



BUDGET 2013

**Overcoming Challenges Together
Accelerating Gains for Guyana**

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Minister of Finance

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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 2013 and, in so doing, I wish to indicate that, pursuant to Article 171 Paragraph 2 of the Constitution, the Cabinet has recommended that the National Assembly proceed upon this motion.

1.2 Mr. Speaker, like its predecessors, Budget 2013 provides us with the customary opportunity to renew medium term objectives and goals, review accomplishments and outcomes over the past year, and outline plans and programmes for the ensuing year. Coming as it does, however, as the second budget of this Tenth Parliament of Guyana, Budget 2013 also provides us with an opportunity for reflection on and insight into the first full year of the prevailing Parliamentary configuration.

1.3 In the latter regard, it might be recalled that I anticipated one year ago at the time of Budget 2012 that the current dispensation is fraught with formidable challenges and will test our respective resolve in this Honourable House to make sound decisions that can withstand the scrutiny of time. On that occasion, I urged the prevailing of rational and meritocratic considerations, the identification of sensible and practical solutions, the avoidance of short term choices that compromise long term imperatives, the defence of that which is fair and just, and the most steadfast adherence to serving the national interest at all times. With the benefit of one year of experience since, those words seem even more prescient than I would have dared to think.

1.4 The past fourteen months have rendered a veritable plethora of examples of Parliamentary action, occasioned at the behest of the Opposition's one-seat majority, that consumed valuable legislative time and effort in futile, unproductive, and oftentimes counterproductive pursuits. Whether it be attempts to cut essential budgetary allocations or deny an elected Member the right to speak, the moving of motions or passing of Bills that defy reason and collide with our Constitution or, perhaps ultimately, attempts to amend the very Constitution by the slendermost of simple majorities with no attempt at consultation

much less consensus, the Courts of Law and the courts of public opinion have both been condign in their judgement.

1.5 Having said that, the past few months did also provide some, albeit rare, examples of good sense prevailing over the din of political rhetoric, a glimpse of which emerged most recently towards the end of our last sitting. One can only hope that this will increasingly be the norm going forward, that we will witness more mature and responsible deliberations, and that more productive legislative output will emerge from the considerable time we spend together here. Every sitting of this House provides us with individual and collective opportunities to make a constructive contribution to the national good, and the People of Guyana expect that we do just that.

1.6 With this constantly in mind, the People's Progressive Party/Civic Government remains firmly focused on building a better Guyana for all Guyanese, and firmly committed to working as closely as possible with all likeminded stakeholders both within and beyond the hallowed halls of this Honourable House in pursuit of that objective. We continue to value our ongoing stakeholder engagements, and we continue to receive from these engagements important inputs into our policymaking deliberations. I urge once again that, even after the most vigorous of debates, this House learns to speak more frequently with one voice inspired only by that which is good for Guyana.

1.7 Mr. Speaker, bolstered by our unswerving commitment to task, our Government ensured the preservation of a policy environment that remained conducive to economic growth and social development throughout 2012. The result was a seventh consecutive year of real growth in our economy and associated strong macroeconomic performance, continued diversification of the productive sector, substantial progress on catalytic infrastructural projects, further strengthening of our social services, and visible improvements in our regulatory and institutional environment.

1.8 Looking ahead to 2013 and beyond, our Government's policy agenda continues to be aimed at building a Guyana that is truly a land of opportunity and prosperity for all, and we will remain undaunted and unfazed in our quest to realise this vision. To this end, we will

continue to be guided by the seven prerequisites outlined last year, namely, a strong democracy, reliable and efficient institutions of state, long term macroeconomic stability, economic diversification and growth, expanded physical infrastructure, high quality social services, and environmental responsibility and sustainability. Budget 2013 reflects these priorities.

1.9 Mr. Speaker, as we pursue this mission, we must be neither complacent nor mistaken about the global context in which we operate and the resultant vulnerability of our circumstances. Our economy continues to be vulnerable to an external environment that has been, to put it mildly, extremely unhelpful in recent years, and the global economy shows very few signs of near term dramatic improvement. We are beset by the reality of climate change and increasingly volatile and extreme weather. The geography of our country and dispersion of our population combine to elevate the cost of accessing our natural resources and delivering services to our people.

1.10 On their own, these challenges immeasurably complicate the task of economic management in a country such as ours. Even as we devise a path to confront and overcome these complications over which we have limited control, it behoves us all to establish and defend the manmade and homegrown conditions that best conduce to sustained growth and development. We have an unshakeable obligation to harness those factors that are more within our collective sphere of influence, and mobilise and align them to best serve the interest of the long term wellbeing and prosperity of our country. This is a responsibility that is shared and must be borne by every single one of us, in this House and beyond, if we are to realise our espoused aspirations.

1.11 Mr. Speaker, recognising the challenges of our time as we do, recommitting ourselves to ensure that they prove no impediments to progress, and calling on all others to join us in the steady march to further develop our country, Budget 2013 is presented under the theme *Overcoming Challenges Together, Accelerating Gains for Guyana*.

2. Global Economic Developments

2.1 Mr. Speaker, as I have just indicated, prevailing global economic conditions continue to be extremely unhelpful to small economies such as ours. Growth in global output has been persistently lethargic, with implications for both investor appetite for risk and consumer demand for our goods and services. Commodity prices continue to be unpredictable, with implications for our exporters and importers, and our producers and consumers alike. As a result, sustained recovery remains elusive in the Caribbean.

2.2 The global economy grew by 3.2 percent in 2012, driven largely by the 5.1 percent achieved by emerging and developing economies compared to the much slower 1.3 percent in the advanced economies. Amongst the former, China continued to lead with growth of 7.8 percent, while growth in India slowed somewhat to 4.5 percent. Amongst the latter, the Euro area and the United Kingdom both recorded negative growth of 0.4 percent and 0.2 percent respectively, offset by modest growth of 2.3 percent and 2 percent in the United States and Japan respectively.

2.3 Global growth is projected at 3.5 percent in 2013, underlying which is 5.5 percent projected growth in emerging and developing economies and 1.4 percent in advanced economies, with a growth profile across countries much the same as in last year. In particular, the Euro area is anticipated to post a second consecutive year of contraction reflecting lingering uncertainty about the pace of recovery and the need for greater adjustment effort in the periphery. Much of global performance will also be influenced by developments in the United States, in particular in relation to the pace of fiscal consolidation which, if excessive, could prove harmful to US and global growth prospects.

2.4 Mr. Speaker, commodity prices remained broadly stable but continued to mirror the uncertainty of the global outlook. Oil prices peaked in March at US\$118 per barrel, and then declined later to end 2012 at US\$101 per barrel, 3 percent lower than at the end of 2011. The world market price for gold remained strong and increased by 6.2 percent to US\$1,669 per ounce. Aluminium prices fluctuated somewhat during the year but ended at US\$2,087 per tonne, 3.1 percent higher than at the end of 2011. Prices for food commodities generally

ended 2012 higher than one year ago, but with divergent trends across individual commodities. The world market price for rice and sugar declined by 2.6 percent and 18 percent respectively, while that for wheat increased by 29.3 percent.

2.5 Mr. Speaker, on regional developments, growth in Latin America and the Caribbean amounted to 3 percent in 2012 and is projected at 3.6 percent in 2013, with Brazil projected to pick up from 1 percent last year to 3.5 percent this year. Closer home, growth in the Caribbean sub-region continued to be listless, with 1.1 percent in 2012 and a projection of 2 percent for 2013. Much like the global economy in recent years, economic performance in the sub-region has been dichotomous. Whereas the sub-region's commodity-based economies particularly the oil and mineral exporters have generally fared well in the prevailing global climate, the service-based economies such as the tourism dependent ones have lagged behind. This distinction reiterates the need for accelerated diversification in, and more effective integration across, all the economies of the Caribbean.

3. Domestic Macroeconomic Developments

A. Real Gross Domestic Product

3.1 Mr. Speaker, the performance of the Guyanese economy continues to vindicate our efforts over the years to diversify our productive base and reduce our exposure to external and other shocks. It is to our collective credit, policymakers, entrepreneurs, and households alike, that our country's overall economic performance is no longer hostage to the fortunes of two or three dominant industries. Today, new and emerging sectors are creating jobs, generating incomes, and producing value added output, while the traditional industries maintain a significant presence on our productive landscape. Together, they make for a resilient economy, and more persistent growth into the long term.

3.2 I am therefore pleased to report that real gross domestic product (GDP) grew by 4.8 percent in 2012, a seventh consecutive year of positive growth. It is significant to note that, when the sugar sector is excluded, non-sugar GDP grew by 6 percent reflecting the even more rapid expansion being achieved in the rest of the economy.

B. Sectoral Performance

3.3 Mr. Speaker, the sugar industry delivered total production of 218,070 tonnes in 2012, a contraction of 7.8 percent. Industrial relations disruptions and inclement weather patterns continued to plague the industry during the first half of the year and, even though a dry weather spell aided the industry during the second crop, the first crop contraction of 33.4 percent could not be compensated for by the second crop growth of 13.3 percent.

3.4 In striking contrast, the rice industry continued to exceed expectations in 2012 and recorded another year of outstanding performance, with total production growing by 5 percent to 422,057 tonnes, the highest tonnage produced in any one year in the industry's entire history. The sustained strong performance of the industry reflects the benefits of investments made in supportive infrastructure as well as efforts made to strengthen forward and backward industry linkages, from preparation through manufacturing to marketing.

Continued favourable market prices and improved drainage and irrigation in the rice growing areas also served to boost production capacity, and augur well for the industry's future.

3.5 In non-traditional agriculture, production of other crops grew by 5.3 percent, benefitting from improved weather conditions in the second half of the year coupled with easier domestic and export market access. Livestock production increased by 14.4 percent driven primarily by heightened demand especially in mining communities. The fisheries industry grew by 15.5 percent with an expanded trawling fleet in operation. The forestry industry recorded a 4.3 percent decline with total production of 369,645 cubic metres. The Guyana Forestry Commission is working with operators to encourage optimal utilisation of forests and to widen the range of species harvested as a means of expanding production levels.

3.6 The mining and quarrying industry returned 14.8 percent growth over 2011. Declared gold production of 438,645 ounces was the highest recorded in the entire history of the gold industry excluding Omai production, and was 20.8 percent higher than 2011. The bauxite industry recorded growth in value added of 12.5 percent, with production of 2,213,972 tonnes with the highest rate of increase achieved in the production of cement grade bauxite. Production of diamond and stone recorded declines of 22.2 percent and 10.8 percent respectively, while sand production recorded a 76.5 percent increase which, when taken together, resulted in the other mining subsector recording a decline of 14.6 percent.

3.7 Manufacturing output grew by 2.4 percent, reflecting mixed performances, with some products recording increased output such as beverages.

3.8 Value added output in the services sector increased significantly, with many industries achieving positive growth. Wholesale and retail trade grew by 6.7 percent consistent with increased imports of consumption, intermediate, and capital goods. Information and communication grew by 4.2 percent reflecting growth in demand. Electricity and water output grew by 5.7 percent, transport and storage by 18.9 percent, finance and insurance by 13.8 percent, rental of dwellings by 4.5 percent and other services by 4 percent. An 11 percent decline was recorded in the construction sector as a result of

slower than anticipated start up in some public sector construction projects, although private sector construction activity expanded. Public administration, education, and health grew by 1.4 percent, 2.2 percent and 3.1 percent respectively, reflecting Government's ongoing investment in the social sector.

C. Balance of Payments

3.9 Mr. Speaker, the balance of payments at the end of 2012 reflected a surplus of US\$12.4 million, compared to a deficit of US\$15 million in 2011. This outturn is mainly the result of improvement in the capital account due to higher foreign direct investment.

3.10 Reflecting underlying growth in production and export volumes, and aided by favourable price movements, export earnings expanded by 23.6 percent to US\$1.5 billion. Export receipts from sugar grew by 7.1 percent to US\$132.1 million due primarily to favourable contract prices, which increased by 15.1 percent and outweighed a 6.9 percent reduction in volume. Rice export receipts grew by 13.3 percent to US\$196.2 million, underlying which were a 9.4 percent increase in volume and a 3.5 percent increase in prices. Gold exports amounted to US\$716.9 million, a 38.7 percent increase over 2011, with the industry benefitting from a 6 percent favourable price movement and a 30.8 percent increase in export volume. Bauxite exports increased by 13.1 percent to US\$150.8 million, with volumes increasing by 22.8 percent to offset a 7.8 percent decline in export prices. Timber exports totalled US\$39 million, a marginal decline of 0.1 percent, primarily associated with lower production and efforts to further strengthen forest monitoring and enforcement within the sector.

3.11 Total imports expanded by 11.7 percent to US\$2 billion within which was an 8 percent increase in the value of fuel and lubricants imported. Other imports increased by 13.5 percent, with non-fuel intermediate goods increasing by 12.8 percent, capital goods increasing by 16.1 percent led by increases in imports of heavy equipment for industry, and consumption goods increased by 11.7 percent.

3.12 Net current transfers increased by 1.1 percent to US\$419.2 million, due to higher receipts of worker remittances which increased by 13.9 percent to US\$469.3 million. Net payment of services amounted to US\$232.1 million compared to US\$145.4 million due to a US\$94.7 million increase in non factor services mainly due to higher cost for transport and freight and increased payments for business services.

3.13 Notwithstanding the growth in imports, the significant expansion of export earnings helped to ensure that the current account deficit widened only marginally from US\$372.2 million to US\$394.8 million.

3.14 On the capital account, a surplus of US\$428.5 million was achieved compared to US\$373.2 million in 2011. This was driven by significant growth in foreign direct investment (FDI), mainly investments in the mining and quarrying, and transport and telecommunications sectors, resulting in total FDI increasing by 19 percent to US\$293.7 million in 2012.

3.15 As a result of these developments, the Bank of Guyana ended the year with total external reserves of US\$862.2 million, the highest end of year position ever in our country's history, and equivalent to 4 months of imports.

D. Monetary Developments

3.16 Mr. Speaker, in 2012, net domestic credit by the banking system expanded by 10.6 percent to \$103.4 billion. Underlying this was continued strong growth in private sector credit by 20 percent to \$161.5 billion at the end of 2012, with a 106.6 percent increase in credit to rice milling, a 51.5 increase in the mining and quarrying sector, a 28.4 percent increase in other manufacturing, a 26.5 percent increase in other services, a 17.8 percent increase in agriculture, a 17.2 percent increase in the personal sector, and a 13.6 percent increase in the lending for real estate category. The sustained growth in lending to the private sector, along with the price and exchange rate stability observed and on which I will report shortly, combine to confirm the appropriateness of our monetary policy stance.

E. Prices and Income

a. Inflation Rate

3.17 Mr. Speaker, Government expended every effort on several fronts during the year to contain inflationary pressures and protect price stability. These efforts included excise tax adjustments to mute the pass through of imported fuel price volatility, support to the Guyana Power and Light Incorporated (GPL) to avoid tariff increases, and continued investments towards the expansion of food production to ensure supply adequacy and price affordability. Altogether, these served to return an inflation rate of 3.5 percent at the end of 2012, well within acceptable norms.

b. Interest Rate

3.18 Mr. Speaker, the growth in private sector credit already reported on was aided by a notable reduction in the cost of borrowing in the banking system. During 2012, the weighted average lending rate of the commercial banks declined by 60 basis points to 11.08 percent. In addition, the small savings rate declined by 30 basis points to 1.69 percent, and the 91-day Treasury bill rate declined by 90 basis points to 1.45 percent.

c. Exchange Rate

3.19 Mr. Speaker, transactions on the domestic foreign exchange market grew by 12 percent to US\$6.8 billion. Much of this growth was driven by increases in the value of trade transactions, remittances, and investment inflows. Key exchange rates remained stable throughout the year and, at the end of the year, the Guyana Dollar was being traded against the US Dollar at \$204.5 compared to \$203.75 a year ago.

d. Developments in Wages

3.20 Mr. Speaker, at a time when fiscal constraints are forcing many countries even in our immediate Region to freeze public sector wages, our Government has made it a priority to

ensure that our public sector employees benefit from steady increases in their wages and salaries every year. Last year was no exception, and Government granted a 5 percent across the board increase to all public servants and members of the disciplined services with effect from January 2012. A one month basic salary tax free incentive was also paid in December 2012 to members of the disciplined services. Furthermore, in keeping with the Memorandum of Understanding entered into between Government and the Guyana Teachers Union for the years from 2011 to 2015, a 5 percent increase in salaries was granted to teachers in the public education system with effect from January 2012. Government continues to regard such multiyear agreements as the preferred mechanism for ensuring predictable salary increases going forward, and will endeavour to conclude similar agreements with the representatives of other public sector employees.

