



**Transforming the Economy,
Empowering People,
Building Sustainable Communities
*For the Good Life***

BUDGET 2019
26th November, 2018

COOPERATIVE REPUBLIC OF GUYANA

SESSIONAL PAPER NO. 1 OF 2018

**ELEVENTH PARLIAMENT
OF THE
COOPERATIVE REPUBLIC OF GUYANA**

**UNDER THE
CONSTITUTION
OF THE
COOPERATIVE REPUBLIC OF GUYANA**

FIRST SESSION 2018

BUDGET SPEECH

Honourable Winston D. Jordan, M.P.

Minister of Finance

November 26, 2018

TABLE OF CONTENTS

1.	Introduction	1
2.	Economic Developments in the World Economy	5
3.	Developments in the Domestic Economy in 2018	8
	A. Real Gross Domestic Product	8
	B. Sectoral Performance	8
	a. Agriculture, Fishing and Forestry	8
	b. Extractive Industries	10
	c. Manufacturing	10
	d. Construction	11
	e. Services	11
	C. Balance of Payments	11
	D. Monetary Developments	13
	E. Prices and Income	14
	a. Inflation	14
	b. Interest Rates	14
	c. Exchange Rates	14
	d. Income	15
	F. Fiscal Position	16
	a. Non-Financial Public Sector	16
	b. Central Government	16
	c. Public Enterprises	17
	G. Public Debt Management	17

4.	Agenda 2019: Transforming the Economy, Empowering People, Building Sustainable Communities for the Good Life	19
A.	Introduction	19
B.	Macroeconomic Stability	20
C.	Green State Development	21
D.	Better Governance	24
	a. Constitutional Reform and Commitments	24
	b. Local Government Systems	25
	c. Judicial Reform and Strengthening	27
	d. Anti-Money Laundering and Countering Financing of Terrorism	28
	e. Social Cohesion	29
E.	Public Financial Management and Institutional Strengthening	29
	a. Revenue Management	30
	i. Tax Administration and Reform	30
	ii. Managing Petroleum Revenue	32
	b. Public Investment Management	33
	c. Debt Management	34
	d. Public Procurement	34
	e. Results-Based Budgeting	35
	f. Government Accounting and Treasury Management	36
	g. Data for Decision Making	37
	h. Financial Sector Reform	37
	i. Promoting Financial Sector Stability	37
	ii. Expanding and Deepening Access to Financial Services	39
F.	Business and Investment	40
G.	Our Natural Heritage	42
H.	Emerging and Transformative Sectors	43
	a. Knowledge-Driven Government and Industries	43
	b. Managing the Extractive Sector	45

	c.	Destination Guyana	48	
	d.	Infrastructure for Integration	50	
	e.	Energy	56	
	f.	Building Sustainable Communities	58	
		i.	Water	58
		ii.	Sanitation	59
		iii.	Housing	59
	g.	Production Transformation and Agricultural Diversification	61	
I.		National Security	65	
	a.	Territorial Integrity and Economic Diplomacy	65	
	b.	Public Safety and Rebuilding Public Trust	66	
J.		Harnessing Our Human Capital	68	
	a.	Education, the Bridge to Our Future	68	
	b.	Moulding a Healthy Nation	71	
	c.	Our Youth, Our Future	73	
	d.	Child-Focussed Interventions	74	
	e.	Supporting our Elderly	76	
	f.	Persons with Disabilities	77	
	g.	Culture and Arts	78	
K.		Hinterland Development	79	
5.		Targets for 2019	82	
	A.	Real Gross Domestic Product	82	
		a.	Agriculture, Fishing and Forestry	82
		b.	Extractive Industries	83
		c.	Manufacturing	83
		d.	Construction	83
		e.	Services	83
	B.	Monetary Policy and Inflation	84	
	C.	Balance of Payments	84	
	D.	Targets for the Non-Financial Public Sector	84	

	a.	Central Government	84
	b.	Summary of Operations of the Public Enterprises	85
6.		Measures	86
	A.	Measures in Support of our Green Agenda	86
	B.	Measures to Increase Workers' Income	87
	C.	Exemptions for Public Officers/Public Officials	87
	D.	Exemptions for Remigrants	88
	E.	Measures in Support of the Elderly and those in Difficult Circumstances	88
	F.	Measures in Support of Persons Living with Disabilities	89
	G.	Measures in Support of the Private Sector	89
	a.	Final Tax – Gold and Diamond Miners Withholding Tax	89
	b.	Small Businesses	90
	c.	Non-Commercial Companies	90
	d.	Property Tax – Individual and Companies	90
	e.	Capital Gains Tax	91
	f.	Wear and Tear Allowance for Service and Warehouse Buildings	92
	g.	Export Allowance	92
	h.	Exemption from Customs Duty, Excise Tax and VAT	93
	i.	VAT Credits for Electricity and Water	94
	j.	Remission of VAT	94
	H.	Tourism	95
	I.	Passports	95
	J.	Refunds of Revenue	96
	K.	Miscellaneous Measures	96
7.		Conclusion	98

Appendices

I.	Selected Socio-Economic Indicators	100
II.	Gross Domestic Product at 2006 Prices by Industrial Origin	101
III.	Central Government Financial Operation	102
IV.	Urban Consumer Price Index-New Series (Georgetown)	103
V.	Balance of Payments Analytic Summary	104
VI.	Actual and Projected Total Public Debt Stock	105
VII.	Tax Remissions by Category	106

LIST OF ABBREVIATIONS

AML/CFT	Anti-Money Laundering and Countering the Financing of Terrorism
ASYCUDA	Automated System for Customs Data
BPD	Barrels Per Day
CARICOM	Caribbean Community
EMS	Emergency Medical Service
FAM	Familiarisation
FIU	Financial Intelligence Unit
GDP	Gross Domestic Product
GECOM	Guyana Elections Commission
GO-Invest	Guyana Office for Investment
GPF	Guyana Police Force
GPL	Guyana Power and Light Inc.
GRA	Guyana Revenue Authority
GRDB	Guyana Rice Development Board
GSDS	Green State Development Strategy
GTA	Guyana Tourism Authority
GuyOil	Guyana Oil Company Limited
GuySuCo	Guyana Sugar Corporation Incorporated
HEYS	Hinterland Employment and Youth Scheme
ICT	Information and Communication Technology
IDB	Inter-American Development Bank
IMF	International Monetary Fund
LDFI	Licensed Deposit-Taking Financial Institutions
LDO	Local Democratic Organisation
LTE	Long-Term Evolution
LTU	Large Taxpayers Unit
MCH	Maternal and Child Health
M&E	Monitoring and Evaluation

NCDs	Non-Communicable Diseases
NDC	Neighbourhood Democratic Council
NIS	National Insurance Scheme
NPS	National Payments System
PAMD	Plans of Action for Municipal Development
PARD	Plans of Action for Regional Development
PDVSA	Petróleos de Venezuela, S.A.
P3	Public-Private Partnership
PFM	Public Financial Management
PPCN	Project Profile Concept Note
PSIP	Public Sector Investment Programme
PV	Photovoltaic
RBM	Results-Based Management
RDC	Regional Democratic Council
SDGs	Sustainable Development Goals
STEAM	Science, Technology, Engineering, Arts and Mathematics
TRIPS	Total Revenue Integrated Processing System
VAT	Value-Added Tax
WEO	World Economic Outlook
UK	United Kingdom
US	United States

1.

Introduction

1.1 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 2019, and in doing so, I wish to indicate that Cabinet has recommended that the National Assembly proceed upon this motion, pursuant to Article 171 Paragraph 2 of the Constitution of the Co-operative Republic of Guyana.

1.2 Mr. Speaker, it is my distinct honour to be able to deliver Budget 2019, the fifth and penultimate budget of this Administration's first term in Government. Today presents us with yet another opportunity to highlight our successes and achievements as a Government – a Government that is dedicated to the overall improvement in the quality of life of our people, as represented by a budget that guarantees equality and inclusivity in resource allocation for all Guyanese. Also, Mr. Speaker, this budget is the third to be presented to this House before the start of the Financial Year. The benefits of these early presentations have been evident in the ability of managers to execute their projects and programmes over the twelve month planning horizon, instead of the truncated year that had become the norm in the not too distant past.

1.3 Mr. Speaker, Year 2019 holds special significance for us from at least three standpoints. First, it is the year preceding the year of observance of the Golden Jubilee of the Republic. As such, preparations will begin during 2019 to ensure that this auspicious occasion is celebrated fittingly, in February 2020, when we would get another opportunity to reflect on our journey as a nation, our achievements, our hopes and our aspirations.

1.4 Second, Mr. Speaker, Year 2019 is the year preceding the year when General and Regional Elections are constitutionally due. In recognition of this, the budget of the Guyana Elections Commission (GECOM) has been almost doubled from its 2018 allocation. This is to facilitate early preparations and to ensure the smooth conduct of these most important elections. From what has been widely considered to be well-

executed Local Government Elections, I am in no doubt that GECOM will be approaching the task with due diligence and commitment.

1.5 Third, Mr. Speaker, Year 2019 is the year preceding the year of first oil, currently projected to be in the first quarter of 2020. It is well known that our country is endowed with an abundance of natural resources, with an extensive tropical forest cover of more than 87 percent of Guyana's territory. In spite of these significant assets, economic growth has been highly volatile, low and uneven over the past decades, with geopolitical events, natural and man-made disasters, and global commodity price swings being amongst the contributory factors. In addition, given the economy's reliance on primary commodities, there has been little opportunity for diversification.

1.6 Mr. Speaker, discovery of very significant oil reserves has put Guyana at a critical point in its history, providing us with the opportunity to shift our development path, modernise our economy and transform the lives of our citizens. We are poised for rapid economic expansion, and our Government is committed to pursuing economic and social policies conducive to equitable, sustainable and environmentally-friendly growth.

1.7 We have embarked on a number of initiatives to ensure that we do not squander these resources. Already we have completed a Green Paper on the management of the revenues from petroleum and, just one week ago, a Natural Resource Fund Bill was introduced in this House to assure equitable distribution of national wealth across generations, among other objectives. Mr. Speaker, these new resources provide a momentous occasion for us to turn potential to prosperity. We intend to take advantage of this and will ramp up spending on infrastructure such as roads, bridges, airstrips, energy and telecommunications, in order to improve and induce domestic and foreign investment, which is critical to our growth and development prospects. Increased expenditure on education and healthcare is also projected, so as to ensure qualitative and quantitative enhancement of our human capital – our country's most valuable asset. Further, through appropriate policy measures, we will ensure that the appreciable economic growth that is expected, is felt at all levels, especially among disadvantaged, vulnerable and underprivileged groups and communities.

1.8 Mr. Speaker, in order to capture the full benefit of our new-found wealth, we must chart a course of development that is diversified, inclusive and sustainable. This is why we have embarked on the development of the Green State Development Strategy (GSDS), a comprehensive document of strategic actions, policies, projects and programmes to guide our development trajectory over the next 20 years. The objective is broader than Guyana's past development strategies and captures a more holistic view of social, economic and environmental well-being, which is in line with the United Nation's Sustainable Development Goals (SDGs). In particular, the Strategy aims to foster sustained economic growth that is low-carbon and climate-resilient, as well as promote social cohesion, good governance and careful management of our finite natural resources.

1.9 Mr. Speaker, on the basis of these principles, Budget 2019 has been crafted under the theme, *Transforming the Economy, Empowering People, Building Sustainable Communities for the Good Life*. It signifies a strategic shift in the trajectory of our development, as we seek to responsibly use the resources from petroleum to shape our future through investing for growth and creating new industries and jobs. Budget 2019 prioritises institutional strengthening across sectors, including strengthening public investment management; expanding opportunities for businesses to grow and flourish; and supporting Government's green economy initiatives while aiming to support the development of the non-oil sector. Diversification is the core of what is required to accomplish these goals and, is even more important in the face of oil, especially to ensure that the non-oil sector flourishes and thrives, such that when Guyana's petroleum reserves are depleted, the country can stand strong on a foundation that is diversified and resilient. Budget 2019 also zeroes in on the human side of development, with substantial resources dedicated to uplifting health and education, pure water supply and sanitation, driving the decent housing agenda, green energy, improving the drainage and transport networks and youth development, among other areas. All of this will be done in the context of improved macroeconomic fundamentals and sound public finances.

1.10 Mr. Speaker, the shaping of this budget benefitted from inputs derived from an expanded pool of private sector bodies, non-governmental organisations, civic groups and ordinary citizens. This year, the Minister of Finance undertook several visits to manufacturing and other firms, to get a first-hand look at their operations and to glean a better understanding and appreciation of their challenges and difficulties. This budget benefitted from those interactions and the many suggestions proffered for increasing production, boosting exports and improving the business and investment climate.

2. Economic Developments in the World Economy

2.1 Mr. Speaker, the pace of expansion in the global economy is expected to remain steady in 2018, with the International Monetary Fund's (IMF) World Economic Outlook (WEO) projecting the global growth rate to be 3.7 percent. The forecast for growth in the advanced economies is 2.4 percent, in 2018, slightly higher than the 2.3 percent achieved in 2017. The United States (US) economy is expected to grow by 2.9 percent in 2018, 0.7 percentage points above 2017, and is anticipated to be supported by the pro-cyclical fiscal stimulus, which is expected to continue supporting private sector activity. In contrast, economic activity in the euro area, United Kingdom (UK) and Japan is projected to be less robust, likely the result of weaker-than-expected export growth, Brexit-related pressures, and high capacity utilisation that restrained further growth in supply.

2.2 Mr. Speaker, in 2018, emerging and developing economies are projected to grow by 4.7 percent, or about the same level in 2017. While some economies, such as India, Brazil and Russia are projected to grow at a faster rate, others, like China, are expecting slower growth. In China, growth is expected to slow from 6.9 percent in 2017, to 6.6 percent, in 2018, due to weaker external demand and tightening of financial regulations. The Indian economy is projected to accelerate by 7.3 percent, supported by increased investment and robust private consumption.

2.3 Mr. Speaker, growth in the Latin American and Caribbean region is expected to slow marginally to 1.2 percent in 2018, from 1.3 percent, in 2017, weighed down by escalating trade tensions, tighter financial conditions and volatile commodity markets. At the sub-regional level, South America is projected to grow by 0.6 percent, slightly slower than last year. In contrast, tourism-dependent and commodity exporting economies in the Caribbean (excluding Guyana) are expected to grow by 1.4 percent. Expansion in the Caribbean region is expected to be led by an expanding tourism sector that is fuelled by stronger US and global growth. In addition, within the Caribbean Community (CARICOM), Trinidad and Tobago, Jamaica and Suriname are projected to grow by 1.0 percent, 1.2 percent and 2.0 percent, respectively, which would be

supported by higher commodity prices. On the other hand, the Barbados economy is expected to contract by 0.5 percent.

2.4 Mr. Speaker, Guyana must remain mindful of potential volatility in international commodity prices, given our reliance and continued vulnerability to prices of key commodities, including oil. Since the fourth quarter of 2017, commodity prices, by and large, were higher, before declining in the second and third quarters of 2018, due to a number of geopolitical and macroeconomic events. In 2018, the prices of agricultural and several metal and mineral products have declined; however, prices are projected to be higher, on average, in 2018, when compared with 2017. This is expected to carry over into 2019, where agricultural prices are projected to increase by approximately 2.0 percent, while metal prices are projected to hold steady.

2.5 Mr. Speaker, the world market price of sugar is expected to increase marginally to US\$0.27 per kilogramme and US\$0.28 per kilogramme at the end of 2018, and in 2019, respectively. The international price of rice (Thai 5%) is anticipated to rise to US\$420 per metric tonne at the end of 2018, and to US\$422 per metric tonne, in 2019. However, global rice production is projected to decline towards the end of 2018, and into 2019. The world market price for timber is expected to increase from its 2018 third quarter level of US\$267 per cubic metre by 1.1 percent, at the end of 2018 and, 3.0 percent in 2019. The increased prices of sugar, rice and timber will be a fillip to local producers.

2.6 The international price of gold is expected to average US\$1,259 per troy ounce for 2018, and decline, in 2019, to \$1,245 per troy ounce. However, aluminium prices are projected to rise, marginally, to US\$2,129 per metric tonne, in 2019, from the average price of US\$2,122, for 2018. The average price of Brent crude oil is projected at US\$72 per barrel and US\$74 per barrel in 2018 and 2019, respectively, largely as a result of production losses in Venezuela, and the pending re-imposition of sanctions on Iran by the United States. While our bauxite industry will reap the benefits of improved prices, the increased price of oil will inflate our import bill and the reduction in the gold price will diminish our export earnings.

2.7 Mr. Speaker, Guyana remains exposed to risks of climate change, volatile commodity prices, and possible negative regional and international spill-overs. The growth in the average global temperature is nearing 1 degree Celsius while the trend in sea level rise is approximately 3 millimetres per year. International spill-overs include migration flows from Venezuela, tighter monetary policy and tax reform in the US, heightened protectionist trends, and international trade tensions. As such, we must continue working to build a more robust and diversified economy; achieve financial resilience; and foster inclusive growth.

2.8 Against this backdrop, I will now address the performance of the domestic economy during 2018.

3. Developments in the Domestic Economy in 2018

A. Real Gross Domestic Product

3.1 Mr. Speaker, the target for real growth in the economy for 2018 was 3.8 percent. At the end of the first quarter, the outlook for the year was revised to 3.4 percent, given the lower-than-expected performance in gold and sugar. However, by the end of the first half of the year, economic activity had picked up in several other sectors, resulting in robust half-year growth of 4.5 percent, and an upward revision of the projected annual growth rate of 3.7 percent, for 2018. I wish to report that the latest projection for real growth in the Gross Domestic Product (GDP), for 2018, is **3.4** percent, a significant improvement on the 2.1 percent recorded in 2017.

B. Sectoral Performance

a. Agriculture, Fishing and Forestry

3.2 Mr. Speaker, in spite of the severe contraction of 25.2 percent in sugar production, the Agriculture, Fishing and Forestry sector is projected to grow by 1.1 percent, in 2018, better than the 0.4 percent growth recorded in 2017. Solid performances are expected to be recorded for livestock, other crops, forestry and rice.

3.3 Mr. Speaker, with the Guyana Sugar Corporation (GuySuCo) now charged with managing the operations of three estates, the viability of our sugar industry has been given a new opportunity with restructured cost profiles. The ongoing recapitalisation of the Albion, Blairmont and Uitvlugt Estates, as part of the Sugar Task Force three-year plan for GuySuCo, is anticipated to result in production in future years rising from a low of 98,000 tonnes by the end of 2018, to nearly 145,000 tonnes by 2021.

3.4 Mr. Speaker, while the sugar industry endeavours to come to terms with the reality of operating in the 21st century, the rice industry continues to make commendable strides. The introduction by the Guyana Rice Development Board

(GRDB) of a new and higher yielding variety – GRDB 15 – in time for the second crop of 2018, as well as improved practices and domestic prices is expected to result in growth of 0.2 percent in total production for the year.

3.5 Mr. Speaker, our country, like many others in the CARICOM region, still grapples with a high food import bill, despite an abundance of fertile soils and water. Farmers have increased their production of traditional and other non-traditional crops, which has resulted in the volume of exports of fruits and vegetables expanding by 5.9 percent at the end of the third quarter, when compared with the same period, in 2017. Growth in the other crops sector is expected to continue to rise in the last quarter, and annual growth for 2018 is projected to reach 5.0 percent.

3.6 Mr. Speaker, the livestock sector has rebounded this year, with production as at the end of June growing by 29.1 percent, when compared with the same period, in 2017. The absence of chicken shortages, thereby negating the need to issue import licenses thus far, in 2018, testifies to Guyana being on the right path to self-sufficiency in chicken production. Higher beef, pork and mutton production, as a result of better breeds and enhanced practices, also contributed to growth in this sector at mid-year, and are likely to lead to similar gains in the second half of the year. As such, the livestock sector is forecasted to grow by 21.1 percent this year.

3.7 Mr. Speaker, the fishing industry saw mixed results at the half year. In spite of the contraction in output of shrimp, tuna and aquaculture, an expansion in total finfish production resulted in growth in this sector of 5.6 percent at the end of June. An increase in the number of artisanal vessels will see finfish production reaching higher levels in 2018, when compared with the previous year. This performance, however, is expected to be overshadowed by declines in production in the other categories of fish. Overall, it is anticipated that this sector will contract by 1.9 percent, in 2018.

3.8 Mr. Speaker, growth in the forestry sector is projected to be a disappointing 0.2 percent, following a promising performance up to September. Poor weather conditions affecting the transport network and delayed road maintenance served to constrain

further growth of this sector. In 2017, the forestry sector expanded for the first time since this Administration took office and revoked some of the lopsided agreements that allowed for the wanton destruction of our pristine forests. This growth was extended, into 2018, supported by a number of interventions, including Budget 2018 measures and the continued partnership with the private sector. Thus, by end-September, production was 19.3 percent higher than the same period, in 2017.

b. Extractive Industries

3.9 Mr. Speaker, the mining and quarrying sector is projected to contract by 2.3 percent, in 2018, despite remarkable growth expectations for the bauxite and other mining sub-sectors.

3.10 Mr. Speaker, the expected expansion in the mining sector is anticipated to be curtailed, in 2018, by a decline in gold declarations by small and medium scale miners, who accounted for over 64 percent of all declarations, in 2017. As a result, gold declaration will contract by 13.1 percent, in 2018, despite an expected expansion in the declarations of large scale miners by 4.3 percent.

3.11 Mr. Speaker, the bauxite industry is projected to grow by 26.3 percent, in 2018. However, uncertainty still surrounds the fate of Rusal's operations in Guyana, with the US extending the sanctions deadline to December 2018. Other mining is also expected to expand in 2018, by 46.6 percent, driven by growth in the declaration of diamonds, sand and stone, with the increase in the latter two due to an expansion in construction.

c. Manufacturing

3.12 Mr. Speaker, the manufacturing sector is expected to grow by 0.9 percent, in 2018, driven by a 5.2 percent increase in manufacturing activities outside of rice and sugar. This outturn is attributable to expected increases in the output of food items, beverages, building materials, and pharmaceuticals, among others.

d. Construction

3.13 Mr. Speaker, over the last few years our country's skyline has evolved considerably. This is evident by the many developments across the breadth of Guyana. This year, we expect to continue to see remarkable growth in the construction sector, driven by both public and private sector investments. By the end of 2018, this sector is projected to grow by 12 percent.

e. Services

3.14 Mr. Speaker, for yet another year, our services sector is set to expand, this time by 4.1 percent. The 6.2 percent growth in wholesale and retail trade, by the end of 2018, would be indicative of continued positive consumer sentiment. Additionally, other service activities are anticipated to increase by 15.0 percent, spurred by increased visitor arrivals that are linked to events such as national celebrations, sports, conferences, expositions and petroleum activities. The latter is also expected to be partly responsible for projected growth of 7.5 percent in rental of dwellings.

C. Balance of Payments

3.15 Mr. Speaker, the deficit on the overall balance of payments is projected to widen to US\$180.7 million at the end of 2018, from a deficit of US\$69.5 million at the end of 2017. The current account is expected to deteriorate to a deficit of US\$463.8 million in 2018, compared to a deficit of US\$297.3 million in the previous year. However, the capital account is anticipated to strengthen to a higher surplus of US\$283.0 million, from US\$228.0 million, over the same period.

3.16 Mr. Speaker, despite positive prospects for net current transfers, the current account is expected to weaken due to the worsening of the merchandise trade and services accounts. The position on the merchandise trade account, from a deficit of US\$206.6 million, in 2017, to a higher deficit of US\$299.7 million, in 2018, is anticipated to result from an increase in total payments for merchandise imports,

together with lower total earnings from merchandise exports. The latter is projected to decline by 3.1 percent to US\$1,392.1 million, largely on account of lower receipts from gold and sugar exports. The downturn in gold export earnings is anticipated to be as a result of lower declarations. Lower earnings are also expected from rice exports, which, together with gold and sugar, will not be offset by receipts from all other exports. Total import payments are forecasted to grow by 2.9 percent, to US\$1,691.8 million, in 2018, largely due to higher payments for fuel and lubricants, and capital goods. The former is expected to increase by 5.7 percent, driven by higher prices, while the latter is projected to grow by 4.3 percent. Total payments for consumption goods imported are also estimated to increase by 1.7 percent.

