

Official Report

PROCEEDINGS AND DEBATES OF THE NATIONAL ASSEMBLY OF THE FIRST SESSION (2006-2011) OF THE NINTH PARLIAMENT OF GUYANA UNDER THE CONSTITUTION OF THE CO-OPERATIVE REPUBLIC OF GUYANA HELD IN THE PARLIAMENT CHAMBER, PUBLIC BUILDINGS, BRICKDAM, GEORGETOWN

140TH Sitting

Monday, 17TH January, 2011

The Assembly convened at 2.14 p.m.

Prayers

[Mr. Speaker in the Chair]

OATH OF A NEW MEMBER

Mr. Speaker: Hon. Members following the passing of Mr. Winston S. Murray and my call upon the representatives of the People's Nation Congress Reform 1 Guyana (PNCR – 1G) list of candidates, I have been informed that the name of Mrs. Joan Baveghems was extracted from the list and that Mrs. Baveghems was today declared to be an elected member of the National Assembly. Before Mrs. Baveghems can take part in the proceedings of the Assembly she will have to make and subscribe the oath before the Assembly as required by Article 167 of the Constitution. As Mrs. Baveghems is present, she can now make and subscribe the oath which will be administered to her by the Clerk.

Mrs. Baveghems: I, Mrs. Joan Baveghems, do hereby solemnly declare that I will bear true faith and allegiance to the people of Guyana, that I will faithfully execute the office of Member of the National Assembly without fear or favour, affection or ill will, and that in the execution of the functions of that office, I will honour, uphold and preserve the Constitution of the Cooperative Republic of Guyana.

[Mrs. Baveghems signed subscribed oath]

ANNOUNCEMENTS BY THE SPEAKER

Mr. Speaker: Hon. Members on behalf of members of the National Assembly and myself, I would like to congratulate Mrs. Joan Baveghems on her becoming a Member of the National Assembly. I welcome her to the Assembly and I extend best wishes to her. It is evident from the applause just made that all Members of the National Assembly have also extended best wishes to her.

PRESENTATION OF PAPERS AND REPORTS

Estimates of the Revenues and Expenditure of Guyana for the financial year 2011
[Minister of Finance]

Minister of Finance [Dr. Singh]: Mr. Speaker, I beg to present the Estimates of the Revenues and Expenditure of Guyana for the financial year 2011.

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

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 2011 at the sitting of the National Assembly on Monday, 17th January, 2011. *[The Prime Minister and Minister of Public Works and Communications]*

Prime Minister and Minister of Public Works and Communication [Mr. Hinds]: Mr. Speaker, Hon. Members, I move that Standing Orders numbers 10(2) and 38(9)(a) be suspended to enable the Minister of Finance to complete, uninterrupted, the reading of the budget speech for 2011 at this sitting of the National Assembly, Monday 17th January 2011.

Question put, and agreed to.

Standing Order suspended.

PUBLIC BUSINESS

GOVERNMENT BUSINESS

Mr. Speaker: Hon. Members, we have now come to the item “Budget for 2011”.

Dr. Singh: 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 2011. In so doing, I wish to indicate that pursuant to Article 171, paragraph 2 of the Constitution, Cabinet has recommended that the National Assembly proceed upon this motion.

The current People's Progressive Party Civic (PPP/C) Government entered this Ninth Parliament of Guyana with clarity of purpose that was defined in our Manifesto's promise to deliver a brighter future for all Guyanese. This commitment formed the basis of our contract with the people of Guyana and was further reinforced by His Excellency the President's inaugural address at the opening of this Parliament. We have since been guided by the provision outlined therein, fortified with the steadfastness of commitment that distinguished our preceding terms of office, with our focus sharply aimed at implementing the policies programmes and projects required to realise a modern and prosperous Guyana.

Standing as we do in the fifth year since then, we are confident in our declaration that much has been achieved, promises have been delivered, and the future is brighter for our country than ever before. In absolutely every facet of the national development and transformation agenda, progress and the prospects are there for all to see.

Today, the Guyanese economy is larger than ever before with Gross Domestic Product (GDP) now measured at \$453 billion, and more resilient than ever before having recorded annual real growth of four per cent on average over the past four years. External reserves now stand at US \$780 million compared with US \$277 million at the end of 2006. External debt has been reduced from 72% to 47%, and the fiscal deficit from 7.2% to 4% of GDP, while the percentage of Central Government expenditure financed with our own domestic revenues have been increased from 60% to 81%, all over the past four years.

This strong and sustained macro-economic performance has encouraged and is, similarly, demonstrative of increasing vitality from a private sector that is responsive to the favourable policy environment established by our Government. Foreign direct investment has totalled US \$692 million. Credit by the commercial banks to the private sector grew at an average annual rate of more than 15%. A total of 946 new companies were registered. Taxes paid on business profits increased by 65.5% over the past four years. These impressive macro-economic achievements of the current term of office build on the already outstanding track record of our previous terms and are replicated in a plethora of other examples of promises delivered.

In physical infrastructure, the past four years has seen the completion and opening of the long awaited Berbice River Bridge under a truly historic public private partnership; completion and opening of the Takatu Bridge through a strategic alliance with our Brazilian neighbours; completion of the four lane highway from Houston to Providence; repaving of the New Amsterdam to Moleson Creek Highway; and upgrading of thousands of community roads throughout the length and breadth of our country.

In the social sector, during the current term of office our Government has built several new hospitals, trained hundreds of doctors and other health care professionals who are now deployed throughout the country; established thousands of new school places in order to ensure that all our young people have access to the education system; and launched nationwide school feeding and school uniform programmes. We have also revamped the legislative protections afforded to women and children; waged an unprecedented war against social ills such as domestic violence and launched National Single Parents and Foster Care Programmes that target assistance to the most vulnerable in our society.

In sports and culture, we completed construction of the National Stadium at Providence, the swimming pool at Liliendaal, the Racket Centre at Non Pariel, co-hosted World Cup Cricket 2007, International Cricket Council (ICC) World Twenty/20, and Carifesta X and launched the Guyana Classics.

In the Justice Sector, we constructed the new Family Court, legislated introduction of Judicial Review, and concluded new High Court rules, enacted legislation to govern alternative dispute resolution and updated our law volumes under the prescribed law revision process.

In international affairs and diplomacy, we successfully defended Guyana's maritime boundary with Suriname before the Arbitral Tribunal established under the United Nations Convention on the Law of the Sea. We chaired CARICOM and the Boards of Governors of the International Monetary Fund (IMF) and the World Bank. We hosted and chaired the 2007 Commonwealth Finance Ministers Meeting, the 2007 Rio Summit, and the 2011 Summit of the Heads of Government of the Union of South American Nations (UNASUR), and we now hold the Presidency of that important hemispheric Union.

On the environment, our country is now recognised as a global intellectual leader on climate change and, particularly on the role of avoided deforestation and the fight against climate change. Our President has been named the hero of the environment by Time Magazine and

the Champion of the Earth by the United Nations Environment Programme (UNEP). We have developed and are implementing a visionary Low Carbon Development Strategy (LCDS) in alliance with international partners including Norway who have already disbursed US \$30 million worth of payments for forests services to the trustees of the pioneering Guyana REDD + Investment Fund (GRIF) which we have established.

These are but some of the innumerable examples of the progress and accomplishments we have made as a country since the commencement of this Ninth Parliament. We are neither to conclude that these results were easy to achieve nor to think that our work is complete.

In achieving the results reported, we have travailed the most perilous global and regional economic crises in living memory, circumstances which are still to be unwound completely and from which many around the world still reel. While our economy may have withstood the consequences of these external developments, and in so doing, undoubtedly, bore ample testimony to the resilience we have built conscientiously over the years, there are some unmistakable lessons to be learnt. Foremost amongst these is that we must be unrelenting in our quest to build an economy that is un-shaken and lastingly equipped to withstand the realities of global interconnectedness, confront the vagaries of trade and international financial systems, distinguished by its unhelpfulness to the cause of development and overcome the inherent structural vulnerabilities of smallness.

With this aim in mind, we are resolute about ensuring that the transformation already underway proceeds forthwith and uninterruptedly to materialise in its fullness. No less is required if we are to reduce our susceptibility to external shocks, reduce poverty to a minimum and unleash the creative energies and productive efforts of all of our people to their maximum potential. Nothing less will assure us that the individual and collective aspirations of our people are realised. This is the inspiration that drives this PPP/Civic Government to harness the most valuable non-human endowment of our country, our vast tropical rainforest asset, to generate development benefit in a manner compatible with the soundest of environmental responsibility. This is the reason we are so driven to convert our country to full reliance on clean and renewable sources of energy, and to develop a capacity to generate energy that will put issues of reliability and affordability to rest once and for all. This is the motivation for our untiring efforts to bring information and communication technology to every home, and to equip every Guyanese person, young and old, with ability to put that technology into productive use. These are the initiatives that form the bedrock of our vision

for a modern and prosperous Guyana, tomorrow's Guyana. It is these truly transformative initiatives that will secure that tomorrow for us in a manner that see us realising the long celebrated potential of our country.

This fifth Budget of the current PPP/Civic Government therefore comes at a most interesting and exiting juncture in our country's history. At no other time like the present has there been more tangible and visible evidence of our country's transformation to a modern one. The progress has been real and it has been rapid. Equally, never before in our country's history has the prospect of achieving national prosperity been more evidently attainable. The opportunities are many and they are within our collective national reach.

Against the backdrop of that which has already been achieved, and ever mindful of that which will be achieved with collective steadfastness to the path embarked upon, Budget 2011 is presented under the theme *"Together Building Tomorrow's Guyana - Today"*.

Global Economic Developments

I will now review global economic developments. Recent developments reflect tentative signs of recovery in the global economy, with real growth in global output estimated at 4.8% in 2010 in contrast with the 0.6% contraction recorded in 2009. This expansion resulted from a 2.7% growth in the advanced economies driven by a strong rebound in some Asian economies. The recovery in the United States is continuing but remains moderate as a result of private consumption remaining subdued. Growth in the emerging and developing economies is estimated at 7.1%, led by China and India with growth of 10.5% and 9.7% respectively. Growth in Brazil is estimated at 7.5% making it one of the fastest growing economies in the world in 2010. Consistent with the global economy, world trade volumes are estimated to have grown by 11.4%, reflecting a turnaround from the decline of 11% recorded in the previous year. That having been said, the global economic outlook remains uncertain for a number of reasons. Principal amongst these is the tension between the case for expansionary policies to boost lagging demand and secure the recovery on the one hand and, on the other hand, the case for fiscal consolidation in the face of a severe debt crisis in many large and systemically important economies. This was perhaps most evident in the Euro area which grew by an estimated 1.7% in 2010, reflecting the effects of sovereign debt crises in some member states and resulted in sharp adjustment measures including withdrawal of previous stimulus interventions, cuts in Government spending and increases in taxes. The Euro depreciated by 7.8% against the US dollar in 2010. Given the potential for continued

public debt problems and possible implications for economic growth, it is likely that the value of the Euro will continue to fluctuate in 2011 with a tendency of uncertainty for countries with trading ties and other interests in the European Union (EU).

Developments in global commodities markets were reflective of this emergent recovery with world market food, metal and fuel commodity price indices rising by 26.8%, 29.6% and 20.1% respectively. Despite the steady upward price drift which is expected to continue, even if at a moderated pace in the coming year, there is relative unevenness among commodities. Gold rose by 22.5% to US \$1,391 per ounce; aluminium rose by 8% to US \$2,357 per tonne; rice declined by 11.4% to US \$537 per tonne; sugar rose by 24.8% to US \$0.31 per pound and wheat rose by 48.8% to US \$307 per tonne. On balance, the prospects for commodity producers appear positive, although the impact of rising oil prices is likely to dampen this outlook for the oil importers amongst them. Against this background, global output is projected to increase by 4.2% in 2011, underlying which is projected growth of 2.2% in the advanced economies, while emerging and developing economies are estimated to grow more rapidly at 6.4%. World trade volumes are projected to continue to increase by 7%. Nevertheless, significant downside risks remain and much of the global recovery will depend on the balance achieved by advanced economies and large emerging economies between accelerating growth in the immediate term and achieving fiscal sustainability into the medium term.