F. Fiscal Position

a. Non-Financial Public Sector

3.21 Mr. Speaker, the non-financial public sector recorded a fiscal deficit of \$26 billion or 4.5 percent of GDP, broadly level with the 2011 deficit of 4.4 percent.

b. Central Government

3.22 Consistent with the expansion in economic activity, Central Government revenue (net of GRIF inflows) grew by 7 percent to \$129.4 billion in 2012. Tax revenue collections, which represented 91.5 percent of total current revenue collections (net of GRIF inflows), amounted to \$118.3 billion, a 6.2 percent increase over 2011. Internal revenue collections increased by 2.9 percent to \$48.6 billion in 2012. Underlying this, were an increase of 6.1 percent to \$19.6 billion in corporation tax, and an increase of 20.8 percent to \$3.4 billion in income tax paid by self employed persons. In contrast, personal income tax under the Pay As You Earn (PAYE) system declined by 4.1 percent to \$16.2 billion as a result of the increase in the income tax threshold granted last year. Reflecting the growth in trade already reported on, customs and trade tax collections increased by 15.7 percent to \$12.9 billion, primarily attributed to a 17.2 percent increase in import duties to \$11.6 billion. Value Added

Tax (VAT) and excise tax collections increased by 7.2 percent to \$56.8 billion with increased VAT collections from imports and domestic supplies, and increased excise tax collected on all categories of taxable goods except fuel. In the latter case, collections declined by 27.8 percent to \$6.6 billion as a result of the lowering of the applicable rate during the year. Non-tax revenue collections recorded an increase of 16.3 percent to \$11.1 billion, primarily on account of higher transfer of profits from Bank of Guyana.

3.23 Non-interest current expenditure amounted to \$108.4 billion, an increase of 17.1 percent over 2011. This increase was attributed to an 11 percent increase in wages and salaries, 1.4 percent increase in other goods and services, and 43.2 percent increase in transfer payments. Wages and salaries increased primarily due to the across the board increase granted, along with new recruitment mainly in health and education. The 43.2 percent increase in transfer payments was due to the operating subventions granted to GPL and the Guyana Sugar Corporation Incorporated (GUYSUCO) along with the increase granted to old age pensioners. Capital expenditure increased by 12.6 percent to \$56.4 billion due to the advancement of several key development projects.

c. Public Enterprises

3.24 Aided by the subventions just referred to, public enterprises were able to return a surplus of \$1.6 billion compared to a deficit of \$6.6 billion in 2011. In the case of GUYSUCO, the subsidy supported the company in meeting its operating cash flow requirements while, in GPL's case, the company was similarly helped to meet its financing requirements without implementing an increase in electricity tariffs. Both companies continue to face severe cash flow constraints.

G. Debt Management

3.25 Mr. Speaker, having expended immeasurable effort to return our country to debt sustainability, our Government has been extremely judicious in striking an appropriate balance between new borrowing to finance pending development needs on the one hand and ensuring that debt sustainability remains uncompromised on the other.

3.26 At the end of 2012, Guyana's total external debt stock stood at US\$1.4 billion, which represented an increase of 12.7 percent over the previous year, large on account of the financed component of oil shipments under the Petrocaribe arrangement with Venezuela. Total external debt service in 2012 amounted to US\$42.5 million or 6.4 percent more than in 2011, comprising principal repayments of US\$29.4 million and interest payments of US\$13.1 million.

3.27 Towards the end of 2012, Guyana signed our first debt compensation agreement with Venezuela which reduced the Petrocaribe debt owed to that country by US\$100.8 million, equivalent to the value of rice and paddy shipped from December 2009 to July 2011. Government expects to conclude imminently a second debt compensation agreement which will reduce the Petrocaribe debt to Venezuela by a further US\$186 million, equivalent to the value of rice and paddy shipped from July 2011 to January 2013. Also in 2012, Guyana finalised bilateral debt relief negotiations with the Russian Federation to write off 100 percent of the outstanding debt owed to that country totalling US\$0.3 million, and the relevant bilateral debt cancellation agreement was signed in January 2013.

4. Sectoral Developments and the Agenda for 2013

A. The Medium Term Outlook

4.1 Mr. Speaker, as we embark on the exercise of considering the national budget for 2013, we must remind ourselves of the Guyana we are seeking to build. It is a Guyana that is modern and prosperous, whose economy is strong and resilient, whose institutions inspire confidence and provide protection, and whose citizens are motivated and accomplished. It is a Guyana that is physically integrated with its neighbours in South America and economically integrated with its neighbours in the Caribbean Sea. It is a Guyana whose comprehensive infrastructure network allows easy access to harness our resources and to move our goods and our people. It is a Guyana where all citizens have access to high quality education, health care, and other social services, and where the Millennium Development Goals are met. It is a Guyana whose traditional industries like sugar, rice, and bauxite can compete on the world market, just as well as whose new and emerging sectors like tourism, telecommunications, and business process outsourcing can compete. It is a Guyana where every single man, woman and child has access to, and competence in, information and communication technology. It is a Guyana where investors want to bring their business and where qualified persons want to work. It is a Guyana where every young person can find rewarding productive employment and where every elderly person can retire in comfort. The attainment of such a Guyana is not beyond our grasp. On the contrary, it is well within our reach. Every programme, every project, every activity, every initiative contained in Budget 2013 takes us one block closer to building this Guyana.

B. Low Carbon Development Strategy

4.2 Mr. Speaker, aligning responsible forest stewardship with accelerated economic development continues to be the paradigm overarching our policy framework. On this subject, Guyana's leadership and advocacy at the multilateral level continue, including within the Coalition of Rainforest Nations and more recently at the Doha Conference of Parties where Guyana was instrumental in effecting a road map for a Reducing Emissions from Deforestation and Forest Degradation (REDD+) mechanism.

4.3 Under our visionary Low Carbon Development Strategy (LCDS), at the end of 2012 Guyana fulfilled all the requirements for a third tranche of performance-based payments to the tune of US\$45 million. This brings to a total of US\$115 million, the amounts Guyana has earned under our partnership with Norway. This partnership, given the funds received and committed thus far, represents the second largest interim REDD+ arrangement in the world, is testimony to our Government's commitment to good forest governance and stewardship, and vindicates the LCDS.

4.4 Mr. Speaker, in 2012, funds began flowing from the Guyana REDD+ Investment Fund (GRIF) Trust Fund to implement projects identified under the LCDS. Monies have been disbursed from the GRIF for the US\$7 million Institutional Strengthening Project which will support the Guyana Forestry Commission, the Office of Climate Change and the Project Management Office, and for the US\$6 million Amerindian Development Fund project which provides financing to support the socio-economic development of Amerindian communities and villages through the implementation of their Community Development Plans (CDPs). In addition, the US\$5 million Micro and Small Enterprise (MSE) Development project has now been approved for implementation. Other projects to be funded under the GRIF include, most prominently, the flagship Amaila Falls Hydropower Project (AFHP) on which more is said later. Government continues to work with our counterparts in Norway and with our other development partners to accelerate the flow of funds to Guyana to implement projects and programmes identified in the LCDS.

4.5 In 2013, Guyana will continue to work strategically with the leadership of the Coalition of Rainforest Nations to ensure that an international mechanism for rainforest mitigation is brought to the next Conference of Parties for approval and that more ambitious emission reduction targets are agreed by industrialised countries. Other LCDS projects, including the Amerindian Land Titling Project and a climate adaptation project, will be brought before the GRIF Steering Committee for approval and will begin implementation later this year. Government will also launch an addendum to the LCDS which will include a second wave of projects.

4.6 Still under the GRIF, sums totalling US\$17.6 million are allocated in 2013 for the Institutional Strengthening, Amerindian Development Fund, Amerindian Land Titling, Micro and Small Enterprise Development, and other projects. In addition, a sum of US\$80 million is provided to fund Guyana's equity contribution to AFHP.

C. Transforming the Economy

a. Modernising the Traditional Sectors

4.7 Mr. Speaker, while the traditional sectors might no longer be the lifeline of our economy given the substantial progress made in diversifying the productive base, they remain important to our overall economic performance, generating valuable export receipts and providing thousands of jobs. Ensuring their viability and profitability therefore remain policy priorities for this Government.

i. Sugar

4.8 Mr. Speaker, the sugar industry has been beset by issues associated with managerial capacity, unpredictable weather and labour supply constraints, to name but a few. Consequently, annual production levels have been less than acceptable. On the upside, the external outlook for sugar remains positive given Guyana's comparative advantage as a producer within CARICOM, the existence of a captive market protected by the Common External Tariff, continued market access with the recent extension of the EU Sugar Regime to 2020, and the fact that Demerara remains a marque with considerable universal goodwill, even if not yet legally enforceable.

4.9 Over the last few years, initiatives in field and factory operations have been undertaken to counter the labour shortages and the reduced opportunity days arising from changing rainfall patterns. Mechanical harvesting has been accelerated and there are ongoing investments in drainage works and land conversion to mechanically friendly fields. Private cane farmers have been encouraged to take on a greater share in supply of canes to supplement GUYSUCO's production. Meanwhile the issues at Skeldon factory, a key and

critical facility for overall improvement of the industry's performance, are being addressed holistically and several modifications and adjustments have been completed to deliver higher levels of output and efficiencies.

4.10 As GUYSUCO continues to grapple with the challenges of returning to its production potential and profitability, it has to recognise and confront its managerial, industrial, technical, marketing and financial realities. Thus, an updated Strategic Plan 2013-2016 is currently being prepared. The plan will support the mechanisation and field conversion drive and focus particularly on critical areas.

4.11 A strong and committed management response is necessary to deliver the anticipated output from investments. Industry customs and practices of the past must now give way to modern, innovative and creative tools and techniques to deal with managing a complex organisation in the process of change. GUYSUCO will have to reengineer its management and human relations functions accordingly. Promoting a harmonious industrial relations climate is considered an absolute priority and will require accommodation on all sides. Management and union will need to put aside the attitudinal and non-productive confrontations in their negotiations. Industrial relations practices are expected to become more interactive and congenial. Whereas, GUYSUCO's lands are capable of producing in excess of 400,000 tonnes of sugar, field interventions to address the weather and labour constraints can only be successful with the requisite agronomic inputs. Agricultural operations must capitalise on the relative advantages of each estate, ensure daily field supervision and return the fields to the former levels of productivity. Focus will therefore be needed in determining the right balance of mechanisation, field conversion, drainage and irrigation, transport infrastructure and plant breeding within the full spectrum of agricultural related interventions. The factory improvement programme will aim at producing sugars to meet the growing market requirements for higher quality, both in bulk and direct consumption sugars with increased efficiencies at all seven factories. A specific element of the plan will be to have the new packaging plant at Enmore operating at full capacity.

4.12 GUYSUCO is projected to spend \$3.1 billion in 2013 to advance implementation of critical recapitalisation aspects of this plan.

ii. Rice

4.13 Mr. Speaker, our rice industry is well on its way to achieving and sustaining production of greater than 450,000 tonnes annually while moving towards new and more premium varieties. The excellent performance of the industry in recent years is a vindication of the substantial investments made in drainage and irrigation infrastructure coupled with the institutional capabilities accumulated in research and training for the benefit of the industry.

4.14 Higher market prices have enabled financing for recapitalisation in the industry, and the last three years have witnessed over \$8 billion of private capital invested by millers to upgrade their mills and improve efficiency using new and modern technologies. As a result of our Government's efforts to ensure a favourable business climate, a major investment of over US\$4 million has been made in the first phase of a large scale project in Region 9, with 120 acres already cultivated and 2,000 acres to be cultivated by the end of 2013. This Santa Fe project aims to have 10,000 acres of rice cultivated by 2015 and will expand exports in the sector with markets already identified in Brazil. The favourable business climate put in place by Government also resulted in the milling operations of one of the larger but chronic defaulting millers being acquired by a foreign investor, with the anticipated consequence that much of the problems previously experienced with untimely payment by millers to farmers should be alleviated.

4.15 In the area of research, following the successful pilot cultivation of Guyana's first line of aromatic rice last year, testing will commence across the country during 2013 with the expectation that at least 20 to 25 farmers will undertake the first commercial production of this rice. This will contribute to reduced imports of similar types of rice.

iii. Bauxite

4.16 Mr. Speaker, this Government has worked hard to attract credible international investors to the local bauxite industry and to ensure they maintain their operations even in

the most hostile of external conditions. At a time when bauxite plants around the world and even in our Region have been closing operations, the domestic bauxite industry continued producing. In Guyana, the fortunes of the two major bauxite companies continue to be mixed. Bosai's operations continue to be supported by strong calcined bauxite prices of over US\$400 per tonne, while BCGI's operations continue to be challenged by costs that exceed prevailing market prices. Increasing production and investment are nevertheless expected to continue, with Bosai planning to expand its product mix to include the production of metallurgical bauxite, while BCGI recently completed a US\$20 million investment in mobile equipment.

4.17 Further increases in production are projected in 2013 and beyond by both Bosai and BCGI, with the continued substantial investments being made by both companies. In 2013, Bosai's projected investments continue to target increasing volume. The company will continue to operate in the Dacoura and East Montgomery mines. BCGI will continue to invest in opening up its new mine at Kurubuka and making its operations more efficient, with production expected to commence in 2014 from this new mine. BCGI's operations continue to be less than cash positive, necessitating financial support from its parent company for continued investment and operating deficits. While higher levels of production supported by these investments are expected to lower average operating costs, it is recognised that Guyana's production costs for metallurgical bauxite are generally in the higher tier due to overburden, high logistical costs, and the high price of fuel for mobile equipment, drying and transportation operations. A third bauxite company, First Bauxite Incorporated, is slated to start construction of a US\$120 million calcined operation in late 2013 at Bonasika. Government will continue to support the bauxite industry recognising that for each company, the cost structure and the market prices are quite different.

iv. Gold

4.18 The gold mining sector has been playing an increasingly important role in the domestic economy, with production reaching unprecedented levels. The growth of the industry has resulted in significant job creation and multiplier economic activity in mining communities and indeed throughout the country. Increased investment in the sector has

resulted in innovative technology being utilised and, for the first time, a local miner is engaged in hardrock mining while more land dredges and water pumps are being utilised to effect more efficient recovery and production.

4.19 The industry is also one of the principal destinations for inward FDI, with several large scale investments in the sector. Guyana Goldfields Incorporated and ETK/Sandspring Resources Limited are both expected to commence commercial production by 2015. Together, these investments will generate 550 jobs during the development phases and another 400 jobs during mining operations. Other large scale investments by Sacre-Coeur Minerals Limited and Eagle Mountain Gold Corporation are underway and are anticipated to commence operations in 2014. The demonstrated level of investor confidence and anticipated continued high price levels for gold on the world market augur well for the sector.

b. New and Emerging Sectors

i. Information and Communication Technology

4.20 Mr. Speaker, information and communication technology (ICT) continues to be one of the principal means through which our Government's agenda for modernisation and transformation is being pursued. Government's commitment to the sector is driven by the recognition of how much ICT can contribute to economic diversification, creation of new and emerging job opportunities, improving competitiveness of existing and new businesses, and empowering citizens. Recognising the abundant benefits of ICT to be accrued to the citizenry of Guyana, our Government's commitment is to bring ICT access and competence within the reach of every single Guyanese person and to promote the ICT sector as a primary employer in its own right.

4.21 To this end, in keeping with our undertaking to put in place a legislative framework that would facilitate and support a liberalised sector, Government tabled in this Honourable House a new Telecommunications Bill and amendments to the Public Utilities Commission Act in 2012. We are also currently engaged in discussions with the major companies in the

telecommunications industry on the proposed legislative framework which, once enacted, will see transition to full competition.

4.22 Also in 2012, a total of \$1.9 billion was invested by Government on acquiring and installing critical ICT infrastructure, specifically, over 580 kilometres of fibre optic cable from Lethem to Georgetown with 5 repeater stations along the route, constructing and commissioning the e-Government datacentre which is now being tested, and procuring the equipment and software for 54 Long Term Evolution-Advanced (LTE-A) sites which is the latest in 4G wireless technology.

4.23 In 2013, over \$2 billion is budgeted to advance this work, including provision for the construction of 54 LTE-A towers to be strategically placed in the most densely populated areas from Moleson Creek to Charity, Linden and Lethem. Once completed, e-Government services and content will be delivered to the major population centres using this network.

4.24 In order to ensure that the most vulnerable communities and individuals benefit from access to ICT, amounts totalling \$1.6 billion were spent in 2012 under the One Laptop Per Family (OLPF) programme to procure over 28,000 laptops, resulting in a total of 56,000 laptops being purchased under this programme. To date, 26,832 laptops have been distributed, and 18,714 persons have been trained including 4,596 first time computer users.