3.17 Mr. Speaker, the net services deficit is forecasted to expand to US\$453.4 million, in 2018, from US\$372.3 million, in 2017, due to higher deficits on both the factor and non-factor services accounts. The weakening of the factor services account by US\$33.4 million is expected to result from higher payments as compensation to employees as well as higher interest payments on loans to the public sector, while the worsening of the non-factor account by US\$47.6 million is due to higher freight payments.

3.18 Mr. Speaker, contrary to the two aforementioned components of the current account, net current transfers are expected to increase to US\$289.3 million, in 2018, from US\$281.7 million, in 2017, due to lower outflows of remittances to bank accounts abroad.

3.19 Mr. Speaker, as previously mentioned, the capital account is anticipated to further strengthen, in 2018. This will be mainly supported by net medium and long term capital to the private sector, which is expected to expand to US\$209.6 million, in 2018, from US\$159.3 million, in 2017. In addition, net capital to the non-financial public sector is expected to increase to US\$54.0 million, in 2018, from US\$43.9 million, in 2017, which is anticipated to be as a result of higher disbursement of loans.

3.20 The balance of payments deficit will be financed by a drawdown of US\$104.1 million on the net foreign assets of the Bank of Guyana, debt relief of US\$17.9 million, and debt forgiveness of US\$58.7 million.

D. Monetary Developments

3.21 Mr. Speaker, the supply of money and quasi money is expected to increase by 5.3 percent at the end of 2018. The amount of money in the economy is anticipated to grow to approximately \$386.5 billion, with all monetary aggregates projected to expand, in 2018. Moreover, the level of narrow money is likely to grow by 6.7 percent to \$167.9 billion, in 2018, reflecting an expansion in demand deposits and currency in circulation, of 12.1 percent and 8.6 percent, respectively. In contrast, cashiers' cheques and acceptances are forecasted to decline by 54.7 percent. With regard to quasi money, this aggregate is projected to increase by 4.2 percent to \$218.6 billion, mirroring growth in its two main components: time and savings deposits, of 5.2 percent and 4.0 percent, respectively.

3.22 Mr. Speaker, net domestic credit is expected to grow by 14.6 percent to \$251.2 billion, in 2018. Credit to the agriculture and services sectors is projected to grow by 12.0 percent and 6.1 percent, to \$12.7 billion and \$69.9 billion, respectively. In contrast, loans and advances to the mining and quarrying, and manufacturing sectors are projected to contract by 11.9 percent and 3.7 percent, to \$4.7 billion and \$23.6 billion, respectively. On the other hand, credit to households is anticipated to increase by 2.1 percent to \$31.1 billion, while real estate mortgage loans are projected to grow faster at 6.6 percent to \$83.1 billion, in 2018. Credit instruments such as credit cards are also anticipated to expand by 3.3 percent to \$3.2 billion. The public sector is expected to remain in a net credit position.

3.23 In 2018, total liquid assets of the commercial banks is projected to increase by 1.9 percent to \$114.0 billion; this is 50.8 percent above the minimum required amount, with treasury bills accounting for 49.3 percent of that total.

E. Prices and Income

a. Inflation

3.24 Mr. Speaker, the 12-month inflation rate is estimated to increase to **2** percent, slightly below the projected 2.4 percent.

b. Interest Rates

3.25 Mr. Speaker, the small savings rate stood at 1.04 percent as of October 2018, declining seven basis points, when compared with December 2017. Similarly, the weighted average lending rate declined by six basis points to 10.1 percent, over the same period. While the small savings rate is likely to remain stable, the weighted average lending rate is expected to decline marginally, towards to end of 2018.

3.26 In addition, at the end of October 2018, the 182-day and 364-day domestic treasury bill yields decreased to 0.96 percent and 1.14 percent, from 1.11 percent and 1.20 percent, respectively, when compared with December 2017; the 91-day domestic treasury bill yield remained stable at 1.54 percent. Domestic treasury bill yields were, on average, lower thus far, in 2018, and are expected to continue trending lower towards the end of 2018, due to more competitive bidding practices.

c. Exchange Rates

3.27 The Bank of Guyana exchange rate of the Guyana dollar to the US dollar stood at \$208.5, in October 2018, a 1 percent depreciation, when compared with January 2018. In contrast, the Guyana dollar appreciated against major currencies at commercial banks over the period. The market mid-rate of the Guyana dollar to the US dollar remained broadly unchanged at \$212.8, in October 2018, when compared with January 2018. However, the Guyana dollar strengthened against the British pound, by 2.3

percent to reach \$270.9, and the euro, by 3.6 percent to reach \$230.9, when compared with January 2018.

d. Income

3.28 Mr. Speaker, after protracted negotiations, the Government was able to ink a three year agreement, 2016-2018, with the Guyana Teachers' Union. For 2018, the Memorandum of Agreement will see teachers receiving 2 percentage points above the increases granted in 2016 (payable in January 2019), no further increases for 2017 than those previously granted, and an 8 percent across-the-board increase in salary, effective January 1, 2018. Government plans to honour the remaining measures of the agreement, in 2019.

3.29 Mr. Speaker, we remain committed to continuously improve wages and salaries of all public sector employees, while maintaining fiscal sustainability as we strive to deliver *the Good Life* to all. We have demonstrated this over the past three years and, in spite of the budgetary limitations within the current fiscal year, have announced the following increases:

- (i) 7.0 percent increase to public servants earning less than \$100,000 per month;
- (ii) 6.5 percent to those earning between \$100,000 to below \$300,000;
- (iii) 5.0 percent to those earning between \$300,000 to below \$500,000;
- (iv) 3.0 percent to those earning between \$500,000 to below \$700,000;
- (v) 2.0 percent to those earning between \$700,000 to below \$800,000;
- (vi) 1.0 percent to those earning between \$800,000 to below \$1,000,000; and
- (vii) 0.5 percent to those earning \$1,000,000 and above.

3.30 Mr. Speaker, as was the case last year, these increases are effective from January 1, 2018. In effect, the retroactive increase means someone earning \$60,000 per month will receive a lump sum of \$50,400, in December – a not insignificant supplement for the holiday season. Moreover, Mr. Speaker, the back pay for 2018 will be paid free of income tax to all public sector workers, including teachers. The Government has also raised the minimum basic salary for each public servant to \$64,200 per month.

F. Fiscal Position

a. Non-Financial Public Sector

3.31 Mr. Speaker, the deficit of the non-financial public sector is expected to improve to \$45.3 billion, or 5.7 percent of GDP for 2018, lower than the budgeted deficit of \$47.0 billion or 5.9 percent of GDP. The main contributory factor will be lower levels of capital expenditure in the public sector, which was \$8.1 billion below the budgeted amount of \$75.6 billion. This will be due largely to lower spending by public enterprises of \$7.4 billion. Increases in public sector revenue and grants by \$1.9 billion and \$1.2 billion, respectively, further contributed to the lower deficit.

b. Central Government

3.32 Total revenue is anticipated to reach \$216.9 billion, in 2018, \$15.0 billion above the budgeted \$201.9 billion and \$21.8 billion or 11.2 percent higher than collections, in 2017.

3.33 Mr. Speaker, in 2018, the Guyana Revenue Authority (GRA) was restructured to place additional focus on better serving large tax payers, strengthening the regional tax offices, as well as, compliance-related activities. These measures together with the nine month tax amnesty, which ended in September 2018 are expected to increase tax revenue collections to \$199.5 billion, \$28.3 billion over 2017. Higher collections of withholding tax, excise tax, personal income tax and value-added tax (VAT), by 36.7 percent, 21.0 percent, 19.3 percent and 14.3 percent, respectively, are projected to contribute to this improved performance. Taxes from international trade transactions, including import and export duties and travel taxes, are projected to rise to \$3.3 billion, 20.5 percent above the 2017 revenue collection.

3.34 For 2018, non-tax revenues are anticipated to reach \$17.4 billion, driven by receipts of \$4.0 billion from rent and royalties and \$3.4 billion of transfers from statutory agencies. Additionally, dividends of \$1.2 billion from public enterprises, \$3.3

billion from Bank of Guyana profits and \$300 million from the Lotto account have been received and transferred to the Consolidated Fund.

3.35 Mr. Speaker, in 2018, the GRA is anticipated to remit about \$73 billion, up from \$49.2 billion, in 2017. This upsurge is mostly associated with remissions related to investments within the petroleum, sector, as evidenced by the 74.2 percent rise in remissions to companies and businesses.

3.36 Central government expenditure, for 2018, is projected at \$261 billion, 8.7 percent above the 2017 level. Current expenditure is anticipated to reach \$201.9 billion, of which \$193.4 billion is non-interest current expenditure. The sum of \$58.9 billion will be spent on employment costs, \$52.6 billion on other goods and services and \$81.9 billion on transfers. Interest payments are projected to rise to \$8.5 billion, 6.4 percent above 2017, which is 2.1 percent below the budgeted amount for 2018. Capital expenditure is anticipated to be \$59 billion, an increase of 0.7 percent, above 2017, but 1.1 percent below the budgeted amount for 2018.

c. Public Enterprises

3.37 The performance of the public enterprises remains a cause for concern with the budgeted deficit of \$10.1 billion, worsening to a latest forecast of \$15.8 billion, for 2018 – a deterioration from the deficit of \$13.0 billion recorded for 2017. These outcomes resulted mainly from lower sugar production by GuySuCo, and higher acquisition cost of fuel by Guyana Power and Light Incorporated (GPL) and Guyana Oil Company (GuyOil), in 2018. Overall, between the budgeted and revised positions for 2018, revenue of the Public Enterprises declined by 2.8 percent, to \$120 billion, while the total non-interest expenditure grew by 8.2 percent to \$126 billion.

G. Public Debt Management

3.38 Mr. Speaker, this administration remains committed to ensuring that government's borrowing needs are met efficiently and that our debt servicing

obligations are managed in a manner consistent with Government's cost and risk parameters. This Government has not and does not intend to compromise the fiscal integrity of Guyana by contracting large debt, in light of impending oil revenues. For 2018, the ratio of total public debt-to-GDP is projected to decrease by 2.6 percentage points to **44.4** percent relative to 47.0 percent at the end of 2017.

3.39 Mr. Speaker, the total stock of public debt, which comprises external and domestic debt, is projected to grow only marginally, by about 0.8 percent, from US\$1.67 billion, in 2017, to US\$1.68 billion, at the end of 2018. At end-2018, the external debt stock is projected at US\$1.3 billion, higher by 4.6 percent or about US\$56.5 million than the previous year. Notwithstanding, the external debt-to-GDP ratio is projected to decrease from 34.9 percent, in 2017, to 34.2 percent, in 2018, reflecting improved growth performance.

3.40 External debt service is projected to increase by 27.2 percent, from US\$60.8 million, in 2017, to US\$77.4 million, in 2018, primarily due to: higher principal and interest payments to the Inter-American Development Bank (IDB), International Development Association, Caribbean Development Bank, China Exim-Bank, Venezuela (PDVSA) and Republic Bank of Trinidad and Tobago; and higher interest rates and exchange rate depreciation. In spite of this, our external debt servicing obligations remain manageable, with only some 7 cents of every dollar earned by Government going towards debt servicing.

3.41 Mr. Speaker, on the domestic side, debt stock is projected to decrease by about 10.1 percent, from US\$430.1 million, in 2017, to US\$386.8 million, in 2018, mainly as a result of the lower issuance of both 182-day and 364-day treasury bills. Additionally, domestic debt service is expected to decline by 28.7 percent, from US\$10.9 million, in 2017 to US\$7.8 million, in 2018. This decrease is anticipated to be primarily due to the lower issuance of T-bills and declining average discount rates.

4. **Agenda 2019: Transforming the Economy, Empowering People, Building Sustainable Communities for *the Good Life***

A. **Introduction**

4.1 Mr. Speaker, when one contemplates the transformation of Guyana's economy, one conjures up many images of our future. At a minimum, one thinks of every family being able to afford a healthy lifestyle, with all the basic needs of sustenance, shelter and education being met, and all this being achieved within sustainable communities, where environmental responsibility and personal safety are paramount. Together, these images combine to create a desirable collage, and that is just the beginning.

4.2 Mr. Speaker, the year 2019 heralds in a new era for our country. It is no longer one where our planning horizon is only constrained by the burden of existing and ongoing challenges of floods, droughts, subsidies to state owned enterprises that crowd-out desperately needed expenditures for critical social and infrastructure projects, dwindling concessional financing in the face of urgent and burgeoning developmental needs, growing concerns of climate change, and so on. Now, our constraints are countered with freedom of new opportunities.

4.3 Mr. Speaker, we no longer have to look out on a distant, unreachable horizon hoping for a future that may never materialise. We can, at last, reach out and touch the hope and possibilities of our nation. In realising that hope, together, we will set out to achieve a reality where every family can access quality services across every sector; where the quality of education across all our regions results in 90 percent or more of our children passing Math, English and sciences, and have the unique and relevant capacity as Guyanese to contribute to their community and society; where every citizen can access the health services they need from basic to tertiary level care without the fear of unavailable medical supplies or personnel; and where, by integrating both modern and tested traditional and complementary medicines, we can achieve universal health coverage. It is a reality where our roads and bridges, and other infrastructure will be built to ensure the safety of pedestrians, cyclists and vehicular traffic alike; where our

buildings and transport networks are maintained on a preventative basis, to avoid the constant state of disrepair that is often found in many communities.

4.4 Mr. Speaker and Honourable Members of this House, all of these hopes are all now in reachable distance, instead of being many decades away. As much as the highly-anticipated oil revenues will make many of these dreams possible, they will not be reachable if our institutions and our systems continue to operate with high degrees of inefficiency. It is the strength of our institutions and systems across every single sector that will determine the effectiveness of our programmes and service delivery to our people. While our Government will make additional resources available, this will be done with due diligence, care and regard for their value, scarcity and opportunity cost.

4.5 Mr. Speaker, it is against this background that I now set out to elaborate our Agenda for 2019, under the theme of *Transforming Our Economy, Empowering Our People, Building Sustainable Communities for the Good Life*.

B. Macroeconomic Stability

4.6 Mr. Speaker, the work of the inter-agency macro-fiscal committee continues to inform the medium-term macroeconomic projections for our economy. The forecast for 2019 continues to reflect positive growth, single digit inflation, a fiscal deficit of around 5 percent that will be underscored by increased prudence in expenditure management, greater efficiencies within revenue administration and the maintenance of a sustainable debt position.

4.7 Mr. Speaker, mindful of the need to keep reserves at the Bank of Guyana at an internationally-acceptable level, a stronger focus on developing our manufacturing sector and expanding exports will remain critical elements of our Government's development agenda, and is reflected in the measures in this budget.

4.8 Mr. Speaker, Budget 2019 is presented with the knowledge that oil revenues are expected within the current cycle of the medium-term framework. However, the

indicative years presented in the Estimates of Revenue and Expenditure for Budget 2019, do not reflect the details of expenditure and revenue projected for petroleum. Further analytical work is required. In 2019, Government will undertake critical work in rebasing the GDP. We will develop a fiscal framework, based on revenues from the production of oil, aligned to a medium-term expenditure framework that is derived from the costed Green State Development Strategy. This work will inform the medium-term projections from 2020 onwards.

4.9 Mr. Speaker, we must be cognisant of the structural change that our economy is undergoing. Instead of comparing overall growth of the economy to non-sugar growth, we will, in future, compare it to non-petroleum growth. Through this new lens, we will be able to track our progress towards achieving a more diversified economic base, that allows for stable economic growth and continued prosperity, long after our petroleum reserves have been depleted. In 2020, our real economy is preliminarily projected to grow by over 30 percent, and, as oil production ramps up, we expect further growth of over 20 percent and 10 percent in 2021 and 2022, respectively. At the same time, our non-petroleum economy is expected to experience accelerated growth, exceeding 5 percent in each of the years 2020, 2021 and 2022.

C. Green State Development

4.10 Mr. Speaker, in Budget 2018, I mentioned the elaboration of the Green State Development Strategy that would become a living example of our country's commitment to the planet, while ensuring the sustainable growth and economic well-being of every citizen. I am pleased to indicate that a draft of the Strategy has been completed.

4.11 Mr. Speaker, the *Green State Development Strategy: Vision 2040* will guide national development policies for the next 20 years. The vision for Guyana's development is one that is "inclusive and prosperous...provides a good quality of life for all its citizens, based on sound education and social protection, low carbon and resilient development, providing new economic opportunities, justice and political empowerment". The "green state" agenda is centred on improving the quality of life for

all within the principles of a green economy, that is, economic growth characterised by low emissions; efficient use of natural resources; decent jobs and rising incomes sustained over generations; and a cohesive society: one that promotes equitable access to economic opportunities, recognises the strength of its cultural diversity and demonstrates tolerance among ethnic groups.

4.12 Mr. Speaker, Guyana is blessed with abundant natural wealth, which provides excellent opportunities for economic prosperity and eradicating poverty. Indeed, the GSDS is built upon existing and prior national strategies, such as the National Development Strategy, the Poverty Reduction Strategy, the Low Carbon Development Strategy, the Social Cohesion Strategy and the Cultural Policy, among others, whose principles are still relevant today.

4.13 Mr. Speaker, the GSDS was developed from a multi-layered, nationwide stakeholder consultation process that began in 2017 and involved 1,700 participants from 200 communities across Guyana's ten regions. Seven multi-stakeholder expert groups, drawing together 130 professionals from the public and private sectors, and civil society, met frequently from January to June 2018 to determine the policy priorities of the Strategy. The Government is grateful for their diligent work and contribution to this national effort; and the concerns expressed by Guyanese from all walks of life have been considered. The Government is committed to continuing this engagement with stakeholders while implementing the Strategy.

4.14 Mr. Speaker, with the promise of significant petroleum revenues in the near future, the GSDS comes at an important stage in Guyana's development – one that can have an immediate impact on our national accounts. However, Government is aware of the risks and the need to prudently manage these resources over future generations. Sound fiscal and monetary policy is therefore critical. Through the Natural Resource Fund Act, Government will be working towards an institutional transition that guarantees that our oil wealth is transparently managed to secure a stable future and source of public revenue. We will ensure that these revenues are channelled into productive public investments without causing disruption or imbalance in Guyana's

economy: for example, by designing and implementing a medium-term expenditure framework to support long term public spending priorities.

4.15 Mr. Speaker, the Government acknowledges that economic development must not be at the expense of our environment, and vibrant and healthy communities. Resource extraction should be guided by evidence-based, sustainability guidelines in keeping with our “green state” principles. This would ensure that our natural resources are protected for future generations and that we maximise social benefits for workers and local communities.

4.16 Mr. Speaker, the Strategy will focus on modernising our traditional sectors, stimulating expansion in our high-growth sectors and developing new high value-adding sectors such as tourism, business process outsourcing and agro-processing. Together, these actions will ensure that the economy can respond to and leverage new opportunities in the global shift to sustainable development. This economic transformation will be underpinned by investments in renewable power supply and efficient roads and infrastructure that reduce the day-to-day costs that businesses face, improve connections between the coast and the hinterland, and bring Guyanese-made products to global markets in a timely and efficient manner.

4.17 Mr. Speaker, we also recognise that improving the operating environment is essential to expanding the economy and attracting private investment in new enterprises and technologies. The GSDS calls for improved monitoring of the performance of key public institutions, reviewing out-dated business regulations and establishing clearer accountability systems.

4.18 With regard to our vision for the energy sector, the GSDS prioritises the transition to renewable and cleaner energy sources, greater energy efficiency in the building sector and achieving cleaner, more efficient modes of transport, so as to lower carbon emissions and save money. To that end, Mr. Speaker, the Strategy maintains the ambition to transition to use of 100 percent renewable energy. Guyana has the added

advantage of having diverse renewable energy sources in hydropower, wind and biofuels which puts us on track to achieving this goal.

4.19 Mr. Speaker, given Guyana's vulnerability to climate change and related natural disasters, the construction and upgrading of all infrastructure networks, towns and public spaces must now be resilient to climate risks. The Government has prioritised investment for expansive land, sea and air transport and telecommunications networks across the country as well as in housing, sea defences, agriculture, water, sanitation and waste management.

4.20 Mr. Speaker, implementing Vision 2040 will require a willingness on the part of our local agencies and partners to collaborate with the public sector on the prioritised activities, to invest and share their skills, talent and resources, in order to achieve the targetted outcomes. The Government will lead the way in working and encouraging integrated approaches and embracing new ways of thinking, designing and doing routine tasks to achieve our ambitious vision for *the Good Life*.

D. Better Governance

a. Constitutional Reform and Commitments

4.21 Mr. Speaker, Constitutional Reform remains a mandate and promise that this Coalition Government is keen to fulfill, within a system of participatory democracy. Government remains hopeful that the bi-partisan Standing Committee on Constitutional Reform will conclude its review of the Constitutional Reform Consultative Commission Bill, which was referred to it by the National Assembly over a year ago. Our Government welcomes the constructive scrutiny that the Honourable Members of this Committee will no doubt exercise in their rigorous examination of the Bill, as we collectively recognise the need to adapt our Constitution to reflect our evolution as a democracy.

4.22 Mr. Speaker, the Honourable Prime Minister and Leader of Government Business in the National Assembly has been and will continue to spearhead constitutional reform with the full support of the Government. We have allocated some resources in Budget 2019 to mount a survey and an awareness programme, in partnership with University of Guyana and others. The survey will seek to assess the current understanding of constitutional reform by the general populace and their expectations, while the awareness programme will aim to stimulate a grassroots participatory approach to the entire process.

4.23 Mr. Speaker, this Administration has done more in our three and one half years in office to uphold the rule of law and our constitutional obligations, than others. We have established a number of constitutional bodies, as mandated by our Constitution, including but not limited to the Public Procurement Commission and the Local Government Commission. We have re-constituted several dormant constitutional bodies, including Public Service Appellate Tribunal, Integrity Commission and Ethnic Relations Commission. We have enacted legislation to promote the financial independence of the constitutional bodies. Collectively, constitutional agencies account for approximately 3.5 percent of Budget 2019, up from 3.3 percent in 2018.

b. Local Government Systems

4.24 Mr. Speaker, the recently-held Local Government Elections marked a milestone in our history, as this is only the second time in the post-Independence era that these elections were held back-to-back. The lower turnout at the polls, relative to 2016, serves as an indication to all that much more is needed to restore confidence and awareness in this important form of representation. It is our collective hope as a nation that Local Government and General and Regional Elections will continue to be held when due, so that we can enjoy our right to representation and, as a demonstration of our commitment to democracy. In this regard, approximately \$5.4 billion has been allocated to the Guyana Elections Commission, in Budget 2019, of which \$2.9 billion will be dedicated to preparations for the next General and Regional Elections, which are constitutionally-due by August 2020.

4.25 Mr. Speaker, earlier this year, at the inaugural National Conference for Local Democratic Organs, His Excellency President David Granger charged both Municipal Councils and Neighbourhood Democratic Councils (NDCs) to be more proactive with regard to the local economy, and to improve revenue generation, so autonomy may be maintained. He also reminded them of their constitutional responsibilities to provide public services – many of which the central government has had to step in to support. In an effort to build capacity in these local government bodies, to help them to execute their roles and responsibilities, the Government has targeted over 1,000 persons for training in areas such as planning, procurement and financial management. In 2019, we plan to provide training and skill-building for a further eight NDCs and one municipality.

4.26 Mr. Speaker, I am pleased to announce that over \$1 billion has been set aside in Budget 2019 as fiscal transfers to support the operations and community works of the local democratic organs (LDOs). Also, the Government has agreed to invest \$320 million to conduct mass property valuations over an 18 months period – between October 2018 and the first quarter of 2020. Following its completion, the updated valuation register will be handed over to the respective LDOs for their determination and action. This, Mr. Speaker, will mark the first national valuation of properties in decades and will allow the LDOs to improve their revenue base, which will allow them to more effectively serve their communities and provide public services such as roads, street lights, drains and garbage disposal.

