Official Report

PROCEEDINGS AND DEBATES OF THE NATIONAL ASSEMBLY OF THE FIRST SESSION (2015-2017) OF THE ELEVENTH PARLIAMENT OF GUYANA UNDER THE CONSTITUTION OF THE CO-OPERATIVE REPUBLIC OF GUYANA HELD IN THE PARLIAMENT CHAMBER, PUBLIC BUILDINGS, BRICKDAM, GEORGETOWN

73^{RD} Sitting	Monday, 27^{TH} November, 2017

Assembly convened at 2.12 p.m.

Prayers

[Mr. Speaker in the Chair]

ANNOUNCEMENTS BY THE SPEAKER

Birthday greetings

Mr. Speaker: Hon. Members, a pleasurable opportunity has been afforded me to announce to you that our Hon. Minister, Dominic Gaskin, celebrates his birthday today. It is a time of birthdays, the Prime Minister's birthday is on Thursday. Thank you.

Hon. Members there are two other announcements I must make.

DEATH OF FORMER MEMBERS OF PARLIAMENT

Mr. Speaker: Hon. Members, I was informed of the death of Mr. Mohamed Idris Deen, a former Member of Parliament (MP), who died on the 13^{th} November, 2017, in Toronto, Canada, after a brief illness. He was 86 years old having born on the 9^{th} March, 1931.

Mr. Deen came from the People's National Congress (PNC). Following the elections which were held on the 9^{th} December, 1985, the Fifth Parliament commenced when the National Assembly first met on the 3^{rd} February, 1986. Mr. Deen first became a Member of the National Assembly on the 24^{th} December, 1985. Mr. Deen worked throughout the life of the Fifth Parliament, which life was extended, from time to time, from the 3^{rd} February, 1986, to the 10^{th} June, 1992 and it was dissolved on 29^{th} August.

Elections were again held on the 5th October, 1992. The Sixth Parliament Commenced when the National Assembly first met on the 17th December, 1992. During the latter part of the Sixth Parliament, Mr. Deen, again, became a Member of the National Assembly on the 3rd March, 1994, following the resignation of Mr. Sase Narain from the 8th February, 1994. On the 29th October, 1997, the Sixth Parliament was dissolved and Mr. Deen ceased to be a legislator on the 28th October, 1997.

Hon. Members, I was also informed of the death of Mr. Ali Baksh, a former Member of Parliament, who died on the 23rd November, 2017, at 5 Cotton Field, Essequibo Coast, after a brief illness. He was 70 years old, having born on the 11th June, 1947.

Mr. Baksh came from the People's Progressive Party/Civic (PPP/C). Following the Elections which were held on the 28th November, 2011, the Tenth Parliament commenced when the National Assembly first met on the 12th January, 2012. Mr. Baksh first became a Member of the National Assembly on the 5th November, 2011, and was appointed a Minister in the Ministry of Agriculture.

Mr. Baksh worked in the Tenth Parliament until it was dissolved on the 28th February, 2015. As a Minister of the Government and with the dissolution of Parliament, Mr. Baksh continued to work until the 15th May, 2015. Mr. Baksh ceased to be a legislator on the 16th May, 2015.

Hon. Members, please let us stand and observe one minute's silence as a mark of respect for the late Mr. Mohamed Idris Deen and Mr. Ali Baksh.

[The National Assembly stood to observe a minute of silence.]

PRESENTATION OF PAPERS AND REPORTS

The following papers and reports were laid:

(1) Estimates of the Revenues and Expenditure of Guyana for the financial year 2018.

[The Minister of Finance]

(2) Annual Reports of the Ministry of Agriculture for the year 2016;

(3) Annual Report of the Guyana Live Stock Development Authority for the year 2016;

(4) Annual Report of the Guyana Marketing Corporation for the year 2016;

(5) Annual Report of the Guyana School of Agriculture for the year 2016;

(6) Annual Report of the Guyana Sugar Corporation for the year 2016;

(7) Annual Report of the Mahaica/Mahaicony/Abary-Agricultural Development Authority for the year 2016;

(8) Annual Report of the National Agricultural and Research and Extension Institute for the year 2016;

(9) Annual Report of the National Drainage and Irrigation Authority for the year 2016;

(10) Annual Report of the Pesticides and Toxic Chemicals Control Board for the year 2016;

(11) Annual Report of the Hydrometeorological Service for the year 2016; and

(12) Annual Report of the Fisheries Department and the Ministry of Administration for the year 2016.

[*The Minister of Agriculture*]

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

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

BE IT RESOLVED:

That Standing Orders Nos. 10(2) and 38(9) (a) be suspended to enable the Minister of Finance to complete uninterrupted the reading of the Budget Speech for 2018 at this Sitting of the National Assembly on Monday, 27th November, 2017. [*First Vice-President and Prime Minister*]

The First Vice-President and Prime Minister [Mr. Nagamootoo]: I would like to move the following motion.

"BE IT RESOLVED:

That Standing Orders Nos. 10(2) and 38(9) (a) be suspended to enable the Minister of Finance to complete uninterrupted the reading of the Budget Speech for 2018 at this Sitting of the National Assembly on Monday, 27th November, 2017."

Question put, and agreed to.

Standing Orders suspended.

HOURS OF SITTING

WHEREAS Standing Order No. 10(1) provides for every sitting of the National Assembly to begin at 2.00 p.m. and unless previously adjourned, end at 10.00 p.m. on the same day;

AND WHEREAS Standing Order No. 10(2) provides that the Speaker may at any time suspend the sitting for a stated period but, unless the Assembly otherwise resolved, the Speaker shall, at 4.00 p.m., suspend the sitting for one hour, and at 7.00 p.m. suspend the sitting for half an hour;

AND WHEREAS Standing Order No. 10(3) provides for the Assembly at any time by motion made and carried without amendment or debate suspend or vary the provisions of paragraphs one (1) and two (2) of Standing Order No. 10;

AND WHEREAS Standing Order No. 10(4) provides for the Assembly from time to time, alter, by Resolution, the hours provided by Standing Order No. 10 for the beginning and ending of a sitting.

BE IT RESOLVED:

That Standing Order No. 10(1) and (2) be suspended to enable the Assembly to sit during the following hours during the period 4th to 8th December, 2017, to complete the debate on the 2018 Budget within the five (5) days allotted for this purpose by Standing Order No. 71(2);

BE IT FURTHER RESOLVED:

That Standing Order No. 10(1) and (2) be suspended to enable the Assembly to sit during the following hours during the period 11th to 15th December, 2017, to complete the consideration of the Estimates of Revenue and Expenditure for the year 2018:

- 10.00 a.m. - 12.00 noon – Sitting

- 12.00 noon - 1.00 p.m. – Suspension
- 1.00 pm. - 5.00 p.m. – Sitting
- 5.00 p.m. - 6.00 p.m. - Suspension
- 6.00 p.m. - 7.30 p.m. - Sitting
- 7.30 p.m. - 8.00 p.m. – Suspension
- 8.00 p.m. - 10.00 p.m. – Sitting

Mr. Nagamootoo: I would like to move the following motion.

Ms. Teixeira: Mr. Chairman, the Standing Orders make it very clear that there are five days for the general debate and that the times can be varied by this House. However, the second "Be it further resolved" clause limits the debate on the estimates to five days from December 11th to 15th, when in fact the Standing Orders are very clear that there shall be allotted a maximum of seven days for the consideration of the estimates of expenditure in the Committee of Supply.

Furthermore, it is the Business Sub-Committee, under Standing Order 74 (1), that makes it very clear that the Business Sub-Committee is the body that determines the number of Sittings to be allocated for the consideration of the estimates and the allocation of the proceedings to be taken at each Sitting and the time at which proceedings. If not previously brought to a conclusion shall be concluded.

2.27 p.m.

Therefore, this motion is not in order, in the sense that it is quite free to reaffirm what the Standing Order states about five days for general debate and to amend the hours for the general debate. However, when one comes to the second part, as I said earlier, to do the estimates, it is supposed to be seven days. In fact, since this Government has come into Office, we have never had seven days. We have had three days in 2015, five days for the 2016 Budget, and five days for December 2016, when we were looking at the 2017 Budget.

I remember my Colleague, Mr. Greenidge, across the corridor here, putting up a very passionate argument in the Tenth Parliament to ensure that they got their seven days. However, in this House, procedurally, this motion is coming by the Government, by no other than the Leader of the House to state categorically that it is five days. It is the Business Sub Committee that determines whether it wants to change the days of seven days and also to deal with the hours of Sitting regarding the estimates.

We are seeing more and more issues regarding the Standing Orders which disturb us. Mr. Speaker, you are well aware that we have had a motion since 5th October, 2017 sitting somewhere between the Clerk of the National Assembly's desk and your desk. It is now eight weeks and we still cannot have it approved, disapproved or amended. It is floating in limbo somewhere and that motion would have been most appropriate to come prior to this budget.

Sir, we are very disturbed by the manner in which the Standing Orders are being bent, flexed, and undermined. Therefore, on this motion, regarding the estimates, we cannot support it. We want seven days and we want full seven days to debate the estimates. The Business Sub Committee must do what it is supposed to do and determine the seven days and how it will be dealt with.

Mr. Nagamootoo: If you would permit me Mr. Speaker. The Standing Order provides this National Assembly, by motion, to vary the hours of its Sittings. Therefore, one would hardly want to question the authority of this National Assembly that was elected by the people of this country. I believe the attempt to frustrate the work of this National Assembly, once again, should not be allowed to succeed and I would ask that the motion be put.

Ms. Teixeira: Mr. Speaker, if you would allow me to respond. These comments we have made on a similar motion during the 2016 Budget and the 2017 Budget and clearly our appeal, have been fallen on deaf ears. The problem is that, the Standing Orders and the amendments that are brought here, the Leader of the House is saying that, yes, we can waiver any Standing Order. The Standing Order that is waivered here does not waiver the one Standing Order that if he wanted to do what he is doing he had to do. I could enlighten him, but I would not. The Standing Order that he needs to amend is not listed in this motion, that if he wishes to assume the responsibility of the Business Sub Committee, then he has to amend the motion properly, Sir. The motion is out of order. Thank you Sir.

Mr. Speaker: Hon. Member Ms. Teixeira, when you are addressing or referring to any Member in this House you will use the proper appellations. Do you know what that is? It is Hon. Member so and so. He, him and it, will not suffice.

Ms. Teixeira: I take that seriously Sir and I expect that it will be dealt with in this House across the board for all Members of this House.

Question put, and agreed to.

Motion carried.

PUBLIC BUSINESS

GOVERNMENT BUSINESS

MOTION

BUDGET FOR 2018

Mr. Speaker: Hon. Member, we have now come to the item "Budget for 2018". The Hon. Minister of Finance will move the motion for the approval of Estimates of Expenditure for the financial year of 2018. Hon. Minister of Finance you may proceed.

MOTION FOR THE APPROVAL OF THE ESTIMATES OF EXPENDITURE FOR 2018

WHEREAS the Constitution of the Cooperative Republic of Guyana requires that Estimates of the Revenue and Expenditure of the Cooperative Republic of Guyana for any financial year should be laid before the National Assembly;

AND WHEREAS the Constitution also provides that when the Estimates of Expenditure have been approved by the Assembly an Appropriation Bill shall be introduced in the Assembly providing for the issue from the Consolidated Fund of the sums necessary to meet that expenditure;

AND WHEREAS the Estimates of Revenue and Expenditure of the Cooperative Republic of Guyana for the financial year 2018 have been prepared and laid before the Assembly on 2017-11-27.

NOW, THEREFORE BE IT RESOLVED:

That this National Assembly approves the Estimates of Expenditure for the financial year 2018, of a total sum of two hundred and forty three billion, three hundred and seventy five million, two hundred and eighty eight thousand dollars **($243,375,288,000), excluding**

twenty three billion, seven hundred and eighteen million, four hundred and eighty three thousand dollars ($23,718,483,000) which is chargeable by law, as detailed therein and summarised in the undermentioned schedule, and agree that it is expedient to amend the law and to make further provision in respect of finance.

Introduction

Minister of Finance [Mr. Jordan]: Mr. Speaker, I rise to move the motion for the approval of the Estimates of the Public Sector and the Budget for the Financial Year 2018 and, in doing so, I wish to indicate that Cabinet has recommended that the National Assembly proceed upon this motion, pursuant to Article 171, Paragraph 2, of the *Constitution of the Co-operative Republic of Guyana*.

It pleases me greatly to be able to deliver Budget 2018, the fourth of six budgets that this Government is expected to present, in this House, during its first term. This fourth budget is being presented at the middle of this Government's first term in Office. Indeed, it was approximately two and one-half years ago, when the people of this great country of ours gave a mandate to a coalition of two parties, A Partnership for National Unity (APNU) and Alliance For Change (AFC), to harness the energies and resources of our citizens to generate a popular platform for change in government and governance. Importantly, the two parties expressed an abiding wish to become "a change agent for healing and reconciliation", in recognition of the role that conflict and strife have played in destabilising race relations. This has had devastating consequences on the psyche of our people, which has left us being "distrustful, disrespectful and disdainful of each other," according to the Joint Manifesto of the Coalition.

We were never in doubt about the enormity of the task which lay ahead. We were in a hurry to rebuild a country that was marred and scarred by poor and corrupted governance under the PPP/C Administration. We had to restore hope, inspire confidence, and shape a new destiny for our country and our people. The Government was challenged to provide strong leadership to bring about development that was inclusive and environmentally-sustainable. In a situation where the economy's growth trajectory depended on the primary stage production of the agriculture and mining sectors, we were challenged to change the narrative and to develop an economy that was more broad-based and diversified. In our previous three budgets, we set the stage for our economy to produce higher national incomes, which, in turn, would help to lift families out of absolute poverty and closer to enjoying the Good Life.

Alas, Mr. Speaker, there have been many setbacks and roadblocks that have impeded greater progress. From being confronted with a bankrupt Guyana Sugar Corporation (GuySuCo) and the sudden termination of the premium market for rice, to difficulties with our Western neighbour over the border and the non-cooperative stance of the main opposition party, the Government has had to deal with more than its fair share of problems. Rather than being daunted by, and becoming frustrated with these obstacles, we have stayed the course, keeping our goal to build a better, more inclusive and unified society in sight.

Our mid-year report card shows that we are making steady progress on the promises we made in our Manifesto. The successes and accomplishments have been many, too numerous to enumerate here. However, I would like to share some of them with you:

1. We have kept the economy growing at an average of 3%, between 2015 to 2017. This was achieved at a time when most of our neighbours have been facing economic and financial crises, with low, no or negative growth rates and reduced standards of living. In the words of the Caribbean Development Bank's (CDB) Director of Economics, “the future of Guyana is quite bright”.

2. Within the short period of 18 months, between 1st July, 2015 to 1st January, 2017, we increased the minimum wage by over 50%, reduce the marginal income tax threshold by a minimum 20%, reduced the marginal income tax rate to 28%, and removed the tax from employees' contribution to the National Insurance Scheme (NIS).

3. During the same period, we increased old age pensions by 45% and public assistance by 27%.

4. We reduced the marginal rate of the Value Added Tax (VAT) to 14%, increased the VAT threshold to $15 million from $10 million and increased the number and range of items that are exempted from VAT.

5. Further, we reduced the marginal rate of income tax for non-commercial companies to 27.5% from 30%.

6. We have maintained a manageable debt-to-gross domestic product (GDP) ratio, well within the internationally accepted limit for countries at our level of development. At 45.2% of GDP, Guyana has one of the lowest debt ratios in the Caribbean, a fact

recognised by the CDB, which has commended the Government for fiscal consolidation and prudent debt management.

7. Contrary to what is being pedalled by our detractors, the net foreign assets position has increased from US$611 million in May 2015 to a projected US$613 million at the end of 2017, while inflation has been kept in check.

8. We established the Public Procurement Commission (PPC) and the State Assets Recovery Agency (SARA), and re-constituted the Public Service Appellate Tribunal, after a hiatus of many years.

9. Importantly, democracy at the local level has been restored with the holding of Local Government Elections, after an absence of 22 years, and the establishment of the Local Government Commission.

These are just some of the impressive achievements and successes that we have recorded since coming to Office. To quote the Carpenters, “We've only just begun ...” We have only just begun to experience and feel the excitement of a Government working for the people, delivering on its promises and making significant progress. But, Mr. Speaker, even as we enjoy our successes and celebrate our achievements, let me recall a few potent lines from one of Robert Frost's poems:

> “But I have promises to keep, and miles to go before I sleep.”

These poignant words are a reminder of the work still to be done. Reflecting on this, the theme of Budget 2018 is, *The Journey to the Good Life Continues*. It signifies an awareness of the road travelled so far and our accomplishments. Equally, it symbolises a work in progress, a road still to be travelled, and a journey unfinished.

Budget 2018 is about the Government continuing to rise to the challenges, and fostering the conditions and creating the opportunities for renewal and expansion in the economy, in order to secure the Good Life in the future. As a result, Budget 2018 focuses on a number of strategic actions, including: consolidating the macroeconomic fundamentals; fostering higher growth for more and better jobs; improving the quality of life of our people; investing in skills development; investing massively in infrastructure; doing more to facilitate business; stimulating growth and employment in the productive sectors; and supporting micro, small and medium enterprises; among others.

2.42 p.m.