4.25 In 2013, further amounts totalling \$2.5 billion have been allocated to continue this programme, including to purchase a further 34,000 laptops for rolling out distribution more widely. Of this total, an amount of \$500 million is earmarked for the implementation of the programme in the hinterland, which will see computer banks and supportive power supply installed in every Amerindian village.

4.26 In addition, Government will work closely with current and potential investors in the business process outsourcing sector to encourage and facilitate establishment and expansion of their operations, diversify their geographical spread, and promote closer alignment between the basic prerequisite skills held by their potential recruits with the input requirements of this buoyant sector.

4.27 The result of all these initiatives will be a computer literate population, a more competent and competitive workforce, and accelerated investments in the ICT sector as a source of rapid job creation in Guyana.

ii. Oil

4.28 Mr. Speaker, petroleum exploration continued apace in 2012. Although, the drilling of exploration wells offshore in the prospecting areas licensed to Repsol was terminated out of caution, there were encouraging indications of petroleum. A test well was drilled by CGX Resources Incorporated to the total planned depth, but the outcome was not as favourable as anticipated. The acquisition of new marine 3D seismic data by CGG Veritas within the prospecting area licensed to Esso/Shell commenced in November 2012 and new petroleum prospecting licenses and or renewals were issued for further work in several locations including the Takutu Basin, the deepwater Stabroek Block, and the Corentyne Block. Repsol is also in pursuit of continuing activity on the block referred to as the Georgetown Block and the transitioning to a new licence and agreement were at a very advanced stage at the end of 2012. In addition to these developments, work was sustained in the Berbice River at Grand Canal where wharf and terminal facilities were being constructed for use in petroleum operations logistics.

4.29 In 2013, exploration operations are expected to continue with 3D seismic surveys by Esso, Repsol and CGX. Several new licences are expected to be issued as companies transition from dated tenure arrangements so that that their operational focus would be maintained. Recognising the potential for Guyana to move from exploration through discovery to production within the foreseeable future, Government is actively considering the requisite policy and institutional frameworks that need to be in place. Such frameworks will include addressing environmental considerations, contract management and administration, sustainable management of oil revenues, and enhancing competitiveness in non-oil sectors in order to avoid Dutch disease effects.

iii. Agricultural diversification

4.30 Mr. Speaker, Government attaches high priority to promoting new and non-traditional agricultural products, developing infrastructure, adopting new and emerging technologies, and providing our farmers with financial and technical support. Government remains committed to creating a conducive environment to reinforce Guyana's position as the Caribbean leader in agricultural production, with a view to developing the sector in an efficient and sustainable manner, especially given the vicissitudes of climate change.

4.31 In 2012, over \$1 billion was spent to advance efforts towards the diversification and modernisation of the sector. In the area of rural enterprises and agriculture development, 40 producer groups completed business plans for their respective ventures, and an initial tranche of \$62 million was made available to a private sector micro-credit partner to support the implementation of those plans that qualified for financing. In the fisheries sector, emphasis was placed for the first time on developing large-scale, commercial, export-oriented tilapia farms. In livestock, work continued on diversification in an effort to improve the genetic pool of cattle and thus enhance the quality of meat for domestic and international markets. In terms of infrastructural improvements, the genetic bank and the artificial insemination laboratory were completed, rehabilitation works were undertaken at the breeding station at Mon Repos, and construction works were completed at the quarantine checkpoints at St. Ignatius and Mabura.

4.32 In 2013, \$1.9 billion has been allocated to this sector. In order to ensure that an adequate regulatory framework is established to guide and support the advancement of the sector, several legislative initiatives will continue to be undertaken during this year. These include work on new regulations for fisheries, traceability of both crops and livestock, and animal welfare, all necessary in order to fulfil international trade requirements. Furthermore, since the design was completed early this year for the 5,500 acres of uncultivated land in the Aurora area, works will commence to clear the land, in preparation for livestock rearing, and production of rice, citrus and other vegetables. In the fishery sector, emphasis will be placed upon certifying sustainable fishing practices in an effort to qualify for higher export prices. In addition, production for export will commence at the newly established tilapia farms, with

a view to significantly increase tilapia production. Support for diversification in the sector will also come from strengthening infrastructure. A Veterinary Diagnostic Laboratory will be constructed at Mon Repos, additional drainage works will be undertaken at Canal Polder, and a hatchery to increase production of ducklings will be established. Finally, efforts will be directed toward building our human resource base in order to benefit from Guyana's full potential to accelerate agricultural development. During the course of the year, training in aquaculture production will be imparted to 250 persons nationwide, and local specialists will benefit from training in seed technology and germplasm development. In keeping with our drive to promote large scale private investment in agriculture, a landmark private sector investment has resulted in a 30,000 acre integrated farm at Santa Fe already mentioned for its rice production. Once Phase 1 of the project is completed, the intention is to expand production beyond cultivation of rice, soya beans and cow peas, and rearing of cattle, sheep and goats, to include permanent fruits and large scale aquaculture. Like the rice, other produce will also be mainly exported to Brazil, where the technology that is being used to develop the farm originated.

4.33 Mr. Speaker, in 2013, a sum of \$500 million is allocated to fund the establishment of a farmer fertiliser and planting material facility which will ensure access to quality planting materials and other inputs including fertiliser and enhanced extension services. This intervention will boost and strengthen food production and will target more than 3,000 farmers, and reinvigorate the highly successful Grow More Food campaign.

iv. Tourism

4.34 Mr. Speaker, recognising the unique ecotourism and environmental products that our country has to offer, and acknowledging the potential of the tourism sector as a major driver of job creation and sustainable economic growth, Government continues to invest in increasing capacity in the sector, raising standards, developing market and product niches, and promoting the destination.

4.35 The market has responded to Government's efforts in this regard, with increased private investment in the sector, significant growth in visitor arrival, and higher levels of

property occupancy. In 2012, arrivals totalled 176,642, a 12.6 percent increase over 2011, and the industry recorded average occupancy rates in the vicinity of 75 percent. Also in 2012, construction commenced on the US\$58 million Marriott Hotel and progressed apace. Once completed, this 197 room hotel will be Guyana's first five-star hotel property and our only major internationally branded hotel, and it will significantly raise industry standards. Guyana also successfully hosted major industry events, including the 13th Caribbean Sustainable Tourism Conference, won several industry awards, and received substantial coverage from mainstream international travel media.

4.36 In 2013, Government will continue efforts towards the development of a vibrant tourism industry. Focus will be placed on marketing, product development, and capacity building of industry stakeholders. Work will commence on a 5 year Hinterland Tourism Development Plan for the period from 2013 to 2018, which will focus on tourism opportunities, economic, social and environmental benefits, culture and heritage preservation, investment opportunities and training. Efforts will be heightened to market the destination to film and television producers of the reality and adventure genre with wide viewership and to obtain coverage in strategic niche publications such as sport fishing and birding. Further, institutional capacity to train personnel for the hospitality industry will be expanded, and training programmes delivered to all categories of industry personnel with the aim of raising standards and improving service quality. In addition, efforts will continue to engage international airlines to increase airlift into Guyana.

iv. Small Business

4.37 Mr. Speaker, small and medium-sized enterprises (SMEs) are pivotal to creating grassroot economic opportunities, supporting income generating ventures, improving livelihoods, enhancing productivity and stimulating competitiveness. In this regard, and in continued support of the dynamic growth potential of SMEs, Government has provided added stimuli to this sector through several initiatives, including easier access to credit, business advisory and marketing services and systems, and training.

4.38 In 2012, the Small Business Bureau (SBB) commenced the development of a policy framework for small businesses and held a number of training workshops and seminars to improve the technical skills of small business owners. In this regard, several owners benefited from sessions dealing with such matters as customer care and service, and standards for the art and craft sector. In addition, 561 small and micro businesses were added to the Bureau's database bringing the total to 1,805 registered businesses at the end of the year.

4.39 In 2013, the Small Business Development Fund will be fully operationalised through the Collateral Guarantee, the Interest Subsidy and the Low Carbon Grant Schemes at a cost of \$370 million, thereby increasing small business access to financing. Over 100 training sessions on business management, agro processing, food handling, packaging, labeling, marketing and information technology are scheduled for this year, targeting 1,000 business owners.

4.40 Mr. Speaker, still on small business development, under the Women of Worth (WOW) micro credit facility, \$16.4 million was disbursed by our private sector partner to 83 women comprising 61 new borrowers and 22 returning borrowers in 2012. To date, over \$180 million has been disbursed as start-up capital to 1,760 single mothers. The beneficiaries engaged in small scale entrepreneurial activity in poultry rearing, garment manufacturing, leather craft, and cosmetology, thereby contributing to improve welfare among single mothers while increasing the number of small businesses in Guyana.

4.41 The WOW programme will continue in 2013, with renewed focus, and will be launched in previously unserved or underserved areas, including Region 1, where it is expected that more than 100 applicants will be able to access micro-credit loans. Additionally, the programme will provide training to its beneficiaries in such areas as basic entrepreneurial skills, networking, basic accounting, promotion, and advertising and packaging.

D. Physical Infrastructure for Transformation

a. Roads and bridges

4.42 Mr. Speaker, Government continues to expand, improve, rehabilitate, and maintain our road network with the aim to reduce transportation cost, improve market access, create and upgrade linkages to hinterland communities, improve travelling conditions and road safety and enhance regional and hemispheric connectivity and competitiveness.

4.43 In 2012, a total of \$9.4 billion was expended on the construction, rehabilitation and maintenance of our country's land transport network including primary, secondary and tertiary roads, culverts and bridges countrywide. Government completed reconstruction works on the 35 kilometre Black Bush Polder ring road improving easy access to over 18,000 acres of rice, cattle and cash crops, and 18.8 kilometres of all weather roads to serve the communities of East and West Canje. Works continued on the upgrade, modernisation and expansion of the access road from Timehri Hill to the Cheddi Jagan International Airport (CJIA), the extension of the four lane highway from Providence to Diamond, the widening of the highway from Better Hope to Golden Grove on the East Coast of Demerara, the construction, reconstruction, rehabilitation, upgrade and maintenance of urban, rural, community and hinterland roads in all regions, including the Mabura Hill to Amaila Falls road, the reconstruction and rehabilitation of 20 critical structures from Belladrum to Rosignol, and the rehabilitation of pontoons and cluster piles for the Demerara Harbour Bridge. Additionally, street lighting was installed from No. 61 to 66 Villages and No. 74 Village on the Corentyne coast.

4.44 In 2013, Government will invest \$12.6 billion to further improve our roads and bridges network, of which \$11.2 billion will be spent on roads and \$1.4 billion on bridges. Of this amount, \$4 billion has been made available for the completion of the four lane access road to CJIA, the continuation of the East Bank Demerara four lane highway, the completion of the designs and commencement of works on the Sheriff Street to Mandela Avenue Roadway, the upgrade of the 30.5 kilometre West Coast Demerara Road from Vreed-en-Hoop to Hydronie, and the continuation of the widening of the highway from

Better Hope to Golden Grove. Further, Government will complete the designs and commence construction of 14 kilometres of farm to market roads at Parika and Ruby backdams, thus opening up access to over 330 farming households and over 2,000 acres of mixed crop farming. Government will also complete the designs for the extension of the four lane highway from Diamond to Timehri, the East Bank Berbice Road, and Canals Polder Nos. 1 and 2 roads, and commence preparatory works for a new community roads improvement project. An amount of \$6.6 billion is allocated for the construction, reconstruction, rehabilitation, upgrade and maintenance of rural, community and hinterland roads in all the regions including the Mabura Hill to Amaila Falls road, \$650 million for the continued reconstruction and rehabilitation of 20 critical structures from Belladrum to Rosignol, \$300 for the rehabilitation of pontoons, buoys, sheaves and shackles, anchor chains and cluster piles to improve the structural integrity of the Demerara Harbour Bridge, and \$35 million for street lighting from Belle Vue to Patentia, sections of the Linden highway, the Abary and Canje bridges, No. 44 to 54 Villages Corentyne and the Moleson Creek stelling approach.

4.45 Mr. Speaker, Government has commenced technical examination of the options for constructing a new bridge across the Demerara River. It is envisaged that, during 2013, Government will invite expressions of interest for a public private partnership for this project. It is also important to note, that despite the imminent completion of the four lane highway it is already becoming evident that an alternative East Bank Demerara bypass road is necessary to ease congestion. To this end, Government will commence preparatory works for the design of a parallel secondary road to the East Bank Demerara Highway.

b. Air and river transport

4.46 Mr. Speaker, the expansion and modernisation of the air and river transport infrastructure is vital to provide linkages between the coastal areas and remote communities in the hinterland regions to facilitate improved transportation, social integration, communication, the trade of goods and services and further improve our tourism base.

4.47 In 2012, amounts totalling \$5.4 billion were expended by the sector including to pay a mobilisation advance to commence works on the upgrade, expansion and modernisation of CJIA, rehabilitate and maintain over 40 airstrips, procure high frequency radio and security systems for our international airports, and on the docking of vessels and acquisition of spares. The modification of Parika and Supenaam stelling was completed to facilitate the roll-on-roll-off ferry service which became operational in the third quarter and provided substantial relief for the commuting public of Regions 2 and 3.

4.48 In 2013, a total of \$5.3 billion has been budgeted for the upgrade, expansion and modernisation of CJIA. Works will commence on the construction of a new terminal building, aprons, air-bridges, taxiways and the extension of the runway by a further 3,500 feet. This project will provide Guyana with the infrastructure to accommodate the widest variety of aircraft type, and become an international travel hub. Additionally, \$248 million is allocated for the rehabilitation of airstrips in Matthews Ridge, Imbaimadai and Kamarang and the maintenance of 43 airstrips in Regions 1, 2, 7, 8 and 9. Further, a sum of \$80 million will be spent to procure an Automated Dependent Surveillance Broadcast to bring precision and reliability of satellite based surveillance to our national airspace. Finally, \$683 million is budgeted for the docking of several ferry vessels, the acquisition of spares, and for the rehabilitation of the Bartica stelling.

4.49 Mr. Speaker, Government remains cognisant of the need to keep our main commercial riverain channels passable by ocean going vessels. In particular, access to the Demerara port by optimally sized vessels is a critical prerequisite to trade activity. Government is engaged, and will continue discussions, with the private sector on options to address the matter of dredging and maintaining the Demerara channel.

c. Sea and river defence

4.50 Mr. Speaker, we are in a constant battle to protect and maintain the structural integrity of our sea and river defence structures and to develop sustainable shorezone management systems to contain the ravages of the ever encroaching Atlantic Ocean. Over the years we have suffered frequent intrusion, overtopping and inundation due to aged,

porous or weak sea defence structures. As such, Government has continued to make significant investment to protect against flooding of our residential and farming communities.

4.51 In 2012, the sum of \$2.4 billion was spent to reconstruct, rehabilitate and maintain critical sea and river defences throughout our 425 kilometre coastline. During the year, 189,273 black mangrove seedlings were planted at selected locations which restored some 9.4 kilometre of mangrove forest. Additionally, our first geotextile breakwater structure was completed and made functional.

4.52 In 2013, the sum of \$1.9 billion is budgeted to ensure the further strengthening of our sea and river defences. Critical works will be done in Regions 2 to 7 in areas such as Johanna Cecelia, Blenheim, La Retraite and Abary. In addition, the mangrove restoration and replanting programme will entail the planting of 115,000 seedlings in areas such as Devonshire Castle, Lima, La Belle Alliance, Richmond, Anna Regina, Kilmarnock and Bush Lot as we continue the implementation of the five year National Mangrove Management Action Plan.

d. Drainage and Irrigation

4.53 Mr. Speaker, recognising the importance of agriculture to the national development agenda, and conscious of the negative effects of flooding due to climate change, the management and operational efficiency of our drainage and irrigation systems is key and critical to agricultural production and productivity and to maintaining the well-being of our nation.

4.54 In 2012, Government expended \$7.1 billion on drainage and irrigation systems across Guyana, to continue development of drainage and irrigation structures at Hope/Douchfour, procure long arm excavators and pontoons, construct, rehabilitate and maintain drains, canals, structures, pump stations, sluices, and for the acquisition of fixed and mobile irrigation pumps. Digital surveys and aerial-photos of the coast from the Demerara to Mahaica Rivers, which included a computerised model of the conservancy,

were completed and recommendations for improving water flow and drainage within the conservancy were presented. In addition, water level, rainfall and temperature gauges were installed to allow for the monitoring of water levels and rainfall via the internet.

