

THE
PARLIAMENTARY DEBATES
OFFICIAL REPORTS

VOLUME 11

PROCEEDINGS AND DEBATES OF THE FIRST SESSION (1986) OF THE NATIONAL
ASSEMBLY OF THE FIFTH PARLIAMENT OF GUYANA UNDER THE CONSTITUTION OF
THE CO-OPERATIVE REPUBLIC OF GUYANA

10th Sitting

14:00 hrs Monday, 1986-04-14

MEMBERS OF THE NATIONAL ASSEMBLY (73)

Speaker (1)

*Cde. Sase Narain, O.R., . . . , .P.,
Speaker of the National Assembly

Members of the Government - People's National Congress (61)

Ministers in the Cabinet (10)

Prime Minister (1)

Cde. H. Green, M.P., (Absent)
Prime Minister

Other Vice-President and First Deputy Prime Minister (1)

Cde. Dr. M. Shahabuddeen, O.R., S.C., M.P., (Absent - on leave)
Vice-President, First Deputy Prime Minister
and Attorney General

Other Vice-Presidents and Deputy Prime Ministers (2)

Cde. R. Chandisingh, M.P., (Absent - on leave)
Vice-President, National Mobilisation,
and Deputy Prime Minister

Cde. Viola V. Burnham, O.R., M.P.,
Vice-President, Education and Social Development,
and Deputy Prime Minister

Other Deputy Prime Ministers (2)

Cde. W.A.L.H. Farris, C.C.H., M.P.,
Deputy Prime Minister, Planning and
Development

Cde. R.H.O. Corbin, M.P., (Absent - on leave)
Deputy Prime Minister, Agriculture

Senior Ministers (4)

Cde. R.E. Jackson, M.P., (Absent - on leave)
Minister of Foreign Affairs

*Cde. C.B. Greenidge, M.P.,
Minister of Finance

Cde. S. Frashad, M.P.,
Minister of Transport

*Cde. W.S. Murray, C.C.H., M.P.,
Minister of Trade

Other Ministers (11)

Senior Ministers (3)

Cde. J.R. Thomas, M.P.,
Minister of Manpower, Housing and Environment

*Non-elected Member

Cde. Dr. R.A. Van West-Charles, M.P.,
Minister of Health (Absent – on leave)

Cde. Yvonne V. Harewood-Benn, MP.,
Minister of Information and the Public Service

Ministers (4)

Cde. Urmia E. H. Johnson, M.P.,
Minister within the Ministry of National Mobilisation

*Cde. R.C. Fredericks, A.A., M.P.,
Minister of Youth and Sport within the Ministry of Education

Cde. C.G. Sharma, A.A., J.P., M.P.,
Minister within the Office of the President (Absent – on leave)

*Cde. D.M.A. Bernard, M.P.,
Minister within the Ministry of Education

Ministers of State (4)

*Cde. D.A.N. Ainsworth, M.P.,
Minister of State within the Ministry of Manpower, Housing and Environment (Absent)

Cde. J.T. Kissoon, M.P.,
Minister of State within the Ministry of Agriculture (Absent – on leave)

Cde. D. Sawh, M.P.,
Minister of State within the Ministry of Forestry

*Cde. Dr. Faith A. Harding, M.P.,
Minister of State within the Ministry of Planning and Development

Parliamentary Secretaries (3)

Cde. A.K. Habibulla, M.P.,
Parliamentary Secretary, Office of the President

Cde. Stella Odie-Ali, M.P.,
Parliamentary Secretary, Home Affairs

*Cde. Jean M.G. Persico, A.A., M.P.,
Parliamentary Secretary, Education

Government Chief Whip (1)

Cde. Jennifer A. Ferreira, M.P., (Absent – on leave)
Government Chief Whip

Other Members (24)

Cde. R.E. Williams, M.P.

Cde. Agnes W. Bend-Kirton, M.P.

Cde. E.H.A. Fowler, M.P.

Cde. Joyce Gill-Mingo, M.P.

Cde. M. Ally, M.P.

Cde. Bissoondai Beniprashad-Rayman, M.P. (Absent – on leave)

Cde. Elaine B. Davidson, M.P. (Absent – on leave)

Cde. H. Doobay, M.P.

Cde. Joyce M. Munroe, J.P., M.P. (Absent – on leave)

Cde. Edwina Melville, M.P. (Absent)

Cde. Amna Ally, M.P.

Cde. L. Arthur, M.P.

Cde. J.R.L. Bovell-Drakes, M.P. (Absent)

Cde. N. Calistro, M.P.

Cde. G.W. Chin, J.P., M.P.

Cde. F.M. Cumberbatch, M.P.

Cde. M.I. Deen, M.P.

* Non-elected Member

Cde. Cyrilda A. DeJesus, M.P.
Cde. Edith Deygo, M.P.
Cde. Clarice A. Edwards, M.P.
Cde. C.L. Geddes, M.P.
Cde. G. Marshall, M.P.
Cde. B. Persaud, M.P.
Cde. E.W. Trotman, M.P.

Members from the National Congress of Local Democratic Organs (2)

Cde. E. Mohamed, M.P.
Cde. Rose I. Semple, M.P.

Members from the Regional Democratic Councils (10)

Cde. Nellie R. Charles, M.P. (Region No. 7 - Cuyuni/Mazaruni) (Absent)
Cde. R. Bishop, M.S., M.P. (Region No. 4 - Demerara/Mahaica)
Cde. Bhagmatee Latchminarayan, M.P. (Region No. 5 - Mahaica/Berbice)
Cde. Y. Khan, M.P. (Region No. 2 - Pomeroon/Supenaam)
Cde. Enid E. Abrahams, M.S., J.P., M.P. (Region No. 3 - Essequibo
Islands/West Demerara)
Cde. I. Ally, M.P. (Region No. 6 - East Berbice/Corentyne)
Cde. Patricia A. Daniel, M.P. (Region No. 10 - Upper Demerara/
Berbice) (Absent - on leave)
Cde. B.L. Domingo, M.P. (Region No. 1 - Barima/Waini)
Cde. S.I. McGarrell, M.P. (Region No. 8 - Potaro/Siparuni)
Cde. M. Stephens, M.P. (Region No. 9 - Upper Takutu/Upper
Essequibo) (Absent)

Members of the Minority (11)

(i) People's Progressive Party (8)

Minority Leader (1)

Cde. Dr. C. Jagan, M.P.,
Minority Leader

Deputy Speaker (1)

Cde. Reepu Daman Persaud, J.P., M.P.,
Deputy Speaker of the National Assembly

Other Members (6)

Cde. Janet Jagan, M.P. (Absent - on leave)
Cde. C.C. Collymore, M.P.
Cde. S.F. Mohamed, M.P.,
Minority Chief Whip
Cde. H. Nokta, M.P.
Cde. I. Basir, M.P.
Cde. C.C. Bolgrave, M.P. (Absent)

(ii) United Force (2)

Mr. M.F. Singh, C.C.H., J.P., M.P.
Mr. M.A. Abraham, M.P. (Absent)

(iii) Working People's Alliance (1)

Mr. E. Kwayana, M.P.

OFFICERS

Clerk of the National Assembly - Cde. F.A. Narain, A.A.

Deputy Clerk of the National Assembly - Cde. M.B. Henry

14:00 hrs

OATHS

The Speaker: Comrades and hon. Members, following the general elections Cde. Winston Shripal Murray, C.C.H., was appointed a Senior Minister and designated Minister of Trade with effect from 27th December, 1985. Cde. Murray was not an elected Member of the National Assembly but he has become a Member of the Assembly by virtue of being a Minister. Before Cde. Murray can take part in the proceedings of the Assembly he will have to make and subscribe the oath. As Cde. Murray is present the oath will now be administered to him.

The oath of office was administered to and made and subscribed by Cde. Murray.

ANNOUNCEMENTS BY THE SPEAKER

Congratulations to Cde. Murray

The Speaker: Cde. Murray, on behalf of Members of the Assembly and myself I congratulate you on your appointment and welcome you to the Assembly and extend best wishes to you.

Leave

The Speaker: Leave has been granted to Cde. Chandisingh until 25th April, 1986, Cde. Jackson until 24th April, 1986, Cde. Dr. Van West-Charles, Cde. Kissoon,, Cde. Jennifer Ferreira, Cde. Joyce Munroe and Cde. Patricia Daniel for today's Sitting and to Cde. Janet Jagan until 28th April, 1986.

Other Matters

The Speaker: I would like to take this opportunity of making a few other announcements. First, Members seem to wait until the very last minute to come in to see me and or to send in notices that they want leave. If it comes in at 5 minutes to 2, I will not be announcing that anymore. I do not have the time to look at something at 5 minutes to 2 and then come in here at 2 o'clock.

Secondly, I would like to remind Members that if they wish to have the Standing Orders adjourned they must send it to me at least sometime in the morning. If it comes at 5 minutes to 2 I will be unable to address my mind to it and to give a ruling. It is not like, maybe, the British Parliament where we sit from day to day so that the matter can come up for the next day. When we adjourn maybe we adjourn for another month. The matter would, of course, at

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that time certainly not be one of urgency. Perhaps Members will kindly note these observations.

The other matter I would like to mention is, Members, particularly Ministers of the Government when they are applying for leave have their Secretary or some officer in the department apply for leave on their behalf. I will not countenance that. They must have the time to apply for leave if they^{so}wish. I feel it is disrespect. In future I will not accept such applications.

REQUESTS FOR LEAVE TO MOVE THE ADJOURNMENT OF THE ASSEMBLY ON DEFINITE

MATTERS OF URGENT PUBLIC IMPORTANCE

Assassination of Muslim Missionary

Mr. Kwayana: Mr. Speaker, I wish to move the adjournment of the Assembly on a matter of definite urgent importance - the assassination of Mr. Mohamed Anwar last week Wednesday. The visiting missionary --

The Speaker: Mr. Kwayana, just a minute. On that point I do not think I can allow this matter to be discussed at the moment because it is under police investigation. Perhaps some other time.

Mr. Kwayana: Is there anything in the Standing Orders?

The Speaker: It says where the matter is sub judice or in the opinion of the Chair it will affect the investigation. I feel so at the moment. As I said earlier on, if these things come at 5 minutes to 2 - then is when it was handed to me - I would be unable to address my mind properly to considering whether it will be granted or not. In future, if any Member wishes to move the adjournment please let me have it in time so that I can give a considered opinion. If not, I will just put it out of hand.

Mr. Kwayana: Mr. Speaker, I wish to explain that it is through an accident that you got it so late. You told me 11 o'clock is the limit and I would not send it at 2 o'clock.

PUBLIC BUSINESS

BILLS - SECOND AND THIRD READINGS

PETROLEUM (EXPLORATION AND PRODUCTION) BILL 1986

A Bill intituled:

"An Act to make provision with respect to prospecting for and production of petroleum, and for matters connected therewith. The Deputy Prime Minister, Planning and Development

The Deputy Prime Minister, Planning and Development (Cde. Parris): Cde.

Speaker, I rise to move the Second Reading of Bill No. 1 of 1986, a Bill intituled An Act to make provision with respect to prospecting for and production of petroleum, and for matters connected therewith.

Cde. Speaker, the debating of this Bill is occurring at a time when matters concerning the petroleum products is the focus of interest both nationally and internationally. I think, therefore, it is incumbent upon me to note that the circumstances to which I have just referred are not the circumstances which have given rise to the need for this Bill to be brought to the Assembly. Indeed, those circumstances are quite fortuitous in the sense that we did not plan them and indeed the Bill is not a response to that. Members may recall that the Bill was introduced into the National Assembly on the 3rd February, this year for enactment and the delay in pursuing the Bill until today, 14th April, 1986, really results from concern on the Government side which has to do with the fundamental importance of the measure being pursued. It is an importance that led to us being willing without demur to allow the lapse of time to facilitate all Members of the Assembly a chance to study the document. It was a price that we were prepared to pay with the hope of deriving unstinted support to the measure. That unstinted support, is, I believe, necessary in the context of today's circumstances where a number of likely investors from major oil companies are very interested in the cohesion of our approach within the Government and indeed in Guyana.

