

THE
PARLIAMENTARY DEBATES
OFFICIAL REPORTS

[Volume 8]

PROCEEDINGS AND DEBATES OF THE FIRST SESSION (1981) OF THE NATIONAL ASSEMBLY OF THE FOURTH PARLIAMENT OF GUYANA UNDER THE CONSTITUTION OF THE CO-OPERATIVE REPUBLIC OF GUYANA.

5th Sitting 14:00 hrs Friday, 20th February, 1981

MEMBERS OF THE NATIONAL ASSEMBLY (82)

Speaker (1)

*Cde. Sase Narain, O.R., J.P., M.P.
Speaker of the National Assembly

Members of the Government – People's National Congress (69)

Prime Minister (1)

Cde. Dr. P.A. Reid, O.E., M.P.,
Prime Minister

Other Vice- Presidents (4)

Cde. S.S. Naraine, A.A., M.P.,
Vice-President, Works and Transport

Cde. H.D. Hoyte, S.C., M.P.,
Vice-President, Economic Planning and Finance

Cde. H. Green, M.P.,
Vice-President, Public Welfare

Cde. B. Ramsaroop, M.P., (Absent - on leave)
Vice-President, Parliamentary Affairs and Party/State Relations

Senior Minister (10)

Cde. Chandisingh, M.P.,
Minister of Higher Education

Cde. O.E. Clarke, M.P.,
Minister of Regional Development

Cde. R.H.O. Corbin, M.P.,
Ministry of National Development

*Cde. F.E. Hope, M.P.,
Minister of Trade and Consumer Protection

*Cde. H.O. Jack, M.P.,
Minister of Energy and Mines

*Cde. M. Shahabuddeen, O.R., S.C., M.P.,
Attorney General and Minister of Justice

*Cde. R.E. Jackson, M.P.,
Minister of Foreign Affairs

*Cde. J.A. Tyndall, A.A., M.P., (Absent – on leave)
Minister of Agriculture

*Cde. S.A. Moore, M.P.,
Minister of Home Affairs

*Cde. J.R. Thomas, M.P., (Absent)
Minister of Education

*Non-elected Member

Ministers (13)

- Cde. J.P. Chowritmootoo, J.P., M.P.,
Minister, Environment and Water Supply, in the
Ministry of Public Welfare
- Cde. U.E. Johnson, M.P.,
Minister of Co-operatives
- Cde. J.N. Maitland-Singh, M.P.,
Minister, consumer Protection, in the
Ministry of Trade and consumer Protection
- Cde. S. Prashad, M.P.,
Minister, Crops and Livestock, in the
Ministry of Agriculture
- Cde. Sallahuddin, M.P.,
Minister, Finance, in the Ministry of
Economic Planning and Finance
- Cde. R.E. Williams, M.P.,
Minister, Fisheries, in the Ministry
of Agriculture
- *Cde. C.A. Nascimento, M.P.,
Minister, Mechanical Equipment, in the
Ministry of Works and Transport
- *Cde. F.U.A. Campbell, M.P.,
Minister of Information
- *Cde. F.U.A. Carmichael, M.P.,
Minister, Forestry, in the Ministry
of Agriculture
- *Cde. Y.V. Harewood-Benn, M.P.,
Minister of Public Service (Absent-on-Leave)
- *Cde. H. Rashid, M.P.,
Minister Office of the President
- *Cde. R.C. Van Sluytman, M.P.,
Minister, Drainage and Irrigation, in the
Ministry of Agriculture
- *Cde. R.A. Van West-Charles, M.P.,
Minister Health, in the Ministry of
Public Welfare (Absent-on-Leave)

Ministers of State (3)

- Cde. M. Corrica, M.P.,
Minister of State for Culture in the
Ministry of Education, Development and Culture
- Cde. R.C. Fredericks, A.A., M.P.,
Minister of State for Youth and Sport, in the
Ministry of National Development
- *Cde. C.E. Wright, M.P.,
Minister of State for Construction, in the
Ministry of Works and Transport

Parliamentary Secretaries (3)

- Cde. A.W. Bend-Kirton,, M.P.
Parliamentary Secretary Women's Affairs and Housing
- Cde. P.A. Rayman, M.P.,
Parliamentary Secretary, Office of the Prime Minister
- *Cde. E.M. Bynoe, M.P.,
Parliamentary Secretary, Office of the Prime Minister

*Non-elected Member

Other Members (23)

Cde. D.A.N. Ainsworth, M.P.,
Cde. M. Ally, M.P.,
Cde. M. Armogan, M.P.,
Cde. B. Beniprashad, M.P.,
Cde. B. Bhaggan, M.P.
Cde. J.B. Calderia, M.P.,
Cde. A.A. Chin, M.P., (Absent-on-Leave)
Cde. E.B. Davidson, M.P.,
Cde. H. Doobay, M.P.,
Cde. A.B. Felix, M.P.,
Cde. E.H.A. Fowler, M.P., (Absent-on-Leave)
Cde. P. Fredericks, M.P., (Absent)
Cde. E.F. Gilbert, M.P.,
Cde. J. Gill, M.P.,
Cde. A. McRae, M.P.,
Cde. J.M. Munroe, J.P., M.P.,
Cde. R.N. Primo, M.P.,
Cde. C.G. Sharma, J.P., M.P.,
Cde. H.L.B. Singh, M.P.,
Cde. S.H. Sukhu, M.S., M.P.,
Cde. B. Tiwari, M.P., (Absent-on-Leave)
Cde. C. Vandeburg, M.P.,
Cde. H.B. Walcott, J.P., M.P.,
Government Chief Whip

Members from the National Congress of Local Democratic Organs (2)

Cde. Cde. R. Bishop, M.S., M.P.,
Cde. B. Latchminarayan, M.P.,

Members from the Regional Democratic Councils - (10)

Cde. K.N. Jones, M.P., (Region No. 1 – Barima/Waini) (Absent)
Cde. K.V. Jairam, M.P., (Region No. 2 – Pomeroon/Supenaam) (Absent)
Cde. C.A. Singh, M.P., (Region No. 3 – Essequibo Islands/West Demerara)
Cde. W. Bipat, M.P., (Region No. 4 – Demerara/Mahaica)
Cde. H.I. London, M.S., M.P., (Region No. 5 – Mahaica/Berbice)
Cde. I. Chowritmootoo, M.P., (Region No. 6 – East Berbice/Corentyne)
Cde. N.R. Charles, M.P., (Region No. 7 – Cuyuni/Mazaruni)
Cde. D. Abraham, M.P., (Region No. 8 – Potaro/Siparuni)
Cde. A. Dorrick, M.P., (Region No. 9 – Upper Takutu/Upper Essequibo)
Cde. D. Hinds, M.P., (Region No. 10 – Upper Demerara/Berbice)

Members of the Minority (12)

(i) People’s Progressive Party - (10)

Minority Leader (1)

Cde. Dr. C. Jagan, M.P., (Absent-on-Leave)
Minority Leader

Deputy Speaker (1)

Cde. Ram Karran, M.P.,
Deputy Speaker of the National Assembly

Other Members (8)

Cde. J. Jagan, M.P.

Cde. Reepu Daman Persaud, J.P., M.P.,
Minority Chief Whip.

Cde. N. Persaud, M.P.

Cde. C.C. Collymore, M.P.

Cde. S.F. Mohamed, M.P.

Cde. I. Basir, M.P.

(Absent)

Cde. C.C. Belgrave, M.P.

Cde. Dalchand, J.P., M.P.

(ii) United Force (2)

Mr. M.F. Singh, J.P., M.P.

Mr. M.A. Abraham, M.P.

(Absent)

OFFICERS

Clerk of the National Assembly – Cde. F.A. Narain, A.A.

Deputy Clerk of the National Assembly – Cde. M.B. Henry

PRAYERS

2.05 p.m.

ANNOUNCEMENTS BY THE SPEAKERLeave to Members

The Speaker: Leave has been granted to Cde. Fowler for today's Sitting. The absence of Cde. Ramsaroop, Van West Charles, Chin and Tiwari is due to the fact that they have gone to meet a delegation from the People's Republic of China who will be coming to visit Parliament today.

