

# Official Report

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

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6<sup>TH</sup> Sitting

Monday, 10<sup>TH</sup> August, 2015

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*Assembly convened at 2.04 p.m.*

*Prayers*

*[Mr. Speaker in the Chair]*

## **ANNOUNCEMENTS BY THE SPEAKER**

### **List of names of persons from the People's Progressive Party/Civic to be Members of the National Assembly**

**Mr. Speaker:** By letter, the Chief Election Officer (CEO) notified the Clerk of the National Assembly of the names of 32 persons who are to represent the People's Progressive Party/Civic (PPP/C) Party in the National Assembly of the Eleventh Parliament of Guyana. The following are the names:

Collin David Croal

Carnel Damon

Irfaan Mohamed Ali

Komal Chand

Mohabir Anil Nandlall

Neendkumar

Gillian Rosemarie Persaud

Priya Devi Manickchand

Vishwa Deva Budhram Mahadeo

Zulfikar Mustapha

Jennifer Reginalda Ann Westford

Alister Saturnius Charlie

**From the National Top-Up List**

Adrian Venkatasuma Anamayah

Frank Christopher Stanislaus Anthony

Indranie Chandarpal

Nigel Deonarine Dharamlall

Juan Anthony Edghill

Yvonne Pearson-Fredericks

Harry Gill

Joseph Linden Fitzclarence Hamilton

Clive Ramesh Jagan

Bharrat Jagdeo

Odinga Lumumba

Ganga Persaud

Vindhya Vasini Harshkumari Persaud

Bheri Sygmond Ramsaran

Charles Shiva Ramson

Clement James Rohee

Dharamkumar Seeraj

Africo Archibald Selman

Pauline Rose Ann Sukhai

Gail Teixeira

This announcement should have been made at our 5<sup>th</sup> Sitting, but due to an oversight it is now being made at this Sitting. I tender regrets to Hon. Members for this oversight. The names notified by the Chief Election Officer and which I have just recited, will however be reflected in the Minutes of the 5<sup>th</sup> Sitting of the National Assembly and thereafter.

### **Further delay of the election of Deputy Speaker of the National Assembly**

**Mr. Speaker:** Hon. Members, you would recall at our 1<sup>st</sup> Sitting on 10<sup>th</sup> June, 2015, I made a request to you as regards to the election of a Deputy Speaker of the National Assembly. I harboured the expectation that very fairly soon, thereafter, a Deputy Speaker would have been sworn in. Events since then, or perhaps more accurately, the absence of certain events has rendered the election of the Deputy Speaker further delayed. I am grateful that this House continues to exercise forbearance in this matter.

### **Welcome to Mrs. Sita Nagamootoo and Mrs. Beniprashad**

Hon. Members, with pleasure, I recognise the presence among us of the spouse of the Hon. Prime Minister, Mrs. Sita Nagamootoo, who is paying her first visit to the House and to a Budget Speech. We would like to say welcome Madam. We hope that it would be possible that during the course of our debate you will also find time to stop by, if I may use that term.

I must recognise too the presence among us of Mrs. Bissoondai Beniprashad who is visiting us once again. Welcome Madam. *[Applause]*

## **PRESENTATION OF PAPERS AND REPORTS**

The following Report was laid:

Estimates of the Revenues and Expenditure of Guyana for the financial year 2015. *[Minister of Finance]*

## **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 2015 at the sitting of the National Assembly on Monday, 10<sup>th</sup> August, 2015. *[First Vice-President and Prime Minister]*

**First Vice-President and Prime Minister [Mr. Nagamootoo]:** Mr. Speaker, I wish to move the following motion. “Be it Resolve that Standing Orders 10(2) and 38(9)(a) be suspended to enable the Minister of Finance to complete uninterrupted the reading of the Budget Speech for 2015 at the sitting of the National Assembly...” today, “...Monday, 10<sup>th</sup> August, 2015”.

*Question put and agreed to.*

*Standing Orders suspended.*

## **HOURS OF SITTING**

**Mr. Speaker:** Hon. Members, I had 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 motion. You have the floor Sir.

**Mr. Nagamootoo:** Mr. Speaker, 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 or 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 and agreed to.*

*Motion carried.*

**PUBLIC BUSINESS**

**GOVERNMENT’S BUSINESS**

**MOTION**

## **BUDGET FOR 2015**

**Mr. Speaker:** Hon. Members, we have now come to the item Budget for 2015. Hon. Minister of Finance will move the motion for the approval of the Estimates of Expenditure for the financial year 2015. Hon. Minister of Finance you may proceed.

### **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 2015 and, in so doing, 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.

I am honoured to present the first budget of this Government. I am humbled by the confidence reposed in me to execute this challenging, but rewarding exercise. At the outset, let me thank the President, my colleague Members of Parliament and all those groups and individuals who responded to invitations to exchange views on the crafting of this budget. I also want to thank all those letter writers and the ordinary persons in the street, who approached me with advice and requests, especially for pension and wage increases. I assure you that your contributions are valued highly and that your efforts have not been without a listening or sympathetic ear.

On 11<sup>th</sup> May, 2015, the Guyanese people held their breath as they proceeded to the polls to exercise their democratic right to elect a government of their choice. Those premature elections were occasioned by an intransigent minority, the People's Progressive Party/Civic Government, that refused to cooperate with the combined majority Opposition, comprising A Partnership for National Unity (APNU) and the Alliance for Change (AFC).

*2.19 p.m.*

Following the end of the mandatory parliamentary recess, on 10<sup>th</sup> October, 2014, the Government employed delaying and dilatory tactics in reconvening Parliament. Faced with the certainty of the passage of a motion of no-confidence, which was to be piloted by the AFC with the full support of APNU, the Government opted to prorogue the Parliament. Under intense international and domestic pressure to either re-open the Parliament or seek a new mandate from

the Guyanese people at fresh elections, the Government opted for the latter course of action. It finally dissolved the Parliament on 28<sup>th</sup> February, 2015, and announced General and Regional Elections to be held on 11<sup>th</sup> May, 2015.

As it would be recalled, the Guyanese people came out in their thousands; they were determined to bring an end to the morass, hopelessness and helplessness that had enveloped our country. They were determined to bring an end to a Government that had wreaked havoc on our society - sapping it of its energy and stripping it of its dignity and dynamism. After five anxious days, during which the Guyanese people agonised as they waited, the results of the General and Regional Elections were finally announced on 16<sup>th</sup> May, 2015. The coalition of the APNU+AFC, which had earlier sealed a formal relationship to fight the PPP/C on a joint platform, was declared the winner. The Guyanese people finally exhaled after holding their breath against the stench of corruption, nepotism, and discrimination which had assailed their olfactory sense. For too long, our people had to suffer under a Government that cared less about them and more about their friends and associates. Their infectious enthusiasm and their joy of being liberated were evident in their presence at the swearing-in and subsequent inauguration of the Eighth Executive President of the Republic, His Excellency Brigadier (Ret'd) David Arthur Granger. His elevation has since seen the return of respect for our nation's symbols; morals and morality; and an overwhelming pride in being Guyanese. This was most evident in the spontaneous cleaning of the environment by many groups and individuals. It was their way of reacting to the dawn of a new day; one that held out promises of new vistas, and of renewed hope and cooperation.

Our Government immediately buckled down to the task of governing this complex multi-ethnic nation. We knew it was not going to be easy, especially since we had to deal with an Opposition that refused to acknowledge its loss at the recent General Elections, in spite of the declaration of the Guyana Elections Commission (GECOM) and the pronouncements of all the international observers. Without the benefit of the traditional honeymoon period, usually enjoyed by incoming Governments, we were confronted with a series of events, both local and international, which threatened the livelihood of thousands and the sovereignty of the country. We learnt that the sugar company, Guyana Sugar Corporation (GuySuCo), was broke and needed an immediate infusion of cash, an estimated \$16 billion, to keep it afloat for the rest of the year. The Government responded with alacrity, providing an initial amount of almost \$4 billion, installing

new management and Board of Directors and instituting a Commission of Inquiry that would examine, among other things, all options pertaining to the future of the sugar industry in Guyana. No sooner had we put out the proverbial fire at GuySuCo than we were faced with a crisis in the rice industry. The hardworking farmers, who had toiled mightily to return record rice production for the past three years, were confronted with uncertainty as to payment for rice shipped to Venezuela under the PetroCaribe barter arrangement. Unknowing to them, the PPP/C Government had mismanaged the PetroCaribe Fund, with only a small balance of US\$0.8 million in the Fund at the end of May, 2015, whereas, outstanding payments to farmers were in excess of US\$17 million. Worse yet, and this is only now being disclosed to the public, the Guyana Energy Agency (GEA), under pressure from the PPP/C Administration, was forced to offset the cash amounts due to PDVSA against future shipments, in order to ensure that current payments to rice farmers were made at the due dates. Once again, the Government came to the rescue, transferring over \$5 billion to the Guyana Rice Development Board (GRDB) so that farmers could be paid.

Early challenges to the young Government did not end there. A massive flood, not unlike that was experienced in 2005, inundated the land, sparing human lives, but destroying crops and livestock and infrastructure. The Government moved speedily to activate its disaster preparedness procedures, made available emergency assistance to drain the water off the land as quickly as possible, provided help and shelter to those in need, and established a committee of experts to examine short and long term solutions to flooding in Guyana.

Even as the Government was dealing with those pressing domestic matters, it had to grapple with our western neighbour, Venezuela, who was ratcheting up her unjust claim to virtually 2/3 of our country; a claim that was settled in 1899. This time, through diplomatic and other initiatives, the Government moved quickly to mobilise domestic and international support in defence of our sovereignty. We will continue to utilise peaceful and diplomatic means in our search for a lasting solution to the controversy that was precipitated by Venezuela's continuous questioning of the validity of the arbitral award of 1899.

The Government's handling of these four incidents of potential crisis demonstrates its resolve to do what is right by the Guyanese people. Although nearly half of those who voted in the recent

General and Regional Elections did not vote for us, we view this not as a rejection, but as an opportunity to forge accountable and inclusive governance - something that was lacking in the previous regime. We recognise that Guyana will not develop, nay survive intact, if the people are not allowed to participate meaningfully in the affairs of the country, whether individually or through their elected representatives at the national, regional, and local levels. All Guyanese yearn for the good life - one in which the country's patrimony is exploited in a sustainable and responsible manner that caters for future generations; where they have good jobs providing permanent incomes; where they have access to decent affordable housing, health care, pure water, sanitation, and education; where they can live and retire comfortably and in a secure environment. Our Government commits to providing that good life. It is for this reason that this first budget of the new APNU+AFC Administration has been structured under the theme, "*A Fresh Approach to the Good Life in a Green Economy.*" It speaks to accountable Government as the basis for securing the good life in an environmentally friendly and sustainable manner.

This budget may have been long in coming and will be unavoidably short in implementation, given the limited time remaining in the year. It nevertheless remains an important document, not only from a constitutional standpoint, but also for the fact that it sets out in some detail, the APNU+AFC Government's development agenda to 2020, and several of the policies, programmes and projects that the populace can expect, in pursuit of that good life.

Many have been carping about the Cummingsburg Accord that cemented this Coalition Government. I wish to state here that the Coalition remains strong, and its viability and longevity remain unthreatened. It is true that there have been the usual teething problems which are associated with partnership Government. However, our two groups have discovered that as we work together closely, there are more commonalities than differences. We share the same conviction that development must be for all of our people, whether they are domiciled in urban or rural, hinterland or isolated areas. We believe firmly that we will only progress if we help people unite to make life better. Working together, we are confident that we can take our country through difficult times to better days ahead. Our passion, in this regard, remains unshaken and undiminished.

## **Economic Developments in the World Economy**

According to the *World Economic Outlook* (WEO) update, given in July, 2015, the global economy is forecast to grow by 3.3 %, in 2015. This represents a slight reduction on 2014's growth, as a consequence of a setback in economic activity, mostly in North America, in the first quarter. An unexpected contraction in output in the United States (US) had spillover effects in Canada and Mexico. Additionally, one-off factors such as the harsh winter weather and port closures, as well as a strong downsizing of capital expenditure in the oil sector, contributed to the weakening of US economic activity. In spite of this small decline, the underlying drivers of global growth remain intact.

In emerging market economies, the continued growth slowdown reflects several factors, including lower commodity prices, tighter external financial conditions, structural bottlenecks and rebalancing in China. The events in Greece are not likely to affect the rest of the world economy, though one should always be wary of contagion. There is, however, a bigger lesson to be learnt from Greece's meltdown, that is, that the post crisis world is one of high debt, which can spin out of control if not adequately addressed. We, in Guyana, should be conscious of this fact, having gone through years of debt rescheduling and debt forgiveness. Guyana should heed the recent warning of Jubilee Debt Campaign, a group that has been in the forefront of debt relief for low income developing countries. Jubilee had named Guyana, among four countries, which the group felt was at risk of Government external debt crisis.

The economic slowdown in the advanced economies, as compared to earlier projections, is expected to negatively affect growth in Latin America and the Caribbean. According to the report of the Economic Commission for Latin America and the Caribbean (ECLAC), these countries are expected to grow by a modest 0.5 % on average, in 2015. On a national level, growth should range from 6 % in Panama, to -5.5 % in Venezuela. In the Caribbean sub-region, Antigua and Barbuda will lead all CARICOM countries, with a growth rate of 5.4 %. As a largely commodity-producing country, Guyana is concerned that any prolonged decline in commodity prices, especially for gold and sugar, could pose risks to the economy's growth forecast. We however remain sanguine that with the recent downward movement in the price of oil, the likely negative effects on the economy can be attenuated.

2.34 p.m.

## **Development in the Domestic Economy in 2014**

### **A. Introduction**

Mr. Speaker, in the absence of the early presentation of the National Budget for 2015, no opportunity was afforded to review the economy's performance in 2014. Now that the Budget is finally being presented, I take this opportunity to review and assess the economy's performance last year, the final complete year under the previous Administration. Expectedly, what occurred in 2014 set the platform for what is realistically anticipated for the economy's performance to the end of this year.

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

The National Budget of 2014 projected a growth rate of 5.6%. At that time, note was taken of potential adverse impacts on the domestic economy, due to the uncertainties prevailing in the global economy. Given the openness of our economy, the concern was with low global commodity prices and their immediate and direct effect on both the import and export sectors. The half-year economic report for 2014 provided the first opportunity for review of the economy. The estimated half-year growth of 3.2% represented a slippage relative to the 3.9% achieved for the first half of 2013. This performance caused the growth rate for 2014 to be scaled down from 5.6% to 4.5%. Unfortunately, even that lower growth rate was not achieved, for the economy contracted to 3.8% last year. This was the first sign that the economy was slowing down, with the rapidly deteriorating political climate being identified as a significant contributory factor.

### **C. Sectoral Performance**

#### **a. Agriculture, Forestry and Fishing**

Sugar production's continuous sub-par performances since the mid-2000s have been well ventilated. Between 2008-2013 annual sugar production, which averaged 220,362 tonnes, was considerably below the average production level of 286,084 tonnes for the preceding period 2000-2007. Following its disastrous performance in 2013, when a lowly 186,770 tonnes were produced, a modest target of 215,910 tonnes was set for 2014. The final outturn for 2014 was

216,186 tonnes. The implications of this industry remaining an uncompetitive producer are frightening, and I will say more on this issue later.

Unlike sugar, rice has been an amazing success story. The industry has recorded consistently higher levels of output, breaking the 400,000 tonne bar, in 2011, and the 500,000 tonne bar, in 2013. For 2014, rice output attained an impressive 635,238 tonnes, an increase of 18.6%. As buoyant as this new record-breaking output appeared, however, the warning bells were being rung of the industry's inability to align output with domestic and external demand, resulting in the build-up of significant paddy stocks in the system - a situation that was compounded by unresolved issues, such as outstanding payments to rice farmers.

The “Other Crops” sector grew by 5%, in 2014, a performance that surpassed the average of 4%, since 2007. One manifestation of this sustained growth has been the stabilisation of prices for vegetables and fruits, in recent years. Livestock grew by 2.9%, marginally below the target of 3.3%. The Fishing sub-sector has had a mixed performance since 2007. It has not been able to record two consecutive years of growth. Despite improved management and monitoring techniques in the industry, overfishing and exploitation of fishing resources, and piracy have resulted in the sector's contribution to Gross Domestic Product (GDP) declining by 26.7%.

Following two years of negative growth, in 2011 and 2012, the Forestry sector rebounded in 2014, growing by 14%. Logs accounted for 75% of the industry's output. This is in spite of investment agreements that speak of re-investment into downstream value-added industries.

