

1010 a.m.: *Meeting resumed.*

OFFICIALS OF NATIONAL QUARRIES COMPANY LIMITED

Mr. Ulric Warner Chairman

Mr. Bevon Cook Chief Executive Officer (Ag.)

**OFFICIALS OF THE MINISTRY OF ENERGY
AND ENERGY INDUSTRIES**

Mr. Selwyn Lashley Permanent Secretary

Mr. Monty Beharry Director of Minerals

Mr. Ivor Superville Senior Energy Analyst (Ag.)

Mr. Chairman: Good morning, and may I call this meeting to order and to take this opportunity, on behalf of the Public Accounts (Enterprises) Committee, to warmly welcome the officials from the National Quarries Company Limited; the Ministry of Energy and Energy Industries; the Ministry of Finance, Investments Division; members of the media and the public.

The purpose of this meeting of the Public Accounts (Enterprises) Committee is to examine the audited financial statements of National Quarries Company Limited for the period 2008 to 2010. The meeting, I must remind all, is being held in public and is being broadcast live on the Parliament's Channel 11 and Radio 105.5 FM and the Parliament's YouTube Channel, *ParlView*. Viewers and listeners can send their comments related to today's topic via email, Parl101@tpparliament.org; [Facebook.com/tpparliament](https://www.facebook.com/tpparliament); [Twitter@tpparliament](https://twitter.com/tpparliament).

The PA(E)C, which is the Public Accounts (Enterprises) Committee, is a critical part of the Parliament's financial oversight function of the Executive. The Committee is desirous of hearing from the Chairman and the Chief Executive Office of National Quarries to learn the challenges being faced and determine some of the possible solutions and measures to overcome these challenges.

The role of the Committee is to help National Quarries improve its operations and delivery of services in an efficient, effective and economic manner. In order to do this effectively, the Committee agreed on an enquiry process for the examination of all state enterprises over the life of this Eleventh Parliament. This process involves questions being sent to state enterprises for written submission. These questions are derived from an analysis of the audited financial statements of the company. Based on the written submission, the Committee then determines the way forward for the examination of the entity.

Written responses from state enterprises such as National Quarries help the members of the Committee to get a better understanding of the operations, functions and financial position of the company. The complete submission of the National Quarries' written response to the Committee was received at 2.51p.m. of yesterday's date. This is totally unacceptable, inexcusable, indefensible. The purpose of this exercise is significantly diminished if the Committee is not given the relevant information to properly assist the entity. This is compounded by the fact that the last audited financial statements submitted by National Quarries is for the financial year ending 2009.

At this time, may I take this opportunity to invite officials from the National Quarries Limited, the Ministry of Energy and Energy Industries and the Ministry of Finance, Investments Division, to introduce themselves and similarly for the Committee. So, could we start with officials from the National Quarries Limited by introducing yourselves, then the Ministry of Energy and Energy Industries and finally the Ministry of Finance before we too introduce ourselves.

[Introductions made by all]

Mr. Chairman: Good morning, my name is Wade Mark, Chairman of the Public Accounts (Enterprises) Committee. May I take this opportunity at this time to

invite the CEO or the Chairman of the National Quarries Limited to make a few opening remarks before we commence our enquiry. So I recognize Mr. Ulric Warner.

Mr. Warner: Thank you very much, Mr. Chairman. Members of the Committee, before I have a short discussion with respect to the National Quarries, I would like to take this opportunity to apologize for the late submission of our detailed responses to your questions. I wish to say that this was not intended but it was part of the challenge of the National Quarries Company Limited, in that we are so short of the resources to do the work that we need to do, and I will speak to that, if you just give me a few minutes to speak on what is happening at the company.

The National Quarries Companies Limited is a company with significant potential to be successful, and it can be successful and this board would be taking all steps to ensure that the company achieves what it is expected to do.

As the Committee is aware, the National Quarries Company has an acreage of approximately 2400 acres, which we have a responsibility for, with respect to mining and our mandate.

The current state of the company is that it is not profitable and has not been profitable for the last five years, but there are reasons for this and this board is in fact addressing that. And so I would just like to outline a couple of things with the company, as we go into the meeting.

The current state is that the company, in 2011, had 107 employees. Today we have 203 employees. So we have essentially doubled our employees. With respect to our debt position, so I am going through quickly, we currently have approximately \$22million outstanding in debt, meaning that we have receivables to collect representing \$22 million.

In terms of our profitability status, as the audited statements would show, in

2010, National Quarries made a profit of approximately \$1.4million; 2011, a loss of \$1.5 million; 2012, a loss of \$7million; 2013, a loss of \$3million; 2014, a loss of \$1.2million; and 2015, a loss of \$5million. These are from the management accounts because we have not had audited financial statements for that period.

Notwithstanding that, Mr. Chairman, we also had a look at our operating cost and saw it sort of ballooned. In 2010, operating cost was \$102million; in 2011, \$123 million; in 2012, \$122 million; in 2013, \$126 million; 2014, \$89 million; and 2015, \$84 million. Admittedly, part of the loss between the period 2010 and 2012 was as a result of a payment that the company had to make, with respect to a former operator that we had to treat with.

But then, what are the key issues affecting this organization? I would address that pretty shortly. A major issue is the absence of a management team. Our current CEO is in an acting position. The organization has not had an internal auditor since 2011. It has not had a human resources manager and neither has the organization had a financial person who is a qualified ACCA.

Our current production facilities are not at the level that they should be. Our plant capacity is impaired. Our budgeting practices need a bit of improvement and we suffer a problem with water, which is a key ingredient, in terms of the production at National Quarries.

In terms of our procurement, we have not had vendor prequalification for some years. There is the absence of competitive bidding. We have no written contracts for major services. We have a lack of the kinds of control that would ensure proper governance and we also have a situation where our delegation of authority needed to be addressed.

In terms of our acreage, we have had some illegal mining on National Quarries acreage. We have had a situation of insufficiently trained technicians.

Our technical support needs to be enhanced and we also have issues of our regulatory approvals.

But, notwithstanding that picture, Mr. Chairman and members of the Committee, the question is: where is this board going?—in terms of our path forward. What we are stating is that here is an organization that has the potential and we intend to make that potential become a reality.

So what has been the position with the current board? In the absence of a staff and the ability to create a new strategic plan, the board adopted, as of a necessity, a way in which we would move forward, and we said we have a guiding principle right now and there are three. The first part of that principle is that we will seek profitability of this organization. Two, we will seek to transform this organization, and third, we will do everything ethically. So the third key rock for this board is one of ethical business conduct.

Further, the board noted that we needed to improve the governance structure within the organization and what we did is we went out to fill those positions that needed to be filled because of the urgency. So the board advertised for an internal auditor. We advertised for a human resources manager and we advertised for a financial accountant who can be elevated to a CFO. We only, two weeks ago, made offers of positions of internal auditor, the financial accountant and also the manager, human resources.

When we looked at the systems within the organization for governance, what we did is we reviewed the delegations of authority, because notwithstanding the fact that there was an old delegation dated, I think it was 1998, the board felt that it was necessary to ensure that for the governance of the organization that we have proper delegation.

With respect to our procurement process, recognizing that so many of our

million-dollar contracts are not written, they were simply provided or given out, you know, this board took a decision that we had to review our procurement procedures.

The board thus went through a process where we recruited on contract, because we are not increasing the staff, a procurement specialist and the Committee members would have noted over the last month, National Quarries Company Limited put into the national media, prequalification process for all service providers. The reason for that, Mr. Chairman, is that we want to ensure that procurement at National Quarries follows the procedure and policy guidelines of the Government of Trinidad and Tobago and to ensure that we have competitive bidding for all services at the company. The prequalification process closes next Friday and thereafter all services at National Quarries would be tendered in a transparent and competitive manner.

With respect to our audited financial statements, Mr. Chairman, this board came into existence on 26th November, and recognizing that we did not have up-to-date financial statements, the board immediately took decisions with respect to that. So what we have done, in keeping with the prequalification process, we have also put together a document that would be sent out to all accounting firms. We have asked the Ministry of Finance to call an annual general meeting because, as you are aware, it is at the annual general meeting that auditors are appointed, and so the process for a new auditor and for this process to complete, with respect to financial statements, is underway. The board took a decision that all financials will be prepared by the end of this year, because we see it as part of the structured process for governance within the organization.

We also decided that given the fact that most of the leadership of the organization are acting positions. Our CEO is acting. Our Operations Manager is

in fact a contract person. We needed to look at the organization's structure, in terms of how we transform and what we do. Hence the reason the board made the decision that key positions of internal audit, manager human resources, financial accountant and, you know, you cannot lead an organization without people who are properly qualified. And so the board made sure that the people who we are recruiting are qualified accountants and we do not need one. We actually need more than one and we are going with them. So we are looking at—we have brought on competent staff and they have started assuming their positions.

With respect to our statutory responsibilities, National Quarries has not paid royalties for a few years well. Well, under the current board, we are in fact paying royalties and those royalties are being paid directly to the Ministry of Energy. The Permanent Secretary can attest to that.

In terms of addressing some of the issues in the organization, with respect to things like illegal quarrying, only last month the organization noted that because of the share size of the acreage, we actually had people doing some illegal quarrying within the National Quarries estate. To address that, we have had discussions with our Minister, Minister Nicole Olivierre and, of course, the Ministers in the Ministry of National Security, and those issues are being addressed strategically from a ministerial point of view and we are being with apprised of what is happening.

Mr. Chairman: All right. Thank you very much for those opening remarks where you sought to brief us on the challenges and some of the measures and/or steps that have been taken by the new board, under your leadership, to address those challenges.