Our citizens want to own green jungles bursting with life and biodiversity, as well as modern urban structures; they want to be able to see the stars in the sky at night not filtered by smog; they wish to travel to work, school, home, and play without being stuck for hours in traffic jams or having to take days to get there; our citizens want good education, quality health care, fresh foods, their own homes, safe communities and towns, fair and efficient systems, and value for money on their tax dollars. Budget 2018 aims to deliver all of these improvements as we invite every Guyanese to create an inclusive path as the Journey to the Good Life Continues.

In addition to the traditional organisations, which are usually invited, as has become customary, the pre-budget consultation exercise was expanded, this year, to include a group of young, dynamic entrepreneurs, among others. My interaction with these groups re-assured me that our country's future is secure. I also want to thank the Guyana Manufacturer and Services Association (GMSA) for ensuring frank and productive discussions in the on-going Inter-ministerial – GMSA engagement. This has resulted in several government interventions and has fostered a healthy working relationship between the Government and the private sector. We anticipate that this will continue, and will ultimately lead to, and drive growth in the manufacturing and services sector.

Economic Developments in the World Economy

Global economic growth is expected to improve through 2017 as markets benefit from increased investment, trade and industrial production, as well as reinvigorated business and consumer confidence. The International Monetary Fund (IMF), in its most recent World Economic Outlook, has projected global growth to reach 3.6% in 2017, 0.4 percentage points higher than the level recorded in 2016, and 0.1 percentage points above its previous forecast. In 2018, global growth is projected to rise marginally to 3.7%.

Advanced economies are projected to grow by 2.2% in 2017 as a result of various factors, including an increase in global demand, stronger exports, and supportive fiscal and monetary policy. In 2018, growth in this area is anticipated to decline to 2% on account of lower expected growth in all major economies, apart from the United States and France. The United Kingdom expects to see declining growth as the effects of Brexit continue to take a toll on the economy, with a dampening of consumption growth due to a weakening of the pound.

Additionally, economic expansion in emerging markets and developing economies is anticipated to improve from earlier projections, with 4.6% growth expected for 2017, 0.3 percentage points above the growth recorded in 2016. The Chinese economy was sustained by buoyant external demand, which is anticipated to support further expansion in growth, in 2018, to 4.9%.

The economies of Latin America and the Caribbean are expected to finally recover in 2017. Following significant declines over the past few years, growth of 1.2% and 1.9% is expected in 2017 and 2018, respectively. The anticipated recovery in the region will be supported by improved demand from external trading partners and accommodative financial conditions on account of a less volatile international financial market and resilient capital inflows. In the Caribbean, overall growth projections for 2018 show an improvement to 1.9% from 0.3% the previous year. However, Trinidad and Tobago and Suriname are projected to contract by 3.2% and 1.2%, respectively, as the downturn in the previous years extend into 2017. In 2018, however, these economies are expected to recover and, as a group, both tourism-dependent and commodity exporters are projected to record over 2% respectively, with Trinidad and Tobago projected to expand by 1.9%, and Suriname by 1.2%, as prices are anticipated to rebound. Despite the improved outlook, the region still faces a number of risks, including climate-related catastrophes, which are expected to increase in frequency; capital flow reversals; tightening financial conditions; and volatile commodity prices.

As a commodity-dependent economy, we must remain vigilant of the impact of fluctuations in international commodity prices. Agricultural commodity prices remained broadly stable for most of 2017, growing at 1%, and are expected to increase marginally in 2018. Within this category, international rice prices are expected to increase by 0.75% and timber by 1%. The international price of gold rose by 2% in the third quarter of 2017, to approximately US$1,350 per ounce, driven by strong investment and a weakening United States (US) dollar. Notwithstanding, gold prices are expected to decline by the end of 2017, and into 2018, due to an anticipated rise in US interest rates and a strengthening of the US dollar. In contrast, the price of aluminium has risen by 5% in 2017 thus far, and is expected to continue to rise in 2018, due to a surge in global demand. While the price of Brent crude oil, one of Guyana's key imports, remained relatively low during the course of 2017, prices are expected to rebound. At the end of 2017, oil prices are expected to average US$53 per barrel, and US$56 per barrel in 2018, a reflection of strong oil demand, falling stocks, and production restraint among Organisations of Petroleum Exporting Countries (OPEC) and non-OPEC producers.

While Guyana is undoubtedly on the path to the good life, unpredictable commodity prices, climate change, and financial stability risks, have the ability, over time, to stymie our economic performance. We must continue to build a more resilient and diversified economy that is capable of withstanding external shocks.

In light of these considerations, I will now address the main developments in our domestic economy during 2017.

Developments in the Domestic Economy in 2017

A. Real Gross Domestic Product

The overall real growth rate for 2017 was projected at 3.8%. By mid-year, an economic growth rate of 2.2% was achieved, up from 2% for the same period the previous year. In the Mid-Year Report, laid in the National Assembly, on 4th August, the projection for 2017 was revised downwards to 3.1%, on account of expected weak performance in the mining and quarrying sector, and the sugar and forestry industries. The projected outturn for real growth of the economy, in 2017, is 2.9%.

B. Sectoral Performance

a. Agriculture, Forestry and Fishing

The agriculture, fishing, and forestry sector is expected to recover this year, with an estimated growth of 0.2%, up from the 10.3% decline recorded for 2016. This reversal will be due to the anticipated positive growth performance in rice, fishing, livestock, and other crops subsectors, which will more than compensate for the continued decline in the sugar and forestry industries.

The rice industry is expected to record an output of 602,087 tonnes for 2017, an increase of 12.7% over 2016. This is due mainly to an additional 14,000 hectares planted for the 2017 spring crop and a further 74,481 hectares planted in the autumn crop. Also, there was an improvement in the yield. These developments stem from farmers' renewed confidence in their ability to access new markets. The recent attendance by the private sector at the Havana International Fair, in Cuba, helped to stimulate further investment in the industry.

Sugar production is projected to decline to 152,000 tonnes in 2017, a 17.2% reduction compared to 2016's output. Opposition to the ongoing restructuring of the industry has led to the loss of almost 22,000 man days due to industrial action.

Preliminary estimates indicate that the livestock industry is projected to grow by 4.4% at the end of 2017, compared to a decline of 5.8% in 2016. Improved consumer demand and producer confidence precipitated this turnaround in this subsector, during the second half of 2017. The fishing industry is anticipated to record a 1% growth for 2017, down from 18.1% in 2016. The industry has reported lower catches of fish, partly as a result of stronger enforcement of cross-border fishing regulations.

The forestry sub-sector is expected to show some improvement with a projected slowing of the contraction to 7.2% in 2017, from 27.3% in 2016. Total production for 2017 is projected at 297,070 cubic metres, 10% lower than 2016. The subsector continues to face several problems, especially competition from imported wood products. Government is actively working with the industry to support growth, going forward.

b. Extractive Industries

The mining and quarrying sector is anticipated to contract by 1.9%, compared to the 46.1% expansion in 2016. While gold declarations are expected to remain stable, bauxite production and other mining will decline by 2.3% and 12.6%, respectively. Gold declaration is expected to amount to approximately 712,706 ounces, while bauxite production is projected to decline to 1,417,557 tonnes for 2017 as a result of inclement weather and mechanical problems that resulted in significant down time.

c. Manufacturing

Manufacturing is projected to grow by 3.6%, as a result of the improved performance of the rice industry and light manufacturing. In addition, there was increased production of certain beverages such as Malta, distilled water, and aerated beverages; as well as certain building materials, including paint and putty.

d. Construction

Growth in construction is expected to accelerate, in 2017, to 13.5%, 7.2 percentage points higher than in 2016. This positive development is attributed to increased activity in private sector construction as well as measures taken by Government to improve the implementation of the Public Sector Investment Programme (PSIP).

e. Services

As our economy has advanced over the years, the services sector has grown in importance and now represents over half of Guyana’s Gross Domestic Product (GDP). This sector is expected to grow by 3.1% in 2017. Wholesale and retail will expand by 3.1%; transport and storage will improve to 3.9%; and growth in the financial and insurance activities will double to 5.8%.

C. Balance of Payments

The overall balance of payments is expected to improve slightly to a deficit of US$53.1 million in 2017. This outcome will be primarily driven by an improvement in the capital account, from a deficit of US$13.2 million, in 2016, to an anticipated surplus of US$181.8 million, in 2017. This is in spite of the deterioration of the current account from a surplus of US$13 million, in 2016, to a projected deficit of US$235 million, in 2017.

The anticipated decline in the current account is expected to be as a result of increased deficits in both the merchandise trade by US$140 million and services by US$74.1 million accounts, and reduced net current transfers by US$33.9 million. Despite increased exports of rice and gold by 8.7% and 1.5%, respectively, exports are anticipated to decline marginally by 0.1% primarily as a result of a projected decline in sugar exports of 36.6%. Merchandise imports are estimated to grow by 9.6%, primarily driven by increased imports of mining machinery, chemicals, fuel and lubricants and other non-durable goods, by 81.6%, 43.2%, 8%, and 25.1%, respectively.

The increased deficit in the factor services account is anticipated to result from increased repatriation of employee compensation by foreigners, by 20.0%, declining investment income, by 18.1%; and greater interest payment on public debt, by 35.8%. The worsening of the non-factor services account is projected to be due to an 82.7% increase in outflows for transportation services.

Although the current account is expected to weaken, the capital account is anticipated to improve, due to strengthened net medium and long term capital flows, both private and public sector. Projected foreign direct investment, particularly in the oil and gas sector, is expected to drive the US$145.2 million increase in private sector, medium and long term capital. Additionally, net capital to the non-financial public sector is anticipated to strengthen to a surplus of US$67.2 million, reflecting higher disbursements of loans.

2.57 p.m.

Debt relief of US$17.7 million and debt forgiveness of US$55.5 million are expected to finance the balance of payments deficit for 2017 and permit an increase in the Bank of Guyana‘s (BOG) net foreign assets by US$20.1 million. Gross reserves of the Bank of Guyana are expected to be equivalent to approximately 3.4 months of import cover at the end of 2017, well above the 3.0 months minimum benchmark for reserve adequacy.

D. Monetary Developments

An expansion of monetary aggregates of broad money of 3.6 per cent is projected for 2017. This is as a result of an expected 5.8 per cent increase in narrow money (M1), on account of expansions in demand deposits and currency in circulation by 10.9 per cent and 6.6 per cent, respectively. This performance is expected to stem from an anticipated 8.1 per cent increase in net domestic credit. Within quasi money, which is estimated to expand by 2 per cent, time and savings deposits are expected to grow by 3.1 per cent and 1.9 per cent, respectively.

Net domestic credit is projected to expand by 8.1 per cent to $214.9 billion, with private sector credit growing by 2.1 per cent and public sector credit increasing by 233.6 per cent. Private sector credit growth is expected to result from an increase in credit card transactions, by 16.0 per cent; real estate mortgage loans, by 8.3 per cent; loans to the mining sector by 1.9 per cent; and credit to households, by 0.5 per cent.

Capitalisation of commercial banks remains satisfactory, despite a decline in total liquid assets to $115.5 billion. Treasury Bills account for 54.2 per cent of that amount. The excess reserves of commercial banks at the end of September, 2017, were $22.6 billion, 50 per cent above the minimum requirement.

E. Prices and Income

a. Inflation

The average price level across the economy, as measured by the consumer price index (CPI), was projected at 2.5 per cent in Budget 2017. With a slower growth in demand and consumer spending, the inflation rate was moderate at the half year and continued through to the end of the third quarter with inflation recorded at 1.5 per cent. Even allowing for the seasonal increase in spending in the fourth quarter, the end-of-year projection has been revised to a moderate 2 per cent.

b. Interest Rates

The weighted average lending rate fell slightly by 17 basis points, since December 2016, or from 10.43 per cent to 10.26 per cent. Concurrently, the small savings rate also contracted by 15 basis points, to 1.11 per cent, for the same period. Notwithstanding the narrowing of the interest rate spread, it still remains one of the widest in the Caribbean.

Treasury Bill rates also declined, with the 91-day bills contracting by 14 basis points to 1.54 per cent between December, 2016 and September, 2017. Interest rates for the 182-day Treasury Bills also declined by 53 basis points, to 1.15 per cent for the same period. The rates for the 364-day Treasury Bills saw an even larger decline, by 90 basis points, to 1.23 per cent for the same period.

c. Exchange Rate

The Bank of Guyana exchange rate of the Guyana Dollar to the US Dollar is expected to remain stable at $206.5. The exchange rate for the Euro at the commercial banks appreciated against the Guyana Dollar by 7.7 per cent, between January and September of 2017. The Pound Sterling also appreciated against the Guyana Dollar by 6.6 per cent for the same period. Additionally, the US Dollar appreciated by 1.6 per cent against the Guyana Dollar. Earlier in the year, the Bank of Guyana moved to implement countervailing measures to prevent manipulation of the foreign exchange rate and to ensure a greater and smoother flow of receipts to the foreign currency market.

d. Income

Although negotiations for improved wages were started with the Guyana Public Service Union (GPSU), they remained incomplete. Given the timing for presentation of Budget 2018, Government moved forward to implement increases to public servants' wages and salaries for 2017. After careful consideration and reflection on the circumstances facing our economy, Government granted the following increases:

(i) 8 per cent increase to public servants earning less than $100,000 per month;

(ii) 6 per cent to those earning between $100,000 and below $300,000;

(iii) 5 per cent to those earning between $300,000 and below $500,000;

(iv) 4 per cent to those earning between $500,000 and below $700,000;

(v) 2 per cent to those earning between $700,000 and below $800,000; and

(vi) ½ per cent to those earning between $800,000 and below $1,000,000.

These increases, which were made retroactive to January 1, 2017, are also intended to bring the wage level in the public sector to a more competitive one, incrementally, in an attempt to ensure that Government can attract the requisite skills necessary to facilitate a better functioning public service. In this vein, Government has also raised the minimum basic salary for each public servant to $60,000 per month.

F. Fiscal Position

a. Non-Financial Public Sector

The non-financial public sector is anticipated to record a deficit of $38.1 billion, or 5.0 per cent of the GDP, for 2017, a significant improvement on the budgeted deficit of $54.5 billion or 7.1 per cent of GDP. The improved deficit position results from higher-than-budgeted public sector revenue and grants, by $8.2 billion and $1.1 billion, respectively. Capital expenditure for the public sector is expected to rise to $69.1 billion, $3.7 billion above the budgeted amount for 2017, largely due to higher spending from public enterprises and a surge in public spending in the last half of the year.

b. Central Government

Total revenue for this year is expected to amount to $192.7 billion, 3.6 per cent above the budgeted $186 billion and 8.7 per cent more than collected in 2016.

Improved economic activity in some areas, as well as compliance-related initiatives, is expected to result in increased collections of $169.1 billion, 11.4 per cent over 2016. Higher collections of VAT, excise taxes, withholding tax and company income taxes, by 11.3 per cent, 13.2 per cent, 40.8 per cent and 16.4 per cent, are projected to contribute to this improved tax revenue performance. Tax receipts from oil and gas support activities are expected to increase by $3.2 billion while international trade transactions are projected to rise to $19.4 billion, an increase of 11.2 per cent.

Total non-tax revenues are expected to amount to $23.6 billion, driven by transfers from statutory agencies of $10.1 billion, as the Government continues the phased transfer of the excess cash balances of statutory agencies to the Consolidated Fund. Dividends of $1.2 billion are expected from public enterprise and $3.8 billion from rent and royalties. In addition, $300 million from the Lotto account will be transferred to the Consolidated Fund.

The Guyana Revenue Authority (GRA) is projected to remit $47 billion for 2017, up from $42.3 billion in 2016, on account of increased remissions to companies and business, by $4.7 billion or 15.4 per cent, Ministries and government departments, by $0.9 billion or 21.2 per cent and foreign funded projects, by $0.6 billion or 39.4 per cent.

Total expenditure of the Central Government is expected to amount to $242.3 billion, 11.8 per cent above the 2016 level. Current expenditure is projected to reach $184.1 billion, of which $176.1 billion will be spent on employment cost, other goods and services and transfers. Interest payments are projected to rise to $8.1 billion. Capital expenditure is expected to amount to $58.1 billion or 24.7 per cent more than 2016.

c. Public Enterprises

In 2017, the performance of the Public Enterprises deteriorated from a budgeted cash deficit of $12.1 billion to a latest forecast deficit of $12.8 billion. Guyana National Newspapers Limited, Guyana Rice Development Board, MARDS, Guyana Post Office Corporation, GuyOil, Guyana National Shipping Corporation and Guyana National Printers Limited had a combined surplus of $2.5 billion. However, Guyana Sugar Corporation’s (GuySuCo’s) production shortfall and Guyana Power and Light‘s (GPL) aggressive capital programme helped to erode this surplus.

G. **Public Debt Management**

The total stock of public debt is projected to increase marginally, from US$1.60 billion, in 2016, to US$1.66 billion in 2017. This corresponds to a further declining total public debt-to-GDP ratio of 45.2 per cent, in 2017, relative to 45.7 per cent, at the end of 2016.

The external debt-to-GDP ratio is expected to marginally increase from 33.2 per cent, in 2016, to 33.6 per cent in 2017, as a result of faster growth in the external debt stock, from

US$1.16 billion, in 2016, to US$1.23 billion in 2017, when compared with growth in the GDP. Total external debt service is projected to increase by 16.6 per cent, from US$53.7 million, in 2016, to US$62.7 million, in 2017. This increase is attributed to higher principal and interest payments to several multilateral creditors, one bilateral creditor and one private creditor. In spite of this, the cost of servicing our external debt obligations remains manageable, consuming a mere 5.7 per cent of the projected central Government revenue for 2017. This represents a significant reduction from the 23.7 per cent and 12.6 per cent recorded for 2014 and 2015, respectively.