#### b. Mining and Quarrying

In recent years, the Mining and Quarrying sector has been dominated by gold and, to a lesser extent, bauxite. Even though the price of gold continuously fell in 2013, from its peak in 2012, there was cautious optimism that going into 2014, the industry would rebound. In reality, gold production declined by 19.5% to 387,508 ounces. Fuelled by the growth in demand for quarry products, the “other mining” subsector increased by 35.3%. The impact of the varied declines in production within the subsectors resulted in the overall performance of the sector falling by 11.5%, a major downturn from the expectation of a 2.8% growth, and last year's performance of 8%.

c. Manufacturing

The Manufacturing Sector grew by 10.7%, thanks to improved performances of rice, sugar and other light manufacturing. This sector continues to hold the promise of massive expansion and robust growth, and this can be realised when downstream activities, especially in the forestry sector, are implemented.

d. Services

The rebasing of the economy in 2006 clearly confirmed that the greater contribution to overall economic growth was centred on the Services sectors. The Construction sector grew by 18%, in 2014. All of the sub sectors in the “Other Services” sector also recorded positive growth, except wholesale and retail trade, which fell by 3%.

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

In 2014, there was a small improvement in the overall deficit of the balance of payments, falling to US\$116.4 million, from US\$119.5million in 2013. This development was attributed to an improvement in the current account deficit associated with a combination of lower net payments for services and an increase in net current transfers.

Export earnings contracted by 15.1% to US\$1.2 billion, largely on account of gold, sugar and bauxite. Gold export receipts declined by 27.6% to US\$469.8 million, the result of a combination of a 20.1% contraction in export volume, to 385,683 ounces, and a 9.4% decline in average export prices, to US\$1,218 per ounce. Export earnings from bauxite contracted by 7.4% to US\$124.7 million, due to a 5.7% decline in export volume to 1,583,343 tonnes, coupled with a 1.8% decrease in the export prices, to US\$78.80 per tonne. Sugar export receipts fell by 22.9% to US\$88 million. An 18.3% increase in export volume, to 189,565 tonnes, was insufficient to compensate for the 34.8% decline in prices, to US\$464.30 per tonne. Rice exports earned US\$249.5 million, a 4% increase. This was due to a 26.9% increase in export volume, to 501,209 tonnes. Timber exports earnings amounted to US\$53.4 million, an increase of 38.8%.

Merchandise imports contracted by 4.4%, to US\$1,791.3 million, reflecting a contraction in all categories of imports.

Net current transfers increased by 29.6%, to US\$457.6 million. Net payment of services declined by US\$90.7 million, due to a decline in non-factor payments. Net Factor services contracted by 6.6% to US\$26.7 million.

The surplus on the capital account fell by 1/3 to US\$210.1 million. This was attributed to a combination of lower disbursement of the non-financial public sector and higher inflows from foreign direct investment.

Gross international reserves of the Bank of Guyana ended at US\$665.6 million, equivalent to 3.6 months of import cover.

#### **E. Monetary Developments**

Net domestic credit by the banking system expanded by 25.1% to \$154.8 billion, in 2014. Private sector credit grew by 9.1 %, with the construction and engineering, and real estate sectors leading the way. Both the Other Services and Other Manufacturing sectors recorded growth of 34.6% and 13.5%, respectively. On the other hand, the agriculture and personal sectors contracted by 10% and 0.8%, respectively. The public sector continued to be a net depositor with the banking system, though net deposits contracted by 28.4% to \$25.9 billion.

#### **F. Prices and Income**

##### **a. The Inflation Rate**

The inflation rate recorded for 2014 was 1.2%. Relatively stable fuel prices contributed to the decline in price levels during the year.

##### **b. The Interest Rate**

The small savings rate declined by seven basis points, to 1.26%, while the weighted average lending rate contracted by 29 basis points to 10.86%.

c. Exchange Rate

Transactions in the domestic foreign exchange market increased by 4.6% to US\$6.7 billion. There was a marginal depreciation in the Guyana dollar exchange rate to G\$206.50 per US\$1, at the end of 2014.

d. Developments in Wages

A 5% salary increase to all public servants, whose gross basic monthly salaries were greater than \$50,000, was announced. Persons with salaries that were equal to or lower than \$50,000 were given an 8% increase.

**G. Fiscal Position**

a. Non-financial Public Sector

The non-financial public sector recorded a deficit of \$36.4 billion or 5.7% of GDP in 2014, a deterioration when compared to the 4.7% in 2013.

b. Central Government

Central Government current revenue, net of inflows from Guyana REDD+ Investment Fund (GRIF), totalled \$144.7 billion, 6.7% above the 2013 level. Tax revenue collections amounted to \$135.9 billion, representing 93.9% of total revenue. Internal revenue increased by \$5.1 billion or 9.8%. This was primarily attributed to increase collections from private sector companies and a \$2.7 billion increase in personal income tax from the Pay As you Earn (PAYE) category. On the other hand, there was a decrease of \$581.6 million from withholding tax collections associated with the contraction in the gold mining sector. Customs and trade collections totalled \$13.5 billion, an improvement of 2.1%. Value Added Tax collections rose by 9% to \$37.5 billion, largely on account of better administration that resulted in the collection of \$2.7 billion arrears. Excise tax collections increased by 3.5% to \$28.2 billion.

*2.49 p.m.*

Total non-interest current expenditure amounted to \$127.5 billion, 10% more than in 2013, reflecting primarily increased expenditure on personal emoluments and other goods and services.

Transfer payments increased by 12.9%. Capital expenditure amounted to \$51 billion, an increase of 1.7%.

c. **Public Enterprises**

The operations of the public enterprises resulted in a deficit of \$1.5 billion compared to \$1.6 billion in 2013.

**H. Debt Management**

At the end of 2014, Guyana's total external debt stock stood at US\$1.2 billion. Guyana was able to secure debt relief from the Caribbean Community (CARICOM) Multilateral Clearing Facility in the sum of US\$35.9 million, under the enhanced Heavily Indebted Poor Countries (HIPC) initiative. Two debt compensation agreements were concluded with Venezuela for a total value of US\$124.5 million. Total external debt service amounted to US\$50.9 million, 10.9% higher than in 2013, owing to increased principal and interest payments to multilateral creditors, especially. The domestic debt stock stood at \$78.4 billion at the end of 2014.

**Vision 2020: The Good Life in a Green Economy**

Vision 2020 is a reflection of our Government's confidence in our people to function with a one nation mindset and build this great nation of ours to the benefit of all of us. It envisions sustainable socio-economic development, good governance and human safety within a green economy. As Members of this House, we are all tasked with realising the common vision of a good life for all who live within our nation. I now want to share with all Guyanese across the length and breadth of our 214,970 square kilometres, our vision of the Co-operative Republic in the year 2020.

**A. Macroeconomic Stability**

Macroeconomic stability is the cornerstone for the achievement and sustainability of a good life. As expressed in our Manifesto, this Government will implement macroeconomic policies that promote both external and internal balance. In so doing, over the next five years, we commit to the maintenance of macroeconomic stability by creating conditions to foster a positive growth trajectory while improving expenditure management and revenue administration, low inflation,

stable exchange rate and sustainable debt. This will involve the undertaking of prudent and targeted fiscal policy in order to reduce the deficit in both the central Government and public enterprises. High deficits can lead to a build-up of the public debt, the repayment of which takes away from spending in critical areas such as education and health as well as on key social safety net programmes for the poor. As such, our Government will reform the tax system to make it more robust, allowing for the reaping of efficiency gains from greater compliance and an expanded tax base. These efficiency gains will restore private sector confidence in our economy and will increase investments while creating sustainable jobs. We will also reform the existing industries, manage emerging industries more efficiently and diversify our economy from its dependence on primary commodities, to record progressively high growth rates. Reformed macroeconomic policies are necessary if we are to make a dent on poverty, as it is the most vulnerable who is most at risk from the effects of unstable exchange rates, high deficits and high inflation.

## **B. Strategic Drivers**

### **a. Building a Green Economy**

On the occasion of the opening of the Eleventh Parliament, His Excellency President David Granger committed our Government to realising a green economy in Guyana. A green economy is one in which we have improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. It includes a resilient, low-carbon, socially inclusive economy that provides a better quality of life for all within the ecological limits of our planet. It is built on the basic tenet that people need nature – for now and in the future.

Guyana's green economy must be built around article 36 of our Constitution that requires that we sustainably extract our natural wealth for the benefit of current and future generations. In practical terms, this means that we must grow the total wealth of our nation. As a country that is so heavily dependent on its natural resources, we must exploit and use our minerals and other natural resources responsibly so as to increase the total stock of our resources, which is made up of our human, social, natural and built-up capital. The proceeds of resource exploitation must be invested to grow the capacity of our people and society as a whole; to diversify our economy; to

improve the sustainable and resilient infrastructure needed for this green economy; to establish the robust governance systems that ensure that these gains are sustained; and to ensure that our basic natural asset remains available for our children. This must not only be measured by the roads that we build, the rivers that we bridge and the energy that we generate. It necessarily also includes the systems we put in place to ensure that our waterways are conserved for our livelihoods, for our recreation and for our traditions. It includes the systems for the management of our forests and savannahs which we conserve and sustainably manage, for the soils and freshwater they produce and replenish for our energy and food production, and for the below and above ground resources they contain. It also includes the systems we put in place to ensure that we receive compensation for the global climate and ecological services that our intact and sustainably managed ecosystems provide.

Government expenditures through budget provisions are only one part of the economic transformation of our country. Investments made by Government must be complemented by investments made by our domestic private sector, alongside foreign direct investments, and by civil society in order for this green economy to be realised.

We will establish a sovereign wealth fund in which we expect to protect the economy from the volatile nature of mineral revenues, help grow and modernise the sustainable non-extractive sectors of the economy and further enhance the capacity of our people. This fund will also help to avoid the potential negative impacts of a sudden surge in national revenue expected from the establishment of an oil and gas industry in Guyana. Examples of these impacts can be seen in many parts of the world and Guyana must avoid becoming another such example.

In addition to our efforts in the mineral sector, we have to find appropriate mechanisms to internalise the costs to the environment from doing business in Guyana, in general. In this regard, as I stated in this House during the debate on the repeal of the environmental tax, while we accepted the ruling of the Caribbean Court of Justice in relation to the levy on imported units of non-returnable metal, plastic, glass and cardboard containers, we will consult with the Guyanese people on re-instituting a tax that is more appropriate and that takes into consideration the costs borne by the society at large. These include negative health effects, property loss and damage due to floods, and a generally unsightly environment associated with the disposal of non-returnable, environmentally unfriendly containers.

The principle of a green economy will pervade all of our sectors and our work, from the reduction in the use of paper in offices to expanded use of renewable sources for generating energy across the country, from recycling of paper and, in the future, plastics to green agriculture and climate smart designs for our buildings. The year 2020 will reveal a Guyana that is demonstrably more environmentally responsible, a Guyana that will be truly considered a green economy.

b. Knowledge-Driven Government and Industries

Much of the world is now firmly ensconced in the information age and is operating in a knowledge economy. In the economy of today, knowledge and intellectual property are drivers of economic value, alongside the traditional factors of production. In other nation states, traditional sectors such as agriculture, forestry and mining as well as those such as shipping, transport and logistics have been transformed from relatively low-skilled, labour-intensive operations into high-technology, knowledge-driven industries. Operations in our sugar and gold sectors have seen initial examples of this.

We, in Guyana, must similarly strive to harness information, communications and other technologies to transform our economy and our society, delivering goods, services and a quality of life to our citizens in accordance with the contemporary expectations of the 21st century, tempered, of course, by our norms, traditions and values as a people. We are acutely aware that while we seek to harness these technologies to yield efficiencies and competitiveness, we must simultaneously seek to leverage the potential of these technologies to expand market reach and create new streams of economic activity in order to create new, higher value jobs in our economy. In addition to continuing to support the development of business process outsourcing, we must and will pay special attention to becoming producers of technology-based services such as management information systems for agricultural operations, forestry and mining. Innovative Information and Communications Technology (ICT) systems that are indigenously developed to support our traditional industries can be exported as part of the creation of a new outward-looking ICT services sector. Similarly, our potential to serve as a gateway between South America and North America cannot be realised without the development and application of information technologies to the critical services of transport and logistics, including management

of port facilities, the processing of necessary permits and the provision of efficient customs and immigration services.

We are convinced that there is an undeniable causal relationship between good governance and economic and social development. As we strive, therefore, to institutionalise the tenets of good governance, our Government will seek to use ICTs as a key enabler of accountability, transparency, efficiency and effectiveness, responsiveness, participation, and inclusiveness. The most familiar and tangible effect of ICTs has been felt in the revolutionising of the way in which Government delivers services to the citizens who have delegated and entrusted to us the responsibility of managing the affairs of the state.

Our vision is that, by 2020, we shall be well on the way to achieving seamless service delivery to all stakeholders for any service across all Government agencies. This is embedded in the concept of one government. No longer should any citizen or business owner have to traipse from agency to agency in pursuit of one service, incurring time and cost and, in the process, giving the same information as many as six to seven times. There must be no wrong door, no wrong number and no wrong person. Rather, there must be one window, one port of call, one Government.

These are ambitious objectives and there is a long journey ahead of us. However, to repeat the well-known saying, “The journey of a thousand miles begins with a single step.”

*3.04 p.m.*

One of the first initiatives, therefore, must be the establishment of an advisory body to develop the broad vision of this Administration into a detailed plan that specifies the individual projects that must be implemented in order to realise our strategic objectives. The related regulatory agencies must collectively have the capacity to effectively discharge their mandates and ensure that outcomes from the sector redound to the public interest. To this end, we will liberalise the telecommunication sector and, as part of preparing the pre-requisite enabling regulatory environment, we will, by 2020, have enacted legislation for electronic transactions, electronic commerce, digital signatures and data protection.

In the social sphere, we intend to allocate significant resources to the education, health and security sectors. With respect to education, in conjunction with the relevant subject matter

specialist, we must ensure that our children benefit from affordable access to the best learning resources that are available, that our teachers are equipped to guide, instruct and inspire them, and, most importantly, that parents can have sustained engagement with teachers and school administration to provide the support system which the odds of success of especially the most vulnerable among us will be slim to non-existent. Consequently, \$1.7 billion has been budgeted for the procurement of 9,609 laptops which are to be distributed to educators, students, institutions of learning and community based organisations. Additionally, the sum of \$937 million has been allocated to the e-Government Network over which access to many of the services envisaged shall be provided. Along with this investment in infrastructure will be investment in the development of educational tools and content as well as systems that will ensure constant engagement of parents with the educational authorities. Distance learning and online course offerings will be substantially expanded as a tool of teaching and learning within the education sector.

With respect to health, significant initiatives shall include a national electronic patient care record which will facilitate seamless provision of health care services to citizens throughout the public sector and across public and private health care providers. We will also invest in enhancing our public health surveillance systems in order to maintain and improve the evidence based on which planning and evaluation of initiatives are done in the health sector, as well as to increase our capability to detect and respond to emergent threats.

With respect to the security sector, it will be readily appreciated that the law enforcement officer of the 21<sup>st</sup> century uses mobile computers over telecommunications networks to access a wide array of information to inform operations. We must, therefore, equip our security services with the tools and technologies to operate effectively in this modern dispensation and it goes without saying that, as we develop our national strategy, we must inevitably begin to think about the capabilities of the law enforcement officer of the 21<sup>st</sup> century.

It should be evident that achievement of these ambitious objectives will require significant investment in the development of human capacity. The Government has, therefore, undertaken, as a first step, to craft a comprehensive strategic plan for the sector and to establish a centre of excellence in information technology.

## **C. Productive and Service Sectors**

### **a. Managing the Extractive Sector to Benefit All Guyanese**

Our extractive industry includes mineral and non-mineral commodities. In the area of upstream oil and gas, Government will finalise a policy which seeks to address such issues as licensing and contracting, fiscal framework, capacity building, transparency and accountability, environmental management and measurement indicators. The anticipation of a commercial petroleum discovery has become closer than in recent memory, with the outcomes from the Jaguar-1 Well, drilled in 2012 by Repsol and others, and the Liza-1 Well, just drilled by Esso and others. While much work still has to be done by the petroleum explorers to prove the economic viability of the recent find, Guyanese can be heartened by the heightened exploration activity in Guyana's maritime space. It is important that the intrigue of the journey of Guyana's quest for petroleum not diminish the relevance of a vision which is to thrust Guyana into the realm of petroleum production and associated industry for prosperity and progress. Along with any such reality must be the desire to embrace the opportunities that this sector could provide, not only by collecting the revenue share from the resources, but also from a strategic developmental approach that diversifies the economy rather than ensnares it in total dependency, one that guarantees our future even as provision is made for the present and one that brings to Guyana and all Guyanese the best quality of life that can be afforded by the sustainable development of our natural resources sector.

