

# BUDGET 2017

Mr. Speaker, this is truly a Christmas Budget. It has brought a spirit of joy and happiness to the poor, the young and the old, the rich and to the business class.

It has offered a gift to all sectors of our society and has left the traditional prophets of doom with no ammunition to attack us but to resort to lies and distortions.

This is the greatest **and largest** budget ever presented to this Nation since we became an independent country. Its measures build on the previous two budgets which were presented within the past **18 months**, itself a record that will not be easily surpassed. In fact, it places the nation on the road to financial and economic prosperity in a clearly measurable and immediate way, but more so its impact is one that will last for quite a long while in the future. It is a budget that will sustain

us as we feel reinvigorated and inspired to make our contributions to creating the **Good Life** for ourselves and future generations.

Lets us look at the poor. When we won power where **were** they? They were forgotten, uninvolved in the future of this country and made to feel they were useless geriatrics to be **discarded and** treated with no respect. They received meager handouts as economic relief and \$13,125 as an Old Age Pension, which did not go a far way. In addition our Senior Citizens **were made** to pay for transportation, and other utilities. Upon assuming office this APNU + AFC government immediately set about correcting those inequalities. **We gave them back their dignity, we honored them. We involved them and allowed them a chance to play the role of elders to our youths. Today they work with renewed pride in Guyana and happily participate in national activities.**

Mr. Speaker, we cannot afford to minimize our focus on the budget's theme which by now is well known. i.e. **Building a Diversified, Green Economy: Delivering the Good Life to All Guyanese**. To fulfill this agenda a number of measures are outlined in the budget. Prominent among these measures is the long awaited and highly anticipated **Tax Reform** which is necessary to underpin the growth and expansion of the entire economy.

Mr. Speaker the extent to which **Tax Avoidance** and **Tax Evasion** have impacted economic growth can be somewhat elusive but the harm which it continues to inflict on the efficiency of government can no longer be tolerated.

The deliberately concocted schemes and programmes initiated by some sectors of our economy have not been helpful in employment creation, particularly among the youths. We are conscious that full employment is an ideal which has eluded

most nations, but we are not comfortable with the level of employment creation realized. Hence the need for a tax reform system which will strengthen the tax base, is foremost on our minds.

Unemployment, is a function of underperformance which is being carefully evaluated as we speak. We are committed to sound economic planning which must be driven by accurate and reliable data emanating from our statistical department which in conjunction with the Bureau of Statistics has submitted that the unemployment level for the year, thus far, is not comforting. Certainly we are not proud of that, but more could have been achieved if the mischief of **Tax Evasion** and **Tax Avoidance** had not been so rampant.

As a matter of fact Mr. Speaker, way back in 2013 it was established by reputable sources that Tax Evasion was more Rampant then than ever, and I would not say that that

situation is in any way different today. In an article which appeared in the Kaieteur News of November 9<sup>th</sup>, 2013 under the caption of **Tax Evasion more Rampant than Ever** the following heart breaking point was made:

“The immorality of Guyana is that one set of people pays the Tax while another spends it.”

But this budget sets about meeting this scourge head on, by introducing a series of measure that will arrest this trend which will make available more dollars to the economy and thereby causing more jobs, to be created for the benefit of all.

Mr. Speaker I need not remind this House that the level of unemployment which trouble us could have been much lower if there had been a more even distribution in the execution of our legal and moral responsibilities in the context of taxation, i.e. the payment of the various taxes including income tax, Rates and Taxes, Company tax, etc.

At the commencement of this year we had projected that through the Central Recruitment and Manpower Agency (CRMA) of the Ministry of Social Protection we would have been able to fill in excess of 3500 job vacancies thereby expanding the ranks of the employed. Fortunately, we were able to achieve 89% of that target by placing 3122 persons in jobs. Mr. Speaker, that is a step in the right direction as we continue to provide a Good Life for All.

Mr. Speaker this budget provides for a Reduction in inequalities through a more even tax regime and an increase in disposable income which allows citizens to spend more and save more. In this regard there is provision to increase the income tax threshold from \$660, 000 to \$720,000 per annum. **When we took office in 2015 that threshold was 600,000 per annum, but within these 18 months we have effected a 20% increase.** This provision has a dual effect which impacts the good life for all. First, it releases more disposable

income to employees and at the same time it results in the removal of 7600 persons from the tax register. In both contexts employees have a greater opportunity of enjoying a **good life**.