PRESENTATION OF PAPERS AND REPORTS

The following Paper was laid:

Estimates of the Revenues and Expenditure for the financial year 1981. [The Vice-President, Economic Planning and Finance.]

MOTIONS RELATING TO THE BUSINESS OR SITTINGS OF THEASSEMBLY AND MOVED BY A MINISTERSUSPENSION OF STANDING ORDERS Nos. 9(2) and 32(9)

The Minister of Regional Development (Cde. Clarke): Cde. Speaker, I wish to move the Motion for the suspension of the relevant Standing Orders, paragraph (2) of Standing Orders No. 9 and paragraph (9) of Standing Orders No. 32, in order to enable the Vice-President, Economic Planning and Finance, to read his Budget Speech uninterrupted even though we might go beyond 4 o'clock.

Question put, and agreed to.

Standing Orders Nos. 9 (2) and 32 (9) suspended.

PUBLIC BUSINESSMOTIONAPPROVAL OF ESTIMATES OF EXPENDITURE FOR 1981BUDGET SPEECH

The Vice-President, Economic Planning and Finance (Cde. Hoyte): Cde. Speaker, in accordance with Article 171 (2) of the Constitution, I signify the Cabinet has recommended that the Assembly should proceed upon the Motion for the approval of the Estimates of expenditure for the financial year 1981.

The Speaker: Please proceed, Cde. Vice-President.

Cde. Hoyte: I now move the Motion for the approval of the Estimates of Expenditure for the financial year 1981.

INTRODUCTION

Cde. 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 witness the decline of outmoded institutions; the disintegration of alien value-systems; the triumph of more humane concepts of social organisation and inter-relationships; and the emergence of new norms that are more consistent with the prevailing national ethos. They are characterised 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. But however long the professional historian might take to recognise the true meaning of these phenomena, the ordinary people with their natural instinct and perceptivity are always quick to sense and understand the deep significance of the changes that are taking place around them. And we Guyanese know with an absolute assurance that we are at an epochal stage of our history that is at once the culmination of long years of tenacious struggle and the starting point for new and more strenuous endeavours.

The Constitution we have fashioned for ourselves enlarges illimitably the bounds of opportunity for the people to manage and control their own affairs and, through self-reliant co-operative action, pursue and achieve their "common purpose" and their "common destiny". Thus, it asserts the paramountcy of people and their welfare, and to this end establishes the ideological basis of the society. The basic human rights of our citizens are not defined as the dry legal abstractions beloved of juriconsults brought up in the western European legal tradition; rather, they are conceived in concrete terms that reflect the people's social needs, command their easy understanding and make sense to them in the conditions of a poor developing country.

The Constitution gives a sense of direction to our people. It focuses their attention on the real substantive human rights, such as employment, decent housing, education, medical care and leisure; and it directs their attention to their right and duty to be involved in the task of national development and to strive for the highest possible levels of production and efficiency to ensure the realisation of these rights.

The system of local democracy provides the mechanism and the scope for the people to apply their experience, expertise and initiative to the task of developing the rich resources in their communities and their regions. The recently concluded national elections and the elections to Regional Demo-

cratic Councils have ushered in the first phase of the new system of local democracy which is so integral to the economic structure and objectives of the State. These events have already demonstrated the dynamic nature of the People's New Constitution and its inherent possibilities for extending socialist democracy as defined in Article 13, releasing the creative energies of our people, liberating the productive forces in every region of our country and potentiating the development process. This new National Assembly, constituted as it is, provides clear, cogent and irrefragable evidence that the people of this country have at last begun the irreversible process of taking into their own safe hands and shaping their collective destiny.

It is therefore with a profound sense of the historic significance of this occasion that I have the honour to present to this first Parliament elected under the People's New Constitution this 17th Budget of the People's National Congress Government.

The World Context

As we manage our economy and plan for its development, not only in 1981 but for the rest of this decade and even beyond, we have to recognise the implications for us and take account of the international situation. In 1980 the world economic crisis deepened as was generally predicted. The price of oil escalated; inflation continued its rampage; and unemployment in the industrialised countries reached unprecedented high numbers. For example, in the U.S.A. at the end of the year, over 7,000,000 workers or 7.4% of the labour force were unemployed; in the United Kingdom over 2,000,000 workers or 8.8% of the labour force were out of work. Cheap money, like cheap oil, became a thing of the past, as prime interest rates in the money markets of the world reached and persisted at alarmingly high levels.

In the United States of America the prime interest rates peaked at 21½% in December, 1980. World output diminished and the major countries — the industrialised countries of the "West" and the socialist countries of the "East" alike — recorded low or negative growth. Great industrial countries like the U.S.A., Canada and the U.K. all registered negative growth rates. Real growth in G.D.P. in the world economy as a whole was estimated at just over 2%, while for the industrialised countries of the "West" it was just over 1%. Inevitably, world trade also suffered and showed little expansion. The economies of the non-oil producing developing countries deteriorated sharply. To make the picture even gloomier, the world food situation worsened for the second year in succession and grain stocks are expected to fall this year by some 20% and reach the lowest level since 1960. The spectre of famine once again menaces many a populous region of our planet. The North-South dialogue intended to advance the New International Economic Order has been fruitful of many words, but barren of concrete action.

The predictions for 1981 are pessimistic: oil prices will rise; inflation will continue to gallop; high interest rates will persist; unemployment in the in-

industrialised countries of the world will get worse; economic output will stagnate; world trade will not improve and the North-South dialogue is unlikely to get beyond the stage of "dialogue".

It is within the context and against the background of these world realities that we implemented our 1980 financial and economic programme.

Our 1980 Performance

Given the present structure of our economy — which structure it is the prime objective of our investment programme and economic strategy to change radically — physical output and consequently financial outturn are influenced heavily by a number of exogenous factors. These are well known: they include weather conditions and the terms of trade. The unfavourable impact of these and the other well-known variables inevitably tends to depress production, reduce exports and constrict foreign exchange earnings. During 1980, all these factors exerted an influence as indeed was expected and anticipated; but one persistent problem which frequently checkmated our production efforts was the unreliability of electric power supply. Towards the end of the year, this situation improved considerably.

Within this frame of considerations, the performance of the various sectors may now be considered. The Bauxite Industry was plagued by a number of technical problems which affected both the volume and the quality of the alumina and calcined product streams. Rust and Smut diseases continued to affect Sugar yields; and the Rice Industry seemed to have suffered more from management short-comings and an inadequate supply and an unimaginative deployment of tractors and other machines.

I now give for each of the major industries the levels of production and export earnings, both projected and actual:

Industry	Tonnage	Export Earnings		
	Target	Actual	Target	Actual
Sugar	335,000	269,000	\$310 Mn.	\$292 Mn.
Calcined Bauxite	800,000	601,000		
Dried and Metal Grade Bauxite	900,000	979,000	\$560 Mn.	\$484 Mn.
Alumina	300,000	211,000		
Rice	200,000	168,200	\$110 Mn.	\$ 87 Mn.

In terms of value of exports, the sectors earned \$863 million in 1980 as against \$634 million in 1979, or 36% higher than 1979 earnings. However, this was still 12% lower than the earnings projected. Overall, bauxite and sugar performances were disappointing. Rice managed to improve its out-

put over 1979, but was still 16% short of its target. Obviously, the repercussions of the shortfalls in these major sectors were felt throughout the whole economy.

In the non-traditional sectors, there were reasonably good performances, with the following production figures: rum, 3.9 million proof gallons; textiles, 640,000 metres; garments, 392,000 dozen; stoves 5,000 units; refrigerators, 20,000 units; pork, 3.1 million lbs.; poultry meat, 28 million lbs.; eggs, 56 million; fish 39.5 million lbs.; and shrimp, 8 million lbs.

The Government gave strong support to activities in the non-traditional sectors in order to stimulate their expansion and growth. Government would continue to give encouragement so that they could have increasingly greater significance within the economy.