In spite of the relatively low world market prices, gold production is poised to improve significantly in 2015/2016 and beyond. Canadian-based Guyana Goldfields Inc. announced production of its first quantity of gold from its Aurora Gold Mine earlier this month. The company expects to produce between 30,000 and 50,000 ounces of gold in 2015 and between 120,000 and 140,000 ounces of gold in 2016. Guyana Goldfields Inc. has generated permanent employment for a range of skills, including heavy duty machine operators, cooks and suppliers of foods, in the complex. At full operation in 2017 and with an expanded mill, about 500 persons will be permanently employed with another 500 temporary jobs created during the construction stages in 2016. The provision of accommodation and related services by this company to their employees has also generated service related jobs within the sector. Collections of royalties,

taxes on income and insurance payments are expected to enhance revenue collections within the public sector, while increased production will augment the national current account. Environmentally, the company will employ modern technologies to reduce environmental externalities. Another major investment, Troy Resources Limited in Region 7, is also expected to commence work.

Small and medium scale miners will soon benefit from the waiver of customs duties on certain items to aid in reducing their cost of production and create a more level playing field when compared to large scale miners. Like gold, bauxite has continued to experience unfavourable global markets, resulting in both bauxite companies in the industry producing below capacity. However, encouragingly, Canadian-owned First Bauxite Corporation is going ahead with opening a new mine in the Bonasika area, having recently completed the feasibility study for mining bauxite in that area.

In the forestry sector, work is underway to support sustainable forest management and trade and ensure access to the international forest products market. The Government will work along with the international community to develop a comprehensive, equitable and sustainable international regime of compensation for the provision of climate amelioration services by countries such as Guyana. The conclusion of the five-year forest agreement with Norway provides the impetus to open discussions on a successor agreement, and this will be pursued when a team from the Kingdom of Norway visits our country.

We are cognisant of the need to diversify our economy so as to negate any undue dependence on the extractive sector. This is the only way to foster a sustainable development path that is resilient and able to offer a good life for all our people.

b. Production Transformation and Diversification of the Agriculture Sector

Agriculture accounts for approximately 25% of our Gross Domestic Product (GDP) and provides more than 33% of direct employment, both rural and urban. The sector comprises four principal subsectors: sugar, rice, non-traditional commodities and fisheries. Our Government's vision for Agriculture 2020 sees the sector continuing to play a premier role in transforming the nation's development outlook in the medium to long term. We see a sector that is robust, competitive and

capable of meeting our food security requirements, generating sustainable jobs and contributing to exports and foreign exchange earnings. This vision, cognisant of the risk of natural disasters and climate change, will be pursued by accelerating the modernisation and diversification of the agricultural sector within a green agriculture framework. The Government has begun to explore suitable options to address the financing needs of the sector, given the urgency to move the industry towards increased manufacturing and value-added production.

The sugar industry has long been in decline. The industry continues to grapple with an unsustainably high cost structure, with production currently averaging US\$0.40 per pound of sugar, almost three times the world market price. Recognising the need to drastically reform the industry, the Government has appointed a Commission of Inquiry to:

“Investigate and inquire into the current state of cane cultivation, production and marketing of sugar, molasses and other by-products including power.”

The economic well-being of the sugar industry is critical to the protection of jobs and growth of the economy, as well as the contribution it makes to GDP, exports and foreign exchange. The Government is committed to supporting the reform efforts. In June, it averted a crisis by injecting \$3.8 billion into the industry and plans to transfer an additional \$8.2 billion for the remainder of the year. However, this stop-gap measure is neither sustainable nor meant to be a substitute for or postponing of the hard decisions that need to be made. Whatever path the industry takes, it is vital for the sake of the national economy, that it remains viable and able to compete in an increasingly competitive and volatile global market. Time is of the essence. We anxiously await the report of the Commission of Inquiry before deciding on the next steps.

Our rice industry has performed exceptionally over the last decade, repeatedly achieving record levels of production. However, the industry lacks diversification in its export and product markets. This vulnerability has become an increasing liability to the sector, given recent developments in the Venezuelan market, which accounts for 30% of total production and approximately 38%, by volume, of rice exported. Over \$23 billion has been allocated in this budget to support further payments to over 7,000 rice farmers. This is in the context of the current inability of the PetroCaribe Development Fund to meet these payments. Even without the

fore-knowledge of the ending of the contractual arrangements with Venezuela in mid-November, 2015, it is imperative that the rice market be sufficiently diversified so as to reduce the dependence and vulnerability implied in the concentration of a large share of our rice exports to one market. We are actively searching for new markets for our rice. We are encouraged by the productive discussions during the national conference held with rice farmers and millers and by the proactive response of those who have already begun to source additional markets. We will encourage research to develop new rice varieties and support the use of improved technology within the sector. We will provide incentives to producers who add value to rice, for a diversified industry will adequately accommodate the increased production anticipated from higher yields.

### *3.19 p.m.*

We will increase our export of non-sugar and non-rice agricultural products by at least 25 per cent over the next five years; we will increase our production of agro-processed goods by at least 50 per cent, by 2020; and we will reduce our imports of agro-processed goods will be reduced. Currently, the major non-sugar and non-rice commodities being exported are shrimp, fruits and vegetables. The Government will place greater emphasis on large-scale private investment in farming, especially in the Intermediate Savannahs and Region 9. Some of the crops identified for diversification in the hinterland areas are corn, soybean, cassava and legumes. These will be combined with fish and poultry rearing in those communities. Research will be intensified on the development of new crops such as carrot, cauliflower, broccoli, turmeric, ginger and black pepper to achieve import reduction, while crop diversification for export will focus on commodities such as coconuts, cassavas, plantains, pineapples, pepper, corn and soybean, with a view to strengthening food security along the coast and within the hinterland.

Our Government will advance the development of the livestock subsector by ensuring quality breeding stock and rebuilding the herds of cattle and pigs and flocks of sheep and goats. We will seek to enforce existing regulations for the slaughter of animals, and will improve animal health and food safety. The Government will place the hinterland livestock industry on a scientific footing, with the aim of expanding domestic consumption and meeting international demand for organic beef.

The contribution of the fisheries sector to Gross Domestic Product (GDP) has declined consistently. This Government will direct efforts toward the promotion of sustainable inland fisheries and aquaculture by supporting our fishermen in rebuilding cooperatives and simplifying the licensed system for artisanal fishing. Additionally, fisheries officers will be placed in every region in Guyana so as to provide support to our farmers. A thriving fishing industry is important for our people and this industry will be revived under this new Government.

Today, our farmers are more at risk from climate change events than ever before and concerted efforts will be made to improve the environment in which they operate. In this regard, we will ensure that the Agriculture Disaster Management Plan, which was launched in 2013, is implemented. This will see the enhancement of the Hydrometeorological Early Warning Systems (EWS), in order to ensure proactive mitigation, preparedness and responses on behalf of the farmers. A package of climate-smart agriculture methods and technologies will be promoted.

Achieving food security in every region across our land is paramount. It is untenable for any man, woman or child to go hungry for want of basic nutrition in a country of fertile soils and many waters. Whether one lives in Kanapang Village in the North Parkaraimas, Assakata Village in Region 1 or on the East Coast of the Demerara River, our Government will ensure that communities are empowered to grow food, both for direct consumption and sale, thereby addressing food security and poverty concerns simultaneously. Indeed, our Intermediate Savannas, Upper Demerara and Berbice regions and Rupununi Savannas will blossom into the next frontier for agricultural development by 2020.

Globally, the agricultural sector is a major contributor towards carbon dioxide emissions, the use of fossil fuel-based fertilisers and the burning of biomass, while fertiliser use itself accounts for a large portion of the nitrous oxides. In order to achieve a green agricultural sector, Government will support restoring and enhancing soil fertility, crop rotations, efficiency in water use, reduction in the use of chemicals, pesticides and herbicides, and reducing food spoilage and loss by expanding the use of post-harvest storage and processing facilities. The use of bagasse for cogeneration of electricity is a noteworthy example within the sector and the Government will encourage expanded use of green technologies going forward. Altogether, these strategic initiatives will transform the agriculture sector into a diversified and productive contributor to

national production, exports, sustainable jobs, and household incomes, thereby restoring the sector to its pride of place as a pillar of economic growth and development in our country.

c. Creating a Must-See Tourist Destination

Guyana's tourism industry is still young in years and maturity. Our tourism product offering is largely to a niche market and our visitors come in greater numbers mainly from our diaspora. For years, the sector has struggled from a poorly-resourced marketing effort - one that has been responsible for sluggish growth in the industry, while the quality of the product offering and the visitor experience still require strengthening in many areas. Our Government has recognised the need to delink tourism as a sector in its own right. It is our intention to at least double the tourism marketing budget over the next five years in an effort to scale up our presence in targeted fora and media. The most recent marketing review has found that Guyana's best selling option is to take advantage of its relative anonymity as a tourist destination and, under the *Guyana, South America Undiscovered* marketing initiative, it is expected that more visitors will originate from target markets than previously.

The need for more data to inform the marketing strategies and the resource allocations to the industry will be aided by the adoption of tourism satellite accounting before 2020. In the immediate future, the collection of good source data will be required as a prerequisite, including surveys to gather data on accommodation, visitor spending and supplier profiles. Since the private sector has lobbied for the inclusion of tourism in the calculation of gross domestic product, I would expect that it will be equally enthusiastic in providing the data needed.

Improving development and enhancing the visitor experience with strategic approaches, including event creation, are anticipated to bring more visitors to our country. Development and enforcement of service standards and hospitality training will continue to be priorities for the sector to boost the quality of the experience. A project, which will attract financing from the Caribbean Development Bank (CDB), will be initiated, and an appropriate model of a tourism hospitality school will be executed. Further, in bridging the coastland-hinterland divide, Government will accelerate efforts to implement the Hinterland Tourism Development Plan and aim to generate vibrant and sustainable livelihoods within communities across our country. The cost of internal travel, as well as the cost of airlift to Guyana, will also be reviewed to improve

accessibility among our regions. Altogether, the sector is expected to generate over 1,500 direct jobs in the next five years and witness a higher rate of increase of visitor arrivals with an expanded menu of tourism products and services.

For tourism to flourish, a cross-sectoral effort is required among Government, private sector and civil society to ensure a visitor experience that results in repeat visits and positive stories here and abroad. We can all agree that no one wants to visit a garbage-strewn city. As we put our house in order, I invite all Guyanese to take pride in their surroundings, since our image and mindset must be to enhance and preserve the beauty of our native land. I invite all Guyanese to celebrate our rich cultural diversity and together demonstrate to the world a fresh and positive image of Guyana, and to tangibly show what we mean by traditional Guyanese hospitality, as we welcome visitors to our shores.

#### **D. Physical and Human Capital**

##### **a. Addressing the Infrastructure Deficit**

Enhanced public infrastructure is a major catalyst to development and growth and the prosperity of nations. In a country like ours, this is even more evident when one considers our vast and wide geography and our geopolitical and geospatial location within and in relation to Latin America and the Caribbean. Within Guyana, bridging the spatial divide between far-flung regions and the coastal and hinterland communities requires a comprehensive rethink of how our country addresses the high per capita cost of infrastructure development. Within the hemispheric and CARICOM regions, Guyana's strategic location positions us to become the connectivity hub for business and investment. Already, we have seen the air traffic improvements between CARICOM and our Latin American neighbours brought about because of the improvements to the Ogle International Airport. We are virtually one hour away from Trinidad, Barbados, Suriname, and Boa Vista in Brazil.

It is known that quality infrastructure creates a multiplier effect through the creation of jobs, reduction in cost of production of goods and transportation and helps Government to achieve its economic and social goals. But this cannot be done in an unplanned and unorganised manner, as happened in the past when poor conceptualisation led to the redesign, abandonment and/or derailment of many of the so-called transformational projects of the previous regime, including

the airport expansion and extension project, the specialty hospital project, and the Amaila Falls Hydro Project. These have led to slow and stifled growth within many sectors and subsectors of the economy while becoming a burden to the public treasury.

Our vision for this sector is to develop a structured and integrated approach to public infrastructure development and management that will be guided by a new national transport and drainage and irrigation policy that is driven by a revitalised and re-engineered transport planning mechanism. This policy will see Government articulating new air, road, drainage and river master plans aimed at facilitating communication and creating linkages between our hemispheric neighbours, on the one hand, and between the coast and the hinterland regions, on the other. Within the context of this developmental agenda, Guyana is poised to become a major transshipment hub and gateway into South America and the Caribbean. Work, in this regard, has already commenced through private sector funding of the deep water harbour and container port in the Berbice River. The Government will continue to collaborate with the private sector on such bold investment ventures as the dredging of the Demerara River Channel, for which a multi-stakeholder committee is being revitalised.

Through this comprehensive master plan, the Government also intends to improve, create and invest heavily in new infrastructural assets and drainage and irrigation systems. This is against the backdrop that Guyana's national and international competitiveness has suffered because of the lack of structured and coordinated investments in public infrastructure. The sorry tale of poor and often absent drainage and irrigation for our farmers; dilapidated bridges, wharves and stellings; improperly constructed roads in urban, rural and hinterland areas; poorly maintained aerodromes; unreliable riverain transportation; and the everyday obstacles to production, productivity and the enjoyment of the qualities of a good life that we all strive and work for, will become things of the past.

Roads, bridges, culverts and similar infrastructure are indispensable for creating wealth, linking people, and closing the gap between farms and markets and between businesses and the factors of production. More importantly, they are essential for healthy and sustainable economies. In the past, the focus was on reconstruction and/or upgrading the existing assets; not much attention was paid to planning for new infrastructural facilities.

3.34 p.m.

Our Government intends to ensure the construction of new road links, particularly a road linking our two international airports that provides an alternative option to the East Bank Highway; and the linking of the city and coastland to the new townships of Bartica, Mahdia and Lethem. Our Government also proposes to develop a more creative and cost effective investment model to construct a new fixed bridge across the Demerara River.

In 2015, the sum of \$13 billion has been allocated for enhancing the roads and bridges network throughout Guyana. In an effort to ease congestion and reduce travel time the Government proposes urgent expansion of the East Coast Demerara Highway. Additionally, over \$1.6 billion is budgeted for the upgrade of the Sheriff Street/Mandela Avenue Road making it a modern thoroughfare for Georgetown. This upgrade will create an improved road link between the East Coast and East Bank Demerara. Further, a total of \$1.2 billion is budgeted for the completion of the East Bank Demerara Highway which provides improved transit from Providence to Great Diamond. The Government also intends to create a bypass road linking Diamond, East Bank Demerara, to Ogle, on the East Coast of Demerara. The new road will open up unutilised lands to support a modern housing scheme for 1,100 households, while creating new jobs for Guyanese, as well as establish a more efficient link between the country's two international airports. To link the Mandela Avenue/Sheriff Street urban development to peri-urban communities, the Government will be investing almost \$400 million to upgrade the Sophia "Ring Road".

Rural development will materialise through investments of \$544 million to upgrade community roads and bridges in the ten administrative regions. Similarly, a provision of \$1.2 billion has been made to upgrade more than 28 kilometres of farm-to-market access roads and bridges located in Laluni, Onverwagt, Parika and Ruby Backdams. We will construct a road link between Parika and Goshen that will provide an alternative access route to Bartica; construct all weather roads in Regions 7 and 9, to open new opportunities to exploit our natural resources and upgrade internal roads in the proposed new towns of Bartica, Mahdia and Mabaruma.

Development in our hinterland area is critical for growth and poverty reduction, especially among our indigenous people. These areas have remained underdeveloped, resulting in an extremely high cost of living for the thousands residing in these communities. The Government

is currently undertaking studies which will lead ultimately to the construction of the Linden/Lethem road. This will effectively connect our most remote locations with those on the coast. Additionally, our private sector has responded to the call for more flights to existing inland centres and for new air connections to many unserved and underserved locations. The Government intends to support this initiative by ensuring that existing aerodromes facilities are maintained and serviced to acceptable aviation quality standards and to construct new aerodromes where needed. Similarly, numerous riverain communities constantly suffer from improper inadequate or non-existent river transport service. Within this term of office, our Government will ensure that a more reliable and adequate river transport system is established and geared to providing new ferry services to the unserved Berbice River communities, and more and reliable services to Mabaruma, Bartica and Supanaam.

We have allocated \$417 million towards air and river transport so as to better link our hinterland regions with urban and rural centres. This will create both direct and indirect jobs for our people while helping to promote eco-tourism within these regions and empowering our indigenous peoples so that they too can enjoy the good life that we all deserve. In this regard, the Government will improve air service delivery through the rehabilitation of hinterland airstrips and aerodromes and the Cheddi Jagan International Airport. A sum of \$644 million has been allocated for dredging the Demerara and Essequibo Rivers, docking of MV Sandaka, MV Barima and MV Kimbia acquiring spares and rehabilitating stellings at Georgetown, Parika, Leguan and Bartica.

This Government has recognised the importance of the medium and long-term needs for adequate investment in our coastal zone protection infrastructure and systems. To this end, the sum of \$1.4 billion is budgeted for the strengthening of our sea and river defence infrastructure with critical works taking place in Regions 2 to 7. Over the next five years the Government will continue to invest heavily in the construction, maintenance and rehabilitation of critical sections of our sea and river defence infrastructure, utilising sustainable and cost-effective designs and solutions. Notwithstanding capital investment, the Government will develop new and integrated coastal zone policies and strategies in ensuring an integrated approach to delivering sustainable sea and river defence management. We will update and implement the National Mangrove Management Action Plan so as to strengthen the coastal zone management system.

