

# National Assembly Debates

**PROCEEDINGS AND DEBATES OF THE NATIONAL ASSEMBLY OF THE FIRST SESSION (2006) OF THE NINTH PARLIAMENT OF GUYANA UNDER THE CONSTITUTION OF THE CO-OPERATIVE REPUBLIC OF GUYANA HELD IN THE PARLIAMENT CHAMBER, PUBLIC BUILDINGS, BRICKDAM, GEORGETOWN**

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12TH SITTING

2.00PM

Friday, 2 February 2007

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## **MEMBERS OF THE NATIONAL ASSEMBLY (71 )**

### **Speaker (1)**

**The Hon. Hari N Ramkarran, SC, MP. - *Speaker of the National Assembly***  
**Members of Government (42)**

**(i) People's Progressive Party/Civic (41)**

**(ii) The United Force (1)**

The Hon Samuel AA Hinds, MP,

*-(Region No. 10 Upper Demerara/Upper Berbice), Prime Minister and Minister of Public Works and Communications (Absent on Leave) - Performing the functions of the Office of President*

The Hon Clement J Rohee, MP.

*- Minister of Home Affairs*

The Hon Shaik KZ Baksh, MP.

*- Minister of Education*

The Hon Dr Henry B Jeffrey, MP.

*- Minister of Foreign Trade and International Cooperation (Absent)*

The Hon Dr Leslie S Ramsammy, MP.

*-(Region No. 6 – East Berbice/Corentyne), Minister of Health*

The Hon. Carolyn Rodrigues-Birkett, MP.,

*-(Region No. 9-Upper Takutu/Upper Essequibo), Minister of Amerindian Affairs*

\*The Hon Dr Ashni K. Singh, MP.

*- Minister of Finance*

\*The Hon S Rudolph Insanally, OR, CCH, MP.

*- Minister of Foreign Affairs (AOL)*

The Hon Harry Narine Nawbatt, MP.

*- Minister of Housing and Water*

The Hon Robert M Persaud, MP.

*-(Region No. 6 – East Berbice/Corentyne) Minister of Agriculture*

The Hon Dr Jennifer RA Westford, MP.

*-(Region No. 7-Cuyuni-Mazaruni) Minister of Public Service*

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The Hon Kellawan Lall, MP.	- Minister of Local Government and Regional Development
*The Hon Doodnauth Singh, SC, MP.	- Attorney General and Minister of Legal Affairs
The Hon Dr Frank C.S. Anthony, MP.	- Minister of Culture, Youth and Sport
The Hon Brindley H.R. Benn, MP.	- Minister of Transport and Hydraulics
*The Hon Manzoor Nadir, MP.	- Minister of Labour
The Hon Priya D Manickchand, MP.	-(Region No. 5—Mahaica/Berbice) Minister of Human Services and Social Security
The Hon Dr Desrey Fox, MP	- Minister in the Ministry of Education
The Hon Bheri S Ramsaran, MD, MP	- Minister in the Ministry of Health
The Hon Jennifer I Webster, MP	- Minister in the Ministry of Finance
The Hon Manniram Prashad, MP	- Minister of Tourism, Industry and Commerce
Mr Donald R Ramotar, MP	
Ms Gail Teixeira, MP	
Mr Harripersaud Nokta, MP	- (AOL)
Mrs Indranie Chandarpal, MP	- Chief Whip
Ms Bibi S Shadick, MP	-(Region No. 3—Essequibo Islands, West Demerara)
Mr Mohamed Irfaan Ali, MP	
Mr Albert Atkinson, JP, MP	- (Region No. 8 – Potaro/Siparuni)
Mr Komal Chand, CCH, JP, MP	-(Region No. 3—Essequibo Island, West Demerara) (Absent)
Mr Bernard C DeSantos, SC, MP	-(Region No. 4—Demerara/Mahaica)
Mrs Shirley V Edwards, JP, MP	-(Region No. 4—Demerara/Mahaica)
Mr Mohamed F Khan, MP	-(Region No. 2—Pomeroon/Supenaam)
Mr Odinga N Lumumba, MP	
Mr Moses V Nagamootoo, MP	
Mr Mohabir A Nandlall, MP	
Mr Neendkumar, MP	-(Region No. 4—Demerara/Mahaica)(AOL)
** Mr Steve P. Ninvalle, M.P.	- Parliamentary Secretary
Mr Parmanand P Persaud, JP, MP	-(Region No. 2—Pomeroon/Supenaam)
Mrs Philomena Sahoye-Shury, CCH, JP, MP	- Parliamentary Secretary
** Mrs Pauline R. Sukhai, M.P.	- Parliamentary Secretary
Mr Dharamkumar Seeraj, MP	
Mr Norman A Whittaker, MP	- (Region No. 1 – Barima/Waini)

\* Non-Elected Minister

\*\* Non-elected Member

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**Members of the Opposition (28)**

**(i) Members of People's National Congress Reform - One Guyana (22)**

- Mr Robert Corbin, MP - *Leader of the Opposition*  
Mr Winston S Murray, CCH, MP - *(AOL)*  
Mrs Clarissa S Riehl, MP - *Deputy Speaker performing duties  
of Speaker of the National Assembly*  
  
Mr E Lance Carberry, MP - *Chief Whip (AOL)*  
Mrs Deborah J Backer, MP  
Mr Anthony Viera, MP  
Mr Basil Williams, MP  
Dr George A Norton, MP  
Mrs Volda A Lawrence, MP  
Mr Keith Scott, MP  
Ms Amna Ally, M.P.  
Mr James K McAllister, MP  
Mr Dave D Danny, MP - *(Region No. 4--Demerara/Mahaica)*  
Mr Aubrey C Norton, MP - *(Region No. 4--Demerara/ Mahaica)*  
Mr Ernest B Elliot, MP - *(Region No. 4--Demerara/Mahaica)*  
Mrs Judith David-Blair, MP - *(Region No. 7--Cuyuni/Mazaruni)*  
Mr Mervyn Williams, MP - *(Region No. 3--Essequibo Island/West  
Demerara)*  
  
Ms Africo Selman, MP  
Dr John Austin, MP - *(Region No. 6--East Berbice/Corentyne)*  
Ms Jennifer Wade, M. P., - *(Region No. 5-Mahaica/Berbice)*  
Ms Vanessa Kissoon, MP - *(Region No. 10-- UpperDemerara/  
UpperBerbice)*  
Mr Desmond Fernandes, MP - *(Region No. 1 -- Barima/Waini)*

**(ii) Alliance For Change (5)**

- Mr Raphael GC Trotman, MP  
Mr Khemraj Ramjattan, MP  
Mrs Sheila VA Holder, MP  
Ms Chantalle L Smith, MP - *(Region No. 4--Demerara/Mahaica)*  
Mr David Patterson, MP

**(iii) Guyana Action Party/Rise Organise and Rebuild (1)**

- Mr Everall N Franklyn, MP

**OFFICERS**

Mr Sherlock E. Isaacs - *Clerk of the National Assembly*

Mrs Lilawtie Coonjah - *Deputy Clerk of the National Assembly*

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## **PRAYERS**

**The Clerk reads the Prayers**

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

By the *Minister of Finance*:

Estimates of the Revenues of Expenditure of Guyana for the financial year 2007

### **MOTIONS RELATING TO THE BUSINESS OR SITTINGS OF THE ASSEMBLY AND MOVED BY A MINISTER**

#### **SUSPENSION OF STANDING ORDERS NOS. 10(2) AND 38(9)(a)**

#### **BE IT RESOLVED:**

*That Standing Orders Nos. 10(2) and 38(9)(a) be suspended to enable the Minister of Finance to complete uninterrupted the reading of the Budget Speech for 2007 at the sitting of the Assembly on Friday, 2 February 2007.*

**The Acting Speaker:** The Honourable Minister of Home Affairs

**Hon Clement J Rohee:** Mde Speaker, I would like to move that Standing Orders 10(2) and 38(9)(a) be suspended to enable the Minister of Finance to complete uninterrupted the reading of the Budget Speech for 2007 at this sitting of the Assembly.

**Motion proposed, put and agreed to.**

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**Motion carried.**

## **PUBLIC BUSINESS**

### **(i) GOVERNMENT BUSINESS**

## **MOTION**

### **(1) BUDGET FOR 2007**

**The Acting Speaker:** Honourable Members, we have now come to the Item Budget 2007.

The Honourable Minister of Finance

### **Introduction**

**1**

**1.1 Hon Dr Ashni Singh:** Madame Speaker, I rise to move the motion *for* the approval of the Estimates of the Public Sector and the Budget for the Financial Year 2007. In so doing, I wish to indicate that in accordance with Article 171, Paragraph 2 of the Constitution, the Cabinet has recommended that the National Assembly proceed upon this motion.

**1.2** Madame Speaker, coming as it does at the beginning of a new term of office and, in this case, the fourth consecutive term of the PPP/

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Civic Government since its 1992 assumption of office, this Budget concretises our vision of a modern and equitable society for all Guyanese, as elaborated in a number of documents such as the Poverty Reduction Strategy Paper and individual sector strategy papers. Just recently, His Excellency the President reiterated this vision in his Inaugural Address to this Ninth Parliament, which address was extensively debated and endorsed in this Honourable House.

1.3 As we have emphasised, our vision is for a better Guyana - a Guyana where our people live in perpetual harmony, enjoying greater cohesion and prosperity; a society in which our quality of life compares favourably with our immediate and distant neighbours; and a society that is recognised for the care and attention it places on children, women, youths, the elderly and the less fortunate. We must, therefore, strive for economic success in order to establish a better society for all. We have to build safeguards and act to sustain economic growth and stability long into the future, and we must continue to work to find ways of sharing more evenly the benefits of our economic success.

1.4 This Budget reasserts the fundamental objectives of our economic system, that is, the formulation and implementation of appropriate and relevant policies and plans aimed at improving the lives and realising the aspirations of all Guyanese. To achieve this, it builds on the foundation already laid with respect to maintaining macroeconomic stability; implementing an enabling trade and investment regime; building capacity to enable our economy to compete effectively in the global environment and manage short term external shocks; enhancing savings and investment to raise them to a sustainable level; continuously reforming the financial system; unlocking the potential and entrepreneurial talent of our people to achieve economic development; while protecting and supporting the most vulnerable members of our society; all aimed at achieving pro-poor growth and building a modern and prosperous country.

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Our agenda for the next five years, and our policies and plans for 2007, reflect these objectives, and we will work tirelessly to achieve them.

1.5 Madame Speaker, we in Guyana have much for which we should be thankful. Although the floods of early 2006 threatened to derail many of our programmes and to undermine our targets, we were nevertheless able to manage the economy effectively and return substantial real growth. The strong economic recovery reflects the appropriateness of our policies, the underlying resilience of our economy and, most of all, the tenacity and adaptability of our people.

1.6 Madame Speaker, over the years, we have been steadfastly laying the foundation for sustained economic growth and prosperity. Along the way, we have had to cope with both domestic and external challenges. But we have remained undaunted and unbowed, and have seen an impressive improvement in the standard of living of all Guyanese. This is not an occurrence by chance, but is the product of purposeful consistency. It has involved massive investment in infrastructure development where we had considerable ground to make up. It has involved a commitment to re-orient public expenditure to place greater emphasis on the social sectors, especially education, health, housing, pure water supply and sanitation. It has involved prudent fiscal management and the creation of an economic environment that would attract investment. Most of all, it has involved the commitment and hard work of the Guyanese people themselves.

1.7 More than any other time in our country's history, a large percentage of our people own their homes, and have access to electricity, piped water, telephones and other amenities. More of our citizens who reside in near and far flung areas own computers and are exposed to the wide world of the Internet. Opportunities have been created for many of our people to be self employed, and to own or manage small businesses and

micro- enterprises. I therefore have pleasure in tabling a budget that builds upon and consolidates the gains of the past fifteen years, and continues the reform and modernisation of the national economy. As with previous budgets, it makes ample provision for: the facilitation of sustained economic growth; on-going social sector reform and improvement; infrastructure renewal, expansion and maintenance; and improved equality and opportunity for all Guyanese. It also commits significant resources to areas such as sports, culture and the arts.

1.8 This Budget advances the policies needed for an era of sustained growth, wealth and employment creation, by securing the transition to a globally competitive economy. It is rooted in the belief that there is no limit to what our people can continue to achieve within the context of a facilitative environment created by the Government. Against this background, the central theme of the 2007 Budget is *Building a Modern and Prosperous Guyana*. In line with this theme, the Budget highlights on-going work in the various sectors. These investments are targeted at improving the quality of life of our citizens and further enhancing the physical and institutional infrastructure required to promote grow and improve the quality of life of our citizens.

## **Review of the International Economy**

### **2**

2.1 Madame Speaker, I will now review the International Economy. According to the latest edition of the World Economic Outlook, global growth in 2006 was estimated at 5.1 percent, up from the forecast of 3.2 percent. The largest economy in the world, the United States, demonstrated its internal resilience when, despite a number of unfavourable factors, it once again lead the global expansion with a growth rate of 3.4 percent. The situation in the United States does, however, mask underlying concerns and their likely impact on the global economy. These in-



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clude its huge current account deficit and the sustainability of current levels of consumption in the wake of increasing debt. Euro area economies showed signs of recovery with a growth rate of 2.4 percent, while the Japanese economy, with a rate of 2.7 percent, has gradually regained its vitality after emerging from a prolonged downturn. A few large developing economies, particularly China and India with growth rates of 10 and 8.3 percent respectively, are consolidating their growth in the performance of the world economy.

2.2 2.2 We are cautiously optimistic that the external environment would remain positive this year. Global growth is expected to remain strong at 4.9 percent, notwithstanding lingering concerns about high inflation, tighter conditions in financial markets, and other structural impediments.

2.3 Madame Speaker, Guyana maintains its position that a fair multi-lateral trading system that takes account of the special circumstances of economies like ours can boost world trade and redound to the benefit of all countries. It is in this context that we are in consonance with the call of others for a restart of the stalled negotiations of the World Trade Organisation (WTO). We also urge the speedy conclusion of an Economic Partnership Agreement (EPA) with the European Union, one that is supportive of our developmental agenda.

2.4 Madame Speaker, at the regional level, we look forward to the acceleration of work this year that would lead to the implementation of the CARICOM Single Economy in 2008. The fruition of this event will complement the Single Market, which came into force at the beginning of 2006, and allows the free movement of goods, services, capital and labour across member states. It will also realise a dream of creating a unified economic space within the region.

