

Guyana: 2012 National Budget – Summary (GINA)

Finance Minister presents whopping \$ 192.8B national budget

-exemplifies a continuation of economic growth

Georgetown, GINA, March 30, 2012

History was again made today in the National Assembly as Minister of Finance, Dr. Ashni Singh presented Guyana's largest national budget; the first in the life of the Tenth Parliament. Presented under the theme, "Remaining on course, united in purpose, prosperity for all", budget 2012 worth \$192.8B, is fully financed without the introduction of any new taxes.



Minister of Finance, Dr. Ashni Singh presenting Budget 2012, the first for the Tenth Parliament

Minister Singh in his succinct presentation said that with the new parliamentary dispensation, whereby the governing Party does not hold an absolute majority, beckons the country into a new political epoch and heralds an opportunity for the nurturing of a new political culture.

“Budget 2012 comes to this House when the Guyanese economy is at its strongest in recent memory. Our productive base is showing increasing signs of resilience and dynamism and is more diversified than ever before, with real growth in gross domestic product averaging 4.4 percent over the past five years,” he said.



Parliamentarians listen attentively at Minister of Finance, Dr. Ashni Singh’s budget presentation

In 2011, the domestic economy achieved real growth in Gross Domestic Product (GDP) of 5.4 percent (sixth consecutive year of positive growth in Guyana), inflation remained within acceptable norms at 3.3 percent, interest rates continued to trend downwards, and foreign exchange market remained buoyant and recorded a 17.7 percent increase in activity. The economy is projected to extend its six-year stretch of uninterrupted growth into a seventh year in 2012, with overall growth projected at 4.1 percent, with the non-sugar economy projected to grow by 4.0 percent.

Sugar- at the start of 2012, the sugar industry set itself a target of 265,000 tonnes. Given developments since then, including industrial relations issues which now appear to have

normalised, sugar production is currently projected at 250,000 tonnes, 5.7 percent above 2011 level of production.

Rice- since 2008 has recorded higher output levels in every consecutive year and coming off the bumper harvest of 401,904 in 2011, the industry is now projected to expand further to 412,425 tonnes, a 2.6 percent increase in value added to the industry.

Livestock- is expected to grow by a further 4.9 percent, while the other agriculture sector is also projected to expand by 4 percent.

Forestry- is projected to decline by 8.2 percent reflecting the implementation of programmes to improve stakeholder capacity in areas of forest policy and sustainable forestry management.

Fishing- is expected to return growth of 5 percent, supported by Government initiatives to combat piracy.

Mining- the mining and quarrying sector is expected to moderate to 1.8 percent growth. Bauxite industry is expected to decline slightly by 0.2 percent to a production level of 1,716,261 tonnes. Meanwhile, gold production recorded a double digit expansion to more than 350,000 ounces in 2011; a more moderate growth of 2.9 percent is projected in 2012, even as price incentives continue to lure greater investment into the sector. Diamond declarations are projected to contract by 5 percent.

Manufacturing- is projected to expand by 3.9 percent in 2012, mainly attributed to the expansion in the production of rice and sugar and consequent increases in related processing activities coupled with some growth in light manufacturing.

Services- the information and communication sector is expected to post a 3 percent growth, while the construction industry is targeted to grow by 6.3 percent, a recovery from the moderate growth in 2011. The wholesale and retail sector is projected to grow by 6.5 percent while the transport industry is targeted to grow 9.5 percent. Likewise, financial services, rental of dwellings and other services are targeted to grow by 8 percent, 2 percent, and 0.5 percent respectively.

Low Carbon Development Strategy (LCDS)- this year, *Guyana will continue to advocate and negotiate for the disbursement of early grant-type financing for REDD+ actions, and for an agreement on the role of carbon markets in generating REDD+ financing.*

The Inter-American Development Bank has already given approval for the first of the GRIF-funded LCDS projects valued at US\$7 M, through which Government will strengthen the Guyana Forestry Commission's capacity for implementing REDD+ activities.