4.55 In 2013, a total of \$6.5 billion is budgeted for the final payments towards the acquisition of fixed irrigation pumps, the construction and rehabilitation of pumps and pump stations in Regions 3, 4, 5 and 6, the completion of the Northern Relief Channel and associated drainage structures, the rehabilitation of intake structures at Ann's Grove, Hope, Annandale and Nancy, the excavation of outfall channels in the regions, the rehabilitation of pontoons and excavators and relief sluices such as those at Maduni and Sarah Johanna. This year would also see the completion of a safety and feasibility analysis of the East Demerara Water Conservancy Dam where the existing earthen dam and structures will be evaluated and recommendations made for necessary improvements. An analysis would be completed for villages along the East Coast of Demerara which are vulnerable to flooding and recommendations presented. Further, a plan for operating the conservancy and a detailed list of works for improving the conservancy flows and discharge will be completed this year.

e. Energy, Power Generation and Supply

4.56 Mr. Speaker, the provision of a reliable and affordable electricity supply is the cornerstone of our competitiveness and development policies. To this end, Government is dedicated to creating the enabling energy environment that will serve to catalyse increased production of value added goods and services and to improve the quality of life of our citizens.

4.57 In 2012, an amount of \$15.9 billion was invested in the electricity sector to procure 3 Wartsila generators with a total capacity of 26 megawatts, install a 1.9 kilometre submarine cable linking Kingston and Vreed-en-Hoop, energise 13.8 kilometres of overhead transmission lines between Vreed-en-Hoop and Edinburgh, complete two new substations at Vreed-en-Hoop and Edinburgh and expand the Kingston substation, replace 11,989 regular meters with prepaid meters, and install 565 Itron meters on new connections.

4.58 In 2013, sums totalling \$16.4 billion are allocated for the installation of the new Wartsila engines at Vreed-en-Hoop, construction and upgrading of 7 substations, installation of transmission lines from Sophia to Onverwagt along with a supervisory control and data acquisition system (SCADA), and completion of the ongoing frequency conversion programme, among other works. In addition, GPL will develop new initiatives to combat losses. On the technical side, a pilot programme will seek to rewire sections of the distribution network to improve efficiency and reduce incidents of illegal connections, while on the commercial side, a pilot program will seek to introduce a remetering programme, using smart meters and modern technology to combat the theft of electricity. Subject to the success of these pilots, a programme to rebuild the distribution network and replace over 70,000 meters will be implemented in 2013 and beyond. Finally, recognising the need for a markedly more efficient off-taker once Amaila comes into production, a corporate development plan for GPL is currently being designed to target a more efficient utility with lower losses, reduced supply interruptions, enhanced planning and execution capacity, and a strengthened organisation structure.

4.59 Mr. Speaker, in the area of hinterland electrification, Government distributed and installed solar home systems in 161 hinterland villages to a total of 10,601 households. Members of these communities were trained to maintain the units and to ensure the sustainability of these facilities. The schematic layout for a new 330 kilowatt hydropower system at Kato was completed and the procurement process was launched. In addition, \$73 million was spent on the construction, upgrade and extension of power distribution systems at Matthews Ridge, Moruca and Barabina and on the acquisition and installation of solar panels, transformers and generators for other areas.

4.60 In 2013, a total of \$452 million will be spent on the construction of the 330 kilowatt hydropower and irrigation systems on the Chiung River at Kato benefitting over 2,700 persons, and providing clean energy to support agricultural and commercial activities along with educational training, relocate the Lethem Power Plant, upgrade and extend the electricity grids at Mabaruma, Barabina, Moruca and Matthews Ridge, and acquire solar panels for areas such as Batavia, Micobie, Princeville, Murawa, Annai, Aishalton and Waipa.

4.61 Finally, the Amaila project remains the flagship of our medium and long term strategy for the electricity sector. Significant milestones were achieved in 2012 with the signing of the Engineering, Procurement and Construction (EPC) agreement between Sithe Global and China Railway First Group and the Mandate Letter between the Inter-American Development Bank (IDB) and Sithe Global. Work will continue apace towards achieving financial close before the end of 2013.

E. Investments in Our People

a. Education

4.62 Mr. Speaker, this Government recognises education as essential for reducing poverty, supporting personal empowerment, and achieving national development.

4.63 With this in mind, an amount of \$26.5 billion was expended in this sector in 2012. Of that amount, \$2.9 billion was spent on construction, extension, rehabilitation and maintenance of educational facilities countrywide to ensure increased access. In an effort to increase enrolment and attendance rates of children in schools, as well as reduce the drop-out rate, over \$1.2 billion was spent on the School Feeding Programme, which benefitted over 64,000 students. Additionally, \$296.7 million was spent on the National School Uniform Programme which benefitted over 190,000 children in nursery, primary and secondary schools. Significant gains have been made in increasing the percentage of trained teachers in the public education system. Further, 2,965 teachers were trained in ICT. Amounts totalling \$1.3 billion were expended to equip and staff technical and vocational institutions which continue to provide an alternative education pathway for our youths. Another \$1.3 billion was allocated to the University of Guyana (UG), of which \$450 million represented loans to students.

4.64 Mr. Speaker, \$28.7 billion has been budgeted for the education sector in 2013 bringing to a total the amount of \$139 billion being allocated over the period 2008 to 2013 to finance the National Education Strategic Plan. The sector is currently engaged in the development of a new 5 year strategic plan.

4.65 This year, the physical infrastructure of schools and other educational facilities countrywide will benefit from an investment of over \$3 billion. This includes the construction of Kato Secondary Complex which provides for 350 students, the reconstruction of One Mile Primary, and extensions to Alexander Village Nursery, East Street Nursery, St. Barnabas Special School, Tutorial Academy and Tagore Memorial Secondary, rehabilitation of St. Roses High, and maintenance of other schools and educational facilities countrywide.

4.66 Of the total amount provided, \$1.1 billion is budgeted for the School Feeding Programme which will see over 64,000 school children benefitting from either juices and fortified biscuits or a hot meal. In addition, the school uniform programme will continue to reduce the financial burden on families and will see one school uniform distributed to every child attending a school in the public education system from nursery to Grade 11.

4.67 Emphasis will continue to be placed on increasing the presence of trained teachers in the classroom, and some 409 newly trained teachers are expected to enter the education system in August 2013, while another 41 teachers will complete the requirements for certification under the Trained Teacher's Certificate Programme, a further 68 in-service teachers in Regions 1 and 9 will continue to access the Trained Teacher's Certificate, while 366 students will continue to access the Associate Degree in Education at the coastal centres and Linden. In an effort to strengthen the management and quality of staff members, lecturers and administrators training will be conducted to ensure use of ICT in the delivery of the curriculum. This will complement the 35 IT labs which are expected to be completed in 2013, while 3,000 teachers will be trained in ICT literacy bringing us closer to the target of having all secondary schools equipped with computers and all secondary teachers trained in the use of computers for education delivery.

4.68 Mr. Speaker, we will continue to invest in the University of Guyana with an allocation of \$1.7 billion, including student loans of \$450 million. A feasibility study for the new Centre of Excellence for the Study of Bio-Diversity and a management and personnel study of the University's human resources will commence this year. Moreover, through the

US\$10 million project to strengthen the School of Earth and Environmental Science, technical assistance and other support to lecturers would be provided to programmes relevant to the LCDS, while grants would be provided to researchers towards generating knowledge products that directly contribute to the LCDS. In support of this, 14 laboratories in the Science and Technology Faculties will be rehabilitated, while full internet connectivity will be provided to all faculties and the library. This project represents a major Government investment in the University and in particular in its science and technology teaching and research capabilities.

4.69 Included in the total amount provided to the University is a sum of \$50 million to be provided by Government to UG to promote greater access to tertiary level education by establishing online programmes.

b. Health

4.70 Mr. Speaker, Government remains committed to ensuring that our citizens have access to high quality health care services. To this end, over \$17 billion was expended in 2012, the final year of the National Health Strategic Plan 2008-2012.

4.71 A total of \$1 billion was spent to expand, upgrade and maintain the infrastructural facilities of the sector, including to fund a mobilisation payment for the state-of-the-art specialty surgical hospital at Liliendaal which will afford Guyanese the opportunity to access specialised health care services, upgrade of the National Psychiatric Hospital and Georgetown School of Nursing, and construction of the Port Mourant Health Centre.

4.72 Mr. Speaker, in 2012, \$335 million was spent on training of public health personnel to meet the growing demand for both basic and specialised services. Further, the sector benefited from the return of another batch of 21 new Cuban trained Guyanese doctors, deployed to the Georgetown Public Hospital Corporation, the New Amsterdam Hospital and several other health facilities. Government also executed other critical aspects of the sector's mandate through the provision of expanded services, including tuberculosis and malaria testing, numerous vaccination campaigns, introduction of dialysis services and knee

and hip replacement surgery, and medical evacuation of critically ill patients from hinterland locations.

4.73 In 2013, the health sector will advance development of a new strategic plan, which will incorporate lessons learnt from the previous strategic plan while still consolidating the gains made in the sector over the past five years. In this context, \$19.2 billion has been allocated this year to the sector with the aim of achieving universal health coverage through the primary health care approach.

4.74 Towards this objective, over \$2.3 billion has been allocated for the construction, rehabilitation and maintenance of health infrastructure countrywide of which \$1.3 billion has been budgeted for the state-of-the-art specialty surgical hospital and the Port Kaituma District Hospital. In an effort to improve the supply chain management system a new pharmaceutical and medical warehouse equipped with necessary software was commissioned earlier this year and which is expected to result in a more efficient distribution network for drugs and medical supplies.

4.75 Over \$369 million has been budgeted for human resource development to enhance the competency of health officials. The system will benefit from the return of a further 278 Cuban trained doctors who will be deployed countrywide. Further, in the context of specialised care, the Georgetown Public Hospital Corporation (GPHC), in collaboration with overseas universities, is offering post graduate programmes in gynaecology, orthopaedics, internal medicine, paediatrics, emergency medicine, anaesthesiology and surgery.

4.76 Mr. Speaker, maternal health is a top priority on Government's health care agenda with a view to advancing progress towards the reduction of maternal mortality and under-5 mortality. In early March, national consultations were held to develop an action plan towards eliminating the current bottlenecks in the provision of quality maternal health care services as part of the MDG Acceleration Framework process. The under-5 mortality concerns are being addressed with, among other things, a neonatal intensive care unit being established at

the GPHC with support from an overseas based partner and will be expanded through the same joint public private initiative in Linden and West Demerara.

4.77 In an effort to intensify the fight against malaria, Government has budgeted for the procurement and distribution of over 6,000 long lasting insecticide treated bed nets for hinterland communities primarily in mining areas. In addition, chronic non-communicable diseases now present a particular challenge for Guyana and the world as we overcome infectious diseases of previous times. These include cardiovascular disease and hypertension, diabetes, cancers and chronic pulmonary diseases. Changing lifestyles, especially in diet and an emerging sedentary habit, the use of tobacco and abuse of alcohol have contributed significantly to the shift from communicable diseases, and budget allocations within the health sector will increasingly target addressing this shift.

c. Housing

4.78 Mr. Speaker, the vision of this Government for the housing sector remains grounded on the principle of housing all our citizens in sustainable settlements. As such, continued emphasis is placed on providing access to affordable housing, developing new sustainable housing schemes, increasing the provision of turnkey housing, expanding construction of core houses, advancing the resolution of unplanned housing settlements, promoting community development planning and implementing a hinterland housing improvement programme.

4.79 In 2012, a sum of \$4.7 billion was expended in the housing sector towards increasing access to affordable housing, improving the quality of infrastructure for housing schemes and regularising squatter settlements. Nine (9) One-Stop-Shop outreaches were conducted, 5,869 house lots were allocated, 4,996 land titles processed, and 2,577 distributed, while 75 core houses were constructed and distributed, bringing the total number of Guyanese benefiting from the core house pilot to 116 households in Regions 3, 4 and 5. Further, 18 teachers, 25 nurses and 17 police officers received fast track prequalification for loans for home construction while, through the Turnkey Housing Initiative, 44 families of Regions 3

and 4 received two-bedroom houses. Additionally, 112 coastal families benefitted under the home improvement subsidies and 23 hinterland families under the hinterland pilot.

4.80 Mr. Speaker, for 2013 the Government has allocated \$3.1 billion to the housing sector for citizens to have improved access to housing and to improve the quality of life in both housing schemes and in regularised settlements. To this end, 5,900 house lots will be distributed and over 4,000 land titles processed and distributed. In addition, a total of 210 additional core houses will be constructed and distributed. Through the innovative turnkey initiative 48 professionals between the ages of 25 and 35 will have the opportunity to own a 1,600 square foot home at an affordable cost. Additionally, over 200 home improvement subsidies will be distributed to families on the coastland and 125 to hinterland families. Also in 2013, Government will advance preparation of a young professional housing programme, with semi-gated communities being developed to meet the needs of this demographic group.

d. Water

4.81 Mr. Speaker, Government will continue to make significant investment in the water sector placing emphasis on ensuring that all Guyanese have access to an acceptable supply of potable water. Over the medium term attention will also be placed on expanding the delivery of treated water and consolidating the gains in the sector, while still expanding access to safe water in the hinterland.

4.82 During 2012, over \$2.2 billion was expended in the sector for the installation of 20 kilometres of transmission and distribution mains, the upgrading of water treatment plants in Rose Hall, Pouderoyen, Fellowship, Covent Garden and Eccles, and the completion of 3 boreholes, benefitting over 40,000 residents. Contracts were awarded for the construction of new treatment plants at Wisroc and Amelia's Ward, to provide over 30,000 residents with safer water. In addition, 7 photovoltaic systems were installed, 5 water supply systems upgraded, and a medium depth borehole was constructed at Sand Creek benefitting some 10,000 hinterland residents.

4.83 Mr. Speaker, in 2013, \$2.7 billion has been budgeted to increase the level and quality of potable water supply to new areas through the upgrade of distribution systems, installation of transmission mains, improved service connections, metering, construction of new boreholes, the construction and completion of wells at Cotton Tree, Hope, Sparendaam and Lochaber, the upgrade of service connections on the East Coast Demerara and East Berbice, and the construction of a storage tank at Bartica which, together, will benefit over 82,000 persons in Regions 2 to 7. Also, the water supply system in areas such as Kara Kara, Noitgedacht, Nottinghamshire, Watooka and Richmond Hill, benefitting over 5,000 persons, will be upgraded. In addition, two water treatment plants at Wisroc and Amelia's Ward will be constructed, along with the installation of transmission mains and district meters thereby benefitting approximately 30,000 residents. These projects are expected to provide for the reduction of non revenue water, improved level of service, reliability, water quality, and improved treated water coverage.

4.84 In addition, in keeping with the development of the hinterland communities and improving the quality of life of our indigenous people, the sum of \$160 million is budgeted for the Hinterland Water Supply Programme which will benefit in excess of 15,000 persons within Regions 1, 7, 8, 9 and 10.

e. Sanitation

4.85 Mr. Speaker, Government's commitment to ensuring a safer and more efficient sanitation system that will improve public health and sustainable economic development remains unquestionable. This is evident in the significant investments being made in the establishment of a National and Regional Solid Waste Management Strategy and the Georgetown Sanitation Improvement Programme.

4.86 In 2012, over \$500 million was spent to procure equipment and materials to start rehabilitation works on 9 sewer-pumping stations within the Georgetown sewer network. In addition, \$367.6 million was spent on the continued construction of the waste-receiving facility at the Haags Bosch Sanitary Landfill (HBSL). Substantial work was carried out on Cell 1 which continued to receive municipal solid waste at an average of over 320 tonnes

daily, well above the original design indicator of 250 tonnes per day. In addition, Government distributed over 120,000 tablets to fight the spread and transmission of filaria and other water borne diseases caused by contact with contaminated water and soil between Melanie and Timehri.

4.87 In 2013, \$600 million is budgeted to continue rehabilitation works on the Georgetown sewer systems to bring benefits to over 40,000 households within the project area, the completion of the energy efficiency pilot project which is intended to reduce energy consumption at selected pumping stations, and the continued distribution of 900,000 tablets to treat filaria and other neglected tropical diseases between Enmore and Timehri. Another \$732 million is budgeted for the HBSL in 2013 which will facilitate the procurement of rear-compaction vehicles and associated bins, public awareness strategy and campaign, completion of infrastructure works on Cell 1 of HBSL, leachate treatment facilities, and stormwater ponds. When completed, HBSL will serve over 300,000 residents from Cane Grove to Timehri, including Georgetown, and will adequately receive and process 320 tonnes municipal solid waste daily.

e. Vulnerable Groups and Other Targeted Interventions

i. Children

4.88 Mr. Speaker, this Government remains committed to ensuring that all children have access to the care they deserve, thus granting them the opportunity to attain the skills and knowledge to become productive citizens. In 2012, the Childcare and Protection Agency (CPA) successfully removed 396 children from abusive situations, and reintegrated 81 into their biological families whilst providing ongoing psychosocial support. Social work interventions focused on parental counselling and education and training in order to prevent unnecessary separation of children from their parents, and the foster care programme was expanded with an additional 46 children being placed in a family setting. In addition, a new visiting committee was launched to ensure compliance with minimum operational standards in both Government-managed care centres and privately-managed children's homes and orphanages.