May I begin my comments on the Bill itself by alluding to what is being

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(Cde. H. Parris continues)

What we are seeking to do is to replace the Petroleum Production Act Chapter 65:05 of the laws of Guyana. That Act was passed in 1939 and was amended on several occasions. Now the legislation is considered to be out of date and out of touch with the current practices of the petroleum industry. I suppose it is important for me to note that it is not simply a matter of age. Indeed, I would hesitate very seriously to put before this Assembly a principle which says that age was adequate circumstances for changing things because . . . my fellow colleague. However, the real substance of the matter is that the 1939 Act deals inadequately with and in some cases omits to deal with some very important issues of petroleum exploration and petroleum production in Guyana. That view is not simply a figment of either my imagination or the imagination of those of us on the government benches. It is a view which has arisen out of discussions which has taken place with various international organisations who helped we saw in looking at this matter. In particular in early 1982 the Commonwealth Secretariat with the institutions . . . made an attempt to look at the legislation that we had and later on in April 1984 we did manage to get involved a firm called Exploration Consultant Limited who has relation to this bill involving analysis and the synthesing of approximately forty five years of exploration data. I think it is important in passing the background of this bill to make this point. In 1938 the first exploration license was granted to a firm known as Trinidad Leasehold Company Limited and the first well was in fact built in 1941, that was done near the mouth of the Berbice river. The exploration data therefore that I am referring to goes back over a period of forty five years. We do in fact, receive no offer of assistance from some of the more popular areas. For instance the United Nations

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Centre for Transnational Co-operation until quite recently, but we did have discussions in 1981 - 1982 with the UNDP on this matter in trying to get a coherent framework to deal with the matter of petroleum exploration and exploitation. What in fact happened at that time is that the UNDP contribution which is 285,000 US proved insufficient to finance the totality of the project that we were looking at and therefore we eventually got involved in financing which amounted to some \$1.6 million that led to the involvement of DPL. In the case of . . . as we probably know the assistance given by the Commonwealth Secretariat tends to be under a technical co-operation kind of assistance which does not usually call for funds of that kind. That then represents the sort of background against which we are embarking on the matter coming up for the replacement of the 1939 legislation. In fact, I do not want to bore you with the ideological detail. I think it should suffice for me to say that such work that has been done seems to indicate quite clearly that we Guyana possess three not inconsiderable types of petroleum reserves. They are reserves, so the geological indication say off shore, they are reserves on shore in an area called the Takatu Basin where drilling has generated a flow of some four hundred barrels a day and then there is the heavy oil potential which exist on the coast at much shallower depth and it will, in fact under the legislation we are talking about be a subject of . . .

The Speaker: Just a minute Cde. Parris. What is really going on, Cde. Basir you have been consistently making all these appearances and I am not going to permit it any more. You cannot be coming into the Parliament like that.

Cde. Basir: Cde. Speaker, with due respect - -

The Speaker: I do not want to hear about any due respect.

Cde. Basir: Cde. Speaker, I would like to apologise.

The Speaker: Everytime you are apologising and you are behaving worse.

Cde. Basir: I wish to apologise for evading the regulation of the right to - -

The Speaker: You have no right to wear that.

Cde. Basir: I apologise.

The Speaker: Yes Cde. Parris

Cde. Parris: Cde. Speaker, what the legislation attempts to do is

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to operate against the background of knowledge, not mere projection that we have petroleum potentials off shore, on shore and at what one might call lesser/depth in terms of oil. It is against that background that we need a measure which in today's current circumstances of low prices for crude oil and if you like a general economic state where it is imperative that we develop all of our resources or all our inventorised resources and that is what the ECL activity was about - an inventorisation of the petroleum potentials. It has never been done before and it took quite some time and a lot of expertise. Now we know we have to move with despatch to get those resources exploited.

What is the significance for the low prices currently for crude oil. My understanding, having talked with a number of Oil Companies during the petroleum seminars that were held in February of this year in both London and . . . is something along the following lines.

First the low prices for petroleum crude petroleum are unlikely to remain as a continuing feature. Second, though that is so, the majority of the major Oil Companies find that their cash flows will be hit by this strong and rapid fall in prices and among the first things that they attempt to do is to cut back on exploration activity. What tends to happen in that circumstance is that as time passes a usual imbalance between demand and supply occurs and suddenly people start wishing that they had in fact done rather more exploitation than they did and prices start to rise again in response to the gap between demand/and supply. It therefore follows that in looking at the exploration what the major oil Companies tends to do is to have a combination of concerns that really reflects their assessment of two sets of activities or two sets of circumstances. First the immediately obvious circumstance of just this area in geological technical terms appear to be an area in which it is reasonable to look for oil. In the case of Guyana, our work done with the help of ECL says an unsounding yes to that. It does make sense and then comes the second concern, the one that in many ways this bit of legislation attempts to address. It is the kind of concern which says given that the geological proposition says that there is oil there to be looked for. Are we looking at a country, are we looking at the economy, are we looking at a Government, are we looking at a political and economic atmosphere that will welcome our exploration activity in a way that understands that the world is not an altruistic one and that there are certain requirements in terms of return in investment and

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the usual businesslike approach to things? Are we looking at an atmosphere that was in fact welcomed? It is against that background therefore of low prices and of our need to have our resources exploited that this bill comes forward. Not that we knew that low prices were going to come about but rather that we had enough precedence to recognise that in today's world we do require a marriage. A marriage between the foreign capitals and technology of major oil Companies and our natural and human resources. That therefore Cde. Speaker, establishes for us the three I hope not-contentious principles which underpin this bill. The first/^{principle}to which I allude is the one which says that we must seek to exploit in an optimum fashion such resource as we know we have. In this case we are looking at petroleum resources. The second principle is the one that I mentioned just now that we do not live in a world which is altruistic or rather I should put it differently, we live in a world which is not altruistic, people do things in a business-like fashion for businesslike returns and the third is that our stage of development, particularly when we view it from the vantage point of our political maturity that I understand us to have achieved, we understand that we need to have the marriage to which I have just referred, if indeed we are going to move with speed and optimality in the exploitation of our resources.

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(Cde. Parris continues)

The purposes of the Bill, then, are connected to those principles. I would say that the purposes of the Bill, put as succinctly as I can, would be as follows:

First, to provide the framework in accord with the objectives of promoting and encouraging rapid exploitation and rapid exploration and exploitation of our petroleum resources. That is one of the objectives. The second objective in fact relates to that first and it is this, to attract investment on a fair and reasonable terms, recognising the need that to attract substantial financial resources and technical knowledge and expertise and the vast experience possessed by oil companies for exploration and commercial exploitation of our petroleum resources requires us to have enshrined in our legislation matters concerned indication which will convince those oil majors of the importance and of our desire to have them participate in the oil industry in the development of Guyana's petroleum potential.

The third has to do with making sure that we do not make the error of those of our sister countries some of whom are neighbours, when they set about exploiting their oil resources. In particular, we have to preserve our environment. Fourthly, we have to ensure that such exploitation as takes place benefits the economic development of Guyana. Here I am talking about both the short and the long run kind of development where one would not wish to see a situationⁱⁿ which the coming to the fore of oil exploitation in the economic activities of Guyana leads to us becoming a one-horse economy based on oil, as we all know a commodity which we cannot eat, so that our activities in the agricultural sector or activities in the other mining sectors and so on are forgotten, ignored, that people run away from those activities in an attempt simply to believe that oil does not spoil and that we all will be an authority on oil whenever this exploration and exploitation begins. The Bill sets out to achieve those purposes.

One may well ask if the Bill sets out to achieve those purposes how will does it do so. I suppose the only answer I can give is that it does so in N..... as well as the creative ability of the combined talents of the members of the Government, of the technicians of the Government, of the technicians of the Commonwealth Secretariat, of the technicians of the World Bank and of the

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technician of Explorations Consultants Ltd, can have managed in the two years or so in which we have been working on this matter. I do not know that there could exist any other set of circumstances more guaranteed to avoid human error. But far be it from me to suggest to this Assembly that what we have achieved is perfection. I think what we have achieved is a synthesis of reliance on the experience of others, of drawing on the knowledge of those who have dealt with these matters before and of marrying those bits of experience and knowledge with our own unambiguous concern in relation to matters of the economic development of Guyana.

I would like, therefore, Cde. Speaker, to take a view which simply highlights that those people who may not have had the stamina to go through the legislation, although far be it for me to suggest that that stamina is a ... stamina, is a matter inhered in our members. Rather, it may be a matter inhered in their business. I would like to make a very few set of comments, therefore, about the legislation itself to aid and abet the suggestion of those who have had to read it in a rather quick or perhaps even cursory fashion. May I begin by alluding to the flexibility which the Bill attempts to put into the legislation. The Bill sets out to make provision so that the Minister assigned the responsibility for Energy and Mines would be able to grant petroleum prospecting licences and Petroleum Production licenses and to enter into agreement with any person in respect of the granting of a license in circumstances in which the conditions attached to the license can be a matter of negotiation within certain guidelines and can be negotiated in such a way that we do not, in a kind of draconian manner, refuse the flexibility that will take account of the particular circumstances of the particular investor who wishes to assist us in that kind of exploration and exploitation.

Secondly, I would like to draw attention to the fact that the Bill really represents a two-tier licensing system. The matter of a prospecting license is treated separately and distinctly from the matter of a production license. There is a link between the two in the sense that when a discovery takes place, then not only is there provision for the license to inform the Minister forthwith and, indeed, to ascertain the quantity of petroleum in the reservoir being looked at, but also that the licensee has to inform the Minister of whether or not the discovery is of potential commercial interest. In the event of a commercial discovery being deemed to have been done by that licensee then the holder whole of the prospecting license has a right to the grant of the production license. But that right will not destroy the necessity for negotiations that will take place as to the terms

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and conditions which would attend that production. However, though that flexibility in there, there exit a certainty in the legislation of the production license being awarded for an initial period of 20 years and, indeed, it may be renewed for a further period of 10 years.

The Bill also makes provision for the grant, in appropriate cases, of tax concessions or exemptions to holders of petroleum prospecting or production licenses and it also makes provision for the remission of royalties in certain cases and, where applicable, the deferment of the payment of royalty.

The assessment of a Bill such as this, I suppose, would be incomplete if I did not give some idea of the economic objectives which I think fall into three main categories which the petroleum agreements are supposed to adhere to in terms of what occurs under this legislation. I therefore would like to conclude my comments on this Second Reading of the Bill by stating very clearly what those three economic objectives are. Firstly, the objectives are that we should be able to have terms in those agreements which will encourage that development of all commercial finds including even the most marginal ones. We do not want a situation in which only when you find terribly large reserves then and only then are people by virtue of our legislation encouraged to exploit them in commercial terms. We want to make sure that every last bit of commercial resource is in fact exploited.

The second is that the terms that we would attempt to put in place must benefit from some experience that we have had and a lot of people have had. Put very simply, the principle to which I am alluding is as follows: If in a negotiation between two people either of them arranges to abuse the strength in relation in the other one in such a way that you lock a man into an agreement or you force an agreement that is simply untenable in terms of the pressure which you bring to bear on that person, then you can bet your bottom dollar that that agreement is going to blow up in your face sooner or later and it will be a non-agreement by virtue of the inequity inherent in the agreement.

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(Cde. H. Parris continues)

Therefore we have a concern to derive terms that will help to ensure that the agreement reached reflects the relationship between both sides which will ensure, which will not come under the pressure of inequity born simply on inadequate negotiating strength and thirdly, having derived that stability of the life of the agreement they have given the first two objectives to ensure that the terms should be as streamlined and as simple as possible. In pursuit of those and you would not find this in the legislation we have designed what we referred to as model contracts that have the name Production Sharing and Petrol Property Charge as one kind of thing and the other one, the second device, that is a more standard royalty payment and corporation tax kind of arrangement, which arrangements are in fact put in place for any particular potential investment would be a matter of negotiation, a matter of the potential investors, preferences and of course of the Government of Guyana's own concern about the economy. I do not think that it is going to be much use at this stage Cde. Speaker, to go into all the details of these two types but I should simply mention that the first type, the Petrol Sharing and Petroleum Property Charge type kind of arrangement is one which in fact allows the licenses to cover his cost in terms first of all, and having done that the oil left over is deemed to be processed which then in negotiating terms one arranges to have shared between the licences and the nation possibly on some kind of a slight scale.