Agriculture- A total of \$1.4 B was expended in 2011 on Government's aggressive agro-diversification programme. This year, \$1 B is allocated to advance efforts towards the diversification and modernisation of the sector.

Tourism – this year, efforts will continue to ensure that this sector accelerates its growth towards realising the fullness of its potential with an allocation of over \$200M.

Small Business - the sum of \$22 M has been budgeted to enable the Small Business Bureau to discharge its functions. In addition, over the next four years, Government will spend US\$10 M to finance the development of Small and Medium-sized Enterprises (SMEs) and more specifically to address bottlenecks that affect the sector.

Roads and Bridges- in 2011, a total of \$8.7 B was expended on the construction, rehabilitation and maintenance of land transport network, of which \$6.9 B was spent on roads and \$1.8 B on bridges. This year however, \$11.8 B is budgeted to sustain and improve roads and bridges network, of which \$10.9 B will be spent on roads and \$964 M on bridges.

Air and River Transport- \$4.5 B has been budgeted for the upgrade, expansion and modernisation of CJIA, \$180 M for the rehabilitation of airstrips in Lethem, Imbaimadai and Ekereku Bottom and the ongoing maintenance of our country's 43 airstrips in Regions One, Two, Seven, Eight and Nine.

Additionally, over \$717 M is budgeted for the docking of vessels and acquisition of spares.

Sea and River Defence- \$2.9 B is budgeted for the continued protection of sea and river defences.

Drainage and Irrigation- \$7.8 B has been budgeted for the continuation of work on the drainage and irrigation systems.

Hydrometeorology- \$391 M has been allocated for the continued modernisation and expansion of the hydrometeorological network through the acquisition of a satellite receiving system to provide real time satellite images of approaching and developing weather systems.

Energy- in 2011 over \$11.7 B was spent in the power sector, this year \$1.8 B will be invested for the installation of a submarine cable linking Kingston and Vreed-en-Hoop, \$100 M to support capacity building, energy conservation and rehabilitation of the low voltage distribution network for the reduction of commercial losses and \$50 M will be spent for the design of a 330 kW micro-hydropower project at Kato to boost electricity supply in our hinterland.

Education- over \$24 B was expended in this sector in 2011, representing an increase of 13 percent in expenditure from 2010. This year, \$26.5 B has been allocated for the sector.

Health- Government has allocated over \$16.9 B to continue the modernisation of the sector and to consolidate on the gains made over the past decade.

Housing- in 2011, the \$3.3 B was expended on the housing sector; this year Government will invest \$3.6 B in this sector to increase access to affordable housing, improve the quality of infrastructure of housing schemes and regularise squatter settlements.

Water- In 2011, \$1.8 B was spent in the water sector facilitating the construction and upgrading of distribution and transmission mains in Regions Two, Three, Four, Five and Six, benefiting in excess of 90,000 people.

This year, \$2 B has been allocated to improve the quality of water supply of which \$900 M is budgeted for the installation of approximately 20 kilometres of transmission and distribution mains, the upgrading of water treatment plant systems in areas such as Rose Hall, Pouderoyen and Fellowship and the completion of four boreholes benefiting approximately 233,900 residents.

Sanitation- \$503 M is budgeted to commence rehabilitation of nine sewer-pumping stations in the Georgetown sewer network and a further \$678M for the waste-receiving cell at the Haags Bosch Sanitary Landfill and to complete works towards the realisation of a treatment facility for pretreated medical and hazardous waste.

Youths- \$66 M allocated to equip and rehabilitate training centres, \$675 M for the continuation of the athletic track at Leonora, completion of the Bartica Community Centre, upgrading of the National Gymnasium, Cliff Anderson Sports Hall, National Stadium and Colgrain Pool, and \$160 M for the upgrading of sports grounds countrywide.

Indigenous Communities- over \$165 M has been budgeted under the Amerindian Development Fund for community programmes, issuance of land titles to 13 villages, and the National Secure Livelihood Programme. Additionally, under the Guyana REDD+ Investment Fund (GRIF), funding will be provided to support the socioeconomic development of Amerindian communities through the implementation of their community development plans.