Drainage and irrigation support is vital for growth in the agriculture sector, However, the present drainage and irrigation system is ineffective in some, and non-existent in many, farming communities, as it has not been comprehensively reviewed in many years. A plan has been developed to address these deficiencies. Part of which has been already been implemented through the overhauling and restructuring of the national drainage and irrigation board. We have allocated \$5.7 billion in 2015 towards the development of this sector. This allocation will result in the rehabilitation and extension of the capacity of drainage and irrigation infrastructure countrywide, including the Northern Relief Channel.

Government will be intensifying its work in Region 4 under the Flood Risk Management Project. During heavy rainfall, flood protection is dependent upon both the integrity of the East Demerara Water Conservancy (EDWC) and effective drainage in the coastal areas. To this end, initiatives to strengthen and improve planning and monitoring to reduce the risk of dam breaches and overtopping of the East Demerara Water Conservancy will be pursued. Specifically, a review of the existing design for the reconstruction of the north eastern dam, which is deemed the most critical section, will be constructed and finalised and an operations and maintenance manual will be prepared for the entire EDWC dam. Further, quality assurance instrumentation and emergency preparedness plans will be developed to guide the rehabilitative initiatives, and geotechnical investigations will be conducted for the construction of three pump stations along the East Coast.

The increasingly detrimental effects of climate change are manifesting worldwide in the form of unpredictable severe weather patterns and persistent rising sea levels. The effects of these phenomena continue to threaten our vulnerable coastland, which are severely exacerbated in periods of high tide and rainfall. This Government will implement climate-friendly infrastructure designed to adapt to climate change. This will include the principle of “Living with the Sea”, which recognises the need for sustainable interventions in strengthening the existing shoreline and extending the foreshore where applicable through environmentally-friendly engineering solutions. Mutual coexistence between human habitation, agricultural, industrial and housing development, in harmony and complementary with the coastal shore zone is a necessary balance for which we must strive.

In order to have a sustainable infrastructure system, this Government will ensure that all projects are adequately financed whether through loans, grants, taxes, private sector, through public-

private partnerships and, most importantly, our local Government bodies which are destined to play a more meaningful role in their communities.

b. Energy

This Government is well aware of the importance clean, reliable and affordable energy for development and the improved welfare of our people. As such, we are prepared to explore every avenue to reduce the cost of energy - including examining the Amalia Falls Hydroelectric Project. The problem is that, as currently configured, it will not be irresponsible but a downright criminal act of deception, were we to proceed with the Amalia Falls. Our investigations have revealed that at the current cost of almost US\$1 billion, the Guyana Power and Light Company Inc. (GPL) will be required to make annual payments amounting to US\$130 million to the operators of the hydro facility, which will total US\$2.6 billion over the 20-year commitment period of the power purchase agreement. This does not include Guyana's contribution of at least US\$160 million, comprising roughly US\$45 million for the road, US\$80 million in equity through the Norway Fund, and US\$35 million in loan, that we had to take from the Inter-American Development Bank (IDB). Further, there is the question of the garnishing of US\$65 million of our foreign reserves; none of this was made known.

It would be delusional to suggest that GPL has the competence to handle such a financial burden. The GPL is known to have poor operational, financial and technical capability. The company suffers from high energy and technical losses, and fuel price volatility. It will require not only massive tariff increases, but guarantees that taxpayers, through the treasury, will have to provide transfers to meet this obligation. It also assumes that businesses will be willing to abandon their lower cost power generation and take the chance that GPL will be able to satisfy their energy demands. Added to all of this, is fact that Guyana will be left with all the contingent risks of the project.

I would like to remind this House that the identification of the Amaila Falls as a potential site for hydropower dates back some 40 years, and that this Government will welcome the diversification of our energy matrix to include clean, sustainable and affordable sources. However, it must make financial sense. We know now, that as configured currently, the cost of financing Amaila is too high, and that unless the price tag can be substantially lowered we

cannot proceed. In this opinion, we are supported by the experts of the Inter-American Development Bank, who had considered the project to be too risky to attract the Bank's financing.

Over the next five years, we will adopt a more integrated approach to providing for our energy needs. We will examine all sources of energy – fossil fuels, wind, solar, bagasse and, of course, hydropower. We will commence feasibility studies for a large hydropower development in the Mazaruni region. This will be done in collaboration with Brazil. We will encourage independent power producers and suppliers to construct energy farms and sell energy to the national grid. We will construct and/or promote the construction of small hydro systems in areas such as Moco Moco, Kato and Tumatumari, and will power all of our new townships, starting with Bartica, using alternative energy sources.

c. Partnering for Educational Development

This Government will move beyond the platitude of proclaiming the centrality of education to tangibly ensuring that education indeed becomes both a means to, and an end, of our sustainable development.

*3. 49 p.m.*

Education occupies a prominent role in the post-2015 development agenda, and at a national level we will work towards the realisation of a vision where all of our citizens have equitable access to high quality education and learning opportunities, and where education is positioned as the key intermediary through which we lay the foundation for a robust and competitive economy, as well as an inclusive and socially cohesive society.

An effective education system requires active collaboration among all sectors. We will strengthen collaboration between the education, health and social protection agencies, which is vital for ensuring a holistic approach to early childhood development. We will strengthen the linkages among education delivery, labour administration and the private sector, so as to ensure that there is sensible, forward planning and seamless transitions between schooling and employment for our youth. Importantly, we will foster greater multi-stakeholder involvement

with parents, teachers, the private sector, NGOs and others in the development of an improved education sector.

With regard to inclusive and equitable access, while we have been able to expand provision of education, and have seen an increase in net enrolment rates, we need to determine how successful we have been in providing and expanding access to education for the most marginalised groups in the country. We will ensure that the system does not perpetuate inequalities by differential levels of access to certain groups, based on their geographical location and ability to take advantage of educational opportunities.

We will be adopting an approach that is grounded in systems-based reforms, and evidence-based policy making, to achieve our sector's goals. Initiatives to expand access to education will not hinge on reactive and broad-brush approaches, as was evident in the hastily-contrived unconditional transfer of funds to families, presumably to defray education costs. In the absence of a well-constructed framework for such cash transfer policies, that includes rigorous monitoring and evaluation, such policies represent no more than political gimmickry - creating unsustainable expectations, while entrenching a dependency mentality. This administration will focus on evidence-based interventions that aim to support families in meeting the monetary and non-monetary challenges of sending their children to school. As a start, the school uniform programme will be enhanced and the school feeding programme will be expanded with an emphasis on the hinterland locations. We will focus more on whether or not students attend school regularly, whether they complete schooling, and whether they successfully transition into higher levels of education or into the workplace.

In addition to ensuring equitable and inclusive access to education in Guyana, we need to consider what quality of education is being provided, and how we are assessing quality. We cannot ignore the abysmal results for Mathematics and English in this country, where more than half of our students are unable to establish that they have general proficiency in these two foundational subjects. We will undertake a detailed and objective study of the weak links in our education system to determine at which points we are failing our children as they progress through school, and use the results to craft appropriate policy responses. To this end, we will ensure that our teachers are equipped with the appropriate technological resources to deliver the intended curricula at all levels. As indicated earlier in this presentation, we have already taken a

decision that most of the nearly 10,000 computers that are underway from China will be distributed to teachers, educators and education officials, under a new One Laptop Per Teacher (OLPT) programme, a departure from the discredited and corrupted One Laptop Per Family (OLPF) programme of the past regime. We will also ensure that existing rules and guidelines are enforced to ensure greater accountability in the system for all those who are entrusted with delivering a quality education. We are actively considering removing the points allocated for Grades 2 and 4 assessments, so that the exercises are used to provide a diagnostic of each child's individual performance and guide teaching plans.

We live in a globalised environment, in which the knowledge economy is a key driver of development. Knowledge, technology and information are seen as critical for productivity and economic growth. Closely associated with the drive towards a knowledge economy, there is the emphasis on STEM education – Science, Technology, Engineering and Mathematics. We need to ensure that our students are exposed to these subjects and that they learn to apply them to the important challenges facing Guyana. We have only to look at the ever-present threat of coastal flooding, or future potential climate-related risks to provide the impetus for greater emphasis on ensuring that our students are trained to be technical and creative problem-solvers. Equally, we must prioritise the intrinsic humanising value of liberal arts within our education system. We have already taken steps to expand music and music theory in our schools. By 2020, our children and young people must be exposed to an appropriate mix of STEM subjects, liberal arts, sports and culture that together will ensure well rounded individuals who are capable of excelling in their chosen path.

By 2020, our Government would have increased the proportion of the national budget that is expended on education and would have strengthened the sector's ability to deliver quality education. This Government is also committed to enhancing budget transparency for the education sector. The sector is aiming to produce performance statements so that all stakeholders can be informed and effectively engaged in meaningful discussions about progress and challenges. Government will invest \$33 billion or 14.9% of the national budget in the education sector this year.

d. Integrating Culture and the Arts

This Government has long recognised the critical role of culture and the arts in reflecting the cultural mosaic of a nation. The richness of our history provides fertile ground for the cultivation of a diverse repertoire of literature, music, dance and theatre that is unique to our beautiful country and our people – indeed the very essence of our cultural and national identity. The preservation of our heritage documentation, artefacts and old traditions, support for national festivals and the strengthening of our schools of dance, art, music, theatre arts and drama all constitute essential components of the focus this Government has given and continues to give to this area.

Many of our Guyanese artists, who have excelled both in their work and entrepreneurial spirit, are to be applauded and emulated by our budding artists. Our Government remains committed to promoting and elevating our local artists in all spheres of endeavour that is comparable to their counterparts in other parts of the Caribbean and the wider world. Support for, and promotion of, local films and the literary community will continue, and it is expected that, in the medium term, these will serve to create jobs as the community evolves into an industry. Mr. Speaker, \$233 million has been allocated to support our cultural institutions over the next four months; this includes an increased subvention to the Theatre Guild and digitisation of artefacts. Specific initiatives that will be pursued to 2020 include the integration of education and heritage and culture into the school curriculum; and certification of instructors and the expansion of mobile museum exhibitions into communities. This will enrich learning experiences of our young people and reinforce national pride and identity.

e. Universal Health Coverage for the Wellness of the Nation

We have budgeted to spend 10.5 per cent of the national budget, or \$23.2 billion, in the health sector. Our Government is unwavering in its commitment to ensuring that the people of Guyana are among the healthiest in the Caribbean and the Americas. A life cycle approach to addressing the health of our men, women and children will guide our strategic and programmatic focus in the sector. The public health infrastructure and delivery systems will be remodelled to focus on prevention and promotion of wellness for all of our people, so as to achieve and maintain a good life.

This Government will invest significantly in the health of our people to realise the successful implementation of Health Vision 2020. Strategic plans for programmatic areas within the health sector will inform our actions over the next five years and emphasis will be placed on reducing health inequalities, expanding of primary health care, arresting non-communicable diseases (NCDs), eliminating maternal and infant mortality and providing universal health coverage.

The Presidential Commission on the Prevention and Control of Non-Communicable Diseases will be reinvigorated with a revised terms of reference and newly-appointed commissioners, who will advance the national focus on addressing NCDs in a more comprehensive and equitable manner across the geographic expanse of our country. To this end, over \$80 million has been budgeted for the execution of the STEP-wise Approach to Chronic Disease Risk Factor Surveillance (STEPS) survey, which will collect, analyse and disseminate data relating to chronic diseases risk factors, so that we can be more evidence-based in our approach. I wish to charge all Guyanese to adopt more active and healthy lifestyles that will contribute significantly to their own health and wellness.

We can all agree that no woman should die giving birth. By 2020, our women will be able to boast of our patient-friendly care facilities and our mothers and babies will be safe from preventable deaths. In this regard, Government will devote more resources towards the expansion, rehabilitation, maintenance and equipping of maternal and child health facilities countrywide. For 2015, nearly \$150 million will be spent on the expansion of the Georgetown Public Hospital Corporation (GPHC) maternity unit, increasing that facility's bed capacity by 50 beds. Works will continue at the maternity waiting homes in Lethem and Bartica. Additionally, this year's allocation will facilitate the purchase of equipment, with the aim of increasing the quality of service being offered at the institution's maternal and child care facility.

We will frontally address the dearth of specialists in our health care system. The strategic direction will be threefold. First, to expand the post graduate programmes here at home; second, to source specialist training abroad; and third, to import specialist skills to build local capacity. Our Government considers the presence of specialists critical to creating strengthened technical capability to deliver quality health care. While our national post graduate programme has made progress in many areas, there remains a need to increase the complement of medical professionals in neuropsychiatry, psychology, obstetrics, gynaecology, paediatrics,

physiotherapy and pathology. We will also work to address areas where there is a complete absence of critical skills, including cardiac surgery, haematology, neonatology, geriatric medicine, gerontology, and sports medicine.

*4.04 p.m.*

Far too many Guyanese have viewed suicide as an option. This must not continue. The mental health and well-being of individuals begin from childhood and hence the Public Health, Education and Social Protection Ministries will collaborate and work with families to determine the causes and find solutions to prevent this scourge on our people.

Addressing the cost burden of health care services borne by the elderly and ensuring that their dignity remains intact during care and treatment will be a priority of this Government. In addition to the support under social protection, an elder home care programme will be explored. This will provide support to older persons in managing their health care while reducing the cost burden to both the elderly and the national health system. Altogether these systematic interventions, within the context of Health Vision 2020, will redound to the improved health care for every man, woman and child across our country.

f.      Our Youth, Our Future

Youth in the national development process is critical to the long term survival of Guyana. A recent study by the CDB has put youth unemployment in Guyana in the region of 40 per cent, a staggering percentage when it is considered that 60-65 per cent of the population is aged 40 years and below. The main challenges affecting youth remain high unemployment at every level, teenage pregnancy, single parent homes and poor wages. These manifest themselves in anti-social behaviour, such as crime and drugs; poverty; and reduced life expectancy.

Following wide consultations with various youth, youth groups and other organisations, a draft of the National Youth Policy 2015 has been completed. The National Youth Policy 2015 aims to build a nation where our youth are safe and healthy, have equal access to opportunities, can participate in public life and are empowered to meaningfully contribute to Guyana's sustainable development. This comprehensive document captures the Government's vision for the youths of Guyana. It caters for the needs of youth in the 15-35 cohorts, which is over 50 per cent of the

population. Once accepted, a National Youth Policy Action Plan will be crafted and implemented.

Cognizant that youths are constantly looking for avenues for growth, the Government will review the existing youth development programmes with a view of enhancing the employability of our youth while promoting new initiatives for social and economic advancement. Further, we will upgrade the facilities at the Sophia Training Centre and collaborate with the private sector to create job opportunities for the over 200 trainees. We will design tracer studies to effectively monitor the employment of all trainees under national youth programmes.

g. Families and Children

The Government believes that strong and stable families are the bedrock of society. With this in mind, we are committed to the development of policies that ensure that children are afforded the best possible care and protection. We will implement, through our Ministries of Public Health, Education and Social Protection, an Early Childhood Development Programme that comprehensively addresses policies and programmes for children from zero to eight years, their parents, and care givers. By so doing, we will ensure that the rights of every child is protected and that every boy and girl is able to develop his or her full cognitive, emotional, social and physical potential, while addressing many of the present social issues.

We will craft a five-year strategic plan based on a mapping of social issues and develop a proactive approach to resolving these issues. Among the initiatives we will create are more family-friendly spaces and more educationally interactive child-friendly spaces; support family with children with developmental disabilities; sensitise communities to be proactive against child abuse; licensed day care centres and certify day care providers; extend the hot meal programme in schools; establish more day care centres, and encourage the establishment of such centres at worksites; and review the policy of assistance given to families who are experiencing poverty or economic distress, in light of the new focus to promote the family.

h. Social Protection

The Government believes firmly that people needing social care and protection deserve to be treated with dignity and respect. In this context, the Ministry of Social Protection will work with civil society to assist in addressing various social issues facing people across our ten regions.

i. Pensioners

The Government believes that people deserve dignity and respect in their old age, and that they should be provided with the support they need. That means safeguarding key benefits and pensions. The Government has undertaken a forensic audit of the old age pension system, with a view of determining the accuracy of the register of pensioners. There is an on-going project to improve the processing, recording and monitoring of pension payments, with the objective of streamlining its operations. The Government commits to examine the pensions of retired public servants who retired in the 1970s and 1980s, and whose pensions are substantially less than those paid to recent retirees of similar pay grades or positions.

The Government will also examine the plight of Members of Parliament and Ministers, who held office prior to 1992, and, currently, receive pensions that are a fraction of those of the present occupants. It will be recalled that a Special Select Committee was established to address this matter but due to pressure of time the matter was not completed.

