

# Official Report

*PROCEEDINGS AND DEBATES OF THE NATIONAL ASSEMBLY OF THE FIRST SESSION (2015-2016) OF THE ELEVENTH PARLIAMENT OF GUYANA UNDER THE CONSTITUTION OF THE CO-OPERATIVE REPUBLIC OF GUYANA HELD IN THE PARLIAMENT CHAMBER, PUBLIC BUILDINGS, BRICKDAM, GEORGETOWN*

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39<sup>TH</sup> Sitting

Thursday, 30<sup>th</sup> June, 2016

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*The Assembly convened at 2.23 p.m.*

*Prayers*

*[Mr. Speaker in the Chair]*

## **ANNOUNCEMENTS BY THE SPEAKER**

### **Death of Mr. Jules Richard Kranenburg, former MP**

**Mr. Speaker:** Hon. Members, you would no doubt be aware of the death of Mr. Jules Richard Kranenburg, a former Member of Parliament (MP) who died on Sunday, 29<sup>th</sup> May, 2016 after a brief illness. He was 83 years old, having been born on Friday, 30<sup>th</sup> September, 1932.

Mr. Kranenburg came from the People's National Congress (PNC). He first became a Member of the National Assembly of the Fifth Parliament of Guyana when the Assembly met on Monday, 3<sup>rd</sup> February, 1986. On Monday, 20<sup>th</sup> October, 1986, Mr. Kranenburg was first appointed Minister of Transport until Wednesday, 31<sup>st</sup> December, 1986. In January, 1987, Mr. Kranenburg was appointed the Senior Minister of Communications and Works until Sunday, 7<sup>th</sup> July, 1991. On Monday, 8<sup>th</sup> July, 1991, Mr. Kranenburg was appointed a Senior Minister in the Ministry of

Public Works, Communications and Regional Development until Friday, 28<sup>th</sup> August, 1992 when that Parliament was dissolved by the President on Saturday, 29<sup>th</sup> August, 1992.

Hon. Members, I invite you to stand and observe one minute of silence as a mark of respect to the late Mr. Jules Richard Kranenburg.

*A minute of silence was observed.*

### **Completion of Consideration of Matters relating to Privileges**

**Mr. Speaker:** Hon. Members, I must let you know that there are two matters in relation to the question of privileges, which are presently occupying the Speaker of the National Assembly. It is my intention that, at our next sitting, we will complete the consideration of those matters.

### **PRESENTATION OF PAPERS AND REPORTS**

The following Reports were laid:

1. Annual Report of the Government Information Agency for the years 2011 and 2012. [The First Vice-President and Prime Minister]
2. National Youth Policy of the Co-operative Republic of Guyana for 2015. [Minister within the Ministry of Education]
3. Annual Report of the Sugar Industry Labour Welfare Fund Committee for the year 2014. [The Minister of Social Protection]
4. Annual Report of the Ministry of Agriculture and its agencies of the year 2015. [Minister of Agriculture]

### **REPORTS FROM COMMITTEES**

The following Report was laid:

1. First Report of the Committee of Appointments in relation to the Appointment of a Member of the Local Government Commission. [The Minister of Public Health]

### **QUESTIONS ON NOTICE**

## **For Written Replies**

**Mr. Speaker:** Hon. Members, there are two questions on the Order Paper and these are for written replies. These questions stand in the name of Mr. Mohabir Nandlall and are for the Minister of Finance, Mr. Winston Jordan. The answers to these questions have been received and, therefore, in accordance with our Standing Orders, have been circulated.

### **1. RECENT SETTLEMENT OF LITIGATION INVOLVING DEMERARA DISTILLERS LIMITED (DDL)**

**Mr. Nandlall:** In the interest of good, accountable and transparent governance and in light of certain public disclosures, I ask of the Minister of Finance, the Hon. Winston Jordan, the following questions:

- (i) Explain what principles were employed by the Guyana Revenue Authority (GRA) in the recent settlement of litigation involving Demerara Distillers Limited (DDL) in respect to outstanding assessed Consumption Tax for the period 2000 — 2006?

**Minister of Finance [Mr. Jordan]:** In order to properly answer this question, the law governing the Revenue Authority needs to be taken into consideration. Specifically, Section 23 of the Revenue Authority Act provides:

“No person shall, without the consent in writing given by or behalf of the Authority, publish or disclose to any person other than in the course of his duties, or when lawfully required to do so by any court or under any law, the contents of any document, communication or information whatsoever, which relates to, and which has come to his knowledge in the course of his duties under this Act.

Any person who knowingly contravenes the provisions of the subsection (1) shall be guilty of an offence and shall be liable, upon conviction, to a fine not exceeding two hundred thousand dollars and to imprisonment for a term not exceeding five years.

If any person having information which to his knowledge has been published or disclosed in contravention of subsection (1) unlawfully publishes or communicates any such information to any other person, he shall be guilty of an offence and shall be

liable, upon conviction, to a fine not exceeding one hundred thousand dollars and to imprisonment for a term not exceeding three years.

Nothing in this section or any other written law shall prevent the passing of information between the Departments or between the Departments or between the departments and the Governing Board or between the Departments and the Authority.”

With this clear prohibition in mind, the answers herein will be confined to the matters ventilated in the Court, which form part of the record of Court and are open to public scrutiny.

The terms of settlement, which were made an Order of the Court upon the full approval of presiding judge of the High Court of the Supreme Court of Judicature, are as follows:

“(I) It was agreed between the two parties to settle all claims by the Revenue Authority and liability by the Company for Consumption and Excise Tax as at the date hereto in accordance with the terms of the draft Order of Court attached to this Agreement and initialed by the Parties.

(2) Further, it is by Consent Ordered that the Applicant shall pay to the Respondent in full and final settlement satisfaction and discharge of mutual claims of the parties which are the subject matter of these proceedings, and of:

- I. The assessment by the respondent against the Applicant dated 16<sup>th</sup> day of January, 2009 in respect of Consumption Tax for the period 2001-2006 demanding the sum of \$5,392,020,753 (five billion three hundred and ninety-two million and twenty thousand seven hundred and fifty three dollars);
- II. All claims by the Respondent and all liability by the Applicant for payment of Consumption Tax at all times up to the date hereto; and
- III. All claims by the Respondent or liability of the Applicant for payment of any additional assessment of Excise Tax at all times up to date hereof the sum of the sum of \$1,500,000,000, (one billion five hundred million dollars) the said sum to be paid in full within twelve (12) months from the date hereof.”

It is imperative that the background of this matter be understood. The Guyana Revenue

Authority (GRA) conducted a Consumption Tax audit of DDL. The company was assessed in the additional sum of \$1,072,989,851 as Consumption Tax for manufactured alcoholic products for the period January 2001 to September 2002. The company filed an application to the High Court seeking to quash the imposition of additional consumption taxes and to prohibit the GRA from seeking to demand in the future, the said taxes. The High Court granted the orders prayed for. The GRA appealed the said decision to the Court of Appeal. The company cross appealed. By decision dated the 31<sup>st</sup> day of July 2008 the Court of Appeal dismissed both the Appeal and Cross Appeal. The Court in its judgment sought to clarify the proper construction, interpretation and application of Section 3 of the Consumption Tax Act.

The Honourable Justice of Appeal Chang in his decision dated 31<sup>st</sup> July, 2008 ruled as follows:

“It is clear to me that the Comptroller did not act in accordance with section 3 since he purported to assess the sale price on the basis of the sale price fixed by the Company at the time of the sale of the products from the premises of the Company. On the other hand, the Company itself not only fixed the selling price thereby usurping the statutory authority of the Comptroller but, in so doing, placed an open market value on its products without necessarily taking into consideration all relevant post-production costs which ought to include appropriation costs and commission sales costs and expenses.

For the above reasons, the appeal should be dismissed. However, the dismissal of this appeal does not mean that that the respondent was correct in its determination of the chargeable value of the goods. In my opinion, both parties acted in derogation of section 3 of the Consumption Tax Act. There ought to be a new determination of the notional selling price of the products by the Comptroller based on a proper computation of all the relevant costs and a profit margin which would allow for the marketability of the products. Such notional selling price is by law the actual chargeable value of the products for consumption taxation.

I have not discussed the grounds of appeal relating to the propriety of the procedure used to obtain relief. This does not mean that such grounds were not considered. Having considered then, I have concluded that those grounds of appeal are unmeritorious.”

Justice Chang interpreted section 3 of the Consumption Tax Act as follows:

“Thus, the schedule to Section 3 (3) (b), which is part of Section 3 (3) (b), indicates that, in determining the notional price which goods are to be valued would fetch in a notional open-market sale at the time of appropriation (or delivery), the comptroller must engage not in mere speculative guesswork but in a computation exercise in which the circumstances mentioned in the schedule (including the commission and sales cost and expenses) are to be assumed. Such computation must, or necessity, involve not only the costs of production but any other post-production costs incurred by the manufacturer right up to the process of appropriation or delivery (inclusive of appropriation or deliver costs) and a profit margin which would allow for the marketability of the product in the open market. If commission and sales costs and expenses to be borne by the seller (manufacturer) must be part of the value of the products, then a fortiori, appropriation or deliver costs, which precede such costs and expenses, must also be included in that value.”

#### **AFTER THE RULING IN THE ABOVE MATTER BEFORE THE COURT**

Based on the ruling of the Court, particularly the formula proffered by the Honourable Chief Justice Ian Chang, and the new statutory interpretation set out by the Court of Appeal, the GRA embarked on a fresh investigation/examination of the company's tax affairs, particularly consumption tax. The GRA encountered significant difficulties obtaining information pertinent to the investigation aforesaid. The process was difficult and harkened to a keen observation of Justice Chang's at page 13 of his decision:

“One must draw the distinction between interpreting section 3 and applying section 3. (R v. Lewis (2007) 70 W.I.R.) 75 (C.C.J). From a legal standpoint, it is not the interpretation of section 3 which is difficult or problematic. Rather, it is the application of section 3 which is difficult and problematic.”

#### **RECENT PROCEEDINGS**

The Company was served with a notice of assessment in the amount of \$5,392,020,753 (five billion three hundred and ninety-two million and twenty thousand seven hundred and fifty three

dollars), as consumption tax for manufactured alcoholic beverages and non-alcoholic products for the period 2001-2006.

The company filed prerogative proceedings by way of High Court Action No. 10 M of 2009 seeking to quash the decision of the GRA/Commissioner General to impose the additional taxes on the ground that the decision to impose the tax was unconstitutional, unlawful, arbitrary, unreasonable, made in bad faith, without or in excess of jurisdiction, ultra vires, null, void, of no effect and without the powers of the Commissioner and Authority conferred on them by virtue of the provisions of the said Act or otherwise. They sought an order of Prohibition seeking to prevent the GRA from seeking to proceed with the abovementioned assessment and the recovery thereof on like grounds.

The trial of the matter commenced and witnesses for the company were being cross-examined. A cross—examination of Revenue Authority officers was to follow. As of January 2016, this second matter had been in Court for approximately 6 years.

It should be noted that the Consumption Tax Act Cap 80:02 was repealed by Section 99 of the VAT Act Chapter 81:05. For the avoidance of doubt, Section 100 of the VAT Act, which is a transitional provision, provides amongst other things 'that the relevant oath of secrecy taken under the repealed legislation is treated as having been taken under this Act". This is merely noted for emphasis and caution that the legislature in its wisdom chose to remind the administrative and enforcement arm of government, once again, that secrecy of taxpayer information is vital.

## **FACTORS CONSIDERED IN SETTLEMENT**

The principles used in settling this matter were basic principles used worldwide in the settlement of litigation.

This matter commenced in 2002 and has been ongoing for 14 (fourteen) years with no end in sight. In the absence of a full and final settlement relating to Action No. 10111 of 2009, there was available to either party, an option to appeal and/or cross appeal to the Court of Appeal of Guyana. There is a further statutory right of appeal, to the Caribbean Court of Justice. This process may result in delays in hearing over the period of several years resulting in protracted delays in collection of the revenue with no certainty as to success.

Considering the uncertainty with regard to the imposition and collectability of taxes in dispute, the complex and unresolved legal issues involved in the case that has been ongoing for a decade and a half, protracted further or ongoing potential litigation, and the time value of money, among others, it was concluded that it would be in the best interest of the GRA and the State to bring these extended proceedings to a finality and to collect revenues with certainty.

In totality, considering the imperfect nature of this specific litigation proceeding, settlement in the aforementioned terms was the best approach.

**Mr. Nandlall:** (ii) Provide the names and rank of officers of the Guyana Revenue Authority (GRA) and or the Ministry of Finance who authorized, negotiated and approved.

**Mr. Jordan:** In the interest of protecting the safety and privacy of the respective officers, neither their names nor ranks can be disclosed. Suffice to say that senior management officers and the Board of the Revenue were involved in the settlement. They were supported and counseled by external lawyers.

**Mr. Nandlall:** (iii) Was the aforesaid settlements approved by the Board of the Guyana Revenue Authority (GRA)?

**Mr. Jordan:** Yes, it was.

**Mr. Nandlall:** (iv) Explain how the settlement of a legal challenge to the assessment of Consumption Tax accumulated over the period 2001 — 2006 results in a write — off in Excise Tax for the period 2007 — 2015.

**Mr. Jordan:** There has been no “write- off” of Excise Tax with regard to this Company.

**Mr. Nandlall:** (v) Would the Guyana Revenue Authority refund other manufacturers, who paid their Consumption Taxes as assessed by the Guyana Revenue Authority using the same formula which was used to calculate Demerara Distillers Limited's Consumption Tax and Excise Tax liabilities?

**Mr. Jordan:** As is apparent in the terms of settlement, which forms part of the Court's record, there was no mention as to a formula with regard to either type of tax.



## **2. TAXPAYERS AGAINST WHOM THERE WERE COURT CASES IN RESPECT TO OUTSTANDING TAX LIABILITIES**

**Mr. Nandlall:** (i) Provide the names of Taxpayers against whom there were court cases in respect to outstanding tax liabilities to the Guyana Revenue Authority and whose cases have been settled by the Guyana Revenue Authority from 1<sup>st</sup> June, 2015, to date.

**Mr. Jordan:** The Honourable Member asking the question is hereby reminded that the Guyana Revenue Authority is governed by Section 23 of the Revenue Authority Act which stipulates:

“No person shall, without the consent in writing given by or behalf of the Authority, publish or disclose to any person other than in the course of his duties, or when lawfully required to do so by any or court or under any law, the contents of any document, communication or information whatsoever, which relates to, and which has come to his knowledge in the course of his duties under this Act.

Any person who knowingly contravenes the provisions of the subsection (1) shall be guilty of an offence and shall be liable, upon conviction, to a fine not exceeding two hundred thousand dollars and to imprisonment for a term not exceeding five years.

If any person having information which to his knowledge has been published or disclosed in contravention of subsection (1) unlawfully publishes or communicates any such information to any other person, he shall be guilty of an offence and shall be liable, upon conviction, to a fine not exceeding one hundred thousand dollars and to imprisonment for a term not exceeding three years.

Nothing in this section or any other written law shall prevent the passing of information between the Departments or between the Departments or between the departments and the Governing Board or between the Departments and the Authority”

The marginal note to Section 23 of the Act states:

“Prohibitions of publication disclosure of information to unauthorised persons”.

The Revenue Authority therefore is prohibited from disclosing the requested information. Consequently, I cannot provide the information requested.

**Mr. Nandlall:** (ii) In each instance, provide the following:- The names and rank of the officers of the Guyana Revenue Authority (GRA) and or the Ministry of Finance, who authorized, negotiated and approved the aforesaid settlements.

**Mr. Jordan:** It is irrelevant the names and ranks of officers who may have participated in any settlement between GRA and a taxpayer.

**Mr. Nandlall:** (iii) Evidence that the aforesaid settlements were approved by the Board by the Guyana Revenue Authority (GRA).

**Mr. Jordan:** Not relevant, pursuant to Section 23 of the Revenue Authority Act.

## **PUBLIC BUSINESS**

## **GOVERNMENT BUSINESS**

## **MOTION**

### **CONSIDERATION OF FINANCIAL PAPER NO. 3/2015**

“BE IT RESOLVED:

Financial Paper No. 3/2015 – Supplementary Estimates (Current and Capital) – Advances made from the Contingencies Fund totalling \$799,897,637 for the period 1<sup>st</sup> September, 2015 to 31<sup>st</sup> December, 2015.” [*Minister of Finance*]

**Mr. Speaker:** Hon. Members, the Assembly will resolve itself into Committee of Supply to begin consideration of Financial Paper No. 3/2015.

*Assembly resolved itself into Committee of Supply.*

*In Committee of Supply*

**Minister of Finance [Mr. Jordan]:** In accordance with article 171 (2) of the Constitution, I signify that Cabinet has recommended for consideration by this Assembly, the motion for the proposals set out in Financial Paper No. 3 of 2015 – Current and Capital Estimates. Advances made from the Contingency Fund totalling \$799,897,637 for the period Tuesday, 1<sup>st</sup> September, 2015 to Thursday, 31<sup>st</sup> December, 2015. I now move the motion.

**Mr. Chairman:** I thank the Hon. Minister. The motion is proposed. We will consider the Paper as usual, that is, the items will be taken from both Current and Capital Estimates. Hon. Member, will you allow me to complete what I am doing?

**Mr. Ali:** I would like to speak in relation to the motion before we go into the examination of each head because, from reading the Constitution of the Co-operative Republic of Guyana and the financial provision governing supplementary provision, I think this motion flies in the face of the provisions of the Constitution of the Co-operative Republic of Guyana and the Financial Management and Accountability Act (FMAA). I would like to make those arguments before we proceed to the examination of the supplementary. Also, noting the ruling of the former Speaker of the National Assembly, the Hon. Raphael Trotman, ruling no. 4, if we refer to that ruling, he clearly outlined the Speaker's position on this matter of supplementary provision in accordance with the Constitution of the Co-operative Republic of Guyana and what the FMAA provides for.

**Mr. Chairman:** I thank the Hon. Member. You may proceed.

**Mr. Ali:** Thank you very much, Mr. Chairman. We are dealing here with supplementary provisions for the year 2015 that are brought to this House in 2016, but, more importantly, after we have approved a Budget for 2016. With regards to the clearing of the 2015 Contingency Fund, a supplementary in 2016 after passing of the 2016 Budget, please note that the Constitution of the Co-operative Republic of Guyana, articles 219 (3) and 220 (2), addresses the issue. The articles state that per Statement of Expenditure where at any time Parliament has been dissolved and where advances has been issued from the Contingency Fund are required to be cleared by supplementary Estimates this should be laid in the National Assembly as soon as practicable.

As soon as practicable here, Mr. Chairman, would have definitely been before the 2016 Budget if it is a 2015 expenditure and a 2015 supplementary. We cannot say that it was not practicable to bring it before 2016 when a 2016 Budget was brought. The above statement, "as soon as practicable", can be argued that, if the Minister of Finance is able to have the Budget 2016 laid in the National Assembly, then nothing should have hindered the supplementary estimates from being laid prior to the 2016 Budget. In addition, it should be noted that section 24 (5) of the Fiscal Management and Accountability Act states:

“The Minister shall not, in any fiscal year, introduce more than five supplementary appropriation Bills under this section, except in circumstances of grave national emergency...”

2.38 p.m.

Mr. Chairman, having regards for what is in the Constitution, I think the Minister of Finance had enough time to bring the supplementary before the 2016 Budget, and I cannot see how we could accommodate this supplementary at this time when we have already approved the 2016 Estimates, and now having to go back to the 2015 supplementary. I cannot find a precedent of this anywhere, in any jurisdiction, so I do not know how we are going to proceed with this. You could go to the ruling. With regard to the former Hon. Member, the former Minister of Finance, Dr. Ashni Singh, if you want to refer to his tenure, then we will have to refer to the ruling of the Hon. Raphael Trotman when he was the Speaker of the House on this matter. Thank you very much.

**Mr. Chairman:** Hon. Members, we will have a short suspension while this issue is examined in detail. We have been able to locate the ruling to which Hon. Mr. Ali has referred. We will resume shortly. We will take a recess for a few minutes.

*Assembly resumed.*

*Sitting suspended at 2.45 p.m.*

*Sitting resumed at 3.46 p.m.*

**Mr. Speaker:** Hon. Members, the Assembly will now resolve itself into Committee of Supply.

*Assembly in Committee of Supply*

*Motion proposed*

**Mr. Chairman:** Hon. Members, at the suspension, a question was placed on the floor by the Hon. Member, Mr. Irfaan Ali. That question is still on the floor and I invite the Minister of Finance to respond or comment on the question.

**Mr. Jordan:** Thank you, Mr. Chairman. I believe the question posed when the motion was read had to do something with timing. “As soon as practicable”, I think, was the operational phrase.

With the benefit of advice and my training, I believe our Paper has been brought “as soon as practicable”, given the situation that was obtained last year with a late Budget, the situation of trying to get the full year of the 2016 Budget, the number of Sittings that Parliament had for the year, between now and May, and what the Parliament had dealt with at those Sittings.

I could endeavour, at this stage, to say that, in terms of accountability, what we have been doing with the Budget itself - you would remember this year we had one of the earliest Budgets... I think it is in the public domain that we are going to try even earlier to have a 2017 Budget. We could endeavour, whenever we have these Contingency Fund advances, to bring them earlier than May, as it was first laid in this House.

Thank you, Mr. Chairman.

**Mr. Ali:** Thank you very much, Mr. Chairman. First of all, I think that we all have the interest of our country, and our position is that, in the interpretation of “as soon as practicable”, it could not have been after the 2016 Budget for 2015 expenditure. However, we have heard the commitment from the Minister that he would seek to bring such expenditure before May in the future. I do not think that the Minister would want to say that because, if he is contemplating an earlier budget this year, then he cannot contemplate bringing a 2016 contingency advance before May of the next year. All we are saying is to comply with what the Constitution states and the Constitution states to bring it as soon as practicable, and it cannot be after the Budget in a subsequent year. I am saying that “as soon as practicable” cannot be, in this case, after the 2016 Budget.

**Attorney General and Minister of Legal Affairs [Mr. Williams]:** I stand on Standing Order No. 40 (a) and (b). To clarify in terms of the latter, it is erroneous to contend that the Constitution states “and not later and before the next Budget”. It states nothing like that and that is what the Hon. Member, Mr. Ali, has said, and all of us on this side recognised that he said something wrong at the same time over. We are asking you to expunge that and withdraw that contention.

**Mr. Chairman:** Hon. Attorney General, I understood the Hon. Member to be saying what the Constitution states and then he added his view.

**Mr. Ali:** Thank you very much, Mr. Chairman.

**Mr. Chairman:** It may be, Hon. Members, that the pause was not long enough. I do not think the Hon. Member was trying to reinterpret the Constitution.

