

THE NATIONAL ASSEMBLY OF THE FIRST SESSION OF THE
NINTH PARLIAMENT OF GUYANA (2006-2010)

**FIFTH PERIODIC REPORT
OF THE
PARLIAMENTARY SECTORAL COMMITTEE
ON ECONOMIC SERVICES**

Presented to the National Assembly

By

The Chairperson of the Committee

On

15th July, 2010

The Fifth Periodic Report of the Parliamentary Sectoral Committee on Economic Services

Introduction

1. The Parliamentary Sectoral Committee on Economic Services (PSCES) is one of four Sectoral Committees of the National Assembly that was established in 2003 by Resolution # 19 of May 2003 of the National Assembly of the Eighth Parliament. Resolution #19 gives effect to the Constitutional provision of Article 119 B of the Constitution of Guyana.

2. Standing Order 86 specifically provides for the establishment of the PSCES. This Committee has responsibility for the scrutiny of a number of Government agencies and policies as is provided for in Standing Order 86. This Report focuses on the work of the Committee from March 2009 to June 2010.

Members of the Committee

3. In accordance with Paragraph 1 of Resolution #19 of 2003, and Standing Order 86, the Committee of Selection appointed seven Members of the National Assembly to be Members of the PSCES on the 14th December 2006 and in keeping with the Standing Order the Chairperson and Deputy Chairperson rotate on an annual basis.

4. On 6th March 2009 at the 35th Meeting of the Committee, in keeping with Standing Orders No. 86 (3), the Chairperson, Mr. Anthony Vieira, M.S., M.P., a Member of the Opposition, stepped down and was replaced by a Member of the Government, Ms Gail Teixeira M.P., as the Chairperson. The former Chairperson then assumed the position of Deputy Chairperson. These Members were both elected to their positions by Members of the PSCES on 6th March, 2009.

5. Mr. Anthony Vieira, M.S., M.P., resigned as a Member of the National Assembly, with effect from January 1, 2010, consequently the position of Deputy Chairperson of the PSCES became vacant. At the time of reporting the Opposition has not indicated who will be the Vice Chairperson.

6. During the last reporting period, former PSCES Member Mr. Mohamed Irfaan Ali was appointed Minister of Housing and Water on the 7th February, 2009, creating a vacancy of one seat on the side of the Government. This vacancy was filled by Mr. Mohamed F. Khan, J.P, M.P as the Substantive Member and Rev. Kwame Gilbert M.P became an Alternate Member on the 17th April, 2009 at the 37th Meeting of the Committee.

7. At the 48th Meeting of the Committee, held on Friday, 9th April, 2010, Members were informed that Mr. Mervyn Williams, M.P had replaced Mr. Anthony Vieira, M.S., M.P., as a substantive Member, and Ms Jennifer Wade, M.P had replaced Mr. Dave Danny, M.P as an Alternate Member of the Committee.

8. **The present Members of the Committee are: -**

Ms. Gail Teixeira, M.P

Mr. Komal Chand, C.C.H, J.P., M.P

Mr. Dharamkumar Seeraj, M.P

Mr. Mohamed F. Khan, J.P, M.P

Rev. Kwame Gilbert, M.P., (Alternate)

Mr. Winston Murray, C.C.H., M.P

Mr. Mervyn Williams, M.P,

Mr. Khemraj Ramjattan, M.P

Ms. Jennifer Wade, M.P (Alternate)

Mandate

9. The PSCES obtains its mandate by way of Paragraph 3 of Resolution # 19 of 2003, which states that:

“The Committees shall, in the discharge of their scrutinizing role, examine all policies and administration, for each sector, to determine whether the execution of government policy is in consonance with the principles of good governance and in the best interest of the people of Guyana.”

Meetings of the Committee

10 This Committee held seventeen (17) Meetings during the reporting period. The Committee Members agreed to meet twice a month at 9:30am on Fridays for at least 2 hours. However, the Committee met on average once per month during this reporting period due to the unavailability of Members. A list of Meetings and Attendance Record can be found at **APPENDIX I**

Work Programme

11. In 2007 the PSCES developed a 5 year work programme covering the life of the Ninth Parliament (2007-2011). The work programme guides the Committee’s purview of the agencies within its mandate with timelines over the coming years. This document was adopted by the Committee and lays the framework for the Committee’s work in the Ninth Parliament. There was an understanding that some flexibility could be exercised in order to allow the Committee to examine matters of urgent interest.

12. It is important to note that the work programme focuses the Committee’s attention on Government’s policies, justification and performance in the given areas of responsibilities. A copy of the Committees work program can be found at **APPENDIX II**.

