

PARLIAMENT OF BHUTAN



PROCEEDINGS AND RESOLUTIONS (TRANSLATED) OF THE EIGHTEENTH SESSION OF THE NATIONAL COUNCIL OF BHUTAN

(15th Day of the 9th Month to 9th Day of the 10th Month of the
Fire Male Monkey Year Corresponding to 14th November to
8th December 2016)

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Proceedings and Resolutions (Translated) of the 18th Session of the National Council of Bhutan

(Monday, 14th November 2016 corresponding to the 15th Day of the 9th Month of Fire Male Monkey Year of the Bhutanese Calendar)

A. Proceedings for the Opening Ceremony

The opening ceremony of the 18th Session of the National Council of Bhutan was held on 14th November 2016 corresponding to the 15th Day of the 9th Month of Fire Male Monkey Year of the Bhutanese Calendar with traditional *Marchhang Tendrel* ceremony presided over by the Chairperson.

B. Opening Address of the Hon'ble Chairperson

The opening ceremony of the 8th Session of the Second Parliament was presided over by His Majesty the King, followed by offering of *Soelkha* by the members of the National Council on 11/11/2016 coinciding with the Birth Anniversary of the Fourth Druk Gyalpo for the smooth conduct of 18th session. During the opening ceremony of the 18th session of the National Council on the auspicious occasion of 15th Day of the 9th Month, the Chairperson thanked the Hon'ble Prime Minister for gracing the Session.

As this year has been marked as the 10th year reign of His Majesty the Fifth Druk Gyalpo, the Chairperson expressed his gratitude to all the people for commemorating and celebrating the occasion. On behalf of the people and on behalf of the National Council, the Hon'ble Chairperson expressed his heartfelt gratitude to His Majesty the King for his numerous noble deeds, most notably for further strengthening the sovereignty of our country, bringing unity among the diverse society and people, bringing peace and harmony and prospering

Buddhism under the dynamic leadership of the Dharma King after ascending to the Golden Throne.

Hon'ble Chairperson also expressed his heartfelt gratitude to His Holiness the Je Khenpo, Central Monastic body, Trulkus and Lamas for protecting and preaching Buddhism in the country.

During the celebration of the 60th Birth Anniversary of His Majesty the Fourth Druk Gyalpo last year on 11/11/2015, His Majesty the King announced the birth of His Royal Highness Gyalsey Jigme Namgyal Wangchuck, which brought immense happiness and joy to the nation. Moreover, people were very excited to have an audience with the Royal Prince and His Majesty the King also advised to consider the Royal Prince as the son of all people which added immense joyfulness to the occasion.

Likewise, it is an extraordinary and auspicious sign that the Royal Prince, irrespective of his age has made significant growth, and has travelled to different parts and sacred places of the country. Further, his first foreign visit was to the Kingdom of Thailand which is one of the Buddhist countries. For this, the Hon'ble Chairperson on behalf of the National Council expressed his deepest gratitude to the Fourth Druk Gyalpo, His Majesty and the Royal Prince.

The 18th Session of the National Council will deliberate on two Legislative Issues, one Agreement, four Policy Review related issues, one Performance Audit Report and five Question Times. Preparation for the Session started right after the conclusion of the 17th session. In that time, the relevant Committees have conducted a total of 113 meetings. Further, comprehensive reviews on three sensitive issues which are not included for

deliberation in the Session, are being prepared to be submitted to the relevant government agencies.

C. Implementation Report on the Resolutions of the 17th Session of the National Council

1. Implementation Report on Resolutions Related to Policy Review Report

The National Council during its 17th Session deliberated on few issues related to review of policies and submitted the recommendations to the Government and relevant agencies for implementation and the relevant Committee of the National Council has reported the same as given in Annexure I.

The follow-up reports received by the National Council for this Session was found much better compared to past reports. However, few issues were not satisfactory and were resolved as follows:

Resolution related to foreign workers and Illegal Immigration

1. In response to section 1.2 of the resolution, the Ministry of Labour and Human Resources replied that it has reviewed the maximum ceiling of the foreign workers and submitted to the government but it was not approved. It was resolved to seek further information on its approval. In line with the same section, the Ministry of Home and Culture Affairs replied that they have compiled the list of non-uniform personnel and their families in project DANTAK and IMTRAT. The National Council resolved that it will submit a written question during the 19th Session to seek information on both the issues.

2. The National Council acknowledges the support and assistance granted by project DANTAK and IMTRAT to the country. However, in relation to the resolution, it was resolved that further clarifications needs to be sought on the increase and decrease in number of workers employed by them as per the quantity of the work. There is also a need to look at the workers coming over again to work in the two projects and whether it is in accordance with our domestic laws. It was resolved that the Legislative Committee shall collect a periodic report on the status of the work permit issued to 1870 workers as per the response received from the MoLHR.
3. In response to the section 4(c) & (e) of the resolution, which talks about lack of transportation services and lack of professionalism and training respectively, the Ministry of Home and Culture Affairs replied that due to lack of budget there was no proper implementation. It was resolved that the Legislative Committee shall remind the Ministry to ensure proper acknowledgement of the issues bearing in mind the security of the nation.

Resolution on enactment of a Law on issue related to Ownership of Assets and Accounts Abroad by Bhutanese Citizens

With great concern, the National Council during its 17th session had passed a resolution for Ministry of Finance (MoF) to draft and urgently table a Bill in the next Session of the Parliament. In response, the Ministry of Finance reported that the Ministry is not mandated and

also doesn't have the capacity to draft the Bill. Therefore, the Ministry recommended the National Council to immediately forward the drafting of the Bill to the Office of the Attorney General (OAG). In another response, it was submitted that the existing Regulations on the issue will be adequate. Therefore, the National Council re-deliberated on the issue after taking further concern on the issue.

The two responses received from the Ministry of Finance were different and it created further doubts. Although it is possible for the Government to direct the OAG to draft the Bill as the OAG is legal advisor to the Government, but the response received from the MoF states that the direction has to be given by the National Council. In light of this, the National Council deliberated extensively on the issue pertaining to drafting of the Bill by the OAG in consultation with the Royal Monetary Authority.

The National Council deliberated on the motion to enact a Law on issue related to Ownership of Assets and Accounts Abroad by Bhutanese Citizens on 14/11/2016 and 18/11/2016 and resolved as follows:

The National Council,

1. *Endeavoring* to fulfill its mandate enshrined in the Constitution (Article 10.2 and Article 11.2) and in the National Council Act of the Kingdom of Bhutan 2008 (Chapter 2, Section 7 and 10) as a House of Review;
2. *Recalling* the wisdom behind the major concerns expressed by the erstwhile National Assembly members (in the 52nd Session in 1980 and 92nd Session in 1993) on the negative consequences of Bhutanese citizens illegally moving and holding

their wealth out of Bhutan through ownership of accounts and assets abroad;

3. *Conscious* of the broader economic, social, political and security implications to the nation if the aforesaid issue is not addressed;
4. *Called on* the Royal Government in the Seventeenth Session to enact a Law on the Ownership of Assets and Accounts Abroad by Bhutanese Citizens to enhance transparency, curb corruption and prevent tax evasion and other business malpractices etc., while at the same time facilitating legitimate business transactions;
5. *Acknowledging* the responses of the Royal Government wherein it has stated the lack of capacity to draft such law; and
6. *Acknowledging* further the specific request made by Royal Government to the National Council for the National Council to direct the Office of Attorney General to draft the aforesaid law:

Hereby calls on the Office of Attorney General in consultation with the Royal Monetary Authority to:

1. Draft a Bill on the Ownership of Assets and Accounts Abroad by Bhutanese Citizens to enhance transparency, curb corruption and prevent tax evasion and other business malpractices, etc., while at the same time facilitating legitimate business transaction.
2. Submit such law for enactment at the Nineteenth Session of the National Council.

Annexure:

- a. Motion submitted to the Royal Government to Enact a Law on Ownership of Assets and Accounts Abroad by Bhutanese Citizens June 2016;
- b. Background Note on Motion to Frame a Law Relating to Bhutanese Owning Undisclosed Income and Assets Abroad, June 2016; and
- c. Response of Ministry of Finance to National Council's Resolution

Voting details on the adoption of recommendations to enact a Law on Ownership of Assets and Accounts Abroad

Date: 18/11/2016: 1:03 PM; Total Votes: 22; "YES": 18; "No": 1; "Abstain": 3

Following voted, 'Yes':

- 1 Hon'ble Phuntsho Rabten
- 2 Hon'ble Tashi Wangmo
- 3 Hon'ble Pema Dakpa
- 4 Hon'ble Dhan Bdr Mongar
- 5 Hon'ble Sonam Dorji
- 6 Hon'ble Tshering Dorji
- 7 Hon'ble Tashi Phuntsho
- 8 Hon'ble Tashi Dorji
- 9 Hon'ble Jigme Rinzin
- 10 Hon'ble Jigme Wanghchuk
- 11 Hon'ble Nima

12 Hon'ble Kamal Bdr. Gurung

13 Hon'ble Rinzin Dorji

14 Hon'ble Kaka Tshering

15 Hon'ble Pema Tenzin

16 Hon'ble Nima Gyeltshen

17 Hon'ble Kesang Chuki Dorjee

18 Hon'ble Karma Tshering

Following voted, 'No':

1 Hon'ble Tharchen

Following abstained from voting:

1 Hon'ble Sangay Khandu

2 Hon'ble Tenpa Dorji

3 Hon'ble Sonam Wangchuk

Resolution related to Mining Issues

With regard to issues related to mining, the National Council received a response from the Department of Mines and Geology that due to lack of budget, the review on the amendment of the Mines and Mineral Management Act was not carried out. Therefore, after finding the response unsatisfactory, the House resolved to conduct a question hour (oral) session with the Minister for Economic affairs.

2. Follow up report related to Budget and Taxes

In the 17th Session, the National Council deliberated on Budget and Appropriation Bill 2016-17, Supplementary Budget and Appropriation Bill 2016-17 and Revised Taxes and Levies Bill of Bhutan 2016 and submitted few

recommendations to the National Assembly. The Economic Affairs Committee submitted a follow up report on the implementation status of the recommendations as illustrated in annexure II.

The National Council raised reservations on the Supplementary Budget and Appropriation Bill 2016, to which the National Assembly sought clarifications. While the recommendations on the Revised Taxes and Levies Bill of Bhutan 2016 were rejected, the National Assembly endorsed most of the recommendations on the Budget and Appropriation Bill 2016-17. The endorsement of the recommendations by the Government and relevant Ministries will also be included in the resolution follow up report of the National Assembly. Further, it was resolved that a reminder will be served to the National Assembly to ensure that the Ministry of Finance bear in mind the recommendations during the planning and preparation of the next budget.

(Wednesday, 16th November 2016 corresponding to the 17th Day of the 9th Month of Male Fire Monkey Year of the Bhutanese Calendar)

D. Legislative Issues

1. Introduction of the Customs Bill of Bhutan 2015

The Member-in-Charge of the Customs Bill of Bhutan 2015, Hon'ble Minister for the Ministry of Finance said that due to globalization, the technological advancement and ideological innovation also changes in order to cope up with international practices. The Customs Act passed in the year 2000 consists of combined Act of sales tax, customs, and duties. However, the Custom Bill which has been framed according to the rules has been separated. The Custom Bill has been passed in

National Assembly in the 7th Session and forwarded to National Council for review and deliberation on passing of the Bill.

The Bill is initiated based on International Custom Association and Revised Kyoto Protocol. It aims on strengthening the economy and revenue of the country. This Bill would immensely help in making business activities convenient, integrate modernized procedure, and harmonize relationship between countries and declaration of business items.

The main aim of the Bill is to encourage export business, provide services to the private entrepreneurs, and encourage FDI and to provide good working environment to the custom officers residing within and outside the country.

The Hon'ble members questioned about the benefits of the Bill on e-commerce. After passing of the Bill the members also questioned on how prepared the Government is to execute the act and the availability of the fund. And also inquired about the flexibility of the rules on restricted goods. In response to the questions, the Hon'ble Minister said that except for the restricted goods regulation, the Bills on e-commerce are ready to be executed as well as the budget. However, the minister hopes to overcome the challenges on restricted goods.

The responsibility of reviewing the Customs Bill falls on the legislative committee of the National Council. At times of review the committee needs to consult concerned agencies for detailed review. Out of 84 clauses passed by National Assembly, 64 clauses have been passed by the National Council. Further National Council has submitted 8 new more clauses.

1.1. Deliberation on the Bill

The National Council deliberated extensively on the Custom Bill of Bhutan 2015 on 16/11/2016, 17/11/2016 and on 18/11/2016. The following amendments and changes were made in the Bill which shall be submitted to the National Assembly for re-deliberation in accordance with Article 13.7 of the Constitution.