The stock of domestic debt is projected to decline from US$438.6 million, in 2016, to US$427.8 million, in 2017, representing a decrease of 2.5 per cent. However, domestic debt service is expected to increase by 16.8 per cent, from US$9.3 million, in 2016, to US$10.9 million, in 2017, primarily due to the payment of the National Insurance Scheme (NIS) debentures issued in 2016 to assist in recovering the impaired investment in the Colonial Life Insurance Company (Guyana) Limited (CLICO).

Agenda 2018: The Journey to the Good Life Continues

A. Introduction

We are at a critical juncture in the history of our development as a nation. Guyanese are about to embark on formulating the national development plan that will be a living example of our country's commitment to the planet, while ensuring sustainable growth with equity that redounds to the economic well-being of every citizen.

Thus, Mr. Speaker, the principles of inclusive growth will be articulated in our Green State Development Strategy (GSDS). Building on previous strategies, such as the National Development Strategy and the Low Carbon Development Strategy, as well as our commitments to the Sustainable Development Goals, the GSDS will be fashioned in a collaborative and consultative process, and will be costed to inform future financing streams for the country.

Every citizen of our beautiful land must own this strategy; every woman, man, youth and child must recognise their role in moving Guyana from potential to prosperity. Our dear land of Guyana has been blessed by so much that it is incumbent upon our leaders, be they at the national, community, organisational or institutional level, to demonstrate true partnership and patriotism. Guyana belongs to every single citizen of this land. When we stroll down Main St.

or along the seawall, stand in Rupununi or Corentyne, enjoy the vistas of Kwakwani or Kurukabaru; when we sail down the Essequibo or river taxi down the Pomeroon or paddle along the Baramanni, the Moruka, or the Waramuri or kayak in Kurupukari, we are confident that we are home.

For this reason, it is imperative that we stand firm and stand together, not only in defending our sovereignty and territorial integrity, but also in shaping our collective destiny. We, all Guyanese, must have an opportunity to shape the scope and scale of our development priorities, given our existing resources, which are soon to be supplemented by oil revenues. The literature is replete with examples of natural resource dependent economies being prone to greater income inequality. We must, as a Government, as a Parliament, and as a nation, guard against falling victim to the pitfalls that this new stream of oil resources might bring. Indeed, Government will ensure that resources are prioritised for immediate catalytic development needs, stabilisation and intergenerational savings. Budget 2018 and going forward will see resources being allocated to strengthen systems and institutions to ensure greater accountability and transparency.

3.12 p.m.

Oil is non-renewable and finite. The world is looking for renewables and, one day, in the future, oil will not be the preferred source of energy. When that happens, we must be able to look back and know that the choices we make today, and the immediate years ahead, positioned our sectors and industries to be stronger, more diversified and resilient. We must diversify our production and income generating base to ensure sustainability. This must be our collective goal to which this budget is directed. Indeed, Budget 2018 contains allocations to strengthen and grow our private sector as well as to improve the efficiency and robustness of our public sector. It is only by matching the opportunity of additional resources with strong human and institutional capacity that we will be able to create sustainable sources of economic and social development across the length and breadth of this land, and avoid mismanagement that is so often associated with natural resource extraction.

As we begin the transition to an oil producing nation, Government must and will implement prudent structural reforms and fiscal safeguards, strengthen our institutions, prioritise the development of our human capacity, and diversify our growth portfolio. The Agenda for 2018 is a product of our reflections on our mid-term as a Government and repositioning and reprogramming, based on lessons learned, in our inexorable march to achieving the Good Life.

Having completed three budget cycles, Budget 2018 represents the mid-point of this administration's first term in office. The occasion offers an opportunity for us to reflect, refashion and move forward to shape the future along Guyana' s continuing journey to achieving the Good Life. Much has been achieved; yet, much more is still to be accomplished.

B. Macroeconomic Stability

To date, we have managed to maintain stable macroeconomic fundamentals. However, our efforts continue to be constrained by the lack of economic diversification, which leaves key sectors and industries vulnerable to external shocks and internal meltdowns, as in the case of GuySuCo. Going forward, Government will continue to assess the economic situation and employ timely policy measures to correct imbalances and mitigate negative effects that could stymie growth. In this regard, in 2018, we will aim to strengthen our analytical capability to determine the macroeconomic effects of various policies and interventions. With these capacities, Government will be better able to guide the development of the GSDS, as well as the sectors and regional strategies, going forward.

In the area of public debt management, progress has been made to consolidate the various pieces of legislation that govern debt, into a draft Public Debt Management Bill. It is anticipated that under this consolidated umbrella, institutional and legal frameworks will be solidified to allow for more effective public debt management. The intent is to promote transparency, accountability and debt sustainability while striving to meet our financing needs at minimal borrowing costs and an acceptable level of risk. The Bill is expected to be laid in the National Assembly, in 2018.

C. Green State Development

The first Multi-Stakeholder Expert Group Session on the GSDS was held last week. In an inspiring address by His Excellency, he noted, "the multi-stakeholder experts group will help us to move from imagination to implementation from reverie to reality…into the process of developing an inclusive and comprehensive strategy which will enjoy national ownership". Participation by all is required for this to be a success; anything less will result in a meaningless document.

To facilitate this process, a national coordination desk has been established and a coordinator has been employed to manage the development of the GSDS. An inter-ministerial, multi-stakeholder advisory committee, consisting of private sector, non-governmental organisations, Government officials, academia, and other civil society members, has been set up to guide the elaboration of the Strategy. This committee is supported by seven multi-stakeholder expert groups – one for each pillar of the GSDS. Across the groups, there will also be a sectoral coordination mechanism, so that all sectors of the economy are afforded a level of input into the work of each of the expert groups.

The information being fed into the expert groups will come from an extensive and country-wide consultative process, which will include open days, town hall meetings and stakeholder meetings. A plan is being drafted to guide these consultations across all administrative regions. Supported by a communication strategy, as well, the elaboration of the GSDS, as is evident by the aforementioned, will indeed reflect a true grass-roots, bottom-up approach to articulating our next national development strategy – a people's development strategy that will put us on the path to green and transformative growth and prosperity. The GSDS, once completed, will be a working and organic strategy that will be enacted through an implementation plan, which will be costed and be supported by a monitoring and evaluation framework. Clear indicators and targets by which we will hold ourselves accountable, will be established.

Notwithstanding the ongoing process for the realisation of the GSDS, Government has already taken conscious steps to prioritise our efforts and resources to harmonise the budget with the seven central themes of the GSDS: (i) Green and inclusive structural transformation; involving diversifying the economic base, accessing new markets and creating decent jobs for all; (ii) Sustainable management of natural resources and expansion of environmental services; (iii) Energy – transition to renewable energy and greater energy independence; (iv) Resilient infrastructure and spatial development; (v) Human development and well-being; (vi) Governance and institutional pillars; and (vii) International cooperation, trade, and investment. In short, the GSDS will represent one coherent blueprint document that captures our development objectives.

D. Better Governance

a. Constitutional Reform

The clamour for Constitutional Reform has intensified. This Government is pleased to remind this honourable House that Constitutional Reform has been, and remains, a key agenda item. This year, we held several consultations on the constitutional reform process; fostered partnerships to promote transparency and impartiality; and laid the Constitutional Reform Consultative Commission Bill in Parliament. This legislation is currently engaging the attention of a Special Select Committee. Upon completion of the deliberations and passage of the Bill, a Constitutional Reform Consultative Commission will be formed.

The Commission will be mandated to do extensive work with the people of Guyana in every administrative region, to ensure an inclusive and transparent process. It will gather information for the reform process, and put its reports and recommendations to the Parliamentary Standing Committee for Constitutional Reform. The substantive process of constitutional reform can only commence when the aforesaid legislation has been passed and assented to. This is expected to occur in 2018. Further, the Government, with support from our development partners, will be providing for capacity building to the Commission, and civic education across the country.

b. Local Government Systems

The year 2018 will see the hosting of the second local government elections in two years, and will represent the first time that we would have had back-to-back elections since Independence. This testifies to our administration‘s unwavering commitment to inclusive democracy and our belief in the power of local democratic organs to manage their own affairs. All Guyanese will have a chance to reflect on the successes and shortcomings of their local government representatives, and again be able to decide on the most suitable candidates who will best represent their interests for the following two years. In 2018, we have allocated over $2.9 billion to support the work of the Guyana Elections Commission (GECOM).

Though local government elections are most welcome, again, simply having elections does not guarantee an effective local government system. As such, Government has been working with Neighbourhood Democratic Councils (NDCs) and municipalities across the country, to improve capacities for administration and fiscal management.

The issue of out-dated land values must be addressed. Government recognises that NDCs and municipalities must be financially self-sufficient, if they are to deliver and maintain quality public goods and services to their constituents and facilitate socio-economic development across their respective areas. A major impediment to this, for decades, has been the lack of up-to-date valuations of properties all the across the country. Next year, Government will be exploring the possibility of conducting a country-wide valuation exercise to bring all property values up to date, so that NDCs and municipalities are equipped with appropriate revenue streams to deliver their mandate.

To further improve local government administration, the second National Regional Development Consultative Committee (NRDCC) will be held in January 2018. The NRDCC of 2017 served as a forum for collaboration and cooperation across the different levels of local government and across the regions. It facilitated information sharing, support and strategic planning between the various authorities. In 2018, the NRDCC will be tasked with the development of a Regional Development Report, which will provide an account of the operations and development trajectory of the local authorities. This report will be laid in Parliament.

This Government has made significant progress in strengthening our local government systems. To consolidate all of these efforts, Government will continue to assist the regional administrations with the development of the Plans of Action for Regional Development (PARD). The PARD for Region 9 is in its final stage of consultations, and the input of the final 2 of 56 communities in the region will be incorporated by the end of 2017, after a year of extensive consultative work. The completion of the PARD for Region 9 is scheduled for early 2018 and a costed implementation plan will be developed to support the execution. In addition, consultations have commenced in Region 6, while regional profiles are being developed by other regions as they prepare to develop PARDs.

To provide oversight, the Local Government Commission, which was constituted recently, is tasked with addressing matters related to regulation, staffing and disputes of local government bodies. The work of the Commission, in 2018, will be geared towards supporting and improving the capacities of local government organs and promoting transparency and accountability. The Local Government Commission has been allocated $110 million in Budget 2018. In addition, the sum of $1 billion has been budgeted to be transferred to NDCs and the 9 mayoralties. A further sum of $200 million is targeted to improve the City of Georgetown.

c. Justice Reform

We continue to reform and modernise the justice system, in order to reduce the backlog and delays, increase efficiency, and make sure that justice is available to all.

I am happy to report to this honourable House that Guyana is the first in the Caribbean to have establish a specialised court for sexual offences that is sensitive to the needs and circumstances of victims. This court will hear all indictable sexual offence cases, and will offer a rights-based approach, in recognition that victims tended to be‘re-victimised’ under the previous format. As such, the court has been outfitted with protective screens and dedicated rooms, among other features. To support the operations of the court, model guidelines for sexual offence cases were developed, taking into account international best practices for the management of such cases.

The laying and passage of the Juvenile Justice Bill, which addresses diversionary options and access to legal aid for our children and youth, is anxiously awaited. In the meanwhile, the Bill is being costed so that its potential for additional financial responsibility, or for savings to the taxpayer, can be identified.

In the new year, we will be piloting a legal aid programme, which will work on the defence of minor, non-violent offenders, who are on pre-trial detention. This is part of Government‘s efforts to streamline a budget that is more child-focused and youth-friendly. It is not the wish of this administration to have children and youth incarcerated for petty offences, such as wandering. To continue to do so would be to deprive this nation of the true potential of its rich human capital. By the end of 2018, the programme will commence work on the over 500 cases of the aforementioned type, on assessing the sustainability of this pilot legal aid programme, and on providing capacity building to non-governmental organisations that share a similar objective.

Our work on the new legal aid programme, is part of a broader vision, which seeks to reduce the burden on our prisons, allowing for a more people-focused, efficient justice system.

3.27 p.m.

It also allows for a more effective use of our limited financial and human resources. Alongside the legal aid programme, we will be establishing a Law Reform Commission, in the New Year, which will work on amending and modernising our legislation to cater for non-custodial sanctions for various types of offence.

Further, the current system that incarcerates a person for the usage of harmful substances will be re-examined. Our people need our compassion and our help so that they can be rehabilitated and given the support they need to live healthy and productive lives. In 2018, we will be conducting a study on appropriate treatments for substance abuse as a health issue within the criminal justice system. This will inform our interaction with the Judiciary, as we assist in developing policies to reduce over-reliance on imprisonment. Probation services will also be strengthened to support this paradigm shift.

d. Meeting our International and Domestic Legal Obligations

As the Journey *to the Good Life Continues,* Government will ensure that our responsibility to our people with respect to good governance, enforcement of basic rights and international consensual commitments is discharged. We have ensured that our constitutional commissions, including the Rights Commission, Public Service Commission and Teaching Service Commission, have been given adequate resources, so that they can discharge their functions in accordance with their mandates. These agencies account for 3.3 per cent of the 2018 National Budget, up from 3 per cent in 2017.

In addition, we have begun the process of localising the Sustainable Development Goals (SDGs). These are a set of 17 internationally agreed-upon goals which seek to transform lives and economies, focusing on people, prosperity, planet, peace, and partnership. The Ministry of Finance has mandated that all budget agencies commence the process of internalising the SDGs into their medium-term budget proposals and plans, going forward. In 2018, we will focus on ensuring that the SDGs are aligned to our national development strategy, the GSDS.

e. Anti-Money Laundering and Countering Financial Terrorism

Guyana hosted the 46th Plenary Meeting of the Caribbean Financial Action Taskforce (CFATF), this year. We were reminded that Guyana had begun regulatory and legislative strengthening to protect its financial system from money laundering and financing of terrorism, over 17 years ago, which included the Money Laundering (Prevention) Act 2000 that was replaced by the Anti-Money Laundering and the Countering of the Financing of Terrorism Act 2009. The latter was, subsequently, strengthened multiple times, over the years, by way of amendments, and allowed for improved compliance with the CFATF standards.

This year, Guyana has been tasked with leading the CFATF for the next term, with the responsibility to oversee all 25 members of this task force and their compliance with international financial regulations. In order to ensure that members are compliant, as well as effective in their implementation of the recommendations, several supervisory agencies, including the Financial Intelligence Unit (FIU), the Bank of Guyana (BOG), the Guyana Revenue Authority, the Office of the Director of Public Prosecutions, and the Securities and Stock Exchange Council will also benefit from capacity building and institutional strengthening.

In particular, in 2018, we will continue to bolster the capacity of the FIU to better monitor for suspicious transactions. It should be noted that the cooperation of these entities, both private and public, is paramount, and we anticipate full cooperation of new entities as they are engaged by the FIU in continuing to safeguard our nation‘s financial integrity.

f. Social Cohesion

This Government is resolute in its commitment to create a harmonious society, based on the principles of mutual respect and tolerance for one another, regardless of age, gender, race, religion or sexuality. Admittedly, this is a mammoth task, given the distrust that has been sown among brothers and sisters of our nation or the lack of tolerance for persons who are seen as being different.

We will not let such divisions and intolerance continue to hinder our development. The Government will continue to work to rebuild trust and cohesiveness in our society. In 2018, we will continue to engage civil society groups and local and central government agencies, through our sensitisation and information sharing initiative, to ensure that they are aware of their roles in achieving social cohesion.

E. Better Government

a. Public Administration and Public Financial Management

The Government has continued to implement our Public Expenditure and Financial Accountability (PEFA) Action Plan and the Budget Transparency Action Plan, in addition to improving capacity improvements in these areas. During 2018, work will continue to improve the efficiency and quality of our public sector investment programme, manage oil and gas resources, improve tax administration, conduct public licence expenditure reviews and strengthen monitoring and evaluation systems, given their collective contribution to the goal of realizing effective results based management.

i. Public Sector Investment Programme and Public Procurement

Our national performance on the Public Sector Investment Programme (PSIP) is still far below our expectations and economic needs. At the half year, significant concern was expressed about the lack of progress of the PSIP, and our Mid-Year Report for 2017 echoed those same sentiments. Since then, we have worked to accelerate implementation.

We have approached the preparation of Budget 2018 with a significantly sterner disposition, since continuing with the *status quo* was untenable and unthinkable. During the preparation process, budget agencies were mandated to ensure that procurement plans were prepared in support of their 2018 work programmes; bills of quantities and terms of references were prepared in 2017 for 2018; and procurement processes commenced prior to the new year. In short, budget agencies should be in a state of readiness to implement the PSIP, come 1st January, 2018. The make-up of the PSIP, in Budget 2018, is one that should allow for a more structured and timely execution within the parameters of scope, time and cost. We have conducted a Public Investment Management Assessment (PIMA) and, based on the findings, will be taking further actions to improve the quality of expenditure outlays.