Mode of Operation

13. The Parliamentary Sectoral Committee on Economic Services during the period under review utilized a consensus approach to optimize its scrutiny of government policy and administration within the frame- work provided by its mandate.

14. As a policy, the Committee agreed to, and as far as possible, address issues that were of national importance. The Committee confined its attention to the following three entities: Guyana Sugar Corporation (GUYSUCO), the Colonial General and Life Insurance Company (SA) Limited (CLICO), the National Insurance and Security Scheme (NIS). and, a review of the Ministry of Finance Mid-Year Financial Reports tabled for years 2007, 2008, 2009.

Information Requested and Received

15. The Committee in keeping with its mandate requested information from the agencies under its purview and from any other entity that may have information that could be of help to the work of the Committee. During the reporting period the Committee's work was mainly focused on the challenges facing GUYSUCO, the NIS and CLICO.

16. **The Guyana Sugar Corporation, through the Minister of Agriculture, submitted the following documents:**

- GUYSUCO Annual Reports- 2006-2008
- Guyana Sugar Corporation Inc. Strategic Blueprint 2009 – 2013.(restricted)
- Written responses to the (written) areas of concern identified by the Committee dated February 4th, 2009.

17. **The National Insurance Scheme submitted the following documents:**

- NIS Annual Reports-2007-2008
- 7TH Actuarial Review of Guyana National Insurance Fund as of 31st December 2006 dated April, 2008.
- Recommendation of the NIS Reform Committee Report Nov. 2007
- Written responses to the areas of concern identified by the Committee for the First presentation by the NIS on November 12, 2009.
- Written responses to the areas of concern identified by the Committee for the Second presentation by the NIS on February, 3, 2010.

18: **The Colonial General and Life Insurance Company (SA) Limited (CLICO), through the Minister of Finance, submitted the following documents:**

- Commissioner of Insurance Annual Report 2007.
- Audited Accounts of the Office of the Commissioner of Insurance for the year ended 31st December, 2005, 2006 and 2007.
- The Insurance Act
- 36 documents related to Court Matter No. 191/P
- 10 documents related to Court Matter No. 582/W.

Focus on the Guyana Sugar Corporation (GUYSUCO)

19. The Committee during the reporting period continued to engage GUYSUCO, following the appointment of a new Board and the development of a turnaround Plan for the sector. The PSCES was interested in having the Management of GUYSUCO re-appear before the Committee and to have a visit/tour of its new Skeldon factory. In this regards, there were several exchanges of correspondence between the PSCES and the Minister of Agriculture on these issues.

20. The PSCES in its quest to examine the developments in the Sugar Industry and the future of the Sector as well as its impact on the economy, wrote the Minister of Agriculture on the 14th April, 2009 and 28th May, 2009, requesting to be accommodated for a visit to the Skeldon Factory. The Minister replied to the PSCES on the 15th April 2009, (suggesting a visit during the second crop) on 1st June, 2009 stating that GUYSUCO'S management would inform the Committee on a convenient date during the period of the second crop and on 8th July, 2009 the Minister by letter indicated that the visit could take place on the 16th September, 2009. Due to the Recess the PSCES was unable to take up this invitation as proposed.

21. The PSCES also wrote the Minister on the 15th April, 28th May, 25th November, 2009 requesting a re-appearance of the GUYSUCO delegation before the PSCES. In this regard, the Minister responded by way of letters dated 17th April, and 26th November, 2009 in which he stated that the dates requested by the Committee were not convenient. However, by way of a letter dated 10th January, 2010, the Minister responded favourably to the Committee's initial request for the return appearance before the Committee suggesting 4th February, 2010 as a convenient date. In this regards, the Committee in a letter dated 26th January, 2010, acknowledged receipt of the Minister's response and submitted some specific areas of concerns which the Committee wanted the GUYSUCO delegation to address during their presentation.

22. The areas of concern were as follows:-

- What are the prospects of GUYSUCO in the short and medium term as a viable entity? What changes have to be made/introduced to ensure that it is viable?
- What is the state of Industrial Relations, and in what way does this help or hinder the viability of the sector?
- What is the present situation in regards to the supply of cane and the grinding capacity of the Skeldon factory?

23. The Committee also used the opportunity to request a copy of the GUYSUCO Turnaround Plan and any other documents that would help in their deliberations. Copies of the written responses

from GUYSUCO to the aforementioned areas of concern were circulated at the meeting and can be seen at **APPENDIX 111**.

24. At its 44th Meeting held on the 4th February, 2010, the Minister of Agriculture, Hon. Minister Robert Persaud, the Chairman of the Board of Directors, the C.E.O and the senior management of GUYSUCO appeared before the PSCES and made a presentation.