New section after section 2

The objectives of this Act are:

- ~~(1) Trade facilitation;~~
- ~~(2) Revenue collection;~~
- ~~(3) Enforcement and preventive;~~
- ~~(4) Predictability and transparency;~~
- ~~(5) Better service delivery; and~~
- ~~(6) Compliance management.~~

Objective of the act among others are:

- 1. To ensure judicious and efficient collection of Business income tax.**
- 2. To render high quality of services and improve ease of doing business.**
- 3. To ensure a transparent and custom rules of procedures**

Section 7

Amendment in Dzongkha

Section 11

The Department shall provide information to a person;

1) If the Department receives a court order;

on approval from competent authority if the information requested is not sensitive and restricted, ~~or does not violate person's privacy.~~

Section 12

Any complaint against an officer of the Department shall be made to ~~or inquired into~~ and determined by the Head of the Department.

Section 17

Retain as in the draft Bill

Section 25

The transaction value shall be the price paid or payable for the goods and adjustments to the price paid or payable shall be prescribed in the rules and regulations.

Section 30

Customs duty rates and revisions thereof on goods shall be **proposed in consultation with relevant agencies and** approved by the Parliament.

Section 38

Retain as in the draft Bill

Section 44

Amended in Dzongkha

Section 46

Customs duty shall not be levied on goods of ~~Indian origin~~ imported into Bhutan in accordance with the free **or preferential** trade agreement between ~~Royal Government of Bhutan and other countries~~ .
~~Government of the Republic of India.~~

Section 48 (3)

~~The bilateral **and** or multilateral agreements signed by Royal Government of Bhutan~~

Section 90

Retain as in the draft Bill

Section 110

The Department **may** ~~shall~~ carry out re-assessment and demand customs duty ~~with interest~~ from a person within the period of five years from the date of import, if:

Section 113 (5)

Where a person does not pay the dues even after exhausting all efforts made by the Department, which includes issuance of notices and other means of communications, such as telephonic calls, the Department shall, **with approval from Court**, through public media direct such person to report to the Department after obtaining a court order;

Section 118

A person shall ~~claim or~~ file an application for refund of customs duty or fees and charges within one year from the date of import or export of goods.

New Section after Section 118

The Department shall refund customs duty or fees and charges within 30 working days from the date on which the decision to refund has been made.

Section 131

The procedures for conducting **search and detention** ~~with or without warrant~~ shall be as per the provisions of the Civil and Criminal Procedure Code of Bhutan. ***(To be inserted after Section 133)***

Section 136

The Department **shall** ~~may~~ release any goods, documents or conveyance seized to the owner, **provided** if:

Section 141

Retain as in the Bill

Section 148

Retain as in the Bill

New Section after Section 153

A person shall have the right to appeal directly in a Court of Law if he/she so desires.

Section 154

If the appeal is unsuccessful, the appellant shall be liable to pay the disputed amount **only** ~~with penal interest of 24 percent per annum or fraction thereof~~

Section 168

If the Appeal Board fails to pass a decision within ~~60~~ **45** days or the appellant is not satisfied with the decision of

the Appeal Board, the person may appeal to the Court of Law within **30** ~~45~~ days.

Section 176

The Department **shall** ~~may~~ form a committee to dispose **off** ~~of~~ the prohibited, dangerous or hazardous goods in absence of any relevant authorities to take over.

Section 178 (3)

Accession to international conventions on customs matters **in accordance with the prevailing legislative procedure**

New Section after Section 181

Allowances, benefits and other emoluments

The Customs personnel working in the field shall be entitled to salary based lump-sum allowances, benefits and other emoluments on the approval of the Government upon recommendation by the Pay Commission.

Section 182

Imported or export goods shall be unloaded or loaded or cleared from customs station or customs area or warehouse on a public holiday or beyond the working hours on **other days** ~~the weekdays~~ only upon giving prior notice to the Department.

Section 183

Retain as in the Bill

Section 184

Retain as in the Bill

Section 188

The Amendment of this Act by way of addition, variation or repeal shall be effected by Parliament.

Section 190 (36)

Retain as in the Bill

Section 190 (37)

Retain as in the Bill

New Section 190 (49)

“Home Use” means any imported goods entering into free circulation in the domestic territory upon payment of customs duties and taxes and fulfillment of all the necessary Customs formalities.

Voting Details on the adoption of the Customs Bill of Bhutan 2015

Date: 18/11/2016: 2:22 PM; Total Votes: 19; “YES”: 19; “No”: 0; “Abstain”: 0

Following voted ‘YES’:

1. Hon’ble Phuntsho Rabten
2. Hon’ble Tashi Wangmo
3. Hon’ble Pema Dakpa
4. Hon’ble Dhan Bdr. Monger
5. Hon’ble Sonam Dorji
6. Hon’ble Sangay Khandu (Gasa)
7. Hon’ble Tashi Phuntsho
8. Hon’ble Tashi Dorji

9. Hon'ble Jigme Rinzin
10. Hon'ble Nima
11. Hon'ble Kamal Bdr. Gurung
12. Hon'ble Kaka Tshering
13. Hon'ble Tharchen
14. Hon'ble Sonam Wangchuk
15. Hon'ble Tenpa Dorji
16. Hon'ble Pema Tenzin
17. Hon'ble Nima Gyeltshen
18. Hon'ble Kesang Chuki Dorjee
19. Hon'ble Karma Tshering

(Tuesday, 21st November 2016 corresponding to the 23rd Day of the 9th Month of Fire Male Monkey Year of the Bhutanese Calendar)

2. Introduction of the Civil Aviation Bill of Bhutan 2015

The Member-in-Charge of the Civil Aviation Bill (CAB) of Bhutan 2015, Hon'ble Minister of Information and Communication in his introduction said that the previous Civil Aviation Act of Bhutan was amended and forwarded as a new Bill mainly to address security concerns and to conform to changes in International Civil Aviation Organization's (ICAO) systems. As per procedures, the new Bill after its approval by the government was endorsed by the National Assembly during its 6th and 7th Sessions and was forwarded to the National Council for endorsement.

The main reasons for amendment of the CAB and putting it forward as a new Bill are as follows. First, Bhutan being a member of ICAO needs to conform to

ICAO's rules. Second, to minimize conflict of interests between ministries and departments. Third, to establish it as an autonomous body. The Bill is also aimed at ensuring safety during both domestic and international travels. In addition, the new Bill ensures that the authority and ministry establish a clear procedure for maintenance, and minimized financial implications.

Some of the major amendments made by the National Assembly were regarding the procedures for military flight, clarity in powers of the Authority, Ministry and Department, and the responsibility during accidents.

According to the CAB, the head of the authority should be Director General, whereas according to RCSC, the head should be Director as per appointment system. On this note, the Hon'ble Member from Wangduephodrang asked for the reason behind keeping Director General as the head of Authority. In response, HE Minister said that the head of the Authority in other countries are Director General, and also because of Director General's Meeting, it is important for Bhutan to have the same.

The Chairperson of the Foreign Affairs Committee said that after the CAB was passed by the National Assembly, the Committee was ordered to review it. The Chairperson said that the Bill was amended for three times and that the reasons for amendment were aimed at safety, uniformity with ICAO, and economic development. The main provisions of the Bill are to clearly set the responsibilities between framework and implementation, procedures for military flights, benefits and discounts, preparedness for accidents, issuing of licenses. The Committee has submitted 8 recommendations after detailed review of CAB.

2.1. Deliberation on the Bill

After the National Council's deliberations on Civil Aviation Bill 2015 on 21/11/2016 corresponding to 23rd day of the 9th month of Male Fire Monkey Year, the following amendments and changes are being submitted to the National Assembly for re-deliberation as per Article 13.7 of the Constitution of the Kingdom of Bhutan.

General I

Establishment of the Board and Functions of the Board shall be put under two new chapters

General II

“Director General” shall be amended as “Head of Authority” throughout the Bill

Section 2

The provisions of this Act, and **the rules and regulations** made under this Act, and the provisions of the Convention **on international civil aviation including annexes and its subsequent amendments and other related conventions** shall apply to every:

Section 6(5)

Establish an Accident Investigation Unit in the Ministry that is independent of Bhutan Civil Aviation Authority to undertake aircraft accident Investigations in line with Annex 13 and other relevant Annexes of Chicago Convention.

New Sub-section 6 (6)

The Minister shall issue policy directives on aviation related matters for compliance by the Authority, including the policy on State Safety, National Aviation Security, and Air Craft Accident Investigation.

Section 19

The Authority shall have a Board of Directors consisting of five Members including the Chairperson from relevant ~~government~~ agencies, as recommended and appointed by the Minister upon approval of the Cabinet.

Section 20

A Member shall be appointed for a ~~minimum~~ term of three years, which may be renewed for a maximum of one additional term.

Section 21 (2)

~~Has not been rehabilitated or discharged;~~

Section 23 (3)

Is convicted of **any** offence ~~involving dishonesty or fraud/moral turpitude~~

Section 29 (11)

Exercise such other powers and perform functions as may be ~~conferred on it by the Cabinet from time to time~~ **necessary** for the purpose of implementing this Act.

Section 36

The Board in consultation ~~with and approval of~~ the Royal Civil Service Commission may appoint officials of the Authority to discharge responsibilities as may be

necessary for effective implementation of the provisions of this Act.

New Section after Section 37

The inspectors of Bhutan Civil Aviation Authority shall be entitled for the allowance and other benefits as decided by the Board in accordance with relevant laws.

New Sub-section after Sub-section 43(4)

The Head of the Authority may delegate in writing any of his powers to any officers, inspectors or any unit of the Authority it may deem necessary as there in.

Section 45

~~The Director General shall be appointed for a minimum **maximum** term of five **three** years, subject to re-appointment for a maximum of one additional term.~~

Section 46

The Director General shall serve as the **ex-officio** Member Secretary of the Board, with no voting rights.
(Put after section 19)

Section 70

The **Board** ~~Director General~~ shall make rules **and regulations** requiring:

Section 71

The rules and **regulations** under section 70 of this Act shall be **made herein after called as Bhutan Civil Aviation Security Regulations which shall be in line**

with Annex 17 of Chicago Convention of the International Civil Aviation Organization.

Section 77

The Head of the Authority shall seek policy directives from the Minister in order to enter into any International agreements including Air Service Agreements.

Section 84

The Authority's inspectors shall have unhindered access to all areas including the aircraft wherever it may be and the related facilities and installations and any records **and documents**, information and explanation that may be required in the course of their inspections.

Section 120 (1)

To establish an independent Accident Investigation Team **or delegate investigation to another State or to a regional investigation organization or to an agency**, to undertake investigation of accidents or incidents involving civil aircraft registered by the Authority and occurring:

Section 120 (2)

For the purpose of determining the facts, conditions and circumstances relating to each accident or incident and the probable cause thereof, the investigation team shall be granted unhindered access, **control and protection over** all areas including the aircraft and accident scene **and other evidences, flight recorders and air traffic service (ATS) records, taking witness statement and protection of CVR recordings.**

Section 125

Accident or incident investigation team shall **be independent from state aviation authorities and other entities that could interfere with the conduct of the investigation. The investigation team shall maintain the information related to the accident/incident in strict confidence including nondisclosure of CVR recordings.** While an investigation is underway, there shall be no interference with the investigation process nor require appearance of the members of the team or production of evidence for any purpose.

Section 157

~~The amendment of this Act by way of addition, variation or repeal shall be affected by a simple majority of the respective Houses or vote of not less than two thirds of the total members of Parliament present and voting on a motion submitted by one third of the members of either House.~~ **The Amendment of this Act by way of addition, variation or repeal shall be effected by Parliament.**

New Section after Section 158

Bilateral Exchanges of Safety Oversight Responsibilities—

Notwithstanding the provisions of this Section, the Head of the Authority, pursuant to Article 83 *bis* of the Convention on International Civil Aviation and by a bilateral agreement with the aeronautical authorities of another country, may exchange with that country all or part of their respective functions and duties with respect to registered aircraft under the following articles of the Chicago Convention:

Article 12 (Rules of the Air), Article 30 (Aircraft Radio Equipment), Article 31 (Certificates of Airworthiness) and Article 32(a) (Licences of Personnel).

Section 159 (1)

“Accident” means an accident associated with the operation of any aircraft involving circumstances prescribed by the rules and regulations made for the purpose of this Act.

Section 159 (4)

‘Aircraft’ means any machine that can derive support in the atmosphere from the reactions of the air against earth’s surface, **including Unmanned Aircraft System(UAS), balloons, paragliding and any other flying object** and refers to civil Aircraft only.

Section 159 (38)

~~**“Director General”** means the Director General of Bhutan Civil Aviation Authority appointed under this Act;~~

New Definition

“Unmanned Aircraft System” means an aircraft and its associated elements which are operated with no pilot on board.

New Definition

‘Serious incident’ means An incident involving circumstances prescribed by the regulations made for the purpose of this Act

New Definition

Head of the Authority- means the Head of the Authority who shall hold the equivalent post of the Director General of the Civil Aviation Authority over the world as prescribed by the ICAO.