4.27 Mr. Speaker, Plans of Action for Regional Development (PARD) and Plans of Action for Municipal Development (PAMD) were spearheaded and developed by the Coalition Government, after meaningful consultation with the people. To date, we have completed nine PAMDs and intend to undertake another four, in 2019. Regions 9 and 10 have undertaken PARDs and we will advance this process in Region 6. However, we must note that these strategic plans are just documents; each RDC and municipal council must take ownership and lead the transformation of their respective areas. Implementation plans must be developed and costed, resource mobilisation must be undertaken and continued performance monitoring must occur to verify that each LDO

is achieving the desired positive impact on the lives of their citizens in their communities.

c. Judicial Reform and Strengthening

4.28 Mr. Speaker, the rule of law serves as the backbone for any society. It is the legal framework that serves to enforce contracts, protect our rights and provide for our safety, among other key features of a modern society. To this end, the Government will be injecting \$3.6 billion into the justice sector, in 2019, to maintain as well as improve the legal landscape of Guyana. This sum represents an increase of 15.8 percent over Budget 2018.

4.29 Mr. Speaker, the unanimous passage of the Juvenile Justice Bill by this House signals our collective commitment to reform our approach to dealing with this part of the citizenry. The Act updates Guyana's juvenile justice system to be consistent with the Convention on the Rights of the Child, with the aim of guaranteeing juveniles access to legal assistance, re-insertion and diversion programmes, and providing children and adolescents to be accountable for their violations of the law. The new law incorporates diversionary measures, court appearances, sentencing, a Juvenile Justice Committee and support facilities such as a halfway house. Modern options and alternative measures are being explored prior to committing a child to a detention facility. A costing of the implementation of this Act indicates that key cost drivers include training and the establishment of a halfway house, for which we will seek to identify suitable land in 2019.

4.30 Mr. Speaker, the Government will be expanding legal aid access in 2019, including legal assistance in the defence of minor, non-violent offenders, as well as increasing the use of restorative justice. With regard to the latter, a draft restorative justice bill has already been submitted to the Attorney General's Chambers for review, which emphasises alternative dispute resolution mechanisms which seeks to repair the harm caused by criminal behaviour by facilitating constructive mediation between stakeholders. In 2019, we will endeavour to establish a restorative justice office, as well

as train around 1,200 persons across the justice sector on restorative justice. With respect to alternative sentencing measures, the Government will be developing judicial policies for non-custodial measures. By 2021, we hope to reduce the pre-trial detention by 5 percent and recidivism by at least 2 percent.

4.31 Mr. Speaker, we will also continue to improve dispensation of justice, with provision being made to add another courthouse in Region 1, in addition to the four new courthouses set up in 2018 in Grove/Diamond, Bartica, Mahdia and Kwakwani. Additionally, we will support the judiciary as they seek to expand their complement of magistrates and judges, in 2019, and beyond, in support of our collective efforts to reduce the backlog of cases in the courts. In addition, the Commissioners of the Law Reform Commission are being identified and once fully constituted and operational, the Commission is anticipated to commence its critical role in the updating the laws of Guyana in 2019.

d. Anti-Money Laundering and Countering Financing of Terrorism

4.32 Mr. Speaker, Guyana was proud to be elevated to Chair the Planning Level Committee of the Caribbean Financial Action Task Force. As nations continue to collaborate in the fight against money laundering and the financing of terrorism, Guyana must keep abreast with the emerging regulations and practices, to protect the integrity of its financial system. The national legal framework was further strengthened with the passage of the Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) (Amendment) Bill, which sought to satisfy Recommendation 2 of the Financial Action Task Force Recommendations by establishing a coordinating mechanism responsible for national AML/CFT policies. We continued to build capacity, in 2018, with the training of judges and prosecutors in AML/CFT-related cases and Assessors Training. The Government held sensitisation sessions on AML/CFT matters in Regions 3, 4, 5, 7 and 10. These sessions and training will continue in 2019, so that Guyana is fully prepared for its 4th Round Mutual Evaluation.

4.33 Mr. Speaker, the Financial Intelligence Unit (FIU) has also bolstered its capacity through the expansion of its reporting entities to over 200, and more categories of entities are expected to come on board in 2019, including cooperatives, commissioners of oaths and affidavits and auditors. The FIU also conducted 12 training seminars, in 2018, on AML/CFT directed at key stakeholders including banks, lottery agents and non-profit organisations. The Unit will be sourcing software, in 2019, in order to improve its intelligence gathering capabilities.

e. Social Cohesion

4.34 Mr. Speaker, before taking office, this Administration recognised the less-than-satisfactory state of affairs with respect to cultural and ethnic tension in this land of six peoples. This is why we have continually supported a national drive for improved social cohesion and relations amongst our citizens. It is incumbent on us to lead the way towards realising a society that is more cohesive, inclusive, empathetic and respectful. We need to stop bombarding our people with constant negativity.

4.35 Mr. Speaker, in 2019, we have budgeted over \$480 million for the Department of Social Cohesion to conduct outreaches and events, including social cohesion week, harmony village and inter-village activities. Training will also be undertaken in mediation, conflict management and peace building. These activities exclude those that will be implemented by the Ethnic Relations Commission. However, we must recognise that no government can advance a nation's socio-cultural state on its own, it requires the will and support of the people. Our political and community leaders, and private sector and civil society must take deliberate steps to ensure that ethnic and cultural tensions do not rend our nation asunder.

E. Public Financial Management and Institutional Strengthening

4.36 Mr. Speaker, the effectiveness of public service delivery hinges on the strength of our national institutions, efficiency of its systems and practice of sound public financial management (PFM). Notwithstanding our unwavering commitment to improve PFM

systems and capacity, and our achievements thus far, we recognise that no public administration can function effectively without competent leadership and technical proficiency. As such, we will continue to prioritise improving tax administration, strengthening results-based budgeting and capacity building. This is in an effort to ensure more effective use of monitoring and evaluation tools to achieve performance results and value for money, amongst other initiatives. Our own tools for monitoring and evaluation at the macro-level include the Public Expenditure and Financial Accountability the Public Investment Management Assessment and the Tax Administration Diagnostic Assessment Tool. These tools will allow Government to assess its performance and then develop action plans to guide the continued transformation of the public sector towards improved revenue administration; expenditure management; budget execution, including public investment management; and auditing.

4.37 Mr. Speaker, one of the most important tools at our disposal, in our PFM arsenal, is the Natural Resource Fund, for which a Bill was laid, recently, in this House. As we anticipate additional resources being made available within the National Budget, it is imperative that we be careful in our planning, deliberate in our caution, thoughtful in our decision-making and understanding in our expectations. We must, therefore, approach, with urgency, the strengthening of our institutions so as to prevent the wastage of these scarce and finite resources.

a. Revenue Management

i. Tax Administration and Reform

4.38 Mr. Speaker, when we go overseas – whether for business or vacation, to visit family or friends, or for work – we never fail to admire, for example, the quality of roads, the maintenance of the buildings and other infrastructure, and the quality and efficiency of service delivery at the local level. However, what seems to escape many of us is the diligence with which citizens of those countries pay their taxes. It is a culture of

conscientiousness and responsibility imbued in those citizens to pay their taxes – a culture which we, as Guyanese will do well to emulate.

4.39 Mr. Speaker, in order to give taxpayers the opportunity to restore their tax status, the Coalition Government implemented the first tax amnesty programme in our recent history. The success of the amnesty programme was reflected in the Guyana Revenue Authority exceeding its tax collection target by a significant margin. The programme allowed taxpayers to approach the Authority to settle outstanding taxes without incurring penalties. It resulted in responses from nearly 15,000 taxpayers and the collection of over \$7 billion in arrears. This was just one of the many initiatives undertaken by the Government, in order to improve tax revenue performance and taxpayer relations.

4.40 Mr. Speaker, the GRA also introduced e-services to our taxpayers in 2018, thus allowing individuals to file their tax returns via the internet, eliminating the need to go physically into the nearest GRA branch or join a queue. In 2019, we intend to make e-filing mandatory for certain categories of taxpayers, with the intent of improving the efficiency of collection. In this respect, the Large Taxpayers Unit (LTU) of the Authority was set up, in 2017, to provide dedicated customer service to this group. The Unit was responsible for over \$4 billion in tax revenue being brought into the coffers of Government.

4.41 In 2019, an Oil and Gas Unit will be established within the LTU, dedicated to ensuring that the appropriate revenues are paid to the state by petroleum-producers, in keeping with their respective production sharing agreements. Already, the Government has secured the support of international institutions to undertake capacity building initiatives in the GRA and other institutions, providing expert advice in several areas, including cost-oil audit and production sharing agreements.

4.42 Mr. Speaker, this year we commenced the pilot of the Automated System for Customs Data (ASYCUDA), which facilitates paperless and improved customs transactions. Based on testing to date, we anticipate that we will move towards full

implementation, in 2019. With regard to inland revenue management, we are exploring the movement away from the current platform – Total Revenue Integrated Processing System (TRIPS) – to a new software. This is expected to have a dramatic impact on the time it takes to execute routine tasks; it will also improve management controls and enhance the quality of data to enable effective management and strategic decision making.

4.43 Mr. Speaker, while we continue to improve our internal systems, we are also expanding tax services, across the Regions, with specific focus on the hinterland regions. This year, the GRA office in Lethem was connected to the Head Office; this allows for live and on-location processing of business-related licenses, among other services, thereby reducing cost and waiting time for taxpayers in Region 9. In addition, we expect that the new office in Mabaruma will become operational at the beginning of 2019. Overall, our efforts have resulted in an increase in the number of registered taxpayers from just over 79,000 at end-2017, to about 83,000 to date.

ii. Managing Petroleum Revenue

4.44 Mr. Speaker, in late 2016, we began crafting legislation to establish a sovereign wealth fund, recognising the need to have the requisite systems in place, prior to petroleum production. The Government received extensive expert advice and technical support and undertook in-house consultations during this process. At the request of His Excellency President David Granger, a green paper was prepared, published and laid in the National Assembly to encourage public consultation and feedback, to inform the drafting of the Natural Resource Fund Bill – one of the most important pieces of legislation in our nation’s history.

4.45 Mr. Speaker, the Bill, as presented to the National Assembly, provides for a Fund that directly meets 21 of the 24 heralded Santiago Principles, with the other three being met upon implementation of the Fund. These Principles refer to the international Generally Accepted Principles and Practices of Sovereign Wealth Funds, which speak to transparency, good governance, accountability and prudent investment practices.

Petroleum revenues will form part of our national patrimony, and given the importance, we have proposed to establish a Public Accountability and Oversight Committee, consisting of representatives of a broad cross section of our nation. The Committee will be mandated to report on the Fund, including the investment of petroleum revenues as well as the utilisation of withdrawals from the Fund, which are to be invested through the National Budget. I look forward to spirited debate and unanimous passage of the Bill in due course.

b. Public Investment Management

4.46 Mr. Speaker, the efficiency and effectiveness of implementing our Public Sector Investment Programme (PSIP) has been discussed and debated, frequently. In 2017, Guyana's estimated efficiency gap in public investment was 41 percent, compared to 30 percent for Latin America and the Caribbean. As part of our institutional strengthening effort, we intend to establish a public investment management framework that will streamline and formalise all aspects of the project cycle – from conceptualisation, preparation and appraisal, to implementation management and monitoring and, finally, to evaluation and reporting.

4.47 The process will require behavioural changes, especially on the part of technical staff and Heads of Budget Agencies. In early 2019, we will formalise the project preparation and selection process, which is intended to create a viable project pipeline. The sum of \$100 million has been budgeted in the Ministry of Finance, to establish a Project Preparation Facility to support this process. Another \$100 million has been budgeted in the Ministry of Public Infrastructure to undertake feasibility studies for some major projects.

4.48 Mr. Speaker, the Ministry of Finance has already begun to implement the overarching public investment management framework with the development of a *Project Profile and Concept Note* (PPCN) used in the preparation of Budget 2019. The PPCN is required for all medium-to-large scale initiatives and serves to ensure that Budget Agencies only approach the Treasury for funding of projects that are fully

conceptualised – this includes articulating the potential outcome(s) an intervention may have on the relevant population and environment, the associated performance indicators and inter-sectoral linkages. A more effective PSIP, where project conceptualisation and selection are derived from a criteria-based approach, will result in more targeted expenditure and interventions, such as constructing farm-to-market access roads, developing business incubators, upgrading our airstrips, and enhancing energy supply, just to name a few.

c. Debt Management

4.49 Mr. Speaker, notwithstanding the expected gains from petroleum revenues, the Government will continue to manage its debt, in terms of cost and risk. We will maintain a moderate risk of debt distress and, in this regard, will undertake not to borrow at rates that could compromise our fiscal stance. In addition to the public debt legislation that is currently being drafted, and expected to be laid in this House, in 2019, we will also prioritise the crafting of a national debt strategy and an annual borrowing plan, which together, will define the optimal mix of financing mechanisms in the short-to-medium term, for the funding of our development initiatives.

4.50 In tandem with the aforementioned, we have also published our Public Private Partnership Policy Framework, in 2018. This presents a structured framework within which we can pursue new options of financing that will reduce the need to incur significant debt. This Framework will guide, in an open and transparent manner, how government will engage with the private sector in the provision of public goods for our mutual benefit. We are preparing a roadmap to develop our institutional, technical, financial, environmental and business expertise to engage our private sector partners. In Budget 2019, we have allocated \$100 million to support this initiative.

d. Public Procurement

4.51 Mr. Speaker, to support the expansion of the PSIP and public services, we have prioritised the modernisation of public procurement, which serves as a foundation for

improved accountability and effectiveness. The revision of the public procurement legal framework has been completed, recently, and the next step is to undertake the legal drafting. While this is being awaited, amendments to the existing law and regulations will be pursued, in 2019, to give recognition to: 20 percent of procurement going to small businesses; debarment procedures for contractors who do shoddy work; mandatory procurement plans; clarifying bidders' registration data; and amending thresholds for restrictive tendering and the quotation method. In addition, Guyana is expected to commence utilising the CARICOM Public Procurement Notice Board for all public procurement. This will allow entities to advertise on a regional site while registered local bidders will have free access to the advertisements. In keeping with the technological advancements in procurement, the strategy for the long-awaited e-procurement will be completed in 2019, with implementation envisaged to commence in 2020. The National Procurement and Tender Administration will continue to deliver procurement training to Budget Agencies.

e. Results-Based Budgeting

4.52 Mr. Speaker, monitoring and evaluation (M&E) is a cornerstone of results-based management (RBM), budgeting and effective public financial management. The Government has been implementing the National Monitoring and Evaluation Strategy. During this year, nearly 150 public officials were trained in introductory concepts of M&E; another cohort of 250 officials will be targeted, in 2019. In the new year, too, it will be mandatory for Heads of Budget Agencies to utilise their programme performance statements (in Volume II of the National Estimates), as part of the agenda of the standing Agency Budget Committees, and report on the progress made in meeting the performance targets.

4.53 Mr. Speaker, piloting the Budgeting for Results platform has demanded that we relook at our supporting infrastructure. While this virtual platform was intended to improve our capacity for RBM, planning and budgeting, initially, with the Ministry of Public Health, critical issues in the network of that Ministry have prevented us from moving apace with this activity. In spite of this setback, allocations have been made, in

2019, to continue with the pilot, with a view to assessing its utility before the end of the year.

f. Government Accounting and Treasury Management

4.54 Mr. Speaker, improving the accounting processes and treasury management of the public sector is critical to facilitating the effective delivery of public services to the people of Guyana. This will ensure that transactions are processed efficiently, cash is made available in a timely manner, and government programmes are delivered on schedule. To this end, we have commenced the establishment of a Treasury Single Account and the adoption of the International Public Sector Accounting Standards. Also, a National Payments System (NPS) is being established, the legislation for which was passed in the first half of 2018. The NPS will facilitate improved cash management and financial reporting. Testing of the NPS has begun at the Bank of Guyana and the commercial banks, and will be followed by a transitioning of the system to live operation, in January 2019.

4.55 In addition, Mr. Speaker, after careful review, we have determined that, if we are to effectively move from an Integrated Financial Management and Accounting System to a modern Integrated Financial Management and Information System, the current accounting software used by central government would have to be upgraded. As such, in 2019, we will assess other software options for public sector accounting, with a view of identifying one that addresses our unique needs and institutional settings. We will also look to expand the digital platform to include additional elements of PFM, such as human resource management, procurement and asset management. An allocation of just over \$120 million has been made available, in 2019, to support Budget Agencies in bringing their information and communication technology (ICT) infrastructure up to the minimum standard. The intention is for ICT to minimise the level of effort required to conduct transactions, improve productivity, maintain a high degree of accountability and comply with international best practices.

g. Data for Decision Making

4.56 Mr. Speaker, in this era, with the influence of social media, we must have systems which provide credible and documented information to the populace, to ensure they are informed and engaged, adequately. Timely and accurate data is also required to guide the effective management of the public sector towards achieving national development outcomes. Therefore, it is imperative that our national statistical system is strengthened and responsive to our expanding data needs. In this regard, in 2018 we: (i) launched the National Strategy for Development of Statistics, in April; (ii) continued to undertake the Quarterly Labour Force Survey and published two profiles to date; and (iii) prepared for the digital collection of data for the 6th round of the Multi-Indicator Cluster Survey. In 2019, we will continue collaborating with our partners to rebase our National Accounts, as well as build institutional capacity and competency for statistical reporting on the petroleum sector. We will focus on identifying data needs and implementing systems to ensure that there is adequate tracking and reporting on our progress towards achieving our national goals, as outlined in the GSDS.

h. Financial Sector Reform

4.57 Mr. Speaker, earlier this year, I brought before this Honourable House a suite of amendments to existing Acts as well as critical pieces of legislation that would improve the functionality, stability and effectiveness of the financial sector. The passage of these Bills and amendments has provided the Bank of Guyana with the tools to become a modern regulator of a sector that will further advance in the coming years. The Bank of Guyana will be able to operate more independently and will be better positioned to avert crises in the financial sector.

i. Promoting Financial Sector Stability

4.58 Mr. Speaker, a stable financial sector is essential to achieving transformational growth. It is the financial sector that will provide our entrepreneurs with the capital to invest in the businesses that will grow our economy, or that will insure our farmers

against risks, thereby increasing their resilience. Notwithstanding the threat that the loss of correspondent banking relations poses to our financial systems, we made considerable progress towards improving the stability of the sector, through the implementation of several recommendations from the 2016 Financial Sector Assessment Programme. As a result of these changes, the Bank of Guyana has now been officially endowed with powers to apply measures of last resort to financial institutions experiencing financial crises. Additionally, amendments to the Bank of Guyana Act of 1998 provide a framework for Emergency Liquidity Assistance to financial institutions in need. Mr. Speaker, we hope that the Bank will never have to use these tools given the enhancement of their framework for systematic risk surveillance of the financial sector.

4.59 Mr. Speaker, the Bank of Guyana currently employs a top down approach to assessing the level of resilience in the financial system against major risk exposure. The Bank conducts quarterly stress tests, the most recent of which was conducted at the end of the third quarter of this year, and licensed deposit-taking financial institutions (LDFIs) were found to be resilient to shocks from the main risk areas. Further, the capital adequacy ratio of all LDFIs – an indicator of the sector’s ability to effectively absorb unforeseen losses – was approximately 22 percentage points above the eight percent statutory benchmark, proving the soundness of the sector. Additionally, non-performing loans, which are largely comprised of loans from a few large borrowers, have remained fairly stable since last year.

4.60 Mr. Speaker, like LDFIs, the insurance sector is expected to remain adequately capitalised for the rest of 2018. Additionally, the provisions under the Insurance Act of 2016, which came into effect on April 16, 2018, will allow the Bank of Guyana to better monitor and assess the risks in this sector. The commencement of the Act of 2016, and its regulations, will promote resilience in the sector as well as serve to strengthen the sector’s financial stability and spur industry growth by mandating the sector to adopt a risk-based capital framework. This will help to prevent situations like the CLICO debacle, since, in instances where they are not meeting the stated capital requirements, the Bank of Guyana can now step in, immediately, to arrest the situation.

4.61 Mr. Speaker, with a stable financial sector comes investment opportunities. Our pension schemes have been able to capitalise on opportunities in financial markets. We are also currently engaged with stakeholders as we work towards finalising the draft Pensions Act, for passage in 2019. The Act would address poor industry practices and improve efficiency, coverage, adequacy and security, to ensure the long-term existence of the sector and better pensions during retirement. In the interim, we have enhanced our monitoring and evaluation of the sector's performance.

ii. Expanding and Deepening Access

4.62 Mr. Speaker, a central feature of any modern economy is a payment system that is both stable and efficient. Our paper-based system has served its purpose, but is well past its useful life. This year, we made significant strides towards upgrading this archaic system with the passage of the National Payments System Bill 2018. Progress is well underway towards implementing this payments infrastructure with four supporting regulations already expected to be finalised within the year. These will address agents, electronic money, electronic funds transfer and oversight of the National Payments System. Additionally, just this month we saw the Automated Clearing House (Electronic Funds Transfer Module) go live. This means that the Bank of Guyana is now ready to accept electronic transactions, thereby increasing the efficiency of government and businesses. The Bank of Guyana has also commenced the establishment of Real Time Gross Settlement and Central Securities Depository Systems, which will eliminate clearing time for high value transactions and enhance the infrastructure of the securities market.

4.63 Mr. Speaker, 21st century banking is finally on its way and will transform how we conduct business. However, we must ensure that safeguards are in place to protect the users of this system. In this regard, a draft Financial Consumer Protection Bill is being finalised and will include a complaints and resolution mechanism, among other features designed to secure consumer rights.

F. Business and Investment

4.64 Mr. Speaker, Government is acutely aware that its role in facilitating private sector development is one that can only be effectively executed with multi-sectoral and multi-agency collaboration. Our performance on the Ease of Doing Business Index is a clear indication that we have significant work to do across a variety of sectors, including electricity and land administration. If we are to effectively transform the economy, not just some, but all relevant government agencies must coordinate their efforts to provide an enabling environment that will foster entrepreneurship and private sector development.

4.65 Mr. Speaker, recognising the importance of small businesses to the creation of jobs and economic growth, the Small Business Bureau extended support services to over 200 businesses by way of partial loan guarantees and grants to the value of \$180 million, in 2018, creating 535 jobs in the economy. In addition to providing finance, the Bureau provides training and development and other support services to their clients to boost and facilitate market opportunities. I urge all budding entrepreneurs to take advantage of the opportunities offered by the Bureau's Help Desk in your region and to register their business. To further support our entrepreneurs, additional business registration hubs were established in 2018, including in Region 6 and Region 10, enabling businesses to be legally registered without the necessity of travel to Georgetown.

4.66 Mr. Speaker, those wishing to establish enterprises on a slightly larger scale will also benefit from government's interventions in Regions 6 and 9, where business incubators are being established in the new industrial estates. Businesses establishing new facilities, including those in the industrial estates, will have to abide by the soon-to-be-completed building codes, which will be enforced by the Guyana National Bureau of Standards. Complying with codes and standards will enable our local businesses to deliver products which meet the relevant minimum requirements to access domestic and international markets. The Bureau will benefit from a modern laboratory, for which construction will commence in 2019. In addition, the Government has undertaken to

complete the first ever National Quality Policy intended to guide further development of a resilient National Quality Infrastructure, which will also outline a vision for the petroleum sector with regard to standards.

4.67 Mr. Speaker, our small businesses will have to meet established standards to have their goods and services also considered for public procurement. As stated previously, work will advance, in 2019, on the reforms necessary to realise Section 11 (1) of the Small Business Act 2004 which speaks to Government endeavouring to ensure that at least twenty percent of the procurement of goods and services is done from small businesses.

4.68 Mr Speaker, small businesses will also stand to benefit from initiatives undertaken by the Guyana Office for Investment (GO-Invest). GO-Invest facilitated the Guyana Trade and Investment Exhibition this year, which was attended by over 100 international buyers and enabled the 56 exhibitors and other delegates to participate in over 200 business-to-business meetings with private and public sector representatives. As a result, 47 local businesses were matched with international companies that were seeking to establish relations to access products from Guyana. By the beginning of the fourth quarter, GO-Invest had facilitated approximately \$73.8 billion in proposed investment, anticipated to create over 1,700 jobs, across the coastal regions and Region 9, in sectors such as agriculture, light manufacturing, services, forestry and tourism. To date, \$44 billion of the aforementioned proposed investment has already been approved. In 2019, GO-Invest is targeting between \$60 billion and \$80 billion in investments.

