

Official Report

PROCEEDINGS AND DEBATES OF THE NATIONAL ASSEMBLY OF THE FIRST SESSION (2015-2016) 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

23RD Sitting

Friday, 29TH January, 2016

The Assembly convened at 2.15 p.m.

Prayers

[Mr. Speaker in the Chair]

ANNOUNCEMENTS BY THE SPEAKER

Death of a former Member of Parliament

Mr. Speaker: Hon. Members, I was informed that Mr. Hukumchand Parag, a former Member of Parliament (MP), died on 24th January, 2016 at his residence in Queenstown, Georgetown. He was 70 years old. Mr. Hukumchand Parag came to the National Assembly from the People's National Congress (PNC) following the General Elections of October, 1992. He served as a Member of the Sixth Parliament from 24th October, 1992 until the dissolution of that Parliament on 29th October, 1997. Hon. Members, let us stand and observe one minute of silence as a mark of respect to the late Hukumchand Parag.

The National Assembly observed one minute of silence.

Thank you, Hon. Members.

PRESENTATION OF PAPERS AND REPORTS

The following Reports were laid:

1. Estimates of the Revenues and Expenditure of Guyana for the financial year 2016.
[Minister of Finance]
2. The Annual Report of the Guyana Police Force for the year 2012. *[Vice-President and Minister of Public Security]*

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

SUSPENSION OF STANDING ORDER 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 2016 at the sitting of the National Assembly on Friday, 29th January, 2016. *[First Vice-President and Prime Minister]*

Mr. Speaker: Hon. Members, I have given consent in accordance with Standing Order 28(2) for the following motion to be proceeded with at this Sitting. Hon. First Vice-President and Prime Minister will move the following motion. Prime Minister, you may proceed.

First Vice-President and Prime Minister [Mr. Nagamootoo]: If it pleases you, Your Honour, the motion in relation to the presentation of the Budget was moved at the last Sitting that we had, but there is also another motion as regards to the suspension of Standing Order No. 28(2), which has to do with the hours of Sitting. I wish to enquire of Your Honour if this is the time to move motion for the hour of the Sitting.

Question put and agreed to.

Standing Orders suspended.

HOURS OF SITTING

Mr. Speaker: If it pleases the Hon. Member, it is time to move it, Hon. Prime Minister.

Mr. Nagamootoo: Very well, Sir. The motion is as follows:

WHEREAS Standing Order No. 10(1) provides for every sitting of the National Assembly to begin at 2.00 p.m. in the afternoon 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 debates 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 Nos. 10(1) and (2) be suspended to enable the Assembly to sit during the following hours to complete the debate on the 2015 Budget within the five (5) days allotted for this purpose by Standing Order No. 71(2):

- 1.00 p.m. - 4.00 p.m. - Sitting
- 4.00 p.m. - 5.00 p.m. - Suspension
- 5.00 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”.

Question put.

Ms. Teixeira: Mr. Speaker, this is the same motion that was presented 17th August, 2015 and it limits the time to 10.00 p.m. We have not had a discussion with the Chief Whip as yet about the length of time that Members will be allowed to speak. The bringing of this motion first and the

Chief Whips not having a chance to discuss and come to an agreement on the length of time for each speaker is rather premature. I just want to register. It is because on the last occasion the limit put extraordinary pressure on all the speakers of this House, not only the Opposition. Therefore, I just want to record that, in the interest of this House, it would have been good to have had a discussion before where we would have resolved the speaking time and then been able to bring this motion to the House.

Minister of Social Cohesion and Government Chief Whip: [Ms. Ally]: Thank you, Mr. Speaker. I wish to indicate that the Standing Orders are very clear in terms of the time allotted for the speakers and I trust that we can work within those confined stipulations. I know that everybody will have a chance to make a contribution to this debate once we stick to what the Standing Orders require of us. Thank you.

Ms. Teixeira: The Standing Orders talk about having five days for the debates. Another Standing Order talks about speakers having the right for 30 minutes. The Standing Orders do not stipulate what came out on 17th August, 2015 which was that the speakers would be limited to 20 minutes. That is the time I am talking about; not the five days which is in the Standing Orders. By bringing this motion that limits the time to 10.00 p.m., I assumed that the Hon. Member, the Chief Whip, will be coming with the same formula as was for 17th August, 2015 - that we will only be allowed 20 minutes to speak in the House. Thank you.

Question agreed to.

Motion carried.

PUBLIC BUSINESS

GOVERNMENT BUSINESS

MOTION

BUDGET FOR 2016

MOTION FOR THE APPROVAL OF THE ESTIMATES OF EXPENDITURE FOR 2016

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 2016 have been prepared and laid before the Assembly on 2016-01-29.;

NOW, THEREFORE BE IT RESOLVED:

That this National Assembly approves the Estimates of Expenditure for the financial year 2016, of a total sum of two hundred and twelve billion, nine hundred and sixty three million and one hundred and thirty two thousand dollars (**\$212,963,132,000**), **excluding seventeen billion and seventy three million, three hundred and ninety four thousand dollars (\$17,073,394,000)** 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. *[Minister 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 2016 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*.

This is the second budget of the Coalition Government, following the first, which was presented on 10th August, 2015. It is the first full year budget of the Government – the last one being a truncated budget that, nevertheless, had to be presented, if only to fulfil the requirements of the Constitution and the Fiscal Management and Accountability Act. I am pleased to have the

honour, as the 10th Minister of Finance, of presenting this budget, in this year of National Renaissance; in this momentous year of the Golden Jubilee of our Independence.

This year is a time for great joy and celebration. Nearly fifty years ago, we were birthed as a nation in strife and disunity. Distrust stalked our country. Dark clouds hovered over the land, as if overseeing the political division and ethnic conflict and insecurity that were wreaking the country. Recalling the state of our economy at the time of Independence, His Excellency President David Granger, in his New Year's Address said that:

“We subsisted in a dependent colonial economy. We languished as a small, servile satrapy ruled by a colonial governor.”

But we became independent, nevertheless. We emerged, slowly, from the mayhem and destruction, to the new reality that we were now masters and mistresses of our own destiny.

The path to peace and national reconciliation has been long and arduous, but we have weathered the storm to progress to where we are currently. It is written in the Good Book, in Psalm 118:24:

“... let us rejoice today and be glad!”

2.30 p.m.

Today, there is a lot for which we should be thankful and be glad. From the numerous schools, hospitals, health centres, roads, bridges and sea defence structures to our symbols of nationhood to our search for unity and social cohesion, successive governments have struggled to mould this nation we now call Guyana: Land of Many Waters; the Magnificent Province; Land of the Mighty Roraima; and so many other sobriquets that this fair land has come to be known. For most of us, this is the only home we know. It is where our heart is. We must strive manifestly, therefore, to keep it intact.

Last year was a difficult one for our economy. While I do not wish to chronicle all of the events that were responsible for that state of affairs, suffice it to say that because the characteristics of the economy, bequeathed to us at the time of Independence, has changed little, we suffered tremendously. In 2015, perhaps for the first time in recent history, all of the country's key industries – sugar, rice, bauxite, gold and forestry – found themselves in various states of

distress. Even remittances, which have contributed significantly to income, consumption, investment and employment, and upon which so many of our people depend, was a victim of the slowdown in the world economy. It is obvious that our excessive reliance on these generators of foreign exchange will continue to expose the economy to volatile external developments. It is a tribute to this young Government's prudent management of the economy, including timely policy interventions, that the economy's growth trajectory continued; that there were no reported job losses; and, as was evident in the last two months of 2015, the business community's confidence had been restored. This must come as a bitter disappointment to those in the Opposition and elsewhere whose forecast of gloom and the 'tanking' of the economy did not eventuate.

This budget builds on the policies and programmes which were first outlined in the Manifesto of the APNU/AFC coalition and, subsequently, extensively elaborated in my maiden budget speech. That presentation focused on the path to realising our vision that every Guyanese must enjoy the Good Life. This was reiterated recently, on Thursday 14th January, 2016, by His Excellency, President David Granger, during his address to this honourable House. He was sage in his reasoning that while achieving the good life should not be a dream, its reality would not be easy. It would call for each citizen being given the opportunity to unleash his/her talents to become productive citizens of the Republic. It would entail the removal of inequalities that act as obstacles to economic progress and prosperity. Among the known inequities are the divide between rich and poor, between the hinterland and the coast, and between the educated and the uneducated. We must close the gaps and bridge the divides wherever they exist. It is our duty; it is part of the reason why we were elected to govern this nation. The year 2016 offers us the opportunity to harness our natural and human resources to build a resilient nation – one in which our people enjoy the Good Life.

The platform for Budget 2016 is anchored on the five pillars outlined in His Excellency President David Granger's New Year's Speech. These are summarised thus:

- National Unity: We will implement policies aimed at reducing, if not eliminating, division and divisiveness in the society and foster a more harmonious environment. In this year of our jubilee celebration, we will strive to reaffirm our motto – '*One people, One nation, One destiny.*'

- National Infrastructure: In an effort to foster integration between the coast and hinterland, with a view of increasing access to the resources of the hinterland so as to accelerate the country's development, we will be renewing, extending and expanding our physical infrastructure.
- National Institutions: We will strengthen our national institutions in furtherance of a stable legal and constitutional environment, and will pursue democratic renewal at the local government level to empower our people to better administer their communities.
- National Security: We will strengthen the national security network to better protect our country's patrimony and our citizens from both internal and external threats and aggression.
- Public Services: We will improve and extend education, health, sanitation, pure water supply, electricity services, safe and secured communities, affordable housing, adequate recreational facilities, and social protection to vulnerable and disadvantaged groups.

In keeping with these pillars and the direction in which we are steering the economy, we have chosen the theme of this budget as, *Stimulating Growth, Restoring Confidence: The Good Life Beckons*. This theme highlights the imperative of growing and 'greening' the economy in an atmosphere of renewed hope and expectation, for an improved quality of life of the citizenry.

As has been the practice, this budget benefited from widespread consultations with private sector organisations, trade union bodies and women groups, among others. For the first time, youth representatives from all ten (10) regions were invited to participate in shaping a national budget. We were particularly encouraged by our interface with them, as it gave us a first-hand understanding of many of the issues that are of immediate concern to our youth. They brought with them refreshing perspectives and inspiring thoughts that resonated with the 'fresh approach' which the coalition Government has been advocating. It is an approach we commend to the Opposition who, though invited to budget consultations, found it inconvenient to attend. I thank all participants and wish to remind that our door remains open to anyone who would like to make a meaningful contribution to the development of our society.

Global Economic Developments

According to the World Economic Outlook, global economic growth in 2015 contracted to 3.1 per cent. Growth in Advanced Economies was estimated at 2 per cent slightly better than in 2014. Factors responsible for this outcome included modest recovery in the Euro Area, positive growth in Japan, declining oil prices, an accommodative monetary policy and, to some extent, depreciating exchange rates. Developing economies recorded slower growth, as a result of continued low productivity growth, high debt and reduced commodity market prices. Emerging market economies were severely affected by the financial market volatility spike, in August, 2015. That, together with falling commodity prices, led to the weakening of currencies for many emerging markets and contributed to a lower growth rate of 4 per cent in 2015, compared to 4.6 per cent in 2014.

In the Caribbean region, commodity exporters are projected to have grown by 2.0 per cent and tourism dependent economies by 2.3 per cent. However, growth in Latin America and the Caribbean is projected to have declined by 0.3 per cent, in 2015. Lower commodity prices have been responsible for deterioration in the terms of trade, widening current account deficits, exchange rate depreciation and weakening investment in the region.

Prospects for 2016 are far from encouraging. Global economic developments remain hostile, with heightened uncertainties against the backdrop of increased interest rates in the United States of America (USA) and economic slowdown in China. As a result, global growth, in 2016, is now pegged at 3.4 per cent. Growth in the Advanced Economies is projected at 2.1 per cent, Emerging Market and Developing Economies, 4.3 per cent; and Latin America and the Caribbean, -0.3 per cent. It is this challenging environment that Guyana's economy will have to navigate and subsist. Given the structure of our domestic economy, with its heavy dependence on primary products, in the expected mix of soft commodity prices and continued tumbling oil prices, focus has to be on accelerating production and, through our various policy measures and reforms, stimulating growth and exports. It is against this background that I now review the performance of our economy, in 2015, and set the stage for the economy to forge ahead in 2016.

Developments in the Domestic Economy in 2015

A. Real Gross Domestic Product

The budget for 2015 projected an overall real economic growth rate of 3.4 per cent. This target appeared under threat at mid-year, when real economic growth was recorded at a paltry 0.7 per cent. However, buoyed by accelerated activities in the rice, sugar, gold and construction sectors, as well as renewed optimism and confidence by the business community, during the second half of the year, the economy rebounded to record real growth of 3.0 per cent.

B. Sectoral Performance

a. Agriculture, Forestry and Fishing

The sugar industry returned a creditable performance, in 2015, with production growing by 6.9 per cent to 231,145 metric tons. Though this level of production is still below the average achieved in the previous decade, the industry is showing encouraging signs of recovery. This, no doubt, can be attributed to new management and the measures taken to increase efficiency and productivity.

In spite of the uncertainty that prevailed in the rice industry, recorded output was 687,784 metric tons, an increase of 8.3 per cent. The premature end of the Venezuelan market, which accounted for 37.5 per cent of the volume of rice exported in 2014, created great turmoil for both rice farmers and millers. The Government was proactive in its assistance to the rice industry – aiding in the search for new markets and meeting payments to farmers for rice shipped to Venezuela, which could not have been made from the PetroCaribe Fund.