Security- this year \$16.2 B has been allocated for the continued modernisation of the security sector and in the area of infrastructure key investments will result in substantially modernised facilities.

Justice- \$2.1 B is budgeted for the sector, a significant increase from the \$1.7 B that was spent last year.

Budget Measures- Budget 2012 provides for a transfer of \$4 B from the Central Government to GUYSUOCO, in order to ensure that the sugar industry is financially able to meet its operating and investment requirements. Additionally, \$6B will be transferred to Guyana Power and Light (GPL) Inc. to help cushion the impact of imported oil price movements on domestic consumers.

Public Assistance- which is currently paid at a monthly rate of \$5,500 to approximately 9,000 beneficiaries will be increased with effect from May 1, 2012, to \$5,900, a 7 percent increase.

Old Age Pension- which is paid to 42,000 pensioners at a rate of \$7,500 per month will be increased with effect from May 1, 2012, to \$8,100 per month, an 8 percent increase.

Personal Income Tax- with effect from year of income 2012, the personal income tax allowance will be increased to \$600,000 annually or \$50,000 monthly. The income tax threshold in 2012 will now be twice as high as it was in 2006. As a result of this measure, every taxpayer will

benefit with higher take home pay.

In addition, some 21,000 people will be removed from the income tax net, and over \$3 B of additional disposable income will be placed in the hands of beneficiaries.

Minister Singh urged members of the House, never to lose sight of the need for good sense and practical answers, guided always by that which is fair and just, and with but one aim constantly in mind and that is to ensure the uninterrupted daily advancement of Guyana.

“Budget 2012 is built around objectives with which very few could rationally disagree. The achievement of higher levels of sustainable real growth in the economy, preserving the conditions necessary for private investment and job creation, expanding and upgrading our country’s infrastructure, raising access to and improving quality in our social services and making steady advances on all of our key social indicators, further strengthening of our public institutions, goals that would readily be embraced by all,” the Minister concluded.

Budget debate begins April 10 - slated for five days

Georgetown GINA, March 30, 2012

Parliamentarians on both sides of the House have agreed that the Debate on the National Budget will be completed within five days as determined by Standing Order No. 71 (2) of the National Assembly.

The motion tabled by Prime Minister and Minister of Parliamentary Affairs Samuel Hinds was approved in today’s sitting. The Debate will begin on Tuesday, April 10 from 13.00 hrs and end at 22.00 hrs daily.

Domestic economy recorded growth for sixth consecutive year- Finance Minister

-4.1% growth projected for 2012

Georgetown, GINA, March 30, 2012

Finance Minister, Dr. Ashni Singh in presenting the 2012 National Budget Estimates today in the National Assembly said that government’s efforts caused the domestic economy to endure the worst global and regional economic crisis in living memory without significant disruption or dislocation and experienced a growth of 5.4 percent in 2011.

The Finance Minister explained that, to make the country’s economy more robust, resilient, better able to withstand external shocks and less vulnerable to the vicissitudes of domestic single industry upheavals, government aggressively promoted the development of a more diversified productive base whilst advancing an agenda for improving national competitiveness.

“In 2011, the domestic economy achieved real growth in gross domestic product (GDP) of 5.4 percent, within which non-sugar GDP grew even more rapidly by 5.6 percent...this represented the sixth consecutive year of positive growth in Guyana,” Minister Singh said.

The Finance Minister said that sugar production grew by 7.1 percent to 236,506 tonnes, and the rice industry extended its stellar performance of recent years with the total product in 2011 of 401,904 tonnes, an 11.3 percent growth in output, representing the industry’s highest level of annual production ever.

“The other agriculture subsectors grew by 5.7 percent, reflecting returns on the Grow More Campaign and the Agricultural Diversification Programme, coupled with more integrated market access, especially with the bridging of the Berbice River...the livestock sector also expanded by 5.8 percent,” Minister Singh said.