25. MEMBERS OF THE GUYSUCO DELEGATION WERE AS FOLLOWS:-

Dr. Nanda Gopaul	-	Chairman of the Board of Directors
Mr. Errol Hanoman	-	Chief Executive Officer
Mr. Raj Singh	-	Deputy Chief Executive Officer
Mr. Paul Bhim	-	Finance Director
Mr. Francis Carryl	-	Head (Ag) Industrial Relations
Mr. Raymond Sangster	-	General Manager Agriculture Services

The media was in attendance.

26. At 10.43 a.m., the presentation began with the Hon. Robert Persaud, Minister of Agriculture, explaining that since the initial presentation by GUYSUCO delegation on 11th July, 2008, there were some significant developments within the industry. In addressing these, he stated that the management arrangement of GUYSUCO was changed in the first quarter of 2009 and a new Board comprised of skillful and competent persons was installed to manage the challenges of GUYSUCO.

27. He further stated that the Government, in response to the myriad of challenges confronting the sugar industry, had submitted an Action Plan or Strategic Plan to save, rescue, sustain and make viable the Guyana Sugar Industry. He also highlighted the strategic decisions captured in the Action Plan that had been implemented. These included: the commissioning of the Skeldon Sugar Factory, the creation of a full co-generation plant, resuscitation and expansion of private cane farmers' holdings, and the revitalization of the National Cane Farming Committee. Thereafter, the CEO, Mr. Errol

Hanoman, commenced his presentation by addressing the questions submitted prior to the presentation.

28. In addition to the aforementioned areas of concern identified above, the PSCES during their engagements with the GUYSUCO delegation sought clarification/information on additional issues to which the GUYSUCO delegation responded.

29. Some of the areas of concern highlighted by the Members of the PSCES during their engagements with GUYSUCO were as follows:-

- What production was being projected for in 2009-2013 periods? What prices were presumed, what earnings come from that production and what is the profitability?
- Was there any cost benefit analysis done to ensure that the benefits to the industry would be significant as a result of the mechanization of the industry?
- Was there a plan to redesign which would accommodate the Industry's inability to meet the quota and to mitigate against possible damages?
- How would GUYSUCO manage to get the Chinese contractor to remedy the defects within the March deadline period?
- Has the Government or GUYSUCO made representation to the European Union for some leniency to access the \$6 million Euros, or has the EU stated that they are not going to give the \$ 6 million Euros because the March deadline has passed?
- With regards to value added packaging as against the bulk production or bulk sugar, was there any benefit from the local market or the export market? Was there an intention to migrate the local market from raw "paper bag" sugar to "well packaged" sugar for direct consumption and also to build up GUYSUCO's raw export market.

30. Some of the responses were as follows:-

- GUYSUCO was looking to attain a break-even in 2011 and expected it would be moving into financial profitability in 2012.
- A feasibility study was conducted to establish whether mechanization was more feasible and it indicated that the cost of doing the work mechanically was significantly lower than doing it manually.
- The Skeldon Sugar Factory, as designed, is optimized to function at a greater capacity during the dry season and therefore, there was no intention to vary or change the design of the factory.
- The defects notification period, to identify defects within the factory would expire on 19th March, 2010, thereafter, the contractor would continue with the rectification of those defects. A defects register was created and closely monitored by the Engineer, a GUYSUCO management team and the Chinese contractors.
- The Government has publicly stated its dissatisfaction with the way the European Union had handled the matter, particularly since the Government had submitted an Action Plan to the European Union, one with which they did not find favour. Representations have been made in terms of having that segment of the resources returned because the Government is of the opinion that all the conditions were met.

31. In the exchange between the delegation and the PSCES, there were some differing views.

32. The PSCES, however, having deliberated subsequently in house on the engagement between GUYSUCO and the PSCES, makes the following recommendations:-

- That GUYSUCO consider utilizing lighter machines for harvesting due to weather, topography etcetera;

- That the industrial relations of GUYSUCO be revisited; and

33. A detailed description of the engagements between the Members of the PSCES and the GUYSUCO delegation can be found in the Verbatim Records dated 4th February, 2010, which are available at the Parliament Office.

Visit to the Skeldon Sugar Factory

34. Wednesday, 28th April, 2010 was identified as a mutually convenient date for the visit to the Skeldon Sugar Factory. In this regards, Members of the PSCES having received a proposed programme of activities from GUYSUCO for the visit held discussions on the way forward and proposed the following amendments to the programme to GUYSUCO:-

- Request a site visit to examine the mechanization for cane-cutting;
- Request a meeting with some of the private cane farmers; and
- Request a briefing on the progress of the factory to date.