Voting details on the adoption of the Civil Aviation Bill of Bhutan 2015

Date: 22/11/2016: 10:06 AM; Total Votes: 22; “YES”: 22; “No”: 0; “Abstain”: 0

Following Members voted, ‘Yes’:

1. Hon’ble Tashi Wangyel
2. Hon’ble Phuntsho Rabten
3. Hon’ble Tashi Wangmo
4. Hon’ble Pema Dakpa
5. Hon’ble Dhan Bdr Monger
6. Hon’ble Sonam Dorji
7. Hon’ble Sangay Khandu (Gasa)
8. Hon’ble Tshering Dorji
9. Hon’ble Tashi Phuntsho
10. Hon’ble Tashi Dorji
11. Hon’ble Jigme Rinzin
12. Hon’ble Jigme Wangchuk
13. Hon’ble Nima
14. Hon’ble Kamal Bahadur Gurung
15. Hon’ble Rinzin Dorji
16. Hon’ble Kaka Tshering

17. Hon'ble Tempa Dorji
18. Hon'ble Pema Tenzin
19. Hon'ble Sonam Wangchuk
20. Hon'ble Nima Gyelthen
21. Hon'ble Kesang Chuki Dorjee
22. Hon'ble Karma Tshering

(Tuesday, 15th November 2016 corresponding to the 16th Day of the 9th Month of Fire Male Monkey Year of the Bhutanese Calendar)

3. Introduction of the Motor Vehicles Agreement for the Regulation of Passenger, Personal and Cargo Vehicular Traffic between Bangladesh, Bhutan, India and Nepal (BBIN)

It was reported that the BBIN Motor Vehicles Agreement, which was initiated during the 14th SAARC meeting in 2007, was signed by the Hon'ble Foreign Affairs Minister of Bhutan, along with the representatives of Bangladesh, India and Nepal in Thimphu in July, 2015. Although, the BBIN Motor Vehicles Agreement was not be ratified during the 6th session of the National Assembly, the agreement was ratified during the 7th Session and has been forwarded to the National Council for ratification.

The rationale for the agreement were said to be mainly to boost economic development and to ease the process of travel while transiting from one country to another between the SAARC countries, and especially between the four countries. It was also reported that, if the agreement were ratified, a detailed protocol will be framed that will clear all the apprehensions such as security concerns, increased imports, cultural and environmental concerns and that the agreement will have positive benefits instead of risks.

However, if the agreement were not ratified, the concern of its implications on future cooperation with these countries such as economic cooperation and bilateral relations with India were also raised.

The Hon'ble Members asked a host of questions which are, first, whether the uniformity between the agreement and Bhutan's laws were checked before signing it. Second, doubts of possible inconsistencies that could arise between the agreement and the protocol. Third, readiness for implementation if the agreement were ratified. Fourth, how appropriate it is to ratify both the agreement and protocol at the same time. Fifth, whether stakeholder consultations have been carried out during the agreement drafting. Sixth, doubts on whether the agreement would solve existing problems. In response, HE Foreign Minister said that the agreement is consistent with internal existing laws, and that there will not be any inconveniences as the protocol will be based on the agreement. Regarding readiness, HE explained that preparations for implementation will be carried out only after the agreement is ratified. HE also said that both the agreement and the protocol cannot be ratified at the same time, and also that stakeholder consultations were carried out before signing the agreement.

3.1. Legislative Committee's Report on BBIN Motor Vehicles Agreement

The Chairperson of the Legislative Committee presented to the House a detailed review report on BBIN Motor Vehicles Agreement as per the committee's order to review it. The BBIN Motor Vehicles Agreement that was not ratified during the 6th Session of the National Assembly was however ratified in its 7th Session and was forwarded to National Council for reviewing.

The Deputy Chairperson of the Legislative Committee reported that while reviewing the BBIN Motor Vehicles Agreement, the committee consulted various stakeholders such as, National Assembly, Ministry of Information and Communication, Ministry of Foreign Affairs, Taxi Association, Bhutan Chamber of Commerce and Industry, Tourism Council, Association of Bhutan Tour Operators, Department of Revenue and Customs, Department of Immigration, Bureau of Law and Order and Office of Attorney General. In addition, Deputy Chairperson also reported that relevant stakeholders from places like Phuntsholing and Gelephu were also consulted.

The Chairperson of the Legislative Committee presented various issues that the committee found out after reviewing the agreement. First, the government has not carried out an exhaustive research on the impacts of the agreement. Second, there are some contradictions between the agreement's articles and provisions of internal laws. Third, annexure part of the agreement was left blank. Fourth, there was a lack of stakeholder consultation before signing the agreement. Fifth, there was a lack of thorough investigation on the possible impacts of agreement on Bhutan's culture, environment, and security, political and economic wellbeing. Sixth, there was a lack of assessment on carrying capacity of Bhutanese roads. Seventh, the committee observed varying opinions between different government agencies.

Eighth, no legal advice was sought from the Office of Attorney General on BBIN Motor Vehicles Agreement. Ninth, there was also a suspicion that external agencies are trying to influence the agreement's endorsement. Tenth, although the agreement mentions the Principle of Reciprocity, the government has stated otherwise.

Eleventh, apprehension of Bhutanese people losing internal employment opportunities to immigrants. In addition, fear of illegal businesses, religious conversions and cultural dilution were raised. Due to these reasons, the Committee concluded by deciding not to ratify the BBIN Motor Vehicles Agreement.

Although a few Hon'ble Members supported the ratification of the BBIN Motor Vehicles Agreement in view of economic development that it could bring, majority of the members did not support the agreement because of its possible implications on national security, environment and culture.

3.2. Deliberations on the Agreement

After thorough discussion, the National Council of Bhutan did not ratify the BBIN Motor Vehicles Agreement in view of the objections as mentioned below. Therefore, as per Article 13.7 of the Constitution of the Kingdom of Bhutan, the BBIN Motor Vehicles Agreement will be sent back to National Assembly for re-deliberation.

1. Lack of Comprehensive Consultations with Stakeholders

The National Council finds that the Royal Government did not conduct a comprehensive consultation with the relevant stakeholders before signing the MVA.

Majority of the stakeholders expressed their dissatisfactions at the fact that they were neither consulted nor provided comprehensive briefs on the full impacts of the MVA. Their views on the MVA have also not been sought formally. None of the stakeholders supported the ratification of the Agreement in its current form.

2. Lack of Impact Study

Similarly, no study was carried out to determine the impact of MVA on our culture, tradition, environment, national security, politics, economy, etc. The MVA opens up the danger for influx of more foreigners with different backgrounds and intentions. This could have both direct and indirect impact on the peace, security and sovereignty of our country.

3. Non-Consideration of Carrying Capacity

The National Council further finds that the Royal Government did not consider in detail the carrying capacity of our roads and other infrastructure. The volume of traffic and tonnage of vehicles will have huge implications on our limited carrying capacity. Dry ports, integrated check post at the border towns, roads and bridges, parking spaces, etc. are not likely to be ready in a couple of years. The proposed dry ports were conceived earlier, much before the decisions to sign the MVA. They were not proposed or developed in connection with the MVA.

4. Conflicting Views of Key Government Agencies

Key Government agencies do not share similar views with respect to the MVA. One important agency feels that there will be both positive and negative impacts from the MVA while another is confident that there will be only benefit if we restrict the entry of passengers and cargo vehicle at the border town.

5. Legal Views not sought

The Royal Government has not sought legal views of its legal advisor, the Office of Attorney General, before signing the MVA.

6. MVA driven by External Agency

The MVA appears to be driven by the initiative of external agency. Negotiations had taken place under the aegis of Asian Development Bank's SASEC Trade Facilitation Strategic Framework.

7. Disadvantages of Reciprocity Principle

The MVA is based on the principle of reciprocity. Bhutan will be disadvantaged due to asymmetry in its size and population compared to the other three countries.

8. Current Challenges Unaddressed

The MVA states that it shall not affect the existing bilateral arrangements or agreements between the Contracting Parties. While the intention of the Agreement is to formalize existing informal arrangements, current problems faced by the Bhutanese vehicles plying in the bordering Indian States and the problems created by Indian vehicles plying within Bhutan cannot be addressed by the MVA.

Bhutanese truckers and passengers continue to face harassments such as requirements to pay illegal money, unauthorized levies and coerced donations, aggravated by interferences of illegal and quasi-legal authorities as well as involvement of middle men. This will not be addressed by the MVA.

9. Influx of Unregulated Vehicles and Passengers

Likewise, influx of unregulated vehicles and passengers of foreign origins without proper control and monitoring system cannot be controlled. The problems associated with the desecration of holy places, negative impact on

dollar paying tourists, littering, pollutions, etc will continue with or without the MVA.

10. Aggravating Unemployment and other Social Issues

The MVA permits opening of branch offices or appointing of local agents as well as employing foreign workers under work permit systems. It also allows automatic entry of four persons per vehicles (driver, conductor, helper and cleaner).

Employing foreign workers could lead to increasing unemployment problems and invite other potential firms from abroad to establish similar offices and agents in the country staffed by non-Bhutanese. This will exacerbate the problems associated with fronting, smuggling, illegal immigration and marriage, faith conversion, cultural dilution, etc.

11. Misuse of Tax and Duty Exemption

The MVA allows tax and duty exemptions for all the standard accessories of the vehicles, essential spares, fuel and oils contained in its supply tanks.

This could be misused by the drivers in carrying out illegal business and trade. The drivers could declare such accessories and spares as goods for use while in Bhutan and hence, seek duty and tax exemption on new accessories and spares every time they re-enter Bhutan. Evidences of such malpractices are already visible.

12. Loss of Local Business Opportunities

The MVA opens up competition from foreign cargo and passenger operators. Though it could benefit domestic consumers in terms of competitive cost, efficiency in delivery of goods and services as well as comfort and

convenience, it could dampen the business opportunities of current operators. This is not to suggest that the National Council prioritizes benefits of current operators over consumers. Such benefits to the consumer would be welcomed if it were a consequence of competition among Bhutanese operators or if competition by foreign operators have no negative consequence on Bhutan's security consideration, environmental concerns, social and cultural sensitivities etc.

13. Suggestions of Immediate Implementation of MVA

Possible agencies and operators beyond the borders already assume that MVA is operational after the Royal Government has signed and the National Assembly passed it. For example, some Indian firms/business entities have already started procuring heavy machineries and trucks perceiving that the MVA is ratified. Some Indian nationals have also begun operating private vehicles as taxis in the border towns. Implicit in such a perception is that Bhutan will rubber-stamp whatever is tabled in terms of regional or international agreements, protocols or conventions. Neither is such perception healthy nor should nurturing of such perceptions be encouraged.

14. No Financial Memorandum

The BBIN MVA was not accompanied by Financial Memorandum.

15. Undermining Domestic Laws

The Royal Government did not carry out possible impact assessment of the MVA on domestic laws as some of the

provisions of the MVA contradict the provisions of prevailing domestic laws.

A provision of Article III.8 of the MVA states, “Any deviation from the route will be treated as violation of the permit conditions and of relevant customs laws of concerned Contracting Parties.”

Deviations of routes will tantamount to violation of the MVA resulting in illegal travel through unauthorized routes/premises. This will then violate the Immigration Act and the Contract Act of Bhutan. However, stringent penalty for deviation of routes is neither covered under the Customs Act. In absence of any stringent penalty to deal with such deviation in our domestic laws, it will not be possible for Bhutan to manage such deviations as and when they occur.

MVA mentions in Article III.8 that sector and details of route, route maps, location of permitted rest or recreation places, tolls and check posts, etc. will be specified in the Protocol in the format as Annexure-I. It states that any addition or change to the sectors and routes will be decided through mutual consent. It also states that competent authority will be specified in the protocol in the format as Annexure-II. Both Annexure-I and Annexure-II are however, blank in the MVA.

If the MVA were ratified with a blank Protocol, it could be construed as authorizing the Royal Government to negotiate and insert any provisions in the Protocol through mutual consultation and agreement later without submitting to the Parliament. Other than reference to Annexures I and II, there is no mention anywhere in the Agreement that the entry into force of the Agreement will be subjected to signing/ratification of the Protocol.

Article V of the MVA titled Passport and Visa states that “Crew members will carry passports or relevant accepted documents which will be issued to facilitate frequent endorsement of visas and will be granted multiple entry visa, valid for at least one year, by Contracting Party (ies) concerned.”

However, Section 84 of the Immigration Act states that “The duration of visa depends upon the purpose of the visit. The visa shall be issued for a maximum period of ninety days at the entry points for diplomatic, official/gratis and thirty days for ordinary visa.” Section 89 of the Immigration Act states that “The visa for business persons shall be issued for one year or more with multiple entries”

The National Council opines that the Section 89 of the Immigration Act applies only to those foreigners entering Bhutan to establish and operate business in Bhutan as per Section 43 of the Immigration Act. The crew members mentioned in the MVA therefore, fall under Section 84 of the Immigration Act. In view of this, issuance of visa with validity of one year or 22 more to crew members might contradict with the provisions of Immigration Act.