Cde. Speaker, I believe that I have painted in as short a fashion as I think it is necessary the kinds of perceptions, the kinds of objectives, the kinds of rational underpinning this bill which is before us today. I do not believe that there is any need to try to persuade me of the necessity of showing clearly to those people who are interested in what we are doing in petroleum that at least in this matter we in this Assembly are at one, that there is no clear division in terms of support for this measure, too much hands on it in terms of the exploitation of an important resource for us to allow that and I am therefore am . . . by recognition of that which I do not think I alone share that one will get the support unanimously of all the members of this Assembly.

In conclusion Cde. Speaker, may I say that in terms of the time-

table with which we are dealing in this matter of petroleum resources, we are attempting on the basis of the seminars that were held in February, to work with the timetable that will lead to us having by the middle of July, around that time, the various bid that major Oil Companies who have demonstrated interest by virtue of buying the geological information, that we expect to have those bids in and by that time we expect to get the background of this legislation to be in a position to hold the negotiation which hopefully will lead to Guyana taking a leap forward in relation to the exploitation of its mineral resources in this . . in particular petroleum resources.

Cde. Speaker, I believe that I have satisfied my original intention of laying this piece of legislation before you with the clarity of what the legislation is about, with the insistence of why it is we need to move on this legislation and I look forward to the support of all the members of this Assembly. Thank you very much.

Question proposed.

The Minority Leader (Cde. Dr. Jagan): Cde. Speaker, President Hoyte recently said and I quote:

"Guyana's total dependence on imported fuel has made the exploitation of the nation's oil potential is imperative".

This will imply that President Hoyte like a squirrel has awakened from a long sleep, long hibernation. A squirrel sleeps from one season to another avoiding the winter, but this Government has been sleeping for twenty years and now at long last we are recognising that it is imperative to develop our oil potential. What a shame!

Guyana does not need a new bill about oil, what it needs is a new Government. This Government has been a absolute failure, we are moving from one crisis to another. The latest is the energy crisis and no doubt that is why we are hearing all about the potential and about the nature of urgency and also that we are having the bill before the House at this time.

Cde. Speaker, this energy crisis that we have now is going to compound our problems and even if we succeed with this Will to overtrack these multi-national sharks when are we going to get out of this crisis. What guarantee is there considering the experience of many oil producing countries which are today in serious trouble. If one were to look at Mexico, Nigeria

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Venezuela and Trinidad, nearer home, with all the bonanza arriving from very steep oil prices, their economies/^{are}today in serious trouble, almost as serious as ours and therefore we say and I repeat what we need in this country is a new Government, not just more gimmicks and this is another one of them.

The P.N.C. claims credit Cde. Speaker, for bringing Guyana to independence. What it hides however, the Prime Minister is not here, he was lecturing to students the other day and he was telling them how the P.N.C. brought the country to independence. What it hides however, is that it came to power with the help of the CIA. It is well known and established and that imperialism not only handed it political independence on a platter but also dictated its policies especially in the first decade of its misrule. It is well known, the Puerto Rican Model which was the bas^{is} of the first development plan and so on and so on.

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(Cde. Dr. C. Jagan continues)

It is said that energy is the life-blood of a nation. On this basis any intelligent Government would have worked out a coherent energy policy. What did Lenin do after seizing Soviet power? He made, apart from the first declaration, the declaration of peace, the next one was the electrification of the country - synonymous with communism. Energy is important. He worked out a comprehensive programme based on oil, based on water development, based on coal and other things to solve those problems so that industrialisation can proceed. That is why the Soviet Union is today the mighty industrial state emerging from a backward country in 1917. That is historical experience. After 20 years of P.N.C. rule, 16 years of Independence, we are talking about a fuel crisis. We are seeing it in the streets. Go to the filling stations and see the long lines of motorcars when people of those cars should be working. How are you going to get production.

What did the P.P.P. Government do with regard to energy. It nationalised the Demerara Electric Company in 1960, purchased two additional 15 megawatts generators, negotiated with the Cuban Government for the financing of the Tiger Hill Hydroelectric Project Demba was looking at. When Demba said they were not interested anymore, they passed over their plans to Pryst Cardew and Ryder, the consultants to the Government and Pryst Cardew and Ryder advised the P.P.P. Government not only to buy two steam generators but also to go ahead with the Tiger Hill project. I was able to negotiate with the Cuban Government to get them to agree to finance that development. That time they passed a meager sum of \$32 million and then through the United Nations Technical Assistance we brought here a Soviet Oil Geologist. He said, after examining all the data, that they indicate the presence of oil in Guyana and he recommended a series of tests. The understanding was that they do not go in for the wildcat type of exploration in the Soviet Union like the big multinationals do, but they go in for a lot of testing and when they drill a hole most times they find oil. That is their method. That is what I was told to do. Of course, the multinationals have a lot of money to gamble with. But as I said the Soviet Geologist has

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recommended a series of tests and the P.P.P. Government would have gone through with all of that had it continued in the Government, of course with United Nations assistance.

Cde. Speaker, what did the P.N.C. do? As a client of the U.S.A. and the C.I.A. they pursued a pro-imperialist policy for more than a decade. Thereafter, it wobbled, sometimes with imperialism, sometimes against imperialism and consequently abandoned the tests which were recommended by the Soviet Oil Geologist and brought in the multinationals. They were here before. Let the Minister tell us what happened with all of that. What did they find? We know, of course. Whether they found anything or not, at least it has not materialised into anything. They severed all relations with Cuba; trade, cultural and the Tiger Hill Project went out the window. Then the P.N.C. in 1968 placed its hopes on a multimillion Mazaruni Hydroelectric/Smelter Project to be financed by the World Bank. That was later abandoned after squandering a lot of scarce resources and building a road to the site. The P.N.C. naively did not anticipate that imperialism was not going to cut its nose to spoil its face to make it partially self-sufficient from the tentacle of Omoco and Texaco in Trinidad. Those two multinationals then dominated the/oil industry. Of course we were linked to purchasing, by all kinds of agreements which were made, from those multinationals. Even the Trinidad Government and people were exploited by those multinationals. One of them, T cleaned up/in a very short time. So the imperialists did not want that and at the same time they did not want the Guymine as a/potential cheapest producer of aluminium in the world to become severe competitors to the North American Aluminum transnationals.

This is how they came to power. They came to power with the help of the C.I.A. and the big boys. They talk about independence and they expect the very big boys, the very sharks, to liberate them, to give them \$2 billion U.S. to develop the hydro project and the Mazaruni hydro project and aluminum smelter. They were living in a dream world. Of course, they had to come down to reality, having wasted over \$100 million on building infrastructure. They had to face reality when the World Bank and all the big boys outside said no, no more. Of course, the imperialists at that time were very angry with the sugar levy that the Government imposed in 1974 and took away the excess profits from Bookers.

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another reason

That is/why they did not respond. At the end of that year we got the bible, the bible of the P.N.C., the Sophia Declaration. I remember when we were discussing the 1966 to 1972 Development Plan, I did a similar thing. I brought forward to this Assembly the P.N.C. manifesto for the 1964 election. I said it did not go as far as we could go, the programme for the future. But it was not the basis of the plan. Now I raise this one to remind these people of their utterances and their own declarations.

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(Cde. Dr. Jagan continues)

Cde. Speaker, what did they say in this Declaration. That the state will own and control all natural resources and foreign capital will be permitted entry into Guyana only in partnership with the state or co-operative. We have here in this bill - why is it we are moving away from the title. We are told by President Hoyte that we will carry on with the legacy of the Great Leader but Cde. Speaker, it seems that all we will be left with is a mummified body of the President because all the principles enunciated are being cast overboard now. We are now being told, of course not only now, it started with the New Investment Code of 1978 following the IMF Agreement and now the New Investment Code undermines the Sophia Declaration and now that they are ready to sign another IMF agreement all the indications are in the card. You are not signing, OK technically you are not signing, but they have already agreed to include you in the basket of the poorest countries of the world to qualify for a special fund of the IMF of three billion dollars. Why dont you publish that in the papers. It is common knowledge every where else but you refuse to let the Guyanese know how you are selling out, you do not want them to know and all this here that we see now is part of this betrayal, part of this sell out.

Cde. Speaker, Home Oil came after the New Investment Code and so on from Canada. Home Oil was drilling in the Rupununi area. I understand when they were drilling there the Brazilians were drilling right across the river too, considering that you have a leak in the bottom and probably it crawls out across the borders and I understand, I do not know how true it is the Minister may be able to tell us that Home Oil after a while said they are quitting, they do not have any more money to continue, that what they had then found was not clear that it was in commercial quantity but meanwhile the Brazilians were also drilling and I understand whatever information Home Oil got they probably made a deal with the Brazilians and so we are the losers. Now after the Deputy Prime Minister's trip abroad we hear that four Companies, British Petroleum, Oxidental, Xon and Scottish Marine Oil have indicated an interest. The last bit is wrong, I copied it in your papers. I copied wrong, I am sorry. I dont know if the Scottish Marine Oil is the one who is doing off shore oil up in the Scotland area, but Cde. Speaker, once again we are putting our country's independence and its energies policies in the hands of the

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transnationals. I say a once again because all along we were looking to the multi nationals to find oil here and let us face the fact, those fellows are looking for oil not for today and tomorrow. You may want it today and tomorrow but they are looking for oil for the next century and they will determine where and when even if they succeed in exploring oil and when they explore you do not know what they do. They do not necessarily/^{even} give you information. I had that personal experience when I was in the Government with the Bauxite Company Demba. Information which they had, they refuse to give to the Government and the Oil Companies do that. How are you to know, you are too small but I repeat Cde. Speaker, we are now once again repeating the same old thing, but I ask this question. Why would the Oil Companies come now when oil prices have hit the bottom and US OIL Companies themselves in Texas especially/^{in that area} have cut back production. I understand five thousand people have been thrown out of work. I was listening to a broadcast on VOA two nights ago and you have a big war going on now between the Administration of the United States where the Vice President said something must be done about the low price of oil and he suggested that Saudi Arabia should probably restrict its production. He was not saying that when the price was high or other when the OPEC Organisation was trying to get Saudi Arabia to restrict its production, US was not saying that, but now that it is affecting their own backyard the Vice President of the United States comes along with such a statement and I heard one commentator say that the Vice President is hurting his chances for the presidential elections to some because he is showing that he has partisan interest only linking to those oil producers, he is not thinking of the consumers and others who can gain and the economy which can gain from low oil prices, but more than that the President and his boys considering that the Vice President was going against American free enterprise philosophy of capitalism came out and said we still believe in market forces to determine prices and they said maybe the Vice President was not understood properly, what he said.

Cde. Speaker, I am going off into that tangent only to show you that when those big fellows are cutting back in production, throwing out people out of work, how do we expect them at this time to come here in Guyana? Are we giving them a blank cheque, that is what this bill is all about too. Take a blank cheque boy, come along. You can write your own

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tax laws, you can write your own measures, we need you so badly today you have open house. Cde. Speaker, we are told that Guyana is committed to Caricom, firm commitment. Are we now moving therefore to entice the multi-nationals on their own terms so as to undermine Trinidad oil industries which has now been taken over by the state.

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(Cde. Dr. C. Jagan continues)

Are we doing that? I remember sitting at a meeting once, the Heads of Government, when Wills Isaacs, the Minister of Trade and Industry, threatened to walk out of the meeting if his Government was not allowed to give 15 years/^{tax}holiday to an oil refinery that they wanted to set up in Jamaica. Trinidad argued, you do not need another oil refinery, we have enough oil refinery capacity in Trinidad. Wills threatened to walk out and up to today they cannot agree on a common incentive programme because each one of the territories wants to solve its problems with the international sharks. In the end that course is very illusory. It has proved to be illusory in Jamaica and it has proved to be illusory elsewhere. Cde. Speaker, has this Government approached the socialist countries to look for oil here?

The Speaker: Three minutes more, Dr. Jagan.

Cde. Dr. C. Jagan: Yes, Cde. Speaker. I ask, have they done that? Probably not. The socialist countries have helped many Third World countries to find oil, Romania, the Soviet Union and so on.