The following sectors also recorded growth for 2011; mining and quarrying sector recorded growth of 19.2 percent, owing to 17.7 percent increase in raw gold declarations of 363,083 ounces, the highest level since 2004; the manufacturing sector by 6.8 percent primarily attributed to the expansion in rice milling and sugar processing; the transport and storage sector by 14.2 percent; the information and communication sector by 1.5 percent; the wholesale and retail sector by 4.5 percent; financial and insurance services sector by 9.7 percent; rental of dwellings by 1.6 percent and the education sector by 6.7 percent; the health and social services sector by 3.8 percent and electricity and water by 2.1 percent.

The Finance Minister said that export earnings expanded by 27.6 percent to US\$1.1B, primarily attributed to increase in volumes exported as well as favourable world market prices for most of the key export commodities.

“Net current transfers increased by 11.8 percent to US\$414.6M due to higher receipts of worker remittances which increased from US\$367.8M to US\$412.2M...the capital account recorded a surplus of US\$373.2M compared to US\$339.2M, attributed to higher foreign direct investment concentrated mainly in the mining and telecommunication sectors,” Minister Singh said.

He added that monetary policy remained focused on the maintenance of price and exchange rate stability while promoting private sector credit; inflation remained within acceptable norms at 3.3 percent, and the interest rates continued to trend downwards, with the commercial banks weighted average lending rate declining by 27 basis points to 11.68 percent, and small savings rate declining by 68 basis points to 1.99 percent.

“The Foreign exchange market remained buoyant and recorded a 17.7 percent increase in activity amounting to transactions totalling US\$6B...the fiscal deficit of the non-financial public sector amounted to \$22.9B or 4.4 percent of GDP compared to 3.6 percent in 2010,” Minister Singh said.

Because of the performance of the domestic economy, the Finance Minister said that government succeeded in reaffirming its commitment to improving the livelihood of public servants, teachers and members of the disciplined services with the granting of an 8 percent across the board increase on the level of wages and salaries.

“Central government revenue in 2011 amounted to \$120.9B, 12.1 percent over 2010, attributed to enhanced collections among both tax and non-tax categories...non-interest current expenditure increased by 17.9 percent to \$92.5B,” Singh said.

The Finance Minister said that prudent management of public debt is an integral aspect of maintaining macroeconomic stability into the medium - term.

“Progress has been made in debt negotiations with our bilateral creditors, in particular the

Russian Federation and Venezuela... Governments of Guyana and Venezuela have agreed on the procedure for the cancellation of significant portion of Guyana's oil debt in compensation for rice and paddy exports," Singh pointed out.

He added that on the domestic side, Guyana's domestic debt stock increased moderately by 2.2 percent to US\$728M as a result of government's continued diligence and sound practice in managing the domestic debt.

The Finance Minister believes that maintaining debt sustainability while financing critical economic and social development needs are twin objectives that will require continued access to concessional financing.

Gov't to invest billions more in sugar, electricity, public servants income in 2012 National Budget

Georgetown, GINA, March 30, 2012

Government will spare no effort in ensuring that the sugar industry is transformed into a viable and competitive one. This was the assurance given by Minister of Finance Dr. Ashni Singh during the 2012 National Budget presentation on March 30 in the National Assembly. According to Minister Singh, in addition to the resources that were already injected by Government into the industry, this year's budget provides for a transfer of \$4 B from the Central Government to the Guyana Sugar Corporation (GuySuCo) to ensure that the sugar industry is financially able to meet its operating and investment requirements.

The production and financial turnaround that are expected from the support and other initiatives taken by the industry will ultimately benefit 120,000 people including the industry's 18,000 employees and its suppliers of goods and services.

GPL

The Guyana Power and Light (GPL) will also benefit from a transfer of \$6 B from Government that will provide direct benefit to 164,000 subscribers and their households.