4.69 Mr. Speaker, I can say with confidence that this is the most business friendly administration in recent history and in 2019 there will be several measures to stimulate investment in our manufacturing sector and exports. With all that Government is undertaking to maintain a stimulating environment for businesses to flourish, it is now up to our entrepreneurs and businesses to seize these opportunities and fully commit to their role as the engine of economic growth and transformation.

G. Our Natural Heritage

4.70 Mr. Speaker, as Guyanese we feel a great sense of pride in our natural heritage. In November 2015, we emphasised our renewable energy richness by joining the International Solar Alliance, and in April 2016, we were among the first countries to sign the Paris Agreement which re-emphasised our commitment to the global fight against climate change. For many decades, we have tried to harness the benefits of our natural heritage, while preserving it for future generations – be it through our early attempts at harnessing the energy of our waterways or, more recently, by monetising some of the ecosystem services offered by our pristine forests. While the latter effort generated revenues from the preservation of our forests, there was no strategy on how these revenues would be used to develop our country without degrading our environment.

4.71 Mr. Speaker, by environment I do not only refer to our forests; I speak of everything around us – the air we breathe, the waterways in which we fish, and the land on which we farm. For too long, we have ignored the impact that our economic activities have had on our environment; however, we can achieve our development goals without diminishing the quality of our environment. This is exactly the vision that we have articulated in the GSDS.

4.72 Mr. Speaker, the implementation of this strategy will help to integrate environmental management across the country and also ensure that we are able to meet our commitments under several multilateral environmental agreements to which we are signatory. As we embark on the journey to an inclusive green economy, we must first take stock of where we are. To this end, we will enact a state of the environment report for ongoing monitoring across our country. This will allow us, for example, to track our progress towards a ban on single-use plastics. We are also crafting a strategic plan for the Department of Environment to guide their important role in the implementation of the GSDS. In support of the agencies that give effect to the work of the Department of Environment – the Environmental Protection Agency, the Protected Areas Commission, the National Parks Commission, the Wildlife Conservation Commission, and Iwokrama

International Centre – the Government has allocated, collectively, over \$340 million in additional resources, reflecting a 38.5 percent increase over 2018.

H. Emerging and Transformative Sectors

a. Knowledge-Driven Government and Industries

4.73 Mr. Speaker, our Government recognises the important and transformative role ICT plays in any economy. By 2025, 75 percent of the jobs created in the world will require ICT skills and we must empower our population, now, to participate in this new work environment. Information and communication technology will play a pivotal role in reforming and reshaping the ways in which most of our traditional services are produced, traded and delivered. In order to empower our citizens in this knowledge-driven area, we have allocated just over \$4 billion, in Budget 2019, towards the ICT sector.

4.74 Mr. Speaker, in the initial phases of the digital transformation that is required, we will be focusing on key sectors and services, such as health, education and security. Already, several hundred public educational institutions have been provided with internet connectivity so that our young people and educators can benefit from improved learning experiences, facilities and outcomes. In 2019, we will pilot smart classrooms across all administrative Regions to deliver smart-education services, such as distance learning. Audio-visual facilities will be provided for medical practitioners at over 30 health facilities, who will be able to engage in remote consultations with specialists who can offer expert advice and services that are more readily available in the more established hospitals along the coast. In addition, we will begin the installation of 100 wireless-enabled cameras in and around Georgetown, as part of the Safe City Solution. These cameras will feed into a command centre that will be established for the Guyana Police Force.

4.75 Mr. Speaker, through the e-Government network, we have provided secure and reliable internet access to over 100 government ministries and agencies, in order to

support and improve their operations and the level of service provided to our citizens. Additionally, 79 public internet access points have been created; we intend to expand connectivity to all our RDC and NDC offices, fire stations, police stations and outposts. We will also commence construction of a new data centre to upgrade our capacity to meet the demands of our ever-expanding network and e-services, in 2019. To ensure that we can benefit from the rapidly expanding facilities, the Centre of Excellence for Information Technology will begin delivering training, in 2019. In addition, a cohort of 10 trainers will undergo relevant capacity building in India.

4.76 Mr. Speaker, our efforts towards the achievement of the aforementioned transformation will be accelerated with the development of our national broadband infrastructure. In the medium to long term, we will aim to connect the general public and government agencies and further expand e-government services. We will upgrade all coastal Long-Term Evolution (LTE) towers, which will be fitted with additional microwave equipment and LTE technology to provide for expanded bandwidth to support the delivery of e-services. In 2019, a sum of \$375 million will be used to equip 20 hinterland communities with ICT hubs, via satellite, benefitting over 11,390 residents in such areas as Kaikan, Jawalla, Phillipai, Paruima, Kako, Rewa, Surama, Toka, Kimbia and Wiruni. This is part of the US\$17 million hinterland ICT access project.

4.77 Additionally, we will continue our targetted interventions aimed at stimulating innovation, including coding and programming camps, robotics camps, Girls in ICT programme and Hackathons. Our young entrepreneurs have already begun to demonstrate their affinity for technology and desire to innovate. For example, they are producing 3D-printed prosthesis that cost half the price of a comparable product; they are seeding and fertilising rice fields in Berbice with drones; and they are developing technology-based applications for the private sector. Given these experiences so far, Mr. Speaker, we are convinced that these investments in our youth are impactful and must be supported.

4.78 Mr. Speaker, as we advance the ICT skills of our youth and wider populace, we must ensure that we have the accompanying environment to support further growth in

this sector. To this end, the liberalisation of our telecommunications industry is a *sine qua non* for ensuring that our ICT sector blossoms and contributes, meaningfully, to spurring economic growth and improving livelihoods. Negotiations have been on-going for the past few years and, hopefully, they can be concluded soon.

b. Managing the Extractive Sector

4.79 Mr. Speaker, our extractive sector, which includes our mining and quarrying, and forestry industries, has been and remains a key pillar of our economy, with more than 14 percent of our real GDP directly attributable to these resources, in 2017. A sector that was once dominated by bauxite and, more recently gold, will, come 2020, see petroleum output dominating the industry.

4.80 Mr. Speaker, our nation is on the verge of a tectonic shift in its development trajectory that requires us to be prepared and well positioned to contribute to, and benefit from, the transition to a petroleum-producing nation. The announcement of the discovery of significant oil offshore of Guyana, in May 2015, by a consortium of three major international oil companies — ExxonMobil, Hess, and Nexen— marked the addition of a new, but finite resource, to our blessed land, as well as another opportunity to realise Guyana’s potential.

4.81 Mr. Speaker, according to the International Energy Agency, Guyana is now home to the world’s biggest, new, deep-water oil field and is placed as one of the most promising, new hydrocarbon-bearing lands. Nine of eleven exploratory wells drilled thus far, in the Stabroek Block, are estimated to hold reserves in excess of 4 billion barrels of oil equivalent. In addition, the Liza field has shown significant quantities of natural gas trapped in the reservoirs. Upon commencement of oil production, this would yield associated gas that could be brought ashore, via pipelines, at a rate of approximately 30-50 million cubic feet per day for the purposes of power generation, among other uses. This has the potential to significantly reduce the cost of electricity for all Guyanese, especially private sector operators.

4.82 The commencement of commercial oil production is slated for early 2020, using a floating production storage and offloading vessel. Initially, output will be around 50,000 barrels per day (BPD), with production from the first field eventually climbing to 120,000 BPD. If further fields are developed, production could climb to as much as 750,000 BPD per day by the year 2025.

4.83 Mr. Speaker, Guyana is on the cusp of economic transformation and to maximise this opportunity, we must create and enforce the requisite regulatory frameworks; build human capacity and capital; follow an effective and coherent depletion policy for the petroleum, and other sectors; and craft and institute robust standards and procedures. These efforts will be guided by principles of transparency, accountability and efficiency within all areas of the petroleum sector, which are also principles related to our commitment to the Extractive Industries Transparency Initiative.

4.84 Given Guyana's historically limited capacity to administer the exploration and production of petroleum resources, the Government, in 2016, began collaborating with development partners to undertake institutional reforms, including capacity building for institutions that have direct responsibility for the management and monitoring of the sector, such as the Ministry of Finance, the Bank of Guyana and the Bureau of Statistics. The Government, recognising the need to provide overarching leadership and policy guidance for the sector, created the Department of Energy, in August 2018. We will continue collaborating with our partners to strengthen capacity and seek to hire international experts as an interim measure, to provide mentorship and skills transfer. In this regard, a major multilateral donor has committed to providing a US\$20 million soft loan, of which US\$1.6 million has been approved already as a project preparation facility.

4.85 Mr. Speaker, as a country, we must continue to build the capacities of our peoples so that they can participate in the positive transformation that is projected to come from petroleum revenues. More importantly, we are committed to ensuring that all Guyanese have an equal opportunity to participate fully in the sector. To this end, the Government is advancing the development of our national local content policy and a new model

production sharing agreement for the petroleum sector. We will continue to engage with all stakeholders, as we elaborate the framework to govern this sector in to the future.

4.86 Mr. Speaker, one cannot help but be excited about our future, but as we prepare for this new and transformative industry, we must not ignore the importance of our other extractive industries, which employ thousands of people and support numerous communities throughout Guyana. It is only through a diversified economic base that we can anchor the sustainable prosperity of the nation. As such, a clear legislative and policy framework that enables improved governance and the development of a sustainable extractive sector is necessary. In 2019, work on this aspect of extractive sector management will advance for the forestry and mining sectors. The recently updated and approved National Forest Plan and Policy Statement will see a shift in emphasis from primary timber products to value-added downstream goods, as well as ecosystem services. We will also see a clearer vision articulated for the mining sector, in 2019, with stakeholder input factored into a ten-year Mineral Policy Framework and Plan.

4.87 Mr. Speaker, our mining and forestry sectors do not exist in isolation. Therefore, a coordinated approach is needed to ensure that both foresters and miners are able to benefit from our natural resources in a responsible manner that minimises negative impacts on the environment. As such, by the end of 2019, trained regional coordinators will be placed in all ten administrative regions to facilitate the resolution of conflicts that may arise between and among the mining, forestry and environmental sectors. Additionally, we have budgeted \$279 million to finance the next phase of the forest inventory exercise. We will continue mineral mapping, to facilitate a more coordinated and sustainable management and utilisation of our forest and mineral resources.

4.88 Our pristine forests hold immense wealth – flora and fauna too numerous to mention, timber, precious and rare earth metals, and diamonds, just to name a few. However, Mr. Speaker, in the pursuit of economic development and in the face of an evolving extractive sector, we cannot ignore the environmental costs of these activities.

Over the years, the scale of mining has evolved from simple pioneering pork-knockers to industrial complexes. This has come at a cost to our environment. While there is no denying that gold mining has, and will continue to support our development, we must ensure that we work with all stakeholders towards sustainable management of these resources. Important steps have been taken already, including low-impact prospecting; integrated natural resource management; and, phasing out the use of mercury. The Guyana Geology and Mines Commission will aim to modernise and refocus its core functions such as geological mapping, in an attempt to reduce the collateral damage that results from prospecting, and create opportunities for exploration activities in non-traditional minerals such as rare-earth metals. The Government will also enhance its monitoring and enforcement of environmental regulations and codes of practices through increased inter-institutional collaboration, and greater satellite tracking of mining activities.

4.89 Mr. Speaker, the UK ban on imports of certain wood species from Guyana was felt across the country, but more so in the communities that are reliant on the forestry sector for their livelihoods. Many of our hinterland communities have little or no diversity in their livelihood opportunities, which leaves them vulnerable to shocks. In 2019, we will see the vigorous enforcement of codes of practices as part of a recently initialled Voluntary Partnership Agreement under the European Union's Forest Law Enforcement Governance and Trade Programme; as well as efforts to roll out a Timber Legality Assurance System in the implementation phase. This will allow for greater access and more lucrative opportunities for Guyana's forest products overseas.

c. Destination Guyana

4.90 Mr. Speaker, with our unparalleled endowment of virgin rainforest, biodiversity, mountains, wetlands, savannahs and magnificent waterfalls, rivers and creeks, Destination Guyana is a haven for adventure seekers and nature lovers. Positioning ourselves to take advantage of our unique product is both a challenge and an opportunity, and an endeavour that this Coalition Government is keen to pursue in the

interest of providing sustainable livelihoods, with a focus on hinterland communities; and economic diversification and development.

4.91 To this end, Mr. Speaker, an enhanced destination marketing programme was developed to focus our energies towards integrated marketing and communications, with special emphasis on our core markets in the US, Canada, the UK, Germany and the nature-based, cultural and adventure tourism niches. Further destination marketing activities included participation by our tourist operators in international travel and trade shows, hosting familiarisation (FAM) trips for travel writers to highlight our tourism product and experience, and the publication of seven official Destination Guyana videos, which have received over 2,000,000 online views. It is noteworthy that Guyana was mentioned in 12 international online publications, including Wired for Adventure and the UK Metro, as a result of the FAM trips. Our tourism will continue to grow as a result of further investments in marketing, capacity building and product development while investments in critical infrastructure will reduce the cost of accessing Guyana's unique tourism brand. Additionally, we have included several goodies in the tax measures for 2019, including tax credits linked to investments in hinterland regions and further tax exemptions for certain vehicles used to transport tourists anywhere in Guyana.

4.92 Mr. Speaker, our interventions in the tourism sector are bearing fruit, as evidenced by consistently high visitor arrivals. In the first eight months of 2018, the number of visitor arrivals reached 189,066, increasing by 15.2 percent over the same period of 2017. Airlift capacity has received a significant boost with the recent addition of American Airlines. The service has commenced using an Airbus 319 aircraft with a seating capacity of 128 passengers with four flights weekly and is expected to increase to a daily flight by April 2019. On a monthly basis, the airline will add 2,000 seats to the 81,000 available seats out of the Cheddi Jagan International Airport. The additional airlift should result in lower ticket prices and increased passenger movement, which has grown by 9 percent per annum over the past three years.

d. Infrastructure for Integration

4.93 Mr. Speaker, as elucidated in the Green State Development Strategy, part of the vision for Guyana is the establishment of well-functioning infrastructure that can support trade flows and transportation, and protect the nation's economic assets and human capital from natural catastrophes. We are driven by the need to realise economic benefits for our people; create unity through inter-connectedness, job creation, and market integration and competitiveness. The cost of doing business and trade will stymie our competitiveness if our productive areas cannot readily access markets. Further, our social outcomes in health and education, among other areas, will not be achieved, at the desired pace and level, if public services and private initiative, creativity and entrepreneurial spirit are unable to reach those who need it.

4.94 Mr. Speaker, the task is herculean, but we must address our mind to it. Hence in Budget 2019, we have allocated \$38.5 billion to expand and maintain the infrastructure, principally, in recognition of the emergence of petroleum, as well as the expansion and diversification of our non-petroleum assets. It is our roads, bridges, ports, stelling, airports and aerodromes that will be assessed and expanded to catalyse the transformation that is no longer an illusion but, a reality brimming with hope. Of the amount budgeted, 71.9 percent will be spent on upgrading or adding to the capital stock, while the remainder would go towards maintenance and repairs. This sizeable allocation will result in improved movement of people and goods, both, nationally and internationally, enhanced resilience of coastal and riverain communities, and improved efficiency in services delivered to the citizenry of Guyana.

4.95 Mr. Speaker, permit me to detail these opportunities. I would like to start with the Linden/Lethem Road, which will serve as a main hub of hinterland connectivity with road networks extended throughout each geographical region. Currently, in its pre-construction stage, this road is a main priority of the Government, as we extend our relations with the rest of South America. In this regard, the Government is in discussion with the Brazilian Government on the development of the road from Mabura to Lethem. The entire road will create ease of access to Brazil and improve local community welfare

through: increased traffic, commercial trade and economic advancement within the surrounding communities, including the new township of Lethem, which is earmarked for significant expansion with the proposed upgrade of the Lethem Aerodrome to a regional airport. The feasibility study will begin in 2019.

4.96 Mr. Speaker, fused by its link with Lethem, Linden's continued development will mirror the pace of growth of our other townships. The Government will launch and deliver approximately 6 km of paved roads between Wisroc and Mile Zero and, with the support of key development partners, will commence the feasibility study for the next 125 km from Linden to Mabura and the bridge across the Kurupukari River. When completed, this super highway from Linden to Lethem will open the vast Rupununi and intermediate savannahs of Guyana, stimulate business activities, create eco-tourism opportunities for our hinterland communities contiguous to the corridor, facilitate easy road access for our foresters and miners and open a new and dynamic trade and commercial link with Northern Brazil. Preliminary estimates conducted under an IDB-financed market access study indicate that some 80 percent of the container traffic to and from Northern Brazil will be deflected from the Manaus/Amazon River Port route to Port Georgetown, with connections to North America, Europe and wider afield. Further, we have allocated \$134 million to execute studies and designs for the rehabilitation of the 72 km Linden-Soesdyke Highway. This critical road link, which has been neglected for over 2 decades, re-emphasises the importance of Linden as the central hub to connect the hinterland regions and allows for more intensive development of the lands on both sides of the Highway for housing, commercial and industrial development - not the least of which is for industrial applications for our high grade silica sands.

4.97 Mr. Speaker, this newly rehabilitated highway will continue our journey along the East Bank of Demerara towards Georgetown, linking our other communities and regions. In 2019, the East Bank/East Coast Road Linkage project will be one of the Government's priorities to facilitate quicker access from Diamond to Ogle, and, in the process, create an alternative access point from the recently-expanded and modernised Cheddi Jagan International Airport, to our other international gateway, the Eugene

Correia International Airport. This by-pass, which was estimated at US\$50 million a few years ago, for which funding was secured, is now projected to cost US\$120 million. We will be approaching our bilateral partner to secure the additional funding to make this road a reality.

4.98 Mr. Speaker, during the feasibility study period, which established the road alignment, our engineering teams encountered a swampy area between Ogle and Diamond. We will therefore, commence immediately, with a budgeted allocation of \$45 million to start preparatory works to drain, re-engineer and retrofit the swamp area to facilitate the main construction works, which are targeted for later in 2019. To complete our integrated road connectivity, we have already commenced discussions with interested development partners to secure funding to extend the road to Soesdyke/Timehri, to form a continuous link from Georgetown to Lethem and, via the Takutu Bridge, to the Trans -Continental Highway connecting South, Central and North America. It is this careful and detailed planning that will ensure that the provision of enhanced infrastructure meet the needs of our people and the country. When completed, this by-pass road will open over 15,000 hectares of housing, industrial and commercial lands, and provide much relief to the horrendous traffic bottlenecks on the East Bank Highway.

4.99 Mr. Speaker, as you traverse along the East Bank of Demerara roadway, you would not have failed to observe the recently-completed five Pedestrian Overhead Walkways at Diamond, Providence, Peter's Hall, Eccles and Houston, all of which have been fitted with amenities of platform elevators for use by the public, catering specifically to our senior citizens, persons with disabilities and schoolchildren. These aptly-placed walkways provide safe pedestrian access along the busy East Bank corridor, including crossing over to the Demerara Harbour Bridge. Recognising the traffic congestion experienced by commuters, the New Demerara River Crossing is expected to improve the flow of vehicular traffic.

4.100 Mr. Speaker, it will be recalled that when this project was presented to this House last year, I had indicated that we were in receipt of 11 expressions of interest for the

construction of the bridge. Based on our evaluation of the bids, we concluded that our call for proposal must have been imprecise regarding the nature, scope and financing modality of the project, thus leading to uncertainty by the bidders as to whether it was a publicly-financed, privately-financed or a Public-Private Partnership (P3) venture. In the interest of transparency, we have annulled the process and re-scoped the project. It is now clear that we will be pursuing a P3 model for a four-lane, high-level, non-retractable bridge linking Houston and Versailles on opposite sides of the Demerara River. We have, since, sought technical support from the Caribbean Development Bank to finalise the revised expression of interest, which will be re-launched before the end of this year. At the same time, we are working with the International Finance Corporation to secure the services of technical experts to support our evaluation of the proposals that are expected to be opened towards the end of March 2019, and to facilitate the next steps in the P3 process. To this end, the sum of \$100 million has been budgeted, in 2019, to finance the services of these technical experts.

4.101 Mr. Speaker, moving across the Demerara River, during 2018, the Ministry has expended its efforts in completing 30 kilometres of road works under the West Coast of Demerara Highway Road Improvement Project. This highway has set the path towards the objectives envisioned by the Government in developing and upgrading our riverain facilities. In 2019, the Government will embark on a feasibility and design study to upgrade the Parika Stelling to a modern marine transport hub, thereby revitalising the journey to Bartica as the gateway to the interior. Branded as Guyana's first Green Town, Bartica is slated to become a self-sufficient enterprise and familiar territory for business opportunities. Therefore, in anticipation of this projected investment hotspot, the Government has engaged international financiers and development partners for the construction of an all-weather transportation road corridor from Parika to Bartica, which will be done in three phases: Parika to Goshen, Goshen to Monkey Jump, Monkey Jump to Bartica.

4.102 Mr. Speaker, to complete this holistic vision, the Government foresees the addition of the Goshen to Free n Easy link to this Corridor, which will then solidify the integration between the East Bank of Essequibo to the West Bank of Demerara, and

finally to Port Georgetown. Taken together, when completed, these new road corridors will open over 200,000 hectares of arable agricultural lands along the fertile alluvial bank of the mighty Essequibo River. This road connection to Bartica will cut the current costly riverain mode and reduce the price for household, forestry and mining goods substantially.

4.103 Mr. Speaker, on the East Coast of Demerara, works will continue with the development and construction of the Better Hope-Annandale four lane highway and the Buxton-Belfield upgrade, with further planned extension of the East Coast Highway from Belfield to Hope Canal Bridge. Meanwhile, the Islamic Development Bank is considering our proposal to upgrade and widen the remainder of the East Coast Highway from Hope Canal Bridge to Mahaica. In parallel, reconstruction works will commence to upgrade the railway embankment road from Enmore to Hope Canal Bridge, thereby creating a second access road - parallel to the East Coast Highway - from the Hope Canal Bridge to Sheriff Street. The Government anticipates that, in the coming years, this improvement of the road network will continue to Rosignol. Since urban road works have already been completed, in 2018, in New Amsterdam and Corriverton, this would create an improved, contiguous regional link between the two counties.

4.104 Mr. Speaker, as this catalytic road infrastructure network unfolds, we are mindful of the needs of our urban, peri-urban and rural communities for improved roads to access their farms, businesses and markets and for linking communities in a cohesive manner. That is why we have allocated approximately \$2.9 billion, in 2019 - 36.3 percent over 2018 - towards constructing, maintaining and improving roads in our towns, villages and communities countrywide, including Lima, Suddie, Charity, Stewartville, Wakenaam, Bagotstown, Agricola, Kuru Kuru, Industry, Sophia, South Ruimveldt Gardens and Park, Cummings Lodge, La Bonne Intention, Vigilance, Calcutta, Trafalgar, Belladrum, Angoy's Avenue, Manchester, Sheet Anchor, Mabaruma, Mahdia, Silver City, Amelia's Ward and Kara Kara. Mr. Speaker, I reiterate that, it is not just the construction of roads and bridges, but our journey involves improving trade connectivity and bridging the divide between the hinterland and our coastal plain. In fact, in our hinterland communities, works were completed at key airstrips, in 2018,

with roads in Regions 1, 7, 8 and 9 also being rehabilitated – all preparing our hinterland communities of Mahdia, Port Kaituma, Matthew’s Ridge Bartica, Baramita, Aishalton and Achiwuib, among others, as the sustainable investment hubs into which they will morph with continued development and dedicated investment. In 2019, we will continue to invest in our hinterland communities with \$2 billion prioritised towards maintaining and improving roads, dams and trails including rehabilitation of critical sections of the Wanaina to Yarakita road, Bartica-Potaro road, Buckhall-Adventure road, Puruni road, Cassandra Crossing, Lethem-Aishalton road, Karasabai-Kato and Kwakwani-Orealla, among others. This allocation is 33 percent higher than in 2018.