Closer home, the Caribbean economies are estimated to have recorded marginal growth of 0.5% in 2010, and are projected to grow by 2.2% in 2011. This reflects the slow pace of recovery in the tourism sector with many destinations still to resume previous levels of activity. The fallout from the CLICO and Stanford debacles which are still to be resolved in most jurisdictions, continued difficulties faced by key industries such as bauxite and alumina and the international business sector, compounded by limited availability of fiscal space to accommodate countercyclicality.

Domestic Macroeconomic Developments

Real Gross Domestic Product

Despite the uncertainties of the prevailing global and regional context, the Guyanese economy recorded the most creditable performance in 2010, providing further evidence of the

returns that can be had from sound policies and sustained implementation. Real GDP expanded by 3.6%, the fifth consecutive year of positive growth.

Of significant note is the fact that the expansion and output achieved in recent years has relied less on the traditional sectors and increasingly on new and emerging sectors, with the non-sugar economy growing by 4.3% in 2010.

Sectoral Performance

At the time of Budget 2010, when sectoral targets were outlined, there was every expectation that the favourable results anticipated from implementation of the turnaround plan for the sugar industry would start to manifest themselves. The projected increase in output was premised on the expansion in acreage under cultivation and gains being made in productivity. Disappointingly, these results remain elusive and the industry ended the year with final production of 220,862 tonnes, 5.5% lower than in 2009. This outcome reflected a protraction of the challenges confronting the industry, with less than favourable weather conditions, complicated industrial relations, and the need for greater improvements in managerial efficiency and effectiveness. Contrastingly, at the time of the budget last year, performance in the rice sector was expected to be moderate given the exceptional level of output in the preceding year. Instead, the rice industry continued its stellar performance ending 2010 at 360,996 tonnes, representing 0.4% growth in value added over the previous year and causing 2010 to displace 2009 as the year in which the industry produced the second highest output since rice production commenced and its highest output in over a decade. This increased production was as a result of weather conditions and that on balance proved favourable to the industry's production cycle and extended harvesting of paddy into late December. The other crop sector grew by 2.5%, a performance which reflects the effectiveness of Guyana Government's Grows More Food Campaign and the fact that this campaign has now matured and built its own momentum.

The livestock sector, on the other hand, recorded a decline in production by 1.1% in 2010. This was mainly as a result by the unanticipated shortfall in poultry production during the first half of the year, which recovered somewhat but could not fully compensate during the second half of the year.

2.44 p.m.

The fishing sector also rebounded in the second half to end with 7.4 % growth as harvesting activity accelerated as the year progressed.

The management of the forestry sector continues to occupy some prominence especially in view of Guyana's policy initiatives under the Low Carbon Development Strategy (LCDS). The sector recorded growth of 1.4 % for the year, reflecting increased production of logs, lumber, sawn wood and plywood, even though plywood production ceased towards the end of the year due to boiler damage at the plywood plant.

Buoyed by lucrative world market conditions and substantial investments in the sector, gold declarations increased by 2.9 % to 308,438 ounces, exceeding the record set last year, to become the highest level of gold output in any one year by our small and medium scale miners.

On the other hand the bauxite industry ended the year with a total production of 1,082,512 tonnes, representing a 9.8 % contraction in value added. This result reflected continuing tight external market conditions, along with the fact that the industry commenced the year with substantial accumulation of inventory. As a result, the mining and quarrying sectors as a whole contracted by 6.9 %.

The manufacturing sector grew by 2.3 % overall, driven primarily by an expansion of 2 % in the output of light manufacturing industries, including in the areas of pharmaceuticals, beverages, and construction materials.

Mr. Speaker, construction activity continued to be a major catalyst in stimulating activity in the economy. The construction industry has benefited from building projects being implemented by the industrial and commercial sectors, the sustained housing drive facilitated by Government's hugely successful housing programme, as well as by public sector investments in the construction of roads, sea defences and other infrastructural works. These combined to see the construction sector record overall growth of 10.8 %.

The transportation and storage sector recorded 6.4 % growth, reflecting increased motor vehicle importation and registration, improved coastal to interior overland transportation links, and improved productive activity in the hinterland.

The information and communications sector also maintained its robust activity of recent years and registered growth of 7 %. Investments by telephone companies, increased bandwidth

available to consumers, and the impact of competition particularly as it relates to cellular services have combined to generate continuous expansion in the sector.

The financial and insurance services sector recorded a 9.3 % expansion in value added. This resulted from improved access to financial services including as a result of investment by the sector in its branch network and in technology, and from buoyant demand from the productive and household sectors for these services. The wholesale and retail sector recorded growth at 10.2 %, fuelled by the growth in the input sector of both consumer and intermediate goods.

The education sector grew by 4.6 % and the health and social services sector by 8.4 %, reflecting both expanded services available from the public sector and privately owned facilities.

The other services sector, which includes such activities as our growing tourism sector, grew by 6 %.

Balance of Payments

Mr. Speaker, the balance of payments at the end of 2010 reflected an overall surplus of US\$90.1 million.

On the current account, export earnings expanded by 16.1 % to US\$891.9 million, reflecting both volume and price increases in the cost of most commodities. Export proceeds from gold grew by 23 % to US\$346.4 million, reflecting a 26.7 % increase in price. The bauxite sector generated US\$114.6 million in export receipts, on the strength of average export prices increasing by 78.5 %, outweighing the contraction in export volume.

Rice exports earnings expanded by 35.5 % to US\$154.6 million, mainly attributable to 28.9 % increase in export volume to 336,313 tonnes coupled with a 5.1 % increase in average export prices. On the other hand export receipts from sugar suffered a 13.2 % decline to US\$104 million, on account of a 9.8 % decline in average export price and lower export volume.

Merchandise imports expanded by 20.2 % to US\$1.4 billion. This was driven primarily by a 32.8 % increase in the value of imported fuel and lubricants. In addition, other imports also increased by 16 %, with non-fuel intermediate goods increasing by 24.4 %, while capital goods and consumption items increased by 12.3 % and 12.2 % respectively.

Net current transfers expanded by 23.7 % to US\$370.8 million, with receipts from worker remittance increasing by 40.3 % to US\$367.8 million.

Taken together, these developments resulted in the current account deficit widening by 3.6 % to US\$239 million.

On the capital account, foreign direct investment increased by 20.7 % to US\$198 million. Largely on account of the increased foreign direct investment, and notwithstanding the non-recurring nature of the allocation of US\$108.6 million of special Drawing Rights by the IMF in 2009, the capital account registered a surplus of US\$325.8 million compared with US\$454 million in 2009.

As a result of the overall balance of payments surplus, The Bank of Guyana increased its external reserves position to US\$780 million at the end of 2010, exceeding last year's record level of reserves.

Monetary and Other Financial Sector Developments

Monetary policy continues to be geared towards maintaining price and exchange rate stability while promoting private sector credit. Credit by the banking system to the private sector grew in 2010 by 19 % to \$112.3 billion, attributed to a 71.5 % increase in credit to the mining and quarry sector, a 32.8 % expansion in the agriculture sector, followed by a 28.7 % increase in other manufacturing, and a 24.8 and 24 % respective increase in the distribution and real estate sectors.

Elsewhere in the financial sector, the resolution of the Guyana chapter of the regional CLICO debacle came a few steps closer as the Court granted the application to liquidate the company and appointed the Governor of the Bank of Guyana as the liquidator. The liquidator having been appointed, Government announced and provided an injection of \$3.6 billion to fund immediate payouts to holders of investment annuity policies and undisputed insurance liabilities subject to a maximum of \$30 million per policy holder. Since then, policy holders have been written to and invited to visit the company on appointment. To date, 4,567 policy holders have visited and uplifted cheques totalling \$3.1 billion.

Judicial and other action will continue to be pursued in order to realise the remainder of the company's assets, and steps taken to discharge the balance of its liabilities.

Prices and Income

Inflation Rate

Inflation continued to be contained to modest levels through 2010, with the change in the consumer price index at the end of the year amounting to 4.5 %. While there were increases in some categories of food items at times during the year, these were rarely for any sustained period, and increases in some months were countervailed by decreases in subsequent months. Government continued to apply concessional excise tax and rates on fuel products, thereby helping to contain the pass through of upward movement in the world market oil prices.

Interest Rate

Interest rates continued to trend downwards reducing the cost of borrowing for business. In 2010, the weighted average lending rate declined by 22 basis points to 11.95 %, while the small savings rate declined somewhat more moderately by 12 basis points to 2.67 %. The 91-day Treasury Bill Rate, which is the benchmark rate, declined by 40 basis points to 3.78%.

Exchange Rate

Buoyed by increases in both export receipts and import payments, the foreign exchange market recorded a 9.4 % increase in activity, with a total of US\$5,134.1 million in transactions conducted. There was an adequate supply of foreign currency to meet demand and the market adjusted throughout the year. At the end of the year, the Guyana dollar had depreciated negligibly, by 0.12 %, against the US dollar.

Development in Wages

In 2010, public servants, teachers, members of the disciplined services, parliamentarians, and constitutional office holders were all paid a 5 % across the board increase in salaries effective from the start of the year. Teachers were also paid an additional 1 % increase in lieu of the performance incentive contemplated by their 2006-2010 multiyear agreement, which has now been fully implemented. Members of the disciplined services were also paid a tax free bonus equivalent to one month's pay, and Government pensioners were granted a 5 % increase in their pensions. Mr. Speaker, Government regards multiyear agreements as the preferred mechanism for achieving predictability in wages and salaries, and will continue to encourage the conclusion of such agreements with the representatives of organised labour in the future.

Fiscal Position

Non-Financial Public Sector

The fiscal deficit of the non-financial public sector was contained to \$18.2 billion or 4 % of GDP, notwithstanding scaled up investment in physical and social infrastructure, reflecting Government's continued prudent management of the public finances.

Central Government

Central government revenue in 2010 amounted to \$108 billion, 13.8 % over 2009, as a result of enhanced collections across both tax and non-tax revenue categories. Tax-revenue increased by 13.3 % and accounted for 93.6 % at \$100.9 billion of total current revenue collections, while non-tax revenue collections increased by 19.1 % to \$6.9 billion.

Internal revenue collections amounted to \$43.3 billion or 18 % more than the 2009 level. This was largely on account of continued robust performance by the private sector, with corporation tax and income tax from the self-employed increasing by 21.5 % and 16.9 % respectively to \$17 billion and \$2.4 billion, on account of higher reported profits. Income tax generated from the Pay As You Earn (PAYE) system surpassed 2009 collections by 15.8 % as all sectors of employers remitted higher levels of PAYE and as the number of employers remitting taxes also increased.

Withholding taxes increased by 16.5 % or \$470.6 million due to increased collections from gold miners.

Customs and trade taxes amounted to \$9.2 billion, representing a 20.1 % increase over 2009, mainly due to a 21.5 % increase in import duties bringing collections to \$8.3 billion, driven by all categories of imports. Total value added tax (VAT) and excise tax collections increased somewhat more moderately by 8.2 % to \$48.3 billion, with increases recorded on import and domestic supply VAT along with excise tax on motor vehicles, while excise tax on fuel products declined due to the lower tax rates applied.

Total Central Government expenditure amounted to \$133.1 billion or 4.5 % above 2009, with current expenditure reflecting an increase of 7.4 % and totalling \$86.4 billion mainly as a result of a 6.3 % increase in non-interest expenditure. The latter was generated by increases in employment costs, other goods and services, and transfer payments. Employment costs were driven by the developments in wages during the year along with increased employment particularly in the education and health sectors. Other goods and services increased due to

Government's commitment to expand maintenance of infrastructure combined with the delivery of expanded social services. Transfer payments increased largely as a result of increased focus on training within the social sector with specific emphasis on education and health, and increased pensions, subsidies and contributions. Capital expenditure remained at broadly the same levels as in 2009, as some projects exited the portfolio while other new ones commenced implementation.

Total grants of \$11.7 billion represented a reduction of 32.6 % when compared with 2009, principally driven by a 28.3 % reduction in project grants and a 45.9 % reduction in non-project grants

Public Enterprises

The public enterprises recorded an overall deficit of \$4.7 billion as compared to the surplus of \$1.2 billion in the previous year, mainly on account of the Guyana Sugar Corporation (GuySuCo)'s production shortfall which had a direct impact on the financial operations of the company, along with increased investment expenditure by the Guyana Power and Light (GPL) Inc. toward the procurement and installation of an additional 15.68MW engine for the Kingston plant.