I would like to ask, if I may, the Permanent Secretary of the Ministry of Energy and Energy Industries as well as Mr. Herbert, representing the Ministry of

Finance, Investments Division, what have these two organizations been doing, given the challenges faced by National Quarries as outlined by Mr. Warner over the last few years? Because he is now talking about what he intends to do and some action that he has taken. But his board only came into effect from November. What has been happening over the last few years under the watch of the Permanent Secretary who is accountable and responsible as line Ministry for overseeing what is taking place at National Quarries and, of course, Corporation Sole? Because we do not have any accounts from 2010, and we are now in 2016, and we do not have, as Mr. Warner indicated, an internal auditor, an internal audit function; poor procurement practices that led to all kinds of irregularities. And the company has been making losses after losses, after losses over the last few years. What has been the role of the Ministry of Energy and Energy Industries in this particular matter? Mr. Lashley, you want to help us with this?

Mr. Lashley: Yes Chair. Good morning again Chair and members of the Committee. The challenges as outlined by the current Chairman have existed in National Quarries for some time. The last time we were before a constitution of this Committee, I think it was back in 2012, where the issues that have been outlined today, many of those issues would have been raised at that time, again. Certainly, in terms of the lack of reporting, the financial reporting and in fact in another forum the annual administrative reports as well.

Certainly, as the line Ministry and the Ministry responsible for providing guidance and seeking to bring the company in line with their obligations and requirements in accordance with the performance manual we have written to the company. We have, of course, invited the company in. In fact, I recall a series of meetings, both at the board level and including the management of the company where several of these matters were brought up and the question, in terms of how

the company intended to correct their practices. The issues still persist, in terms of transparency in the procurement process, in terms of the reporting, in terms of the whole issue of having accountability within the organization for several aspects of the operation.

You may recall that after a series of attempted interventions, I think it was in 2014/2015, there was a change of the board because it was felt that, notwithstanding repeated attempts at intervention, corrective action really was not taking place. In fact, I believe there was a management audit conducted by the Ministry of Finance, Investments Division as well, in terms of attempting to at least bring to order some of what would have been taking place in the company.

Notwithstanding that, what we have attempted to do in the Ministry is ensure that, at least with respect to policy direction, in terms of the operations of the company, that in fact they would adhere to some of the practices; the practices within the mining business.

The Chairman mentioned the whole issue of illegal quarrying, illegal mining and some of the effects and the impacts that would have had on their operations, the issues of encroachment, in terms of other operators on their acreage and seeking to ensure that we provided the level of support and guidance to allow the company to, as far as possible, conduct their operations in the best manner possible.

Having said that, I mean the other issue and the vexing one, and I think Chairman would have alluded to it, the payment of royalties. There is an outstanding debt, in terms of royalty to the State. The last board, and that was an issue that was raised, in terms of addressing and regularizing the situation; at least bringing to bear starting to pay royalties on a current basis, identifying the quantum of arrears and coming up with a proposal or a plan for eradicating those

outstanding royalties.

We have in fact conducted an audit with respect to the royalties and in fact that has been identified and quantified. In fact, as the Chairman indicated in his opening remarks, the company has begun to pay royalties, in fact, directly to the Ministry of Energy and Energy Industries. There was some degree of uncertainty, with respect to payments remitted to district revenue offices on some occasions, et cetera. So we felt that, in order to bring the governance in strict accordance, we felt that having that approach would have been a preferred one, and in fact that has been instituted recently. So we are trying to bring the company back to order. It is not a history that anyone would be proud of, but certainly we have been trying to assist the company, in terms of guidance, in terms of policy direction, as we go forward.

Mr. Chairman: Mr. Lashley, you talked about quantum, you talked about audit, you talked about royalties. Would you want to share with this Committee what is the outstanding quantum of royalties owed to the State, the government, to the Ministry by National Quarries over the last how many years? In fact, maybe you can tell us when last you received royalties from National Quarries and how much royalties are outstanding from that company to the Ministry of Energy and Energy Industries at this time?

Mr. Lashley: I will ask my Director of Minerals to go through the figures on an annual basis. But certainly I just want to qualify that at the end of the day royalty would be assessed and it is an auditable figure. So that the numbers quoted here I would not want anyone to rely exclusively on the exact figures. I will pass you over to the Director of Minerals.

Mr. Beharry: Thank you PS. Good morning again Chairman and members. Very briefly, royalties would be divided into two main operations sand and gravel

at Turure and limestone at Verdant Vale. At the sand and gravel operation, the royalty figures we have go back 01/01/2005 to the present time. Our last audit was conducted on 15th December, 2015, last year, and our updated figures for sand and gravel indicates an outstanding royalty as of today's date, of \$31,099,167.36. That would be the period 01/01/2005 to 15th December, 2015. That is our current figure, based on our audit, sand and gravel.

With respect to payments, National Quarries would have made payments this year, 2016, beginning January to now of \$1,135,809.04. So they have started making payments towards their royalties for sand and gravel.

With respect to limestone for the similar period, 01/01/2005 until 15th December 2015, the total outstanding royalties for limestone would be \$8,647,210.76. This year January 01 to the current time, they have made payments of \$98,105.44. So they have started making these payments.

Dr. Gopeesingh: Mr. Beharry and Perm Sec, would you be kind enough to tell this Committee what calculation is used to determine the royalties? Is it a percentage of the sale or what? How is it determined?

Mr. Beharry: Yes, doctor. Royalties were based on figures that go back to a report from 1979, prior to that there was a different figure, 56 cents per cubic yard used. In 1979, a committee was established to look at the payment of royalties and to quantify and determine what quantum should be paid. At that point in time, the committee recommended 10 per cent of the then market value, which worked out to \$2 per cubic yard. That \$2 per cubic yard stayed in effect until the end of 2010. From 01/01/2011, the rate of royal was increased to \$4 per cubic yard, and with respect to the current rate of royalties, the Minerals Regulations, 2015 were laid in Parliament and became effective on 8th June 2015. With respect to royalties for blue limestone, sand and gravel there are different rates with effect from 8th June,

2015. For sand and gravel it is \$6 per cubic metre and for limestone, \$6 per cubic metre.

Dr. Gopeesingh: It was previously cubic yard and now it is cubic metre?

Mr. Beharry: Yes, yes.

Dr. Gopeesingh: On what was the conversion based?

Mr. Beharry: The conversion would be based on the density.

Dr. Gopeesingh: Population?

Mr. Beharry: Yes.

Dr. Gopeesingh: When it was cubic yard, \$2 to \$4.

Mr. Beharry: Yes.

Dr. Gopeesingh: And now it is \$6per cubic metre.

Mr. Beharry: Yes.

Dr. Gopeesingh: Give us the conversion.

Mr. Beharry: It is roughly one cubic yard would be probably .7 cubic metres, so it is less than a cubic metre. But there is no loss in royalty from converting from one unit which is a volume to a mass. There was no loss. The calculation would have taken into consideration the factors and we have not reduced the royalty in that sense.

Dr. Gopeesingh: And what is the selling price, the estimated value per cubic metre of the sand and gravel?

Mr. Beharry: The rate chosen would have been approximately 10 per cent of the average selling price. So it would be 10 times 6, \$60 for unprocessed material.

Dr. Gopeesingh: Thank you.

Mr. Chairman: All right. We would come back to royalties in a short while and I have a follow-up question. May I ask Mr. Herbert to bring this Committee up to date and up to speed with the situation, as outlined by Mr. Warner and what has the

Investments Division done to rein in this organization? It appears to be like a rogue organization, a renegade organization. And it seems like what Mr. Lashley is saying, since 2012, what he is saying is that the same issues that we are discussing in 2016, arose in 2012. What has the Ministry of Finance, Investments Division been doing, as it relates to getting this particular organization under some control and scrutiny? Mr. Herbert, please.

Mr. Herbert: Mr. Chairman, the Ministry of Finance, Investments Division is responsible for the monitoring of the state enterprises in terms of, not their operations because that is done by the line Ministry. We are responsible more in terms of their statutory requirements, their reporting aspects.

The Ministry of Finance is somewhat hamstrung in that although we are responsible for monitoring the state enterprises, we do not have any mechanisms, in terms of enforcing those responsibilities. So we can report to the enterprise stating that you have not submitted your reports, you are not performing as you should be. But it then is the responsibility of the management and the board to bring the organization up to scratch. We have no mechanism to say okay we can penalize you for not doing so or not doing the other. It is up to moral suasion for them to do what they need to do. The Ministry has done, in terms of National Quarries, I think we did either one or two systems audit and a management audit where we did highlight the problems that are at National Quarries, but as I said we do not have an enforceable measure, in terms of getting them to comply with what we are saying.

In terms of their shortage, in terms of like an internal auditor, a manager of accounts or what have you, that is the responsibility of the management and the board of directors to ensure that those positions are filled, because they are the ones in operation. They would be the ones to go out and hire the suitable persons

for those positions.

Mr. Chairman: Mr. Herbert, would you be kind enough to make available to this Committee a copy of the, what you call the management systems audit as well as your management—apparently there are two reports, management systems audit and there is some management audit report. Would you be kind enough to submit those to this Committee?

Mr. Herbert: Yes, I would.

Mr. Chairman: And would you also want to recommend to this Committee, measures that you consider to be useful to bring these entities that seem to be runaway horses back into their stables, in the context of accountability, transparency and proper governance? Would you want to share with this Committee some of your thoughts and some of the measures that you think we can recommend to the Parliament in the coming period, Mr. Herbert?

Mr. Herbert: Off of the top of my head, I would not like to go into that right now. I prefer to think about it and get back to you.

Mr. Chairman: Well would you be kind enough, therefore, to put in writing for us. Maybe you do not want to say it publicly but maybe you can put in writing for us for consideration.