2.4 Madame Speaker, Guyana's national profile in the global arena will be substantially elevated when we play host to three important international events this year. The first is the Summit of the Rio Group of Countries, which takes place in early March. The second is the historic

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Cricket World Cup, which will be held during March and April. The third which will occur in September, is the Meeting of Commonwealth Ministers of Finance. The successful staging of these events, all of which are a first for Guyana, will have a positive impact on our economy. All Guyanese should unite to ensure that the warmth and hospitality for which we are known are extended to the delegates, participants and other visitors, and to ensure that the positive consequences of these events for our economy are realised.

## **Review of the Domestic Economy**

**3**

### **A. Real Gross Domestic Product**

**3.1** Madame Speaker, I will now review the domestic economy. Firstly, in relation to real gross domestic product - I am pleased to announce real growth of 4.7 percent last year, *[Applause]* a most commendable performance. Not only does this reflect underlying buoyancy, in light of the various challenges encountered, but it also reflects resilience and maturing of the economy. I will now review performance in each sector.

### **B. Sector Performance**

**3.2** Madame Speaker, sugar production grew by 5.5 percent to 259,588 tonnes. The great deluge of 2005 was compounded by further rainfall and flooding in the first half of 2006. This had a severe impact on land preparation for the first crop, and on the growth and sucrose content of the sugar cane plant, which factors undermined the target of

315,000 tonnes.

3.3 In the rice industry, in spite of losses of approximately 12,000 acres in the first crop due to flooding, rice output surpassed the outturn for 2005 by 12.4 percent to reach 307,041 tonnes. This performance was largely the result of improved yield in the second crop.

3.4 Several of the other sub sectors of the agriculture sector recorded strong performances in 2006. In particular, the forestry sub sector expanded by 11 percent, by far the highest growth rate in recent history. *[Applause]* This growth was driven primarily by increased investment and global demand for forest products. Other agriculture rebounded by 7 percent, and this allowed for increased exports and export earnings from non traditional crops.

3.5 Madame Speaker, the mining and quarrying sector fell by 22.4 percent. The bauxite industry suffered severe setbacks, including low demand for RASC, which occasioned the closure of Omai Bauxite Mining Inc. for two months in the second quarter of 2006. This contributed to the 9.2 percent decline in bauxite production to 1,538,587 tonnes. Local gold miners increased their declaration by 23.1 percent, but overall gold declaration fell by 25.3 percent to 200,000 ounces as a result of the closure of Omai Gold Mines Ltd. Diamond declarations amounted to 330,000 carats.

3.6 Madame Speaker, the manufacturing sector continued to show increased growth in 2006. Buoyed by a 36.5 percent expansion in private sector credit, manufacturing increased by 4 percent. This reflects the growing optimism and confidence in the business community and the

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conduciveness of the policy environment. Of particular note is the fact that investors have been engaging increasingly in value added activities. In addition, the availability of increased financial and technical assistance has encouraged the growth of micro enterprises and small businesses in the sector.

3.7 Madame Speaker, the engineering and construction sector grew by an estimated 12 percent, reflecting preparations for Cricket World Cup, especially the construction of hotels, as well as the acceleration of the housing drive. In addition, the extensive infrastructural works executed under the Public Sector Investment Programme also fuelled growth in this sector.

3.8 The services sector continued to exhibit strong performance. The transport and communications sub sector returned a very robust performance, expanding by 10 percent. Growth in this sub-sector was driven by the upsurge in demand for cellular telephone services, as well as internet services. Distribution increased by 10 percent, reflecting increased domestic production and higher imports of intermediate and consumer goods. Financial services rose by 8 percent, reflecting the strong growth in private sector credit. All the other sub sectors experienced positive growth.

## **C. Balance of Payments**

3.9 Madame Speaker, the overall position of the balance, of payments continued to improve in 2006, with the surplus increasing to US\$44.9 million, from US\$8.1 million in 2005. This performance was attributed to substantial inflows of foreign direct investment and disbursement of loans for public sector investment.

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3.10 All of the major commodities contributed to the robust activity of the export sector. Sugar export earnings amounted to US\$137 million, 16.1 percent more than in 2005. Receipts from rice exports grew by 18.2 percent to US\$54.6 million, largely on account of higher volumes to the major markets. Earnings from the export of bauxite rose by US\$4.5 million to US\$67.3 million, on account of higher prices for Metallurgical Grade bauxite. In spite of the closure of Omai Gold Mines Ltd., in the last quarter of 2005, gold export receipts reached US\$114.4 million, an increase of 2.2 percent that was due to the prevailing high international price for the metal. Timber earnings rose by an impressive 42 percent to US\$70.3 million, reflecting both price and volume increase.

3.11 Merchandise imports, on the other hand, of US\$885 million were 12.9 percent higher than the previous year. This increase is a reflection of the continued high price for fuel as well as the growth in demand for intermediate and capital goods, in response to the heightened economic activities. Net payments for services increased by almost US\$22 million to US\$113.8 million, mainly reflecting the rising cost of freight and insurance. Private transfers rose sharply by 29.2 percent to US\$216 million, largely as a result of increased remittances and improved data gathering on in-kind transfers. These developments were responsible for the current account deficit of US\$181.4 million, a considerable improvement over the projected deficit of US\$199.8 million. The significant higher net inflows on the capital account, from US\$180.6 million in 2005 to US\$244.1 million in 2006, ensured a healthy surplus of US\$44.9 million on the overall balance of payments. This improved position allowed the Bank of Guyana to accumulate reserves, which rose to US\$278 million at the end of 2006. *[Applause]*

#### **D. Monetary Developments**

3.12 Madame Speaker, monetary policy was geared towards management of excess liquidity to promote the expansion of private sector credit within an environment of low inflation and a stable exchange rate. Reflecting the buoyancy and confidence in the economy, net domestic credit rose by 7.5 percent to \$42.9 billion. Largely driven by the upsurge in demand in the mining, manufacturing and mortgage financing sectors, credit to the private sector grew by 17.9 percent to \$61.8 billion. Credit to the mining, manufacturing and real estate sectors expanded by 176.1 percent, 36.5 percent and 34.6 percent respectively. Other areas which showed growth were the personal sector (21.5 percent); and distribution (7.7 percent). The net deposits of the public sector increased \$10.8 billion.

## **E. Prices and Income**

### **a. Inflation Rate**

3.13 Madame Speaker, the inflation rate was 4.2 percent in 2006, about half of what

was recorded in 2005 and significantly better than the target of 6.3 percent. In general, higher oil prices, the significant impact of the floods in the early part of the year, and periodic shortages of key intermediate goods such as cement contributed to the inflation rate last year. However, the pass through of the higher oil prices was contained by Government's proactive policy responses such as by adjusting the tariffs on gasoline and dieseline.

### **b. Interest Rate**

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3.14 Madame Speaker, the 91-day Treasury bill rate, the benchmark for the interest rate structure in Guyana, increased to 4.16 percent, from 3.74 percent. The small savings rate remained unchanged while the weighted average lending rate declined to 12.73 percent

As a result, the spread between the two rates was reduced to 9.35 percent and this helped to spur the growth in private sector credit.

### c. Exchange Rate

3.15 Madame Speaker, the foreign exchange market was very active in 2006. Total foreign currency transactions in the financial system amounted to US\$3.2 billion, US\$300 million more than in 2005. While there were periods during the year when demand exceeded supply, the liberalised foreign exchange market adjusted well. The mid rate of exchange of the Guyana dollar to the US dollar depreciated slightly, by percent, to \$203.67.

### d. Developments in Wages

3.16 Madame Speaker, the Government completed a very comprehensive agreement with the teachers. This landmark, five-year agreement will see teachers benefiting each year from an across-the-board increase in their wages and salaries of 5 percent and an additional 1 percent increase based on individual performance. Other aspects of the agreement include incentives for teachers who improve their qualifications, annual clothing allowance, duty free concessions and a revolving housing fund.

3.17 Other categories of workers also benefited from salary increases in 2006. Workers in the disciplined forces were awarded a 6 percent across-the-board increase and a one-off, tax-free bonus equivalent to one month's basic salary. Public servants, pensioners and recipients of public assistance were granted a 5 percent increase. Additionally, help cushion the effects of the temporary closure of the Omai Bauxite Mining Inc between July and September, workers were given a monthly stipend of \$25,001 conditional on them attending computer classes for one day per week.

## **F. Fiscal Accounts**

### **1. Central Government**

3.18 Madame Speaker, we continued to exercise prudence and discipline in the conduct of our fiscal affairs. As a result, we were able to achieve our targets in spite of increased spending for the holding of the General and Regional Elections and the flooding that occurred in the early part of last year.

3.19 Current revenue grew by 11.1 percent to \$62.4 billion, with the Guyana Revenue Authority (GRA) collecting 93.7 percent of that amount. Customs and trade taxes grew by 8.7 percent to \$28 billion, while internal revenue rose by 11.8 percent to \$30.4 billion. Revenue from sources other than GRA was \$3.9 billion, an increase of 21.9 percent that partly reflects increased transfers of profit from the Bank of Guyana.



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3.20 Current expenditure (net of reimbursable rice levy) increased by 9.7 percent to \$62.2 billion. Personal emoluments grew by 8.3 percent to \$20.1 billion. Flood and elections-related expenditure was mainly responsible for the 14 percent growth in other goods and services. Transfers to the private sector increased by 12.9 percent, principally reflecting increased pension payments. Interest payments declined by \$198 million to \$7.1 billion. Capital expenditure rose by 19 percent to \$41.8 billion, reflecting the acceleration in the execution rate of a number of projects in the public sector investment programme.

3.21 The current position of the Central Government improved substantially from a deficit of \$512.1 million in 2005 to a surplus of \$172 million in 2006. This surplus together with a 46.3 percent increase in grants to \$17.5 billion helped to limit the overall deficit to \$24.1 billion. This deficit was financed largely from net external borrowing of \$20.8 billion.

## 2. Public Enterprises

3.22 Madame Speaker, the overall position of the public enterprises improved impressively. Receipts grew by 2.8 percent to \$84.7 billion, though they were short of the target of \$90.3 billion. This shortfall was reflected in the lower receipts of Guysuco, whose output (as was mentioned before) was affected by the floods. Total non-interest expenditure remained relatively flat at \$78 billion, as the enterprises adjusted to the lower revenue position. Capital expenditure was restricted to \$2.6 billion, from \$3.4 billion the previous year. After transferring taxes and dividends of \$1.4 billion to the Central Government, the public enterprises returned an overall surplus of \$3.7 billion, significantly better than the \$1.1 billion in 2005.

### 3. Non-Financial Public Sector

3.23 The consolidated operations of the Central Government and the public enterprises that is to say the non-financial public sector, reflected a reduction in the deficit from \$22.6 billion in 2005 to \$20.4 billion last year.

#### **G Debt Management**

3.24 Madame Speaker, the Government continued to pursue initiatives to bring the external debt stock and debt service to a sustainable level. At the end of December 2006, these two debt indicators stood at US\$920 million. In the case of debt stock which was US\$1.1 billion in 2005 and in the case of debt service at US \$22.6 million in 2006 compared with US\$24.5 million in 2005. The Government engaged in a vigorous and successful lobby to extend the Multilateral Debt Relief Initiative (MDRI) to the heavily indebted poor countries of Latin America and the Caribbean, member countries of the Inter-American Development Bank (IDB). We are pleased that a resolution was approved in December 2006 by the Governors of the IDB on this debt relief, and we look forward to timely implementation of their decision.

3.25 The Government also completed the Paris Club debt relief process when we concluded an agreement with Japan, which provided for 100 percent write-off of principal and accrued interest, amounting to US\$591,327. In terms of non Paris Club bilateral creditors a debt cancellation agreement was signed with Cuba, paving the way for the write-off: US\$ 1,678,266. Negotiations are continuing with members of the CARICOM Multilateral Clearing Facility (CMCF) for debt relief of

US\$29.2 million. In terms of institutional strengthening activities, the Government developed a National Capacity Building Plan in Aid and Debt Management. The plan sets out a range of procedural and institutional recommendations to improve the functioning of aid and debt management in Guyana.

## H. Public Sector Investment Programme

3.26 Madame Speaker, I will now review developments in the Public Sector Investment Programme. Last year, approximately \$31.8 billion was expended on the Public Sector Investment Programme (PSIP). I now will highlight briefly some major activities undertaken or accomplished in the various sectors.

### 1. Economic Infrastructure

#### A Roads

3.27 Key accomplishments in the area of road transport were as follows:

Commenced work on Lot I of the *New Amsterdam/Moleson Creek Road* Project from the New Amsterdam Ferry Stelling to No. 34 Village, Corentyne and over \$1.2 billion was expended;

Completed the Ithaca Road Extension and the Drill Bypass Road at a total \$294 million;

Completed final works on the *Four-lane highway* stretch

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ing from the Demerara Harbour Bridge to Mandela Avenue, the construction of an additional lane from the Harbour Bridge to West Demerara Hospital, and the resurfacing of the approach road to the Demerara Harbour Bridge at a cost of \$414 million; and

- Rehabilitated and/or maintained several urban and community roads at a cost of \$1.9 billion.
- Completed the designs for the approach road to the Berbice River Bridge and tendered for supervision and construction services.

b. Bridges

3.28 Madame Speaker, in the area of bridges, approximately \$80 million was spent on the rehabilitation of the Demerara Harbour Bridge while another \$100 million was used to undertake bridges construction and minor bridge works in several communities.

c. Air Transport

3.29 In the air transport sector, over \$175 million was spent to upgrade the Cheddi Jagan International Airport (CJIA) in preparation for the Cricket World Cup 2007 CWC). Activities included the erection of a fence around the executive car park, lighting of the entire terminal building and procurement of a new baggage conveyor system.

d. Maritime Infrastructure

3.30 In an effort to continue improving the maritime infrastructure, \$505 million was expended on the rehabilitation of boats - MV Kimbia and MV Makouria - and stellingen at Wakenaar, Rosignol and New Amsterdam. Navigational aids were procured and installed.

e. Sea Defence

3.31 Madame Speaker, the country's susceptible and fragile sea and river defence and drainage and irrigation systems were severely tested in 2006. As a result, the Government expended some \$943 million on emergency works in a number of areas. Another \$1.4 billion was spent to construct and rehabilitate sea defence structures in Capoey/Columbia, Tuschen, Meten-Meer-Zorg/De Kinderen and Hague.

f. Drainage & Irrigation

3.32 In 2006, nearly \$1.5 billion was spent by the National Drainage and Irrigation Board. Some of the major activities conducted were: in Region 2 - construction irrigation checks at Lima and Sparta and tail wall at Aurora; reactivating and constructing relief structures at La Union and Good Hope; and constructing drainage structures Charity. In Region 3, the works included: constructing culverts at northern and western Hogg Island, rehabilitating structures and channels in Northern Leguan, repairing and constructing timber revetments at Georgia and La Retraite and excavating and cleaning channels in Canals Polder. The Region 4 programme included: cleaning and excavating of channels in Mocha; construction and rehabilitation of sluices in Ann's Grove, Triumph and Kofi; desilting outfall channels in Hope, Belfield, Golden Grove and Nabaclis; and construction of revetment and embankment works to the

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East Demerara Water Conservancy. Additionally, \$158 million was spent on the purchase, installation and operation of pumps for flood control in Region 4. The major activities in Region 5 included: cleaning of drains, the construction of drainage culverts, revetment and embankment works at Perth, Mortice, and Strath/Campbell in Mahaicony and rehabilitation of pumps at Trafalgar. Works executed in the other regions included rehabilitation and excavation of canals in Bushlot, Whim, Black Bush Polder, Nos. 48 and 51 Villages; and maintenance of channels in Region 6; desilting of drains Rockstone, enlargement of culverts at Market Road and Republic Avenue, Linden excavation of drainage and irrigation canals at West Watooka and Ice Water Creek and extension of discharge pipes at Amelia's Ward in Region 10.