The livestock sub-sector grew by 5.8 per cent, double the rate achieved in the previous year, while the ‘other crops’ sub-sector grew by 2 per cent. On the other hand, negative growth was returned by the fisheries sub-sector, 7.2 per cent; and forestry, 16.2 per cent.

b. Mining and Quarrying

In spite of the downturn in bauxite (13.4 per cent) and quarrying (0.3 per cent), the mining and quarrying sector grew by a strong 9 per cent, thanks to a very dominant performance by gold, which grew by 16.4 per cent. Though the increase in gold production was attributed to the new entrants – Guyana Goldfields Inc. and Troy Resources Ltd. – it was the local miners who accounted for over 90 per cent of the 451,490 ounces that were declared. The significant incentives granted to the sub-sector by this Government, undoubtedly, played a major part in the

substantial increase in declaration. We remain troubled by disclosures that as many as 15,000 ounces of gold per week are being smuggled out of the country, thereby robbing the country of vital developmental resources. We have begun to address this matter frontally and expect that all stakeholders in the sub-sector will play their part in bringing an end to this illegal practice.

c. Manufacturing

The manufacturing sector achieved a growth rate of 5.3 per cent. This was driven by growth in the sugar and rice industries, as well as other manufacturing.

d. Services

The services sector expanded by 2.3 per cent. Growth was returned in most sub-sectors, including Transport and Storage, Electricity and Water, Information and Communication Financial and Insurance and Social Services. Negative growth was recorded in Construction and Wholesale and Retail sub-sectors.

2.45 p.m.

C. Balance of Payments

There was an improvement in the overall deficit of the balance of payments, which contracted by 7.5 per cent to US\$107.7 million. This was principally the result of a reduction in the merchandise trade deficit, occasioned by a 17.7 per cent decline in imports, which was due to lower oil prices.

Increased export receipts of gold and “other exports”, by 6.7 per cent and 9.4 per cent respectively, ensured a small 0.2 per cent increase in merchandise export earnings, to US\$1.2 billion. As expected, there were significant reductions in export receipts for bauxite (16.4 per cent), timber (18.5 per cent), sugar (8.1 per cent), and rice (11.5 per cent). The value of merchandise imports declined by 17.7 per cent to US\$1.5 billion, on account of reductions in all of the categories: consumption goods, 2.7 per cent; intermediate goods, 25.4 per cent and capital goods, 15.1 per cent. Net payment for services, contracted by 16.9 per cent to US\$255.8 million. Net current transfers decreased by 9 per cent to US\$416.5 million, reflecting lower inflows to the private sector in the form of workers’ remittances and other current transfers.

These developments allowed the current account deficit to improve to US\$114.2 million, from US\$385.2 million in 2014.

The capital account surplus fell by 66 per cent, largely the result of lower disbursements to the non-financial public sector. The overall deficit was financed from the gross international reserves of the Bank of Guyana and debt forgiveness. The gross international reserves were equivalent to 3.8 months of import cover at end 2015.

D. Monetary Developments

The monetary aggregates of reserve and broad money grew by 9.7 per cent and 1.5 per cent, respectively. Reserve money expanded by \$12.3 billion to \$138.2 billion. This performance was due mainly to an improvement in net domestic assets by \$23.8 billion. However, net foreign assets fell by 8.3 per cent. Broad money (M2) grew at a slower rate of 1.5 per cent, compared to 5.2 per cent, in 2014. This performance is explained by a 19.4 per cent increase in net domestic credit. Net foreign assets declined by 8.3 per cent. Narrow money (M1) fell by 0.7 per cent, on account of declines in demand deposits and cashiers' cheques and acceptances. In contrast, currency in circulation grew by 4.6 per cent. Quasi money grew by 2.9 per cent.

Net domestic credit of the banking system grew by 19.4 per cent to \$185 billion. Loans and advances to the private sector grew by 6.2 per cent. Credit to all sectors grew, except for the mining, manufacturing, other services and agriculture sectors. Private sector credit represented 64.1 per cent of M2, compared to 61.3 per cent in 2014. The public sector, which consists of deposits net of loans and advances, treasury bills and debentures, remained a net depositor with the banking system. The public enterprises (net) deposits amounted to \$45.3 billion, an increase of 22 per cent.

Total liquid assets of the commercial banks expanded by 14.6 per cent to \$122.8 billion. The banks' excess liquid assets amounted to \$47.8 billion or 63.8 per cent above the required level and reflected the banks' preference for short-term assets, comprising mainly Government of Guyana treasury bills. Treasury bills accounted for 51.9 per cent of total liquid assets.

E. Prices and Income

a. Inflation

At the time of the mid-year review, last year, the economy had already recorded deflation that is a reduction in the general level of prices, of 0.2 per cent. Prices were expected to remain fairly stable to the end of the year, premised on continued low level of prices of fuel and a range of consumer items, as a result of the removal of the Value Added Tax (VAT) last year. Deflation persisted throughout the year and by end of the December, it had been recorded at 1.8 per cent.

b. Interest Rates

Interest rates remained low, in 2015. The small savings rate was flat at 1.26 per cent throughout the year, while the weighted average lending rate fell slightly, from 10.86 per cent in December 2014 to 10.63 per cent in December 2015. Treasury bill rates edged up over the year, with the discount rate on 91-day treasury bills rising from 1.67 per cent in December 2014 to 1.92 per cent in December 2015. With the projection for global interest rates to rise in the next couple of years, upward pressure would be exerted on domestic interest rates.

c. Exchange Rate

The Guyana dollar exchange rate remained stable throughout 2015, at G\$206.5 per US\$1.

d. Income

Following our accession to office, in May 2015, the Government immediately set about to improve wages of public servants. As a result, the minimum wage was raised to \$50,000, an increase of between 17.1 per cent and 26.4 per cent, depending on whether the employee was receiving \$39,540 or \$42,703. Other employees received 5 per cent on the salaries as at December 2014 plus an additional \$5,000 per month. Further, in December 2015 all public servants earning less than \$500,000 were paid a one-off, tax-free bonus of \$50,000, a departure from the discriminatory practice employed by the previous administration of only paying members of the Disciplined Services.

F. Fiscal Position

a. Non-Financial Public Sector

The non-financial public sector performed creditably in 2015, recording a deficit of \$1.2 billion (0.2 per cent of GDP) compared to a deficit of \$36.4 billion (5.7 per cent of GDP) in 2014. This

outturn would have been worthy of commendation, had it occurred under normal circumstances. But this was not the case, in 2015. The factors which contributed to this improved performance included the late presentation of the 2015 budget, the general compression of expenditure in the first eight months of the year and the low rate of implementation of the public investment programme.

b. Central Government

Buoyed by the rebound in economic growth in the latter half of 2015, increased transfers from statutory and non-statutory agencies and the closure of several dormant government bank accounts, the total revenue collected was \$161.7 billion, 11 per cent more than in 2014.

Tax revenue amounted to \$142.9 billion, an increase of 5.2 per cent, which was driven primarily by increased collections of personal income taxes (11.1 per cent), company income taxes (4.7 per cent) and property taxes (33.6 per cent). Low compliance by self-employed individuals continued to be the main factor why this category lags behind other areas of income tax collection.

Excise tax collections improved to \$33.3 billion, an 18.1 per cent increase. Similarly, international and trade transactions increased by \$170 million, to reach \$14 billion. Value Added Tax collections of \$35.4 billion, represented a 5.2 per cent decline. One reason for this was the increase in the number of zero-rated items introduced in last year's budget. Notwithstanding the increased revenue, in 2015, the Guyana Revenue Authority remitted an estimated \$47.1 billion. While this figure is substantially lower than the \$55.6 billion remitted in 2014, strenuous effort will be exerted in 2016 to monitor concessions that are granted.

Total non-tax revenues doubled in 2015, as the Government began the phased transfer of the excess cash balances of statutory agencies to the Consolidated Fund. A total of \$7.9 billion was transferred from several agencies, including the Guyana Geology and Mines Commission (GGMC) and the National Frequency Management Unit (NFMU). In addition, \$1 billion was transferred from the Lotto Fund.

For reasons identified earlier, total expenditure of the Central Government was severely curtailed, in 2015. Non-interest current expenditure amounted to \$141.2 billion, compared to

\$127.5 billion in 2014. Increases in expenditure were recorded in the following categories: personal emoluments, 5.6 per cent; other goods and services, 7.7 per cent; and transfer payments, 18.3 per cent. However, there was a sharp reduction in capital expenditure, from \$51 billion, in 2014, to \$30.7 billion, in 2015. These developments resulted in the overall deficit of the central Government improving to 1.4 per cent of GDP, in 2015, compared to 5.5 per cent of GDP in 2014.

c. Public Enterprises

The combined operations of the public enterprises resulted in a surplus of \$8.1 billion, compared to a deficit of \$1.5 billion, in 2014.

G. Debt Management

Our Government continues to prudently manage the country's public debt, in order to reduce the debt burden. I am happy to report that this has resulted in the total public debt to GDP ratio reducing from 51.9 per cent, in 2014, to 48.6 per cent, in 2015. By the end of 2015, the total stock of public debt stood at US\$1.5 billion, a reduction of 3.6 per cent from its 2014 level.

A key component of public debt is the stock of external debt, which reduced by 6 per cent, to US\$1.1 billion, at the end of 2015. This was due largely to repayments of the oil debt under the Guyana-Venezuela Rice Trade Arrangement. In 2015, Guyana concluded negotiations for two Debt Compensation Agreements with Venezuela, which reduced the oil debt by a further US\$88.7 million. In September 2015, one debt compensation agreement was signed for the amount of US\$44.9 million. The total external debt service payments also fell by 41 per cent to US\$98.4 million, in 2015.

On the other hand, there was an increase of 4.2 per cent in the domestic debt stock, from US\$379.8 million, in 2014, to US\$395.6 million. This increase was primarily due to higher issuance of treasury bills. The actual domestic debt service payment totalled US\$8.5 million, an increase by 10.9 per cent compared.

Agenda 2016: Stimulating Growth, Restoring Confidence

A. Introduction

The policies, programmes, reforms and measures envisaged in this budget are designed to stimulate the economy to achieve higher growth rates. It is an economy which is growing at ever higher rates, with the benefits being more equitably distributed, which will enable us to bring the “good life” closer to reality. We cannot continue to have the same see-saw growth that has been witnessed over the past three decades and expect to solve pressing issues such as unemployment and poverty. We have to be innovative in our approach and bold in our measures, if we are to build an economy that stands on a foundation of granite. It is our view that the Agenda for 2016 provides the building blocks for a resilient economy, capable of withstanding global shocks and climate change. The Agenda also establishes a pathway for our people to face the future with renewed hope and confidence.

3.00 p.m.

B. Macroeconomic Stability

In my 2015 budget presentation, I noted that the “good life”, could only be achieved on the foundation of macroeconomic stability. Last year, deliberate efforts by Government led to continued positive economic growth, stable prices and exchange rate, and a reduced debt – to – GDP ratio, while maintaining a long term debt sustainable position. Further, expansion in private sector credit reflected initial signs of improved private sector confidence in our economy.

The Ministry of Finance instituted a macro–fiscal framework to aid in the fiscal diagnosis of the economy and projections for the real sector in the medium term. In 2016, the Government will continue to maintain macroeconomic stability, and improve the capacity for analysis that underpins economic policy decisions. Growth projections remain positive and inflation is targeted to be within low single digits. Prudent and targeted expenditure, coupled with more effective revenue collection, and anchored by a debt sustainable position, will underpin fiscal policy. Diversification will continue in all sectors of our economy, as we aim to remove our country’s vulnerability to swings in global commodity prices and climate–related challenges here at home.

C. National Unity

a. Culture and the Arts

The Guyanese culture reflects a rich blend, born of six peoples. Whether Emancipation or Diwali, pepperpot or curry, cookup or chowmein, ginger beer or swank, we all enjoy and celebrate together. Through these lenses, there is far more that unites us than divides us. I would like us all to remember this as we consider these national estimates within this honourable House.

This year, the Government will focus on reviewing, enhancing and implementing a National Cultural Policy, subsequent to meaningful consultation with cultural heritage and creative industry stakeholders. Whilst the policy implementation period will cover two five-year cycles, specific programme initiatives will fall under a biennial 2016-2017 work programme. The policy will be premised on three areas: mainstreaming culture in national development, cultural heritage preservation, and creative industries development.

b. Social Cohesion

While past governments have employed the rhetoric of unity, none have successfully made significant efforts in this regard nor dedicated any deliberate aspect of its day-to-day governance towards its realisation. Our Government is initiating strategic actions to pursue a social cohesion agenda in Guyana. In its commitment to bridge the gaps created by social, economic and ethnic divides, the Government held the inaugural Social Cohesion Roundtable (SCR), in 2015. The event featured both local and international experts, and was designed to engage, and gather contributions from citizens. Also, it examined inequalities within society, while simultaneously creating national awareness and sensitisation among stakeholders on issues of social unity.

Government will be deepening initiatives designed towards building and sustaining the momentum for long term social programming. Stakeholder meetings and consultations throughout the regions of Guyana will continue, and training and capacity building for social cohesion programming and management will commence. The aim is to ensure that national institutions are empowered to address issues of diversity. These initiatives will also create an enabling environment for citizens to work collaboratively within their communities to improve their socio-economic conditions.

c. Gender Equality – Equal Rights for All

Promoting gender equality has been established globally as a development strategy for reducing poverty levels among women and men, improving health and living standards and enhancing efficiency of public investments. Our Government is working assiduously to develop a society in which all girls and boys, women and men live together in safety and harmony, with dignity and mutual respect.