Mr. Herbert: Yes, I will.

Mr. Chairman: I also want to ask—[*Interruption*]

Dr. Gopeesingh: Mr. Herbert, from the Ministry of Finance, Investments Division, you indicated that you would want to do a management systems audit and a management audit on National Quarries. You probably have the same problem with a number of the state enterprises. When was the last time that National Quarries was brought to the Ministry of Finance, the Investments Division, based on your role as monitoring of states enterprises, which you

indicated and statutory requirements? When was the last time that you had a meeting with National Quarries to instruct them and to determine where they are, from your perspective at the Ministry of Finance?

Mr. Herbert: Could I ask Ms. Babb to answer you, or Mr. Ramroop.

Ms. Babb: Chair, the last time we met with National Quarries was at the last AGM, which was in 2012. That is the shareholders meeting. That was the last time we met with the company.

Mr. Chairman: In 2012?

Ms. Babb: Yes, at the last AGM, an annual general meeting that was held.

Dr. Gopeesingh: In 2012? And could you give us any time prior to that if it is possible, and then subsequent to that? Since 2012 to 2016, or 2015, was it not a requirement that the Investments Division ought to meet with state enterprises to determine and did you meet with them subsequent, so that the problem that we have now, perhaps, if you had driven them into some degree of accountability we might not have had the existing situation as it is.

Ms. Babb: What we did, we wrote them and pointed out where, in respect of the financial statements, and we also wrote the line Ministry to assist us to get them to comply with the Companies Act and our guidelines but really we did not get much response from them.

Dr. Gopeesingh: So despite the fact that you would have written to them indicating from the Ministry of Finance, Investments Division, they need to report to you and, by extension, you had indicated to the Ministry of Energy as well, you had no response from National Quarries from 2012 to present?

Ms. Babb: Not with respect to the financial statements.

Dr. Gopeesingh: But what about the management functions and the statutory requirements under the performance manual for state enterprises?

Ms. Babb: Right, we would have called them because there are other reports, for instance, like the cash flow quarterly reports. We have a section who will, on a quarterly basis, call them to get these reports, but they were not always upfront. Sometimes you get them, sometimes you do not.

Mr. Chairman: May I ask Mr. Lashley and Mr. Warner, given the history of non-compliance, what is the difference this time, based on what you have advanced, and how can this Committee and the public have any confidence in the proposals being made for the improvement of this organization going forward? Because it seems like we have heard that story before. It seems, based on what Mr. Lashley has said, this story has been told in 2012 and we are in 2016 and we are back to square one. So what is the difference? What is to tell us that in the next year when we invite you here again we would not be at the same level, having the same problems, the same challenges? What assurances can you give this Committee that in a year's time your company will be at a level that Trinidad and Tobago would be proud of, this Committee would be proud of and, therefore, the queries and challenges that you are faced with today we would no longer have to address them?

10.55a.m.

Mr. Warner: Mr. Chairman, I take the opportunity to respond first to your question. When this board was appointed on November 27th last year, the chairman recognized that there was a tremendous responsibility, placed on the chairman for leadership of the organization. Having said that, this is the fifth board that this chairman is chairing, and I have been known to deliver success, perhaps it is because of my training in the energy sector. As everyone will know, I come from Atlantic LNG and Phoenix Park Gas Processors. When you work in organizations like that, where accountability to an external foreign partner is

critical, and governance is of a serious issue, and you come to an organization like this, with significant potential to be successful, you then start to look behind the figures and see what is happening.

Just as an example, in terms of what this board has done and which we are sure, that this organization will be different, is: one, looking at the resources that we had within the organization, and ensuring that those resources are in place to deliver. Looking at the financials, I can give an example. As chairman of NALIS, when I went into NALIS, we had a similar situation in terms of the financial audit, and we were able, you know, to bring the audit up-to-date, okay?

In the case of the National Quarries, when we went in as a board and we started looking at what was happening, we recognized that the governance structures were extremely weak, okay? The delegation of authority was there, but nobody took it on, okay? The procurement thing was outdated, nobody took it on, alright? The issue of financial reporting, every, single day, I have requested of this CEO, I must see the sales figures, so we can tell where we are going, okay? The budget process—and I am being honest—was really one that needed reviewing, because when you come from an organization where budgeting is significant, and you come into an organization where there are several departments and everybody has miscellaneous. What is miscellaneous? We did not deal with miscellaneous where I came from, okay? So we had to address those issues in a very clinical way, in terms of how we lead this organization.

In terms of the audit of the company, and auditing different functions, there were several things that needed to be addressed, and you have to go behind the figures, to understand what is happening. It is the reason I made the point that, the organization can be successful. When you look at the amount of revenue that is turned over, it is successful for contractors right now, but it is not successful for the

organization.

I will give a simple example. Last month in looking at the figures, and I looked at the figures with jaundiced eyes, because that is my training, okay? You had the rental of a six-inch water pump, that cost the organization \$90,400, but if you go down to S & K Watson or FT Farfan, you can get the same pump for about \$8,000. Well, why are we renting a pump that is costing us so much? Then when I looked at the figures, in terms of pump rentals, I am not even going to talk about what the figure is, okay?

When you look at the cost of rental of trucks as an example, we know in Trinidad right now, we have rolling stock that is idle, but at the same time we have a situation in which, we are charged a particular sum, and then we have, you know, a situation in which a particular contractor is charging a sum that is, you know, totally out of this world. But the level of enquiry, if we left that only to our CEO, unfortunately, the gentleman will die because it is just too much for him to handle.

What was needed is a board that was business focused, a board that knew what it was doing, and a board that has the responsibility to ensure, that the governance structures are in place, that they know how to get that there, and to put those systems, and that is essentially what we are doing, and I dare say, we will do it.

Mrs. Baptiste-Primus: Thank you, Chairman. Mr. Warner, I am very heartened by what I hear coming from you as the chairman of this state company. You know, over the years, the public has been bombarded, no matter what administration is in office, by allegations of corruption surrounding this company. So I am very heartened by what I hear coming from you in terms of strengthening the leadership structure, and the fact that you all have begun paying royalties, that is a very significant signal.

But I wanted to ask a question, you indicated and we all know that, the company has not been profitable for the last five years. Yet, the employee population moved from 107 employees in 2011 to 203 employees presently, I believe. Can you justify that because I am sure the records are there? And secondly, you have an organization that is not profitable, but the operating cost of the organization continues to balloon. What percentage of the operating cost, what does it represent in terms of the revenue of your organization? And why such a high employee population?

Mr. Warner: Mrs. Primus-Baptiste—

Mrs. Baptiste-Primus: Baptiste-Primus.

Mr. Warner: Baptiste-Primus, again, you have to look at the way in which the organization was led over the last period. Was it business focused? Or was it another reason? In other words, I pointed out that here is an organization with significant potential to be successful, but if you have a situation in which people do not create a sense of urgency for the organization to be successful, and if you have a situation in which the leadership of the organization is not paying attention to issues of contracting, issues of staffing, issues of overtime.

As example, I will tell you, when you look at overtime cost as against the actual work period—and I am not suggesting that you cannot have overtime. One must question what is going on, or you come in and there are so many people who are not fully occupied, it raises issue of, “Well, why did we bring this level of staff”? Okay?—but we have. So we have to find ways in which we can make these people fully occupied, and also make the organization successful.

So to address your question specifically, the decisions that were taken, were perhaps right at the time, wrong in retrospect, but certainly from the position of this board, we believe that some of those decisions, we need to reverse them.

Particularly which contracting services, because you cannot have multi-million dollar contracts with nothing in writing; absolutely nothing. At the same time, as a board, we cannot just say, “Well, these providers must leave without a structured, transparent process”. How do you get that structured transparent process? Well, everyone must prequalify, which is why we have the system in place which closes next Friday. Once that is done, then what will happen is, people will be asked to tender for the services. I can name so many services where it is overpriced.

As I say, why is it that you have some people who are providing services for a truck at \$300 or \$350, which is overpriced, given the amount of free-rolling stock available in Trinidad and Tobago? Then you have another contractor charging \$1,640, okay? But if the board does not go behind the figures and look and find out what is going on, then, we will say, “Boy, we have heavy operating cost, and we cannot address it”, and that is what is happening.

If you look at our equipment, a similar situation. We can deliver a lot more than we are delivering, but our equipment has not been maintained. Why? Because the level of technical skills—if you go on to the Atlantic plant, or the Phoenix Park Plant, you would not have someone hammering a bearing. A bearing is pressed, okay? So when you come from that environment, and you are dealing with a situation where people want to help, but they do not have the technical capacity to do so, then you have what you have.

Mrs. Baptiste-Primus: Mr. Warner, I listened carefully to you earlier on, and you spoke about the need to strengthen the leadership structure in the organization. In that context—and I have also noted that in improving the governance structure, you all have advertised for an internal auditor, an HR manager, a financial manager, who would be shuttled into chief financial officer. I would want to caution—issue a caution that, for you to ensure that in strengthening the structure,

that persons are recruited who are qualified to fit those positions, and that a situation where a Miss. Hernandez or Fernandez?—that that situation does not recur, when she was hired as a CEO, and she was not qualified for the position, and remained in the position for two years, when apparently someone got up one morning and suddenly realized, that she was not qualified for the position. Yet, she acted in it for a period of two years or thereabout.

So that, you know, I would want to obtain from you the assurance, that in going forward, that in strengthening the leadership structure, we can expect qualified positions, those positions to be filled by qualified people, and that they, you know, the robustness that I feel coming from you as chairman of the board, that that robustness and that due diligence, is strengthened also as you go forward in cleaning up this organization, because this is one state enterprise that needs cleaning up.