**Mr. Williams:** We had that impression over here, Sir, but we are happy with the clarification.

**Mr. Ali:** Mr. Chairman, I thank you. What we would like to see or hear from the Hon. Minister of Finance is very simple. It is that he would comply with the provisions of the Constitution and he has said not before May. I am saying that the Minister of Finance cannot treat this as a trivial matter. This is a very important matter that deals with aspects of the Constitution and I am saying that we are not trying to block anything. We want to proceed, but I think the Minister of Finance needs to give this House a proper undertaking as to how he would ensure that this does not reoccur in the future. Thank you.

**Mr. Chairman:** I thank the Hon. Member. You have talked about obeying the Constitution. I thought we were all enjoined to do that and any departure must be an aberration. I think one does not need to give any assurance. I am speaking from this position here to Hon. Members in their respective positions. I think we swore to uphold that, unless I am mistaken.

Is there another speaker on this matter?

**Mr. Nandlall:** Yes, Sir, on that note, the very Oath to uphold the Constitution, I want to cite, Your Honour, article 220 of the Constitution which provides:

“Parliament may make provision for the establishment of a Contingencies Fund and for authorising the Minister responsible for finance to make advances from that Fund if he or she is satisfied that there is an urgent need for expenditure for which no other provision exists.”

*3.54 p.m.*

While timing is one of the requirements, there is also another requirement that the expenditure must be urgent and that there must be no other provision existing in respect of that expenditure.

The Minister, perhaps, has persuaded himself that laying this Paper in the National Assembly is a perfunctory exercise and, therefore, he sees no need to explain whether this aspect of the requirement, prescribed by the Constitution, has been satisfied. If not, what is his explanation?

A budget was presented here 28<sup>th</sup> August, 2015. We debated it and it was passed. The Appropriation Act was assented to either on 1<sup>st</sup> or 2<sup>nd</sup> September, 2015. The very projects, the very description and the very items that are the subject of this Financial Paper were in that budget and allocations were made. A lot of money was allocated. What I need, respectfully, from the Minister is some kind of explanation as to how these expenditures have become urgent and how there were no other provisions existing. As I said, simultaneous with that supplementary paper, in terms of time frame, was the national budget for 2015. That national budget allocated moneys to treat with the very expenditures that are the subject of this Paper. There were allocations existing. Also, the Minister has not explained to us the urgency.

In fact, if I may be permitted to digress and go to the Fiscal Management and Accountability Act (FMAA), dealing with Contingencies Fund, it imposes additional burdens on the Minister. It states that the Minister must be satisfied that the expenditure or expenditures are unavoidable and unforeseen before advances could be accessed from the Contingencies Fund. I am humbly asking the Minister to address the issues that I have raised because they are all requirements that the *Constitution* prescribes as well as a requirements of the Fiscal Management and Accountability Act.

Thank you very much, Sir.

**Mr. Chairman:** I thank the Hon. Member. Hon. Members, we will now proceed to consider the Financial Paper No. 3 of 2015.

**Mr. Nandlall:** Sir, I raised some concerns. Might I enquire whether my concerns will be addressed by the Minister?

**Mr. Chairman:** Hon. Minister, you heard the Hon. Anil Nandlall. He is enquiring whether his concerns would be addressed.

**Mr. Jordan:** Sir, I think the Hon. Member, in his citation and quotations, was clear. That is that the *Constitution* gives the Minister of Finance his interpretation of whether the expenditure was

unforeseen or unavoidable. I did that and I am now bringing what I consider to have been unforeseen and unavoidable expenditure to the House for approval.

**Mr. Chairman:** I thank the Hon. Member. Hon. Members, turn to the Schedule of Supplementary Provisions for 2015. I think the intention is to deal with both Current and Capital Estimates at the same time.

## **CURRENT ESTIMATES**

### **Item 1 02-021 – Office of the Prime Minister – Prime Minister’s Secretariat - \$11,000,000**

**Mr. Ali:** Could the Hon. Minister give us the period when this expenditure was incurred?

**First Vice President and Prime Minister [Mr. Nagamootoo]:** The period during which this expenditure was incurred was before May, 2015. It is part of \$74 million which is owed by the Government Information News Agency (GINA) to the Guyana National Newspapers (GNNL). Efforts were being made to keep the *Guyana Chronicle* viable by disbursing such sums that would have helped to do so and avoid its collapse, due to the indebtedness which was accrued by what was then the McCoy machine. Apparently, they placed advertisements in the *Guyana Chronicle*, collected the money and did not disburse same to the *Guyana Chronicle*. This was the sum, over and above, for which we had to meet an instalment. [Ms. Teixeira: Who are “they”?] GINA had to meet a debt that was there before the period of May, 2015. I had to ask the Cabinet to approve a supplementary over and above the sums allocated to GINA for that relevant period.

**Mr. Ali:** Mr. Chairman, I thank the Hon. Prime Minister for that response, but that response raises some serious financial issues. The Hon. Prime Minister said that this was a debt which was incurred before May, 2015. The budget for 2015 was approved after May, 2015, so this does not qualify as a Contingencies Fund advance because the expenditure was incurred before *Budget 2015*. The Hon. Prime Minister would have to explain why that expenditure was not in *Budget 2015*. The Hon. Prime Minister has exposed himself and exposed a very interesting financial situation. The Minister of Finance would agree that if this expenditure was before the 2015 Budget...why was it not included in the 2015 Budget? Then, it does not fit the description which was explained by the Hon. Anil Nandlall earlier. It does not meet the criteria.



**Mr. Nagamootoo:** Mr. Chairman, I believe that there is much ado about nothing. Members of this honourable House would remember that a forensic audit was conducted into the operations of GINA and all manner of skulduggery was discovered. There was no discovery of the debt which had been surreptitiously amassed in transactions that amounted to irregularities, which would come eventually. It was only when we discovered that GINA was draining the lifeblood of the *Guyana Chronicle* that we decided that it was, in fact, an expenditure that could not have been avoided. We could not allow the *Guyana Chronicle* to be killed because GINA had placed advertisements for the People's Progressive Party (PPP) in the *Guyana Chronicle* and did not pay. This was an operation to rescue the *Guyana Chronicle*. Therefore, it was only after the discovery of the debt that we decided to approach the payment of the sum. This is not the entire sum that is owed; it was a tranche that was paid at that particular time.

**Bishop Edghill:** Mr. Chairman, could the Hon. Prime Minister indicate to this House why this was not catered for in the 2015 Budget if the expenditure, as indicated, occurred before May, 2015 and GINA had received an additional subvention under this very line item in the 2015 Budget?

4.09 p.m.

**Mr. Nagamootoo:** I think I have answered that question. As it states in the remarks column, it is provision to offset partial liabilities to the Guyana National Newspaper Limited which was incurred by the Government Information News Agency. What is ambiguous about that? The question was answered that, upon the discovery of moneys owed to GNNL...and it was not only to the Guyana Chronicle. GINA had been routinely collecting moneys from agencies, other than the then Government, to place advertisement in newspapers. We are now discovering that other entities are coming forward with demand notes. We do not really know the amount, but, eventually, I believe, that the forensic audit will be referred to the Guyana Police Force (GPF) and they will do the investigation. I am not an investigator.

**Mr. Chairman:** I thank the Hon. Member.

**Mr. Nandlall:** Mr. Chairman, the Hon. Prime Minister has sourced the indebtedness, now under review, from the forensic audit. Could he tell us when the forensic audit was completed?

**Mr. Nagamootoo:** There were several audits. There was a partial audit that was done earlier to determine the state of GINA's health and there was a subsequent audit. I am not sure which of the two audits had disclosed that any full and conclusive amount, except that we were informed that the GNNL had reached a critical state in its finances and that this money was needed to be paid urgently. In fact, these audit reports will be made available.

**Mr. Nandlall:** Could I ask a follow-up question, Sir? Could the Hon. Minister advise us on the approximate time that he got the information about this indebtedness? Which date was it?

**Mr. Nagamootoo:** I would be unable to provide that now, Sir.

**Mr. Chairman:** Hon. Members, you must give me a chance to recognise you. Members are standing and just talking. We would not go back there. Hon. Members must rise, catch the Chairman's eye and he would invite you to speak. That is what we must do. Please proceed, Member.

**Bishop Edghill:** Thank you very much, Mr. Chairman. The question that needs to be answered is: why was this money accessed from the Contingencies Fund and not by way of a supplementary paper that could have been brought? It is because these issues that are being addressed here cannot be deemed unforeseen and urgent.

The Hon. Prime Minister has given long speeches.

[**Ms. Charles-Broomes:** What is the

question?]

If you were listening, you would have heard that I have already put the

question. The Hon. Prime Minister has given a long answer that has put us in a circuit. But the specific question that needs to be answered deals with time. If this expenditure was known as of May, 2015... it might not have been known by the Prime Minister but it was known by GINA and GINA made submissions for *Budget 2015*, which was read and passed on the 28<sup>th</sup> August, 2015. [**Mr. Ramjattan:** Is this a speech?] The Prime Minister gave one.

**Mr. Chairman:** Hon. Member, let us not allow this debate to deteriorate. You should address your remarks to the Chair. You must know that. Hon. Members would allow the Member to make his intervention without interruptions. It cannot go to that stage. Are you asking a question, sir?

**Bishop Edghill:** Yes.

**Mr. Chairman:** Please proceed with it.

**Bishop Edghill:** Sir, I would need specific explanation from the Prime Minister as it relates to time. It is because the issue with drawing down from the Contingencies Fund, which is a sub-fund of the Consolidated Fund, has to do with timing. It could not have been addressed in any other manner. This expenditure should have satisfied that it could not have been addressed in any other manner. The Prime Minister must convince the Committee of Supply that this particular expenditure could not have been addressed in any other manner, as it relates to accessing moneys to fulfil this request.

**Mr. Nagamootoo:** This expenditure was incurred between September and December of 2015 – the payments that were advanced – and, at time, while GINA had requested subvention, as I said earlier, the indebtedness of GINA to other entities had not been fully disclosed. So, perhaps, there was no structure by which this could have been put into a budget as part of the subvention of GINA if it was not known what the size of indebtedness was or the extent of the skulduggery of booking out advertisements and not being able to pay for the advertisements. It was when a situation was faced at the *Guyana Chronicle*, in which they could not find money to meet their salaries, that urgent demands were made.

The consequences of GINA's irresponsibility under the former Government were unforeseen. This fiscal irresponsibility had produced a situation where workers at the *Guyana Chronicle* would have been out of their jobs. The Government had to intervene. It was unseen and it was something that we did not expect that we would have inherited. We inherited so much sleaze that it would take time to discover all. This was for the period which the Hon. Minister has stated in the Financial Paper.

**Ms. Teixeira:** Mr. Chairman, when we were examining the 2015 Budget, which was from 17<sup>th</sup> August to 28<sup>th</sup> August, 2015, the Hon. Prime Minister was questioned under the heads for GINA, which were under Office of the President up to May, 2015, and he was questioned again on the Office of the Prime Minister and GINA. The total for the two was over a \$140 million. In that discourse, the Minister made a similar argument to that which he is making here today about moneys being owed, skulduggery, *et cetera*.

Could the Hon. Prime Minister advise us as to why, in his statements during the August, 2015 Budget debate, he had pointed out that these debts were owed and were included in the 2015 budget, but is now coming, a year later, with debts that were supposed to have been paid under the 2015 Budget? The issue of it being unforeseen and unavoidable, as stated by the Hon. Minister of Finance, is unjustified in the case of the \$11 million being claimed here.

We know, from the press, that the Hon. Member, GINA and all of the spokespersons on the Government side, between May and August, 2015, talked about moneys owed by GINA and the same comments about expenditure for election material were made. This position of the Hon. Minister does not relate. This \$11 million should have been, could have been and, from his explanation to this House in 2015, would have been covered in the 2015 Budget. Therefore, the statement that this expenditure was incurred afterwards is untrue. Does the Hon. Minister remember this argument in the House in 2015? Through the Chair, do recall that you got up, sir, and advised this House? Your words were about skulduggery; your words attacked us. You pointed to all of the debts that were owed. You are saying that the debts were put into the 2015 Budget and now you are coming with debts, a year later that, somehow, you did not know about during the 2015 Budget. It was not unforeseen and it was not unavoidable.

*Item 1 02 – 021 – Office of the Prime Minister - Prime Minister’s Secretariat - \$11,000,000 agreed to and ordered to stand part of the Schedule.*

**Item 2 21-211 – Ministry of Agriculture – Ministry Administration – \$8,103,793, \$49,000,000, \$24,469,680**

**Mr. Seeraj:** Thank you, Cde. Chairman. The question relates to chart of account 6281 – Security Services. The Supplementary Provision now being sought is approximately 50 % of the amount that was voted for and it has to do with security. I would like to ask the Hon. Minister of Agriculture how many incidents of break and enter occurred, where they occurred, if anything was stolen, what was stolen and what the value of the items stolen is.

*4.24 p.m.*

**Minister of Agriculture [Mr. Holder]:** I am not sure if I can give him exactly those details at this point in time. What I do know is that security services were basically budgeted for and I

know that, during the year, there were some increases that had to be paid out that were not scheduled for. In terms of the frequency of break-and-enter incidents, I really do not have all of that information right now, but I could attempt to provide the Hon. Member with that as soon as I get the information. That would be the short order.

**Bishop Edghill:** There are a number of questions that arise. Firstly, this was a fixed priced contract that benefitted from a 50% variation. Was there a tender board approval? Where there additional locations? Why was this not sought as a supplementary provision as a way of access to the Contingencies Fund? It is because if there is a yearly contract at a fixed price and there is need for additional services, there are moneys already appropriated and provided for that could have been sought by way of a supplementary. Why was it taken from the Contingencies Fund?

**Mr. Holder:** As I said, I do not have the details with me for this particular issue, but I suspect that there is the question of salary increases that came up that had to be reimbursed on contracts that were not budgeted for at the beginning of the year. We needed to satisfy people because their goal post had been shifted, so to speak. I could try to get more details on this to satisfy this Hon. Committee, Mr. Chairman.

**Bishop Edghill:** Mr. Chairman, I am enquiring if we have diverted from the normal practice of the technical staff of the various Ministries accompanying their Ministers to provide the information that is needed when we are considering Financial Papers. It is because the answer, “I do not have the details with me” would continue if we have diverted from the practice. For Contingencies Fund advances that were made since last year, the technical people needed to be here, with all of the documents, to assist the Ministers in answering these questions. I do not see that happening here.

**Mr. Ali:** The Contingencies Fund advance is premised on an expenditure that is warranted, necessary, essential and cannot be avoided. If this is how the expenditure is premised, I cannot understand, Mr. Chairman, how the Minister of Agriculture proceeded with this expenditure if he is not aware of what the urgency in the expenditure was. This answer that he does not have the information cannot suit a Contingencies Fund advance. A Contingencies Fund advance is a direct draw in the case of emergency. If it was an emergency, the Minister should have the information at hand. I do not know how we could continue the consideration of this Paper in this manner.

This is not a supplementary provision; it is money that has already been incurred. It is a case where the Minister and his Ministry have already expended the money. They know what they spent it on. I do not know how we could continue the consideration of this agency if the Minister is not... Maybe, if the Minister needs time to come back with his technical people or to come back and provide the answer, then we can consider that. But we cannot continue this way, Mr. Chairman.

**Mr. Chairman:** Hon. Member, I must tell you that we are going to proceed this afternoon. Hon. Minister, you have the floor.

**Mr. Holder:** Mr. Chairman, I think it is stated in the remarks column that we needed additional guards because of increased incidents of break-and-entry. However, I think what were asked of me were exact details of where it occurred and how many places and I really do not have that here. I need to get information to satisfy him, but there were increased incidents of breakage and entry. There was a need to get more security guards. A lot of this came about because there was an increased deployment of machines and equipment, particularly from the National Drainage and Irrigation Authority (NDIA), largely as a result of the El Niño situation. I think that we are aware that the short wet season, last year, which was supposed to start around the middle of November until the end of January, did not occur. There was a lot of movement of pumps to various locations to continue giving water to farmers so that they could have gotten the rain crop in. [Mr. Seeraj: That is not regarded as unforeseen and unavoidable.] It was unforeseen and unavoidable but the details of exactly where the increased break and entry occurred would be very difficult to come up with on the spur of the moment.

**Mr. Chairman:** I wonder, Hon. Minister, whether you would be in a position to provide that information?

**Mr. Holder:** I will try to provide it prior to the next Sitting or even before. I will let the Hon. Member have it and be satisfied.

**Mr. Seeraj:** Cde. Chairman, I would also ask the Minister to report to us, if not now then later, on how many of these incidents of break-and-enter were reported to the security forces. As you know, daily we are being told that the crime rate is coming down. Probably, these incidents do not form part of the statistics that is informing the Hon. Minister of Public Security.

**Mr. Chairman:** We now move to chart of account 6321.

**Mr. Seeraj:** Cde. Chairman, could the Minister inform us as to when this expenditure was incurred and what form of assistance was given to the farmers who were so affected?

**Mr. Holder:** Mr. Chairman, when this outbreak occurred in the latter part of last year, largely in the Pomeroun area, the Ministry of Agriculture took to Cabinet a request for chemicals and additional fertilisers for the farmers in in the Pomeroun, particularly, and some other pockets across the coastal belt. Cabinet did approve the sum of \$49,000,000 very late in the year so that the National Agricultural Research and Extension Institute (NAREI) could have mobilised and gotten its people and chemicals on the ground and we managed to contain that outbreak quite effectively.

**Mr. Seeraj:** I am also aware that Extension Officers work in those areas and had detected the infestation just about 18 months ago. If the Minister and the Ministry were only informed in the latter part of 2015, there appears to be some sort of breakdown of communication within the extension department and the Ministry. I would say that there is something wrong with the reporting format and the communication between the extension department and the Ministry, if this expenditure actually occurred between September to December, 2015.

The Minister indicated that some chemicals were provided. I am not too clear. Could we be given some details about what chemicals were made available to those farmers?

**Mr. Holder:** I disagree with the Hon. Member. Red Palm Mite is something that is endemic in the society and when there is an outbreak, then there is an epidemic. There was no epidemic 18 months ago. The epidemic occurred in latter part of last year and when it was reported, immediately we mobilised to get people in the area.

There was a mixture of chemicals that we had to use in trying to avoid the use of the one that is normally used, which is Monocrotophos. But that was contraindicated, in our case, because of other contaminants to the water coconut industry; and a lot of the coconuts are exported from that part of the world. I really cannot accept that some 18 months ago or long prior to that, there was an outbreak. As soon as the outbreak occurred, the Ministry of Agriculture mobilised and,

realising the cost involved, we went to Cabinet and Cabinet acted very promptly and approved the extra money and it was spent immediately.

4.39 p.m.

**Mr. Seeraj:** Could the Hon. Minister of Agriculture provide this House with information as it relates to how many pieces of equipment are operational within the National Drainage and Irrigation Authority (NDIA) which warrants this new amount of \$24,469,680 that is being sought?

**Mr. Holder:** As previously mentioned, we did have an *El Niño* situation towards the end of the year. This required the movement of many equipment and machines in various parts of the country, virtually in every coastal region. There was always some activity that we had to embark on, even in places such as Region 9. A lot of that expenditure would have come over to the following year.

We had to mobilise and get things like the Dawa pumps at Tapakuma; we had to pump water from the Boerasirie River into the West Demerara Conservancy; we had to pump water from the Maduni River into the East Demerara Conservancy to ensure that Georgetown got what was needed; we had to mobilise equipment to move water and connect channels so that people could get water in the rice planting areas.

It was a lot of expenditure across the coast, mainly for fuel, increased labour cost and increased supervision of equipment in the *backdams* where we had to be. This basically accounts for it. As a matter of fact, I was rather surprised and happy that we managed to contain the additional expenditure to just \$24.4 million.

**Mr. Seeraj:** I thank the Hon. Minister for the information. I would be one of the first persons to acknowledge the very good work that was done and is still being done by the Hydro-Meteorological Department. The predictions on weather, not only short term but medium to long term, have been more or less spot-on. There is no way that the Minister could not have been aware of what was likely to occur based on the projections and the predictions being made by this Department.

Whilst the Minister had said that it is a small amount, it is for a short period of time and this is



supplementary provision being sought on an emergency basis. To my mind, this cannot qualify for an emergency when we knew long beforehand because of the enhanced quality of work coming from the Hydro-Meteorological Department.

On the matter of saying that it is a small amount, there should not have been any amount there if proper planning had been done long before, in anticipation of either the *El Niño* or *La Niña* weather conditions.

There is also the question of how many pieces of equipment are functional and are serving the needs of the residents and farmers. Notwithstanding the supplementary amount being sought, we know that thousands of acres were lost in Region 2 and in other regions, some because of the *El Niño* type weather conditions and, of more recent because of the *La Niña* type weather conditions.

**Mr. Holder:** I am not sure that the question of how many pieces of equipment were deployed is really worthy of an answer.

The question of the Hydro-Meteorological Department predicting the actions of a short rainy season long in advance is a ridiculous situation to say. Furthermore, we who are here would remember... [*Interruption*]

*Mr. Chairman hit the gavel.*

**Mr. Chairman:** Hon. Members, if answers are being provided, we should at least give the Hon. Minister the courtesy of listening to them. Please proceed Hon. Minister.

**Mr. Holder:** I think that this honourable House will remember that last year, during June and July. There was a lot unpredictable excessive rainfall. As a matter of fact, within 30 days, between June and July, this country had two of the highest rainfalls that were ever recorded.

On one occasion, in 13 hours, we had 10 inches of rainfall which caused the entire Georgetown to be flooded. On 15<sup>th</sup> July, there was approximately eight and a half inches of rainfall in 24 hours. The coast is geared to drain between one and a half and two inches of water in 24 hours. There was that situation. During that time, we were going into the budget cycle. The budget was prepared, prior to the end of the year.

The failure of the short wet season, at the end of the year, occurred at the end of the year, long after the budget had been prepared. Nothing could have been done to include that in any budget and certainly not the budget for 2015, which came out in August.

I would not like to think that the Hon. Member is being mischievous, but I think that he can appreciate, as a fellow agriculturalist, how the system operates naturally.

**Mr. Seeraj:** Mr. Chairman, I can tell you that, although we have had a lot of rainfall during this month of June, I can also tell you that, based on the predictions, July will be a much wetter month than either May or June of this year.

If as the Hon. Minister of Agriculture is saying that we have had this large amount of rainfall in July of 2015, our budget was in August 2015. The Minister was obviously referring to rainfall in July 2015. If the budget was in August 2015, how was it not provided for then? As is stated, this is expenditure for the period September to December. Sir, I would like to make those points.

*Item 2 21-211- Ministry of Agriculture - Ministry Administration – \$8,103,793, \$49,000,000 and \$24,469,680 agreed to and ordered to stand part of the Schedule.*

**Item 3 22-222 - Ministry of Tourism - Tourism Development - \$102,000,000**

**Mr. Ali:** This covers outstanding amounts for previous years. I would like the Hon. Minister to say whether adequate provision is made for the continuation of the Caribbean Premiere League (CPL) for this year?

Secondly, at the time of Budget 2015, a specific question was asked in relation to the provision that was made in that budget. The answer that was given was that the provision was to cover aspects of the CPL. I would like to enquire whether the amount that was set aside in Budget 2015 was not adequate at that time.