To enable all Guyanese to thrive in an environment in which they achieve their full potential and are equal partners in the decision-making processes, the Government is committed to establishing a national consultative process, to create a national policy on gender and development. This undertaking is expected to strengthen gender responsive structures, processes and mechanisms supporting development in which both women and men participate equally in the development efforts and have access to and benefit from the utilisation of the country's resources. The National Gender Policy will be launched, in 2016.

d. Hinterland Development and Preservation of Indigenous Culture

The hinterland, home to our Indigenous peoples, spreads across three-quarters of our nation's land mass. In His Excellency's address to the 2015 National Toshias' Council meeting, he cautioned about the general perception, hostile attitude and divisive policies meted out to our Indigenous peoples in the past, which undermined, to quote him, "...our sense of solidarity and impoverished a large section of our population alienating the hinterland regions and gradually creating 'two countries' instead of cementing our people into one nation." It is, therefore, imperative that there is integration between the hinterland and the coastland. This thematic bridging of the divide between the inequity of hinterland and coastal development initiatives forms a substantial thrust of our Government's 2016 budget prescription for corrective measures. Substantial financial provision has been made to promote the preservation of indigenous cultural identity, social integration, economic prosperity, physical infrastructure, green energy, sustainable development and the protection of Indigenous lands.

In 2016, the Government will be investing over \$4 billion, in support of the Plan of Action for Hinterland Development. In excess of \$280 million has been allocated to promote economic prosperity, tourism development and preserving cultural identity. This sum is inclusive of grants for 211 Indigenous communities that will build village economies and fund eco-tourism projects

specifically for our nation's 50th Independence celebration. It also includes support to women's groups, the construction of community centres and the procurement of musical instruments, sports gear and sewing machines.

The Ministry of Indigenous Peoples' Affairs will work with communities to prioritise the outcomes they want to achieve, and identify the key barriers to achieving them. The Ministry will assist communities in designing projects that take a comprehensive approach to addressing their particular challenges. It will help communities develop plans to mitigate risks to development projects, and plans for maintaining valuable community assets. Finally, the Ministry will help communities develop evaluation plans to assess whether their objectives were achieved, and identify lessons learned to improve future project implementation.

In order to support hinterland education, the Government has made provision for the design of a new dormitory at Liliendaal, to accommodate students with interest in enrolling in institutions of higher learning. There will also be support to the Bina Hill Institute and the procurement of buses for the transportation of schoolchildren. Additionally, nearly \$1 billion has been budgeted for the Hinterland Employment and Youth Service (HEYS) project. Launched in October 2015, the project will prepare youth for leadership roles in their communities. In 2016, the project will provide training for more than 1,000 hinterland youths in areas such as garment construction, carpentry, joinery and entrepreneurship. It will entail six months of classroom training and six months of practical training. Participants will benefit from a stipend (part of which will be saved on a monthly basis) as well as business mentoring. On completion of the training, participants will have the opportunity to develop viable business plans, which will be awarded grants for start-up. Moreover, education assistance for hinterland students will be fortified with the provision of school uniforms for over 30,000 schoolchildren at a cost of over \$90 million, and over 450 hinterland students will benefit from the Hinterland Scholarship Programme.

Lack of access to markets is often a key barrier to community development. Communities will not benefit from new technologies or training if they cannot sell their products to a market for a profit. Costly transportation makes it difficult for hinterland communities to market their products and sell them at a competitive price. To help narrow the gap in living standards of residents of our coastal and hinterland regions, the Government has allocated over \$2 billion for the establishment and improvement of physical infrastructure throughout the hinterland regions,

in 2016. Of this amount, the sum of \$1.7 billion has been identified for the rehabilitation and surfacing of roads in areas such as Mahdia, Bartica, Ituni, Kurupukari, Tabatinga and Port Kaituma. Additionally, provision is made for the rehabilitation of Bartica stelling. Under the Hinterland Electrification Programme, over 6,000 solar home systems have been installed in communities in Regions 1, 7, 8 and 9. During this year, electricity systems in St. Cuthbert's Mission, in Region 4, Orealla and Siparuta, in Region 6, and Culvert City, in Region 9, will be extended. The extension of these networks is intended to enhance the capacity of the grid to serve a larger segment of the population residing in these communities.

It is essential that public services touch every corner of our country. To make this possible, the provision to the National Communications Network has been increased to cater for the establishment of new communication stations in the hinterland regions. The intent is to extend the frequency of national radio and television to our Indigenous brothers and sisters in near and far-flung areas. New stations will help to promote our Indigenous languages, culture and way of life while bridging the divide between coast and hinterland.

e. 50th Anniversary of Independence

His Excellency President David Granger has charged the members of this honourable House to “open avenues of cooperation and agreement so that we can join hearts and hands for the common good”. As we collectively strengthen ties of unity, this year, we call on all Guyanese to reflect on the journey of the past 50 years, taking into account the people and experiences that have shaped our history and the lessons learnt, while mindful of the opportunities we have missed. This is a time of reflection and celebration, even as we provide inspiration and tools for our young people to dream bigger and reach higher over the next 50 years. The generation that pauses to reflect during our Centenary Celebrations must be able to savour the legacy of the last 50 years. This year is the beginning of the creation of that legacy. Notwithstanding the allocation for the specific events surrounding our 50th Anniversary, Budget 2016 – indeed, all future budgets – is dedicated to ensuring the path to the good life is secured for generations to come. An initial sum of \$300 million has been budgeted to support activities in celebration of our Golden Jubilee year.

D. National Infrastructure

a. Knowledge-Driven Government and Industries

Information and communications technologies (ICTs) have changed the way the world does business. In fact, His Excellency President David Granger adverted to this when he noted, “Data and information and communication technologies, increasingly, will become drivers of economic growth. They will allow us to develop new products and services, improve competitiveness and transform the business, health and education sectors.

3.15 p.m.

We will ensure that more teachers, more students and more schools go online over the next decade.” In providing a better life for all Guyanese, the Government is dedicated to investing in Information and Communication Technology (ICT) infrastructure and related services, to ensure knowledge-driven government and industries.

Last year, we invested \$2.5 billion in the ICT sector. This year, we propose investing about \$3.1 billion for the ICT access and e-services for Hinterland, Poor and Remote Communities Project. The project will provide infrastructure, equipment, hardware and software, so as to enable access to quality ICT, training and e-services, including distance learning, with particular focus on our vulnerable groups. It will ensure the development of a digital knowledge-based society, enhance national efficiency and competitiveness, and promote sustainable growth and development.

This year, the Government has allocated an initial \$25 million for the establishment of a Centre of Excellence in Information Technology (CEIT) which will be supported by the Government of India. The Centre forms the basis for the requisite education of ICT professionals and knowledge workers in the public sector and partner agencies. Additionally, the e-Government initiative will improve the efficiency and transparency of governance in Guyana, by using ICT to facilitate better communication and data sharing among agencies, and to achieve seamless service delivery to all stakeholders for any service across government agencies. In 2016, provision has been made for the upgrade of the software used by government agencies; modernising and digitising the operations of the companies, land and civil registries. Also, the Integrated Crime Information System (ICIS) will be expanded into divisions and subdivisions of the Guyana Police Force. These are all necessary foundation elements in the drive to deliver on the commitment of a single window to “One Government” by 2020.

The Government will conclude negotiations with Atlantic Tele-Network (ATN) and Guyana Telephone and Telegraph Inc. (GT&T), with a view of bringing to an end GT&T's claim to a monopoly over international voice and data transmissions and domestic wireline service. Draft legislation - Bills, Regulations, and Model Licences - have already been developed that will inform and govern a liberalised telecommunications regime. The Government is committed to having these Bills tabled and passed this year.

As part of creating the enabling environment for full electronic commerce and electronic government, we will table legislation governing electronic transactions and digital signatures, utilising comprehensive model laws already developed for our region. In keeping with our philosophy of accountable government, and with due regard to the risks associated with automation, we will also table privacy and data protection legislation that will bind both government and private sector operators, who hold sensitive personal data, to the same standards of care.

b. Business and Investment

To make Guyana more business-friendly, the Government will support private businesses by cutting bureaucratic red tapes and making official procedures easier to navigate. We will seek financing to implement the Single Window Automated Processing System (SWAPS). When established, the SWAPS will link licensing bodies to the Custom and Trade Administration to facilitate the sharing of information and to enhance the efficiency with which trade transactions are carried out. These improved procedures will not only reduce the amount of time that private businesses spend mired in paperwork, but also increase government accountability, reduce corruption, and make data and information more accessible. The Ministry of Business will establish a Help Desk for businesses, which will act as a single point of contact for information and advice for businesses, traders and the Government.

While consumers and large businesses can access loans, small businesses commonly face a financing gap. Our Government, in 2016, intends to further reduce bottlenecks in accessing finance through the implementation of the Micro and Small Enterprise Development (MSED) initiative. To build both generic and sector specific skills, training opportunities for entrepreneurs will be expanded to cover all 10 administrative regions, with special emphasis on business

operators in the mining and forestry sectors. This year, 400 entrepreneurs will be targeted to benefit from training.

As a small economy, we must work to enhance our brand and visibility as an investment destination. GO-Invest is working to improve agency websites and develop partnerships with other investment promotion agencies worldwide. In 2016, GO-Invest will increase its engagements with the diaspora to re-invest at home. Publicising Guyana's unique advantages will attract new and diverse industries. In 2015, GO-Invest facilitated 148 projects across 7 economic sectors, namely, agriculture, light manufacturing, tourism, services, forestry, information and communication technology and energy. The potential value of investment facilitated amounted to \$89.3 billion, while the total potential jobs numbered about 8,400. GO-Invest also facilitated 44 Foreign Direct Investments. In 2016, the agency hopes to facilitate 160 new investments worth a total of \$11 billion.

Another challenge that investors in Guyana face is finding adequate facilities with full utility services. Our Government is addressing this problem by upgrading and building industrial estates at Belvedere and Lethem and will facilitate business ventures in such areas as light manufacturing, woodworking and fabrication, creating over 3,000 new jobs.

c. Managing the Extractive Sector

The extractive sector plays a crucial role in underpinning our economy. Our mineral and non-mineral commodities provide the untapped opportunities that when fully realised, will undoubtedly provide revenue for both current and future generations. Although our extractive industries were hindered by low global prices in 2015, there were many positive developments. For instance, the gold industry achieved unprecedented levels of production, spurred by the coming on stream of two large gold operations. Permanent and temporary employment will continue to be generated as these two gold companies continue their expansion within the mining industry. Such bold investments are vital for economic growth and development and will be encouraged by this Administration. Notwithstanding, the small and medium scaled operators in the sector have struggled somewhat, due to low commodity prices. In addition, many small-scale miners, who received concessions in 2015, were unable to take up these opportunities due to lack of tax compliance. This is indeed a cause for concern, as every Guyanese must pay their fair

share of taxes. We intend to work closely with the gold mining sector to ensure sensitisation on this issue. Despite these challenges, the valiant efforts of our local miners must be applauded, for it is the gold industry that will continue to drive growth in the economy over the medium term. The Government will continue to work with the extractive sectors to support increased production that is environmentally and socially sustainable.

Petroleum is poised to become an important industry for Guyana. Following earlier discoveries, Exxon Mobil will undertake further exploratory drilling of the Liza Well. Additionally, a Petroleum Prospecting Licence and Production Sharing Agreement have been signed with Tullow Guyana B.V. and Eco (Atlantic) Guyana Inc. for a small concession called the Orinduik Block, just offshore of Guyana and close to Exxon Mobil's discovery. Despite low oil prices, which are expected to continue through next year, all licensed operators remain committed and new venture interests are considered on a regular basis. These investments will bring fruitful rewards to the Guyanese people through increased revenues, employment and income, which will propel Guyana towards achieving national as well as sustainable development goals. The preparedness of Guyanese to respond to the needs of this growing sector is critical, and as such, much emphasis will be placed on capacity building during the year.

The bauxite sector underperformed in 2015, largely due to low commodity prices. During 2016, the sector will continue to face challenges, as commodity prices are expected to remain low. Work is presently underway to stimulate greater foreign and local investments in the forestry sector, especially in value added activities. Sustainable management of the forestry resources will continue through community training and capacity building, which will target over 400 persons. The Government, through the new Ministry of Natural Resources, will continue to work along with the international community to develop a comprehensive, equitable and sustainable international regime of compensation for the provision of climate amelioration services provided by Guyana.

It is important that the extractive industries that fuel our growth today also provide for the future of our children tomorrow. In an effort to ensure that the benefits accrued from this sector reach every Guyanese for generations to come, the Government will finalise the framework for a Sovereign Wealth Fund in 2016.

d. Production, Transformation and Agricultural Diversification

Guyana's vision for agriculture by 2020 is to promote the sector as a wealth generator and entrepreneurial enterprise, producing food and non-food commodities to meet the needs of the country and our regional and international partners. Issues of national and regional food security mandate that we must diversify into new crops and open up new lands for agriculture in areas not prone to flooding. The promotion of non-traditional agriculture, aquaculture and food processing, alongside the commodities that have traditionally dominated our agricultural landscape, must bear fruit in coming years. The Government, therefore, remains committed to the promotion of agricultural diversification initiatives, while also restoring the competitiveness of the traditional agricultural sectors.

The Ministry of Agriculture has adopted a strategy which focuses on five F's: food security, fiber and nutritious food, fuel production, fashion and health products and furniture and craft. In this Budget, we are putting forward a set of practical action plans, linked to measurable targets, in all of these five areas. In total, \$20.3 billion has been allocated to the agricultural sector to create an economic environment in which farming and agro-processing operations can grow the economy and create employment. In excess of \$598 million is allocated to enhance diversified agriculture in the hinterland, riverain communities and the intermediate and Rupununi savannahs.

