

Budget Debate 2007 Presentation by Sheila Holder

I have to confess that it took a great effort on my part to muster some semblance of interest in the presentation of the 2007 budget because were the truth to be told this exercise has lost its true meaning for a substantial number of people in the country. Not that I have no confidence in the ability of the hon. Finance Minister but believe, like the AFC party, he's come into an environment that has already been sullied by what has transpired over the years long before his appointment as Finance Minister.

Back to basics

In going back to basics, the purpose of a budget ought to be an exercise in stock-taking of the social, political and economic problems facing the country. The fiscal & economic measures proposed thereafter should seek to ameliorate those problems. A budget that doesn't pass this test is therefore a budget of futility. This is the litmus test I'll use in assessing if the 2007 budget has met these parameters?

Social, political and economic problems facing our country

The first order therefore is to identify what are the social, political and economic problems facing our country. From our perspective the pivotal problems are: -

1. A national economy that has been in recession close to a decade,
2. A Government that has failed to grasp that economic development could only occur within an enabling environment where a culture of investor friendliness exist,
3. Where a fair day's work receives a fair day's pay,
4. Where the judicial system is perceived to be timely in dispensing justice,
5. Where crime is under control,
6. Where the education system produces a workforce with the skills that are needed and
7. Where politically there is stability, governmental responsiveness, transparency and accountability & FOI.

How does the 2007 Budget fear against these?

In looking at how the 2007 budget proposes to deal with these issues it is my intention to focus broadly on the areas I have been assigned, namely the health sector, the Tourism, Industry & Commerce sectors, public utilities and the impact of poorly paid workers in the Public Service.

Let me say at the outset that it was heartening to hear the new Minister of Finance locate Government's vision within a process of 'modernizing the economy, utilizing the tools and techniques that are best suited and adaptable to our local situation.' May I remind the minister that it was only a week before his budget presentation that Government ignored these very objectives when it forced upon the nation the introduction of casino gambling without even an offer of an opinion from the Tourism & Hospitality Association of Guyana (THAG).

Meanwhile, Government in making the claim that legalized gambling will enhance tourism and boost the economy refused to offer one iota of supporting data of how, when, where and why this would materialize. In fact the Minister in his budget presentation made absolutely no mention of the projected economic targets envisaged will accrue from legalized gambling.

It is such anomalies that betray the very trust the minister said he hopes to secure in building a modern and prosperous Guyana. Instead Tourism is hinged to stronger growth of the economy and placing greater emphasis on promotion which has been allocated \$65.6M to execute the development of a recognizable image of Guyana as a unique destination.

On page 27 of his presentation the Minister of Finance describes development of the sector as one “that combines business with tourism products such as leisure, events and sports **tourism** and nature-based tourism.” Meanwhile countries like Belize and Costa Rica, little know destinations up to a few years ago forge ahead of Guyana in cornering the eco tourist market with meaningful governmental support.

As was noted on page 5 of the Ram & Mc Rae 2007 Budget Focus former Finance Minister, Saisnarine Kowlessar in his 2001 budget presentation for President Jagdeo’s then government declared, “that Government had *‘developed a comprehensive economic development strategy for implementation over the next five years’*. He noted that the Government *‘envisaged that by 2006, we will have a very robust, diversified economy that is both capable of withstanding adverse external shocks and competing effectively within in the new globalised environment’* ”

“Five years have passed and as a new Minister in a new term of Office for the PPP/C Government rose to present the 2007 Budget under the theme “**Building a Modern and Prosperous Guyana**”, it became clear that the development targets were not achieved. The floods of 2005 and 2006 have no doubt tested our ability to withstand shocks but with annualized growth of 0.93% from 2001 to 2006, Guyana is not where it should have been. Yet, in the midst of a resource-sapping brain drain, this Minister believes that *‘the stage has been set for accelerated development in Guyana over the next five years’*. I want to make the point here that successive PPP/C Governments have earned a reputation for excluding expertise that is perceived to be politically non-supportive.

Misuse of the State’s Machinery to punish those who oppose it

This is by no means peculiar to PPP/C Governments but has been nonetheless very detrimental to the Government’s stated development objectives as the practice has been very discouraging to nation-building efforts. No amounts of complaints about the **practice of sidelining professionals** not perceived to be closely aligned to the governing party and indeed outright black listing of many perceived to be supportive of the opposition have brought an end to this intimidatory practice. Today we’re witnessing the claim by Stabroek News that this administration is misusing taxpayers’ funds in an effort to suppress the newspaper. International opinion is fast building against the administration leading one to believe that one day soon the pin will drop and Government

will come to realize that it is foolhardy to pursue such a policy in light of the fact that it rebounds to the detriment of the administration that has been unable to deliver economic growth targeted over the period of the Jagdeo Administration.

