

Mr. Speaker, as I rise to participate in the debate of the motion for the approval of the Estimates of the Public Sector and the Budget for the Financial Year 2016, let me first commend my colleague, Minister of Finance Hon. Winston Jordan on delivering the 2016 Budget on January 29, 2016, which was accomplished in less than 6 months after delivering Budget 2015 on August 10, 2015.

Mr. Speaker, Budget 2016 was presented under the theme “Stimulating Growth, Restoring Confidence: The Good Life Beckons” and I have no doubt that our Coalition Government will achieve these goals in this of our 50th Independence celebration, our Golden Jubilee that was designated by His Excellency as "*The Year of Renaissance*".

Mr. Speaker, this simply means a revival of or renewed interest in our pledge to make our cherished homeland a place of unity, security and prosperity.

Mr. Speaker, there are periods in the history of a nation which the historian, from the vantage-ground of a later age, identifies as being watersheds in the development of that nation. These periods could be said in a general way to mark the end of one era and the beginning of a new.

They will witness the changes of outmoded laws; the disintegration of alien value-systems; the triumph of more humane concepts of social organization and interrelationships; and the emergence of new norms that are more consistent with the prevailing national culture.

They are characterized by an upsurge of creative activity; a lively interplay of fresh and novel ideas; a spirit of bold experimentation and innovation; and a pervasive confidence that manifests itself in the enthusiastic and energetic way in which the masses involve themselves in the task of nation-building.

Mr. Speaker, this upsurge of creative activity, commence with Budget 2015 "A fresh approach to the good life in a Green Economy".

Mr. Speaker, Budget 2015 sets the platform for the Government’s vision of the Cooperative Republic of Guyana in the year 2020 and beyond.

It provides measures to ease the financial burden on citizens, while improving their living conditions. Some of these measures were:

- * An increase of the minimum wage from \$39,540 to \$50,000. Representing a 26.4 percent increase;
- * All public servants above the minimum wage received a 5% increase plus \$5000, allowing for greater increase in the lower income brackets;
- * A 54% increase in the hourly rate paid to schools' Sweeper/Cleaners;
- * Workers no longer have to pay Income Tax on their NIS contributions;
- * Old Age Pension increased from \$13,125 to \$17,000. Representing a 30 percent increase;
- * A 10% increase in Public Assistance from \$5,900 to \$6,500;
- * An increase in the uniform allowance voucher from \$1,500 to \$2,000;
- * Set of tax exemptions for Toshaos and small and medium-scale gold miners;
- * The zero rating of many items that attract VAT;
- * And many more things too numerous to mention.

Mr. Speaker, Budget 2016 was crafted in keeping with the Fresh approach- Vision 2020 and the policies of the APNU/AFC Government that was adumbrated by His Excellency address to the National Assembly on *January 14, 2016* under the theme.

INDEPENDENCE & RESILIENCE – Our people’s path to economic progress and I quote

"It is time for a fresh start – a new beginning. It is time to redouble our efforts to eradicate poverty. Our government is committed to promoting sustained economic growth with enhanced distributive justice so that inequalities are

reduced and opportunities are increased.

Our vision is for every Guyanese to be able to enjoy a 'good life.' Achieving a 'good life' is not a wish or a dream. It requires greater equality of opportunity in order to attain economic growth. A 'good life' is about removing inequalities and providing opportunities for every citizen to be the best he or she can be".

End of Quote.

Mr. Speaker, I notice that after the Honourable Minister of Finance concluded his budget speech, the Honourable Members of the opposition appeared to be confused and after listening to their presentations, the Honourable Members are still confused and trying to figure out what really happened. Because the PPP/C knows that they leave a heavily overdraft consolidated Account.

Mr. Speaker, the old consolidated fund closed with a negative \$47.4B in 2004 and on May 8, 2015 the New Consolidated Account had a negative \$27.7B a few days before the new government took office.

Mr. Speaker, an analysis of the New Consolidated Account revealed that it started to slide in May 2014 with a closing balance of a negative \$8.7B on May 9, 2014. The then government appears went on a spending spree by the December 2014 with a closing balance of a negative \$29.9B on December 31, 2014 and prior to the announcement of the 2015 General and Regional Elections.

Mr. Speaker, the APNU/AFC Budget measures is in support of its programme of 'greening' the economy and protecting the environment.