**Minister of Public Telecommunications with responsibility for Tourism [Ms. Hughes]:** Mr. Chairman, since today is 30<sup>th</sup> June, I do have the portfolio of Tourism for the remaining few hours.

The former Hon. Minister should have all the information about this expenditure. In fact, it was his agency and his side of the honourable House that left this invoice for us to pay.

Furthermore, we spent close to four or five months confirming if a valid contract did exist; that we had signatures and the all requisite requirements were in place to verify that this payment was necessary. After a very long and detailed investigation, we discovered that in 2014, it was not paid and this sum was therefore owing to CPL

*Item 3 22-222 - Ministry of Tourism - Tourism Development - \$102,000,000 agreed to and ordered to stand part of the Schedule.*

4.54 p.m.

**Item 4 40-406 - Ministry of Education - Post - Secondary/Tertiary Education - \$77,303,817**

**Ms. Teixeira:** I would like to ask the Hon. Minister if he could please advise us on the salary increase that was given and for how many persons, at both the University of Guyana's Tain and Turkeyen campuses? Could he please explain what the one-off tax free payment is? Could he also explain when was this issued? In other words, when was he made aware that there would be a payment required on this? Sir, I believe that my question is for the Minister of Education.

**Minister of Education [Dr. Roopnaraine]:** The salary payment was, I believe, in December. It was based on agreement with the union. It was a one-off bonus.

**Mr. Chairman:** Hon. Members who are on the floor may want to be careful about their cell phones being too near to the microphones. That causes a feedback. Please proceed Hon. Member.

**Ms. Teixeira:** Mr. Chairman, I believe that problem is over on that side of the House, not on this side. The Hon. Minister said that this provision for the salary increase and one-off payment was done in December 2015. However, I heard from another source that this was a one-off payment given to me and everybody else. If that was the case that was during October 2015 and it was in the budget of 2015.

The problem with asking questions is that the Hon. Members do not allow their own ministers to speak; they would keep interrupting their ministers. I do not know if they do not have confidence in their ministers.

I would like to ask about the \$77 million increase for the workers of University of Guyana because I am reading in the newspapers that the University of Guyana has run out of money and may collapse, according to some newspapers. Could the Hon. Minister say how many persons at the University of Guyana received their salary increase and which were the unions that negotiated? Remember it is not the teachers union that represents the workers of the University of Guyana, so I would like to hear the Minister. Was it negotiated or was this automatic, based on the budget passing in 2015?

**Dr. Roopnaraine:** As far as the details of the payments and the people to whom it was made, I undertake to provide this information in writing for the Hon. Member.

**Ms. Teixeira:** Again, was this as a result of negotiations with the unions and which unions? Or was it in response or reaction to the budget measures that were brought in 2015?

**Dr. Roopnaraine:** First of all it is the University of Guyana Workers Union and I believe it would have been the result of a negotiated settlement.

**Ms. Teixeira:** Can the Minister advise us in what way was this unavoidable and unforeseen? As we are aware, in Budget 2015, as in all budgets, there are provisions made for salary increases and other provisions.

**Dr. Roopnaraine:** I do not want to give a flippant answer to the Hon. Member and I am really not in a position to say, seriously, why it was considered a matter of urgency.

*Item 4 40-406 Ministry of Education – Post-Secondary/Tertiary Education –\$77,303,817 agreed to and ordered to stand part of the Schedule.*

*Assembly resumed.*

**Mr. Chairman:** Hon. Members, we have had quite a number of gaps in our proceedings this afternoon in the time we spent on our proceedings. We are now at 5 o' clock. We can take the break at this time and return at 6 o' clock.

*Sitting suspended at 5.01 p.m.*

*Sitting resumed at 6.07 p.m.*

*Assembly in Committee of Supply.*

**Mr. Chairman:** We will continue our consideration of the Schedule of Supplementary Provisions 2015.

**Mr. Rohee:** Mr. Chairman, all five of these heads address the question of Operational or Exercise Greenheart. We could deal with them one by one, per head or we could deal with them all as one. I would prefer to deal with them per head.

**Mr. Chairman:** You will proceed that way Hon. Member? Then you would allow me to refer to the others and we will invite members to consider them in that way. If Members have no objection to the proposal, then we would consider them all.

**Mr. Rohee:** Thank you.

**Item 5 53-531 – Guyana Defence Force – Defence and Security Support – \$10,000,000, \$60,000,000, \$120,000,000, \$100,000,000 and \$120,000,000**

**Mr. Chairman:** Hon. Members, you may address these items, since I am given to understand that they are all part of expenditures involved in Exercise Greenheart. Hon. Members may be free to range on them. We will take them all together after you are through with your observations on them.

**Mr. Rohee:** Chart of Account 6255, which calls for a provision of \$10 million to offset expenses for security lighting at the training area and maintenance of a swimming pool. I would be pleased if the Hon. Member, and I supposed that it is Minister Lt. Col. (Ret'd) Harmon, I hope that I am directing the question to the appropriate Minister Mr. Chairman. The security lighting area, would the Hon. Member wish to inform the honourable House of the location of this specific area that had to be provided with lighting as a training area?

**Minister of State [Lt. Col. (Ret'd) Harmon]:** This is Camp Stevenson, Timehri. That is the general area where the lighting had to be acquired for and the swimming pool is a part of that area.

**Mr. Rohee:** Mr. Chairman, since this exercise was undertaken in October 2015, according to the records, it would appear, if I could hazard a guess, that this sum of money should have been

included in the 2016 Budget. The unavoidability and *unforeseenness* of the lighting facility is something that should have been rectified long before, in the view of the security consideration, whether there is training or no training at that location.

6.15 p.m.

I would like for the Hon. Member to assure the honourable House that this particular camp, given its importance for the Guyana Defence Force (GDF), is an area that must be, at all times, given the necessary security considerations and not only for training and operations such as operation Exercise Greenheart.

**Lt. Col. (Ret'd) Harmon:** I must say that, when we try to disaggregate security and security matters, there can be a sort of piecemeal approach. These are all issues related to the preparation of the GDF for territorial integrity and sovereignty matters. The expenses came out of an assessment of the threat to the security of the State, particularly as it relates to our western border and the response of the GDF, based on that assessment which was made. All of these expenses are not ordinary and routine. They were considered to be urgent and necessary at the time the expenditure took place.

In answering the question of the learned Friend, the Hon. Member, Mr. Rohee, yes, I agree that there should be proper lighting at all military facilities. I am assured that, once these matters come up, we can be assured of the Opposition's support for them. Next time around, a different type of lighting such as Light-emitting Diodes (LEDs) will be looked at and some of it may come up very soon. I am assured, by the statement of the Hon. Member, that his concern for security is the same as that of the Government and we look forward to his support on these matters.

**Mr. Rohee:** I thank the Hon. Member for taking that approach because that is precisely the approach I wanted to encourage him to take.

Since that is the approach that the Hon. Member wishes to take and, as you agreed we would, if I may say, roam widely with respect to the various heads in addressing the request for the resources, could the Hon. Member tell this House how many ranks and officers were involved in Exercise Greenheart?

**Lt. Col. (Ret'd) Harmon:** The Hon. Member is a former Minister of Home Affairs and I am sure that he is aware that, for certain matters, we do not deal with numbers because there are security issues. If, in fact, the Hon. Member would like to have the figures, I am prepared to give him a note or something in writing with respect to what the numbers were. I prefer that it not be made a matter of public record. It is available and can be handed over immediately.

**Mr. Rohee:** I get the impression that the Hon. Member would not wish to divulge but to share the information with me privately. I have two pieces of information in my hands, one is titled, “*GDF is a jungle force to be reckoned with*”; *President says investors will be protected from Venezuela* and the other is *GDF successfully completes Exercise Greenheart*.

The numbers are mentioned here, Mr. Chairman. I was seeking merely to corroborate what is in the piece rather than quoting it first. If the Hon. Member wishes to corroborate what has been said, it states that 54 officers and 694 ranks were involved. I did not want to quote these figures like this because the Hon. Member may have been uncomfortable. I would wish for the Hon. Member to either confirm or deny that the numbers issued in the *Stabroek News* dated 27<sup>th</sup> October, 2015 are incorrect or correct. I am not asking for a precise number.

**Lt. Col. (Ret'd) Harmon:** It is within that ballpark. As I said, I can give the Hon. Member the precise numbers if he so requires. Sometimes the reporters print what they think they heard and sometimes the numbers are mixed up. I would prefer to deal with the factual situation and provide it to the Hon. Member rather than respond to a report that was issued in the newspaper.

**Mr. Rohee:** Chart of account 6264 – Vehicle Spares ad Service: The question of \$60 million being requested to ensure the maximum serviceability for operational readiness of the Guyana Defence Force’s fleet of vehicles in order to acquire expected results... I would like for the Hon. Member to tell the honourable House whether the expected results were indeed achieved *vis-à-vis* the maximum serviceability of the vehicles of the military that were used during the Exercise?

**Lt. Col. (Ret'd) Harmon:** The serviceability of the fleet was to prepare the vehicles for the rough terrain. When they are prepared for the rough terrain and they are taken to the terrain, when they are brought out, they must be serviced again. It was for, basically, two different types of servicing and two different sets of moneys that had to be spent. I am sure the Hon. Member

would have been in the hinterland with vehicles on political outreach activities and would know that these are things that happen. Particularly, when military operations are being dealt with, the vehicles are subjected to a more rigorous type of activities. What I would say is that this sum of money that was spent did provide us with the level of serviceability that was required for the exercise. Certainly, the understanding that I have from the GDF was that it would have preferred to have a little more, but it was able to live with what it had.

**Mr. Rohee:** I would like to acknowledge the Hon. Minister's admission that the movements of the Opposition Members', particularly the General Secretary of the People's Progressive Party (PPP), movements are being monitored by the Government as we once did of them when they were in Opposition.

In respect of chart of account 6265 – Other Transport, Travel and Postage - where a total amount of \$120 million is being requested, reference is made to the hiring or rental of aircraft as well as sea and land transportation. Could the Hon. Member tell us from which company the aircrafts were leased or rented, give a breakdown of the cost of the aircrafts that were rented and over what period of time as well as that of the sea transportation? We were already told about the land transportation so I would not explore that further, since they were all related to the same Exercise Greenheart.

**Lt. Col. (Ret'd) Harmon:** These are major troops carrying aircraft – the Y-12 and the Skyvan. The fact is that those two aircrafts were unserviceable at the time when the Exercise was being conducted and there are three phases of an exercise when vehicles and aircrafts and matters of such nature are being hired. The first phase has to do with the preliminary reconnaissance of some of the exercise areas and that will require the movement of aircraft before the exercise itself. During the course of the exercise, troops are required to move with their kits and equipment into certain points at certain locations and to be brought out after the exercise. These are capabilities which we prefer to reside within the GDF. Since we are not a very rich or wealthy nation, then we must use what we have to defend ourselves against any form of aggression. I would say that the aircrafts, without specifically going into the particular companies, were rented from private operators operating in Guyana. They were, basically, tested by the Guyana Defence Force for the capability of landing at certain airstrips and so on. That is the explanation.



I think you did address the fact that land transport was dealt with already.

The sea transport had to do with the hiring of boats that would have taken the troops from one point to another. I am not in the position to give you the specific names of the operators, but I can say that they were all private operators certified to operate within Guyana and to fly aircraft from one location to another.

**Ms. Teixeira:** Chart of Account 6292 – Dietary: There is \$100 million more. Could the Hon. Minister say whether the troops were inline so that they were being fed all meals to have incurred such an expense?

*6.30 p.m.*

Certainly, in the Budget for 2015, you budgeted almost \$1 billion dollars for Dietary. Some people would get all their meals and others would get their meals part time; they would go home and eat certain meals. You did not hire more soldiers, as far as we know; it was the same number. **[Mr. Patterson: Recruit.]** I meant ‘recruit’; the word “hire” is wrong. Do not jump and start getting excited, Mr. Patterson. Mr. Chairman, I ask for your protection. We are not aware that additional troops or soldiers were recruited. Therefore, could you explain this rather sizeable increase in meals? This is just dietary supplies. We understand that you would have additional costs to take food to people in the Interior or wherever they are located. There would be costs involved but that is covered under transportation and other heads. This is only for three months. \$1 billion dollars was provided for the whole year and \$100 million in addition; that is just for three months. Could you help us see why there is this major increase?

**Lt. Col. (Ret’d) Harmon:** Yes, I can. Mr. Chairman, the soldiers are usually confined before the operation. I believe we use the term ‘inline’ for police ranks and persons of that nature. They are engaged in tactical exercises - chutes – without troops which basically take them on a model-type exercise of the real area. So, in fact, there is a certain period of confinement even before they actually go on the actual operations. Yes, there was a period of confinement. Additionally, while we did not increase the number of soldiers, because the soldiers were required to go in the fields, we had to recruit militia men to take their positions in the static positions in the bases. While we could not say that we increased the size of the Army, what we did was to inline or confine militia men who took up the responsibility for the security of the bases while these

operational troops were in the exercise area. So, there was, in fact, an increase in numbers and that would have necessitated an increase in the dietary expenses.

**Ms. Teixeira:** Thank you, Minister. Could you advise us as to how militia men are distinct from soldiers? Are these persons from the Guyana People's Militia or reservists? Could you explain how many were additionally recruited?

**Lt. Col. (Ret'd) Harmon:** For want of a better explanation, these are part-time soldiers. They are persons who are trained but are not brought into the regular Force on a regular basis.

**Ms. Teixeira:** Are these reservists?

**Lt. Col. (Ret'd) Harmon:** They are utilised as reservists when necessary for these exercises or for when they are brought into confinement for operations, so we would have had to take on additional reservists for the purpose of these exercises. Additionally, there are militia men across the country because they are responding to a threat to the nation. They are responding to a threat to national sovereignty so, while the exercise would have been conducted in one area, we had to have militia men confined and enlisted to take care of security in all of Guyana. Over that period of time, you would have seen movement of militia men not only in the exercise area, but in other parts of the country. That is all part of that mobilisation and augmentation of our Defence Force in the event of an emergency. So, it is really bringing militia men who are not full-time, regular soldiers up to a certain point during the course of an emergency, during the course of an operation, and you keep them there while the operation is going on and then demobilise them when it is finished. There was an increase in numbers and, therefore, this is what necessitated the increase in dietary expenses.

**Ms. Teixeira:** I was a former member of the Guyana Defence Board and I am familiar with some of the figures and numbers on the reservists. When you said that you took on the reservists, many of them are people who have jobs in the country already; they are doctors, *et cetera*. So, I find it difficult to imagine that some of those people, who I am familiar with, having been on that list, would have taken up static positions in bases. For the militia men who you are talking about, are they from the Guyana People's Militia or is this is a new cadre that you call militia men that you bring in, train and send off but they are not exactly reservists? What I am trying to do is to

find out whether they are reservists in the true sense of the word or if they are a new category that the Government has brought in.

**Lt. Col. (Ret'd) Harmon:** They are members of the Guyana People's Militia. That is the designation of those persons.

**Mr. Rohee:** Under Chart of Account 6294 – Other, mention is made of medical services for the ranks and officers who were part of Exercise Greenheart. Could the Hon. Minister explain, in greater detail, what the nature of the medical services was that had to be paid for, and I assume by logical extension, extended to the ranks and the officers who were involved in this Exercise? Were they there simply just in case? If they were there just in case, maybe the Minister could clarify whether it was the same cost, contracted or otherwise, just for them to be there in case anything happened or whether there was any incident that required the medical services being used by the ranks during the Exercise.

**Lt. Col. (Ret'd) Harmon:** On these exercises, it is catered for that there would be an increase in the levels of casualty and injuries of soldiers as concerning the exercise. So, there would have been an increase in the purchase of medical services. There would have been an increase in the provision of medical tents and these things for the exercise. Additionally, there would have been expenses connected to soldiers who might have been injured on the exercise. We provide for that. As a general rule, we basically provide for at least 10% of our soldiers who are on training and so on. So, when we are budgeting, preparing for this, those are the sorts of figures we look at.

**Mr. Rohee:** On the same Chart of Account 6294 – Other, could the Hon. Minister provide two clear and specific answers to this honourable House? First, was this Exercise an offensive or defensive exercise? I ask this question because, following the reports about the Exercise, one got the impression, on one occasion, that it was defensive and, on another occasion, that it was offensive. Would the Hon. Minister, through you, Mr. Chairman, wish to clarify this reporting from the official standpoint?

Finally, could the Hon. Minister assure this House, on Thursday, 30<sup>th</sup> June, 2016 at 6.35 p.m., that the Guyana Defence Force (GDF), following this Exercise, is ready and able to defend every square inch of this nation? Also, is the Hon. Minister of Foreign Affairs equally convinced that

the military is fully and readily prepared to defend this nation at any given point in time, following the completion of this Exercise?

**Lt. Col. (Ret'd) Harmon:** The Guyana Defence Force is what it says: it is a defence force and it was created to defend the territorial integrity of Guyana. These exercises, by and large, are exercises that involve the defence of Guyana but, in every exercise, there are different phases. There is the aggressive phase of the exercise, which is the offensive; there is the defensive phase and there are also phases of retreat and reorganisation. In every exercise, we actually train for an operation in different phases. To answer you specifically, these exercises are, by and large, the defence of Guyana but involve different phases in an operation. There are offensive phases and defensive phases, so, in any particular exercise, there will be both phases as the case might be.

Secondly, I believe that the Guyana Defence Force is trained and equipped, based on the capabilities which have been given to them by this honourable House, to perform and to defend the territory of Guyana. The defence of Guyana does not only have to do with the Guyana Defence Force, but by all of us. It involves our diplomats who have to define aggression overseas; it involves our ranks at the border; it involves policemen; it involves all Guyanese citizens, including politicians. So, we see the defence of Guyana as a total national defence, involving all of us. And the resources which this National Assembly can give to the Army as the sharp point, as the cutting edge of our defence, we should spare no effort in giving it to them. This is what I would like to say.

**Mr. Neendkumar:** Chart of Account 6255 – Maintenance of Other Infrastructure; since we are talking about maintenance and training of officers: Could the Hon. Minister tell us how many certified lifeguards are in the Army?

**Lt. Col. (Ret'd) Harmon:** I could answer that on another occasion. It is not information which I do have now at my disposal but we do train particularly the ranks of the Coast Guard. All of them are trained to deal with issues in the water. I do not know if you are talking about training in a swimming pool for lifeguards but, certainly, the Army, the Coast Guard, in particular, and the ranks in the Infantry who have to deal with crossing water and crossing water obstacles are prepared and trained for that.

*6.45 p.m.*

If you are speaking about a specific type of training for lifeguards who utilise the swimming pools, I would not be able to give you that. But what I could say to you is that an element of the training of the ranks of the Coast Guard and the training of the Infantry soldiers is training in lifeguard type skills and crossing water obstacles with different types of equipment.

**Mr. Neendkumar:** I accept the Minister's explanation, but I am saying that, from my experience, in this country, we only had certified lifeguard training about 2 years ago. I am urging that we need to have certified lifeguards in the Army. I am quite certain that we do not have internationally certified lifeguards.

*Item 5 53-531 – Guyana Defence Force – Defence and Security Support – \$10,000,000, \$60,000,000, \$120,000,000, \$100,000,000 and \$120,000,000 agreed to and ordered to stand part of the Schedule.*

**Item 6 54-543 - Ministry of Public Security - Prison Service - \$13,600,000**

**Mr. Hamilton:** Mr. Chairman, could I seek the Minister's answer? I could understand the prices of vegetables increasing due to the dry season. Could the Minister explain how the price of milk and meat relate to the dry season?

**Vice-President and Minister of Public Security [Mr. Ramjattan]:** The prices that caused the accumulation of the need for the supplementary provision included the rise of milk, meat, vegetables and all the other things listed. I have no explanation as to whether meat, milk and the other Human Immunodeficiency Virus (HIV) requirements, necessarily, were due to the dry season, but those were what my advisors indicated caused that \$13.6 million. Let us not be ridiculous here.

**Mr. Hamilton:** Mr. Chairman, there is an explanation that there are also special dietary needs for inmates who have chronic diseases and HIV and the Acquired Immunodeficiency Syndrome (AIDS). Could the Minister advise whether there is an increase of persons in the prison population, who have chronic diseases, and whether there is also an increase of persons who are afflicted with HIV/AIDS within the prison population?

**Mr. Ramjattan:** These were increases in relation to their dietary needs. I am in no position to say, during that period, the latter part of the year, whether there were more inmates with chronic diseases and HIV/AIDS, but I could provide you with that from the doctor at the infirmary.

**Mr. Rohee:** Mr. Chairman, what I discerned from the justification or the remarks for the sum of \$13.6 million, the increased prices, was that this is a reflection of the increase in the cost of living. If you are buying these commodities for the Prison Service, they are the same commodities that ordinary people would have to purchase on the market and this, therefore, is an admission that the cost of living has increased significantly and, therefore, the cost to purchase these items reflect that of the Prison Service.

Could the Hon. Minister say when the Ministry of Public Security and the Guyana Prison Service would bring to the requisite level the food and dietary sufficiency of the prison, with respect to the agricultural development of the Guyana Prison Service? Money has been provided for the Guyana Prison Service, in the last two Budgets, 2015 and 2016, to improve the agricultural production of the Guyana Prison Service so that this situation would be avoided. The Guyana Prison Service has the capacity, with due respect, to produce milk, meat and vegetables.

How many inmates do they have in this category of those who may be suffering or are suffering from chronic diseases like HIV/AIDS? I heard the Hon. Minister tell my Colleague that he does not have the numbers. I would have assumed that the Minister should have been prepared and should have been armed with the necessary statistics to answer the question. To come to this House and tell us that he does not have them I consider to be unacceptable, to put it very mildly. The Hon. Minister does not know what we are going to be asking and, therefore, he has to come prepared with the data. Incidentally, Mr. Chairman, if you may indulge me, the Hon. Member, during the Budget debate, gave this House a number of assurances that he would be providing information. He never provided anything.

We, on this side of the House, deserve to know, since the Minister is asking for public funds and also from a humanitarian point of view, how many inmates in the prison, at this point in time, are suffering from chronic diseases as well as HIV/AIDS. We do not need to know the names; we just need to know the numbers so that we could do our own, further, internal examination of the numbers and the sum that are being asked for.

Could the Hon. Minister tell this House whether the recent Report from the Commission of Inquiry (CoI) into the incidents at the Guyana Prison Service makes any specific recommendations in respect of how to address the numbers in the prison and how to address this question of prisoners suffering from chronic diseases like HIV/AIDS and how to address the question of dietary? Since we do not

have the Report at our disposal - it has not been published on the internet and it has not been published on the Ministry of Public Security's website... I do not know if it has been presented to the Hon. Speaker, but we do not have a copy of the Report, and I would wish to use this opportunity, through you, Mr. Chairman, to request that each Member of this House be provided with a copy of the Report by the Commission of Inquiry on the recent occurrences at the Guyana Prison Service so we could be better equipped to deal with questions of this nature in the future.