Debt Management and Aid Effectiveness

Mr. Speaker, over the year 2010, new disbursements of project loans were the main contributor to the 12 % growth in the external debt stock to US\$1.0 billion at the end of 2010. External debt service payments amounted to US\$28.8 million by the end of 2010 as repayment of the principal owed to several creditors, including Venezuela and the International Monetary Fund, commenced.

We continue to use diplomatic and other efforts to reduce debts owing to bilateral non-Paris Club creditors in keeping with our Paris Club obligations. The most recent analyses indicate that Guyana's external debt is, and will continue to be, on a sustainable path over the medium term. This is premised on Government continuing to engage in prudent borrowing, including contracting new debt on the most favourable terms.

Notwithstanding our robust economic performance in recent years, Guyana is still a developing country with significant developmental needs and investments to be made if we are to achieve the key goals we have set ourselves, including the Millennium Development

Goals (MDGs). For this reason, even as we increase steadily our own ability to finance these investments, Government will spare no effort in mobilising as much development support and assistance as it possibly can from willing partners, and at the most concessional terms available, to support our development efforts.

On that note, it is worthy of mention that among some of our current partners the landscape for accessing development assistance appears to have changed dramatically. As a consequence, reliability and predictability of development assistance is seriously jeopardised. The dislocating effect of unpredictable development assistance to the management of our economy compromises both near and medium term planning. We will continue the call for a show of greater commitment on the part of the more advanced economies both to their development support undertakings and, in particular, to the principles of timely and effective delivery of aid. Further, in recognition of the growing need to diversify the sourcing of concessional financing to support our expanding development agenda, work will be undertaken to strengthen the capacity in working with non-traditional development partners as well as the establishment of an information database to support the analysis of aid effectiveness to our country.

In the case of domestic debt, the stock increased by 15.4 % to \$100.5 billion reflecting a higher issuance of treasury bills to contain the growth in liquidity. The total stock of treasury bills increased by 24.7 % to \$93.2 billion, mainly due to higher issuance of 364-day bills for monetary operations, with the commercial banks accounting for a 70 % share, down from 73 % in 2009. Total domestic debt service increased by 15.1 % to \$4.9 billion due to higher principal payments associated with the redemption of debentures.

I will now turn to sector developments and the agenda for 2011.

Sector Developments and the Agenda for 2011

The Low Carbon Development Strategy

Mr. Speaker, Guyana's leadership, advocacy and early action on climate change continues to receive international recognition and support, and 2010 saw several key accomplishments in this regard. At the international level, Guyana continued to be active in the negotiations under the United Nations Framework Convention on Climate Change and through which was able to help shape a new international deal with respect to REDD+ as part of the Cancun climate meeting. This decision recognises the role of forest conservation and sustainable forest

management in mitigating climate change, making these activities eligible for climate financing, much to Guyana's advantage. The Cancun decision also establishes an adaptation framework and a technology transfer mechanism to help developing countries adapt to the adverse effects of climate change and make provisions for climate financing of up to US\$30 billion by 2012, and US\$100 billion annually by 2020. In 2010 President Jagdeo was invited by the United Nations Secretary General to serve on a High Level panel to examine climate financing. This Panel has just concluded its work, which will guide future activities in assuring financial support for adaptation and mitigation in developing countries such as Guyana.

In 2011, Guyana will continue to advocate a strengthening of the REDD+ decision to include market mechanisms for REDD financing, the raising of emission reduction targets by developed countries, and the operationalising of the administrative and financial mechanism to disburse the financing that was pledged.

At the national level, Government was able to further advance the LCDS and start implementation of the Guyana-Norway Agreement. In 2010, important progress was made with bilateral multilateral partners towards building an innovative model for payment for forest climate services. This has been a challenging process and, in the immediate term, designing this model has called upon the collective resources of all to try to adapt existing financial and other instruments to fit a model that emphasises delivery of results while at the same time meets international standards of fiduciary, social and environmental safeguards, and simultaneously is one which could be replicable for other forest countries. In the future, it is the expectation that our advocacy, leadership and negotiations at the international level will see refinement to this model until one is achieved that that is fully reflective of the principles of payment for climate services.

In 2010, the first tranche of performance-based funds, approximately US\$30 million, was disbursed by Norway and deposited with the trustees into the GRIF. This was one of the first payments for forest climate services received by a developing country and represents a new economic opportunity for our country. This historic milestone could not have been achieved without the vision of our President, the broad-based support for the LCDS from the widest cross-section of Guyanese society, and the important role of the Multi-Stakeholder Steering Committee which is providing oversight and guidance to the LCDS process.

3.14 p.m.

The year 2011 will see a continuing thrust in moving the LCDS forward with the implementation of the first wave of projects under this strategy. These projects will have a transformational effect on our economy at the national level as well as at the village level. Principal among them will be the provision of equity financing for the Amaila Falls Hydropower Project (AFHP), support for the Amerindian lands demarcation process; rural electrification financing for small and microenterprise development and support to the Amerindian Development Fund to finance indigenous community projects. Early in 2011, we also expect to receive the second tranche disbursed by Norway, amounting to US\$40 million, to lend further support to projects under the LCDS. Efforts will continue to advance our model of avoided deforestation and to build partnerships regionally and internationally, while also seeking to broaden the range of partners to provide financial support for the LCDS.

Budget 2011, therefore, provides for a total of \$14.4 billion, equivalent to the US\$70 million from these two disbursements, to be expended to the transformational LCDS projects identified.

Transforming the Economy

Modernising the Traditional Sectors

Sugar

To say that 2010 was a disappointing year for the sugar sector would be an understatement of considerable proportions. Several factors contributed to the industry's weak performance. Irregular weather patterns contributed to the loss of cane - as a result of limited availability of water irrigation at times - hindered cane transport from field to factory, and resulted in the loss of sugar content. In addition, poor labour turnout was reflected in a 52 % crop attendance by cane harvesters as compared to 62 % and 72 % in 2009 and 2008 respectively. This is partially reflective of structural changes in the labour market induced by alternative employment opportunities being pursued by the existing workforce. Further, the new Skeldon factory continued to be beset with challenges constraining its operation.

Looking ahead, GuySuCo's priorities are to increase cane availability with expanded acreage under cultivation along with higher levels of participation by private cane farmers. In addition, the process of mechanising the operations of the company will advance, with the acquisition of additional mechanised harvesters, cane loaders, tractors and haulage units. Further, repairs will be completed at the No. 1 boiler at the new Skeldon factory, and other

defects corrected, with the expectation that the factory will function at full capacity by the second crop. Other factories will be subject to heightened maintenance and key equipment replacement so as to increase efficiency of operations. In addition, the Enmore Packaging Plant will be completed and brought into operation increasing value added output. GuySuCo is projected to incur in 2011 total capital expenditure of \$4.3 billion on these unrelated endeavours. Taken together, these factors should enable the company to recover its production levels and restore its financial performance.

Rice

Despite fluctuations in weather conditions, the rice sector recorded yet another exceptional year, on both the production and export fronts. Two seed dryers were acquired and their installation would be completed in January 2011 at the research station at Burma, and a new seed facility at No. 56 Village is planned for completion during the first quarter of this year. Thirteen drying facilities were constructed in Regions 2,3,4,5 and 6 in order to reduce the spoilage of paddy. Meanwhile, on the rice development front, two new varieties were released in 2010 and two candidate varieties, currently under the final stages of testing, will be released in 2011.

So as to ensure sustained performance by the sector going forward, Government continues to provide substantial support in the areas of improved drainage and irrigation facilities, new and improved farming practices including weed and water management, plant nutrition and other agronomic practices, the evaluation of pesticides for weed, pest and disease control and the sourcing and testing of over 300 additional rice germplasm lines for possible release as varieties in the sector.

Bauxite

The global market for bauxite has been showing some signs of improvement. Domestically, while BOSAI experienced improved sales as a result of increased prices for their product on the market, Bauxite Company of Guyana Inc. (BCGI) faced challenging mining conditions which led to reduced production. The latter has since invested in additional equipment that is expected to improve the production performance in 2011 while BOSAI expects continued strong performance in this year. Collectively, the out look for the industry remains on the upside.

Even as the industry improves, other investment prospects are on the horizon. These include options in the area of mullite, a lower grade alumina, which is demanded in the refractory market. This could potentially result in a US\$50 million investment and discussions are currently ongoing.

Gold

The economic importance of the gold mining sector continues to be significant in terms of its contribution to production, exports and employment. This year has seen an increase in the number of operational dredges in the sector and for the second consecutive year gold has recorded declarations above the 300,000 ounce mark as just reported.

Going forward, strengthened management of the sector will result in greater emphasis being placed on the improved recovery of gold and fine gold, and improved environmental compliance. Technical assistance will be provided to small and medium scale miners to improve mining practices and increase levels of recovery. While the prevailing high prices augur well for the future of gold production by small and medium scale miners, it also acts as a strong incentive for sustaining large scale exploration efforts. Already, two potential large scale gold deposits have been identified for which feasibility studies are being undertaken. These large scale projects could result in substantial investments in the future, and infusion of new and transformative technology into the industry. As always, Government stands ready to support the expansion of this important sector.

New and Emerging Sectors

Agricultural Diversification

Agricultural diversification continues to be one of the principal pillars of our strategy to broaden the productive base of the economy. Government continues to focus on the expansion of this sector with specific emphasis on the implementation of the strategic plans for the three-cluster group, namely fruits and vegetables, livestock, and aquaculture. In this regard, measures have already been taken and investments made to provide institutional strengthening, capacity building, credit facilities, improved physical infrastructure and the upgrading and enactment of rules, regulations and legislation for efficient operations of the plant, animal and food safety agencies. In pursuit of strengthening and streamlining the sector, several functional bodies were consolidated. This resulted in the new National

Agricultural Research and Extension Institute (NAREI) and the Guyana Livestock Department Authority (GLDA) being established in 2010.

In 2010, a total of \$1.3 billion was spent to expand the non-traditional sectors. Activities included the rehabilitation of the seed facility, the germplasm laboratory and the library, provision of equipment for NAREI, and acquisition of refrigerated trucks and containers for the new Guyana Marketing Corporation (GMC) with the aim of boosting available supplies of non-traditional crops for the export market. In addition, under the Rural Enterprise and Agricultural Development (READ) programme, over 1,000 farmers were trained in areas such as food processing, feed formulation and pest and disease control.

In 2011, Government will accelerate diversification and modernisation of the agricultural sector with a budgetary allocation of \$1.5 billion. This year, two financial facilities will be established to provide funding to benefit qualified producer groups for improvements to their farming systems and processing activities. Under READ, the facility will primarily be used for investment purposes including purchasing small farming and agro-processing equipment, land clearing and preparation works, building works and purchase of breeding animals. The Agricultural Export Diversification Programme (AEDP) credit facility will target individual farmers, as well as farmers' associations on a larger scale, through providing requisite infrastructure and equipment in an effort to boost value-added interventions, improve the business climate, encourage private sector involvement and create competitiveness within this sector.

Infrastructural works will also continue this year on the construction of a genetic bank at GLDA, the rehabilitation of the germplasm laboratory at NAREI, rehabilitation of quarantine stations, rehabilitation of control structures and access roads at Canals Polder, purchase of field, inspection and laboratory equipment, and the commencement of construction of an abattoir in Region 5. On the regulatory front, 2011 will see the enactment of new plant, animal and food safety legislation and upgraded regulations for pest and disease control during import and export. Further, 7,500 farmers will be trained to be better equipped to contribute to the diversification effort.

In addition, Government will continue efforts to facilitate large scale agriculture, including in the intermediate savannahs, in which a number of investors have already indicated interest. When realised, these projects will introduce agriculture at scale previously not seen in

Guyana and make Guyana a significant player in the global market for the products cultivated.

Information and Communications Technology

This Government has long recognised the capacity of the Information and Communications Technology (ICT) sector to catalyse major transformative change in the types of jobs we create, the manner in which business is conducted and government services are delivered and the way in which we educate our people. For this reason, we have devised a strategy that prioritises legislative change to promote a conducive and competitive environment, investment in infrastructure to increase connectivity and reduce cost, promoting ICT education in our schools, and improving access to ICT for all our people.