35. Due to the late notice and poor weather conditions, the PSCES was advised that the first two of these proposed amendments could not be made, however, these could be arranged in the future.

36. On the morning of Wednesday, 28th April, 2010, at 6.30 a.m., the Members of the PSCES proceeded on their site visit to the Skeldon Sugar Factory. The media from both Georgetown and Berbice covered the visit. Mr. Dave Danny, a former Member of the PSCES, was invited and joined the team. The PSCES on concluding the visit did an in-house assessment of the visit at its 49th and 50th Meetings. The PSCES Members both on site and during the in house assessment expressed their appreciation for the openness and informative approach of the GUYSUCO management.

37. Based on the discussions following the Skeldon Visit the PSCES recommended:

- that the inefficiency with the crystal conversion be addressed by GUYSUCO as it causes reduced productivity and a higher loss of revenue; and
- that GUYSUCO seek to reassure Private Cane Farmers that the Factory can utilize higher percentages of the crops produced to facilitate the 60% mechanization by the next Crop period.

A complete report of the visit and the conclusions of the PCSES is attached at **APPENDIX IV**.

Focus on the National Insurance Scheme (NIS)

38. The PSCES decided to focus on the National Insurance Scheme in 2009. Members, after discussion on issues relating to the NIS at the 37th Meeting of the Committee held on April 17th 2009, decided to write the management of the NIS requesting a copy of the Actuarial report 2001-2006 and the 2007 Report from the Reform Committee of the NIS. Subsequently the management of NIS was written to on the 30th April 2009 requesting the documents as stated above. The Committee received the documents from the NIS and these formed the basis for further discussions in the Committee. Consequently, the Committee at its 40th meeting, on the 19th June 2009 made the decision to write the management of NIS inviting it to appear before it. The Committee due to the recess did not meet again until November 13th 2009.

39. Hence, on 2nd, November, 2009 the PSCES wrote the management of NIS to appear before it on 13th November, 2009. This letter was accompanied by a list of questions submitted by the Committee it desired the NIS to answer during their appearance. **See APPENDIX V** for questions sent to the NIS.

40. At its 41st Meeting held on the 13th November, 2009, the Chairman of the Board of Directors, other members of the Board, the General Manager, and the senior management of the NIS appeared before the PSCES and made a presentation. The Management of NIS submitted their written reply to the Committee's questions on the 12th November, 2009 (see **APPENDIX VI**)

41. The presentation began at 9:40 am with the Chairman of the NIS Board, Dr Roger Luncheon, M.D., making a brief presentation. He expressed the view that the NIS management would be willing to make a detailed presentation before the Committee at another session since most of the PSCES Members were absent.

42. Ms Doreen Nelson, the General Manager (Ag), then presented a historical perspective of the implementation of the mandate of the NIS over the years. She also referred to some of the reforms that were being presently undertaken at the NIS.

43. The PSECS Members present were afforded the opportunity to ask questions and their major concerns surrounded the financial sustainability of the NIS and what plans were in place to ensure the sustainability of the Scheme for the future. They also wanted to know what was being done to capture non-compliant contributors as well as broaden its contributors' base to include non-traditional contributors such as the self-employed, farmers, millers, etc., and why there were still many bureaucratic hurdles at the NIS.

44. In reply to their concerns, Dr Luncheon highlighted the fact that there was always going to be risks involved when an investment was made and that the issue of broadening the pool to cover the self employed had always been before the Board of Directors and Management, however over the years there has been a significant shortfall in the recruitment of self-employed persons and no move was made to reverse this occurrence. He also responded to the view suggested that the NIS will fail and disagreed but accepted that concerns on the financial aspects were valid. Dr. Luncheon also stated that some of the recommended improvements pointed out in the Reform Report and Actuarial Review have been implemented.

45. At the end of the presentation, the Chairperson expressed the view that some issues, such as those dealing with the financial survival of the NIS needed to be highlighted/explained in more detail since those were the issues that are of concern to the PSCES. It was then agreed that the delegation

would reappear before the Committee to engage the Members in a more interactive and incisive discussion at a subsequent meeting.

46. **Members of the NIS Team:**

Dr. Roger Luncheon, MD	-	Chairman of the NIS Board
Ms Doreen Nelson	-	General Manager (Ag) NIS
Mr. Terry Thomas	-	Assistant General Manager-Operations NIS
Ms Jacquelyn Scotland	-	Finance Controller NIS
Mrs. Holly Graves	-	Manager, Research and Information System NIS
Mr. Earl Welch	-	Director NIS Board
Ms Denise Miller	-	Director NIS Board
Mr. Maurice Solomon	-	Director NIS Board
Ms Joylyn Matthias	-	Chief Management Auditor NIS
Mr. Dereyck Edinboro	-	Assistant General Manager Admin NIS
Ms Elizabeth Scott	-	Senior Secretary NIS

The media was also present.

