the end of January 2019, and that proposal is under consideration.

The second thing is that I did in fact intervene eventually in this NFM attempt to divest the Carlsen Field Mill, and I did intervene to say that what this country needs is a parboiling plant. I have no doubt about that. But to have a parboiling plant you must have rice to put through the plant, and we do not have that capacity. We are not going to produce that amount. But the divestment of the mill has produced persons who apparently are interested in having a parboiling plant, and I believe that what we should be trying to do in this country is not to convert Carlsen Field into a parboiling plant, that is a manifestly unworkable proposition. It is onerous in terms of cost. It is not fair to NFM, and it is not fair to somebody who wants to set up that parboiling plant.

So the Government is interested. We have recently received a proposal that we are considering, and we wish to advance in having a parboiling plant in this country which is not linked to the local rice farmers, if the local rice farmers do in fact wish to sell to that plant eventually, that is a possibility. So that is the first thing. I believe that we should not be linking the parboiling plant to NFM's Carlsen Field facility, and the Government has already moved to take into consideration the interest in establishing a parboiling plant. And all that will need of us as the State is to make the land available at the cost that we would make land available to any agro-processer in the country.

The second thing is that the rice farmers need to understand what type of industry the Government wishes to support, in terms of the level of production, what we are prepared to pay in terms of the support, and what we are prepared to do with that rice. If local rice production increases and that rice could become parboiled rice, we would have a market for it. And if local production increases and the rice remains white rice, we would have to create a market for it locally. So that is where I see us going and that is where we should go. We should configure a market for the local rice where we could sustain the support, and where we would find buyers for the product. If we get a parboiling plant it would make it easier to supply that plant with local paddy and imported paddy, and if we set up a parboiling plant that is not a conversion of Carlsen Field Mill, we would leave NFM with an asset that as a publicly listed company it could dispose in the manner it wishes to dispose.

Mr. Chairman: Thank you. Member Karim.

Mr. Karim: Thank you very much, Mr. Chairman. Hon. Minister, let me welcome you to our conversation this morning. This is the third session we are having with respect to the enquiry into rice paddy, and it involves NFM, your Ministry and the local rice producers. And throughout these conversations we have been hearing about parboiling facility, and I think you just reiterated the point I made. You could have a parboiling facility that cannot boil anything, because you do not have the ingredient, the input.

Given your experience of the past with Caroni (1975) Limited, of which I am very much aware, even going back to Caroni when you were there and then transferring or transforming to where you just entered this domain three years ago, why was it not possible to have this discussion come to reality for so long in having a facility that we know would only exist to assist, not only productivity and production of rice, but local domestic production and the food mills?

And in that context, I have a number of questions, but I know the time is—that is the first question. The second thing is: Given what you have said and your comparison with Guyana and so on, which I am also very much aware, I do not know if you would have made a tour and made any confirmations of providing seed from Guyana to the farmers, whether that was in fact delivered? But the both questions so far will underlie this first important question.

You may have given us snippets of a plan for rice in Trinidad and Tobago, but the question I want to hear from you the answer is, do you have a plan for rice paddy production, milling, parboiling in this country, and if so, is there a written plan and policies to take this industry further? Is there a future in your view for this industry?

Mr. Rambharat: Okay, thank you very much. In relation to your first question, well, it has to do with the absence of a parboiling plant. I mean, I could offer many reasons for that, and the simple fact is maybe sometimes you just do not have the political will, you do not have the political support or you do not have the private sector interest. In relation to Caroni or any other private investor, a parboiling plant five years ago would have been a far more formidable investment than it is now.

If you go to Guyana you would see recently some new parboiling plants that take up less than half acre, and that can be installed maybe in the range of TT $6 million to TT $9 million. So it has to do with ease of doing business, the ability to get plants now from places like India, the cheaper cost of production and the ability of people in primary producers, like rice farmers, to have access to capital to make that investment. But it is possible, and I have seen it in Guyana.

12.05 p.m.