In support of improved capacity of the central Government, I am pleased to announce that we will be piloting a procurement planning training programme in 2018. It is anticipated that key sectors, such as health, education, public infrastructure, public security and agriculture, will be targeted for this capacity building exercise. Officers will be trained on the development of procurement plans, and spend analysis, and will benefit from clinical sessions where a specialist will facilitate the development of actual procurement plans. These procurement plans are intended to serve as a benchmark against which performance will be measured and, also, as an early warning mechanism to signal the need for remedial interventions.

In 2018, we will continue to strengthen our procurement systems through several new initiatives. We will be establishing a process for debarment, where the past performance of bidders will be apprised as part of the selection process. We will establish a contractor‘s register to support this particular initiative. Also, a register of all procurement evaluators will be established to ensure that turnaround times and procedures are monitored and enforced. Further, we will be updating our procurement legislation, and will begin the groundwork leading to the eventual implementation of an e-procurement platform. This platform will allow for a more efficient and effective procurement system that has a greater capacity.

ii. Budgeting for Results

In addition to our efforts on the procurement side of public financial management, we have also piloted a ‘Budgeting for Results’ (B4R) system with the Ministry of Public Health. The B4R platform is data driven; it forces the user to adapt a programmatic, results-focused approach to budgeting and planning. The pilot will continue during 2018, when it is anticipated to utilise the platform to assess performance of public health, and to assist in the preparation and delivery of the Ministries’ Budget 2019 proposal. Once the platform proves successful, we anticipate a roll out to other key Ministries. Another platform that we have rolled out this year is the upgraded version of the Government accounting software. Going forward, we will be examining the effectiveness and user-friendliness of the existing and alternative platforms so that we continue to improve on processing times within Integrated Financial Management and Accounting Systems (IFMAS) across Government. We will also be moving to design the Integrated Financial Management and Information Systems (IFMIS) to replace the IFMAS.

iii. Government Accounting and Treasury Management

In the area of treasury management, Government has decided to transition to a Treasury Single Account (TSA). Based on international experience, best practices and expertise, structural changes to the Accountant General’s Department (AGD) were recommended. These would best facilitate the move towards the TSA and enable smoother implementation of reforms in the future. These changes to the AGD are being considered by Government for implementation in 2018. Support will be provided to plan for the implementation of the TSA, as well as the adoption of the International Public Sector Accounting Standards (IPSAS) and the re-conceptualisation of Government‘s chart of accounts. In addition, the upgrading of the National Payment System (NPS) to a digital one will facilitate more effective monitoring of budget agencies and public fund flows, cash management, and financial reporting. All of this is designed to protect the integrity of the treasury and improve accountability and transparency.

All of the aforementioned have largely focused on improving our planning, budgeting, and financial processes. However, we must also improve the capacity of our human resources to ensure that there is sufficient analytical rigour to drive these processes. This year, the draft report addressing child-focused public expenditure was completed, and preliminary findings show that Government, between 2015 and 2017, has placed significant emphasis on interventions that benefit children, with child-focused expenditure rising from $35.5 billion to $50.8 billion. The final report will also include analysis of the effectiveness and efficiency of select Government programmes for children, and, when completed in early 2018, will serve to guide our interventions and policies, going forward. We will be undertaking further public expenditure reviews, in different sectors, commencing in 2018, and will continue capacity building in this area, along with economic forecasting and modelling.

The child-focused public expenditure assessment also incorporated a capacity building exercise which sought to train officials of several key Ministries, such as the Ministries of Public Health and Education, in the methodologies behind the exercise. Approximately 30 public servants were sensitised on measures of efficiency and effectiveness when assessing public programmes. The intention is to develop the analytic capability to undertake such assessments, in-house, so as to programme development and evaluation.

c. Data for Decision Making

Our experiences, this year, make it plainly evident that we still have a long way to go in strengthening our data systems. To be able to have effective monitoring and evaluation systems, make the most of planning and budgeting platforms, such as B4R; and produce quality analytic reports, as we are doing for the child-focused public expenditure assessment; we must do more to improve data collection, management, quality and analyses. As such, capacity building, under the umbrella of our National Monitoring and Evaluation (M&E) Strategy, will continue in 2018, with at least five sessions of training planned in key concepts of M&E and indicator building. As we continue to implement performance budgeting and results based management, the need for effective M&E systems, underpinned by strong data development, remains critical.

With regard to national statistics, the Labour Force Survey (LFS) took the field in the third quarter of this year and will continue into 2018. The LFS, the first for Guyana, is now in its second round and the first profiles of analysis are expected to be delivered in the first quarter of 2018. In addition, the all-Urban Consumer Price Index is expected to be implemented in the first quarter of 2018. Further, we will be launching the Household Budget Survey and the

Living Conditions Survey in the last quarter of 2018 - the latter survey being the first major output of the newly established Poverty Measurement and Analysis Unit.

d. Tax Administration and Reform

In anticipation of the economic developments expected in the next few years, our capacity for effective tax administration must be brought up to par, if we are to continue to be fiscally responsible. With the aim of strategically bolstering the capacity of the GRA, a five-year strategic plan will be developed, in 2018, which will prioritise actions to be taken by the Authority to maximise Government revenue and improve the overall administration of taxes.

3.42 p.m.

In 2017, the Government requested the conduct of a Tax Administration Diagnostic Assessment Tool to assess the effectiveness of the tax administration system. The findings of the report indicate that there is much work to be done. One recommendation from this report has led to the establishment of a Large Taxpayers Unit, in light of the fact that the majority of revenues are collected from a small group of taxpayers. The operationalisation of the Unit is expected to improve service delivery, thereby increasing compliance and revenue collection. It is anticipated that, in 2018, the Unit will improve its operational capacity to service all 243 large taxpayers on its roll.

We are not only working to improve the service delivery to our large taxpayers, but, also, to all others. In 2017, the GRA established an outpost in Morawhanna, which reduced revenue leakage that was due to fuel smuggling. Additionally, offices have been established in Charity and Parika that offer a level of service similar to that of the Head Office. In the coming year, the Authority will seek to establish additional offices in Mabaruma and Eteringbang.

Another initiative, which we anticipate will result in improved tax compliance, is the implementation of a stamp system for the sale of alcohol and tobacco. Through the use of seals to signal customs compliance, this measure will help, also, to reduce the incidence of smuggling of these particular goods.

Efforts will continue to focus on improving the internal capacities of the GRA to better serve the taxpayer. The GRA e-services are currently being tested for tax returns processing and taxpayer registration. We anticipate that these e-services will be launched in time for, at least, the average taxpayer to file his or her tax return online by 30th April, 2018. In addition, in the new year, we will begin testing the Automated System for Customs Data (ASYCUDA), an integrated customs management system. We will launch the testing of the manifest module of ASYCUDA with a private sector company which will allow for advance filing of cargo declarations. This is intended to improve customs processing times and accelerate the clearance and release of shipments to taxpayers. By the end of 2018, it is expected that this module of ASYCUDA should go live.

From 2018, emphasis will be placed on refocusing and strengthening risk management, the re-establishment of a business information technology steering group, implementing a data warehouse, rapid cleansing of the taxpayer register and developing and implementing a risk-based debt management strategy. All of these reforms are intended to stabilise the tax base, allowing for more predictability with regard to revenue streams and more evidence-based planning and forecasting.

e. Financial Sector Reform

i. Addressing Derisking

The derisking phenomenon, which resulted in foreign-owned banks terminating correspondent banking relationships with locally-owned banks, continues to affect our economy. At the end of October, 2017, more than two-thirds of the locally owned banks were unable to facilitate third-party foreign currency cheques, and only one bank has been executing wire transfers. This has led to increased cost of financial transactions which has had the potential to reduce trade and investments, as well as remittances from abroad. We continue to work with our Caribbean neighbours and international institutions to develop a methodology to facilitate analysis of the impacts of these lost relationships, as well as to inform measures that can be put in place to mitigate against future losses.

ii. Promoting Financial Sector Stability

Throughout the year, the Bank of Guyana (BoG) continued to develop systems to improve our ability to monitor and maintain the stability of the financial sector. Central to this has been the drafting of amendments to the Financial Institutions Act (1995), which addresses the findings of the 2016 IMF and World Bank Financial Sector Assessment Programme (FSAP) of Guyana. These amendments aim to address risks by enhancing the supervisory capacity of the BoG and enforcing monitoring, prevention and correction measures. This exercise benefited from technical assistance, which also enabled the drafting of financial consumer protection legislation, for which consultations are expected to be held during 2018. When enacted, it will provide for a grievance mechanism to be established to receive and investigate civil complaints against financial institutions.

Also critical to financial sector stability is the continued enhancement of the risk-based supervisory (RBS) framework of the BoG to adapt to changing supervisory methodology and best practices. The current framework has been in existence for over a decade. In 2017, we began revising this framework to give a more structured, but flexible, approach to supervision, risk assessment and mitigation in order to ensure that an adequate level of protection is afforded to all stakeholders. The revised framework is expected to be implemented in 2018.

In 2017, BoG completed a draft of the stress testing guidelines to be used by the banking system. In 2018, consultations will be held with commercial banks to finalise these guidelines, which are intended to outline procedures to be followed when conducting stress tests. These tests are currently conducted by the Bank of Guyana using a top-down approach, which allows for an assessment of the resilience of the banking sector as a whole. However, by following a bottom-up approach, commercial banks will be able to evaluate their individual solvency and resilience. Such tests will allow our banks to better assess and make adjustments to guard against adverse losses. In 2018, we will work towards developing a macro-stress test model for the economy to better guard against risks.

While great strides have been made towards maintaining the integrity of the financial sector and attaining Basel II standards, more work still remains to be done. In 2018, we will continue to implement the recommendations of the FSAP and draft the requisite regulations and legislation to implement deposit insurance to add yet another form of protection to our financial sector.

iii. Expanding and Deepening Access to Financial Services

Government is cognisant that financial sector development is pivotal for sustained economic growth and development. Some of the core policy initiatives that were implemented within the financial sector over the past year were measures to promote capital market development and measures to enhance financial market infrastructure. The overarching goal of these initiatives is to create a more competitive financial environment, enhance financial stability and fulfil the Government's financial inclusion imperative.

The design of a country's payment system has financial risk implications for the development, safety and soundness of the domestic financial system and the performance of the macro economy. These risks need to be managed and mitigated through the establishment of a modern payments infrastructure that is supported by a sound institutional and regulatory framework. This evolution of our National Payment System (NPS) from paper-based to electronic is underway. The BoG has commenced work on the National Strategy for the Payments System Reform, which will serve to guide the development of the NPS. Specifically, in 2018, the Strategy is expected to be completed and compilation of the technical specifications of the required infrastructural upgrades will be underway. Once operationalised, the NPS is expected to handle a turnover of approximately 120% of Guyana's Gross Domestic Product (GDP).

Guyana's capital market is still small and underdeveloped, being plagued by limited instruments, participants and insufficient financial literacy. A more mature capital market could provide for better risk management, enhance financial stability, and promote more efficient administration of fiscal, monetary and exchange rate policies. At the same time, we want to ensure that there is a good balance between debt and equity financing, to broaden, deepen and diversify the investment base while enhancing risk sharing. In light of this, the development of a bond market is still being considered, actively, following the submission of a report by the International Monetary Fund (IMF).

The legal and regulatory framework governing the operation of the securities sector has not kept pace with developments in our country and global best practices. This has created an impediment to the development and expansion of the securities market. A modern and comprehensive legislative framework will enable the diversification of the capital market in Guyana, facilitate the mobilisation of financial resources and broaden market participation. It will also enhance investor protection and strengthen cross-border supervision and cooperation among financial regulators in order to reduce systemic risk. To correct this deficiency, the Guyana Securities Council has begun re-writing the Securities Industry Act. Key elements of the new legislation are:

- Improved licensing regimes for self-regulatory organisations, securities exchanges and securities intermediaries;

- Extension of regulatory authority over the entire securities marketplace, including quotation and trade reporting systems and alternative trading schemes;
- Institution of a licensing regime for collective investment schemes;
- Establishment of a Central Securities Depository to record and maintain securities and register the transfer of ownership of securities; and
- Conferral on the regulator (to be renamed the Securities Commission) of such powers and duties as would enable it to promote the orderly development of the securities market and to protect the integrity of the market from abuse.

f. Business and Investment

This Administration recognises the important role that entrepreneurship and, in turn, the private sector, plays in generating employment and income. It is imperative, therefore, that we continue to strengthen the fabric of micro and small businesses, especially those owned by vulnerable groups, through the alleviation of prohibitive constraints.

Established enterprises have a crucial part to play in nurturing micro and small businesses, just as the Government has done, and continues to do, for both domestic and international enterprises through the facilitation of an enabling environment. The Small Business Bureau (SBB) has directly supported over 1,100 budding entrepreneurs in 2017. More than 168 young persons benefited from business grants as part of the YouthBiz 592 project, as well as a pilot, in-school, entrepreneurship project. A further 160 micro and small businesses directly benefited from improved access to finance through the disbursement of business grants and loans by the Micro and Small Enterprise Development Project. A total of 392 jobs were created and 831 persons from the hinterland and coastland received training in areas related to business development. A new initiative to support small businesses, in 2018, is the establishment of a $100 million revolving fund to finance businesses whose goods and services are sustainable and environmentally friendly.

Additional support to micro and small businesses will be delivered in 2018 through the creation of business incubators and accelerators in Regions 5 and 9 at a cost of $36 million. These structures will foster the growth of businesses by facilitating the provision of support services such as business registration, documentation and capacity building. Further, through the establishment of business registration hubs, like the one opened in Lethem, Region 9, this year, and the upcoming one in Mahdia, Region 8, we will continue to improve the ease of doing business. In 2018, four other business registration hubs will be established in Regions 1, 5, 6 and 10.

Despite our best efforts to alleviate the financial constraints facing businesses, access to credit still prohibits investment and growth of enterprises. We will continue to devise strategies to address this problem, such as the implementation of a Secure Transaction Regime in 2018. This will allow for easier access to financing using moveable collateral.

While the focus is on nurturing micro and small businesses, works on the Lethem Industrial Estate and the Belvedere Industrial Estate will continue into the New Year. An allocation of $350 million has been made for the completion of these works in 2018. These estates are expected to have a combined capacity of about 250 to facilitate value-added production while benefiting from economies of scale.

The Guyana Office for Investment (GO-Invest) facilitated almost $23 billion in investments which, over time, will create over 970 jobs across various sectors, including services, agriculture and energy**.** In 2018, GO-Invest anticipates investments of $154 billion, which will create about 5,725 jobs. In addition, GO-Invest will be hosting the first ever Guyana Trade and Investment Exposition, aimed at promoting collaboration between private sector actors towards knowledge sharing and creating business partnerships. The Office anticipates up to 75 businesses participating in the Exposition in April, 2018. Finally, work on updating the National Export and Investment Strategy will commence in the new year.

3.57 p.m.

To support our export competitiveness strategy, the sum of $200 million has been allocated for 2018 to improve our national quality infrastructure. Enforcement of quality standards will guarantee that all exports leaving Guyana meet international standards to be sold on the world market. To this end, work will commence on pursuing accreditation of the existing laboratory facilities and to strengthen the capacity of the Guyana National Bureau of Standards (GNBS).

F. Emerging and Transformative Sectors

a. Knowledge-Driven Government and Industries

The Information and Communications Technology (ICT) sector is a continually advancing and evolving one. It has transformed traditional sectors such as transport, security, health and education. There are newer and more intelligent smartphones being released almost every month, some of which can monitor your health to a high degree of accuracy. Homes are designed with smart technology that will learn and adapt to owners preferences and comfort while providing security measures and classrooms that are fully digital provide a more immersive learning experience.

Notwithstanding, Government is fully committed to accelerating our assimilation of new technologies into the way we do business and into our way of life. To this end, our focus is placed on completing the process of liberalisation of the telecommunications sector. Government is keen on having the benefits of a competitive ICT industry being passed on to the consumer in the form of improved services, added coverage and reduced cost.

Additionally, we will be working to further develop the requisite infrastructure to support such a transformation. Our interventions, going forward, will be guided by our national ICT strategy which will be finalised in 2018.

The Government is in the process of securing funding of US$37.6 million to implement the first phase of the Smart Guyana Programme - a national broadband initiative to expand our e-Government network. To do this, we will upgrade the existing Long Term Evolution (LTE) network, upgrade and construct data centres, provide capacity building, outfit smart classrooms and eLibraries, launch eHealth solutions for remote health care services, and increase our closed- circuit television capacities towards a Safe City solution. To this end, we have allocated $2.3 billion to commence work on this initiative in 2018. In addition, a further US$17 million has been earmarked to ensure that vulnerable groups and far-flung hinterland communities, which might otherwise be excluded, are provided with the necessary infrastructure, hardware and software that will enable access to high quality ICT training and e-services. Implementation of this project is anticipated to commence in 2018 and, on completion, will see over 89,000 residents in approximately 170 communities having access to over 200 eGovernment ICT hubs.

In 2017, the foundation was laid for the full operationalisation of the Centre of Excellence in Information Technology (CEIT) - an ICT finishing school geared to bridge the gap between academia and industry. The building that will house the Centre was fully refurbished and furnished. In 2018, over 100 students are expected to graduate from the Centre with advanced tutelage in network security, JAVA and Android, among others. Over $140 million has been allocated to support the Centre in the new year.