My three questions remain the same as well as the request for the Report of the CoI that was recently conducted.

Thank you, Mr. Chairman.

**Mr. Ramjattan:** Pertaining to the last question, yes, indeed the Report will be laid, I am certain, at the appropriate time. The appropriate time will depend on what the Minister claims. I will make that decision. All the questions the Hon. Member asked pertaining to that Report will be answered when he reads that Report.

Secondly, in relation to how many HIV and chronic diseases cases exist, I will give an answer to that after I get the information from the doctor at the infirmary. I rather suspect that the Hon. Member might have had the answer because he had been there long and because of what last year had started with.

In relation to the other cost of living, indeed, there was an increase in the prices of meat, milk and vegetables in the period that we are talking about, but also, as explained here, there are 106 more prisoners who were added to that list for that year and they were having three meals per day for the entire year. That also helped to increase the expenses to \$13,600,000.

**Mr. Hamilton:** We note that \$90 million was budgeted for dietary for prisoners, and there is a supplementary provision of \$13,600,000. We are told, in the remarks column:

“To offset shortfall...dietary items such as milk, meat and vegetables...”

*7.00 p.m.*

How does the Minister respond to what is highlighted here by him and to what was highlighted by prisoners who have indicated, publicly, that they are not participants in the things you have outlined. How do you respond to that? The prisoners have said that the meals are atrocious.

Sometimes, it is rice, rice and more rice - rice pop and rice stew. That is what they said at the Commission of Inquiry (COI). We were told that some \$103.6 million was spent. We were told that some of the items for prisoners are milk, meat and vegetables. How do you respond to the fact that prisoners have said that they do not participate in any of the things you have mentioned?

**Mr. Ramjattan:** I have absolutely no response to that question and I have nothing further to add.

**Mr. Rohee:** Mr. Chairman, the Hon. Member did not answer one of my questions. The specific question I asked was: what is being done at the Guyana Prison Service (GPS), through the Ministry of Public Security, to increase the agriculture production of the prisons in order to ensure that this problem is not faced? There is the capacity to produce these things at Mazaruni. What is being done?

Finally, could the Hon. Minister inform the Committee or be even more positive and assure the Committee that cooking with firewood at the prisons will be done away with under his watch so that the meals and the dietary for the prisoners would be better prepared?

**Mr. Ramjattan:** We are in the process of getting some estimates in relation to doing away with the use of firewood in the kitchen. The trouble is that we have to get some more space for the gas frons, *et cetera*.

In relation to getting provisions for self-sufficiently by the prison, we have plans for the extension of the Mazaruni and Lusignan farms and the other areas where prisons are. We are working on those, but there will not be complete self-sufficiency by the prisoners for all their dietary needs. We are working on what could be provided to ensure that it is substantial enough.

*Item 6 54-543 – Ministry of Public Security – Prison Service - \$13,600,000 – agreed to and ordered to stand part of the Schedule.*

**Item 7 72-722 – Region 2: Pomeroon/Supenaam – Agriculture - \$11,000,000**

**Mr. Croal:** There are two categories of expenses stated, one for trench cleaning and the other for the procurement of marine rope. Of the \$11 million, could the Hon. Minister give the split? Secondly, in light of the nature of expenses for supplementary, which has to be unavoidable as



well as unforeseen, and in light of all regions having received various allocations, could the Hon. Minister explain the emergency for the procurement of rope?

**Minister of Communities [Mr. Bulkan]:** With respect to the split of the sum of \$11 million for the trench cleaning and for the rope, unfortunately, I do not have that breakdown at this moment. I can undertake to provide this to the Hon. Member before the next sitting.

With regards to why this particular cleaning was undertaken after the approval of the budgetary allocation in the 2015 Budget, I do not think that I need to remind Members of this honourable House of the peculiar and particular circumstances under which the 2015 Budget was prepared in the second half of last year. The drainage and irrigation (D&I) works which were done in Region 2 for the quantity and the volume stated here, was considered to be necessary by the Regional Democratic Council (RDC) and, I may add, to be unforeseen and unavoidable.

**Ms. Teixeira:** Mr. Chairman, I am a little bit shocked by how unprepared the Government side is for the consideration of this Financial Paper. I have never sat through the consideration of any supplementary financial paper in this House where colleague ministers were unprepared. The Ministers have no technical people with them and they cannot answer the questions. This has never happened before in this House. The issue of whether the expenditure was unforeseen and unavoidable, Hon. Minister of Communities, goes to the issue of a debate that took place previously, a couple of hours ago, which dealt with how these matters were treated with in the 2015 and 2016 Budgets. Their inability to answer questions is not fair.

Mr. Chairman, I may be out of order but the Government Ministers of this House are accountable to the taxpayers. The Opposition puts questions on behalf of the people and the Government has its supporters asking it questions too. These are simple questions being asked and the Ministers are totally unprepared. It is almost as if there is a level of arrogance – we do not have to answer you in the Opposition. That is the attitude we are feeling from some of the Ministers. It is as if they do not have to account to anybody. This is really unacceptable. Region 2 was won by the People's Progressive Party (PPP). We have a right to ask about the extenuating circumstances that caused the expenditure in December, 2015 not to be included in that year's budget.

The Hon. Minister has confused this Committee. It is because the Budget of 2015 had two parts. Sir, you would remember the agony we went through which caused us to go until 4.00 a.m. or

5.00 a.m. We went through each head, which was from January to June or August, 2015 and then from September to December, 2015. Some of the figures in this Paper are not even correct. In the column “Voted Provision”, it only deals with August to December, 2015. It leaves out the January to August, 2015 allocation, which we passed in this House. The Bill that was passed in this House was one Bill with the split budget. When the Minister answers in this way we have to get irritated. We are not fools sitting on this side of the House.

I will give you an example. It is the most recent. When we dealt, earlier, with the Ministry of Public Security, the \$90 million under the “Voted Provision” is for the period September to December in the Budget of 2015 only. Do you know what the real figure is? The total of what was put from January to August, 2015 in addition to the \$90 million, which was the allocation for September to December, 2015, is \$325 million. What the Minister brought is only the allocation for August to December, 2015. The budget that was passed in 2015 was one budget; one Bill called the Appropriation Bill was signed by His Excellency the President.

*Mr. Ramjattan stood.*

**Ms. Teixeira:** You did not prepare the finance; sit down.

**Mr. Ramjattan:** Are we having an address? The Hon. Member cannot do that. *[Interruption]*

**Ms. Teixeira:** The Hon. Member, Mr. Bulkan, triggered me to raise these issues.

**Mr. Chairman:** Hon. Member, Ms. Teixeira, you did say that you might be out of order.

**Ms. Teixeira:** I am not out of order but I will accept your ruling.

**Mr. Chairman:** You did say you might be out of order. What I would suggest is that you stay within the confines that you know you should stay within.

**Ms. Teixeira:** Okay, fine. I just gave the figure, which I know.

Mr. Chairman, I know that the Hon. Ministers did not prepare this. These documents emanate from the Ministry of Finance. Even when our side was in government, many ministers used to be surprised at the remarks that were written in the columns. Many times Mr. Greenidge, who was on this side of the House, use to lick us upside down for the descriptions in these columns.

However, the question to Minister Jordon is: regarding the Supplementary Financial Paper, in the Head that we have just finished – I am using the Ministry of Public Security as my example – why do the figures in the “Voted Provision” column not refer to the entire 2015 budgetary provision? Why is it only for three months? Then, you bring a three-month unavoidable, unforeseen Supplementary Financial Paper. Why?

**Mr. Damon:** Mr. Chairman, I have seen \$11 million in the Supplementary Financial Paper for Region 2, Agriculture and, of course, drainage and irrigation. Were these moneys spent for the purpose stated here or for play parks?

**Mr. Bulkan:** Mr. Chairman, the answer is that the moneys were spent for the former and not for the latter.

**Mr. Damon:** A follow-up question, Sir. Are you aware, Hon. Minister, that many times moneys reach Region 2 for one purpose and ends up being spent for another purpose by your Regional Executive Officer (REO)?

**Mr. Bulkan:** Mr. Chairman, I believe that we are dealing with a supplementary provision of \$11 million.

**Mr. Damon:** This is what is happening there. I am you asking a question. Please answer.

*7.15 p.m.*

**Mr. Croal:** Mr. Chairman, please allow me to make a comment.

**Mr. Chairman:** Are you asking a question, Mr. Croal?

**Mr. Croal:** Yes. It is in response to the Hon. Minister.

**Mr. Chairman:** If you are asking a question, please go ahead and ask the question.

**Mr. Croal:** Chart of Account 6253- Maintenance of Drainage and Irrigation Works: May I remind the Hon. Minister that the request for supplementary goes through various forms. The Hon. Minister would have informed us that the request came from the RDC. That is correct. But there is a form that is filled out when the requests come from the regions or whichever Ministry

and it is signed by the respective Hon. Minister and then forwarded to the Ministry of Finance. The Minister of Finance would do the necessary approval.

So for the Hon. Minister to state... [Ms. Charles-Broomes: What is the question?] I am coming to it. For the Hon. Minister to state that he cannot give the breakdown or even the split, not even too much detail, of the \$11 million which was spent between the purchase of the ropes and cleaning does not hold any water because the information would had to have been on that request form.

*Item 7 72 – 722 Region 2: Pomeroon/ Supenaam – Agriculture - \$ 11,000,000 agreed to and ordered to stand part of the Schedule.*

**Item 7 73 – 731 Region 3: Essequibo Islands/West Demerara – Regional Administration and Finance – \$3,050,560**

**Mr. Croal:** Firstly, could the Hon. Minister provide, for us, the locations for these additional guards? Secondly, there are, generally, never enough guards within the regional system because of the contractual sum involved. Therefore, could the Hon. Minister explain what was unavoidable and unforeseen in the need for the 17 additional guards under Regional Administration and Finance? Thirdly, when was this advertised or was this on the existing contract? Could the Minister provide some information on the company that provided the security service?

**Mr. Bulkan:** Mr. Chairman, the original number of guards that was catered for at the various locations under this chart of account was 14 guards. It was considered necessary to add one extra guard each at three locations, these being the REO's residence and the Leguan and Wakenaam Sub-Offices. So, there were three additional guards, bringing the total to 17 guards. [Mr.

**Nandlall:** How was that unforeseen?] It was considered necessary to beef up the security at these three locations.

**Bishop Edghill:** Under the same chart of account 6281 – Security Services, the Hon. Minister just told us that the provision was for three additional guards. This has caused great concern. If an additional \$3 million is being sought for three guards and 14 guards were being paid...We need to find out if it was at the same rate and what the name of the company is.

**Mr. Bulkan:** The information that I have is that for these three guards, the \$3 million in question was for the period of January to December, 2015.

**Bishop Edghill:** Thank you very much. That makes the point. The Minister just told this Committee that this is a payment for guards from January to December, 2015, but this Supplementary Provision is for expenditure which was incurred between 1<sup>st</sup> September and 31<sup>st</sup> December, 2015. The Minister is admitting to this Committee that this Paper is out of order. It is because he has just told the Committee that this payment, which he signed off on, requesting the supplementary was for the entire year and not for the period. *[Interruption]*

*Mr. Chairman hit the gavel.*

**Mr. Chairman:** Hon. Members, we must move along.

*Item 7 73-735 Region 3: Essequibo Islands/West Demerara – Regional Administration and Finance - \$3,050,560 agreed to and ordered to stand part of the Schedule.*

**Item 8 73-735 Region 3: Essequibo Islands/West Demerara – Health Services - \$1,500,000, \$3,000,000**

**Bishop Edghill:** Could the Hon. Minister tell this Committee which dates the three additional health facilities in the region became operational?

**Mr. Bulkan:** The supplies for which the approval of \$1,500,000 is being sought are for Mocowra, the Neonatal Unit at the West Demerara Regional Hospital (WDRH) and the Tuberculosis (TB) centre at the West Demerara Regional Hospital. I believe that these facilities became operational after the approval of the 2015 Budget.

*Item 8 73-735 Region 3: Essequibo Islands/West Demerara – Health Services - \$1,500,000, \$3,000,000 agreed to and ordered to stand part of the Schedule.*

**Item 9 78–784 Region 8: Potaro/Siparuni – Health Services - \$3,427,933, \$3,225,200**

**Mr. Hamilton:** Could the Minister indicate to the honourable Committee how many patients were referred? Secondly, from which facility were they referred? Thirdly, was there an increase in the number of patient referral over the preceding year?

**Mr. Bulkan:** The area from which the patients were referred was the sub region 1 in Region 8. The expenditure catered for flying patients out from the sub-region to the coast.

*7.30 p.m.*

I think that it is self-evident that emergencies of this nature would be unforeseen and, therefore, it went beyond the budgetary allocation, hence the need for the supplementary provision. With regards to the actual number of patients, I can provide that information, subsequently, to the Hon. Member.

**Mr. Hamilton:** There is a question that the Minister did not answer. Was there an increase in the number of referrals over the preceding year? Were more persons referred from sub region 1 or 2 in Region 8 to Georgetown in 2015 than in 2014?

**Mr. Bulkan:** As I said, I believe that it is fairly self-evident that the sum that was spent was greater than that which was allocated in the 2015 Budget. So, it is a question of referrals and these are not necessarily things that can be anticipated or foreseen in every case.

**Mr. Hamilton:** Mr. Chairman, how difficult is it to say to this Committee...Some \$9,100,000 was the voted provision. Then, there was an increase. The Minister has come to ask the National Assembly to sanction on \$3.4 million and the Minister cannot say how many patients were referred. If the Minister is unable, I am sure that his Colleagues, the Minister of Public Health and the Minister within the Ministry of Public Health, could advise us so that the National Assembly would be informed. The second question that he did not answer is: was there an increase, over the preceding year, in the number of patients who were referred? Again, the Ministers of Health would know that that is an issue that they are grappling with and try to minimise it. These are simple questions that are important and should be answered. How was the money spent? How many patients? How difficult is that for you to answer? That is unless you did not come prepared.

**Mr. Bulkan:** Mr. Chairman, the sum of \$9.1 million was provided. It proved to be inadequate and it became necessary to request the supplementary of \$3.427 million for the period in question.

**Bishop Edghill:** Mr. Chairman, could the Minister tell this Committee if the policy of the Ministry of Public Health paying for medical evacuations has changed? That is my first question. It is because the Ministry of Public Health pays for medical evacuations. Secondly, in 2013, \$9.094 million was spent on this line item. In 2014, \$9.1 million was budgeted – the revised figure was \$9.1 million. In 2015, the \$9.1 million was also budgeted. For three months, from 1<sup>st</sup> September to 31<sup>st</sup> December, 2015 we are being asked to approve an additional \$3.4 million. The Minister needs to explain to this Committee what transpired in Region 8 that necessitated this expenditure. What was the disease that people had that they had to come to Georgetown for medical attention? Which villages were they from? Has the policy of the Ministry of Public Health paying for medical evacuations changed?

**Mr. Bulkan:** The information that I can provide at this stage, which is separate and apart from the information that I undertook to provide to the Hon. Member in writing, subsequently, is that the voted provision in 2015 was inadequate and there was increased expenditure related to patient referrals, as provided for in the explanation. This is the sum for which approval is being sought.

**Bishop Edghill:** Mr. Chairman, just to remind you, Sir, this Financial Paper was laid in this Assembly on the 4<sup>th</sup> May, 2016; it is now 30<sup>th</sup> June, 2016, Sir. All of the Ministers had two months to prepare to answer questions on this Financial Paper. They chose not to bring their technical people to assist them with the books and the figures. Are we being asked to accept these answers, Sir? I am asking. This nation was never advised that there was some unforeseen and unavoidable situation, as it relates to healthcare, in Region 8 that warranted an expenditure of \$3.4 million between September and December last year. But this money was spent and we are being asked to give approval. The Minister must explain to this Committee what transpired in Region 8. He is the Minister of Communities; he signed the document for the supplementary. It was not a technical officer who signed it; the Minister signed it and that is why it went to the Minister of Finance.

**Mr. Bulkan:** Mr. Chairman, I do not have an additional answer to provide the Hon. Member at this stage.

**Bishop Edghill:** Chart of account 6292 – Dietary: In 2013, \$5.6 million was spent under this line item. In 2014, \$5.7 million was budgeted; in 2014, there was an increase by a small amount which took it to \$6.3 million. From an amount of \$6.318 million for the entire year, there was an additional \$3.2252 million for the three-month period for the Mahdia District Hospital. It is a 50% increase. The Minister must tell this Committee: what were the health concerns that took place in the region that warranted an increase hospitalisation or in-patient care at the Mahdia District Hospital to have such an impact on the budgetary provision? I have traced the pattern to show that between \$5.6 and \$6 million is adequate for the entire year. Now, we are being asked to approve an additional \$3.2 million which was spent for three months. What were the health concerns in Region 8, particularly in Mahdia, which led to the in-patient care that increased the dietary by this amount?

**Mr. Bulkan:** Mr. Chairman, the concerns that the Hon. Member seeks to make such a big issue over relate to the sum of \$3.2 million and it is to provide for dietary supplies for patients at the Mahdia District Hospital for the period October to December, 2015. I could add that it was to provide for adequate meals and dietary needs for the patients who were seen at that hospital for that period in time.

**Bishop Edghill:** It would appear that the Minister is not cognisant of the fact that there was a budgetary allocation for the entire year - \$6.1million. The Minister just told this Committee that the \$3.2 million was what was required for the three-month period of September to December, 2016. That cannot be correct. It is because the entire appropriation for the year was \$6.1 million. If this is a Contingencies Fund advance, it means that something had to have happened, which was urgent, unforeseen and unavoidable, that required an additional expenditure that led to this. The Minister must tell us what transpired in Region 8 that was urgent, unforeseen and unavoidable that warranted in excess of \$3 million. There was an allocation of \$3 million for bringing people to Georgetown, which is the burden of the Minister of Public Health under his appropriations. Under Dr. Norton's budget, he has adequate money to take care of medical evacuations, but the region has spent \$3.4 million to bring people out. Now, the region has come back to this Committee to ask for approval for an additional \$3.2 million which was spent to feed people at the Mahdia District Hospital. Where were they really treated? Was it in Mahdia or in Georgetown? There seems to be something wrong and the Minister must bring answers to this



Committee. What was unforeseen, unavoidable and urgent? What transpired in Region 8 between September and December, 2015? We need answers, tonight, in this Committee.

**Mr. Bulkan:** Mr. Chairman, the \$3.4 million, as advised, was for healthcare in sub region 1. The figure that we are now looking at – the \$3.2 million – is for expenditure which was incurred in sub region 2 at the Mahdia District Hospital. It is for the period in question, as was stated. It was to provide for dietary and meals for patients, who were seen in sub region 2 at the Mahdia District Hospital for the period October to December, 2015.

**Bishop Edghill:** Mr. Chairman, sorry that I have to go at this again. Could the Minister tell this House what was the percentage of increase of patients that were treated at the Mahdia District Hospital and what was the particular condition that led to the steep increase?

**Mr. Bulkan:** Mr. Chairman, I do not have an answer to that question.

**Bishop Edghill:** It is because there was nothing going on.

**Ms. Teixeira:** Could the Hon. Minister say – I see that the Ministers of Public Health are not speaking and helping him out – if there was an outbreak of Malaria, Chikungunya or Zika? Was there a mild epidemic of gastroenteritis in the area? These are things that could explain. [Ms. Charles-Broomes: It is all of the above.] It is not all of the above. You are not the Minister of Public Health.

*7.45 p.m.*

Hon. Minister, the Hon. Member on my side has said that you had signed those documents which had to go to the Minister of Finance. Are you unconcerned about the 50% increase? Are you not concerned about the sudden increase of in-patients, whether it cost \$20 million, \$3 million or \$500,000 dollars? Are you not concerned that there is a sudden increase of in-patients at the Mahdia District Hospital in three months of 2015? It appears to be because you refuse to provide the information.

**Mr. Bulkan:** There may have been emergencies that could have related to mining accidents or industrial accidents. To the best of my knowledge, there was no outbreak of any of those mosquito-borne diseases that the Hon. Member has referred to.

**Bishop Edghill:** I would like to ask the Hon. Minister if it is normal practice for him to sign a request for a Contingency Fund Advance without having the responsible officer, who is making that request, answer specific questions as it relates to the moneys being sought.

**Mr. Bulkan:** I would like to assure all Members in this honourable House that I would have had to be satisfied before I would have given authorisation to approve those expenditures.

**Dr. Ramsaran:** Noting the steep increase in the hospital occupancy for the last three months, was the Ministry of Public Health pressed into service to address any particular emergent public health threat coming out of these figures?

**Mr. Bulkan:** I maintain that the sum in question is the same as \$3,225,000 and that there was no public health crisis or outbreak in the region, during that period.

*Item 9 78-784 Region 8- Potaro/Siparuni - Health Services - \$3,427,933 and \$3,225,200 agreed to and ordered to stand part of the Schedule.*

## **CAPITAL EXPENDITURE**

**Item 1 05-051 Ministry of Presidency – Policy Development and Administration  
\$48,626,038, \$8,438,072 and \$3,000,000**

**Ms. Teixeira:** Could the Hon. Minister give us a breakdown of the \$48,626,038. How much was spent on furniture and equipment for the Ministry of Presidency; how much was for State House; and how much was spent on the 6,000 solar systems and their installation.

Half of the 6,000 solar systems have been installed. This is an expenditure between September and December, 2015. This is June, 2016. Where have these solar systems been installed?

**Lt. Col. (Ret'd) Harmon:** These solar systems have been acquired. The installation has started at State House. In fact, the intention is to make State House totally green insofar as lighting and all of these things are concerned.

It is the intention to set the standard for the rest of the country, in relation to this type of facility. I would not be able to give the precise breakdown right now to the Hon. Member of what has been spent on each, but I can, in fact, do that for her by tomorrow, if she so desires. What I can

say to the Hon. Member is that the bulk of this money had to do with the purchase of these solar systems.

**Ms. Teixeira:** Is the Hon. Minister aware that the 6,000 solar systems were part of a programme for household solar systems in the interior and Amerindian villages? The 6,000 solar systems were billed or scheduled for acquisition for those purposes, prior to May, 2015.

**Lt. Col. (Ret'd) Harmon:** No, Mr. Chairman. I am not aware of that. These are systems that have been identified for State House.

**Ms. Teixeira:** Six thousand?

**Lt. Col. (Ret'd) Harmon:** Yes. As of May, 2015, that was certainly not the case. We are talking about State House and it is not just one building, but the entire Complex that is called State House.

**An Hon. Member:** Six thousand?

**Lt. Col. (Ret'd) Harmon:** Yes, what is wrong with that?

**Ms. Teixeira:** The Hon. Minister may not have remembered that in Budgets 2013 and 2014, there were provisions for 3,000 solar systems each year, under the Ministry of Presidency that was cut from the budget. These systems were meant for the Amerindian hubs and also for households. When we saw this we thought that it was a continuation.