Voting details on the adoption of the BBIN Motor Vehicles Agreement

Date: 15/11/2016: 4:39 PM; Total Votes: 20; “YES”: 2; “No”: 13; “Abstain”: 5

Following Voted ‘Yes’:

1. Hon’ble Pema Dakpa
2. Hon’ble Tharchen

Following Voted ‘No’:

1. Hon'ble Tashi Wangyel
2. Hon'ble Phuntsho Rabten
3. Hon'ble Sonam Dorji
4. Hon'ble Tshering Dorji
5. Hon'ble Tashi Phuntsho
6. Hon'ble Tashi Dorji
7. Hon'ble Nima
8. Hon'ble Kamak Bdr. Gurung
9. Hon'ble Kaka Tshering
10. Hon'ble Pema Tenzin
11. Hon'ble Sonam wangchuk
12. Hon'ble Kesang Chuki Dorjee
13. Hon'ble Karma Tshering

Following abstained from Voting:

1. Hon'ble Nima Gyeltshen
2. Hon'ble Rinzin Dorji
3. Hon'ble Jigme Rinzin
4. Hon'ble Jigme Wangchuk
5. Hon'ble Dhan Bdr, Monger

(Thursday, 1st December 2016 corresponding to the 2nd Day of the 10th Month of Fire Male Monkey Year of the Bhutanese Calendar)

4. Re-deliberation on the Bhutan Red Cross Society Bill 2016

Bhutan Red Cross Society Bill was deliberated in the 17th Session of National Council where the review and

amendments on the Bill was made. According to the article 13, section 5 of the constitution of Bhutan the Bill was passed to National Assembly. In the 8th Session of National Assembly a thorough deliberation was made. Though there weren't major changes in the context, words were changed due to translation from Dzongkha to English. The Bill was then forwarded back to National Council. Since there was no change in the context, the house decided to submit the Red Cross Society Bill to His Majesty the King for the Royal Assent.

4.1. Amendments received from the National Assembly

Preamble (2nd and 3rd Paragraphs)

WHEREAS, recognizing the **need for** ~~fact that~~ Bhutan ~~to should~~ be prepared for any type of disasters and emergency situation, and that any additional support from ~~any part of~~ society to the ~~current~~ disaster management system will complement the Government's earnest efforts;

3rd Paragraph

Amended in Dzongkha

Article 2(4) & (7)

Amended in Dzongkha

Article 3(1) (a) & (b)

Amended in Dzongkha

Article 3(2) (d) & (f)

As amended in Dzongkha

Article 4(title)

Amended in Dzongkha

Article 4(1) & (2)

Amended in Dzongkha

Article 5(3) & (4)

Amended in Dzongkha

Article 6(title)

Amended in Dzongkha

Article 6(1)

Amended in Dzongkha

Article 6(2)

The Society may collaborate with non-governmental organizations and any other organizations with similar ~~objects~~ **objectives** in the Kingdom with that of the Society.

Article 6(3)

The public authorities shall make provisions for covering the cost of ~~any service or activity~~ **services or activities** which they may entrust to the Society within the scope of the Society's ~~object~~ **objectives** and functions. The conditions for the implementation of such services or activities shall be laid down in written agreements between the Society and the relevant public authority, always consistent with the Fundamental Principles of the Movement.

Article 6(5)

Amended in Dzongkha

Article 7(2)

Amended in Dzongkha

Article 7(3)

The Society, within the limits laid down by its ~~objects~~ **objectives** and functions, may acquire, own, alienate and administer property as it may deem fit.

Article 7(4)

The Society shall not accept any contributions in any form, from any individuals or organizations, the purpose of which are inconsistent with the overall ~~objects~~ **objectives** of the Society as laid down under this Act.

Article 8

1. The assets of the Society, including its financial resources and real estate as well as the revenue from its income generating activities, ~~shall~~ **may** be exempted from taxes and duties in accordance with ~~laws. regulations promulgated by the~~ **Ministry of Finance** Department of Revenue and Customs.
2. Donations and membership fees made to the Society by an individual or a legal body ~~shall~~ **may** receive a benefit of tax exemption in accordance with ~~the applicable~~ laws.

Article 9(2)

The Society shall use as its logo, a red cross inscribed in a white circle with the outer layer of the circle designed

in the color of the national flag which has the name of the Society written both in Dzongkha (~~the National Language~~) and English in black letters.

Article 10(2)

A person who misrepresents ~~himself/herself~~ **himself or herself** as a member of the Society to any public or private authorities for whatever reason shall be guilty of an offence of impersonation of an official under the Penal Code of Bhutan.

Article 11(2)

Amended in Dzongkha

Article 11(3) (e)

Amended in Dzongkha

(Monday, 5th December 2016 corresponding to the 6th Day of the 10th Month of Fire Male Monkey Year of the Bhutanese Calendar)

5. Bhutan Income Tax Amendment Bill 2016 (to repeal a few provisions)

The Member-in-Charge of the Bhutan Income Tax Amendment Bill, HE Finance Minister in his introduction said that in order to enhance economic growth and to improve financial institutions, the government has decided to do away with taxation on interest from fixed deposits. Currently, income tax is being levied on interests exceeding Nu.10,000 from fixed deposits. The amendment Bill was endorsed by the National Assembly and is now being submitted to the National Council for endorsement.

The Minister said that since our country is a developing nation, the decision to do away with taxes on interests from fixed deposits is mainly to improve economic

standards, encourage savings by general public, and to encourage Bhutanese working in other countries to send back remittances and encourage savings within Bhutan. Therefore, the Bhutan Income Tax Bill (Amendment, 2016) is being submitted to repeal a clause in the Bhutan Income Tax Act 2001, which states that tax shall be levied on fixed deposits.

On this, the Hon'ble Members raised apprehensions of its implications on domestic revenue, and enquired possibilities in reforming limits on loans as a result of increased deposits and increased loan availing. In response, HE Finance Minister said that although the tax exemption might have immediate implications on domestic revenue, it is solely for the benefit of our people. He also said that the limits on loans might be reformed depending on possibilities.

5.1 Deliberations on the Bill

After deliberations on Bhutan Income Tax Amendment Bill 2016 on 5/12/2016, the National Council has acknowledged the National Assembly's proposed amendments and is submitting it back to the National Assembly.

1. Short Title, Commencement, and Extent

This Bill shall:

1. Be called INCOME TAX (REPAEAL OF CERTAIN PROVISIONS) BILL OF BHUTAN 2016;
2. Shall have effect from Income Year 2016; and
3. Extend to the whole of Bhutan.

2. Sub-section 4.2 (d) of Chapter 2 under Part III.

~~Interest from source in Bhutan~~

3. Section 9.1 of Chapter 3 under Part III

~~Income from Interest~~

~~Interest for the purpose of this Act shall mean interest from fixed deposits held with financial institutions in Bhutan~~

4. Section 9.2 of Chapter 3 under Part III

~~Interest income shall be taxed in the year it is received or credited~~

5. Section 9.3 of Chapter 3 under Part III

~~Total interest income not exceeding Nu. 10,000 per annum shall be exempt from tax~~

6. Sub-Section 14.1 (a) of Chapter 3 under the General Provisions

~~Interest income from fixed deposit for individuals.~~

6. Supplementary Budget for the Financial Year 2016-17 and Appropriation Bill

The Member-in-Charge of the Supplementary Budget and Appropriation Bill, HE Finance Minister in his introduction said that the government has acknowledged unemployment issue in the country as serious, especially female youth unemployment. In addition to policies and plans for resolving youth unemployment issue in the 11th Five Year Plan, there are two schemes under Direct Employment Scheme, one where the salary is borne jointly by the government and the employer, and another where salary is borne solely

by the government. There is also an overseas employment scheme. However, there is a lack of fund for implementing these schemes. Therefore, to help implement these three schemes, a supplementary budget of Nu. 262.808 Million was proposed.

It was reported that when the supplementary budget of Nu. 262.808 Million was added to the annual budget of Nu. 54,828.228 Million, the planned budget for the financial year 2016-2017 amounts to Nu. 55,091.036 Millions. It was also reported that a supplementary budget of Nu. 117.957 Million was allocated for Direct Employment Scheme, Nu. 43.450 Million for Direct Employment Scheme (Joint Scheme) and Nu. 101.401 Million for Overseas Employment Scheme.

On this, a few Hon'ble Members said that although the proposal for supplementary budget is usually presented in the Summer Session along with the Annual Planned Budget, and the fact that the Supplementary Budget was presented separately during this winter session, they asked if there is another presentation on supplementary budget in the next Summer Session. The Members also enquired about new strategies for employment and the sustainability of these strategies. In response HE Minister said that the supplementary budget will be presented again in the next summer Session and that although the strategies may not be sustainable, the strategies will solve current issues and that way it is very beneficial.

6.1. Deliberations on the Bill

After deliberations on Supplementary Budget for the Financial Year 2016-17 and Appropriation Bill on 5/12/2016, the National Council have endorsed the

National Assembly's proposed amendments and is submitting it back to the National Assembly.

(Friday, 18th November 2016 corresponding to the 19th Day of the 9th Month of Fire Male Monkey Year of the Bhutanese Calendar)

E. Issues related to Review of Policies

1. Performance Audit Report of Gewog Development Grant (GDG)

During the 38th sitting of Plenary of the National Council, the Good Governance Committee (GGC) presented to the house a detailed review report on Performance Audit Report of GDG as per the committee's order to review it.

Whereas, the present government, in accordance with their manifesto with due consideration to the principle of decentralization, disburses two million Ngultrum to each Gewog as GDG. The GDG is in accordance with the principle of decentralization and it empowers Gewog administrations regarding social development. GGC highlighted that it reviewed the findings of the Performance Audit Report on GDG carried out by RAA for the financial year 2013-2014 and 2014-2015. RAA has carried out the auditing in the context of fund utilization, operational compliance to existing legal and policy provisions, and on the monitoring and reporting system.

After thorough review, the committee found a host of challenges and issues. First, lack of public awareness on GDG and its activities. Second, the logic of government allocating equal GDG fund to all the Gewogs is inconsistent with the standard of planned budget allocation. Third, there is no proper planning for the usage of GDG. Fourth, GDG fund implementation failed to comply with GDG Guidelines. Fifth, although

the principle of GDG is good, GDG fund are being used without consideration of long term impact. Sixth, due to lack of professional support, a delay in GDG implementation resulted in poor quality. Seventh, improper maintenance of record could lead to possible corrupt practices.

It was recommended that the findings of the committee's review shall be conveyed to the government and concerned ministries. It was also recommended that the government should be asked an oral question with regard to monitoring and accountability mechanisms. The recommendations also included improving professional capacity in local government, and efficient use of public resources.

In addition, the Hon'ble Members sought clarifications on a recommendation which was included in the performance audit report that was submitted to the RCSC, i.e. what the standard was for assigning accountability. Although the total amount of GDG fund disbursed to all Gewogs should equal to a sum of 410 Million Ngultrum in one year, there was a suspicion that the actual disbursed fund was lesser. In addition, it was also doubted that the GDG fund was utilized along with the planned annual budget. The members also opined that the GDG fund allocation should be carried out as usual and that there is no need for a different standard to do so. In response, the GGC reported that since the LG officials are accountable, there is no need for consultation with the RCSC. Regarding the total GDG fund, the Committee explained that the inconsistency was not due to excess but due to shortage. The Committee also explained that the GDG fund usage along with the planned annual budget was in accordance with the guidelines.

(Wednesday, 23rd November 2016 corresponding to the 25th Day of the 9th Month of Fire Male Monkey Year of the Bhutanese Calendar)

2. Review Report of the Agriculture Policy and Strategies

National Council during its discussions in the retreat workshop, indentified agriculture policy and strategies as an important national policy and therefore, assigned the review work to the Natural Resources and Environment Committee (NREC). In accordance with the order, the Committee carried out thorough review and research work on the issue and moved motion to submit the findings.

The Chairperson of the Natural Resources and Environment Committee, Hon'ble Member of Pemagatshel Dzongkhag said that crops, livestock and forestry in the agriculture sector are the main sources of economy in the country. Today, almost 70 percent of the country's population reside in the villages depending mainly on agricultural activities. The Government despite providing support in terms of legislations, policies and strategies for the benefit of such people, the problems related to *Gungtong*, *Satong* and unemployment in the villages are still arising.

This is mainly because the existing policies of the Government are unable to address poverty related problems due to the loss of interest in agriculture, rural-urban migration, insufficiency of land, loss of crops to wildlife, lack of access to market, lack of agriculture credit for development of agriculture, natural disasters and post harvest management issues etc. Acknowledging such factors contributing to the problem, he said that the Committee found out the import of agriculture products is more than what we export. He reported that the Committee will look into

the existing agricultural policies and legislations and that the committee is currently reviewing the agricultural strategies of the 11th Five Year Plan and have conducted consultative meetings with 19 relevant agencies.