On the question of taxation, I wrote the Deputy Prime Minister a letter asking him whether he has consulted the United Nations. There was an article in the Sunday Chronicle a few weeks ago talking about how transnationals have more power, they are so big, more than Governments, since the time of Allende. The United Nations have been looking at these transnationals to set up a code of conduct and I asked him whether he had consulted them - because this is a highly technical subject - about a tax holiday, about tax legislation, about depletion allowances, a very complicated question and there is nothing in the Bill here about all of that. All we are hearing is about flexibility. In other words, we are going to pander to these people and give them what they want.

Cde. Speaker, having rejected our call for a political solution and the formation of a broad-based National Patriotic Front Government, having rigged elections, alienated the working people and put our country into a debt track, the P.N.C. is now forced to renege on its principles outlined in the Sophia Declaration and to place our nation in a status of political and economic dependency. That is the road we are going on now. Tell us whether Guyana will have any shareholding on a minority or majority basis.

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Cde. Speaker, the Mover of the Motion asked us for unanimous support for this Bill. Let me repeat, Guyana does not need a new Bill. What it needs is a new Government. That is our answer to this question. We are interested in the development of this country but we cannot see this country putting its eggs in this basket which will be moving away from the Declaration of Sophia, which will be going away from the principles which have been enunciated by the Leader of the P.N.C. in 1974. What we want is real political and economic independence. This Government is moving now not only in an alliance with the big bourgeoisie of this country as they showed us during the elections and the parasitic bourgeoisie, but it is also now making an alliance with the foreign bourgeoisie and this is part of all of that. What a shame! Resign, let the people of Guyana chart the destiny of this country in a real independent course.

The Speaker: Mr. Singh.

Mr. M.F. Singh: Mr. Speaker, we have before us here for consideration by Parliament the Petroleum (Exploration and Production) Bill. We have heard it suggested that this Government has no legal right or moral right to bring this Bill to Parliament because the suggestion is that it is in power as a result of rigged elections. We are not here discussing elections. What we are discussing is this Bill. The de facto situation is that we do have a Government. I cannot move them and I do not know of anybody else, including the P.P.P., who can move them from there. They are the de facto Government. We in this country need development. We are short of foreign exchange. We need as much help as we want to get us out of the morass which we are in at the present moment. Who has, at the moment, the legal right to grant petroleum exploration licences? The answer is simple, the present Government. They have the legal right to do it. We, the inhabitants of this country, want betterment for the country. We want to charter a new course. We are in desperate need of foreign exchange and if oil is found in this country all of us will benefit. I for one believe that oil is present in Guyana. Trinidad has oil, Venezuela has oil, Brazil has oil, why could not Guyana have oil. I fervently believe that Guyana has oil and we should encourage every measure that is brought before this Assembly in the exploration of that resource which will bring betterment to this country.

I noted in the P.P.P. Mirror yesterday, at the back page, that it states:

Four Bills for debate. In the second paragraph it states:

"Many Guyanese are expressing reservations and concern over their off-shore Banking Bill as drafted while pointing out that in the case of the Petroleum Exploration Bill the oil companies are hardly reducing their because of cheap oil on the world market."

But I think the Minister dealt with that to a very great extent. It should be a two pronged approach. Not because oil is cheap on the world market it means that Guyana must not look for oil or encourage the exploration of oil. I would have thought that the P.P.P. had no specific objection to encouraging the exploration for oil.

As the hon. Minister said while he was speaking, at least some companies have indicated an interest in exploring for oil in this country. What I specifically want to ask is that we should not scare them away. We know that there is a glut in the oil market. We must therefore do everything within our power to attract them to Guyana, to make it attractive for them to come and explore inspite of the glut in the oil market. So let us not talk about things like socialism and owning and controlling our own resources. Let us make it worth their while for them to be able to come here and to do their exploration.

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(Mr. M.F. Singh continues)

Let us for example emulate what appears in yesterday's front page under the heading 'Prime Minister invites North Americans to invest in Guyana' and I read from the article.

"Prime Minister Green in his address to over two hundred and ninety USA black mayors invited black and white entrepreneurs in America to exploit the resources of Guyana and the Caribbean

and further down he said:

we can help by making our resources available for exploitation by both black and white entrepreneurs"

That is the kind of language I like. That is what we had been advocating all along. The people must be allowed to come inside here, they must be given a fair deal.

Cde. Speaker, we are talking about Guyana, our beloved Guyana. Discovery of oil in this country will benefit all of us including the P.P.P. and its members, the entire country will benefit from it and that is what I am advocating. We are advocating for Guyana betterment for the people of this country. Let us encourage these people to come in, let us assure them, give them some assurances against things like nationalisation. Let us assure them that they will have a fair return on their investment. We have got the tax laws to do it. We took over the bauxite Company and look at the mess it is in right now, look at it, let us not make that same mistake, let us learn from our mistakes which we have made in the past. Considering the glut in the oil market the only way we can get these entrepreneurs that the Prime Minister talked about to come into Guyana is by giving them assurances that they will have a fair deal, a fair return on their investment. We need the foreign exchange, we need them to come in with their foreign exchange. What we do not need in this country are things like strikes and civil disobedience and that sort of thing for in the final analysis that can only bring ruin and that can only bring punishment to the people of this country. Let us go ahead and move forward towards attracting these entrepreneurs to develop the resources of this country. Thank you.

The Speaker: Mr. Kwayana.

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Mr. Kwayana: Mr. Speaker, I would like to remark first of all that I had hopes some minutes ago of inviting the honourable member on my right to be a witness in my elections petition. I think I should like to confine that - I am not discussing it, I just said that I had hopes of inviting him to be a witness in the elections Commission in which I am a petitioner, but I now have a different mind.

Mr. Chairman, I am being heckled unrighteously and unworthily.

I wish to say that the honourable Deputy Prime Minister tried to present a reasoned approach to this National Assembly in support of the bill before us. It is an important bill. The honourable Leader of the P.P.P. Dr. Jagan has given an interesting exposition of the history of petroleum exploration in Guyana and I personally am very grateful for it but the honourable Deputy Prime Minister could not help saying that a certain climate was required in the National Assembly. During the debate on the Supply estimates we got quite another reaction from the honourable Prime Minister when I pressed the question about the use of GDF helicopters by the P.N.C. leadership in the December 9 elections. He said he had no apology. That is precisely the kind of thing that does not generate the kind of climate for which the honourable Minister is appealing today.

He talks of the flexibility of the legislation and this is something that struck me after careful study of the bill - extremely flexible and at times I thought it meant overboard in flexibility to the extent that it might discriminate as between one applicant and another. That is something that will have to be watched because the Minister who is very central to the whole process is not tied down by any strict criteria. He has explained why, I am not fully convinced, there ought to be some ground rules and I think people who have an interest in the organic development of Guyana ought to be able to develop these ground rules which can provide for reasonable flexibility and at the same time pin down the Government to some definite policy because the political aspect of the political economy is discordant and this is how I wish to express it for the time being. We are almost asked to stifle debates, not to rock the bill and to give unanimous support. The bill as I see it does bring to light the

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past failures of the present Government in locating and exploring petroleum.

Secondly it says nothing definite about the industrial policy.

I am not going to quote from the Declaration of Sophia but from the Investment Code of 1979 on page 28. While this code subsists, if it does, I do not know that it has been withdrawn. On page 28 it speaks of hydro carbons, oil and gas and the position it has there is that the state will seek and I quote:

"The state will seek necessarily to have majority participation in the exploration and exploitation of hydro carbon resources".

I am puzzled whether this code still subsists, half subsist or has been withdrawn and I think investors will be equally puzzled because what it says there is not what the bill provides and they may have some sneaking fear that the bill has other intentions. In fact, in clause 22 of the bill sub section for 2, there is a reference to the need ^ applicants to consider an option for the state to acquire or stipulated on terms to be agreed an interest in any invention for the production of petroleum to be carried on in any block or blocks to which the license relate. I am saying all of this in order to point out the inconsistency. We have declared as a Party and I have said it on the floor of this House that we believe that we are at a certain stage of our development where economic resources from abroad, from the west and also from the so called east for purposes of diversification and balance can validly be used in the development of Guyana and in the fight against poverty.

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(Mr. Kwayana continues)

But that does not allow us to surrender the sovereignty of what my hon. Friend on the right calls our beloved Guyana. In Chapter 65:02, the previous Petroleum Act, there was a section there that talks of the guardianship of the petroleum resources. I do not see that replaced in the present Bill. That guardianship was in the hands of a public servant, the Commissioner of the then Lands and Mines. I think that is somewhat altered now, but there is no substitute guardianship that I can detect, except that the Minister is extremely central, and I think dangerously so, for his own sake not mine. As an opposition party his blunders will be welcome. But I think he is dangerously central in almost every step in the process of applications for licences and so on. Far more central than in the 1972 Act, the same 1939 Act amended in 1972. We would be happier if there was a professional who was central and who was constitutionally and administratively responsible to the Minister. We have not been told what becomes of the regulations under 65:05. There are many well-thoughtout regulations under 65:05. For example, Regulation 5 of 1967 in which there was a regulation requiring a company to be registered or incorporated in Guyana. This is probably one of the old fashioned things the hon. Deputy Prime Minister referred to, but I would make bold to put in an amendment to that effect. I think that should be preserved. We are not asking the state to take it over. I am not even recommending an option for the state to share in the equity at this point. The Minister has done that. I am recommending that the corporate entities that will be not exploring, but producing petroleum, should be registered in Guyana. And more than that, shareholding policies should make no discrimination between residents and non-residents.

This is a time when the Government can stand up for Guyana and in particular for that element of Guyana on which it has placed so much emphasis of late, the private sector. There is nothing here involving the private sector of Guyana and I am approaching it from a point of view which I call scientific, that is the need for capital accumulation. If multinationals are to come here and to not even be asked to register in Guyana and to include domestic shareholders, then we are

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not taking any visible steps for the accumulation of capital except through the state where, in the present circumstances, it is very precarious. It slips away, it is absorbed, it evaporates. There is no definition of what is the exclusive economic zone, although there is some statement that it^{this} will be adjusted from time to time. I think things like that should be defined because if you tell serious businessmen that this economic zone ^{an} or/other country's exclusive economic zone will be defined from time to time, I do not think it is very neat, with the present Law of the Sea Treaty to which the majority of the world's nations adhere, I think, and if there is a new one well then Guyana can fit into that.

We are certain that the winning of petroleum will add some balance to the economy. There is flight of capital. There are all these miseries brought on us by the 20 years incumbency that we have heard about so often, sole responsibility for the country for 20 years and more. I am sure that the winning of oil and the production of petroleum will restore some balance to our harrassed economy.

Another thing that concerns me is the investment personality, if I may use that term. There is a provision that any individual, once he is a citizen of Guyana, cannot only apply for exploration, but apply for a production certificate. I am arguing that if that can be permitted in the exploration - this is a country that has already entered the corporate era. Corporate culture in business is advancing and there is no reason why^{we} should encourage one-man adventures. We had the Global Agri when some adventurer came from the North and took the country for a ride. I understand there were others. But we can probably - I should need to be advised on this by the experts - put some restraint on this kind of cavalier adventurism by insisting on a corporate structure for those who wish to produce petroleum.

Another thing omitted from the Act, Section 36 if I am not mistaken, where the Minister is empowered to ensure certain things. It says the Minister shall not grant a licence unless - and a whole series of things follow. We are arguing that one of the things the Government must insist is the recognition of trade unions in a manner satisfactory to the Ministry of Labour

and the T.U.C. That must be a ground rule in any kind of foreign investment.

It is a whole piecemeal approach to which the hon. Dr. Jagan referred. We are told here about tax concessions for petroleum. I suppose when time serves we are going to be told about price concessions for other things. The President, in speaking to this Assembly on February 4, 1986, spoke about undertaking a wide ranging consultations and measures to relieve taxation pressures. Page 4 states:

"A review of the impact of the existing tax regime on the profitability of businesses will be undertaken and, procedures for the granting of fiscal and other incentives will be streamlined."