Mr. Karim: Are you saying, Minister, that you have a plan as the Minister responsible for food production, land, agriculture and fisheries and so on? Are you telling us and telling the country that you do have a plan for the future sustainability of rice production in Trinidad?

Mr. Rambharat: Yeah. Well, I am coming—that is your third question. The second question you asked me about was seed. The rice farmers are sitting behind me, they know in October when I visited them after the flooding, I made a call to the president of the rice board in Guyana who I met on a trip before, and they spoke to the president, because I did not have, I was not able to speak to him about the varieties and so on, and I spoke to him, and they spoke to them.

And as I say, part of the problem I encounter as a Minister is the fact that too many, there are a lot of people who like to talk, but in the public, as a public official you have to write. You have—if you require the taxpayers' support on something, if you require support, you cannot tell me on the phone, you have to write.

And if I introduce you to somebody and I give you information and you require further support, you could send me a message on Facebook; you can send me—I am an accessible Minister. So, I have not heard from the rice farmers since then, but I am always—I am the one who introduced them to the president, and they know that if I need to intervene, whenever I have to intervene, I will, but a Minister cannot run the affairs of private investors, and the rice farmers and farmers are private investors.

And the third thing is in relation to your question about a plan; yes. When I—the farmers are familiar, they have seen it. The rice plan in the Ministry that I met is about 86 pages long. The rice plan that I have is on one sheet of paper, they have seen it, they have seen the numbers and they have seen it, I have shared with them, as I have just shared it with you. There are people who believe that a plan must be something that is thick, bound and with a lot of pages and photos and so on. I just articulated the plan and I just articulated what I am prepared to do as a Minister, because the Vision 2020 agriculture component was 168 pages or something like that, and I cannot—everything that has to be done, I have said it as a Minister—everything that has to be done about agriculture has been written of already. My job is to implement it.

But I could only work a—in other words, I cannot force the farmers to plant. I need them to tell me what they have the resources to do. If I say to you, "I am going to make 1,200 acres available. Can you manage 1,200 acres"? Do we need additional farmers? Where is this land going to be? Do I have to find the land? Are the farmers in Plum Mitan, are they in south-west Trinidad? Where are the farmers? Where are they prepared to farm? How much are you prepared to farm? What is the cost of doing it, and what support do I have to give you?

Mr. Karim: Minister, can I ask whether you think there is an issue in terms of this relationship with the rice farmers?

Mr. Rambharat: I do not think so. I have the Akaloo family; I started off by saying, 14 out of the 16 are Akaloos. They know me well.

Mr. Karim: When last have you met with the rice farmers association?

Mr. Rambharat: There is no rice farmers association.

Mr. Karim: When last have you met with the group of rice producers?

Mr. Rambharat: I have met with the Akaloo family on several occasions. In fact, in the last month I have met with the Island Grain, I have been back and forth with them. The rice farmers, they have no problem. But I will say this to you: across agriculture and across this country you have these groups that pop up, and you have these middlemen and brokers that appear out of nowhere, so I do not know about—I know about something called the Caribbean Rice Association of Trinidad and Tobago. I will tell you how I know about them. They have a parcel of land that is supposed to be under rice, they do not exist.

In April 2016, a notice was published in the *Gazette* declaring that they no longer exist, but they are supposed to be farming substantial acreage of rice land. And when I say 1,200 acres could be made available, well we have, they call it the CRATT lands. There are farmers in the back there who are occupying sections of the CRATT lands; so there is an association; pop in. I told you, I read in the newspaper it was TIRGA Trinidad

Islandwide Rice Farmers was outside the building of the Ministry. Well, I know the founders, I know the people involved in TIRGA; they are no longer involved in rice.

So to say, to ask if I met with this association or that association, I have not met recently, they have not asked to meet with me, but I have been meeting with rice farmers all the time. I have rice farmers from Plum Mitan, from all over who contact me.

Mr. Karim: Would you say that the rice industry is being jeopardized by a cartel?