Over the past years, substantial efforts have been expended in the completion of the drafting of the telecommunications legislative package. The new telecommunications legislative package comprises a new Telecommunications Bill, relevant amendments to the Public Utilities Commission Act and Regulations in the areas of licensing and access, spectrum management, universal service/access, pricing, competition and consumer protection.

In addition to work on the legislative aspects of the sector, Government has also undertaken investments to address the physical infrastructure necessary for the development of the sector. In 2010, Government committed \$846.5 million for a 560 kilometre high speed fibre-optic network spanning Lethem to Providence. This network is designed to establish connectivity with Brazil and provide an alternate high speed connection to the internet. Further, a similar infrastructure link is being established connecting Georgetown to Moleson Creek in the east and to Anna Regina in the west. In 2011, an additional sum of \$2.5 billion is budgeted for the continuation of these critical infrastructure works. The completion of these infrastructure links will revolutionise the effectiveness of Government service provision and lay the basis for state of the art e-Government.

The year 2011 will see the launch of Government's showpiece programme to improve access, the One Laptop Per Family (OLPF) programme, for which a budgetary allocation of \$1.8 billion is provided. This programme will be implemented over the next two years and will see 90,000 laptops distributed to families and communities across the country. Relevant training will also be provided on uses of the computers to ensure that all of the beneficiaries are able to capitalise fully on the vast advantages that derive from computer literacy.

With these initiatives, Government's aim of making Guyana one of the most computer literate societies in the world would be advanced several steps towards being accomplished.

Tourism

Our tourism sector has been making an increasingly important contribution to the national development agenda with continued emphasis on eco-tourism and nature based tourism along with targeting special market niches. Marketing efforts have been upgraded with the substantially enhanced website of the Guyana Tourism Authority (GTA) now boasting additional information on filming in Guyana for documentary and travel journalism purposes, relevant maps and charts, updated weather information, as well as links to popular networking websites. Reflecting these efforts, visitor arrivals rose in 2010 to 150,141, representing a 6.3 per cent increase over the previous record high of 2009, with observable peaks during the April/May and July/August periods. These peaks coincided noticeably with the hosting of ICC World Twenty/20, and with several high profile entertainment events featuring regional and international headlined celebrities performing to sold-out crowds at our national stadium and other venues, vindicating the emphasis on sports and other event-based tourism.

In 2011, over \$150 million is budgeted for the continued expansion of the tourism sector. The Government will continue its marketing efforts to attract increased visitors from overseas utilising social media and targeted consumer promotions. In addition, destination awareness will be raised by facilitating high quality video documentaries made by such agencies as the Travel Channel and the British Broadcasting Corporation (BBC). Increased focus on quality service will be achieved through regular monitoring of tourism services in the areas of accommodation, tour guides, tour operators and interior lodges and resorts during the year. Government will also continue to invest in supporting infrastructure, site and event development within the tourism sector, as well as continue working towards increasing the number and reducing the cost of airline seats available into Guyana.

Small Business

Government's role in promoting entrepreneurship lies in the creation and deepening of a favourable institutional and regulatory environment for the development of small businesses. In June 2010 the operational arm of the Council, the Small Business Bureau came into existence. Government also updated its database of small businesses, adding over 500

enterprises. Meetings, outreach sessions and business training events were held to sensitise and develop synergies in the sector, with particular emphasis on arts and crafts and the agro-processing sectors. In the area of physical infrastructure, four additional market tarmacs were constructed at Waterloo, Best Klien/Pouderoyen, Enmore and Diamond, and the Port Mourant market was rehabilitated. In addition, access to financing for small business owned by single parents was given a boost with the legislative provision of fiscal incentives for approved small business lending companies and the resultant establishment of the Women of Worth (WOW) programme in collaboration with one private bank. Under the scheme, over 500 single mothers from Regions 2, 3, 4, 5, 6 and 10 have already benefited from approved small business loans without the constraint of having to offer collateral.

In 2011, the drafting of a small business policy is expected to further streamline management of the sector. There are 4 key areas targeted by the Government in its promotion of small business development: awareness and sensitisation of business development services and opportunities, education and training, enabling physical infrastructure and improved access to financing the small businesses.

In 2011, Government seeks to intensify its public outreach through development of a website, as well as additional television print media exposure. Training exercises will be extended to more businesses with a more comprehensive range of topics, including general interest as well as sector-specific issues, and training manuals, and programmes will be developed and delivered in sectors such as agro-processing and apiculture. In addition, the establishment of a credit bureau under the Credit Reporting Act which was passed by the Hon. House in 2010, is expected to dramatically improve the ease with which small businesses are able to access financing.

This year, works will continue on the market tarmacs at Plaisance and Buxton, and the construction of the Mahaica market, and Mahaica and Haslington market tarmacs for all of which \$171 million has been allocated, all with the aim of improving the physical environment in which small business operate. Under the WOW programme an additional 1,720 female single parents are expected to be granted small business loans in 2011. Additionally, small businesses will benefit from the GRIF through its support for low carbon micro and small businesses development, and the creation of alternative livelihoods for vulnerable groups.

Oil Exploration

There is every likelihood that Guyana will develop an oil and gas industry in the near future. Exploration activities were pursued in the shallower basin fringe of the coast of the Pomeroon and Northwest for any indications of hydrocarbons. During 2010, drilling commenced in the Takutu Basin, plans advanced for drilling in the offshore Georgetown Block, while preparations were also advanced for the construction of the multi-purpose staging base at Grand Canal Berbice River in anticipation of drilling in the Corentyne Block. During 2011, these activities are expected to continue. Apart from the direct impact of activity in this sector, the linkages with the multiplier benefits for other suppliers of goods and services are tremendous and are already being capitalised on.

Physical Infrastructure for Transformation

Roads and Bridges

The continued investment in our transportation infrastructure is critical, as its continued expansion and modernisation play a pivotal role in supporting the economy and in improving quality of life for our citizens.

In 2010, \$7.9 billion was expended to improve our country's roads and bridges network, of which \$5.9 billion was spent on roads and \$2 billion on bridges, thereby contributing to an expansion in the interconnectivity between productive, commercial and residential zones. Of this amount, \$943.2 million was spent to commence reconstruction of an all weather ring road in Black Bush Polder and all weather roads in East and West Canje. Works progressed in 2010 and are expected to be completed later this year which will result in the provision of access to over 18,500 acres of agricultural lands. In addition, over 300 urban, rural and hinterland roads were rehabilitated and maintained at a cost of \$4.1 billion. Further the feasibility study and conceptual design were completed for the Linden to Lethem roadway. Investment in the Demerara Harbour Bridge to the cost of \$700.5 million entailed the procurement of critical components. In addition, 2010 saw the completion of 9 critical structures amounting to \$894.6 million within Regions 4 and 5, reinforcing our intra-regional linkages.

In 2011, a total of \$10.1 billion has been budgeted for roads and bridges of which \$8.2 billion will be spent on roads and \$1.9 billion on bridges respectively, and a number of major transformative projects will commence.

The sum of \$1.7 billion has been budgeted this year for the completion of 34.5 kilometres of all weather roads in the Black Bush Polder area and also 19 kilometres of roads in the East and West Canje areas to promote permanent accessibility, improve road safety and reduce transportation costs in this key agricultural zone. To further enhance urban and suburban mobility, reduce transportation costs and ease traffic congestion, Government has allocated the sum of \$1.6 billion for the rehabilitation and improvement of the Sheriff Street to Mandela road, access road to the Cheddi Jagan International Airport, the continuation of the four-lane highway from Providence to Diamond on East Bank Demerara (EBD) and to complete the feasibility studies for a four-lane highway from Better Hope to Golden Grove on the East Coast Demerara (ECD).

A sum of \$3 billion is also allocated to construct, rehabilitate and maintain urban, rural and hinterland roads while an additional \$1.8 billion is budgeted to upgrade approximately 85 kilometres of existing roadway and the construction of approximately 110 kilometres of new roads from Linden to Amaila Falls. The Amaila Falls Hydropower Project also includes the building of pontoon crossings across the Essequibo and Kuribrong Rivers.

In addition, works on 16 critical structures will be completed along the East Bank and East Coast highways for which a sum of \$953 million is budgeted. In order to sustain the main linkage between Regions 3 and 4, the sum of \$550 million is budgeted for the further upgrade of the Demerara Harbour Bridge, which includes the construction of pontoons and rehabilitation of cluster piles.

In addition to physical upgrading of our roads and bridges network, improved safety is an accompanying priority. To this end, street lighting and road marking are being installed in critical areas along highways in Regions 2, 5 and 6.

3.44 p.m.

Discussions continue with interested partners regarding funding for the commencement of the construction of the long awaited Lethem to Linden roadway which would contribute significantly to the transformation of our infrastructure landscape, as well as strengthening even further our ties with our Brazilian neighbours. Together with our eastern neighbours, Government has identified technical teams and completed first round discussions regarding the bridging of the physical divide at the Suriname border which would also see the strengthening of those relations.

Air and River Transport

The link between the coastal and hinterland communities as well as our international partners is critical to both our social and economic development and, having recognised this Government continues to allocate resources toward the expansion and maintenance of the air and river transport sector.

In 2010, approximately \$367 million was expended to further develop and upgrade the Ogle International Airport with an extended runway which now accommodates Dash 8 series aircraft. In addition, \$140 million was spent to upgrade equipment at the Civil Aviation Authority. The 39 original aerodromes were inspected and maintained during the year, while works on Wakenaam airstrip were substantially completed. Further, asphaltic works on the taxiway and apron of the CJIA airstrip were completed.

The sum of \$479 million was expended on the rehabilitation of the Leguan and Bartica stellingen and the docking of several vessels including the MB Barima and MV Malali.

In 2011, the sum of \$178 million is allocated to commence preparatory work on designing an extension of the CJIA runway by 3,500 feet to accommodate 747-400 aircrafts, and extension of the arrival and departure lounges with attendant air bridges. Further, a sum of \$88 million is allocated for the construction and rehabilitation of the Leguan airstrip and an additional \$40 million for the maintenance of other domestic aerodromes across the country.

To promote a fast and reliable ferry service across the major rivers and outlying areas of the country, the sum of \$173 million is budgeted for the modification of the Parika and Supenaam stellingen and the construction of the Kumaka wharf. Further, a sum of \$366 million is allocated towards the procurement of 2 roll on/roll off vessels, which will complement the other aging vessels. Also, the sum of \$382 million is budgeted for the docking and rehabilitation of Dredge Steve 'N', Split Barge, MB Baramani and MV Torani, while the acquisition of spares and navigational aids will continue to ensure uninterrupted and reliable operations.

Sea and River Defence

The critical importance of our sea and river defence can never be over emphasised in light of the imminent threat of climate change and resultant rising sea levels. In an attempt to

minimise the negative impact, Government has continually invested in strengthening our sea and river defence management.

In 2010, the sum of \$2.6 billion was spent to further reinforce, upgrade and maintain our sea and river defence infrastructure in Regions 2 to 7. Riprap and concrete sea defence works were completed in areas such as Wakenaam, Clonbrook, Kitty, Springlands, and Canje. The Mangrove Management Project for Sustainable Coastal Zone Protection commenced with \$100 million expended on the construction of a mangrove nursery at Mon Repos and the cultivation of over 60,000 mangrove seedlings at Hope Beach, Triumph, Beterverwagting and Chateau Margot.

In 2011, Government has budgeted \$3 billion for the continued construction, reconstruction, rehabilitation, restoration and maintenance of sea and river defence structures throughout the country to ensure the protection of our socio-economic livelihood and improve our environmental conditions on the coastland.

The advancement of the shore zone management system will continue to contribute to the achievement of a comprehensive maintenance strategy. Further, the mangrove protection and regeneration activity would be expanded along the coastal zone in Regions 2, 4, 5 and 6 with an additional 200,000 seedlings being planted in areas such as La Belle Alliance, Lima, Victoria, Happy Acres, Nos. 4, 5, 6 and 7 Villages, Cromarty and Wellington Park. This project aims at providing immediate first line defence against coastal flooding.