But while we pay attention to expanding the role of the non-traditional sectors, we have to ensure that we do everything possible to make the three major sectors as efficient as possible. The Bauxite Industry must ensure not only high levels of production, but a consistently high quality of the product. The Sugar Industry has to come to grips with and find solutions for the problem of low yields per acre. And the managers in the Rice Industry have to address their minds to the question of better yields per acre and more efficient deployment of machines.

The Industrial Relations Climate

During 1980, industrial relations were comparatively good. The number of man-days lost from strikes fell dramatically from 324,473 in 1979 to 67,620 in 1980; a drop of 79.0%.

GROWTH, EXPORTS, IMPORTS AND BALANCE OF PAYMENTS

Our overall production efforts in 1980 enabled us to achieve real growth for the first time since 1976. Our GDP grew by about 2% in real terms. Measured by ordinary standards and our own potential this growth is very modest. However its true importance lies in the fact that after three years of stagnation or negative growth we have been able to reverse this pernicious trend and put our country once again on the growth path. It has a psychological value. We have earned this slender success under very difficult conditions. We must now build on what we have achieved. We must not now lightly dissipate our gains.

On the basis of our production, merchandise exports earned \$983mn., as against the expected \$1,115 mn.; and merchandise imports (projected originally at \$1,090mn.) were restrained within the budgeted ceiling to \$1,084mn. It will be seen that exports fell 12% below the Budget projections, while imports were slightly below.

Net payments for services amounted to \$225 mn. which was \$45mn. higher than was estimated.

In the circumstances, the deficit on the current account of our balance of payments has been provisionally estimated at \$311mn. or 21.4% of GNP instead of the \$155 mn. or 10% of GNP as we had planned. This figure is very tentative and has to be treated with great caution, since the relevant records for part of the year were destroyed in a fire at the Customs Department and have not yet been reconstructed. This deficit was financed mainly by a net capital inflow of \$90mn., an increase in commercial arrears of \$6mn. and running down of our reserves in the amount of \$215mn.

A current account deficit of this magnitude is unsustainable and the toughest possible measures would have to be taken to reduce it.

Public Sector Financial Performance

The financing expectations for our 1980 programmes were as follows: public sector surplus, \$181mn.; net capital inflow, \$152mn., routine internal borrowing, \$6 mn.; and residual financing from the banking system, \$155mn.

Obviously, there is an interconnection between the achievement of these financial levels and the realisation of our production expectations.

The public sector in the end achieved a surplus of a mere \$40mn.; net capital receipts from external sources amounted to \$85mn.; and internal borrowings yielded \$9 mn. The end result of these shortfalls was an intolerable public sector pressure on the banking system. Banking system borrowing reached a level of \$353 mn. or \$197mn. more than was projected.

When due weight has been given to the unanticipated or uncontrollable factors that contributed to reduced production, the dismal performance of the public sector is inexcusable. Notwithstanding clear guidelines and directives issued by the responsible authorities and agencies, some corporations failed to conform to the requirements of financial discipline and business prudence. This was an important contributory factor in their poor financial performance. On this score, I wish to say that strict financial administration is an indispensable precondition for the success of our efforts at development. We are too poor to be saddled with the enormous financial and social costs of indiscipline and irresponsibility.

These strictures are not intended to imply that all public corporations, all public sector managers or senior or other staff have been guilty of undesirable practices. Indeed, many of the managers are among the finest people in our country and have been outstanding examples of dedication, competence and leadership. The Government would like to pay tribute to them and congratulate them for their sterling contribution to the development of our country.

But we really cannot afford to carry those who do not measure up to what is expected of them.

Central Government Revenues and Expenditure

On the Central Government side, Current revenues yielded \$454 mn. instead of the expected \$476 mn. The shortfall was due principally to the failure of some corporations to pay their income taxes. Current expenditure (including debt charges) projected at \$668 mn. rose to \$723 mn. The current deficit was therefore \$270 mn., being \$78 mn. more than the Budget estimate.

Capital expenditure targeted at \$374 mn. amounted to \$338 mn. Government maintained the momentum of the capital programme to avoid retrenchment of workers and speed up developmental activities.

Financial Outturn: Analysis

The financial outturn disappointed mainly because both the production growth and external receipts fell below the expected levels. Because of the weak production performance, taxes and dividends from Public Sector corporations fell short of the expected G\$108 million and amounted to no more than G\$73 million. Surpluses of corporations after taxes, dividends and allowances for depreciation rose only marginally over their 1979 level and fell from the budgeted target of almost G\$200 million by \$100 million. Largely because income taxes on individuals more than maintained their 1979 level of G\$52 million instead of falling to G\$37.5 million as was envisaged when adjustments were made to personal income tax allowances, the current revenues other than dividends and taxes mobilised from corporations rose by some G\$13 million. Excise duties which had been projected to yield G\$53 million fell to G\$39 million. The budget estimates of consumption taxes, import duties and other miscellaneous taxes were G\$86.0 million, G\$37 million and G\$14 million respectively; while their yields amounted to G\$84 million, G\$37 million and G\$4 million.

THE EXTENDED FUND FACILITY

During 1980, the Government renegotiated an Extended Fund Facility with the International Monetary Fund under which the country became eligible to draw resources amounting to G\$300 million over a three-year period. The Government drew two tranches amounting to G\$117 million in the course of the year. These resources helped considerably in stabilising the economy.

Physical Achievements in 1980

The capital programme for 1980 had certain clearly defined objectives. Its broad sectoral emphases were in the area of agriculture (including fisheries), manufacturing and industry, and the social sectors of health, housing and education; but its specific objectives were to complete or speed up ongoing

projects, recommence work which had been suspended the year before and rehabilitate and upgrade existing facilities. The programme achieved a measure of success of which we can be proud. In 1980, over 100 community projects, spread throughout every region of the country, were completed. The Government gives a high priority to community projects for they provide facilities which have an immediate beneficial impact on the welfare and well-being of our rural, hinterland and other communities. They include community centres, schools, teachers' houses, agricultural bonds, stellingen, bridges and similar facilities upon which the communities for whose benefit they were provided have placed a great value.

In the socially sensitive area of pure water supply, 23 new wells were sunk and 9 pumping stations built in various parts of the country. In addition, by the end of the year, 30 miles of new pipelines were laid, either extending the supply of potable water or providing such water for the first time in 50 communities.

14 new schools were built in different parts of the country; while the Ministry of Housing completed 417 houses in addition to a 13-apartment low-rental building in Ruimveldt.

The Onverwagt Irrigation Scheme, a project between the Government of Guyana and the Government of the D.P.R.K. involving some 500 hectares, was virtually completed. Hundreds of farmers are now enjoying vastly improved drainage and irrigation facilities and their production should show significant increases this year. In further efforts to assist our farmers and stimulate production, three electrical pumps were installed at Craig/Milne to improve the drainage of 1,250 hectares of agricultural lands.

All the major structures under Contract I of the Tapacuma Scheme were completed and farmers are already benefiting from the improved drainage and irrigation facilities and roads. Substantial progress was made on the MMA project: the seven-door sluice was completed and work progressed rapidly on the conservancy dam. Here again, farmers are reaping the benefits of the work already done. On the Black Bush Polder project the consultants have been appointed and are on the job. Substantial progress was made on the Coldingen Mechanical Workshop Complex, the Rebuild Workshop at MARDS, the East Bank Berbice Road, the Essequibo Sea Defence and the Pure Water Supply projects at Linden and Bartica and the Anna Regina Tourist Facility.

On the Upper Demerara Forestry Complex Project, the Mabura Hill Road was virtually completed and work progressed on the township and other aspects of the project.

Phase I of the Solvent Extraction Plant at Farm was completed and work continued on other aspects. Construction of the Bicycle Factory and the

Tannery at New Amsterdam proceeded. The Sanata Textile Mill, a project between the Governments of Guyana and the People's Republic of China, was commissioned and went into production. Last year it produced 640,000 metres of textiles. The Glass Factory at Yarrowkabra was also completed. It will be commissioned as soon as Guyana Electricity Corporation can confirm that it is in a position to supply the power requirements on a reliable basis.