Could you tell us then if this was meant for the Ministry of Presidency rather than the Amerindian villages and what were the megawatts or the sizes of these solar systems? It is because there were specific ones that were ordered in the previous years that were meant for households?

We are trying to figure out how you will put up 6,000 solar systems in the compounds of the Ministry of Presidency and in State House. It is rather imponderable actually. Could we know the wattage of the solar systems?

**Lt. Col (Ret.) Harmon:** Mr. Chairman, I am not in a position to do that right now, but as I said to the Hon. Member, that information could be provided to the House within 24 hours.

**Ms. Teixeira:** Could the Hon. Minister say what was unforeseen and unavoidable in these expenditures when, in fact, the budget was being brought early in February, 2016? These were expenditures for up to 31<sup>st</sup> December. What was so urgent, unavoidable and unforeseeable that \$48 million had to be spent for these purposes?

**Lt. Col. (Ret.) Harmon:** Mr. Chairman, this had to do with the quality of the buildings and the quality of the facilities which we found in those places like State House and so on. As we keep checking on things, we would discover that when we put up a wall, another wall may collapse or crumble because of termites, *et cetera*. It is basically a situation where we are looking at a building that is almost 100 years old and all of its connections in that regard. I am saying that this expense was unforeseen and that it was necessary, at that point in time, when the expenditure was made.

**Bishop Edghill:** I am going back to Chart of Account 2507900: Purchase of Equipment, the acquisition of solar systems, as indicated by the Hon. Minister of State. I was also of the impression that these 6,000 solar systems had to do with the continuation of the programme of household electrification for interior communities. The Minister is saying that that is not the case. If that is not the case, then the conversation becomes very interesting.

This is a Contingency Fund Advance. Both the Ministry of Presidency and the residence of the President have standby electricity facilities, for example, generators. If we are moving from fossil fuel generation to solar systems this cannot be a Contingency Fund Advance.

The proper way for this Appropriation to be made is by way of coming either for a supplementary or in the budget, whereby we would be moving from fossil fuel standby generating facilities to renewable energy.

I would want for the Minister of State to say what was urgent, what was unforeseen and what was unavoidable in having to go for the purchase of 6,000 solar systems for the residence of President or the Ministry of Presidency.

**Lt. Col. (Ret.) Harmon:** I have nothing more to add to it.

**Bishop Edghill:** You are right; you do not have to give any explanation.

**Lt. Col. (Ret'd) Harmon:** It is not that I do not have to any explanation, but I am not responding to a speech. You asked a question and I answered it.

**Bishop Edghill:** Mr. Chairman, respectfully Sir, I have asked a specific question. If the Minister is saying that he does not have anything further to add, that is fine. I made the point that both the residence of the President and Ministry of Presidency are in current receipt of standby electrification, in case there is a blackout, by way of using fossil fuel generated.

If you are moving from fossil fuel generation to renewable energy by way of solar systems, what is urgent about it; what was unavoidable; and what was unforeseen? Those are questions that need to be answered.

**Mr. Chairman:** Hon. Members, I think that, if we are asking questions, we must address the questions.

I think the Hon. Member, Bishop Edghill, would agree that his questions are rather lengthy because they are accompanied by speeches. What could happen is, a Member or a Minister to whom you have addressed a question may not be disposed to deal with all that you said, as all of it may not fall in the realm of questions?

Hon. Member, Mr. Ganga Persaud, I do believe that the Chair does not need your assistance. I believe that you should remember that you disturb the Chair when you do that. I do not wish to call you on it.

If I may continue, I am saying to all Hon. Members, if you will be asking questions, then do so, but save the House the speeches. That is a suggestion.

*8.00 p.m.*

**Bishop Edghill:** Sir, I would like to have an answer to a question. What was urgent, unavoidable and unforeseeable about the acquisition of 6,000 solar systems for the office and residence of the President?

**Mr. Chairman:** Hon. Member, I understood the Minister to say that he has answered the questions that you had asked but he will not answer speeches.

**Bishop Edghill:** He did not Sir. Respectfully, I corrected myself, I refrained from any speech and I asked a specific question, based upon your admonition.

**Mr. Chairman:** My admonition Sir? No I did not admonish you.

**Bishop Edghill:** Sir, I thought that that was happening. At least I took it that way, my apologies.

**Mr. Chairman:** Hon. Minister of State is there any other information you wish to share with this House.

**Lt. Col. (Ret'd) Harmon:** No Sir. I think that I have answered the question. I have no more information on this matter.

**Mr. Chairman:** I thank you.

**Mr. Ramson:** Two quick questions to the Hon. Minister, through the Chairman. The first is would the Hon. Minister invite a representative of the Opposition to visit and have a look at those 6,000 systems that have been installed at the stated locations? Secondly, is there a plan in motion to install solar systems in or on the homes of all the residents of this country?

**Lt. Col. (Ret'd) Harmon:** I am not in a position to invite anyone to the State House because that is the residence of the His Excellency the President. I am not in position to issue the Hon. Member with an invitation to the President's residence.

Secondly, the entire greening of Guyana is something that we are embracing and it is being embraced in a major way. It is not just about putting a solar panel on a house, it is basically greening. It involves much more than solar panels, it is an entire solar system that we are talking about here.

Therefore, I would say, Hon. Member that it would be our intention to ensure that all Guyanese benefit from this renewable form of energy, that the reliance on fossil fuel can be reduced significantly and that we benefit from all of the natural elements which we have, that is to say wind, water, solar, and sun.

**Mr. Ramson:** A quick follow-up to that question: Since we have heard the outlining of the policy from the Hon. Minister, can the Hon. Minister please state when would the Guyanese

people be able to benefit from the solar systems distribution that the Government intends to give to the entire nation? Would it be within one or two years, since in excess of \$40 million has been spent on the President's home? Maybe some of the 6000 solar systems could be given to the rest of the country.

**Lt. Col. (Ret'd) Harmon:** I would not speak to the energy policy. I will speak here to the question of expenditures at the Ministry of Presidency and State House. I would not be able to give you the specific details, Hon. Member. There are other Hon. Ministers in this House who are more competent and understand whose responsibility it is to explain to the nation. I am saying to you, with respect to this particular expenditure, that this is what has happened.

**Ms. Teixeira:** Could the Hon. Minister say where the 6,000 solar system are? Are any of them installed anywhere at the Ministry of the Presidency on any building or at State House? I do not need to know the specific building.

Has this policy been communicated to the interior areas? The Vice-President and Minister of Indigenous Peoples' Affairs, Mr. Allicock, has been informing the communities that they would be getting solar systems this year for the computer hubs which had been finished since 2015. Where are the 6,000 solar systems right now? Are they installed, partially installed or in storage? It has been six months since we have bought them.

**Lt. Col. (Ret'd) Harmon:** The systems are in the care and custody of the Ministry of the Presidency. On the statuses of these solar panels, whether they have been installed or not, we will get that information at a later stage.

**Dr. Ramsaran:** Mr. Speaker, thank you for indulging us. Could the Hon. Minister indicate what number or portion of the 6,000 solar systems would be assigned to each of the two named locations?

Secondly, the Legend or the Remarks column indicates that this sum goes towards the installation of 6,000 solar systems. Is this just for the installation? If so, is there an additional sum to procure the solar panels?

The final question: Has there been a technical evaluation of the two locations to equate the output of the solar systems for each? Would they be operating as standby systems or would they be providing power for the two locations on a 24hr basis?

**Lt. Col. (Ret'd) Harmon:** Those were very good questions, but the solar systems are for the Ministry of the Presidency. It is at State House, as I said earlier. That is where the bulk of these solar systems are. It is not for any other locations. It is where it is. I cannot give you any specific details about the amount of power that this will give, whether it would be stand by or not, that is information which can be provided at a later stage. As of now, I am not in a position to do so.

*[Interruption]*

*Mr. Chairman hit the gravel.*

**Mr. Chairman:** Hon. Members, we are not yet through with our work.

**Bishop Edghill:** Could the Hon. Minister indicate to the House if the \$3 million that is being sought as a Contingency Fund Advance was as a result of the increase in the purchase price of the vehicles to be bought or is it a new vehicle that is being bought?

**Lt. Col. (Ret'd) Harmon:** This is for the purchase of a motor car. It became urgent and important to have this vehicle because what has happened is that the Ministry of the Presidency administers the fleet of all the former presidents. When a vehicle goes down for a former president we have to have an admin type vehicle which we utilise for that purpose. This is the reason for the vehicle and the purchase.

*Item 1 05-051 Ministry of Presidency – Policy Development and Administration - \$48,626,038, \$8,438,072 and \$3,000,000 agreed to and ordered to stand part of the Schedule.*

**Item 1 05-055 Ministry of Presidency – Citizenship and Immigration Services - \$19,152,544**

**Dr. Ramsaran:** Noting that this is a significant increase could the Hon. Minister please give us a list of the equipment that is so intended to be purchased?

**Minister of Citizenship [Mr. Felix]:** I can provide the list, but I would like to say that the estimate for the equipment was understated and when we took office and got the correct



quotation it was necessary to request additional funding to acquire a very important piece of equipment.

*8.15 p.m.*

**Mr. Rohee:** My recollection during the consideration of the Estimates of the 2016 Budget in the Committee of Supply is that the words uttered by the Hon. Minister in the Department of the Ministry of the Presidency...repeating what he said during that process. Having said that, the figure that is being requested - \$19.1 million - reflects a 50% increase on the 2015 Budget, over a three-month period. I would like the Hon. Minister to explain the rationale behind the 50% increase over such a short period of time and to provide this honourable House with the justification of both the increase and the rather short time that the money is being requested in the context of it being unforeseen and unavoidable?

**Mr. Chairman:** I will now put the question.

**Mr. Rohee:** Mr. Chairman, again, I have asked questions and I would respectfully wish for Minister Felix to answer those questions through you because I am not finished with Mr. Felix, if you permit me to continue.

**Mr. Felix:** I will justify the importance of the equipment in question. The equipment in question was required because it interfaced with the equipment from the foreign international organisation. The organisation upgraded its equipment so it was necessary for us to upgrade our equipment to interface with the organisation's equipment. The quotation given to us is what occasioned the increase in cost.

**Mr. Rohee:** Could the Hon. Minister state and provide this honourable House with information with respect to the nature of the equipping of the Department of Citizenship and Immigration? In the document, we are told that the money is being requested to equip the Department.

**Mr. Felix:** The equipment is at the Immigration Department. It is the border management system which the Hon. Member knows about. The equipment was needed to interface with another equipment that we have so that information can be obtained from another source.

**Mr. Rohee:** Could the Hon. Member say the source from which the equipment was procured? We would like to know the name of the company from which the equipment was procured to equip the Department and the source from which the equipment to upgrade the border management system is being procured. In addition, could the Hon. Minister tell us whether the equipment was procured through a tendering process, public or otherwise?

**Mr. Felix:** I will answer the second question first. This is a specialised piece of equipment which cannot be placed in an open tendering process; it has to be single sourced because of the nature of it.

The other is about disclosing the source. The source is well known because the Hon. Member, in his capacity as the Minister of Home Affairs, was interfacing with that source and the Government has not changed it. That source came to be dealing with the Government of Guyana through the Hon. Member's tenure in office.

**Mr. Rohee:** Mr. Chairman, please permit me; I do not want to make a speech. This Department is a very important department under the Ministry of the Presidency because it is dealing, to a large extent, with the production and the distribution of birth certificates.

**Mr. Felix:** May I correct the Hon. Member? We are not dealing with birth certificates here.

**Mr. Rohee:** Mr. Chairman, I never indicated anything about the equipment's relationship to birth certificates.

**Mr. Chairman:** Hon. Member Mr. Rohee, I think the problem is that we are making speeches. What we need to do is ask the questions.

**Mr. Rohee:** Very well, Sir. I will go straight to the questions. The Minister is using some very loose, if I may say so, and general language. He makes reference to a foreign international organisation that his Department is procuring equipment to interface with. There is a government agency or department asking for money to interface with a foreign international department. I am asking for the name of the foreign international department. Only recently, we heard another official saying that the Government will determine what happens in this country – sovereignty; and we are concerned about the sovereignty issue.

Secondly, with due respect, Mr. Chairman, the Minister has not answered as yet. He also said that it is a specialised piece of equipment and so we have a right to know what the nature of the specialised piece of equipment is and the functions it is performing. There is no need for this House and the Hon. Members to be on the defence. Is it a legal or illegal piece of equipment? Too often we are being attacked on this matter and so we need to know what equipment is being procured to interface with a foreign international organisation. The Minister of Citizenship is accountable to this House. This is not a Government building; it is the public's Parliament and we need to know.

**Mr. Felix:** Mr. Chairman, I am doing nothing new. I have been carrying on from where the previous Government left off. This is a matter that originated before the change of Government. I was just carrying through. So, for the former Minister of Home Affairs to be making the statements he is making is quite strange to me and I do not think he is being very honest with us here.

**Mr. Rohee:** Why are you hiding behind me?

**Mr. Felix:** He knows the nature of...

*Mr. Chairman hit the gavel.*

**Mr. Chairman:** Hon. Minister, I must ask you to find another word.

**Mr. Felix:** He is being disingenuous.

**Mr. Chairman:** That is very close to the bone. I believe that the Hon. Minister might want to find a next word.

**Mr. Felix:** I would say that the Member was not very accurate in what he was saying. In the Hon. Member's time, he would have said to us that this was a security matter and he could not have disclosed the information. I am not going there; all that I am saying is that this is a very old matter. As a matter of fact, I can go as far as saying that the equipment that I am talking about, which interfaces with the border management system, when I was stationed at Criminal Investigation Department (CID) in 1993, I was involved in setting up that equipment and it is currently located at the Police Headquarters. The equipment has been upgraded several times,

even in the time of the People's Progressive Party/Civic (PPP/C) Government. There is nothing strange about this; I am only carrying on from where the Hon. Member left off.

**Bishop Edghill:** Could the Hon. Minister tell us if the \$19 million represents the final payment on the equipment or if the sums sought in the 2016 Budget had anything to do with this equipment? This matter was ventilated in the 2016 Budget while we were checking on the appropriations for the 2016 Estimates.

**Mr. Felix:** My answer is in the affirmative. It is the final payment.

**Ms. Teixeira:** Could the Hon. Member say if all of the equipment has been received, installed and is operating?

**Mr. Felix:** I can say that the equipment has been received; it has been installed and it is operational.

*Item 1 05-055 Ministry of the Presidency – Citizenship and Immigration Services - \$19,152,544 agreed to and ordered to stand part of the Schedule.*

*8.30 p.m.*

**Mr. Chairman:** Hon. Members, this completes consideration of all the items.

*Question*

“That this Committee of Supply approves of the proposals set out in Financial Paper No. 3/2015 - Schedule of Supplementary Provision on the Current and Capital Estimates totalling \$799,897,637 for the period 2015-09-01 to 2015-12-31.”

*put, and agreed to.*

*Assembly resumed.*

**Mr. Jordan:** Mr. Speaker, I beg to report that the Committee of Supply has approved of the proposal set out in Financial Paper No. 3/2015 and I now move that the Assembly doth agree with the Committee in the said Resolution.

*Question put, and agreed to.*

*Motion carried.*

#### **SUSPENSION OF STANDING ORDERS NOS. 13(N) AND 54**

“Be it resolved that Standing Orders Nos. 13(n) and 54 be suspended to enable the Assembly to proceed with the introductions of the Supplementary Appropriation (No. 3/2015) - Bill No. 13/2016.” [*Prime Minister and First Vice-President*]

**Mr. Nagamootoo:** Mr. Speaker, with your leave I beg that Standing Orders No. 13 (n) and 54 be suspended to enable the Supplementary Appropriation No. 3/2015 and Bill No. 13/2016 to be introduced at this stage.

*Question put, and agreed to.*

*Standing Order suspended.*

#### **INTRODUCTION OF BILL AND FIRST READING**

The following Bill was introduced and read for the first time:

#### **SUPPLEMENTARY APPROPRIATION (NO. 3/2015) BILL 2015 – BILL NO. 13/2016**

Bill intituled:

“An Act to provide for the issue from the Consolidated Fund of the sums necessary to meet the expenditure (not otherwise lawfully charged on the Consolidated Fund) of the Cooperative Republic of Guyana for the fiscal year ending 31<sup>st</sup> December, 2015, estimates whereof have been approved by the National Assembly, and for the appropriation of those sums for specified purposes, in conformity with the Constitution.”

[*Minister of Finance*]

**Mr. Jordan:** In accordance with paragraph 2 of article 171 of the Constitution of the Cooperative Republic of Guyana, I signify that Cabinet has recommended the Supplementary Appropriation Bill No. 3/2015, Bill No. 13/2016 for consideration by the National Assembly. I now present the Bill to the Assembly and move that it be read for the first time.

*Question put and carried.*

*Bill read a first time and taken through its remaining stages and passed as printed.*

**Mr. Speaker:** Hon. Members I think we can quite comfortably take our break at this time and return in half of an hour at 9 o' clock.

*Sitting suspended at 8.38 p.m.*

*Sitting resumed at 9.00 p.m.*

## **BILLS - SECOND READINGS**

### **INSURANCE BILL 2016 - BILL NO. 11/2016**

A Bill intituled:

“AN Act to provide for the regulation of insurance in Guyana, the promotion of competition in the insurance industry, the protection of consumers and to repeal the 1998 and 2009 Acts on insurance and for related matters”. [*Minister of Finance*]

**Mr. Jordan:** Mr. Speaker, I know the hour is late to start the debate on such a major Bill. There are quite a lot of clauses, and so much to do on it; but, it is a very important Bill. I think one of the advantages that we will have, even as we start at this hour, is that this is not necessarily a new Bill; this Bill's genesis is with the previous Government and, to its credit, it had taken it to an advanced stage and, when we came to power, we took up the mantle and ran with it, bringing it to this stage.

Financial sector regulatory standards comprise the essential principles for well-functioning regulatory systems. The assessment of the quality of institutional and regulatory structures forms an integral part of the overall assessment of the financial sector carried out under the Financial Sector Adjustment Programme, commonly known as FSAP in our circles. This joint World Bank/International Monetary Fund International Standards and Codes Initiative provides the overall context for the work related to financial sector standards. Assessments are based on the internationally adopted regulatory standards, using the assessment methodologies prescribed by the standard setters. Evaluations of regulatory systems in the FSAP involve the participation of

the practising regulators from Central Banks, Ministries of Finance and regulatory agencies and offer member countries a “peer review” of their national regulatory systems.

Guyana, as a member country, has seen its fair share of these assessments, including the recently done assessment in May of this year. Prior to that assessment, our last assessment was in 2005/2006. The Report from that assessment highlighted several gaps in our insurance regulatory regime and noted:

“The insurance sector in Guyana is underdeveloped relative to its potential when compared to its neighbouring countries”.

If these words sound familiar, Mr. Speaker, I think they are indeed, bearing in mind what developed subsequent to 2005. An industry diagnostic conducted by the World Bank’s First Initiative in 2012 echoed these sentiments. A summary of these sentiments can be found in the explanatory notes at the back of the Bill. However, key findings of the 2006 FSAP were as follows: one, while there was an institutional legal framework in place, it did not satisfy international best practice, particularly in the areas of licencing, solvency margins, governance and transparency and investments. It was recommended that clear and prudent licensing criteria, including minimal capital levels, shareholder eligibility requirements, management skills and governance rules should be issued in order to ensure entry of quality companies into the market. The present legal framework of solvency, reserved requirements and early intervention did not cover the same potential issues when compared with contemporary equivalents elsewhere.

Two, our analysis of financial statements as part of ongoing supervision was described as primitive, owing to lack of an on-site inspection programme. The current Insurance Act is silent in this regard. Quote from FSAP:

“On-site inspections together with offsite risk based analysis form the heart of a modern insurance regulatory supervisory system and this appears to be one of the most urgent areas requiring attention”.

Three, there is also no effective and timely exchange of information among the Caribbean insurance supervisory bodies. According to the FSAP Report:

“The office of Commissioner of Insurance suffers from the lack of exchange of information among the regional supervisory bodies.”

*9.24 p.m.*

“One of the problems the Financial Sector Adjustment Programme (FSAP) team faced in collecting information on the Colonial Life Insurance Company (CLICO), that accounted for 70% of total premiums in Guyana, and is part of the Trinidad based CL Financial Group, which composed of companies involved in insurance, provided ample evidence, of the need for better information sharing.”

Four, the Report also highlighted the lack of implementation and enforcement of legislative requirements, which, it was pointed out, created the most important obstacle for the development of the insurance sector and the establishment of environmental trust. Further, Act No. 1/2015, the Anti-Money Laundering and Countering the Financing of Terrorism (Amendment) Act 2015, amended the current Insurance Act by the insertion of section 23 (b), empowering the regulator to share information with:

“...the supervisors in a foreign country for their lawful supervisory and regulatory purposes.”

This is also reflected in this Bill, with the requirement for a memorandum of exchange agreement between Guyana and that foreign jurisdiction. The Bill also allows the regulator to share information with any domestic Government agency for enforcement purposes. Apart from this amendment, regulations in respect of financial reporting and registration of insurance companies, no major changes were made to the insurance regulatory infrastructure in line with international best practices and the recommendations of the FSAP team. It was with this in mind that an approach to the World Bank for assistance in implementing a key 2006 FSAP recommendation, that is, amending the current insurance regulatory framework, was decided upon. Thus, in January, 2012, the World Bank, through its First Initiative, began conducting a diagnostic of the insurance sector.

Initially, meetings were held with individual insurance groups on their premises - the Hand-In-Hand Group of Companies, the Guyana and Trinidad Mutual Fire and Life Insurance (GTM)



Companies, the North American Life Insurance Company Ltd. (NALICO) and the Demerara Mutual Assurance Society. Meetings were also held with the Insurance Association of Guyana and a member of the Institute of Chartered Accountants of Guyana.

Subsequent to these meetings, a first draft of the Bill was produced and shared with all industry participants. In January, 2013, a consultation meeting with all industry participants, including insurance companies and brokers, was held at the Bank of Guyana to discuss the first draft. Many objections were made and changes proposed. Consequently, another draft was circulated, taking into consideration points made at that meeting. Meetings to discuss new reporting forms, under the draft Act, were held in April, 2013, with the insurance companies and the Institute of Chartered Accountants of Guyana. Further meetings with industry participants and the Institute of Chartered Accountants of Guyana to discuss the new draft were held at the Bank of Guyana in June, 2013. Separate meetings were also held with individual insurance companies to discuss confidential issues in respect of the operations and the implementation of the new Act. I have gone through that background to show the wide consultation that the Bill has had.

The Bill was then sent to my predecessor, in 2014, to bring to this House. However, as we all know, prorogation of Parliament and the subsequent dissolution of the Parliament put paid to any moves in that direction, and, as was indicated earlier, upon assumption to Office, we took up the baton to bring the Bill to where it is today.