What we have here is not that. What we have here is a piecemeal approach to petroleum. We do not know what the next sector is going to bring forth and it makes it very difficult for Parliamentarians, Members outside the confidence of the Government to know what is coming and to know exactly what position to take up on the particular concessions which are being proposed. We got from the Minister no comprehensive report of the history of petroleum exploration and we do not know why Home Oil pulled out. We do not know if the Government agrees with what the hon. Leader of the P.P.P. has said.

Another aspect that is disturbing is the Caribbean Economic Integration Movement. No reference at all is made of the experience of Trinidad and Tobago, a fellow Caricom country, that has had long experience with oil which has reached a certain impasse, yes, but an experience nevertheless, an experience with foreign companies, an experience with the domestication of these companies, an experience with the nationalisation of these companies all of which could be very instructive. I regret that that dimension of the problem has got no reference whatever from the hon. Minister.

There are various details to which I shall refer in Committee stage. But again, it goes without saying that in facing these multinational giants I am under no illusion that in our circumstances they are unnecessary evil and persons of a more radical posture than ours have said so publicly several years ago. I have no doubt about that, but I am sure that the correct climate to receive them would be a climate in which the hon. Friend on my right seems to be opposing some of the fundamental rights in the Guyana Constitution when he talks about strikes and standstills. I am sure he did not mean it that way but I would like to chide him as he tried to chide me.

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(Mr. Kwayana continues)

I am sure he did not mean it that way but I should like to chide him as he tried to chide me, the proper climate where a country of this size and political experience can stand up and get justice from multi-nationals is certainly one in which the governmental authority has based unambiguously on the popular choice of the majority of Guyanese and we had said before the elections that we the Working People's Alliance would have been willing to take part in such an association at governmental level on the condition of a fair and free election. That is now history. I wish to say that this bill as we know will be passed. I should indicate my position at a later stage and we are going to be pressing in this House and outside of the House for the accountability that should go along with this new direction in which the Government is pointing the country. As you know there is a motion in my name tabled for integrity legislation. If all this had been there it would have made much easier quite a lot of what we want to say about functionaries. Saying it under these conditions may even appear like personal attack for which I really feel no inclination but those are our conditions and we are going to fight for all of them that are possible as we go along and I am sure integrity legislation is possible and will not only signal to the Guyanese people that things are being put on a proper keel but also help to win the confidence of those whom the Government is seeking to invite to invest. Thank you.

Cde. Reepu Daman Persaud: Mr. Speaker, I want to make a very brief contribution on this bill because the presentation on behalf of the People's Progressive Party was undisputably influenced by the knowledge experience and an unequal grasp of the total oil situation from a world standpoint not excluding its particular relevance to Guyana and I think any attempt to intrude in that scurry presentation would be more than a faux pas. In fact, I think the contribution was provoking and one would expect this afternoon and I can assure you Cde. Speaker, that we will sit it with great attention to listen to an attempt on the part of the Government and the Cde. Minister to influence us that those points which were pertinent and passed can be answered or probably to take an honest course and say it is a highly technical measure, cumbersome and no doubt it requires for the

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expertise to reach proper clarity of thoughts, ideas and conclusion on the matter. We know from experience even within the caribbean region that when a Minister has to deal with licenses for oil and enter agreement for that very sensitive area it is subjected to all kinds of suspicion and possibly sometimes beyond rumour and slander. In the circumstances I feel speaking for the P.P.P. we have got a significant duty to the Guyanese people to ensure that the legislation is not full of ambiguity and uncertainty which can indeed result in disastrous outcome.

In contributing to any of these measures we do not take at any time into account the present incumbent because laws are made for all times and one does not know what can happen in the future so that I speak without any consideration or aspersion on the present holder of the office.

Ode. Speaker, section ten is one which I wish to refer to in my brief contribution which gives the Minister the right to enter into an agreement. State business is not private business and I want to say with the greatest sincerity that when we are talking about agreement with respect to oil we would expect that the terms and conditions would have been subjected to prior debates and approval of the National Assembly and not left to any Minister. In fact, we would have been opposed even to the Cabinet in a matter of oil because the speaker who preceded me when he was making his contribution referred to sovereignty and there can be no doubt that oil is one area of our resources which touches on the sovereignty of this country and I think we would be guilty if we did not this afternoon allude to these areas of concern by those of us who constitute this side of the House.

Clause ten Ode. Speaker, chronicle the wide area which the Minister can deal with with respect to the granting or refusal of a license. In fact, there is a well known provision which is always included in drafting, one that I am very fearful of even in the smallest constitutional framework. The one which says any matter incidental or connected with the foregoing. That is more than a blank cheque, that is wide power, not flexibility, Minister you can do what you like, you can enter into any firm and condition, you can reach any agreement and commit Guyana, commit this

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state. We are opposed to it and I suppose if that had happened or if the Minister or any Minister had done anything which is not in the best interest I would assume that a succeeding Government will be forced to honour what the previous Government had done and in this case we are talking about the Minister and he, not necessarily the present office. I am speaking in terms of legislation and as a legislator in the House.

15:40 hrs

(Cde. Reepu Daman Persaud continues)

I think Clause 10 needs re-examination. This Assembly on this occasion probably could move, do what we have been calling for. The provision is there in the Standing Orders for certain matters, certain issues to be put to a Select Committee. Probably the Minister desires to have unanimity. It can be reached and this is one occasion where we can show that that possibility exists. I would like to feel that every conceivable Member that constitute this Assembly- audit will be wrong for anybody to suggest by implication or otherwise that we do not want our rich resources to be explored and exploited to give obvious economic advantage to the people of this country and the state. If anyone suggests that even by implication he does not have his head at the right place and probably not using that brain that has been endowed to him.

We want exploration of our resources. In fact, we feel that there is oil in this country. We feel we are rich and, as Dr. Jagan has suggested earlier, possibly those who explored before may have reached a conclusion that we have got oil and they are concealing information from the Government and the nation for reasons best known to them. It would be wrong not to be cautious in debating in a matter like that. I want first and foremost to record our very strong reservations to Clause 10 which we feel should be re-examined and should be more specific. If I read Clause 10 in conjunction with 21, the power is much wider. This is not flexibility, this is clear power in the hands of the Minister. I am talking of powers that are too wide and powers which can be used to the disadvantage of this nation and possibly in certain cases to the advantage of a single individual. I go that far. Talking about legislation is not for today but for the foreseeable future.

Clause 21 states:

“Subject to this Act, on application duly made, the Minister may grant on such conditions as he determines, or refuse to grant, a petroleum prospecting licence in respect of any block or blocks.”

I think that is the pertinent Clause in this Bill that again needs re-examination. How could we sit here and give that kind of approval. I repeat for absolute clarity so that there will be no ambiguity in the presentation of the People's Progressive Party, we are for exploration, we are for the exploiting of our natural resources, we are concerned that every conceivable area of our resources is advantageously used. I would like to see not only Members on this side of the Assembly taking the position that we are taking but every Member that constitute the Government benches because we have got a role not simply to say yes or no but to express an opinion and to express a view on matters that come before this Assembly. That is what we are attempting to do this afternoon on this side of the Assembly, and I am not being ambiguous in my presentation. I am being specific and I am drawing attention to those areas which allow for more than flexibility. If it is simply flexibility it is an error.

So, Cde. Speaker, you see what can happen. What is this agreement? Who will frame this agreement? Will one agreement to prospector be different to the other one? These are very pertinent questions which emerge from the consideration of this legislation. One person will be treated one way and another person would be treated another way. I am thinking of what I hear sometimes in Trinidad. I do not want to say more. It is very dangerous and I hope I am succeeding in persuading the Government benches in seeing what I am saying.

The Minister in his presentation did say that it is a legislation that required a lot of careful thought, examination and consideration. I do not think that we would do any great harm to have a second look, and collectively. That is, not only the Government benches, but those of us who constitute the Minority benches again with a view that we can reach what exactly the Minister wants, unanimity. I want to urge at this point that the Bill be sent to a special select committee for thorough examination and for quick return to the National Assembly for final approval.

I want to refer to Clause 51. Clause 51 again is a clause which probably we can do away with. Our proposal is to drop this Clause. This Clause states:

“The Minister assigned responsibility for finance may, by order, which shall be subject to negative resolution of the National Assembly, direct...”

There are a number of things including the non-operation of the Income Tax Act, the Income Tax (In Aid of Industry) Act, the Corporation Tax Act, and last but not least, the Property Tax Act. In fact, if attention is not drawn to this provision we would be sitting here this afternoon and saying, look Minister, any time it suits you you can make regulations which would be subjected to a negative- why not an affirmative resolution in this case, and probably proceed to say that at the proper time this would have to be subject to you approval.

If you are so inclined, if it is a major Bill, I will move first and foremost the removal of the entire clause. If not, that the word be changed from “negative” to “affirmative” resolution. In which case any regulation made to grant tax concessions with respect to exploration of oil, those concessions or regulations would have to come to this Assembly and we will all as a people examine it and decide whether it merits concession or not. We cannot do it to any individual, to any Minister, to any person to exercise that power as a sole and total discretion. These are certain areas and as one reads the Bill there are so many other areas that attention can be drawn to. But as I said, on a closer and more objective scrutiny we can all at least on this measure make a serious effort as Guyanese to hammer with a Bill dealing with this very sensitive area that will reach the unanimous approval of all of us who constitute this Assembly.

Mr. Kwayana said that Trinidad has had great experience and we do not hear it mentioned. We are not speaking simply because we want to make a contribution. I have been looking at the available legislation from Trinidad. I have looked at the law as it as it affects taxation and in my hand is the Petroleum Tax Act. What I see is the opposite of what the Min Government is doing. I do not think we need a better country than Trinidad in this instance to

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draw our experience from. We are so near, they have had years of it and at least from their drafting experiences we can learn and benefit. I want to say, without referring to the Act in totality that there are positive legislation in Trinidad for taxes for companies that are involved in petroleum exploration or oil production. Why can't we have within our legislation such positive measures.

15:50 hrs

(Cde. Reepu Daman Persaud)

I said this is an Act that should be looked at and then we can do exactly what the Minister was talking. Probably enhance the matrimony so that the institution of matrimony in this case can work well, if not we will have to indulge in concubinage so far as this issue is concerned, we must ensure that the marriage is founded on very good premises so that it should be lasting if I should put it that way and so this is an area as I said we need to examine. In view of those observations Cde. Speaker, and the areas to which I referred simply being collaborated to the speakers and particularly the Leader of my Party I want to say this is an appropriate bill that requires total examination and indeed some census of this National Assembly and I strongly urge it this afternoon. Thank you very much.

The Speaker: Cde. Parris.