Diversification will make our agricultural sector more resilient to economic shocks. The Government proposes to establish several research, training and extension facilities in such locations as Ebini, Hosororo, Manari and Bina Hill, to promote sustainable food production systems that can help maintain the ecosystem and strengthen the capacity for adaptation to climate change, drought, flooding and other disasters.

As the agricultural sector moves forward, our traditional industries—sugar and rice—must not be forgotten. Although GuySuCo surpassed its 2015 production targets, the industry is threatened by weakening sugar prices, aged machinery and high production costs. In 2016, the Government will inject \$9 billion to assist the industry in its recovery and modernisation programme. Similarly, though surpassing its target last year, the rice industry remains challenged in terms of cost of production and competitiveness. The Government will continue to support the industry to access new trade partners, following the collapse of the lucrative Venezuelan market.

Livestock production is another important industry within the agricultural sector. The Government intends to re-energise the cattle industry through the development of a milk pasteurisation plant. Additionally, plans are underway for the development of 4,000 acres of State lands, situated in Region 9, for the purpose of constructing an agriculture station. This station will serve as a pilot for the sustainable harvesting of surface water for agriculture in this region. The land will be utilised for the rearing of cattle and small ruminants; aquaculture; and planting of rice and vegetables. The livestock sub-sector will be further fortified with increased focus on animal health to address known and emerging diseases.

3.30 p.m.

Guyana is blessed not only with lush growing conditions, but also with bountiful rivers, the sea, and the ocean. Increased focus in the fisheries sector will see the promotion of the sustainability of the marine fishery resources through continued efforts to attain Marine Stewardship Certification for the sea bob sub-sector. This will be complemented with the full implementation of the Vessel Monitoring System on all trawlers and the enforcement of no-trawl zones and the harvest control rule. Further, the Government will support innovation in sustainable aquaculture and inland fisheries sector with research and promotion of new marketable species.

Our Golden Jubilee Year marks an opportunity for us to welcome visitors, new and old. Later this year, a four-day Jubilee Festival will be held at the National Stadium, complemented by local events across the country, showcasing Guyanese musical, cultural and craft traditions. Marketing efforts will focus on campaigns such as the 'Home Coming Guyana' initiative, which will be targeted to the Guyanese diaspora. Other events planned for 2016 include the Coconut Festival, an agri-tourism event promoting coconut products and the development of their value chain.

The Government has engaged the Caribbean Tourism Organization to guide the production of tourism satellite accounting to generate meaningful data about the industry, including its contribution to Gross Domestic Product (GDP). Going forward, the Government will develop an operational plan to realise the intent of the recently revised National Tourism Policy, which will lay a foundation for tourism development and ensure collaboration between Government and all stakeholders. It will focus on areas such as bird watching, eco-tourism, adventure tourism,

wildlife watching, community-based tourism, sports fishing, sports tourism, yachting, and cruise visits, entertainment and events of heritage/cultural tourism. This policy and operational plan will emphasise the role of tourism in providing jobs and economic growth throughout Guyana, but especially in the hinterlands.

e. Addressing the Infrastructure Deficit

The absence of well-developed infrastructure has impeded the country's development in several ways. Inadequate transport linkages across Guyana have increased production costs, making many of our products uncompetitive in world markets. Limited road, water and air access across Guyana have obstructed our ability to fully exploit the abundant opportunities in our tourism and natural resources sectors. Skewed transport road network development systems have thwarted the creation of employment opportunities in areas outside of the coastland. Sub-optimal infrastructure in housing settlements has prevented the development of sustainable communities. We have recognised these impediments. This is why this Budget has placed a high priority on infrastructural development.

Our existing road network is incapable of meeting the rapid growth in vehicular traffic over the last decade. The consequences of this mismatch are many, including frustration of all road users; lost time and productivity due to delays; and frequent accidents, many of them deadly. The recently expanded East Bank Demerara Road is already incapable of accommodating the flow of traffic into the country's capital, while the East Coast and West Coast Roads can be harrowing during rush hours.

To address this lacuna, the Government has concluded a sustainable urban transport plan, which includes, among other things, a traffic model for Georgetown, a parking management plan, regularisation of mini-bus operations, provision of public transport facilities, and the use of public transport and non-motorised modes in the most congested areas. In addition, we have budgeted \$14.4 billion to continue the upgrade, expansion and rehabilitation of our network of roads and bridges. The Government is finalising negotiations with the Government of China for the construction of the East Coast Highway, from Better Hope to Belfield. In collaboration with the Inter-American Development Bank (IDB), the Government will, this year, conduct studies and designs for an improved East Coast Railway Embankment Road, entailing the construction

of bridges between Sheriff Street and Mahaica; the upgrade of the current Embankment Road, from Sheriff Street to Enmore; and the extension of the Embankment Road, from Enmore to Mahaica. Additionally, we will be investing over \$5 billion in the reconstruction of Sheriff Street that will facilitate improved traffic safety features, including pedestrian overhead crossings at strategic locations.

Shortly, a US\$50 million loan will be signed with the Government of India to construct a new road link between Ogle on the East Coast of Demerara and Diamond on the East Bank of Demerara. The proposed new road will intersect several communities, including Sophia, South and North Ruimveldt, Eccles and Providence, creating an alternative access route to these densely populated areas, expanding business opportunities and opening new lands for housing development. Overtime, it is the vision of the Government to extend this East Bank-East Coast road link, to connect the Ogle International Airport and the Cheddi Jagan International Airport. We will invest \$2.3 billion to upgrade the West Coast Demerara Road, from Parika to Vreed-en-Hoop. The works include widening the corridor and improving road safety features.

Connectivity between West Demerara and Essequibo Coast and Islands is severely challenged by the current aged floating bridge across the Demerara River. The daily traffic bottlenecks to access and exit the city create untold hardships for commuters and business alike. We must construct a fixed high-level bridge to facilitate easy commute and allow for improved river navigation. We are committed to this project and, in this regard, have made provision, in this budget, for the conduct of the feasibility study. This is the first step to realising a public-private-partnership for construction of the bridge.

Addressing the deplorable and underdeveloped infrastructural facilities in the hinterland region is paramount on the Government's infrastructural development agenda. The Government will pursue several initiatives, in an effort to expand the integration of road networks into our intermediate savannahs, thereby helping to bridge the divide between our vast rural and hinterland communities and the coastland. A total of \$6.72 billion has been allocated for the improvement of hinterland, rural and urban community roads in Bartica, Mahdia, Ituni/Kwakwani, Puruni/Itaballi, Mabaruma and Port Kaituma/Baramita and the Sophia ring road, among others. In collaboration with the Inter America Development Bank, we will commence activities to facilitate the complete rehabilitation of the 47 year old Soesdyke/Linden

Highway. In the meanwhile, critical works will be undertaken to preserve its upkeep. Concurrently, maintenance works will be undertaken on the Linden/Kwakwani corridor. Over the longer term, we aim to fully pave this road so as to open access to communities in Ituni, Aroraima, Kwakwani, Ebini, Kimbia and other remote areas along the Berbice River. A feasibility study for the reconstruction of the existing bridge which links the communities of Wismar and MacKenzie will also be carried out.

An alternative link to Bartica and other hinterland communities would be created when on-going negotiations with our development partners to construct the Parika/Goshen road are finalised. Additional resources have been made available to expand efforts currently being undertaken to improve farm-to-market access roads at Parika, Ruby and Laluni. We are in discussions with the same donor for new farm-access interventions in Triumph, Buxton, and Ithaca, in order to stimulate micro-farms and small scale agro- processing initiatives.

The full potential of residents living on the banks of our numerous rivers and waterways has been inhibited by the poor and inadequate river transport network. To vastly improve river connections between the coast and riverain areas and remote regions, the ageing fleet of vessels must be replaced. In this regard, the Government expects to conclude arrangements soon, with the Government of India, for financing to procure new river transport vessels. In addition, private financing is being explored for the purchase of at least two, semi-new vessels. To complement spending on the new fleet of ferries, emphasis will be placed on navigational aids and improving stellings and wharves. To this end, the Government has started preparations to access the new United Kingdom -Caribbean Infrastructure Fund (UK-CIF), to upgrade and reconstruct several facilities in Georgetown, Parika, Port Kaituma, Kumaka, and Bartica, among other areas.

On a related and very important matter, navigation of Port Georgetown is severely hampered because of the siltation of the channel and the presence of several wreckages. This has led to restrictions in container traffic and increased cost of shipping. Similarly, our main rivers and creeks are clogged and, oft times are inaccessible to our ferries and water taxis. To avert a potential crisis, the Government will aim to secure funding, through the UK-CIF, to purchase a dredge. It is expected that the dredge will be managed and operated in collaboration with Maritime Administration Department (MARAD) and the Shipping Association of Guyana (SAG). In 2016, an amount of \$1.3 billion is budgeted for works to commence on the

rehabilitation of the Bartica stelling and the goods wharf at Kingston; docking of dredges and ferry vessels; dredging of the Demerara and Essequibo Rivers; and installation and maintenance of navigational aids.

Works will begin on a phased waterfront development programme over the next five years. This investment, estimated to cost over \$1.6 billion, will see the development of state-of-the-art waterfront facilities, which will be on par with those in the Caribbean. This development will target Kitty, Kingston, Stabroek, Vreed-en-Hoop, Supenaam, and Skeldon. The proposed project will include boardwalks; recreational areas; modernised ramps for ferries and water taxis; and a dockyard for yachts. The initiative will serve as a recreational and tourist attraction, and will create opportunities for small business development.

The growth of the air services industry, with injections of new and improved technologies and the ever-expanding list of travel destinations being offered to our people, has induced Government to undertake a massive upgrade of our airports and aerodromes. An allocation of \$5.2 billion has been made for the continued development of the air services industry, including the expansion of the Cheddi Jagan International Airport. The improved facilities at the Ogle International Airport have led to increased services to multiple local and overseas destinations, inclusive of commercial flights at nights. The extension and upgrade of the Ogle runway has transformed the airport into a regional hub, linking Georgetown to Suriname, Barbados and Trinidad. We are currently pursuing financing, in an effort to upgrade many of our hinterland airstrips at Eteringbang, Annai, Paramakatoi, Kurupung, Kato, Kopinang, Monkey Mountain and other locations. The Government is earmarking over \$2 billion, in the medium term, for its Airstrips and Aerodromes Improvement Programme.

Similar to the experiences of Small Island Developing States (SIDs), Guyana is most vulnerable to climate change impacts. We continue to be threatened by rising sea levels and an aged and weakened sea defence system. With the heart of Guyana, Georgetown, being in the sight of the mighty Atlantic Ocean, significant investments must be made to protect people, property, livelihoods, and infrastructure. The Government has developed long term sea and river interventions with several donors. We have negotiated sea and river defence programmes amounting to over \$6 billion to erect and strengthen our bulwarks as well as to fashion a comprehensive instrument for coexisting harmoniously with our ocean and rivers.

3.45 p.m.

To support these efforts, the Mangrove Restoration Project and the Shorezone Management Plan will focus on developing natural mangrove regeneration initiatives that facilitate eco-friendly solutions while preserving the livelihood of people living in close proximity to the oceans and rivers.

f. Energy

The current fluctuation and volatility of oil prices have convinced the Government of the correctness of its policy of “greening” the economy through adopting clean energy solutions. The Government is currently collaborating with the IDB to define an energy matrix that will determine the best blend of energy options to ultimately boost the resilience of the energy sector. A draft of this matrix has been completed and it is expected to be finalised this year. One option that has been presented in the matrix is the Amaila Falls Hydro Project, which was determined by the Coalition Government to be not viable in its current configuration. The Government of Guyana and the Kingdom of Norway are currently engaged in discussions for a final review and determination of the future of this Project.

The Government’s thrust towards creating sustainable cities and communities that are powered by green energy solutions is being actively pursued. The Government proposes to prioritise the construction of four mini-hydro power stations at Kamaria, Kumu, Tumatumari and Tiger Hill, which will contribute to development efforts in the communities identified for upgrade to towns. The Government has invited expressions of interest (EOI) from firms for the rehabilitation and operation of the Moco Moco Hydropower Scheme, under a Build, Own, Operate and Transfer (BOOT) arrangement, to supply power to the Lethem Power Company.

The Tumatumari Hydropower Scheme is also being re-developed by a private company. The company is seeking to supply Mahdia with electricity through a power purchase agreement with Mahdia Power and Light Inc. The Government is currently in discussions with the company for the completion of a hydropower development so that consumers at Mahdia could enjoy the lowest possible electricity rates. Accordingly, the Government intends to finance part of the scheme, which is being financed by the IDB, under the Sustainable Energy Program for Guyana.

In 2016, the Government will invest \$2.5 billion in initiatives to improve GPL's operational management capabilities. Approximately 830 kilometres of the main distribution network will be rehabilitated, with a focus on reducing electricity losses and improving the safety and reliability of the electrical system. The Government is examining a number of un-served areas with a view of providing electricity to residents in those excluded communities, so as to improve living conditions.