He also reported that the findings of such review works mainly highlight the situation of adequacy of policy and strategies, convenience in the distribution of products, availability of loans in agricultural activities and readiness of institutions to implement policies present in the agencies.

The agriculture policies and strategies are based on Five Year Plan and Bhutan Mission 2020 to achieve food self-sufficiency, food security and nutrition security. He reported that the government is providing subsidies in agricultural activities, price distribution and support in agriculture business in order to improve agricultural development. Moreover, the government is also in the process to develop crop insurance, agriculture trade policies and land development strategies.

On this, he said that with regard to food production in the country, 87 percent constitute cereals, 7 percent constitute livestock related products and 6 percent constitute varieties of vegetables. However, large scale import is carried out due to insufficiency of domestic products. Likewise, from the total land area of the country, only 2.93 percent is utilized for agricultural activities. From that, in the case of *Chuzhing* which is around 75,736 acres, only 48,873 acres are utilized from which 77,038 metric tonnes of paddy were collected as per the report of 2014. However, this contributed only 37 percent in the achievement of food self sufficiency. He also reported about how to maintain

food security, its abundance, utilization and sustainability.

He submitted that agriculture agency being one of the largest agencies, is providing livelihood to around 56.7 percent of the total population and therefore there is a need to distribute the products sufficiently. He proposed recommendation for the Financial Institutions to improve availability of loans in order to initiate agricultural activities and for uniform implementation of policies and co-ordination in providing services by the officials in the head office, regional offices and field offices.

On this, most of the Hon'ble Members acknowledged the importance of the Agriculture Policy and supported the report submitted by the Committee. He also submitted additional recommendations such as implementation of Agricultural Policy, adequate use of agriculture products, management of agriculture lands, ensure food sufficiency, review relevant laws, to tally the Economic Policy, ensure proper co-ordination between the agencies and to have a strong reporting system in times of emergencies etc.

The National Council thoroughly deliberated on the Review Report of Agricultural Policy and Strategies on 23/11/2016, 24/11/2016 and 5/12/2016 and resolved as follows:

The National Council,

1. Conducted a review of the existing agriculture legislations, policies and implementation status of the strategies and programs related to agriculture sector (comprising crops, livestock and forestry) based on its concerns that:

2. *Agriculture, which is the primary source of livelihood for 70% of the population had experienced insignificant growth to be able to adequately address rural poverty, attain food security and sustain the overall economic growth as indicated by its GDP share which reduced from 24% in 2004 to 16.67% in 2015, and the 2015 Year-on-Year GDP growth of 0.59% as opposed to 3.52% and 2.39% for Secondary and Tertiary sectors respectively;*

3. *Despite having various legislations, policies and strategies in place to facilitate agriculture production, there are reports of increases in:*

4. *imports of agriculture produces whereas returns to farmers remain small as a result of higher costs of production and low economies of scale,*

5. *number of khangtong gungtongs in the villages, and,*

6. *uncultivated and fallow lands in various chiwogs of different dzongkhags;*

7. *The agriculture sector face acute shortage of farm labour aggravated by outbound rural-urban migration, loss of arable land to urbanization, difficult terrain, fragmented landholdings, loss of crops to wildlife, lack of access to market and agricultural credit, climate change and natural disasters, post harvest management issues and subsistence nature of farming; and*

8. *Unemployment is still a problem with 2.6% unemployment rate and youth (below 25 years of age) unemployment rate at 9.6%.*

And noted that:

1. Its long-term vision is to ensure that “all people

living in Bhutan at all times have physical, economic and social access to safe and adequate nutritious food for a healthy and active life contributing to realization of Gross National Happiness”;

2. There is, however, a lack of ownership of the Food & Nutrition Security Policy of the Kingdom of Bhutan 2014 as Agriculture sector’s ‘mother policy’ by various agriculture and other relevant stakeholder agencies;
3. The implementation of various existing policy instruments, such as input-subsidy, cost-sharing mechanism, minimum price support and transportation subsidy for enhancing the development of marketing and cooperatives, and revised national irrigation policy have not led to increases in crop production and land utilization;
4. Farm Shops at Gewog Levels are operated by FCBL under a temporary arrangement where:
 - basic food and essential commodities, including agriculture inputs and market information, are made accessible at reasonable price to rural population, and,
 - selection of commodities under buyback contract production and analysis of price fixation at farm shop as per the cost of production is undergoing.

However, there is:

- no time-frame set for the start of this buy-back mechanism, and

- establishment of some of those farms shops without a proper need-based analysis;
5. The minimum price support programme - where the Government would offer the top-up to match or break-even the actual cost of production - had already linked 159 Farmers Groups/Cooperatives with 63 Schools/institutes/mega projects especially in Eastern Dzongkhags but that the continuity of this market linkage was not aggressively pursued throughout the country despite its success;
 6. There is a poor linkage between the producers (farmers) and the food processing industries due to knowledge gap on demand and supply conditions and market outlet;
 7. Import of food was consistently higher than the export in the last ten years although the gap had narrowed with 14.8% import as opposed to 14.5% export by 2015;
 8. Only 37.8% of the total of 448,165 acres of Kamzhing and Chuzhing were actually used for cultivation in 2014 leaving behind a whopping 62.2% (278,726 acres) of land uncultivated;
 9. The intensification of rice production through double-cropping had not really been scaled up despite its feasibility especially below mid-altitudes, and that vegetable production, albeit being 100% sufficient, is substantially seasonal;
 10. The price of local produce is higher than the imported ones in Thimphu Centenary Farmers' Market (CFM) with price differential ranging from 17% to 167%, and this encourages consumers to

- prefer imported vegetable to local produce;
11. Farmers prefer to sell their produce through FCB auction yard in Phuentsholing at much lower price than the CFM retail price, mainly due to limited local market capacity, lack of storage facilities, farmers' immediate need of cash, and involvement of middlemen/vendor in Thimphu CFM;
 12. The Ministry has initiated production of quality protein maize (Bio-fortified maize), Quinoa (nutrient dense pseudo cereal), Zinc enriched rice, Iron & zinc enriched wheat, heat tolerant maize, vegetable diversity, and different types of fruits and nuts in order to promote delivery of high nutrient crops, but there is no public awareness on the consumption of these high nutrient crops, consequently, production for household consumption let alone for commercial purposes;
 13. Loss of agriculture land to rapid development and urbanization has put lots of pressure on agriculture land as indicated by loss of about 2000 acres of agriculture land to non-agriculture purposes between 1998 to 2008, and that the loss is likely to increase in the future with increased development activities;
 14. The agriculture sector, which is the single largest sector that provides livelihoods to 56.7% of the population had received top priority from 1FYP (1961-65) to 4FYP (1976-80) in terms of substantial allocation of the plan outlay (6.2% in 1FYP which increased to 38.9% in 4FYP) but this has been decreasing as evidenced by allocation of

6.4% in 11FYP, and that employment was not considered a criterion while making resource allocations;

15. Irrigation water supply is mostly tapped from temporary sources like rain-fed streams and that there is no large-scale rainwater harvesting and water pumping technology initiated;
16. The Government is yet to implement the National Council's 16th Session resolution to deposit minimum of 1% of the royalty energy with the Ministry of Agriculture & Forest (MoAF) for promotion of sustainable agricultural/land use practices and nature conservation works, as required under Section 12.4 of Bhutan Sustainable Hydropower Development Policy, 2008; and
17. Even when the government's 11FYP outlay has allocated just 6.4% for the sector (Nu.13,632 million out of Nu.213,000 million), the total credit from Financial Institutions in 2014 was Nu.2,653.64 million, which is just 4.1% of the total investment (Nu.63,982.05 million). Conversely, there is no mandate from the regulatory authority that would require the Financial Institutes to allocate credit facility to agriculture sector to ensure credit growth in the sector.

9. *Therefore, the National Council recommends the Royal Government to:*

1. Advocate the mother policy 'Food & Nutrition Security Policy of Bhutan 2014' for greater awareness and common ownership amongst the agriculture sector and relevant stakeholders;

2. Revisit the existing policy instruments to ensure maximum food availability through domestic production and integrate agriculture policy into Economic Development Policy (EDP) and Fiscal Incentive Policy;
3. Strengthen systemic coordination linkages between the Directorate, Research & Development Centers, Extension officers, and relevant agencies for effective agriculture service delivery;
4. Expedite the completion of the draft agriculture insurance policy and marketing policy in order to facilitate food distribution and stability of supply;
5. Amend Cooperatives Act of Bhutan (Amendment), 2009 and the Cooperatives Rules and Regulation, 2010 to enable farmer groups as well as cooperatives in getting access to credit facilities and other financial support;
6. Upscale off-season crop production through farmers groups and cooperatives, and work on the pricing policy or strategy based on the cost of production;
7. Upscale laboratory testing of food products and strengthen the enforcement of Food Act of Bhutan 2005 and Consumers Protection Act of Bhutan 2012 for food safety and quality control;
8. Put in place effective measures to protect prime agriculture lands from loss to urbanization and rapid development through enforcement of Land Act of Bhutan, 2007;
9. Scale up investment on irrigation infrastructure development through tapping water from large

perennial streams, large scale water storage and water pump, micro-irrigation technologies, and timely maintenance of the existing irrigation channels to ensure irrigation system to have high water delivery efficiency;

10. Involve MoAF and the Ministry of Economic Affairs (MoEA) to work out the modalities for integrated water resources management. A minimum of 1% of royalty energy in cash should be made available on annual basis to MoAF for this purpose;
11. Effectively implement Human-Wildlife Conflict Management strategies beyond electric fencing to minimize the damages to agriculture produces;
12. Facilitate the entire value chain starting from agriculture input supply to production, processing, distribution and marketing;
13. Include employability as one of the factors for allocating budget and increase investment in agriculture sector to expedite surplus domestic food production by supporting farmers, farmers' groups, cooperatives and youth entrepreneurs and to make agriculture a vibrant economic sector,
14. Create youth enterprise development centers to encourage youth in agriculture sector and facilitate linkages among the existent youth related agencies and programs;
15. Identify agriculture as priority sector and collaborate with the Royal Monetary Authority to facilitate mandatory lending of certain percentages of their investment portfolio by the

Financial Institutions to support farmers, farmers group, cooperatives and youth entrepreneurs; and

16. Establish more credit schemes for agriculture in collaboration with Financial Institutions.

**Voting details on the adoption of the Review Report on
Agriculture Policy and Strategies**

Date: 5/12/2016: 12:06 PM; Total Votes: 21; “YES”: 21; “No”: 0; “Abstain”: 0

Following Voted ‘Yes’:

1. Hon’ble Tashi Wangyel
2. Hon’ble Phuntsho Rabten
3. Hon’ble Tashi Wangmo
4. Hon’ble Pema Dakpa
5. Hon’ble Dhan Bdr Monger
6. Hon’ble Sonam Dorji
7. Hon’ble Sangay Khandu (Gasa)
8. Hon’ble Tashi Phuntsho
9. Hon’ble Tashi Dorji
10. Hon’ble Sangay Khandu (Samtse)
11. Hon’ble Jigme Rinzin
12. Hon’ble Nima
13. Hon’ble Kamal Bahadur Gurung
14. Hon’ble Kaka Tshering
15. Hon’ble Sonam Wangchuk
16. Hon’ble Tharchen

17. Hon'ble Tempa Dorji
18. Hon'ble Pema Tenzin
19. Hon'ble Nima Gyeltshen
20. Hon'ble Kesang Chuki Dorjee
21. Hon'ble Karma Tshering

(Friday, 25th November 2016 corresponding to the 26th Day of the 9th Month of Fire Male Monkey Year of the Bhutanese Calendar)

3. Review Report of the Education policy and Strategies

Hon'ble Phuntsho Rapten, the Chairperson of the Special Committee expressed gratitude to the hereditary Monarchs for being the sole reason of establishing education policy in the country and making it prosperous with changing times of the modern era. He also stated that though the Royal Government has accepted it as a priority and strive to develop, it faces greater challenges relating to it. Thus, question and answer session was initiated with Hon'ble Education Minister during the 17th Session of the National Council, however the answer was not satisfactory. Therefore, as per the resolution for complete review, the Chairperson stated that a Special Committee was formed by nominating Hon'ble Members of Bumthang, Gasa, Lhuentse, Trongsa and Pemagatshel as members of the Committee.

The Special Committee reported that the Committee carried out in-depth review keeping in mind the provisions of Article 9.15 of the Constitution of the Kingdom of Bhutan and with due respect to His Majesty the King's advice at Paro College of Education. Moreover, the Committee also reviewed books related to the rules and regulations of education provisioned in

the laws and policies. Further, it was reported that exhaustive review has been done through consultations to have exchange of live experiences with universities, agencies and 10 in-country schools and 4 ex-country schools.