Cde. H.Parris: Thank you Cde. Speaker. I need to begin with some explanation, apology if I can call it that. I should begin by saying that I did not intend by my exposition to cause any confusion in matters not being dealt with here this afternoon between the honourable member from the WPA and the member from the UF. I do wish that collaboration proceeds as well as they had originally intended but if we are to proceed with the matter of the bill perhaps I ought to focus attention on a few things that I think are very important. First of all I did attempt to indicate that the bringing of the bill here today, indeed the placing of the bill in this Assembly on the 3rd of February had nothing to do with the matter of current circumstances of oil prices or in Guyana's oil situation or in the world bank situation. I tried very hard to stay away from it. I explained that there had been a lead time of as much as I believed it was four years I pointed out when the FCD people began to work on the legislation, that was 1982. That point seem to have been escaped by some of those speakers, so it was not something that we suddenly in a crisis came up with. The Commonwealth Secretariat did not...without experience on this matter and though I myself have not read every bit of legislation, I am of the view by virtue of the people whom I knew worked with it, by virtue of people whom I know worked with it from the Commonwealth Secretariat and especially those who worked with it here, I am of the view that they did not take light in necessity. Indeed our...that the terms of reference under which they were operating were terms of reference requiring them to do this prior to study and therefore I am of the view that it is not unlikely, indeed I would most firmly say that it is entirely likely that what you have seen here in this bill presented to you is the structure of a number of the best mines that we can put from the most unbiased institutions we can put our hands on in terms of generating this legislation. I do understand clearly I think and I am very touched by the concern which has been expressed for guardianship of this whole bill that people are worried about the so called powers being put in the hands of the Minister and since I am for the time being the person who is there I get a little worried but then I think it is history for both me and anybody else who takes over that chore to take solace or rather true recognition in two things. Though it might appear in a casual reading that the bill gives the Minister the power that he can do anything in the

world he wants and therefore that he could be subject to any criticism that he so wishes to give including criticism of not dealing in a manner that is... That is not quite so because the bill itself requires the Minister to exercise the power which the bill gives him in a manner consistent with the bill, so it is not that he has total control and he can do anything that he wants. He cannot do anything outside the bill itself. He cannot use the power which the bill gives him to contradict the bill which gives him that power. I am sure that those of us who claim we know the law, indeed in whom the law is their profession is quite familiar with that kind of thing and therefore will share with me the lack of concern about the jeopardy which anybody called the Minister of Energy and Mines would see it when that bill is passed, but then we go to another aspect of the matter. The fact of the matter is that in this Government, I am not sure because I have never been involved in any other... with the Minister's exercise but it would be unthinkable in this bill in the matter of the way the P.N.C. does its decision making for any Minister high or low to not indulge in the greatest participatory decision making on a matter of national interest, it just could not happen. Even if you wake up one morning, it is not possible for it to happen, for him to wake up one morning and decide, I think I am going to make an agreement today and I think the agreement will be in the form of a dream I had last night or in accordance with the drinks I had this morning. That would not happen, so that you worry. Maybe some things that come of the experience of previous Governments, I assure you that it does not operate in this bill. Indeed I hear a murmur about the pursuit of nationalisation. I can tell you because I was myself involved in that, but not only did we start but we established - - we started with the convenient denial of a Government that would ever nationalise bauxite and then we did about two years of work so as to ensure that that position was wrong then to ensure that the position which we took was right and I want to seize this opportunity to say that I think it is unfortunate that sometimes people fail to draw the distinction between cause and effect. It may be useful to say that the bauxite industry in Guyana was nationalised. It may be useful to say that the bauxite industry in Guyana today has problems. It is not useful to conclude that what falls from the top, otherwise you will end up like the cockroach when all of his feet were cut off people said it was not there. The fact of the matter is that in Jamaica which did not nationalise, I submit that their bauxite industry is in a lot more trouble for reasons that I have had explained by those alleged from those same companies who told me long before they moved out that they were going to move out and why they were going to move out and simply enough it had nothing to do with ideology, which was a very simple matter, given the cause of our US bill... multinational involvement who has power under its control with Alcan and all the others told me it is inconvenient to use Caribbean bauxite to make use of the benefit that go into the short freight rate to North America so they all went down to Australia. They were just being businesslike, pursuing the returns and the capital. It is not that they did not like the Jamaican men or women or they did not like Seaga and they preferred somebody else. When they moved out of Haiti it was not because Baby Doc did something to them, when they moved out of the Dominican Republic, so we should not convey in a House such as this an irrelevant pursuit of mixing up cause and effect. There is nothing about the Act of

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nationalisation that made it a pre-determined event that the bauxite industry would be in trouble. In the same way there is nothing about the act of privatisation that endows any activity with efficiency. Here I come to the point and the point I tried to make at the beginning of my presentation-

The Speaker: Comrades is it convenient for us to allow the Deputy Prime Minister to complete his reply.

Comrades and honourable member answered in the affirmative.

16:00 hrs

(Cde. Parris continues)

This matter of maturity is, I submit, of the greatest importance. Look, the fact of the matter is that the Guyanese people are in control of their resources. We have done this over more than 15 years of working at it. We do not have to go around flapping our wings anymore saying, "I am the greatest". You are in control, you do not have to be afraid that now you are in control any - participation is to be seen as a weakening of the Declaration of Sophia which, I am pleased to hear today is now held in great esteem by no more or no less a person than the Leader of the Minority. It is the bible which he waved three times, the same number that Judas used. I am today moved in a manner that I could not have expected to be when I hear the question, are we moving away from the bible, from the rules of the Declaration of Sophia.

To that I say no. Then I understand the reason for the question. You have only just started reading it and if you just started reading something I cannot expect you to understand it as much as those who have been with it for 20 years. The fact of the matter is that we are not moving away from the Declaration of Sophia. We are not moving away from the control, the ownership of the resources is there. What we are doing is living in the 20th century. When we are learning from what we have done and recognising, for instance, that to simply say that we have a majority equity in a company is not even a necessary or sufficient condition for control of that company or the control of the resources which that company is using or the control of the product which that company is producing. That is the business world reality and it is only the naïve who would interpret the meaning of control to inhere in a simple parameter such as what percentage equity you have. Indeed, control inheres in the whole fabric, the miscellany of administration and other measures that only a Government, exercising its sovereign right with an astuteness such as that which we have learned over the last two decades, can in fact exercise. I myself believe that the time will come when the history of this country will record that it is we who learned and learned very well in the two decades in which we have been in the Government to bring us to the point where we will not make the mistakes as some of our neighbours, such as Trinidad. I need no convincing, nor do any of my colleagues, about the fact that the refinery of the region is under-utilised. It is our commitment to Caricom that will not lead us to a situation of insisting that we set up our own refinery. We know a lot more now technologically about what can be done with oil. We are not saying in our situation with respect to energy that, glory, hallelujah, when the oil comes our energy problems will be at an end. Why, because we are aware that in the pursuit of an energy policy not only must we do the oil, but we must also do things such as our hydro power and a number of other things, the utilisation of waste, the conservation measures that Cde. Greenidge spoke about, the use of bagasse. All those things form part of the mosaic of what we have to do about energy. We cannot depend on oil alone.

Let me add, Cde. Speaker, one other bit in the attempt to get rid of some mis-information. It is always useful to build people with science and when you deal with colleagues who think that age goes along with wisdom sometimes it works. However, it is not true that transnationals

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specialise with wild-cattling because they have money. They do not do that. And the reference made to the Soviet Geologist is a reference is a reference that in many ways is bordering on an accusation because it is precisely using the most advanced technology of computer and geological work that the Exploration Consultants Ltd., who are known worldwide, have applied to be able to take the work done past the time when the Soviet fellow, as a one-man show, was looking at it. And they, using that technology base established the question of the petroleum resources of Guyana, where it is and all that kind of thing. If, therefore, I am correct in saying that we have the maturity to have the courage to say to those who can help us come and help without worrying about whether or not we are going to do anything- you know if I love my wife and trust my trust my wife well enough, I have no problem letting another man in my house because I fear he will steal my wife. It is only when you fear, when you do not have enough confidence, that you wish to go around peeping to see what she has done, wondering who is kissing her now. I never ask that question of either my wife or any other female associate I have. I have grown accustomed to the psychological maturity of not worrying about what a partner might do to the things I deem of great worth to me. They are not in jeopardy, believe me. None of the resources in Guyana would be in jeopardy of alienation from the people of Guyana as long as the Government of Guyana is informed by the People's National Congress. *[Applause]*

Therefore, Cde. Speaker, I would suggest to my friends on the other side to let their hearts be at rest. Both my personal integrity and the integrity of the Government will stand behind the so-called blank cheque that this Bill represents, although I assure you it does not represent a blank cheque. As I said, the reality is that it is constrained. It is not only by its own terms but it is also constrained by the administrative regulations and the procedures that will be used for its implementation. May I add also that I am of a mind to agree with the suggestion that as these matters progress it will be very useful and, in fact, we have been giving some thought to it, to have the levels of discussion, the forums of discussion that will allow us to move forward to avoiding some of what happened today, and that is to have a situation of informed dialoguc that will allow people of Guyana, including the Government and the people who are in the Minority, understanding what is really going on. Therefore, I would endorse any attempt to have that kind of co-operative forum. May I however say this and it is something which I believe Lenin was the master of. When things get tight and decisions are to be made with the rapidity of decision-making, do not have a Committee. Lenin did not have committces when he needed to make important decisions. And the fact of the matter is that every Leader after Lenin had adhered to that policy. What better example.

The fact of the matter is that you are dealing with businessmen who will be wanting to make business decisions with a sort of urgency, promptness and clarity which says, do not form a committee. Indeed, if the signal that we give to the wider world is that in the passing of this Bill we put it back to a Committee that then spent the next five years looking and thinking of all possible things we will have given the signal that we are not serious. When people would believe

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that we are serious if we move forward recognising that the human condition is an imperfect one. I would not attempt to tell you that nothing in this Bill will ever be changed. I am however moved to say to you that if you indulge in theitself that until you achieve perfection you shall not make the first step, then none of you will leave this room to go home because you might get knocked down. In conducting our affairs we must be able to show the world that ours is the resoluteness, ours is the courage, ours is the maturity, ours is the belief in our self-confidence that we, working together with other people, are prepared to make mistakes and to correct them. What we are not prepared to do is to stand still for fear of making a mistake.

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16:10-16:13 hrs

16:10 hrs

(Cde. H. Parris continues)

If we can get across that idea then I think we are off to a good thing. The best way to make no mistakes is to do nothing, but then...the modification to which Dr. Jagan referred would have attended this whole House if you sat there and said let us form a committee to look at this. It is on that note Cde. Speaker, that in the context of what of what I have heard, in the context of the concern that have been expressed, I accept them in all humility, I have tested them in my own mind and in so far as I can have done here with the technicians who helped with this work, I have tested them as to whether they are making any terrible errors because I take the comment seriously. However, having heard that I am still of the mind to move Cde. Speaker, that we move with dispatch to adopt this bill to put it in place and then immediately to start the work on deciding how jointly we will continue the exercise that guardianship which according to this bill inheres in the Minister. Somebody has to carry the can and I would need to have the courage to allow that to happen without worrying too much. If you have faith in yourself and those with whom you try to conduct the affairs of this country. Thank you Cde. Speaker.

Question put and agreed to.

Bill read a second time.

The Speaker: Comrades the House is now suspended for thirty minutes.

Suspended accordingly at 16:13 hrs.

16:35 hrs

On Resumption –

Assembly in Committee of Supply

The Speaker: Comrades and honourable members, I would like to invite your attention to printing errors in the bill. These have been circulated. Should members kindly note these corrections.

Comrades with your consent I propose subject to your agreement to call part one clause one and two and if you wish to speak on any particular clause you may do so, instead of going through each one.

Mr. Kwayana: What is the status of the amendment that I have submitted?

The Speaker: They will be dealt with. As the clauses arise you may stand up and support your amendment and speak on it you wish. What I am saying is for convenience sake I will deal with part one clauses one and two and if you wish to speak on any one you may get up and indicate which one you will like to speak. I think what is holding the proceedings up is your amendments that you have put in. These are the things that happen when at the very last minute something is handed to us –

Is there any amendment you have to clause 1 and 2 Mr. Kwayana?

Mr. Kwayana: Clause 2 Mr. Chairman, definition.

The Speaker: Just a minute Mr. Kwayana, I will come to that

Clause 1 stands part of the Bill

Mr. Kwayana: Mr. Chairman, I beg to move that the following words be added after letter 0 of clause 2 definition of provisional license. Provisional license means a guarantee given to an individual who applies for a provisional license that he will be granted a production license on satisfying the Minister that production under that license will be undertaken by a Co-operate entity registered in Guyana.

The point is in keeping with my comments during the debate that there should be a co-operate personality undertaking such important enterprise as production of petroleum and this amendment seeks to introduce the definition of what I call a provisional license so that the individual citizen who explores and locates petroleum can have his right secured in a provisional license and be given time to develop a co-operate entity for the execution of what the license requires to be done.

Amendment proposed

Cde. H Parris: Cde. Speaker, I think I understand what Mr. Kwayana is trying to achieve, however, I think we should note two things – first, that if indeed one were to proceed at the rate he suggests in that case by introducing the concept of a provisional license, if you check you will find that the whole fabric of the legislation will have to be redone to take account of this idea of a provisional license.

The second thing is that the matters that he is trying to deal with in fact are already handled and I would like to draw attention to the following. First, that the matter of an exploration license leading to production license is taken care of adequately and when you come to think of whether it can be done by a company or a body corporate or what not you will see on page thirteen clause nine, I think it is that there is provision for the sort of proper corporate entity to deal with the matter. In terms of cheques and balances as to whether that license is granted in the format outline by the bill I do not think you will find the legislation deficient in a way that would support what in other senses might have been a useful way to proceed and that is to have a provisional license. I am therefore suggesting, Cde. Speaker, that the House not allow this amendment (a) because of the unnecessary complexity it would induce into the construct of the legislation and (b) because nothing is wrong in terms of dealing with the concerns which Mr. Kwayana wishes to address in terms of either the flow over from exploration to production or the cheques and balances required for a body corporate to deal with the matter. I therefore would like to suggest that we not accept that amendment.