With respect to the National Insurance Scheme (NIS), this organisation is beset with a number of problems. It has investments amounting to \$5.2 billion that are ensnared in the Colonial Life Insurance Company Limited (CLICO) debacle. That represents more than 20 per cent of its assets that is not earning income. The actuaries have projected that the Scheme is in trouble, and something has to be done urgently to address the problem.

As this honourable House is aware, Resolution No. 82 of 2009 was passed by the National Assembly, “calling upon the Government to take all possible actions to secure the investments made in CLICO (Guyana) by the NIS on behalf of contributors and beneficiaries of the Scheme to prevent any consequential loss in benefits to them.” Sadly, the People’s Progressive Party Civic (PPP/C) Government did nothing on that resolution, resulting in a persistent deterioration in the Scheme's financial position. A new Board of Directors has been appointed. I will, shortly, be meeting with that board and charging them with the responsibility, after consultation with the actuary, to come up with solutions to address the underlying problems of the Scheme.

ii. The Differently-abled

The Ministry of Social Protection has recognised that the differently-abled within our society have not been given the attention they deserve. The Ministry will be working with the National Commission on Disability to ensure the functioning of the National Council of Disabled Persons. Moreover, the register of disabled persons will be updated in an effort to champion their rights and capabilities so that they can be integrated into the mainstream of development in the country. In this respect, the Ministry has already taken initiatives to place several disabled persons on boards within its purview, to ensure that they are part of the decision making.

iii. Other Vulnerable and Disadvantaged Groups

The Government will continue to shoulder its responsibility to help other vulnerable and disadvantaged groups who, because of life's vagaries, might find themselves in difficult circumstances. We will work with these groups to provide temporary relief and counselling, and generally, assist them to get back on their feet, in a manner of speaking. In this regard, the level of financial assistance now given will be increased.

vi. Labour

The Government will foster a conducive climate for improved employees/employers interactions, in order to maintain a stable industrial relations climate. Towards this end, the Labour Department will be restructured, in order to meet the challenges of a dynamic and evolving work environment. The Government will intensify focus on the areas of industrial relations, occupational health and safety, and child labour. The Ministry will set up an Industrial Tribunal. This is to ensure that public education about our labour laws is available to heighten awareness. I am pleased to inform this House of the return of the subventions to the Critchlow Labour College and the Trades Union Congress (TUC); both of which were withheld by the PPP/C Government. To show our generosity, and our inclusiveness, I am also pleased to announce subventions for the Federation of Independent Trade Unions of Guyana (FITUG) and the registered trade unions. These are in keeping with our campaign promise to give a subvention to each trade union, to assist it to train its workers for a rapidly changing job market and work environment.

## **E. Social Cohesion**

There is a clear nexus between social cohesion and nation building. Social cohesion is an intricate interplay of culture, geographic space, language, religion, race, social phenomena and status; and provides impetus for economic prosperity. In order to achieve the "good life", Guyanese must be willing to cooperate with each other. We view this coalition as a microcosm of what can be achieved through a collective dream, vision and hard work. As such, our Government wishes to promote policies that focus on nationhood and protection of vulnerable groups. His Excellency President David Granger is committed to leading this country in the interest of all Guyanese. It is the vision of our Government to bridge the divides that exist between the hinterland and coastland, between the educated few and the semi-literate mass, and between the very rich and the poor.

Inequality and marginalisation will be addressed through the Government's vision for integrated social and economic development. Further, the Government will promote more meaningful dialogue and greater participation between and among different groups in policy and decision making, so as to eliminate the tensions that may be present in our society. We will host a series of round table discussions, with commissions, Government agencies, local Government bodies, civil society and communities, in order to build comfort and confidence in the integrity of national institutions. Our Government will strive to ensure a society that realises our motto of, "One People, One Nation, One Destiny".

## **F. National Sovereignty and Economic Diplomacy**

Attaining the 'good life' would be impossible, if Guyana, as we know it, does not remain intact. For nearly 50 years, Guyana's development has been threatened by, or held in abeyance because of, Venezuela, whose spurious claim to almost two thirds of our land mass, and more recently, all of our sea space, has been a drain on our nation's resources. As eloquently expressed, by our President, "the Guyanese people are undeserving of 50 years of unrelenting provocation and obstruction of our development." We are a small, poor nation; we seek only cordial relations with all states, especially with our neighbours. As we move to safeguard and defend our national interest and territorial integrity, through sustained diplomatic initiatives, we will be guided by our stated positions of mutual respect for states' territory, mutual non-aggression between states,

mutual non-interference in the internal affairs of other states, and mutual cooperation for peaceful co-existence amongst states.

Our Government believes that Guyana must continue to be an active member of the global community, promoting our national interests, while standing up for the values of freedom, fairness and responsibility.

*4.19 p.m.*

This means working as a constructive member of the United Nations (UN), the Commonwealth, CARICOM, the Organization of American States (OAS) and other multilateral organisations; working to promote peace and stability, respect for human rights, the sanctity of borders and the peaceful settlement of border disputes and controversies. We will work with our bilateral partners to forge new partnerships in the development of our country.

We will also pursue economic diplomacy as an integral facet of our foreign policy. This is a practical way of getting the type and quantum of investment Guyana needs, if we are to transform our economy and create the good life for which we seek. In this regard, the Ministry will boost the calibre of personnel in our missions abroad and create a department of international economic cooperation. We will also step-up our relations and interactions with our diaspora. Through the support and engagement of the Guyanese diaspora, we aim to get them to contribute to the economic development through investment and the transfer of skills and expertise.

#### **G. Reducing Crime, Rebuilding Public Trust, Reforming Public Security Systems**

The crime situation is the most pressing and the most depressing problem facing our nation today. The last PPP/C Administration failed to arrest banditry, piracy and criminal violence, among other crimes. It is our firm belief that we need radical action to reform our criminal justice system. We need a police force that is more accountable to the public and better able to deal with crime and anti-social behaviour that is anathema to the good life. The Government is fine-tuning a comprehensive Public Security Plan, in which emphasis is to be placed on combating crime; regaining the trust of the police force; improving police investigative capabilities by rebuilding an efficient and effective criminal intelligence system and the Criminal

Investigation Department (CID); improving recruitment standards and training by revitalising the Cadetship Scheme; counteracting human, drugs and arms trafficking; and acquiring vehicles and equipment for modern policing to fight banditry, piracy, terrorism and other violent crimes. Further, we will implement the recommendations of the Disciplined Forces Commission and seek help from friendly nations and international crime fighting agencies.

Under the Citizens Security Programme the Government will commence the implementation of several activities to support the security sector. One key aspect of this programme involves implementing evidence-based interventions associated with interpersonal violence. Training of selected community members to support economic inclusion, through vocational and remedial training; literacy programmes; job readiness; job seeking and job placement actions; entrepreneurship; mentoring; counselling; and psychological skills training will aid communities in identifying community problems and developing bottom-up solutions to crime and violence. Support will also target strengthening the Guyana Police Force's Crime Prevention and Investigative capabilities through forensic and criminal investigative techniques and training and through the application of information technology methodologies in crime detection and inter-agency co-ordination.

In 2015, the Government will establish a command centre to enhance crime response capabilities. Other interventions include resuscitation of CCTV feeds within the Georgetown to Timehri environs and improvement in 911 services countrywide. The Government has allocated \$21 billion to strengthen and improve our national security services in 2015. Of that amount, a sum of \$11.9 billion will support the operations of the Guyana Police Force, the Guyana Prison Service, the Guyana Fire Service and the Customs Anti-Narcotics Unit (CANU), while \$9.1 billion has been budgeted for the Guyana Defence Force. These allocations will be used to improve the physical infrastructure, upgrade the security fleet, acquire tools and equipment, and upgrade the security features of the machine readable passports. With respect to the decentralisation of the application and issuance of passports, a sum of \$9.7 million has been budgeted for the acquisition of specialised equipment for the production of machine readable passports.

## **H. Institutional Reforms**

a. Doing Business in Guyana

The Government recognises that business is not only the engine, but also the driver of economic growth and innovation. Entrepreneurial initiatives are one of the main tools for achieving the good life. They provide employment and empowerment, especially for vulnerable groups such as the indigenous people, youth and women; and diversified communities and the local economy.

Being cognisant of the critical role of businesses to the growth and prosperity of our country, the Government has created a Ministry of Business to emphasise the importance we attach to the private sector. More specifically, we, through this new Ministry, will take action to boost entrepreneurship; provide incentives to local manufacturers and producers, as a stimulus for them to introduce greener technologies and increase the value-added in their production lines; and build a new and more responsible economic model. We endeavour to create a fairer, more balanced and diversified economy, so that we are not limited to, and dependent upon, a narrow range of economic sectors; and where new businesses and economic opportunities are more evenly shared between regions and industries.

Currently, Guyana ranks 123 out of 189 countries in the World Bank's Doing Business Index. This is two points lower than its 2014 ranking. For this reason, the Government will smash the suffocating red tape that stifles businesses and stunts growth in this country. This will be facilitated by the computerisation of the licensing section of the Ministry, which would allow for more timely and efficient processing of import and export licenses. A help desk for businesses will be established; it will act as a single point of contact for information and tailored advice between businesses, traders and the Government - for example, implementing measures to reduce the time taken to get electricity and construction permits; encouraging greater and wider compliance with international standards; and making the entire institutional framework transparent, so as to reduce corruption and enhance overall efficiency.

The Government is committed to making it easier for people to set up new enterprises. This will be done via the implementation of strategies to reduce the time and steps necessary to start a new business. The Ministry of Business intends to establish a Small Business Development Centre, which will facilitate the needs of small and medium-sized enterprises (SMEs) in research and

document preparation; and reduce the requirements necessary to access the Micro and Small Enterprise Development grant. Initiatives are also planned to make Go-Invest the single stop, when registering a new business, which would greatly reduce the burden placed on the investor. This will also be coupled with a reduction in the number of forms needed to be completed in the entire registration phase and more towards a *one-click* registration system. Moreover, in a bid to foster improvements in the trading environment in Guyana, the Ministry will be strongly involved in laying the foundation for a Single Window Automated Processing System (SWAPS).

Small and Medium-sized Enterprises are pivotal to enhancing economic livelihoods and stimulating competitiveness. In this regard, the Government plans to provide added stimuli to small businesses to spur their growth and contribution to the development of the country. This will be done through activities such as administering a Credit Guarantee Scheme through Partnering Financial Institutions, administering an Interest Payment Facility (IPF) for micro loans through Partner Micro Financial Institutions, and administering the Low Carbon Grant Scheme for working capital and an asset acquisition for micro and small businesses, just to name a few. Moreover, the Ministry of Business, through its Small Business Bureau, plans to advance the SME 20 % procurement initiative as early as 2016, so that SMEs can have a fair chance of being awarded Government contracts.

Economic growth and social development ultimately depend on efficiency and dynamism of the private sector within a healthy and competitive environment. For this reason, the Government plans on ensuring a levelled playing field between small and large businesses and between foreign and domestic enterprises. The Government plans to aggressively enforce compliance with the Consumer Affairs Act and its provisions, through the operations of the Competition and Consumer Affairs Commission (CCAC). The Commission will target offences such as price fixing, conspiracy, bid rigging, misleading advertisements, anti-competitiveness, abuse of dominant position, resale price maintenance.

The Government has recognised the importance of the private sector in fuelling economic development as it creates job and entrepreneurial opportunities; establishes inter-firm linkages; facilitates the transfer of technology; builds human capital as well as physical infrastructure; generates public revenue via taxes; and offers a variety of products and services to consumers

and other firms. Notably, each of these impacts has multiplier effects on both social and economic development. Being aware of its significance, the Government plans on making private-public partnerships the avenue through which issues are identified and policies implemented to remedy them. This will be done via regular engagement of private sector bodies at various levels of decision making.

Our Government intends to make Guyana the ideal place for doing business, and our comprehensive and sustained economic proposals will lay the foundation for a stronger economy, sustainable jobs and higher incomes for all. It will pave the way for Guyanese businesses to take advantage of the many emerging opportunities and withstand global shocks which may come our way.

b. Building Sustainable Communities for Strong Regions and a Strong Nation

This Government has the unenviable task of repairing the broken system of local administration. Local Government Elections, which were last held in 1994, have been due since 1997. The actions and attitude of the past Government has caused untold damage to local Government organs, severely degrading their capacity and rendering the councils dysfunctional.

Local Government is a vital level of public administration because it deals with people's daily lives in their communities. Local problems, such as broken bridges; clogged canals, culverts, drains, gutters and trenches; flooding; overgrown cemeteries, playfields and parapets; potholed roads; stray dogs and roaming cattle; lack of adequate street lighting; lack of public spaces for entertainment, leisure, sport and recreation; lack of efficient solid waste disposal and lack of enforcement of building and zoning codes combine to make many neighbourhoods unsanitary, unpleasant and unsafe. The oppressive policy of the PPP/C Administration of undermining democratically-elected local councils and under-developing communities, by impeding the provision of public services to residents, will now give way to a new, enlightened approach of empowering municipalities and neighbourhood councils to serve their residents and create safer and cleaner communities.

The President's unequivocal challenge is for there to be "strong regions, for it is only out of such regions can we have a strong country." Our Government sees the enhancement of local

democracy as pivotal to the pursuit of making Guyana "One Nation" in which residents enjoy a good life. Strong local Government is viewed as essential to fostering the conditions for social cohesion, deepening democracy and advancing development. As such, the Government will be promoting decentralisation, democratic engagement and empowerment, and will end the era of top-down Government. This Government has a multi-stage approach to rehabilitate and make fully functional, the present rotten/deficient/non-existent system of Local Government.

*4.34 p.m.*

The multistage approach entails:

- (i) The early holding of Local Government Elections, which are expected to take place by December 2015;
- (ii) The institutional strengthening and the building of capacity within 71 local organs, to enable and empower them to discharge their responsibilities; and
- (iii) The reform of the financial support structures of the councils.

The concept and context behind the President's Vision to create a Ministry of Communities is firmly rooted in the desire of this Government to build cohesive, empowered, and sustainable communities (CESC) all across Guyana. This vision goes beyond the mere provision of basic serviced house lots to cohesive and sustainable communities, from disjointed and episodic local community services to integrated and coordinated sustainable community services. It embraces the notion that citizens' satisfaction is best met at the community level by local democratic organs (LDOs) and not central Government. The vision also encapsulates a plan of action for communities, municipalities, and regional development to boost socio-economic growth by increasing job opportunities, supporting existing as well as encouraging the creation of new micro, small and medium enterprises. Other focal points of the Ministry will be to promote integrated management of waste (solid waste and wastewater) as well as reduction of non-revenue water to improve efficiency. Ultimately, this would increase the quality of service delivered to the Guyanese people within a sustainable environment framework.

To achieve this vision, the Ministry of Communities will strive to install, equip, train, retool, and empower local democratic organs to better serve their communities; to create jobs for

themselves; to become involved in community-based economic ventures and investments; and to provide for their own infrastructure and community development needs. The objective is to break the stranglehold, domination and usurpation of local democratic organs and their statutory functions, as practiced by the last Administration. Our 10 administrative regions are endowed with vast, varying and unique region-specific human, physical, social, cultural, environmental, and natural resource endowment. Our regions are blessed with spectacular natural beauty and are rich in resources. However, poverty overshadows the population. Our vision is to ensure a state of regional transformation, where every citizen enjoys a good life and opportunities are created for upward mobility. In collaboration with the Ministry of Finance, Ministry of Communities, and other stakeholders, each region will be assisted in the development of a plan of action for regional development.

Water is life and this Government will work to ensure that every Guyanese has access to reliable, safe, and quality potable water in every tap, in every town and in every rural and hinterland community. Critical to the sustainability of providing a high quality of water service, is a change in the national approach to managing water resources in Guyana to one of integrated water resource management. In this regard, the re-establishment of the National Water Council, a new non-revenue Water Reduction Plan and Dakoura Creek Watershed Protection Plan will be implemented.

A quick analysis of the state of the Guyana Water Inc. has shown that the agency is operating well below break-even - indeed at an operating loss. The economic costs of production of potable water surpass the current tariff, with electricity cost and non-revenue water being key factors affecting financial viability. To this end, the Government will ensure that improvement and efficiency related to reducing losses in the production and distribution of potable water is at the top of the list. The entire reticulation system of the City of Georgetown, along with substantial overhaul of the Shelter Belt facility, will commence shortly. Within the next few months, new treatment plants will be constructed to supplement our existing production capacity. In like manner, focused attention will be placed on addressing the gaps in potable water availability in the far flung reaches of our deep hinterland neighbourhoods, since, in many instances, the intensive activities associated with river mining and logging pollute the rivers and creeks.