In addition, the Members of the Special Committee reported mainly based on teachers' quality, general curriculum of education, students' outcome and assessment and distribution of resources.

The Committee reported that there are around 8,605 teachers in more than 600 schools in the country, who express the concern on recruitment and selection of teachers on the merit ranking basis and not according to their interest, which impact the quality of teacher. The committee further reported that, the poor working environment and less opportunity for capacity development discourages to take up this profession besides heavy responsibilities compared to the other professions. Committee reported that, there is also short of timing to continue qualification up gradation which leaves the room for doubt regarding the quality of teachers, and low and inequality in entertainment benefits discourage teachers to discharge their responsibilities dedicatedly. Nevertheless, committee reported that, during the allocation of teacher, there is mismatch between qualification of teachers and level of school. Further, there is a need to develop the capacity of all the teachers to provide counseling services besides counselor.

In addition, the committee reported that the general curriculum of education has around 30 subjects starting from class PP till class XII, out of which the national language Dzongkha and English subjects are mandatory to be taught throughout class PP to XII. And

regarding Mathematics, it is recognized as a mandatory subject for all the students up to class X. The types of subjects were divided into 7 types and it has been divided with the appropriateness of the standards in the schools. Moreover, time was divided into 45-50 minutes, which has been divided into 7 periods and taught in time framed. On top of that, the status of language was equivalent to the graduate, which made student absurd or hard to understand. Moreover, some of the contents were not relevant to the Bhutanese students and some were written wrong, so it was reported to improve within this field.

Moreover, curriculum development and library catalogues are also not maintained well and the standard of books and designs of books are also not upto the expectation.

In addition to this, segregation of main subjects are done based on past trends, now we need to form the subject committee and need to look for the review. Bhutan History was once upon a time in Dzongkha , however over the past few years it has been translated into English for teaching has again now found the need to be translated to Dzongkha for the improvement of the National language.

With regard to students' performance, to make students capable and equipped with quality, we need to look into the fee structure for the private schools, development of early learning centre for the children and improvement of the teaching facilities and need to monitor the education of the students. Therefore, resources need to be distributed as per the requirement to all the schools across the country.

According to the review, the committee reported that due to decrease in budget related to education programs in the financial year 2012- 2013, it has impact on executing individual school plans and programs and moreover, it has profoundly affected in developing individuals' competency. There are differences in budget allocation between high schools and primary schools. In case of high schools, the budget was received and utilized as proposed by them; however, in case of Primary schools authority on budget utilization is in the hands of Dzongkhag. Further, whereas Central Schools have the authority to provide entire school facilities, it also gives burden on budget. In financial year 2016-2017 the budget is 2,192.374 million in current 51 Central Schools. Based on estimated budget, if 120 Central Schools are established in future the addition cost would amount to around 1,334 millions.

Although there are 24,216 students who have been benefited from World Food Program, if they happen to stop their assistance there will be a lot of financial implications on the budget. Out of budget for educational development plans and programs, competency development, curriculum development and the development of teaching facilities have very less budget and moreover, to boost the interest in teaching there is very less entertainment allowance being appropriated. Therefore to bring the quality education in the country, government needs to work on the appropriation of budget for the schools as proposed by the House.

The National Council thoroughly deliberated on the Review Report of Education Policy and Strategies on 25/11/2016 and 28/12/2016 and on 29/11/2016 and 5/12/2016 and resolved as follows:

The National Council,

Recognizing that an overall National Education Policy is still in its draft stage and acknowledging the importance of such a policy to provide broad framework and strategic direction for the future of education;

Appreciating the launch of Bhutan Education Blueprint 2014-2024 as a roadmap to rethink and reform education and other initiatives taken by the Ministry of Education;

Noting that the interventions identified in the Bhutan Education Blueprint are comprehensive and categorized into three stages for the purpose of implementation; and

Concerned that most of the interventions identified for wave 1 (2014-17) in the Education Blueprint have not been implemented in full spirit;

Hereby calls on the attention of the Royal Government to the following recommendations provided under four areas:

1. Teacher Performance

Recognizing the important role of teachers in nurturing, educating and developing our youth – the future leaders;

Noting that:

- a. Current system of recruitment into Colleges of Education and civil service, which is based on merit ranking fail to attract right candidates into teaching profession;
- b. Mismatch persists in the placement of teachers by subject requirement and educational

qualification in schools despite deployment guideline and decentralized deployment process at the Dzongkhag and Thromde;

- c. Teachers in general and those in the remote schools in particular have not received adequate professional development opportunities despite a clear policy; and

Seriously concerned of inadequate working environment of teachers in schools - small and congested working space, poor furniture, limited computers and internet connectivity, as well as, their heavy workload (about 58 hours/week) affect quality of education;

Hereby, recommends the Royal Government to prioritize the following:

- 1.1. Expedite the approval of Draft National Education Policy to provide strategic direction and effective implementation of education programs;
- 1.2. Strengthen the current recruitment procedure and criteria in the Colleges of Education, with due consideration to trainee's attitude, aptitude for teaching;
- 1.3. Invest seriously in enhancing teachers' working environment, with due consideration for their accommodation, working space, adequate modern teaching learning facilities with internet connectivity;
- 1.4. Urgently deploy separate personnel for sports, arts, music, dance and culture, care giving, sanitation, etc. based on the level of schools to reduce current workload of teachers to ensure adequate time for teaching and learning;
- 1.5. Reconsider the earlier proposal on Teacher Incentive by the Ministry of Education, or high grade entry level as suggested by the Cabinet (15th Lhengye Zhungtshog) to attract and retain teachers in the teaching profession;
- 1.6. Deploy teachers based on the subject teacher requirements and levels of schools;
- 1.7. Ensure a minimum of 80 hours of subject - based PD programs to all the teachers as per the Teacher HR Policy 2014; and
- 1.8. Strengthen educational research in the education system to generate innovation in the practices of teaching and pedagogy. Research Council as an apex body to promote research in the country is deemed necessary.

2. Curriculum

Reiterating His Majesty’s concerns that “It is the duty of parents, policy makers and the government to put the right tools in their hands – the right books, the right curriculum, the right direction”;

Noting that the school curriculum and textbooks have been not reviewed and revised periodically;

Acknowledging the current curriculum review initiative by the Ministry of Education;

Concerned that:

- a. Poor curriculum and obsolete textbooks have far reaching ramifications to both the teachers and students; and
- b. Current curriculum review by the Ministry of Education for all the subjects at the same time within limited time period might compromise the quality;

Recognizing the findings of Royal Education Council on “Nation-wide study on values education in schools” that;

- a. There is a lack of uniformity in imparting values education as suggested in the values framework and diverse programs initiated in schools are too broad to promote specific values; and
- b. There is a need for balanced-approaches of implicit and explicit teaching of structured values education curriculum and integrated values lessons in other curricula and school activities to promote conceptual

understanding and skills of values among students.

Hereby, draws the urgent attention of the Royal Government to:

- 2.1. Follow the standard curriculum review cycle in order to provide adequate time and resources to ensure current, relevant and right size curriculum through focused national level subject conferences and workshops;
- 2.2. Ensure proportionate foreign and local contents in the curriculum and provide adequate space for school based curriculum and community based learning;
- 2.3. Update contents, standards and sequence of textbooks periodically to provide current and relevant information through due diligence and rigorous validation process; and
- 2.4. Strengthen Bhutanese values education by reintroducing earlier textbooks on namthar and legshey and promoting Dzongkha by reintroducing Bhutanese history in Dzongkha to reinforce national aspiration and consciousness for progressive and harmonious society.

3. Student Learning Outcomes - Access and Assessment

Recognizing the significant efforts made by the Royal Government in enhancing access to general education including Early Childhood Care and Development (ECCD) and students with Special Education Needs (SEN);

Observing that the Guideline for Private Schools of Bhutan, 2012 does not adequately address the operational aspects of private schools and their fees;

Noting that:

- a. Current assessment does not capture holistic development of students;
- b. Continuous assessment is not considered in the Bhutan Higher Secondary Education Certificate (BHSEC) examinations;
- c. There is no system to track the overall performance of students over the years;

Concerned that:

- b. There is no adequate ECCD centers across the country and hence, no equitable access to ECCD programs; and
- c. Not all schools have trained teachers to support SEN students.

Hereby, strongly recommends the Government to:

- 3.1. Accord due consideration to the concerns of fee structure and its revision rate and other operational aspects of private schools while reviewing the Guidelines for Private Schools of Bhutan, 2012;
- 3.2. Expand enrolment capacity of public schools up to middle secondary to fulfill constitutional requirement of access to free education to all Bhutanese school going aged children. In absence of in-take capacity in public middle secondary schools, option of financing students sent to private schools

by the Government may be considered or even other arrangements;

- 3.3. Enhance establishment of ECCD centers across the country with standard operational guidelines to strengthen both accessibility and quality services;
- 3.4. Reinforce implementation of SEN policy to address educational needs of children with special needs by focusing on PD courses, teaching learning materials and separate mode of assessment;
- 3.5. Incorporate non scholastic achievements along with the scholastic in assessing the holistic development of students and explore introducing a system of Continuous Assessment (CA) in class XII with due weightage in BHSEC while at the same time initiate mechanisms to minimize biases in CA; and
- 3.6. Institute a system of tracking overall student's performance (electronic or otherwise) that should be transferred from one school to another by the school authorities or accessible to the new school, as the child changes school to track and improve a child's longitudinal performance.

4. Resource Allocation

Observing that:

- a. All schools across the country do not receive fair and equitable share of resources; and
- b. Primary schools face inconvenience in implementing plans and activities in the absence of separate budget head.

Concerned that providing host of amenities to the students of Central Schools irrespective of their economic background would render their parents complacent and students irresponsible besides adding up to the financial burden, which eventually might affect the sustainability of the Central Schools;

Hereby, urgently calls upon the Royal Government to:

- 4.1. Institute a fair, equitable and transparent resource allocation mechanism for schools;
- 4.2. Provide separate budgets for primary schools instead of consolidating with the Dzongkhag's budget; and
- 4.3. Put strategies in place to ensure financial sustainability of Central Schools in future.

**Voting Details on the adoption of the Review Report of the
Education Policy and Strategies**

Date: 5/12/2016: 11:06 AM; Total Votes: 19; "YES": 19; "No": 0; "Abstain": 0

Following Voted 'Yes':

1. Hon'ble Phuntsho Rabten
2. Hon'ble Tashi Wangmo
3. Hon'ble Pema Dakpa
4. Hon'ble Dhan Bdr. Monger
5. Hon'ble Sonam Dorji
6. Hon'ble Sangay Khandu (GAasa)
7. Hon'ble Tashi Phuntsho
8. Hon'ble Tashi Dorji
9. Hon'ble Sangay Khandu (Samtse)

10. Hon'ble Jigme Rinzin
11. Hon'ble Jigme Wangchuk
12. Hon'ble Nima
13. Hon'ble Kamal Bdr. Gurung
14. Hon'ble Kaka Tshering
15. Hon'ble Tharchen
16. Hon'ble Pema Tenzin
17. Hon'ble Nima Gyeltshen
18. Hon'ble Kesang Chuki Dorjee
19. Hon'ble Karma Tshering

(Wednesday, 30th November 2016 corresponding to the 1st Day of the 10th Month of Fire Male Monkey Year of the Bhutanese Calendar)

4. Review Report on Teenage Pregnancy, Sexual Abuse against children and Sexual Harassment

The Chairperson of the Social and Cultural Affairs Committee (SCAC), the Hon'ble Member of Sarpang Dzongkhag said that the issues related to teenage pregnancy, sexual abuse against children and sexual harassment is becoming widespread news in the community. The report of the National Commission for Women and Children (NCWC) and the Royal Bhutan Police (RBP) has also identified it as an important issue. Therefore, the SCAC has identified it as an issue to be reviewed. He reported that while reviewing the implementation status and the adequacy of existing policies and laws on the issues, the Committee had discussion with 9 relevant stakeholders.

According to one of the reports, in the year 2015, it was stated that in the country, pregnancy for youth below

16 years was recorded at 3362 and about 43 percent of women between 15 to 49 years were reported to be pregnant when they were between 11 to 19 years. He said that the influence of western culture, peer pressure and engagement in more sexual activities are the main reasons for pregnancy at young age. In such situations, although there are clear provisions for do's and don'ts in legislations such as the Penal Code of Bhutan and National Youth Policy etc., the numbers are found increasing every year.

On this, the Hon'ble Member of Samdrupjongkhar Dzongkhag said that the number of sexual abuse is increasing every year and that sexual abuse are done mainly in the form of sexual touching and sexual intercourse etc. The victims of such sexual abuse are mostly youth between the ages of 13 to 17 and women between the ages of 18 to 23 as reported and the incidence is seen highest among the young girls. Such sexual abuse are done by their father, step-father and uncles and in the case of boarding schools where such incidences are rampant, support is being provided by RENEW (Respect, Educate, Nurture and Empower Women). He also reported that there are clear provisions in the Constitution of Bhutan, Penal Code of Bhutan, Child Care and Protection Act of Bhutan and Domestic Violence Prevention Act of Bhutan to address the issues. Moreover, measures are also being undertaken by the NCWC.