A complete record of the engagement can be found in the Verbatim Record of the meeting which is available at the Parliament Office.

47. At the 42nd meeting of the Committee held on Friday, 4th December, 2009, the Committee deliberated on the presentation by the NIS. At that meeting, the Committee agreed to seek further clarification on some issues.

48. In this regard, a letter dated 19th January, 2010 was sent to the NIS, submitting a number of areas of concern to which the Committee wanted further information. These were:-

- What is the level of return on NIS Investments?

- How does the NIS determine the best options for returns on the monies invested in Treasury Bills versus those against the monies invested in companies that are doing well?
- What are the prospects of the NIS getting back some of its investments in CLICO?
- Were there any discussions on the Government being asked to replenish some of the NIS monies invested in CLICO?

49. In addition, the Committee also requested clarification/explanation on the contents of Table 7 "Schedule of Investments for the period ending September, 2009," along with an updated copy of Table 8 "(Movement and Summary, Investment and Income 2000 – 2006, Figures \$ '000')".

50. At the 43rd meeting of the Committee held on Friday, 22nd January, 2010, the Committee agreed to extend an invitation to the NIS Board and Management to re-appear before the Committee on 5th February, 2010 at 10.00 a.m., to conclude their presentation.

51. In this regard, a letter dated 25th January, 2010, was sent to the NIS, requesting information on additional areas of concern. These were as follows:-

- Could the NIS clarify reports that there has been a new policy of reimbursements for health claims requiring persons to pay and then claim from the NIS? And if so, why was the percentage of reimbursements paid to contributors reduced? Due to this change there are many and long delays for claimants to obtain reimbursement? Has NIS put in place any measures to improve this situation?
- Could the NIS clarify what are the reasons for disallowing medical coverage for persons over 60 years with new diseases or complications resulting from pre-existing diseases?
- As each pensioner has to annually remember to renew their status, would the NIS consider sending this category of beneficiaries' notices of reminders to prevent the difficulties encountered if the payments are discontinued?
- Would the NIS consider sending Pensioners a monthly notice to inform them about the amount of money deposited into their accounts?

- Would the NIS consider sending its contributors an annual report on the status/record of their contributions?
- Has NIS carried out any study or cost analysis to determine the cost of full coverage for health care and benefits and the coverage costs for contributors?
- Recognising that medical care and treatment is expensive has the NIS done a study to inform it on what extent are contributors using the Public Health Sector?
- Could the NIS clarify whether contributors could access prescription medication from the public health sector (health centres preferably) (if so how often)?

52. At its 45th Meeting held on the 5th February, 2010, Dr. Roger Luncheon, Chairman of the Board of Directors, other members of the Board, the General Manager, and the senior management of the NIS appeared before the PSCES and made their second presentation.

53. At 10.10 am the presentation began with the Chairman of the Board of Directors, Dr. Roger Luncheon, M.D., emphasizing that the NIS was not a policy making body but rather was guided by its statutes and decades of custom and practice in giving effect to those statutes. Hence, he noted, that it was imperative that persons interested in the way the Scheme functions, recognize the separation between policy making and implementing a statutory regime since the Social Security Legislation was the supreme guide.

54. Thereafter, Ms Doreen Nelson, GM (Ag) listed some of the changes made in the NIS since it appeared before the Committee in November, 2009. She noted that as a result of the 6% increase in the public service minimum wages, all pension payment were increased by 6% effective 1st January, 2010. Other notable changes include:

- Increase in funeral benefits by 10% from \$18,840 to \$20,725;
- Increase in the minimum old age invalidity pensions from \$ 14,207 to \$15,831;
- Increase in the insurable earning ceiling from \$113,660 to \$126,504; and
- Increase for minimal insurable earning for self-employed contributors from \$ 35,000 to \$39,000 per month.

55. Following the discussion which ensued, Members asked questions for the purpose of clarification and information. All of these questions were addressed by the NIS delegation.

56. **Some of the areas of concern highlighted by the Members were:-**

- Was the Extended Medical Care Programme disbanded and if so what were the reasons for doing so?
- Since most, if not all, the medical specialists recommended by the NIS were based in Georgetown this placed contributors from outlying areas at a financial disadvantage. Hence, what system could the Scheme put in place to benefit contributors in outlying areas?
- What were the reasons for discontinuing the medical coverage for persons over 60?
- Would the NIS consider sending its contributors an annual report on the status/record of their contributions?
- Did maternity benefits created any high expenditure b the NIS.