We will invest \$2.9 billion to ensure increased coverage of an improved quality of water supply. In this regard, the sum of \$422 million is provided for the completion of wells at Goed Fortuin, Hope and Cotton Tree, while drilling and interconnection works for new wells will commence this year. We will also expend a sum of \$950 million to construct more wells, install ground storage tanks, and install transmission mains and water meters at Uitvlugt, Diamond and Sheet Anchor – not in Pradoville. In addition, the extension of distribution transmission mains will be done in areas such Hope Housing Scheme, Stanleytown, Williamsburg, Kildonan and Nos. 59, 66 and 69 Villages. Under this same provision, rehabilitation works will be done to the Timehri and New Amsterdam Water Treatment Plants.

A sum of \$592 million is allocated for Amelia's Ward and Wisroc interconnection systems, while the upgrading of service connections and metering continues within the same service areas. A sum of \$130 million has been allocated to improve the water supply systems in areas such as Koko, Mabaruma, and Port Kaituma in Region 1; and Mahdia, Monkey Mountain, Princeville and Campbelltown in Region 8.

The importance of proper sanitation can no better be expressed than in the energy and enthusiasm of our people, who recently embarked on a massive clean-up campaign. The private sector, several non-governmental organisations and community-based organisations and ordinary citizens throughout Guyana, commenced what is heralded as a rebirth of *my clean space*. The spirit and mood of our people soared with pride as everywhere cleanliness overtook rising piles of garbage, and choked drains, canals, walkways, and alleyways. This programme of a clean and wholesome environment will become a cross-cutting theme throughout this term of office and it is intended to address several burning issues that plagued our society for a number of years.

Proper sanitation and solid waste management is essential to society, business, and the economy. In this regard, in providing an improved quality of life for all Guyanese, the Ministry of Communities will pursue an Integrated Sustainable Waste Management (ISWM) Strategy, so as to eliminate the negative effects that improper waste management has on human health, social welfare, and the environment. In aggressively pursuing this strategy over the medium term, the negative impacts associated with the main landfill at Haags Bosch, and the numerous dumpsites across the regions of Guyana, will be addressed. A sum of \$753 million is allocated for rehabilitative works to the Georgetown sewerage system.

The Government's vision for the housing sector is to facilitate a nation housed in cohesive and sustainable communities; and to provide opportunities for all Guyanese to improve their quality of life by owning their own home. The discriminatory allocation of prime high-income house lots, at bargain basement prices, to favoured friends and family, is over. No longer will people suffer exploitation from the guardians of our housing sector and our housing stock. No longer will communities be set up without adequate infrastructure, essential support facilities, and amenities to facilitate easy living and orderly development. The Government will embark on a comprehensive layout of community planning and design, community infrastructure development, land divestment, and squatter regularisation. In this holistic approach, all Guyanese will have access to serviced lots and housing. We intend to pursue a number of financing options to realise these objectives. Further, we will aim to regularise squatter households and will improve the availability and quality of housing in the hinterland communities. The Government is in the process of reviewing and preparing urban development plans for new towns. Four existing communities, namely Bartica, Lethem, Mahdia, and Mabaruma, will become towns before the end of 2016.

In 2015, an amount of \$1.9 billion has been allocated to the housing sector. To this end, \$1.6 billion has been allocated to continue infrastructure works, including roads, drains and structures, in housing areas such as Providence, Farm, Little and Great Diamond, Eccles, Sophia, Adelphi, Bloomfield, and Cumberland. The Government will commence the planning phase for the establishment of a new, cohesive community and the consolidation of the 1,000 homes project at Perseverance on the East Bank Demerara. Additionally, the Government will focus on the construction of the fifth batch of 50, two bedroom houses at Perseverance. Further, a total of 200 serviced lots will be allocated at Diamond/Grove, Farm, Covent Garden, Herstelling, and Providence.

c. Governance

The Government is committed to governing in a transparent, efficient, inclusive and decisive manner, paying due regard to respecting and upholding the rule of law and the rights of all the citizens of Guyana. The Government will seek to re-establish the pillars and tenets of good governance by placing particular emphasis on the strengthening of governance institutions. A Constitutional Reform Commission (CRC) will be established to begin re-examining the

Constitution in an open and inclusive manner, and reforms introduced, where recommended. Additionally, a strengthening of the electoral system and laws will accompany these reforms before the holding of the next General and Regional Elections. In this regard, the period ahead, will be dedicated towards establishing a Constitutional Reform Commission to undertake comprehensive reforms with the objective of building a more democratic and inclusive society; establishing a Human Rights Commission and the Rights Commission Tribunal, and making all of the Rights Commissions strong and independent; resuscitating the Integrity Commission; reinforcing the Office of the Ombudsman; appointing the Public Service Appellate Tribunal; appointing a National Heritage Commission; and upgrading the National Assembly and Parliament Office, including the strengthening of the Committees of Parliament.

d. Improved Accountability and Transparency

The Government believes that we need to throw open the doors of public bodies so that they can become more accountable. This will help to deliver better value for money in public spending.

i. Forensic Audits and Asset Recovery

Confronted with allegations and evidence, in some cases, of corruption and bad governance by the last Administration, the new Government moved to institute internal forensic audit examinations, focusing on the fiscal accountability and transparency, performance and efficiency of publicly-owned entities, statutory bodies, projects and activities financed by or through public funds. These forensic audits are expected to establish, at a minimum, the true financial position of these entities. Other benefits likely to flow from the exercise include the identification of revenue leakages, enhancement of revenue collection and restoring public trust. In addition, a State Asset Recovery Unit (SARU) has been established to identify and recover what is likely to be millions of dollars' worth of assets illegally transferred into private hands.

ii. Accounting System

The public sector landscape is rapidly changing with an increasing emphasis on fiscal management and discipline, prioritisation of expenditure, and value for money. Even the smallest budget agency now has at its disposal several millions and, in the case of even medium-sized agencies, billions of dollars in public funds which taxpayers expect will not only be properly

spent, but will be properly recorded and reported. Equally important is the need for the public financial accounting system to deliver faster and better accounting information to public sector managers to enable them to make real time decisions. Good financial management is responsible for not only protecting, developing, using resources, pushing, maintaining economic growth, and increasing income, but also managing effectively and efficiently all national resources. Our accounting officers and policy makers need accurate financial information to support decision-making and ensure effective resource allocation.

*4.49 p.m.*

In 2004, the past Administration began the phased implementation of the Integrated Financial Management and Accounting System (IFMAS). This change saw a move from a completely manual system to an automated accounting system. Yet, after more than ten years and the expenditure of vast sums of money, the four modules are operating sub-optimally, while the other two, Purchasing and Assets Inventory, are yet to be implemented. In spite of these developments, we have not been able to avoid some shocking revelations about weaknesses in the financial systems, including: bank accounts not being reconciled, spending beyond budgeted amounts, unauthorised expenditure, unrecorded liabilities, and missing assets. The Government will begin a complete review of the operations of IFMAS to see whether it meets the objectives of a modern, dynamic public sector managing billions of dollars in the delivery of goods and services. An initial effort to strengthen public financial management through the strengthening of the accounting and reporting systems will be executed in conjunction with our development partners.

### iii. Internal Auditing

Section 11 of the Fiscal Management and Accountability Act imposes on each Head of a budget agency a duty to “manage the affairs of that budget agency in a manner that promotes the proper use of the public resources...” including (b), “to maintain an effective internal audit capability within the budget agency.” That Act was passed in 2003, but to date, few budget agencies, if any at all, can boast a proper system of internal audit that meets the test of competency, independence and professionalism required for the oversight of the spending of hundreds of millions of dollars. Unfortunately, when the National Audit Office was racked by a crisis of

confidence, brought about by conflicts of interest, a crisis of competence for its failure to attract a sufficient number of professionally qualified accountants and auditors and weak leadership, the necessary internal audit capacity to compensate for those deficiencies and defects was unfortunately missing.

Internal auditing has become a factor of the new accountability and control era. The manner in which public sector entities maintain internal control and how they are held accountable has evolved to require more transparency and more accountability from these organisations that spend taxpayer money. The role of internal auditing has evolved from an administrative procedure with a focus on compliance, to an important element of good governance. The Finance Secretary will head a project to review the needs and capacity of each budget agency or cluster of budget agencies, to implement a proper system of internal audit.

#### iv. External Auditing

The Auditor General's Office must gear itself to play a bigger role in the new accountability and transparency culture which this Government is seeking to instil. It must remain true to its mission to "promote good governance, including openness, transparency and improved accountability". To assist it in achieving its mission, the Audit Office will implement the fourth phase of a project designed to strengthen and modernise its systems, processes and procedures. More specifically, the project will: (i) enhance the efficiency and efficacy of its auditing processes through the use of information technology; (ii) institutionalise best practices, knowledge and skills for sustainable operations. Here, staff will be trained to produce higher quality reports, undertake forensic auditing, and investigate and detect fraud; and (iii) raise the institution's visibility to ensure the collaboration of its stakeholders. The objective is to raise awareness about the Audit Office's roles and functions through the design and implementation of awareness raised in workshops.

#### v. Parliamentary Budget Office

There has been a movement, mainly in developing countries, to establish a Parliamentary Budget Office (PBO). In Guyana, distinguished Professor Clive Thomas has strongly advocated the establishment of such an Office. In Canada, the PBO "supports Parliament in exercising its

oversight role in the Government's stewardship of public funds by ensuring budget transparency and promoting informed public dialogue with an aim to implement sound economic and fiscal policies in Canada." In Australia, the role is "to inform the Parliament by providing independent and non-partisan analysis of the budget cycle, fiscal policy and the financial implications of proposals." The Government finds the idea attractive and worthy of pursuing in the medium term. We recognise that such an office will bring savings, efficiency and value-for-money. We will take a phased approach to the establishment of such an office and will start by examining the scope and functioning of the Public Accounts Committee.

vi. Constitutional Bodies

Last month I brought to this honourable House, legislation to include in the Third Schedule to the Fiscal Management and Accountability Act, a number of constitutional bodies that will now receive block votes. This move is in keeping with the letter and spirit of the Constitution with regard to the independence of these bodies. The Government clearly supports financial independence as a constitutional imperative, but within the framework of the same Constitution which imposes on such bodies the duty to manage their subventions "in conformity with the financial practices and procedures approved by the National Assembly". It is hoped that these bodies will be in the forefront of Government's efforts to adopt modern practices of accounting, including provision of a full set of financial statements.

vii. Consolidated Fund

Over the past several years, the issue of the meaning and intent of Article 216 of the Constitution has been discussed, debated and litigated, but it still remains clouded in uncertainty. Simply put, Article 216 requires that all "revenues or other moneys raised or received by Guyana ... be paid into and form one Consolidated Fund". It was not helped that a former Attorney General gave the Audit Office advice in relation to the Lotto Funds that flew in the face of Article 216. It did not help too that the Acts establishing a number of statutory bodies which collected moneys on behalf of Guyana, contained conflicting provisions on how the annual surpluses of those entities are to be accounted for. What this meant in a number of cases is that every time a statutory body is established to take over the functions previously carried out by a Ministry or department of the

Government, the revenues previously collected by that Ministry or department was at least temporarily lost to the State. Immediately, officers from my Ministry will begin consultations with those bodies with a view of effecting transfer of the accumulated balances on their accounts, and will work out modalities for regular in-year transfers to the Consolidated Fund.

#### viii. Regions

Parliament recently passed the Fiscal Transfers Act, providing the mechanism for the formulation and implementation of objective criteria for allocating resources to local democratic organs. The Act also provides for local authorities to increase their revenues by way of a limited number of specific measures. These are useful steps in expanding democracy by providing some level of financial autonomy to the regions. The evidence is that very few, if any, of the local democratic organs have availed themselves of these opportunities. Over the coming months, the Ministry of Finance will engage the Ministry of Communities, Regional Chairpersons and Regional Executive Officers on the most effective ways to give life to the legislation. With these measures in place, we think that the resourcefulness and creativity of our people will be given impetus and there will be better and faster development across the country.

#### e. Financial Sector Development and Reform

##### i. Financial Sector Development

The fostering of price and monetary stability through the promotion of stable credit and exchange conditions conducive to the growth of the economy are critical functions of the Bank of Guyana, the premier institution in the financial sector. Throughout last year and the first half of 2015, the licensed financial sector, including the insurance sector, remained strong; it was adequately capitalised, profitable and with high excess holdings of liquid assets. For the banking sector, the Capital Adequacy Ratio (CAR) was 21.63%, indicating that the sector has adequate buffer to support it in adverse times.

At end of December 2014, total assets of the licensed financial institutions stood at \$508.9 billion, 3.6% above the level at the end of 2013, with the commercial banks accounting for \$413.8 billion or 81.3% of total assets. As at 30<sup>th</sup> June, 2015 total assets for the licensed financial institutions (LFIs) amounted to \$525.6 billion or 3.3% above December, 2014. Overall, the level

of assets in the system is indicative of an environment stimulating and promoting growth. Supporting this asset base were deposits of \$411.8 billion at the end of June 2015. For the same period, the aggregate credit portfolio of the licenced financial institutions was \$247.7 billion. Credit to the private sector rose 1.6% over the end of December 2014 to \$205.2 billion. The real estate sector credit rose 3.4% to \$115.5 billion and accounted for 46.6% of total credit. Low income mortgage loans rose by 1% to reach to \$39.7 billion for the same period. Profits of the licensed financial institutions, for January – June 2015, were \$6.6 billion or 50.25% of the level earned in 2014. The banking sector accounted for 86.2% of the profits. It is anticipated that the banks will continue to maintain their profitability, in spite of the deteriorating loan portfolios, largely by improving their efficiency.

The insurance sector was adequately capitalised, in keeping with the requirements of the Insurance Act 1998, for the period ending 31<sup>st</sup> March, 2015. Assets for both the long-term and general insurance sectors exceeded liabilities by 32.5% and 132.2% respectively. This was complemented by the sectors' ability to meet their expenses from growth in net premiums. As a result of the industry's performance, as at 31<sup>st</sup> March, 2015, positive growth in assets, net premiums and capital is also projected for the remainder of the year. The industry has rebounded somewhat since the calamitous collapse of CLICO in 2008. That event had a significantly negative impact on the industry's financial strength in that year. The recovery notwithstanding, net premiums reported by the long-term insurance sector were only 42.3% of the amount prior to the CLICO debacle. This is an indication that many policyholders might have lost confidence in the long-term insurance sector. The systemic failures by CLICO have reinforced the need for enhanced regulation in the insurance sector. In this respect, the drafting of the new Insurance Act and attendant Regulations have been finalised and they are being examined with a view of bringing them to this House for passage. In the meanwhile, efforts will be made to build supervisory capacity in the insurance sector, while a risk-based supervisory framework will be developed to supervise and regulate the sector.

*5.04 p.m.*

The payments system is under constant review. In the area of cashless settlements, the services offered to the Guyana Telephone and Telegraph Company's (GT&T) mobile phone users were

expanded to facilitate payments to registered merchants. In 2014, mobile money services were used by over 6,000 account holders to transfer \$598 million. By the end of June, 2015, the number of account holders had increased to over 7,600 while the value transferred was \$499 million.

Another development in the area of cashless settlement is the introduction of an electronic switch that links the commercial banks. While the use of this switch is currently limited to certain types of transactions, commercial banks are working towards wider use of it. The Bank of Guyana is providing the settlement service on a daily basis.

Another development is that of image exchange, for which the central bank and the commercial banks are collaborating. An image clearing pilot project commenced in the last quarter of 2014 and is expected to go live this month. The goal is to reduce clearing time for a cheque drawn on any branch of any commercial bank in Guyana to between one to two days. A successful image exchange system could lead to the development of an automated clearing house.

## ii. Financial Sector Reform

The Government has requested the International Monetary Fund (IMF) and the World Bank to conduct a financial sector assessment programme (FSAP), and this is likely to be done in 2016. The FSAP is a comprehensive and in-depth assessment of a country's financial sector, which analyses the resilience of the financial sector, the quality of the regulatory and supervisory framework and the capacity to manage and resolve financial crises. The goal of FSAP assessments is twofold: to gauge the stability of the financial sector and to assess its potential contribution to growth and development. The Government looks forward to this independent review and will consider the ensuing recommendations to strengthen the financial sector and hence promote the development of Guyana.

Consideration would be given to bringing the credit unions under the supervision and regulation of the Bank of Guyana and to having a deposit insurance scheme established. Work has already commenced on the development of a legal and institutional framework for market conduct and financial consumer protection. The Credit Information Bureau, the use of which could lend to a better performing credit portfolio for any lending institution, is making measured progress

towards having credit information from the credit information providers and subsequently making credit reports accessible.

As it relates to the Foreign Account Tax Compliance Act (FATCA), which is a measure instituted by the United States of America to combat tax evasion by United States (US) persons holding investments in foreign accounts, the Government has indicated its intention to sign the Model 1 Reciprocal Intergovernmental Agreement (IGA). The Guyana Revenue Authority (GRA) has been identified as the competent authority to receive and submit the financial information of customers identified as US persons by the reporting institutions. This information will be sent by the GRA to the United States Inland Revenue Service (USIRS). The reporting institutions, particularly the commercial banks, have already begun the process of registering with the USIRS as compliant foreign financial institutions and are putting measures in place to ensure compliance with all reporting requirements.