While capacity building remains a priority for Government, the need for innovation is critical to supporting transformative growth. In 2016, we started nurturing the talent of our local community by hosting events such as Hackathons and CodeSprints. These have been a success, with the eventual winners of the latter developing a practical Agricultural Commodities Trade Exchange that will be employed by the Ministry of Agriculture. The recently concluded Hackathon required participants to create a software or mobile application that caters for the management of rates and taxes and reporting for Municipalities and Neighbourhood Democratic Councils (NDCs). While still in its early stages, we anticipate that the application developed by the winners will be put to good use.

b. Managing the Extractive Sector

We have achieved a significant milestone this year by becoming a candidate-member of the Extractive Industries Transparency Initiative (EITI). Next year, we will support the EITI secretariat in implementation of its work plan, as we embark on the 18-month journey to full membership. At that time, we would have met a global standard for the good governance of oil, gas and mineral resources. This standard requires information along the extractive industry value chain - from the point of extraction to how the revenue makes its way through the Government and its contribution to the economy. These efforts serve to demonstrate our commitment to responsible and effective governance in the pursuit of sustainable development.

i. Gold

The admirable performance of the gold sector in 2016 will be replicated in 2017 and is expected to be surpassed in 2018. However, production levels are thought to be much higher than declared, with thousands of ounces reportedly smuggled out of the country each month. Not only is this hampering our nation’s development, it also casts a shadow over other law-abiding miners. To help address this problem, 41 trained wardens/compliance officers will be deployed to mining areas in 2018. These officers have been vested with the powers of various categories of law enforcement and are tasked with enforcing mining regulations and other relevant laws. The work of these wardens will supplement the efforts of the Guyana Geology and Mines Commission (GGMC) to reduce the incidence of illegal mining and to improve compliance. Also, a set of incentives to encourage higher declarations will be announced shortly.

Although we have seen fewer fatal accidents in this sector, priority will be placed on promoting occupational health and safety standards and industry best practices. In the new year, Government will continue to support the Guyana Mining School and Training Centre which has been training miners and staffers of the sector in areas such as occupational health and safety, environmental management, exploration and geological techniques and improved recovery practices. Additionally, to reduce the risk associated with the use of mercury in mining to human and environmental health, the importation and use of mercury will be regulated, in 2018, with a view to reducing its use.

ii. Oil and Gas

In 2017, three additional oil discoveries in the Stabroek bloc were announced: Payara, Snoek, and Turbot. While the quantity and quality of the latter two discoveries are still being assessed, the gross recoverable resources for the Stabroek bloc is now estimated to be between 2.25 billion to 2.75 billion oil-equivalent barrels, making it one of the most significant global finds in recent years. These discoveries have derisked the basin, which is estimated to contain at least seven billion oil-equivalent barrels and has resulted in the significant ramping up of exploration activities in other already-allocated off-shore blocs.

In light of these discoveries, we also anticipate significant interest in exploring the unallocated blocs of our derisked off-shore basins. As such, it is imperative that we safeguard the rights of our nation to a fair share of resource wealth. To do so, we must revise the existing template of the Production Sharing Agreement (PSA) to be more accommodating to changing commodity prices while maintaining a level of progressivity that is responsive to profitability. While we strengthen our ability to negotiate more equitable PSAs, key Government agencies within the recently established Inter-Ministerial Technical Committee on Petroleum to continue to coordinate capacity building and interactions with the industry.

The Committee's agenda in the immediate future will focus on coordinating capacity building, information sharing, as well as providing input into the development of a legal and institutional framework to support the Sovereign Wealth Fund (SWF). The development of a rules-based SWF is critical to ensuring that our resource revenues are responsibly managed within a transparent framework that promotes the highest levels of accountability. It must be noted that the SWF will not just serve for investment but will also save for future generations and to stabilise the economy in times of global economic instability. During 2018, we will endeavour to publish a Green Paper to apprise this honourable House on the proposal for the

SWF, to seek feedback for further refinement and to stimulate a national discussion to ensure that all citizens understand the benefits to be had and the perils we must guard against in the collection and management of our oil resources.

In addition to the establishment of the sovereign wealth fund in 2018, the Petroleum Commission of Guyana will be operationalised after the anticipated passage of the Petroleum Commission Bill 2017. The Commission will be tasked with the monitoring and regulation of this new and emerging sector, with a mandate to ensure that the exploration, development and production of petroleum are done in an efficient, safe, effective and environmentally responsible manner.

While we continue to build capacity for effectively managing and regulating the oil and gas sector, we will ensure that systems and regulations are in place to properly and transparently account for and manage oil revenues. Specifically, an oil and gas unit will also be established within the Guyana Revenue Authority (GRA) and will benefit from extensive training in revenue administration within the context of PSAs. The prudent management of these resources, in addition to a well-thought out development plan, will help to guard against the resource curse.

To also prepare our private sector for rapid growth in this sector, we will be hosting an Oil and Gas Exposition and Business Summit in the first quarter of 2018 to bring together various segments of the private sector towards creating partnerships and facilitating information sharing for business opportunities.

Although oil remains the main focus of this emerging sector, we are carefully exploring the feasibility of utilising natural gas as a temporary alternative for power generation. In the coming year, further steps will be taken to identify the preferred option for transporting gas onshore, including the most suitable location.

iii. Bauxite

The bauxite industry is anticipated to benefit from added productive capacity as a new mine is slated for construction at Bonasika in 2018. Approximately US$50 million is expected to be sunk into this project which is expected to employ more than 150 workers. The mine is envisaged to commence production in 2019.

iv. Manganese and Other Mineral Offerings

In 2018, manganese is expected to be in production, thus contributing to our economic growth for the first time in over 40 years. Preparatory works, including the rehabilitation of roads, has already begun and about 1,200 persons will be employed during the construction phase. When the mine becomes operational, between 300 and 400 individuals will be gainfully employed, thus benefitting Matthews Ridge and surrounding communities.

v. Timber and Wood Products

To strengthen the capacity on our forestry sub-sector to adapt to sustainable production practices, which, ultimately, will improve international competiveness and our access to foreign markets, we have committed to become a part of the European Union/Forest Law Enforcement, Governance and Trade (EU-FLEGT) Programme. We are on our way to initialling the Voluntary Partnership Agreement (VPA) of the Programme by the end of this year. Once the VPA is ratified, we can then commence the implementation phase, at the end of which the aforementioned benefits would be realised.

In addition, the Government spearheaded the establishment of an Inter-Ministerial Roundtable, tasked with working collaboratively with the private sector, through the Guyana Manufacturers and Services Association (GMSA) to meaningfully develop methods and initiatives to stimulate growth amongst the various industries of the manufacturing and services sectors. The forestry subsector was identified by the GMSA as the priority industry for the attention of the Roundtable, given the struggle of its players in progressing to value-added production and which would allow for the sector's true potential for growth and employment to be realised.

While the challenges facing the forestry sector are multifaceted and complex, the Roundtable was able to identify several key issues that were hampering the sector's transformation. A package of measures has been designed and will be announced shortly. The Roundtable will continue to meet in 2018 to resolve outstanding issues with regard to forestry and commence discussions on the next priority industry.

4.12 p.m.

c. Destination Guyana

The tourism potential of our great, green nation is vast. Just recently, over 30 new species of flora and fauna have been discovered in the Kaieteur National Park and the Upper Potaro

Region. Much like our forests, the ecotourism potential of our country remains largely untapped. In spite of this, the growth in tourism continues at a steady pace, with visitor arrivals totalling 170,322 persons between January to September of 2017, a 5.7% increase over the same period in 2016.

If tourism is to become a significant economic driver, as we hope that it will as part of our efforts towards diversification, then our approach to developing this sector must be multi-faceted. To this end, the Guyana Tourism Authority, in the coming year, will focus on areas including: promoting the Guiana's Shield as a tourism product; deepening links with industry operatives and investors; supporting the execution of cultural, heritage, and sports events; strengthening our Diaspora relations to develop and exploit tourism opportunities; and preparing and implementing a Tourism Development and Destination Marketing Plan.

It is expected, as well, that, as our economy undergoes rapid development in the coming years, additional visits, stemming from the hosting of international exhibitions, conferences, and shows, some of which I have already alluded to in this speech, will also stimulate growth in the hospitality subsector and the wider tourism sector.

d. Infrastructure for Integration

Our economic fortune is premised, in part, on the speed with which we are able to improve, modernise and expand the country's infrastructure. The need to invest in infrastructure for job creation, the expansion of industries and the growth of the private sector are paramount in a growing economy. As such, eliminating the infrastructure deficit, including linking our heavily populated coastland to our rich, arable and pristine hinterland communities continues to guide investments in the sector. It will be recalled that a number of transformative initiatives were outlined in Budget 2017. These require tremendous planning, coordination, cooperation, and leadership. As such, we have commissioned several studies and began due diligence to commence major infrastructure interventions. Our development partners have already approved the terms of reference for the design and feasibility of the Linden-Mabura Road Upgrade, the River Crossing at Kurupukari, and the Coastal River and Infrastructure Project. We are in receipt of 11 expressions of interests for the design, build, own, operate and transfer option for the New Demerara River Bridge.

i. Roads

We have allocated $35 billion, in 2018, to support infrastructural development across the country. Of that amount, the sum of $14.3 billion will be devoted to the construction, rehabilitation, upgrading, and maintenance of our road network. Specifically, in the new year, works will commence on the Sheriff Street-Mandela Road, for which we have budgeted $2 billion. The existing carriageway will be upgraded and resurfaced from the northern end of Sheriff Street through to Homestretch Avenue. From that point to the Mandela Avenue-Hunter Street junction, we will be widening the road to accommodate four lanes of traffic. Sidewalks, bicycle lanes, pedestrian overpasses, and a roundabout at the Sheriff Street-David Street junction will all form parts of this project, in an effort to improve road safety. Alongside this, we will be expending another $2.7 billion to widen the East Coast Demerara Highway to four lanes, stretching from Better Hope to Annandale, while the two-lane road between Annandale and Belfield will be upgraded. A further $1.2 billion has been budgeted to complete the West Coast Demerara Highway. Additionally, the four pedestrian overpasses will be equipped with elevators to facilitate the aged and differently abled pedestrians.

The development of the Georgetown-Lethem gateway requires careful assessment and due diligence. In the coming year, we will be launching the feasibility studies and detailed designs for the first phase of the Linden-Lethem road, covering the section from Linden to Mabura Hill, thereby improving access to hinterland communities and Northern Brazil while opening new economic opportunities along the corridor. I am pleased to indicate that external funding is available to scope out and develop key social and economic opportunities for residents living along this corridor. The use of these funds is specifically targeted to establishing the groundwork to map out and implement complementary social and economic development initiatives around the project, and to assist in financing the implementation of selected strategic, small-scaled economic activities. Similar studies will be conducted on the Soesdyke-Linden Highway and the Linden-Ituni-Kwakwani Corridor. These will provide significant entre to the Intermediate Savannahs and create access to the upper reaches of the Berbice River, thereby enhancing the agricultural potential of Kwakwani, Ebini and Kimbia.

Several key roadways in the Hinterland, aimed at providing easy travel and transportation access between and among hinterland communities as well as facilitating our gold miners and loggers, will be upgraded, in 2018. These include the Port Kaituma-Matthew’s Ridge-Baramita Corridor, internal roads in Mahdia, and the Bartica-Potaro stretch of road; a total of $1.5 billion has been allocated for these works.

ii. Bridges

The need for a new, higher-capacity, fixed bridge across the Demerara River is evident, given the aging out of the existing Bridge. We have completed the feasibility study for a new bridge, have successfully called for expressions of interest, and will work assiduously to ensure its earliest construction.

With regard to the Georgetown-Lethem gateway, we are undertaking a feasibility and design of a bridge across the Kurupukari. To execute these activities and other bridge-improvement initiatives in 2018, we have allocated $840.4 million in this Budget.

iii. Sea Defence

The Government is cognisant of the need to protect our low-lying coastland. In 2018, the sum of $2.4 billion has been budgeted to improve our sea defence countrywide. Specifically, construction and rehabilitation of sea defence structures will be undertaken at Ruimzigt/Waller’s Delight, De William, Grove/Look Out, Pomeroon, Cottage (Mahaicony), and Uitvlugt.

iv. River

In ensuring that balanced growth occurs across Guyana, the Government will continue to place emphasis on servicing riverine areas and utilising under-exploited riverways to facilitate economic activity. In this regard, $250 million has been allocated, in 2018, for the upgrade of stellings at Bartica and Leguan. A further $160 million has been allocated to support the reconstruction of the Vreed-en-Hoop and Stabroek stellings into modern water taxi terminals. Additionally, the sum of $1.1 billion has been budgeted to commence the construction of an oceangoing passenger and cargo ferry, which will ply the Parika-Mabaruma route. A sum of $500 million has been budgeted for the rehabilitation of our existing fleet of river and oceangoing vessels.

v. Air

In 2018, we will enter into a new phase in our aviation history as we anticipate to complete the US$138 million expansion of the Cheddi Jagan International Airport. A sum of $5 billion has been allocated to complete works, including the extension of the runway, rehabilitation of the building to house the arrivals terminal, and the construction of the departure terminal. The upgraded Airport will be able to accommodate larger aircraft and handle an increased number of passengers.

In an effort to guide the continued transformation and modernisation of the aviation sector, work on the development of an aviation master plan will commence, in 2018. We have set aside $250 million to improve our airstrips and aerodromes across the country, of which $150 million will be used to commence the rehabilitation of airstrips at Bemichi and Kamana. Another 12 airstrips across the hinterland regions will be rehabilitated at a cost of $110.3 million.

The Government is also in negotiation with a multilateral donor to secure a US$15 million loan to finance a project for further aerodrome and airstrip development across the hinterland. Under that programme, the Lethem Airstrip will be upgraded into a regional hub and international aerodrome in order to receive flights originating from Brazil and other Latin American neighbours.

vi. Energy

Our Nationally Determined Contribution, under the United Nations Framework Convention on Climate Change (UNFCCC), specifies that we, as a nation, have undertaken to develop a 100% renewable energy supply by 2025. This Government intends to honour this commitment to our people and the world. We have, and will continue to prioritise interventions in solar, hydropower and other renewable sources as well as energy efficient technologies. This commitment is also expected to be restated in the Green State Development Strategy.

The Government continues to explore our options for realising substantial conversion to renewable sources by 2025. Evidently, hydropower continues to be an integral part of the renewable options. However, the Government has already expressed deep and open reservations about the Amaila Falls Hydropower Project being the primary hydropower solution. In addition to unresolved technical cost, environmental and other issues, the main sponsor, Sithe Global, has withdrawn from the project. The Government has therefore opted for a comprehensive energy mix with natural gas being actively considered as a prime component. In the meantime, we are currently examining the feasibility of hydropower projects at Kumu Falls and Moco Moco Falls; together, they are anticipated to generate sufficient power to meet the demands of planned households and industrial zones within the immediate and surrounding communities. We will package these projects in a manner that would attract investors' interests.

This year, we commenced the construction of Guyana's first ever solar farm in Mabaruma, which we expect to become operational in 2018. We have also commenced feasibility studies for the establishment of solar farms in Port Kaituma and Bartica. Government buildings, including Ministries, schools, and health centres, are being outfitted with solar photovoltaic panels to reduce Government's dependence on the national grid. To date, 70 buildings have been equipped with such panels, resulting in a 1.86 gigawatt of power savings. In 2018, another 74 buildings will be outfitted. The Government is also implementing an energy efficiency programme. So far, we have installed 10,427 light-emitting diode (LED) lamps and 3,766 motion-sensors across 46 buildings, and, in 2018, we will endeavour to install an additional 10,610 lamps and 1,486 motion sensors. Our intervention in 2018 is anticipated to save our taxpayers $45.5 million, per year, in energy costs.

The Government will be supporting the efforts of the Guyana Power and Light Inc. (GPL) to improve the quality and efficiency of its electricity distribution network. In that regard, we have allocated $2 billion for the Power Utility Upgrade Programme, in 2018. In addition, we will be examining the feasibility of using natural gas as a more affordable and cleaner energy source, until such time as we are able to move to 100% renewable energy. Already, GPL has invited expressions of interest for the installation of a 50 megawatt capacity natural gas fired plant.

e. Building Sustainable Communities

i. Water

The provision of safe and potable drinking water is a basic human right to be enjoyed by all Guyanese. To this end, we have allocated $3.2 billion to improve the quality of water supply across the country, 9.7 % above the projected amount for 2017. Our efforts in this area continue to be guided by the Guyana Water Inc.'s (GWI) Strategic Plan, which aims to achieve universal access to safe and affordable drinking water.

In 2018, we will continue the expansion of our water supply capacity, with works anticipated to start on the construction of three new water treatment plants that will cater for the following catchment areas: Good Banana Land-Sheet Anchor, in Region 6; Diamond-Herstelling, in Region 4; and Cornelia Ida – De Kinderen, in Region 3. Over 20,000 households are anticipated to benefit from these water treatment plants and thousands more will benefit from the anticipated completion of eight new wells across the country, in 2018.

4.27 p.m.