Mr. Rambharat: I would not. A cartel of politicians for sure. A cartel of politicians, because as Minister I have seen a protest organized by one predecessor, Mr. Bharath. I have seen a protest organized by a second predecessor, Mr. Maharaj; and rice, in a sense, rice is easy pickings, people have an emotional attachment to it. When it is dry season they say, "Minister ain't giving the rice farmers water". When it is flood they say, "Minister have the land flooded out". I mean, they are emotional things, but this is a business, but I just laid out to you, if you want 10,000 metric tons of paddy produced in this country, I just said to you, you have to be prepared to fork out $56 million. It is not—the rice farmers and farmers in this country do not have a problem dealing with me, but I bring an understanding of agriculture, an experience in agriculture, an expertise in land, but I also have to understand that when one is given an allocation by the Parliament, you can only do what you can do.

Mr. Karim: I think the Chairman wants to ask and then I will come back.

Mr. Chairman: I am saying, "one more".

Mr. Karim: One more; okay. Right. I wanted to ask you—you spoke about the provision of seeds and so on for planting. Well, in spite of the fact that they were promised seeds through whatever mechanism they were promised these seeds, did we have the abandonment, as it were, of the El Carmen seed project? And if so, why?

Mr. Rambharat: Member, there have been a lot of stops and starts and abandonments in the Ministry as with all Ministries. The El Carmen seed project, what I know about it, there is a gentleman sitting in the back of me called Richard Singh. Richard Singh, at some point took control of that acreage along with other acreages in the Ministry, and whether the El Carmen unit as abandoned 10 years ago or 15 years ago, I do not know, I met it in an abandoned shape, but I do know that the rice that the farmer, the seeds that the farmers need can be imported, the opportunity to import it exists. Since I have been Minister, they have had imported seeds. In fact, I had intervened when the seeds were growing out of the containers on the port and nobody was making attempts to release it and distribute it. So the issue of seed, they do not require a seed unit in a Ministry in 2019 to be able to access seed. What you need to determine is what variety you want, where it is available, and what are the means to make it available to the farmers here.

Mr. Chairman: Member Mark.

Mr. Mark: Yes. Thank you, Chairman. Welcome Minister.

Mr. Rambharat: Thank you very much, member.

Mr. Mark: Could you inform this Committee whether the consistent or the consistently late payments by the Ministry of Agriculture, Land and Fisheries to the NFM as we were told in evidence here, may have contributed to the challenges currently faced by the rice industry and by farmers?—particularly those who have had to meet exorbitant interest payments via loans through the ADB. Would you indicate whether your Ministry has contributed to this situation in any way?

Mr. Rambharat: The answer is, yes. There have been late payments consistently for several years. In fact, member Mark, I do not know if you are aware, in 2014 a note had to be taken because the arrears to farmers had reached $48 million and that is 2014; for close to three years farmers had not been paid.

When I came in as Minister in September in 2015, I met arrears for a year and a half, I answered several questions in the Parliament, and eventually I was able to clear those arrears. And over the last three years as I answered in a Motion that you brought to the Parliament, I said that I have progressively managed to reduce the time lag to the point that the farmers who made claims for the period October/November 2018 were paid on January 10, 2019. It means that I have brought it down now to six weeks, but there is another thing that has happened since I have been Minister. Every time I have heard about delays in payment, and I will explain the delays just now, every time I have intervened, I have placed a call to the chairman of ADB, whether it is because of late payment, non-payment of flood issues, I always make a call to the chairman of ADB to ask that the ADB give the farmers a moratorium.

Now the payment issue is linked to two factors. The first is that, it may surprise you to know that there are farmers complaining about late payments and ADB loans, but their payment from NFM is not linked to the loan. In other words, they have not assigned their payment from NFM to ADB, but they have been out there talking about late payment and "meh loan" not being paid.

And I am on record in the country, and I will repeat it today, that Richard Singh who sits behind me is one of those farmers. All while Richard Singh was in the newspaper talking about late payment from NFM and his loan, his loan was not assigned to the ADB, but there are times when, and the process is that, ADB has to first sell the rice before making a claim to the Ministry for the subsidy; NFM has to sell the rice. And to overcome that we have to come up, but if we have an organized group of farmers to whom we can make an advanced payment, that would be possible, but when you are dealing with 16 desperate individuals and trying to manage them, it is very difficult, and you are dealing with taxpayers' funds, you are dealing with the Comptroller of Accounts, the Auditor General and questions that may be asked.