Further, he said that problems related to sexual harassment in the form of unwanted touching or physical contact, verbal harassment and unwanted staring are increasing although legislations such as Labor and Employment Act, Labor and Employment Rules and Respective Labor and Employment Regulations of the work place have provisions to

address the issues. It is found that such type of sexual harassments is more prevalent in Corporations, Entertainment Places and Drayangts etc. As per the record of RENEW, there are about 200 victims of such sexual harassments in between 2009 to 2016 and most of them work in Drayangts and some work in hydro-projects.

To this, Hon'ble Kesang Chuki Dorjee said that additional recommendation for improvement needs to be submitted even though there are efforts put in by Agencies to expand awareness and education programmes, initiate Life Skills Education programmes, increase number of School Guidance Counselors in schools and implementation of relevant laws and policies by the NCWC to address the issues.

On this, the Hon'ble Members submitted that the issue is very important and there is a need for separate measures which includes amendment of Penal Code of Bhutan, to carry on social responsibilities, improve support to victims and initiate more sports and programmes in schools to address the problems.

The National Council deliberated on the Review Report on Teenage Pregnancy, Sexual Abuse against children and Sexual Harassment on 30/11/2016 and 5/12/2016 and resolved as follows:

The National Council,

- 1. Acknowledging the Royal Government and stakeholder agencies for their strong efforts in laying the policy foundation to address social issues related to teenage pregnancy, sexual abuse against children, and sexual harassment;*

1. Recognizing that there are currently adequate laws and policies in place on all three issues, to address provisions on prevention, protection, and clear identification of stakeholders and enforcement;
2. Noting that:
 - a. Issues pertaining to teenage pregnancies are covered by legislation deterring active sexual engagement among youth below the age of 18, as well as sectoral policies within the Ministries of Health and Education through the NAHSP, the NYP and NYAP spearheading preventive programmes to educate and advocate on sex education and health practices.
 - b. The Penal Code of Bhutan, Child Care Prevention Act, Child Adoption Act, and Domestic Violence Prevention Act all contain provisions safeguarding the rights of children against sexual abuse and violence with the NCWC as key enforcing and implementing agency.
 - c. The Ministry of Labor and Human Resources as focal agency and the Labor and Employment Act as overarching policy in Bhutan, addresses issues of sexual harassment and mandates workplace guidelines to protect employees.
3. Concerned that the key challenge in addressing these issues is rooted in implementation gaps due to resource constraints;

Therefore, given the detrimental impact of these issues on society, the National Council hereby recommends the Royal Government to:

1. Step up nationwide advocacy efforts in tandem with stakeholder agencies (particularly civil society organizations) for preventive action and behavioral change to combat rising teenage pregnancies and health risks, sexual abuse and sexual harassment.
2. Direct the Ministry of Health to:
 - a. Collaborate with the Ministry of Education to educate out of school youths on sex education, sexual health, sexual abuse and harassment through existing programmes.
 - b. Create awareness targeting youth on the risks associated with the use of the morning-after pill as an emergency contraceptive.
 - c. Collect information on the sales of the morning-after pill to understand the magnitude of the demand.
 - d. Expand awareness building and advocacy on the risks associated with illegal abortions.
3. Direct the Ministry of Labor and Human Resources to:
 - a. Initiate nationwide awareness on the existence of the Labor and Employment Act, and Internal Service Rules and provisions on Sexual Harassment in the workplace to encourage greater compliance and safeguard employee rights across the country.
 - b. Collaborate with relevant stakeholders to ensure enterprise or the projects employing more than five employees must have ISR in place from the day of its operation.

4. Direct Ministry of Education to:
 - a. Collaborate with the Ministry of Health to educate out of school youths on sex education, sexual health, sexual abuse and harassment through existing programmes.
 - b. Engage parents and caregivers in all schools through the School based Parenting Education and Awareness, Community based Parenting Education and Awareness, and Non-Formal Education programmes on sex education, sexual health, sexual abuse and sexual harassment.
 - c. Implement the LSE curriculum from Classes PP to Class XII dedicating one period a month to increase awareness and protect children on issues of Teenage Pregnancies, Sexual Abuse, and Sexual Harassment.
 - d. Increase the number of School Guidance Counselors across Central and Secondary Schools to bridge the existing gap (there are currently only 75 SGCs for 179 Central Schools and Secondary Schools).
1. Recognizing the NCWC as the Competent Authority for implementing the Child Care and Protection Act (2011), Child Adoption Act (2012) and the Domestic Violence Prevention Act (2013);
2. Acknowledging that the NCWC has made tremendous strides;
3. Concerned that several remaining essential provisions of these Acts are not yet fulfilled including the creation of Dzongkhag Women and Children committees, appointment of the Child

Protection Officers, Accrediting shelter and remand homes as well as social offices;

4. Noting that having this machinery in place will assist in increasing awareness of all issues among policy-makers and Law enforcers, while providing much needed protection, support and rehabilitation to victims.

Therefore, the National Council recommends the NCWC to:

1. Ensure that all the remaining provisions of the Acts are implemented urgently. Prioritize and phase-in these existing and future work plans.
2. Expand its advocacy and awareness building activities, working closely in collaboration with the Ministry of Health, Ministry of Education, Ministry of Labor and Human Resources and relevant Civil Society Organizations to minimize duplication of activities and pool resources.

Voting Details on the adoption of the Review Report on Teenage Pregnancy, Sexual Abuse against children and Sexual Harassment

Date: 5/12/2016: 10:06 AM; Total Votes: 19; "YES": 19; "No": 0; "Abstain": 0

Following Voted 'YES':

1. Hon'ble Phuntsho Rabten
2. Hon'ble Tashi Wangmo
3. Hon'ble Pema Dakpa
4. Hon'ble Dhan Bdr. Monger
5. Hon'ble Sonam Dorji

6. Hon'ble Sangay Khandu (Gasa)
7. Hon'ble Tashi Phuntsho
8. Hon'ble Tashi Dorji
9. Hon'ble Sangay Khandu (Samtse)
10. Hon'ble Jigme Rinzin
11. Hon'ble Jigme Wangchuk
12. Hon'ble Nima
13. Hon'ble Kamal Bdr. Gurung
14. Hon'ble Kaka Tshering
15. Hon'ble Tharchen
16. Hon'ble Pema Tenzin
17. Hon'ble Nima Gyeltshen
18. Hon'ble Kesang Chuki Dorjee
19. Hon'ble Karma Tshering

(Thursday, 1st December 2016 corresponding to the 2nd Day of the 10th Month of Fire Male Monkey Year of the Bhutanese Calendar)

5. Review Report on Public Procurement System

The Chairperson of Good Governance Committee, Hon'ble Member from Lhuentse submitted that of the total budget outlay of Nu.213M in the 11th Five Year Plan, Nu. 104.38M was spent on public procurement. While the responsibilities to check and monitor the transparent use of financial resources, same procurement system, economic benefits, and fair and just opportunities in business, befalls the Anti-Corruption Commission and the Royal Audit Authority. In addition to the reports submitted by the institutions in accordance with their mandates, the National Council

decided to review the issues, which was taken up by its Good Governance Committee.

In order to ascertain the quality in the public procurement, judicious use of public resource, and possible area of improvement in the public procurement, the Good Governance Committee reviewed relevant laws, rules and policies. Further, through thorough consultations with relevant ministries and agencies, observations such as inferior quality of work and misuse of public resources, were reported.

Hon'ble Member from Paro also submitted that the inferior quality of Government works were attributed to the system of awarding to the lowest bidder, lack of quality check and control mechanism, online evaluation system and improper project periods. Today, there are 3,739 contractors in the country and competition between these contractors for a Government work instigates quoting very low bids, which ultimately affects quality. In addition to lack of competency within the contractors, it was also observed that there was no one strictly monitoring the quality of public procurement.

While there is a system of Government awarding tenders which 65% is evaluated online, it was found that there was breach in the system and suspicion of possible collusion between the Government agencies and contractors in awarding of works. It was also reported that apart from the stipulated project period, the seasonal rain and sunshine were never taken into consideration.

Furthermore, the main areas of misuse of public resource were found when a project could not be completed on time and, procurement of public properties through open tender process. The

incompletion of project on time was attributed to awarding the work late, and delayed disbursement of expenditures. Besides, it was reported that the public procurement system mandated purchase of items through tender process that garnered price quotes double or triple of the current market price, which ultimately attributed to misuse of public resources.

To this, Hon'ble Tashi Wangmo said that there was need to control misuse of public money and improve quality control through institution of a effective system, organize consultations with those who are affected by the current procurement system from time to time, improve transparency in public procurement, review standard bidding process, and submitted recommendations on requirement for a Public Procurement Act.

To this, majority of the Hon'ble Members submitted that more than 50% of national revenue was spent on public procurement, and misuse of money and lack of transparency were a grave concern. Hence, it was submitted that the recommendations to Government should include instituting a system of public monitoring, awarding contracts to competent bidders rather than awarding to the lowest bidders, Bhutan Standard Bureau to monitor standards, formulate proper grace period, and specify the requirement of whether a good requires procurement through tender process or not.

The National Council, after a thorough deliberation on the Public Procurement System on 1/12/2016 and 5/122/2016 and resolved as follows:

The National Council,

Considering that around 17.6 percent of the country's GDP is spent on procurement annually excluding national level budget allocation for mega projects such as Hydropower and widening of Northern east-west highway for double lane traffic, which otherwise may push the procurement spending well beyond the 30% limit of many countries;

Recognizing the sheer volume and size of the spending it represents, a well governed public procurement is imperative for fostering public sector efficiency and establishing citizens' trust;

Acknowledging that public procurement system in Bhutan has undergone significant development in the recent times that are aimed at:

- Ensuring the transparency of Government procurement through the application of standard procurement procedures;
- Achieving uniformity of the procurement procedures of Government Agencies;
- Achieving economy and efficiency in the procurement of goods, works and services; and
- Ensuring fair and equal access to the suppliers, consultants and contractors for award of contracts for supply of goods, services or works.

Concerned that despite such positive developments, the public procurements continue to face the challenge of inferior quality of works, goods and services, and inefficient utilization of public resources;

Noting that some of the major factors affecting quality of works are:

- i) Tenders being awarded based on the lowest quoted price;
- ii) Lack of effective quality control mechanism;
- iii) Unrealistic project timeframe; and
- iv) Lack of adequate transparency in the administration of the “E-tool” system and open access to bid evaluation report;

Further noting that some of the causes of inefficient utilization of financial resources are:

- i) Delay in timely execution and completion of projects owing to delay in award of the contract, delay in payment of Bills by the procuring agencies; and
- ii) Procuring standard off-shelf items like the air tickets through tendering process is far more expensive than being directly purchased from the airline.

Considering that much of the quality related concerns of the current procurement system can be addressed through an institution and stringent enforcement of an effective quality control mechanism, and stakeholders working in close collaboration with each other;

Further considering that there is huge potential to achieve efficient utilization of public resources if current system of the procuring some of the goods and services are reviewed and streamlined.

Hereby, recommends the government to:

- i) Ensure an effective quality control mechanism by:

- a. Instituting a comprehensive procedure on monitoring the quality with clearly defined roles and responsibilities of agencies concerned (the procuring agencies, and Bhutan Standard Bureau), and fixing of accountability on individual(s)/agencies;
 - b. Instituting a multi-stakeholder advisory committee to oversee the overall quality of public procurement;
 - c. Promoting community participation in monitoring the quality of works through an establishment of an effective grievance redressal mechanism;
 - d. Enforcing relevant provisions of the Local Government Rules and Regulations 2012 of Bhutan to ensure local government authorities exercise their due diligence in monitoring the quality of works executed within their geographical boundaries;
 - e. Strengthening the partnership with Construction Association of Bhutan (CAB) to unleash its potential of developing professionalism of contractors and monitoring quality of works executed by the CAB's member-contractors;
- ii) Consider amending Clause 43.1 of the SBD Works that states “...*within 30 working days from the date of receipt of correct and verified Bills/invoices in complete form by the Finance Section*” as “...***within 45 working days from the date of submission of correct Bills to the engineering section***”;

- iii) Promote collaborative learning amongst procuring agencies on best practices of procurement management system;
- iv) Convene a regular forum for the stakeholders *viz*: PPPD, BSB, CDB, GNHC, RAA, ACC, procuring agencies, contractors, suppliers, etc. to share the challenges faced, provide feedback on each other's performances, and collectively find ways to improve the system;
- v) Enhance transparency of procurement processes by strengthening the E-tool administration system, and sharing the evaluation reports with all the bidders while dispensing the Letter of Intent;
- vi) To achieve economy and efficiency in the utilization of public resources:
 - a. Consider exempting procurement of air tickets through standard tendering processes;
 - b. Consider using online prices as benchmarks for determining the most realistic prices for standard off-shelf such as computers, printers, toners, etc.
- vii) Consider enacting a separate law on public procurement that will ensure good governance and integrity in public procurement resulting in judicious and efficient utilization of public resources.