4.105 Mr. Speaker, our holistic vision of creating and linking critical infrastructure to drive private sector growth, enhance competitiveness and power development cannot be completed without addressing the state of Port Georgetown. We have listened to our shippers and port handlers, with regard to the concerns they raised pertaining to wharf facilities and dredging of the Demerara River. In this context, we are committed to preparing for the modernisation of Port Georgetown as a joint business development model between the private sector and the Government. But, in order to attract private sector financing, we are required to conduct a feasibility study of the port modernisation project. When completed, we will offer a prospectus to invite the many investors who have expressed interest in a P3 model for the development of the port.

4.106 Mr. Speaker, in 2018, our coastal regions benefitted from sea defence rehabilitation works, which has strengthened Guyana’s flood protection infrastructure. In 2019, over \$3.9 billion has been allocated towards the continued rehabilitation of critical sections of sea defence in areas such as Aurora/Warousi, Grove/Look-Out, Cottage/Mahaicony, Crabwood Creek, Bushlot/Maida and Rosignol.

4.107 Mr. Speaker, with such pointed examples of transformational infrastructural projects slated for 2019 and beyond, empowering people and building sustainable communities for the Good Life have a route and clear direction. It is not enough that we create linear opportunities for our populace; the vision must be complemented by the possibilities for mining, eco-tourism, and agricultural and housing developments along

and across the length and breadth of Guyana. All of this will become open opportunities for our citizens through the realisation of these integrated infrastructural investments.

e. Energy

4.108 Mr. Speaker, a sum of \$8.9 billion has been allocated to improve the energy sector. To date, our energy matrix has been almost entirely reliant on imported fossil fuels, creating a high dependency on heavy fuel oils, which results in susceptibility to volatile prices, and contributing to the high cost of electricity. To compound matters, the anticipated rapid expansion of the economy would see our energy demand doubling over the next decade. Our current energy generation and transmission systems restrict our growth and socio-economic development. The GSDS outlines a vision in which our country is no longer hostage to an unreliable, unclean and undiversified energy mix. To this end, Government has been aggressively pursuing alternative energy sources, with a view to being fully renewable in the coming decade. Notwithstanding, we will assess the use of domestic natural gas resources, as a transition energy source, and seek to strengthen and expand the generation and transmission capacity of GPL, potentially reducing the cost of electricity for all.

4.109 Mr. Speaker, the Government will continue to support the rehabilitation of over 800 kilometres Guyana Power and Light Inc.'s low and medium voltage network, spanning from Parika to Corentyne. We will also advance construction works to the Kingston and Vreed-en-Hoop substations, continue the implementation of GPL's smart metering programme, and strengthen the management and governance structure. These works focus on the reduction of overall electricity losses, both technical and commercial and the improvement of safety and reliability of the system. Central Government's support to GPL, in 2019, is \$3.6 billion.

4.110 Mr. Speaker, as we continue to promote energy efficiency, it is noteworthy that over 10,000 LED lights and 1,000 motion sensors, as well as solar photovoltaic (PV) panels have been installed across 90 Government buildings, representing 1,942 kW of additional installed capacity of solar energy in 2018 alone. This programme will be

extended into 2019 and will see the installation of PV panels on an additional 80 government buildings as well as 400 stand-alone solar powered streetlamps across regions, which will result in estimated savings of \$114 million, annually. Additionally, we will be piloting the first ever, fully electric vehicle in the public service, with the accompanying solar charging station, in 2019. All Budget Agencies have been mandated to ensure that vehicles to be procured should be rated at least 25 miles per gallon and equipment be energy star compliant, with inverter technology where possible. It is our hope that leading by example will encourage households and the private sector to enthusiastically join in the national effort to use energy efficiently and reduce our carbon emissions.

4.111 Mr. Speaker, in the area of renewable energy, we will continue to pilot the green town concept in Bartica. In 2018, the Government installed a 21.5 kW solar grid at the 3-Miles Secondary School dormitory, and 179 energy efficient streetlights within the community. To complement our solar interventions, the Government is in discussions with international financiers for the development of mini-hydro projects and, as evidence of our continued commitment to renewable energy, I am pleased to announce that by the first quarter of 2019, the Hosororo Hydropower Project and the Mabaruma PV Farm will be commissioned. Feasibility studies have been completed for the installation of solar PV farms in the townships of Bartica, Lethem and Mahdia.

4.112 Mr. Speaker, we must also recognise the efforts made by our citizens in taking up the challenge of investing in renewable energy and energy efficient technologies. Over the last few budgets we have included several incentives for our nation to make the transition to cleaner technologies, and this year again we will roll out a suite of measures for 2019 including changes to the Wear and Tear Schedule of the Income Tax Act for capital investments in renewable and alternative energy, and further tax exemptions for hybrid or electric cars of a certain capacity as well as electric motor cycles.

4.113 Mr. Speaker, our hinterland electrification programme continues to benefit communities such as Port Kaituma, Moco Moco and Lethem with installation, extension and upgrading of distribution networks in these areas. In 2019, approximately \$101

million has been allocated to continue and extend this programme to Orealla, Kwakwani, Siparupa and Waramouri, among others.

f. Building Sustainable Communities

i. Water

4.114 Mr. Speaker, at the end of 2018, we estimate that we would have spent \$3.3 billion towards the construction of new wells at key locations such as Sophia, West Watooka and Ituni; and upgrading of transmission mains and distribution networks in areas such as Wisroc, Paramakatoi and Lethem. We advanced the construction of 3 new water treatment plants at Uitvlugt, Diamond and Sheet Anchor. These treatment plants will be completed, in 2019 - for which an allocation of \$1.6 billion has been made - thus improving the quality and reliability of supply of water to thousands of households.

4.115 Mr. Speaker, in 2019, we have budgeted to spend \$2.9 billion to continue improving potable water supply and distribution to our citizens. Among the projects to be executed are the completion of wells at Vergenoegen, Pouderoyen and Westminster; and construction of new wells at Lusignan, Fyrish and Farm. Residents of Sandvoort will now benefit from the expansion of New Amsterdam Water Treatment Plant Project, while the communities of Capoey, Hill Top and Mainstay, on the Essequibo Coast, will enjoy improved levels of service from the expansion of transmission mains. In addition, expansions to water supply on the East Bank corridor as well as at the Parika and Ruby backdams will result in thousands of residents benefitting from access to potable water for the first time. These projects will complement our housing and agriculture sector-related efforts in those areas.

4.116 Mr. Speaker, quality improvements to existing service will also be undertaken, in 2019, with the upgrade of the water distribution network and transmission mains across the country, including Mabaruma, Orealla, Ithaca and Kingelly. Further, the residents of Linden can expect improved service with works to be executed on the Watooka, Amelia's Ward and Wisroc water treatment plants. In addition, we will procure relevant

equipment to undertake drilling wells in the hinterland communities that will benefit residents living in over 200 indigenous communities, including Mabaruma, Campbelltown, Oronoque and Fyrish. We will also continue our metering programme, which contributes to reducing non-revenue water and improving the quality of service.

ii. Sanitation

4.117 Mr. Speaker, over \$590 million was expended, in 2018, towards the completion of the leachate treatment ponds, construction of cell 2 of the Haags Bosch Sanitary Landfill, rehabilitation of the access road to the Rose Hall Sanitary Landfill, and operation of sanitary landfill sites across the country.

4.118 In 2019, a total of \$841 million has been allocated for the operation and expansion of the national solid waste programme. Works will continue at Haags Bosch Sanitary Landfill Site, which is projected to become a demonstration site for the 'reuse, reduce and recycle' sanitation agenda. Additionally, Environmental Impact Assessments and the designs for sanitary operations at Bartica, Linden and Mahdia are expected to be completed, in 2019, paving the way for construction to commence thereafter. Similar landfill facilities are slated for Belle Vue and Lethem, in the near future.

4.119 Mr. Speaker, the Solid Waste Management Bill is expected to be laid in the National Assembly, in 2019. Its passage will pave the way for the creation of the solid waste management authority and allow for the focused and dedicated implementation of solid waste management at the regional and municipal levels.

iii. Housing

4.120 Mr. Speaker, the housing sector continues to expand and has contributed to the growth in the construction sector. The Government has adopted a multi-faceted approach to the provision of decent homes, with a focus on delivering a “community experience”. This will entail a comprehensive approach to housing, which includes not

just units or lots but also roads, drainage, sidewalks, lighting, social services and recreational facilities.

4.121 For 2018, significant works were undertaken to consolidate the substandard state of community infrastructure in existing housing schemes across the country, including Farm, Amelia's Ward, Parfait Harmonie and Perseverance. Additionally, 250 full housing units were undertaken under the complete housing solutions programme, with 163 completed and 43 beneficiaries receiving the keys to homes, to date. As part of this programme, Government implemented VAT-exemption for completed housing units costing up to \$6.5 million that are built by, or on behalf of, the Central Housing and Planning Authority (CHPA) or other approved agency. Towards the promotion of the government housing programme, two open housing exhibitions, in Perseverance and Experiment, and 61 home owners' sensitisation sessions were held. The sanitisation of the housing applicants' database has begun, to ensure that it is reflective of the current demand for housing.

4.122 In 2019, a key area of focus for the Government will be the hinterland. The sum of \$170 million has been budgeted to be disbursed as housing and roof replacement subsidies. An additional \$750 million has been allocated for the commencement of the Adequate Housing and Urban Accessibility Programme, which will see the construction of core houses for single family households and families living in uninhabitable homes; home improvement and consolidation of existing housing schemes. In the initial phase, we will target Sophia and the consolidation component will include road upgrades, sidewalks, street lights and other community facilities.

4.123 Mr. Speaker, a further \$780 million has been allocated for consolidation efforts across the rest of the country. This will include the procurement and installation of 100 LED street lamps, upgrading of roads and installation of utilities. Additionally, we have commenced discussions with our development partners to secure more financing to undertake new housing development. We invite the private sector, either individually or in partnership with the Government to contribute to the alleviation of the growing demand for housing.

g. Production Transformation and Agricultural Diversification

4.124 Mr. Speaker, traditional agriculture has been and will continue to be one of the main pillars of our economic development, forecasted to contribute 16.2 percent to the GDP, in 2018. In spite of setbacks in its main contributor, sugar, the sector has huge potential for growth, being pivotal to increasing household incomes, reducing unemployment and, ultimately, lowering the poverty rate. However, more than 50 years after independence, we still rely on a limited range of primary crops in commercial production. While our agrarian agriculture continues to be important and relevant, new frontiers need to be opened for plantation agriculture in crops such as corn, soya, quinoa, orchards of fruits and vegetables, and livestock and fisheries. Evidently, investments to support agriculture diversification have borne some fruit, with some expansion of non-traditional crops. However, we must ramp up the diversification efforts to take advantage of available resources and solidify the transformation that is required for building economic resilience while prioritising food safety and security, productivity, improved infrastructure, new value chains and value-added industries that boost investments in agro-processing, and institutional capacity. For these efforts, we have allocated \$17.1 billion to the agriculture sector, in 2019.

4.125 Mr. Speaker, earlier this year, we signed an agreement with the premier Malaysian Agricultural Research and Development Institute to support enhanced productivity in our rice industry. Three new high-yielding, pest-resistant and disease-resistant varieties (one of which is an aromatic variety) will be tested for production in Guyana, with an expected increase in yield of 5 percent per annum, over the next three years. Some 1,500 farmers and 10 rice millers will be equipped with knowledge and skills in breeding and certified seed production. The programme will also create three new rice-based, value-added end products, namely pre-gelatinised rice powder, rice pasta and rice chiffon cakes - a nutritious-dense composite for the elderly.

4.126 Mr. Speaker, we will continue to invest in infrastructure to support diversification in the agriculture sector. To this end, a new state of the art abattoir, at Onverwagt, West Coast Berbice, is slated for 2019. This initiative will see the reduction in the importation

of meat and the realisation of Guyana's compliance with international standards for meat processing. Further, new opportunities will be provided to local farmers, to meet the demands of the local market through import substitution; and to entrepreneurs, who may be interested in business ventures within the beef value chain. Looking ahead, we have commenced discussions with the Islamic Development Bank to create a reverse linkage project in livestock and Halaal meat. This will result in the transfer of improved livestock breeds to increase production and productivity of our beef stock. There is also the likelihood of accessing new markets in the Middle Eastern States for our Halaal meat products.

4.127 Mr. Speaker, in 2019, the Government will conduct a feasibility study to establish a dairy value chain, through the supply of improved breeding stock to farmers, milk chilling stations and refrigerated trucks to supply fresh milk to a new milk plant to be built at Diamond, East Bank Demerara, by a leading Guyanese firm. Construction is targeted to commence in 2019. As this ambitious programme matures, the milk plant will produce re-constituted pasteurized milk for the local market.

4.128 Mr. Speaker, there is urgent need for up-to-date and reliable statistical information on food and agricultural activities, in order to develop sound policies and development plans for the agricultural sector. Such information is needed not only to guide in decision making for the development of the sector, but also for monitoring and evaluation of development plans and projects. To this end, preliminary works have commenced to execute a national agricultural census, in 2019.

4.129 In terms of legislation, a draft of the updated regulations for general food safety, abattoirs, meat, milk, poultry inspections and grading of eggs, fruits and vegetables was completed in 2018. The draft is currently being reviewed. Once finalized, these regulations will support the Food Safety Act and the Animal Welfare Act, paving the way for new investment opportunities, including facilitating private sector innovation and expansion into new, agro-based products.

4.130 Mr. Speaker, while emphasis is being placed on the development of non-traditional agricultural products, we will continue to diversify the traditional products, which remained key sources of revenue for our economy. The Guyana Sugar Corporation will continue to introduce cost-reducing measures, explore lucrative markets and marketing strategies, and undertake critical capital works. Sugar production is projected to increase to 113,262 metric tonnes, in 2019.

4.131 Mr. Speaker, our vast intermediate savannahs and the upper reaches of our riverain areas provide opportunities for investment. In 2019, we will rebuild a modern agricultural research facility at Ebini, at a cost of over \$220 million, which will be a developmental institution for orchards, nurseries and seed production, as well as for breeding herds of cattle and small ruminants to provide stock for farmers and entrepreneurs. This initiative will support our developmental thrust of bridging the hinterland and coast by re-distributing economic activities inland, while complementing other economic activities such as forestry, mining and other support services. Food and baseline studies and value chain studies in spices, will be conducted in Mabaruma and Moruca to provide an assessment of the status of food, agriculture and livelihoods for the targeted areas. Further, a food processing facility will be constructed in Region 1; an additional water reservoir for water harvesting and rearing of Black Giant poultry will be constructed in Region 9; and shade houses will be constructed in Regions 7, 8 and 10.

4.132 Mr. Speaker, recently, the impact of climate change has become quite evident with rising sea levels and more frequent incidents of flooding, as evidenced by 490 millimetres of rainfall recorded between July and September, 2017, and the 590 millimetres of rainfall recorded by our Hydromet Service between July and September, 2018. Climate change has plagued the development and growth of our agricultural industry. As such, the Government would continue to invest heavily in improving drainage and irrigation structures, access dams and farmlands. In 2018, rehabilitation of drainage and irrigation systems and access dams was completed in Ithaca, Buxton, Triumph and Mocha. This initiative will impact over 100 farming households, providing easier access to farmlands, thereby contributing to increased agricultural output. Land clearing and on-farm development works are on-going in these areas.

4.133 Mr. Speaker, the Government, with funding from India, will procure 12 high capacity drainage pumps for Regions 2, 3, 4, 5 and 6, in 2019. These pumps will help to improve flood control, thereby protecting farming and residential areas. Also, in 2019, the government will be committing over \$2.0 billion to the enhancement of the drainage and irrigation structures throughout Guyana. We have earmarked over \$231 million to complete the construction of the D'Edward Sluice. Another \$100 million will be targeted to the protection of our mangrove forests, an important defence against rising sea and ocean levels. These direct and deliberate interventions will play a significant role in the growth of the agriculture industry and the development of the quality of life of the agricultural-based households. Mr. Speaker we can expect these initiatives to increase incomes and reduce flooding and unemployment in farming communities.

4.134 Mr. Speaker, in 2019, the Government will work closely with the private sector to develop their agro-processing potential, to expand production and improve competitiveness. The New Guyana Marketing Corporation will expand its marketing services, by extending new services to support small, agro processors by providing guidance on acceptable practices, capacity building, and access to packaging materials. Interventions in this area will include the provision of low-interest financing for small business, for which another \$100 million has been budgeted for the Small Business Bureau, in 2019. There will also be an upgrade of the GNBS laboratory, in the sum of \$71.3 million; and the establishment of an agro-processing facility at Guyana School of Agriculture, in Region 2, in the sum of \$37.5 million; and one in Region 1, in the sum of \$20 million.

4.135 Mr. Speaker, the Government will promote sustainable fishing through effective and efficient fisheries management. In 2019, we will continue to develop the technical capacity of the Fisheries Department to collect and analyse data, and monitor and surveillance of fisheries operations. Also, farmers will be trained in improved aquaculture practices and exposed to available technology. With respect to marine fishing, there will be strengthening of systems to ensure improved quality of fish and fish products exported, regulated fishing, sustainable fishing practices and improved data collection.

I. National Security

a. Territorial Integrity and Economic Diplomacy

4.136 Mr. Speaker, the Government is cognisant of Guyana's enhanced image and status in the international arena. This is due both to recent developments in our energy sector and the hard work and dedication of those who promote the country. As a small state, Guyana always has to be aware of the changing nature of geopolitics and ensure that our foreign policy expresses the principles for which we stand. Among these principles are respect for our independence and sovereignty, respect for the rule of law, and the right to self-determination. We believe in peaceful co-existence with our neighbours and those afar. We believe in the sanctity of, and respect for, settled borders, and that border disputes and controversies must not be settled by threats or force. It is against this background that our foreign policy outlook has to be deliberate and firm in our engagements.

4.137 Mr. Speaker, we remain vigilant in the face of Venezuela's continued claim that the 1899 Arbitral Award, which settled the boundary between our two countries, is null and void, a contention which surfaced after six decades of Venezuela recognizing the validity of the treaty settlement. The border controversy has now been put before the International Court of Justice. Guyana has no doubt that the Court has jurisdiction to hear the case and is confident that it would uphold the present border with Venezuela. The border issue, notwithstanding, Guyana has sought to promote good neighbourly relations and to push for the implementation of bilateral cooperation programmes between the two states. A similar approach has been taken in our engagement with Suriname, which also has a claim to a part of our territory.

4.138 Mr. Speaker, regardless of the immediate pressures that we face, with respect to the protection of our national sovereignty, we will continue to pursue a path of regional integration, international cooperation and economic diplomacy supported by the principles of goodwill and respect with all of our sister CARICOM member states. In the words of His Excellency President David Granger, "we see Guyana's future in the

Caribbean and we see the Caribbean's future in Guyana." Beyond the immediate Caribbean, Mr. Speaker, we will continue to pursue interests within the wider hemispheric arrangement through our participation in organisations such as the Community of Latin American and Caribbean Countries.

b. Public Safety and Rebuilding Public Trust

4.139 Mr. Speaker, after a difficult year for the security sector, in 2017, which need not be recalled here, we spent the year strategising and preparing for a future that minimises the risk of such travesties recurring. The safety and happiness of our citizens and the protection of their basic rights are paramount to this Government. Therefore, in 2019 we have allocated \$35.6 billion towards consolidating and expanding the security sector, an increase of 14.5 percent over 2018. Of this sum, about \$4 billion will be expended on maintaining and improving our prison service, including a sum of \$1.5 billion, which will be dedicated to improving and developing the prison infrastructure, to ease overcrowding and remove the need to use temporary holding areas like the Lusignan Prison facility. This year's allocation will result in the construction of the new Georgetown Prison, the continued expansion of the Mazaruni Prison Complex, and the commencement of preparatory work for the reconstruction of the New Amsterdam Prison. We will also procure the requisite equipment, including a body scanner, to detect contraband substances and improve safety at our prisons.

4.140 Mr. Speaker, the focus for the Guyana Police Force (GPF), in the coming year, will be on the consolidation of existing facilities and expansion of services to cover larger areas. To better plan and execute its mandate, the GPF has undertaken to harmonise its divisional boundaries with those of the administrative regions in a phased manner, with a view to ensuring that each region has at least one divisional headquarters. In 2019, nearly \$700 million will be expended to construct and improve police buildings, including the construction of four new divisional headquarters in Regions 1, 4, 5 and 8. In addition, about \$0.5 billion has been allocated for the expansion of the police vehicular and marine fleets, canine and mounted branches, as well as for the procurement of ballistic, crime scene and other equipment. The police force is in a

better position to deliver on its mandate of serving and protecting the citizens with the substantial increase in its budgetary allocation, acquisition of equipment, refurbishment of police stations, increased training opportunities for all ranks, and the recruitment of 1,500 since 2015.

4.141 Mr. Speaker, the transnational smuggling of narcotics has forced us to divert more resources to combat this scourge. Happily, we have recorded some notable successes. In 2019, the Customs Anti-Narcotic Unit will intensify its monitoring and intelligence operations, especially at our borders, and at “hotspots” across the country. Simultaneously, to support the anti-narcotics programme, the Forensic Laboratory is in the process of procuring DNA and related equipment to test for the presence of narcotics.

4.142 Mr. Speaker, our Fire Service has benefitted from the acquisition of new water tenders and related fire-fighting vehicles. Allocation has been made, in 2019, for the procurement of four, fully-equipped ambulances and, by the end of the year, the Fire Service’s emergency medical service (EMS) should be in a position to fully service Region 4, with a response time of about 10 minutes. The EMS rollout is expected to span through 2021 and expand across Regions 4, 5 and 6.

4.143 Mr. Speaker, for 2019, the Guyana Defence Force has been given an increased allocation to assist in the defence of our territorial integrity; support the police in the maintenance of law and order as required; and contribute to the economic development of our country. This allocation will see facilities being upgraded at Camp Ayanganna, Timehri, Anna Regina, New Amsterdam, Makouria and Morawhanna, as well as procurement of equipment and improving the fleet of land and water transport, including the flagship ‘GDF Essequibo’.

4.144 Mr. Speaker, initiatives supporting direct interventions with citizens will continue, in 2019. Public awareness campaigns targetting attitude and behavioural change to prevent inter-personal violence will be implemented in targeted communities such as Vreed-en-Hoop and Albouystown. Additionally, the communities of

Kildonan/Friendship, Adelphi Canefield, Kilcoy, Angoy's Avenue and Sophia will benefit from funding to implement rapid impact projects, including the establishment of facilities to promote interaction, skills training, recreation and social cohesion. These interventions are aimed at promoting youth and community development by creating opportunities and a safe space to engage youths on the issues they face, build skills and confidence in communities, and share experiences to effect positive social change. The security sector is assured that the Coalition Government will continue to be a pillar of support for their efforts in keeping our country and its citizens safe.

J. Harnessing Our Human Capital

a. Education, the Bridge to Our Future

4.145 Mr. Speaker, human capital, our most precious asset, is a central driver of sustainable growth and poverty reduction. Investments in human capital have become more important as the nature of work has evolved. Despite some progress, significant gaps in human capital investments are leaving us poorly prepared for what lies ahead. The Government recognises that by improving the skills, health, knowledge, and resilience of its most precious asset, people, citizens can become more productive, flexible, and innovative.

4.146 Mr. Speaker, in 2018, we continued to upgrade and expand educational facilities. Learning resource centres at Mabaruma, Bartica, Kato and Lethem were outfitted; smart classrooms in Waramadong and Kato were completed while a comprehensive overhaul of our school curricula was begun with the training of education professionals. Considerable progress was made in enhancing the capacity of post-secondary technical vocational education training institutions to deliver competency-based education and training and to meet the standards which allow them to offer the Caribbean Vocational Qualification in a number of skill areas. Also, the Ministry of Education began to expand experiential learning for students at all levels, through the distribution of math and literacy kits. Smart Classrooms were introduced to improve learning and teaching

by connecting students in hinterland and coastal locations, especially to support the delivery of content for specific lessons, and for teacher training.

4.147 Mr Speaker, in 2019, \$5.4 billion is allocated for the construction, rehabilitation, extension and maintenance of educational facilities across the country. This year, we will advance works on secondary schools including those at Westminster, St. Roses, Port Kaituma, Wakapoa and Bladen Hall Multilateral. Further, nursery and primary schools including those at Chenapau, Mahdia, Diamond/Grove, Bagotville and White Water will benefit from improved physical conditions and additional classroom spaces for students.