GUYSUCO

Take for instance **GUYSUCO** that has a Booker Tate management contract - there has been a systematic programme of 'laying off' experienced Guyanese field and factory professionals. Some we are told have been laid off supposedly because they have reached retirement age yet they are quickly replaced by highly paid expatriates contracted by Booker Tate. It is now becoming evident that government negotiators of the **GUYSUCO/Booker Tate** contract have undermined local professional expertise from the sugar industry by providing opportunity for the contractor to benefit financially from sidelining locals while doing little or nothing to retain young professionals in the industry.

For an administration that claims to be interested in the welfare of Guyanese this state of affairs is reprehensible. Be warned, we are taking a close look at developments in the Skeldon project to see whether this trend will continue. Meanwhile it was noted that the minister made no mention of the situation with the **Demerara estates** which continue to be a drain on the industry. How does he plan to deal with the loss making estates is an explanation he owes this Assembly.

Bauxite

With respect to bauxite we are hopeful that the investment initiatives currently developing will accrue to the benefit of the long term viability of the industry and for the hundreds of numbers of workers who earn their living from bauxite production. The AFC would like to see Government investigating the possibility of economic opportunities in the mined out areas. For example can the lakes that were created where **bauxite** was once mined possibly be used for aquaculture and swimming for recreational purposes? if so, will the fish reared in those lakes be fit for human consumption? We would like to see the Government encouraging the UG to get involved in such scientific investigations in order to alleviate the unemployment and encourage local entrepreneurs in the region.

Unemployment

Conspicuously absent from the budget for the umpteenth time is any reference to the true state of unemployment in the county. This is of great concern to the AFC because we know from empirical evidence the unemployment rate is frighteningly high but more importantly how can government begin to effectively propose solutions for the social and economic difficulties confronting the country if there is no reliable data to work with.

Health

Turning now to **Health** let me say categorically that there have been improvements for which the Minister and his staff should be complemented. We urge them to pursue to successful conclusion of the strategies being devised to retain our doctors and nurses within the public health system throughout the regions as the facilities are upgraded. We are pleased to learn of plans to modernize the regulatory framework within which health

institutions and workers currently operate. We trust that in so doing the baby is not thrown out with the bath water but that appropriate regulatory space is made available for the practice of alternative medicine. It is however noted a correlation between the poor performance of the economy and the deteriorating nutrition of children and pregnant mothers.

I look forward to hearing from the Health Minister by what time he envisages the disparity gap between the rich and the poor in accessing life-saving & sight-saving treatments will be closed. I also look forward to the Minister enlightening us about the manufacture and distribution of nutritional sprinkles to reduce morbidity and mortality in the target groups. In this regard to other health issues we welcome the stated intention to build multi-purpose sports complexes in each county, invest in sports equipment and the construction of an Olympic-size swimming pool since they will go a far way in opening up opportunities for our young people to truly unlock their potential in the sport of their choice.

Public Utilities

Turning my attention now to **public utilities**, it was noted that while speaking about **power generation** the Finance Minister said Government's stated objective is to bring affordable and reliable electricity to all Guyanese. This is welcome news because the IDB funding disbursed for the un-served areas electrification programme has been stopped precisely because of the high rate of stealing of electricity in those areas which point to affordability. I'll like to hear from the PM how he proposes to deal with this problem given that there is now an awareness on the part of policy makers and regulators around the world that a good gauge of how democratic a country is could be calculated by the degree of access its citizens had to essential basic public utility services such as water, telephones and electricity. In spite of the march towards liberalization of services, the affordability argument will strengthen others on accessibility and cross subsidies of **public utilities services**; and debunks the argument about globalization which tended to ignore the responsibilities which a State should have for its people. Under the CSME Treaty, competition policy requires Caricom countries to regulate anti-competitive behavior within trade and services. It, however, does not address market structure but enshrines obligations for liberalization.

Telecommunication

In Guyana the **telecommunications** sector is opening up tentatively but needs further examination and appropriate laws enacted in order to achieve CSME standards of competitiveness which in turn will go a far way in satisfying the public's demand for telephone services in un-served areas around the country.

Water

For a country as well endowed with water, a scarce resource in many countries, it is disappointing that the **GWI** has not been able to deliver a service that is characterized by efficiency, reliability and distribution of safe potable water to citizens. The problems being experienced with **GWI** are unfair to the public because the high cost of leakages in the system is being passed onto consumers while putting them at risk for contamination.

As indicated at the beginning of my presentation these difficulties are a manifestation of deeper social, political and economic problems which will threaten our fledgling democracy if not attended to by Government with the sensitivity and care needed.

In closing, I'll like to assure the Minister we in the AFC concur with his concluding comments that for Government's 2007 budget to be successfully implemented, will require a favourable international and domestic environment. That while they do not control the external environment, as the Government they certainly can put in place mechanisms and measures to grasp available opportunities and limit negative effects so that collectively we can shape events for our benefit and for the benefit of generations to come. We wish the honourable Minister of Finance well as we put him on notice we will be watching to see how he responds to the concerns we have raised. Like him we are willing to promote Guyana's interest in an atmosphere of peace, understanding, and trust and by working hard and together.