The Finance Minister noted that electricity tariffs were last adjusted in 2007, when light and heavy fuel oils were procured at US\$71 and US\$109 per barrel respectively. However, prices have since increased by 61 and 38 percent to US\$114 and US\$150 per barrel respectively and GPL funded the escalated costs without any tariff adjustments.

Renewable Energy Sources

In keeping with Guyana's Low Carbon Development Strategy (LCDS) in this year's budget, Government signalled its intention to promote greater reliance on renewable energy and more energy efficient devices.

In this regard, Dr. Singh stated that through legislation Government aims to remove applicable taxes on non-traditional sources of electricity generation for both household and commercial

purposes among which are solar panels, solar lamps, solar generators, wind turbines and power inverters.

Public Assistance

The budget provides for a seven percent increase in public assistance bringing the monthly payment to \$5,900, more than double that of 2006 when it was \$2,350.

Old Age Pensions

Old age pension also increased by eight percent over the 2011 rate bringing the amount to \$8,100. In 2006, the monthly old age pension was \$3,500.

Dr. Singh noted that the increase in public assistance and old age pensions will account for a further \$350 M of disposable income to the elderly and the most vulnerable.

Personal Income Tax

The personal income tax threshold was also increased to \$50,000 monthly or \$600,000 annually which guarantees every taxpayer a higher take home pay. The increase has also removed 21,000 people from the income tax net, and places over \$3 B in additional disposable income in the hands of beneficiaries.

In 2006, the income tax threshold was set at \$300,000 annually or \$25,000 per month. Since then it has been adjusted up progressively, up to last year, when it was set at \$480,000 annually or \$40,000 monthly.

Gov't to push for early payment of REDD financing, higher emission reduction targets by industrialised countries in 2012

Georgetown, GINA, March 30, 2012

Government intends to continue strong advocacy and negotiation for early disbursement of funds for Reducing Emission from Deforestation and Forest Degradation (REDD plus) actions; concurrence on the role of carbon markets in generating REDD plus financing; more ambitious emission reduction targets by industrialised countries and the full operationalisation of the Green Climate Fund.

This was affirmed by Minister of Finance Dr. Ashni Singh during the 2012 National Budget presentation on March 30, in the National Assembly.

Minister Singh highlighted Guyana's leading role in achieving a REDD decision in Durban last December when the United Nations Convention agreed to both public and private sources of REDD plus financing, thus allowing for continued negotiations on the role of the carbon market in climate financing this year.

The establishment of a Green Climate Fund with clear eligibility to REDD plus activities and a road map for legal, global treaty on climate change also signaled high progress, he said.

The construction of the Amaila Falls Hydropower Project which is due to commence by the third quarter of 2012 in addition to a land titling and demarcation project and an Amerindian

Development Fund are among the priority projects for funding from the Guyana REDD plus Investment Fund (GRIF) this year.

Amerindian communities stand to benefit directly from the Amerindian Development Fund which will support the advancement of priority projects, along with a micro and small enterprise development programme that will address hindrances to developing a strengthened entrepreneurial and small business sector.

The Cunha Canal rehabilitation project which is the first climate adaptation project under the Low Carbon Development Strategy (LCDS), which will reduce the risks of flooding along the East Bank of Demerara and other climate adaption projects identified under the GRIF will also be advanced in 2012.

Dr. Singh also alluded to Guyana's commitment to responsible environmental management which is supported by the enactment of the Protected Areas Act 2011.

The Act governs the establishment and management of a National Protected Areas System in Guyana and allowed for the establishment of the Protected Areas Commission (PAC) for the management, maintenance and expansion of the national protected areas system.

The Finance Minister noted that plans in this regard include the establishment of an institutional structure for the (PAC) including site management authorities, rangers, and the setting up of a Trust Fund. The (PAC) will also oversee the implementation of the Kanuku Mountains Management Plan and the Kaieteur National Park Management Plan while at the same time seeks to produce a Shell Beach Protected Areas Management Plan.

In 2011, US\$70M was transferred to the (GRIF) Fund and Government is working with Norway and multilateral partner entities to refine the administrative and institutional arrangements for the resources to flow to Guyana for the implementation of projects and programmes outlined in the LCDS.