Drainage and Irrigation

In an effort to adapt to the anticipated and ongoing impacts of climate change, Government maintained its commitment to expand the agriculture sector through improved drainage and irrigation. To this end, in 2010 \$5.1 billion was spent on drainage and irrigation to conduct major capital works which included rehabilitation of control structures, construction and rehabilitation of sluices and revetment at De Willem, Waterloo, Amersfoort, Buxton, Moleson Creek and Alness, and earthworks rehabilitation at Black Bush Polder. Earthworks have also commenced at Hope Outfall, which entails the construction of a new outlet channel for the East Demerara Water Conservancy (EDWC) which is expected to commence in 2011.

In 2011, a further \$6.6 billion will be invested towards the purchase of equipment, and construction, rehabilitation and operational works of the national drainage and irrigation system. With the operation of an increased number of pumps and the construction and

rehabilitation of key drainage and irrigation structures and access roads, there will be an improvement in the discharge capacity and flood control performance. Additional infrastructure works such as the construction of a drainage sluice at Cottage and at Abrary, rehabilitation of sluice at Lonsdale as well as rehabilitation and installation of pumps at Greenfield will also be completed.

Hydrometeorology

Government continues to make progress in the hydrometeorological service by improving the meteorology and hydrological technology and information system, with the aim of improving weather and climate forecasting for aviation activities, agricultural planning, decision making and disaster risk management across the country, as well as general public awareness.

In light of the climate change phenomenon the services provided by the hydrometeorological office have become pivotal to our decision making process, as such, in 2011, there will be an expansion and modernisation of the hydrological networking system along the country's coastal and inland locations. To this end, a sum of \$24 million is allocated for the purchase of equipment, construction and maintenance of hydrological stations, training, and the launching of the National Water Information System.

With the realisation of these activities, the hydrological services will be better equipped to discharge their mandate.

Energy, Power Generation and Supply

The generation of adequate, reliable and affordable power to supply the needs of individual citizens and our burgeoning private sector remains an urgent priority, the realisation of which will ensure a more competitive private sector and a more productive citizenry.

In 2010 over \$5.3 billion was spent in the power sector. The year marked the end of the Unserved Areas Electrification Programme (UAEP), which amounted to US\$21 million over its entire life. Major achievements under this programme included the grid network being extended to facilitate an additional 45,602 potential service connections with a total of 17,324 new connections achieved in areas such as Charity, Wakenaam, Anna Catherina, Stewartville, Lusignan, Bara Bara, Cumberland, Port Mourant, Four Miles, Byderabo and Amelia's Ward. The hinterland communities were able to benefit with 1,432 households and

4 primary schools now receiving electricity at Muritaro, Yarakita, Capoey, Kurukubaru, Chenaupou, Yupukari, Sand Creek, Red Hill, Santa Aratak, Jawalla, Paruima.

Other achievements over the last year include the rehabilitation of the Canefield power station, the completion of the 69KV link between Skeldon and No. 53 Village, the launching of the GPL customer information system, the ongoing replacement of defective meters and education campaign to reduce non-technical losses and promote demand management.

Looking ahead, the pursuit of power generation through renewable resources remains foremost on our development agenda. Government continues to make progress on the Amaila Falls Hydropower Project (AFHP), which is being developed as a public-private partnership using a 20-year Build Own Operate Transfer (BOOT), as these models are popularly known. The contract for the construction of the access roads was awarded in 2010. The AFHP is sized at 154 MW with financing for this project of approximately US\$650 million coming from equity contributed by Sithe Global, equity from the Government under the Low Carbon Development Strategy, and debt financing. Financial close is expected by the end of the second quarter of this year, thus allowing the construction to start late in 2011 while the commercial operations of the AFHP is slated for 2015. The AFHP is a major transformative project for Guyana that will allow a quantum shift from being a country entirely dependent on fossil fuels for electric power to one meeting its entire national requirements for clean renewable sources by 2015.

Notwithstanding the coming into operation of the AFHP, critical investments are needed more immediately to meet rapidly growing current energy demand. To this end, an additional 15.68 MW generating capacity at a cost of approximately US\$18 million would be added this year to the new 20.7 MW plant at Kingston. This will substantially improve the reliability of power, allow us to meet peak demand with an appropriate margin of comfort, and provide also for more efficient rotation of machinery for maintenance.

During 2011, further work will be done on the conversion to heavy fuel oil at the Canefield Power and work will commence later this year on the 69 KV transmission line linking Vreed-en-Hoop and Edinburgh substations. Additionally, works will also see the installation of two 500kVA generating sets at Leguan and one 500kVA in Wakenaam during the second half of this year. GPL will also seek to further reduce technical and non-technical losses to 30.7 per cent through various interventions including the implementation of Phase 2 of the Georgetown frequency conversion/standardisation of a further 8 MW from 50 HZ to 60 HZ.

Further, communities of Port Kaituma and Mahdia will benefit from the recently completed construction of networks and installation of generators to supply 1200 households with electricity, while allocations of \$15 million each has been made to assist in the commencement of operations of the recently established Port Kaituma and Mahdia Power and Light Inc. respectively, to ensure the sustainability of these interventions.

In addition, an amount of US\$42 million is earmarked under GRIF, through the LCDS, for the hinterland electrification programme which will see the distribution of 11,000 solar panels to homes and other critical installations in the hinterland.

Investments in our People

Education

There is no investment more important than in our people and, particularly, in the education of our young people. Our Government's aim is to implement effective programmes to improve access to and quality of education, with a strong emphasis on equipping the labour force with the skills needed in the domestic economy of tomorrow. The vision has been articulated and guided by a series of plans in the education sector, the current one being the National Education Strategic Plan 2008-2013, towards which Government expended a sum of \$21.8 billion over the last year.

Major initiatives undertaken by the Government in 2010 included the National School Feeding programme which cost over \$900 million and benefited more than 63,000 students, and the National School Uniform Assistance Programme which benefited over 200,000 students. Additionally, \$923 million was expended on construction works to commence the 2 new technical institutes in Regions 3 and 5, along with the procurement of furniture, tools and equipment for all institutes, while another \$129 million was expended on the Secondary Competency Certificate Programme implemented in 18 additional secondary schools. Furthermore, \$875 million has been expended on teacher education towards the operations and renovation works at the Cyril Potter College of Education, which added a total of 364 trained teachers to the education system in 2010. Additionally, the Guyana Improving Teacher Education Project commenced in October 2010 and attracted more than 400 students who are expected to graduate in 2012 achieving their Associate Degree in Education. Another \$2.4 billion was also expended in 2010 towards the maintenance, rehabilitation, extension and construction of educational facilities throughout Guyana, while 78 information

technology laboratories were completed at primary and secondary schools, with 11 more slated for completion in 2011.

This year, a total of \$24.3 billion has been allocated towards the continued successful implementation of the National Education Strategic Plan.

A major initiative being launched by the Government in 2011 lies in the harnessing of ICT to aid in the delivery of quality education. Foremost amongst the initiatives to achieve this objective is the establishment of the Educational Television Broadcasting Service. Preparatory costs of over \$147 million have already been incurred, while another \$56 million is budgeted for the operations this year which will see the transmission of educational programmes to all communities across the country, and will enable every community to access the network within the first half of this year.

Also in 2011, a major effort to upgrade teacher training capability will be undertaken through the US\$4.2 million Guyana Improving Teacher Education Project of which \$200 million is budgeted for 2011. This project will seek to improve the quality and efficiency of teacher education delivery, while building human resources and capacity for more effective teaching and learning. Further, an additional sum of \$919 million has been budgeted for teacher training towards achieving the medium term target of 70 per cent trained teachers in the system by 2013.

Furthermore, work has commenced and will continue during 2011 on the design of US\$10 million project to strengthen the School of Earth and Environmental Sciences at the University of Guyana as a permanent world-class academic and research institutional presence, geared towards mainstreaming the environment by addressing national priorities flowing from the implementation of the LCDS. Accompanying this initiative will be the establishment of a Centre of Excellence for Biodiversity Studies and Research at the University. Additionally, the University of Guyana has been allocated \$769 million towards the operations and maintenance of the Turkeyen and Tain campuses, whilst a further \$450 million has been provided for student loans.

Government's commitment to support vulnerable members of society remains strong, especially when it concerns the children of Guyana. As such, the National School Feeding programme has been allocated over \$1 billion and will continue to deliver a snack to every student in all nursery schools and grades 1 and 2 of primary schools everyday. Additionally,

in an effort to ensure that every child is afforded access to education, the National School Uniform Assistance Programme will continue to be implemented in 2011, and will see every schoolchild provided with one school uniform during the year.

Another \$1.6 billion has been budgeted for technical vocational education towards the completion of construction works at the vocational centres in Regions 3 and 5, the construction of a student dormitory at Essequibo Technical Institute, and the provision of tools, equipment, materials and furniture for technical institutes countrywide, allowing increasing numbers of students an alternative pathway.

Additionally, \$2.8 billion has been allocated for the continued maintenance, rehabilitation, extension and construction of educational facilities countrywide including the construction of Diamond Primary School, the extension of Annai Secondary, St Pius Primary, St Christopher and Albouystown Nursery Schools along with the completion of Leonora Secondary School, dormitories at Charity, Kwakwani and Sand Creek, and construction of science laboratories at a number of schools.

Health

Our Government remains committed to creating a health care system which delivers quality health services to all our citizens. To this end, Government expended \$13.4 billion in 2010 towards the implementation of the National Health Sector Strategy 2008-2012.

Over \$1.3 billion was expended for the construction, rehabilitation and maintenance of health care facilities in 2010, including \$685 million on the first phase of the new inpatient facility at the Georgetown Public Hospital Corporation (GPHC), along with the installation of two elevators at a cost of \$38 million, the construction and installation of a hydroclave system, the upgrade of the operating theatres at the Lethem and West Demerara hospitals and the completion of rehabilitation works at Mabaruma, Skeldon, Wakenaam and Leguan hospitals.

Over \$280 million was expended on training, while more than 150 new health workers entered the public health care system contributing to improved doctors and nurses' population ratio. In addition, Government has taken the extra step of providing extended home-based care as a pilot in Region 6, to vulnerable groups in the population, including the elderly, disabled, pregnant women and those suffering from chronic diseases, to deliver health care as needed.

Government is committed to reducing child and maternal mortality rates and has made good progress in this regard. Strident efforts such as the introduction and sustained implementation of the Basic Nutrition Programme, which enhanced the visitation of mothers to clinic, combined with the expanded immunisation programme assisted in improving the standard of maternal care offered. Additionally, the National Emergency Obstetric Care Assessment was completed in 52 obstetric sites and 4 neonatal hospitals, and the findings are being used to improve operations at these sites.

In 2011, \$14 billion has been allocated to the health sector with the aim of improving the quality of services provided, by continuing efforts to improve infrastructure, human resources, and the delivery of the publicly guaranteed health services package.

An amount of \$345 million has been budgeted which would provide training activities that would see an additional 250 professional nurses being trained and an additional 140 clinical and technical staff, while over 280 students in various health disciplines are currently in training across the various schools. Furthermore, health workers' capacity will continue to be developed through continuing education for nurses and midwives. In addition, the Medex and Community Health Worker curriculum will be revised and the training programmes strengthened, while the postgraduate training programme for nurses will be expanded and a new Nurses Psychiatric Programme will be introduced.

In 2011, Government also plans to ensure testing accessibility continues to reach every citizen in an effort to achieve universal coverage for HIV prevention, diagnosis, treatment and care before 2015. In addition, Directly Observed Treatment Short-Course (DOTS) will be decentralised to the regions, while the enablers programme will expand to Region 6. Additionally, further Roll Back Malaria Initiatives are planned to address preventative measures, early malaria diagnosis and effective treatment.

Over \$1 billion has been budgeted for the construction and maintenance of health sector buildings and infrastructure nationwide, including \$150 million to commence preparatory work to design a 150-bed surgical specialty hospital which will conduct specialist surgical procedures, including invasive cardiology and radiation oncology. Additionally, an inpatient ward at the Diamond Diagnostic Centre will be constructed and a new emergency ward at Fort Wellington Hospital. Furthermore, a storage bond in Diamond will be completed in 2011, while another \$235 million has been budgeted for the completion of the GPHC

inpatient facility. Additionally, facilities at Enmore Polyclinic, West Demerara Regional Hospital (WDRH), Leguan, and Oscar Joseph District Hospitals will be upgraded.