SOME ACTIVITIES BY PUBLIC CORPORATIONS

Among major activities by corporations were Guysuco's investment in State Farms at Blairmont, Manarabisi, Kaituma and Wauna; Guyana Rice Board's construction of Rice Storage Bins at Somerset and Berks; Guyana's expansion of the Lurgi Calciner and the development of the Montgomery Mines; G.E.C.'s projects for the extension of the 69 KV Transmission line from Sophia to Canefield, Corentyne, and the rehabilitation of the Onverwagt sub-station, the New Amsterdam system and the turbines at Kingston; Diamond Liquor's modernisation of its fermentation plant and improvement of its Bottling Plant and Winery; Guyana Pharmaceutical Corporation's investment in the Edible Oil Plant, soap and detergent plant; Guyana Lithographic's rehabilitation of its facilities; Guynec's expansion of its foundry capacity and rehabilitation of its facilities; Guyana Transport Services Limited's construction of a Bus Depot and workshop at Ruimveldt.

LOCAL PRIVATE SECTOR ACTIVITIES

The scope for local private sector intervention and investment in the economy is ample and is guaranteed by our new Constitution. The private sector was quite active in 1980 and made fixed investments estimated at \$70 mn. Some of this investment was in the area of forestry, the manufacturing of stoves and the manufacturing of plywood, among others. In particular, the Government noted with great satisfaction the many efforts which are being made by businessmen to produce spare parts and other components locally.

Institutional and Other Developments during 1980

During 1980 there were encouraging developments and progress in those institutional arrangements which are necessary underpinnings of our policy or which are crucial to the strengthening of our economic and financial performance. Three of these are worthy of particular mention.

The first relates to the Incentive Schemes. The relationship between real improvements in workers' remuneration and increased efficiency does not need to be restated. It is now accepted on all sides without reservation. It was therefore extremely heartening to note that during 1980 nearly all public corporations had in place approved incentive schemes. Indeed, for the years 1979 and 1980 a sum totalling \$11.6 million has been paid out by Corpora-

tion as incentive rewards to workers. In the course of the Budget Speech last year, I announced that the Government had extended the incentive schemes to cover all public sector agencies including the Ministries, the teaching profession and the Disciplined Forces. I state with regret that most of these agencies have not yet got down to the task of preparing their incentive schemes. The task poses no insuperable difficulties, for some Ministries did prepare and submit their schemes and had them approved. For example, the Ministry of Information not only submitted its scheme in 1980, but some employees of that Ministry were able to obtain incentive rewards based upon their achievement of the targets approved under the scheme. I mention, too, with commendation, the efforts of the Ministry of Works and Transport in submitting a well-thought-out scheme. These however are reassuring developments and I would therefore urge those agencies which have not yet prepared their schemes to do so as urgently as possible for 1981 so that the workers would not lose the benefits of an important component of their wages package.

Secondly, I would like to refer to the pricing structure within public corporations. During the course of last year the Government, through the agency of the State Planning Secretariat, the Ministry of Trade and Consumer Protection and the Bank of Guyana, analysed the mark-up policies on a selected range of sensitive goods sold by public corporations. The volume of work was enormous. However, the Government was able on the basis of the interim report to issue certain guidelines on mark-up policy which affected some 4000 items. As a result, there was a significant reduction in the prices of these items. The objective was to ensure that any movement in prices did not arise from arbitrary decisions, but was directly related to changes in the cost of acquisition. There is much more work to be done to enable the Government to arrive at a definitive pricing policy and this work is continuing. But the experience of 1980 has been encouraging.

The third development relates to the vexed question of spare parts. It has become clear that the spare parts problem, in the public sector at any rate, is not merely a result of foreign exchange shortages. It has much wider implications and in one sense is a systems problem. Procurement methods, inventory control procedures, distribution mechanics — inefficiencies in all of these areas have contributed to the difficulties. In the circumstances, the Government secured the services of a consultancy firm — AESO SYSTEMS — to study this problem and to advise on appropriate systems and procedures. It is expected that the work done by AESO would help to remove or reduce this problem which has undoubtedly hampered production.

The 1981 Programme

In designing our programme for 1981, we have to take into account the domestic and international economic realities and factor them into our plans. Thus, we must be conscious of certain facts such as the adverse terms of

trade, long and uncertain lead times for the delivery of machinery and equipment and foreign exchange stringencies which inevitably reduce our ability to acquire both in terms of timeliness and quantity the spare parts and other inputs we require for production. And, of course, we have always to take into account the high and steadily increasing price of oil. In the light of these actualities we cannot have extravagant expectations, and we cannot expend or deploy our resources inefficiently. We have to exercise the tightest possible control over the planned utilisation of our resources, bearing in mind, however, that parsimony is not necessarily economy. All agencies within the public sector must therefore be cost-conscious and, wherever possible, harmonise their efforts to effect economies and ensure that they all go in the same direction within the general framework of Government's policy.

Some General Policy Guidelines

The national objective of the creation of a socialist society is not at large. It is a directive of our new Constitution. A sensitivity to this objective and an awareness of its implications and requirements must permeate and inform the programmes and policies of all our public sector agencies. These agencies have to operate under full public scrutiny; and they must involve the workers through their Trade Unions, their local democratic organs and other socio-economic organs in the management process as required by the Constitution. Indeed, in the course of this year, in consultation with and with the involvement of the Trade Union Movement and other relevant interests, the Government will begin the experiment in co-operative management in certain selected enterprises in order to give meaning and substance to those constitutional provisions which confer a right and a duty on the people to assume more direct responsibility for managing and decision-making in our national life. We must approach this task with patience and goodwill and seek continuously to find and improve appropriate mechanism.

In conformity with the ideological objective and pursuant to the prescript of the Constitution, the principle of co-operativism must inform our planning, influence our organisational structures and pervade our interrelationships. The practice of co-operativism is inseparably bound up with our socialist ideology, our system of local democracy and our tactics and strategy for the development of our country. At all levels, we have to make a conscious and deliberate effort to encourage people to approach their tasks and their problems collectively; we have to win their interest and harness their enthusiasm and energies to productive purposes. Above all, we have to inform them about what we are doing or hope to do and draw upon their fund of knowledge and experience.

The system of local democracy, which began to be phased in with the election of the Regional Democratic Councils in December last, has among its main objectives the improvement of our efficiency in the management of our country and of the financial, human and material resources which have been mobilised for development. To this end, therefore, many functions

which hitherto had been performed by the Central Government in the Regions would now devolve on the local democratic organs; and public officials within the various regions would be accountable to the local democratic organs — the elected representatives of the people whom the officials serve. The aim is to harmonise the activities of Central and Local Government and leave within the Regions a large measure of decision-making authority insofar as decisions relate to the efficient management and development of the regions; and, generally, by harnessing the wisdom, energies and initiative of the people to liberate the productive forces. The local democratic organs will have the task of identifying the resources in the Regions, organising these resources and mobilising the people for production.

It is important that all persons, particularly those in the public sector, understand these far-reaching changes that are taking place and co-operate with the efforts to bring about a smooth and orderly transition. It would be futile for any one to think in terms of personal empires; such thinking is alien to the spirit and the letter of our new Constitution and is productive of stagnation and inefficiency rather than development and progress. We are now in the era of the people. We have to recognise their intelligence, ability and expertise; we have to trust them to manage their affairs; and we have to demonstrate in more than words our confidence in their ability and capability to do just that.

We in Guyana cannot postpone or defer the provision and upgrading of social services and amenities until, hopefully, we have accumulated great material wealth. Not only is such a thesis ideologically unacceptable to us, but it also is politically infeasible. We cannot develop the physical resources of our country unless we make strenuous efforts at the same time to develop the people, to upgrade the conditions under which they live and work, and to endow them with a sense of dignity, self-confidence and self-respect. They cannot respect themselves or other people if they are doomed to exist in a squalid and depressing environment. The improvement of the physical environment throughout our country therefore becomes a matter of immediate and prime importance, not merely for aesthetic purposes, but because we consider it to be fundamental to the stimulation of production and to the advancement of our developmental objectives. In field, office, factory, in every community, where people live, work or foregather for productive or recreational purposes, we will have to pay strict attention to the quality of the environment.