Mr. Warner: Member, what I wish to say is that, the organization is, in fact, taking those steps and based on my professional background—and I hope this does not come across as a piece of marketing—my company, we deal with executive recruitment, and I recruit executives and as a former vice-president at Phoenix Park and Atlantic LNG, it would be difficult for someone to past me, with something that is incorrect or in any way not what is expected. In going through the process, I was part of the interviewing team along with the CEO, and we had an external HR person. It is always said, a lawyer who advises himself, you know, is a fool. So as an HR professional, I make sure that there was someone else as an HR person involved in those interviews. As we go forward, you know, we will continue to ensure scrutinize and be, you know, very, very aware of what you say, because we need a leadership team that can take this organization to the next level.

Mrs. Crichlow-Cockburn: Thank you, Mr. Chairman. Mr. Warner, like my

colleague, I am very heartened to hear some of the statements that you would have made here this morning, because it was difficult for me to understand that we have an organization as you would have indicated that is short of the necessary resources, but its staff strength had doubled. It seems to have been by design over the previous years, to have it in that manner, because it is difficult to understand an organization like National Quarries operating without an internal auditor, a human resource manager, and a financial manager. So I am very heartened to hear you say what you would have said.

My area of concern though is, that despite what has happened over the past periods, you indicated that you are going to make sure that people are fully occupied. It seems to me, and I would dare say, some of the members of this Committee, that there may be persons currently employed at National Quarries who you need to take a second look at, because if peoples do not have the skills or the capabilities or they would have operated in a manner that to me, seems to have been inimical to the operations of the organization, I think your board needs to seriously consider, whether those persons should continue to operate in the positions where they are operating.

Okay, you would have spoken about even the contracting, we would have been giving contracts, not in writing, one; and then contracts that seem to have been inflated. I am sure there are persons within the organization who would have been responsible for those contracts, and should we be continuing to have those persons in the employ of National Quarries, given it is a state enterprise, and it seems that they may not have been operating in the best interest of the organization.

Mr. Warner: Member, we are wary of a situation in which, you know, the organization looks at its staff without doing a clinical review. The board is

strategic, so we really cannot get to the level. However, in terms of having an HR professional, who can look at our staff, and see the best way we can use them. It is a fact, that in terms of full-time equivalency, there are issues. I am not going to, you know, hide about it, but I would prefer to know that whatever action that the board would guide, would be a structured action, and not one in which people are, for whatever reason, you know, removed or not there. I would prefer a more deliberate approach in which we treat with that, but I do understand your concern.

Mrs. Crichlow-Cockburn: Yes, Mr. Warner, and I would not expect that any organization would operate without exercising due care and due caution, and following whatever disciplinary procedure they may have in place. So I would want to know, does National Quarries have a performance management system?—because I would expect we would be treating with persons, in terms of whatever is outlined in their performance, you know, because okay, you have, a performance management system and as an employee you would know what are your deliverables. It is based on that system, you would know whether somebody is performing or underperforming, and I would expect action would be taken, in terms of performance or whatever rules and regulation the company has in place.

Mr. Warner: The current performance management system is broken. It is one of those things that have to be reviewed by the new HR professional who has come on board. We recognized too that we have another issue within the organization, which is the level of competency and literacy within the organization. What we have to understand is that, it is an organization within a community that has essentially sought to assist in terms of employment.

So while you are trying to address one issue, you also have the issue of literacy, competency, technical training. So, the board has to take a deliberate approach, but the best place to start is to bring the organization up to its level of

capability. Then strategically start taking decisions to ensure that you have the level of staff, who are competent to do the job, and also there is the issue of morale and, what I call, a sense of urgency.

I will be honest, the organization is a public organization, but the employees were unaware of its financial status. In other words, we come to work and we work. We get paid, et cetera, but they were unaware until this board came into being, that this organization was dying and until that was told to them, they did not understand it. So creating a sense of urgency is part of the whole transformation. Hence again, the board said, “Look, we do not have a time for a plan right now, because we do not have the people”, but we had three big rocks or three deliverables: profitability, transformation and ethical-business conduct. The reason we say ethical-business conduct, because there are issues there. So we treat with it holistically and strategically.

Mrs. Crichlow-Cockburn: Thank you, Mr. Warner.

Mr. Cummings: Thank you, Chairman. A few questions for the new chairman. I too want to say that I had to amend some of my questions after hearing you, chairman, and therefore, am quite pleased by some of what I have heard so far. If you could just briefly tell us what is the business model at National Quarries? I am not too clear on that. Do you own a certain acreage? And you sublet acreage for contractors or National Quarries—could you tell us a little bit about the business?

Mr. Warner: Right. National Quarries was provided with the acreage by the Government of Trinidad and Tobago, and the company mines the acreage. They moved from one area to another depending on the richness, for want of a different word, of the resource. There is no lease or rental of National Quarries' acreage. The board actually visited the acreage, and the board took a decision, that not only do we want to physically see what is there, but we wanted the guidance, in terms of

the technical capacity to determine, not just what is available or what you can see with your eyes, but what is under there.

So the board has set up a technical sub-committee, comprising members of the board with the background, in which they are essentially doing the kind of work, you know, in terms of the surveys to determine the quality of aggregate and the kinds of aggregate that we have. That sub-committee of the board will be delivering its report at the next board meeting. So that what is happening is that, as I pointed out, the acreage is rich from what we can see. We believe it is even more.

Interestingly, in looking at the accounts of this organization, the financial data, nowhere in the financial data is there accounting for the resources, if you understand what I mean. In other words, unless, you know, somewhere—now, within the oil part of the—and the Permanent Secretary will tell you, they do the Ryder Scott Report, and they tell you, “Well, there are X or Y years of gas remaining. We do not have a similar report in terms of our acreage, and that is why we have a technical sub-committee, to determine what is there. But we do know, that it is quite rich and National Quarries has the ability to deliver. So our business model would be:

1. Determining what we have;
2. Determining how many years we have going forward with that;

And then looking at the quality, it is like heavy oil, light oil, so to speak, dry gas, wet gas, okay? So that we could see, because we do have beyond aggregate, we also have something called the deco stones, a commodity that is in high demand throughout Trinidad and the Caribbean. We also have orders for aggregate coming out from the Caribbean.

Again, when the board came on board strategically, we did not see anything like that. Why is it, if things are slow in Trinidad—Dominica had a serious

situation a year ago, and they were lead aggregates. St. Lucia had the same. Right now we are processing an order for Martinique. Well, why have we not been that before? Where is the strategic focus on pushing forward these things? This is why this particular board has taken this kind of approach, in terms of ensuring that this organization is successful.

Mr. Cummings: You spoke earlier on in your earlier contribution about the request to the Ministry of Finance for the annual general meeting. Has that been determined in terms of when—or should I pose that to the Minister of Finance?

Mr. Warner: Well, no. We could respond. What happen is recognizing that our current auditors have been with us, and if you know the process, the auditors can only be changed at the annual general meeting. That has to take place in conjunction with the Ministry of Finance, whereby a member representing the Corporation Sole, would be there. Given the history of the current auditors, and this essentially and, you know, maybe it is their level or their quantum of work, and the fact that this board found that coming on November 26, 2015, and you have 2009, 2010 outstanding, and when we asked the CEO what is happening, we were told, “Well, you know, they still have some questions”. That is not good enough. That is not good enough for a business. It is not good enough for this board, okay?

So, we felt, “Look, maybe it is time that we go to the big four and say, tell us what you can do”. So we went out and we got the details for a very detailed kind of audit. So we are in the process of getting that as a prequalification process comes up. We had the discussion with the Ministry of Finance, through our corporate secretary. So that these governance things can be in place, because what you want is a situation in which the population, the Government, the people of Trinidad and Tobago, can feel confident that here is an organization that has all of

the systems in place, to ensure that it is doing the right things, at the right time.

Mr. Cummings: Just one more question for now. Illegal quarrying, and you did mention that the board would have requested assistance from the line Ministry on this matter, but are you in a position to say what percentage of the acreage, might be occupied by people involved in illegal quarrying? Do you have any information in terms of how many squatters you have, squatting on the property and are involved in illegal quarrying?

Mr. Warner: Mr. Cummings, I can speak to what I have seen. In terms of acreage, I will have to defer to my CEO, who has had greater experience in this than I had.

Mr. Cook: Thank you, Chairman. Mr. Cummings, only recently, a couple months ago, we discovered that there was some illegal activity taking place on our present acreage. The challenge and difficulty with that, because the acreage is so vast, and because the landscape is porous, we remain vulnerable.

One may appreciate that the issue of illegal quarrying has been a challenge, not only for National Quarries as the state enterprise, but by extension the Ministry of Energy and Energy Industries and the citizenry at large. Because in times of heavy construction, and when there is an economic boom, there is an increase—of course, we are informed by market demand and market forces, and that encourages persons to breach the law, and engage in illegal activities.

Because of the potential profitability, it is a very dangerous enterprise, and our information coming to us is that persons who came, and essentially was able to access material, did so during the night, under the cover of darkness, and they were also very heavily armed.

Now, it is very difficult for us to have persons come forward with such information, because it is an obvious fear, there is also a fear of collusion. And,

therefore, it is necessary for us from a strategic stand point, to look at policy, look at the framework, and look at the resources from as far as the Ministry is able to provide.

We were able to identify an area of approximately, I would say, about four or five acres in this instance, that was shielded behind a forested area, a virgin area in our landscape, that we had not yet explored. Only to discover that some activity was taking place for some time between December last year, and the early part of this year. We notified the authorities and the army and the police came and took seizure of the equipment. Of course, coming out of that, you would hear all sorts of rumours and so on. In fact, someone called me directly to ask questions. I said, "Sir, I have no further information. If you want clarification, you can go to the authorities who can better advise".