Mr. Speaker, one would thought that Budget 2016 would have received the unequivocal support from the Honourable Leader of the Opposition, who received United Nations Environment Programme (UNEP) Champion of the Earth award and US\$40,000 in April 2010.

However, it appears that the Champion of the Earth wants to be the Champion of the Poor. The kind of poor, who can afford to buy 12 years old used cars at \$3 M, and SUVs for over \$10M but cannot afford to purchase a news tire at reduce cost.

Mr. Speaker, this Champion of the Poor, never bought a 12 year old SUV or used tires for his vehicles. As a matter of fact if the cameras should turn their lens on the Vehicles being driven by the Honorable opposition members, the new champions of the poor it should show vehicles that in under 4 year old with new tires, New Vehicle and New tires. Out there looks like New York, Mr. Speaker.

Mr. Speaker these Champions of the Poor in opposition when they were in office for 23 years never sought to make it possible for the working class to afford new cars and SUVs by the reduction in the exercise tax.

Mr. Speaker, Under this APNU /AFC Government, the working class can enjoy that good life of owing a new vehicle with new tires and having a sense of safety at a reduces cost.

Mr. Speaker, a used 2012 Toyota Premio under 4 years with the present tax regime, 1500cc with CIF value of \$4,099,400 would cost \$ 8,963,748.

Mr. Speaker, under the proposed tax regime, the same vehicle now will cost \$6,895,191 a savings of \$2,068,557.

Mr. Speaker, surprisingly, a used 2012 Toyota Premio under 4 years with the present tax regime, 1800cc (larger engine) have a CIF value of \$2,018,800 would cost \$ 5,093,184.

Mr. Speaker, under the proposed tax regime, the same vehicle now will cost \$3,735,184 a savings of \$1,358,248.

Mr. Speaker, it should be noted that a 2010 Toyota Premio, 1800cc with mileage of above 60,0000 km at present cost \$3,581,825 with represent a minor increase of \$153,359.

Mr. Speaker, this is a small price to pay for the peace of mind of owning a fairly new vehicle with farless mileage and with far more advance features in safety and design and you can rest assure that the vehicle would come with fairly new tires and would provide you with 5 years services before any major engine over hall or transmission problems.

**Old Tax Regime
Calculation**

**Vehicles over 4
years**

Name of Car	Year	CC	CIF	CIF G\$	Duties	Total
Toyota Premio	2010	1800	7,375	1,519,250	2,062,575	3,581,825

**Vehicles Under
4 years**

Name of Car	Year	CC	CIF	CIF G\$	Customs Duty	Total	Excise	Total	VAT	Grand Total	Proposed	Savings
Toyota Premio	2012	1500	19,900	4,099,400	1,844,730	5,944,130	1,783,239	7,727,369	1,236,379	8,963,748	6,895,191	2,068,557
Toyota Premio	2012	1800	9,800	2,018,800	908,460	2,927,260	1,463,630	4,390,890	702,542	5,093,432	3,735,184	1,358,248
Toyota Allion	2012	1500	17,350	3,574,100	1,608,345	5,182,445	1,554,734	6,737,179	1,077,949	7,815,127	6,011,636	1,803,491
Toyota Allion	2013	1800	10,500	2,163,000	973,350	3,136,350	1,568,175	4,704,525	752,724	5,457,249	4,001,983	1,455,266
Toyota Premio	2015	1500	20,500	4,223,000	1,900,350	6,123,350	1,837,005	7,960,355	1,273,657	9,234,012	7,103,086	2,130,926

Toyota Prius	2015	180 0	24,80 0	5,108,80 0	2,298,96 0	7,407,76 0	3,703,88 0	11,111,64 0	1,777,86 2	12,889,50 2	9,452,30 2	3,437,20 0
Toyota Allion	2015	150 0	15,57 5	3,208,45 0	1,443,80 3	4,652,25 3	1,395,67 6	6,047,928	967,669	7,015,597	5,396,61 3	1,618,98 4
Toyota Allion	2013	180 0	13,65 0	2,811,90 0	1,265,35 5	4,077,25 5	2,038,62 8	6,115,883	978,541	7,094,424	5,202,57 7	1,891,84 7