3.33 The Government also launched the Community Drainage and Irrigation Enhancement Programme and over \$765 million was spent in 7 of the 10 regions to improve drainage and irrigation in these areas, while at the same time, providing employment to nearly 3,000 persons in poor and depressed communities.

3.34 Almost \$112 million was expended, under the Agriculture Support Services Programme, on D&I activities in Regions 3, 4 and 5. Also, major initiatives were undertaken in the MMA-ADA Scheme. These included acquisition of equipment, rehabilitation and reconstruction of primary and secondary D&I infrastructure.

#### g Hydrometeorology

3.35 The Hydrometeorological Radar Project, under which Guyana will acquire a modern radar system commenced last year. The contract

for the construction of the tower was signed in November 2006.

## **h. Power Supply and Distribution**

3.36 Madame Speaker, the Government spent in excess of \$1.2 billion to boost power supply and distribution. Of that amount, \$518 million was utilised to complete Phase I of the Unserved Areas Electrification Programme (UAEP). Areas that benefited last year were Westbury, Lusignan Pasture, Lesbeholden, Mibicuri, Johanna and Yakusari. Over 12,000 household service connections were completed under this phase of the UAEP. Another 1,500 households were connected under Government's SIMAP electrification programme while 8,000 households received service connection under the programme funded directly by the Central Government.

## **2. Social Sector**

### **a. Education**

3.37 Madame Speaker, in the social sector, education in particular capital spending exceeded \$3.1 billion. In this sector, we continued to implement the Basic Education Access Management Support Programme (BEAMS), on which over \$1 billion was expended to expand school infrastructure and improve school performance, organisational and human resource capacity. Infrastructural achievements included the construction of the Aurora Secondary School; the complete rehabilitation of Bladen Hall, Charlestown and North Ruimveldt Secondary Schools;

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substantial rehabilitation and extension of Lodge Secondary School; and the extension of the Tutorial Secondary School. In addition, the contract for the construction of the Diamond Secondary School was signed. The computerised Educational Management Information System was also developed and an information technology governance framework was established.

3.38 Another \$800 million was expended in the execution of the Education for All - Fast Track Initiative Programme, with the focus being on institutional strengthening of the hinterland schools; improving school facilities; and the provision of textbooks and child friendly classrooms. Under the Guyana Education Access Project, \$100 million was used to continue works on the Wisburg Secondary School in Linden. Other aspects of the Ministry's capital programme, on which another \$435 million was expended, included the rehabilitation of a number of nursery, primary and secondary schools throughout the country; procurement of furniture and equipment; and activities in furtherance of the Technical/Vocational programme in schools.

b. Health

3.39 Madame Speaker, in the health sector, the sum of \$362 million was expended on HIV/AIDS prevention and control to continue institutional strengthening and

capacity building activities. Almost \$245 million was spent, under the Basic Nutrition Programme, to reduce malnutrition among women and young children in poor communities. Under the Health Sector Programme, \$550 million was expended to improve the effectiveness, quality and equity in access to health services in the country. Under the organisational and institutional capacity improvement component of the programme, a contract was awarded to provide technical support in the areas institutional strengthening, human resource development, health



management information systems, and the strengthening of the pharmaceutical system. Under the health services delivery component, a contract was signed for the construction of the clinical block of the Linden Hospital Complex. This project, which is being constructed at a cost of \$1.2 billion, commenced in the latter part of 2006.

3.40 An amount of \$567 million was spent on the construction of comprehensive diagnostic centres at Suddie, Leonora, Mahaicony and Diamond as part of the Guyana/Cuba Healthcare Technical Cooperation Project. The main objective of these diagnostic centres is to decentralise and upgrade the level of healthcare offered throughout the country. Construction also commenced on the Ophthalmology Centre at Port Mourant, the first of its kind in Guyana. On completion, the centre will provide services for the treatment of cataract, retina, glaucoma and refractive surgery. The Government initiated a project to Increase Access to Primary Health Care for Amerindian Communities in Regions 1, 7, 8 and 9. Its components include workshops to review and update referral systems and referral tools for regional health systems, and basic training in information technology, and malaria and microscopy.

### c. Housing

3.41 Over \$1.1 billion was spent in the housing sector. Specifically, under the Low Income Settlement Programme, we expended \$795 million on housing infrastructure and services for over 9,000 house lots in areas such as Zeelugt North and Blocks A, B, & C Sophia. Similar work was undertaken on 4,700 house lots, under the Low Income Housing Project, in areas such as Westminster, Belle West, Plantation Glasgow, Cumming's Lodge and Sophia. Under the programme administered by the Central Housing and Planning Authority, nearly \$251 million was spent on providing infrastructure for 10,000 house lots in areas

including Vigilance South, Amelia's Ward, Vryheid's Lust and Block II Enterprise.

d. Water and Sanitation

3.42 Madame Speaker, the Government expended in excess of \$1.9 billion to improve access to and delivery of potable water. Under the Georgetown Water Supply and Sewerage Rehabilitation Programme, we spent \$535 million on the construction of the Agricola Trunk Main, water distribution systems, installation of water meters in three zones in Georgetown, and refurbishment of the Shelter Belt treatment plant. Also, a new billing system was installed at Guyana Water Inc. The Corriverton Water Supply Improvement Project commenced last year with site preparation, site access, land acquisition and a leakage reduction strategy. The Hinterland and Coastal Water Programmes continued with \$231 million being expended on transmission and distribution systems in Mahdia, Lethem, La Grange and Met-en-Meerzorg among other areas. Refurbishment works were also executed at West Watookta, pumps were procured and distribution lines were installed.

3.43 With respect to sanitation over \$113 million was spent to improve land filling of solid waste at the Mandela Avenue facility. Financing was secured for the Georgetown Solid Waste Management Programme, the main component of which is the constructions of a new Solid Waste Facility at Haags Bosch.

e. Community Development and Services

3.44 Madame Speaker, nearly \$1 billion was expended under the Urban Development Programme for infrastructure development, institutional strengthening and updating property tax laws to municipalities. Specifically, markets in Corriverton, Bush Lot, New Amsterdam and

Wismar, and the town Halls in New Amsterdam and Linden were rehabilitated; and roads and drains in Georgetown, New Amsterdam, Linden and Anna Regina were repaired. The Central Government assisted the Georgetown Mayor and City Council to repair roads in Albouystown, West La Penitenc, Castello Housing Scheme, Tucville, South Ruinveldt Gardens, Charlestown, Agricola and Meadow Bank. The municipalities also benefited from institutional strengthening activities that focused on improving municipal governance, especially financial management administration; preparation and review of business plans and budgeting processes; review of operational structures and financial regulations. Training of personnel was also conducted and equipment procured and distributed to the municipalities.

3.45 Under the Community Enhancement Services Project more than \$1 billion was disbursed for activities such as rehabilitation and construction of buildings, roads, stelling, wharves and markets; and institutional strengthening of rural communities - Bartica, Charity, Parika and Supenaam. In addition, works were executed under the Georgetown City Enhancement Project; in particular a sum of \$222 million was spent on rehabilitating road shoulders, raising the level of and upgrading the avenues, clearing drains and canals, collections and disposal of garbage and the removal of impediments from roadways.

### 3. Poverty Reduction

3.46 Madame Speaker, we continued to implement a range of programmes in support of our efforts to bring relief to vulnerable groups and communities. In this respect, we spent \$641 million, under the Poor Rural Community Support Services Project. This has a beneficial impact on more than 500 households and the drainage and irrigation projects executed using those resources has a similar beneficial impact on 4,500 acres of land. Other infrastructural projects were completed including the construction of an all-weather access road in Dartmouth and a day care centre in Suddie/Maria's Lodge. The project also facilitated the disbursement of 5,312 loans in Regions 2 and 3, and the transfer of

\$385 million to the Institute of Private Enterprise Development (IPED) for micro-enterprises and agricultural activities.

3.47 The Linden Economic Advancement Programme (LEAP) continued apace, with more than \$167 million being expended on infrastructural rehabilitation works, including the rehabilitation of the West Watooka and Millie's Hideout Roads, Mackenzie Car Park and sluices; tourism infrastructure in Rockstone; and water supply in Moblissa. Under the Technical/Vocational Management Training component of the programme, 262 persons were trained in fabric and garment design, *[Interruption: 'That is a waste of time.' "I would not call that a waste of time at all, 262 persons were trained. Say that to those people, 262 people were trained in fabric and garment design"]* book keeping and accounting, poultry rearing, computer applications, packaging and labeling and credit risk management. Under the Basic Needs Trust Fund, another \$751.4 million was used for a range of interventions in support of poverty reduction. *[Applause]*

## **I. Reform and Modernisation of the Financial and Public Sectors.**

### **1. Financial Sector Developments**

3.48 Madame Speaker, the financial system remained sound, as a result of the close scrutiny and enhanced supervision of the Bank of Guyana. The aggregate asset base of the commercial banks increased to \$180 billion, from \$163 billion in 2005, while the Capital Adequacy Ratio improved to 15 percent. There was also evidence of financial deepening in the sector, with the expansion of bank branches over a wider geographic area, the increase in automatic telebanking facilities, the introduction of international credit and debit cards, and the establishment of automated banking machine international connectivity. A leading commercial bank established a branch in Lethem, in Region, a testimony of the growing importance of that area and a welcome addition after the

prolonged withdrawal of financial services. All of these activities contributed to the growth and stability of the financial system.

3.49 The Bank of Guyana reviewed the recommendations emanating from the Financial Sector Assessment Programme (FSAP) and has already begun implementing several of them. Several initiatives are being taken to address enhancement of the supervisory framework, among them is the development of additional “Supervision Guidelines” particularly on risk management. Several key personnel of the Bank were exposed to modern methods and techniques, and the application of a structured risk-based approach to supervision and regulation. Work is in progress to modernise the reporting system of the licensed financial institutions.

## 2. Public Sector

3.50 Madame Speaker, in 2006, further action was taken to reform and modernise public sector operations. In this respect, approximately \$171 million was disbursed under the Public Management Modernisation Programme to strengthen the Public Service Ministry, and statutory and semi-autonomous bodies. Training courses were mounted for personnel involved in investment activities, with the focus being on improving project management skills.

3.51 Under the Fiscal and Financial Management Programme (FFMP) (as it is popularly known) a sum of \$406 million was spent on the purchase of equipment for the implementation of the Value-Added Tax (VAT), implementation of a modern Information Technology System at the Guyana Revenue Authority (GRA), organisation and management review of GRA, implementation of Tax Identification Number (TIN), and training of staff of GRA. Additional modules were added to the Central Gov-

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ernment's Integrated Financial management and Accounting System (IFMAS) to increase its functionality while computers were purchased to facilitate the networking of all government ministries to the IFMAS. Other activities that were conducted under the FFMP included a review of the organisation and management of the Accountant General's Department and the updating of the Standing Orders of the National Assembly in line with international best practices.

3.52 Progress was made on the Social Statistics and Policy Analysis Project, where \$127 million was spent to purchase equipment and network the statistical units of social sector line ministries, initiate the establishment of regional statistical units, train statisticians, and engage in preliminary work to conduct household surveys. Additionally, a review of the sampling methodology used on surveys in the past was done with the aim of constructing a master sample frame to be used for upcoming surveys. Work also commenced in 2006 on the design and preparation of tender documents for a new building to house the Bureau of Statistics.

### **Vision 2011: The Agenda for 2007 and the Medium Term**

4

#### **A. Introduction**

4.1 Madame Speaker, I will now address my attention to Vision 2011, the agenda for 2007 and the Medium term.

We are embarking on a process of modernising the economy, utilising the tools and techniques that are best suited and adaptable to our situation. As the many policies and reforms deliver higher growth, more and higher-paying jobs will be created, national and household incomes

will rise, allowing the benefits to be distributed more equitably across all segments of the population, but in particular the low-income workers, the unemployed and other disadvantaged groups. We envisage a Guyana that is a preferred place to raise children in harmony; a place to do business; a place to acquire a decent and affordable education and advanced health care; a caring society in which the needs of the elderly and other vulnerable groups are adequately addressed. It is this vision that will drive our policy agenda over the next five years - an agenda to realise the economic, social, political and cultural advancement of our people.

## **B. Sustainable Macroeconomic Policy Framework**

4.2 Madame Speaker, a key element of our medium term agenda is the continued pursuit of macroeconomic stability characterised by low inflation and interest rates; a stable exchange rate; improving balance of payments and international reserves positions; a sustainable fiscal deficit that reflects an accommodating tax regime and efficient public expenditure; and prudent and responsible borrowing that is consistent with our long term debt sustainability ratios. Monetary policy will aim to support private sector investment, through lowering of interest rates; support broad-based growth and facilitate low inflation so as to protect real incomes. The Budget for 2007 is crafted within this macroeconomic framework.

4.3 The benefits of this stable macroeconomic environment will be readily evident in increased domestic and foreign investments, which will fuel growth in the economy. Thanks to the investments over the years, in both the traditional and non traditional sectors, and those planned for this year and the medium term, we anticipate a better growth profile for the period 2006-2011. Through the implementation of policies, such as

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those in the National Competitiveness Strategy, we will improve the competitiveness of our industries, boost production and exports, and create thousands of new productive jobs. An over-riding emphasis of our agenda will be on our people's development.

## **C. Investments and Reforms for Growth and Development**

4.4 Madame Speaker, I wish now to highlight major investment initiatives, across the economy, in pursuit of our vision for the country by the year 2011.