Further Mr. Speaker this budget provides for a reduction in the personal income tax for another group of employees which are those who earn less than \$180,000 per month or \$2.16 million per year. They would be required to pay 28% instead of 30% personal income tax. Mr. Speaker, I am sure that this entire House would agree that these and other tax measures translates into a good life.

The Restriction of Mortgage Interest Relief to loans up to \$15, million is another measure which is designed to contribute to the Good Life. **Its application will ensure that only low to middle income earners will benefit as was initially intended.** All of these are within the realm of individual

benefits, but I must now direct our attention to the business and Commercial Sector.

For many years prior to the assumption of office of the APNU + AFC government, the manufacturing sector had prayed for a reduction in corporation tax which they claimed was a disincentive to growth and development. Mr. Speaker it gives me great pleasure to reiterate that the prayers of the manufacturing sector has been answered with a reduction in the Corporation Tax from 30% to 27.5%. Such a reduction can certainly allow the manufacturers not only to become more competitive but to even pay better wages to their employees **and facilitate improved working condition.**

Mr. Speaker it is projected that these measures will result in government sacrificing a total of \$752 million in tax, but it is a sacrifice we are prepared to make, in favour of a Good Life.



Mr. Speaker the new Measures for Tender Compliance for Government Contracts are intended to make the proverbial Playing Field much more even and accessible to participants in the procurement process. **The NIS and Income Tax Compliance Certificates which are prerequisites for participation in the procurement process are intended to encourage stakeholders to be more compliant with the relevant Laws.**

The Automatic Issuance of a Temporary Income Tax and NIS Compliance Certificates for a paltry price of \$1000.00 **is an indication that our government is determined to make it easy to do business in this Country.** During the three months currency of the Temporary Certificates, participating Bidders will have an opportunity to put themselves in order without having to lose out on valuable opportunities to be engaged in the economic affairs of their countries.

Mr. Speaker, the Other Compliance Certificates inclusive of the Trusted Trader Compliance Certificates and the Standard Income Tax and NIS Compliance Certificates for relatively nominal fees are intended to improve **transparency** and lead to a more equitable distribution of resources, **as well as to make for good corporate citizenship**

Mr. Speaker permit me to address the question of Collective Bargaining and Wage Increase in Public Sector. In satisfaction of our promise and I dare say commitment as contained in our Manifesto, the APNU + AFC administration restored Collective Bargaining in the Public Sector from the inception of this our first tour in office in 2015. Although the 2016 negotiation process is not yet concluded, we can report with much confidence that significant wage increases have been awarded to Public Sector employees during these past 18 months. At the moment the minimum wage in the public service stands at \$55,000 per month which is significantly

higher than \$42,703 where it was when we took office, in 2015.

Mr. Speaker, while the increase to the Private Sector employees is not part of the national budget presentation, with your permission, I would like to mention that through the efforts of government **to involve the Trade Unions and the Private Sector in a Tripartite togetherness we were able to increase the Private Sector** minimum wage Sector from \$35,000 to \$44,200 per month **effective from January 1<sup>st</sup>, 2017.**

Mr. Speaker, in the maintenance of our philosophy of being a Caring Government, the budget provides for further assistance to our senior citizens. I think that irrespective of what may be said by others out of disrespect for our Senior Citizens, I think that it is time that we deviate from the

concept of Old Age Pension and attune our minds to focusing on Senior Citizens Pensions or Senior Citizens' Benefits.

Until then, I wish to point out that this budget enhances the Good Life of our Senior Citizens by increasing **Old Age** Pension from \$13,125 to \$19,000 per month, realizing a 45% increase since we took office. Also public Assistance is being increased to \$7500 per month.

These direct monetary benefits are in addition to the improvement in the facilities provided by the state for their comfort and accommodation.

Mr. Speaker, I wish to now direct our attention to Labour Administration for which I bear direct responsibility. The Labour Department which is responsible for the development and maintenance of a stable industrial relations environment has continued to function at a satisfactory level.

Last year I reported that a total of 1833 complaints of unfair labour practices were lodged with the department but as at 30.11.2016 the number of complaints stood at 1331. If we extrapolate with these numbers the results are likely to yield a reduction of 20.78%. That is due to the improved confidence which the wider society inclusive of employers and employees have bestowed on the department.