57. **Some of the responses given by the NIS delegation were:-**

- The Extended Medical Care Programme was disbanded on the basis of cost, as well as, breaches of the Act that relates to dispensing of drugs. However, persons could still access the medical care reimbursement, that is, they could purchase the medication and would be reimbursed 80% by the NIS, as prescribed by the Regulations.
- Presently, alternatives have been put in place by the Scheme, however, if any permanent system should be put in place, it would have to be through the Ministry of Health, since the undertaking of this by the NIS would be enormous.
- Sickness Benefit Medical Care is paid to an insured person who is over 60 years only if that medical condition had existed prior to the person attaining the age of 60 and had qualified to receive Sickness Benefit.

- As a result of the computerization of the NIS, statements were being sent to employees on the status of their contributions through their employers whose contribution schedules were entered into the system.
- In relation to the maternity benefit and its expenditure, the NIS explained that there was a percentage in the contributions collected which goes towards maternity benefit.
- A national policy would have to be developed that addressed the issue of including medical conditions that were not pre-existing before the age of 65.

58. At the 46th and 47th meeting of the Committee, held on 12th March, 2010 and 31st March, 2010 respectively, having deliberated on the engagement between the NIS and the PSCES, the PSCES was of the opinion that the NIS had been very open with PSCES and that the engagement had been a very useful and productive one. The PSCES then agreed to make the following recommendations:-

- The NIS laws should be updated wherever necessary to address current and pressing issues.
- The Courts should address NIS matters swiftly.
- The NIS should strategize on the ways and means to broaden its contributors' base with special attention on the self employed category.
- The monitoring and enforcement capacity of the NIS should be improved to facilitate greater compliance by contributors.
- That an examination be conducted on the provision of services from the Public Health Sector by the NIS and that the NIS establish a greater institutionalized engagement with the Ministry of Health to provide services to contributors.
- Contributors should be encouraged to utilize services owned and managed by the Government especially where these are available in order to ease the burden on the NIS paying large sums of monies to the private hospitals and private health practitioners.
- That the NIS, in keeping with the NIS regulations, should continue to and ensure that it honours contributions made by employees who provide employment letters, pay slips etcetera to the NIS, even where their employers have been in default and have not submitted their contributions to the NIS.
- That the NIS should remain as a National Social Security Scheme and not be privatized.

- The NIS needs to continue Awareness Programmes on a consistent basis including worksite visits, which will address issues of concern to the general public.
- The NIS, in addition to the present system of sending annual records to employers, NIS should consider providing annually, an aggregate update of the contributions of a contributor directly to that contributor.

59. A detailed description of the engagements between the Members of the PSCES and the NIS delegation can be seen in the Verbatim Records dated 5th February, 2010, which is available at the Parliament Office.

Focus on the Colonial Life and General Insurance Company (SA) Limited (CLICO)

60. The PSECS was empowered by way of Resolution 82 passed in the National Assembly on the 12th March 2009 to monitor developments of the Colonial Life and General Insurance Company (SA) Limited (CLICO) Guyana and to report to the National Assembly. In light of this development the Committee decided at the 36th meeting after much discussion that it should write to the Judicial Manager of CLICO for an in camera meeting.

61. During the discussions on the CLICO matter by Members at the 37th meeting as to what questions could be asked of the Judicial Manager, a difference in views persisted. This development prompted the Chairperson to inform the meeting that the guidance of the Speaker of the National Assembly would be sought.

62. The Speaker of the National Assembly was written to by the Committee on 27th April 2009, for guidance on how to treat the assignment given to it by Resolution 82 of Parliament. The Speaker in reply through the Clerk of the National Assembly, advised by way of letter dated 21st May 2009, that the issue is *Sub Judice* and that the, Chair of a Committee should consider Standing Order (S.O.) 41(2)

when having discussions. The PSCES was further advised on what it could ask for in keeping with its assignment which it complied with. **See APPENDIX VII.**

63. The Committee also wrote the Judicial Manager on the 27th April 2009, condemning the attempt on her life and wishing her a speedy recovery. The Committee separately also requested the Annual Reports for CLICO for 2007-2008, as well as any other information that could help the Committee's work.

64. As a result of the departure of the Judicial Manager to recuperate from her injuries, the Committee wrote the Assistant Commissioner, Compliance and Legal Services in the Office of the Commissioner of Insurance on 17th June, 2009 repeating its earlier request.

65. After a series of exchanges between the Committees Division and the Assistant Commissioner in the office of the Commissioner of Insurance, the Clerk of the PSCES was informed that her office did not have all the information requested and as such the Minister of Finance should be approached.