And in Richard Singh's case in particular, I have said it in the Parliament and I will say it here today, Mr. Singh knows that when he took that loan from ADB that is now being called a loan for rice farming, when he took that $4million loan, it was not for rice farming, it was on the promise of one of my predecessor Ministers that he would get contracts to do land preparation, because the Ministry planned to expand rice farming. And Mr. Singh, through no fault of his, took a letter written by a Permanent Secretary, something I have never seen in my time in public life, a Permanent Secretary of a Ministry writing to the bank ADB saying that, "you should give Mr. Singh a loan for $4 million because we intend to give him a contract to do land preparation".

And when I came in as Minister, Mr. Singh had not made a payment to that loan because no work was given to him, and I could not give him the work. And Mr. Singh will tell you that under my time as Minister he has gotten more payments from rice than he has ever gotten in the past. And more recently that loan was restructured to allow him to make payments, he would make his payments later this year, and for that loan to be more manageable. And for the first time, his payments from NFM is now assigned to the ADB to pay those loans, and that is the truth.

Mr. Mark: Given the appeal that you have made to the ADB whenever there are late payments, could you share with the this Committee, outside of Mr. Singh, how many other farmers might have benefited from your appeal to the ADB for a moratorium? Or did ADB listen or not listen to you as it relates to the moratorium plea that you would have given?

Mr. Rambharat: Member Mark, that is information, I have to be very careful because that is information that I could make available to the ADB. The ADB appeared before this Committee, I could make that available, and if you want, I could make that information available.

Mr. Mark: All right. I just want to ask as well, you made reference to it, the Trinidad and Tobago rice industry development plan, now this plan, has it been approved by the Ministry of Agriculture, Land and Fisheries? And if it has been approved, has there been any implementation or revision or have we withdrawn this plan as it relates to the rice industry? Could you share with this Committee?

Mr. Rambharat: The answer is, no. That plan, at least, I have not approved that plan. I read the plan, it is un-implementable and unworkable and unrealistic. And what I had articulated earlier, are the elements of a plan that I believe it is realistic once the farmers are prepared to move in that direction.

Mr. Mark: Now, I understand you had what is called a “rice unit” that was supposed to do among other things produce seeds for the rice farmers. I further understand that this rice unit was decommissioned. Could you share with us if that is so, what were the reasons for the decommissioning of the rice unit?

Mr. Rambharat: When I was appointed in September 2015, I did not meet a rice unit in the Ministry. I am not aware that one was decommissioned since September 2015, and I not aware that we need to be producing rice seeds in the Ministry.

Mr. Mark: Okay. As far as you are aware?

Mr. Rambharat: No. I am saying, when I was appointed in September 2015, I did not meet a rice unit in the Ministry.

Mr. Mark: Yeah. But are you aware of the existence of a rice unit anywhere within the Ministry prior to your coming in?

Mr. Rambharat: In response to member Karim, I said there was something up at El Carmen. I do not know if it is rice unit, but there was something that I saw at El Carmen, a facility, an open area, covered area, but the sides open with some bags of seeds that appeared to me to be for several years; that is as much as I know.

Mr. Mark: Do you think that there is a calculated effort by certain interest groups to discontinue the rice industry in Trinidad and Tobago?—apart from the politicians you mentioned which I take that in banter, as banter, but let us deal with serious matters now. I am asking the question: Whether there is a deliberate policy either on the part of the Government or by certain interest groups in collaboration with the Government or separate from the Government to dispose of the rice industry in T&T so that we can become a sole importer of rice?—and thereby impacting negatively in whatever way as it relates to our own food security? Could you share with us?

Mr. Rambharat: I do not think so at all. As a matter of fact, I have right in front of me Nariva farms, the largest acreage under cultivation is Nariva farms. I am shocked that prior to my entry into this Ministry no attempts were made to renew the lease for Nariva farms or any rice farmer in this country, because you cannot run a business if you do not have security of tenure.