To improve the efficiency of our existing water distribution systems, we will also be upgrading transmission lines across the country, including in 11 villages across the hinterland, such as Port Kaituma, Lethem, and Mabaruma; and expanding the system at Moblissa, Three Friends, and the Shelter Belt. We will install an additional 10,000 meters by the end of 2018 compared to the over 10,000 already projected for 2017. Institutional strengthening of Guyana Water Inc. (GWI) will continue to target the reduction of commercial and technical losses and improve the billing system.

ii. Sanitation

As part of our commitment, also aligned to the Sustainable Development Goals, we continue to strive to manage all waste in an environmentally sound manner, in order to minimise their adverse impacts on public health and the environment. In 2017, we expended $338 million on improving our solid waste management, including the rehabilitation of the access road to the Haags Bosch Sanitary Landfill; the commencement of the inventory and survey of all landfill sites; the completion of the construction of Kara Kara Landfill access road; the commencement of the rehabilitation of existing landfill sites at Lusignan, Bartica, and Linden; and the undertaking of final consultations on the National Integrated Solid Waste Management Strategy.

In 2018, another $178.6 million will be expended to further improving our capacity to handle solid waste. We will aim to complete designs for new sanitary landfills at Bartica, Linden, and Mahdia, as well as rehabilitate and upgrade access roads at the Lusignan, Belle Vue, and Rosehall sites. We will also commence preparation of Cell 2 of the Haags Bosch Sanitary Landfill. As part of the solid waste programme, we will continue to provide training in solid waste management practices.

In addition, the public relations campaign to educate the populace - involving a tour of Haags Bosch Landfill, sensitisation efforts at the Municipal Expo, and outreaches will continue in 2018. Government recognises that we must not only manage the handling of waste, but, also, modify our consumption patterns as a nation, if we are to live in a truly greener and more sustainable Guyana.

iii. Housing

The provision of housing is essential for the achievement of economic development, social equality and social cohesion. With the departure from the old housing model, Government housing programme going forward must consider the challenges that currently beset this sector. These include cost of financing, inadequate public infrastructure and services, absence of strategic planning, and an inadequate and inefficient application process, all of which combine to contribute to low occupancy of housing schemes. There is need to find an optimal mix of providing site and services and completed houses solutions, while giving due regard to accounting for affordability, efficiency, and innovative financing, in order to address the needs of a wider cross section of the population. Government has placed affordable housing at the forefront of its social policy and is cognisant of the value of home ownership and its nexus with reducing poverty and improving living standards.

A systemic review of the Government housing programme was undertaken, in light of the continued backlog of over 50,000 applicants, which remains a cause for significant concern. As a result, a joint technical working group was established and tasked with examining the challenges that the Central Housing and Planning Authority (CHPA) must overcome, in order to deliver on its mandate and realise Government‘s vision. A position paper that addresses the challenges facing the housing programme has been completed and is currently drawing the attention of the Cabinet. Solutions that target low and middle income households, including young professionals, are being considered, such as: (i) public-private partnerships towards community solutions; (ii) access to more affordable financing, including graduated interest rates; and (iii) shared ownership/phased equity.

The CHPA has already commenced looking at ways to deliver the promised complete housing units – such as single houses, duplexes, and condominiums – to the public. In 2017, CHPA has piloted 6 duplexes, 2 elevated single family houses; issued 2,116 land titles; regularised 322 squatters; and allotted 381 house lots. The pilot units will be evaluated and the models refined accordingly.

In an effort to address the issue of housing needs for low income families Government has concluded negotiations for a US$30 million loan to improve occupancy of existing housing schemes through the provision of quality public infrastructure as well as the provision of housing subsidies for home improvements and core homes. In addition, a further 164 full house replacement subsidies and 38 roof replacement subsidies are anticipated to be disbursed under the Hinterland Sustainable Housing Programme which is allocated $240 million in 2018.

f. Production Transformation and Agricultural Diversification

The global issues that affect agricultural production across the world have led us to a point in history which forces countries to approach agricultural development in a climate-change resilient, environmentally sustainable manner. As we grapple with climate change and the need for climate adaptation and mitigation measures here, we have begun exploring the possibility of harnessing the vast agricultural potential of the Intermediate and Rupununi Savannahs. We recognise, also, that we must do more to improve the competitiveness of our farmers, through diversification and agro-processing. In 2018, we will facilitate the development of the Savannahs; work with the private sector to stimulate growth in agro-processing; expand our investment in non-traditional crops, livestock, extension services, and further research; and consolidate our drainage and irrigation services. To this end, a total of $19.4 billion has been allocated to the agriculture sector, for 2018.

Our intensified focus on diversification and value-added production in the non-sugar agriculture sector becomes absolutely critical at this point as the sugar industry continues to undergo restructuring. This is key to ensuring that the sector remains productive and growth-stimulating. In 2018, the Special Purposes Unit (SPU) is tasked with examining and articulating the way forward with respect to the divestment of the Skeldon, Rosehall, and East Demerara Estates. With respect to the remaining estates, the SPU will also work to reconfigure operations to guarantee economic viability. Our taxpayers must no longer be burdened to carry the weight of an un-profitable, inefficient, and antiquated public corporation. Government has allocated $6.3 billion, in 2018, to support the reduced operations of GuySuCo.

The Government intends to uphold its duty to the communities and families in the areas affected by divestment, as part of the GuySuCo's restructuring. In order to ensure continued livelihoods, a skills re-training programme is anticipated to be offered for those who choose to pursue new opportunities. Those who wish to continue with a livelihood in agriculture may see an opportunity to own their own farmland. In addition, the Government will assume responsibility for social services, including health centres and community centre grounds. We will also undertake critical drainage and irrigation services for the areas affected by divestment.

The Government is committed to improving the livelihoods of rice farmers. The Government recognises that one important aspect of strengthening stability and sustainability of Guyana's rice sector is to increase productivity per unit area. As such, the Government will partner with the Islamic Development Bank (IsDB), through the Malaysia Agricultural Research and Development Institute (MARDI), in updating the expertise and technology in rice production, through a Reverse Linkage Project to the tune of US$863,000. This will be done through the introduction of innovative rice varieties from MARDI that are more resilient and will significantly increase rice yields per unit.

In 2018, an allocation of $265 million has been made to design and commence construction of an agricultural centre and reservoir in Lethem, and commence upgrading of the agricultural research station in Ebini. These stations will facilitate research programmes in cassava, peanuts, orchards, livestock, and pasture development in the Savannahs; and complement the existing demonstration farms for turmeric, black pepper and ginger in Hosororo and Mabaruma, all geared towards the expansion of non-traditional crop production. In addition, discussions have begun with a view to conducting a feasibility study for the most suitable options to the opening up of the Linden-Ituni-Kwakwani and Kwakwani-Ebini corridors. The development of agriculture in these areas would result in a more resilient industry that will no longer be affected by the coastal threats caused by climate change.

However, while we tackle the issue of geography, we must ensure that competitiveness is not compromised. Government remains proactive in the promotion of non-traditional agricultural products, new technologies and supporting infrastructure towards the ultimate goal of enhancing national production and productivity. These efforts will not only maintain national food security, in an efficient and sustainable manner, but, also substantially transform the cost structure and competitiveness of our agriculture sector. The National Agriculture Research and Extension Institute (NAREI) will continue to support the expansion of our agricultural base and reduce our dependence on imports, through research in improving the yield of non-traditional crops, as well as testing the feasibility of agro-processing in various areas. To complement these efforts, draft regulations for general food safety which will cover fruits and vegetables; water; slaughterhouse regulations; beef inspections and grading; and poultry, milk, and eggs will be completed, in 2018, in a conscious effort to standardise the outputs of the sector, thereby improving competitiveness and promoting easier access to international markets.

Government has embarked on a targeted livestock development programme, which will see Guyana not only rebuilding its herd with a view to exporting beef, but, also, establishing two modern abattoirs in Regions No. 5 and No. 9. When completed, these facilities will enable farmers to slaughter and process their livestock according to international standards and will support certification for export.

The inclement weather in 2017 resulted in the significant loss of livestock and dampened agricultural production overall. In recent years, we have experienced extreme rainfall patterns, which resulted in the flooding of critical agricultural regions of the country. The negative impacts of this on the sector and the livelihoods of many have been painful. As a climate change adaptation and mitigation intervention in 2018, Government will procure the services of a contractor to design and supply nine (9) fixed and five (5) mobile pumps to augment the existing inventory of 60 fixed and mobile pumps. These pumps will provide services to targeted areas along the coast that are susceptible to excessive flooding and have limited natural drainage capacities. Over 50,000 acres of rice cultivation, cash crops and cattle are expected to benefit from the installation of the fixed pumps. Additionally, the five mobile pumps will serve areas that have a larger residential population such as La Penitence South, Cummings Canal, Church Street, Sussex Street and Ruimveldt South.

Government will continue to dedicate significant resources to the development, rehabilitation and maintenance of our drainage and irrigation systems, with over $6.1 billion being allocated in 2018. In addition, over 75 km of canals and drains and over 20km of dams will be constructed, rehabilitated and/or maintained, clearing approximately 150 acres of land for cultivation and benefitting over 100 farming households.

Work will commence, in 2018, on the development of aquaculture and inland fisheries regulations and we will finalise the marine fisheries regulations. It is also expected that increased monitoring and surveillance will be executed with the aim of increasing licensed vessels in the artisanal fleet. Further, the fisheries department will benefit from $54 million to purchase a vessel of their own to ensure more effective at sea monitoring. Tuna fishing is also being developed and there is expression of interest from other private investors in other areas of fishing such a mariculture. The Fisheries Department will continue to work closely with all stakeholders to facilitate the development of a diverse and thriving industry.

Given the changing agro-economic landscape and the collapse of sugar industry, we have to be thoughtful, vigilant and strategic in our outlook. Investment in the agriculture sector must have sustainable cost structures, address the needs of our people, be data-driven and supported by evidence-based planning. To this end, we must first take stock of the current configuration of farmers, farming systems and cost structures across the country, through a national agricultural census. Such an exercise was last undertaken over half a century ago. The census will be critical in the development of land-use plans for the agriculture sector and facilitate a more efficient allocation of resources by both Government and the private sector. In 2018, a sum of $200 million has been allocated towards this activity. The census will also complement our interventions, especially as we escalate our attention and investment in the Intermediate and Rupununi Savannahs.

4.42 p.m.

G. National Security

a. Foreign Policy, Economic Diplomacy, and Diaspora Relations

The preservation of Guyana‘s territorial integrity and sovereignty has always been a paramount responsibility of this Government. The defence of our territory is a defence of our patrimony, our public infrastructure, the private assets of our people and investors, and their right to enjoy those assets within the limits of our laws. Towards this end, we have endeavoured to bring closure to the border controversy with the support of the Secretary-General of the United Nations and the Good Officer Mechanism, and we will continue to do so, in 2018.

In February 2017, Guyana chaired the 28th Inter-Sessional Meeting of the Conference of the Heads of Government of the Caribbean Community (CARICOM), and we are working to ensure that CARICOM continues to provide wider opportunities for our people under the Caribbean Single Market and Economy (CSME), especially given that our trade within the Community represents about 25% of our GDP. In this regard, Guyana has actively joined in efforts to finalise negotiations on expanding CARICOM-Cuba trade relations, CARICOM-Japan cooperation, and plans on deepening CARICOM-South Korea relations, all of which contain rich economic benefits and opportunities for foreign investment in Guyana. These efforts already have borne fruit with Guyana penetrating the Cuban rice market and also receiving Japanese grant assistance of US$15 million for alternative energy uses. For 2018, Government will continue to work with our bilateral and multilateral partners to support our further development and the vision and deliverables of the Green State Development Strategy.

The development of the oil and gas sector has brought increased interest in Guyana from countries near and far. Interest ranges from providing logistic support to offering training in the sector. In this regards, the Ministry of Foreign Affairs is currently developing an Investment Assessment Tool to evaluate the risks and benefits of potential investments to Guyana's security. Furthermore, the Ministry of Foreign Affairs is working assiduously towards presenting a favourable image of the country to all investors through its relations with the Diaspora guided by the Diaspora Engagement Strategy in an effort to leverage the expertise, talent, and investment.

b. Safeguarding Public Security, Rebuilding Public Trust

This year, a tragedy befell our nation which caused us to collectively hold our breath and wonder. I am referring to the rioting of prisoners and the razing of the Camp Street Prison, which was so frightening as to cause public advisories to be issued cautioning citizens to stay indoors. This wanton act of violence and mayhem threatened our national security. It is an experience that has illuminated the state of dysfunction and disarray into which our security services had fallen over the past two decades. Government places great emphasis on both the safety of our citizens and public officers, as well as the rehabilitative process to support the successful reintegration of prisoners into society thereby reducing the rate of recidivism. This catastrophe has forced us, therefore, to undertake a comprehensive examination of the security sector. It has resulted, also, in the diversion of scarce resources to address the immediate security and management concerns, as well as the judicial and other related systems.

While the joint services launched Operations CLEANSWEEP and SAFEGUARD, in order to quickly address the immediate situation, Government has risen to the task of addressing the long term needs of the security sector.

In 2018, we have allocated $30.7 billion to implement several initiatives in the sector. Of that amount, our Prison Service will receive approximately $1.5 billion to address the expansion and rehabilitation of the prison infrastructure. This work will include the expansion of the Mazaruni Prison to accommodate 400 inmates, or 61% more than its current capacity. In addition, work on the construction of a new Georgetown Prison is likely to begin in the New

Year. Over $150 million has also been allocated to purchase surveillance equipment, body scanners, and beds, among other items. Provisions have been made for the strengthening of the Prison Service‘s capacity for case management, as well as rehabilitation and reintegration. Furthermore, in Budget 2018, $1.8 billion has been provided to cater for the Prison Service‘s operational costs, a 4.6% increase over Budget 2017.

We will continue to modernise our Police Force in the coming year. Our 114 police stations across the country will benefit from increased vehicular access to support their response times to reported crimes. Further, team policing efforts are expected to deliver 24 hour patrol service. While six police stations were remodelled, in 2017, another 6 stations will be targeted in 2018. In addition, police stations at Cove and John, Lethem, Springlands, Central (New Amsterdam), and Matthews Ridge are slated for rehabilitation, and a new police station in La Parfaite Harmonie will be constructed to service the catchment area. Another $200 million has been allocated for the purchasing of equipment for the Police Force; this will supplement the generous gift received from the Government of the People's Republic of China, comprising of vehicles, riot gear and other equipment worth $500 million.

Not only are we improving the capacity of our security services, but, also, we are aggressively pursuing the training of youth to create avenues for income generation and sustainable livelihoods as a preventative measure; no person should ever feel like their only option is to pursue a life of crime in order to survive. To this end, 300 youth will be trained, in 2018, in the areas of entrepreneurship, conflict resolution, and violence prevention, and parenting, as part of the citizen security initiative. Overall, since this Government took office, the number of reported serious crimes is estimated to have declined by about 23%.

Our Fire Service will receive its first fire boat, in 2018, and a sum of $165 million has been budgeted to make the final payment. The boat will be fully equipped and will form part of a package of interventions to improve the capacity of the Service to respond to fires, both on waterways and bridges. An allocation of $60 million will be used to expand our fire service coverage, to cater to residents of Melanie Damishana, Mabaruma, and, for the first time, Onverwagt.

H. Harnessing Our Human Capital

a. Education for Development

There is clear need for reform and innovation across all levels of education delivery – nursery, primary, secondary and tertiary. In recognition of this, Government established a Commission of Inquiry, whose report is expected to make searching recommendations to guide the innovation and reform initiatives. Our children must no longer be subjected to frequent teacher absenteeism, poor curriculum delivery, shortages of text books and materials, and non-submission of grades at tertiary levels.

Improving the quality of education will not be fixed by building more schools and buying more furniture. While non-academic standards continue to be critical to the quality of education delivery, it is the presence of a teacher who cares enough to ensure that each child masters literacy and numeracy at the lower grades that will influence their performance in future years.

We will continue to add to the pool of trained teachers, which currently stands at 77%, in order to ensure that each child is afforded the best possible education. This year, we expect that 450 graduates will join the trained teacher workforce and 37 untrained teachers will complete the teacher upgrading programme, to prepare for the trained teachers' certificate programme. In 2018, we expect an additional 335 trained teachers to join the workforce.

We intend to improve the quality of learning by providing a stimulating environment. In this regard, Government will intensify efforts to transform our systems of education delivery via technology. To date, 610 teachers have received basic IT training, while 162 have been trained in the use of software to facilitate those who learn at different paces. Additionally, 56 teachers are currently being trained in website building and online teaching. These and other initiatives are expected to continue, in 2018. Other programmes, such as the Digital Classroom Programme, are slated to commence, also. This particular programme is set to benefit about 3,540 students and 170 teachers. In 2018, priority will be given to creating e-material for improved learning in classrooms.

In 2018, much emphasis will be placed on early childhood education literacy programmes and, in this regard, the roll out of 200 early childhood resource kits, and the continued roll out of the 'READ PLAY LOVE' mass media campaign will continue. Passion for science technology engineering mathematics (STEM) subjects must be aroused at an early stage in a child's development and transitioned throughout the primary and secondary levels. In this regard, the Government is implementing an Inquiry Science Education approach, which is being piloted in 10 primary schools. In addition, 250 mathematics kits, to facilitate better learning outcomes, have already been distributed to secondary schools.

Technical vocational education and training is one of the pathways students can choose, in order to develop skills and trade that will allow them to become gainfully employed. To this end, Government will support the construction of practical instruction departments at secondary schools in Mabaruma, Bartica, Mahdia, and St. Ignatius, and practical instruction centres in Fellowship, Beterverwagting and Hopetown. The upgrade and expansion of these centres will create an enhanced learning environment necessary to equip students with marketable skills. By 2021, we envisage a total of 42 workshops being constructed and/or refurbished to cater for over 2,900 students. Training will be conducted in the fields of joinery, masonry, cookery, garment production and motor vehicle repairs, amongst others. Additionally, Government will support the construction of a technical and vocational centre at Bina Hill.