**Proposed
Calculation**

**Vehicles Under
4 years**

Name of Car	Year	CC	CIF	CIF G\$	Customs Duty	Total	Excise	Total	VAT	Grand Total
Toyota Premio	2012	150 0	19,90 0	4,099,40 0	1,844,73 0	5,944,13 0	-	5,944,130	951,061	6,895,191
Toyota Premio	2012	180 0	9,800	2,018,80 0	908,460	2,927,26 0	292,726	3,219,986	515,198	3,735,184
Toyota Allion	2012	150 0	17,35 0	3,574,10 0	1,608,34 5	5,182,44 5	-	5,182,445	829,191	6,011,636
Toyota Allion	2013	180 0	10,50 0	2,163,00 0	973,350	3,136,35 0	313,635	3,449,985	551,998	4,001,983
Toyota Premio	2015	150 0	20,50	4,223,00	1,900,35	6,123,35	-	6,123,350	979,736	7,103,086

			0	0	0	0				
Toyota Prius	2015	180 0	24,80 0	5,108,80 0	2,298,96 0	7,407,76 0	740,776	8,148,536	1,303,76 6	9,452,302
Toyota Allion	2015	150 0	15,57 5	3,208,45 0	1,443,80 3	4,652,25 3	-	4,652,253	744,360	5,396,613
Toyota Allion	2013	180 0	13,65 0	2,811,90 0	1,265,35 5	4,077,25 5	407,726	4,484,981	717,597	5,202,577

Mr. Speaker, the PPP/C in opposition is now demanding a reduction in VAT, should I remind the PPP/C what their Minister of Finance Dr. Ashni Singh said in the 2012 budget debates in rebuttal to the opposition demand for a reduction of VAT and the implement of the PPP/C promise to conduct a review of all taxes. Mr. Speaker, the former Minister of Finance said a lowering of the 16% Value Added Tax (VAT) would benefit the wealthy more than the poor and is not the most effective way to put more money into the pockets of those who need it most.

And I quote the former Minister of Finance" anybody who objectively abandons the temptation of popular political appeal and objectively and seriously examine the Value Added Tax would soon discover that a reduction in the Value Added Tax will bring little or no benefit to the poor people of this country. In fact, Mr. Speaker, the most vulnerable will benefit least from a cut in VAT and it is in fact the best heeled that will benefit most from a cut in VAT" end of quote.

STIMULATING GROWTH

Mr. Speaker, one of the first steps in restoring confidence is to make sure the country knows the government's plan early in the year that is why Minister Jordan moved to present a January Budget. And we all know the ills of a late budget Mr. Speaker let me remind this house of what has happened in the past:

- The country is in a “wait to see” mode of what the budget will deliver for almost 3 -4 months of the year until debates are over
- The Budget Agencies are unable to start new capital projects only rollover projects until Budget is passed
- Budget Agencies left with 8 months to deliver a 12 month budget along with challenges of rainy season for infrastructure related works

This will also aid the private sector to organize their businesses and operations to take advantage to the opportunities presented in this budget early in the year.

Mr. Speaker, last year our Government achieved positive growth against a backdrop of a domestic economy still recovering from the uncertainty that surrounded the pre and post electoral period, a relatively weak sugar industry, a rice industry artificially cushioned by over dependence on the Venezuelan market, low prices for bauxite on the world market, to name a few of the challenges.

Our Government’s deliberate policies for many of these key sectors that saw, for e.g. a \$12 billion injection to maintain the sugar industry, all together served to achieve positive 3 percent growth. And a further \$9B injection into GUYSSUCO will see us growing at an even higher rate in 2016 based on our Coalition Government’s inventions!

This budget will see a significant increase in expenditure on infrastructure, a more than 70% increase in expenditure on construction, which will serve to create jobs and increase disposable incomes of those involved in construction and the suppliers of goods and services to those families. In addition, small contractors will benefit from 20% of all contracts award therefore benefiting from the National pie n an annual basis. Mr. Speaker, this particular section of the law was not activated in the previous Administration.

Mr. Speaker, the implementation of this \$230 billion dollar budget will happen against a backdrop of improved and procurement systems.