The Government is negotiating a power purchase agreement with a private developer for a US\$50 million wind farm at Hope Beach. This facility is expected to provide an additional 25 megawatts of power to the national grid. Currently, the Guyana Power and Light generates power at an average weighted cost of US\$0.28 per kilowatt hour. The new project will likely offer the GPL energy at less than half that cost, which will translate to lower electricity tariffs for consumers.

g. Environment and Protected Areas

Guyana's strategic geophysical location within the world's largest rainforest reserve in the Western Hemisphere places it among the countries with the most intact environmental assets. This natural endowment affords us the unique opportunity to provide for global environmental resilience and at the same time, earn environmental and carbon credits to address the developmental needs of our citizens. It is within this challenge of preserving our vast rainforest and environmental heritage, while pursuing a green-growth pathway, that lies our greatest opportunities. In 2016, the Government will focus particular attention on this aspect of our development, as committed in our Manifesto promise: "Adoption of a long-term sustainable economic development plan to realise the vast potential of this country."

In this Budget, provision is made for the sustainable use and conservation of our nation's nature reserves and protected areas. Therein resides a vast array of world renowned flora and fauna; national treasures such as the harpy eagle, arapaima, leatherback turtles, jaguars and canje pheasants, to name a few. In this regard, the Government has committed, in 2016, to develop a comprehensive project, costing over \$1.5 billion, to fund the development of our botanical and zoological parks and protected areas.

We will also be focusing our attention on the beautification and rehabilitation of the three parks, in an effort to reinvigorate pride, educate the citizenry and ensure the enjoyment of the national patrimony. To complement this national drive, the Government will invest, immediately, \$114 million to improve public facilities in our urban parks. We intend to expand the National Protected Areas System to include indigenous lands such as Konashen. Additionally, public education efforts will be launched, to create awareness and provide educational material to develop public knowledge and increase national pride in Guyana's nature treasures. Initiatives to support sustainable livelihood around hinterland protected areas will be a priority.

The Environmental Protection Agency (EPA) would continue to develop and implement policies, legislation and strategies to coordinate programmes for conservation and sustainable use of biodiversity. The Agency would benefit from equipment which would allow for better execution of its mandate. Additionally, a sum of \$200 million is anticipated to provide for the construction of a new building for the EPA, of which \$40 million is allocated in this year's Budget to conclude the design and commence construction. The building would facilitate a laboratory for the testing of particles to ensure that businesses comply with stringent environmental regulations and standards.

Other key interventions this year include the restructuring of the EPA; implementation of the Environmental Protection Compliance and Enforcement Regulations, aimed at strengthening management of environmental and social impacts of development activities in the economic sectors of Guyana; continuing the awareness campaign for the ban on the use of Styrofoam; and the finalisation of Zoo regulations. The need for the conservation and management of our wildlife resources would also be addressed through the establishment of a new entity to regulate both domestic and international trade within the sector, whilst addressing issues of smuggling.

h. Destination Guyana

This Government recognises the immense value to be garnered from further advancing Guyana's tourism. Momentum is being built through both public and private sector investments. Already, the cleaning of our city has begun to restore its beauty and attract new visitors. In 2015, the Government continued to support the tourism industry through product development and marketing, under the new initiative 'Guyana, South America Undiscovered'.

E. National Institutions

a. Governance and Justice

Strengthening governance and judicial institutions will remain on the front burner. The Governance Office will collaborate with key rights and state Commissions, including the Office of the Ombudsman and the Integrity Commission. It will also ensure adherence, by Guyana, to our obligations under a number of international human rights treaties and conventions. During this year, the Governance Office will coordinate and fast-track the process for establishing the Public Procurement Commission (PPC), and would be pro-active in enacting a code of conduct for Ministers of Government and Parliamentarians. Simultaneously, the Office will coordinate implementation of recommendations by the steering committee on Constitutional Reform. The Government has made provision for the establishment of a broad-based constitutional reform commission and expects this commission to begin work during this year.

In keeping with this Administration's commitment to uphold the Constitution with regard to the independence of constitutional bodies, the Constitution (Amendment) Act 2015 Act No. 2 of 2015 and the Fiscal Management and Accountability (Amendment) Act 2015 were passed and implemented. These paved the way for the financial autonomy of Constitutional Bodies, as witnessed by the National Assembly's approval, on 7th January, 2016, of their 2016 budgets ahead of presentation and approval of the National Budget. These agencies would continue to provide annual reports and audited financial statements, in keeping with the reporting requirements under the Fiscal Management and Accountability Act (FMAA) 2003. In addition, the Government would keep under consideration, the creation of a Parliamentary Budget Office to support the functioning of Parliament.

In the area of justice, several interventions would combine to ensure a procedural justice system that is fair and accessible to all Guyanese. Investors' and citizens' trust in a nation is hinged on the ability of the Government to guarantee good enforcement of rights. Sound and fair laws coupled with an effective court system promotes a peaceful society and a thriving business atmosphere in which investor security is assured. National courts must provide effective judicial protection to all – irrespective of race, creed, gender, societal status, religious persuasion or political affiliation. The Government has been paying increasing attention to reforms intended to

improve law and justice institutions and over the medium term, \$1 billion will be invested in strengthening the justice sector.

b. Building Sustainable Communities

i. Local Government Systems

After a hiatus of over 19 years, the long awaited Local Government Elections would be held on 18th March, 2016, in the nine municipalities and 62 Neighbourhood Democratic Councils (NDC) countrywide. The people are eager to practice local democracy, through participatory methods. Local representatives elected by citizens would play a critical role in ensuring the towns, municipalities and villages have better management and more accountability and autonomy in local affairs. With new life breathed into Local Government, it is expected that the new system will provide for the more effective maintenance of community roads, streets, street lights, drainage canals, playgrounds, and solid waste management at the community level.

In keeping with the philosophy that strong regions would lead to a strong nation, this Administration has undertaken to prepare a Plan of Action for Regional Development (PARD) in all of our administrative regions. In 2015, significant advancement was made in the completion of the pilot draft PARD for Region 10, which outlines a development agenda over the next 10 years. The process of preparation involves region-wide consultations with all major stakeholders. In 2016, this process would be replicated in two additional administrative regions drawn from the coastland and hinterland.

ii. Water

Under the tenet that access to potable water is a fundamental human right, we further strengthen systems in order to achieve the targeted outcomes in the water sector. We will resuscitate the National Water Council, the Non-Revenue Water Reduction Programme and the Dakoura Creek Watershed Protection Plan. In tandem with these initiatives, it will be our drive to increase national water delivery coverage. In this regard, we spent \$1.6 billion in 2015, to expand and rehabilitate the water supply and distribution systems across the country. For the first time, over 1,200 residents are receiving potable water in Ann's Grove, Angoy's Avenue and Friendship.

Another \$4 billion has been allocated this year to improve and expand access to water across Guyana. Areas that will be targeted for water supply and line distribution improvements and expansion include Paramakatoi, Mahdia, Mabaruma, Port Kaituma, Hubu, Yarowkabura, Area 'C' Golden Grove, Victoria, Lusignan, Le Ressenouvenir, Vryheid's Lust, Albouystown, West La Penitence, Baramita, Belladrum, Lovely Lass, Itaballi and Tiger Pond. Over 18,000 persons are expected to benefit from these improvements while another 11,000 persons would benefit from the rehabilitation of water treatment plants at Cotton Tree and Bartica. New wells are earmarked for Vergenoegen and Lima Sands while a ground storage facility would be installed in Sophia. We have allocated \$2 billion for the drilling of new wells at Uitvlugt, Diamond and Sheet Anchor. Further, a programme costing \$5.6 billion is being designed that would see new water treatment plants constructed at Friendship, Hope Estate, Bush Lot, Leguan, Bartica, Port Kaituma, Mabaruma and other locations in Regions 2 and 6.

4.00 p.m.

iii. Sanitation

Upon the assumption of office, this Government heralded the rebirth of "my clean space" and the public's response shows that the Guyanese people have embraced and are championing this initiative. Last year, we initiated the Georgetown Restoration Programme, for which \$300 million was allocated. This programme realised the transformation of several communities within Georgetown. Families can now enjoy restored areas designated for recreation and entertainment. To further advance this successful initiative, Government in 2016 has budgeted a further \$200 million, while another \$319 million will be expended on the Solid Waste Disposal Management Programme. This year, we expect to finalise the National Solid Waste Management Strategy; establish an inventory of all future landfill sites; and construct a sanitary landfill site in Bartica which will bring much needed relief for residents of that community. Other activities include the execution of critical drainage and clean-up works within the local communities of the city which will be executed by community groups. We intend to seek financing, through the UK-CIF, to complete Cell 1 of Haags Bosch Sanitary Landfill, operationalise Cell 2, and upgrade sanitation facilities in the existing six townships.

iv. Housing

The Government will forge ahead with its programme of establishing cohesive communities in which serviced lots, other social infrastructure and amenities, including green spaces, parks and recreational facilities, are provided to ensure an improved quality of life. In 2015, we expended the sum of \$1.9 billion on infrastructural improvements in housing schemes. Additionally, 74 turn-key homes were built and over 4,000 land titles distributed. The high rate of possession of these turn-key homes and lots indicates that new homeowners are eager to realise their dream of homeownership. In 2016, we will continue with infrastructure works in existing housing schemes, including the installation of electricity and provision of potable water. New housing developments will commence in areas such as Perseverance, Stewartville, Cummings Lodge, Prospect, Williamsburg and Amelia's Ward. In the hinterland regions, we will spend over \$644 million, to expand the Hinterland Housing Project, which will provide housing subsidy for the construction of houses and the replacement of roofs in Regions 1 and 9.

I am pleased to announce that approximately \$4.2 billion has been earmarked to assist in developing the four communities identified to be upgraded to township, namely Mabaruma, Bartica, Mahdia and Lethem. This investment will realise the decentralisation of key Government systems into these communities as well as provide for the establishment and upgrading of critical infrastructure. The Government stands steadfast in its pledge to make these imminent towns thriving economic centres.

c. Financial Sector Reform

i. Bank of Guyana

Every person in Guyana should have access to financial services: savings, loans, and the systems that facilitate financial transactions. The Government is committed to supporting the development of the financial sector and improving its ability to meet the needs of everyone. The following actions will be taken this year:

- The Bank of Guyana will license cambios located outside of Georgetown, in order to facilitate businesses and individuals who reside in rural, hinterland and other remote or isolated areas.

- The Bank of Guyana will conduct a study on implementing a deposit insurance in Guyana, with the goal of rolling out a deposit guarantee scheme by 2017. This action takes on heightened importance to protect businesses and individuals from losses in the case of a bank failure.
- The Bank of Guyana will examine the feasibility of agency banking, which would allow local non-banks to provide some financial services. Agency banking has the potential to dramatically improve access to banking in rural communities. The Bank of Guyana also plans to support the expansion of mobile money, which would allow more people to save and transfer money using their phones, thereby reducing the transaction costs.
- In collaboration with the International Monetary Fund (IMF) and the World Bank, the Bank of Guyana will undertake a financial sector assessment. I wish to advise that a scoping mission was completed during the latter part of 2015, with the substantive mission slated for later this year.

The Bank of Guyana will be moving towards Basel II implementation, which will strengthen the regulatory framework governing banks and also result in Guyana aligning its capital requirements with internationally recommended best practices. Basel II, which was introduced in 2006, was intended to create an international standard for banking regulators to control how much capital banks need to set aside to guard against the types of financial and operational risks banks face. Basel II has three pillars: ensuring that bank capital is more risk sensitive, ensuring that banks have adequate capital to support all the risks in their business, and enhancing disclosure requirements to make the risks banks take more transparent.

The Financial Sector Reform and Strengthening (FIRST) Initiative, a project managed by the World Bank, is providing technical assistance to the Bank of Guyana to strengthen supervision of the Non-Bank Financial Institutions (NBFIs) and insurance companies. The initiative aims to close gaps in the supervisory perimeter, regarding prudential and non-prudential standards, and to build supervisory capacity. FIRST will assist with the development of a legal and institutional framework for market conduct and financial consumer protection.

As part of the financial consumer protection initiative, the Bank of Guyana will be enhancing its National Financial Literacy Programme. It is hoped that the average citizen will be empowered

with the ability to make informed financial judgments and take effective decisions regarding the use and management of his or her money.

As it relates to the Foreign Account Tax Compliance Act (FATCA), the Government of Guyana is currently reviewing the Inter-Governmental Agreement (IGA) between Guyana and the United States of America (USA). The Government of Guyana presently has an agreement in substance; signing this agreement would solidify Government's commitment to honour the requirements of that Act.

ii. National Insurance Scheme

The National Insurance Scheme (NIS) has faced several challenges over the years, including lack of compliance by both employers and employees combined with unprofitable investments. In 2016, the Government intends to examine options for repayment of \$5.24 billion owed by CLICO. To this end, the Government will start discussions on the modality of an arrangement that will see NIS recovering this money over the long term. Additionally, the management of NIS will work diligently to ensure greater compliance through the enforcement of the laws.

This year, management will be targeting delinquent businesses and employers in order to recover the \$1.3 billion in arrears owed to the Scheme. The NIS will also be examining an appropriate investment policy to guide its investments to ensure that future investments are profitable. The NIS plays an important role in enhancing the capacity of the poor and vulnerable to manage risks such as unemployment, disability, sickness and old age. Given this, as well as Government's commitment to reduce poverty and inequality within our society, we will ensure that profitability is restored at NIS over the longer term.

d. Forensic Audits and Asset Recovery

Several internal forensic audits were being undertaken to review the performance and efficiency of publicly-owned entities, statutory bodies and projects and activities financed by or through public funds. Most of the audits have been completed. A preliminary analysis indicates that in a number of cases, there were acts of dishonesty and duplicity, mismanagement of resources, opaqueness of transactions and a disregard for basic internal controls, among others. This was compounded by the absence or non-existence of functioning Internal Audit Departments. The

audits identified many instances where the laws governing the entities and their operations were violated with impunity, in particular the Fiscal Management and Accountability Act (FMAA) and the Procurement Act. Going forward, the audits will provide a guidepost on enhancing accountability and transparency through improved operational procedures, financial reporting, corporate governance and compliance with applicable laws and regulations.