4.148 Mr Speaker, the University of Guyana, in 2019, will receive a subvention of \$3.1 billion. Of this amount, \$508 million is earmarked for upgrading of facilities at both campuses, while \$2.6 billion is associated with operational expenditure. The University will also be undertaking the drafting of a strategic plan, which will incorporate plans to offer several new degrees, in the area of petroleum engineering.

4.149 Mr. Speaker, education is not only about the past and present, but it is also the bridge that connects us to the future. It will help to mould our children for the intellectual challenges of the rest of the 21st century. For this reason, we will intensify the revision of our schools' curricula, from Nursery to Grade 9, while addressing teacher training. The performance of our children in the public school system must improve substantially, if we are to truly build a nation of productive and cohesive communities. For us to tackle the challenges of managing an economy, which is going to expand exponentially, the education sector has to play a critical role by producing scientists and engineers, health care providers, managers and workers, thinkers and innovators, if we are to transform potential into prosperity.

4.150 As such, Mr. Speaker, Government plans to invest a further \$52.2 billion in the education sector, in 2019, a 15.6 percent increase over the 2018 allocation, to address disparities in the education sector such as bridging the gap between coastal and hinterland education delivery; eliminating the shortage of books in the classroom for

effective learning; and monitoring sector achievements. We plan significant and inclusive investments, from nursery to university level: investment in analytical work, curriculum reform, Robotics, Artificial Intelligence, the teaching of STEAM subjects (science, technology, engineering, arts and mathematics), and investing in facilities for our youths to be ready for the changing nature of work in an increasingly digital era.

4.151 We will be expanding initiatives like the distribution of Math and Literacy kits, as well as distribution of Robotic kits at the primary and secondary levels, which will enhance not only the ICT skills of students, but will also impact positively on their mathematical and general critical thinking skills. This is important both for their economic growth and development and their self-actualisation, that is, the realisation of their human potential and for the blossoming of their creativity. In the language of the day, Mr. Speaker, this budget underscores that it is critical to “#InvestinPeople”.

4.152 Mr. Speaker, the use of smart classrooms will be expanded throughout the country, with Santa Rosa and Paramakatoi Secondary Schools being among the priority schools for 2019. Providing and upgrading IT labs in primary schools will continue, targeting schools in Region 6 and Georgetown. Additionally, there will be upgrades and provision for new science laboratories at La Bonne Intention and Plaisance Secondary Schools, as part of the Ministry of Education’s emphasis on STEAM.

4.153 Programmes to reduce bullying and violence as well as other social problems in schools will be expanded to ensure regular school attendance. In this regard, two mobile welfare units will be introduced to expand access to a wider student population. Importantly, the school feeding programme across the country will be expanded, with an additional 9,545 students expected to benefit. This programme has been shown to be pivotal to improving school attendance and enhancing learning in the absence of hunger. “... Tomorrow belongs to those who prepare for it today” ... Mr. Speaker, truer words have never been said. It is for this reason that this budget allocates about 6.3 percent of GDP to this sector.

b. Moulding a Healthy Nation

4.154 Mr. Speaker, if we are to empower our people and build sustainable communities, it must be on the foundation of a healthy population. We will continue to invest resources in the health sector to ensure that the public healthcare system is maintained and upgraded, in order to deliver adequate and efficient care to improve the quality of life of all Guyanese. To this end, a total of \$35.9 billion has been budgeted for this sector for 2019, 11.9 percent of the Budget, \$2.6 billion above 2018's allocation, and 4.3 percent of GDP. Within this allocation, a sum of \$3.2 billion is for the construction, rehabilitation and maintenance of health infrastructure across the country and another \$7.8 billion will be used to procure drugs and medical supplies.

4.155 Mr. Speaker, the availability of drugs and medical supplies continues to be of concern to the Administration. A person that is prescribed treatment at a public health facility should not have to go to a private pharmacy to procure medication. We will be putting systems in place to strengthen procurement planning and ensure cost-effective purchases of drugs, in order to eliminate shortages and emergency purchases.

4.156 Mr. Speaker, the disease profile of Guyana shows that non-communicable diseases (NCDs) remain our biggest public health challenge. The data indicate that NCDs, such as diabetes and hypertension, are on the rise and these can also cause further complications, and even death, if left unchecked and untreated. There is a reason why NCDs are referred to as 'silent killers'. We must all recognise that a large contributor to this issue is our lifestyle, including lack of exercise, poor food choices and inadequate medical check-ups. The incidence of diabetes and hypertension must be addressed frontally, and Government is very concerned about the onslaught of sugar-sweetened beverages available to our population. While the Government will continue to expand its public awareness and education programmes, screening and treatment, the decision is ours to make in terms of lifestyle choices. This year we have taken initial steps to incentivise at-risk individuals to make healthier choices by increasing the taxes and duties on cigarettes, thereby discouraging their use.

4.157 Mr. Speaker, recent trends in non-communicable diseases warrant additional efforts, in 2019. With regard to tuberculosis, we have noted an increase in incidence of the multi-drug resistant strain of this disease. In response, the Government will be revitalising its DOTs programme, to ensure adequate detection, treatment and monitoring. Additionally, the incidence of HIV appears to be rising, with the 20-29 age cohort showing the highest incidence – 32 percent of all newly reported cases, in 2017. Mr. Speaker, similar to NCDs, this disease also relies on our lifestyle choices, specifically, our decision to use protection, commit to continuous testing and diligently follow treatment prescribed. The Government will continue its public awareness, surveillance and follow up programmes. We have committed to the international 90/90/90 Treat All Policy towards the eradication of HIV.

4.158 Mr. Speaker, it is a fact that our geography can make service delivery difficult; the health sector is no exception. For this reason, we have prioritised improving our maternal and child health (MCH) programme, with two new maternal waiting homes to be constructed in Moruca and Long Creek, and the refurbishing of the one, in Lethem, in 2019. We will undertake capacity building of the MCH Unit and procure related equipment, amongst other initiatives. Within the realm of life cycle health management, we have recently formalised the establishment of a men’s health unit and an elderly health unit, both of which will aim to promote targeted interventions for their respective groups. Overall, we have budgeted about \$1.6 billion for family health care services, in 2019.

4.159 Mr. Speaker, in the coming year, the Government will be advancing the improvement of its health infrastructure to strengthen and complement its delivery and expansion of services. We will aim to complete the construction of the Kingston bond and the upgrading of the bond in Diamond, to facilitate effective storage and distribution of drugs and medical supplies. Provision has also been made to commence construction of a new laboratory for the Food and Drug Analyst Department that will improve our capacity to certify relevant imports and exports.

4.160 With regard to our regional facilities, the Port Kaituma Hospital Complex is also anticipated to be completed, which will serve as an additional district hospital for Region 1. Additionally, in order to reduce the number of referrals we would be strengthening our workforce across the country; however, this requires investment in appropriate living facilities for, and incomes of, our health professionals, especially those serving in hinterland, remote and riverain areas. To this end, in 2019, we will construct living quarters in key areas such as Kamarang, Kaikan, Lethem, Wiruni, Mabaruma, Leguan and Mabura. Also, we will examine the issue of allowances for health workers.

4.161 Finally, Mr. Speaker, we will be seeking to make a significant improvement to the national referral hospital – Georgetown Public Hospital Corporation – as the construction of a new accident and emergency facility can no longer be delayed. As such, we have commenced discussions with interested development partners to build a modern, state-of-the-art trauma centre that will allow us to better manage emergency cases, including addressing patient flow, isolation and capacity.

c. Our Youth, Our Future

4.162 Mr. Speaker, our young people, aged 18 to 35 years, constitute a significant resource, imbued with tremendous potential, whose innate abilities, skills, aptitude and moral and spiritual values, we must harness to serve as a stimulant to our national, social, political and economic development, as well as our future prosperity. Therefore, we have crafted a holistic programme to accentuate their independence and patriotism, and to empower them to use their creativity, ingenuity and entrepreneurial spirit.

4.163 Mr. Speaker, building on the achievements, in 2018, we have allocated \$1.7 billion to continue various youth initiatives, in 2019. The Youth Innovation Project of Guyana, which is aimed at fostering a green economy, is in receipt of 271 proposals for project implementation, of which 30 have qualified to receive funding totalling \$45 million. The Guyana Youth Business Summit has approved 11 out of 255 proposals for funding in excess of \$9.3 million.

4.164 Mr. Speaker, in 2018, training focused on facilitating self-employment in many of the projects, namely: the Youth Entrepreneurial Skills Training, which had three components, (i) the Kuru Kuru Training Centre, (ii) the Sophia Training Centre and (iii) the Vrymans Erven Training Centre which together, received a budget of \$192 million. Job creation in both the private and public sectors was provided for several of the graduates. Training was also extended, via the Hinterland Employment and Youth Scheme (HEYS), to 1,965 persons in the ten administrative regions. Over 1,300 businesses have been established, as a result of this Scheme.

4.165 Mr. Speaker, I am encouraging groups, cooperatives and job-seeking individuals to take advantage of the many schemes, programmes and funding opportunities that are available for youths to be their own boss, including the Sustainable Livelihood and Entrepreneurial Development programme, which is under the remit of the Ministry of Social Protection, and which has been allocated \$250 million in this Budget; and the Small Business Development Fund, which is under the Ministry of Business, and which has been allocated another \$100 million. Both sets of funds will be made available in grants or mostly grants. Another facility for financing small businesses is the Linden Enterprise Network for which \$218 million is allocated, in 2019. This allows access to resources for housing, manufacturing, construction and other enterprises.

d. Child-Focused Interventions

4.166 Mr. Speaker, our children, ages 0 to 14, make up almost 30 percent of our country's population. From the time of conception, their health and well-being are priorities for any country within the context of its national healthcare system. Promoting the well-being of children and the fulfillment of children's rights must preoccupy any responsible nation, from the level of the policy maker to the public at large. In 2017, the Ministry of Finance undertook a child-focused public expenditure assessment, which continues to guide new and ongoing interventions. Mr. Speaker, permit me to quote from that 2017 report, where the results indicated that social expenditure in Guyana had a pro-adult bias up to 2014. Since then, direct child-focused expenditure has been gaining importance, with social expenditure having a pro-child

bias. Mr. Speaker, I can assure that this year will be no different; the estimate for direct pro-child expenditure in this Budget is \$605 million.

4.167 Mr. Speaker, a wide spectrum of programmes and initiatives that address the needs and rights of children are in place. In the health sector, programmes are being implemented to address infant mortality and to bring awareness of prevention of mother-to-child transmission of HIV. The school-feeding programmes are being expanded, while investments in our education system in early childhood systems and teacher training are being given greater focus. The President's Five Bs Initiative has been instrumental in improving children's attendance at school as well as their nutritional status.

4.168 Mr. Speaker, we believe that positive socialisation and development of our children will mould our human resources for the future. As such, in 2018, the Government commissioned six Early Childhood Development Centres in Dartmouth; Suddie; One Mile, Wismar; Anna Catherina; Golden Groove; and Ithaca. Built at a cost of \$220 million, these centres will expose children from vulnerable communities to early childhood education in a child-friendly environment. Sixty-four youths were trained in early childhood education and eight youths from each centre were selected for training to become early childhood practitioners to manage the centres. The remaining sixteen youths were trained to become entrepreneurs to own and manage their private childhood centres. Further, the Government, in 2016, announced tax rebates for employers who established day care facilities for their employees.

4.169 Mr. Speaker, in addition to the numerous interventions and programmes mentioned, previously, for children, the Child Care and Protection Agency has been addressing the challenges faced by children whose needs are not met by their parents, guardians, and other primary care givers. The success to date can be attributed to the Agency's strengthened partnerships with communities and non-governmental organisations, to participate in the care and protection of children. This has resulted in greater willingness by parties to report cases of child abuse.

4.170 Several interventions will be undertaken to prevent child abuse and protect vulnerable children. The “Right Start” initiative, through the early childhood development programmes, will ensure that children are exposed to positive early childhood experiences, in an effort to decrease the number of dysfunctional adults in society. Parents will be educated on children’s rights and vulnerable families will be exposed to community network support. The Agency will extend its work with children in the hinterland regions. In 2019, two NGO’s will receive a Government subvention to support initiatives that aim to prevent and treat instances of child sexual abuse, and protect children from all forms of abuse.

4.171 In meeting its responsibility under the Juvenile Justice Bill (2018), the Agency will explore suitable options to provide alternative care for children below the age of criminal responsibility. According to Section 41, the Act requires “A child or juvenile shall not be sentenced to imprisonment”. As I previously mentioned, Mr. Speaker, support for juvenile justice will also be provided through the operationalisation of the Juvenile Justice Programme.

e. Supporting Our Elderly

4.172 Mr. Speaker, the Government continues to promote the inclusion of our elderly as we transform Guyana, and remains committed to enhancing their well-being. To consolidate and strategically direct efforts in this regard, the Government has embarked upon the preparation of a National Policy on Aging, which is expected to facilitate societal integration and allow for added participation of this group in the development process.

4.173 The Health Vision 2020 points to ensuring that our elderly benefit from improved life expectancy and access to quality health care services, including better management of diseases such as heart disease, Alzheimer’s and arthritis. In 2018, a health and fitness exercise programme for the able-bodied was introduced at the Palms while two infirmaries were operationalised at the Palms and the Hugo Chavez Centre for

Rehabilitation and Reintegration. Additionally, an elderly health curriculum was reviewed and health service delivery and awareness continued at homes for the elderly.

4.174 Mr. Speaker, over \$66 million was expended to maintain and rehabilitate the Palms, in 2018, to improve the edifice and environment. Residents have benefitted from wheelchair and wheelchair-accessible bus services, and will benefit from the upgrade of medical and kitchen equipment and furniture, provided under a grant made available by the Islamic Development Bank. Community clubs were established and operationalised in Regions 2, 3, 4, 5, 6, 7 and 10, to engage the elderly in social activities that provide mental stimulation and community development. In 2019, an Elderly Welfare Services Section will be established at the Ministry of Social Protection, to monitor the operations of elderly residential care facilities and investigate complaints. The Minimum Standards of Care for the Elderly will be completed during the first quarter of 2019.

4.175 Mr. Speaker, while we endeavour to promote the health, care and inclusion of our elderly, we are also aiming to secure their retirement by moving to table a Pensions Bill in the National Assembly, in 2019. The Act will serve to protect the investments made by our populace in pension schemes, so as to ensure continued means of livelihood well into old age. The Government will continue to increase the Old Age Pensions, within the limits of its available resources. We will work to reform the National Insurance Scheme (NIS) to ensure that the pensioners are timely and adequately services.

f. Persons with Disabilities

4.176 Mr. Speaker, the Government committed to building capacity and improving the quality of life of persons living with disabilities. In this regard, the National Commission on Disability commenced the execution of a National Household Survey of Persons with Disabilities in Regions 2, 3, 5, 6 and 10, which will guide decision-making, policy formulation and service delivery.

4.177 Mr. Speaker, we need to recognise that persons with disabilities are still willing and able, if given the opportunity, to contribute to the workforce. This is why

Government, in 2018, provided vocational skills training to 114 persons with disabilities; another 140 will be trained, in 2019. Further, the Open Doors Vocational School, which was established to offer technical and vocational training to persons with disabilities, added after-school activities such as martial arts, swimming, football, cricket, dance and drama.

4.178 In 2019, a special Montessori classroom, designed to develop the critical thinking skills of children with mental disabilities, will be built at the Centre for Stimulation and teachers will be trained in this methodology. All special needs teachers are now benefitting from a risk allowance, which became effective in January 2018.

4.179 Finally, Mr. Speaker, Government is moving to implement a tax concession for private vehicles specially equipped for transporting persons living with disabilities. The Government will also examine the feasibility of providing a tax rebate on cellphones with accessibility features for persons with visual or hearing impairments. These two initiatives will solidify government's commitment to equity and inclusion for all its citizens through the use of ICT.

g. Culture and Arts

4.180 Mr Speaker, for too long, we have regarded development as being synonymous solely with economic growth. However, this Government recognises that growth and development are inseparable from culture. Strengthening the contribution of culture to sustainable development is central to the programmes of this Government. We have to build knowledge and understanding of our cultural and historical assets, and we must recognise the intrinsic and extrinsic value that our cultural heritage has in creating jobs and income, and showcasing Guyana.

4.181 Mr. Speaker, come February 23, 2020, Guyana will be celebrating the Golden Jubilee of our Republic. In anticipation of this grand occasion, we have allocated \$350 million to allow for sufficient preparation for this milestone. This will largely entail the rehabilitation and upgrading of venues for the hosting of national and regional events,

along with the construction of commemorative landmarks across the country. Additionally, approximately \$1.1 billion has been allocated, in 2019, to continue to maintain the operations of and rehabilitate our national cultural institutions and facilities. This House will be pleased to note that the Indian Immigration Monument at Palmyra, Region 6, will soon be completed and commissioned. A new monument commemorating the Linden Martyrs will be erected in Region 10.

4.182 Finally, Mr. Speaker, to afford some level of protection to our artistes and creative industry, and safeguard their livelihoods, we will take steps to finalise the draft intellectual property rights legislation for Guyana.

K. Hinterland Development

4.183 Mr. Speaker, our Government remains mindful of the importance of green and inclusive growth, with particular emphasis on empowering our indigenous peoples and providing business and investment opportunities for sustainable holistic development. Against this backdrop, and in addition to the many interventions mentioned across the previous sectors, we invested in more than 215 indigenous villages and communities, over the past three years. In 2019, this policy thrust will be intensified, as we work assiduously to advance the pace of development in the hinterland regions. Access to quality education, adequate physical infrastructure, quality health care, creating an enabling environment for technical/vocational and life skills, and entrepreneurial and business management competencies will be the planks upon which we continue to build resilience in these communities.

4.184 In 2017 and 2018, Government contributed over \$178.9 million towards supporting the education and training of our hinterland people. In 2019, Government will continue to support this initiative by contributing over \$89.4 million to this intervention. This includes provision for uniforms and transportation. Mr. Speaker, this intervention will directly impact the lives of 33,908 hinterland students helping to bridge the gap between coastal and hinterland access to quality education.

4.185 Mr. Speaker, Government remains committed to supporting the preservation of our indigenous peoples' culture. To this end, Government has contributed \$203 million in 2018 to support our indigenous peoples' cultural celebrations. In 2019, Government will contribute \$210 million to sustain the hinterland people's festivities. These include: the Heritage Pageant, Rupununi Rodeo, Rupununi Music and Arts Festival and Upper Mazaruni district games.

4.186 In 2019, Government has prioritised development of our hinterland regions as reflected in the increased investments in infrastructure, education and health. These interventions will directly and indirectly impact the lives of our hinterland people.

4.187 Mr. Speaker, 22 villages have completed their Sustainable Village Improvement Plans, while two have submitted their first drafts. In 2019, an additional 31 villages are targeted to complete their village improvement plans. These plans are intended to encourage economic activities, while promoting sustainable use, protection and conservation of village lands. Communities will be rewarded for achieving their sustainable development targets through financial and technical support.

4.188 Mr. Speaker, the Coalition Government will uphold its pre-election commitment regarding the revision of the Amerindian Act. In 2018, we completed the first series of regional consultations on the revision of the Act, which saw representation from various stakeholders in 11 indigenous villages in the Moruca Sub-Region, South Central Rupununi, Deep South Rupununi, Upper Mazaruni and the Region 2 communities. Consultations with the communities of Regions 3, 4, 5 and 6 were also completed. It is anticipated that, by the end of 2018, another 2 consultations will be completed, and in 2019, we will continue these consultations in 59 Villages, covering Regions 7, 8, 9 and 10, which will target another 590 persons.

4.189 The construction of the flagship Hinterland Green Enterprise Development Centre, at Bina Hill will be completed, in 2019. Two dormitories have been completed and are expected to house 120 students. In tandem, the Government will be constructing a food processing facility at Bina Hill. This facility will conduct the post-

harvest processing of the famous purple potato and other nutritional tubers like yams. The Institute of Applied Sciences and Technology will provide assistance in training residents in the utilization of the technical machinery as well as conduct further processing into value added products. These initiatives, Mr. Speaker, will further mould the skills needed to develop Bina Hill and surrounding communities. With the empowerment and skills transfer programmes, we can expect products coming out of this area to be ready for the local market. The recently-launched SAK purple potato drink has joined a growing list of authentic indigenous products like Rupununi Essence, Pakaraima Flavours, Sundried Tomato Ketchup and Salad dressing.

4.190 Mr. Speaker, to date Government has contributed a total of \$2.3 billion to support the Hinterland Employment and Youth Service (HEYS) programme from 2016 to 2018. Through the HEYS initiative, a total of 2,054 small businesses was established and managed by our hinterland youths. Cohort 1 would have seen 752 small and micro businesses established, while Cohort 2 would have seen an additional 1,302 similar businesses in operation. Youths participating in this programme have benefitted from life skills training, which allow them to become entrepreneurs. In 2019, the Government will continue to support the HEYS initiative by contributing over \$176.1 million to provide support by means of monitoring, grants and mentorship to allow the hinterland youths to launch their micro-enterprises into vibrant economic activities.

5.

Targets for 2019

A. Real Gross Domestic Product

5.1 Mr. Speaker, there is no denying that our economy is on the rise. In 2019, we expect the real economy to grow by **4.6** percent, amid steady growth in the global economy and stable commodity prices. This expansion will be broad-based, with all major sectors projected to expand.

a. Agriculture, Fishing and Forestry

5.2 Mr. Speaker, in 2019, the agriculture, fishing and forestry sector is forecasted to grow by 3.9 percent, driven by growth across all industries. The restructuring of GuySuCo and the recapitalisation of estates will see production increasing progressively over the next few years. Specifically, in 2019, output is expected to increase by 15.6 percent. Rice will continue to grow steadily, increasing by 2.7 percent, in 2019, as farmers continue to realise productivity gains due to better practices and improved varieties. The production of other crops is projected to grow by 4 percent, as a result of our farmers' willingness to implement improved practices and adopt new varieties, with the support of the National Agricultural Research and Extension Institute.

5.3 Mr. Speaker, like other crops, the livestock industry is expected to expand in 2019, by 2.3 percent, driven by improved practices and breeds, thanks, in large part, to the efforts of Guyana Livestock Development Authority. The fishing industry is forecasted to recover from a contraction this year, and expand by 1.9 percent, in 2019, with the output of both shrimp and fish production improving as a result of better fishing conditions, compliance with standards to access external markets and increased vessels. The forestry industry is also expected to grow by 1.9 percent, driven by upgrades to hinterland roads and bridges as well as increased external demand for certain species.

b. Extractive Industries

5.3 Mr. Speaker, Year 2019 will see the mining and quarrying sector expanding by 3.7 percent, spurred by continued growth in bauxite, by 8.6 percent; and other mining, by 5.3 percent. This will be driven by increased demand as well as the coming on stream of the operations of a third company in the industry. During next year, gold declarations are forecasted to increase, with the industry expected to grow by 2.5 percent.

c. Manufacturing

5.4 Mr. Speaker, this administration remains committed to fostering the development of private enterprises, especially in the manufacturing sector. We recognise the importance of diversifying the economy and will continue to work to develop all businesses, with particular focus on micro and small entrepreneurs. The soon-to-be-announced measures will give a boost to the sector, and businesses in general. In 2019, the manufacturing sector is expected to grow by 4.2 percent, driven by a 4 percent increase in other manufacturing.

d. Construction

5.5 Mr. Speaker, as our economy transforms, so too must our infrastructure. In 2019, our construction sector will continue to grow as both the private and public sectors invest in the infrastructure that will shape our future. This sector is expected to grow by 10.5 percent in 2019, partly in response to a significant increase in the public sector investment programme.

e. Services

5.6 Mr. Speaker, in 2019, we expect the services sector to increase by 3.7 percent, due to expansions in all industries, but in particular in wholesale and retail trade, financial and insurance activities, rental of dwellings, and other service activities.