66. The Minister of Finance was also written to on the 16th June and on the 4th of November 2009 to appear before the Committee to inform the Members on what mechanisms the government intended /planned to use to address its guarantee to the CLICO policy holders. This is in keeping with the reference contained in paragraph 12 of Resolution 82 of 2009 which states "that the National Assembly endorse the statement by Government guaranteeing the savings, pensions, investments, and insurance of all investors, depositors, policy holders and contributors of CLICO (Guyana)".

67. The Finance Minister was also requested to assist the Committee in obtaining copies of CLICO's Financial Statements, its 2007-2008 Annual Reports and all the court records relating to the CLICO case. This request was made by way of a letter dated 4th November, 2009 and a follow up correspondence dated 25th January, 2010. The Registrar of the Supreme Court was also written to requesting copies of all the Court records relating to the CLICO case.

68. In this regard, the Minister of Finance, the Hon. Dr. Ashni Singh, responded to the Committee's request and submitted a complete dossier with all the court records to date on Colonial Life and General Insurance Company (SA) Limited (CLICO) under Judicial Management containing thirty-six documents related to Court Matter No. 191/P and ten documents related to Court Matter No. 582/W. Due to the volume of documents, the Committees Division downloaded them on to CD-ROMs and these were given to each member for their perusal,

69. While this matter is still under consideration in the Committee's agenda, the PSCES wishes to assure the National Assembly that in keeping with its assignment given to it by Resolution No. 82, the Committee is committed to tabling an interim report to the National Assembly as soon as there is some progress with the matters before the court.

Focus on the Ministry of Finance's Mid Year Financial Reports for the Years 2007 – 2009

70. In keeping with the Fiscal Management and Accountability Act and the new Standing Orders adopted in May 2006, the Ministry of Finance is required to submit a Mid-Year Report to the National Assembly. The Committee decided on 4th December, 2009 at its 42nd Meeting that a review of the Ministry of Finance Mid Year Financial Reports for the years 2007, 2008 and 2009 would be useful as this was one of the new interventions introduced in the 8th Parliament and to examine if these were in compliance with the statute.

71. The Committee proceeded by examining the usefulness of these Reports over several meetings. Members agreed that the Reports could be useful as a guide to show the performance of the economy in major sectors vis-à-vis the plan and projections outlined in the annual Budget. However, if the document was not submitted within the timeframe specified in the FM&A Act, it would mean that the Committee would be pressed for time to meaningfully consider the Report prior to the presentation of the following annual Budget.

72. In this regard, a Member suggested that the Report should be debated in the National Assembly, and in the absence of such a decision, the Report should be considered at the level of the PSCES. With this in mind, it was suggested that the Committee should consider these Reports with the view of:-

- Assessing the usefulness of the Report;
- Determining mechanisms for making the Report a more useful tool for the public knowledge; and
- To examine the Report to ensure that it fulfills the requirement set out by the FM&A Act with specific reference to Clause 67.

73. Subsequently, the Committee agreed that a matrix be prepared showing a comparative analysis of the three reports for the period 2007 – 2009, with regards to its compliance with Section 67 of the FM&A Act. In addition, the matrix should also reflect where possible:

- A list of the major financial risk and policy responses;
- A list of the problems foreseen for the next half year; and
- The steps/policies the Government intends to instigate to minimize the impact of those risks.

74. Following discussion at subsequent meetings, the Committee acknowledged that the Ministry of Finance had been submitting the Mid Year Financial Reports to the National Assembly in the respective years, but noted that these were not tabled within the prescribed time frame. However, the Committee recognized that all the data necessary to compile a Mid Year Financial Report would not be available by the end of June/early July as required by the Law which may contribute to its late submission to the National Assembly.

75. In this regard, the Committee suggested that the methodology of data collection may need to be upgraded to facilitate more timely submission of the report but recognized that certain contributing factors for the projections and risk analysis related to exogenous forces and trends which had also to be taken into account.

76. In light of this, Members suggested that the Committee should consider making a recommendation to the National Assembly that the FM&A Act be amended to allow for the deadline for submission of the Mid Year Financial Report by the Ministry of Finance to be extended to the end of the Parliamentary Recess Period, October 9th.

77. The Committee concluded its consideration of the Mid Year Financial Reports at its 51st Meeting held on the 2nd July, 2010. The observations of the Committee can be viewed at **APPENDIX VIII**.

Committee Performance

78. The Committee held Seventeen (17) Meetings in the reporting period, during which the Committee completed its review of two major state entities, GUYSSUCO, The National Insurance Scheme as well as one field visit and the Mid-Year Financial Reports since its introduction in the FMAA.

76. The consistent absenteeism by one Member has not gone unnoticed.

77. The media only attended four (4) meetings of the Committee, three (3) of which were presentations in which the PSCES engaged GUYSSUCO and NIS in discussions.