Government has boosted the School Feeding Programme, to provide wider access to a larger cohort of students. The community-based hot meal programme has expanded from 110 schools to 172 schools. The programme now includes schools in the riverain communities of Region No. 2, in addition to the hinterland Regions Nos. 1, 7, 8 and 9.

In the area of capital improvements to the education infrastructure, we have budgeted to spend over $4.7 billion on the construction, rehabilitation, extension and maintenance of educational facilities throughout Guyana. New secondary schools will be constructed at Good Hope and La Parfaite Harmonie, while St. Rose‘s High and Wismar/Christianburg Secondary Schools will be re-constructed. The University of Guyana will receive a subvention of over $2.4 billion, in 2018. It is expected that the skill sets within the leadership of the University will ably manage these resources in a fiscally-responsible manner.

We can do everything I have just mentioned and more, but there is still one thing that will prevent us from achieving the good life as it relates to education – that is, ensuring that teachers are available in all corners of the country. Too often, as we go out to the hinterland regions, the stories of quality of living comparisons to the coastland abound from our education officials. The cost of bread, water, cooking gas, the isolation from the wider communities, having to travel miles to get basic supplies, are only some of the daily issues confronting our hinterland teachers. In order to ensure that we improve the quality of education and the opportunities for our young people, the availability of good teachers is vital, and we must both retain and move additional teachers to those locations. As such, Budget 2018 caters for an 80% increase in the Remote Area Incentive (RAI). Persons currently in receipt of $5,000 and $7,000 will see increases to $9,000 and $12,600, respectively.

b. Moulding a Healthy Nation

The challenges faced by the public health sector are many and varied: shortage of drugs and problems of procurement; continued stress on the National Referral Hospital; health infrastructure deficits; and, disparities between the hinterland and coastland are but a few of them. Notwithstanding, our administration continues to make every effort to ensure that every dollar invested in the public health system is geared towards improving service delivery – quality, efficiency and effectiveness. In 2018, we have budgeted to spend another $33.3 billion, 7% more than in 2017, 12.5% of Budget 2018 and 4.2% of the GDP, in our quest to modernise and transform the sector. These statistics testify to the seriousness with which we view the sector and its significance in the attainment of the good life.

Government has made important strides, this year, to improve the capacity for delivering specialist diagnostic health services to the public. Specifically, we purchased a mammography machine for the Georgetown Public Hospital Corporation (GPHC) – the first such machine in approximately 20 years at a public health facility. We have made provision to purchase a second machine, in 2018.

4.57 p.m.

Screening for breast cancer no longer needs to be outsourced at great cost to patients, as capacity is being built for early diagnosis and treatment of this type of cancer. In addition, the public health system will now benefit from a new viral load machine, procured this year, to improve our capacity for Human Immunodeficiency Virus (HIV) testing, Zika virus screening, and other specialised tests, some of which had to be sent overseas. We will also be piloting a point of care testing programme at the National Care and Treatment Centre, in 2018, for non-HIV sexually transmitted infections.

To facilitate the mentioned interventions, Government will continue to deploy specialists across the regions. In 2017, we added an additional 9 medical specialists to Regions one and nine. However, we recognise that more must be done to bring regional health facilities up to standard, so that our specialists can treat patients on site and not have to have them medevaced. In 2018, we have allocated 2.4 billion for the upgrading, maintenance and construction of health infrastructure across the country; nearly 600 million has been budgeted for the procurement of medical equipment; and over 2.2 billion have been allocated for drugs and medical supplies.

An investment of US$8 million, over five years, will be made to improve maternal child health. The project got underway this year; in 2018, we have budgeted to spend $150 million on activities, which include the rehabilitation of the obstetric unit in the CC‘ Nicholson Hospital and the provision of essential obstetric and new-born care equipment for Georgetown Public Hospital Co-operation. The project also involves capacity building towards an eventually improved supply chain management system for health facilities. These initiatives and more are intended to improve the health outcomes for mothers and children, by contributing to the reduction of the maternal and infant mortality rates.

Mental health also remains a major concern for Government, especially since accessing such services still remains a taboo for many. A self-harm surveillance project was piloted earlier this year and, at the Georgetown Public Hospital Corporation alone, there were over 80 reported instances of self-harm. It is time we recognise and advocate that there is nothing wrong with approaching a therapist or counsellor for help, in order to break the stigma. Depression, anxiety, obsessive-compulsive disorder, and panic are all just some of the issues that many of us have to face in our daily lives without even realising that these are mental health issues and that we do not have to face them alone. To assist, in this regard, we expect to train almost 500 health professionals, over the period 2017/2018, to better detect and treat mental illnesses.

In implementing the SDGs to promote healthy lives and well-being for all ages, the Ministry of Public Health has successfully rolled out programmes, in 2017, for men‘s health, at seven health care facilities. In 2018, the Ministry plans to introduce an elderly health programme, with the aim of having one health care facility in every region offering a package of services for the elderly.

While we can continually invest in infrastructure, equipment and medical professionals, our progress will be slowed if we do not have efficient systems for health administration and health planning in place. Towards improving our current planning systems, the Ministry of Finance piloted a Budgeting for Results platform with the Ministry of Public Health, which allows for improved programme budgeting and results-based management. It is anticipated that the Ministry of Public Health will be better equipped, in 2018, to develop and articulate health programmes in a manner that delivers better value for money, and is explicitly linked to results in health-related outcomes.

In addition, in 2018, we will continue to assess the potential for a Geographic Health Information System (GHIS), which was piloted, in 2017, at seven locations. This GHIS is intended to improve data collection, allowing for the coordination and harmonisation of the various aspects of patient care towards effective resource allocation and care management. Further, we anticipate, in 2018, that the System of Health Accounts, which commenced in 2017, will be completed and will map the financing flows of the entire health sector by its various sources. It is our hope that all stakeholders will work closely with the Ministry of Public Health to have this exercise expeditiously completed, in 2018, so that this assessment can be used to inform health policy and decision-making.

c. Our Youth, Our Future

Globally, young people are increasingly recognised as crucial partners for development and have the power to shape the future, not only for themselves, but, also, for their organisations, communities and country. In Guyana, our young men and women are calling for meaningful civic, economic, social and political participation. In response, Government has crafted a multi-faceted, multi-tiered, and multi-agency approach to create the enabling environment through which our youth can express their multi-talented capabilities, capacities and values in a wide and varied cross section of endeavours.

Acknowledging that youth represent a significant proportion of Guyana‘s population and that the future success and growth of Guyana depends on how equipped this section of the population is to handle emerging and future challenges, Government stands resolute towards ensuring that concerted efforts are made in satisfying the needs of our young people. In this regard, Government‘s approach to the development of our young people is based on the twin pillars of youth empowerment; and youth employment and entrepreneurship.

In relation to Youth Employment, several initiatives have been, and are currently being, rolled out to ensure that our young people are gainfully employed in environments where their skill sets can be readily applied, and where they can make meaningful contributions. The Youth Innovation Project of Guyana (YIPoG), Youth Entrepreneurial Skills Training (YEST), Sustainable Livelihood and Entrepreneurial Development (SLED) Programme, and the Hinterland Employment and Youth Scheme (HEYS), are programmes designed to ensure that youth attain the relevant skill-set that is required for the job market, either to become employable or be their own bosses. Taken together, in 2018, Government will be investing over $1.7 billion on youth programmes.

Specifically, the Youth Innovation Project, seeks to engender creative thinking amongst youth, and provides grant resources up to $2 million to finance innovative solutions. In and out of school youth, between the ages of 16-35, are benefitting from the programme. The project, which operates under the theme, *Aspire, Inspire to reach,* was designed to decrease unemployment among youth; engage youth in the development of a green state; and foster creative thinking for problem solving through Science, Technology, Engineering, Agriculture, Anthropology, Archaeology, Architecture, Arts, Mathematics and Spirituality. In this regard, Government has invited youth to submit proposals for financing, which will promote civic education, political awareness, entrepreneurship, business development and the rule of law; empower women and youth; and combat social ills, including corruption.

Under the Sustainable Livelihood and Entrepreneurial Development (SLED) programme, grants have been awarded to youth Cooperative and Friendly societies, to equip them to engage in sustainable, economic ventures. In 2017, Societies from Regions three, four, five, six, seven and 10 benefitted from interventions such as salted fish processing, block making, lemon grass planting and harvesting, cash crop farming, chicken and pig rearing, food preservation, catering and hospitality. In 2018, the sum of 150 million has been budgeted to continue this venture.

Government’s investment in the establishment of business incubators in several regions and the establishment of a small business development fund, afford further opportunities for youth to benefit in creating business initiatives; to invest in value added enterprises; and to participate in Government’s small business procurement regime.

In collaboration with development partners, Government has commenced arrangements for the construction of a Centre for the creative arts, which will allow youth an avenue to express themselves through music, dance, drama and the visual arts. This centre will also provide a platform for young people to pursue and develop their artistic careers. Investments in excess of $520 million are also being made in sporting facilities and programmes, providing youth access to amenities and structured approaches to nurture their athletic abilities.

In relation to youth in governance, Government continues to ensure that our youth are incorporated into policy, legislative and programming decision-making, through several mechanisms including Youth Parliament, President‘s Youth Award Republic of Guyana (PYARG) and through the drafting of a national youth policy, which will articulate young people's perspectives on politics and good governance in Guyana.

d. Families and Children

This Government continues to uphold the values of family; it is the bedrock of our society and is responsible for moulding our future generations. As such, programmes across Government will be geared to strengthen the family unit to provide for rich early childhood experience and to ensure the rights of the child are upheld and respected.

In 2017, we launched the National Multimedia Child Abuse Awareness Campaign to strengthen vulnerable families by building their capacity to undertake the role of parenting; this benefited 342 families in Regions 1, 3, 4, 5, 6 and 10. In addition, capacity building of child protection workers continued, and approximately 80 day-care facilities were licensed according to national standards.

During 2018, the Childcare and Protection Agency will continue to engage in public awareness and hold community outreaches to combat child abuse and violations of the children's rights. We will be hosting Structured Family Conferencing sessions, which will target 65 families in order to develop amicable solutions for child care problems. Over 30 communities and religious groups across the country are expected to participate in the community-based child-focused initiatives and parenting programmes.

In addition to these initiatives and the various others I have already mentioned, such as the Juvenile Justice Bill and the child-focused public expenditure assessment, \$144 million has been allocated in 2018 towards the completion of the new Sophia Drop-In Centre.

e. Elderly and Persons with Disabilities

Many generations of Guyanese have been raised to duly respect our elders. This Administration has focused on ensuring that quality care is delivered to those residents in care homes. In 2017 the minimum standards for elderly residential care facilities were completed and enacted. Of the 20 facilities in Guyana, we have evaluated eight and will evaluate an additional two before the end of this year. In 2018, we aim to have all facilities evaluated and to commence work on the requisite legislation to empower the authorities to issue official licenses and to enforce the standards.

It is anticipated that much work will be needed by all service providers to bring these facilities up to standard in the coming year. The Palms, one of the 20 care facilities in the country, has been allocated $50 million for building repairs and additional funds to purchase a wheelchair accessible bus. In addition, to improve the quality of life for the elderly, the Ministry of Public Telecommunications will be assisting in piloting a mobile money programme for the electronic payment of old age pension eliminating the need for many of our elderly queue at post offices. Going forward into 2018, Government will commence the development of the country's first ever Strategic Plan for Elderly Care, which will tangibly articulate related interventions to be undertaken in the medium term towards improving the quality of life for the elderly.

With regards to our work with differently-abled persons, the Board of Industrial Training will continue to carry out training programmes targeting this group to improve employability having trained persons in 2017 and in anticipation of training about 140 in 2018. In addition, we will be installing lifts at the newly constructed pedestrian bypasses to ensure both the elderly and differently-abled persons are able to cross the busy roadways in safety.

f. Culture and Arts

The preservation and nurturing of our rich cultural heritage continues to be critical, especially so, in an ever-globalising world. Our culture and art define who we are as a people, reflecting our various traditions and identities, and fosters social cohesion. As such, we will expand our Village Day commemorations, promote the production of material in indigenous languages, continue to maintain and develop our museums which, in 2018, will include support for the implementation of the second phase of the digitisation of select exhibits of the Guyana National Museum. Our stock of national monuments will benefit from four new monuments namely a new 1823 Memorial at Independence Park, a Chinese arrival monument, a Portuguese arrival monument and a memorial for the Ruimveldt Massacre. In addition, we will be proceeding with 6^{th} phase of the digitisation of the National Archives.

5.12 p.m.

g. Hinterland Development and Preservation of Indigenous Culture

In our Government's pursuit of inclusive growth within the Green State Development Strategy, our hinterland regions become prime in their importance given their immediate custodial role in the conservation of ecosystems. Our hinterland communities remain with disproportionately less access to key social services and with this in mind, the reduction of economic and social disparities between coastland and hinterland communities is a necessity towards the promotion of inclusivity and equality.

The flagship initiative, Hinterland Green Enterprise Development Centre, is being constructed at a cost of $200 million at Bina Hill Institute in Region 9. This is a key facility for job creation for hinterland communities. The new centre is intended to focus on training that leverages indigenous and traditional knowledge and drive upstream demand for local products and services. The centre is expected to serve 120 students from Regions 1, 7, 8, 9 and 10 and is allocated $79 million to commence the construction. The complex will benefit from the completion of two dormitories in 2018 that will cater for 60 males and 60 female students.

In addition, provision is made in 2018 for the establishment of a lapidary workshop which will provide employment for youth within Monkey Mountain and nearby villages of Tuzeneng, Kurukabaru and Kato.

Efforts will also be geared towards establishing a community based sustainable income generating project under which ground coffee farming, processing and packaging will be conducted in the community of Santa Rosa. This initiative is expected to create employment for approximately 20 farmers and 5 agro processors. A further provision is being made for enhanced value added products in communities like Imbotero, Smith Creek and Aruka through the establishment of a fish and crab meat processing facility within the Imbotero community.

Additionally, an agro-processing facility will be established in Kwebanna with the aim of creating a sustainable village economy through the production of cassava and wheat flour mixture geared at local markets. This undertaking will benefit approximately 48 farmers. Further, farmers residing in Regions 1 and 9 can also benefit from an agricultural investment fund which will be established to support farmers in the growth of traditional and non-traditional crops.

The Information and Communication Technology (ICT) programmes for hinterland regions will be one of the key vehicles through which we will reduce inequality. Over $200 million has been allocated to support e-services to hinterland communities this year. Additional initiatives promoting the development of hinterland regions and indigenous peoples include presidential grants, support to eco-tourism and cultural projects, the upgrading of farm to market roads and the provision of all-terrain vehicles, boats and outboard engines for village development.

Targets for 2018

A. Real Gross Domestic Product

The real growth of the economy is targeted at 3.8 per cent, with the non-sugar growth rate anticipated to be 4.6 per cent. We anticipate that growth across all sectors, with the exception of sugar, will allow this target to be realised.

a. Agriculture, Fishing, and Forestry

Growth in the agriculture, fishing, and forestry sector, will be driven by the expected expansion in the various subsectors, except sugar. Building on the solid performance in 2017, the rice industry is expected to expand to 617,353 tons, an increase of 2.5 per cent. The other crops subsector is anticipated to grow by 2.3 per cent, as diversification efforts continue and productivity gains are made. The forestry subsector is expected to grow by 8 per cent to 320,760 cubic metres, as the reallocation of concessions continue, new concessionaires establish operations, and stimulus measures are put in place in 2018. The livestock and fishing subsectors are projected to grow by 2 per cent and 2.3 per cent, respectively, driven by consumer demand. On the other hand, sugar production is expected to contract by 24 per cent to 115,447 tons. Overall, the agriculture, fishing, and forestry sector is anticipated to contract in 2018 by 0.7 per cent, largely due to the challenges facing the sugar industry.

b. Extractives Industries

The mining and quarrying sector is projected to rebound in 2018, expanding by 5 per cent. This growth will be driven by the bauxite, gold, and quarrying industries. The bauxite industry is projected to produce 1,897,205 tons, resulting in an increase of 23.3 per cent. Gold declaration is budgeted at 736,000 ounces, an improvement of 3.3 per cent, as a result of favourable prices, as well as measures by regulatory bodies to improve recovery rates and ensure compliance. Other mining is anticipated to grow by 3.8 per cent, premised on increased activity in the construction sector.

c. Manufacturing

Despite the expectation that rice and other manufacturing will expand in 2018, by 2.5 per cent and 2.4 per cent, respectively, the decline of the sugar industry will depress the overall growth of the manufacturing sector, which is expected to remain virtually the same.

d. Construction

Growth in the construction sector is targeted at 15 per cent, contingent on an improved implementation rate of the PSIP and expansion in the housing sector.

e. Services

The services sector is projected to grow by 3 per cent. All categories of services are expected to rise, with significant growth of the transportation and storage, information and communication, and education subsectors.

B. Monetary Policy and Inflation

Inflation is expected to be 2.4 per cent in 2018.

C. Balance of Payments

The balance of payments deficit in 2018 is expected to widen to US$79.7 million from US$53.1 million in 2017. This increase is driven by an expansion of the current account deficit to US$292.6 million, from US$235 million in 2017, due to a widening of the merchandise trade deficit. Imports are projected to increase at a higher rate than exports, with growth in each projected to be 5.7 per cent and 0.8 per cent, respectively.

