



**National Address by
Prime Minister Hon. John Briceño
May 12, 2021**

My fellow Belizeans, as you are aware since February Government has been in consultations with the Joint Unions.

Today, I wish to provide the Nation with an update on these consultations and discussions.

In February 2021, in pursuance of our commitment to good governance, my administration initiated a budget consultation process with social partners including the churches, non-governmental organizations, the business community and the unions, with a view to receive budgetary recommendations from each of the social partners.

Given the state of public finances and the severe fiscal imbalance inherited from the past UDP administration, the Government indicated to all social partners, including but not limited to the unions, that substantial measures would have to be taken including:

One - reduction of goods and services expenditures by at least 15 percent,
Two - debt restructuring to achieve debt relief and bring down debt servicing obligations,

Three- prioritized capital spending, revenue enhancement measures and

Four - a salary adjustment of approximately 60 million dollars along with the increment freeze of roughly 20 million dollars for up to three fiscal years.

After conducting such consultations and after requisite consultations were duly had by the Minister of Public Service, the Minister, noting the dire state of public finances and the need for urgent fiscal rebalancing, informed that, among other things, he will be advising His Excellency the Governor General to fix the salaries and privileges of the employees or other persons or groups within the public service with a reduction of 10 percent for salaries equal or to over Twelve Thousand Dollars.

The General Revenue Appropriations Act, 2021, which contained approved budget estimates that provided for salary adjustments among other adjustments, was thereafter duly enacted as of the 6th May 2021.

Even as these consultations were ongoing, the Unions declared their intention to engage in Industrial Strike Action and have followed through on that declaration of intent.

Despite our deep disappointment with this decision taken by the Unions, Cabinet instructed our Ministerial Consultation Team to continue to meet and dialogue with the Joint Unions in a good faith effort to arrive at a resolution that would serve the national interest.

These efforts have led us to where we are today.

Today I signed and sent to the Joint Unions a Letter of Government's Undertakings which sets out in clear and specific detail each and every action our Government is committed to taking along with our Social Partners, including the Unions, to advance our shared commitment to good governance and fiscal sustainability.

Given the national importance of this matter, I will now share with you the details of these undertakings:

First Good Governance Reform

The Protected Disclosures/Whistleblowers Protection Bill, 2021

The Government fully endorses the need for whistleblowers' legislation to protect from civil, criminal and disciplinary proceedings persons who report improper conduct such as commission of a criminal offence and conduct that shows gross mismanagement, impropriety or misconduct in the carrying out of any activity that involves the use of public funds.

To that end, the Government has drafted the Protected Disclosures/Whistleblower Protection Bill, has delivered such draft to the Unions and the business community and undertakes to the public that upon receipt of comments from the Unions by no later than May 18, 2021, it shall cause to be tabled before the House of Representatives by the end of June 2021 with a view to enactment thereof by the end of July, 2021.

The Civil Asset Recovery and Unexplained Wealth Bill, 2021

Recognizing the grossly negligent and corrupt behaviour of public officials in the past in the acquisition, management, handling and disposal of public assets, the Government fully supports the establishment of a law that provides for recovery of public assets wrongfully acquired or disposed of, including the provision for unexplained wealth orders against those persons whose total wealth exceeds the value of their wealth lawfully obtained.

In that respect, consistent with the Unions' request, the Government has drafted the Civil Asset Recovery and Unexplained Wealth Bill, and delivered the draft bill to the Unions and the business community.

Upon receipt of comments from the Unions, which should be no later than the 8 of June 2021, it shall cause to be tabled before the House of Representatives. We hope to have this bill enacted by the end of July of this year.

Campaign Finance Reform Bill

Government supports the Unions' request for the enactment of a campaign finance law.

This is in line with this administration's Plan Belize Manifesto to return principle and probity to public life.

The Government is now in receipt of draft campaign finance reform legislation from both the business community and the Unions and has tasked the Attorney General's Ministry to review the draft legislation and to develop a draft Campaign Finance Reform Bill by the end of August 2021.

Audit of Petrocaribe Funds

Government shall conduct a comprehensive audit of the use of Petrocaribe funds by the past UDP-led administration.

Rationalization of Public Service

Government will complete on an expedited basis the ongoing rationalization of public service exercise.

Numerous measures were proposed to public officers and teachers directly affected by the salary adjustment and increment freeze.

Some of these that have not been accepted by the Unions include as follows:

Reduction of work week by 5 hours or more than ten percent of the work week.

The issuance of a land credit in favour of affected public officers and teachers equivalent to 50 percent of the salary adjustment, which credit may be exercisable on the acquisition of government land by the holder of the land credit.

For affected public officers who already own land, the credit could have been used in settlement of outstanding land taxes owing by the affected public officer.

The land credit though not assignable would have been applicable in favour of immediate family members, namely, spouses and children of the affected public officer.

Let me say again, Government remains committed to ease the adverse effects of the salary adjustment and increment freeze on affected public officers and teachers.