This government has reviewed the tendering limits and increased them to allow a greater share of public procurement to take place at the regional and ministerial tendering level and increase community participation from \$1.5M to \$5M. [I refer to Appendix - 12 & 13 on pgs 89 and 90 of Budget speech]

These ministerial and regional tender boards are currently chaired by the Heads of Budget Agencies i.e. Permanent Secretaries, Regional Executive Officers, and follow the structure as prescribed in the Procurement Act and regulations which precludes any Ministerial or political involvement. In light of these revised thresholds this Government is taking decisive actions to ensure the successful implementation of these new thresholds. We will:

1. Conduct training for over 400 procurement personnel starting with the first batch of 50 on the 11th February which focus on all 10 regional tender boards
2. Conduct training for all regional accounting personnel and sub-treasury officers
3. Conduct training in public procurement targeting contractors and suppliers in preparation of tender documents and evaluation criteria since we have noticed that many people get disqualified based on administrative requirements e.g. ensuring they respond to all criteria instead of leaving a blank where a response is required; many do not follow the instructions in the bid document which can prevent the envelope from being opened at all (eg failing to write the name of the project that you are bidding for). We want everyone who bids to have a fair chance!
4. With effect from early February an official Help Desk has been established with telephone number 227-0094 for anyone who has queries on public procurement to call and seek guidance or information

5. The National Tender and Procurement Administration Board will be able to conduct on the ground monitoring and intends to visit each procuring entity at least once per quarter. In addition the newly formed Inspectorate Unit within the Ministry of Public Infrastructure will complement and strengthen Government's monitoring capability on the ground. [Hon Member, Minister Patterson will speak further on this tomorrow]

6. The NPTAB website will publish all awards valued at \$1.5 million and above while Budget Agencies will be required to display on their notice boards awards below this value. Transparency! Mr. Speaker.
Something that was sadly lacking for many decades.

In ADDITION, the pool of evaluators is being expanded and the qualifications are being reviewed to ensure that the number of and quality of evaluators is improved.

Today we have 250 registered evaluators at NPTAB and we intend to add another 100 before the end of March.

This will reduce the time taken to conclude evaluations. The usual bottlenecks that have resulted in the past from too few competent evaluators will soon become a thing of the past.

Overall, this means that the quantum of time will be substantially reduced given the previous lengthy process towards concluding national awards. This is provided that the service or good required is advertised, evaluated and awarded, and barring any queries, the total period should not exceed 8 weeks.

Mr. Speaker, the issue of lack of debarment has plagued the procurement process from the inception. For too long consultants and contractors have delivered substandard work for which taxpayers have paid twice in taxes and having to suffer premature failure of

roads, bridges, schools, hospitals and many other structures. This must end! Our Government worked to formulate debarment procedures which are currently being reviewed by the Attorney General with a view to implement this before June.

Another bugbear in the public procurement system has been the absence of the Bid Protest Committee which has denied suppliers and contractors any immediate, formal and transparent process of redress.

Mr. Speaker, it is anticipated that this will be in place by the end of March, 2016.

All of these improvements will serve to accelerate the pace of implementation. So this budget will see a higher rate of project implementation and faster growth.

Mr. Speaker Budget 2016 has allocated resources to construct, rehabilitate and maintain more roads, bridges, schools, hospitals, health centres and drainage and irrigation infrastructure than any previous budget has done.

And we will do it better, with a more efficient procurement system and an effective community monitoring system to deliver better quality. These are all going to serve to creating more jobs, generating more income and stimulating growth in the construction sector.

And Mr. Speaker I am just referring to one sector -construction.

When we add the impact of the diversification of the agriculture sector, the investments in the tourism marketing initiative, expansions in gold sub-sector, the billions being invested in our hinterland regions and indigenous peoples, the reforms to the GRA and Go-Invest, initiatives for youth employment and expansion of the small business sector, how can anyone doubt the realization of the achievement of the goals of Budget 2016.

I can go on Mr. Speaker but I will leave the details of those sectors for my colleagues to elaborate.

IMPROVING INSTITUTION CAPACITY FOR IMPLEMENTATION

During this year our Government will be training procurement officers across central government and moving to standardise and improve the qualifications of officers designated “procurement officers” or “procurement specialists” [will be done through an IDB TC].

Our Government will undertake capacity building across central government in procurement planning which will serve to further streamline the timely implementation of national budgets beyond 2016.

Improved use of information technology will result in data generation in the procurement systems being strengthened.

This will generate reports to give analytical information on number of awards made by type of procurement method, level of responsiveness of bidders to better target training and capacity building, performance of NPTAB in terms of timeliness of awards, tracking reports to identify bottlenecks ...and so on.

The procurement of the appropriate software and hardware to support this is expected to be completed by end of this year.