I have also, you know, from time to time information comes to hand that there is activity and, therefore, through the chairman and the board, I asked them to lend assistance and to intervene, so that we can have the necessary resources, and the capacity and the capabilities to monitor and have proper surveillance done, because it poses a number of issues for the sector.

First of all, National Quarries a lot of times, is blamed in the area, when there is destruction and land degradation. When it falls outside of National Quarries, so we have become the scapegoat, because with the state enterprise, we now have to be in the forefront, and we now would appreciate the chairman and this new board would come in, and recognize the governance issues, the shortcomings, the issue of really bringing the organization to the standard and best practice that one would want. So there are inherent issues really with the illegal quarrying. We have an environmental impact. I must admit the National Quarries is ISO certified. From my information, we may be the only quarry that has ISO

9001 and 14001 certified.

Mr. Cummings: Sorry to interrupt you, but I am trying to get at what is in place to identify people who might be squatting? What about aerial photography?

Mr. Warner: Mr. Cummings, I did not want to get into the details. We have had discussions with the Ministry on that, and also further discussions with the Ministry of National Security. We were advised that action is being—there is action on that. The specifics of that, I really would prefer to not deal with, you know, from the point of view of having had some discussions.

Dr. Gopeesingh: Like my colleagues, Mr. Warner, we feel a little more comforted by your proactive work as chairman of a board, and noting your successes previously, and we are very gratified by the work that you have started.

Let me ask the question in terms of—in 1970s or 1979, I believe, National Quarries was started by the State as an enterprise. How does National Quarries operate now, in the context of Government's directive? If probably the Permanent Secretary, Mr. Lashley, can indicate? It is set up to do what?—following on Mr. Cummings' question just a while ago. The business processes, is that—the way that you function, is it determined by the State's requirements, and has the State given any new requirement for National Quarries operations in the context of the State leasing a number of acreage across the country, and rental probably? I will probably ask the Permanent Secretary, to give us an overall picture of the national scenario? So your business model and your business process, how is it determined? Is it in relation to the State's directive? And what do you understand as the State's directive in terms of the operation of National Quarries?

Mr. Warner: Dr. Gopeesingh, when as chairman coming into the National Quarries, one of the first things that I did was, I read the Articles of Incorporation, and went back to see what is this organization expected to do. I was surprised in

terms of the remit, in terms of the kinds of things that National Quarries has authority to do. And I can say that, you can start from mining, to manufacturing, construction, purchase and sale of arms and ammunition, and all of those kinds of—yeah. You should read the document. It is quite interesting, okay?

However, National Quarries remit, you know, while those are the written documents which, you know, I have read, has essentially been to supply, through the Government, aggregate for governmental construction. And at the same time, to assist with Government large-scale construction, in the sense that, National Quarries because of acreage and because of the richness of the aggregate within its acreage, would be able to address and have the price issue in terms of aggregate for construction. That has essentially been the remit of the organization. It has not gone very far outside of that, and that was advised by the Ministry, notwithstanding what is written in terms of its Articles of Incorporation.

Dr. Gopeesingh: Thank you, Mr. Warner. Does National Quarries supply material only for the state sector, or it can supply material for the private sector as well?

Mr. Warner: National Quarries supplies material for the State and anyone who is willing to buy. You can literally go up to the quarries and indicate, you want, and, you know, it is available. It is open, okay. We are in the market as anyone else. The challenge though is that while we can supply to anyone, we do have a situation where people have stockpiled at our lower price, and then resell at a competitive market price, because the price that we have is below the given market price.

So that since we sell to anyone and we cannot say to anyone, do not stockpile. So you can literally come in to quarries and purchase as much as you want, and then have a stockpile wherever in the country, and sell at an increased price. It is an impact that the board has looked at, in that we spoke with the

Minister and advised, “Well, could we adjust our prices?” Now, because our prices are fixed by the Ministry to a large extent, and we felt that if people are selling our product at the increased market price, well, we may as well sell at that price too. But there is also the other issue in the current economic situation, in that if people can come to our facility and buy at the lower price, then they are welcomed to do so, and so get, you know, a bit of added value by coming straight to us.

Dr. Gopeesingh: Perhaps you may need to discuss this with the Ministry of Energy and Energy Industries, to see whether you yourself can stockpile and sell at a competitive rate.

Now, that brings me to the issue of the competitive aspect of what you are doing. So my question will be directed to the Permanent Secretary, Mr. Lashley. Could you give this Committee and through to the citizens of Trinidad and Tobago, an understanding of the acreage nationally, if you are seized with the information, of how many acres of quarries that we have in Trinidad and Tobago, being operated? How much have been leased? And how many are operating and, therefore, the competitor to National Quarries will be outside from those people who are quarrying outside of that? Could you give an understanding, from a national perspective, how many acreage, et cetera, are being quarried or how much have been leased?

Mr. Lashley: In terms of exact figures, we could of course, supply those figures to the Committee, but in approximate terms, in terms of the sand and gravel acreage, National Quarries only have about 40 per cent of the national acreage that is under mining, okay? In terms of limestone, I think, that figure is about what? About 10 per cent? About 10 per cent—15 per cent. What we can do, we can compile those figures and supply them through the Committee, to give you an

accurate description, in terms of the share of the market that National Quarries would supply.

Dr. Gopeesingh: It is possible then, yes, that you can give in writing—

Mr. Lashley: Yes.

Dr. Gopeesingh:—the various companies or people who have leases and the acreage of leases? And if you have any understanding, how much of that is being minded at the moment? Who is not doing any quarrying? So we get an understanding what we are at a national level. As Mr. Warner said, when he was with Atlantic LNG and the companies, he has to look at what is existing at a broad perspective. So we want to juxtapose National Quarries versus the others who are operating, and get an understanding of what is happening there. Let me just ask the last area. So we will be grateful for you information on how many leases we have there? How many acres are policed? How many are being quarried at the moment? So 2,400 acres here from National Quarries, juxtapose it against the others, we would certainly appreciate.

I just want to turn my attention just to one other area, that is, the financial area. In 2008—2010 which we are examining, your sales grew from the \$88 million to \$122 million and \$121 million. And your net profit grew from \$5.8 million to approximately \$1 billion, then \$5 billion. Do you have any figures subsequent to 2010 on your sales and—we have your statement about the profits and the losses that went on from 2010—2015.

So, Mr. Warner, when we look at net profit margin versus net income sales, it is extremely low. So, perhaps as a board you may need to look at the ratio analyses of—you obviously have been in HR and, of course, being with a large company you would understand the finance as well. Look at the ratio analyses of National Quarries, in terms of your financial leverage ratio, and your total debts to

total assets, your net sales to total assets, and net profit margin to net income sales, et cetera. Perhaps that is an area that you need to work on to improve your profitability, based on what is happening now, you are on a loss. So you need to look at that from a board perspective.

The last area is the environmental impact. When people travel by air across the Northern Range and across that area, they would see massive dilapidation of the infrastructure, but large ponds and total degradation of the entire—a significant part of that area, without any recourse to remediation. My understanding is that recently to be able to give an award for a lease, you must have signed into the fact that have to do some remediation to satisfy the environmental impact that is needed. Could you comment whether your company now is also going to be looking at satisfying this area to prevent this, what is apparent, across that entire area; nobody is doing anything to remediate that?

I will give you one personal thing. I am the Member of Parliament for Caroni East, and there was so such mining of sand, that an entire large acreage of—where it had been quarried was filled with a pond, with large amounts of water, that if the embankment of that had broken, we would have had a massive flooding across the entire area, and lives would have been lost. So I drew that to the attention of the last Ministry of Works and so on, and, to some degree, that has been eliminated, but could you give us a little idea of what National Quarries is doing?

Mr. Warner: Thank you, Dr. Gopeesingh. I will just address the first with respect to the analysis of the data. When the board came, or when the board was, you know, put together, one of the things that I personally did, was start looking at those figures and the analyses, that which you speak. That was when I asked, “Well, who is owing us?” Only to discover, that we have \$22million outstanding

today, by contactors who took products from this organization and just stopped paying, and nobody did anything about it. I am talking about very recent situation, okay? One of them, of course, being OAS. Well, so, I said, "But this is madness", okay. If you are telling me that these organizations are outstanding, you know, up to a year, two years and they just stopped paying, we need to do something about this.

So, what we did as a board is, that we immediately took legal action, and again, what we sought to do was get the guidance of the Ministry, both the Ministry the Attorney General and the Ministry of Energy and Energy Industries, in terms of our path forward. The decision with respect to what is happening with that, will be next Monday, where the judge will make a declaration.

With respect to some of the contractors who we believe can pay, we have sought to come to some kind of discussion. We had a situation in which a particular contactor, you know, outstanding to us, approximately \$6million, and they are saying, "Well, you know, we can pay \$150,000 a month". Well, I had to be cynical to the technicians of that business. I said, you know, "This is not Tanty Merle shop we running here, you know. This is business and in case you do not know, this chairman is one of business, okay." So we were able, to be able to get in, you know, \$1.5 million, and we have a commitment of a payment of \$500,000 a month.

Given our situation, what we have been able to do, we say, "Look, this is money that we may not have gotten", so we put it away quickly. So that "We doin like Tanty Merle" when she gets the money. We put it away, so that when the rainy day comes, we can use it, but that has been the status, because who was looking after the business? Well, we are, and we are insured. So in terms of those records, Dr. Gopeesingh, I thank you for the comment, and we certainly will

continue to look at those ratios, because I certainly had a look at them and they were not very compelling or good.