### iii. Anti-Money Laundering Legislation

The Anti-Money Laundering and Countering the Financing of Terrorism Bill was passed in this House last month and has since been assented to by the President. The Act strengthens the existing legislation and the regime for combating money laundering and countering the financing of terrorism and specifically meets the recommendations of the Financial Action Task Force (FATF). Currently, the regulations are being developed and will be presented to this House soon.

### f. Public Administration Reform

This Government, in charting the course, for a better life for all Guyanese, is focused on improving the way our systems deliver services to the public. Enshrined in this mandate is the need to employ tools which foster the basis for smarter, faster and more effective systems. In this light, Government will emphasise results-based approaches in the functioning of our systems.

We will strive to ensure that policy decisions taken by this Administration will be supported by timely, accurate and trustworthy empirical evidence and every Government agency will be mandated to be guided by a strategic plan for its sector. For consistency, we will ensure that the process methodology for the exercise of strategic planning is standardised across central Government. Where strategic plans are in place, we will support a process to have them costed

so that meaningful data is fed into national and sectoral medium-term expenditure frameworks. To strengthen public expenditure tracking, we will conduct capacity building training for officers across central Government so as to impress upon them the importance of utilising this model to improve the delivery of their services to the public.

This year, we will begin to introduce strategic planning frameworks for the Regions. Our Regions have been treated as poor stepchildren in our strategic planning focus. Regional Executive Officers will now be required to be better qualified and experienced, given the complexity of managing five sectors within each region. Further, by 2020, central Government will have a cadre of trained public officers who will be applying the basic concepts of monitoring and evaluation. Recognising that monitoring and evaluation (M and E) is a relatively new tool within our central Government, we intend to widely disseminate policies to guide agencies' implementation. It is intended that, through the establishment of M and E capability, Government agencies would be positioned to produce performance reports on their key performance indicators; conduct data-driven reviews of their sector's performance against set targets; and establish repositories of data to encourage better storage and use. These reports would be used as management tools by the heads of budget agencies and Ministers to inform and guide national budget discussions to inform Cabinet and, eventually, the National Assembly. Before the end of our first term, a national performance report will be produced and laid in this honourable House. It will also serve as a report card to the people of how our systems have delivered services to them.

We will be working assiduously to inculcate a culture of data collection, data use, data dissemination and data storage. In addition to this data culture, we will be emphasising the conduct of evaluations, since we must be aware of how we are performing so as to take corrective actions wherever appropriate.

g. Public Service Reform

In his address to heads of Government agencies and Permanent Secretaries, President Granger reminded that the public service was the engine of the executive; hence, it was important to have an efficient public service, one that was responsive, relevant and reliable. In essence, the Government could not function without the public service. It is against this background that

plans are being concretised to revamp the public service. Given that a lot more will be required from public servants holding high office with responsibility for state assets, the present training centre will be upgraded to the Public Service Staff College to build capacity and improve efficiency in the public service. In addition, the conditions of service of public servants, including salaries, will be improved. In this respect, Professor Harold Lutchman has been appointed to prepare an in-depth report. Without prejudice to the completion of that report, a tripartite committee, comprising representatives of the Ministry of Finance, public service management and the Guyana Public Service Union, will examine the allowances granted to public servants. These were last increased nearly 20 years ago.

#### h. Tax Reform

While on the campaign trail, among the promises made was the implementation of an Action Programme for the first 100 days. We said that we would “immediately implement a phased reduction of VAT”. However, on our assumption to office, we found a tax system that is characterised by high tax rates, resulting in innumerable requests for tax exemptions and concessions which totalled \$55 billion in 2014, an unacceptable level of tax evasion that is clearly unlawful, discriminatory and stifles competition. There are widespread discretionary elements which have been used to favour and reward friends, rather than encourage development, There is low and/or no compliance. In short, the system is broken and we must fix it in a comprehensive manner, one that results in a transparent and predictable tax system that rewards effort, promotes investment, improves our national competitiveness, and removes distortions between and across sectors. It is for these reasons that we have delayed the phased reduction in the VAT, as we put in place a Tax Reform Committee to undertake a detailed assessment of the tax system. Since major work has been completed in this area recently, we expect the Committee to complete its work by the end of the year.

The GRA contributes the bulk of revenues intended for the Consolidated Fund. As a result of declining external inflows to Guyana, due in part to debt relief given under the HIPC Initiative and the Multilateral Debt Relief Initiative (MDRI), the GRA has assumed added importance over the last decade in generating resources to meet Government expenditure programmes. This role will expand, in the medium term, as the Government accelerates its programmes and projects to enable Guyanese to experience the good life. A diagnosis of the problems and challenges facing

the entity shows heavy top management of the Authority coupled with low staff morale and a lack of succession planning, both vertically and horizontally. Further, the Authority lacked transparency and accountability, as it was politically compromised under the previous Administration. Policies and procedures were poorly enforced and there was limited intelligence gathering. Further, the cost of conducting transactions was high, which often led to involuntary compliance.

It is, therefore, imperative that GRA's organisational and managerial capacity is strengthened and enhanced in a sustainable manner. In this regard, we will constantly review the current operational standards and bring them in line with international best practices, train a core staff to manage the Authority, and build a new ethos that emphasises service delivery and efficient revenue collection. The expectation is that when the tax reforms are fully implemented, this capacity strengthening will compensate for the decline in foreign inflows.

i. Tender Board Reform

The current process of Government tendering and procurement has fostered an environment of unfairness and inequality, among other ills. The present broken system needs to be fixed quickly. As an immediate step, Government has changed the composition of the Tender Board. It has also moved to establish the long-awaited Procurement Commission, the legislated oversight body of the tendering process in Guyana. With financial support from the IDB, the Government will implement a project to strengthen and modernise public procurement. Through this project, we will aim to improve the efficiency and value for money in public procurement through strategic planning and the introduction of electronic government procurement (e-GP). The e-GP will allow all public authorities to manage their procurement process and Government purchases online: from advertising of bids, to receiving offers, to publication of contract award and post-award contract management. Other activities contemplated are revision of the Procurement Act and its Regulations, establishment of a complaints mechanism and debarment procedures that take account of international best practices, and training in modern procurement operations and tools.

j. Data for Decision-Making

It goes without saying that the timely availability of quality statistics is indispensable to proper planning, policy development, budgeting and a wide range of related activities. Our chief data agency, the Bureau of Statistics, has been performing under pressure and adverse conditions.

*5.19 p.m.*

The Bureau will be modernised and provided with the tools to effectively perform and be of service to a wide range of stakeholders. In this respect, nearly \$150 million has been provided in the Budget to rehabilitate the old Customs House, which has been identified as the permanent headquarters of the Bureau, the first time in the Bureau's history since its incorporation in 1957. This would allow the Bureau to finally consolidate its operations into a single unit, having had to contend with managing from three different locations.

Work continued apace to complete the editing and checking of all primary data for the census which is slated for full release during the second quarter of 2016. The Bureau will build capacity to engage in several activities. During 2015, it will continue preparation for the new series of post-census national surveys which will commence in December when an updated policy frame becomes available. The first will be a Living Standards Measurement Study to facilitate a new round of poverty analyses. This is critical, as it would provide Government with up-to-date information that would aid in targeting assistance and programmes to the most vulnerable sections of the population. Survey execution is a very costly exercise when undertaken throughout all 10 Regions in Guyana. It is, therefore, the vision of the Bureau's management to transition, over the next three years, to annual multi-topic surveys, based on smaller samples of the population, so as to avoid the prohibitive cost of nationwide single-topic surveys.

Another area of interest concerns the use of the Georgetown index as a proxy index of measurement of inflation for the entire country. While acknowledging that Guyana's sheer size and land space preclude data gathering and compilation of a nationwide index on a monthly basis, the Bureau has, nevertheless, committed to put in place the necessary logistics and infrastructure to commence producing an all-urban index that will incorporate the sub-indices for New Amsterdam, Corriverton, Anna Regina and Linden. In the meanwhile, a monthly dissemination of the Georgetown index will recommence from January, 2016.

## **Targets for 2015**

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

Over the last two months, we have been assailed with talk of a slump in the economy, with some commentators attributing blame for this on the incoming administration. We have all heard and read the dire warnings of some previous officials of the former Administration pontificating on the slowdown in the economy as if this occurred since our assumption to office; as though they did not recognise the clear slowing of growth last year when they were in office, as borne out by the GDP growth figures I read earlier; as if they did not know that sugar was broke and needed a substantial lifeline from the Government; as if they did not know that the Venezuelan rice deal would not have continued beyond this year; as if they did not know that their proroguing and dissolving the Parliament and their post-election antics would heighten uncertainty, causing businesses to withhold investment. And so the stories continued. I had to take a moment to review the realities of the previous year before proceeding to set out what can now be realistically expected for this year.

Mr. Speaker, let me say that, on assumption of office in mid-May, there was significant preparatory work done on the expectations for the economy's performance this year. This had been accomplished as early as the end of January. The initial profile of the economy showed that the previous Government was projecting a resurgence in growth to 5.3%, following the 3.8% achievement last year.

With the benefit of the first half performance, the ambitious expectation of a 5.3% growth, in 2015, has now been tempered to 3.4%. Growth in the first half of 2015, substantially a period when the former Administration controlled the economy, was a miniscule 0.9%, well below the growth path required to attain a growth rate of 5.3%. The failure of the economy to realise the planned growth rate in 2014 and the below par performance in the first half of this year are conclusive evidence that the economy had slowed down long before our Government's entry into Office. There are, however, encouraging signs that there will be recovery in many sectors in the second half and this has allowed us to project a growth rate for the entire 2015 of 3.4%.

#### **a. Agriculture**

Sugar production was recorded at 81,271 tonnes at the half year. On the strength of this slim improvement in performance, relative to the similar period last year, we project that, in 2015, sugar production will record 219,913 tonnes, a marginal increase on last year but still less than what was projected by the previous Administration - 245,079 tonnes.

With respect to rice, the previous Administration targeted a 1.6% decline in production relative to last year. Indeed, the half-year outturn revealed production to be in line with this rationale, since the output of 300,569 tonnes was 3.8% less than the first half of 2014. Based on the latest reports, however, a record second crop is anticipated, resulting in a revised production target of 703,462 tonnes of rice in 2015, an increase of 10.7%. With the recently revealed information that the Venezuelan market would not be extended beyond November and the more recent disclosure that Venezuela has halted, until further notice, further rice shipments from Guyana, resulting in over 200 containers of rice being stranded at a local port, this record rice output comes as a bittersweet performance.

Earlier, I commented on the forestry sector's performance in 2014 and the problems and issues encountered in the sector. Based on these concerns, the Government has indicated an intention to undertake a thorough review of the Investment Agreements for this sector to ensure that there is compliance with the regulations and the agreements and to ensure sustainable harvesting of the forestry product. I have seen that the original projection in January was for the 2014 production levels to be sustained in 2015. Suffice to say that, at the half year, forestry production was down by 9.8%. As a consequence, the sector's performance for 2015 has been downgraded from January's projection of zero growth to a negative 1.3%.

#### b. Industry

The early projection for growth in bauxite was a 10.3% recovery in 2015, after two consecutive years of decline in 2013 and 2014. Strengthening of world market demand and prices were the key premises informing this projection. Output was targeted at 1,754 thousand tonnes, up from the 1,564 thousand tonnes, in 2014. Not unlike what was earlier seen in the other sectors, output at the half-year of 747,542 tonnes was actually 14.8% below the first half production in 2014. As a consequence, total output has been scaled back to a more realistic 1,635 thousand tonnes,

predominated by the lower value grades of bauxite. This represents a negative growth for 2015 of 5.7%.

I reported earlier on the significant decline in gold production in 2014. The result of the heady days and buoyant prices of 2012 are yearned by the operators in the industry and no less so by the policymakers. A production resurgence of 9.7% was budgeted earlier in the year, based on both the anticipation of an expansion in production capacity, with the entry of new companies in the production grid, as well as the yearned for price recovery. However, with the advantage of the first-half performance, where production was 165,976 ounces or 16.2% below first half 2014, the new estimate for 2015 is 390,000 ounces or 0.6% increase over 2014. The ameliorating factor has been the coming on stream of Guyana Goldfields Inc. which had its first pouring earlier this month.

The manufacturing sector was coming off a strong growth performance of 10.7% in 2014, predominantly driven by an improved sugar output and a record rice crop. The January projection put the sectors expected growth at 2.9%. At the half-year, the sector recorded zero growth, prompting a downward revision of the sector's 2015 growth target from 2.9% to 0.5%.

#### c. Services

The earlier projection for the services sector showed growth of 5.6% in 2015. Again, with the benefit of the half-year performance, the growth target of the services sector has been scaled back to 3.7%. This reflects a slowdown in construction activities, principally as a result of a compression of expenditure on the public sector investment programme in the first eight months of the year. As a result, the sector is now projected to record a negative growth of 0.5%. However, positive growth can be expected from wholesale and retail - 5.4%; financial and insurance services - 6.6%; rental of dwellings - 3%; and other services - 2%. The growth targets for the public administration, education and health sectors have been held at their initial targets of 0%, 3.1% and 3% respectively.

Given all the circumstances, the lower growth of 3.4% that is now expected in 2015 can be seen as a work in progress for the economy. With the reorganising and retooling of the management of the economy now underway, the careful selection of projects, the cutting of waste and

corruption, better and more accountable Government, and the greening of the economy, Guyanese people can look forward to the good life, since the economy will be put firmly on a self-sustaining path of higher and more diversified growth that can be sustained well beyond 2020, the end of the first term of this Government.

## **B. Monetary Policy and Inflation**

At the commencement of 2015, the expectation of the policymakers was that global fuel prices would remain at its current low levels for the majority of the year and that gold prices were unlikely to rebound with any major impact during 2015. Domestic production of food would continue to grow and prices even further stabilised. Another year of low to moderate inflation was, therefore, anticipated with an inflation target set at 2.5%. Were the monthly marginal increases in the Consumer Price Index (CPI) recorded since January to continue, even if there were moderate increases in global fuel prices and consumer spending during the second half of the year, the inflation rate for 2015 would not exceed 0.5%.

## **C. Balance of Payments**

In 2015, the overall deficit of the balance of payments is projected to improve to US\$113.4 million from US\$116.4 million last year. The improved deficit will be achieved because of a projected smaller deficit in the current account, despite a substantial fall in net capital inflows.

Merchandise exports are estimated at US\$1.1 billion, a small decline of 2.6%. However, merchandise imports are projected to fall even faster, from US\$1.8 billion in 2014 to US\$1.6 billion or 13%. This leaves a net merchandise deficit of US\$0.4 billion or about two-thirds that of last year's. Net services are projected to decline by 18.5%. Along with a small reduction in transfers, these movements are expected to result in a substantial improvement in the current account deficit, from US\$0.4 billion, in 2014, to US\$0.2 billion, in 2015. The capital account is estimated to deteriorate from US\$210 million, in 2014, to US\$61 million, in 2015.

*5.34 p.m.*

## **D. Targets for the Non-Financial Public Sector**

a. Central Government Operations

In 2015, Central Government's current revenue is estimated at \$163.7 billion or 13.1% above collections in 2014. This will be attributed primarily to a 5.4% increase in tax collections by the Guyana Revenue Authority (GRA). Value added and excise tax collections are projected to grow by \$3.8 billion to \$69.5 billion. Internal revenue is targeted to increase by \$3.7 billion or 6.5%, mainly the result of increased vigilance. Customs and trade tax collections are estimated to decline by \$128.6 million, largely because of the repeal of the environmental tax. Non-tax revenue is projected to increase by \$11.5 billion, mainly because of special transfers from statutory and non-statutory bodies. The Government has programmed a phased transfer of accumulated funds from such bodies as the Guyana Geology and Mines Commission (GGMC), Guyana Forestry Commission (GFC) and the National Frequency Management Unit (NFMU). This phased withdrawal does not amount to \$60 billion quoted in some sections of the press and neither would it disrupt the lending portfolio of the commercial banks. This action is consistent with the Government's stance to retrieve all revenues collected by statutory bodies that belong to the Consolidated Fund.

Total expenditure is expected to grow by \$7.3 billion, or 4%, to \$192.2 billion. The three broad categories that comprise this total are: non-interest current expenditure, \$146.3 billion; capital expenditure, \$39.4 billion; and interest payments, \$6.5 billion. The main driver of expenditure is the \$12 billion support to GuySuCo.