Mr. Kwayana: I understand that but I think the honourable member is not representing me correctly. What I am aiming at is that the bill provides that either type of license could be granted to an individual or to a corporate entity. I am trying to exclude the granting of a production license to an individual. I know it provides for...from one to another but what this amendment seeks to do is exclude the granting of a production license to a single individual.

Cde. Parris: Cde. Speaker, as a matter of clarification perhaps Mr. Kwayana would like to explain as a little more detail what it is that he has as the core of this objection to a production license being granted to an individual.

16:45 hrs

Mr. Kwayana: I dealt with that in the debate. I was sure the hon. Member was not listening but now I know. I spoke about the investment personality, the type of corporate culture that Guyana has already entered into and the desirability of these loan adventurers producing petroleum. I have no faith in them whatever. I am recommending that the Minister adopts this position. It would be a much more tidy and ordered development.

Cde. Parris: Cde. Speaker, maybe I can put the matter to rest and that is why I asked for the repetition for abundant clarity. May I assure you that whether a loan adventurer is a corporate entity or an individual, this Bill would not deal with people who pursue such adventurism.

Amendment –

“That the following paragraph be inserted after paragraph (0) after subsection (1):

“provisional licence” means a guarantee given to an individual who applies for a production licence that he will be granted a production licence on satisfying the Minister that production under that licence will be undertaken by a corporate entity registered in Guyana.”

Put, and negative.

Question –

“That Clause, as printed, stands part of the Bill.”

Put, and agreed to.

Clause 2, agreed to and ordered to stand part of the Bill.

Clauses 3 to 8 agreed to and ordered to stand part of the Bill.

Clause 9.

Mr. Kwayana: Briefly, the amendment reads:

“(4) That in the case of an application for a licence by a company incorporated outside of Guyana a provisional licence shall be granted and the licence should be granted only to a corporate entity incorporated or registered in Guyana for the purpose of receiving and undertaking production under such provisional licence.”

This is patterned after Regulation 9 of 1967 Regulation 5, Chapter 65:05 and briefly it requires that we deal with companies incorporated in Guyana or registered in Guyana whether they are foreign companies or not. The second one states:

“(5) that companies established under the previous subsection shall be open to participation by both resident and non-resident shareholders.”

This, as I explained in the course of my remarks is to provide for capital accumulation among those investing sectors of Guyanese. I do not feel it is something that the foreign companies can really see as a red flag because it is the private sector we are dealing with. It has nothing to deal with the state. I strongly recommend it on those grounds. We have to have arrangements through which the investing sectors of the population are able to accumulate. I think everybody will agree with that. Accumulation only around the State is rather precarious because the State has massive over-all responsibility so that when anything is to be developed dependence is there facing the country time and time again because there is no native sector with accumulated capital at home. I think there are many with a lot of capital abroad and this is the whole intention of these two amendments which I recommend to this Assembly. It is a long term view. We have to go through at this stage a process of economic development and this is what I am looking at.

Amendment proposed.

Cde. Parris: Cde. Speaker, I do not need to say anything again about the provisional licence concept, but may I make two points that I think are relevant to these proposed amendments. The first is that there does not appear to me or indeed to the technicians involved in this that there is any significant benefit in insisting on incorporation outside of Guyana. He says here that it should be granted only to a corporate entity incorporated or registered in Guyana for the purpose of receiving and undertaking production under such provisional licence. If you leave out the provisional licence thing, the matter of the incorporation registration in Guyana is already dealt with in this legislation so that a company does not have to have a subsidiary here for the full force of the law to apply. So I am not at all sure that there is benefit if you leave out the provisional licence concept in pursuing the first part of it.

When you come to the second part about both resident and non-resident shareholders being able to have participation in a company that is operating here, I think if you look at Clause 22(2) you will find there the forerunner really of

a state corporation that will be involved in petroleum business and there is absolutely nothing that will prevent a state corporation from allowing precisely this kind of involvement. Indeed, consideration has already been given to the state of affairs in which Guyanese of one sort or another, even individual companies, will be allowed participation in ventures that have to deal with the actual production of oil. My submission is that we do not need the amendment (a) because we have already dealt with this concept of provisional licence, and (b) because we have the mechanism in 22(2) for being able to facilitate, as the need arises, the involvement of resident and non-resident shareholders through the mechanism of a state corporation. We must then make sure that we are in this business of the control of the resources of the exploitation.

I would therefore suggest that we not try to put this kind of thing in although I take the concerns that are being expressed. Those concerns will be adequately dealt with in the exercise of the provisions already in the Bill.

Mr. Kwavana: Mr. Chairman, just to say that I am proposing a written provision but the hon. Minister is giving us an unwritten undertaking.

I do not think so.

The Chairman: /He is referring you to 22(2).

Mr. Kwavana: I understand it quite well, Mr. Chairman. He is reading into it a possibility. That is why I call it an unwritten undertaking.

Amendment that -
subsections

"The following/be inserted after subsection (3):

(4) That in the case of an application for a licence by a company incorporated outside of Guyana a provisional licence shall be granted and the licence should be granted only to a corporate entity incorporated or registered in Guyana for the purpose of receiving and undertaking production under such provisional licence.

(5) that companies established under the previous subsection shall be open to participation by both resident and nonresident shareholders."

put, and negatived.

Question -

"That Clause 9, as printed, stands part of the Bill."

put, and agreed to.

Clause 9 agreed to and ordered to stand part of the Bill.

Clause 10.

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Cde. Reepu Daman Persaud: Mr Chairman, I simply want to question the necessity of Clause 10(d). I think it really stretches beyond the concept of flexibility. Clause 10(a), (b) and (c) would have been adequate. In the circumstances I move the deletion of (d).

16:55 hrs

Cde. Parris: Cde. Speaker, by initial training I am a statistician and I have learnt that if you ever put down a set of categories and fail to make provision for that which you cannot by the virtue of your humanity foresee you will be ill advised, I would not like to ill advise this House.

Amendment negatived.

Clause 10 agreed to and ordered to stand part of the Bill.

Clauses 11 to 19 agreed to and ordered to stand part of the Bill.

Clauses 20 to 29 agreed to and ordered to stand part of the Bill.

Clauses 30 to 33 agreed to and ordered to stand part of the Bill.

Mr. Kwayana: The number of requirements in this part of the bill is clearly specific that the Minister is required to observe before granting the license. We are moving that the following be added to read 8 after VII. The applicant undertakes if the issue arises to recognise a Trade Union in conditions satisfactory to the Minister of Manpower and the Trade Union Congress. I think that amendment speaks for itself. Many other things are provided for but this is not specifically provided for. Perhaps we are going to be told about the Labour Code which is yet to come, yet to be legislated but we are legislating here and now and I feel this important ground rule should be included, recommended to the House.

Cde. Parris: Cde. Speaker, I agree completely with Mr. Kwayana in the importance of the ground rule. Indeed we agree so greatly that there already exist a law that will automatically apply in relation to the excellent level of trade union. This law here does not in any way get anybody away from the existing laws, so there is nothing that can be done under this law that contravenes the existing laws of the Trade Unions which will automatically apply and these laws as I have been advised will in fact achieve exactly what has been tried here. At best one would achieve a redundancy by this inclusion.

Mr. Kwayana: Can I ask the honourable Deputy Prime Minister a straight question through you? Whether he is saying that at this moment that Trade Union recognition laws exist in Guyana.

Cde. Parris: I am advised and here I am speaking on advice that the

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straightforward answer to your question is that at this point of time there does not exist a body of law that talks about Trade Union recognition. The point I was seeking to make is not so much that that specific legislation exist but rather that under the existing legislation what would happen is that a company could not pursue, let me put it differently – the Minister is giving the license to somebody here would not go in contradiction to the Minister of Manpower in relation to the Company that says I want a license but I want to have nothing to do with Trade Union. I think I understand you correctly, I believe to be seeking to avoid that a company does not have a right under this law to go and operate simultaneously say they do not want anything to do with trade union and then be able to claim that this law does not specifically inhibit them from doing that. What I was seeking to say is that we have other laws exercisable by the Minister of Manpower, admittedly not the law to which you referred and therefore should not be the place in this bill to put that, in any event if you happen to see operations within the concept of the law of all laws and that the constitution itself which is clause 11 says that:

"Co-operatives, trade unions and all socio-economic organisations of a national character are entitled to participate in the various management and decision making processes of the state and particularly in the political, economic, social and cultural sectors of national life."

And I believe that my interpretation of that constitution further would lend support to both Ministers, that is the Minister of Manpower and the Minister here and in any event we are dealing ... I doubt that there is any corporate entity who wishes to get a license that would have to cheat to say to a Government with this reputation that they insist that the law gives them the right to refuse to keep the --

Mr. Kwayana: Mr. Chairman, I must thank the honourable member for referring me to the constitution, I know it back and front. I am not so concerned about the company that says it will have nothing to do with a trade union, I am concerned about the one that says nothing and waits until it gets on the ground because the issue has not been put to him at all, to the company it has not been put, it is nowhere in the ground rules after so much care has been extended in developing ground rules. It just shows the priority which is placed on trade union representation. That is the conclusion I have to come to. The honourable member is scraping the barrel to find a way of opposing this recommendation which he privately accepts but he wants to put down on record that he rejected the management because the bill cannot be amended, it will affect the whole

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scheme of things. It is not the first act ever made, people make laws all the time and if changes become necessary, why has this Government after twenty years not got, why can't they answer yes to trade union recognition law. It is not my fault, it is the fault of the incumbent and I am inviting them, I can go on to speak and make propaganda with it, I am inviting them to put it into the law and they are reluctant so I have to leave it at that.

Amendment negatived.

Clauses 34 to 36 agreed to and ordered to stand part of the bill.

Clauses 42 to 44 agreed to and ordered to stand part of the bill.

Clauses 45 to 50 agreed to and ordered to stand part of the bill.

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Cde. Reepu Daman Persaud: Cde. Speaker, I rise with some degree of confidence on this occasion and I would hate to believe that the amendment which I am proposing would be negative. In fact, I want to remove that word "negative" from the clause to that of "affirmative." You see, Cde. Chairman, this clause is going to nullify substantial laws in our statute, that is, removing completely all tax provisions and it can be done simply by an order and the order as it is made becomes effective. Of course, Parliament is entitled to come back and move a Motion to nullify it and bring it back before this Assembly. I think this is one time I would strongly support that before this concession is granted that it be subjected to Parliamentary concensus. In the circumstances, I think the amendment I am proposing is one which ought to have been favoured on which case we on this side of the Assembly will be involved in any such position. So that we remove the word "negative" to that of "affirmative."

Mr. M. F. Singh: Mr. Chairman, I would like to support the last speaker. If the Government considers that it is important enough to subject this clause to negative resolution, then I see no reason why they should have any objection to changing that to affirmative. Too often in my over 19 years in Parliament have I experienced that when something does not come here it becomes a fait accompli and negative resolution means nothing. Affirmative means that it is not a fait accompli. It has to come here to Parliament to be examined by Parliament and after being passed by Parliament only when it becomes law. Otherwise negative resolution is law unless negated by Parliament. Since I am in Parliament, over 19 years, my experience has been that legislation can be passed in one day, taken through all its stages. There could be no reason for saying you will be wasting time or there will be some delay in putting this clause into operation if you have it as an affirmative resolution. I am saying that I support "negative" being made "affirmative" so that we will know before it becomes law what it is all about. we will be fully acquainted with it and this Assembly will have an opportunity of knowing exactly what the position is.

Mr. Kwayana: Cde. Mr. Chairman, the statements of the two previous speakers and the amendment moved by the hon. Member are in line with the assurance given by the Deputy Prime Minister when he was replying to the objections in Clause 10 when it was suggested that the Minister has over-weening power. He drew attention to the fact that these things have to come back to the legislature.