Exports are projected to rise in 2018, as both production and commodity prices are expected to rise, with gold receipts projected to continue to strengthen. Gold, timber, and 'other' exports, which account for nearly 78 per cent of all exports, will see an increase in export earnings. Growth in merchandise imports is forecasted at 5.7 per cent driven primarily by non-petroleum imports. The capital account surplus will increase marginally to US$212.9 million, on account of higher net inflows to the private sector in the form of foreign direct investment which will be driven by expansion of activities in the petroleum industry.

D. Targets for the Non-Financial Public Sector

a. Central Government

Total revenue is anticipated to rise by 4.8 per cent to $201.9 billion in 2018. This is driven by a projected rise in tax revenue by 7.3 per cent. Non-tax revenue is expected to decline by 13.1 per cent to $20.5 billion, as a result of a decline in transfers from statutory bodies by $3.8 billion.

Central Government expenditure is expected to increase by 6 per cent to $256.8 billion. Recurrent expenditure is anticipated to grow to $197.1 billion in the coming year, an increase of 7.1 per cent. This will be driven by an 8.6 per cent increase in personal emoluments, to $59 billion; a 6.5 per cent increase in transfer payments, to $76.7 billion; and an 8.3 per cent increase in interest payments, to $8.7 billion. Capital expenditures are budgeted to rise by 2.7 per cent, to $59.7 billion.

Our central Government overall deficit is projected to be 5.4 per cent of GDP in 2018, below the budgeted 5.6 per cent of GDP for 2017.

Overall, the size of **Budget 2018 is $267.1 billion**, a 7.1 per cent increase over the revised Budget 2017.

b. Summary of Operations of the Public Enterprises

The combined revenues of the Public Enterprises are expected to increase by 3 per cent, to reach $123.5 billion, fuelled by GuyOil's launch and marketing of a new High Octane High Performance - "Super 95" brand. The combined expenditures are expected to decline to $116.5 billion or 2.4 per cent. The deficit for 2018 is estimated at $10.1 billion compared to latest forecast of $12.8 billion in 2017. GuySuCo, Guyana Power and Light Incorporation, and the National Insurance Scheme are projected to record deficits of $5.2 billion, $5.5 billion, and $481 million, respectively, which will be tempered by a surplus of $4.4 billion from the other public enterprises.

Measures

As expounded in previous budgets and elsewhere, the Government is committed to achieving and maintaining fiscal sustainability through an efficient and effective tax regime that promotes growth and development and improves the country's competitiveness, while being supportive of the business community and rewarding effort. To achieve this objective, we have been constantly reviewing the tax system, and streamlining and modernising tax administration.

We have stressed, repeatedly, that we intend to broaden the tax base and to use the revenue gains to lower marginal tax rates to, among other things, improve equity in the tax system, principally, lowering the income and other tax burdens on the low income groups. We started this major effort in Budget 2017. Although it has been under a year since their implementation, several of the measures have undergone a preliminary review, to assess their performance and impact. The results of that assessment together with the representations made by private sector bodies and individuals, during the pre-budget consultations, and the Inter-Ministerial Roundtable with the Guyana Manufacturing and Services Association, have informed a number of the measures now being proposed.

A. Measures in Support of Our Green Agenda

In Budget 2017, hybrid vehicles below a certain engine capacity benefited from tax concessions, while there were no engine capacity limits for electrically powered vehicles. In an effort to further reduce emissions, I propose to:

a) exempt the Excise Tax on vehicles principally designed to accommodate Liquefied Petroleum Gas (LPG), with an engine capacity not exceeding 2000 cc and not exceeding four years old from the date of manufacture to the date of importation.

b) amend Part III B (i) of the First Schedule to the Customs Act, Chapter 82:01 to exempt machinery and equipment from the payment of Customs duties to set up refilling stations for such vehicles, as determined by the Commissioner-General. The VAT will still be payable. These measures take effect from January 1, 2018.

B. Measures to Increase Workers' Income

I. Income Tax - Personal Allowance

Currently, a person who works for a part of the year can claim only a part of the Personal Allowance of $720,000. By way of an example, if a person works for only six months in an entire year and earns $600,000, he/she would only be able to claim half of the Personal Allowance, or $360,000. Therefore, income tax of $67, 200 would have to be paid on chargeable income of $240,000 being (the difference between $600,000 and $360,000).

I now propose that the minimum Personal Allowance of $720,000 be given in full, regardless of whether a person works for the whole year or a part of the year. The tax deducted, in this case $67,200, by the employer and remitted to the GRA, will be refunded to those employees whose income did not reach $720,000. This relief will clearly benefit those 'low income' earners who may have been unable to work for the entire year. This new measure will help, also, to simplify the personal allowance calculation, thus easing the administrative burden for the GRA. The revenue loss is estimated to exceed $400 million. This measure takes effect from Year of Income 2018.

II. Income Tax - Travel Allowance

Currently, public sector employees enjoy a tax-free vacation allowance, regardless of whether they spend their vacation in Guyana or abroad. On the other hand, private sector employees are only given the allowance to the extent of the cost of the passage to travel abroad. I propose to remove this anomaly, thereby allowing private sector employees to enjoy the vacation allowance tax-free and to use it as they see fit. As in the case of public sector employees, a tax-free vacation allowance to a private sector employee will be allowed up to a maximum of one month of the employee's base salary. The GRA will scrutinise these allowances closely to ensure that the previous abuse of this benefit-in-kind, where employees were being paid huge vacation allowances, in lieu of salaries, does not recur. This measure takes effect from January 1, 2018.

5.27 p.m.

C. Measures in Support of the Elderly and those in Difficult Circumstances

Since May 2015, the Government has consistently showed its concern for the plight of the elderly and those who find themselves in difficult circumstances. In this regard, we have increased the Old Age Pension, annually, to its present amount of $19,000. In addition, we relieved pensioners from the payment of Departure tax, driver's licence and passport. With effect from January 1, 2018 Old Age Pensions will rise to $19,500, an almost 49 per cent increase in just two and half years. Similarly, effective January 1, 2018 Public Assistance will be increased to $8,000, approximately 36 per cent growth over the same period.

D. Measures in Support of the Private Sector

The following measures are proposed in support of the private sector and to stimulate economic activity:

I. Forestry

The following package of incentives to the forestry sector is intended to improve its competitiveness and boost output and incomes:

a) As announced earlier this month, the restriction of the importation of Pine Wood and Pine Wood Products, with effect from January 1, 2018.

b) Following strong representation at the recent meeting of the Council for Trade and Economic Development (COTED), an organ of Caricom, Guyana's request for suspension to increase the Common External Tariff (CET) on Pine Wood and Pine Wood Products, from 5 per cent to 40 per cent, has been approved. The new tariff will be in effect from January 1, 2018 to December 31, 2019.

c) With effect from January 1, 2018, I propose to exempt from VAT, a supply of logs and rough lumber to the sawmilling industry. This would improve the cash flow of operators in the industry by at least $80 million.

d) The sum of $120 million has been set aside to commence a forest inventory.

e) An amount of $50 million has been allocated, in Budget 2018, as an indication of Government's preparedness to partner with the private sector in a Public Private Partnership, to establish a Dimension Stockyard.

II. Gold

The gold and diamond industry has been making a valuable contribution to Gross Domestic Product, income, export earnings and employment. In recognition of this, the Government has enabled small and medium scale miners to benefit from tax concessions on machinery, equipment and fuel; and waiver and remission of taxes on vehicles, based on gold declarations. For 2016, a total of $47.6 million in taxes was waived on motor vehicles, while, for 2017, such waivers have amounted to $64.4 million for personal motor vehicles and $188 million for fuel, so far. Many operators in the sector have been approved to hold foreign exchange retention accounts; instead of the 10 per cent, they have been allowed unlimited retention of foreign exchange to purchase mining equipment.

Following strong representation by the Guyana Gold and Diamond Miners Association (GGDMA), I propose the following additional incentives to the industry:

a) A reduction in the Tributor's Tax from 20 per cent to 10 per cent, with effect from January 1, 2018. Tributors will continue to file annual tax returns and pay any taxes due or be refunded as appropriate. Both the GRA and the Guyana Geology and Mines Commission (GGMC) will intensify their efforts to bring operators in the industry within the tax net.

b) Replacement of the current 2 per cent of the gross proceeds regime with a sliding scale percentage that is based on the price of gold:

Price of Gold (per ounce)	Percentage Income Tax Payable
Under US$1,100	2% Income Tax (Final Tax)
US$1,100 and under US$1,300	2.5% of Gross Proceeds (Final Tax)
US$1,300 and under US$1,000	3% of Gross Proceeds (Final Tax)
Over US$1,600	3.5% of Gross Proceeds (Final Tax)

Operators in this industry will continue to keep records in keeping with the provisions of section 33E (5) of the Income Tax Act, Chapter 81:01 which states, "Nothing in this section shall be construed as exempting a gold or diamond miner from the requirement to keep adequate records of the income from mining operations."

III. Housing

In an effort to support the housing sector and encourage the building of low cost houses, I propose to exempt from VAT, complete housing units costing up to $6.5 million that are built by, or on behalf of, the Central Housing and Planning Authority (CH&PA) or any other approved entity.

IV. Transportation

Transportation is a critical sector in any economy and the Government has a responsibility, through policies, regulations and investments, to ensure that the sector functions optimally. We recognise that the ability to acquire appropriate vehicles at more affordable prices will increase the number of vehicles operating especially in the hinterland regions, thereby affording increased access to transportation for both businesses and individuals. As such I propose to introduce the following measures, with effect from January 1, 2018:

a) The reduction in the rates of Excise Tax on the importation of overland transportation used for tourism purposes in Regions Nos. 1, 7, 8 and 9. This concession will be applicable to vehicles between 2,000 cc and 4,000 cc that are used exclusively in the tourism sector for the transport of persons by incorporated entities that have been operating in those regions for at least five years. For vehicles 2,000 cc to under 3,000 cc and which are less than 4 years, the Excise Tax would be slashed from 110 per cent to zero; for vehicles over 3,000 cc to 4,000 cc and which are less than 4 years, the Excise Tax would be reduced from 140 to zero. (Appendix VIII)

b) I propose to grant free vehicle licences to motor buses and motor vehicles that operate in Regions Nos. 1, 7, 8 and 9.

c) I propose to remove the VAT on vehicles that are less than 4 years, which are used to transport more than 21 persons.

d) I propose to remove the Excise Tax flat rate of US$6,900 and replace it with a VAT of 14 per cent , on vehicles 4 years and older that carry between 22 and 29 passengers.

V. Small Business

Many small businesses do not adequately utilise the various concessions available under the various Tax Acts, the Small Business Act and those offered through Investment Development Agreements (IDAs). In particular, small businesses do not get the benefit of concessions under the Small Business Act. Exemptions go a begging, and the various allowances under the Income Tax Act, the Income Tax (in Aid of Industry) Act and the Customs Act are often not utilised. The Ministry of Business, through GO-INVEST, and the Ministry of Finance, through GRA will be embarking on an intensive education programme aimed at sensitising small businesses to the availability and accessing these concessions. Meanwhile, the sum of $100 million has been allocated in Budget 2018 to replenish the Small Business Development Fund.

VI. Educational Services

In Budget 2017, as part of our efforts to widen the tax base, services provided by private educational institutions were standard rated, while educational supplies previously zero-rated were exempted from the payment of the VAT. In view of the representations made, I propose to remove the VAT on the provision of all educational services, with effect from January 1, 2018. At the same time, efforts will continue by the Guyana Revenue Authority to ensure that these institutions become tax compliant. The potential revenue loss is $342 million.

VII. Day Care Centres

In Budget 2016, I intimated that concessions would be given to employers who provide day care services to their employees, and to businesses that provide and construct handicap facilities. The capital costs and expenses related to such provisions will be allowed in full as an expense to these employers and businesses.

E. Amnesty

I propose to grant an amnesty to all delinquent taxpayers - corporate and individual - who are outstanding in the filing of true and correct tax returns and payment of their true and correct taxes. This amnesty will be in effect from January 1, 2018 through September 30, 2018. Taxpayers who file and pay all principal taxes on or before June 30, 2018 will have all interest and penalties waived, while those who file and pay all principal taxes between July 01, 2018 and September 30, 2018 will have 50 per cent of interest and penalties waived.

Taxpayers who expect to benefit from this amnesty must file true and correct returns. Those found to be in violation will be subject to an audit and the attendant penalties and interest will be applied. The GRA will be devoting increased resources to enforcement of the income tax laws.

F. Deposit to a Board of Appeal and a Judge in Chambers

Section 82(5) Appeals to the Board against Assessments stipulates:

> *No appeal shall lie to the Board unless the person aggrieved by an assessment made upon him by the Commissioner-General has paid to the Commissioner General, tax equal to two-thirds of the tax which is in dispute.*

Further, Section 98 of the Income Tax Act stipulates that:

No appeal shall lie under Section 86(1)(a) to a judge by a person to pay tax aggrieved by an assessment made upon him by the Commissioner-General or by a decision of the Board, unless that person has paid to the Commissioner-General the whole amount of tax which is in dispute under the assessment made upon him.

In several cases, the lodgement of these deposits has proven to be onerous for businesses and ordinary taxpayers. I propose to reduce the deposits for these appeal matters to one-third (1/3) of the tax in dispute, if less than $20 million; and the lodgement of a bond or other acceptable form of guarantee, for disputes that are over $20 million.

G. Filing of Corporate Tax Returns without Audited Financial Statements

Over the years, many companies have habitually filed their corporate tax returns after the due date of April 30, thereby incurring needless penalties and interest. In an effort to alleviate this problem, I propose that, in certain instances, as predetermined by the Commissioner-General, draft management accounts be accepted for filing purposes, and the audited accounts filed on or before December 31st of the year in which the return falls due.

H. Provisional Licences for Businesses

Statistics show that there are a large number of businesses that operate without licences, because of the difficulties in obtaining some of the requirements, including approved building plans, and safety and sanitary certificates. Many of these businesses have constantly approached the GRA with a view of having their businesses registered. After careful consideration of the current requirements, I propose that a Provisional Licence be issued for a period not exceeding two (2) years, for premises conducting some of the following businesses: Grocery Shops, Variety Stores, and Snackettes. It must be noted that this Provisional Licence cannot be used to acquire any additional licence such as a Liquor Licence. In addition, upon expiration of the Provisional Licence, no extension will be granted. This measure takes effect from January 1, 2018.

I. Clean up of VAT Legislation and Schedules

In Budget 2017, a suite of amendments were introduced to the VAT Act and Schedules. With the benefit of a thorough review, it is recognised that additional amendments would be necessary to correct errors and omissions, on the one hand, and to bring greater clarity to certain definitions and areas of the law. None of these proposed amendments will negatively affect any individual or business.

5.42 p.m.

Conclusion

We made a promise of a Good Life to the citizens of our country. In the words of His Excellency President David Granger, “A 'good life' is about making people happy. People will be happy when they know that they have a Government which cares for them; when they see a bright future for their children and grandchildren; when they can be assured of life's basic needs - food, clothing, shelter, safe water, safe streets, a sound education and high standards of health care.”

We did not promise that the Good Life would be achieved in our first term, for we have always been cognisant that it will be a long journey on a road with many a winding turns. We have mapped out the direction and, in just two and one half years, can count several accomplishments and achievements, amongst the many challenges and obstacles thrown along the path to our destination. But, to become the realisers of the Good Life, we must challenge and re-image ourselves; we must be prepared to reinvent and create anew. Again, we are reminded by His Excellency that “A 'good life' is about removing inequalities and providing opportunities for every citizen to be the best he or she can be.” This is what our Government has set about to achieve; this is what all of our budgets to date have set out to do - to put in place the conditions for people to realize their aspirations and dreams for themselves.

This is what Budget 2018 seeks to do. Our budget continues to be a platform for social and economic transformation for all Guyanese, addressing key problems and creating tangible outcomes that citizens feel in their daily lives. Today's budget goes beyond allocating resources and establishing development priorities for next year. It articulates the destiny we all want, which is the Good Life. It underscores the difficulties that lie ahead and sets realistic objectives and targets. As we continue to clear the pathway on our journey to the Good Life, let us, together, forge not only common dreams and commitments, but, also, become the architects of the ideals that we share.

Let me close with this simple quote from Albert Schweitzer;

"To work for the common good is the greatest creed."

Thank you Mr. Speaker. [*Applause*]

Mr. Speaker: I thank the Hon. Minister for his statement.

Hon. Members, I must express thanks and appreciation to the Ministry of Finance and to the Minister and the sign practitioner, who together with the Ministry of Finance, enabled persons who are dependent on sign to follow the budget speech. This is the second occasion and I am happy to say thank you a second time.

Hon. Members, when we rise, you would appear in the Members of Parliament's lounge to receive your copies of the budget speech.

ADJOURNMENT

Mr. Speaker: This brings an end to our work for today, Hon. Members, and I would invite the Vice–President and Prime Minister to move the adjournment.

Mr. Nagamootoo: Mr. Speaker, I moved that this House be adjourned until Monday, 4th December, at 10.00 a.m.

Mr. Speaker: Hon. Member, the House stands adjourned until Monday, 4th December at 10.00 hours. Thank you.

Adjourned accordingly at 5.47 p.m.