So that, one, the Government is committed, I just spoke about the CRATT lands, the Government is committed to give the rice farmers the tenure that they require. I have just said that, we are prepared to put additional acreage in that central area in Kelly Village and that area in Plum Mitan and wherever else the interested farmers exist. The Government has not capped its support in terms of the guaranteed price for paddy.

So in other words, we have not created a 1,300 metric ton industry. Whatever the rice farmers produce, the Government through the current arrangement with NFM, will support. And I have also said that, the Government has indicated its support to the establishment of a parboiling plant which will require the feed stock in order to operate. And we recognize that not will come from Trinidad, but some will come from Trinidad, and the opportunity exists. And I do not think that 1,395 metric tons of white rice will cause anybody in this country to be unhappy. I think that every government has been committed to a percentage of our carbohydrate coming from local white rice.

Mr. Mark: Do you think that there is a link, an extricable link between the establishment of a rice unit, whatever shape whatever form wherever located, and the successful divestment of the Carlsen Field rice mill? And if there is a disconnect, then that Carlsen Field mill as it relates to successfully divesting same is going to fail and flop, if there is not a concomitant establishment of a rice unit in Trinidad and Tobago?

Mr. Rambharat: Member Mark, with the greatest of respect, I have said it already, the success, the continued success of rice farmers is dependent on two things happening. One, a place to mill their rice, and clearly NFM has indicated that it is not interested in doing that business; and I could understand. So that is why I have said, there is an interest in having a miller. I have already given instructions, in fact, tomorrow there is a meeting with NFM.

I have already given the instructions that an RFP be put out so that anybody in Trinidad and Tobago who is willing to offer the services of a rice miller to local rice farmers can put in a proposal which will be examined. The fact that we support the parboiling plant means that we have an interest in finding something else for the local paddy and not just the white rice.

And I have already said, there is absolutely—it has been a red herring, this link between Carlsen Field, a 40-year old—that mill is 40 years old. That mill, there have been more modern facilities, and Carlsen Field gives you a mill to mill paddy into white rice. Carlsen Field is not a parboiling plant. If Carlsen Field was a parboiling plant, then my approach would have been different, but what Carlsen Field will give you is white rice.

Mr. Mark: If you will, may I ask the Minister, we have been told that the grading of the paddy rice seems to be somewhat confusing, not well uniformed, not well-organized, and therefore, when the farmers take their rice to the mill, the bulk of their rice would be put in category, let us say D, which is the one that you said would end up in the kennel. Are you satisfied, from a ministerial point of view, that the quality assurance system that is in place at Carlsen Field is one that you are comfortable with?

Mr. Rambharat: Sen. Mark, you have been government and you know that the ability of a Minister to examine the quality assurance in a company outside of his remit is very difficult, but I will tell you this. I accept that, because in fairness to NFM, because this is not something that is very important to NFM, the farmers and I know from my own experience long before being a Minister, the paddy sits at NFM in Carlsen Field sometimes for long periods unattended. And every hour of wet paddy being piled will affect the quality of the paddy and will affect the grading of the paddy.

But I will just go back to say, one of the reasons why the private farmers, those 65 farmers why we had the exit of them had to do with the introduction of grading in the first place, but grading is important, but grading must be done when the paddy is of the highest quality to be fair to the farmers. And part of that discussion that we are having with the technical people at NFM tomorrow is to ensure that the RFP that we put out for a private miller to mill rice for private local farmers will focus on the handling of the paddy from the field to the miller to make sure that it reaches to the miller at a time when the farmer has an advantage in the grading system.

Mr. Chairman: Thank you. Brigadier.

Brig. Gen. Antoine: Good morning, Mr. Minister. The National Rice Farmers Association in its written submission say that a large farm unit of the Ministry of

Agriculture, Land and Fisheries was decommissioned along with all of its support services for reasons unknown to the rice farmers. Could you say why the last farm unit was decommissioned? And if there was any consultation with the rice farmers before it was discontinued?