(i) **Restructuring the Economy:**

a. **Traditional Sectors**

4.5 Madame Speaker, it is a fact that for a very long time, growth in the economy was premised heavily on outstanding performances in the traditional industries, sugar, rice and bauxite. The country's dependence on these three industries is evident in their contribution to GDP, employment and exports. While there has been clear recognition of need to diversify the economy, in order to reduce both its dependence on these three industries and its vulnerability to external circumstances, there has been equal recognition these three industries will continue to be the mainstay of the economy for the foreseeable future. This is why the Government embarked on a process to modernise and restructure them, so as to increase their efficiency, competitiveness and longevity in face of the rapid changes taking place in the global environment.



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4.6 Madame Speaker, for the sugar sector, our response to the deep price cut in the preferential price for sugar in the EU market and other challenges has been to completely re-engineer the sugar cluster. Our foresight in preparing a Strategic Action Plan for GUYSUCO, well in advance of the EU decision, may have saved the sector from oblivion as well as protecting a significant number of workers and their dependants from losses in their welfare. This plan formed the backbone of the Guyana National Action Plan on Accompanying Measures, which was submitted to the European Union. The National Plan includes actions to enhance agricultural productivity, diversification based on cane as well as increased investment in research and development and new processing facilities, Strategies for diversification and transformation being considered include adding value through the development of sugar refining and brand packaging; diversification into the energy sector such as by way of cogeneration and bio ethanol; and sustaining supplies of raw materials to the rum industry.

4.7 The flagship project is the US\$169 million Skeldon Modernisation Project, which is scheduled for completion in 2008. The new factory, which will facilitate a shift towards value added production, will help to reduce the cost of production of sugar significantly. The factory will produce about 110,000 tonnes of sugar annually and will be integral to national production rising eventually to 450,000 tonnes. Guysuco projects to spend \$11.7 billion on its capital programme in 2007, the bulk of which will be used to complete the factory. In anticipation of this, Guysuco and private farmers have expanded cultivation by 13,400 hectares and planting has already started. Refining of sugar and a distillery are also some of the activities that are being considered for Skeldon. And, for the first time, bagasse will be processed into the co-generation of electricity for use in Berbice and sale to the national grid. Starting June 2007, 10 megawatts of power will be exported to the national grid.  
*[Applause]*

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4.8 Madame Speaker, the private sector has injected over US\$150 million to retool the bauxite industry. This has helped to increase production and exports while, at the same time, revitalising bauxite dependent communities in Linden, Ituni, Kwakwani, Everton and surrounding areas. Over the next five years, the Government intends to work with the private sector to develop an integrated bauxite-alumina complex. In this regard, a major investor is already engaged in feasibility studies for an alumina plant with capacity of at least 1 million tonnes per year. This could generate significant investment and job creation.

4.9 In terms of rice, a major challenge has been the ability of the industry to compete on the international market. This is why work has already started to restructure and improve the competitiveness of the industry. A major \$3 billion Rice Competitiveness Project is being implemented. This will see the rehabilitation of pumps, improvement to drainage and irrigation structures, and the availability of financial and technical assistance. Research is also currently underway that would see a doubling of rice yields nationally, and the Guyana Rice Development Board is being reorganised to better lead the sector.

#### b. Non Traditional and Emerging Sectors

4.10 Madame Speaker, the traditional pillars alone cannot support an economy that will need to create thousands of jobs over the next five years and rapidly increase per capita income, as we keep the MDGs in our sight and make a determined onslaught on poverty. Nor will they be sufficient to reduce our vulnerability to external shocks. We need to set firm and more widely diversified foundations for more economic pillars; some of which need to grow and some still need to be established. This is why we have been examining other areas closely. In the gold industry, the search continues for a large scale operation. This search has been boosted by the high prices, which are expected to remain strong in the

medium term. Already a number of large scale ventures are in various stages of exploration in different parts of the country, and we anticipate that if all goes well the gold industry could expand phenomenally in terms of output, employment and ancillary services, over the next five years. Part of the strategy to re-establish mining as a significant contributor to the economy will be to encourage activities in non traditional mining. In this respect, three companies are exploring for iron ore, manganese and uranium in various parts of the country.

4.11 Government is heartened by the number of investors who continue to show interest in Guyana's oil potential. Four companies will begin oil exploration in the second half of 2007 while a fifth will commence seismic work offshore. In addition, the Guyana arid Mines Commission (GGMC) will continue its exploration for natural gas in Leguan, Wakenaam, and the Pomeroon. All of these projects would have a very favourable medium to long term impact on the economy. The Government has recently signed the PetroCaribe bilateral agreement with Venezuela. This facility allows the Government or Guyana to secure a part of its oil supplies in a manner that stabilises our balance of payments position in face of high and rising prices for crude oil and petroleum products.

4.12 The Government intends to develop a strong, vibrant, diversified and globally competitive manufacturing sector. Our facilitative policies have re-energised the sector recently, and, if last year's GUYEXPO is a benchmark, then it is evident that investors have been responding enthusiastically. There are visible signs of a large and growing variety of value added products, including light manufactured goods, agro processing and machine fabrication. The sector's contribution to GDP is expected to rise further, as we continue to implement far-reaching reforms such as those contained in the National Competitiveness Strategy (NCS). The implementation of this programme, over the next three years, at a cost of

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\$3.6 billion, will result, among other things, in the strengthening of the institutional framework for competitiveness; improvement of the framework for private investment and export development. In 2007, an amount of \$164 million has been allocated to commence this programme.

4.13 We also intend to promote micro enterprises and small businesses as important element of our strategy to diversify production and create employment. In this respect, we established the Guyana Small Business Council last year, following the enactment of Small Business legislation in 2004.

4.14 Over the next five years, our goal for the tourism sector is to see it realise its potential as a major contributor to GDP. Through the implementation of the five-year Tourism Development Plan, the sector will embrace a mix of urban and nature-based tourism. Government will continue to engage the private sector to increase carrying capacity, diversify the sources of visitors and bring down travel costs through greater competition.

4.15 In addition, we will invest in, and will support other, capacity building initiatives that are geared to meet the demand for labour in the sector. As the economy grows stronger, and as business and other activities expand, the demand for hotel rooms and related facilities will increase. Skilled and semi-skilled workers will need to be trained. But for all these investments to pay off, we need to succeed on the promotion front. In this regard, the Guyana Tourism Authority (GTA) will be strengthened further and financial resources provided to mount an aggressive campaign to expand and diversify our markets. In the 2007 Budget, the Guyana Tourism Authority has been allocated \$65.6 million to execute its functions. *[Applause]* Emphasis will be placed on developing a recognisable image of Guyana as a unique destination that combines busi-

ness with tourism products such as leisure, events and sports tourism, and nature-based tourism.

4.16 Madame Speaker, another area on which we are focusing is Information and Communications Technology (ICT). There is an emerging ICT sector in the country and an increasing number of businesses and individuals are deriving benefits from its use.

However, this is only the tip of the proverbial iceberg. To unlock the potential of the ICT sector as a means of building a modern Guyana that is characterised by knowledge-based industries and well-paid jobs, the Government hosted an ICT workshop in 2006. This was a precursor to the development of a comprehensive National ICT Strategic Plan. During 2007, Government will work in collaboration with stakeholders on finalisation and implementation of the Strategy. In addition, the high cost of international bandwidth is of some concern as it can affect the competitiveness of our industries. A modern and competitive telecommunications sector would result in this cost being reduced, and help democratise access to information technology and bridge the digital divide.

4.17 Madame Speaker, we are also encouraging the development of additional pillars

including livestock, seafood and aquaculture, and forestry. As a net exporter of food, Guyana is well positioned to take a larger share of the US\$3 billion food import bill of CARICOM. Non-traditional agricultural exports have been growing consistently at an annual average of 6 percent since 1993, and bring in some US\$6.8 million annually. It is planned to double this value over the next three years. The growth of the livestock sector, especially poultry and beef, has been encouraging with substantial private sector investment over the last five years. The sector is now better placed to export and, in the as of beef, Guyana is already

exporting to two CARICOM countries while several others have expressed interest. The seafood hub is one of the most promising new sectors and developing at a fast pace. We need to maintain its dynamism. Our management of the sector has sent a clear message to the international community that we will preserve and protect the integrity of the seafood sector. This is why Guyana was recertified to

export shrimp to the United States for the sixth consecutive year in 2006. After years as a lagging sub sector, forestry is poised to increase and sustain its contribution to national output. This is because of our favourable policies that have attracted significant investment, aggressive marketing, and a sustainable forestry action plan that meets international requirements. We will continue to provide incentives for operators in the sector to engage in diversified value added activities such as plywood, furniture and souvenirs for the budding tourist sector.

(ii) Infrastructure Expansion and Modernisation

a. Road and Bridges

4.18 Madame Speaker, the expansion and modernisation of the physical infrastructure is an integral element of our medium term agenda for high and sustainable growth, and for progressive improvement in our standard of living. In this regard, the Government completed a comprehensive review of the transport sector last year. With respect to *roads*, another feasibility study is likely to be conducted this year on a project to construct a highway from Bon Fin in Brazil to Linden in Guyana. Also, work on the Takutu River Bridge to link Guyana and Brazil by road will restart this year. The contract for the completion of this bridge has already been signed. In-anticipation of its completion, the Government will spend \$38 million in 2007 to build a multi purpose complex at Lethem to provide accommodation for several agencies such as Immigration, Cus-

toms, Police and Health. *[Applause]*

4.19 In addition, Madame Speaker, and still on the theme of physical infrastructure construction of the Berbice River Bridge will commence this year and is expected to be completed by 2008. *[Applause]* Furthermore, we have budgeted \$1 billion to continue work on the New Amsterdam to Moleson Creek Highway, which is being executed at a total cost of \$8.2 billion. These projects hold exciting prospects for boosting the country's development through integration with our South American neighbours, expanding markets and increasing the competitiveness of Guyanese products, creating jobs, and improving people contact and cultural exchanges.

4.20 Madame Speaker, in 2007, we project to spend another \$3.4 billion to raise and improve the structural integrity of other roads and structures, as well as expand the communication linkages in the country so as to provide a safe and time efficient movement of goods and people. Another \$340 million has been allocated for the completion of the Four Lane Road on the East Bank Demerara. The Government will also complete the extension of the four lane road to Providence, improving access to the newly constructed Guyana National Stadium at Providence and the two new hotels, and bringing much needed relief to commuters travelling along that corridor. The resurfacing of the Demerara Harbour Bridge will be done in 2007. We have also budgeted \$500 million for the construction of the approach road to the Berbice River Bridge. In addition to main roads' rehabilitation, we plan to spend another \$2.3 billion on miscellaneous urban, regional and community roads so as to reduce the cost of transportation and improve access to critical services throughout Guyana.

4.21 Madame Speaker, expenditure in other areas of the transport and communications sector has been budgeted at \$1.7 billion in 2007. A

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sum of \$250 million has been programmed to start Phase II of the Bridges' Rehabilitation Programme as well as to continue the Road Maintenance Management System and Road Safety Programmes. The Government will also spend \$177.6 million to construct and rehabilitate other bridges and structures along the main roads and in various communities in Guyana.

b. Air and River Transport

4.22 We will continue to improve the air link for better communication locally and internationally as well as serve as a boost to the tourism sector. In this context, more resources will be devoted to the modernisation of the Cheddi Jagan International Airport (CJIA). Funding has already been secured for Phase II of the Ogle Airport Development Project. This project is vital to the transformation of the East Coast Corridor into a major regional hub.

With regard to river transport, we will significantly improve the quality of service offered with the acquisition of two roll-on roll-off ferries in 2008. This will be the first phase of a plan to retire the existing ferries. We will modernise our wharves and stelling, rehabilitate the lighthouse, and restructure the Transport and Harbours Department. In 2007, \$400 million will be spent on rehabilitation of vessels, acquiring spares, and dredging the main rivers.

c. Sea Defence and Drainage and Irrigation

4.23 Madam Speaker, the extensive flooding in 2005 and 2006 and the loss of life and economic capacity underscore the continued impor-



tance of sea and river defence to sustainable development in Guyana. Over the next five years, major infrastructural works will be executed throughout the country with a view to stabilising and strengthening our existing sea and river defence network. These will include strengthening the East Demerara Water Conservancy; dredging the Pomeroon, Mahaica, Mahaicony and Abary Rivers; and dredging outlets to the Demerara River. In 2007, the Government has allocated in excess of \$2.3 billion to strengthen vulnerable sea and river defence in areas such as Profit/Foulis, Belladrum, Capoey/Columbia, Tuschen, Meten-Meer-Zorg/De Kindren, Hague and others. Provision has also been made to continue the Emergency Works Programme as well as shorezone management, quality control monitoring and socio-economic studies.

4.24 The bulk of the \$4.8 billion, which has been budgeted for the agriculture sector in 2007, has been earmarked for the rehabilitation of the drainage and irrigations system; to continue the development of the water user associations to operate and maintain D&I systems and to support research in rice and agriculture diversification. To increase efficiency and sustainability in the rice industry, the Government will spend \$800 million on the rehabilitation of the Dawa Pump and the construction of two sluices at Golden Fleece and Westbury. Training in post harvest management, quality control, financial management and seed technology would continue for farmers, millers and exporters to make the local the rice industry more competitive. A credit facility worth \$1.5 billion will come on stream in 2007. We have also budgeted \$550 million for the continuation and completion of the Doppler radar project, specifically the construction of towers and installation of the radar. This project will enhance our weather monitoring and forecasting facilities.

d. Power

4.25 In the area of power, our stated objective is to bring affordable

and reliable electricity to all Guyanese. While the immediate focus will be on more efficient use of fossil fuels, over the medium term, we intend to exploit our undoubted potential in alternative sources of energy. The Guyana Power and Light Company Inc (GPL) will continue to seek the most efficient, cost effective way of generating, transmitting and distributing power. In this regard, the company has begun to implement an ambitious plan to improve generation and delivery; reduce technical and commercial losses; and enhance its billings and collections.

4.26 A Memorandum of Understanding (MOU) has been concluded and a Power Purchase Agreement (PPA) is currently being negotiated between the Government and Synergy Holdings Inc concerning a hydropower project at Amalia Falls in the Potaro region.

This project, which has the potential of producing 100MW of power for the national grid in the first phase, will provide a relatively cheap renewable energy source for the next 100 years. When completed, this would result in a significant reduction in the cost of electricity. The financial closure date is projected at August 2007 with commercial operations by December 2010. In the interim, the Government and the investor have concluded both a MOU and a PPA for thermal energy, providing 25 MW of power by mid 2007.