4.89 In 2013, in order to better cater for those children who have been made vulnerable by inadequate parental care and child abuse, the expanded Mahaica children's home is set to be opened. One hundred boys and girls stand to benefit from the expanded structure. Throughout 2013, work will also continue on an in-depth programme for independent living skills and transitional housing for those children who are set to age out of the formal care system. Moreover, this year the CPA will decentralise its operations with the aim of assigning child care officers and bringing services to all ten Regions. Sums totalling \$234 million will be spent in 2013 on childcare and protection services.

ii. Youth

4.90 Mr. Speaker, as with our children, Government remains committed to ensuring that all our youth are prepared to take their rightful place and are equipped to make meaningful and fulfilling contributions to society. To this end, we have designed and are implementing a number of programmes targeted primarily at vulnerable youth.

4.91 During 2012, over 1,700 young people benefited from training under several programmes including the National Training Programme for Youth Empowerment (NTPYE), the Apprenticeship Programme, and the Youth Entrepreneurial Skills Training (YEST) programmes.

4.92 In 2013, over 2,500 young people will benefit from similar training programmes, equipping them with the skills that are needed to enter the world of work or to embark on entrepreneurial ventures of their own. An amount of \$65.2 million has been allocated to equip and rehabilitate our training programmes. In addition, a sum of \$200 million has been allocated for a Youth Entrepreneurship and Apprenticeship Programme targeted at hinterland youth.

4.93 In the area of sports and sports facilities, Government remains resolute in our aim to ensure that all Guyanese, particularly young people, are exposed to the best facilities to develop their sporting abilities. In 2012, over \$360 million was expended on the construction

of the athletic track at Leonora, completion of the Bartica Community Centre, upgrading of facilities at the National Gymnasium, Cliff Anderson Sports Hall, Colgrain Pool, and Racquet Centre, and upgrading sports grounds countrywide.

4.94 In 2013, over \$1 billion has been allocated to the sports sector. Of this amount, \$560 million has been budgeted for advancing works on the athletic track at Leonora, \$52 million for the warm-up pool at the National Aquatic Centre, and a further \$300 million for the development and upgrade of sporting facilities and infrastructure countrywide. Once completed, these facilities will constitute a significant addition to the stock of public facilities and infrastructure for sports development and sporting activity.

iii. Single Parents

4.95 Mr Speaker, in 2012, Government continued to deliver on its commitment to assist single parents living under difficult circumstances, and to support their efforts to achieve a better quality of life for themselves and their families. The programmes included the Board of Industrial Training (BIT) which targeted over 400 single parent beneficiaries, the WOW microcredit initiative which, as mentioned earlier, disbursed \$16.4 million in loans to support the income generating activities of 83 single mothers, and the Women Leadership Institute (GWLI), which continued to provide training to women in various areas.

4.96 The WOW initiative will be reinvigorated, and formally launched in Region 1, where approximately 100 applicants have already been identified. In collaboration with the private sector partner, training sessions will be delivered in areas such as basic entrepreneurship, networking, accounting, branding, promotion and advertising, and packaging targeting 200 beneficiaries. In addition, a further 400 single parents are expected to benefit from training under the BIT's Single Parent programme while the GWLI will be prioritising training in areas of capacity building, basic literacy and numeracy skills, computer literacy and office procedures, garment manufacturing, catering, cosmetology and sales.

iv. Elderly

4.97 In 2012, this Government continued its efforts to improve the lives of our senior citizens. Over 42,000 pensioners currently benefit from the provision of a monthly non-contributory old age pension which is intended to be a partial supplement to help meet their basic needs. In addition, provisions were made to ensure improved quality of care at the Palms Geriatric Institution, which throughout last year catered for the needs of over 200 elderly persons. Further, the National Commission for the Elderly was constituted and commenced discharging its mandate, with the aim of supporting the continued involvement of senior citizens in the economic and community life of our country. In 2013, a key highlight will be the work of the Commission on ensuring that appropriate standards of care are followed in private homes as well as government-managed facilities, and that enough trained caregivers are available to safeguard the wellbeing of the elderly.

v. Homeless

4.98 In 2012, the Night Shelter continued to be a point of reference for approximately 200 homeless persons every day, providing them with accommodation, meals and medical assistance, and it will continue its operations in 2013.

4.99 In 2013, an amount of \$54 million has been provided to complete and operationalise the Centre for Rehabilitation and Reintegration at Onverwagt for the benefit of a further 180 street dwellers.

vi. Indigenous Communities

4.100 Mr. Speaker, our Government's uncompromising position is that every single Guyanese citizen must have access to the same opportunities irrespective of where they live. To this end, our aim is to ensure that the economies of Amerindian villages are put on a more sustainable path, and that improved social services are delivered to their communities.

4.101 The year 2012 saw the continuation of land titles being issued, while an amount of \$160 million was approved for community development interventions in the areas of eco-tourism, provision of agricultural tools, provision of means of transportation and establishment of village offices. Collectively, these are expected to improve agricultural productivity, communication and governance. Under the National Hinterland Secure Livelihood Programme (NHSLP), \$4.4 million was expended to support agricultural, aquaculture and beekeeping projects to the benefit of 241 farmers living in 15 different communities. Furthermore, last year saw the commencement of work on Community Development Plans with the aim of supporting further the socioeconomic development of our Amerindian communities. In addition, and in keeping with Government commitment to guarantee equal access to education, 362 students benefited from the Hinterland Scholarship Programme, and 62 students graduated from secondary and technical institutions.

4.102 In 2013, Government will continue in our efforts to advance development of our Amerindian communities. To this end, the sum of \$77.9 million has been allocated to the Land Titling and Demarcation Programme, with a view to completing the titling of all eligible villages by the end of the year. In addition, work will continue on the development of Community Development Plans with the expectation of commencing implementation of 180 of them. Some \$350 million is provided to finance the implementation of these plans. Furthermore, under the Hinterland Scholarship Programme \$66 million has been allocated to the benefit of 388 students. In addition, as already indicated, a sum of \$200 million has been allocated to support an Amerindian youth entrepreneurship and apprenticeship scheme, and a further sum of \$500 million has been allocated to roll out the OLPF to Amerindian villages.

vii. Other Vulnerable Groups

4.103 Mr. Speaker, our Government's commitment to improve the livelihoods of the most vulnerable citizens of our country is further reflected in the continued emphasis which was placed on the public assistance programme throughout 2012. Disadvantaged individuals benefited from monthly support countrywide. This programme will continue in 2013.

4.104 Mr. Speaker, there is no more effective a way to assist the vulnerable than to help them secure the independence of gainful employment. For this reason, in addition to the various training programmes conducted by Government, we also seek to match persons seeking employment with potential employers seeking staff to recruit. In this regard, over the course of 2012, some 2,912 new registrants were added to the Central Recruitment and Manpower Agency's (CRMA) system in order to be considered for employment. A total of 3,623 individuals were interviewed and, through the support of CRMA, 2,945 unemployed persons successfully gained a work placement.

4.105 In 2013, a substantial effort will be made to further strengthen this agency to create an effective labour market clearing house, with which job seekers can register their interest in finding employment, employers register their recruitment needs, and the agency perform a proactive matching service. Efforts will also be made to decentralise the services of the agency, especially by the use of technology. For this purpose, an amount of \$52 million has been provided in the budget to strengthen the Agency and to promote its capacity to ensure equal opportunity for all in the labour market.

F. Enhancing Security and Justice

a. Public safety and security

4.106 Mr. Speaker, Government has embarked on a comprehensive programme of reform to the security sector. Government sees this as a long term process, and has designed a strategy which articulates a holistic approach to citizen security and safety, and public welfare. The strategy focuses on key areas dealing with developing and strengthening administrative competencies, improving professionalism, strengthening accountability and integrity, deepening inter-organisational linkages for greater cohesiveness and impact, expanding on safe neighbourhood pilots, and establishing houses of justice to allow for greater people participation and involvement in public safety and security issues.

4.107 In 2012, \$16.4 billion was expended for the continued development and modernisation of the security sector. In this regard, five year strategic plans were completed

for the Ministry of Home Affairs, Police and Prisons and now guide the priorities of these agencies. With a view to ensuring that the operational capacity of the joint services is continuously improved and to complement the efforts of modernisation, \$872.7 million was spent in 2012 on the acquisition and maintenance of essential security related equipment. To support the operationalisation of the Integrated Crime Information System, and thus improve our capacity to collect and analyse crime statistics, 18 police stations in Regions 4 and 6 were equipped with computers and connected to force headquarters. Crime information can now be compiled electronically on a daily basis and shared with force leadership, thus enhancing planning and use of resources. In addition, new fire stations at Diamond and Mahaica were completed to provide fire fighting capabilities for the upper East Bank and East Coast Demerara areas. Construction works continued on the fire service training school at Leonora and on the Guyana Forensic Science Laboratory. Substantial emphasis was placed on training of joint services ranks both locally and overseas.

4.108 Mr. Speaker, 2013 will see the continuation of the Government's heightened focus on security. Specific interventions will be made to enhance citizen confidence in the law enforcement system. More police presence will be provided, and better trained professionals with greater attention to accountability will be the norm particularly because this aspect of performance will be monitored closely to ensure standards are met. There will also be a more intense collaboration among the joint services to ensure maintenance of security and stability.

4.109 Further, the implementation of the three strategic plans will allow for more effective prioritisation in the use of the sum of \$17.5 billion allocated to the sector. Focus will be placed on enhancing physical infrastructure, and providing air, land and water transport and equipment for the sector to carry out its mandate effectively. With regards to the fight against drugs and piracy, the maritime sector will benefit from greater physical presence of maritime forces with the operationalising of floating bases in Regions 2 and 6. In support of further advancing the capabilities of the safety and security personnel, ranks of the police from the level of constable to assistant commissioner will benefit from mandatory overseas training while fire service personnel will benefit from the new training school. Furthermore, the Guyana Forensic Science Laboratory will be completed and is expected to become

operational in the latter part of the year. This new state-of-the-art laboratory will make a significant impact by providing sound scientific basis for investigations and expert testimony to support the adjudication of cases, and will thus raise the quality of analysis that can be carried out in our country to international standards.

4.110 Mr. Speaker, crime and security are also a global concern and Guyana continues to play a principal role internationally in fighting crime. Our bilateral and multilateral efforts are mutually beneficial as Guyana supports the global campaign against drugs, money laundering, corruption, terrorism and illegal arms trade. Our relationships with our bilateral and multilateral partners in the global campaign against crime and violence have provided conclusive evidence of how valuable our contributions are seen.

b. Justice

4.111 Mr. Speaker, as part of Government's commitment to build an enabling environment for accelerated development in Guyana, significant focus continues to be placed on strengthening the effectiveness and efficiency of service delivery in the justice sector. To this end, \$2 billion was expended in 2012 by the sector, including on modernising and upgrading both the physical and institutional aspects of the judicial system.

4.112 Mr. Speaker, in relation to physical infrastructure, during 2012, over \$256 million was expended for the rehabilitation of Magistrates' Court in Georgetown, Whim, Mibicuri, Sisters Village, and New Amsterdam, along with maintenance works at the Court of Appeal, the High Court and the High Court Registries in Georgetown and Berbice. The use of technology was introduced in the courtroom, with the first instance of evidence being taken from a witness by videoconference. On the institutional front, the capacity of the judiciary was enhanced by increasing the complement of judges, efforts were directed toward the continued revision of the Laws of Guyana up to 2010, the publication of the Guyana Law Reports for the period 1930 to 2007, and the upgrading of library collections. Further, a computerised management information system for case-related information was fully operationalised linking the Georgetown and New Amsterdam High Court Registries which allows for timely access to status of cases and case decisions.

4.113 In 2013, focus will be placed on consolidating improvements in the operations of the justice system. The criminal justice system will benefit from attention paid to coordination and collaboration among relevant agencies. More judges, better trained police prosecutors, increased capacity and expansion of the office of the DPP into the administrative regions, and better resourced magisterial districts all have the potential of significantly improving the functioning of the criminal justice system in 2013.

4.114 Building on the gains already made, the sum of \$2.1 billion has been allocated to the sector. With regards to physical infrastructure, construction works at the Magistrates' Courts in Wales, Lethem and Linden are expected to be completed during the first half of this year. The recently completed Mediation Centre in New Amsterdam is expected to become fully operational before the end of the year. In addition, the Family Court will be brought into operation. Furthermore, the revision of the Laws of Guyana up to 2010 will be completed. In addition to the over 8,000 backlogged cases that were cleared from the system last year, a further 1,000 cases are expected to be cleared. Moreover, with a view to improving the general public's access to case information, the Supreme Court will be launching a website during the second half of the year to include listings, status of cases, hearing dates and completion dates for all cases pertaining to the Bail, Commercial, Family, and Constitutional Courts, and Chambers applications.

G. Foreign Relations

4.115 Mr. Speaker, our Government remains committed to the safeguarding of Guyana's sovereignty and territorial integrity and the maintenance of strong relations with our neighbours. Areas of focus continue to be trade facilitation and investment, external trade negotiations and implementation as well as capacity-building and institutional strengthening.

4.116 Pursuant to safeguarding our territorial priorities and following Guyana's submission in 2011 to the United Nations Commission on the Limits of the Continental Shelf, an oral presentation was made in April 2012 and a Sub-Commission was constituted to consider the data and information provided by the Government of Guyana. We now await the outcome of those considerations.

4.117 Also in 2012, there was sustained dialogue with our immediate neighbours, Brazil, Suriname and Venezuela, as we sought to consolidate efforts to achieve well defined programmes of cooperation. We will continue to work with these countries to advance current initiatives and to identify additional areas for further strengthening of relations. Government will also continue to consolidate relations with countries with which Guyana has had traditional ties while fostering the development of new strategic alliances.

4.118 Guyana remained an ardent advocate of the merits of Caribbean integration, and is actively involved in every aspect of the CARICOM integration enterprise. In 2012, the CSME project focused on deepening the requisite administrative reforms and institutional capacity building relating to practices, procedures and standards, to deliver the rights conferred under the Revised Treaty to Community nationals within the CSME.

4.119 In 2013, we will continue to give full support to CARICOM to restructure the Secretariat, consolidate the Single Market in particular those provisions and procedures which relate to the free movement of people and transportation, as well as to the Region's priority concerns of food and energy security and sustainable development including climate change. Guyana will advance at the national level with respect to the harmonisation of the Single Market's regulatory framework, the installation of administrative reforms through implementation of National Work Plans and the drafting of model regulations for the five CSME regimes, namely, Free Movement of Goods, Free Movement of Services, Free Movement of Skills, Rights of Establishment and Free Movement of Capital. We will also pursue our engagements within the wider regional integration mechanisms. In particular, we will remain active participants in Union of South American Nations (UNASUR) and the Community of Latin American and Caribbean Nations (CELAC).

4.120 Mr. Speaker, finally, we continue to take proactive steps to keep the Guyanese diaspora engaged. To this end the Guyana Diaspora project seeks to mobilise the valuable human resource that constitutes the diaspora by documenting skills, resources, and the return interest and plans of those willing to support the national development agenda. This will in time result in a more structured engagement with our overseas based Guyanese.

H. Other Institutional Reforms

a. Financial Sector Reform

4.121 Mr. Speaker, a strong and stable, well regulated and well managed financial sector is critical to the economic well being of our country. Our aim is to continue to ensure that the financial system is governed by an adequate regulatory framework and adheres to relevant standards to preserve the objectives of stability and strength, while promoting universal access to financial services.

4.122 To these ends, the commercial banking subsector continues to expand with growth in all key indicators including, as previously reported, private sector credit. Coverage also improved, with expansion in branch networks in recognition of the growth and vibrancy in new and emerging commercial centres. In 2012, new bank branches were opened in Charity and Mon Repos and new services introduced including internet banking. Still on the subject of access, a recent innovation by the private sector to introduce the facility of making payments using cellular telephones has the potential to improve access to financial services and reduce cash utilisation in the economy. Such use of technology has the potential to bring financial services to persons especially in unbanked and underbanked communities including the hinterland. While this innovation and use of technology in the delivery of financial services is welcome, its regulatory implications would also need to be examined closely and any appropriate regulatory prerequisites put in place. Access to financial services and in particular access to credit will receive a significant fillip with the imminent licensing and establishment of a credit bureau in Guyana, work on which is considerably advanced.