Mr. Rambharat: Member, did you say the National Rice Farmers Association?

Brig. Gen. Antoine: The National Rice Farmers Association.

Mr. Rambharat: I am not familiar with the group. Do you know any of the persons who are involved in that association?

Brig. Gen. Antoine: Well basically, this is a submission from them, so I believe that the staff has a record of the Rice Farmers Association.

Mr. Chairman: I think Minister was suggesting that that is a non-existent—

Mr. Rambharat: Well, the one I was talking about was CRATT, Caribbean Rice Association of Trinidad and Tobago; TIRGA, I have spoken about TIRGA. The National Rice Association is not one that is new to me, but did someone from the association appear or do we know?

Brig. Gen. Antoine: No. They made a written submission. The letter to the Committee was by Mr. David Paponette.

Mr. Rambharat: Ah.

Brig. Gen. Antoine: The president of the National Rice Farmers Association of Trinidad and Tobago.

Mr. Rambharat: Well, I will answer your question and I will make a submission. The first thing, the large farms unit—there was somebody in the Ministry who had, was on contract, responsible for large farms, and that person's contract expired, and there were two persons on that large farms project, the contracts expired and they were not renewed, there was nothing to destroy; and the reason is simple. I have said to the country that this idea of large farms makes no sense to me. I believe in large farmers, and the focus should be to make our good farmers better.

In allocating or advertising these large portions of land to people who may or may not be farmers, you are wasting time and you should spend your time on renewing leases, granting leases to existing farmers and helping farmers expand; but I will tell you—I will come back to Mr. Paponette.

Mr. Paponette, I am going to be frank with the Committee. I have spoken to Mr. Paponette on a few occasions, he once had some ideas about rice farming, and like everybody else I said, “Listen I have to get a written proposal”, and that never materialized. I got something from Mr. Paponette about corn, he wanted to get land to supply the National Flour Mills with corn. Well, I spoke about my relationship for the National Flour Mills dating back to 1995.

I have a relationship, as Mr. Karim knows, I have a very good relationship with the poultry association in the country. I am very, very familiar with poultry in this country. Poultry farmers are not interested in putting their feed supply at risk by experimenting with local corn to be converted with National Flour Mills. And I asked the National Flour Mills if they had any interest in doing this, and the answer was no.

But I would say that Mr. Paponette approached me sometime in January by text message and it was very clear to me that Mr. Paponette in anticipation of an appearance before this Committee was trying to back me into a corner, and was demanding from me certain guarantees: “You must commit to do these things”. And it appeared to me that Mr. Paponette feels that he could appear before this Committee and embarrass me in some form unless I gave some sort of undertaking, and I will do no such thing; I will do no such thing.

Mr. Paponette is not a farmer, he is not a rice farmer. I have been in this area long enough to know all the people who are here, and I will not be blackmailed by anybody, and I will make that very, very clear. So that if you have something from the national, whatever they call themselves, I know nothing about it, I know nothing about that group, and I am not prepared to deal with Mr. Paponette on behalf of rice farmers and with taxpayers’ money, and I have made that very clear; there are a lot of people around this country like that.

Mr. Chairman: Thank you, Minister. We will be wrapping shortly, but I wondered in as much as you are here whether you could speak on whether Government has a policy on food security? And if so, perhaps you could elaborate?

Mr. Rambharat: Chairman, there have been many plans for agriculture, and as Minister when I came in I said, our manifesto, in fact, commits to the development of a sector plan, and there have been some good plans and I have identified some of them, there have been some very good plans. And in trying to craft a plan I have found value in some of the things that have already existed, and our work has been to implement those things that had already existed.

In relation to food security, the FAO has advocated a new version of that called nutrition security which is something that I believe is more achievable. In relation to food security you are talking about trying to produce on your own, trying to guarantee yourself that you have a supply of food, but to do that you must have willing partners in the farming community and you must understand that as you produce you also have to stand up to what is being imported. So food security, there are certain parts of food security that we should be interested in, one has to do with protein and that is why we support the local poultry farmers in the way we do.