B. Monetary Policy and Inflation

5.7 Mr. Speaker, based on the currently projected lower-than-anticipated inflation rate, for 2018, we anticipate inflation, in 2019, to be 2.5 percent. However, we remain mindful of the inflationary pressures that may arise, as our economy accelerates towards first oil and, if necessary, will respond with appropriate measures to maintain a stable rate.

C. Balance of Payments

5.8 Mr. Speaker, in 2019, the overall balance of payments is expected to improve substantially, to a surplus of US\$15.0 million. This is on the backdrop of the capital account growing robustly, to a surplus of US\$376.2 million, and the current account improving to a lower deficit of US\$361.2 million. The higher projected surplus on the capital account is likely to result from higher net inflows to the private sector in the form of foreign direct investment. The improvement on the current account will be supported by a lower merchandise trade deficit of US\$256.4 million, as total export earnings are projected to increase, amid higher commodity prices, and increased production, in 2019. For instance, export receipts from gold are projected to increase on account of higher declarations. In addition, total import payments are expected to grow marginally, by 0.8 percent, also contributing to the improvement of the current account.

5.9 Mr. Speaker, as a result of the surplus, in 2019, the accumulation of gross foreign reserves at the Bank of Guyana will be equivalent to 3.0 months of imports.

D. Targets for the Non-Financial Public Sector

a. Central Government

5.10 Mr. Speaker, total revenue is anticipated to increase by 9.9 percent to reach \$238.3 billion in 2019. This increase is anticipated mainly from tax revenue of \$223.6 billion, or 9.9 percent above the 2018 position. Non-tax revenue is expected to reduce

by 15.2 percent to \$14.7 billion, as a result of a decline in transfers from statutory bodies by \$4 billion.

5.11 Central Government expenditure is expected to grow by 11.5 percent, to \$291 billion. Recurrent expenditure is anticipated to increase to \$221.8 billion, 9.8 percent higher than one year ago. This will be driven by a 19 percent increase in personal emoluments, to \$70.2 billion; a 13.8 percent increase in other goods and services payments, to \$59.8 billion; transfer payments, by 1.5 percent, to \$83.1 billion; and a 5.6 percent increase in external interest payments, to \$7.6 billion. Capital expenditure is budgeted to rise by 17.4 percent, to \$69.3 billion.

5.12 Mr. Speaker, Central Government overall deficit is projected to be 5 percent of GDP in 2019, below the budgeted 5.4 percent of GDP for 2018.

5.13 The total Budget for 2019 is **\$300.7** billion, 12.6 percent increase over 2018.

b. Summary of Operations of the Public Enterprises

5.14 Mr. Speaker, the Public Enterprises are projected to record a deficit of \$13.3 billion, in 2019, reflecting higher recurrent expenditure. Rising fuel prices and the change in origin are expected to affect the cost of acquiring fuel for GPL and GuyOil in the year ahead. The combined revenue receipts are expected to increase by 12.6 percent, to \$135.2 billion. GuyOil revenue is expected to increase by \$6.9 billion, 15.8 percent above revised 2018 level. The National Insurance Scheme is projected to record surplus of \$469.8 million, an improvement from the deficit of \$1.1 billion. This estimated outturn reflects enforcement measures, compliance initiatives and expansion of regional offices, in 2019.

6.

Measures

6.1 Mr. Speaker, since entering office, the Coalition Government has made tax reform a top priority. As such, arising from the recommendations of tax studies done by the Caribbean Technical Assistance Centre and a local group of experts, the previous four budgets contained a wide range of tax measures that are designed to promote economic growth and to build a sustainable revenue base for government, without compromising the equity and fairness of the system. Among other objectives were the broadening of the tax base, and improving efficiency and tax administration. The numerous policy measures and initiatives and structural reforms that have been implemented so far have had a mostly positive impact. The 2019 budget measures builds on the success to date by targeting production, incomes and exports. At the same time, they support the strengthening of some weak areas, including the closing of loopholes; and the simplification of business processes. Above all else, we have kept faith with our promise to give back to the taxpayer, through reduction of taxes and tax rates, as we continue to reach for a sustainable expansion of the tax base.

A. Measures in Support of Our Green Agenda

6.2 Mr. Speaker, in our continued thrust to build a green economy, I propose the following tax incentives for companies utilizing alternate energy technologies; renewable energy options, such as gasifiers to use biomass; and harnessing renewable energy through wind, solar and water, I propose to:

- i. Change the Wear and Tear Schedule of the Income Tax Act to allow for the write off of capital expense within two years; and
- ii. Waive import duties and VAT on new equipment.

6.3 These additional measures, which are effective from January 1, 2019 build on those announced in Budget 2017 and Budget 2018.

6.4 In addition, Mr. Speaker, hybrid and electric vehicles were exempted in Budget 2017, from the payment of Excise Tax. I now propose:

- i. To amend the Customs Act to include relief from Customs duty for cars with a capacity equivalent to 2000 cc in Watts
- ii. To amend Part III B(i) of the First Schedule to the Customs Act and Schedule 2 of the VAT Act to exempt change-over kits
- iii. To waive the Excise Tax on all electric motor cycles.

6.5 If the vehicles are modified within two years of entering Guyana, to accommodate gasoline or diesel, the full duties and taxes would become payable.

B. Measures to Increase Workers' Income

6.6 Mr. Speaker, I propose to increase the income tax threshold to \$780,000 or one-third, whichever is greater, with effect from year of income 2019. This represents a 30 percent increase in the threshold, since the Coalition Government came to office in 2015, and would see approximately \$805 million being returned to taxpayers. In addition, Mr. Speaker, the wages and salaries of public servants will be increased in 2019, after discussions with the respective unions. It is our hope that a multi-year package can be concluded that progressively improves workers' income to a liveable wage over a defined period. Also, we will recommence negotiations on improving allowances in the public service with the Guyana Public Service Union.

C. Exemptions for Public Officers/Public Officials

6.7 Mr. Speaker, vehicles less than 4 years old currently pay zero percent, up to 1,499 cc, and 10 percent, up to 2,000 cc. However, qualifying public officials pay 10 percent and 30 percent, respectively for these two categories of vehicles. This is more than the rate specified in law for regular imports without exemption. I propose, therefore, to amend the Excise Tax Regulations to remove this anomaly and ensure consistency with the applicable law.

D. Exemptions for Remigrants

6.8 Mr. Speaker, the current remigrant system is flawed and has led to abuse on a number of occasions. In order to ensure compliance, minimize, if not eliminate, the abuse, while simplifying the process, I propose the following:

- i. A system of credits up to a limit of \$5 million for vehicles imported by a remigrant. With this system, a remigrant can bring as many vehicles as he/she wishes. For example, suppose a remigrant brings in three vehicles, with an assessed value of \$20 million. Then the remigrant will be credited with a tax free allowance up to a value of \$5 million, and would be required to pay all applicable taxes on the balance of \$15 million.
- ii. The removal of the 6 month overseas ownership. This allows the remigrant the option of purchasing the vehicle locally, within six months of his/her arrival. This would be advantageous to the remigrant who lived in a country where driving is on the right, as opposed to Guyana, where it is on the left.
- iii. Returning students who have completed at least 3 years of continuous study be eligible for remigrant status.

6.9 The granting of remigrant status will continue to be determined by the Department of Citizenship and Immigration.

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

6.10 Mr. Speaker, I propose to increase the Old Age Pension from \$19,500 to \$20,500. At the same time, I propose to increase Public Assistance from \$8,000 to \$9,000. This brings to 55 percent and 53 percent, respectively, the increases granted to these two categories since the Government came to office. Both increases, which take effect from January 1, 2019, will see persons taking home an additional \$800 million, in 2019.

6.11 Mr. Speaker, many former public servants, Members of Parliament and other categories of workers, who retired prior to 1992, have approached me with a view of

doing something about their pensions, which were decimated as a result of repeated devaluations in the 1980s and early 1990s. They have indicated that they are getting on in age and wish for the Government to bring urgent relief to them. I want to assure those persons that the matter is under active consideration.

F. Measures in Support of Persons Living with Disabilities

6.12 Mr. Speaker, with a view of ameliorating the difficulties faced by persons with disabilities, I propose to exempt from Excise Duty and VAT, vehicles for use by persons with disabilities or vehicles that will be converted for their use. Such vehicles must be able either to be driven by the disabled person, or designed for such a person. Second, Mr. Speaker, the Government will examine the feasibility of granting a tax rebate on handsets with accessibility features for persons living with disabilities. This will allow Guyanese who are visually- and hearing-impaired to afford a smartphone. In order to avoid abuse, the exemptions would be granted, after the Commission representing Persons with Disabilities certifies that the person, the vehicle and the handset are eligible for the concessions. These two initiatives solidify government's commitment to equity and inclusion for all its citizens through the use of ICT.

G. Measures in Support of the Private Sector

a. Final Tax – Gold and Diamond Miners Withholding Tax

6.13 Mr. Speaker, in Budget 2018, I announced a series of measures designed to simplify the tax regime applicable to the gold and diamond sector. Specifically, I indicated an intention to amend Section 33 (E) (1) of the Income Tax Act to allow for the tax to be assessed based on a sliding scale, and that such a tax would be a final tax on income from gold mining activities. Unfortunately, the law did not make this explicit. I now propose to amend the law to treat as a final tax, the tax assessed on income derived from gold mining activities. It will also be made clear that this final tax relates only to declarations made to the Guyana Gold Board; that the income must be from individual

gold mining and not from the sale of gold or the rental of blocks; that income from other sources are excluded from this tax treatment.

b. Small Businesses

6.14 Mr. Speaker, in Budget 2018, I stated that many small businesses do not make full use of the concessions available under the various Tax Acts, the Small Business Act and those offered through Investment Development Agreements. Small businesses, as defined in the Small Business Act, are usually taxed at the respective individual and corporate tax rates. In keeping with our Government's recognition of the role small businesses play in adding value and employment in the country, I propose to reduce the income and corporate tax rates to 25 percent on taxable profits. To benefit from this reduction, the business must be registered with the Small Business Bureau, and be involved in either manufacturing or construction activities. We estimate that this measure will cost \$120 million.

c. Non-Commercial Companies

6.15 Mr. Speaker, in 2017, the non-commercial or manufacturing rate was reduced from 30 percent to 27.5 percent. This enabled these businesses to improve their profit margins, thereby allowing for new investment and capitalization. Following my visits to several businesses, and in an effort to boost activities in the sector, I propose to further reduce the manufacturing and non-commercial rate to 25 percent, with effect from Year of Income January 1, 2019. This measure, which keeps a promise by our Government to reduce the manufacturing rate to 25 percent before the end of our first term, will cost \$1.1 billion.

d. Property Tax – Individual and Companies

6.16 Mr. Speaker, in an effort to restore equity and consistency in the tax regime between individuals and companies, and to further reduce the burden of Property Tax and Capital Gains Tax, I propose the following:

- i. An increase in the threshold for filing a return for: individuals, from the current net property of \$1.5 million to \$40 million; and for companies, from \$0.5 million to \$40 million.
- ii. A reduction in the current rate for both individuals and companies, from 0.75 percent to 0.5 percent for the first \$20 million in taxable net property, and the remainder being taxed at 0.75 percent.

6.17 By way of example, two persons A and B, have net property of \$38 million and \$105 million, respectively. Individual A will not be required to file a Property Tax return, since he is under the threshold of \$40 million. However, Company B will have to file a return and pay Property Tax as follows: taxable net property: \$105 million - \$40 million = \$65 million. Tax payable on first \$20 million = \$100,000. Tax payable on balance of \$45 million = \$337,500. Total taxes payable = \$437,500. Under the new measure, Individual A saves \$285,000 while Company B saves \$346,250. The revenue loss from this measure is estimated to be \$100 million.

e. Capital Gains Tax

6.18 Mr. Speaker, households who sell their homes and invest in newer dwellings are still subject to Capital Gains Tax. I propose to exempt from the payment of Capital Gains Tax the proceeds from the sale of a house which is reinvested in another home of equal or greater value, during the said year of assessment or within 60 days of the end of the year in which the property is sold. The revenue loss is estimated to be \$200 million.

6.19 In addition, Mr. Speaker, in recognition of inflation through the years, I propose to increase the threshold for Capital Gains Tax arising from disposal of property from \$1,000 to \$500,000. The revenue loss is expected to exceed \$102 million.

6.20 Also, Mr. Speaker, in light of the wear and tear allowance given to buildings used for service and warehousing, and property tax valuations being updated to the 01/01/2011 market value, I propose the removal of the twenty-five year limitation. This means that Capital Gains Tax will be applicable on the gains accrued between the 2011

valuation or the date of acquisition, if later, and the selling price of the property when assets are disposed of, regardless of the date of acquisition. These three measures are contemplated to be revenue neutral, in view of the fact that the 2011 market value of assets are realistically closer to the current 2017 market value.

f. Wear and Tear Allowance for Service and Warehouse Buildings

6.21 Mr. Speaker, changes to the capital allowances' structure have been a subject of discussions between the business community, accountants and the Ministry of Finance for some time now. It is argued that Guyana has neglected to recognize that buildings suffer from Wear and Tear, not only by housing machinery but also by warehousing and providing services. As such, I propose to amend Section 17 of the Income Tax Act to provide for an allowance for wear and tear on any building used for services and warehousing purposes. The Schedule provided in the Income Tax (Depreciation Rates) Regulations made under Section 117 would be amended to include buildings (used for services and warehousing purposes) and the rate proposed is 2 percent on cost.

6.22 I also propose to amend Part II of the Income Tax in Aid of Industry Act to allow for an initial allowance on buildings used for services and warehousing purposes. This means that not only manufacturing companies will benefit, but also hotels and any industry that produces value that is primarily intangible, such as customer service, management, advice, knowledge, design, data and experiences. This measure will cost over \$400 million, annually. However, this will again increase after tax profits in the hands of the beneficiaries.

g. Export Allowance

6.23 Mr. Speaker, the law provides for the Export Allowance to be claimed by exporters of non-traditional products to markets outside of CARICOM. The rationale was to provide an incentive to boost exports to markets where receipts were in a tradable currency, such as the US\$, as distinct from CARICOM, where payments were settled in soft currency such as the Barbadian or Trinidad and Tobago dollar. This

situation has diminished substantially. Therefore, I propose to extend the export allowance to exporters of non-traditional products who are paid in a recognized tradable currency. The cost to the economy in tax dollars will be \$300 million. However, this should be counter balanced by the increased exports of non-traditional products and increased hard currency receipts.

h. Exemption from Customs Duty, Excise Tax and VAT

6.24 Mr. Speaker, I propose to make the following amendments to the Customs Duty, Excise Tax Act and Value Added Tax Act:

- i. Reduction of the Excise Tax charged on Shandy and other beverages containing less than 1 percent alcohol by volume, from \$126 per litre to \$65 per litre. The revenue foregone is \$37 million.
- ii. Reduction in the Excise Tax charged on indigenous wines and other fermented beverages that are manufactured using 100 percent local inputs, from \$150 per litre to \$65 per litre. The revenue loss is \$128 million.
- iii. New regime for taxing tobacco consisting of a combination of ad valorem and specific taxes as follows: the imposition of a specific Excise Tax of \$2,500 per 1,000 sticks, together with Customs Duty of 100 percent and VAT of 14 percent. In addition to reducing smuggling and simplifying administration, the new regime should result in a net increase in revenue of \$50 million.
- iv. Exemption of pesticides used in the agriculture sector from Custom Duty and VAT. The revenue loss is \$3.2 million.
- v. Exemption of limestone used in the agriculture sector from Customs Duty. The revenue loss is \$4.2 million.
- vi. Exemption from VAT, aircraft engines and main components/parts.
- vii. Exemption from VAT, concrete blocks used for housing and construction. This follows the exemption from VAT on complete housing units up to \$6.5 million, which formed part of the measures in Budget 2018. Together, these measures will propel the housing drive, as Government seeks to make available decent and affordable homes to the population.

- viii. Exemption from VAT, equipment and chemicals for water treatment and production plants.
- ix. Exemption from VAT, orthopaedic appliances and artificial parts of the body. (All items contained in the First Schedule to the Customs Act under Tariff Heading No. 90.21, being orthopaedic appliances, including crutches, surgical belts and trusses; splints and other fracture appliances, artificial parts of the body; hearing aids and other appliances which are worn or carried or implanted in the body, to compensate for a defect or disability), and artificial teeth and others.
- x. Exemption from VAT, Educational Robot Kits, in order to boost the “Reading & Robotics” programme targeted to children in communities all across Guyana; to encourage more young people to become avid readers; and to develop necessary soft skills like communication, collaboration and conflict resolution.
- xi. Exemption from VAT, boats used in rural and riverain areas designed for the transport of goods and persons not exceeding 7.08 cubic metres (250 cubic feet). The import Duty of 5% will also be waived.

i. VAT Credits for Electricity and Water

6.25 Mr. Speaker, I propose to amend the Income Tax Act to give exporters a tax credit equivalent to the applicable VAT paid in relation to water and electricity, once proven to the satisfaction of the Commissioner General, GRA, that such VAT was charged and paid in relation to the goods manufactured and exported.

j. Remission of VAT

6.26 Mr. Speaker, in order to ensure the consistent application of the tax laws, and in keeping with Section 105 of the Income Tax Act – which allows the Minister of Finance to remit income tax – I propose to amend the VAT Act to provide for the Minister of Finance to make regulation to remit, in whole or in part, the VAT and the interest on VAT payable by any person, where good cause is shown.

H. Tourism

6.27 Mr. Speaker, in Budget 2018, I alluded to the critical nature of the transportation sector in the economy. In recognition of that, the rates of Excise Tax on overland transportation imported for tourism purposes in the interior/rural and riverine areas were reduced, thereby bringing relief to businesses operating in those areas, especially Regions 1, 7, 8, and 9. I now propose to add Region 10 to the regions identified to benefit from this concession.

6.28 I propose to introduce a tax credit, equal to 75 percent of income and corporate taxes payable on profits from tourism activities, for persons investing in Regions 1, 7, 8, 9 and 10.

6.29 I propose to exempt from the payment of import duties and excise taxes, motor buses with twelve (12) or more seats, not exceeding four years old, purchased and used exclusively for the transportation of tourists anywhere in Guyana, and registered and licensed as a tourism operator by the Guyana Tourism Authority (GTA). The GTA will also verify that the said operators satisfy the registration and licensing conditions for five years subsequent to receiving any concessions, and all such vehicles will have painted stripes similar to the zoning for minibuses.

6.30 Further, Mr. Speaker, hotels in the named Regions will benefit from the proposed amendments to the Income Tax Act and the Income Tax (In Aid of Industry) Act that will allow the grant of wear and tear and initial allowances on hotel buildings.

I. Passports

6.31 Mr. Speaker, I wish to announce the introduction of a 46 page, machine readable passport. Business persons and other frequent travellers would find this new passport both attractive and convenient. It is priced at \$10,000. The 32 page passport remains available at the current price of \$6,000.

J. Refunds of Revenue

6.32 Mr. Speaker, as currently obtains, refunds for the overpayment of customs duty and income tax are dependent on resources made available in the budget. In addition to causing unnecessary delays and inconvenience to the taxpayer, it is administratively burdensome for the GRA. I propose, therefore, to amend the Customs Act and the Income Tax Act to allow for the payment of customs duty and income tax refunds to be done out of the Customs Duty revenue and the Income Tax revenue, respectively. Only the net revenue collected for Customs Duty and Income Tax will be paid into the Consolidated Fund. This treatment of refunds is identical to, and consistent with, the payment of VAT refunds, which is done out of current VAT revenues. I believe that this new system will reduce the angst and anxiety suffered by taxpayers as a result of the protracted delays in processing refunds.

K. Miscellaneous Measures

- i. Mr. Speaker, I propose to amend the relevant sections of the Tax Act, in particular Sections 18, 19, 20, 22, 40, 41, 44, 46, 47, 48, 50 and 54 to include the ten established towns - Anna Regina, Bartica, Corriverton, Georgetown, Lethem, Linden, Mabaruma, Mahdia, New Amsterdam and Rose Hall – for licence purposes.
- ii. I propose to amend the Motor Vehicle and Road Traffic Act to increase the duration of a driver's licence from 3 years to 5 years, and a small increase in the fee from \$4,000 to \$5,000. In keeping with prior amendments, pensioners will not pay any fee for a passport. The longer duration will allow for the freeing of human and other resources, which will be devoted to the critical oil and gas area.
- iii. I propose to amend Section 60A of the Income Tax Act to reduce the cost of reprint/replacement of a TIN certificate from \$5,000 to \$2,000. The cost for a TIN certificate for a first time applicant would remain at \$1,000.
- iv. I propose to amend the relevant section of the Income Tax Act to bring greater clarity to the definition of “contractor”, for the purpose of deducting the 2 percent withholding tax.

- v. I propose to amend the First Schedule of the Tax Act to include the profession of Tax Preparer, to allow for a tax practice certificate to be issued to persons who, in the opinion of the Commissioner General, are so qualified to offer accounting and tax services to taxpayers. A registered Tax Return Preparer who is not a member of a recognised accounting body will be required to pass a competency test covering such issues as taxation, preparation of individuals' tax returns, and ethics.
- vi. I propose to amend the Income Tax Act to remove the requirement for the Commissioner General to send Notices of Assessment to taxpayers whose liability is less than \$1,000. This would reduce the cost and administrative burden of printing and posting these Notices of Assessment. At the same time, the law will also be amended to provide for the service of Notices of Assessment either by e-services, regular post or registered post.

6.33 Mr. Speaker, altogether, these measures will result in a net loss of revenue of \$3.5 billion, which will clearly redound to the benefit of the taxpayers.

7.

Conclusion

7.1 Mr. Speaker, we have approached each and every one of our five budgets with genuine understanding of the circumstances, both domestic and international within which we operate. But we are fortified in our belief that while current resources are insufficient to meet the needs of every Guyanese, our collective potential and our resolve to put our economy on an irreversible path of broad-based, inclusive growth, and empower our people to enjoy the Good life, will propel us forward.

7.2 Mr. Speaker, of the five budgets presented to this House by the Coalition Government, Budget 2019 must rank as the most significant, since it speaks to our stewardship of the economy; of the policies, projects and programmes that will grow the economy at rates that would catapult us into a country that can truly be classified as upper middle income. It advances our agenda for a stratospheric leap into the future, where we are seen as the jewel in CARICOM's crown – a country that is coveted for its high standard of living, leadership and sustainable development. This budget is not just about today and next year, but also – and above all – about the longer term. It speaks to the needs of the Guyanese people and their communities, of businesses and the certainty that they are the drivers of economic growth and the creation of wealth.

7.3 It is a budget that makes us sanguine about the future; a budget that reflects our unwavering commitment to building human capital through investment in health and education and meeting the Sustainable Development Goals; a budget that supports the transformation of our economy, recognizes the importance of communication and connectivity through strong, climate-resilient infrastructure; a budget that promotes and incentivizes small businesses. It gives insights into our future and how we intend to manage our upcoming wealth from petroleum for the benefit of present and future generations.

7.4 Mr. Speaker, since coming to office, we, as a Government, have taken the tough decisions necessary to right an economy that was perched precariously. We are not proud of the fact that our people continue to face hardships, that there is uneven growth

and income distribution among the 10 Regions, and that pockets of poverty exist in a number of areas. We still have a way to go to fulfill the manifest destiny of our Dear Land. But our track record is solid; it shows that we have made great strides in several areas and measured progress in others. Our nation is moving forward and moving in the right direction under the astute leadership of His Excellency President David Arthur Granger.