Another aspect of accountability in government is the creation of the State Asset Recovery Unit (SARU). This unit will soon be vested with the authority and appropriate State powers to execute its mandate in the recovery of assets, including investigations, asset tracing, freezing and seizing of assets, and the enforcement of foreign restraint orders and confiscation.

e. Tax Reform

In my 2015 budget presentation, I adverted to the need for comprehensive reform of the current tax system. In doing so, I explicitly recognised that our tax system was far from efficient, equitable and fair. That this remains true is evident by, for example, the prevalence of high tax rates that encourage smuggling, evasion, under-reporting, under-invoicing and corruption, as well as frequent requests for waivers and remissions. Thus, in August last year, I established a four-person Tax Review Committee charged with coming up with a range of recommendations to improve the system. I would like to thank the persons involved for their time and valuable service at nominal cost. It was anticipated that the Committee would have presented its report by end-December 2015 to enable implementation from the 2016 Budget. Unfortunately, the report was submitted on January 18, 2016 – too late for Cabinet to consider and pronounce on all of the recommendations. Nevertheless, several of the measures that will be announced shortly are consistent with the Committee's recommendations.

The Government is aware that to achieve its goals, it must have the revenues to spend. As an independent nation, we must first look to ourselves to find the money to develop our country. Admittedly, we were able to achieve the revenue targets that were set over the years. We know from this experience that we have the ability to achieve realistic revenue targets using the tax structure and tax rates that we have currently. What we have noticed though is that our tax structure yields uneven amounts of revenue. The numbers suggest that there is a large population of delinquent taxpayers out there, prominent among who are the self-employed and persons

paying Tributors' tax. We are concerned about the failure of both categories to pay their fair share of taxes.

A simple analysis of tax collections has shown that only three parts of the tax structure are contributing meaningfully to government revenues: income tax, production and consumption taxes, and import duties. It is with the need to remedy this situation of revenue leakage that the GRA is being asked to undertake a sensitisation and awareness exercise in order to help taxpayers to fulfil their obligations.

We will be encouraging GRA to intensify its efforts at undertaking evaluations of tax revenues by impact of exemptions, economic centres and economic sectors. The reason is to enable better targeting of those taxpayers who are not in compliance with the tax laws and to understand the reasons for non-compliance so that we could help them to do better. Once the evaluations are completed, we would be able to determine the economic value of concessions to the country, align economic centres with geographic regions and gain a better understanding of which industries are not paying their fair share of taxes and why.

Tax transactions are about relationships. We tend to focus on the relationship between foreign investors or large investors to support their shift of resources from their home country to ours. It is important that we add capacity to our production structure. We do this by offering tax exemptions and tax holidays with the hope of achieving a net gain in tax revenues. But in a study done in the mid-2000s, it was observed that small businesses make up approximately half of the Guyana economy. These investors, small as they might be, can transfer resources from consumption to investment. In this way, they too can help add capacity to our production structure and expand economic opportunity. Yet, our attitude towards small businesses with tax consequences and real potential to contribute to the growth and development of Guyana is rather flippant. Too many of these businesses plan their expenditure without taking the tax impact into account. We must enable small businesses to build tax impact models into their businesses so that they have a true sense of the cash flows needed to successfully operate the business.

On the vexed question of refunds, the Government is aware of the view of the taxpaying public that once their money gets into the hands of the GRA, it is not coming back out. This is the frustration that many taxpayers experience even after they might have been advised that they

were entitled to a refund. This goes for those taxpayers who expect VAT and income tax refunds. We believe that where refunds are to be granted the taxpayers must get them on time, unless there is good reason to delay the refund. As an organisation that is seeking to build taxpayers' compliance and confidence, the GRA must change the way taxpayers feel about it.

4.15.m.

f. Public Administration and Public Financial Management

Last December, President David Granger requested that each Ministry table their Annual Performance Report in Cabinet. All Ministries were required to report on their key performance indicators against their set targets for the year 2015. This is now a mandatory feature that will occur annually and is part of the fresh approach. Budget Agencies and Regions must develop and implement strategic plans that are monitored through performance indicators and adopt Performance Monitoring Frameworks. For too long, plans have been developed without adequate baseline data. Under this Administration, such practices must end. Our government is seeking to re-establish a capacity for national planning, and has sought the assistance of the Caribbean Development Bank (CDB) to facilitate this process.

Real growth cannot be accomplished if the poor performance of implementing projects, funded within the Public Sector Investment Programme (PSIP), is not addressed with alacrity. Significant contributors to delayed project execution include national procurement policies and the operations of the National Procurement and Tender Administration Board (NPTAB). It is, therefore, time that we rethink the structure and mechanism employed in implementing development projects. In this regard, plans are underway for the enhancement of procurement processes and procedures. Just a few days ago, Cabinet agreed to increases in the ministerial and regional tender board limits, so as to empower Ministries and regions to undertake more in-house evaluations. In order to reduce the volume of paperwork received by the NPTAB, Section 4(2) of the Regulations to the Procurement Act will be amended to require that all contracts exceeding \$1.5 million in value to be posted on NPTAB's website.

Other improvements include: ensuring contractor compliance to tender/bid requirements; strengthening contractor capacity and capabilities through training and capacity building initiatives; ensuring that contracts are awarded within contractors' technical, financial,

equipment and managerial capabilities; training and widening the pool of evaluators to speed up contract awards; implementing rigorously liquidated damages against defaulting contractors; strengthening project supervision; installing a permanent bid protest committee; and training and certifying national procurement officers across the central government. The Government anxiously awaits the start-up of the much delayed Public Procurement Commission and hopes that good sense prevails, to ensure that this statutory body is properly constituted with dispatch.

Our Government has recognised the need to improve the quality of human resources within the public sector and, to this end, will operationalise the Public Service Staff College this year. Further, capacity building in project management and public policy analysis, monitoring and evaluation, and procurement planning will become a standard feature within the public service. To ensure that this all happens in an environment of accountability, we will be strengthening our internal audit capacity and mechanisms to ensure that the delivery of public goods and services occurs in a transparent manner. Together these initiatives will build the absorptive capacity of our public and private sectors to respond promptly and effectively to the development challenges before us.

g. Data for Decision Making

Data generation by the public sector will continue to be a priority, since day-to-day programme execution as well as quarterly and annual reports of agencies will need to be results-based and performance-focused in content. Our central statistical agency will be given the resources to strengthen its institutional capacity, so as to facilitate its transition towards the conduct of annual multi-topic surveys. Over \$260 million will be provided, over the next 4 years, to design, execute and analyse a Household Survey of Living Conditions, a Labour Force Survey and a Crime and Victimization Survey. With the help of Statistics Canada, the Statistical Bureau will be given technical support in price measurement and the national accounts. The former is in keeping with our goal to expand the measurement of the Consumer Price Index from the use of the Georgetown Index as a proxy for inflation in the country to an all-urban index.

The Census results will be completed and disseminated by the end of the second quarter 2016. This comes nearly 4 years after the census was initiated. The information that this will provide

will further guide policy decisions of our Government. I have charged the Bureau to ensure that future Census data become available in a more timely manner.

F. National Security

a. National Sovereignty and Economic Diplomacy

This budget has been cast in the shadow of continued threats to our sovereignty and territorial integrity. In addition to re-ordering our priorities, in defence of our national interests, the many acts of aggression by our neighbour to the West, has placed considerable financial strain on the country's slender financial resources, forcing the delay, alteration or curtailment of several projects and programmes. We have made measured progress in repelling these hostilities, as well as emerging threats and global trends that are impacting our national interest. Our focus, in 2016, will be to build on our achievements of 2015 and to further expand our outreach, especially in the hemisphere and in Asia and Africa through mutually beneficial cooperation programmes.

We will continue to be actively engaged in the regional integration processes, especially CARICOM, Union of South American Nations (UNASUR), Community of Latin American and Caribbean States (CELAC) and MERCOSUR. We will also continue to promote the interests and concerns of Guyana at the international level, particularly in relation to the preservation of sovereignty and territorial integrity, human rights and democracy, climate change and the pursuit of the 2030 Agenda of the sustainable development goals.

b. Safeguarding Public Security, Rebuilding Public Trust

Public security concerns have been a dominant and recurrent theme since this Government came to office. The public discourse and disenchantment with the spate of criminal activities that, regrettably, punctuated our security domain prior to 11th May, 2015 is an unwelcomed provocation that our Government inherited. Upon our assumption to office, we resolved immediately to bring an end to this unwholesome state of affairs. We committed unreservedly to implement policies to secure our citizens from the threat of national and transnational crime, violence and disorder. Through a series of measures and initiatives, we aim to establish an environment of enhanced human safety and public security.

Earlier this month, we launched the US\$15 million Citizen Security Strengthening Programme (CSSP), which will contribute nationally to reducing crime and violence through a comprehensive approach that combines preventive strategies with institutional strengthening activities. The programme will address three specific problems: the high incidence of violent behaviour at the community level; the low effectiveness of the police to prevent and investigate crime at the national level; and the high number of repeat offenders. The CSSP activities will focus on skills training to improve community engagement as well as systems strengthening in order to more pro-actively prevent and investigate crime and violence. The programme will also finance sustainable re-entry initiatives by assessing specific needs across the prison system, developing a suitable model for rehabilitation and reintegration, and setting up a case management programme to support and track progress. The community level crime prevention actions will target 20 communities based on homicide, burglary, robbery and domestic violence rates, while vulnerability will be addressed through social prevention interventions. We will focus on developing a cadre of skills and capabilities among community members to address violence, unemployment and counterproductive behavioural risk factors.

We will equip the enforcement arms of the State with the resources to enable them to serve our citizens, engender investor confidence and build trust and goodwill in the business community. In 2015, we spent \$21.1 billion to support the implementation of priority actions stemming from the strategic plans that were developed for the Ministry of Public Security, the Police Force, the Prisons Service and the Guyana Fire Service. In 2016, we intend to spend approximately \$24.6 billion for the development and modernisation of the security sector.

c. Anti-Money Laundering and Countering Financial Terrorism

Money laundering allows individuals to disguise the origin of illicit funds and integrate these funds into the formal financial system, while the financing of terrorism enables terrorists or terrorist organisations to carry out terrorist acts. Recognising that these activities can have severe economic, social and political consequences for the economy, the Government of Guyana cooperated with the Financial Action Task Force (FATF) and the Caribbean Financial Action Task Force (CFATF) to fully comply with all outstanding deficiencies related to its AML/CFT regime and become compliant with the FATF Revised Recommendations, which are the global standards.

In 2015, the National Assembly passed legislation and guidelines on terrorism and terrorist financing. Stemming from these actions, Guyana has fully satisfied five of the eight elements of the Action Plan and partially satisfied the remaining three. In December, 2015 Guyana passed further amendments and regulations, including guidelines on freezing, unfreezing and providing access to frozen funds. These actions should result in Guyana satisfying the three partially met elements of the action plan.

It should be noted that Guyana is among eleven countries that are currently listed in the FATF Public Statement as Improving Global AML/CFT compliance: Ongoing Process. This listing is referred to as the “Light Grey List”, and it indicates that though the country has strategic deficiencies with its AML/CFT regime, it has provided a high-level of political commitment to address the deficiencies through the implementation of an action plan developed with the FATF. Guyana has been encouraged to execute the action plan expeditiously and within the proposed timeframe.

As a further demonstration of our commitment to combat money laundering and the financing of terrorism, we have commenced a National Risk Assessment Exercise with the World Bank. This exercise will see the participation and involvement of all the stakeholders, and will help the country to identify, assess and understand its risks. The outcome will facilitate the implementation of appropriate risk management and risk mitigation policy measures and the efficient allocation of financial and human resources.

We are also in the process of restructuring the Financial Intelligence Unit (FIU), to make it a more vibrant and effective unit, in line with the functions specified in the Financial Action Task Force (FATF) Recommendation 29. To this end, the Parliamentary Committee on Appointments is currently taking steps to appoint a Director and a Deputy Director for the Unit. Other technical staff will also be recruited and steps will be taken to enhance their proficiency to ensure compliance with laws and regulations, and facilitate the efforts of law enforcement agencies in combating money laundering and the financing of terrorism activities in Guyana.

G. Public Services

- a. Producing a Well-Rounded Life Long Learner

Fulfilling this Government's mandate of education becoming both a means to, and an end of, our sustainable development, several new initiatives will be advanced within each level of the education sector. The ten regional education action plans emanating from the National Strategic Plan for Education 2014-2018 will be reviewed and updated, in keeping with the new mandates for the sector and new timelines. Further, equity and quality across regions will guide our interventions in 2016 and well into the medium term, while focus will be given to education in the hinterland where both the deployment of manpower and the monitoring of education delivery require urgent attention. While approximately \$31.8 billion or 16.6 per cent of last year's budget was expended in this sector, we have programmed to spend about \$40.3 billion or 17.5 per cent of this year's budget on the education sector.

Recognising the need to improve access to and quality of education across the education levels, we have crafted interventions to provide tangible support to families and children. In addition to Government's efforts, the role of parents in supporting their children's education must be emphasised as a critical component in ensuring the success of our children. After assessing the plight of our pupils and the transportation woes they encounter, this Government introduced the 'Three Bs' (Boats, Buses and Bicycles) Initiative, which will be expanded in 2016, to include Books and Breakfast.