It has been rightly remarked that in a modern state development can be summarised in one word: energy. Without an adequate supply of energy the developmental process cannot take place. If we are unable to afford the cost of energy then we will be unable to achieve the development goals we

have set ourselves. In the course of this year, we have to do a number of things to ensure that we can have access to the energy we require for development. First, we have to continue to exercise the strictest control over the utilisation of our imported fuel; secondly, we must continue our search for and utilise alternative sources of energy; thirdly, we have to continue the process of rehabilitating the Guyana Electricity Corporation to enable it to function at optimal efficiency to ensure that there is no interruption of our production activities because of an absence of power; fourthly, we have to intensify our search onshore and offshore for oil; and fifthly, we have to pursue vigorously and methodically on all fronts our quest to make a reality of the hydro-power-cum-smelter project based on Upper Mazaruni. No public sector manager or official can discharge his responsibilities with effectiveness unless he understands and takes seriously the problem of energy.

The intensification of the process to strengthen our planning, management and supervisory mechanisms and our financial systems will be an integral part of our programme for 1981.

Some Specific Programmes in support of our 1981 Efforts Local Democratic Organs

As a direct consequence of the emergence of local democratic institutions and the devolution of a wide range of responsibilities on them, Central Government Ministries and activities will be regionalised. This regionalisation will be reflected in the Estimates. The Estimates will therefore show the deployment of Governmental personnel within each Region, will identify the projects being undertaken in the Regions and will allocate the financial resources accordingly.

This presentation of the Estimates is not cosmetic. The Local Democratic Organs will be responsible for the achievement of the regional programmes and objectives. Consequently, they will control not only regional personnel but the money allocated for regional activities. Effective financial administration will be indispensable to the success of the local democratic system. To this end, therefore, a number of measures will be taken. The Ministry of Finance will decentralise its activities by establishing sub-Treasuries in every Region in the course of this year. The Auditor-General will also decentralise his activities and establish a presence in each region. The Chief Executive Officer of the Regional Democratic Council will be made an Accounting Officer and will be responsible, in the same way as a Permanent Secretary, for the proper application of Central Government funds transferred to the Region. Thus, he will be responsible to the Accounts Committee of this National Assembly just as a Permanent Secretary is accountable. The Comrade Minister of Regional Development will in due course promulgate the necessary Financial Regulations and administrative and other directions to ensure that appropriate financial systems and procedures are put in place.

FINANCIAL DISCIPLINE AND ACCOUNTABILITY

Financial discipline will be strictly enforced in the course of this year throughout the Public Sector. All public sector agencies whose annual Reports and accounts or other periodical financial reports are in arrears will be required to have them brought up-to-date in accordance with a clearly defined time-table. The Comrade Minister, Finance, in the Ministry of Economic Planning and Finance, has been assigned a special responsibility to ensure that this is done. Moreover, he will ensure that all public corporations pay their income taxes promptly as they fall due and also pay to the Central Government the dividends which ought to be paid. In addition, he will ensure that in every Ministry the proper financial systems are in place, the proper books of accounts are kept and written up in accordance with the Financial Regulations and other directions, and that all returns are made to the appropriate agency as and when they are required.

The Public Accounts

The Government will ensure that the Public Accounts which had been for many years lamentably in arrears will be brought up-to-date in the course of the year. Much work was done in the course of last year and this year on this special assignment, and I would like to congratulate the officials concerned for their dedicated and commendable approach to the task.

The Government's financial statements and balance sheets which are required to be submitted to the Auditor-General in accordance with the Financial Administration and Audit Act, Chapter 73:01, will be brought up-to-date by June 1981. The statements and balance sheets for the outstanding years 1975 – 1977 have already been submitted to the Auditor-General by the Accountant-General. The statements and balance sheets for the years 1978, 1979 and 1980, will be submitted to the Auditor General by 30th June, 1981. Thereafter, these statements and balance sheets will be kept up-to-date by the strict discipline of their submission to the Auditor-General by 30th June in the year after the accounts have been closed.

As part of this discipline, the Inspection Unit in the Accountant-General's Department has been reactivated and strengthened and will ensure that the accounting and financial systems and procedures as well as internal controls in the Ministries, Departments and Regions are maintained and observed. Personnel from this Unit will make regular inspections and report on the work of all offices concerned. The Unit will also identify any weaknesses in the systems for accounting and financial controls and recommend the necessary corrective measures. In consultation with the Public Service Ministry, the Unit will also undertake some training of personnel working in this field.

Moreover, financial transfers and other business transactions take place between the Central Government and the Public Corporations.

Consequently, public corporations would also be required to maintain the same high standards of financial discipline and to submit promptly all financial data required by the Ministry of Economic Planning and Finance and other appropriate Government agencies. **In other words, the systems for financial control and accountability in the public sector will apply equally to public corporations and to Central Government agencies.**

Central Government Ministries:

Missions and Targets

For the first time, all Central Government Ministries were required to document and submit to the State Planning Secretariat a work programme and targets for 1981 within the framework of a mission statement. Each Ministry's performance will be judged and assessed in relation to these programmes and targets. From now on Ministries will be required to adopt this methodology in organising their activities.

WOMEN'S BUREAU

This Government takes with the utmost seriousness the various mandates in the People's New Constitution. We are commanded not merely to remove discrimination against women and children from our statute books and administrative practices, but to provide all the necessary facilities and mechanisms to ensure that this equality is substantive and not merely declaratory. To give effect to these directions, the Government has created a Women's Bureau under the aegis of the Ministry of Public Welfare to monitor and expedite the work which has to be done to give substance and meaning to the constitutional provisions.

Co-operation with the TUC

It has always been and always will be a cardinal principle of Government's policy to work in close co-operation with the Trades Union Congress (TUC) and the workers' organisations and leaders. Government has noted with satisfaction the expanded role and deeper involvement which the Constitution has assigned to Trade Unions in this new phase of our development. This role, as the Government understands it, is not discretionary but mandatory. To help the TUC to discharge its important responsibility for training and upgrading the skills of workers and trade union cadres, the Government will this year be making a total contribution of \$300,000 to the Critchlow Labour College, being a substantial increase over the contribution of \$190,000 made in 1980. The Government will continue to consult with and give due weight to the views of the TUC on matters of national importance or of interest to the workers.

Export Development Fund

In order to assist manufacturers, the Government has this week set up an Export Development Fund (EDF) with World Bank financing, initially in the amount of US\$8 million. The EDF will be a revolving fund and will be administered by the Bank of Guyana. It will make available to manufacturers foreign exchange for the purchase of their raw materials imports and go a far way towards easing some of their production problems. The Government is also currently in discussion with the Caribbean Development Bank about a similar facility to be funded by the CDB under the Caribbean Industrial Finance Facility for Small Scale Enterprises Scheme. The Government continues to demonstrate by its actions its support for the manufacturing sector in the country.

The Maintenance of Peaceful Conditions

The development of our country at a pace and in the direction acceptable to our people requires an environment of peace and stability. Over the years it has been in office the Government has established and carefully cultivated the conditions conducive to internal tranquillity. It will continue to do so as an absolute priority. The integrity of our country, the right of our citizens to go about their lawful occasions without fear, the maintenance of the conditions favourable to production and development — these are all matters to which the Government is firmly and unequivocally committed and on which it will never compromise. These are assurances to the nation.

The 1981 Budget

Basic Assumption and Production Desiderata (Targets)

I now state the underlying assumptions and production desiderata which have informed the 1981 Budget. I use the term 'production desiderata' rather than 'targets' because in my conversations with workers and their Trade Union representatives I have noted a measure of misunderstanding of the latter term as used in the Budget. Trade Unionists tend to confuse the targets set in the Budget with the targets they have negotiated, or hope to negotiate in the course of the year, as the reference point for ascertaining and quantifying certain benefits under their collective agreements. As used in the Budget, however, the term relates to production and other levels which we as a nation **must** achieve if we are going to ensure the financial and other outturns projected in the Budget as being desirable and necessary for our economic well-being and progress. Needless to say, the production levels set out in the Budget are based upon our proven capability, our historical performance, existing plant capacity and infrastructure, and the known and anticipated constraints, among other things. The Budget attempts to set numbers that are realistic and attainable. But to the extent that we fall short of these desirable production levels at the end of the year, to that extent (and indeed usually to a greater extent) the Budget forecasts

and the workers' expectations for improved wages and better conditions life are reduced.