4.27 Government has also budgeted \$500 million to continue implementation of the Unserved Areas Electrification Programme, which is intended to extend electricity connection to over 7,000 households in near grid areas. Communities tentatively earmarked for 2007 include Good Success, Onderneeming, Walter's Delight, Boerasirie Railway Embankment, Bee Hive, Madewini, Caledonia, Waterloo Jib Block D, Rose Hall Reef, Byderabo and Block 22. Under the Hinterland Electrification component of this project, demonstration projects are targeted for solar generation at Capoey Village, diesel generation at Mahdia, wind

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generation at Orealla and hydro generation at Barima River and Chiung River. Based on the lessons learned, these will be replicated in other hinterland communities. The Government will be conducting general feasibility studies of the hydropower sites at Chiung River in Region Eight and Eclipse Falls in Region One. Government will subsequently also complete the connection of the remaining households on the coast.

(iii) Investing in our Future

4.28 Madame Speaker, our Government has consistently invested in the core values: education, health, housing, water and sanitation, along with youths, sports and culture, and social security. I will now deal with each of these in greater detail.

a. Education

4.29 Madame Speaker, in the *education sector*, the Government will fully implement the Education Plan. Among the objectives of this plan is the attainment of 100 percent of functional literacy. This will be achieved through, for example, increasing access to nursery, primary and secondary schools through the construction and rehabilitation of schools in the ten regions; improving the curricula; introducing new teaching methods, especially in English and Mathematics; and making better use of information technology in schools. Teacher training will be accelerated so that eventually all teachers in the public school system are trained. To accomplish this, we will add more resource centres to the existing eight regional centres, and we will expand distant learning model. We will strengthen the employment of cluster advisers to assist in improving teaching standards and improved management of schools. We will continue to

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develop initiatives and work with stakeholders to improve teaching conditions and stem the out migration of teachers.

4.30 In 2007, funds totalling \$15.6 billion have been allocated to the education sector. This includes an amount of \$850 million to continue the implementation of the Basic Education Access and Management Support Programme popularly known as BEAMS. A number of awareness initiatives would be undertaken to advance the literacy and numeracy programmes in schools, for example, literacy contests, radio advertisements, printing of brochures, posters and newsletters. Through collaboration with the Cyril Potter College of Education (CPCE), the entry level of approximately 400 teachers from the hinterland and riverain areas would be upgraded. Another \$500 million has been budgeted for the Education For All-Fast Track Initiative to upgrade approximately 10 schools in Regions 2, 3 and 10; construct teachers' houses in Regions 1, 7, 8 and 9; procure textbooks; continue the school feeding programme in hinterland schools; and pay the remote area initiative to teachers in Regions 1, 7, 8, 9 and 10. We have also earmarked \$87 million for the completion of the state-of-the-art Wisburg Secondary School in Region 10, which will accommodate approximately 1,050 students. In addition, an amount of \$30 million has been allocated for the development of a programme to teach Mathematics and English through open and distance learning methodologies.

4.31 Madame Speaker, another \$645 million will be spent on construction, extension and rehabilitation of schools and teachers' quarters; and the provision of tools, equipment. Activities which have been included in this provision are the reconstruction of schools in various locations, rehabilitation and provision of science laboratory equipment for the University of Guyana (Turkeyne Campus); and completion of the science laboratory and procurement of library books, computers and accessories for the Tain Campus. Students attending the University of Guyana can expect to benefit from an additional \$450 million, which has been allocated to the Student Loan Fund, while the two campuses of the

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University will benefit from a total subvention of \$509 million. *[Applause]*

4.32 Madame Speaker, the education system must be able to produce individuals who can function in the domestic economy and in the globalised environment. Thus, the Education Plan caters for imbuing our children with life skills as well as technical and vocational skills. In 2007, the facilities of the Kuru Kuru Cooperative College, Teacher's Training Complex, Critchlow Labour College, Government Technical Institute, and Linden Technical Institute would all benefit from construction and/or rehabilitation works or the provision of furniture and equipment. Practical Instruction Centres and Secondary schools will be equipped with tools and equipment to conduct courses in areas such as woodwork, masonry, home economics, welding, agriculture and electrical installation.

#### b. Health

4.33 Madame Speaker, the goal of affordable access to quality health care by all Guyanese with a view of improving the health status of the general population and increasing life expectancy, underpins our efforts in the health sector. Over the next five years, we intend to expand existing and develop new strategies and policies to improve health care and wellness. We will reduce the necessity for treatment abroad by converting the Georgetown Public Hospital Corporation (GPHC) into a genuine tertiary care hospital, capable of providing new services such as open heart surgery, radiation cancer treatment, and hip and joint replacement surgeries. We will spend over \$4 billion on the construction of new hospitals and polyclinics in a number of communities throughout the country. We will devote more resources to reducing maternal, neonatal, infant, and under-five mortality rates, and provide universal access to HIV/AIDS, tuberculosis and malaria prevention and treatment services.

4.34 A comprehensive treatment, prevention and eye care programme has been developed and is being implemented. Its components include the establishment of a modern eye care specialist hospital at Port Mourant, eye care services at all the Regional Hospitals, expansion of eye screening to all schools and communities, and free eye examination and distribution of free spectacles to vulnerable groups. We will intensify prevention and treatment programmes for ailments such as diabetes, hypertension, heart diseases, cancer, mental health and disability, and promote healthy life styles and living through, for example, house-to-house visits by health advocates and a strong education programme.

4.35 More doctors, nurses, medexes, and community health, environmental, and other workers will be trained to meet the needs of the expanding system. In this respect, we have concluded a long term Medical Scholarship Programme with Cuba that would see 515 persons being sent for training during 2006-08. On their return, these doctors will be placed in all regions of the country. This training programme will also provide the personnel to staff the four Diagnostic and Treatment Centres, now under construction at Diamond, Suddie, Leonora and Mahaicony, as well as the National Ophthalmologic Hospital at Port Mourant. We are currently formulating a five-year strategic plan for nursing. This plan will address strategies for retaining nurses, on-going training for the nursing staff and effective recruitment tactics. Nursing training has been greatly expanded, with some 250 persons from all parts of the country about to undergo intensive training as nurses. We will also modernise the regulatory framework within which health institutions and workers currently operate. A new Health Promotion and Protection Bill, which will be introduced this year, will address issues dealing with the environment, especially solid waste and medical waste disposal; noise nuisance; and air pollution.

4.36 Madame Speaker, in 2007, amounts totalling \$10 billion have been

allocated to the health sector. Under the Basic Nutrition Programme, \$590 million will be expended to continue with the manufacturing and distribution of sprinkles or micronutrient powder to children and pregnant women in order to reduce the malnutrition-related morbidity and mortality in these targets groups. Another \$1.1 billion has been budgeted, under the Health Sector Programme, to extend the Ministry of Health's efforts to strengthen system wide governance and improve institutional capacity. Construction of the Mackenzie Regional Hospital will continue and the electric, water and sewage system at the GPHC compound will be upgraded. Additionally at GPHC, the inpatient ward and other priority facilities will be rehabilitated and upgraded. Technical assistance will be provided for a Nurse Anaesthetist Pilot Training Programme that will target New Amsterdam and Linden; to computerise the Region 6 and Region 10 regional health systems and the RDC pharmaceutical information system; and to develop a human resources management information system and a health infrastructure maintenance system.

4.37 We have allocated \$335 million to continue the fight against the HIV/AIDS epidemic. We propose to develop and implement standardised protocols and guidelines for HIV/AIDS care at all levels in the recipient's health care. This year, three Voluntary Counselling and Testing and Prevention of Mother to Child Transmission Centres/Laboratories will be established in the health centres at Plaisance, Mocha and Kuru Kururu. New health centres will be constructed in Philipai and Belle West, and the Kabakuri health centre and Pakera cottage hospital will be rehabilitated.

c. Housing and Water and Sanitation

4.38 Madame Speaker, to achieve our objectives in the housing sec-

tor, the Government will undertake a number of initiatives in the medium term, including speeding up the process of acquiring house lots; completion of the regularisation of squatter settlements; identifying suitable lands for more housing schemes and completion of the electrification programme in unserved and under-served areas. Support for the *housing sector* in 2007 continues, as is evident by the allocation of \$1.7 billion. Building on the achievements of the last decade, over 1,500 low income house lots and 500 squatter settlements are targeted for this year.

4.39 With respect to *water and sanitation*, we have put in place a five-year Water Supply Strategy Plan, which aims at the continuous improvement of water supply distribution. We will transform the main water provider, Guyana Water Inc. into an organisation that is characterised by efficiency, reliable production and distribution and customer service. To achieve these objectives, we will target areas such as leakage detection, expansion of water supply, quality distribution, billing and collection, and repairs and maintenance. We will complete major water systems at Georgetown, Linden, Corriverton, Anna Regina, Parika, Rosignol, Mahdia, and Mabaruma, among others, while our strategy for the hinterland regions would concentrate on service connections, construction of ground water storage tanks, procuring of hardware and software and development of new networking systems. We also propose to establish a National Water Council for the integrated management of water resources and will work to ensure the safe and quality of water.

4.40 In 2007, the Government has allocated more than \$2.9 billion for the *water and sanitation sector* as a whole. Under the Georgetown Remedial and Sewerage Project Phase II, a sum of \$915 million has been programmed to be spent on improving the water supply and sewerage services in Georgetown. Work on the construction of the Central Ruimveldt and Sophia Iron Removal Treatment Plants, the rehabilitation of water distribution, the installation of water meters, and the construc-



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tion of the Septage Receiving Facility at Tucville would be completed this year. In addition, rehabilitation works would be carried out on the sewer pump stations and system as well as refurbishment of the Shelter Belt Treatment Plant. Under the Water Sector Consolidation Project, another \$300 million would be utilised to construct water treatment plants in Lima, Vergenoegen and Cotton Tree; upgrade existing wells; drill new wells; install transmission mains and associated metering and service connections. More than 32,000 residents between No. 51 Village and Moleson Creek are expected to benefit from improved water supply under the Corriverton Water Supply Improvement Project, on which \$300 million is budgeted to be spent in 2007.

#### d. Youth, Sport and Culture

4.41 Madame Speaker, our youths are the present and future of this country. It is in them that we must continue to invest to secure the nation's competitive edge and future. Therefore, we will be emphasizing the social integration and empowerment of our young people. In this regard, we have embarked on the preparation of a five-year Youth Development and Empowerment Plan. The plan would outline critical areas such as employment, education, training, skill development, health, volunteerism, community service, civic responsibility, patriotism, housing, juvenile justice and the family. Over the next five years, we will be spending over \$1.5 billion to equip approximately 25,000 young persons with the skills and techniques, such as carpentry, refrigeration repair, and computer programming, for economic advancement and personal growth. The Government will continue to administer the programmes offered at the New Opportunity Corps, Kuru Kuru Training Centre, Sophia Training Centre and the Smythfield Drop-In Centre, which are tailored to train and prepare our young people to live meaningful lives and play a meaningful part in the development of the country. To this end, \$30 million has been allocated, in 2007, for the retooling of work-

shops at Kuru Kuru Training Centre and the New Opportunity Corps. Further, \$8 million will be spent at the Madewini Youth Camp to construct a new male dormitory and to replace furniture.

4.42 Madame Speaker, we are in the process of preparing a five-year Strategic Plan in sport, recognizing the role that sport plays in human development. On completion, we will invest over \$2 billion in the implementation of the plan. We will modernise and develop sports facilities as a means of promoting healthy lifestyles. We firmly believe that increased access to modern, safe facilities will allow young people to be more active and develop healthily. It can be the catalyst for them to push the limits of excellence. It is in parks and facilities accessible to everyone that children and youths discover a talent or passion that makes them future champions. We will build multi purpose complexes in each county; increase support for national teams; develop comprehensive programmes for sports and physical education in schools; expand coaching programmes; and strengthen club structures, among other activities. This year, we have budgeted \$270 million for the completion of the Guyana National Stadium at Providence. An additional \$50 million will be used to construct an Olympic-size swimming pool. The completion of these facilities will significantly impact sports infrastructure in the nation and motivate our sports men and women to prepare for, and return greater success in, regional and international tournaments. The National Council on Physical Fitness will be established and \$10 million has been set aside for the purchase of gymnasium equipment to equip pilot physical fitness units in Demerara, Berbice and Essequibo. The Government has already announced an allocation of \$100 million Fund for the development of Sport and the Arts.

4.43 Madame Speaker, with respect to culture, our multicultural backgrounds have combined to produce a rich cultural mosaic in Guyana. We need to cherish it and encourage it to grow stronger so that it can continue to act as a unifying bond. We will invest more in cultural and heritage facilities. Already the National Trust has undertaken a heritage

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preservation programme that includes the revival and promotion of the country's heritage sites and enhancing landmarks. In addition, we will provide assistance for research and documentation of various aspects of our culture and history. The spanking new building to house the National Archives will be completed shortly and this is expected to provide a fillip to historical research and activities in this area. We will also provide opportunities for our writers, musicians, artistes, dancers and others to develop their talents. Programmes at the Burrowes School of Art and the National School of Dance will be strengthened and young artists will be given the opportunity to showcase their art works in prominent places. In addition, on top of the allocation for the Fund for development of Sport and the Arts, which I mentioned earlier a total of \$231 million has been allocated for *cultural development* in total.

e. Poverty Reduction and Intervention Programmes

4.44 Madame Speaker, *poverty reduction* continues to be the fundamental goal of the Government and a number of programmes will continue in 2007 to advance our efforts, to lift the living standard of people in the country. Under the Linden Economic Advancement Programme, the Government will spend \$415.6 million to complete rehabilitation of the Linden Main Street Band Stand Area, upgrade the Haimara road, rehabilitate the Ituni Regional Democratic Council sub-office, develop the Coomacka Industrial Park, establish water supply to Moblissa, continue the Linden Technical Institute Wood Drying Kiln and develop demonstration farm sites. Other planned activities include purchase of equipment, technical assistance, and technical, vocational and management training. The Basic Needs Trust Fund Programme has been allocated \$690 million for projects in the education, health, water and road transportation sectors. The Port Mourant market will be extended in 2007. The Social Impact Amelioration Programme will conclude in this year and an allocation of \$939 million has been made to complete projects in

education, roads and other areas. Finally, under the Government's Poverty Programme, a provision of \$505 million has been made to reduce pockets of poverty through the financing of small, demand-driven initiatives and projects. This programme is intended to finance activities ranging from upgrading of physical infrastructure including bus sheds, roads, bridges, community centres, and fences to the provision of vital social services in water supply, electricity, acquisition of school uniforms, sports gear, tools and equipment.