With respect to the environment, the board was able to take a tour of the facility, and we were pleased and at same time concerned, in terms of what we were doing with the environment. Because in looking at the National Quarries scenario, we saw where our organization was proactive. In other words, rather than mine pits and leave them open to the environment, the organization took the decision to spend the time with some level of rehabilitation.

So that you would find while it has not been done as extensively as they would like to do, you find that if you go into National Quarries area, you would see some of the areas are planted with different levels of root crops and other—I think it is a good way to go. It is not our remit though, so that in looking at it, because we might say, “Well, good going”, but when you look behind the figures, it was costing us too much. So what again we had to do was say, “No, if we are going to continue to do this, it must be cost effective.” All right? So we are doing it, but we are looking at how much it is costing the organization.

Dr. Gopeesingh: But I understand from—Mr. Lashley, you would know from the Ministry of Energy and Energy Industries—that is a requirement now for mining—

Mr. Warner: It is. It is.

Dr. Gopeesingh:—rehabilitation, so it is not an optional area now, it is likely more—you need to do it. So perhaps you will look at it from the construction of what it is costing.

Thank you very much for your answers.

11.40 a.m.

Mr. Chairman: Could you supply us with a listing, Mr. Warner, of all those contractors and the amounts that are owed to National Quarries, to this Committee?

Could you supply us with a listing of taxpayers' moneys that we are accountable for as a Parliament in writing—names and the amounts that are outstanding and the period of time you anticipate collecting those outstanding moneys on behalf of the people and how long they have been outstanding?

Mr. Warner: Mr. Chairman, I am so grateful for that intervention. I cautiously state, I hope you can deal with the plate of food that you are asking for.

Mr. Chairman: Bring it. Bring the plate of food. We are here to help you. We as a Committee are here to help revitalize National Quarries, and bring it to a level of profitability and accountability and good governance on behalf of the citizenry who we represent in the Parliament of the Republic of T&T. So could you kindly submit those to us?

Mr. Warner: Definitely, Mr. Chairman.

Mr. Chairman: I recognize Mrs. Baptiste-Primus and then Mr. Foster Cummings.

Mrs. Baptiste-Primus: Thank you, Chairman, and the question is directed to Mr. Warner, the Chairman of National Quarries. We were informed through your opening statement that there has not been an internal auditor in the organization since 2011, a highly outrageous situation, which really would raise red flags in the minds of a high school student who is focusing on accounting. But, Mr. Chairman, in light of the fact that you and your board is in the process of filling the position of auditor, I would like to be advised whether or not you and your board are in a position, with this internal auditor, qualified, I hope, in detecting any misappropriation of funds that may have taken place within the organization over the years. That is one. Two: what checks and balances have you all developed to ensure that we get value for money as we go forward?

Mr. Warner: Mr. Chair and Mrs. Baptiste-Primus, with respect to the absence of an internal auditor, there is no doubt that there are issues that need to be addressed.

We have had reports coming from members of staff, the CEO, issues that need to be addressed. Some of them, I dare say is a bit challenging, but not impossible. Okay? So that there is some work for the internal auditor plus there are some other issues that I would prefer not to address in this forum.

In terms of going forward in terms of checks and balances, the board has instituted certain things that must be reported to the board every month and that is where Dr. Gopeesingh's question comes out and where the Chairman of the Committee is so helpful. If the board had not asked, then we would not have known the extent of this debt. It is approximately \$22 million. Every month what must come to the board is where are we with this and how far we are with respect to the litigation process or the collection process. That is one thing.

The second part of that sort of a check and balance is having a clinical review of the accounting data. Now, I would say, in the absence of what I would call people who are really technically skilled, it is still not up to the level that I, as Chairman, am comfortable with. It is not there at all, hence the reason why I pay even greater attention to it, because the level of scrutiny that I would like to bring on behalf of the board, you know, we need to get it to a particular level, but we are doing it. It is the very reason why every month I go through all of the details with respect to sales, with respect to operating cost, with respect to large contractor cost and with respect to small contractor cost. It is a tremendous amount of work.

I dare say had I known that this was going to be like this I may have thought differently in saying yes to this job. And it is not a job, because I have to work otherwise. But I am being honest, it is not easy, but we are dealing with it along with members of my board.

Mr. Cummings: Thank you very much, Mr. Chairman. To Mr. Lashley, the Permanent Secretary, earlier on Dr. Gopeesingh requested some information in

writing, I am just asking if you can include in that the process for the granting of licences for quarrying, and also the procedure for the granting of leases for the acreage that fall under the Ministry.

To, Mr. Warner, can you tell us what steps are being taken to improve the efficiency in the mining aspect of the operations?

Mr. Warner: Thank you, Mr. Cummings. It is difficult for someone with my background, a plant background, to go on to a particular plant and see it in a particular way and not be concerned. I was the first employee of Phoenix Park Gas Processors and that company is a success. You could literally walk in the plant and feel safe and do what needs to be done.

My venture along with the board onto the plant at National Quarries indicated that there are many things to be done that would impact on the quality of our material that will impact upon the production level of our material and will impact upon things like our plant and maintenance, et cetera.

Because of what we have, in terms of our resources, we do not have things that I am accustomed to, like management of change. So there would have been changes to the plant that is not documented anywhere. In other words, the equipment that does the mining. So that when you look at it we have four plants but only two are operational right now. What we need to do is to bring those plants back up.

So we have had discussions with our Minister in terms of how do we address this situation in terms of bringing the plants up. But if you bring the plants up and the technical capacity is not there to maintain those plants, then you are going to be right back where you are.

What we call equipment manufactures sorry—when we talk about original equipment manufacturers specification, there have been changes and modifications

to the plants that did not follow those things and, as a result, we now work with let us get it working sort of thing as distinct from a structured maintenance programme that treats with those plants. So we have issues to some extent of quality and when we look at where our finished product goes, just looking at it, you know you have an issue there. So the board recognize that we need to deal with that.

So in terms of our path forward, we are looking at refurbishing the equipment, we are looking at how we store material to avoid contamination, we are ensuring that our ISO standards are maintained, and we are also developing relationships with our customers in that if you have a problem, advise us immediately so that we can address it, but the plant is far from what it should be.

When you look at the picture on the website of the quarries plant or you look at any other quarries plant and then you come and look at ours, you know we have some work to do from several aspects: from maintenance, from safety you name it, because unfortunately, for me, I keep comparing, if I walk through Trains 1 to 4 and if I walk through up the road. It is just how it is.

Mr. Chairman: Mr. Warner, you said earlier on that when you sell sand and gravel to contractors, you do not have any specified amount to sell. They can buy in bulk and store. You further went on to say that the price is controlled by the Ministry of Energy and Energy Industries. Those persons who are buying in bulk are able to double-charge consumers and make a killing. I want to ask you whether the company has a policy for ordinary people to approach the company to purchase sand and to purchase gravel and limestone directly from you; or whether your policy excludes ordinary people who are desirous of securing sand at cost, at the economic price that is set by the Ministry as opposed to contractors playing the role of middleman and ripping off to make profits at the expense of the ordinary

person who may wish to construct a home, or who may wish to engage in some kind of construction activity. Is there direct access by the ordinary people to your plant to secure sand, gravel and limestone? Could you help us?

Mr. Warner: Mr. Chairman, that is quite correct. The ordinary man can do that, but the people of Trinidad and Tobago are unaware of that.

Mr. Chairman: Could you pause for a moment? Would you be kind enough—I know that you are strapped for cash—to engage in some progressive and active marketing and advertisements in the newspapers, through the Government channels, so that people can know that here is an opportunity for them to come directly to National Quarries to purchase sand and gravel, and limestone. I would ask you to consider to promote an active marketing strategy so that the population would be aware that they could approach you directly and also the price. Let them know what the price is at. Right?

Mr. Warner: Thank you, Mr. Mark.

Mr. Chairman: And you can use social media, because a lot of people on social media. So there are various options available to you and it would be much more cost effective. So that is one area I want to ask you to consider.

The other area I want to get from you is this. In the Minerals Policy—and this goes to the gentleman who is the director—the White Paper on National Minerals Policy, 2015 and I want to quote a section for you. It states:

“...that approximately 10% of the royalties from the minerals sector was collected for the period 2001 to 2013. This represents a loss of revenue to the State of approximately TT \$120 million in royalty payments, and does not include loss of revenue from royalties for production not accounted for and from illegal mining...as well as revenues from other sources such as: taxes, business levy and green fund levy, over the said period 2001 to 2013.”

What are we doing, Mr. Lashley and Mr. Beharry, and of course Mr. Ulric Warner, to plug this loophole at a time when the country is strapped for cash, at a time when we are trying to balance our books and people are going home and being laid off, and everyone is under pressure and we are losing in revenue for a period 2001 to 2013, \$120 million. There are other areas I have brought to your attention that could bring in maybe another \$120 million to the taxpayers of this country. What is National Quarries doing to plug these loophole? Anyone can answer: Mr. Warner, Mr. Lashley or Mr. Beharry or a combination of three of you.

Mr. Lashley: Mr. Chairman, perhaps I should go first if they will allow me. Your sentiments are, of course, shared by the Ministry of Energy and Energy Industries. Now, one of the strategies, you may have detected, in the instalment of the new board at National Quarries—and I think the Chairman has alluded to it on several occasions—is a deliberate attempt to introduce and to elevate the level of sophistication that currently or previously existed in the mineral sector and bring it up to a level akin say to what exists in the petroleum sector. Because what we have found in the Ministry of Energy and Energy Industries and having the responsibility to regulate both sectors is chalk and cheese. So one of the manifestations of the level or the different level of sophistication is just that whole process of royalty collection, monitoring, material quantification and the whole process in terms of the supply chain, how these things operate.

