

## **Joint sitting adopts PAC's recommendations on SMCL's audit report**

December 11th, 2024

### **Thukten Zangpo**

The joint sitting of Parliament yesterday unanimously adopted 10 key recommendations by the Public Accounts Committee (PAC) on the performance audit report of the State Mining Corporation Limited (SMCL).

All 66 Members of Parliament (MP) present voted in favour of the measures aimed at enhancing the Corporation's operations and addressing broader issues in the mining sector.

The government is tasked to carry out comprehensive mapping and prospecting of minerals in the country. For this the Department of Geology and Mines (DGM) need to be adequately staffed with competent technical human resources to effectively carry out its mandates.

The Parliament also emphasised the urgent need to expedite the construction of the Dewathang-Nganglam road, which will significantly reduce transportation costs and time for gypsum and coal, making domestic cement more competitive.

Minister of Infrastructure and Transport (MoIT) Chandra Bdr Gurung announced that 24 kilometres of formation work from Nganglam to Tshokhorling has been completed and yet to award permanent works to contractors. "We expect to complete the construction by 2027."

The project was carried out by Project Dantak.

Another recommendation involves establishing a railway link to Pugli in Samtse to lower dolomite export costs.

The MOIT minister said that the final location for a railway link at Dhamdum in Samtse has been submitted to the Indian government for feasibility studies. While Dhamdum was chosen due to its industrial estates, the Pugli railway proposal remains under consideration for the future.

The PAC recommended that the DGM focus on technical oversight, such as reserve adequacy and feasibility studies, while leaving business strategy to specialised agencies or newly recruited professionals.

The MPs raised that the annual production targets of the minerals have to meet the supply of the domestic industries.

The joint sitting adopted the recommendation to either hire other agencies or recruit additional human resources in the department for professional expertise in business strategy and market for mines.

Recognising the social and environmental impacts of mining, the PAC called for rigorous testing of air, water, and dust pollution, as well as structural and crop damage assessments in affected areas.

The MPs criticised the lack of implementation of such measures, which are mandated under the Mines and Minerals Management Act 1995 and the Mineral Development Policy 2017.

The joint sitting also adopted the recommendation for the government and SMCL to develop a long-term extensive plan for land acquisition and resettlement strategy for affected communities while SMCL to explore more markets and diversify its mineral products.

To enhance the skills of its workforce, SMCL was instructed to develop a human resource development master plan. Currently, the Corporation spends Nu 1.3 million annually on training programmes.

The MPs also pointed out inefficiencies in online regulatory systems, such as the Bhutan Electronic Customs Management System, Bhutan TradeFin Net, and the Bhutan Integrated Revenue Management System, which have caused delays and operational disruptions.

In addition to the PAC's nine recommendations, deputy speaker Sangay Khandu proposed an additional recommendation for the government to initiate immediate discussions with all relevant stakeholders and domestic industries to address the pressing concerns of mineral pricing and quality. The joint sitting adopted it with a majority show of hands.