

SENATE OF PAKISTAN



Report No. of 02 of 2019

REPORT OF THE SENATE STANDING COMMITTEE
ON PETROLEUM ON "STARRED QUESTION NO.40,
REGARDING DETAILS OF SAINDAK COPPER-GOLD
PROJECT, ASKED BY SENATOR CHAUDHARY TANVIR
KHAN, ON 5TH OCTOBER, 2018

PRESENTED BY

SENATOR MOHSIN AZIZ
CHAIRMAN (Committe

SENATE SECRETARIAT

REPORT OF THE STANDING COMMITTEE ON PETROLEUM ON THE SENATE STARRED QUESTION NO. 40 REGARDING THE DETAILS OF SAINDAK COPPER-GOLD PROJECT, ASKED BY SENATOR CHAUDHARY TANVIR KHAN.

1, Senator Mohsin Aziz, Chairman Standing Committee on Petroleum have the honor to present on behalf of the Committee, this report on the Senate starred question No. 40 regarding details of Saindak Copper-Gold project, asked by Senator Chaudhary Tanvir Khan and referred to the Standing Committee for consideration and report during the sitting of the Senate held on 5th October, 2018.

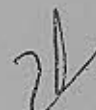
2. The composition of the Committee is as under:-

1.	Senator Mohsin Aziz	Chairman
2.	Senator Lt. Gen. (R) Salahuddin Tirmizi	Member
3.	Senator Salem Zia	Member
4.	Senator Shammim Afridi	Member
5.	Senator Mir Kabeer Ahmad Muhammad Shahi	Member
6.	Senator Atta Ur Rehman	Member
7.	Senator Behramand Khan Tangi	Member
8.	Senator Qurat Ul Ain Marri	Member
9.	Senator Kauda Babar	Member
10.	Senator Taj Muhammad Afridi	Member
11.	Senator Dr. Jehanzeb Jamaldini	Member
12.	Senator Sardar Muhammad Yaqoob Khan Nasar	Member
13.	Senator Sardar Muhammad Shafeeq Tareen	Member
14.	Minister for Energy	Ex-officio Member

3. The Committee took up the issue in its meeting held on 28th January, 2019 which was attended by the following members:

1.	Senator Mohsin Aziz	Chairman
2.	Senator Lt. Gen (R) Salahuddin Tirmizi	Member
3.	Senator Shammim Afridi	Member
4.	Senator Mir Kabeer Ahmad Muhammad Shahi	Member
5.	Senator Saleem Zia	Member
6.	Senator Sardar Muhammad Shafeeq Tareen	Member

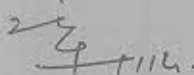
4. The DG, Minerals briefed the Committee about the details of the Saindak project. He informed that the discovery was made in the early sixties. A public sector company namely Resources Development Corporation (RDC) was established in 1974 for exploration, development and exploitation of the Saindak ore deposits. In 1990 RDC signed an agreement with M/s China Metallurgical Construction Corporation (MCC) for project construction on turnkey basis through development of south ore-body. RDC was renamed as Saindak Metals Limited (SML). In 1995 trial operation was started. However, the project remained stalled from 1996 to 2001. In 2002 a contract was signed with MCC and the project operation was handed over to it. The contract was initially for a 10 year term with an annual rent of \$ 0.5 million to SML, profit share of 50% of cash surplus to SML out of which 60% share was given to Government of Balochistan (GoB). Besides royalty @ 2% (initially) and @ 5% (w.e.f. 17.7.2009) is also being paid to GoB. A presumptive tax @ 1%, EPZ surcharge



@ 0.5% and 5% of net profit to Miners' Welfare Board, GoB is also being paid. He also briefed the Committee about the progress and achievements of the project and the facilities developed. The Committee was also informed about the welfare work carried out in the area. About the monitoring, he informed that all activities are well-documented and verified by different Government agencies like Customs, FBR, EPZA and Directorate General of Mines & Minerals, Government of Balochistan.

5. Senator Mir Kabeer Ahmad Muhammad Shahi informed the Committee that after handing over of the project to the present contractor the locals working in the project were expelled. About the CSR schemes, he informed that except for a small hospital, no worthwhile scheme has been executed. Similarly no locals are allowed to go in the operational area. He also questioned the extension of the agreement of the current contractor and asked for presentation of a copy of the agreement. The DG, Minerals informed that the agreement of the present contractor was extended for the North ore-body as the resources are depleting and it was not considered feasible to award the contract to a new party. He informed that the agreement was extended with the consent of the Government of Balochistan. About the content determination, he stated that a laboratory has been established for the purpose. About the provision of the copy of agreement, he informed that it has a confidentiality clause. The Committee decided to dispose of the Senate question and directed that the copy/details of the agreement of the project be presented to the Committee in an in-camera meeting. The Committee also decided to form a sub-committee to examine the welfare schemes under the CSR obligations in Saindak and Sui, Dera Bugti.

6. **Recommendations:** After thorough discussion, the Committee disposed off the Senate question No. 40, asked by Senator Chaudhary Tanvir Khan with direction that the copy/details of the agreement for the Saindak Copper-Gold project be presented before the Committee during an in-camera meeting. The committee was also concerned about the CSR schemes and showed their dissatisfaction and ask that a report on the present status and working of Hospital and other schemes be presented.



(RAFIULLAH)
Secretary Committee

Islamabad, the
28th January, 2019.



(SENATOR MOHSIN AZIZ)
Chairman Committee