We are prepared to undertake the following:

Performance Bonus Option

National Health Insurance for Public Officers

Discounted data packages for teachers

Cash flow relief on loan payments

Waiver of Stamp Duty on Assignment of Residential Mortgages

Special Facilities at DFC and National Bank of Belize

Reduction of Ministers' Salaries and allowances and

Increments Remain Applicable to Pension Payments

Performance Bonus -- Government shall pay in the form of an annual bonus, after the close of each of the current and next 2 fiscal years, any amounts that exceed the relevant annual Primary Balance Target. The Primary Balance Targets established in the Recovery Plan are as follows:

Year 1, FY 2021/22, Primary Balance Target is a *deficit of 2.9% of GDP*

Year 2, FY 2022/23, Primary Balance Target is a *surplus of 1.99% of GDP*

Year 3, FY 2023/24, Primary Balance Target is a *surplus of 3.75% of GDP*

The Performance Bonus Option incentivizes all budget stakeholders to focus on the common and beneficial goal of achieving the critical Primary Balance Targets of Government's Recovery Plan.

The features of the Performance Bonus Option are as follows:

[1] The Performance Bonus, which is the equivalent of any **overperformance** as compared to the Primary Balance Target, will be paid on a pro-rata basis to all affected teachers and public officers as a single payment.

[2] The maximum cumulative Performance Bonus payment will be BZ\$60m per year, representing the estimated foregone salary and increments for a single budget period.

[3] Where the Primary Balance Target is not achieved, there will be no Performance Bonus payment.

For example, IF in Year 1, the actual primary balance is a deficit of 1.9% of GDP (compared to a target of a deficit of 2.9% of GDP), therefore 1% of GDP above the target, and this 1% represents \$35m, then \$35m would be available for performance bonus payment distribution to all affected teachers and public officers.

[4] Bonus payments, where applicable, will be made within 90 days of the close of the budget year.

National Health Insurance for Public Officers -- By no later than fiscal year 2023/2024, Government will establish a contributory health insurance scheme for public officers that covers medical, dental and vision care along with an ancillary death benefit. Government will contribute 80% of the insurance premiums while participating public officers will contribute 20%.

Discounted Data Package for Teachers -- Government, through the Ministry of Education, has reached agreement with BTL for BTL to provide a fifty percent (50%) discounted 25GB data package to teachers.

Cash Flow Relief on Loan Payments -- The Central Bank of Belize has issued guidance to the banks and credit unions to extend the forbearance period on residential mortgages including those held by affected public

officers and teachers to the end of this year. Continued efforts will be made to urge leniency by banks and credit unions on residential mortgages including waiver of penalty fees whether on refinancing, transfer of loans or otherwise.

Waiver of Stamp Duty on Assignment of Residential Mortgages -- Cabinet has approved and a draft bill is being prepared to be tabled to the National Assembly for enactment of the waiver of stamp duties on the assignment of residential mortgages held by public officers and teachers.

Special Facilities at DFC and National Bank of Belize -- Government will ensure that the Development Finance Corporation and the National Bank of Belize makes available special facilities of in or about \$3mn to \$5mn per institution for public officers and teachers for residential mortgages at preferred rates.

Reduction of Ministers' Salaries --Ministers, Ministers of State and area representatives will be subject to an increased total salary reduction of 15%. Ministers, Ministers of State and CEOs will also surrender 50% of entertainment and telephone allowances. It is understood that heads of department will continue to surrender their allowances as already agreed in fiscal year 2020/2021.

Increments Remain Applicable to Pension Payments -- Pension benefits of directly affected public officers and teachers shall be computed on the basis of emoluments that would have been applicable if the increment freeze had not been implemented.

Other Government Initiatives include

Recovery of Outstanding Tax Arrears

Noting substantial arrears of business tax, general sales tax, income tax and land tax, the Government will establish an integrated Tax Recovery Unit under the Belize Tax Services Department that will be tasked with aggressive recovery of all lawfully due outstanding tax arrears. A project steering committee has already been established with representatives from the Ministry of Finance, Belize Tax Services Department and the Ministry of Natural Resources with a view make such necessary amendments to the applicable laws to enable the establishment and effective functionality of such unit.

In addition, technical assistance is being procured therefor and for the establishment of a Revenue Court to support revenue/tax collection and enforcement of applicable tax laws.

Social Partnership Committee

Government will establish a social partnership advisory committee comprised of representatives of the Government, NTUCB, the Churches, the business community and the non-governmental organizations, with its first meeting to be held by October, 2021. The purpose of the Committee will be to provide recommendations on revenue enhancement, cost savings, tax reform and consumer protection. Subcommittees may be established for each of these particular areas of scope. The Government will provide updates on the state of public finances to this Committee every six months, starting with the first update at the first meeting of the Committee in October of this year.

Tomorrow our Ministerial team will meet with the Joint Unions to get their response to these undertakings.

It is my sincere hope that our Union Leaders and their members will appreciate and understand that our Government has exhausted every option in an effort to responsibly address the very serious and important issues and concerns raised by them over these past months.

This is our last, best effort.

My Government respects our Public Officers and Teachers and truly desires a strong, productive working partnership with them.

We are 6 months into a 5-year term of office.

There is much work to be done on behalf of the Belizean people.

Working together, we have an opportunity for meaningful change and reform.

Let us embrace that opportunity starting tomorrow.

Let us all get back to the important work of building this our Beloved Belize.

I thank you.