The Inter-American Development Bank (IDB) has already given approval for the first of the GRIF-funded institutional strengthening projects valued at US\$7M.

Education sector gets \$26.5B in National Budget

Georgetown, GINA, March 30, 2012

This year's National Budget is not complete without the necessary investments being made towards improving the wellbeing of the entire population. Prior to today's reading of the budget in the National Assembly it was being described as one that meets the needs of the Guyanese people while creating an environment where the aspirations of all are realized.

In this regard, the \$26.6B allocated to the Education sector is both timely and unprecedented. The \$192.8B budget was presented by the Minister of Finance, Dr. Ashni Singh under the theme "***Remaining on Course: United in Purpose- Prosperity for All***".

"One of the hallmarks of successive PPP/Civic Government has been our steadfast commitment to investment in the social sector, reflecting our firm conviction that there is no investment more important than that made in our people," he said.

Minister Singh emphasised that government recognises that education is a prerequisite to the successful development of a nation, and as such the Administration will continue to respond accordingly to the educational needs of Guyanese so as to improve their quality of life.

School feeding, uniform programmes

Over \$1B has been allocated towards the continued implementation of the National and Hinterland School Feeding Programmes, while the School Uniform Programme will continue; this reiterates the current Administration's commitment to improving attendance, participation rates, and attainment levels, by ensuring that every child has the basic necessities for school.

Improved student performance

As significant progress is being made towards universal secondary education, programmes are being implemented toward achieving better performance in Mathematics and English Language at the Caribbean Secondary Education Certificate (CSEC) examinations.

In this regard, 36 schools, countrywide, are being targeted as part of a pilot which will address key dimensions of education delivery, including working closely with teachers and allocating adequate resources in an effort to improve performances in both Mathematics and English at the 2012 CSEC examinations.

Boosting teacher education

Minister Singh noted that in the current government's Manifesto, one of the key initiatives outlines relates to improving teacher quality by strengthening the institutions involved, and upgrading the training programmes offered.

"We are proud to note that the proportion of trained teachers has consistently been increasing over the last five years, moving from 58 percent to 70 percent at the primary level, and from 55 percent to 64 percent at the secondary level...as we strive to further improve these percentages, over \$1.2B has been allotted towards teacher training," he emphasised.

That allocation includes the provision for operational expenditure of the Cyril Potter College of Education (CPCE) which is expected to produce 430 graduates from the Associate Degree in Education Programme in November 2012, while 800 students will complete the Trained Teacher Certificate Programme in July of this year.

Continued ICT implementation

Minister Singh stressed that Information and Communication Technology (ICT) remains on the front burner as training of teachers, in this area, is accelerated. It is hoped that by the end of 2012 3,500 teachers would complete ICT training. Additionally, all secondary schools will be equipped with functioning ICT departments. Furthermore, the ICT-based SuccessMaker programme will be installed in another 60 primary schools and teachers will be trained in the use of this software as a teaching and learning aid.

Augmenting tertiary education

The budget places significant importance on ensuring that the University of Guyana (UG) delivers quality education. This is another priority for this Government, towards which over \$900M has been allocated.

Minister Singh pointed out that having completed the preparatory work for the US\$10M UG Science and Technology Project, \$80M has been allocated under this project towards the commencement of curriculum reform, research support, and infrastructure rehabilitation. Moreover, another \$450M has been budgeted for the student loan programme.

Inclusive education

This budget is evidence that no Guyanese, irrespective of abilities, is left out and this is explicable in that funds have been budgeted for the construction of an annex at the Ptolemy Reid Rehabilitation Centre which caters for 60 differently able students and will be equipped with the essential sanitary facilities, furnishings, and a computer room.

Additionally, the training facility will be rehabilitated so as to provide technical and vocational training to the students at the centre.

The government's Manifesto stated that special emphasis will be placed on ensuring that those who are differently able are empowered to achieve personal fulfilment, thus making a contribution to productive effort.

