How does the National Gold Corporation bill affect Financial Arrangements and State Guarantees?

Once enacted, the National Gold Corporation (NGC) bill will compel the State to provide an unconditional guarantee to a foreign company and its subsidiaries, with minimal oversight or monitoring capability by state agencies.

The following are conditions proposed in the NGC bill that will have an impact on Financial Arrangements and State Guarantees:

1. The bill will require the government to provide an unconditional guarantee to the company and its subsidiaries. This entails the state assuming full responsibility for covering the operational costs in case of failure. Such reliance on the government poses a risk, as taxpayers would bear the burden of bailing out the company and its subsidiaries if they were to fail (Sections 89, Section 90, and Section 91).

2. The bill will not strictly allow for dividends or payments to be made to Consolidated Revenue Fund of the State. These payments can be made to any entity at the discretion of the Director-State Equity (A state minister). This means that dividends obtained may not strictly be used to fund the National Budget every year but can be channeled or parked elsewhere at the decision of the Director-State Equity (Section 80).

#DO NOT SUPPORT THIS BILL!

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The dividends will not be immediately received by the government. From the agreement signed, a plan was already made dictating how and when the state will start to receive its share of payments from the 6th year of operation onwards. If the state wants to acquire more shares, it must comply with the rules set by the Investor (Section 80, subsection D).

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