So that one of the measures that has currently been put in place is, first of all, under the policy as you indicated, we have indicated a preferred way forward. The regulations that have just been brought into effect create a framework in terms of the proper regulation of the sector—the licensing, the royalty rates, the procedures in terms of how payments are to be made, quantification and a process for accounting.

The Minerals Division which Mr. Beharry heads has a responsibility—and, in fact, all of the operators in the sector have been written to in terms of requiring them to get into compliance with the new order of things. So, certainly, the previous situation where there would have been a body of outstanding royalties, one of the requirements going forward for proper licensing, of course, is ensuring that your royalty obligations are extinguished. So having a plan in place for treating with any outstanding royalties and, in fact, providing certain information on a routine basis, that would ensure that there is proper monitoring and collection of royalties going forward. I can ask Mr. Beharry as well to give some more details in terms of some of those aspects.

Mr. Chairman: Time is rushing on, so you can also supply those things in writing. I think Dr. Gopeesingh wants to clarify.

Dr. Gopeesingh: On that same point, Permanent Secretary, Ministry of Energy and Energy Industries personnel, the private sector has a number of leases outside there and people are mining, quarrying their areas where they have been leased. Are you getting royalties? Is the State receiving royalties from those people who are doing it privately? Now we focus on National Quarries about \$120 million. Is the State receiving royalty from these private operators? Could you help us quantify what is the expected amount of royalty that we should be receiving from the private sector that, possibly, we are not receiving based on the question that the Chairman has asked?

Because if just National Quarries alone in a period of years royalty owed is about \$120 million and there are ten times, or 15 times, or 20 times these amount of quarry operators outside of National Quarries, the State could be losing millions of dollars in royalty. So what has the Ministry of Energy and Energy Industries done to close that gap and make people pay their royalty in terms of what they are

mining or quarrying?

Mr. Lashley: Perhaps, just a clarification though. With respect to private leases, the State would only get royalties for state acreage, for acreage that is leased. So acreage that belongs to the State—

Dr. Gopeesingh: That is what I am asking about.

Mr. Lashley:—the state would get royalties. With respect to private acreages, of course, an operator who operates on private lands, the expectation is that they are operating a profitable business and what would be due to the State would be taxes, corporation taxes with respect to the function and the operation of that entity. So that is another area that, in fact, as we improve the level of accounting in terms of the materials that are produced and sold, that is the measure by which the determination of taxation—you would improve that level of accountability with respect to moneys that the State then can realize from acreage outside of State acreage that is owned by the private sector.

Dr. Gopeesingh: Okay, let us focus on state acreage now. How much acres do you feel that are being quarried from the state sector outside of National Quarries and what is your expectation of royalty that should be provided annually from that quarrying from state leases?

Mr. Lashley: That I can also supply together with the information that we have to supply to you. We can break it up, and certainly deal with the state acreage, National Quarries and others as well.

Dr. Gopeesingh: Last question on that. If you say that you are looking at that in terms of what they are doing in the private sector and then the leases from the state sector, which Ministry is responsible for investigating that and making these operators accountable to pay the royalties? Which Ministry? Do you have a department that is actively involved in that process while we are losing millions of

dollars from that lack of payment of royalty?

Mr. Chairman: Yes, Mr. Lashley.

Mr. Lashley: Certainly, the responsibility for royalties on state acreage for mining will reside with the Ministry of Energy and Energy Industries.

Dr. Gopeesingh: Have you implemented a team within the Ministry to investigate and look at what is happening outside there to make sure that the State gets the money that is needed and that ought to be paid? Is there a division you have there for that?

Mr. Lashley: Yes, we currently have actually just improved and increased the complement of staff in the Minerals Division. We hired as many as 10 quarry management officers on contract, but certainly within the restructuring of the Ministry going forward, we intend to increase the number of officers who would then have the capacity to ensure that there is proper monitoring going forward into the future.

Mr. Chairman: Can you kindly commit those things in writing and submit those things that Dr. Gopeesingh has asked for in writing.

Mr. Lashley: Certainly.

Mr. Chairman: Could you tell us how much money is owed by OAS Construtora to your company, National Quarries? Could you give us that figure?

Mr. Warner: It is \$5.6 million.

Mr. Chairman: It is \$5.6 million. Over what period of time, Sir?

Mr. Warner: Two years.

Mr. Chairman: Two years. When do you intend to collect that money?

Mr. Warner: Well the judge is going to give his decision next week Monday.

Mr. Chairman: Or, that is a matter before the court. All right. The second thing I want to ask because we are winding down now, I want to ask you if you could

give this Committee a deadline for your aggressive marketing campaign, including social media, to inform the population that they can come directly to National Quarries to purchase gravel, sand and limestone. Could you give this Committee a deadline that you would want to look at to advertise through social media, which is free, and other mechanisms that you may wish to employ so that the public would be made aware that they can come directly to you?

Mr. Warner: Mr. Mark, the challenge with doing that is, because our production capacity is constrained, if you go up to the quarry now, you would see trucks lined up there from yesterday. So a member of the public coming there will now have to wait in turn. I will prefer if we can possibly get an area for stockpiling, you know, and then they can come there rather than have to go up to Turure because it is not nice up there.

Mr. Chairman: Okay, so you will inform the population.

Mr. Warner: Definitely.

Mr. Chairman: The other area I would like to ask you, Mr. Warner, to provide to this Committee, is an overview of possible recommendations to improve the operations, functions as well as accountability and transparency at the National Quarries with a further detailed submission in writing. So, in other words, we want to help you. So if you can submit to us in writing, what I have just asked, which we will also send to you, it will help us in shaping our recommendations as we submit our recommendations to the Parliament.

We are going to write to you again, this Committee, for additional responses in writing and I would like to have you—I would not say direct at this time or instruct—but I would like you to adhere to the deadline that we set. We take strong umbrage to any state enterprise just whimsically violating and breaching our deadlines. So when we submit to you our letters in terms of information

requirements, we say we want it by May 30th, please supply that information on or before May 30th.

Mr. Warner: Mr. Mark, I would just like to say on that one. I understand you so well that my CEO, you know, has problems in terms of my treatment with issues like that, because one o'clock is one o'clock. It is not 30 seconds after one. A deadline is a deadline, and that is the basis on which I operate. So I understand you very well and they know what is going to happen.

Mr. Chairman: Before we close, I think Mrs. Baptiste-Primus wanted to make a final intervention, Mr. Foster Cummings and Dr. Tim Gopeesingh, then I will give you a chance to say a few closing remarks and we will then close the meeting. So I recognize Mrs. Baptiste-Primus.

Mrs. Baptiste-Primus: Thank you, thank you very much, Mr. Chairman. I wanted to find out from either Mr. Lashley or Mr. Beharry, what oversight measures are in place to ensure—my question refers to acreage outside of state control, private acreage—that those companies are being accurately assessed so they pay the correct taxes and correct royalties?

Mr. Beharry: Through you, Chairman, companies that operate on private lands or lands on which the surface rights are owned privately are monitored similarly to those that operate on state lands, and the distinction here being state surface rights and private service rights. However, wherever the State owns the mineral rights, whether it is on private surface rights or public surface rights, the royalty is due and payable to the State. So we do monitor private operations similarly to those operating on state lands.

With respect to ensuring accountability for what is represented, the Minerals Regulations has in place specific requirements for operators to maintain records which should be accurate. As part of our continued monitoring of the sector, we

also conducted a strategic environmental assessment in 2013, the results of which are under review by the Minerals Advisory Committee which is a committee established under the Minerals Act to advise the Minister on such issues as mining zones, et cetera.

One of the recommendations that we have going forward is for better monitoring on both sides, not just the records but also from the technical side, so that we would use LiDAR, different types of surveying methods, to ensure that there are checks and balances between what is reported on the books and what we would be able to pick up using a physical scientific surveying method so we would know, with some degree of accuracy, how much is being taken out, whether it is being probably reported on the books and whether we are collecting revenue, because revenue is based on production times the royalty rate. So there are checks and balances we are building into the system.

Mrs. Baptiste-Primus: Chairman, permit me. The officers who function in your unit, what measure, if any, what do you have in place to ensure that they are not behaving inappropriately and turning a blind eye to activities that would deny the State the relevant revenue stream? What do you have in place, because people by nature can be influenced?

Mr. Beharry: Yes, we recognize this as a challenge and given the history and nature of the industry over the several decades, one of the things that we are trying to build into our restructuring is checks and balances to ensure that the officers who are monitoring and those who are collecting the data for the audits are not the same persons, plus the physical audits or the checks and surveys would be done by other persons. So we have different systems to collect data, the financial data and the physical service would be done by persons with surveying skills or by persons who would be contracted to fly LiDAR surveys. So it is not the same group of

persons who would be collecting all the data for reconciliation. So there are ways to ensure that when we compare the data, we can tell whether it makes sense or not. So we are building that system in place.

Mr. Cummings: Mr. Beharry, you mentioned earlier that persons on private lands do not pay royalties or private lands where the State does not own the mineral rights. Is that what you are saying? Please just expand on that a little.

Mr. Beharry: Yes, I will expand on that. There are service rights and mineral rights. So persons may operate on what is called state lands, the State owns the surface rights, and in most cases, we find that—

Mr. Cummings: I am only dealing here with lands owned by private individuals.

Mr. Beharry: Yes, and then there are private surface rights. In some cases or in most cases then, the State owns the mineral rights of those lands. So although the persons own the surface, the State owns the mineral rights and they are required to pay royalties. In some cases, I know it is very few, the private person owns both the surface rights as well as the mineral rights and, in those cases, they are not required to pay royalties. They pay taxes and they pay everything else they are required to pay.