Housing

This Government is cognisant of the value of home ownership and its nexus with reducing poverty and improving standards of living. Our Government is not satisfied to only provide access to affordable housing infrastructure but has also advanced initiatives to ensure that the process of home ownership is made more efficient and accessible. Driven by this objective, the first ever International Building Exposition was held in 2010 under the appropriate theme - *Building Business and Communities*. The event stimulated the interest of and established linkages between potential and existing homeowners, the financial institutions and the construction sector. This was all aimed at reducing the processing time and providing the opportunities for exposure to a wide array of options when acquiring a home.

4.14 p.m.

Over \$9.6 billion was expended in the housing sector in 2010. Notable achievements included the allocation of 6,331 house lots as well as the distribution of 4,591 land titles, surpassing our targets of 5,500 house lots and 3,750 land titles. This represents a significant increase compared to the 2009 allocation of 4,334 house lots and distribution of 4,257 land titles. Continuing to support this achievement is the 'One Stop Shop Outreach' conducted at fourteen locations in Regions 2, 3, 4, 6, and 10 which benefited over 2,000 persons who received on the spot house lot allocations and is a fine example of bringing government services to the citizens, while the online housing application system attracted 312 local applicants and 42 overseas applicants.

Three hundred and forty seven point seven million dollars (\$343.7) was expended over the last year for the successful completion of a housing project which has realised the construction and upgrading of roads, drains and structures benefiting 4,636 lots in areas such as Cummings Lodge, Sections C & Y Sophia, Westminster, Bell West, Glasgow and Onderneeming. In an effort to provide community services in the newly established schemes, multi-purpose buildings were completed in Bell West, Cummings Lodge and Glasgow. A further \$680 million was spent on the construction of roads, drains and structures in areas such as Block 8 Mon Repos, Plantation Schoonord, Anna Catherina, Hope Estate, while water distribution networks were provided at Parfaite Harmonie, Block 8 Tuschen, Block

X/Y Diamond and Amelia's Ward, and electricity was supplied at Onderneeming, Plantation Schoonord, Section D Non Pariel and Hope Estate, benefiting over 40, 000 residents.

Under the Second Low-Income Settlement Programme, road and water distribution networks have commenced in established housing areas such as Tuschen, Section EE Non Pariel, Ordnance Fortlands, No. 76 Village and Belle West as well as at squatter sites including Section D, Sophia, Binkey Alley, Lusignan, and Block 5 and Area R Ankerville.

In 2011, a further \$3.6 billion is allocated to the housing sector to facilitate the development of housing schemes which is expected to result in the allocation of 7,500 house lots and the processing and distribution of 4,000 land titles. The One Stop Shop Outreach initiative will be expanded to include Region 7 and aims at making the allocation process even more efficient. Of the total allocation to the housing sector, \$700 million will be spent on improving the road network and water distribution systems in areas such as Plantation Zeelugt, Leonora, Mahdia and from Providence to Eccles which will benefit approximately 1,500 households.

Also, under the Second Low Income Settlement Programme, 148 core homes are expected to be completed, 98 in the coastal regions and 50 under the Hinterland Housing Pilot Programme. In addition, the development of 7,446 new house lots in areas such as 5 Miles in Bartica, Amelia's Ward and Belle West is targeted this year. Furthermore, reconstruction and upgrading works on existing roads in established housing schemes under the Community Roads Improvement Project will also commence. In addition, \$100 million is allocated to see the commencement of a US\$10 million East Bank Development Housing Development Project which aims at constructing main access roads to new housing sites benefiting over 3, 000 residents.

Water

The water sector continues to make significant strides as the Government moves ahead in providing access to potable water for every citizen. This is the third year of implementation of the water company's Turnaround Plan which saw reduction in non-revenue water due mainly to an increase in metering, service connection upgrades and increasing the number of customers that were paying for actual consumption, thereby aiding conservation of our limited resource.

In 2010, \$3.4 billion was expended in the sector. This is attributed to the completion of water treatment plants at Vergenoegen, Cotton Tree, Central Ruimveldt, Sophia and Corriverton, amongst other locations, benefiting over 100,000 persons with improved water quality. Notable achievements also included the expansion and improvement of water distribution networks at coastal locations and Linden. In addition, 15,000 service connections were upgraded and in excess of 5,000 water metres were installed. The Hinterland Water Treatment Programme has seen the successful installation of 7 solar photovoltaic systems, construction of three elevated storage tanks and completion of 23 shallow wells in Regions 1, 2, 3, 5, 7, 8, 9 and 10, benefiting 30,000 residents.

GWI also fulfilled its promise to launch the National Water Conservation Education Campaign. One of the major activities included the H2O Kids 'N' Action Campaign where 21 schools and over 1,500 students benefited from educational activities. This programme will continue this year where 35 schools and over 2,500 students are expected to benefit.

In 2011, \$1.5 billion has been allocated to the water sector to achieve its objective of ensuring improved water supply. This will facilitate transmission and distribution main extension, treatment plant rehabilitation/upgrade and borehole construction activities benefiting over 100,000 residents.

Under the Coastal Water Supply Programme, \$850 million is allocated for improving water distribution in areas such as Hope, Calcutta, Lochaber, Anna Catherina, Diamond, De Hoop and Bartica. In Linden, \$75 million is budgeted to focus on improving the reliability, functionality and integrity of the transmission and distribution systems at Amelia's Ward and Wisroc from which over 7,000 residents will benefit. Another \$103 million is budgeted for provision of water to hinterland communities such as Sand Hills, Wiruni, Kalkuni, Kariabo, Kwabanna and Mahdia where over 5,000 residents will benefit.

Sanitation

In 2010, GWI completed its mandate of updating its Sewage Master Plan for Georgetown and Linden which is complemented by the recently completed computerised model of the existing system, thereby enhancing the effective management of that system. This year will see an allocation of \$180 million to commence implementation of the US\$10 million Georgetown Sanitation Improvement Programme. The focus of this project will be to improve the operational performance of the Georgetown sewage system through the reconstruction of its

most critical components, thereby improving the sewage system service for 52,000 residents in Georgetown.

The management of solid waste in the city has posed severe challenges in terms of disposal. In this regard, the Mandela dumpsite will continue to receive solid waste until February, 2011, after which it will be completely closed in accordance with the Environmental Protection Agency regulations. Work on the access road to Haags Bosch has already been completed whilst work on the landfill site is now expected to be completed and operations commenced using a 6.5 hectare cell during the first quarter of this year. A sum of \$800 million has been allocated to facilitate the advancing of further works on the construction of this sanitary landfill. This will greatly enhance the city's ability to cope with solid waste management and bring much needed relief to residents.

Vulnerable Groups and Other Targeted Interventions

Children

The legislative landscape governing our children continues to be transformed with legislations such as the Childcare and Development Services Bill and the Custody, Contact, Guardianship and Maintenance Bill currently under discussion before Special Select Committees of this Hon. House, and complementing the wide range of children related legislation already passed by this Hon. House during the current session. Further, the Childcare and Protection Agency has continued to execute its mandate of responding to reported child abuse cases, resulting in 360 children being moved from abusive situations and placed in safe environments. Another 108 children were reintegrated into their families. The National Foster Care Programme became fully operational and has seen the permanent placement of 69 children into foster homes. In addition, child protection officers are now being trained in foster care, case management, specialised counselling and other areas in an effort to improve their competence and quality of service.

During 2011, the Government will continue to extend the protections it gives to its children through the passing of two additional pieces of legislation, currently before Special Select Committees, governing child care. In addition, the Foster Care Programme is expected to expand with more children being placed in stable family homes while the recently constructed Sophia Care Centre for Children is expected to become fully operational in the first quarter of this year.

Youth

Government continues to empower young people by educating and equipping them with the required skills and knowledge to secure their future livelihoods. In 2010, over 2,000 out of school youths were trained on the National Training Project for Youth Empowerment (NTPYE) programme while a further 570 young people were trained through the Youth Entrepreneurial Skills Training (YEST) programme. In addition, 219 young people were trained in various disciplines such as basic air conditioning, electrical and fuel systems management and garment construction under the Board of Industrial Training (BIT). Further, \$34.4 million was expended to expand and equip facilities at youth training centres such as Kuru Kururu, Smythfield, Sophia and the New Opportunity Corps (NOC), rehabilitate the Smythfield Drop-in Centre and to improve facilities at the Madewini Youth Camp site, Kuru Kuru, Smythfield, Sophia and New Opportunity Corps.

In 2011, 261 young people are targeted to be trained under BIT and another 700 people under the YEST programme. Additionally, \$120 million has been allocated to the National Sports Commission to facilitate the expansion of sporting activities in schools while an amount of \$200 million has been allocated for the upgrade of several sports grounds countrywide. In addition, work will commence on the upgrade of the national cycling track and construction will commence on the athletic track in Leonora.

Women and Single Parents

Our vulnerable women have been able to benefit from several initiatives in 2010. As indicated earlier, the Women of Worth (WOW) programme, launched in June of last year, resulted in over 500 women benefiting from approval of loans ranging from \$100, 000 to \$250, 000. Training programmes under the Guyana Women's Leadership Institute (GWLI) benefited 150 women in 2010. In addition, it is important to note that the majority of single parents who benefit from the training and start-up grant funding for graduates under the Single Parent Programme are women. Last year, 333 single mothers from Regions 2, 3, 4, 5, 6 and 10 graduated in areas such as cosmetology, computer repairs and electrical installation.

In 2011, under the WOW programme, as indicated already, a further 1,720 applicants are expected to be processed. In addition, intensive outreach will be done in hinterland regions to ensure that women across the country are able to take advantage of these opportunities.

Further, another \$25 million is allocated to continue the single parent programme which will expand to Region 7 and will target 400 persons.

The Elderly

Rehabilitation works to the physical infrastructure of the Palms Geriatric Institution is ongoing, while the newly constructed recreational facility is operational with a reading room, exercise room and canteen services, all intending to improve the quality of life of the residents. In addition, financial support in the form of monthly old age pensions benefited over 42,000 pensioners and subsidised water payments were afforded to qualified pensioners to the tune of \$3.6 billion. In 2011, efforts will be placed on providing more opportunities for improving the physical and social well being of our elderly in social services and health care in addition to the continued financial support in the form of old age pensions and water payment subsidies.

The Homeless

The construction of the 300-bed residential centre for rehabilitation and reintegration at Onverwagt has commenced and is expected to be completed later this year, while the Night Shelter has expanded its capacity by 60 persons to cater now for 250 persons, providing them with meals, medical assistance and, more importantly, accommodation on a 24-hour basis.

Indigenous Communities

Our Amerindian brothers and sisters have continued to benefit from the security of land tenure through Government's ongoing land titling programme. In 2010, 11 villages had land titles issued. Under the Amerindian Development Fund (ADF), \$197.9 million was provided for projects and programmes arising from community development plans. The Secure Livelihood Programme expended \$31.7 million which benefited over 150 farmers who are now engaged in various aspects of crop production, aquaculture and apiculture.

Access to secondary, tertiary and technical vocational education for hinterland students continues to be addressed through several initiatives, including the Hinterland Scholarship programme which awarded 71 places in 2010. In addition to allocations for expanded school dormitories and related dietary, a further \$92.1 million was spent on the construction of a student dormitory at Liliendaal with the capacity to house 120 students.

In 2011, land titles will be issued to 13 villages in Regions 1, 7, 8 9 and 10. Under the ADF, a further \$78 million is budgeted for community programmes. Under the Secure Livelihood Programme expansion is expected within Region 1 to benefit 200 farmers for which \$33.7 million has been budgeted. Another \$56 million will be expended on the construction of a poultry pen, plant nursery and operationalisation of the student dormitory at Liliendaal, amongst other infrastructure. It is expected that an increased number of hinterland scholarships will be awarded in light of the additional accommodation capacity at the new dormitory.

The recently established National Toshias' Council Secretariat will benefit from \$12.5 million for the execution of its mandate this year.

Other Vulnerable Communities

Approximately 9,000 persons received monthly support through the Public Assistance Programme which targeted cases of temporarily incapacitated individuals. Critical to the reduction in the level of the vulnerability of the disadvantaged is the establishment of mechanisms geared to support the provision of employment opportunities such as the Central Recruitment and Manpower Agency launched in November 2010 an online vacancy registration service which allows for automated registration and employment matching. This year will see the continuation of both programmes.