**Voting Details on the adoption of the Review Report of the
Public Procurement System**

Date: 5/12/2016: 10:06 AM; Total Votes: 19; "YES": 19; "No": 0; "Abstain": 0

Following voted for 'YES':

1. Hon'ble Phuntsho Rabten
2. Hon'ble Tashi Wangmo
3. Hon'ble Pema Dakpa
4. Hon'ble Dhan Bdr. Monger
5. Hon'ble Sonam Dorji
6. Hon'ble Sangay Khandu (Gasa)
7. Hon'ble Tashi Phuntsho
8. Hon'ble Tashi Dorji
9. Hon'ble Sangay Khandu (Samtse)
10. Hon'ble Jigme Rinzin
11. Hon'ble Jigme Wangchuk
12. Hon'ble Nima
13. Hon'ble Kamal Bdr. Gurung
14. Hon'ble Kaka Tshering
15. Hon'ble Tharchen
16. Hon'ble Pema Tenzin
17. Hon'ble Nima Gyeltshen
18. Hon'ble Kesang Chuki Dorjee
19. Hon'ble Karma Tshering

(Wednesday, 30th November 2016 corresponding to the 1st Day of the 10th Month of Fire Male Monkey Year of the Bhutanese Calendar)

6. Mid-term Review on Issues related to Culture

The Hon'ble Member from Bumthang Dzongkhag submitted that while culture is the principle life force of a country's sovereignty and security, it could be diluted with changing times. Bearing such possible consequences in mind, the Social and Cultural Affairs Committee, in the 17th Session, was directed to undertake research and review on performing arts and skills. However, while formulating the review plan, it was found that culture was a vast area for the Committee to undertake a thorough study within a short period. The Committee, therefore, submitted a mid-term review report of the consultations and researches undertaken.

To this, the Hon'ble Member from Wangdue Phodrang Dzongkhag said that the Committee identified the tangible culture such as architectural design and intangible culture such as performing arts and languages. While the Ministry of Works and Human Settlement is monitoring the architectural aspects of the design, it was found that the age-old tradition of offering that used to be done while building a house as part of tradition was degenerating. In addition, it was reported that the sacred dances weren't performed in accordance with norms, such that the episodes of the dance or number of dancers were inappropriate. The national language is losing and dialects of various localities are at the verge of vanishing. Therefore, it was reported that the Committee has identified nine agencies for investigation.

Considering its importance, most of the Hon'ble Members submitted that culture was an important

identity of the country and the Committee, while undertaking the research, should consider, studying the improper use of religious instruments, instituting a care center for age-old traditions, monitor motion pictures, supervise reception of international guests, liaise with Civil Society Organization, revisit women playing khuru, and views to carry out in-depth researches on issues of formulating Dzongkha terminologies.

(Friday, 25th November 2016 corresponding to the 26th Day of the 9th Month of Fire Male Monkey Year of the Bhutanese Calendar)

F. Proceedings of Question Time

1. Hon'ble Minister for Ministry of Foreign Affairs

Hon'ble Deputy Chairperson of the National Council said that in order to foster good relation with the neighboring countries, proper border demarcation is important. After more than 24 rounds of Bhutan-China border talks, the border issue with China is still not resolved. Therefore, Hon'ble Member raised the following questions:

- 1) What is the status of the Bhutan-China border talk and what are the major challenges in making positive progress of the talk?
- 2) When will the Bhutan-China border issue resolved?

Responding to the question, Hon'ble Minister for Ministry of Foreign Affairs said that the boundary talk between Bhutan and China, which began in 1984 is based on the guiding principle of peace and mutual respect between the two countries. The claim of the disputed areas are Paksamlum in the Central, Drakmana, Sinchulum, Chirithang and Doklam in northern parts of the country. To further understand the status of claim on disputed land, a Joint Technical

Field Survey Committee, comprising members from both the parties, is carrying out the works. Hon'ble Minister submitted that the main reason for not being able to resolve the border dispute for good is due to difference in claims by respective country and as such it cannot be ascertain when can the dispute be resolved. In the follow up, when the Hon'ble Deputy Chairperson asked the Minister which party is not willing to negotiate, Hon'ble Minister said that there are problems from both the parties.

2. Hon'ble Minister for Economic Affairs

The Chairperson of the Natural Resources and Environment Committee, the Hon'ble Member of Dagana Dzongkhag said that the National Council has deliberated on issues related to mining several times and also during the 17th session and proposed recommendation for the amendment of the Mines and Minerals Management Act 1995 (MMM Act 1995). In response, the government said that there is no budget to amend the Act. Therefore, he asked about the projected amount of budget required to amend the Act and whether there is possibility of tabling it in the 19th Session?

In response, the Hon'ble Minister for Economic Affairs said that the government acknowledges the amendment of the Mines and Minerals Act 1995 as an urgent issue. The MoEA has formed an intra-ministerial working committee to work on the amendment of MMM Act 1995. However, to ensure that the amendment Bill is beneficial to the Country both in the long run and short term and for all the people, there is a need for comprehensive discussion with all the relevant stakeholders. So he said that additional time was taken for the review work. For the amendment of the Act, Nu

3.500 million has been proposed by the Agency but it was not approved. So, he said that the Ministry is making special consideration and has started the review work so that it can definitely be tabled in the summer session of the Parliament.

Further, Hon'ble Tashi Wangyel said that although drafting of the Mineral Development Policy was started from 2008, it is not endorsed even today. He enquired when it will be endorsed. In response, the Hon'ble Minister said that he cannot confirm the time for its endorsement. However, he submitted that it shall be endorsed after the endorsement of Economic Development Policy. He said he is hopeful that it will be endorsed within 2 months after the approval of Economic Development Policy.

(Wednesday, 30th November 2016 corresponding to the 1st Day of the 10th Month of Fire Male Monkey Year of the Bhutanese Calendar)

3. Hon'ble Minister for Finance

The Hon'ble Member of Tsirang Dzongkhag said that the initiative of the Government to provide Geog Development Grants (GDG) in 205 Geogs with objective to further advance “*Wangtse Chirphel*” has generally benefited in developmental activities. However, as stated in the Performance Audit Report, there were problems related to poor monitoring, record keeping and non-compliance of the GDG guidelines in the utilization of the fund. Therefore, he enquired what actions are taken by the Ministry of Finance to fix accountability on those Local Government Authorities who have non-complied with the GDG guidelines and what measures are put in place to reduce such challenges.

In response, the Hon'ble Minister for Finance said that such challenges are arising not because of the

guidelines, but it is due to the lack of implementation of the guidelines. The challenges are faced as there are lapses from the Local Government Authorities. To fix accountability, the Government has directed the Ministry of Home & Cultural Affairs and the challenges related to the farm roads will be solved by the Ministry of Agriculture and Forest.

Further, Hon'ble Member of Gasa Dzongkhag asked if there is any possibility to authorize the Local Governments to utilize the fund without depending on the approval of the Central Government and Hon'ble Member of Chukha Dzongkhag said that some of the Gewogs have been utilizing the Grant due to non-arrival of the annual budget. So he raised doubt on how the fund will be replaced later. To this, the Hon'ble Minister for Finance said that there is lack of standard and capacity to authorize the Local Governments to use the fund and as the fund is not included in the annual plan and it has to be incurred from elsewhere, it cannot be replaced.

4. Hon'ble Minister for Home and Cultural Affairs

The Hon'ble Member of Lhuentse Dzongkhag said that with the intention to strengthen the Local Governments, it was submitted to provide a Gewog Administrative Officer, Accounts Personnel and Engineer during the amendment of Local Government Act. So he enquired on how to address the problem of lack of Gedrungs in the Gewogs.

In response, the Hon'ble Minister for Home and Cultural Affairs said that, the Ministry taking concern on the recruitment of Officers and staff in the Gewogs, is still having discussions with the Royal Civil Service Commission. With regard to Gedrungs, he said that the Ministry will have discussion with the Royal Civil

Service Commission on their status and recruitment and very soon the problem will be addressed.

Further, Hon'ble Member of Lhuentse Dzongkhag submitted that due to poor monitoring on the utilization of Gewog Development Grant, there were many problems associated with it. He enquired on how to fix accountability for such lapses.

To this, the Hon'ble Minister for Home and Cultural Affairs said that despite having clear guidelines and regulations, there were still lapses on part of few. He submitted that they will be held accountable and measures are being taken so that such lapses do not happen henceforth.

(Thursday, 8th December 2016 corresponding to the 9th Day of the 10th Month of Fire Male Monkey Year of the Bhutanese Calendar)

G. Closing Ceremony

1. Closing Address of the Chairperson

The 18th Session of the National Council of Bhutan, which began on 14th November 2016 through an official opening ceremony, has successfully come to an end. The 18th Session has realized its fruition with the blessings of the Triple Gem and the protective deities, the clear guidance and foresight of His Majesty the King, and the prayers and wisdom of His Holiness the Je Khenpo and other great religious personalities. To this, the Chairperson of the National Council submitted his debt of gratitude.

The Chairperson, on behalf of the National Council, thanked the Hon'ble Prime Minister and the Speaker of the National Assembly for their presence during the closing ceremony. He further maintained that over the past five years, the Hon'ble Prime Minister and the

Speaker have attended the closing ceremonies of the National Council and this stands a testament to that the fact that the Government, the National Assembly and the National Council as institutions continue to nurture a strong bond of cooperation and mutual respect for one another. Similarly, the Speaker thanked the Government for their unwavering support rendered toward the Council on important subject-matters, resolutions and reports which have come out of the respective constituencies; he also conveyed the Council's gesture of gratitude and respect for the support received with regard to the introduction of Bills and discussions on important queries and, accordingly, reiterated the Council's optimism toward receiving even greater support in the future.

The eighteenth session of the National Council has been the most important session of the 2nd Parliament and it was during this session the Council deliberated on five legislative-related topics and five topics related to policy-review; during the question and answer session, the Council deliberated on four oral questions, three written questions, and one international agreement. The Council agreed to submit to His Majesty Bills such as the Red Cross Bill, the Civil Aviation Bill, the Tax Revenue Amendment Bill, and the Supplementary Budget Bill. Since the Council could not come to an agreement on the Customs Bill and the BBIN Motor Vehicles Agreement, we have decided to submit them to His Majesty for directives for deliberation during the Joint Sitting.

Although the eighteenth session of the National Council has come to an end, the Council – in preparation for the 19th Session – has distributed responsibilities to the respective committees and Council Members.

1. **Legislative Committee:** Audit Bill of Bhutan and Customs Bill for joint session of Parliament
2. **Economic Affairs Committee:** Budget and Re-appropriation Bill and Audit report on Tourism sector
3. **Foreign Affairs Committee:** Trade agreement between Bhutan and India
4. **Natural Resources and Environment Committee:** Paris Agreement
5. **Good Governance Committee:** Annual Report of Anti Corruption Commission
6. **Social and Cultural Affairs Committee:** Review on issues related to culture

While discharging the National Council's responsibilities as a legislative and policy-review body there is always room for lapses and the possibility of not living up to the mandated expectations. Even so, we have remained cognizant of our responsibilities and have drawn inspiration and lessons from His Majesty's timeless advice and lectures delivered during National Days and Parliament sessions. We have been able to successfully perform our duties by basing on principles and values of peace and harmony. Such success would have been close to impossible without the constant guidance and advice of His Majesty the King and, for this, we owe a great debt of gratitude to His Majesty.

2016 has been a year of historical significance not only because it was on a Monkey Year Guru Rinpoche was born but this year we also observe 400 years of Zhabrung's arrival to Bhutan and 108 years of the institution of the Monarchy. The historic year will be

remembered by the Bhutanese for decades and decades to come, as it was in 2016 His Highness the Gyalsey was born as destined. For this, the Chairperson offered his word of gratitude and appreciation to His Majesty the King and Her Majesty the Queen.

Lastly, the Chairperson reminded the members of the Council that, among the functions of the National Council as an independent institution, the overarching function of the Council is to remain apolitical. The Chairperson conveyed his deepest respects and gratitude to His Holiness the Je Khenpo and the monastic body for their prayers in turning the 18th Session a successful one.

The 18th Session came to an end on 8th December 2016 with a Zhabten dedicated to their Majesties the King and the Queen, His Majesty the Fourth King, and the members of the Royal Family for ushering the country and the people to an era of peace, prosperity and stability.



A handwritten signature in black ink, appearing to be in Dzongkha script, written over a horizontal line.

(Sonam Kinga)

Chairperson

National Council of Bhutan