4.45 Madame Speaker, a range of other initiatives and programmes has been included in the Budget and are specifically geared towards the vulnerable segment of the population. These include:

- The Cardiac Care and Treatment Programme that will target about 300 patients for treatment this year;
- Hip Replacement Surgery for an estimated 52 patients
- The Public Assistance Programme that will directly benefit 16,000 persons;
- The Old Age Pension Programme costing \$1.5 billion and benefiting 33,000 persons; and
- The School Uniform Programme to needy school-aged children.

f. The Elderly and Social Protection

4.46 Madame Speaker, as a caring society, we must be concerned about the welfare of the elderly. Senior citizens must be able to live in dignity. Many of them continue to lead active lives; they contribute much to the society, be it through their social, civic or professional involvement. On the other hand, many of them are not so fortunate and have fallen on hard times. Recognising the contributions of our seniors, the Government will introduce a number of programmes in order to show compassion and solidarity with them and, as far as possible, help them to remain active and enjoy their golden years. Over the next five years, we will remove those who sleep on the streets. We will invest over \$400 million to provide a Shelter for the Homeless, while the Palms and other homes for the indigent and homeless elderly will be upgraded.

4.47 Madame Speaker, securing better social protection for pensioners and their beneficiaries is another area where we must rethink our priorities. The social protection that we offer currently comprises programmes that provide benefits for many. However, there is concern about the financial sustainability of our various pension schemes as well as their institutional and administrative effectiveness. All of these informed the Government's move to review the pension system in the public sector. Among the issues that were addressed were the current legal, administrative and institutional framework; and an assessment of the medium term impact of the current system on government finances. The Government is currently studying the recommendations of the consultant to see how they can be effectively implemented. A review of the National Insurance Scheme (NIS) was also conducted. Among other issues, the review looked at the functioning of the scheme as well as its investment strategy. Together with the recommendations emanating from the Sixth Actuarial Review, the report will form an important springboard for reform of the NIS. Finally, the Government is exploring op-

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tions for improving the old age pension and public assistance voucher system, including expanding the range of service providers to cash the vouchers. This would greatly facilitate recipients in the outlying and hinterland areas as well as minimise delays and inconvenience to them. [*Noisy Interruption*]

**The Acting Speaker:** Honourable Members, the House is getting very noisy and you are distracting the Honourable Minister from his Budget Presentation. In addition to that there is a breakdown in the air conditioning, so the place is getting warmer. So can we give the Honourable Minister a chance to complete his presentation?

**Dr Ashni K Singh:** Thank you very much, Mde Speaker.

#### g Women, Children and other Vulnerable Groups

4.48 Madame Speaker, a related issue to the one I just addressed is the protection of other vulnerable groups in the society, particularly our women and children, the poor and the destitute, and the physically challenged. Fortunately, we have already designed, and have begun implementation of, a range of initiatives in direct support of these groups. Strong action will be taken to deter the abuse of our women and children. The National Task Force on Domestic Violence will complete regulations to strengthen prosecution under the Domestic Violence Act. We will establish a Family Court and expand legal aid services to those areas that were unserved previously. Children in vulnerable situations and communities will be targeted for special attention. Among actions that will be taken are the creation of a Child Protection Agency; development of foster care programmes; and development of regulations and standards for the proper care of children in institutions.

(iv) A New Partnership with Local Government

4.49 Madam Speaker, considerable progress has been made towards establishing a new partnership with local government bodies. This partnership will be characterised by greater flexibility and autonomy in the conduct of the affairs of these bodies. Over the next five years, the Government will spend approximately \$14 billion on activities to refine and cement this relationship as well as upgrade and modernise the infrastructure and institutions of these bodies. We will also embrace activities in human resource development, and systems for improving monitoring and evaluation, accountability, transparency and people participation.

4.50 Under the second phase of the Urban Development Programme, more than \$4.8 billion is being spent to improve infrastructure and basic services within the towns. The project also targets capacity building initiatives such as improving financial management, and maintaining and expanding municipal services at a sustainable level. Municipalities were exposed to the formulation of business plans. In addition, a budgetary process was developed that standardised the budget format and the chart of accounts across the municipalities. Recommendations have been made for amendments to the principal and subsidiary legislation governing municipalities; some of them have been accepted while others are under consideration. A modern system of taxation is being devised that will feature uniformity and an equitable tax structure; a revaluation of properties based on market values has been completed; and a new formula for fiscal transfers from the Government to the municipalities is being examined.

4.51 The project is scheduled to end this year and we have allocated \$723.5 million for the completion of the remaining activities. Specifically, we will complete markets at Corriverton, Bush Lot, New Amsterdam, Mackenzie and Wismar and the Town Halls at New Amsterdam

and Linden. Also, we will finish infrastructural works on roads and drains in Georgetown and New Amsterdam, Linden, Corriverton, Rose Hall and Anna Regina. Further, we will rehabilitate the Valuation Office of the Ministry of Finance.

4.52 At another level, the Government is working to increase the number of townships in the country. The Community Services Enhancement Project aims to convert Charity, Supenaam, Parika and Bartica to secondary towns. The project, which is being executed at a cost of over \$3.6 billion, will result in improvement in their basic infrastructure - market structures, roads and culverts - and the strengthening of their institutions. This year, we have budgeted \$685 million to continue the infrastructural transformation and institutional transition of these areas into towns. Construction of a new stelling at Supenaam and a new NDC building and market at Bartica and upgrading of roads in Bartica and Parika will be completed in 2007. In addition, we will commence institutional development initiatives for the communities to be elevated to the status of towns. A Community Awareness and Participation Programme, Strengthening Urban Management and Administration and a Towns Transition Plan will be executed to enhance financial and infrastructural management in the new towns.

(v) Enhancement of the Capital City

4.53 Madame Speaker, we are collaborating with the Mayor and City Council, the private sector and other stakeholders in a determined effort to restore the capital city to its once pristine glory. At the governmental level, we have embarked on a massive clean up and beautification exercise of Georgetown and its environs. Although the catalyst for this exercise might be traced to the hosting of the Cricket World Cup 2007, it is our intention to sustain this exercise over the long term. To help in this



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venture, the Government has established a special task force to oversee the project. The focus of the campaign has been on garbage collection and disposal; elevation and beautification of five of the six avenues; removing impediments; and rehabilitating road shoulders and verges, drains and canals. The removal of vagrants is also being targeted as part of the programme to improve the aesthetics of the city.

4.54 A plan for the development of the Seawall into an area of recreation, entertainment and commercial activities is well advanced. The Government is currently identifying those aspects that can be implemented immediately. A project to install traffic lights at critical junctions of the city, and other areas outside of the city, will come on stream this year. In Georgetown, forty-eight junctions are being targeted. The Government will also continue its programme to improve lighting of roads in the city and other communities. These efforts will strengthen public safety, brighten the environment and further enhance the image of the Capital City.

4.55 We are heartened by the response the clean up exercise has got from the business sector, other organisations and individuals. The business community is spending millions to beautify downtown Georgetown. The project involves installation of bins, arrangement for garbage collection, tree planting, flower planting, landscaping, bridge repairs and installation of street lights. Madame Speaker, whether it be the *Paint up Guyana* campaign launched by the Tourism and Hospitality Association of Guyana (THAG) or the enhancement of the city project of the business community, or the clearing of overgrown weeds and bushes from an individual's property, all these efforts would go a long way towards improving the image of the city, so that it could live up to its previously well-earned sobriquet *The Garden City*.

#### D. Securing the Nation

4.56 Madame Speaker, it is an open secret that the nature of crime has evolved dramatically over the last two decades all over the world. Today, crime is more sophisticated and vicious. In Guyana, any solution to this challenge must, therefore, embrace a holistic outlook and utilise modern techniques and strategies. This is the intent of the Citizens' Security Programme, for which an allocation of \$230 million has been made in 2007, out of a total allocation of \$9.3 billion for the *security and defence* sector.

4.57 Through the Citizens' Security project, over \$4 billion will be spent, during the next five years, on a comprehensive, multi-dimensional approach to fighting crime in its various forms and manifestations. In our reform of the Guyana Police Force, the focus will be on modernising the infrastructure; improving the welfare and conditions of service of the officers and members; intensive local and overseas training in all areas of policing, crime and its detection; strengthening intelligence gathering, forensic and investigative capabilities; creating a Special Weapons and Tactics (SWAT) team to tackle serious crimes, among other areas. We will intensify the fight against drug trafficking, arms smuggling and trafficking in persons. Among actions that have already been taken or are being contemplated are the implementation of the National Drug Strategy Master Plan, 2005-2009; passage of stronger anti-money laundering legislation and strengthening of the Financial Intelligence Unit (FIU) and the Bank of Guyana; strengthening of the inter-agency task force on narcotics and trafficking in illegal weapons; reorganisation of the Customs Anti Narcotics Unit (CANU); and closer collaboration with the United States Drug Enforcement Agency. In order to improve the rate of successful prosecution, we have passed witness protection legislation

4.58 At the Governmental level, we will provide the policy, legislative

and financial support to ensure that these initiatives are implemented unimpeded. We have also established a Law and Order Commission to provide feedback from various stakeholders on the approaches to tackling crime and violence in the society. To ensure the full involvement of the people, we will resuscitate and expand community policing and encourage citizens' participation in promoting safer communities.

4.59 The capital budget for public safety in 2007 is \$788 million. The Government has set aside \$50 million to improve the Prison Service. This is a precursor to a more comprehensive programme that is being formulated to improve prison conditions and secure the prisons. We have also allocated \$112 million to improve the fire fighting capability of the Guyana Fire Service. Work will be executed to renovate the fire station at Bartica and to construct officers' quarters at Linden. Additionally, \$56.9 million has been set aside to acquire vehicles, including a fully equipped water tender.

## **E. Modernising Judicial Administration**

4.60 Madame Speaker, the judiciary is slated for reform, as part of the all-encompassing approach to fighting crime. The Government is currently implementing a \$5 billion Justice Sector Reform Strategy for the modernisation of the justice administration system. This project aims to deal with the challenges facing the justice sector, and will help to strengthen the accountability and administrative efficiency of service delivery in the justice sector, enhance linkages and coordination among justice sector institutions and improve access to justice. Recognising the importance of the judiciary in the crime fight, we have budgeted to spend a total of \$1 billion on the justice sector, of which \$130 million has been earmarked to start this Modernisation Programme.

## **F. Fiscal Governance and Public Sector Reform**

### **(i) Fiscal Governance**

4.61 Madame Speaker, a country's public finance is a crucial indicator of macroeconomic stability and a determining factor in global competitiveness. Our public finance position has improved significantly over the years. We have made tremendous strides in our tax and expenditure policies, fiscal administration and expenditure procedures, and debt management, and these have resulted in considerable saving of resources, which have been redirected to the areas of priority. In 2007, we will continue this trend by reducing the fiscal deficit to GDP ratio and by rationalising expenditure.

4.62 First, on public expenditure, we will continue to seek ways to secure value for money, to reallocate expenditures from lower to higher priorities and to strengthen management, oversight and effective delivery of programmes and services. We will continue to take steps to strengthen the budget management process by increasing the use and functionality of the Integrated Financial Management and Accounting System (IFMAS). Further, the IFMAS Network System will be expanded to Regions 1, 8 and 9 in an effort to improve government accounting in those regions. Among other initiatives that will be taken are the installation of the Revenue, Procurement and Asset Management Modules of the IFMAS. The Audit Office will also continue to be strengthened further through the provision of the requisite tools and resources to enable it to execute its oversight and other functions. In 2007, we have budgeted \$248 million for this Office.

(ii) Public Sector Reform

4.63 Madame Speaker, Public Service reforms will give concrete expression to Government's commitment to optimise efficiency within the public sector, increase transparency and accountability, and reduce administrative costs. Towards this end, we will spend \$270 million, under the Public Management Modernisation Programme, to complete the framework to review and reclassify Semi-Autonomous and Statutory Bodies; and to improve the capacity of the Public Service Ministry. An additional \$39 million will be spent to continue training activities for public sector personnel to improve the management of public investments.

4.64 In the area of tax reform, the Government reiterates its commitment to broaden the tax base and improve tax administration. The centrepiece of our efforts is the replacement of the Consumption Tax and five other taxes with the broader Value Added Tax (VAT). As this Honourable House is aware, the VAT became effective from 1 January 2007. Although every effort was made to ensure a smooth implementation, its introduction has not been without the transitional challenges that would be expected to be symptomatic of such a major change in the tax system. Having anticipated these challenges, we have continued to monitor the implementation of the VAT and make adjustments as appropriate, so as to ensure a smooth transition while mitigating the negative impact on the consumers. In this respect, and based on discussions *with* various stakeholders, we recently added another forty items to the zero-rated list. This decision was implemented with effect from 29 January 2007. Government will continue to strengthen the capacity of the GRA to administer the VAT and indeed the other taxes through computerisation and training. Work will also continue to ensure the full installation of a Modern IT System and an Automated Security System for the VAT.

4.65 Under the Social Statistics and Policy Analysis Project, \$195

million has been provided for the construction of a new building for the Bureau of Statistics and to conduct a Visitor Exit and Motivation Survey. The survey is intended to measure the impact of the anticipated influx of visitors expected for CWC and other events. Work will continue on the Household Budget Survey, which will enable the determination of a new basket of goods and services, the commencement of a new Consumer Price Index (CPI) Series, and the development of a new- poverty map. Also, in 2007, the Government will start the continuous sample survey programme and the rebasing of the National Accounts. Additionally, we will continue our efforts to strengthen the capacity of the Bureau of Statistics to provide quality, timely and accurate statistical information.

### **Targets for 2007**

## **5**

### **A. Introduction**

5.1 Madame Speaker, we are confident that the policies and programmes we will be putting in place in 2007, and the targets that we have set, will be realised once there are no significant adverse developments at home or abroad. This will firmly put us on the road to achieving our objectives and goals over the next five years.

### **B. Real Gross Domestic Product**

5.2 Madame Speaker, continuing the recovery last year, real GDP is projected at 4.9 percent in 2007. This growth will be fuelled by the

anticipated stronger growth in sugar, the recovery in the mining and quarrying sector as well as activities in connection with Cricket World Cup (CWC) and other major events to be held this year.

## 1. Agriculture

5.3 Madame Speaker, *sugar production* is targeted at 285,000 tonnes, an increase of 9.8 percent. Output of *rice* is projected to expand by 4.6 percent to 321,259 tonnes. The growth in the *forestry* sub sector is expected to remain strong, and has been budgeted at 5 percent; while output of *livestock* is projected to grow by 2 percent. The *fishing* sub sector is similarly budgeted to increase by 2 percent.