One has to do with carbohydrates. That is why we talk about rice and we talk about other ways in which we may not be able to produce the primary material, for example, wheat, but we may be able to produce the processing facilities and support the processing facilities so that they would land flour, for example, they will continue to land flour on the tables at a price that is competitive and is affordable.

12.35 p.m.

In relation to nutrition security, that is an even more important aspiration. A lot of the people believe that local means good. A lot of people go to the market and they purchase because their parents have been purchasing that way, and we have an obligation in relation to the work that is being done on NCDs to focus our citizens on consumption and consumption of things and in quantities that would ensure their long-term health, and that is the approach. Before the end of the year we will have a—before the end of the fiscal year we will publish our plan, and it is a plan that takes, that draws on a lot of what existed, but it focuses on how we implement what we do. Thank you.

Mr. Chairman: Before I ask you to make your closing submissions, one other question? Can you say something about, from your perspective, the challenges facing the agricultural sector?

Mr. Rambharat: Number one is land tenure. I am not going to shift from that point. And I would tell you the story. Last night—yesterday evening—we had the national cocoa awards. I think it was—even though I had my doubts about it, it was an amazing event, and I was very pleased to see that we could produce in this country something of that calibre that will feed into the international awards. The five best cocoa farmers identified last night, identified on the basis of the quality of their beans, judged by a panel which was local and international, those beans will be submitted to the international competition where we have been winning awards every year. A young man from—Leroy Peters from Grande Riviere, his wife is Gita, she is from Mamoral, he won the award for his 12-acre farm in Grande Riviere. And it was just as I was exiting the building, having spent about two or three hours there that they grabbed me by my shirt and said to me, "Minister, one thing we have to talk to you about", and I was shocked. Eighteen years now they have been waiting for the renewal of their lease of their plot in Grande Riviere. They have no water and they have no electricity, and that is why I say tenure is number one. We have some outstanding farmers in this country, many of them sitting right behind me there. We have some great farming families. We could do what we need to do. But you cannot ask people to invest their lives on a plot of land with the uncertainty of not having tenure, and that is why I have said I could build bridges and I could build roads, and I could write law, and I could craft policy, but the number one thing I will do for the farmers of this country is to ensure that they have land tenure.

Mr. Chairman: Thank you. Mr. Karim, you have the last question.

Mr. Karim: Let me see which one of the last ones I would use. Minister, I listened to you. I get the sense that had the NFM, and particularly the rice mill at Carlsen Field been under your remit, a lot of the discussions that we are having today may not have been necessary, and maybe a decision may have been more expeditiously taken. I noticed as well—and I am just framing the question—that you just indicated that you are going to have a meeting with the technical staff of the NFM tomorrow. I do not know whether the technical staff knows that, but what is the relationship with your Ministry, yourself, and the line Ministry for NFM, the Ministry of Trade and Industry, especially since you made a disclosure here today, that there is going to be a local—a parboiling facility that would not be linked to local farmers?

And the question really in terms of the three things I have said, what is that relationship with your Ministry and the Ministry of Trade and Industry that you think would have been more fortuitous for decisions in the national interest, and particularly in the context of what we are enquiring into with respect to rice farmers, paddy production, and also including, if I may, with respect to the ADB and their financial sustainability.

Mr. Rambharat: The relationship with the Ministry of Trade and Industry and the Minister is excellent. I think both of us recognized that we have to work together, because there are a lot of things that are symbiotic. So, you would see on a number of things, including cocoa, that we work together. The relationship with—having Carlsen Field in the Ministry, it was once in the Ministry. Carlsen Field was actually moved from the Ministry into NFM maybe two or three decades ago. It was once an asset of the Ministry. But, I do not think that was the factor. I accept that the divestment process took—has taken very long, and it has to do with the view that you needed to have local rice farmers milling at that facility, and that is not a view that I share, and I am happy to know now that the possibility exists that we could have milling done by private investors investing in their own mills.

Mr. Karim: So in other words Minister, there are two different views between yourself and the other Ministry?