Improved learning environment

Minister Singh highlighted that government has always been keen on ensuring students dwell in conducive learning environments as such \$3.3B has been allocated for continued construction, extension, rehabilitation and maintenance of schools and other educational facilities countrywide.

This includes the construction of Turkeyen nursery school, the extension of the Parika Salem secondary school, and Waramadong dormitory and teaching block. In addition, works are to be done on LBI, St. Pius and Diamond primary schools, Leonora secondary school and dormitories at Charity and Sand Creek secondary schools. Also, science and information technology laboratories are expected to be completed.

2011 achievements

The Finance Minister highlighted that the Administration recognises that education is critical towards developing a well trained and highly skilled workforce to meet the needs of the modern economy as such, over \$24B was expended to the sector in 2011, representing an increase of 13 percent in expenditure from 2010.

He underscored a number of key achievements gained by the education sector during the third year of implementation of the National Education Strategic Plan 2008-2013 including more than \$47M expended for the establishment of the education channel which broadcasts programmes that supplement the education curriculum for all students countrywide. Over \$1B was spent on operational costs at CPCE which offers the Associate Degree in Education, another \$768M was spent on the operational costs of UG's two campuses, and \$450M on student loans. Additionally, government spent over \$1B on the National and Hinterland School Feeding Programmes which benefited over 63,000 children countrywide, while another \$266M was expended on ensuring each child has a school uniform. Over \$1.8B was spent on technical vocational training institutes, including the completion of the two new vocational centres in Regions 3 and 5, while \$2.8B was spent on construction, extension, rehabilitation and maintenance of schools, and other educational facilities countrywide.

4.1 percent growth projected for 2012

Georgetown, GINA, March 30, 2012

The presentation of the 2012 National Budget sets the developmental course for which the country, as a whole, must travel thereby ensuring the entire population enjoys the fruits of its achievements. Minister of Finance, Dr. Ashni Singh presented the \$192.8B 2012 budget to the National Assembly under the theme “*Remaining on Course: United in Purpose- Prosperity for All*”.

This year’s budget is Guyana’s largest ever and it is fully financed without the introduction of any new taxes.

The economy is projected to extend its six - year period of un-interrupted growth into a seventh year in 2012, with overall growth projected at 4.1 percent, with the non-sugar economy projected to grow by 4.0 percent.

Agriculture

He pointed out that at the start of 2012; the sugar industry set itself a target of 265,000 tonnes. Given developments since then, including industrial relations issues which now appear to have normalised, sugar production is currently projected at 250,000 tonnes, 5.7 percent above the 2011 level.

“Government reaffirms its commitment to the sector and management remains committed to fostering good industrial relations with its workers this target is indicative of management’s commitment to achievement of the plans set out in the turnaround plan, which is premised on the expansion in acreage under cultivation, advancement in mechanisation and the operation of Skeldon factory at its optimum,” he said.

Meanwhile since 2008, the rice industry has recorded higher output levels in every consecutive year and coming off the bumper harvest of 401,904 in 2011, the industry is now projected to expand further to 412,425 tonnes, a 2.6 percent increase in value added to the industry.

Minister Singh emphasised that this record output target places the industry in a favourable position to exploit new and emerging markets as the industry continues to reap the benefits of investments made in research and extension services, and is aided by improvements in drainage and irrigation infrastructure.

Like the rice and sugar industries, livestock is expected to grow by a further 4.9 percent. “The continued expansion in these two sub-sectors positions Guyana to take advantage of regional market opportunities while ensuring domestic food security,” Minister Singh noted. He indicated that the forestry sector is projected to decline by 8.2 percent reflecting the implementation of programmes to improve stakeholders’ capacity in areas of forest policy and sustainable forestry management; while the fishing sector is expected to return growth of 5 percent, supported by Government initiatives to combat piracy.