4.123 In the insurance sector, progress continues to be made in resolving the domestic chapter of the Clico debacle. As at the end of last month, amounts totalling \$4.4 billion were paid out to 8,634 policyholders up to a maximum of \$30 million per policyholder, as a result of which virtually all small policyholders were paid in full. The liquidator intends to continue to garner additional funds through sale of company assets and legal action including in relation to other companies in the Clico group outside of Guyana. Work has also

commenced on the drafting of a revised Insurance Act and a new Pensions Act to further strengthen the regulatory and supervisory framework governing this subsector. Furthermore, work will be advanced to review legislation governing credit unions, with the aim of bringing them also within the supervisory perimeter of the Bank of Guyana.

4.124 Mr. Speaker, to further strengthen and safeguard the integrity of our financial system, efforts will be heightened in 2013 to enhance institutional capabilities to implement the Anti-Money Laundering and Countering the Financing of Terrorism (AMLCFT) Act and establish an adequate anti-money laundering architecture in keeping with applicable standards. A total of nine supervisory authorities have been appointed to date, in relation to casinos, cooperatives, charities, dealers in precious and semi-precious stones and precious metals, financial leasing, money transfer agencies, trust and company service providers, and insurance businesses. Reporting entities were sensitised on customer reporting requirements via circulars, and training sessions were conducted with customs officers at the CJIA and compliance officers of money transfer agencies and cambios.

4.125 Importantly, in 2013, Government will bring before this Honourable House proposed amendments to the AMLCFT Act to further strengthen that Act and bring it in line with current international requirements. Training and sensitisation on reporting requirements will be done with the supervisory authorities and their capacity to conduct audits and monitor compliance will be strengthened. In addition, regulations and guidelines will be developed for several categories of reporting entities.

b. Improving the Business Environment

4.126 Mr. Speaker, Government continues to view the private sector as the engine of economic growth. The steps taken by Government thus far in creating an environment that is conducive to support growth and expansion in the business sector are reflected in the visible progress in several sectors of the economy, as well as Guyana's ability to attract new investments.

4.127 In advancing the efforts to ensure a business friendly environment, Government has developed and will implement an ambitious action plan to address 10 policy areas of the

business environment. Over 60 actions have been identified covering areas such as starting a business, dealing with construction permits/licenses, getting electricity, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. The National Competitiveness Council will spearhead the work to implement the action plan which, when completed, is expected to constitute significant further improvement to Guyana's business environment.

4.128 Improvements in tax administration have focused on ensuring reduced transaction time and cost for clients. The recent consolidation of several tax services in the new Camp Street location of the Guyana Revenue Authority (GRA) removes the need for clients to travel across the city to access tax services thereby reducing cost and time taken to do business with GRA. Further, the expansion and strengthening of integrated regional tax offices in Anna Regina, Bartica, New Amsterdam, Linden, Parika and Corriverton has resulted in more services being easily accessible. Outreach and public relations programmes will be intensified to ensure that all taxpayers are fully informed on an ongoing basis and staff will be trained to deliver a client friendly service.

4.129 Mr. Speaker, we are currently undertaking a diagnostic study of the trade transaction environment with a view to refining the design of the Single Window Automated Processing System (SWAPS) for Guyana. In the interim we will pursue the strengthening of interagency collaboration which is expected to impact positively on the time required to process trade transactions.

4.130 In the area of competition and consumer protection, over the past year, the Competition and Consumer Affairs Commission (CACC) conducted seminars, presentations and media programmes to cover subjects such as competition law, consumer affairs, and consumer protection in the financial sector. These initiatives benefited over 150 business owners as well as the general public, and provided the Commission with useful feedback on possible modifications to existing legislation. Our Government's concern for the rights of businesses and consumers will continue to be emphasised in 2013. In this light, the CACC will continue to raise awareness among businesses and consumers on issues related to competition, fair trade, and consumer affairs. In order to execute its mandate more

effectively and with a view to strengthening its investigative functions, over the course of this year, the CACC will be fostering stronger relationships with public and private entities. Furthermore, Government will release the Rules of Procedures for investigating competition law infringements and consumer protection violations in order to streamline the complaints investigation process, and to reduce bureaucratic delays in the provision of services, with the intention of increasing the sector's efficiency and effectiveness.

c. Strengthening Public Administration

4.131 Mr. Speaker, the delivery of quality services in a timely manner by the public service will be the driving mandate in strengthening public administration. Reducing red tape and bureaucracy will include the review and improvement of regulations, the mode of delivery and implementation of regulations and standard operating procedures. In addition, we will increase the one-stop-shop mode of delivery of services where possible, expand interagency collaboration, make more information and services available via government websites, to name a few. Every Budget Agency will be tasked with the mandate to improve processing times for delivery of services to the public and more client friendly systems will be instituted. Every Programme will be tasked with developing relevant indicators to track progress on processing times and these will be monitored by a high level oversight committee thereby ensuring greater accountability.

4.132 In the area of public financial management, work will advance in the strengthening of the national monitoring and evaluation systems with more in-depth focus on delivery of services in the two pilots, Health and Education, sectors which consume substantial allocations within the national budget. The development and costing of sectoral strategic plans will be pursued to ensure stronger alignment of policy with implementation plans.

4.133 Mr. Speaker, even as we support the strengthening of the capacity of the Audit Office of Guyana we will continue to strengthen the internal audit capability within central government and ensure greater oversight for actions taken when recommendations are made for improvements.

4.134 In addition, the National Procurement and Tender Administration will work towards the institutionalisation of training and sensitisation sessions in concepts and procedures of procurement while simultaneously making more information available online. Further, we will strengthen the capacity of procurement officers across Government to minimum certification standards, and develop capacity for procurement planning.

4.135 Mr. Speaker, cognisant of the growing potential for private investment in public infrastructure, and the attendant number and scope of possible public-private partnerships, we will strengthen capacity to structure, negotiate, and administer such transactions. This will serve to ensure more successful transactions and more effective mobilisation of resources to meet existing infrastructural gaps.

4.136 Mr. Speaker, the National Insurance Scheme (NIS) will focus on advancing administrative improvements, reducing cost of operations, establishing systems for more effective management of the beneficiary database, and reducing the incidence of incomplete contributor records. During this year, the NIS will ensure that every contributor is supplied with a statement of contributions on record to ensure verification and reconciliation of all contributors. In addition, the NIS will actively explore options for increasing compliance and widening coverage especially among the self employed population.

d. National Statistics

4.137 Mr. Speaker, our Government places the highest importance on strengthening our systems for data capture and updating our available databases in order to inform more rigorous evidence based policy making. To this end, Guyana's 2012 Population and Housing Census was conducted in 2012 with September 15 designated Census Day. During the year, census preparation, staff recruitment and training, and field enumeration were executed. The enumeration process commenced at midnight on September 15 and the field enumeration was eventually announced as concluded in December with a total recruitment of 2,936 persons.

4.138 In 2013, the coding and editing phase will be executed and work on the generation of the preliminary count will commence. In addition, a post-enumeration survey will be conducted whereby a random sample of households would be selected and a thorough verification recheck performed to ensure there was full coverage in all ten Regions. In this phase any household reporting having been missed will be followed up on an individual basis. Further, the data processing aspect of verifying that each questionnaire completed and submitted from the fields has a high degree of accuracy and the capturing of the data for analysis will continue throughout this year. The first deliverable of the Census, the preliminary report which is a quick count of the population, is expected to be produced in the fourth quarter of 2013. This report presents a brief view of specific demographic indicators prior to the detailed analysis and final Report. The detailed tables will be generated and the full census analysis completed in 2014.

f. Governance

4.139 Mr. Speaker, in contrast to what were Guyana's cautiously optimistic progress reports in both the 2011 Budget and Budget 2012 speeches with regard to matters relating to governance and the Guyana Parliament, events which have unfolded since the November 28, 2011 general and regional elections, particularly in the National Assembly, have tested the mettle of our governance systems and political maturity.

4.140 With regards to Guyana's treaty obligations, Guyana in the last year has undergone several reviews in keeping with its treaty obligations including before the Committee of Experts on the implementation of the Inter-American Convention against Corruption, the Convention Against all Forms of Discrimination against Women (CEDAW), the Convention on the Rights of the Child (CROC) and on the International Covenant on the Social, Economic and Cultural Rights in September 2012. Additionally draft reports are being prepared for the new conventions we have more recently ratified or acceded such as the Convention on the Rights of Migrant Workers and their Families and the two Optional Protocols of the Convention Rights of the Child.

5. Targets for 2013

A. Real Gross Domestic Product

5.1 Mr. Speaker, the domestic economy is projected to achieve real growth of 5.3 percent in 2013, with the non-sugar economy projected to grow by 5 percent. Once achieved, this would represent the eighth consecutive year of positive growth in Guyana, as a result of sound economic management by this Government.

a. Agriculture

5.2 Mr. Speaker, sugar production is targeted at 240,000 tonnes, 10.1 percent above 2012 level of production. While this target is somewhat lower than the industry's original projection of 260,709 tonnes for the year, its achievement would still require diligent application and management across the industry throughout the year.

5.3 The rice industry is expected to continue along its growth path as the benefits of investment in capacity and improved yields and management practices continue to accrue to the sector. As a result, the industry is projected to record a production level of 440,106 tonnes, equivalent to 4.3 percent growth over the record performance in 2012.

5.4 The livestock industry is projected to moderate to 4 percent growth in 2013, having adjusted to the surge in demand last year. On the other hand, the forestry sector is projected to decline by 5.6 percent as the industry continues to adjust to strengthened monitoring and enforcement activities. The fishing industry is estimated to expand by 2 percent sustained by guaranteed domestic and export markets for our seafood products.

b. Industry

5.5 The mining and quarrying sector is projected to grow by a further 3 percent in 2013. Expectedly, the sector's growth will continue to be led by gold with ongoing favourable outlook for prices and production targeted at 450,031 ounces, representing a 2.6 percent

expansion in output. Value added in the bauxite industry is projected to grow by 6.5 percent, mainly due to increased production in the higher grades of product.

5.6 The manufacturing sector is projected to record a stronger growth performance of 4.4 percent in 2013, based on targeted recovery in sugar and continued strong performance in rice.

c. Services

5.7 The service sector has been growing steadily and has been making an increasing contribution to our overall economic performance in recent years. The information and communication sector is projected to expand by 4.5 percent, as businesses continue to embrace and take advantage of the latest digital technology, while the construction industry is targeted to grow by 10 percent spurred by continued growth in private sector housing construction and by key projects in the public sector investment programme entering the construction phase. The continued expansion of the transportation and storage industry is a prerequisite for improved efficiency of operations of most sectors and following on last year's exceptional performance, the sector is projected to expand by 7.8 percent in 2013. The wholesale and retail sector is projected to expand by 6.5 percent, while financial services are estimated to grow by 12 percent as the sector continues to respond to increased economic activity in all sectors. With private sector construction continuing to grow, rental of dwellings will be the direct beneficiary and is projected to grow further by 4 percent. Electricity and water, education, and health and social services, are projected to grow by 4, 3.5 and 4.4 percent respectively, while other services are projected to grow by 8 percent.

B. Monetary Policy and Inflation

5.8 Monetary policy will continue to be aimed at price and exchange rate stability, and expansion in credit to the private sector. For the year 2013, an inflation rate of 4.3 is targeted, mainly reflecting imported commodity price movement.

C. Balance of Payments

5.9 The overall balance of payments is expected to register a higher surplus in 2013, amounting to US\$57.6 million compared to US\$12.4 million in 2012. The current account deficit is expected to expand to US\$451.9 million mainly attributed to a projected higher import bill associated with greater local demand, negating the gains in export earnings due to a combination of higher export volume and prices of the main export commodities. The capital account is expected to record a higher surplus of US\$509.5 million mainly due to higher inflows of foreign direct investment concentrated mainly in the mining, energy, and communication sectors.

D. Targets for the Non-Financial Public Sector

a. Central Government Operations

5.10 Total Central Government current revenue (net of GRIF inflows) is estimated at \$142.8 billion, an increase of 10.3 percent. This outturn is mainly attributed to a 6.3 percent increase in tax collections by the Guyana Revenue Authority to \$125.7 billion. Internal revenue collections are projected at \$50.4 billion, 3.8 percent above 2012 level, primarily due to projected increased payments from private sector companies and the self employed. Value added and excise taxes are estimated at \$61.3 billion, a 7.7 percent increase consistent with higher demand for commodities, while customs and trade taxes are projected to expand by 9.1 percent to \$14 billion again consistent with higher import levels.

5.11 Total expenditure is estimated at \$205.1 billion, a 19.7 percent increase over 2012. Capital expenditure is projected to expand by over 50 percent in 2013 to \$85.7 billion, primarily associated with advancement of key infrastructure projects and investments earmarked for the power sector, principally investments in GPL and Government's equity contribution to the AFHP. Non-interest current expenditure is projected to expand by 3.8 percent to \$112.5 billion, underlying which are increased allocations to the social sector.

5.12 The overall fiscal deficit of the Central Government is targeted at \$29.1 billion, equivalent to 4.6 percent of GDP compared to 4.7 percent in 2012.

5.13 Mr. Speaker the size of Budget 2013 is \$208.8 billion, Guyana's largest budget ever.

b. Summary Operations of the Public Enterprises

5.14 Receipts of the public enterprises are projected to expand by 3.5 percent to \$140 billion primarily attributed to higher receipts of GUYSUCO, consistent with higher production levels, while total expenditure is projected to expand by 4 percent to \$138.9 billion. Based on these developments an overall surplus of \$1 billion is projected to be generated by the enterprises in 2013.

c. Operations of the Non-Financial Public Sector

5.15 The deficit of the non-financial public sector is targeted to decline to 4.4 percent of GDP, compared to 4.5 percent in 2012, and amounting to \$28 billion.

6. Measures

6.1 Mr. Speaker, the projected reduction in the fiscal deficit as a percent of GDP, to which I just referred, is in keeping with our Government's fiscal consolidation and debt sustainability objectives. Put simply, these objectives are aimed at ensuring that we do not consume today at a level that will leave the next generation of Guyanese with an unsustainable obligation to pay.

6.2 Nevertheless, Budget 2013 contains the following measures which I now wish to announce.

A. Support to the Sugar Industry

6.3 Mr. Speaker, our Government's position on the sugar industry is clear and unequivocal. The industry is still of sufficient systemic importance to the national economy and to the livelihoods of so many rural communities and has such deep forward and backward linkages with suppliers and distributors nationwide that no effort must be spared to ensure its long term viability, competitiveness, and profitability. Over the years, Government has injected a total of \$39.5 billion to recapitalise the industry and to support its operations. As recent as last year, Government provided a transfer of \$4 billion to ensure that GUYSUCO was able to meet its financing requirements.

6.4 Mr. Speaker, I am pleased to announce that, this year, in support of the company's plans to modernise the industry, Budget 2013 provides an amount of \$1 billion to be transferred by Government to GUYSUCO to help the company meet the financing requirements of its transformation plans. This support by Government to the sugar industry will redound to the benefit of the industry's 18,000 workers, their families, and suppliers of goods and services to the company. Together, more than 120,000 persons will benefit directly or indirectly

B. Support to the Guyana Power and Light Inc.

6.5 Mr. Speaker, in like manner, it was pointed out that GPL last raised electricity tariffs since 2007, when fuel prices were a fraction of what they are today. The escalation in fuel costs have been borne by GPL in the absence of tariff increases, placing tremendous pressure on the cash flows of the company. For this reason, it was necessary last year for Government to inject a transfer of \$6 billion into GPL. Those circumstances remain substantially unchanged.

6.6 Budget 2013 therefore provides operating and capital transfers to GPL totalling \$5.8 billion to support that company in meeting its cash flow requirements. It is worthwhile to mention that, in addition to the \$5.8 billion budgeted to be transferred to GPL in 2013, Government is also budgeting a further \$5.4 billion to be provided to GPL to support key projects such as the upgrade of its transmission and distribution network, the loss reduction programme, and other activities required in anticipation of the AFHP. These allocations to the electricity sector will benefit all 166,000 of GPL's customers and their families.