Enhancing Security and Justice

Public Safety and Security

The Government remains firmly committed to strengthening capabilities for taking proactive and preventive measures in addressing issues of national security and in securing its people.

In 2010, our security sector expended \$14.2 billion on institutional strengthening, capacity building, infrastructural works and equipment. The completion of the five-year strategic plans for the Guyana Police Force and the Guyana Prison Service also augurs well for the organisation and strengthening the institutional capability of our security forces. The cost of construction, rehabilitation and maintenance of police stations and outposts, fire stations, prisons, the barracks and bases of the security sector amounted to \$527.9 million. A further sum of \$580.8 million was spent on the acquisition and maintenance of vehicles, including a

mobile police station, motorcycles, trucks and buses while \$41.2 million was expended to resource community policing groups.

In 2011, greater emphasis will be given to serious crimes and activities that adversely affect the lives of every citizen and community across Guyana. The achievement of this will result from greater use of information and communications technology, improved intelligence gathering, operational capacity strengthening, training, improved investigative capability, strengthened community policing and intensified collaboration with our regional and international law enforcement agencies. A total sum of \$15.9 billion is allocated for the security sector.

To ensure the effective operational capability of our security forces, \$1.1 billion will be provided for the construction of a modern forensic laboratory, a firefighting training school, new fire stations at Mahaica and Diamond, completion of the training facility for the Guyana Police Force, remodelling of six police stations, rehabilitation and maintenance of police and fire stations, outposts, prisons, barracks and bases countrywide. In addition, over \$140 million will be expended on training our security forces to improve their response capabilities. Further, the sum of \$662.2 million is allocated for the purchase of vehicles, including trucks, pickups, fire tenders and buses, of which \$80.5 million relates to expanding the hinterland fire protection drive with the purchase of all-terrain water tenders and trailer pumps for Port Kaituma, Mahdia, Mabaruma, Kwakwani and Lethem.

Modernising Justice Administration

As part of the Government's mandate to ensure an efficient and capable judiciary, several reforms were undertaken towards this objective.

In 2010, over \$1.5 billion was spent in this sector. The continued investments in upgrading the infrastructure in the justice system resulted in the completion of the first ever Family Court at a cost of \$58.8 million while two new Magistrates' Courts were completed at Charity and Leonora at a cost of \$22.8 million.

Sentencing guidelines for judges and magistrates were developed to facilitate simplification, uniformity and predictability of sentencing matters. In addition, judges and magistrates benefited from training in judgement writing and judicial leadership and development. Further, criminal and procedural manuals were completed to aid processes and procedures of court.

For the first time in 33 years, the revision of our substantive laws for 2006 was completed while \$20 million was expended on law books to upgrade and maintain current library collections.

In 2011, a total of \$2.4 billion has been budgeted to consolidate advances made within the justice sector. The operationalising of the Family Court later this year will result in the provision of a facility where family law, including child custody cases, will be addressed in a specialised environment. A sum of \$195.4 million is allocated for the construction, rehabilitation and extension of Mibikuri, Whim, Lethem, Christianburg and the Georgetown Magistrates' Courts.

In an attempt to improve the efficiency of the judicial administrative system, an electronic document management software will be implemented in the High Court in an effort to monitor new cases being filed and is expected to be operational later this year while the operation of the digital speech recording system to reduce time taken to record evidence in the Supreme Court and the Court of Appeal will be effected later this year. In addition, judges and magistrates will continue to benefit from training, court administration and time management, and methods of dealing with domestic violence among other topics.

Foreign Relations

The Government remains committed to executing a foreign policy that continues to be based on the preservation of Guyana's sovereignty and territorial integrity. Guyana's foreign policy is geared towards enhancing the economic and social developments of the country, and in the active promotion of Guyana's national interests within the international community.

4.44 p.m.

Through the conduct of our foreign policy, the year 2010 saw further strengthening of our relations with all of our neighbours. As a result, a number of cooperation programmes will be pursued this year. Priorities for 2011 will include working with our neighbours to advance infrastructure projects in which we have common interests, especially Suriname on the bridging of the Corentyne River, and Brazil on the road from Lethem.

As I indicated earlier, we assumed the Chairmanship of UNASUR in November of last year. Guyana remains fully committed to this integration mechanism which has proved itself as a catalyst for consolidating policies in key areas such as finance, defence, social planning and

the integration of physical infrastructure. We will particularly continue to promote linkages between CARICOM and UNASUR, conscious of the immense economic benefits which these can accomplish.

Guyana's role as a proactive player in international affairs intensified in 2010 with strident advocacy in the fight against climate change. This occupied a position of priority on the national agenda as it did on the international one with the Low Carbon Development Strategy being developed as a model to be emulated. In 2011, Guyana will continue to provide intellectual leadership to the global discourse and policy debates on the subject of climate change.

Government will continue to strenuously support the efforts of the Caribbean Community to deepen the regional integration movement. We must prove the doomsayers wrong. CARICOM is as important today as it was when it was founded over three decades ago. We will learn from mistakes, as a region, and emerge even stronger and more united. We owe this not only to the founding fathers of this movement but to the people of our Region who deserve no less but to live assured of an acceptable standard of living in one Caribbean space with one Caribbean identity.

Turning to other institutional reforms and, in particular, the financial sector reform, it is evident that the strong regulatory and supervisory framework that we have established for the financial sector over the years served our financial system well through the recent regional and global crisis with the domestic financial institutions remaining relatively unaffected by external events with the exception, of course, of CLICO.

During 2010, the introduction of quarterly stress testing of the banking system and of individual banks indicated that, generally, the banking system and individual banks' shock absorptive capacities were adequate under alternative test scenarios. On-site examinations were also conducted. A number of legislative measures aimed at strengthening the financial sector and achieving greater compliance with recommended international practices were enacted in 2010. These included legislation to establish the framework to license and supervise credit bureaus and to bring the New Building Society under the supervisory authority of the Bank of Guyana, both of which this Hon. House passed during last year.

A supervision guideline on intervention policy was issued to identify areas of concern at an early stage and to intervene effectively to minimise problems and likely losses to depositors and other creditors, as well as to maintain the overall stability of the financial sector.

Further, and pursuant to the Money Transfer Agencies Licensing Act 2009 which this Hon. House passed two years ago, as its title indicates, the Central Bank in 2010 commenced the licensing and supervision of the money transfer agencies and agents operating in Guyana.

Priorities going forward will include a review of extant legislation on the insurance sector, particularly in light of the CLICO experience across the region, with the aim of identifying areas for possible strengthening along with a similar review of the arrangements to supervise credit unions with the ultimate aim being to bring the latter unions under the supervision of the Central Bank.

In addition, a guideline on related party transactions is also expected to be issued in 2011, improving the business environment. Government has made significant progress over the years in improving the legal, institutional and regulatory frameworks making it easier to do business in Guyana.

Government has continued to modernise and reform the operations of the Guyana Revenue Authority (GRA) with the tangible results of enhanced revenue collection, shorter processing time for entries and goods at customs, further alignment of business and tax administration processes, improved supervision and transparency, increased enforcement and the widening of the GRA's reach across the country. The restructuring of the GRA along structural lines has continued to result in more efficient services offered to citizens. Internal units, including the newly operationalised Debt Management Unit, have continued to be streamlined and have employed a Risk Profile Management System for the identification of key areas of concern. Improvements continue to be made under the Total Revenue Integrated Processing System (TRIPS) which has facilitated timelier, more transparent and accurate data entry, processing and analysis of revenue collection. In addition, GRA's Risk Profiling System for customs inspection reduces the number of physical inspections needed and the recently acquired container scanner are examples of initiatives expected to improve customs' performance. In 2010, the GRA also continued to expand its reach across the country through the establishment of fully integrated regional tax offices in Linden and New Amsterdam.

Looking ahead to 2011, Government will advance the implementation of the Single Window Automated Processing System (SWAPS) which will take place over the next two years. This system is expected to further reduce the cost and time incurred by businesses by simplifying, harmonising and electronically integrating the business processes of the licensing bodies that account for transactions associated with Guyana's trade. The project, upon completion, is expected to reduce the time required to process a request of import or export license from three to five working days to within one working day. Further, additional modules will be added to the TRIPS including manifests and third-party modules which will strengthen systems for detecting false declarations.

The Competition and Consumer Protection Commission commenced its operation with two cases being brought before the Commission which are under current investigation. The Commission has also embarked on a public awareness campaign with the issuing of bulletins in the print media aimed at sensitising the general public to the Competition and Fair Trading Act and its provisions. In 2011, a comprehensive review of existing legislation will be conducted with particular attention being given to mergers and acquisitions along with the building and implementation of a database. The Commission's Secretariat aims to be fully staffed, continue and intensify its training and to launch a more aggressive media campaign to raise awareness of the Commission and its functions.

During the course of this year, Government also expects to continue legislative advances in improving the business environment and several Bills are slated for presentation in 2011, including the E-Transactions Bill and a revamped Consumer Affairs Bill.

Strengthening Public Administration and Accountability

This Government is justifiably proud of its achievements in strengthening public administration and, in particular, in improving public accountability over the years. As a result of our efforts, Guyana now has modern fiscal management and accountability legislation, modern audit legislation and modern procurement legislation. We have reintroduced public tendering for procurement, Parliamentary tabling of audited public accounts and annual reports of public sector entities. We introduced a tabling of a Treasury Memorandum in response to reports by the Public Accounts Committee (PAC). We have computerized Government financial management functions thereby enabling more timely and accountable management of public money.

Going forward, the realisation of greater value for money and the management of resources within Government remain a prime focus. The efficient and effective delivery of Government services is expected to be enhanced as work continues to advance on the development of a national monitoring and evaluation framework. Continued strengthening of public financial management will see the staffing of a robust internal audit function within the Central Government to ensure improved quality of our system of internal control. Greater use of information and communication technology and increased access to information via Government websites will continue to be used to raise the level of transparency and accountability across the public sector.

Governance

In 2010, our Government implemented a number of initiatives which contributed to further enhancement of democratic governance at all levels – political, economic and administrative – with the principles of inclusivity and participatory democracy remaining deeply entrenched in our governance model. These efforts included accountability and transparency in keeping with our international treaty obligations. It should be noted that Guyana appeared before the United Nations Universal Periodic Review at its 8th and 15th sessions in May and September. There, Guyana’s model of Inclusive Governance, our Poverty Reduction Programme and our Low Carbon Development Strategy were commended. Guyana also met other international treaty reporting obligations in terms of the U.N. Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), the U.N. Convention on the Rights of the Child (ROC) and the Inter-American Convention Against Corruption.

With the appointment arising from the parliamentary consensual mechanism and the establishment of the Women and Gender Equality Commission, the Rights of the Child Commission and the Indigenous Peoples Commission with budgetary allocations offices and staffing, the Leader of the Opposition, in accordance with the Constitution, has been approached formally to provide nominations from which the chairperson of the Human Rights Commission will be appointed.

In this the Ninth Parliament, the past four years have witnessed the most dynamic period of law making with 124 Bills being enacted; the largest number for any session in the history of the Parliament of Guyana. These include new and modern legislation in every sector, now properly positioning Guyana in the 21st century. Most notable among these are the new laws in the financial, judicial and security sectors, Local Government, the child protection and

sexual offences Laws and the new Maritime Boundaries Law. Fourteen Bills were subjected to scrutiny by Parliamentary Special Select Committees and five are currently pending in such Committees. The Parliamentary system also provided an important mechanism through which Members of the Opposition posed over 300 questions to Ministers during this session, all of which were answered in accordance with the Standing Orders. The expanded committee system also continued to play a major role in building the Inclusive Governance Model and enhanced transparency and accountability. As a result of an amendment to the Constitution, a new Standing Committee to provide oversight to the security sector was established, which is the only one of its kind in the region.

In the day to day operations of Government there was no major issue, policy or programme, law or amendment to law that was not subject to discussion with various stakeholders – civil society – including the interest groups, the National Stakeholders’ Forum and Communities as well as Cabinet and individual Ministerial outreaches. Whether there were matters related to taxi services, rice farmers, sugar workers, market vendors, housing issues, the Government’s open-door policy and accessibility is unique. In terms of consultations with the Amerindian communities and their Toshias, the National Conference in October 2010 continued to strengthen the engagement of the Government with the Amerindian communities and further their integration and their involvement into the national developmental agenda.