## 2. Industry

5.4 Madame Speaker, the *mining and quarrying sector* is projected to grow by 3.6 percent, reversing two successive years of negative growth as a result of the downturn in gold and bauxite mining. Bauxite is budgeted to increase marginally by 0.2 percent to 1,542,000 tonnes, as the industry continues to undergo a period of restructuring. However, gold declaration is targeted to increase by 2.5 percent to 205,000 ounces while diamond output will rise by 4.5 percent to 345,000 carats. *Engineering and construction* is targeted to increase by 5 percent, reflecting heightened construction activities in preparation for CWC 2007, expansion in housing, and the large public sector investment programme. *Manufacturing* is budgeted to grow by another 4 percent, partly in response to policy initiatives to which I alluded earlier.

### 3. Services

5.5 Madame Speaker, the services sector is projected to grow significantly - *Transport and communications* is expected to rise by 10 percent, reflecting substantial investments in the communications sub sector by the two operators. *Distribution* is budgeted to increase by 4 percent, in response to rising demand for ancillary services as a result of CWC 2007 and other activities. Strong growth is also anticipated in *other services*, 6 percent; *financial services*, 4.3 percent; and *rent of dwellings*, 2 percent.

#### **C. Monetary Policy and Inflation**

5.6 Madame Speaker, as outlined in the agenda for the next five years, monetary policy support private sector expansion, through lowered interest rates, a smaller fiscal deficit, and a relatively stable inflation rate. Credit to the private sector is projected to continue to grow significantly this year, and this is expected to fuel the expected growth in industry and the services sector.

5.7 The inflation rate has been programmed at 5.2 percent, taking into consideration the outlook for inflation of our main trading partners, the projected average international price for oil, and the growth in domestic money supply.

#### **D. Balance of Payments**

5.8 Madame Speaker, the favourable balance of payments position



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that was returned last year is expected to be sustained in 2007, largely on account of a narrowing of the current account deficit. The current account deficit is projected to narrow by 3.5 percent to reach US\$175 million, due mainly to an anticipated rise in merchandise imports.

5.9 Merchandise exports are expected to increase by 3.9 percent to reach US\$625 million. All of the major categories of exports are expected to contribute to this favourable performance, with the momentum being particularly strong in bauxite (8.5 percent), rice (4.4 percent), and timber (6.7 percent). Merchandise imports are projected to grow by 5.1 percent to US\$930 million, reflecting a rise in the value of oil and non-oil imports. The rise in the cost of oil imports will result from accelerated activities during the World Cup Cricket, and buoyant domestic and foreign investments. Non-oil imports will be concentrated mainly in the consumption goods and capital goods categories. The former is expected to ensure adequate supplies for CWC 2007 while the latter will facilitate new and on-going public and private investments. Receipts from services provided to non residents are expected to rise, with the influx of tourists expected this year. Private transfers are expected to maintain the upward trend, with the Bank of Guyana continuing its efforts to improve data collection on workers remittances and in-kind transfers.

5.10 The capital account is expected to realise net inflows of US\$235 million, largely as a result of substantial debt relief under the Multilateral Debt Relief Initiative and an increase in foreign direct investment. Foreign direct investment will be concentrated mainly in the mining, telecommunication and forestry sectors. These developments are expected to realise a surplus of the overall balance of payments of US\$41 million.

## E. Targets for the Non-Financial Public Sector

### 1. Central Government Operations

5.11 Madame Speaker, the fiscal position is budgeted to improve considerably in 2007. Current revenue (net of rice levy) is projected to rise by 4 percent to \$64.9 billion, of which the Guyana Revenue Authority is expected to collect \$60.8 billion. Customs and trade taxes have been budgeted at \$5.8 billion while Value Added and Excise Taxes should realise \$24.8 billion. Collections from internal revenue have been set at \$30.4 billion, about the same as that in 2006. This is mainly as a result of the abolition of some taxes in light of the introduction of VAT, and an adjustment to the income tax threshold.

5.12 Madame Speaker, in this regard, I am pleased to announce an increase in the personal income tax allowance from \$300,000 to \$336,000 per annum with effect from income year 2007. Every taxpayer would benefit from this measure, and approximately 16,000 persons will be removed from the income tax net. *[Applause]*

5.13 With respect to expenditure, a modest increase of 1.1 percent has been budgeted in current expenditure which will reach \$62.8 billion. The budget for personal emoluments is \$22 billion, while the category 'other goods and services' has been programmed to decline by 6.6 percent to \$18.2 billion, reflecting the non recurrence of expenditure in connection with the holding of the General and Regional Elections, and flood response and control measures last year. The budget for transfers to private sector is \$315.5 billion. A marginal increase in interest payments to \$7.1 billion has been projected. The Government is expected to increase its savings on its current operations dramatically, from \$172

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million last year to \$2.1 billion. Capital expenditure is programmed to decline by 12.2 percent to reach \$36.7 billion. This reflects reduced transfers to GUYSUCO Skeldon Estate Project as a result of the planned completion of the factory this year. As a result of the developments, and taking into consideration grants of \$15.1 billion, the overall deficit after grants is targeted to decline drastically to \$19.5 billion or 10 percent of GDP from \$24.1 billion or 13.4 percent of GDP in 2006. This deficit would be financed largely from net external borrowing of \$18.6 billion.

5.14 **Madame Speaker, the size of the 2007 Budget is \$100 billion** or 2.9 percent smaller than the 2006 Budget. This reduction is primarily due to lower capital transfers to GUYSUCO as a result of the advancement of the Skeldon sugar factory project.

## 2. Summary Operations of the Public Enterprises

5.15 **Madame Speaker, the public enterprises are expected to realise a surplus on their consolidated financial operations.** Receipts are budgeted to grow by 4.3 percent to \$88.3 billion, mainly on account of higher production and exports earnings by GUYSUCO. Total expenditure is budgeted to increase by \$1.5 billion to reach \$79.4 billion, almost 63 percent of which will be consumed by the purchase of goods and services. Taxes and other transfers are projected to rise by 13.4 percent to \$1.5 billion. The surplus from current operations is projected to increase by \$2.1 billion to \$8.4 billion, which will be more than sufficient to finance the capital expenditure programme of \$7.9 billion.

## 3. Operations of the Non-Financial Public Sector

5.16 Madame Speaker, the planned improvement in the operations of the Central Government has been responsible for the programmed decline in the deficit of the non-financial public sector to \$18.9 billion or 9.7 percent of GDP in 2007, from \$20.4 billion or 11.3 percent of GDP in 2006.

## **Conclusion**

### **6**

6.1 Madame Speaker, the stage has been set for accelerated development in Guyana over the next five years. The agenda that I have outlined reflects Government's determination to diversify our economy to achieve high and sustained growth rates, create jobs, promote employment, reduce poverty, and improve standards of living.

6.2 Successful implementation of our five-year agenda, and of this Budget, will require a favourable international and domestic environment. While we do not control the external environment, we can certainly put in place mechanisms and measures to grasp available opportunities and limit negative effects. On the other hand, we have more control over what takes place domestically. Collectively, we can shape events for our benefit and for the benefit of generations to come.

6.3 The policies, plans and programmes contained in this Budget represent a responsible and careful approach to advancing Guyana closer to prosperity. The future looks bright, but it will be what we make of it. Let us therefore resolve to make that future a bright and prosperous reality by promoting Guyana's interest in an atmosphere of peace, understanding, and trust, and by working hard, and by working together

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226.4 Madame Speaker, I am humbled by the opportunity to have presented this Budget at this exciting and promising period in the history of our young nation. I thank the hardworking staff of my Ministry for their excellent work in compiling this Budget. I thank my colleagues on both sides of this Honourable House for their patience and encouragement, temperature notwithstanding and I thank you, Madame Speaker, for presiding on this occasion. Thank you very much. *[Applause]*

**The Motion is proposed.**

**The Acting Speaker:** Honourable Members, this concludes our business for today and you are requested to collect your Budget materials at the tea room.

The Honourable Minister of Home Affairs

**Hon Clement J Rohee:** Mde Speaker, I move that the National Assembly be adjourned to Friday, 9 January 2007 at 14:00h.

**The Acting Speaker:** The Assembly is so adjourned.

*Adjourned Accordingly at 16:52 h*

*Friday, 2 February 2007*



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# APPENDICES

## APPENDIX I

## SELECTED SOCIO - ECONOMIC INDICATORS

INDICATORS	2002	2003	2004	2006	2006
<b>1.0 NATIONAL ACCOUNTS AGGREGATES</b>					
1.1 Growth Rate of Real GDP	1.1	-0.8	1.8	1.9	4.7
1.2 GDP at factor cost (US\$M)	817.8	831.0	852.7	883.6	741.2
1.3 GNP at factor cost (US\$M)	562.7	588.4	621.1	663.5	698.1
1.4 Per capita GDP (US\$)	829.2	840.2	864.4	902.8	974.9
1.5 Per capita GNP (US\$)	755.4	783.5	822.5	875.6	918.2
1.6 Gross National Disposable Income (US\$M)	705.2	783.7	781.5	931.6	1032.0
1.7 Private Consumption as % of Gross Domestic Expenditure	45.1	44.8	49.2	55.3	47.5
1.8 Public Consumption as % of Gross Domestic Expenditure	21.1	23.7	21.8	20.3	18.2
<b>2.0 EXTERNAL TRADE AND FINANCE (US\$M)</b>					
2.1 BOP Current Account Balance	-106.7	-60.6	-70.0	-167.1	-181.4
2.2 Imports of Goods and Non-Factor Services (G&NFS)	-758.9	-743.8	-854.5	-984.5	-1103.2
2.3 Exports of Goods and Non-Factor Services (G&NFS)	667.2	669.6	749.9	688.9	748.8
2.4 Resource Balance	-91.7	-74.2	-104.6	-265.7	-354.4
2.5 Imports of G&NFS/GDP(%)	122.8	117.9	130.9	144.0	148.8
2.7 Exports of G&NFS/GDP(%)	108.0	108.1	114.9	103.2	101.0
2.8 Net International Reserves of Bank of Guyana	183.2	178.2	136.6	160.5	222.3
2.9 External Public Debt Outstanding	1246.7	1084.5	1071.1	1094.0	920.8
<b>3.0 PRICES, WAGES &amp; OUTPUT</b>					
3.1 Rate of Inflation (% changed in Urban CPI)	7.1	4.9	7.2	8.3	4.2
3.2 Public Sector Monthly Minimum Wage in GS(e.o.p)	21,047.3	22,099.0	23204	24828.3	28069.0
3.3 % Growth Rate	5.0	5.0	5.0	7.0	5.0
3.4 Electricity Generation (in M.W.H)	512.7	488.9	514.9	528.4	534.6
<b>4.0 POPULATION &amp; VITAL STATISTICS</b>					
4.1 Mid-Year Population ('000)	747.7	752.5	755.1	757.8	760.2
4.2 Population Growth Rate (e.o.p)	0.9	0.3	0.3	0.3	0.3
4.3 Net Migration ('000)	N.A	N.A	N.A	N.A	N.A
4.4 Visitor Arrivals ('000)	104.3	100.9	121.9	118.6	113.5
4.5 Crude Birth Rate (per 1,000 persons)	23.5	26.8	23.1	N.A	N.A
4.6 Crude Death Rate (per 1,000 persons)	7.3	7.3	6.8	N.A	N.A
4.7 Crude Marriage Rate (per 1,000 persons)	7.3	6.4	5.9	4.8	6.1
4.8 Infant Mortality Rate (per 1,000 persons)	20.3	17.0	20.7	22.8	18.4
4.9 Under 5 mortality Rate (per 1,000 live births)	24.9	21.2	26	N.A	N.A
<b>5.0 HEALTH AND EDUCATION</b>					
5.1 Public Expenditure on:					
5.1.1 Education as % of National Budget	18.2	14.4	15.5	13.7	13.0
5.1.2 Health as % of National Budget	8.8	8.9	9.5	7.5	9.0
5.2 Number of Physicians per Ten Thousand Population	4.8	4.1	4.2	4.3	4.9
5.3 Number of Nurses per Ten Thousand Population	10.5	14.0	34.0	34.0	13.1
5.4 Number of Hospital Beds per Ten Thousand Population	42.4	43.6	43.6	43.5	24.8
5.5 Low birth-weight babies (<2500g.) as a % of live births	11.5	11.9	11.8	11.8	N.A
5.6 Severely malnourished	0.7	0.8	1.0	0.8	N.A
5.7 Moderately malnourished	9.3	8.8	9.3	7.0	N.A
5.8 Overweight	3.9	4.7	5.2	4.7	N.A
<b>6.0 IMMUNIZATION COVERAGE</b>					
6.1 1 year olds immunized against DPT/ (Pentavalent) (%)	85	91	92	92	92
6.2 1 year olds immunized against MMR, Yellow Fever (%)	93	90	90	92	92
6.3 1 year olds immunized against polio (%)	93	90	90	93	92
6.4 1 year olds immunized against TB, BCG (%)	95	94	94	96	96
<b>7.0 CRIME</b>					
7.1 Reported Serious Crimes	3470	2941	3450	2808	2370
7.2 of which: Homicides	142	206	131	125	153

\* 3.1 is the Rate of Inflation (Georgetown)

APPENDIX II

GROSS DOMESTIC PRODUCT AT 1988 PRICES BY INDUSTRIAL ORIGIN

SECTOR	2001	2002	2003	ACTUAL 2004	REVISED 2005	BUDGET 2006	REVISED 2006	BUDGET 2007
<b>TOTAL</b>	<b>5,474</b>	<b>5,536</b>	<b>5,501</b>	<b>5,587</b>	<b>5,478</b>	<b>5,654</b>	<b>5,734</b>	<b>6,016</b>
Sugar	880	1,024	935	1,008	761	974	802	881
Rice	199	177	218	200	168	178	189	198
Livestock	119	125	130	133	129	125	125	128
Other Agriculture	281	285	291	297	288	279	308	308
Fishing	165	156	159	157	161	159	154	157
Forestry	195	180	183	184	189	203	221	232
Mining & Quarrying	652	607	554	518	426	360	331	342
Manufacturing	309	316	309	309	346	322	360	375
Distribution	427	423	412	420	483	322	532	553
Transport & Communication	508	529	555	575	629	654	692	761
Engineering & Construction	461	443	468	487	533	557	597	627
Rent of Dwellings	94	94	97	98	104	104	114	117
Financial Services	293	290	293	296	315	322	340	355
Other Services	204	204	210	213	228	235	246	261
Government	689	692	686	694	708	708	722	722