Between May, when we entered into Office, and now, the opportunity was used for another set of consultations in October, 2015. Soon thereafter, another draft was presented to all stakeholders. There was consensus with this draft and this was then sent to the Attorney General's Chambers for final drafting. Later on, in February, 2016, the Attorney General's Chambers, having placed all the comments and amendments, circulated a copy of the draft Bill to the insurance industry, the Institute of Chartered Accountants of Guyana, the wider financial sector, including the Commercial Banks, the Chamber of Commerce and the Private Sector Commission, as well as the Guyana Bar Association, for comments. A new round of comments was received and further adjustments were made. Essentially, these were incorporated in the Bill that is before the House today.

What are some of the features of this Bill? The Insurance Bill 2016 provides a consolidated legal framework for the prudential supervision of insurers and this is pertinent at this time. The Bill gives effect to important Government policy objectives and it enhances the regulatory framework by establishing prudential standards for group-wide supervision, governance, licensing, risk management, the financial soundness of insurers and the protection of policyholders. This is done through a new Solvency Assessment Regime and Management (SAR) regime, internal controls and alignment with international standards, which have been adopted to suit our local circumstances, in light of the CLICO debacle.

The Insurance Bill follows international best practices for insurance regulations, including a risk-based approach to supervision, under which insurers with higher risks receive more stringent scrutiny and intervention. The Bill will improve corporate governance and internal controls. It will impose risk-based capital requirements and raise professional standards in the insurance industry. It is envisaged that this Bill will replace those sections of the current Insurance Act, Chapter 91:02, that pertains to insurance issues, but the sections dealing with pensions will be retained until a pensions act comes into effect.

The objective of the Bill is to promote the maintenance of a fair, safe and stable insurance market for the benefit and protection of policyholders by establishing a legal framework for insurance and insurance groups, which: one, facilitates the monitoring and preserving of the safety and soundness of insurers; two, enhances the protection of policyholders and potential policyholders; and three, contributes to the stability of the financial system in general.

It also satisfies those regulatory gaps identified by the last International Monetary Fund (IMF) and the World Bank FSAP in 2005. The major gaps included: one, inadequate licensing criteria and solvency margins; two, lack of regulatory requirements relating to governance; three, lack of risk management, shareholding eligibility requirements; four, absence of minimum capital levels; five, weak ongoing supervision; and six, absence of information sharing.

The key policy objectives that are sought to be achieved by the Bill are as follows:

**Enhancing Financial Soundness:** The prevailing legal framework no longer adequately meets the objectives of prudential supervision. It does not allow for a proactive and risk-sensitive approach to prudential supervision, whereby the supervisory requirements are based on the amount of risk

that an insurer takes on. This new style regime, which is a solvency assessment regime, introduces a forward-looking, risk-based approach to solvency by aligning the capital and solvency requirements with the underlined risk of an insurer. Its primary objective is the protection of policyholders and beneficiaries. It also has a number of additional objectives, including: (a) establishment of a proportionate risk-based approach to supervision; (b) alignment of capital requirements with the underlined risk of an insurer; (c) establishment of a proportionate risk-based approach to supervision with appropriate treatment both for small insurers and large and cross-border insurance groups; (d) providing incentives to insurers to adopt more sophisticated risk monitoring and risk management tools; and (e) helping to maintain financial stability.

The Bill sets out a minimal capital requirement for the net combined ratio (NCR) for insurers, but allows the bank stronger supervisory action by setting different levels of capital requirements, as the insurer's financial soundness position deteriorates.

Framework for Insurance Consolidated Supervision: The current legislative framework does not allow for insurance consolidated supervision. A significant number of Guyana's licensed insurers are currently operating within a group structure. Insurance groups benefit from the pooling and diversification of risks, intergroup financing and integrated governance structures. However, being a part of a group also presents a range of risks to an insurer. These may include, for example, direct or indirect risk exposures to other group entities, and conflicts of interest and inadequate risk assessment. Again, the recent CLICO fiasco has demonstrated that the failure of one entity within a financial conglomerate may damage or even cause the failure of related entities. This Bill introduces a new group-wide supervision regime for insurers. This allows the regulator to place requirements on the controlling companies in order to protect policyholders and beneficiaries from risks emanating from the insurance group.

Alignment with International Standards: Since the 2008 global financial crisis and the collapse of CLICO, it became incumbent for Guyana, guided by both the International Monetary Fund and the World Bank, to commence the process of making its financial sector safer. Given that insurers operate globally, but are regulated nationally, it is imperative that national regulators coordinate the supervision of multinational institutions by setting and applying international standards. Also, by committing to international standards, insurance companies are able to

operate internationally with greater ease, as the different country regulators work together. The prevailing legislative framework has not been subject to a comprehensive review since 2005 and, as was last stated in Guyana's last assessment, we are not consistent with a number of internationally recognised standards. This Bill aligns the regulatory framework for insurance in Guyana with those standards.

**Risk Management and Corporate Governance:** The Bill allows for the evaluation of the quality of a firm's risk management and governance. Close attention will be paid to how risks are managed within the firm. This will involve assessment of the quality of a firm's risk management systems and controls, including senior management oversight of capital and the setting of the firm's risk appetite. Supervisors will assess to what extent risks are diversified, both in terms of assets and lines of insurance business. Given the underlying role directors and senior management play in influencing strategy, Government bodies will be expected to embed and maintain a firm-wide culture that supports safety and soundness, and that is consistent with protecting the interests of policyholders.

*9.39 p.m.*

**Supervision and Financial Reporting:** The Bill entrenches the principle of proportionality, which means that regulatory requirements would be applied in a manner that are proportionate to the nature, scale and complexity of the risks which are inherent in the business of an insurer or reinsurer, so that requirements imposed on small and medium sized insurers are not too onerous. An insurer's own risk profile will serve as the primary guide to assess the application of the principle.

The Bill also seeks to create transparency with the aim of harnessing market discipline in support of regulatory objectives. The quality and quantity of data, which is requested from insurers on a quarterly and annual basis, will allow a supervisory process that is more risk-based and forward-looking than the supervisory process, which is followed under the current Insurance Act. The enhanced data will also facilitate the monitoring of financial stability risk that will be required for macro prudential supervision.

For the first time, too, the Central Bank will be empowered to periodically verify firms' data and risk management systems by conducting onsite inspections, in addition to its usual reliance on

third parties such as external auditors. It will, of course, remain the insurers' responsibility to ensure they have appropriate systems in place to run their businesses prudentially. Also, for the first time, the Bank can impose fines and penalties for failure to comply with the Bank's directives and other offences under the Act.

This Bill, novel in its features and modern in its outlook, is enabling and empowering. This means it contains the fundamental policy or underlying principles of legislation that are unlikely to change over time. It provides for the basic minimum issues and powers necessary to regulate insurers and delegates the powers to make subsidiary legislation by the Minister of Finance.

In summary, those are the novel features of this Bill and I commend it to the House. *[Applause]*

**Mr. Ali:** Mr. Speaker, tonight we are debating a very significant piece of legislation. I would go on to say a very necessary piece of legislation in the further strengthening of the financial architecture of our country, the modernisation of that financial architecture and bringing the laws governing financial institutions, such as insurance companies, in line with best practices and in line with international standards governing those institutions.

However, the Hon. Minister of Finance would agree that even the developed world, from time to time, finds it necessary to have amendments because there are always new circumstances and new issues developing which require continuous strengthening of the laws governing financial institutions. The modernisation of the financial architecture of our country has undergone many changes. For example, we had the Financial Management and Accountability (FMA) Act, the Financial Institutions Act, the Income Tax (In Aid of Industry) Act, the Consumer Protection Act, the Procurement Act and the Revenue Authority Act. These are all new pieces of legislation that assisted in the modernisation of the financial architecture and the credit unions too.

The Minister is also correct when he said that this Bill was with the previous government and is a continuation of the efforts to bring the regulation of the insurance sector under better management or a better legal arrangement.

One of the issues that the then Attorney General was very strong about was the necessary regulations need for this Bill. I can recall that he and our Chief Whip were both adamant that such a significant piece of legislation required a comprehensive approach and, in their view, it

should have benefitted from being in a special select committee. As we look at the Act, today, I think that approach is still very relevant in that the magnitude of this Bill...Going through the Bill, there are lots of issues and oversights that must be sorted out. When I say a special select committee, I am not thinking of a long process, maybe just enough time to have this Bill returned and passed before the recess.

I will give an example. If one looks at Part II, Financial Provisions, of the Bill that is presented to us, one would see there the numbering in the clauses goes from Clause 12 (1) to (5) and then from Clause 12 (13) to (16); from Clause 12 (6) to (12) is missing.

If one goes through the Bill, there are a lot of issues that we have to deal with in relation to when the Bill comes into operation; different sections will come into operation at different times. The wide sweep and range of power that the Bill now resides in the Central Bank, and more directly in the hands of the Governor, require that we ensure that we have the technical and administrative system in the Central Bank to administer such wide sweeping changes in terms of the management and relegation of the insurance sector.

In order to tame that power and in order to have some regulation over that power, the regulations governing this Bill becomes very, very important. I have not heard the Minister of Finance make reference to how quickly those regulations will come on stream in order to aid in the implementation of this Bill.

One of the problems we have with insurance companies, today, in the public sector, is that many bid documents have a clause that excludes insurance companies from giving bonds. Some bid documents would allow insurance companies to give bonds. Those issues are not addressed fully in this Bill.

There is the issue of hire purchase arrangement with insurance companies and auto sale dealers, for example. We have to ensure that this Bill allows the local companies to have fair competition since they would now be competing under different guidelines and different legislation alongside the larger companies that would now be coming and would have an easier process in reaching the requirement set out in this Bill. Those are things that we have to take into consideration. We have to give time for the adjustment and we have to ensure that the adjustment is as smooth as possible.

There was a lot of talking and consulting on the Bill. The last set of consultation with the Guyana Insurance Brokers Association led the Association to write to the Bank of Guyana (BoG). From all the information I have gathered, Hon. Minister, the Bank of Guyana did not respond to the queries that the Guyana Insurance Brokers Association had raised. I think it is only fair for us to have an opportunity, as legislators in this House, to review some of the comments of the Guyana Insurance Brokers Association and to see how those comments fit into the Bill and then work, in a speedy manner, to have the Bill brought back to the House and passed before the end of the recess.

I have highlighted some of the missing elements of the Bill. If you look, for example, at the appeal mechanism in Part III of the Bill, which speaks about the Appeal Board, an applicant for a licence should also be included there with the right to appeal to the Appeal Board. Those who have rights to the Appeal Board is an area of concern to the Guyana Insurance Brokers Association. The Association recommended that an applicant for a licence should also be included as having a right to appeal to the Appeal Board.

For offences and penalties, the question is raised about a person not licenced by the Act. How do we cater for them and should the Bill actually cater for them? For offences and penalties, there is Section X, which is not included in the Bill. In terms of licencing duration, there is no timeframe for a response from the Bank. We need to set out a timeframe for the Bank of Guyana to respond to an applicant. We cannot just leave it loose. The Bank must be governed by some framework which allows an applicant to understand how long it will take for an approval to be granted.

Part VII, Business Powers of Insurers, allows an insurer to have insurance brokerage. If an insurance company has brokerage power, then, definitely, this Bill will affect brokerage companies. There are a lot of brokerage companies in Guyana and we would like to know how this would affect their future. This Bill is now allowing an insurance company to perform brokerage services.

Part XII, Market Conduct of Insurers: what happens in the market now is that a licenced insurer deals directly with the auto sale dealer. How does the Bill correct the situation in terms of the hire purchase agreement with the auto sale dealers and the insurance companies?

Part XIII, Consumer Protection: I think we can do some work in strengthening this. The section provides a very weak position in terms of protecting the consumer. The section, as it is now, will see insurers taking advantage of the consumer with the length of the process outlined in the section. If one looks at the timeframe for the process outlined in that section, it allows the insurer to take advantage of the consumer or it gives that room where the insurer can take some advantage of the consumer.

*9.54 p.m.*

Part XVII, Regulation of Insurance Agents and Brokers: there are a number of issues there that we have to deal with. For example, in the event of any investigation that may be carried out to approve the placement abound to as little or more than an unnecessary duplication of the brokers' duties and responsibilities, the broker must establish the following: the coverage required by the client and that the client has signed a form to indicate what the coverage is. The agreement poses a number of challenges and risks to the client.

Whilst we agree that the legislation is necessary, we believe that the Bill, as it is now, could benefit and should benefit from a period in the select committee. It is so that we could have the wider views of the stakeholders incorporated and taken into consideration and we could have a better opportunity to go through the Bill, clause by clause, to correct a number of the deficiencies that I have outlined, including some missing clauses in the Bill.

Also, I think that we have a duty to the Guyana Insurance Brokers Association to take its issues into consideration. The Association has outlined a number of issues in relation to this Bill and we have a duty to take their issues into consideration. I believe that modernisation and bringing our financial architecture and framework in line with the national standards must not be at the expense of local businesses. We cannot implement a legislation of this magnitude in a speedy manner. We have to have a lot of education on this Bill; we have to have a testing period and we have to give the industry some amount of time to adjust to the changes that are in this Bill.

So, as I said before, we do not have any major difficulties. The problem is that this Bill, in our view, needs to go before a special select committee for some targeted discussion. We could assure you that we could work to bring the Bill back to the House before the recess.



I know that there are also some draft regulations in relation to this Bill. We also should be allowed to go through those regulations together with the Bill. It is so that we could see how the regulations seek to curtail and balance some of the powers that are given to the Central Bank and the Governor. The regulations in relation to this Bill are very critical. I would implore the Hon. Minister of Finance. It is not much time. We should allow ourselves the opportunity to go through this Bill, in detail, and return it to the House before the recess. Thank you very much.  
[Applause]

**Minister within the Ministry of Finance [Mr. Sharma]:** Let me start off by thanking the Hon. Member for his contribution. He did indicate that there are some missing clauses in the Bill. Let me say that this Bill is a very comprehensive Bill and it will take some time to read and understand. As a result, I understand why the Hon. Member would make such a mistake by saying that there are missing clauses in Part II. After clause 12, sub clauses 1, 2, 3, 4, 5, it then goes to sub clauses 13 and 14. That was an oversight and we understand that because this is a very comprehensive piece of legislation.

I must say that this particular piece of legislation was long in the making. I would refer to this Bill and the saga behind this Bill as being a good novel, a bestseller, and maybe one of us should take up the opportunity of writing a book on this issue. It is because in the bestseller there are areas of readability, strangeness, controversy, big action with big outcomes, uniqueness, extreme situations and reason to care. These are all elements in a good selling book and, basically, this Bill is as a result of the Colonial Life Insurance Company (CLICO) saga. I think we have Members who sat in this House in 2009 and are sitting presently who could tell us about the strange things that occurred during 2009 in that CLICO saga. A lot of strange things occurred. I could recall that one of those strange things was that a motion was tabled in this House by the then Leader of the Opposition. The then Speaker said that the motion would not be heard because it did not meet the specifications of the Standing Order. It was very important to our people for such a motion to be debated. Further, what happened after the motion was tabled? It was put to the Parliamentary Committee on Economic Services for that Committee to monitor the outcome of the CLICO saga – whatever was developing with the CLICO matter.

It is strange that that Committee did not carry out its work because it was said that the matter was *sub judice* and the Committee could not have functioned. One Member of that Committee

reported to the media that the Committee had been reduced to using newspaper clippings to deal with matters. I saw a motion for the Prime Minister to be put before the Committee of Privileges. Believe it or not, that Member, who spoke out about the operation of the Committee, was threatened to be put before the Committee of Privileges. These are the issues I am referring to when I say that the Bill could be a bestselling novel.

**Mr. Speaker:** Hon. Member, I see the time. It is now 10 o'clock and I will receive a motion for continuation beyond the stipulated time.

### **SUSPENSION OF STANDING ORDER NO. 10(1)**

**Mr. Nagamootoo:** Mr. Speaker, I beg to move that this House continues to meet until the conclusion of the debate and passage of this Bill.

*Question put, and agreed to.*

**Ms. Teixeira:** Mr. Speaker, I was about to stand on a Point of Order just before the Prime Minister got up. Sir, the Hon. Minister referred to a situation concerning the Committee on Economic Services in the Ninth Parliament, which he was not a Member of. The Point of Order is this: he ignored to tell this House that, on the CLICO matter, which was referred to it, the Committee sought the advice of the Speaker because the matter was before the courts. The Speaker wrote a letter to the Committee advising the Committee, and it is in the records of that Committee, not to tread further until the matter was completed in the courts.

Therefore, there was no inference, as my Colleague over there is trying to say, that, in any way, we avoided the issue. We had a written document of advice from the Speaker at that time, Mr. Ramkarran, stating not to do it. In fact, his letter gave us further advice as to what we could seek and that is what we got from the court. It was all the court records of the issue. At that point, we broke for the Elections in 2011 and the matter was never sent back to the Committee. Thank you, Sir.

**Mr. Speaker:** I thank the Hon. Member. Hon. Minister, would you please continue?

**Mr. Sharma:** Thank you, Mr. Speaker. The collapse of CLICO significantly affected the insurance industry and the consumer confidence in Guyana. As a result, a piece of legislation

was contemplated. This legislation was being contemplated since the early days and this piece of legislation started to be drafted in 2012. The Hon. Minister alluded to the previous Administration having knowledge that the present legislation of 1998 was very insufficient, but yet it did nothing.

Then the fiasco developed and CLICO landed unexpectedly on the innocent people of Guyana and they suffered terribly. Presently, there are Guyanese still asking where they would get their money from. We know for a fact that CLICO Guyana was liquidated and some 4000 persons received money. Still, there are a large number of persons who are yet to receive money. The people who are still depending on their money is wondering when this matter would be addressed.

Our biggest claim on this CLICO fiasco is the National Insurance Scheme (NIS) which is owed a sum of \$5.2 billion. To Guyanese, this issue was very serious and persons were asking what the Government of the day was doing. I am going to tell you what the Government of the day was doing. What did they do? In 2009, they rushed through a piece of legislation entitled the Insurance Supplementary Provision Bill 2009. You would have heard of the claim that this Government is rushing through things. This piece of legislation, in 2009, was rushed through the Parliament. This was one of the actions that the Government took.

Another action that it took was to pass the resolution, which I referred to, to send the matter to the Parliamentary Sectoral Committee on Economic Services. The next thing that the Government did was put guideline No. 13 which deals with Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) guidelines for financial institution during 2013.

The fourth action that the Government took was: in the 2014 Budget debate, the then Minister of Finance pronounced that this Bill that we are debating currently would have been tabled in 2014 and be passed before the end of 2014.

That is what that Administration did and the people of this country suffered. According to them, they did a lot. What is important is that CLICO, the insurance giant, represented a massive fraud to the people of this country. This is equivalent to the Enron Corporation scandal. Enron Corporation is an American energy company. It was the biggest fraud disaster that ever occurred. It was a failure in the auditing industry. If we compare what happened to Guyana, in relation to

the action taken by the Government, with the US Government's action in relation to Enron Corporation, what we see is that persons were convicted, prosecuted and imprisoned.

What did they do in Trinidad and Tobago? They carried out a forensic audit. It sounds familiar. They also carried out a Commission of Inquiry (COI). The COI, to which I refer, is the Coleman Commission that was set in November, 2010. Further, the Director of Public Prosecutions (DPP) of Trinidad and Tobago also carried out a criminal investigation in this CLICO matter.

[**Mr. Ali:** *inaudible.*] I am going to refer to what the Hon. Member may want to refer to. The Coleman Report was actually presented to the President and then forwarded to the Prime Minister and the DPP Office because there was corruption. Maybe, this House may think that we should go in that direction.

Therefore, this illustrates the need for the urgency to establish new and effective measures for supervision and better coordination amongst regulatory authorities. Extensive research was conducted with the assistance from the World Bank and Financial Sector Reform and Strengthening Initiative (FIRST) on how to address the deficiencies which were exposed by the CLICO failure.

*10.09 p.m.*

Strong partnership and all-embracing consultation with the insurance industry facilitates initiatives. The Hon. Member mentioned that we did not have consultation; there was consultation upon consultation and all was agreed upon.

One of the key changes to this piece of legislation is corporate governance provision. Corporate governance provision has been drafted in order to ensure better corporation performance through insurance company's management – that is including the board of directors; ensure that the robust oversight framework exists, including the involvement in strategy formulation and policymaking cooperation, conformance through the top management provisions, surveillance and accountabilities. The absence of this aspect of management was one of the key factors responsible for the failure of CLICO. The board members must be prepared to act independently and, in the process, mitigate any potential conflict of interest amongst stakeholders of the institution.

The important part, which I think the board members of these various insurance agencies should bear in mind, is that a special duty of care and skill is required of insurance companies' directors. While they may be indemnified, liabilities such as legal defence call for an act of omission on their part. They cannot be indemnified against any failure to act in accordance with the Act or regulation. No director, officer, or employee can be relieved of any liability for breach of the Act or regulation. This is very important, Mr. Speaker. Even in the 1998 Act there were certain measures that could have been taken to prevent this catastrophe on the people.

Regulatory reports and examination of insurers: Another major deficiency highlighted by the collapse of CLICO was the lack of regulatory authority to conduct onsite inspection of insurance companies.

A next area is Offence and Penalty. The absence of the legal scope of the regulator imposes any penalty for neglect or reckless behaviour by insurers will now be corrected by power to impose penalty for non-compliance. The use of moral suasion has proven effective, especially in the CLICO case.

It was not just Guyana that was learning from the disaster of CLICO. It was the entire Caribbean. Many studies were done and a lot of deficiencies were highlighted. This piece of legislation addresses these. It goes on further to state that this balance by the insurers' right to appeal to the Insurance Appeal Board is similar to the Income Tax Appeal Board. Although there are penalties and offences, there is protection. There is protection even for the insurers. There are penalties and also there is oversight in terms of persons not being unjustly treated.

There is a fit and proper requirement in this piece of legislation. It states that all persons licenced to operate under the new Act will be subjected to strict fit and proper criteria which will be assessed at the time of registration and periodically reviewed. This is very important, Mr. Speaker, and it is something which we support.

Policyholder's protection is very important. This is what caused the whole issue with CLICO. Policyholders were not protected. In the previous legislation, there was this provision for statutory fund but, apparently, it was not being properly monitored. As a result, the people could not be protected.

The statutory fund acts as a strong regulatory and policyholders' protection boxed up by protecting the interest of policyholders in the event of the insurer's insolvency. Unlike the current situation, this Bill includes provision that affords the policyholder an absolute priority of claim on these funds in the event that the insurance company fails. In the instance, the provision of the Company Act, with respect to ranking of claims during a wind up or subordinate to the provision of this Bill, the technical details with respect to the establishment and requirement of the statutory fund will be set in the regulation. What is important is Clause 10 of the Bill which states:

“In case any provisions of this Act are inconsistent with any provisions in the Companies Act, the provisions of this Act shall apply.”

That is protection that this offers to policyholders.