Mr. Speaker, it would be observed that at paragraph 4.151 of the Honourable Minister of Finance presentation to this House, the point is made that the Board of Industrial Training has expanded vocational Training to Differently Abled – persons in an effort to ensure that everyone has an opportunity to realize their full potential, and make their contributions to the well being of the **state**

However, I wish to take this opportunity to highlight some of the achievement of the Board thus far. From a target of 1500,

a total of 1402 persons are to be trained and certified by the end of this year. That gives an achievement of 93 %, which is certainly commendable.

- The Heavy Duty Equipment Operation (HDEO) training programme which is managed by the Board of Industrial Training has been extended to Regions 2, 3, 4, 5, 6, 7, 8 and 10.
- In collaboration with the Presidential Office on Youth Empowerment, 29 pardoned Youths are being trained in Heavy Duty Equipment Operation (HDEO).
- Acting in collaboration with the First Lady's Office 23 persons in the Victoria Youth Development initiative are being trained in the essentials of Information Technology.

Mr. Speaker the expansive role and function of the Board of Industrial Training are too wide to discuss at this moment,

but I am indeed proud to have it recorded that these achievement are all designed to ensure that our Young People, Our Youths, Our Future Leaders are better prepared to take their rightful places in society as they enjoy the good life and prepare a **Better Life** for the succeeding generation.

Mr. Speaker in this regard, I am compelled to refer to paragraph 4.142 of the budget presentation under the rubric of Our Youth, Our Future.

Therein it is stated that 20% of our population are positioned within this “vital demographic group”. The Honourable Minister of Finance said and I Quote

“With the right knowledge and skills, our youth can become self-dependant, contributing to an expansion in the gross-domestic product and household incomes while reducing unemployment”.

To achieve such a **noble goal** the budget outlines four (4) brilliant measures as follows:

- i. The Youth Entrepreneur Skills Training Programme (YEST).
- ii. The Sustainable Livelihoods and Entrepreneurial Programme
- iii. The Hinterland Employment and Youth Service (HEYS) which has been allocated \$991 million for 2017, and
- iv. The Caribbean Vocational Qualification (CVQ) platform for certified training for out-of-school youth.

The aggregate impact on youths places them on a positive platform to take our “Republic” well into the 21<sup>st</sup> Century.

Mr. Speaker, at this juncture I wish to speak to one more department which falls within my preview, and that is the Co-operatives Development Department.



On the last occasion I indicated that the Co-operatives Development Department “was disgracefully stifled but in the new dispensation we are determined to reverse that shameful situation of the past and position co-operatives where it rightfully belongs.” That rightful position is being a main pillar in a trisectorial Economy.

We began that process by conducting a thorough examination of the Functional Status of co-operative societies. That analysis has thus far revealed that of 1268 societies on the register just about 8% are functioning in a safe manner while 27% are retrievable, and can be saved. That is part of our mission.

Mr. Speaker we see Co-operatives as the mechanism through which the Gross Domestic Product of Guyana can be advanced and at the same time the employment levels expanded.

Mr. Speaker, the truth be told we have begun a cross-country fan-out exercise visiting co-operative societies, with the sole intention of determining their individual needs and challenges and at the same time offer them remedial help.

Within the wider scheme of things, we have established a Task Force which is in the process of developing a white Paper focusing on the renaissance of the co-operative spirit and movement.

Among the many issues which plagued co-operatives were the lack of accountability and transparency but we have put in place measures which will make any such delinquent behavior difficult to nurture and develop.

Mr. Speaker I wish to point out that Co-operatives which include Thrift Societies and Credit Unions have taken on such an important role that they now fall within the purview of the AML/CTF institutions. We are aware that in the past the Co-

operative societies could have been used as vehicles of money Laundering and the Financing of terrorism, and have put in place mechanisms to prohibit any further exploitation of these institutions.

How can all of this be achieved? The answer lies in allocations provided by this excellent budget

A total of \$533 million has been estimated for the management of the functions which fall under my preview and it is from that amount the functions which I have outlined will be executed.

In summary I respectfully submit that this budget is certainly one which is designed to produce nothing short of a **Good Life**. It makes provisions for all categories of employees, beginning with various classes of apprentices who are catered for under the Board of Industrial Training. It caters for the needs of regular employees and even senior citizens, long after

they would have left the field of direct employment. They would have made their contributions to the nation and we feel that we are indebted to them to provide them with a Good Life even at that stage of their lives.

Against that background, that I commend this budget to all who are interested in progress.

**I THANK YOU**

**NAME: KEITH SCOTT**

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