7.5 Mr. Speaker, on this transformative and empowerment journey on which we have embarked, let us be guided by the words of Irish poet, John O'Donohue:

*“Awaken your spirit to adventure;
Hold nothing back, learn to find ease in risk;
Soon you will be home in a new rhythm,
For your soul senses the world that awaits you.”*

7.6 Mr. Speaker, it is on this positive and uplifting note that I end this presentation. I thank you!



APPENDICES

APPENDIX I

SELECTED SOCIO-ECONOMIC INDICATORS

INDICATORS	2013	2014	2015	2016	2017 Revised	2018 Forecast
1.10 NATIONAL ACCOUNTS AGGREGATES						
1.11 Growth Rate of Real GDP (New Series)	5.2	3.8	3.2	2.6	2.1	3.4
1.12 GDP at current basic prices (US\$M) (New Series)	2,611.3	2,676.5	2,775.9	3,045.8	3,068.0	3,109.0
1.13 GNP at current basic prices (US\$M) at 2006 Base	2,582.7	3,649.8	2,751.2	3,050.4	3,080.0	3,154.0
1.14 Per capita GDP (US\$) at 2006 Base	3,248.2	3,594.7	3,741.2	4,096.6	4,127.0	4,121.0
1.15 Per capita GNP (US\$) at 2006 Base	3,212.7	3,558.9	3,707.9	4,102.8	4,142.0	4,181.0
1.16 Gross National Disposable Income (US\$M) at 2006 Base	2,797.8	2,870.2	2,940.1	3,370.8	3,361.0	3,443.0
1.17 Private Consumption as % of Gross Domestic Expenditure at 2006 Base	74.2	64.4	65.9	57.0	59.0	48.0
1.18 Public Consumption as % of Gross Domestic Expenditure at 2006 Base	11.2	13.2	14.3	15.7	15.0	15.0
2.0 EXTERNAL TRADE AND FINANCE (US\$M)						
2.1 BOP Current Account Balance	(425.3)	(385.2)	(149.8)	13.0	(297.0)	(464.0)
2.2 Imports of Goods and Non-Factor Services (G&NFS)	(2,347.7)	(2,217.5)	(1,900.3)	(1,909.1)	(2,178.0)	(2,220.0)
2.3 Exports of Goods and Non-Factor Services (G&NFS)	1,540.6	1,348.4	1,306.2	1,606.4	1,610.0	1,512.0
2.4 Resource Balance	(807.0)	(869.5)	(548.9)	(302.8)	(567.0)	(708.0)
2.5 Imports of G&NFS/GDP (%) at 2006 Base	89.9	82.6	68.8	62.7	71.0	71.0
2.6 Exports of G&NFS/GDP (%) at 2006 Base	59.0	50.2	47.3	52.7	52.0	49.0
2.7 Net International Reserves of Bank of Guyana	751.2	652.2	594.7	596.7	581.0	477.0
2.8 External Public Debt Outstanding	1,246.0	1,216.4	1,143.0	1,162.5	1,241.0	1,297.0
3.0 PRICES, WAGES & OUTPUT						
3.1 Rate of Inflation (% change in CPI)	0.9	1.2	(1.8)	1.3	1.5	2.0
3.2 Public Sector Monthly Minimum Wage in G\$(e.g.)	39,540.0	42,703.0	50,000.0	55,000.0	60,000.0	64,200.0
3.3 % Growth Rate	5.0	8.0	17.1	10.0	9.1	7.0
3.4 Electricity Generation (in M.W.H)	711.0	716.7	750.7	790.3	859.5	818.1
4.0 POPULATION & VITAL STATISTICS						
4.1 Mid-Year Population ('000)	746.9	744.6	742.0	743.5	741.4	745.0
4.2 Population Growth Rate (e.g.)	-2.7	-3.1	-3.5	-2.0	-2.8	-1.2
4.3 Net Migration ('000)	-13.5	-12.7	-4.5	-18.5	-18.5	-17.2
4.4 Visitor Arrivals ('000)	200.1	205.8	206.8	235.3	247.3	281.9
4.5 Crude Birth Rate (per 1,000 persons)	18.5	19.8	17.6	19.9	16.8	16.1
4.6 Crude Death Rate (per 1,000 persons)	6.6	7.3	6.8	6.9	6.6	6.7
4.7 Crude Marriage Rate (per 1,000 persons)	6.3	6.5	6.5	6.0	5.4	5.6
4.8 Infant Mortality Rate (per 1,000 live births)	24.9	23.3	22.9	23.4	19.9	...
4.9 Under 5 mortality Rate (per 1,000 live births)	25.9	23.9	24.3	25.1	21.5	...
5.0 HEALTH AND EDUCATION						
5.1 Public Expenditure on:						
5.1.1 Education as % of National Budget	13.6	14.8	16.0	17.5	17.2	...
5.1.2 Health as % of National Budget	8.5	9.9	9.5	11.9	12.5	...
5.2 Number of Physicians per Ten Thousand Population	9.5	13.3	14.1	11.2	11.3	13.5
5.3 Number of Nurses per Ten Thousand Population	15.3	30.5	31.4	36.2	37.8	36.9
5.4 Number of Hospital Beds per Ten Thousand Population	25.4	25.4	25.4	25.4	23.8	23.8
5.5 Low birth-weight babies (<2500g.) as a % of live births	8.9	11.7	11.9	7.4	10.0	9.0
5.6 Severely malnourished	0.3	0.6	0.6	0.5	0.9	0.4
5.7 Moderately malnourished	1.5	2.1	2.2	2.5	2.2	1.4
5.8 Overweight (%)	0.6	1.2	1.2	1.2	1.1	1.0
6.0 IMMUNIZATION COVERAGE						
6.1 1 year olds Immunized against DPT/ (Pentavalent) (%)	98.0	98.0	96.0	97.0	97.0	98.0
6.2 1 year olds Immunized against MMR, Yellow Fever (%)	97.5	100.0	90.6	100.0	100.0	100.0
6.3 1 year olds Immunized against polio (%)	97.5	97.0	96.0	94.0	94.0	98.0
6.4 1 year olds Immunized against TB, BCG (%)	97.8	99.0	90.0	95.0	97.0	98.0
7.0 CRIME						
7.1 Reported Serious Crimes	5,667	3,688	3,925	2,894	3,030	2,571
7.2 of which: Murder	155	147	149	142	116	102

Note: Revisions were done for indicators 4.8 - 4.9 & 5.6 - 5.8 for 2013 - 2016 and 5.2 for 2016.

APPENDIX II

GROSS DOMESTIC PRODUCT AT 2006 PRICES BY INDUSTRIAL ORIGIN

INDUSTRY	ACTUAL 2014	BUDGET 2015	REVISED 2015	BUDGET 2016	FORECAST 2016	ACTUAL 2016	BUDGET 2017	FORECAST 2017	ACTUAL 2017	BUDGET 2018	FORECAST 2018	BUDGET 2019
Agriculture, Fishing and Forestry	73,051	74,772	74,772	74,065	67,687	67,140	70,523	67,284	67,408	66,829	68,137	70,496
Sugar	12,761	13,644	13,644	14,301	11,097	10,800	12,277	8,947	8,082	6,795	5,768	6,357
Rice	14,053	15,220	15,220	13,938	13,152	11,823	13,152	13,313	13,940	13,646	13,974	14,346
Other Crops	18,107	18,469	18,469	18,931	18,939	18,931	19,772	19,385	19,385	19,831	20,354	21,169
Livestock	10,605	11,225	11,225	11,273	10,657	10,593	10,924	11,057	10,293	11,278	12,467	12,759
Fishing	6,892	6,713	6,713	6,492	7,503	8,082	7,690	8,166	8,166	8,354	8,014	8,166
Forestry	10,633	9,501	9,501	9,130	6,340	6,911	6,708	6,417	7,543	6,925	7,559	7,700
Mining and Quarrying	38,631	42,107	42,107	49,078	57,132	61,208	61,643	60,064	55,798	63,063	54,510	56,530
Bauxite	5,763	4,992	4,992	4,992	5,470	5,086	6,007	4,971	5,081	6,131	6,416	6,967
Gold	26,078	30,343	30,343	37,014	43,395	47,964	46,705	47,964	43,991	49,531	38,233	39,177
Other	6,789	6,772	6,772	7,072	8,267	8,158	8,931	7,129	6,726	7,400	9,861	10,386
Manufacturing	27,148	28,576	28,576	28,381	26,556	25,933	27,054	26,861	27,019	26,881	27,253	28,322
Sugar	3,392	3,627	3,627	3,802	2,950	2,905	3,264	2,407	2,174	1,828	1,552	1,710
Rice	8,804	9,473	9,473	8,731	8,315	7,461	8,315	8,405	8,796	8,618	8,818	9,052
Other Manufacturing	14,952	15,477	15,477	15,848	15,291	15,567	15,475	16,049	16,049	16,435	16,884	17,559
Electricity and Water	6,371	6,394	6,701	6,941	6,931	6,999	7,242	7,314	7,194	7,685	7,337	7,573
Construction	41,930	37,750	37,750	41,714	38,975	40,147	40,923	45,567	44,704	52,402	50,069	55,326
Wholesale and Retail Trade	47,485	47,181	47,181	49,021	45,368	46,337	46,139	47,773	50,375	48,299	53,509	56,184
Transportation and Storage	38,001	43,336	43,160	44,365	44,447	43,653	45,336	45,336	45,336	47,740	46,403	48,027
Information and Communication	25,711	27,125	27,125	27,884	27,694	27,450	28,885	28,082	28,082	28,924	28,607	29,179
Financial and Insurance Activities	17,910	19,248	19,248	19,920	19,932	19,722	21,089	20,866	19,321	21,847	19,690	20,872
Public Administration	27,188	27,868	27,868	28,202	28,202	27,877	28,569	28,240	28,240	28,607	28,607	29,036
Education	16,650	17,279	17,279	17,718	17,718	17,545	18,072	17,896	17,896	18,333	18,333	18,791
Health and Social Services	7,243	7,509	7,509	7,696	7,615	7,590	7,805	7,779	7,779	7,967	7,967	8,167
Rental of Dwellings	4,426	4,537	4,537	4,687	4,598	4,594	4,776	4,777	4,825	4,968	5,187	5,447
Other Service Activities	14,719	14,976	14,976	15,350	16,249	15,829	16,817	16,383	16,383	16,940	18,841	19,783
<i>less adjustment for FISIM</i>	<i>(12,887)</i>	<i>(13,354)</i>	<i>(13,354)</i>	<i>(13,381)</i>	<i>(13,734)</i>	<i>(13,825)</i>	<i>(14,283)</i>	<i>(14,378)</i>	<i>(13,664)</i>	<i>(15,053)</i>	<i>(13,979)</i>	<i>(14,329)</i>
TOTAL	373,576	385,304	385,435	401,641	395,370	398,199	410,590	409,845	406,698	425,430	420,471	439,403

Note: FISIM - Financial Intermediation Services Indirectly Measured

APPENDIX III

CENTRAL GOVERNMENT FINANCIAL OPERATIONS

	ACTUAL	BUDGET	REVISED	BUDGET
	2017	2018	2018	2019
Total Revenue	195,077.3	201,866.9	216,872.5	238,326.7
Revenue	195,060.3	201,859.9	216,871.2	238,322.7
Tax	171,150.0	181,370.9	199,490.7	223,582.9
Income taxes	67,747.6	71,646.2	77,799.8	88,673.3
Value Added and Excise Taxes	76,014.4	81,569.9	89,125.9	99,669.0
Trade taxes	18,496.8	19,291.1	22,196.3	24,479.1
Other	8,891.2	8,863.8	10,368.6	10,761.5
Non-tax	23,910.3	20,489.0	17,380.6	14,739.8
Private sector	8,659.1	8,289.0	8,448.3	8,439.8
Public enterprise & BOG	15,251.2	12,200.0	8,932.3	6,300.0
Total expenditure	240,018.2	256,798.6	260,964.3	291,041.4
Current expenditure	181,399.9	197,096.2	201,948.1	221,762.8
Non-interest expenditure	173,373.3	188,379.5	193,411.8	213,101.8
Personal emoluments	54,444.2	58,952.4	58,938.4	70,151.1
Other goods and services	49,236.0	52,685.2	52,599.5	59,843.0
Transfer Payments	69,693.2	76,741.9	81,873.9	83,107.7
Interest	8,026.6	8,716.7	8,536.4	8,661.1
External	6,056.3	7,294.5	7,203.9	7,603.8
Domestic	1,970.3	1,422.2	1,332.5	1,057.3
Primary balance	21,687.0	13,480.4	23,459.5	25,220.9
Current balance	13,660.4	4,763.8	14,923.1	16,559.9
Capital Revenue	17.0	7.0	1.3	4.0
Capital Expenditure	58,618.3	59,702.4	59,016.1	69,278.6
Overall Balance before Grants	(44,940.9)	(54,931.7)	(44,091.7)	(52,714.7)
Grants	12,181.8	11,684.8	12,897.4	11,217.2
HIPC relief	1,705.6	2,457.7	3,193.0	980.8
Original	-	-	-	-
Enhanced	963.3	973.0	966.0	980.8
CMCF	742.3	1,484.7	2,227.0	-
MDRI	-	-	-	-
Other	10,476.2	9,227.1	9,704.4	10,236.4
Projects	4,902.5	6,221.0	5,777.7	7,209.9
Non-projects	5,573.7	3,006.1	3,926.8	3,026.5
Overall Balance after Grants	(32,759.0)	(43,246.8)	(31,194.2)	(41,497.4)
Financing	32,759.0	43,246.8	31,194.2	41,497.4
Net External Borrowing	8,740.1	9,211.2	7,041.6	8,653.7
Disbursements of Loans	17,286.1	21,103.3	18,833.4	20,492.9
Debt Repayments	8,930.8	12,122.9	12,021.7	11,888.1
Rescheduling	384.8	230.8	229.8	48.9
Net Domestic Borrowing	24,018.9	34,035.6	24,152.6	32,843.7
Overall Deficit as a % of GDP	(4.4)	(5.4)	(3.9)	(5.0)

Note: 2017 Actuals reflect audited figures

APPENDIX IV

URBAN CONSUMER PRICE INDEX - NEW SERIES													
(GEORGETOWN)													
GROUP	2017	2018											
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
ALL ITEMS	115.2	116.2	115.4	114.8	114.8	115.4	116.2	116.0	116.8	116.9	117.3	117.2	117.5
FOOD	134.4	137.3	134.5	132.9	132.5	134.1	135.9	135.3	137.5	137.8	138.6	138.4	139.0
CLOTHING	95.7	98.1	98.1	97.9	97.9	97.2	97.2	96.8	100.8	100.2	100.0	99.6	100.0
FOOTWEAR AND REPAIRS	94.3	90.0	88.8	88.3	88.7	87.9	87.9	87.8	89.6	89.6	88.8	88.7	88.8
HOUSING	99.3	99.5	99.6	99.6	99.7	99.8	100.1	100.1	100.0	100.2	100.4	100.4	100.4
FURNITURE	91.9	91.6	91.7	91.5	91.2	90.8	90.8	91.1	90.4	90.4	90.6	90.5	90.3
TRANSPORT & COMMUNICATION	118.0	118.3	118.9	118.7	119.1	119.7	120.2	120.2	120.3	120.0	120.1	120.0	121.0
MEDICAL & PERSONAL CARE	126.9	125.8	125.8	125.8	126.8	126.7	126.7	126.8	130.2	130.2	130.1	130.1	130.1
EDUCATION, RECREATION, CULTURE	97.7	97.1	97.1	96.6	96.6	96.5	96.6	96.6	95.8	95.8	95.8	96.1	96.3
MISC. GOODS & SERVICES	119.8	119.8	119.7	119.7	119.6	119.6	119.7	120.2	120.6	120.6	120.8	120.7	120.7

GROUP	NEW SERIES COMMENCED 1st JANUARY 2010										% Change
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
	DEC	DEC	DEC	DEC	DEC	DEC	DEC	DEC	DEC	DEC	
ALL ITEMS	100	104.5	107.9	111.6	112.6	113.9	111.9	113.5	115.2	117.5	2.0
FOOD	100	110.4	113.2	124.0	124.1	126.7	125.4	130.7	134.4	139.0	3.4
CLOTHING	100	99.3	101.8	98.0	98.4	99.3	98.5	95.4	95.7	100.0	4.5
FOOTWEAR AND REPAIRS	100	100.5	103.5	104.6	89.8	96.1	96.3	94.0	94.3	88.8	-5.8
HOUSING	100	99.7	100.4	100.7	100.8	100.6	98.8	98.8	99.3	100.4	1.1
FURNITURE	100	99.2	101.1	100.6	95.9	95.4	91.8	91.3	91.9	90.3	-1.7
TRANSPORT & COMMUNICATION	100	104.8	115.5	114.6	121.9	121.2	117.2	116.7	118.0	121.0	2.5
MEDICAL & PERSONAL CARE	100	101.4	101.3	111.7	116.0	121.6	122.2	123.5	126.9	130.1	2.5
EDUC., RECR. AND CULTL. SERVICE	100	102	98.7	98.4	96.9	98.7	95.1	94.7	97.7	96.3	-1.4
MISC. GOODS & SERVICES	100	102	107	111.0	112.6	120.9	120.9	120.9	119.8	120.7	0.7

APPENDIX V

BALANCE OF PAYMENTS ANALYTIC SUMMARY

ITEM	ACTUAL 2017	BUDGET 2018	REVISED 2018	BUDGET 2019
A Current Account	(297.3)	(292.6)	(463.8)	(361.2)
1.0 Merchandise (Net)	(206.6)	(226.2)	(299.7)	(256.4)
1.1 Exports (f.o.b.)	1,437.3	1,450.3	1,392.1	1,449.5
1.1.1 Bauxite	104.5	90.7	131.0	162.9
1.1.2 Sugar	48.5	39.7	24.9	29.4
1.1.3 Rice	201.0	176.9	196.5	195.0
1.1.4 Gold	817.5	852.0	763.1	777.0
1.1.5 Timber	35.8	41.6	43.0	45.2
1.1.6 Other	220.6	235.4	222.1	228.8
1.1.7 Re - exports	9.4	14.1	11.5	11.3
1.2 Imports (c.i.f.)	(1,644.0)	(1,676.5)	(1,691.8)	(1,705.9)
1.2.1 Fuel & Lubricants	(411.4)	(388.5)	(434.8)	(438.0)
1.2.2 Other	(1,232.6)	(1,287.9)	(1,257.0)	(1,267.9)
2.0 Services (Net)	(372.3)	(358.1)	(453.4)	(424.6)
2.1 Factor	(11.5)	(8.5)	(44.9)	(16.0)
2.2 Non Factor (Net)	(360.8)	(349.6)	(408.5)	(408.6)
3.0 Transfers	281.7	291.7	289.3	319.8
3.1 Official	281.7	291.7	289.3	319.8
3.2 Private	-	-	-	-
B Capital Account	228.0	212.9	283.0	376.2
*1.0 Capital Transfers	23.2	18.6	29.5	34.7
*2.0 Medium and Long Term Capital (Net)	203.2	228.5	263.5	351.6
2.1 Non - Financial Public Sector Capital (Net)	43.9	33.0	54.0	42.2
2.1.1 Disbursements	84.1	92.6	109.0	98.3
2.1.2 Amortization	(40.2)	(59.6)	(55.0)	(56.1)
2.1.3 Other	-	-	-	-
2.2 Private Sector (Net)	159.3	195.5	209.6	309.4
*3.0 Short Term Capital	1.6	(34.2)	(10.0)	(10.1)
C Errors and Omissions	(0.3)	0.0	0.0	0.0
D OVERALL BALANCE	(69.5)	(79.7)	(180.7)	15.0
E Financing	69.5	79.7	180.7	(15.0)
1.0 Bank of Guyana net foreign assets	12.1	6.5	104.1	(78.5)
2.0 Change in Non-Financial Public Sector Arrears	-	-	-	-
*3.0 Exceptional Financing	57.4	73.2	76.6	63.5
3.1 Debt Relief	1.9	17.7	17.9	18.1
3.2 Balance of Payments Support	-	-	-	-
3.3 Debt Forgiveness	55.6	55.5	58.7	45.4
3.4 Debt Stock Restructuring	-	-	-	-

Figures: US\$M

Source: Ministry of Finance,
Bureau of Statistics and Bank of Guyana

APPENDIX VI

ACTUAL AND PROJECTED TOTAL PUBLIC DEBT

ITEMS	Actual	Actual	Revised	Projected
	End-December 2016 (After E-HIPC & MDRI Reduction)	End-December 2017 (After E-HIPC & MDRI Reduction)	End-December 2018 (After E-HIPC & MDRI Reduction)	End-December 2019 (After E-HIPC & MDRI Reduction)
TOTAL PUBLIC DEBT	1,601.07	1,670.68	1,683.88	1,782.83
TOTAL EXTERNAL DEBT	1,162.48	1,240.59	1,297.07	1,370.07
1.0 Multilateral	693.79	725.52	770.68	833.51
CDB	146.77	150.73	148.99	153.74
CDF	5.89	7.96	11.41	12.14
CMCF	0.00	0.00	0.00	0.00
EEC	6.21	6.58	5.88	5.42
IDB	487.72	503.30	509.15	535.13
IDA	25.01	35.56	74.22	106.95
IFAD	8.43	8.62	9.25	9.32
IMF	0.00	0.00	0.00	0.00
OFID	13.76	12.77	11.79	10.81
2.0 Bilateral	450.96	479.87	492.01	502.94
2.1 Paris Club Creditors:	22.65	15.83	7.68	3.11
Italy	2.95	3.15	2.84	2.63
T&T	19.07	12.11	4.31	0.00
USA	0.63	0.58	0.53	0.48
-PL 480	0.63	0.58	0.53	0.48
2.2 Non-Paris Club Creditors:	428.31	464.03	484.33	499.84
Argentina	14.88	15.22	15.56	14.90
Bulgaria	0.05	0.00	0.00	0.00
China (Eximbank)	145.56	181.27	199.96	204.20
India (Eximbank)	18.36	16.76	20.89	36.64
Kuwait	74.04	77.58	79.97	80.81
Libya	43.23	43.51	43.80	43.84
Serbia	1.33	1.36	1.38	1.40
UAE	7.78	7.91	8.04	8.17
Venezuela (PDVSA)	123.09	120.43	114.73	109.88
3.0 Private Creditors	17.73	35.21	34.38	33.62
3.1 Commerical Banks	5.08	22.54	21.72	20.96
Barclays Bank	3.47	3.47	3.44	3.44
Lloyds Bank (O/Draft)	1.61	1.76	1.70	1.70
Republic Bank Limited (T & T)	0.00	17.31	16.58	15.82
3.2 Others ^{1/}	12.65	12.66	12.66	12.66
TOTAL DOMESTIC DEBT	438.59	430.09	386.81	412.77
4.0 Domestic Securitates	437.06	428.73	385.62	411.75
4.1 Treasury Bills	394.52	387.37	345.83	373.13
91-Days ^{2/}	29.04	4.83	4.78	21.57
182-Days	34.63	54.88	30.95	35.74
364-Days	330.84	327.66	310.10	315.81
4.2 Debentures ^{3/}	42.52	41.34	39.77	38.60
BOG Variable Interest Rate Debentures	18.88	18.88	18.70	18.70
NIS Debenture (GOG/NIS No. 1/2016) ^{4/}	23.64	22.46	21.08	19.90
4.3 Bonds	0.02	0.02	0.02	0.02
Defence Bonds	0.02	0.02	0.02	0.02
5.0 Domestic Loan	1.53	1.36	1.19	1.02
NIS Loan (CARICOM Building Project)	1.53	1.36	1.19	1.02

Notes:

1/ Includes Ruston Bucyrus Bond, Guyana Perpetual Railway Stock and External Payments Deposit Scheme (EPDS) debts.

2/ Includes K-Series

3/ Excludes Bank of Guyana Non-Interest Bearing Debentures

4/ Payment to NIS to assist in recovering from losses due to their investment in CLICO (Guyana) as per Debenture Agreement dated September 16, 2016.

5/ Exchange rate used USD/GYD:\$206.50 (2016-2017), USD/GYD:\$208.50 (2018-2019)

APPENDIX VII

TAX REMISSIONS BY CATEGORY

ITEM	ACTUAL 2017	PROJECTED 2018
TOTAL TAX REMISSIONS	49,236,201	72,965,002
I HOSPITALS	166,237	125,183
II COMPANIES/BUSINESSES	36,507,499	63,605,476
III CHURCHES/CHARITABLE ORGANISATIONS	1,566,593	1,669,765
IV PUBLIC OFFICIALS/OFFICERS	1,223,094	1,194,255
V MINISTRIES OR GOVERNMENT DEPARTMENTS	5,550,515	2,152,369
VI REMIGRANTS	914,069	1,006,220
VII DIPLOMATS	1,493,513	896,510
VIII FOREIGN FUNDED PROJECTS	1,813,735	2,315,177
IX NATURAL DISASTERS	947	47