4.30 p.m.

Issues of school attendance, punctuality and students' ability to focus after travelling long distances by foot, all of which limit their access to education, will be addressed. Further, to ensure children are adequately outfitted for school, 28,000 pairs of footwear will be distributed in the first quarter of this year, primarily within our hinterland and riverain areas, and this will complement the \$424.2 million that has been budgeted for the continuation of the school uniform programme that will benefit over 204,000 children attending schools in the hinterland and on the coast.

A sum of \$1.3 billion was expended on the National School Feeding Programme. This year's programme has been increased to \$1.9 billion, to cater for a hot meal to be given to over 7,000 additional hinterland students. In an effort to ensure that students at all levels have access to teaching-learning materials, our Government will introduce the Education Resources Delivery

Software, in 2016. No child should be asked to learn without having access to the requisite textbooks and our Government will ensure that this barrier is removed.

The results of the performance of our children in examinations point to critical gaps in the quality in delivery of education. One key component is the area of teacher training. Last year, 506 trained teachers were added to the education system and another 415 teachers will be added this year. Further, additional satellite centres in Kwakwani, Kamarang, Moraikobai and Charity will be established to increase the number of trained teachers in the hinterland and riverain areas.

Equipping our teachers and classrooms to ensure more effective subject delivery continues to be a priority. In an attempt to address the increasing rate of psycho-social problems in our schools, teachers will be trained with the requisite competencies and techniques to lend support to our school welfare officers. Also, separate rooms will be made available at our schools to render counselling sessions for both parents and students. Last year, we expended \$2.1 billion, on the construction, extension, rehabilitation, and maintenance of our educational facilities. Works were completed on the extensions and rehabilitation of various facilities, including One Mile Primary School and secondary schools at West Demerara and Sand Creek; the Port Kaituma male dormitory; and science laboratories at Corentyne Comprehensive Secondary School and Vreed-en-Hoop Secondary School.

This year, a sum of \$4.3 billion has been allocated to continue infrastructure construction, rehabilitation and repairs. Included in this programme is the completion of Kato Secondary complex, which is intended to ease the overcrowding at Paramakatoi and provide full secondary education for many students in primary tops. Also included is the construction of a new building for South Road Nursery, Peter's Hall Primary and Golden Grove and Aurora Secondary Schools. Furthermore, in an effort to ensure access to quality education in the hinterland, over \$80 million will be allocated for the provision of adequate accommodation for hinterland teachers, one of the key impediments to deploying trained teachers to the hinterland.

In an effort to improve literacy and numeracy at the nursery level, several initiatives will be pursued, in 2016. Early childhood education resource kits and teacher's manual will be procured and distributed to all nurseries and grade one classes in the hinterland regions and targeted riverain areas. The kit contains resources that explicitly target numeracy, science and inquiry,

dramatic play and music, art and craft and social studies, thereby providing the foundational tools for appreciation of culture and arts at a young age. The Government is intent on expanding the music programme to an additional 80 primary schools, from the initial 20 schools, with recorders already procured for the benefit of 800 Grade 3 pupils. This budget has made provision for all regions to include music education in the curriculum.

Our recent national and regional performance at mathematics was dismal. The transformation of an economy is dependent on the ability of its citizens to think critically and apply appropriate solutions to advance the economy. To this end, the importance of STEM education (Science, Technology, Engineering and Mathematics) to meeting the needs of a modern economy cannot be over-emphasized. Under the Secondary Education Improvement Project, a total of 1,125 tablets will be distributed to seventh grade students and math teachers in eight pilot schools, facilitating better learning outcomes through the use of technology. Additionally, diagnosis of teacher training needs for 153 teachers, through classroom observation, content exams, item-based analysis of student results on national exams and teacher questionnaires were completed. This analysis will serve as the basis for the design of a menu of teacher training activities covering varying teacher competencies and Mathematics content areas. School participation in the national science fair will be expanded and partnerships with the private sector will be pursued.

In the area of post-secondary education we have allocated \$2.2 billion for equipping and upgrading the technical institutes and training centres. This allocation will facilitate the acquisition of equipment and upgrades of these facilities, along with producing over 800 persons trained in the fields of information technology, electrical installation and air condition repairs, and motor repairs, and other specialities. Also, efforts will be made to strengthen resident training programmes at Kuru Kuru Training Centre.

Our Government is committed to providing the necessary resources, over time, to upgrade the entire University of Guyana (UG) system and ensure that UG has the capacity to attract quality lecturers and researchers as a key input into producing a quality graduate. Our commitment to UG stems from our appreciation of the critical role a university plays in supporting knowledge-driven economic growth strategies and fostering democratic, socially-cohesive societies. In 2016, we have allocated \$3.2 billion, a 52% increase, in the subvention to the University of Guyana as

a first step to making the university a true institution of higher learning. The Government will continue to support this vital institution, created just three years before formal independence was granted to Guyana, by doing all that is necessary to give Guyana a University that will secure economic and cultural independence. It is a barometer of, and a critical factor in determining, the quality of our nationhood.

b. Health for Human Development

Mr. Speaker, prioritising investments in health is a key input towards achieving human resource productivity – an essential element for sustainable development. In affirming Government's commitment to ensure that the people of Guyana are among the healthiest in the Caribbean and the Americas, strategic investments will be made in the health sector as it embarks on implementing Health Vision 2020. To this end, over \$22.1 billion, or 9.5 per cent of the budget was expended in this sector in 2015. This year, we project to spend about \$28 billion, or 10.9 per cent of the budget.

As a nation, we are traumatised by the high incidence of suicide. We are alarmed by the number of maternal and infant deaths, many of them avoidable. We are concerned about the lack of attention paid by many of our citizenry to adopting a healthy lifestyle, in the face of chronic non-communicable diseases. We are acutely aware of the recent emerging and now present threat of the H1N1 and Zika viruses, among others. Together, these place undue burdens on our health care system, which is already stretched in the effort to deliver universal health coverage and attain our targets within Goal three of the Sustainable Development Goals.

The Government recognises that the issue of suicide is driven by multi-dimensional factors and, hence, can only be solved through a multi-stakeholder approach. Immediately, we intend to mount a commission of inquiry and develop an emergency suicide prevention plan of action, even as we conduct research and gather data to establish a baseline for monitoring and evaluation. Data collection and research will include gathering epidemiological data, demographic information, and research on driving factors contributing to designated rates per region. Analysis will be done at the regional and country level, including maps and profiles for targeted interventions. We will also train secondary school teachers and students to be able to identify those at risk for self-harm. Further, we are advanced in preparatory work for the

introduction of a psychiatry programme at the University of Guyana, and this year, we will establish a mental health secretariat to offer training and services to both professionals and those seeking mental health services.

It is the firm belief of this Government that no woman should die giving birth. To give meaning to this belief, the Government will devote additional resources towards the expansion, rehabilitation, maintenance and equipping of maternal and child health facilities countrywide. For this year, over \$89 million is earmarked for the expansion of the Georgetown Public Hospital Corporation (GPHC) maternity unit. Additionally, this year's allocation will facilitate the purchase of equipment such as table-top foetal heart rate monitors, handheld foetal heart monitors and portable ultrasound machines, with the aim of increasing the quality of service being offered at the institution's maternal and child care facility.

Hypertension, diabetes and cancer have become too familiar in our day-to-day jargon. These and other chronic non-communicable diseases have taken their toll on individual lives, families, communities and our nation. We, as individuals, must become more responsible for managing our own health outcomes, even as Government invests in drugs, medical supplies, equipment and facilities to meet the growing demand for services in this area. The drug shortages that exist in public health facilities reflect a myriad of management and procurement issues that are receiving the urgent attention of this Administration. In 2016, over \$6.5 billion has been budgeted for drugs and related consumable medical supplies, to address the expanding range of services and coverage being given to citizens across our country.

Last year, over \$770 million was spent on the construction, upgrade, expansion and maintenance of health care facilities nationwide. This year's allocation is a massive \$1.9 billion, which includes mobilisation for the construction of the state-of-the-art specialty surgical hospital at Liliendaal; a ten-bed cardiac theatre and intensive care unit at the GPHC; various works at hospitals at Port Kaituma, Kwakwani and Linden; and diagnostic centres at Diamond and Leonora. Additionally, over \$1 billion will be spent on the purchase and maintenance of medical equipment, double the allocation of last year. Preparatory works will begin on the modernisation of primary health care facilities at Bartica, Suddie and West Demerara Regional Hospitals, funding for which will be sourced from the Government of India.

c. Our Youth, Our Future

Guyana's National Youth Policy (NYP) has been completed. It will guide the Government's actions on youth. In addition, preparatory work has commenced on the National Youth Empowerment Action Plan (NYEAP).

Our Government sees youth as an 'asset', a human resource to be developed. As stated in the National Youth Policy:

"We intend to develop youth who are creative, industrious, skilled, ambitious and qualified to fulfil career and vocational aspirations while enjoying their youth."

It is against this backdrop that we consider high youth unemployment and the concomitant social ills as scourges, which we need to rid the society.

In the main, tackling unemployment is both a function of education and training and job creation. It is for this reason that this budget allocates significant resources to deal with the education and training of the youth and the creation of youth employment.

4.45 p.m.

There is significant allocation of resources for training at both the technical and vocational levels and in youth entrepreneurship. This budget allocates resources to deal with youth unemployment in a holistic way. Training will be done in literacy and numeracy, counselling and guidance and youth small business development.

In my 2016 budget consultations with youth representatives from each region, I was heartened to hear about their ideas for their own development, such as the creation of youth employment hubs and innovative work spaces. Their concerns included the lack of skills training, need for career guidance, inability to qualify for loans, especially in the hinterland areas, to name a few. I want to let them know that I listened attentively. I considered their requests for support and, in addition to the millions allocated within various sectors to support youth development, we will work to establish a more permanent funding structure for entrepreneurship and micro-lending for persons under 30, as a special Youth Investment Fund.

Apart from youth unemployment, this budget seeks to promote youth health and safety, sport and culture, since it is believed that Guyana's youth population needs a healthy and safe environment in which to develop its sport and cultural skills. It is also recognised that for years, youth have not been given the type of leadership training that is required to prepare them for leadership. In this budget, provision has been made for leadership training and the improvement of existing youth training facilities.

d. Families and Children

The Government is aware of the immense value that is to be garnered from our families and the important role that strong and stable families play in our society. As such, the focus for child care and protection is to increase inter-agency and professional collaboration to enhance the provision of family assistance and support for children in need of alternative care. To this end, the Child Care and Protection Agency will be working with stakeholders to document a national policy for such children. It will focus on areas of supporting, protecting and caring for children. Further, the Family Commission, in collaboration with the Child Care and Protection Agency, will create family-friendly and educationally-interactive child-friendly spaces at which there will also be support for families with children who have developmental disabilities.

Slated for 2016 is the launching of a Public Awareness Campaign to raise awareness of the plight of children who suffer abuse, with the hope of putting an end to this gruesome act. In addition, the Child Care and Protection Agency will also be launching a National Early Childhood Development Sensitisation Programme for parents and caregivers, with the aim of providing the relevant knowledge and skills to support early learning. To further promote and enhance family relations, efforts will be made to ensure that many of the over 700 children, in the 22 residential care institutions, are either returned to their parents or are provided with a family-like setting.

e. Elderly and Persons with Disabilities

The Government will focus on a holistic approach for the improvement of services and provisions for the elderly. In 2016, systems will be put in place to further enhance and modernise the old age pension (OAP) system through consultations and testing for an OAP electronic payment system, with full implementation in all ten administrative regions by 2017.

The Government will continue efforts to fully integrate persons with disabilities into our society and provide them with the care and attention they deserve. As such, the Government has embarked upon several initiatives such as the Ramps and Yellow Border Project which entails the installation of ramps and stair lifts at public and private buildings, and painting yellow borders on stairs to guide the visually impaired. To further promote inclusiveness of persons with disabilities, there has been the reproduction of three legislative documents in braille, namely: Trafficking in Persons Act (2005), Protection of Children's Act (2009) and the Sexual Offences Act (2010), which are expected to equip persons with disabilities with valuable knowledge about their basic human rights.

In 2016, the Government, in an effort to ensure that persons with disabilities receive their benefits throughout the year without interruption or delays, will be issuing a one year Public Assistance booklet to persons with permanent disabilities.

Targets for 2016

A. Real Gross Domestic Product

Having emerged from the disruptive year that was 2015, the clear expectation is that 2016 will be a year of recovery, a platform to put the economy on a higher growth path to realise the “good life”. Accordingly, a growth rate of 4.4 per cent has been set for 2016. Non-sugar growth is projected at 4.3 per cent.

a. Agriculture

The agriculture, fishing and forestry sector is projected to grow marginally by 0.3 per cent. Given its encouraging performance in 2015, sugar production is targeted to grow by 4.8 per cent to 242,287 metric tons. Not unexpectedly, the projection for rice output has been tempered, as the industry continues its efforts to synchronise production and existing stocks with domestic consumption and external markets. As a result, production is expected to decline by 8.4 per cent from the 2015 level to 630,028 metric tons.

The Other Crops sub-sector is anticipated to grow by a further 2.5 per cent and Livestock, 0.5 per cent. For the first time since 2012, the fisheries sub-sector is expected to record increase in output, growing by a modest 1.5 per cent. This sub-sector will require greater policy and

management intervention if it is to realise its potential. The forestry sub-sector is estimated to grow by 2.5 per cent with an output of 392,469 cubic metres of timber harvested.

b. Industry

The mining and quarrying sub-sector is targeted to improve by 16.6 per cent. Once again, this growth will be driven by gold, whose output is conservatively estimated to increase by 22 per cent to 550,000 ounces. Other mining (sand and stone) is targeted to improve by 4.4 per cent, with the predictable upsurge in construction activities. As the bauxite industry continues to struggle with reorganisation and soft prices on the world market, production is expected to be maintained just at the 2015 level of 1, 526,467 tons.