C. Linden Electricity

6.7 Mr. Speaker, it would be recalled that efforts were initiated in last year's budget to gradually align the electricity rates paid by the residents of Linden with those paid by electricity customers on the GPL grid. The unfortunate events following those proposals are now well known, leading to the agreement that a committee be established to examine the matter of electricity rates in Linden. Pending the completion of the work of that committee, Budget 2013 allocates sums totalling \$2.9 billion to meet the cost of maintaining the electricity subsidy in Linden and Kwakwani so that 10,363 electricity customers in Region 10 can continue to benefit from the currently prevailing rates through the remainder of the year. At current rates, this translates to a benefit of \$279,801 per electricity customer per annum or \$23,317 per month. We continue to urge timely completion of the Committee's deliberations so that this matter can be brought to conclusion.

D. Old Age Pensions

6.8 Mr. Speaker, over the years this Government has steadily increased the non-contributory old age pension paid as a supportive supplement to persons over the age of 65 years. The monthly pension has been increased annually from \$3,500 in 2006 to \$10,000 last year.

6.9 I am pleased to announce that Budget 2013 provides for the old age pension to be increased to \$12,500 per month, an increase of 25 percent, with effect from May 1, 2013. The annual impact of this increase would result in an additional \$1.3 billion of disposable income being placed in the hands of 42,500 senior citizens, and will bring the overall old age pension bill to a total of \$6 billion in 2013.

E. OAP Electricity Assistance Programme

6.10 Mr. Speaker, in addition to the old age pension we pay every month to our senior citizens, Government also spends in excess of \$200 million annually assisting our senior citizens to pay the water charges they incur at the Guyana Water Incorporated (GWI).

6.11 I am now pleased to announce that, with effect from 2013, Government will make a contribution to help each old age pensioner who is a customer of GPL meet the electricity charges they incur with that company. In this regard, Government will provide each old age pensioner with assistance of up to \$20,000 per annum to pay GPL for electricity charges incurred. This assistance will reduce the electricity charges that will have to be met by each pensioner who is a GPL customer, and will have the effect of increasing the disposable income of our senior citizen population by a further \$590 million per annum.

F. National Insurance Scheme

6.12 Mr. Speaker, the challenges faced by the National Insurance Scheme are well known. For some time, actuarial recommendations have been before those charged with administering the Scheme. The dilemma has been the balance that needs to be struck

between addressing the deficiencies of the Scheme while minimising the impact on workers and their employers. Although there is no doubt that administrative measures might help to improve the financial position of the Scheme, these could not possibly remedy in fullness the structural deficiency. The reality has been growing benefits, a beneficiary population that is aging and therefore in receipt of pensions and other benefits for more years than were anticipated at the time they commenced participation in the Scheme, and a contributing population that has not been growing as rapidly as it should especially amongst the self employed. The reality is equally that it would be difficult to devise a lasting solution to the challenges faced by the Scheme without confronting the need for an increase in the contribution rate.

6.13 I therefore wish to announce that, with effect from June 1, 2013, the contribution rate for both employed and self-employed contributors will be increased by 1 percentage point. This will generate additional revenue for the NIS of approximately \$890 million per annum. In order to ensure that the vulnerable feel no impact as a result of this increase, I wish to further announce that Government will meet both the employer's and the employee's share of the increase in contribution payable with respect to employed persons whose income is not more than \$50,000 per month. This initiative will cost the Government approximately \$215 million per annum and will benefit some 58,300 contributors.

G. Property Tax on Companies

6.14 Mr. Speaker, property tax is currently charged on companies at the following rates. The first \$1.5 million of net property is taxed at zero percent, the next \$5 million of net property is taxed at 0.5 percent, and the remainder of net property is taxed at 0.75 percent.

6.15 I now wish to announce that, with effect from year of assessment 2014, companies will be charged at the following rates. The first \$10 million of net property will be taxed at zero percent, the next \$15 million of net property will be taxed at 0.5 percent, and the remainder of net property will be taxed at 0.75 percent.

6.16 In other words, whereas the current tax free threshold for property tax on companies is \$1.5 million, the new threshold will be \$10 million, as a result of which thousands of small businesses with net property below \$10 million will no longer be subject to property tax.

6.17 In addition, the valuation date for the purposes of the property tax will be revised from January 1, 1991 to January 1, 2011.

H. Property Tax on Individuals

6.18 Mr. Speaker, property tax is currently charged on individuals at the following rates. The first \$7.5 million of net property is taxed at zero percent, the next \$5 million of net property is taxed at 0.5 percent, and the remainder of net property is taxed at 0.75 percent.

6.19 I now wish to announce that, with effect from year of assessment 2014, individuals will be charged at the following rates. The first \$40 million of net property will be taxed at zero percent, and the remainder of net property will be taxed at 0.75 percent.

6.20 In other words, whereas the current tax free threshold for property tax on individuals is \$7.5 million, the new threshold will be \$40 million, as a result of which tens of thousands of low and middle income earners with net property below \$40 million will no longer be subject to property tax.

6.21 As with companies, the valuation date for the purposes of the property tax will be revised from January 1, 1991 to January 1, 2011.

I. Mortgage Interest Relief

6.22 Mr. Speaker, this Government's housing programme has been a resounding success and has resulted in tens of thousands of Guyanese individuals and families graduating from being tenants of rented property to being homeowners in their own right. Armed with real property as an asset which can in turn be collateralised, the positive consequences for owner

participation in the formal financial system, and capacity to borrow to finance asset acquisition or even small business establishment and expansion, have been immeasurable. In addition to our programmes to develop housing areas and distribute house lots, other policies have been adopted to promote home ownership. These include the special low income housing windows established at the commercial banks under which interest income earned by the banks is exempt from corporate taxes, allowing the banks to offer subsidised interest rates to borrowers of loans for low income housing development. Coupled with the rapid growth in low income home ownership has been equally rapid growth in demand for middle income housing with the growing numbers of young professionals and other middle income earners in our society today.

6.23 Mr. Speaker, I now wish to announce that, with effect from year of income 2013, first time home owners who are holders of mortgage loans of up to \$30 million granted to them by commercial banks or the building society will be permitted to deduct the interest they pay on such mortgages from their taxable income for the purposes of personal income tax. In other words, that portion of taxable income used by a first time home owner to pay interest on a housing loan of up to \$30 million from a commercial bank or building society will be exempt from personal income tax.

6.24 This initiative will cost Government approximately \$580 million and will benefit tens of thousands of first time home owners, low and middle income alike.

J. Personal Income Tax

6.25 Mr. Speaker, over the years, this Government has sought to reduce progressively the share of tax revenue borne by the most vulnerable. This effort has seen the personal income tax threshold increased from \$25,000 per month in 2006 to \$50,000 per month in 2012. Most recently, as a result of last year's upward adjustment of the threshold from \$40,000 to \$50,000 per month, some 21,000 persons were removed from the tax net. Currently, the first \$50,000 of income per month, or \$600,000 of income per annum, is free of income tax, and the remainder of income is subject to personal income tax at a rate of 33⅓ percent.

6.26 Mr. Speaker, I now wish to announce that with effect from year of income 2013, personal income tax will be charged on income above the current threshold of \$50,000 per month or \$600,000 per annum at a rate of 30 percent instead of 33⅓ percent. As a result of this reduction in the personal income tax rate, more than 184,000 taxpayers will benefit with higher take home pay, and an additional \$1.8 billion of disposable income will be placed annually in the hands of the taxpaying public.

7. Conclusion

7.1 Mr. Speaker, I commenced my presentation of Budget 2013 by alluding to the challenges we face, both external and other, and I recommitted our Government to working together with likeminded stakeholders to confront these and any other impending obstacles, always in the cause of that which is good for Guyana. This People's Progressive Party/Civic Government takes this obligation very seriously. Every day in Government, policies are being formulated and programmes implemented to improve the lives of the Guyanese people. The progress might not always be visible overnight, but it is very real, and we see it in almost all aspects of national life and, indeed, in so many aspects of our own personal lives too.

7.2 If we cast our eyes back over just the past year, fraught though it might have been with challenges that none of us could remotely have anticipated, our Government's persistence in the responsibility of our policies and the prudence of our economic management saw us end the year with results of which we can all be proud as a nation. A seventh consecutive year of real growth at nearly 5 percent, the highest ever production of rice in that industry's history, the highest ever production of gold in that industry's history excluding Omai production, 23.6 percent growth in export receipts, total FDI of US\$293.7 million, our highest ever level of external reserves totalling US\$862.2, and 20 percent growth in private sector credit, all point to the outstanding performance of the Guyanese economy over the past year.

7.3 More importantly, as I have often been at pains to emphasise, this outstanding macroeconomic performance in defiance of challenging conditions is as much an accomplishment of those of us who make and implement policy, as it is of those of us who save and invest our capital, and of those of us who go to work every day in the fields and factories, and in the mines and offices, producing goods and services and adding to the value added output of our economy.

7.4 Mr. Speaker, I hasten to add that the gains of the past year were not only denominated in macroeconomic indicators. Important though we know them to be, these

are often under-appreciated for their relevance to our day to day lives. The gains were also felt, even if not always noticed, by the 498 young persons who obtained first time employment last year in a call centre, by the 5,869 new owners of a house lot who received their allocation letters last year, by the 4,596 computer users who discovered the world of ICT for the first time last year under the OLPF, by the 10,601 hinterland families who now enjoy solar electricity as a result of the hinterland electrification programme. To all of these people, Guyana was a better place and they were in better circumstances at the end of 2012 than at the start.

7.5 Mr. Speaker, Budget 2013 builds on these gains. It ensures the preservation and further improvement of the environment that is so critical to attract investment and create jobs. It includes policies and programmes that will bring visible improvements to our physical infrastructure and our social services. It includes initiatives that will manifest themselves in a more modern Guyana and a more comfortable Guyanese people.

7.6 Budget 2013 includes something for all Guyanese, the 42,500 old age pensioners who will receive a higher pension from May, the young professional who will repay her mortgage more quickly now because of the mortgage interest relief she will receive, the farmer who will produce more because of the affordable inputs he will now be able to access, the young recently qualified doctor who will embark on an exciting new profession in the public health care system, the single mother who will access her first loan under the expanded WOW programme, and so many others. With this budget, this People's Progressive Party/Civic Government takes yet another important step forward in facilitating development in our country and improvement in the life of every Guyanese.

7.7 It is this daily transformation of our country and advancement of our people's wellbeing to which this House must rededicate itself as we consider Budget 2013. The question we must constantly ask ourselves is whether each decision we take would bring betterment to our country and its people, and our answer must always be motivated, not by the perverse urge to demonstrate the sheer might of the vote we are already known to have, but by the much humbler obligation we owe to use that vote responsibly.

7.8 Mr. Speaker, on that note, I commend Budget 2013 to the National Assembly of Guyana.

7.9 Thank you very much.



APPENDICES

APPENDIX I

SELECTED SOCIO - ECONOMIC INDICATORS

INDICATORS	2008	2009	2010	2011	2012
1.10 NATIONAL ACCOUNTS AGGREGATES (2006 Base)					
1.11 Growth Rate of Real GDP	2.0	3.3	4.4	5.4	4.8
1.12 GDP at current basic prices (US\$M)	1,731.9	1,776.6	1,970.1	2,265.1	2,506.8
1.13 GNP at current basic prices (US\$M)	1,717.1	1,759.7	1,982.9	2,255.8	2,505.6
1.14 Per capita GDP (US\$)	2,260.3	2,308.5	2,513.9	2,868.7	3,148.0
1.15 Per capita GNP (US\$)	2,241.0	2,286.6	2,530.2	2,856.8	3,146.4
1.16 Gross National Disposable Income (US\$M)	2,176.6	2,324.0	2,644.3	2,879.9	3,157.7
1.17 Private Consumption as % of Gross Domestic Expenditure	70.3	65.7	68.3	69.8	70.3
1.18 Public Consumption as % of Gross Domestic Expenditure	11.6	13.0	11.8	11.8	10.3
2.0 EXTERNAL TRADE AND FINANCE (US\$M)					
2.1 BOP Current Account Balance	-321.4	-230.6	-247.4	-372.2	-394.8
2.2 Imports of Goods and Non-Factor Services (G&NFS)	-1,648.8	-1,451.8	-1,762.9	-2,204.8	-2,504.0
2.3 Exports of Goods and Non-Factor Services (G&NFS)	1,013.4	938.5	1,133.0	1,426.4	1,689.9
2.4 Resource Balance	-635.4	-513.3	-629.9	-778.3	-814.1
2.5 Imports of G&NFS/GDP (%) at 2006 Base	95.2	81.7	89.5	97.3	99.9
2.7 Exports of G&NFS/GDP (%) at 2006 Base	58.5	52.8	57.5	63.0	67.4
2.8 Net International Reserves of Bank of Guyana	298.8	569.4	724.4	749.7	825.2
2.9 External Public Debt Outstanding	833.5	931.6	1,040.3	1,205.6	1,358.6
3.0 PRICES, WAGES & OUTPUT					
3.1 Rate of Inflation (% change in CPI) 1/	6.4	3.6	4.5	3.3	3.5
3.2 Public Sector Monthly Minimum Wage in G\$(e.o.p)	29,836.0	31,626.0	33,207.0	35,864.0	37,657.0
3.3 % Growth Rate	5.0	6.0	5.0	8.0	5.0
3.4 Electricity Generation (in M.W.H)	569.2	602.0	627.4	645.2	690.5
4.0 POPULATION & VITAL STATISTICS					
4.1 Mid-Year Population ('000)	766.2	778.7	783.7	789.6	796.3
4.2 Population Growth Rate (e.o.p)	0.4	0.2	0.3	0.3	1.5
4.3 Net Migration ('000)	-18.8	-6.4	-4.2	8.6	8.0
4.4 Visitor Arrivals ('000)	129.6	141.3	151.9	156.9	176.6
4.5 Crude Birth Rate (per 1,000 persons)	19.6	18.9	19.0	18.8	18.4
4.6 Crude Death Rate (per 1,000 persons)	6.5	5.9	7.0	6.9	6.9
4.7 Crude Marriage Rate (per 1,000 persons)	4.2	5.6	5.4	6.1	6.4
4.8 Infant Mortality Rate (per 1,000 live births)	14.0	10.8	14.7	14.4	13.8
4.9 Under 5 mortality Rate (per 1,000 live births)	17.3	14.3	18.2	17.9	16.2
5.0 HEALTH AND EDUCATION					
5.1 Public Expenditure on:					
5.1.1 Education as % of National Budget	15.5	15.7	15.3	15.2	13.8
5.1.2 Health as % of National Budget	9.3	9.9	9.4	9.0	8.9
5.2 Number of Physicians per Ten Thousand Population	5.1	5.9	6.8	7.0	7.7
5.3 Number of Nurses per Ten Thousand Population	12.6	12.8	10.1	13.0	14.2
5.4 Number of Hospital Beds per Ten Thousand Population	21.0	25.1	25.0	25.2	25.4
5.5 Low birth-weight babies (<2500g.) as a % of live births	11.0	10.1	10.9	9.3	9.6
5.6 Severely malnourished	0.3	0.2	0.5	0.3	0.3
5.7 Moderately malnourished	5.9	5.5	2.1	2.7	2.2
5.8 Overweight (%)	3.3	2.3	3.7	4.9	5.7
6.0 IMMUNIZATION COVERAGE					
6.1 1 year olds Immunized against DPT/ (Pentavalent) (%)	93.0	98.0	95.0	92.6	97.4
6.2 1 year olds Immunized against MMR, Yellow Fever (%)	95.0	97.0	94.5	97.4	99.1
6.3 1 year olds Immunized against polio (%)	93.0	97.0	94.8	93.3	97.4
6.4 1 year olds Immunized against TB, BCG (%)	96.0	98.0	97.6	97.4	98.0
7.0 CRIME					
7.1 Reported Serious Crimes 2/	3868	3557	3574	3789	3760
7.2 of which: Murder	158	117	140	130	139

Note: 1/ Rate of inflation in 2010 is presented under the New Series with base year December 2009, while for 2005 to 2009 data is presented under the Old Series with Base Year December 1994.

2/ The category 'Reported Serious Crimes' now includes the reclassification of certain offences.