Sugar, Bauxite and Rice continue to be the critical sectors of our economy. For some years to come, until major ongoing investments are completed and begin to yield the expected returns, the nation's well-being will be bound up with the fortunes of these industries. This is a fact from which there is no escape. The projections and programmes in the Budget are therefore based squarely on reasonable performances in these sectors and will require the following volumes of output:

Sugar	—	310,000 tons
Bauxite		
Calcined	—	735,000 "
Metal Grade	—	919,000 "
Chemical Grade	—	400,000 "
Alumina	—	240,000 "
Other Grades	—	40,000 "
Rice	—	217,000 "

Considering what we have done in the recent past, these volumes reflect a cautious assessment. When due weight is given to the known constraints, the tonnages are attainable. But we will have to address our minds seriously to the technical and other problems which have thwarted our efforts in recent years to achieve relatively modest targets. In all three sectors there will be a vigorous and methodical effort to this end.

The Sugar Industry will pursue a number of programmes and policies designed to stimulate better performance. There will be introduced and enforced an optimal ratooning policy to ensure better yields; stricter quality control to ensure the delivery of cane at the factories in a clean state; improved supervision throughout the Industry and more systematic inspection and maintenance programmes in the factories to reduce downtime to a minimum. The increased availability of spare parts will assist greatly in these programmes. For the first time the industry will be introducing a crop balance or a reaping schedule to achieve the best balance between the reaping of the first and the second crop. But, of course, central to the success of these efforts will be, as always, a good industrial relations climate. In this connection, Guysuco has introduced a scheme of monthly incentive awards for sugar workers from the first crop. This scheme, together with other measures aimed at improving the workers' welfare, should be conducive to securing reasonable industrial relations and a good harvest.

In the Bauxite Industry also, Guymine has adopted a set of strong and practical measures to help speed up its return to acceptable levels of production. It has contracted the services of the Green Construction Corporation

to eliminate the lag between stripping and mining, and is collaborating with Maschinen Export/IBK Consulting Enterprise of the German Democratic Republic to acquire the techniques and institute the systems for effective forward planning and mine development. A contract with Kaiser is designed to help in overcoming the current problems being experienced with the quality of the alumina product; and one with U.S. Steel will increase the efficiency of the calcining operations in the Berbice Operations. In addition, the Industry will upgrade the efficiency of its ore-handling procedures through the expert assistance of the Austrian firm, Austro-plan; and at the same time it will be utilising the services of a well-known firm of auditors, Touche Ross, to revamp its accounting systems and practices with a view to improving its cost efficiency.

Simultaneously, the industry will be paying strict regard to the welfare of the bauxite workers. The special incentive scheme now in place produced high levels of productivity at Kwakwani and Everton last year and should have a similar effect throughout the Industry this year. Additionally, a fleet of new buses is being acquired to improve the quality of the transportation for workers. All of these measures, together with the increased availability of spare parts, should enable the industry to maintain the upward production surge which was observed in the last quarter of 1980 and restore the industry's reputation for reliability in meeting its contractual obligations both in quality and volume terms.

The Rice Industry will also be pursuing a vigorous programme to improve efficiency. The Government has negotiated a Line of Credit with the Brazilian Authorities for the importation of tractors, harvesters and spares. Under this Line of Credit, 150 tractors and 12 harvesters have been imported and deployed throughout the rice growing areas. In the course of this year the Government will ensure that there is a sufficient number of machines to enable the land to be prepared and the crop to be reaped. But, of course, it is not merely or only a question of obtaining machines and equipment; it is equally one of people and management. The Government has already started the process of strengthening the management structure in the Industry and will take every appropriate action to this end.

On the basis of last year's performance in other sectors of production and certain supportive measures the Government will be taking this year, it is projected that in 1981 there will be good performances in the various fields. We estimate the production of rum to rise from 3.9 million proof gallons in 1980 to 5 million proof gallons this year; textiles from 640,000 metres to 1.5 million metres; refrigerators from 20,000 units to 30,000 units; gas stoves from 5,000 units to 40,000 units; garments from 392,000 dozen to 500,000 dozen; timber from 4.9 million cubic feet in 1980 to 5.2 million cubic feet. The production of shrimp is projected at 8.1 million pounds; fish at 40 million pounds; poultry at 27 million pounds; eggs at 58 million units; pork at 36 million pounds; while the production of

plantains, ground provisions, green vegetables and fruits should continue to show the increase which they have been showing continuously over the past years.

The attainment of these production volumes would increase our GDP at factor cost from \$1,370 mn. to \$1,640 mn., representing a real growth of about 7.9%. I stress again, as I did in 1980, that this growth rate is superficially high. We are starting from a relatively low base and we are aiming at levels we have achieved and sometimes **exceeded** in the fairly recent past. Given careful planning and strong commitment, we can attain and surpass them once more.

EXPORTS AND IMPORTS

On the basis of the production figures considered to be desirable and known to be achievable and the measures being taken to stimulate productivity, merchandise export earnings should reach \$1,316 mn., being an increase of 34% over the relatively low 1980 earnings.

Sugar prices improved last year and, notwithstanding certain difficulties looming on the horizon with respect to sugar imports into the EEC, these prices should remain reasonably favourable. Sugar exports are therefore expected to yield \$402 mn. Reasonable weather being assumed, rice should contribute \$128 mn., as a result of increased production and increased exports. There is every indication that the Bauxite/Alumina production graph which climbed during the last quarter of 1980 would maintain this trend, and the industry should as a result of the good markets, earn \$636 mn. The real issue in the Bauxite Industry, as indeed in the other two major industries, is really one of production and exports. The markets are there and the prices are good.

Other exports are projected to earn \$150 mn., an increase of \$30 mn., or 25% over 1980.

All relevant factors having been taken into account, merchandise imports will be budgeted at a value of \$1,325 million.

The 1981 Capital Programme

In conformity with the Government's firm insistence on planning and a methodical approach to the development process, capital outlays will be made within the framework of the 1978 — 1983 Investment Programme which is included in the Annual Estimates of Revenues and expenditure laid in this House. An important component of the programme will be the rehabilitation of our capital stock including plant and machinery, roads, drainage and irrigation systems and buildings. Major investments will go

upgrading our transportation services, housing and the construction and upgrading of educational facilities. In the course of this year, several major projects or phases of such projects are scheduled for completion.

The Onverwagt Irrigation Scheme will be completed; as will be the Hospital at Aishalton, the Anna Regina Holiday Facility, the Pure Water Supply System at Bartica, the Mechanical Workshop at MARDS, the Bicycle Project and Leather Tannery in New Amsterdam. Phases II and III of the Vegetable Oil Mill will also be completed.

Work will continue apace on the water control projects at Tapakuma, MMA and Black Bush Polder, and also on the Upper Demerara Forestry Complex. Included in the work to be done in the latter project will be the installation of five generating plants. Construction on the East Bank Berbice Road, the new Customs building, the new Teachers' Training College, schools and other buildings under the Second Education Project and the Health Care Delivery Project will gather momentum; and the Linden Pure Water Supply project will be virtually completed. The ongoing programme of constructing or upgrading hinterland airstrips will be maintained. A new aspect of the Coldingen Mechanical Workshop Complex, namely, the Training Centre, is due for commencement this year as are several facilities such as marketing centres in rural areas under the Food Crop Project. The development of the Demerara Fish Port Complex will proceed to a new stage: the wharf and berthing facilities will be extended, a repair and maintenance workshop established, cold storage facilities provided and a generating plant installed.

The Plant Maintenance and Hire Department of the Ministry of Works and Transport will embark upon a programme to rehabilitate some 200 land rovers, trucks and pieces of heavy equipment.

The ongoing programme of well drilling and extension of pure water supply systems will be intensified this year.