Our credentials as a democratic nation will be on show later this year when the 2011 General and Regional Elections are conducted. This Budget increases the budgetary allocation for the Guyana Elections Commission (GECOM) by \$2 billion for the conduct of the elections. It is incumbent upon all of us that our maturity as a nation manifests itself in smoothly conducted and well executed polls later this year.

I will now address the European Union CARIFORUM Economic Partnership Agreement.

EU/CARIFORUM Economic Partnership Agreement

As is well known, CARIFORUM countries concluded negotiation of the Economic Partnership Agreement – E.P.A. as it is popularly abbreviated – in December 2007, with the European Union. However, that agreement was not formally signed by the participating states until October, 2008. Guyana’s reservations regarding the E.P.A. are well known, as a result of which our Government had insisted that the agreement must provide for a review by the

parties. This was agreed to in advance of the October 2008 signature by CARIFORUM. CARIFORUM countries are scheduled to commence their liberalisation of tariffs from January 2011, following a three-year grace period or moratorium from 2008 to 2010. In this regard, Guyana's tariff treatment of goods originated in the European Union under the E.P.A. will be as follows:

1. Products excluded from liberalisation – 17% of imports or tariff lines from the E.U. are excluded from liberalisation;
2. Products that will be fully liberalised immediately – 60% of all imports or tariff lines will be liberalized immediately from 2011; and
3. Products that will be fully liberalised during a phased out period over 5-25 years – the remaining 23% of imports will have their duties phased out over 5-25 years.

Last Friday, 14th January, I signed and caused to be published in the Official Gazette Order No. 1 of 2011 which amends the Customs Act to include the E.P.A. Schedule of Tariff Rates. By taking this step I am advised that Guyana is the first among member states of CARICOM to implement the agreed E.P.A. tariffs and to fulfil request obligations. Against that background, I will now outline our macroeconomic targets for 2011:

Real Gross Domestic Product

The economy is projected to continue to grow in 2011 by 4.6% with the none-sugar economy expected to grow by 2.8%.

Agriculture

The difficulties confronting the sugar industry are well known and have been much ventilated, including today. Government has made clear to the industry its expectations with respect to implementation of the plans and achievement of the goals set out in the Turnaround Plan. In return, the industry has given certain assurances that provide some room for confidence that the turnaround will be accomplished. As has been previously stated, the industry has no option but to ensure that the investments already made yield the returns expected of them. In 2011, reflecting the industry's expectation of a recovery to production levels previously achieved, sugar production is targeted at 298,879 tonnes, 35.3% above 2010 levels.

The rice industry is projected to increase its production even further to 379,628 tonnes which would be the highest ever level of production and, as a result, generate a 4.9% increase in value added.

The livestock industry is conservatively expected to maintain its level of output in 2011 while the other agriculture sector is projected to grow by 2%, reflecting the returns on the Agricultural Diversification Programme and, in particular, the Grow More Food Campaign.

Output in the forestry sector is expected to decline by 1.4%, especially given the absence of plywood manufacturing capabilities for at least the first half of this year.

Although the fishing sector performed well in 2010, it is only projected to grow by 0.4% in 2011, as systems are put in place to ensure the sustainability of the industry and the maintenance of fish stocks.

Industry

The mining and quarrying sector is expected to recover from 2010's performance and is targeted to achieve 2.8% growth. Bauxite is expected to recover with a 12.7% growth to 1.2 million tonnes as demand for aluminium continues to strengthen on the world market. Gold declarations are targeted to grow further by 2.9% to 317,416 ounces while diamond declaration is projected to contract by 10% as production capacity continues its migration into gold.

The manufacturing sector is targeted to grow by 7.7%, primarily reflecting increased processing activity as a result of the higher level of sugar production, along with some expansion in output in light manufacturing.

Services

As I reported in my Budget Speech last year, the rebasing of Guyana's national accounts confirm certain shifts in relative importance amongst sectors with the service sector reflecting a greater contribution to the economy's total output than before. The economy's performance in 2010 substantiated this reality and the service sectors are expected to continue to play a lead role in generating growth in the economy's overall performance in 2011.

The information and communication sector is expected to lead the way with a 5% growth fuelled by the significant investments made in the sector.

The engineering and construction industry is targeted to grow by 4.5%, a reflection of Government's policy to ensure that every Guyanese family has their own home.

The wholesale and retail sector is projected to grow by 4.4%

Distribution is expected to grow by 3.9%

Financial services, other services and rental of dwellings are projected to grow by 4%, 4% and 1%, respectively.

Monetary Policy and Inflation

Monetary policy will continue to support the expansion of private sector credit in an environment of low inflation and stable exchange rates. While global food and fuel prices are projected to increase, the domestic economy is expected to be relatively insulated from these developments as we continue to gain from the investments made to assure food security and regulate the excise on fuel to moderate pass-through. Consequently, the inflation rate is targeted at 4.4%.

Balance of Payments

The overall balance of payments is projected to achieve a surplus of US \$24.4 million compared to US \$90 million at the end of 2010. This is attributed to a projected widening of the current account to US \$385.6 million due to higher import commodity prices outweighing projected higher export prices. Meanwhile the capital account is projected to improve by US \$84.2 million to US \$410 million as the level of official disbursements is expected to significantly increase.

5.14 p.m.

Targets for the Non-financial Public Sector

Central Government operations

Current revenue is budgeted to increase by 3.9% to \$112 billion, with the Guyana Revenue Authority contributing \$104.4 billion. Customs and trade taxes are projected to collect \$10 billion, representing an 8.3% increase, primarily, attributed to higher import duty collections arising from higher import volumes after allowing for the impact of implementing the E.P.A. provisions. Internal revenue collections are targeted to increase by 1.9% to \$44.1 billion,

reflecting improved performance of the self employed category and P.A.Y.E. Value-added and excise taxes are targeted to increase by 3.9% to \$50.2 billion, primarily due to higher collections on imports and on domestic supplies due to increased external and domestic trade activities. Non-tax revenues are projected to increase by 11.2% to \$7.7 billion primarily on account of higher Bank of Guyana profits.

Total expenditure is projected at \$157.7 billion, an increase of 18.4% over the 2010 level. Of this, current expenditure is projected to grow by 10.6% to \$95.5 billion, while capital expenditure is projected to increase by 33% to \$62.1 billion. The growth in non-interest current expenditure is primarily attributed to cost of conducting general and regional elections in 2011, with the Guyana Elections Commission's recurrent allocations being increased by a total of \$2 billion to which I have already alluded. The growth in capital expenditure is mainly due to heightened activity in ongoing projects and new projects commencing execution.

The overall fiscal balance of the Central Government as a percentage of G.D.P. is expected to remain level at 3%.

Mr. Speaker the size of Budget 2011 is \$161.4 billion, 13.1% higher than last year's Budget and the largest Budget in our country's history.

Summary Operations of the Public Enterprises

Total receipts of the public enterprises are projected to increase by 13.5% to \$109.5 billion mainly on account of higher export sales of sugar, while capital expenditure is projected to increase by \$5.7 billion attributed to the purchase of additional generating capacity by Guyana Power and Light (G.P.L). The overall deficits of the public enterprises are projected at \$2.3 billion.

Operations of the non-financial public sector

The deficit of the non-financial public sector is projected to decline to \$17.3 billion or 3.5% of G.D.P. compared to 0.4% of G.D.P. in 2010.

Measures

As I have just indicated, Budget 2011 projects a reduction of the fiscal deficit, reflecting the prudent policies embraced by our Government. In addition, the Budget is fully financed

without the introduction of any new taxes. That notwithstanding, Budget 2011 makes provision for the implementation of certain other specific measures designed to benefit the vulnerable in our society, the elderly, the working people of our country and our rapidly growing private sector.

Public assistance

Public assistance is currently paid at a rate of \$4,900 per month to approximately 9,000 beneficiaries. Budget 2011 provides for public assistance to be paid, with effect from 1st February, 2011, at a rate of \$5,500 per month – a 12% increase. It is worth noting that just four years ago in 2006, when this Ninth Parliament commenced, public assistance was paid at a rate of \$2,350 per month. This latest increase, therefore, has the effect of causing the rate that is to be paid from next month to be more than double the rate that was paid in 2006.

Old age pensions

In like manner, old age pension is currently paid at a rate of \$6,600 per month to 42,000 pensioners. Budget 2011 provides for old age pension to be paid, with effect from 1st February, 2011, at a rate of \$7,500 per month, a 14% increase over the current rate and, as in the case of public assistance, more than double the rate that was paid as recently as 2006.

Personal income tax

I also wish to announce that with effect from year of income 2011, the personal income tax allowance or threshold, as it is popularly known, will be increased from the current level of \$420,000 per annum to \$480,000 per annum. As a result of this adjustment every single tax payer will benefit from higher take home pay. A taxpayer earning \$40,000 per month will now pay \$20,000 less in income taxes in a year and approximately 38,000 taxpayers will be removed from the income tax net.

Corporation tax rate

I further wish to announce that the following adjustments shall be made to the rates at which corporation tax is paid. Firstly, whereas prior to this adjustment commercial companies would pay corporation tax at the rate of 45% of chargeable profits, such companies shall, with effect from the year of income 2011, pay corporation tax at the rate of 40% of chargeable profits, except for telephone companies which shall continue to pay tax at the rate of 45%.

Secondly, whereas prior to this adjustment non-commercial companies would pay corporation tax at the rate of 35% of chargeable profits, such companies shall, with effect from the year of income 2011, pay corporation tax at the rate of 30% of chargeable profits.

This measure has the effect of reducing the rate of corporation tax for all companies, except telephone companies, by 5 percentage points from the previous rates of 45 and 34% to 40 and 30%, respectively. Consequently, companies benefitting from this measure would be in a position to retain and reinvest a significantly higher share of their profits.

Conclusion

Mr. Speaker there can be absolutely no doubt about the progress our country has made over recent years, either about the sheer breadth of what has been achieved, or about the fact that it has touched almost every one of our citizens in one way or another.

This progress is being felt and lived every day by the 15,148 persons who were allocated house lots who did not previously own their own home and the 20,629 persons who got connected to the national electricity grid for the first time during the past four years. Or, by the 27,344 persons who saw an ophthalmologist and the 542 persons who had the gift of sight returned to them with cataract surgeries at the National Ophthalmological Hospital since it opened its doors. Also, by the 4,000 passengers in the 900 vehicles that cross the Berbice River bridge every day. And by the 2,500 Guyanese young men and women who go to work in a call centre and who provide services in a high technology environment to customers at the other side of the world every day and by the 90,000 families that will start receiving their laptops later this month. Even if we sometimes take these changes for granted, we live the transformation each and every day.

However, the work is not over and much remains to be done if we are to achieve all to which we aspire for our country. This is the reason Budget 2011 speaks of tomorrow's Guyana, a Guyana where all of its citizens live in harmony, peacefully, productively and gainfully engaged, where there is no limit to what the young can achieve, where the elderly have no need that remain unmet, where the weak enjoy the protection of the strong and where enterprise and hard work are justly and generously rewarded.

This PPP/C Government believes that that Guyana of tomorrow must no longer be a distant dream. Its achievement depends on the actions we take today, and take them we must. It is for that reason that the Government has defined a vision and built a strong degree of consensus

around that vision. Sustainable use of our land and our natural resources, closer partnerships and infrastructural links with our neighbours and within our own country, affordable and clean energy, well educated work force equipped with the most current of skills, availability and productive use of cutting edge technology. These define tomorrow's Guyana and that is what Budget 2011 is about – investing in the transformation to tomorrow's Guyana, today.

Mr. Speaker each and every one of us has a contribution to make in realising this vision and were we each, diligently, to do our part, tomorrow's Guyana would surely be well on its way to being built, today.

Thank you very much. *[Applause]*

Motion proposed

Mr. Speaker: Hon. Members can find their Budget documents in the lounge.

Resolved, “That the Assembly do now adjourn to 2.00 p.m. on Monday 24th January, 2011.
[Prime Minister]

Assembly adjourned accordingly at 5.29 p.m.