The deficit of the Central Government is projected to be 2.9% of GDP, in 2015, compared with 5.5%, in 2014. While I would not be coy in accepting any accolades that would be extended to me for one of the lowest deficit/GDP ratios in recent history, I would be cautious in interpreting that outcome, given the compression of expenditure in the first eight months of the year. During this term of our Government, the hope is that we can achieve a similar ratio during a full year of operations of the Central Government.

In spite of the late budget presentation, the size of Budget 2015 is \$221 billion, which compares favourably with the \$244 billion, adjusted, returned in 2014. Of this amount, some \$97 billion is programmed to be spent on current and capital expenditure during the last four months of 2015, a stimulus package, if ever the economy needed one.

b. Summary Operations of the Public Enterprises

The overall surplus of the public enterprises is projected to be \$982.7 million, or 0.1% of GDP.

c. Operations of the Non-Financial Public Sector

The overall deficit of the non-financial public sector is targeted at 2.8% of GDP or \$19.1 billion.

## Measures

Throughout this budget, the mantra has been a good life for all Guyanese. I am pleased to announce that following the extensive budget consultations alluded to earlier and guided by the action programme of this Government for our first 100 days, the following measures are proposed and will redound to the benefit of all Guyanese.

### A. Amendment to the First Schedule of the Customs Act

I propose an amendment to the First Schedule of the Customs Act Cap 82:01 as follows:

- I. Item 5 of the First Schedule Part 111 B (i) of the Customs Act is amended by the substitution of the following:

“Fishing boats, spare parts, equipment for fishing boats and equipment and supplies for use in the processing plant which the Commissioner-General is satisfied are imported for use in the fish/seafood and the aquaculture industry.”

This exemption will result in \$100.5 million in revenues foregone by the Government, but it is to aid the fishing industry.

- II. I propose an insertion after paragraph 49 of the First Schedule Part 111 B of the same Act with the following:

“Toshaos in approved Amerindian Communities shall be exempt from customs duties on motor vehicles and All Terrain Vehicles (ATVs)”.

### B. Amendment to the Excise Tax Regulations 2005

I propose an amendment to the Excise Tax Regulations 2005 by inserting immediately after Table A-8 of Schedule - Taxable Goods, the following tables:

- i. Table A - 9: Eligible members of the Joint Services, qualifying under Section 23 of the Customs Act Cap. 82:01 shall be exempt from the payment of excise taxes on motor vehicles.
- ii. Table A - 10: Toshaos in approved Amerindian communities shall be exempt from the payment of excise tax on motor vehicles and ATVs. So, they are now exempted from both customs duties and the excise taxes.
- iii. Table A - 11: A supply of motor vehicles under a Government contract entered into on behalf of the Government with taxable persons shall be exempt from the payment of excise tax in accordance with that contract.

**C. Amendment to the Income Tax Act Cap. 81:01**

I propose an amendment to the Fifth Schedule to the Income Tax Act Cap. 81:01 as follows:

“By substitution of the word ‘shrimp’ with the word ‘prawns’”.

This amendment is in keeping with representation by the fishing industry for shrimp to be made eligible for the export allowance granted to non-traditional exports.

**D. Amendment to the Value Added Tax Act 2005**

I propose an amendment to the Value Added Tax Act 2005 Cap. 81:05 to add the following items that will now be zero-rated for Value Added Tax (VAT) purposes: yogurt, cereals, fresh carrots, milo and ovaltine, nestum, mustard and mayonnaise, locally-produced fruit juice, locally-made chowmein, vinegar, locally-made uncooked pasta, ketchup, chicken sausages in packets, locally-produced Chinese sauce, baking powder, liquid detergent, household cleaning agents, rolls of paper towels, and computer printers for non-commercial use.

It is our fervent hope that retailers will pass on the benefit, from the removal of VAT from these items, to the consumer, through the lowering of their prices. The estimated loss of revenue is \$680 million.

#### **E. Tax Exemptions to Medium and Small Scale Miners**

Another promise on our 100-day Action Plan is the provision of assistance to small gold miners. I am pleased to announce that eligible gold miners will be exempted from the payment of custom duties on fuel, matting, ATVs, jack hammer drills, flex hoses, expanding metals, pumps, pump housing, impellers, shaft and engines. Pursuant to the Customs Duties (Amendment) (No.1) Order 2004, the Government will enter into a new agreement with the Guyana Geology and Mines Commission and the Guyana Gold and Diamond Miners Association (GGDMA) to give effect to the grant of these tax exemptions.

#### **F. Mortgage Interest Relief**

I propose the repeal of Section 8 of the Regulations of the Income Tax Act Cap. 81:01 and the amendment to Section 3 of the Regulations by the insertion of the following paragraph:

“In ascertaining the chargeable income of a person who is eligible for Mortgage Interest Relief there shall be allowed a deduction against his chargeable income, the amount of the interest paid to the financial institution in the year preceding the year of assessment.”

Chargeable income shall have the same meaning as defined in the Income Tax Act.

In ascertaining the amount of the refund payable on the eligible relief, the Commissioner-General will ascertain the chargeable income of the taxpayer. If it is determined that the chargeable income is not sufficient and will result in reducing the chargeable income below zero, then the refunds paid on the mortgage interest relief to the taxpayer will be reduced accordingly, and he will not be eligible for the full relief. The other change is that lending and licenced financial institutions will be required to provide a statement of interest paid on the mortgage annually.

#### **G. Amendment to Income Tax Act Cap. 81:01**

I propose an amendment to the Income Tax Act Cap. 81:01 by inserting the following after Section 16(b):

“(i) National Insurance contributions by employees.”

What does this mean, Mr. Speaker? With this amendment, workers will no longer be paying income tax on their national insurance contributions. In other words, for the purpose of determining the chargeable income of a worker, the Commissioner must first deduct his personal allowance and then deduct his National Insurance Scheme (NIS) contributions, before arriving at his chargeable income. As you well know, right now persons are only allowed their personal allowance as a deductible. Persons now have their full NIS contribution as an additional part of their disposal income. That measure will cost the Government \$1.3 billion annually, but it is a small price to pay.

#### **H. Reduction in the Berbice Bridge Toll**

Over 150,000 Guyanese live within Regions 5 and 6 and traverse the Berbice Bridge to access education and health services, conduct business and travel on a daily basis. Thousands more traverse the bridge annually. This Government has heard the cries of the people and will alleviate the burden of the high fares imposed on them. I am pleased to inform this House that the lives of the citizens of Regions 5 and 6, and indeed all Guyanese who travel to the Ancient County, will be improved as a result of the implementation of the first of a phased reduction in the Berbice Bridge toll. With effect from 1<sup>st</sup> September, 2015, the toll for passenger cars and buses will be reduced from \$2,200 to \$1,900, a 13.6% decline. At the same time, the toll for all other types of vehicles will be reduced by 10%.

#### **I. Increases in Old Age Pension and Public Assistance**

Our Government pledged to increase pensions for those men and women, 65 years and over, numbering 42,397 beneficiaries. In determining the quantum of the increase, we were cognisant of the need to end the current discriminatory approach to accessing old age pension benefits. Currently, only 30% of pensioners benefit from an electricity subsidy, since it requires either proof of ownership of the property or registered tenancy of the property.

*5.49 p.m.*

A similar discriminatory practice is in the provision of the subsidy for water services; only 62 per cent of the registered pensioners benefit to the exclusion of over 16,000 pensioners.

This must end. All of our pensioners must benefit equally from whatever is being shared. In response to the numerous requests by our senior citizens for an improvement in their pensions, I am pleased to announce that, from 1<sup>st</sup> September, every pensioner will benefit equally from a monthly pension of \$17,000, a 30 per cent increase on the present amount of \$13,125. Every pensioner, whether he resides in Morawhanna Village in the North or Waiwoi Village in the South, whether in Kawa Valley in the North Pakaraimas or right here in Brickdam, or a resident in the Palms Home for Elderly, each will receive \$17,000 monthly to assist in meeting their basic needs.

So both the electricity and water subsidies will end effective 1<sup>st</sup> September and are now being incorporated.

We have not forgotten those in difficult circumstances. They will see a 10 per cent increase in their public assistance, rising from \$5,900 to \$6,500 monthly, effective 1<sup>st</sup> September, 2015. Over 9,360 men and women who are disabled or economically and medically disadvantaged will benefit.

## **J. Salary Increase**

His Excellency has committed to give the people of this great country a good life and mandated his Cabinet to root out inequalities where they exist. In his address to this House, on the opening of this Eleventh Parliament, he stated, “there will be moderate increases in salaries paid to public servants and pensions paid to seniors”. His words have guided our considerations in these 2015 measures to address salary increases. This administration is committed to reducing the income distribution gap within Government and will ensure that increases granted to lower income level brackets will substantially raise the disposable income for those most in need.

I wish to announce an increase in the minimum basic salary of each public servant to \$50,000, effective 1<sup>st</sup> July, 2015. This translates to a 26.4% increase for those still earning the old minimum wage of \$39,540, and a 17.1% for over 4,000 for those earning \$42,703. That is significant.

Effective 1<sup>st</sup> July, 2015 all other public servants will receive a 5% salary increase, plus an additional \$5,000 monthly. This will allow for a greater increase in the lower income brackets.

For example, a worker earning \$50,000 right now will have a monthly increase of \$7,500, or 15 per cent; a worker currently earning \$100,000 now would get a 10% increase. Since the bulk of the public servants earn \$100,000 and less, these are substantial increases, more than was promised to these categories of workers. These increases are payable to workers who were employed on or before 1<sup>st</sup> January, 2015.

#### **K. Hourly Rates for Part-time Sweeper Cleaners**

The cleanliness of our classrooms and school facilities are often manned by some 1,000 sweeper cleaners within the education system. It would be remiss, were our Government to increase the wages of the teachers and education administrators without addressing those persons who are essential to school health and maintenance and the care of the most precious resource – our children. I am pleased to announce, therefore, that with effect from 1<sup>st</sup> September, 2015 every part-time hourly paid cleaner will receive \$312 per hour, a 54 per cent increase.

#### **L. Withdrawal of NIS Subsidy**

To cushion the effects of the increase in NIS rates in 2003, the then administration agreed to a temporary cushioning of the impact by paying the equivalent of one percentage point of the increase for the workers. We believe the time is opportune to end this subsidy, given the substantial increases in salaries at the lower level, complemented by the removal of NIS contributions from being taxed. As a consequence, I wish to announce the withdrawal of the NIS subsidy with effect from 1<sup>st</sup> September, 2015.

#### **M. Trade Unions**

In an effort to strengthen the capacity of our trade unions to better represent the rights of workers, we have allocated \$11 million. This amount is intended to augment approved in-country training programmes designed to enhance the performance of public servants, in an effort to ensure that the public service maintains a professional and productive work ethic in a constantly changing world.

#### **N. Uniform Assistance Programme**

To enable greater access to education, we have increased the uniform allowance voucher from \$1,500 to \$2,000. This will benefit more than 167,000 students at a cost of over \$337 million to the Treasury. Additionally, persons receiving payment for sewing uniforms in remote hinterland locations will now receive a 25 per cent increase on the amount paid to them. This increases the disposable income of those hired while benefiting 33,000 students.

**O. Georgetown Restoration Programme**

Our capital, Georgetown, was once recognised as the Garden City. As proud Guyanese, we need to restore Georgetown to its pristine state. This will enhance the aesthetics of our capital befitting of our unique architecture of colonial buildings, tree-lined avenues and canals that make it attractive to all who visit. I am sure each of us will feel a sense of pride to live and work and traverse through a capital city that is a place of uplifting beauty, rather than a refuse dump. To assist in the resuscitation of our capital city, we have allocated \$300 million for the Georgetown Restoration Programme, encompassing an intense clean-up campaign, while enforcing laws against littering. Our city will be reclaimed and we will all walk proud in Glorious Georgetown.

**P. Community Infrastructure Improvement Programme (CIIP)**

The Government has allocated \$542.7 million to fund a remodelled Community Infrastructure Improvement Project (CIIP). The aim is to enhance the aesthetics of our communities and to preserve and maintain critical community infrastructure. In 2015, it will create employment for 500 persons in community enhancement activities related to rehabilitating, and maintaining community infrastructure including drains, small bridges and parapets. This allocation will also finance the creation of green spaces in selected areas countrywide, including Bartica. Once successful, it is anticipated that this initiative will be expanded to more communities across the country.

**Q. Sustainable Livelihood and Entrepreneurial Development (SLED)**

In an effort to directly address sources of extreme poverty, Government will introduce job-creation measures to promote micro and small scale enterprises that will open opportunities for the disadvantaged and our youth. To this end, Government will introduce a new programme called the Sustainable Livelihood and Entrepreneurial Development (SLED) initiative aimed at

stimulating community growth opportunities at the grassroots level through the financing of small community driven projects and programmes. Through this intervention, communities will be encouraged to create viable economic interventions which would, at the local level, stimulate sustainable employment opportunities and for which Government has allocated \$115 million for the next four months.

## **R. Linden Enterprise Network**

After a long period of inactivity, the Linden Enterprise Network (LEN) Programme will be reactivated. In addition to providing institutional and capacity building support to Small and Medium-Size Enterprises (SME) within Region 10, the LEN programme will relaunch its business advisory and business incubation services and recommence lending through the LEN Fund. To assist in this activity Government has allocated \$155 million, in 2015, to support this venture in an effort to re-energise business activity in Linden.

## **Conclusion**

I have spent the last hours laying out our Government's Vision 2020. Its realisation will see a citizenry that is better educated, healthier, financially and physically secure, socially cohesive, and environmentally responsible. This vision will be realised against a backdrop of inclusionary democracy, enhanced accountability and performance improvement and macroeconomic stability. In short, Mr. Speaker, a citizenry enjoying the good life about which he or she once dreamed, but was visited with nightmares for over a decade. The winds of change brought a breath of fresh air, and we see it in the beauty of laughing eyes of our children, women and men; in their exuberance to make a positive difference, and their willingness to work hard to achieve a good life for themselves, their families and communities. We can only wonder where we could have been, had we been the beneficiaries of good and accountable governance during the last two decades.

In just about three months in office, we, in this Coalition Government, have been tested, by both domestic and international issues, and by an uncooperative Opposition still piqued at losing the recent General and Regional Elections. We have made missteps but generally we have proven that we have the mettle to confront the problems and challenges thrown at us. After all, that is part of what we were elected to do - provide strategic, astute and accountable leadership in

pursuit of the common good. This is what we commit to do: continue to govern in the interest of all Guyanese.

We in the Coalition are a strong group of men and women, forged by our individual experiences and welded together by our common desire to work for the development of this country. We extend a hand of friendship and cooperation, of strength and unity, to all parties, groups, stakeholders and all Guyanese, as we pursue the arduous but exciting task of building this fledgling nation of ours. As we stand on the cusp of our 50th year of Independence, I call on all Guyanese to eschew petty intolerances, bitterness and hate. Let us dismiss all those purveyors of enmity who, in their selfish egoism, promote division and destruction. Let us invoke the indomitable will and spirit of our forebears, who battled slavery, indentureship and colonialism so that we could be free to be One People and build One Nation. Let us ponder the distance we have travelled to date, where we are as a nation; where we want to be by the time of our centennial celebration of our independence; how do we get there. Let us together, as one nation, leave a legacy of which the next generation can be proud, a destiny to which they can aspire.

6.04 p.m.

In this fast-paced world in which we live, we can do no worse than dissipate our energies with petulance and tangential distractions. We must immediately buckle down to the task at hand – moving our nation forward.

I invite all those present here today within this august Assembly, as well the thousands listening, to join in the battle against the common enemies – which are crime, disease, ignorance and poverty - and reach together for a common destiny. We have an opportunity to make a fresh start in pursuit of a good life within a green economy. Mr. Speaker, I wish to end this long address with this apt quote from W.E.B. Du Bois, *It is today we fit ourselves for the greater usefulness of tomorrow*:

“Now is the accepted time, not tomorrow, not some more convenient season. It is today that our best work can be done and not some future day or future year. It is today that we fit ourselves for the greater usefulness of tomorrow. Today is the seed time, now are the hours of work, and tomorrow comes the harvest and the playtime.”

Mr. Speaker, I commend this budget to this House. Thank you. *[Applause]*

**Mr. Speaker:** I thank the Hon. Minister. Hon. Members, I am sure you would feel, like me, that we should express appreciation to the Hon. Minister. I want to say for his lucid presentation but the word marathon comes to mind, but I will forego it and say his lucid presentation on his maiden budget. Thank you Minister.

The motion is proposed.

At the adjournment, Members will appear to the Members of Parliament's room and there they will retrieve their papers concerning the budget.

## **ADJOURNMENT**

**Mr. Speaker:** Hon. Members, this completes our business for today.

**Mr. Nagamootoo:** Mr. Speaker, I move that this House be adjourned to Monday, August 17<sup>th</sup>, 2015 at 1.00.p.m.

**Mr. Speaker:** This House is adjourned until Monday, August 17<sup>th</sup> at 1.00 p.m.

*Adjourned accordingly at 6.07 p.m.*