Industry

The mining and quarrying sector is expected to moderate to 1.8 percent growth. Minister Singh explained that the bauxite industry is expected to decline slightly by 0.2 percent to a production level of 1,716,261 tonnes, due to expectations of some contraction in overseas market especially for higher value grades of bauxite.

He stressed that now that gold production has recorded a double digit expansion to more than 350,000 ounces in 2011, a more moderate growth of 2.9 percent is projected in 2012, even as price incentives continue to lure greater investment into the sector. Additionally, diamond

declarations are projected to contract by 5 percent.

The Minister noted that the manufacturing sector is projected to expand by 3.9 percent in 2012 this is mainly attributed to the expansion in the production of rice and sugar, and consequent increases in related processing activities coupled with some growth in light manufacturing.

Services

The Minister acknowledged that the outturn in 2011 substantiated the greater role the service sector plays in contributing to the economy's total output as compared to agricultural and industrial activities as such it is expected to continue being a leading driver of growth.

The information and communication sector is expected to post a 3 percent growth, while the construction industry is targeted to grow by 6.3 percent, a recovery from the moderate growth in 2011. Meanwhile, the wholesale and retail sector is projected to grow by 6.5 percent while the transport industry is targeted to grow by 9.5 percent. Likewise, financial services, rental of dwellings and other services are targeted to grow by 8 percent, 2 percent, and 0.5 percent, respectively.

Monetary Policy and Inflation

Minister Singh stated that monetary policy will continue to be geared towards the expansion of private sector credit, while maintaining a stable exchange rate and low inflation.

He disclosed that the inflation rate is targeted at 4.6 percent in 2012, primarily as a result of the increase in global oil prices due to continued tensions in key oil producing areas, and notwithstanding government's commitment to intervene as necessary to mute the effects of full pass through of global oil price movements to the domestic market.

Balance of Payments

The overall balance of payments is projected to record an overall surplus of US\$136.3M compared to a deficit of US\$15 M in 2011.

"This outturn is on account of a lower current account deficit attributed to expected higher export earnings and transfers, outweighing the projected increase in import commodity prices," Minister Singh stated.

In addition, the capital account is projected to register a surplus of US\$462 M reflecting higher capital inflows and foreign direct investment.

Targets for Non-Financial Public Sector

With regards to Central Government Operations, the total current revenue (Net of GRIF inflows) is projected to expand by 6.2 percent to \$128.5B, with the Guyana Revenue Authority garnering \$116.8B.

Minister Singh pointed out that this outturn is attributed to a 6.9 percent increase in value-added and excise tax collections, due to increased VAT collections on imports, as import levels are projected to expand further in 2012.

Similarly, higher imports will also contribute to an expansion in customs and trade taxes, which are targeted at \$12.9B, \$1.8B over the 2011 collections. Internal revenue collections are targeted to moderate to \$47.2B and non-tax revenue collections are projected to increase by 22.5 percent to \$11.6 B thereby reflecting projected higher Bank of Guyana profits.

The total expenditure is projected at \$189.6B, a \$38.8B increased over 2011. This achievement is attributed to a \$14.5B expansion in non-interest current expenditure due to the expansion and

improvement in social services being offered to Guyanese citizens. Meanwhile, capital expenditure is projected to expand to \$75.8B due to the advancement of major infrastructural projects including those funded under the GRIF including the modernisation of the Cheddi Jagan International Airport, continuation of the OLPF programme and the E-government project. “Based on these developments the overall fiscal deficit of the Central Government is targeted at \$26.5 B, equivalent to 4.6 percent of GDP compared to 3.1 percent in 2011,” stated Minister Singh.

With regards to public enterprises, receipts are projected to increase to \$146.6B, while total expenditure is projected to expand by 12.2 percent to \$144.3B this is mainly due to higher fuel prices and an expansion in the capital programme. Based on these developments, an overall surplus of \$2.3B is projected in 2012.

Additionally, the deficit of the non-financial public sector is projected at \$24.2B or 4.2 percent of the GDP, compared to 4.4 percent in 2011, reflecting government’s continuing efforts at fiscal consolidation.

[end]