Work to develop a strategy for eprocurement along with a timeline Action Plan will be concluded in the last quarter of this year as our Government moves to incorporate more IT systems to support modernization of the procurement process.

Further through support from CDB we will be building capacity for project management within central government.

We will also improve oversight of projects and greater coordination between the Ministry of Finance and Project Execution Units and Heads of Budget Agencies.

We plan to upgrade the IFMAS to ensure greater speed and more consistent coverage across all the regions of our country. We have been able to do this at a reduction to the original cost thereby saving taxpayers money while improving the support systems to ensure greater accountability and transparency as we implement Budget 2016.

Mr. Speaker our Coalition Government didn't just substantially increase the budget – we increased the budget AND improved the systems to ensure effective implementation of the budget! This will stimulate growth Mr. Speaker!

TAXES and PRO POOR INITIATIVES

This Budget 2016 continues to promote equity and fairness and focus on the poor.

Mr. Speaker for far too long many well endowed Guyanese have operated without paying their taxes to the GRA while the public servant has their taxes deducted before they receive their pay cheque!

Everyone must pay taxes because everyone uses the roads and public services.

Mr. Speaker the increase in the income tax threshold benefits everyone whether you are a public servant or private sector employee – everyone is now paying less in taxes and **68,000 people will no longer be required to pay income tax so there is more disposable income for the low income earners.**

In fact Mr. Speaker, there was a 10% increase in the personal allowance bring it to \$55,000 per month. With NIS contributions being deductible, it means that persons earning the equivalent of \$58,260 per month would pay no taxes.

Mr. Speaker the notice of intent to ban used tyres is aimed to make our roads safer for all road users and especially for those low income earners who utilize public transport and may opt to buy cheaper but unsafe used tyres.

{When the ban is imposed our Government will ensure that the reduction in taxes on new tyres does not place undue burden on low income earners. Also new tyres have a longer life than used tyres.

Our citizens over 65 now have more services in their favour – they can travel out of the country paying less taxes at the airport, renew drivers license free of charge, benefit from an increased old age pension.

The pensioners can look forward to the grandchildren benefitting from an expansion of the boats, buses, bicycles, books and breakfast initiative in schools while accessing expanded free health care services at hospitals and health centres and mobile clinics across the country.

These are not anti-poor Mr. Speaker, these are pro-poor!

ACCOUNTABILITY AND TRANSPARENCY

Later this month we will be receiving support from the Commonwealth Secretariat to improve our systems and structures for Internal Audit across the Government.

This will involve strengthening the Budget Agencies, the Public Accounts Committee and related stakeholders in expanding the coverage of internal audit across Government. Strong systems of internal controls will reduce mismanagement and corrupt practices and help to build a robust public sector. Strong systems of internal controls will reduce mismanagement and corrupt practices and help to build a robust public sector.

Forensic audits

Mr. Speaker, the Audits identified many instances in which the laws governing the entities and its operations was violated with impunity, in particular the Fiscal Management and Accountability Act and the Procurement Act.

These Internal Forensic Audits, to say the least were very revealing and astonishing.

The findings uncovered many instances of dishonesty, deficiencies and discrepancies, some of which were never highlighted in the Reports of the Auditor General and consequently, the National Assemble and by extension, the people of Guyana never knew the truth about the financial operation, mismanagement and excesses that were taking place in these entities.

Therefore, in my opinion there are sufficient evidence in these audits to suggest that there were deliberate, premeditated plan of corruption and to support charges of conspiracy to deceive/commit fraudulent act, misfeasance/malfeasance/nonfeasance in public office and political corruption. The audits will soon be posted on the Ministry of Finance Website

INCREASED WAGES AND SALARIES

Mr. Speaker it was this Coalition Government that raised the minimum wage to 50,000 in August last year with some persons receiving over 25% increase on salaries as a result. It was this Coalition Government that awarded a 5% increase PLUS an additional \$5000 to public servants in 2015. It was this Coalition Government that awarded a \$50,000 one off payment to all those public servants earning less than \$500,000. And it is this Coalition Government that will engage the unions in 2016 to help determine that salary increases to be awarded. These increases awarded to date to public servants have aimed to improve the disposable income of the lower levels. And the increase in the threshold complements that. The poor are not neglected – our Coalition Government has kept its promise to improve salaries – salaries are improved and will be improved further with Budget 2016.

In closing, I urge all Members of this House to support Budget 2016 stimulating growth, restoring confidence: the good life beckons...