PUBLIC CORPORATIONS 1981 PROGRAMMES

During this year, the capital expenditure of public corporations will amount to \$195 mn. Guysuco will invest \$25 mn. mainly to rehabilitate facilities in the sugar estates and to replace equipment and machinery. Guyana Rice Board will invest \$21 mn., the major elements of which will be the construction of rice storage and export facilities. Guyana Fisheries Ltd. will expend \$16 mn. to purchase new trawlers, refrigerated trucks, to rehabilitate the New Amsterdam Fish Processing Plant and to expand processing capacity. Guymine will outlay \$60 mn. in a rehabilitation and replacement programme.

Guyana Electricity Corporation's investment will amount to \$25 mn. for its expansion and rehabilitation programme, and Guyana Pharmaceutical Corporation will spend \$4 mn. mainly in completing the Edible Oil Plant at Farm. Construction of the corrugated Carton and Box Plant, part of the Seals and Packing Plant Complex, a subsidiary of Guyana Liquor Corporation, will absorb \$10 mn. Other investments will be made by Guynec in the expansion of foundry capacity and by Guyana Transport Services Limited in the construction of a workshop and depot for its buses.

The Housing Programme

This year will witness the start of a massive housing drive. With the completion of the Belfield Housing scheme last year, work will be intensified with the expansion of Melanie Damishana and Wisrock Housing Scheme and the completion of the Schemes at Clonbrook, Burma and Grove. Some 100 houses, part of the Upper Demerara Forestry Complex township, will also be completed. The Government, through the agency of the Ministry of Housing, will be leading the way in housing construction this year; but the Guyana Co-operative Mortgage Finance Bank, insurance companies, pension funds and credit unions will all be deploying their resources in support of this effort. Insurance companies have already indicated that they would mobilise at least \$30 mn. over the period 1981 – 1983. This is just the beginning of a renewed and sustained drive by the Government to ensure that every Guyanese has an opportunity for adequate and decent housing.

To encourage private citizens to rehabilitate and extend their residences, consideration will be given to the possibility of making the interest payments on mortgages obtained for such purposes – tax deductible.

Culture and Sports

In the Government's view, culture and sports cannot be divorced or separated from national development. The Government will therefore be making substantial allocations for the development of these areas of activity and will commence preliminary work on a project to build a National Stadium so that our citizens can be properly and comfortably accommodated for sporting and cultural events and on national occasions. Work will also proceed on the further development of the Co-operative Youth Palace which, when completed, will enable our children to be endowed in a pleasurable way with technical and cultural skills along with the habit of self-reliance and service to people.

The 1981 Financial Programme

The total public expenditure of the public sector is projected to increase from the level of G\$1128 million in 1980 to about G\$1330 million in 1981.

It is expected that Current Expenditure of the Central Government would total G\$733 million, net of any provision for adjustments to wages and salaries in the traditional public sector. This could well increase to slightly more than G\$745 million. The exact level at which these extra payments will settle will depend on the extent of the increases in productivity on which incentives are paid.

Capital expenditures of the Central Government are targeted at present at G\$429 million; but G\$26 million of this amount represents transfers to corporations in the public sector, particularly within the Guystac Group, for financing the capital programmes which the corporations will be undertaking. The investment programme of these corporations amounts at present estimates to G\$195 million. Taken together, these expenditures require financing in the amount of G\$1331 million, net of any provision for adjusting wages; and it will require financing of slightly more than G\$1340 million if productivity increases justify a higher wage bill.

Financing the Programme (1)

The financing of this programme rests considerably on increases in surpluses of the public sector corporations which after allowing for taxes, dividends and depreciation provisions should rise from G\$100 million in 1980 to G\$135 million. The dividend and tax payments of the corporations are projected to rise from G\$73 million to G\$128 million. In addition, it is projected that gross borrowing by the Central Government will almost double the 1980 level, rising from an estimate of G\$197 million in 1980 to one of G\$382 million in 1981.

To support these measures and to maintain the buoyancy of the total tax system in the light of proposals to reduce marginal rates on the direct taxes of personal incomes, a set of tax measures is proposed. These will be applied only to the following items: cigarettes, alcoholic beverages and aerated beverages.

The first proposal relates to the rationalisation of specific and ad valorem taxes which are at present applied to alcoholic beverages. The specific

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consumption taxes on rum which is at present G\$10.18 per proof gallon and which include an ad valorem rate of 8% will be consolidated into a specific consumption tax rate of G\$16.10 per proof gallon. The method and amount of consolidation will be the same in respect of specific and ad valorem taxes applied to gin and vodka. The amounts in respect of whisky and brandy represent respective increases in specific proof gallon consumption taxes G\$19.77 to G\$27.00 and G\$28.00 per proof gallon. The ad valorem consumption tax rate of 8% on these items will be removed. In respect of beer, the excise duty rate will be increased from G\$7.16 to G\$8.40 per liquid gallon, and in the instance of cigarettes, the consumption taxes will be raised from G\$12.89 per lb. to G\$16.00 per lb. A similar small increase will be applied to the consumption tax on aerated beverages. This will be increased from 2c. to 4c. The price effects of these proposals will not be substantial. The price of a 24 oz. bottle of rum should not increase by more than 50c. per bottle; that of a 24 or 26 oz. bottle of gin, vodka, whisky and brandy should not increase by more than 65c. The price of a bottle of beer should be increased by no more than 10c. retail and the price of a pack of 20 cigarettes should go up by about 15c. per pack, that is, less than 1c. per cigarette.

These measures will together raise about G\$14 million in taxes in addition to revenue projected on the present excise and consumption tax rates. These taxes will be applied to sales as from today.

The Worker, His Productivity and His Rewards:

Principles and Proposals

In considering the question of workers' wages and rewards, I wish to re-iterate two basic principles upon which the Government and the Trade Union Movement are agreed: first, that increases in workers' real wages can come only from increases in production; second, that in designing any wages package there has to be a linkage between an increase in wages and an increase in productivity; otherwise, any wages increases given would be merely illusory.

The Government has consistently made it clear both in this House and elsewhere that it is not prepared to treat the vital issue of workers' remuneration as a game or to resort to financial legerdemain in dealing with so serious a matter. On this and indeed on all matters affecting their welfare, it is the Government's invariable policy to deal openly and frankly with the workers and their unions; for the Government is satisfied that the workers have a shrewd understanding and grasp of the economic facts of life. As I indicated in last year's Budget Speech, the Government

has a genuine interest in improving the workers' take-home pay, that is, their after-tax earnings. It was for this reason that, as part of the 1980 wages package, the Government made substantial income tax adjustments and increased personal tax allowances by 25%. These adjustments, together with the across-the-board increases, enabled the workers to enjoy enhanced pay packets.

As I also explained on that occasion, the Government recognised and sympathised with the problems which members of the traditional Public Service were experiencing with the levels of their remuneration, a problem which was compounded by the differentials between their rewards and those in the rest of the Public Sector.

Because it was actuated by a sense of urgency, the Government had appointed the nucleus of a Committee even before the public announcement in the Budget to commence work on analysing this problem. The Committee, which was chaired by Comrade Malcolm Johnson, Chief Executive Officer of the Central Recruitment and Manpower Agency, was fully constituted immediately after the Budget presentation and comprised members of the Public Service and nominees of the Unions representing the employees. Under its terms of reference it was to make recommendation to the Government relating to the salary structure of the Public Service.

I have been advised that this Committee has been grappling manfully with what has apparently turned out to be a very complex and complicated question and is not yet in a position to present its report to the Government. The Government had intended to use this Report as a basis for discussions aimed at finalising an agreement with the T.U.C. However, the Government is not prepared to allow the absence of the Report and the consequential lack of a basis for definitive negotiations to prevent it from proposing a substantial measure of relief to our hard-pressed public officers in view of the exigency of their claims. These, of course, will be **interim** arrangements and will not prejudice any adjustments in differentials to be negotiated on the basis of recommendations arising from the Johnson Report. In keeping with Government's policy, these present proposals will be implemented in consultation with the T.U.C.

I now propose the following principles for the guidance of discussions on the implementation of these interim arrangements:

First, there should be income tax relief so as to defend and protect the workers' take-home pay by ensuring nominal increases earned by increased effort are not unduly eroded by taxation.

Secondly, incentive awards should be an integral part of the configuration of the wages structure.