It also addresses intervention. The Bank, in its conduct of risk-based assessment of the safety and soundness of the insurance companies, will be able to identify the areas of concern, at an early stage, and intervene effectively to minimise loss to its policyholders and other creditors. In exercising this power of intervention, the Bank may also take control of the assets of the insurer for the protection of the policyholders. If the Hon. Members would read the Bill, they would understand that when we refer to “Bank”, we are referring to the Bank of Guyana (BoG). This is the complexity of the Bill that they may not be able to grasp.

This Bill lets its predecessor outline the type of involvement that an insurance company can normally expect from regulators. The Bank is now empowered to intervene at an earlier stage than which was set out in the Bill in order to protect policyholders' interests.

Redress: consumers will continue to enjoy access to meaningful redress mechanism when they suffer losses from fraud, deceptive practices and other insurance violation, which was not done and that is why Guyanese are suffering. Those over there are laughing because people are suffering.

This Bill promotes the regulatory structure that is accountable to public, encourages competition, remedies market failure and abusive practices, preserves the financial soundness of the industry and protects the policyholders' funds and responds to the needs of the consumers.

It also repeals the Act of 1998 and the additional part that the previous administration included, in 2009, which did not benefit anyone. What it did was remove the Commissioner of Insurance oversight and put it under the Bank of Guyana. I do not know how that helped the people of this country.

Mr. Speaker, I now recommend that this Bill for passage in this House. Thank you. [*Applause*]

**Mr. Ramson:** I rise to make my contribution, this evening, and I would like to start out by taking the opportunity to recognise two guests from the insurance regulation sector. In our House I have had the pleasure of dealing with Ms. Tracy, on occasions, in my area of work. We have had a number of insurance claims and disputes and were able to get some settlement as a result.

I did not plan to go down the route of having to respond to anyone. I wanted to deal specifically with the shortcomings of the Bill. But having heard what the Hon. Member said a moment ago, I am enjoined - I can use the Hon. Speaker's word - out of necessity to protect the record, in this House, of our Administration - the People's Progressive Party/Civic (PPP/C) Administration - in Government. It is so that the nation is clear and also that the Hon. Member is clear when he makes those flippant and insouciant utterances about the mismanagement of the sector. What he is unclear about with regards to the CLICO debacle is that, in terms of the financial sector, this was one of the most important events that occurred in our financial history within the last 15 years. The way that the People's Progressive Party/Civic (PPP/C) Government, under the stewardship of President Jagdeo, at the time, and key players in the sector, including my father as the Attorney General, who had just gone on two months prior to that, and Mr. Ashni Singh as the Minister of Finance, the Commissioner of Insurance at the time and the Bank of Guyana, as well... We were on the precipice of a run on the banks in Guyana and on the precipice of money being stopped from coming out of the automated teller machines (ATMs). That was where we were and most of the people in this country do not know that. Most of you on the other side do not know that. We were able to navigate, successfully, without most of the country even knowing that and I am not going to allow the Hon. Member to come and be flippant about our record in that regard.

*Mr. Speaker hit the gavel.*

**Mr. Speaker:** Hon. Member, Mr. Ramson, I believe that all Members in this House can make their points without trying to introduce issues which can cause tempers to rise in this House. It does no good to the debate and I hasten to add that it does no good to the person speaking when the Hon. Members do not hear what he or she is saying. Let us temper the feeling that we must, as you say, speak to the other side and let us speak to the House at large. Please proceed.

**Mr. Ramson:** Thank you very much, Mr. Speaker. I was actually in a very fortunate position at the time since I was working at the Office of the President when the issue occurred. I remember it very clearly being an all-night and all day type of event to ensure that that run on the bank never occurred and the swift movement to put CLICO under the judicial management which, at the time, not many people were even contemplating as a course of action that was required in order to save the sector.

In addition to that, there was the swift movement to shutdown blogs, for example, *Live in Guyana*, which was ran by irresponsible journalist or operatives at the time, who were spreading rumours about other banks by saying that they were running out of money, and people started lining up outside of Republic Bank (Guyana) Inc. I have a very clear memory of what happened. I remember it just as if it had happened yesterday. In addition to that, I can safely say that a study needs to be done of what was done by our Administration to save the financial sector. I am very proud of that record.

*Mr. Speaker hit the gavel.*

**Mr. Speaker:** Hon. Mr. Sharma, are you asking for the floor?

**Mr. Sharma:** Yes. Thank you, Mr. Speaker.

**Mr. Speaker:** Do you rise on a Point of Order?

**Mr. Sharma:** Yes, Mr. Speaker. It is Standing Order 40 (a). It was drawn to my attention that *Citizen Report* carried a report on me which stated, "Minister Sharma admitted to oversight in compiling Insurance Bill". I am asking for it to be withdrawn.

**Mr. Ramson:** What does that have to do with what I am doing right now? That is not a point of order for my speech.



10.24 p.m.

**Mr. Speaker:** Hon. Minister, could you repeat the Point of Order?

**Mr. Sharma:** Standing Order No. 40(a). It was brought to my attention that *The Citizens Report* carried an article. It was titled:

“Minister Sharma admits to ‘oversight’ in compiling Insurance Bill”.

**Mr. Speaker:** Hon. Members, you must allow a Member to speak. I understand that it is a Point of Order. What did *The Citizens Report* state, Hon. Minister?

**Mr. Sharma:** It stated that I had admitted to oversight in compiling the Insurance Bill. The paragraph reads:

“Responding to concerns expressed by the political Opposition on the Insurance Bill 2016, Junior Finance Minister, Jaipaul Sharma acknowledged these and admitted that it was an ‘oversight’ on the Government’s part”.

I did not say that. I am asking for the article to be withdrawn. [*Interruption*]

*Mr. Speaker hit the gavel.*

**Mr. Nagamootoo:** Mr. Speaker, Mr. Ramson was on the floor and the Point of Order was asked and it was indulged, but, really, it is a small issue in relation to the bigger picture of the debate.

The Hon. Member, Mr. Ali, did ask that this Bill to be sent to a Special Select committee. He pointed out that there were mistakes in the numbering of the Bill. He said that Clause 12(1-5) goes on to Clause 13, but the Minister, when he spoke, said it was an oversight on his part.

**Mr. Chairman:** Hon. Prime Minister, I thank you for the observation.

**Mr. Nagamootoo:** Mr. Ali misled the House.

**Mr. Speaker:** Mr. Ramson could you continue.

**Mr. Ramson:** I am most grateful, Mr. Speaker. The Hon. Member was right about the oversight by my Comrade, the Hon. Ali, in relation to the numbering. It is easy to have made a mistake

because of the way that it was sequenced.

Having said that, that issue was not identified by the Hon. Member himself, it was brought to his attention by Ms. Tracy Gibson. I do not think that it is fair and proper to be casting aspersions on the Hon. Member, Mr. Ali, when he did not even notice that.

In relation to another point that was made by the Hon. Member about linking Colonial Life Insurance Company (CLICO) to the Enron Corporation. As I said, I do not want to go down this road because I am a student of financial history. When one is going to compare an energy company, which was an intermediary energy company, to an insurance company, which had failed as a result of accounting fraud, it is a completely different situation. It was called Mark-to-Market scandal. Those are accounting principles that were used to create shell companies and that is why the company failed. It has no analogy with CLICO, so there should be no reference from the Enron Corporation and CLICO at all.

Now that I can finally get on the subject of the Bill and to highlight the shortcomings, allow me, first of all say that it is a very good Bill. The foundation of it is very good; it is very well thought out; it looks as though a lot of work has happened in order to get to this point. For the persons who have contributed to this Bill and for it to get to this stage, I congratulate them, including the Hon. Minister of Finance. I am sure that he has had some part to play in this as well.

In terms of the relevant points that I would like to draw to the Hon. Minister's attention and also from the regulator's side, I am sure that, in drawing these deficiencies and shortcomings, I would be supporting my learned Friend's application to send this Bill to a special select committee. Having heard the submissions that I am about to make and to advance that case in so doing, I would respectfully contend, as well, that it would be the right and proper thing to do.

The first point that I would like to direct the Hon. Speaker and the honourable House's attention to is Part X – "Fundamental changes in respect of insurers". This is Clause 133, sub-clauses (1), (2 and (3).

Sub-clause (1) deals with the "Publication" two consecutive publications.

If I may be allowed the opportunity to read sub-clause (2), to deal with the incongruous nature of its expression and subsequent application:

“...interested persons shall have the opportunity to object to the transfer or reinsurance within a period of 15 working days from the date of first publication of the notice...”

It goes on to sub-clause (3) which states:

“Any such objection shall be in writing and delivered to the Bank within 10 working days of the end of the 15 day period...”

The time that is prescribed within the provisions does not match. What happens is, there are 15 days from the first publication, but 10 days after the end of the 15 days. This means that if you are saying that they must object within 15 days from the first day of the publication and then 10 days after the last day that would mean that there is a window gap of five days that is missing and where a complaint cannot be made at all. A correction has to be made there.

The second point that I want to draw your attention to is Part XI – “Changes of key personnel”.

In Clause 141, sub-clause (1)(b):

“the Bank has before the expiration of thirty days, beginning with the date of its receiving such written advice, notified the insurer in writing if it has any objection to that person being appointed”.

I would contend here that, not only should the Bank give an objection, but it should also state its reasons. One cannot just tell an insurer, which is the company that is handling millions of dollars’ worth of policies that its objects to a person being appointed or policies being transferred without stating the reasons for it. That, in and of itself, could also create natural justice issues which could arise.

In Part XIII – “Consumer Protection”, I noted that there is a very good provision here which requires that each insurer company has an officer responsible for dealing with complaints and to log those complaints. It does not state how long should that information be stored by the insurer. For example, when we were dealing with transactions being done from telephone companies, they were required to keep a record of those transactions, which meant call logs or text logs, for the purposes of the Act. They were required to keep it for seven years. There is no requirement of duration here for how long this log information of the complaint should be kept. That would

be important if the regulator is chronicling and analysing how the insurer is performing in dealing with complaints for the purposes of protecting the policyholders.

In Clause 159(1), it refers to the requirement of the six-week period for the investigation by the insurer and that would be from the point of making the complaint. What it does not say, and where it is absent and what it ought to say is that, the complainer or complainant should be given a notification or an acknowledgement of a complaint. This is so, that when they go to the regulator and say that they have submitted their complaint to the insurer and six weeks have gone and they have not done anything about it. At least the regulator would be in a very solid position to demand from the insurer company an explanation as to why they had not done what they are required to do under the Act. Without a notification, a notice or an acknowledgement to the complainant that one has lodged this complaint with the insurer, he/she would not be able to enforce on or enjoin on the regulator to act on this provision.

My Hon. Friend, Mr. Ali, had mentioned that there was an absence in relation to time frames in dealing with consumer protection. If I may draw the Hon. Minister's attention, through you Mr. Speaker, to clause 160, it does not say how long the regulator or the Bank in this case deals with an investigation on their own. So they have therefore imposed a time frame on the insurer to deal with a complaint which is six weeks from the time one lodges a complaint to the time it has completed its six weeks.

Where is the time frame on the regulator? At the end of the day, if one is seeking to, under this clause which is called "Consumer Protection" and is also seeking to protect small policyholders who have complaints or claims that have not been met, we would not want those claims to be dragging out. The nature of insurance being a financial product of a market-oriented economy is that it fills a void for finding capital so that when an accident happens or something that requires an insurance company to step in, one would be able to get the remedy rather than going into his/her own pockets, especially if he/she does not have it.

We ought to be including a time frame of three weeks or maybe in six weeks. We can have some kind of correlation between there that the insurer ought to be dealing with that complaint as well.

In Clause 162, which deals with arbitration, lawyers also know that this would have been a perfect opportunity for the Government to deal with Scott-Avery type clauses, where arbitration

would be included in policies. Sometimes when claims are made through the courts, it is used as a technical point to defeat the claim. If it has passed a certain point, in terms of duration for the matter, it becomes statute barred. I have seen it time and time again happen because of the Scott-Avery type principle in the common law jurisprudence. The attorneys on the other side would know exactly what I am talking about. This would have been a perfect situation to deal with that which would say, in effect, that one was overriding on a statutory basis, the Scott-Avery Principle to say that, whether one goes small or medium, it does not matter. As long as one is a policyholder and he/she wants to make a claim and is not going to go by arbitration, one ought not to be ousted or defeated by making a claim through the courts first. That is the point.

*10.39 p.m.*

One should be given equal opportunities of going to arbitration, meeting to the courts and should not be defeated on a technical point on his/her policy which is being done in practice all the time. If Members do not believe they can check with anyone of their Colleagues on the other side who are practising attorneys and they would find that that happens on a regular basis.

I would also respectfully suggest and this is in relation to clause 164 that, if arbitration is agreed to, then it ought to be binding on parties, and were appeals are concerned that it should only be for the purposes of judicial review. If a person is saying that he/she has a dispute that he/she is unable to get resolution to, knowing that a resolution is the paramount in dealing with it in an expeditious way, this provision should say that it is binding on both parties, if it is agreed to, and that, if there is an appeal, the appeal ought to only deal with judicial review on irregularities on procedures. That is it alone. If Members agree that this is the course that we are going to take, then this must be it. Persons cannot go into the courts and continue to hold up the claims. What that does for the person who needs the money now in order to get their machine house, car or whatever it is back up and running? They may not have the money in order to do that now. So, if they have an award as a result of this arbitration, they must be able to obtain it, whatever it is, even if it does not work out in their favour.

Part XIV – “Statutory Fund”, Clause 171 does not deal with the purpose. What is the purpose of the Statutory Fund? It then sets out that a lot of what it is going to be governed by. It is going to be governed in the regulations.

I would have thought that the proper thing to do would be to lay the regulations contemporaneously, so that we are clear of what it is that they are going to deal with under the Statutory Fund. How is the Statutory Fund going to affect the capital adequacy requirements if they have to meet it at a certain percentage? For example, if some of their profits have to be used for it, it does not really explain how it is going to be used and how is it that the insurer, which is the company, is going to fund it. That needs to be spelt out a little bit more. I have a couple more points.

Part XV – “Statutory Intervention”, it does not state what intervention means. I think in the definition section what intervention means should be dealt with. Does intervening means that the Bank is going to take over the management of the company? Is the Bank going to be dealing only with specific issues? It is a very strong word that is being used there that is left open for a whole bunch of interpretation that may or may not scare the insurers in thinking that the Bank is going to intervene in the affairs. I could read what the clause states:

Clause 173

“Subject to the other applicable sections in this Part, the Bank may at any time intervene in the affairs of an insurer licensed under this Act.”

I think that that is too broad of a scope and draconian is a strong word as well, but I think that it does not explain what intervening actually means.

Finally, I notice that there is a repeal and savings clause as well. I thought that in order to simplify and make it easier for members of the public on where to find legislation because once something has been repealed and I am not saying that there are no capabilities of savings provisions, but once it is repealed, it would make the impression that the entire Act is repealed. So, it would be clinical and probably more comprehensive for the purposes of meeting the demands of the public, if those provisions would have been reintroduced in this Bill and the entire previous Bill repealed. Those conclude my submissions in relation to the Bill.

I would like to conclude on this point that, at no stage before the presentation of the Bill, did I notice that there was any consultations with members of the public. In addition to that, there were no consultations with members of the Opposition. It ought not to reach to the point where

my Colleagues or I are coming on the floor of the National Assembly to state the deficiencies of a Bill, which the Government's position to proceed to the final reading may have already been established.

If we are to have the suggestions included, prior to all of this, it would have been useful for the consultations with the public actually to have been helped. If it was then forgive me. I did not see it, I was not invited certainly because I would have made those contributions before and I think that that is the gravest mistake that this Government is making. The gravest mistake that the Government is making is that it believes that it can do it on its own. It believes that it can do it without the contributions of this side of the House and the People's Progressive Party (PPP). That would be one of the biggest mistakes that it would make because it would continue to make blunders. It is because no one party or no one group has all the ideas and all the remedies and solutions for themselves or the technical expertise and competence. The more the Government believes that the more it would end up in errors of folly. Thank you very much Mr. Speaker.  
[Applause]

**Minister of Business [Mr. Gaskin]:** Mr. Speaker, with your leave I wish to speak in support of the Bill before us today. Before I do, I need to make absolutely clear that, on this side of the House, we are talking about the same Bill that is being discussed on the other side of the House. It is because, as I tried to listen and to follow the Hon. Member, Mr. Ali, in his attempt to see this Bill examined in a special select committee, I was unable to follow the many deficiencies that he was attempting to point out.

First of all, he tried to count from sub-clause (5-13). [Ms. Teixeira: It was a small mistake.] Okay, a small mistake forgiven. But then the Hon. Member seemed to have some problems with the roman numerals also. A number of the deficiencies that he pointed out led me to believe that he was actually referring, perhaps, to an earlier version of the Act. The Bill that I would like to speak in support of is the Insurance Bill 2016, Bill No. 11 of 2016.

I would like to also respond to some of the opinions expressed by the last speaker. He referred to the Bank's obligations and just for absolute clarity, the Bank means the Bank of Guyana, the regulator contemplated.

The obligation to publish a notice of application of an insurer to make any fundamental changes in two daily newspapers, twice consecutively - in that notice there is a requirement that a period of 15 working days from the date of the first publication of the notice should be indicated in that publication as a period in which anyone has the opportunity to object. In the next sub-clause it states:

“any such objection shall be in writing and delivered to the Bank within 10 working days of the end of the 15 days period referred to above.”

The Hon. Member has managed to add 15 to 10 and come up with five. First of all, these days described here are all working days and any 15 working day period would have at least four weekend days. So, the five-day period for objection that the Hon. Member has come up with does not make sense to me, unfortunately. I do not think that the numeracy issues that the other side seem to have been experiencing, and I appreciate that it is after 10 o'clock in the night, but I do not think that those are strong enough justifications for this Bill to go on a special select committee.

Also in response to the last speaker and his defence of his party's stewardship over the industry, I wish to simply say that not all of us are comfortable with a big free for all. I believe I can say with reasonable certainty that, on this side of the House, when it comes to critical sectors of our economy, we are certainly not comfortable with the big free for all.

I believe that the financial services sector is a critical sector of our economy and that the insurance industry is a key component of the financial sector. Therefore, I personally do not have difficulty in supporting this new legislation that seeks to provide for the regulation of the insurance industry in Guyana.

The world is constantly evolving and, today, this evolution is largely driven by the need to do more business. However, if we are to do more business or even new business, then we have to ensure that we have systems in place to facilitate the development and expansion of industries and even the promotion of entrepreneurship and innovation in ways that do not adversely impact on the consumer, society, environment or even on other businesses in the form of unfair competition.



Such systems are embodied in the legislative and regulatory frame works that govern various industries. These must be updated from time to time in order to meet the ever changing needs of those industries as they evolve.

The truth is that businesses have different priorities from those who have responsibility for the well-being of our economies and our countries. This makes it imperative to have clearly defined parameters, which can accommodate those differences and which gives all stakeholders sufficient scope for successfully achieving their objectives. This is why is we have this Bill before us today.

Our Government would like to see a successful, profitable, viable, and sustainable insurance industry operating in Guyana that would support and secure our people, assets, and our businesses. Mr. Speaker, with your leave I would like to highlight a few sections of this Bill, which to my mind adds value not just to the Bill itself, but to our entire national risk management system.

*10.54 p.m.*

In the interpretation section, under clause 2 of the Bill, the term “actuary” is now defined as:

“...a Fellow of an actuarial accreditation body that is a full member of the International Actuarial Association and who is an Ordinary Member or an Affiliate Member of the Caribbean Actuarial Association;”

Mr. Speaker, compare this, if you will, to the interpretation in Section 2 of the Insurance Act of 1998 which casually speaks of:

“...a person possessing actuarial qualifications as may be approved by the Commissioner for the purposes of this Act.”

While the functions of the Commissioner of Insurance were officially transferred to the Bank of Guyana, in 2009, by the supplementary provisions of the Insurance Act of 1998, passed in this very House, there were no real attempts, at that time, to strengthen the provisions of the Act, relating to the professional accreditation of actuaries. The insurance industry plays a key role in business by removing and taking on the risk of financial loss from businesses in return for a fee

or a premium. In other words, it manages the risks involved in doing business. In fact, over the years and around the world, insurance has become the most efficient means of risk management. In order to successfully accomplish this, there has to be an accurate assessment of risks so that premiums paid will reflect the level of risks the insurer is taking. If the premium is too high, then the client may be forced not to insure and to absorb the risks themselves or may end up paying more than their competitors and be forced to compete at a disadvantage; either way, it is bad for business.

If, on the other hand, the premium is too low, then the insurers will likely attract more risks than they can afford. This could lead to problems with reinsurance or, worse yet, financial loss for shareholders or members and maybe even collapse. Again, this would be bad for business. Getting it right is important when it comes to risk assessment. The professional responsibility for getting it right and maintaining confidence in the system rests with the actuary. This is why it is important not only that some international system of accreditation be utilised by the industry, but that it is enshrined in law so that there is no ambiguity in this regard. This is comprehensively addressed in Part VIII of the Bill, which deals with auditors and actuaries of insurers and makes specific provisions for the qualifications, appointments and duties of actuaries in the insurance sector. These can be found in clauses 97 to 112 in the Bill before us. This is a key improvement over the former Act.

Additionally, this Bill strengthens the rights of policyholders. This is addressed under “Consumer Protection”, which is the subject and title of Part XIII of the Bill. Mr. Speaker, with your permission, I would like to quote from Part XIII – Consumer Protection.

“Every insurer shall -

- (a) establish procedures for dealing with complaints from persons having requested or received products from the insurer;
- (b) designate an officer of the insurer to be responsible for implementing and overseeing those procedures, including the maintenance of an insurer-wide log detailing the complaints received and how they were ultimately resolved, and for acting in the capacity of an internal ombudsman with regard to dealing with public complaints;

(c) indicate on its web site and in response to enquiries, the procedures established pursuant to paragraph (a) and the name and contact details for the designated officer pursuant to paragraph (b).”

Clause 159 provides for an investigation to be carried out within a specified time frame of six weeks and for the complainant to be notified of the results of the investigation. It also provides for the consumer to receive, in writing, the final position of the insurer and to be referred to the regulator, the Bank of Guyana, in the event that the matter cannot be resolved to the satisfaction of the insurer and if they wish to pursue it further.

Clause 160, sub-clauses (1) and (2), reads:

“(1) The Bank will investigate any complaint received from a consumer, provided it has a copy of the final position letter and the relevant correspondence forwarded from the complainant.

(2) If the Bank, after a full examination of the facts of the case, is of the view that the matter should be resolved in favour of the complainant, it shall so advise the insurer concerned.”

While the Bank cannot compel the insurer to take any particular course of action with regard to the complaint, and this is stated clearly in sub-clause (3), there is still recourse to the courts as well as the option for the matter to be dealt with by an arbitration board, subject to certain criteria being met.

Clause 162 to clause 169 deal with the criteria for matters to be considered by an arbitration board as well as the composition, rulings, appeals, remuneration, assessment of costs, handling of frivolous and vexatious matters and rules governing the operation of the arbitration board.