Mr. Rambharat: No, the decision to divest Carlsen Field, as I said, is a decision that I met, and found that it was not better. It ought to be done by NFM. It is their asset. And the issue of a parboiling plant became linked to that divestment, and I saw in working with the rice farmers and in listening to them, there was need to clearly remove ourselves from the divestment in terms of needing that facility, or what becomes of it, and focusing on a mill that can focus on our local farmers. And when I say that the parboiling plant is not linked to local farmers, I mean the parboiling plant is not going to be committed to work with local farmers. But, we in the Ministry, we would like to get our rice into the parboiling plant, and we have to make sure that the farmers understand that the opportunity will exist, but we need to improve our yields and we need to improve our production if we want to get in.

Mr. Karim: This is parboiling in the private sector?

Mr. Rambharat: Private sector, yes.

Mr. Karim: What about the water aspect? The farmers are being assisted with water?

Mr. Rambharat: Well, again, before coming in, of course, you would recall that the Water Resources Agency took action against rice farmers for abstracting water from the water courses during the dry season. They are entitled to do that, but the farmers are now able to get— Part of the problem was that you needed an abstraction permit, but it took six months for the field officer to come to do the visit. I do not think the rice farmers have difficulties in the abstraction permits, and in fact last week the Ministry was meeting with some of the rice farmers to position the pumps that we normally make available to them every year to ensure that they could have access to the water. Of course, the ultimate decision on putting water into the water courses rests with WASA. So that we assist them with the infrastructure and the involvement of WASA, but the ultimate objection, if WASA believes there is not enough available water in the dam to put into the water courses then they would not do that.

Mr. Chairman: Well, Minister, thank you very much for your very frank and forthcoming comments. May I invite you to make closing comments, if you have any?

Mr. Rambharat: Thank you very much for—first for, I did not see that this would be a national topic, but it is an important discussion. You have gone beyond what is listed there, and I am happy to have been invited to participate, and I think that the country and the rice farmers have the opportunity to understand very clearly. And I expect out of this the rice farmers will organize themselves and they would put something in writing, and they would come and sit with me and discuss, or I would go to them as I normally do, and that we would be able to configure the sector and a relationship that the taxpayers can support.

Mr. Chairman: Again, thank you very much Minister for attending, and I would like to thank all those others who were present today and who contributed for your contributions. So, ladies and gentlemen, I think that concludes our business today. I would like to declare the meeting suspended, and in closing, I thank the NFM, Ministry officials, the media, the viewing and the listening public. Thank you.

12.45 p.m.: *Meeting suspended*.

ATTENDANCE REGISTER

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2018/2019 Session, Eleventh Parliament

Name	31st Meeting 29.10.18	32nd Meeting 03.12.18	33rd Meeting 17.12.18	34th Meeting 14.01.19	35th Meeting 28.01.19	36th Meeting 11.02.19	37th Meeting 11.03.19	38th Meeting 01.04.19	39th Meeting 06.05.19	40th Meeting 27.05.19
Mr. David Small	√									
Mr. Anthony Vieira[12]		√	√	√	√	√	√	√	√	√
Dr. Lester Henry	√	√	√	√	√	√	√	Exc.	Exc.	√
Mrs. Cherrie-Ann Crichlow-Cockburn	Exc.	Exc.	√	Exc.	Exc.	√	√	Exc.	Exc.	√
Brig. Gen. (Ret.) Ancil Antoine	√	√	√	√	√	√	√	√	√	√
Mr. Adrian Leonce	√	√	√	√	Exc.	Exc.	√	Exc.	√	√
Mr. Fazal Karim	√	Exc.	√	√	√	√	√	√	√	√
Mr. Wade Mark	√	√	√	√	√	√	√	√	√	√
Mr. Garvin Simonette[13]		√	√	Exc.	Exc.	Exc.	√	Exc.	√	Exc.

[12] Mr. Anthony Vieira replaced Mr. David Small w.e.f 27.11.18
[13] Mr. Garvin Simonette replaced Mr. Ronald Huggins w.e.f 27.11.18