In spite of the targeted growth in sugar and light manufacturing, the manufacturing sector is projected to decline by 0.7 per cent, as a consequence of the scaling back of rice production.

c. Services

The Services sector is expected to grow by 4 per cent, with projected growth in the construction sector of 10.5 per cent, following a lacklustre performance in 2015.

B. Monetary Policy and Inflation

With the predicted increase in growth in almost all sectors, during 2016, the level of inflation is expected to be approximately 2 per cent.

C. Balance of Payments

Notwithstanding the projected expansion in the economy, in 2016, the overall balance of the balance of payments is expected to improve considerably, to a surplus of US\$46.26 million, from a deficit of US\$107.68 million in 2015. This improvement is premised on positive turnarounds in the current and capital accounts.

The deficit on the current account is projected to improve by 19 per cent, to US\$116.86 million. Merchandise exports are expected to earn US\$1.2 billion, a small increase of 2.5 per cent. Merchandise imports are projected to rise by 2.7 per cent to US\$1.5 billion. Net services is projected to fall from US\$255.8 million to US\$237.4 million, principally on account of a

reduction in net non-factor services. After falling in 2015, transfer payments are targeted to rise by 4.9 per cent. The capital account is anticipated to grow appreciably to US\$163.1 million, from US\$71.5 million in 2015.

D. Targets for the Non-Financial Public Sector

a. Central Government

Central Government's current revenue is projected at \$173.3 billion for 2016, an increase of 7.2 per cent. This growth will be driven by the expected buoyancy of tax revenue, arising from tax efficiency, enforcement and administration measures that will be announced later. As a result, tax revenue is projected to increase by \$7.6 billion, or 5.3 per cent, while non-tax revenue is estimated to grow by \$4 billion, or 21.7 per cent.

In my 2015 budget presentation, I alluded to the fact that Government would gradually transfer the accumulated funds from statutory agencies such as GGMC and NFMU to the Consolidated Fund. This process started in 2015 and will continue in 2016 with a total of \$8.7 billion estimated to be transferred to the Consolidated Fund. Royalty revenues are expected to amount to \$3.9 billion, in 2016, based on the projected output of Guyana Goldfields Inc. and Troy Resources Ltd.

Total expenditure is expected to increase to \$223.3 billion, or 25.2 per cent. This higher expenditure level will result from a significant growth of 70.2 per cent in capital expenditure, consequent upon the implementation of several new projects that will aid in propelling economic growth.

Central Government's deficit is projected at 4.7 per cent of GDP, in 2016. While this is higher relative to the previous year, it is lower than the 2014 ratio. To repeat, this administration aims to promote robust economic growth in the context of a prudent fiscal policy, and this deficit-to-GDP ratio is in keeping with this goal.

The size of Budget 2016 is \$230 billion, which is slightly higher than the \$221 billion budgeted in 2015, but 20 per cent more than the amount actually spent in 2015.

b. Summary Operations of the Public Enterprises

The overall deficit of the Public Enterprises is projected at \$5 billion, mainly driven by significantly higher capital expenditure.

c. Operations of the Non-Financial Public Sector

The overall deficit of the non-financial public sector is targeted at \$38.2 billion, or 5.5 per cent of GDP.

Measures

A range of measures are being proposed in this budget. A few are aimed at entrenching in law concessions which are either discretionary or granted arbitrarily. Most of the measures, however, are designed to support our thrust of stimulating the economy while rekindling hope and confidence. These are essential ingredients towards attaining the Good Life. It should be noted that while the late submission of the Tax Reform Committee's report did not allow for its wide ventilation, a number of the measures being proposed are consistent with several recommendations contained in the report.

A. Measures in support of our programme of 'greening' the economy and protecting the environment

I propose the following measures:

- i. the removal of excise tax on motor vehicles under four years old under 1500cc. These vehicles currently attract excise tax at the rate of 30% and an effective tax rate of 118.7%. With this removal, the effective tax rate will be reduced to 68.2%.
- ii. the reduction of excise tax from 50% to 10% on motor vehicles under four years old, between 1500cc and under 2000cc. As a result of this, the effective tax rate of 152.3% will be reduced to 85%.
- iii. restriction of the importation of used and/or re-conditioned vehicles to under 8 years old from the date of manufacture to the date of importation. This restriction shall be enforced from 1st May, 2016.

- iv. notice of intent to ban the importation of used tyres and to reduce taxes on new tyres to encourage their use. This ban will be put into effect as soon as some procedural hurdles are cleared.
- v. a ban on styrofoam used in the packaging of beverage, food and food products, except styrofoam containers of a type used for packaging frozen fish and seafood.
- vi. amendment to the Customs Act to exempt all bio-degradable containers used in the packaging of food and beverages. It should be noted that solar panels and other equipment geared towards producing clean energy are already exempted from the payment of customs duty.
- vii. begin the consultations for the re-introduction of a broad-based, non-discriminatory environmental tax.

B. Measure to bring equity to the charging of excise tax on alcoholic beverages

I propose to amend the Excise Tax Act No. 11 of 2005 to provide for a new basis for the imposition of excise tax on alcohol for consumption. The intent is to introduce a graduated, specific rate system for the collection of excise tax on alcohol based on the alcoholic strength. This is deemed to be the most effective way of dealing with importers and domestic manufacturers of alcoholic beverages. It will also be easier for the Guyana Revenue Authority to administer, as well as reduce significantly, opportunities for manipulating the values of the goods for the purpose of taxation.

C. Measures to remove arbitrary, discretionary or undefined remissions

I propose the following measures:

5.00 p.m.

- i. an amendment the Regulations under the Excise Tax Act 2005, the Customs Act and the Value Added Tax Act (VAT) to exempt from the payment of excise taxes, customs duty and VAT, motor vehicles when imported by returning Foreign Service Officers who have completed official duties overseas.

- ii. an amendment to the Customs Act to exempt import duty on motor vehicles imported by eligible public officers, qualifying re-migrants and settlers. The opportunity will be taken to close existing loopholes in the law that allow the abuse of the concession.
- iii. an amendment to the Customs Act to exempt baggage and household effects imported within six months upon the arrival of a qualifying re-migrant.
- vi. amendment to the Financial Administration and Audit Act to exempt diplomatic, consular, international, charitable and non-profit organisations, semi-autonomous agencies, government departments and public corporations from the payment of want-of-entry charges, stamp duty and environmental tax.
- v. amendment to the Customs Act to exempt computer printer ink and toner cartridges for non-commercial printers.
- vi. amendment to the Value Added Tax to:
 - a. exempt par-boiled rice;
 - b. packaging materials;
 - c. other malt extracts other than ovaltine;
 - d. exempt the importation of personal effects, including motor vehicles for re-migrants and settlers who qualify for exemptions from Customs duties under Section 23 of the Customs Act.

I propose to amend the Income Tax Act to provide:

- a. provide for the income earned by Artistes during festivities certified by the Minister responsible for tourism to be exempted from the payment of income tax;
- b. allow the Commissioner General to apply any refund towards outstanding taxes, levy, interest or penalties payable by any person and for the Commissioner General to refund any excess remaining to the person.

D. Measures in Support of the Elderly

I propose the following specific measures in support of the elderly segment of our population:

- i. I propose to increase the pensions payable to ex-employees of Guyana Telecommunications Corporation. These pensioners have waged a prolonged struggle to get their correct pension, but were denied by the past regime. The increases will be effective from April 1, 2016;
- ii. Effective April 1, 2016 Old Age Pension will increase from \$17,000 to \$18,200. Nearly 50,000 pensioners are expected to benefit. In the short space of eight months, this coalition Government has been able to increase old age pension by 38.7 per cent, the largest increase in recent memory, and a testimony to our commitment to govern in the interest of all Guyanese;
- iii. Effective April 1, 2016 Public Assistance will increase from \$6,500 to \$7,300. Over 9,600 persons will benefit from an almost 24 per cent increase since this Government took office;
- iv. Effective April 1, 2016 all Guyanese citizens 65 years and older will no longer be required to pay for a driver's licence;
- v. Effective April 1, 2016 all Guyanese citizens 65 years and older will be exempt from travel tax when travelling overseas on a Guyanese passport. However, they will still be required to pay the Airport Security Tax of \$1,500.

We will continue to examine other ways of easing the burden on our elderly citizens, as they too look to enjoy the Good Life in their senior years. In this regard, we will turn our attention to the plight of former public servants and parliamentarians, whose current pensions neither reflect the years of service given nor the positions from which they retired. This is because their pensions have been substantially eroded because of depreciation of the Guyana dollar and inflation over the years.

E. Measures to Improve Tax Administration

I propose the following measures aimed at improving the efficiency administering taxes by Guyana Revenue Authority:

- i. amendment to the Tax Act to ensure that prior to the issuance of all licences for public use, including licences to conduct forms of trade and business, the applicant has complied with his/her obligations to file annual returns and paid, or has made arrangements to pay, all taxes due and payable.
- ii. amendment to the Customs Act to provide for the non-grant of exemptions to an applicant unless all outstanding tax returns are filed in accordance with the Income Tax Act, and all taxes have been paid or satisfactory arrangements have been made to pay such taxes.

F. Measures to Enhance Revenue

I propose to amend a raft of legislation, the effect of which is to increase the fees paid to obtain various licences. The pieces of legislation are:

- i. Regulations under the Auctioneer Act
- ii. Regulations under Hucksters Licensing and Control Act
- ii. Regulations made under Miscellaneous Act
- iv. Regulations made under the Motor Vehicles and Road Traffic Act
- v. Regulations made under the Rice Factories Act
- vi. Regulations made under the Tax Act

In addition, it is proposed to amend section 19 of the Firearms Act Cap 16:05 to increase the annual fee for firearm licences as follows:

Type of Licence	Current Fee (\$)	New Fee (\$)
Shotgun	2,000	5,000
Handgun	5,000	25,000
Rifle	5,000	40,000

Dealer's	7,500	150,000
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G. Other Measures

i. Increase in Rebate Granted by GPL and Reduction in Prices of Fuels

Conscious of the need to provide incentives to the manufacturing sector, in order for it to become competitive, and, as a further measure to boost incomes of households, it is proposed to increase the rebate granted by the Guyana Power and Light Company from 10 per cent to 15 per cent, with effect from April 1, 2016.

With effect from February 1, 2016, the prices of fuel sold by Guyana Oil Company (GUYOIL) will be reduced as follows:

Type of Fuel	Current Retail Price/Litre (\$)	New Retail Price/Gal(\$)
Gasoline	190	170
Dieseline	161	150
Kerosene	120	90

ii. Wages and Salaries

An announcement on salary increases for public servants, for 2016, has to await the conclusion of discussions with the relevant unions. The Government understands the disappointment this will create among public servants, but wishes to assure them of our commitment to their welfare and advancement. We ask that they give the collective bargaining process an opportunity to work.

iii. Measures to Improve Workers' Income

I propose to amend the Income Tax Act to increase the income tax threshold to \$660,000, from \$600,000. With this measure, over 68,000 workers will be removed from the income tax roll, in addition to the fact that workers have an additional disposable income annually.

Conclusion

Budget 2016 represents the beginning of the fulfilment of our vision of transforming our national economy and providing a Good Life to all Guyanese. In this momentous year of the 50th anniversary of our Independence, we have sought to lay the foundation for progressively higher and more stable growth in an economy that has been too accustomed to anaemic growth rates. Through our spending priorities, we have shown a desire to tackle the key and pressing problems of the society: bridging the divide between coast and hinterland; investing in traditional and new industries; setting the conditions for private sector growth and job creation; spending to repair a broken education system; improving the health and wellness of the population; and caring for the elderly and vulnerable sections of the population, amongst others.

This budget shows that we are prepared to take the tough decisions needed to secure a better and brighter future for our people. I am confident that we, as a nation, united in a common cause, will leave behind the acrimony, partisanship and division that still persist in our society. We must return to being proud Guyanese, living in a country of unity, security and prosperity. At the time of celebration of the next quinquagenary of our Independence, we must have built a country that ranks among the pantheons of high income countries, a shining example of unity in diversity, with our people being at peace with them, enjoying the Good Life. Do we dare dream about such a quantum leap in our development? I say we must! But we must demonstrate the courage to pursue the dream. In the immortal words of Jesse Owens:

“We all have dreams. But in order to make dreams come into reality, it takes an awful lot of determination, dedication, self-discipline, and effort.”

I end this presentation with the hope that those sage words of advice, by arguably one of the greatest Olympians, will be uppermost in our minds. Let us embark on this journey together – stimulating growth and restoring confidence to building this great nation of ours. The Good Life beckons.

I thank you Sir. [*Applause*]

Mr. Speaker: I thank the Hon. Minister for his statement. The motion is proposed and Hon. Members before you leave this place I suggest that you visit the Members of Parliament's lounge to collect your budget documents.

ADJOURNMENT

Mr. Speaker: Hon. Members, this concludes our business for today. Hon. First Vice- President and Prime Minister please move the adjournment.

Mr. Nagamootoo: Mr. Speaker, I move that this House be adjourned until 8th February, 2016 at 1.00 p.m.

Mr. Speaker: The Assembly now stands adjourned to Monday, February 8th at 1.00 p.m.

Adjourned accordingly at 5.13 p.m.