Clause 170 gives the Bank the power to make statistical information regarding complaints to insurers and other information pertaining to levels of consumer service provided by insurers and intermediaries such as agents and brokers public. So Part XIII of the Bill deals with consumer protection by prescribing the recourse available to consumers who may have complaints against insurers. This is certainly a welcomed improvement over the former Act in which none of the provisions existed.

Throughout the Bill, there are numerous other provisions which ultimately give protection to consumers who purchase products from insurers and expect, in return, to receive certain benefits and compensations. For instance, in clause 41 of the Bill, it provides for the regulator to maintain a register of acceptable reinsurers, based on ratings from an approved international rating agency as well as its track record in doing business in Guyana. This allows consumers to benefit from the third party insurance provided by an independent rating agency.

Clause 44 of the Bill sets out the range of criteria which companies must meet to the satisfaction of the Bank of Guyana before they can be granted an insurer licence. This substitutes a licensing requirement for the registration requirement of the former Act and it strengthens the provisions under which insurers operate. The benefits of these most stringent criteria will ultimately accrue to consumers.

Part VI – Corporate Governance of Companies: By specifying the composition and the responsibilities of boards of directors as well as audit committees of insurers in clauses 60 to 64 of the Insurance Bill 2016, it strengthens the accountability within companies and safeguards the interests of shareholders.

I can go on citing the various clauses of this Bill but the truth is that most of the provisions of the Bill are non-contentious and clearly beneficial to both the industry and the consumers. This Bill, as a whole, is a solid plank in the national risk management architecture which our businesses depend on for long-term security.

I will close with this last and seemingly insignificant provision contained in Part XVII, clause 214 (1):

“A licence or a renewal licence shall be automatically renewed for a further one year period on payment of any renewal fee.”

According to the explanatory notes, this means that the licence is deemed to be renewed upon the payment of the annual licensing fee and does not require the physical renewal of the licence, which would require physical time and effort.

As the Minister of Business, I am overjoyed to see that we are looking at reducing the bureaucracy involved in simple processes. This improves the ease of doing business for insurers

since it reduces the number of procedures they have to go through. It is a very small step but certainly one in the right direction and I hope that it sets precedent.

In the interest of a good night's sleep and a productive Friday, especially for those of us whose offices are closed on Mondays and who have to do double the amount of work tomorrow, I will close simply by commending this Bill No. 11/2016 to this honourable House for passage.

Thank you very much. [*Applause*]

**Mr. Nandlall:** That we live in a commercial world that is dynamic is a reality that we must accept. It is incumbent upon us, as legislators, to ensure that we have laws in place to meet with the changes that are taking place, especially in the commercial sector as well as in every other sector. The insurance sector is fast becoming a very integral part of the commercial world and, more and more, greater dependency is placed upon the insurance industry.

The Hon. Member, Mr. Irfaan Ali, in his presentation, outlined a series of legislation which was passed in this House, all intended to modernise and advance our financial architecture and sector, and we must continue to do so.

In 1998, for example, we passed which, at that time, would have been a very comprehensive Bill in relation to the insurance sector. Prior to that, there was a virtual statutory void in relation to the insurance sector. In 1998, we felt that we would have passed a Bill, at that time, that would have lasted for a very long time and it did. Changes were made to that Bill in 2009 and we are now, in 2016, trying to enact another Bill, a Bill that has been in the pipeline for a while, a Bill that captures the modern realities of the commercial world and places its emphasis in areas where cases have established that there exist deficiencies.

A lot has been said, for example, about the CLICO debacle. For the information of my Friend, the Hon. Minister Sharma, Guyana and Guyanese policyholders were, perhaps, the least affected by the CLICO debacle in the entire Caribbean.

*11.09 p.m.*

In fact, there are arbitration, dispute resolutions and litigation going on throughout the Caribbean in relation to CLICO, but the Government stepped in here, a judicial manager was appointed and

steps were taken, as far as possible, to insulate the policyholders, those who had pensions in the pension plan and those who had moneys in CLICO, from the damage that was caused by CLICO.

Guyana was not at fault, if one understands the CLICO issue. The Government was not at fault, if attempt is being made to blame the Government. The Government does not regulate the insurance industry. The insurance industry is self-regulated by law. Government stepped in *via* an intervention by the Judiciary, which was the only avenue available. So to place blame at the feet of the former Government is a demonstration of a lack of understanding of the regulatory framework within which the insurance company operates, especially the insurance company then. Now, Government would seem to have a greater role in this Bill because the Commissioner of Insurance is essentially being replaced here by the Central Bank which has some governmental control.

I just wanted to put statements made about CLICO in that particular perspective and to say that this Bill will become the bible of the insurance industry for the ensuing years until it is decided that we need to change it. It replaces the other two pieces of legislation. After this Bill is enacted, this will be the Act that will govern the operation of the insurance sector, absolutely and comprehensively, in this country. For that reason alone, we should not spare any effort to ensure that we have, as far as possible, the best possible Bill.

The Hon. Minister referred to some consultations which took place, but I do not believe that that consultative process was completed. An important agency in the insurance sector, the Guyana Insurance Brokers Association (GIBA), had raised a number of queries which, I do not believe, were addressed or adequately addressed.

Significantly, there are some paradigm changes that this Bill will implement when it comes into force – fundamental changes that never existed. Things are going to happen; regulatory bodies are going to begin to function; powers are going to be exercised; obligations are going to be imposed that are hitherto unknown to the insurance companies.

Significantly, the Central Bank will become the singular regulator of the entire industry. It is the Central Bank that will be responsible for licensing. It is the Central Bank that will be responsible for ensuring that the provisions of this Act are complied with, that the insurance company is constantly in a safe state of health and that it is always in a position to best protect the interests of

the policyholders. It is the Central Bank that will intervene to take over in the event of mismanagement or in the event that the state of financial health of any particular insurance company may be deemed to be inimical to the interests of its policyholders. It is the Central Bank that will act as a disciplinary tribunal over operators in the sector. Those are only some of the responsibilities, duties and obligations which will devolve upon the Central Bank when this Bill is enacted.

We are aware that, as legislators, when we pass these Bills, we must also bear in our minds other Bills that are being passed and other responsibilities that are being created and imposed upon these agencies. We know that a whole regime of obligations, responsibilities and duties has been imposed, in recent times, on the Central Bank by virtue of the Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) slew of legislation. These are functions that were never before Central Bank functions and the Central Bank has been, for want of a better word, burdened with a humongous regime of responsibilities in that sector alone. Every financial operator within the AML/CFT umbrella is supervised by the Central Bank and the Central Bank has a monitoring responsibility in relation to those numerous organisations. Here we have another Bill that is imposing another set of, preponderance of, obligations on the Central Bank.

Of course, the Central Bank has its functions to perform as the Central Bank. It still has to regulate all the commercial banks. It has certain economic indicators that it monitors and maintains for the purpose of economic statistics and a whole host of other functions.

Here it is that this Bill is imposing, on the Central Bank, a plenitude of responsibilities. Is the Central Bank capable? I have not heard, from the Minister, what additions, in terms of resources... The Central Bank, as we know, is housed in one location and it has one set of staff. We have not heard, from the Minister, what plans are in the pipeline to prepare the Central Bank to discharge the multiplicity and multitude of responsibilities which this Bill will impose upon the Central Bank when it becomes law. I am not sure that the Central Bank has had an adequate opportunity to familiarise itself with various and varying powers and responsibilities which this Bill devolves upon it.

It is for these reasons that we are asking that the Bill goes to a select committee. I am reminded by the Hon. Madam Teixeira, who is an institution in this Parliament, about our Report that we compiled, the Parliamentary Special Select Committee Report where that Committee was set up especially to review the Report emanating from Sir Davies, Pinder and Bradford. One of the several recommendations was that complex Bills, large Bills – not necessarily controversial Bills – must, as a matter of course, be remitted to a select committee. As a matter of policy, the Parliamentary Management Committee (PMC) adopted that as part of our standard operational procedures, but, unfortunately, since this Eleventh Parliament has begun, I sense a marked reluctance to resort to Select Committee on any Bill, irrespective of its size, irrespective of its complexity.

We will not get a Bill that is larger than this. This Bill has over 260 clauses and, as I said, it is not the ordinary Bill in the sense that it is an amendment of something or is an ancillary piece of legislation. When it becomes law, it will become the bible of the insurance industry – from the beginning to the end. When one goes through the Bill clause by clause, that is what it does; it appoints the Central Bank as a supervisor and it begins from licensing. How do you get a license to operate in the insurance sector? It starts from that position and it goes right on to liquidation and to bringing a company under judicial management – winding up. From the beginning of the insurance company to the end of that company is governed by this Bill. That is why we should be careful in ensuring that that which we are putting forward must be our best effort.

A large part of this Bill is contingent upon regulations being enforced to give effect to many operational matters in this Bill and the regulations are not here. Unfortunately, we have had – we were guilty of it when we were in Government – the tendency, in this Parliament, to pass Bills very quickly and the regulations that are so integral to the successful operation of those Bills have not been forthcoming with the same alacrity. So, we have Acts of Parliament that are semi-operational. Because this is so crucial, because this is the only statute that will be regulating the insurance sector henceforth, we should ensure that, when we bring it into operation - it has to come into operation by an order from the Minister - the regulations must be simultaneous with it. We would like an opportunity to have it examined at the select committee.

*11.24 p.m.*



The Bill, as I said, has some very good, progressive and well-meant concepts. The general policy behind this Bill is designed to protect the policyholder. It will strengthen the industry in such a way that the policyholder is protected. Almost every single initiative in this Bill is designed to achieve that objective. For example, someone spoke about an insurance company operating in Guyana being part of a group where other group members are operating elsewhere. That company operating in Guyana must submit annual financial statements to the Central Bank and its group members operating outside of Guyana must do so as well because we saw very well and very clearly what happened with CLICO. CLICO Guyana was a very profitable company. It was CLICO, elsewhere, that experienced problems which caused withdrawals of liquidity from CLICO Guyana. To guard against that type of eventuality, the Central Bank requires those sister companies, wherever they are located, to also submit their audited financial statements to the Bank so that the Bank, at any given time, could have a reasonable feel and understanding of the financial health of the entire family of companies and not only those that are here.

The Bill imposes an obligation to set up a statutory fund that is put there specifically so that, in the event that something goes wrong with the company, policyholders could draw directly from that fund. There is a whole host of other safety mechanisms that is here. For example, even the senior staff of the insurance company will have to be vetted by the Central Bank and the Central Bank has to grant its approval. If a company is making any changes within its capital network, *intra vires* the company, once the company is going to fundamentally change the share capital, the Central Bank must know because that could have an adverse impact upon policyholders.

Of course, once the Central Bank feels that the Act is being violated by insurance companies or that insurance companies are not operating in the best interest of policyholders, it steps in, after serving a notice, and takes over. It also has the power to recommend that the court appoints a manager and that manager takes over to manage the existing business. Of course, they cannot do new business and attain new policies, *et cetera*. There is a vast menu of measures that are in this Bill that are designed to protect the consumer and the policyholders.

There is no doubt that this Bill, when it is implemented, will result in increased costs for insurance. [Mr. Ramjattan: It is going to be minor.] I do not think it is going to be minor. I heard the Minister say that it is going to be minor. We do not have an idea of what the increased cost will be. The Central Bank, for its functions in this Bill, has to be funded and the

insurance companies have to contribute to that. The establishment of a statutory fund will mean that the insurance companies have to have capital from somewhere. The cost of presenting all these reports, even when a company is located outside of Guyana, and the cost of simply complying with the various obligations which this Bill imposes will have an effect on the cost of insurance. I am unable to say what that is and I do not know if the Minister will assist us, but these are the things, for example, that we could look at in a select committee, where we could ask for an assessment to be done of the cost effect of the implementation of this Bill on a singular insurance company and we could work together to see how we could minimise that cost.

We, on this side, while we support the Bill, generally, and it is our Bill, as the Minister pointed out, still would have asked, had the Bill been presented here in 2014 or whichever day the Minister had selected for it, without doubt, for it to be sent to a select committee.

There is another issue that I wish to briefly speak on and that is clause 262, not on the clause itself but a mechanism that I see has been appearing in Bills with some regularity. I see the Chief Parliamentary Counsel (CPC) and his beautiful wife here. Perhaps, we could be advised whether this is a new mechanism. This Bill, notwithstanding repeal, *et cetera*, saves a few clauses of the repealed Bill. This Mechanism is quite cumbersome. We have computers; we could cut and paste. For convenience, if this Bill is in one place...that is why we consolidated the laws; it was to not have laws scattered all over the place. The Minister of Finance had great difficulty, during his Budget debate, in finding a piece of legislation that was repealed by the Fiscal Management and Accountability Act, but saved in some minor, obscure provision somewhere. I think he took several hours to find it. There is no harm in simply repealing that Bill in its entirety and cutting and pasting it. It is on a screen. You just have to press two or three buttons and then cut it. All of the laws are in soft copies. So, even if you want to save something from a 1920 Act, it is in a soft copy version and could be cut and pasted onto a new page. I am asking, respectfully, and hoping that I could persuade the learned Chief Parliamentary Counsel to desist from this innovation. It is in the Wildlife Bill and the Telecommunications Bill, so it seems to be gaining some currency in recent Bills, and I am hoping I could persuade against such a practice because it really defeats our purpose to have our laws in one central place.

In conclusion, I will ask, respectfully, that this Bill be sent to a select committee. I cannot see any harm coming out of it. It satisfies all the requirements. It is a foundation Bill for an entire

sector; it is a complex Bill; it is a huge Bill in terms of its size and it involves a multiplicity of sectors: the Central Bank, insurance brokers, insurance companies, policyholders and the private sector that work with insurance companies in terms of securing financing. The traditional roles of insurance companies have expanded, greatly, over the years and insurance companies now lend money, provide security and perform many non-traditional functions, non-traditional in the sense of not core insurance functions. So, the breath of the sector's influence is quite embracing, and that is why I am asking, respectfully, that we go to a select committee and set a time frame. I do not know what the urgency is; I have not heard it. There is no great dilemma in the sector that will cause any irreparable harm and damage if we do not pass this tonight. So, I do not see any harm in detaining it for a few weeks and we could bring it back and pass a Bill that both sides of the House are satisfied with, but, more importantly, we would give the people out there, who are going to be affected by this Bill, and opportunity to come an express whatever views they have on it. That is my plea before I take my seat.

Thank you very much, Sir. *[Applause]*

**Mr. Jordan (replying):** Thank you, Mr. Speaker. I intend to be brief here. The hour is going and we ourselves are being taxed. First of all, I want to thank all the speakers on both sides for their contributions. In many ways, the debate was enriching and enlivening.

I want to quickly remind the Hon. Member, Mr. Nandlall, that it was not me who had a difficulty, during the Budget debate, with finding a section, as he called it. It was I who brought the particular amendment to the House and it was the Hon. Member, Mr. Nandlall, who was vocal and vociferous that such a section did not exist and that it was repealed, and I am sure the Hansard will prove me correct where that is concerned.

I think everyone has had their say on CLICO; so, I will have my bit too. I am surprised that we are hearing that CLICO was a well-managed organisation, that the Guyanese people were saved from going over the precipice, and that we were the least affected by the CLICO contagion. Contrary to these assertions, I believe that CLICO's failure resulted, partly, from the use of aggressively high interest rates in order to finance equally high risk investments, much of which were in liquid assets, including real estate. CLICO failed to set aside appropriate reserves, called statutory fund, and also failed to ensure adequate capital was available to act as a buffer against

the sharp drop in asset prices, especially a rapid fall in methanol prices, which was a major source of dividend for the group, and real estate value in the United States to meet future claims.

*11.39 p.m.*

CLICO's exposure to the financial crisis and the mismatch between its obligation and its liquid assets were identified as too late. The CLICO case underlines the importance of strong governance and, particularly, a full understanding by the management team of firms. That does not sound to me as a company that was well managed. The results are well known, if you tell it to those who are waiting to collect their money and the taxpayers of this country, who would bear the losses which were incurred by the National Insurance Scheme - over \$5.6 billion worth of losses and counting. It is the taxpayers who would have to make good on that.

We have heard all the entreaties to get this Bill to go to a select committee. I started out my discussion on the debate by going through the long history of the Bill and the wide consultations, over a period of four years, that this Bill has gone through. The Bill did not make it to the House in 2014 because of the prorogation and subsequent dissolution. The new Government did not sit on its laurels. It used the interregnum - between when it came to power and bringing the Bill to the House, today - for further consultations with a wide variety of stakeholders. This Bill is probably one of the most consulted Bills that have been brought to this House. We can consult and consult until the chickens come home to roost. We can try as much as we can for the perfect Bill, but no Bill is perfect. There will always be loopholes and we have enough lawyers in here who can find a loophole in what might be considered a perfect Bill. We believe that this Bill is a culmination of widespread consultations and there were several drafts. The Bill has had the stamp of international institutions. The persons from the Financial Sector Assessment Programme (FSAP) who came here had examined the Bill. We believe it is time that this Bill gets through this House for passage.

We are told that the Guyana Insurance Brokers Association has some grouse, as indeed everybody will have a grouse. You have to give and take, and, maybe, when you compromise, you win some and you lose some. The Guyana Insurance Brokers Association is part of the Insurance Association of Guyana, and we had said that the Insurance Association of Guyana had given approval of the Bill. It is like the Private Sector Commission (PSC). It may give approval

but one of the components may not necessarily agree with everything. Generally, if one belongs to a group, the decision of the group, essentially, is the decision of the group, and the components of the group will have to go with that decision. It does not mean there may not be one and two members who disagree. They were widely consulted as, indeed, separately, the Guyana Insurance Brokers Association was widely consulted. But, like I said, consultations have to come to an end at some time. We just cannot keep consulting.

We were asked, where are the regulations? It is not uncommon to bring a bill to the House and ask for it to be passed and for the regulations to follow. I think it will be rare that the regulations and the bill come together. Be that as it may, I am told that the regulations are already being drafted and once they are completed, again, there will be wide consultations on those regulations before they get to this House.

We were asked whether the Bank of Guyana is capable of taking on the added responsibilities. I would say even if it were not - and I know that it is - it should not be an excuse for the non-passage of this Bill. It is for the Bank to develop, over time, the capacity to execute the full Bill. Indeed, the regulations can provide for which sections can come into force, depending on the competencies developed by the Bank. I am told that the Bank was given the responsibility since 1<sup>st</sup> June, 2009 and it has been competently carrying out its responsibilities.

Mr. Speaker, I want to say that, together with wide consultations on the 262 clauses and numerous sub clauses, its two Schedules and the detailed Explanatory Memorandum, this Bill sets the stage for the insurance sector to regain its important role in financial sector development and, hence, Guyana's economic development.

I want to conclude here and ask that this Bill go through its stages and passed.

Thank you, Mr. Speaker. *[Applause]*

**Ms. Teixeira:** Mr. Speaker, I rise under Standing Order 58(1) and (3). I ask that the Bill be referred to a special select committee.

**Mr. Speaker:** Hon. Member, Ms. Teixeira, my reading of Standing Order 58... did you say that that was your point of reference?

**Ms. Teixeira:** Mr. Speaker, I referred to Standing Order 58(1) and (3). Standing Order 58 (3) states:

“A Bill, while under consideration in Committee of the Whole Assembly in accordance with Standing Order No. 58 (1), may, on a motion made on the Assembly, be withdrawn from that Committee and be referred to a Select Committee.”

I am asking, under Standing Order 58(1), which allows a motion be brought to send a Bill to a select committee and Standing Order 58(3) that allows it to be at any time, that this Bill be sent to a special select committee.

**Mr. Speaker:** I read 58(1). It states when a Bill has been read a second time in accordance with Standing Order 57. I apprehend that we have not yet read the Bill the second time. I do not suppose this has escaped your attention.

**Ms. Teixeira:** Mr. Speaker, I will be guided by you as to when I can move my motion. Thank you.

*Question put and carried*

*Bill read a second time.*

**Ms. Teixeira:** Could I proceed now, Mr. Speaker?

**Mr. Speaker:** You may now proceed.

**Ms. Teixeira:** Sir, under Standing Order 58(1), I would like to move that the Insurance Bill, which is before this House, be committed to a special select committee and report to this House before the recess begins in August this year. Thank you.

*Question put.*

*Motion negatived.*

**Ms. Teixeira:** Division.

*The Assembly divided, Noes – 33, Ayes – 28, as follows:*

**Ayes**

Ms. Veerasammy

Mr. Gill

Mr. Ramson

Mr. Anamayah

Mr. Dharamlall

Mr. Charlie

Mr. Damon

Mr. Chand

Mr. Neendkumar

Ms. Pearson-Fredericks

Mr. G. Persaud

Mr. Mustapha

Ms. Selman

Dr. Westford

Dr. Ramsaran

Mr. Croal

Mr. Hamilton

Dr. V. Persaud

Mr. Seeraj

Bishop Edghill

Mr. Lumumba

Ms. Sukhai-Campbell

Dr. Anthony

Ms. Manickchand

Mr. Nandlall

Ms. Teixeira

Mr. Rohee

Mr. Jagdeo

*11.54 p.m.*

**Noes**

Mr. Rutherford

Mr. Rajkumar

Mr. C. Persaud

Mr. Figueira

Mr. Carrington

Mr. Allen

Mr. Adams

Ms. Bancroft

Ms. Wade

Ms. Adams-Patterson

Ms. Henry



Ms. Charles-Broomes

Dr. Cummings

Mr. Sharma

Ms. Garrido-Lowe

Ms. Ferguson

Ms. Hastings-Williams

Mr. Holder

Mr. Gaskin

Ms. Hughes

Mr. Patterson

Ms. Lawrence

Mr. Trotman

Mr. Jordan

Dr. Norton

Mr. Bulkan

Dr. Roopnarine

Lt. Col. (Ret'd) Harmon

Ms. Ally

Mr. Williams

Mr. Ramjattan

Mr. Greenidge

Mr. Nagamootoo

*Motion negatived.*

*Assembly resolved itself into Committee*

*Assembly in Committee*

**Mr. Chairman:** Hon. Members, we will now consider the Bill clause by clause. Finance Minister, you have the floor.

**Mr. Jordan:** Thank you, Mr. Chairman. Mr. Chairman, I suggest that we deal with the Bill *en bloc*, instead of clause by clause, since there is no amendment.

**Mr. Chairman:** I thank the Hon. Minister. He has anticipated the request that the Chairman would have put to the floor. Hon. Members, I am proposing, with your agreement, that we treat the considerations of the clauses of the Bill *en bloc*.

*Bill considered and approved without amendment.*

*Schedules 1 and 2 agreed to and ordered to stand part of the Bill.*

*Assembly resumed.*

*Bill reported without amendments, read the third time and passed as printed.*

## **ADJOURNMENT**

**Mr. Speaker:** Hon. Members this concludes our consideration of the Insurance Bill 2016. Is it my correct understanding that this is the last item for this evening? Then, Prime Minister, would you move the adjournment?

**Mr. Nagamootoo:** I move that the House be adjourned until 18<sup>th</sup> July, 2016 at 2.00 p.m.

*Sitting adjourned accordingly at 12.03 a.m.*