Mr. Cummings: You have clarified my concern. In relation to the auditing of the information provided by private operators—to Mr. Lashley—is there any consideration to utilize or to outsource that function?

Mr. Lashley: I was going there in terms of, again, trying to utilize the model adopted from the petroleum side of the business. What we would try to do from a physical standpoint—a physical audit rather than a financial audit—but certainly from a physical standpoint to periodically have some third party audit done with respect to the quantum of material that we would estimate would have been removed from a particular area. So that there would be periodic reporting on a

quarterly and annual basis, but let say maybe on a biannual basis, have an audit done by a third party to determine the quantum of material that would have been extracted over a period of time and then go back in terms of allocation in terms of reconciling the quantum of material that would have been used. So those are some of the processes we are thinking about in terms of introducing to ensure that there is some measures of an audit trail, a physical audit trail, in terms of the quantum of material removed and the quantum that is reported.

Mr. Cummings: So are you going to work that into your policy or is it going to be left ad hoc to the—?

Mr. Lashley: Well, it is a procedure in terms of ensuring that there is some sort of audit capacity, both within the—first of all, within the entity, the licensee and then within the organization and then having some sort of third party view of that. So you have layers of looking at the same information, ensuring that there is a reconciliation across the board. So that, to me, would add some strength to the reliability of the information that we would have in our system.

Dr. Gopeesingh: Based on what Mr. Cummings has been asking, Mr. Lashley, you are indicating that you want to introduce different layers. That is not there at the moment, so that is absent at the moment. Correct?

Mr. Lashley: Yes.

Dr. Gopeesingh: So, therefore, the Ministry of Energy and Energy Industries has been operating with only 10 personnel, as you indicated, in the Minerals Department for many years and, therefore, I want to indicate that 10 personnel, as you are presently configured, what Mr. Cummings is trying to get at, they cannot do the work that is required to give the State the funding that is due to the State. And, therefore, I want to say that, I mean, I am frank that the Ministry of Energy and Energy Industries has been sitting and allowing millions of dollars to go from

minerals that have been quarried and mined and without payment of royalty, because you do not have enough personnel in the Ministry of Energy and Energy Industries to investigate it, to monitor it, to evaluate it.

With your second and third line that you are talking about in terms of auditing which is not there at all, millions have been lost annually from operators quarrying on state lands that are not paying the appropriate royalties which they ought to pay, because there is no system in place at the Ministry of Energy and Energy Industries with only 10 personnel to evaluate and monitor what is happening. So that is an imperative of the Ministry of the Energy and Energy Industries to establish immediately. You said you have 10 contract officers. So millions are being allowed to go and no royalties are being paid.

I want to ask the last one. We see that a lot of foreign exchange is being spent on importation of aggregates on the basis that the cost of the aggregate to contractors who are in construction is cheaper from the importation of the aggregates than what is being sold at and insufficient quantities. When we are short of foreign exchange, and we have the potential to export aggregate as now being determined by National Quarries on an Order that they have received, what is the Minister of Energy and Energy Industries going to do in terms of this massive importation of aggregate and the utilization of foreign exchange when we should be doing just the opposite, looking at exporting rather than importing and bring in foreign exchange. So could you all give an answer to that?

Mr. Lashley: Yes, through you, Chair. First of all, the assertion of a massive importation, we do not have that information—

Dr. Gopeesingh: Why? Why not?

Mr. Lashley:—in the Ministry, because our information is that may not necessarily be the case. In fact, the system that is in place in terms of importation

of aggregate, importation requires a licence or a permission from the Ministry of Trade and Industry. What happens is when anyone wishes to import they approach that Ministry and they come to us to seek our advice in terms of the availability of material locally, first of all. We review and we respond. So to my knowledge, the instances of importation, they are usually justified by a particular product, a particular quality of product that is required that may not necessarily be able to be supplied locally at the time.

So you know, like for instance, I know at golf courses sometimes the sand for the sand traps and those kinds of things, a request that come in to import specific material to fill a specific need. Outside of that, you know, there may be projects that require a particular quantum that cannot be supplied at a particular time. So that, to answer your question, our position is the first call is supplying locally and when, in fact, there are requests that come through the Ministry of Trade and Industry for importation, we review and we respond to them accordingly.

Dr. Gopeesingh: But if you do not have the officers to understand what is going on there, how would you know whether you have available quantity of X or Y or whether you have X or Y? So somebody will be giving a carte blanche answer, yes to the Ministry of Trade and Industry request from you when you do not have the capability and competence within the Ministry to determine whether to give the answer or not.

Mr. Chairman: Mr. Lashley, in response to Dr. Gopeesingh, it would probably be very useful for you to submit to this Committee what you consider to be the appropriate numbers of professionals with technical skills and capabilities to effectively and efficiently monitor these operations. What you have now in place, as you said, 10 contract officers, what you ought to have in place to properly

monitor. Could you submit that information to us in writing?

Mr. Lashley: Certainly, Chair and we appreciate the support coming from the Committee to bolster the resources of the Ministry. The 10 officers actually are 10 additional officers that we recently brought on board.

Mr. Chairman: We want to help.

Mr. Lashley: Of course, and we appreciate that.

Mr. Chairman: What I would like to say in closing, it appears that the Ministry of Energy and Energy Industries does have some challenges in properly monitoring and evaluating and assessing organizations that are involved in the quarrying business, including National Quarries and, as such, we are not being able to receive the kind of revenues that is so crucially needed by the people of Trinidad and Tobago.

I just also wish to draw to Mr. Lashley's attention, the Auditor General submitted her report yesterday, which we had access to as a result of it being laid in the Senate, and there is a section on page 83 that deals with the audit of revenue and it deals specifically with the Ministry of Energy and Energy Industries, which is going to consolidate the point that Dr. Gopeesingh made a short while ago. There seems to be an absence of professionals with the technical capability to properly monitor and evaluate and assess that particular Ministry in terms of mining and the royalties and all the other areas that we mentioned earlier.

Now, we are losing revenues as a result of that by the millions, but the Government, because of shortages of funds have had to impose measures and people have to pay more for a number of things in this country, and here we have evidence of a Ministry not being able to properly monitor, in the way that it ought to, these entities and resulting in shortfalls.

I want to put on record for this Committee and for your edification, the

question of the “Audit of Revenue” and the headline is in the Auditor General’s report for 2015:

“...accuracy of revenue from Royalties and Share of Profits from Oil Companies could...not be assessed.”

—and it deals with the Ministry of Energy and Energy Industries. Hear what it says, members and Mr. Lashley:

“As reported in the previous two years, no evidence was seen that oil and gas production data received from companies and used in the calculation of revenue collectible was verified by the Ministry”—of Energy and Energy Industries.

It goes on:

“The accuracy of revenue from Royalties and Share of Profits from Oil Companies could therefore not be assessed.

The Petroleum Register provided bore no evidence of certification by a responsible official.

There was also no evidence that a system exists at the Ministry to monitor revenue received and receivable.”

I am just bringing this to your attention because I read somewhere that your Ministry will be appearing before another public accounts body in the coming period.

12.25p.m.

Mr. Chairman: I hope that you will be able to address this question. That is not our mandate but I am just bringing to your attention there appears to be a problem emerging in the Ministry of Energy and Energy Industries that we need to fix and we are here to help you. So whatever recommendations you would like to advance, please advance them because we want to help the Ministry of Energy and

Energy Industries because a lot of moneys are leaking out there and we are being called upon, as citizens, to bear the burden. So please Mr. Lashley, I am looking forward to your interaction with another committee very shortly in another place. Okay.

Mr. Lashley: Certainly, Chair, we appreciate the support of the Committee, in terms of ensuring that the resources of the Ministry are improved.

Mr. Chairman: And may I say finally, Mr. Lashley, that we would like to thank you for being here and also the National Quarries Chairman. We would want to advise that because of the very firm commitments and robustness extended, as it relates to the future operations of National Quarries, by the Chairman, we would like to, within six months to one year, bring you back here, because we would like to see what you are doing. We would like to monitor what you are doing. We would like to help you achieve what you set out to achieve.

We will also approach the Auditor General to do a value-for-money audit of this organization within that said period. So that we would have a report from the Auditor General on that company's operations when we return and when you come back to us and I would ask my colleagues to consider paying a site visit to National Quarries so we will have a heads-up on what is taking place at that company, based on, not only the environmental issues but the other issues that you brought to our attention. But the members of our Committee will consider that in due course and if there is agreement we will communicate with you, Mr. Chairman, Ulric Warner.

But on behalf of the Public Accounts (Enterprises) Committee, we want to thank you sincerely for being frank, being open and you gave an undertaking, based on your experiences, to do whatever you can to turn around this company and to put in place systems of controls that will have accountability, good governance, transparency and there will be profits at the end of the day and value

for money for taxpayers' investments at National Quarries.

We look forward to your successful term as Chairman of this very important company and the turnaround of that organization. So I would like to give you the last say Mr. Chairman. Mr. Warner, you can say a few words before we suspend this meeting.

Mr. Warner: Mr. Chairman, I would like to thank the Committee for the enquiry into National Quarries and to give us an opportunity to advise some of the things that are taking place there.

I think for me the biggest help is the PA(E)C deciding to take on for us the question of our extensive debt collection. It is a worrying situation and certainly that information would be made available to every member of the Committee as soon as possible and any way that you can help to use suasion to allow us to collect this money it would make life so much better for this organization. Thank you for the opportunity. It was really a rewarding experience for us here at National Quarries.

Mr. Chairman: Thank you very much. This meeting is now suspended. Thank you very much.

12.29p.m.: *Meeting adjourned.*