Note: Individual figures may not sum up to the total due to rounding

Figures: \$bn  
Source: Bureau of Statistics

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APPENDIX III

CENTRAL GOVERNMENT FINANCIAL OPERATIONS

	ACTUAL 2005	BUDGET 2006	REVISED 2006	BUDGET 2007
<b>Total Revenue</b>	<b>56,171.3</b>	<b>58,531.1</b>	<b>62,366.8</b>	<b>64,907.6</b>
Revenue	56,152.3	58,531.1	62,366.8	64,907.6
Tax	52,860.8	54,796.7	58,448.7	60,819.7
Income taxes	23,694.1	23,599.3	26,898.1	27,187.6
Consumption taxes	22,134.6	23,313.3	24,203.7	25,504.2
Trade taxes	4,808.8	5,133.3	5,204.4	5,668.4
Other	2,343.4	2,759.8	2,340.8	2,459.6
Non-tax	3,171.5	3,734.4	3,909.9	4,087.9
Private sector	2,899.8	3,252.7	3,409.1	3,353.3
Public enterprises & BOG	271.7	481.7	500.8	734.6
<b>Total expenditure</b>	<b>91,807.6</b>	<b>101,356.3</b>	<b>103,990.3</b>	<b>99,539.1</b>
Current expenditure	56,644.4	69,341.9	62,183.9	62,841.8
Non-interest expenditure	49,390.9	52,082.3	55,108.0	55,698.2
Personal emoluments	18,538.6	20,439.1	20,085.2	21,586.4
Other goods and services	17,089.3	17,106.2	19,483.6	18,194.8
Transfers to the private sector	13,763.0	14,537.0	15,536.2	15,517.1
Transfers to the public sector	0.0	0.0	0.0	0.0
Interest	7,273.5	7,259.6	7,075.8	7,143.4
External	4,339.1	4,430.2	4,457.5	3,527.9
Domestic	2,934.4	2,829.4	2,618.4	3,615.5
Primary balance	6,761.4	6,448.8	7,248.6	9,209.4
Current balance	-612.1	-810.8	172.7	2,066.0
Capital Revenue	19.0	0.0	0.0	0.0
Capital Expenditure	35,143.2	42,014.4	41,806.4	36,697.5
<b>Overall Balance before Grants</b>	<b>-35,636.3</b>	<b>-42,825.2</b>	<b>-41,633.7</b>	<b>-34,831.5</b>
Grants	11,976.9	17,711.1	17,524.7	16,141.0
HIPC relief	5,418.9	6,963.7	6,204.2	6,937.6
Original	575.1	526.0	0.0	0.0
Enhanced	4,326.9	4,178.6	2,383.2	3,114.8
CMCF	513.9	513.9	513.9	513.9
MDRI		1,745.9	3,307.0	2,308.9
Other	6,557.9	10,747.4	11,320.5	9,203.4
Projects	4,497.2	6,082.6	8,475.8	8,406.7
Non-projects	2,060.7	4,664.8	4,844.7	2,793.7
<b>Overall Balance after Grants</b>	<b>-23,659.4</b>	<b>-25,114.1</b>	<b>-24,109.0</b>	<b>-19,490.5</b>
Financing	23,659.4	25,114.1	24,109.0	19,490.5
Net External Borrowing	15,124.1	22,383.4	20,810.8	18,636.0
Disbursements of Loans	17,599.7	18,289.6	17,007.9	18,156.4
Debt Repayments	4,932.3	4,884.1	4,348.7	3,216.7
Rescheduling	1,627.0	1,767.9	1,599.5	1,529.3
GuySuco - Escrow A/C	629.8	7,310.0	6,552.0	2,167.0
Net Domestic Borrowing	8,535.3	2,731.0	3,298.3	854.5
Net Divestment Proceeds	0.0	0.0	0.0	0.0
<b>Overall Deficit as a % of GDP</b>	<b>-14.3</b>	<b>-14.7</b>	<b>-13.4</b>	<b>-10.0</b>

Figures: G\$m  
Source: Ministry of Finance

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APPENDIX IV

ALL URBAN CONSUMER PRICE INDEX  
(Including GEORGETOWN)

GROUP	2005					2006					% Change DEC-DEC	NOV-DEC		
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep			Oct	Nov
ALL ITEMS	210.4	213.8	218.0	217.9	218.8	218.5	217.8	218.3	218.8	218.5	217.8	218.2	218.3	218.2
FOOD (incl. Alcoholic Beverages)	200.1	206.8	210.7	211.2	207.8	208.7	210.0	210.1	210.8	210.4	207.8	210.4	210.3	212.4
CLOTHING	75.4	75.4	75.4	75.4	75.4	75.4	75.4	75.4	75.4	75.4	75.4	75.4	75.4	75.4
FOOTWEAR	66.2	66.2	66.2	66.5	66.5	66.7	66.7	66.7	66.7	66.7	66.7	66.7	66.7	66.7
HOUSING	252.3	253.7	254.9	258.2	256.5	258.1	264.1	261.1	263.8	264.2	261.7	264.2	261.8	261.4
FURNITURE	144.2	145.0	145.4	145.5	145.5	150.5	146.8	147.2	147.5	147.5	147.1	147.5	148.1	148.7
TRANSPORT & COMMUNICATION	285.3	284.8	284.9	285.7	291.7	291.7	291.7	291.0	296.9	294.1	294.7	291.9	297.9	285.0
MEDICAL & PERSONAL CARE	208.5	209.8	213.8	213.8	213.8	213.8	213.8	213.8	213.8	213.8	213.8	213.8	213.8	213.8
EDUCATION, RECREATION, CULTURE	235.4	235.0	235.8	238.0	235.2	234.8	235.5	235.5	232.7	232.7	232.7	232.7	232.7	232.6
OTHER GOODS AND SERVICES	185.3	186.3	186.4	186.4	186.4	186.5	187.0	187.1	187.4	187.7	189.4	187.7	170.9	170.9

GROUP	2001		2002		2003		2004		2005		2006		% Change DEC-DEC	NOV-DEC
	DEC	DEC	DEC	DEC	DEC	DEC	DEC	DEC	DEC	DEC	DEC			
ALL ITEMS	185.4	178.5	184.3	184.4	184.4	185.7	185.7	200.1	210.4	218.2	218.2	218.2	4.2	8.4
FOOD	167.6	170.9	175.8	185.7	185.7	185.7	185.7	200.1	210.3	212.4	212.4	212.4	8.1	1.0
CLOTHING	73.2	74.6	75.2	75.2	75.2	75.2	75.4	75.4	75.4	75.4	75.4	75.4	0.0	0.0
FOOTWEAR AND REPAIRS	62.5	62.5	64.2	64.5	64.5	64.5	66.2	66.2	66.2	66.7	66.7	66.7	0.0	0.0
HOUSING	182.2	198.6	213.3	228.5	228.5	228.5	252.3	252.3	261.8	261.4	261.4	261.4	3.6	-0.2
FURNITURE	128.8	134.8	133.5	142.5	142.5	144.2	144.2	144.2	148.1	148.7	148.7	148.7	3.2	0.4
TRANSPORT & COMMUNICATION	186.8	221.3	246.8	255.7	255.7	285.3	285.3	285.3	284.8	285.0	284.8	284.8	-0.1	0.1
MEDICAL & PERSONAL CARE	186.4	188.4	194.7	206.5	206.5	206.5	206.5	206.5	207.9	212.9	212.9	212.9	17.2	1.7
EDUC., RECR. AND CULT. SERVICE	177.5	190.6	204.7	214.4	214.4	214.4	214.4	214.4	214.4	214.4	214.4	214.4	-1.2	0.0
MISC. GOODS & SERVICES	155.4	158.0	158.7	181.8	181.8	181.8	181.8	185.3	170.9	170.9	170.9	170.9	3.4	0.0

Base Year: Dec 1982 = 100  
Source: Bureau of Statistics

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APPENDIX V

BALANCE OF PAYMENTS ANALYTIC SUMMARY

ITEM	ACTUAL 2006	BUDGET 2006	REVISED 2006	BUDGET 2007
<b>A Current Account</b>	<b>(157.5)</b>	<b>(189.8)</b>	<b>(181.4)</b>	<b>(175.0)</b>
1.0 Merchandise (Net)	(232.7)	(254.3)	(283.7)	(305.0)
1.1 Exports (f.o.b.)	551.0	562.7	601.3	625.0
1.1.1 Bauxite	62.8	95.0	67.3	73.0
1.1.2 Sugar	118.0	145.0	137.0	140.0
1.1.3 Rice	46.2	52.0	54.6	57.0
1.1.4 Gold	111.9	57.7	114.4	120.0
1.1.5 Timber	49.6	53.0	70.3	78.0
1.1.6 Other	147.2	145.0	150.5	152.0
1.1.7 Re - exports	15.3	15.0	7.2	8.0
1.2 Imports (c.i.f.)	(783.7)	(817.0)	(885.0)	(930.0)
1.2.1 Fuel & Lubricants	(221.8)	(236.0)	(245.0)	(255.0)
1.2.2 Other	(561.9)	(581.0)	(640.0)	(675.0)
2.0 Services (Net)	(92.0)	(85.6)	(113.8)	(90.0)
2.1 Factor	(39.0)	(30.6)	(43.1)	(30.0)
2.2 Non Factor (Net)	(53.0)	(55.0)	(70.7)	(60.0)
3.0 Transfers	167.2	140.0	216.1	220.0
3.1 Official	-	-	-	-
3.2 Private	167.2	140.0	216.1	220.0
<b>B Capital Account</b>	<b>180.6</b>	<b>198.0</b>	<b>244.1</b>	<b>235.0</b>
1.0 Capital Transfers	52.1	55.0	89.1	80.0
2.0 Medium and Long Term Capital (Net)	143.6	164.0	170.0	173.0
2.1 Non - Financial Public Sector Capital (Net)	68.7	89.0	70.0	80.0
2.1.1 Disbursements	102.5	117.0	105.0	80.0
2.1.2 Amortization	(35.8)	(28.0)	(35.0)	(30.0)
2.1.3 Other	-	-	-	-
2.2 Private Sector (Net)	76.8	75.0	100.0	123.0
3.0 Short Term Capital	(15.0)	(21.0)	(16.0)	(18.0)
<b>C Errors and Omissions</b>	<b>(15.0)</b>	<b>(4.9)</b>	<b>(17.8)</b>	<b>(18.0)</b>
<b>D OVERALL BALANCE</b>	<b>8.1</b>	<b>(6.7)</b>	<b>44.9</b>	<b>41.0</b>
<b>E Financing</b>	<b>(8.1)</b>	<b>8.7</b>	<b>(44.9)</b>	<b>(41.0)</b>
1.0 Bank of Guyana net foreign assets	(23.9)	(10.0)	(61.8)	(41.0)
2.0 Change in Non-Financial Public Sector Arrears	-	-	-	-
3.0 Exceptional Financing	15.8	18.7	18.9	-
3.1 Debt Relief	-	-	-	-
3.2 Balance of Payments Support	-	-	-	-
3.3 Debt Forgiveness	14.0	14.1	14.1	-
3.4 Debt Stock Restructuring	1.8	2.6	1.7	-

Figures: US \$m  
Source: Ministry of Finance,  
Bureau of Statistics and Bank of Guyana

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APPENDIX VI

ACTUAL AND PROJECTED EXTERNAL DEBT STOCK

ITEM	Actual End-December 2004 (After E-HIPC)	Actual End-December 2005 (After E-HIPC)	Actual End-December 2006 (After E-HIPC)	Preliminary End-December 2007 (After E-HIPC)
<b>TOTAL EXTERNAL DEBT</b>	<b>1,071,068</b>	<b>1,093,981</b>	<b>920,550</b>	<b>826,873</b>
<b>1.0 Multilateral</b>	<b>974.79</b>	<b>971.56</b>	<b>776.12</b>	<b>488.91</b>
IBRD	0.00	0.00	0.00	0.00
IDA	248.66	228.43	9.16	9.04
IAOB	446.80	470.00	515.22	208.57
CDB	87.56	98.79	112.09	115.20
CMCF	35.95	35.95	35.95	35.65
IMF	88.06	90.90	55.75	75.75
Others 2/	67.96	47.49	49.94	50.31
<b>2.0 Bilateral</b>	<b>76.87</b>	<b>103.03</b>	<b>123.39</b>	<b>111.03</b>
<b>2.1 Paris Club Creditors:</b>	<b>54.76</b>	<b>58.09</b>	<b>60.20</b>	<b>68.71</b>
USA	0.00	0.00	0.00	0.00
-PL 480	1.20	1.16	1.11	1.06
UK	0.00	0.00	0.00	0.00
Canada	0.00	0.00	0.00	0.00
Germany	0.00	0.00	0.00	0.00
-KfW	0.00	0.00	0.00	0.00
Netherlands	0.00	0.00	0.00	0.00
Denmark	0.00	0.00	0.00	0.00
Norway	0.00	0.00	0.00	0.00
Sweden	0.00	0.00	0.00	0.00
France	0.00	0.00	0.00	0.00
Japan	0.57	0.57	0.00	0.00
T&T	52.82	55.98	54.71	53.14
Russia	0.28	0.28	0.28	0.27
Italy	0.09	0.11	4.11	4.24
Others 3/	0.00	0.00	0.00	0.00
<b>2.2 Non-Paris Club Creditors:</b>	<b>21.90</b>	<b>44.94</b>	<b>63.19</b>	<b>82.32</b>
Venezuela	0.85	0.69	0.69	0.00
Argentina	0.60	0.82	0.64	0.65
Kuwait	2.81	2.94	3.07	3.17
Libya	2.03	2.05	2.07	2.10
Cuba	0.08	0.09	0.00	0.00
Bulgaria	0.09	0.10	0.11	0.12
Others 4/	15.44	38.46	56.62	48.28
<b>3.0 Private Creditors</b>	<b>19.61</b>	<b>19.38</b>	<b>19.04</b>	<b>18.73</b>
3.1 Suppliers 5/	12.72	12.72	12.72	12.72
3.2 Financial Markets/Bonds 6/	6.89	6.67	6.32	6.01

Figures: US\$m

Source: Ministry of Finance

Budget Speech  
Appendix

Notes:

1/ Takes into account debt relief granted under the Enhanced HIPC initiative and the Multilateral Debt Relief initiative.

2/ Includes EEC, EIB, IFAD, OPEC and IFC Loans.

3/ Includes CDC Loans.

4/ Includes DPRK, Brazil, China, UAE, India and Yugoslavia Loans.

5/ Includes ITT, Caterpillar Americas, Nissho Iwai/Komatsu, Boakalis, GPL (Banco de Credito, Panama) and EPDS debts.

6/ Includes Booker plc, Bonds, Bank of Nova Scotia, Lloyds Bank, GPL (NBIC/RBTT Debenture) and Barclays Bank debts.