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Well, we can just put the lid on that by changing "negative" to affirmative." The legal experts have explained the difference and I am convinced. I came in with an open mind, it never occurred to me on this question. I did not know there was such a striking difference between them and as I sit here I am convinced and support the amendment.

Cde. Parris: Cde. Chairman, I can only begin by craving your indulgence to say something that really should be said by a legal type. Let me say what I understand the position to be. No arrangement under this terminology "negative resolution of the National Assembly" in fact can meet the treatment that has been described. It has to be laid before the National Assembly. Forget negative or positive, once you talk about the Resolution it has to be laid before the Assembly. Only if everybody in the Assembly refused to object then the thing goes through. There is no question of the Minister assigned the responsibility of finance going ahead to do the thing without it being laid in the Assembly. It has to be laid in the Assembly. Once it is laid, then, unless somebody says no, it goes through. That is what I am told negative resolution of the National Assembly means. That is a matter of legal fact and perhaps procedure here. If that is what it means, I submit that Mr. Kwayana's open mind was the correct position to have and that he could now close it by agreeing with it in the sense that there is no question of the Minister responsible for finance doing the thing without laying it first before the Assembly and having the Assembly not refuse to do it.

Cde. Reepu Daman Persaud: Cde. Chairman, I speak with 22 years' experience. I do not think I have to persuade you. I think you are fully aware that every Order made is circulated for the information of Members. The text book will support that. The second point I make is that if any Member feels that that Order should be negative he has to move by way of Motion. Then that Motion will take its course on the Order Paper and be debated. That is clearly the position with respect to the procedure.

However, after the Order would have been made, immediately it is effective. The greatest example is when you make an Order with respect to revenue licenses and the same day you are told that you have to pay the increase. There are countless other references and examples that I can give. I speak with a strong background and I speak without any fear of contradiction on this point. I think the point is a substantial one and one which the Government must not resist and I listened and tried to give all the benefit of the doubt to the Minister this afternoon in the interest of this country. All we are saying here is that they should be moved on this

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occasion if they are really interested in the opinions of those of us who constitute this side of the Assembly. That is, we do not want anybody taking into account how the Party runs. We have an obligation as Members of this Assembly to the nation, particularly when it comes to things like maximum, total, absolute tax concessions. We are not telling you do not give it. You still have the majority to vote against us but we would have an opportunity of ventilating fully probably with a view of persuading the Government not to give the concession or to amend it in some way or the other.

On this occasion, we ask the Minister to be reasonable and he can seek all the advice. The way he explained it, with the greatest to him, is not the procedure being followed in this Assembly. I strongly support that if you are going to give the concession - you have the numbers - give us an opportunity to speak and probably objectively, sincerely, with a view of persuading you on the right course. I strongly support the amendment and I am grateful to the two Members who supported me.

Cde. Parris: Cde. Chairman, in the light of both the gestural level of the strength of the argument of 22 years of experience plus the representation made by the other colleagues of mine in this Assembly and the confirmation that the understanding of negative resolution of the Assembly is indeed what Cde. Reepu Daman Persaud said, I wish to submit that my colleagues and I should accept it.

Amendment that -

"The word "affirmative" be substituted for the word
"negative" in the second line of subsection (1)."

put, and agreed to.

Clause 51, as amended, agreed to and ordered to stand part off the Bill.

Clauses 52 to 58 agreed to and ordered to stand part of the Bill.

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Clauses 59 to 69 agreed to and ordered to stand part of the bill.

Clauses 70 to 71 agreed to and to stand part of the bill.

Mr. Kwayana: I think at this point I should like some clarification if I may ask. The repeal from section 3 to 15, what happens to the rest of the Act 65:05, how will it be treated and while I am at it, what happens to the regulations under that Act?

Cde. Parris: The answer to that is to report Cde. Speaker, there are new regulations in the process of being put together and those in fact will be coming out pretty soon. As you know the regulation can only operate after the Act has been passed. We have been working to get them up and we are on the point of finalizing them.

Mr. Kwayana: Why is not the whole Act repealed?

Cde. Parris: It is a transition kind of thing and up until such time ... without any legislation dealing with it as I understand it the repeal of the whole Act is coincident with the adoption of the new one. It is not that the old one gets repealed.

Assembly resumed.

Bill reported with amendments, as amended, considered, read the third time and passed.

TAXATION LAWS (AMENDMENT) BILL 1986 - BILL No. 2/1986

A Bill intituled:

"An Act to amend the Income Tax Act and the Income Tax (In aid of Industry) Act."

The Minister of Finance (Cde. C. B. Greenidge): Cde. Speaker, I beg to move that the Taxation Laws Amendment Bill No. 2 be read a second time. Cde. Speaker, this bill which is now before the House seeks to provide the fiscal framework within which the petroleum Companies will operate so it should really be seen as a sort of an amendment to the bill that was just passed, that is the Petroleum Bill 1986.

The objectives of this particular bill are fairly simple and they are two-fold. First of all it is intended to modify the current income tax Act so that petroleum Companies can be treated with explicitly and differently from other Companies and it purposes to do this by way of inclusion of two new sections 3a and 3b in the Income Tax Act. The amendment incorporated under this framework can be seen

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as an improvement aimed at fashioning or moulding a more appropriate incentive package. A package which would be consistent with current thinking and views of progressive analyst and commentators in the field of petroleum legislation and as part of this particular exercise, we solicited the assistance of the Commonwealth Fund for Technical Co-operation in addition to our own technicians. The Act will treat Petroleum Companies differently in the following manner: First of all the losses incurred by these Companies can be carried forward, set off or written off without limitation as regards quantity or with respect to time and secondly the petroleum Companies will be allowed under the legislation a facility called the Petroleum Capital allowance and the bill allows or amends the legislation to provide for the production of this expenditure when chargeable income is being computed so in the computation of chargeable income you are now allowing an element which is a capital allowance. This expenditure can be written off in a minimum of five years. The Companies will be allowed if they so desire What we are saying here is that the bill makes provision to extend to Oil Companies a more productive capital allowance that is currently enjoyed by other companies.

I may hasten to add that you are not providing a new element by way of capital allowance on top of all the existing allowance. The capital allowances are being made more generous but at the same time the other allowances enjoyed by other companies will be a little more withdrawn. The types of expenditure that falls within this category of petroleum capital allowance are specified also in the bill from pages three to five, they are spelt out fairly carefully. Part three of the bill provides the amendment of the so called Aid Industry Act Cde. Speaker, and it is that Aid Industry Act which governs the incentives extended to entities. They enjoy a variety of fiscal concession and they are saying that in the case of petroleum Companies the binding constraint, the more important incentive for petroleum Companies is the write off of these capital expenditure and in the light of that we therefore will not extend to the Petroleum Companies the tax holidays and other fiscal incentives that are enjoyed by other countries.

In summing Cde. Speaker, this is the objective of this bill which is in keeping with current thinking on the framework within which Petroleum Companies can properly operate and this as I said earlier is part of the package associated with the production of Petroleum Companies. Thank you.

Bill read a Second time.

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Bill considered and approved.

Assembly resumed.

Bill reported to the Assembly, read the Third time and passed.

OFF-SHORE BANKING BILL 1986

A Bill intituled:

"An Act to enable certain banking and other businesses to be carried on from within Guyana in foreign monies, securities and properties for foreign customers. /The Minister of Finance/

The Minister of Finance (Cde. Greenidge): Cde. Speaker, in the light of the numerous printing errors, amendments and corrections to be made to this Bill, I think it would be opportune for us to have this Bill deferred to tomorrow in order to give colleagues a chance to go through those amendments and having consulted with them I think this is agreeable.

BANKING LAWS (AMENDMENT) BILL 1986

A Bill intituled:

"An Act to amend the Banking Act and the Bank of Guyana Act. /The Minister of Finance/

Cde. Greenidge: Cde. Speaker, I beg to move that the Banking Laws (Amendment) Bill 1986 be read a Second time. This Bill was another of the statutes that we indicated in the 1986 Budget which will be part of the package of measures intended to stimulate economic growth during 1986. The Bill has three specific objectives, but generally speaking the thrust of the Bill was set out in the 1985 Budget Speech in which we indicated that many commercial bank currently operating in Guyana, generating Guyana dollars and entitled, in so far as the currency is available, to remit their profits abroad, would be required in future to conform with certain additional regulations which are intended to ensure that they bring in a certain level of capital and that they retain, in a manner that I will spell out shortly, these funds in a certain way.

Basically, the Bill seeks first of all to increase the minimum capital requirements of all banks incorporated in Guyana. The increase the minimum capital requirements of all banks incorporated in Guyana. The increase will be from \$500,000 or half a million dollars to 10 percent of the demand and time liability or a million dollars, whichever is greater.

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For companies incorporated outside of Guyana, Cde. Speaker, the increase will be from \$2 million to \$10 million and these companies will in addition be required to provide and keep within Guyana an amount termed a sign capital for its branch and this would be stipulated as at least 7 percent of the bank's time and demand liabilities. So I am saying, in relation to the banks incorporated outside of Guyana that the increase is to 7 percent of the bank's time and demand liabilities. In addition to this, there is provision in this Bill for the removal of certain anomalies pertaining to the banks, formerly transnational branches that have now been acquired by the state and the private sector of Guyana. Specifically, I am speaking of the Royal Bank of Canada, now the National Bank of Industry and Commerce and the Chase Manhattan Bank, now the Republic Bank (Guyana) Limited. This is treated in Section 12 which exempts them from the limitation of a 25 percent of their total loans. 25 percent of their capital cannot be lent to a single entity. Now that the bank is no longer a part of a very large transnational enterprise, that requirement of 25 percent would not be practicable given the shift in ownership and the composition of the capital of these banks. So in order to deal with that this amendment has been incorporated.

Finally, the foreign banks operating in Guyana are required to maintain in foreign currency part of their balances which I referred to earlier. This will need to be held in foreign currency. However - ad I know that this particular area has been one that has generated a fair amount of interest amongst the banks - the relevant banks will be given three months within which to conform to this statute and, if necessary, if there is a pressing reason, the additional time be allowed and the Minister of Finance is empowered to do this.

Basically, those are the essential features of this Bill and I think the rationale set out in last year's budget in the context of the sorts of difficulties that we face and the types of objectives that we are seeking to achieve in the money and banking sector, I think this represents a commendable change.

Question proposed.

Mr. Kwayana: Mr. Speaker, I had referred to the hon. Minister's comments in the 1985 Budget and I am not sure the law before us now represents the whole package of bank reform because there is a section here which says that most importantly the law will be amended to ensure that the ability of foreign banks to incur deposit liabilities is no better than that of local banks. I do not see that the present measures bring that about. In fact, when you come to the off-short Banking

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Bill, you see deposit liabilities are not specified, not in Guyana dollars, deposit liabilities in Guygeneral. It is my present view that the present legislation before the Assembly does not satisfy this part of the undertaking.

Cde. Greenidge: Cde. Speaker, may I say first of all that the 19865 Budget Speech is in this sense not satisfied by this legislation. Mainly, the Budget Speech promised a comprehensive reform of the banking legislation. That is an exercise still being undertaken and we will come to a more thorough-going reform.

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(Cde. Greenidge continues)

As far as the ability of the foreign versus local banks are concerned I would contend that this particular set of measures here treats with our concern as regards the ability of transnational branches here to incur liabilities and command resources associated with profits that are a result of those activities that they carry out here. The question that I am not clear about as regards Cde. Kwayana's observations - whilst he may argue that these points do not fit completely in with the observations made in the budget speech, one can ask and I may ask, so what, does that constitute an objection to these particular measures? These stand on their own.

The Speaker: I think what he was doing was merely enquiring.

Cde. Greenidge: The answer is that there is a more comprehensive set of proposals.

Bill read a Second time.

Assembly in Committee of Supply.

Clauses 1 to 6 agreed to and ordered to stand part of the bill.

Bill reported to Assembly.

Assembly resumed.

Bill reported without amendments, read the Third time and passed.

ADJOURNMENT

Resolved, "That this Assembly do now adjourn until Tuesday 15th April at 14:00 hrs. /The Minister of Housing, Manpower and Environment/.

Adjourned accordingly at 17:40 hrs.