Thirdly, there should be a greater premium by way of wider differentials for certain critical skills.

Fourthly, all benefits accruing from any agreement under these interim arrangements should take effect from 1st January, 1981.

The Government has held preliminary discussions with the TUC and expects that immediately after the presentation of this Budget all parties will meet with a sense of urgency and in a spirit of goodwill and realism to arrive at agreements and work out details within the compass of these proposals. Government sees no good reason why general agreement could not be reached by end of March, 1981.

There are some categories of public officials, the peculiar circumstances of whose case the Government fully appreciates and whose just claims the Government proposes to deal with on a special basis and with immediacy. These include our judges and permanent secretaries and some comparable officials.

I have already explained Government's concern for the quantum of after-tax income of the workers. While all citizens must bear their just share of taxes for the development of our country, the Government is anxious that taxation should not have the undesirable effect of being a disincentive. Two years ago, I announced to this House that the question of the impact of personal income tax on wages and salaries was being carefully examined.

As a result of an initial report on this matter, the Government made substantial adjustments to personal tax allowances last year. Within the ambit of the principles I have outlined for reaching a consensus on interim arrangements to enhance workers' take-home pay, I am now happy to announce more extensive proposals for income tax relief based upon adjustments to the income tax bands.⁽²⁾ The existing tax bands will be widened in such a way that every tax payer will benefit and the marginal rates will not erode taxable incomes as sharply as they do under the existing tax regime. Tax payers will gain substantial benefits from these proposals in terms of taxes saved. Such savings will range from 33 1/3% for lower chargeable tax bands to 15% in higher.

The actual details of the new bands will be published in the press.

The National Insurance Scheme is one of the proudest monuments of the People's National Congress Government and constitutes the most powerful evidence of its commitment to the interests of the workers during their active working life and in retirement. The Government continues to ensure

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that benefits accruing to workers under the Scheme are progressively extended. In the circumstances, therefore, I wish to announce the following new important benefits that workers will now be enjoying:

- (1) All Old Age and Invalidity Pensions will be increased by 30% as from 1st January, 1980. The Scheme has already paid out \$1.5 million in arrears of pensions under this decision;
- (2) the minimum rate of Old Age and Invalidity Pensions will be increased from 30% to 40% of the relevant wage
- (3) the relevant wage for the purposes of Old Age and Invalidity Pensions will be redefined to enable the insured worker to so utilise his contributions in the various wage-groups that he can get the highest possible pension payable on his contributions;
- (4) the conditions for eligibility for Invalidity Pensions will be made easier;
- (5) the qualifying age of 55 years for Invalidity Pension Benefit will be removed. A worker who has been invalided will now qualify at any age once the other conditions are satisfied;
- (6) medicare benefits will now extend beyond industrial accidents and will accommodate normal illness.

OLD AGE PENSIONS

Cde Speaker, last year Old Age Pensions were increased by 100%. Our new Constitution directs that our aged citizens should be entitled to live in reasonable comfort and dignity. The Government is ever anxious, Cde Speaker, to give effect to the mandate of the Constitution and, consequently, as from 1st January, 1981, will increase further the pensions payable to our senior citizens by 50%. It will be noted, therefore, that between 1st January, 1980, and 1st January, 1981, the Government will have increased Old Age Pensions by 200%. This People's National Congress Government does not pay lip service to the clear mandate of the People's New Constitution. It acts with promptitude and decisiveness.

PRICE POLICY

The Government intends, in support of its wages policy, to maintain and pursue the further development of its Price Policy. Price policy will continue to aim at defending the wages of the workers by ensuring that the mark-up on essential commodities bears a reasonable relationship to acquisition and selling costs. This policy, however, is not intended to be a

disincentive to production or result in unsustainable or undesirable subsidies. The Government remains firmly committed to the policy objective of ensuring that basic commodities vital to the workers every-day existence are available at the most reasonable prices in all the circumstances. The régime of price controls over these sensitive items would remain and price movements would have to be justified on the ground of increased costs.

CONCLUSION

Comrade Speaker,

In the harsh economic climate of today's world, few oil-importing developing countries can claim to have survived with dignity. Few countries, developed or developing, can claim to have done better in 1980 than in the year before. Few countries can claim to have produced enough food to feed their population. Few countries can claim to have avoided massive retrenchment of workers in the pursuit of policies to salvage their economies,

Comrade Speaker,

We Guyanese have done all of these things. We are entitled, I concede, to feel a restrained satisfaction in the results of our efforts; but we know and we accept that we can do better. And I am sure that in 1981 and in the years ahead we **will** do better!

For, Comrade Speaker, we have the resources, and we have the energy, the capacity and the will to develop them. In the past, our political institutions circumscribed the opportunities for the direct intervention of the masses of people in an organised and authoritative way in the development task. The People's New Constitution has dismantled these old, cramping arrangements and has opened up new horizons for the creative use of freedom; and the system of local democracy, which the Constitution has established as the foundation of the political organisation of our State, has set the stage for the dynamic interaction of the people and their resources.

The conditions, in these circumstances, are favourable for the people to liberate the productive forces and assert their mastery over the development process in their various communities and regions.

And, Comrade Speaker, judging from the enthusiasm with which they have already committed themselves to the task through the embryonic local democratic system, I have no doubt that they understand and fully accept the truth of the Comrade President's statement that our destiny lies in our own hands. We Guyanese have chosen our own path to develop-

ment and have defined our own goal. And that goal, Comrade Speaker? Nothing less than the creation of a commonwealth of prosperity based, as our Constitution envisages, on the unshakeable foundations of social justice.

And as we advance steadily towards that goal with a clearer vision, a firmer step and greater confidence, the Party will continue to give strong, decisive and effective leadership in the service of the people of Guyana.

APPENDIX A
TABLE II.1 – TOTAL PUBLIC SECTOR EXPENDITURE AND ITS FINANCING

G\$ million

	1979	Budget Revised 1980		Budget 1981
FINANCIAL REQUIREMENTS				
1. Current Expenditure – Central Government	576	668	723	748+
2. Capital Expenditure – Central Government less Capital Transfers to Corporations	207	374	356	429
3. Capital Expenditure – Corporations	-21	-67	-56	-26
	112	146	105	195
Total Financial Requirements	874	1121	1128	1346
FINANCING FROM NON-BANKING SYSTEM				
4. Taxes from Government Corporations	48	75	58	69
5. Dividends from Government Corporations	28	33	15	59
6. Other Current Revenue of the Government	319	368	381	382+
7. Capital Revenues – Grants, Sale of Assets, etc.	18	21	16	7
8. Depreciation Funds	63	71	75	80
9. Surpluses of Corporations (after taxes, dividends & depreciation)	91	199	100	135
10. Gross External Borrowing – Central Government	130	227	197*	382
11. Net External Borrowing – Corporations	5	-2	-5	7
12. Public Sector Domestic non-Bank borrowing	38	37	40	71
13. Other Miscellaneous Financing	-61	-57	-90	+31
Total Financing from Non-Banking System Sources	679	972	787	1223
BANKING SYSTEM BORROWING				
14. Central Government Banking System Borrowing	+136	+186	+290	+143
15. Other Public Sector Borrowing from the Banking System	+59	-37	+51	-20
	+195	+149	+341	+123

*Includes G\$57 million which represents a refinancing of a portion of the external public debt.

+Adjusted for provision for increases in current expenditure, for net changes in taxes resulting from tax band changes and for additional revenue measures.

APPENDIX B

**Proposed Income Tax Bands and
Income Tax Rates on the Bands**

	\$	New Tax Rates
The first	1500	5c.
The next	1500	10c.
The next	1800	15c.
The next	2000	25c.
The next	2000	35c.
The next	3000	40c.
The next	4000	50c.
The next	4500	60c.
	Remainder	70c.

3.45 p.m.

Motion proposed.

Cde. Hoyte: Cde. Speaker, now name Tuesday, 24th February, 1981, as the day for the resumption of the debate on the Motion.

ADJOURNMENT

Resolved, "That this Assembly do now adjourn until Tuesday, 24th February, 1981 at 2 p.m." /The Minister of Regional Development. /

Adjourned accordingly at 3.45 p.m.