APPENDIX II (A)

GROSS DOMESTIC PRODUCT AT 1988 PRICES BY INDUSTRIAL ORIGIN

SECTOR	2007	ACTUAL 2008	Budget 2009	Revised 2009
TOTAL	6,068	6,253	6,548	6,397
Sugar	824	699	896	723
Rice	183	203	188	221
Livestock	128	137	141	141
Other Agriculture	322	347	354	367
Fishing	161	158	158	141
Forestry	211	179	179	178
Mining & Quarrying	409	434	428	437
Manufacturing	367	360	360	360
Distribution	579	648	670	690
Transport & Communication	782	860	894	877
Engineering & Construction	631	685	711	695
Rent of Dwellings	118	123	125	125
Financial Services	364	408	424	420
Other Services	258	277	282	285
Government	729	736	736	736

Note: Individual figures may not sum up to the total due to rounding

APPENDIX II (B)

GROSS DOMESTIC PRODUCT AT 2006 PRICES BY INDUSTRIAL ORIGIN

INDUSTRY	REBASED 2009	BUDGET 2010	Actual 2010	Budget 2011	Actual 2011	Budget 2012	Revised 2012	Budget 2013
Agriculture, Fishing and Forestry	62,060	65,470	63,514	67,568	65,199	66,949	67,579	70,070
Sugar	13,794	16,527	13,037	17,642	13,960	14,757	12,872	14,166
Rice	7,974	7,611	8,009	8,398	8,891	9,124	9,337	9,739
Other Crops	14,508	14,813	14,871	15,168	15,716	16,345	16,549	17,245
Livestock	8,134	8,368	8,160	8,046	8,632	9,052	9,878	10,273
Fishing	8,488	8,531	9,199	9,152	8,711	9,146	10,058	10,259
Forestry	9,161	9,619	10,238	9,162	9,289	8,526	8,886	8,389
Mining and Quarrying	31,233	32,543	29,531	29,905	35,202	35,844	40,411	41,623
Bauxite	5,009	5,296	4,529	5,140	6,252	6,238	7,036	7,492
Other	26,225	27,247	25,003	24,765	28,951	29,606	33,375	34,132
Manufacturing	20,714	21,575	20,770	22,376	22,185	23,059	22,717	23,715
Sugar	3,667	4,393	3,465	4,690	3,711	3,923	3,422	3,766
Rice	4,986	4,759	5,003	5,261	5,570	5,716	5,849	6,099
Other Manufacturing	12,061	12,423	12,302	12,425	12,905	13,421	13,447	13,850
Electricity and Water	5,390	5,576	5,446	5,446	5,560	5,753	5,878	6,111
Construction	28,649	29,209	31,703	33,162	32,579	34,631	28,983	31,881
Wholesale and Retail Trade	39,886	41,854	44,233	45,871	46,241	49,247	49,352	52,560
Transportation and Storage	22,148	22,944	23,673	24,471	27,042	29,603	32,143	34,643
Information and Communication	20,668	21,721	22,115	23,221	22,447	23,120	23,389	24,442
Financial and Insurance Activities	11,340	12,247	12,799	12,892	14,041	15,164	15,981	17,899
Public Administration	25,619	25,676	25,619	25,619	25,772	25,772	26,133	26,133
Education	13,564	14,180	14,187	14,329	15,141	15,412	15,474	16,016
Health and Social Services	5,782	6,217	6,268	6,331	6,508	6,876	6,709	7,004
Real Estate Activities	3,650	3,723	3,723	3,760	3,782	3,858	3,953	4,111
Other Service Activities	13,169	14,222	13,959	14,518	14,029	14,099	14,590	15,757
<i>less adjustment for FISIM</i>	<i>(7,454)</i>	<i>(7,827)</i>	<i>(8,168)</i>	<i>(8,177)</i>	<i>(9,535)</i>	<i>(9,917)</i>	<i>(11,386)</i>	<i>(11,842)</i>
TOTAL	296,417	309,329	309,373	321,290	326,194	339,471	341,905	360,123

Note: Year 2009 has been rebased and rebenchmarked at the new base year of 2006 and is presented for comparative purposes.

FISIM - Financial Intermediation Services Indirectly Measured

APPENDIX III

CENTRAL GOVERNMENT FINANCIAL OPERATIONS

	ACTUAL 2011	BUDGET 2012	REVISED 2012	BUDGET 2013
Total Revenue	120,916.1	146,863.6	130,228.6	162,777.6
Revenue	120,916.1	128,468.9	129,389.7	142,777.6
Tax	111,409.0	116,823.8	118,334.0	125,735.9
Income taxes	43,060.4	42,814.9	43,949.2	45,364.6
Consumption taxes	53,046.8	56,714.6	56,849.4	61,250.7
Trade taxes	11,126.0	12,870.1	12,900.6	14,075.0
Other	4,175.8	4,424.2	4,634.8	5,045.6
Non-tax	9,507.1	11,645.1	11,055.6	17,041.7
Private sector	5,590.6	6,645.1	5,699.1	12,131.7
Public enterprise & BOG	3,916.5	5,000.0	5,356.6	4,910.0
GRIF Inflows	-	18,394.7	838.9	20,000.0
Total expenditure	150,737.1	189,556.6	171,356.0	205,050.2
Current expenditure	100,620.8	113,800.0	114,914.5	119,391.2
Non-interest expenditure	92,546.6	107,092.5	108,379.1	112,491.8
Personal emoluments	31,345.8	34,753.7	34,793.9	39,408.1
Other goods and services	33,688.3	35,434.6	34,175.6	38,612.1
Transfer Payments	27,512.5	36,904.2	39,409.6	34,471.6
Interest	8,074.2	6,707.5	6,535.4	6,899.4
External	4,032.4	3,958.1	3,948.2	4,679.3
Domestic	4,041.8	2,749.3	2,587.2	2,220.1
Primary balance	28,369.5	21,376.4	21,010.6	30,285.8
Current balance	20,295.3	14,668.9	14,475.1	23,386.4
Capital Revenue	-	-	-	-
Capital Expenditure	50,116.3	75,756.7	56,441.5	85,659.0
Overall Balance before Grants	(29,821.0)	(42,693.1)	(41,127.4)	(42,272.5)
Grants	13,452.7	16,229.3	13,509.6	13,207.7
HIPC relief	1,857.0	2,398.3	1,876.8	2,101.5
Original	-	-	-	-
Enhanced	812.5	835.6	832.8	872.0
CMCF	-	518.8	-	518.8
MDRI	1,044.5	1,044.0	1,044.0	710.7
Other	11,595.7	13,830.9	11,632.8	11,106.2
Projects	6,143.2	8,432.8	6,048.5	4,951.2
Non-projects	5,452.5	5,398.1	5,584.3	6,155.0
Overall Balance after Grants	(16,368.3)	(26,463.8)	(27,617.9)	(29,064.8)
Financing	16,368.3	26,463.8	27,617.9	29,064.8
Net External Borrowing	17,947.8	21,139.6	22,044.3	29,925.5
Disbursements of Loans	15,233.5	22,807.3	30,043.3	27,627.3
Debt Repayments	4,462.8	3,783.7	3,764.8	3,822.1
Rescheduling	743.2	684.7	683.0	617.4
Guysuco - Escrow A/C	-	-	-	-
Overseas Deposits	6,433.9	1,431.2	(4,917.1)	5,502.9
Net Domestic Borrowing	(1,579.4)	5,324.2	5,573.5	(860.7)
Net Divestment Proceeds				
Overall Deficit as a % of GDP	(3.1)	(4.6)	(4.7)	(4.6)

APPENDIX IV

CONSUMER PRICE INDEX - NEW SERIES

GROUP	2011	2012											
	Dec	Jan	Feb	Mar	April	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
ALL ITEMS	107.9	107.9	108.2	107.9	108.4	109.4	109.8	109.7	110.4	110.9	111.3	111.3	111.6
FOOD	113.2	113.4	114.4	113.4	115.4	116.3	118.3	118.7	120.4	122.1	123.2	122.9	124.0
CLOTHING	101.8	100.7	100.7	100.7	102.0	102.0	102.0	100.0	100.0	99.6	98.1	98.2	98.0
FOOTWEAR AND REPAIRS	103.5	103.1	103.1	103.1	105.6	105.6	105.6	103.1	103.1	104.2	103.9	104.5	104.6
HOUSING	100.4	100.4	100.5	100.5	100.5	100.4	100.4	100.3	100.4	100.3	100.5	100.5	100.7
FURNITURE	101.1	101.2	101.2	101.0	100.8	100.8	100.8	99.9	99.9	100.4	100.8	100.8	100.6
TRANSPORT & COMMUNICATION	115.5	114.8	114.8	115.1	114.4	117.6	116.2	115.3	115.7	115.1	115.4	114.8	114.6
MEDICAL & PERSONAL CARE	101.3	101.4	101.4	101.4	103.3	107.3	107.5	109.3	109.3	109.3	111.0	111.8	111.7
EDUC., RECR. AND CULTL. SERVICES	98.7	98.7	98.7	98.7	98.6	98.6	98.5	98.4	98.4	98.5	98.4	100.1	98.4
MISC. GOODS & SERVICES	107.0	107.9	107.9	107.9	107.4	108.5	108.4	109.8	109.8	110.0	108.7	111.3	111.0

GROUP	OLD SERIES CONCLUDED AT 31st DECEMBER 2009			NEW SERIES COMMENCED 1st JANUARY 2010				
	2007	2008	2009	2009	2010	2011	2012	% Change
	DEC	DEC	DEC	DEC	DEC	DEC	DEC	DEC - DEC
ALL ITEMS	250.0	265.9	275.6	100.0	104.5	107.9	111.6	3.5
FOOD	256.2	285.9	273.7	100.0	110.4	113.2	124.0	9.5
CLOTHING	86.6	84.7	80.8	100.0	99.3	101.8	98.0	-3.7
FOOTWEAR AND REPAIRS	75.5	78.9	73.8	100.0	100.5	103.5	104.6	1.0
HOUSING	277.6	296.5	352.7	100.0	99.7	100.4	100.7	0.2
FURNITURE	161.6	168.9	173.9	100.0	99.2	101.1	100.6	-0.5
TRANSPORT & COMMUNICATION	304.7	282.3	293.2	100.0	104.8	115.5	114.6	-0.8
MEDICAL & PERSONAL CARE	287.4	292.5	290.3	100.0	101.4	101.3	111.7	10.3
EDUC., RECR. AND CULTL. SERVICES	270.1	273.6	286.4	100.0	102.0	98.7	98.4	-0.3
MISC. GOODS & SERVICES	209.6	215.6	228.2	100.0	102.0	107.0	111.0	3.7

Old Series Base Year - Jan 1994=100
New Series Base Year - Dec 2009=100
Source: Bureau of Statistics

APPENDIX V

BALANCE OF PAYMENTS ANALYTIC SUMMARY

ITEM	ACTUAL 2011	BUDGET 2012	REVISED 2012	BUDGET 2013
A Current Account	(372.2)	(325.6)	(394.8)	(451.9)
1.0 Merchandise (Net)	(641.4)	(655.4)	(581.9)	(663.0)
1.1 Exports (f.o.b.)	1,129.1	1,291.1	1,395.7	1,492.4
1.1.1 Bauxite	133.3	128.5	150.8	173.8
1.1.2 Sugar	123.4	137.1	132.1	145.3
1.1.3 Rice	173.2	181.2	196.2	219.7
1.1.4 Gold	517.1	640.5	716.9	741.6
1.1.5 Timber	39.1	39.8	39.0	35.2
1.1.6 Other	123.8	138.0	139.2	147.3
1.1.7 Re - exports	19.3	25.9	21.4	29.6
1.2 Imports (c.i.f.)	(1,770.5)	(1,946.5)	(1,977.7)	(2,155.3)
1.2.1 Fuel & Lubricants	(573.0)	(619.3)	(619.0)	(659.8)
1.2.2 Other	(1,197.5)	(1,327.2)	(1,358.7)	(1,495.5)
2.0 Services (Net)	(145.4)	(168.8)	(232.1)	(239.4)
2.1 Factor	(9.3)	(13.8)	(1.2)	(17.5)
2.2 Non Factor (Net)	(136.1)	(155.0)	(230.9)	(221.9)
3.0 Transfers	414.6	498.6	419.2	450.4
3.1 Official				
3.2 Private	414.6	498.6	419.2	450.4
B Capital Account	373.2	462.0	428.5	509.5
'1.0 Capital Transfers	30.1	40.4	29.3	24.2
'2.0 Medium and Long Term Capital (Net)	375.4	446.8	464.1	525.7
2.1 Non - Financial Public Sector Capital (Net)	67.7	85.9	90.4	130.5
2.1.1 Disbursements	206.2	251.2	302.1	289.6
2.1.2 Amortization	(59.6)	(58.7)	(58.7)	(61.1)
2.1.3 Other	(79.0)	(106.6)	(153.1)	(98.0)
2.2 Private Sector (Net)	307.8	360.9	373.7	395.2
'3.0 Short Term Capital	(32.3)	(25.2)	(65.0)	(40.3)
C Errors and Omissions	(16.0)	0.0	(21.3)	-
D OVERALL BALANCE	(15.0)	136.3	12.4	57.6
E Financing	15.0	(136.3)	(12.4)	(57.6)
1.0 Bank of Guyana net foreign assets	(25.4)	(189.9)	(55.0)	(114.1)
2.0 Change in Non-Financial Public Sector Arrears		-	-	-
'3.0 Exceptional Financing	40.4	53.6	42.6	56.5
3.1 Debt Relief	3.6	14.3	3.3	15.0
3.2 Balance of Payments Support	-	-	-	-
3.3 Debt Forgiveness	37.7	40.2	40.2	42.5
3.4 Debt Stock Restructuring	(1.0)	(1.0)	(1.0)	(1.0)

Figures: US\$m

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

APPENDIX VI

ACTUAL AND PROJECTED EXTERNAL DEBT STOCK

ITEM	Actual End-December 2010 (After E-HIPC & MDRI Reduction) 1/	Actual End-December 2011 (After E-HIPC & MDRI Reduction) 1/	Actual End-December 2012 (After E-HIPC & MDRI Reduction) 1/	Preliminary End-December 2013 (After E-HIPC & MDRI Reduction) 1/
TOTAL EXTERNAL DEBT	1,040.25	1,205.58	1,358.56	1,345.42
1.0 Multilateral	588.09	631.09	673.55	692.32
IBRD	0.00	0.00	0.00	0.00
IDA	9.41	10.02	11.00	13.48
IADB	316.90	365.94	415.34	470.81
CDB	130.63	134.19	139.76	145.34
CMCF	31.10	31.10	31.10	0.00
IMF	55.65	48.36	36.98	25.54
IFAD	9.44	9.32	9.32	9.47
Others 2/	34.96	32.17	30.05	27.68
2.0 Bilateral	431.80	554.55	665.38	633.94
2.1 Paris Club Creditors:	51.80	48.58	44.96	40.38
USA	0.91	0.91	0.82	0.77
-PL 480	0.91	0.91	0.82	0.77
UK	0.00	0.00	0.00	0.00
Canada	0.00	0.00	0.00	0.00
Germany	0.00	0.00	0.00	0.00
-KFW	0.00	0.00	0.00	0.00
Netherlands	0.00	0.00	0.00	0.00
Denmark	0.00	0.00	0.00	0.00
Norway	0.00	0.00	0.00	0.00
Sweden	0.00	0.00	0.00	0.00
France	0.00	0.00	0.00	0.00
Japan	0.00	0.00	0.00	0.00
T&T	46.39	43.31	39.72	35.57
Russian Federation	0.28	0.28	0.28	0.00
Italy	4.22	4.08	4.15	4.05
Others 3/	0.00	0.00	0.00	0.00
2.2 Non-Paris Club Creditors:	380.00	505.96	620.42	593.56
Venezuela	185.24	286.65	364.17	233.10
Argentina	12.85	13.19	13.52	13.86
Kuwait	65.42	68.36	70.11	72.55
Libya	40.91	41.20	42.11	42.40
China	44.68	66.45	96.96	164.69
India	20.08	18.79	21.83	54.84
UAE	7.00	7.13	7.26	7.39
Others 4/	3.82	4.20	4.46	4.73
3.0 Private Creditors	20.36	19.95	19.63	19.17
3.1 Suppliers 5/	13.41	13.40	13.43	13.45
3.2 Financial Markets/Bonds 6/	6.95	6.54	6.21	5.72

Notes:

1/ Takes into account debt relief granted under the Enhanced HIPC initiative and the Multilateral Debt Relief initiative.

2/ Includes EEC, EIB, OPEC FUND and IFC Loans.

3/ Includes CDC Loans.

4/ Includes DPRK, Brazil, Bulgaria and Serbia (ex-Yugoslavia) Loans.

5/ Includes ITT, Caterpillar Americas, Nissho Iwai/Komatsu, Boskalis, GPL (Banco de Credito, Panama) and EPDS debts.

6/ Includes Booker plc, Bonds, Bank of Nova Scotia, Lloyds Bank (O/Draft), GPL (NBIC/RBTT Debenture) and Barclays Bank debts.