Access to Governmental Officials and Agencies

78. There continues to be good relationship between the Committee and the Government Agencies that fall under its preview as it relates to accessing information.

Human Resource / Constraint/ Upgrade

79. The Committees Division continues to improve on the quality of work it provides to the PSCES. The Committee has benefitted from new staff and a researcher as well as a very competent Clerk of Committee. The Committee notes that the staff of the Committees' Division received training on Parliamentary Procedures and Committees Functioning during the recess period and this has also contributed to these improvements. This training was conducted by Ms Jacqui Sampson, and funded by a GOG/USAID agreement.

Access to Parliament Website and Computerization of Records

80. The Committee noted that the Millennium Challenge Account (MCA) Project had complemented the efforts of the Fiscal Financial Management Project (FFMP) in the areas of training, and the area of digitizing records. The Parliament Office has commenced upgrading of the Parliament's website but this has not been completed. The Committee acknowledges the work being done on the Parliament Website and encourages the Parliament to complete this project.

Observations and Recommendations

81. The Committee at its 51st meeting held on 2nd July, 2010 adopted this Report and calls on the National Assembly to review its recommendations with relation to GUYSUCO (page 9-10), NIS (page 17-18) and the Ministry of Finance Mid-Year Reports (page 21-22) with a view to adopting them.

82. Furthermore, that the adopted recommendations be shared with the relevant agencies for information and follow up.

83. The Committee calls on the National Assembly to note its efforts to fulfill the mandate of Resolution 82 of 2009 in relation to CLICO and to note that until the Court addresses the issues concerned, the Committee will be unable to proceed further.

84. Due to the low level of public participation / interest in the work of the PSCES, the Committee again recommends to the Parliament Office that a public awareness programme be designed with the media and the public on the role, functions and work of the Committees.

Acknowledgement

85. The Chairperson and Members of the PSCES wishes to thank the Clerk and staff of the Committees Division and the Parliament Staff in general for the continued support received over this period. The Chairperson also wishes to place on record her appreciation of the support given by Members of the Committee to the work of this Committee.

APPENDIX I

STATUTORY MEETINGS
HELD DURING THE REPORTING PERIOD

Meetings	Dates of Meetings
35 th Meeting	March 6 th , 2009
36 th Meeting	March 27 th , 2009
37 th Meeting	April 17 th , 2009
38 th Meeting	May 15 th , 2009
39 th Meeting	May 29 th , 2009
40 th Meeting	June 19 th , 2009
41 st Meeting	November 13 th , 2009
42 nd Meeting	December 4 th , 2009
43 rd Meeting	January 22 nd , 2010
44 th Meeting	February 4 th , 2010
45 th Meeting	February 5 th , 2010
46 th Meeting	March 12 th , 2010
47 th Meeting	March 31 st , 2010
48 th Meeting	April 9 th , 2010
49 th Meeting	April 23 rd , 2010
50 th Meeting	May 21 st , 2010
51 st Meeting	July 2 nd , 2010

PARLIAMENTARY SECTORAL COMMITTEE ON ECONOMIC SERVICES

ATTENDANCE RECORD (2009-2010)

NAMES	March		April	May		June	Nov.	Dec.	Jan.	Feb.		March		April		May	July
	6 th	27 th	17 th	15 th	29 th	19 th	13 th	4 th	22 nd	4 th	5 th	12 th	31 st	9 th	23 rd	21 st	2 nd
Ms. Gail Teixeira, M.P.	Pr.	Pr.	Pr.	Pr.	Pr.	Pr.	Pr.	Pr.	Pr.	Pr.	Pr.	Pr.	Pr.	Pr.	Pr.	Pr.	Pr.
* Mr. Anthony Vieira, M.S., M.P.	Pr.	Ex.	Pr.	Abs.	Pr.	Pr.	Abs.	Abs.	---	---	---	---	---	---	---	---	---
Mr. Komal Chand, C.C.H., M.P.	Ex.	Pr.	Pr.	Ex.	Pr.	Pr.	Ex.	Pr.	Pr.	Ex.	Ex.	Pr.	Pr.	Pr.	Pr.	Pr.	Pr.
Mr. Dharamkumar Seeraj, M.P.	Pr.	Ex.	Abs.	Ex.	Abs.	Pr.	Ex.	Pr.	Pr.	Pr.	Pr.	Abs.	Ex.	Pr.	Pr.	Abs.	Pr.
Mr. Mohamed F. Khan, J.P., M.P.	Pr.	Pr.	Pr.	Pr.	Pr.	Pr.	Pr.	Ex.	Pr.	Pr.	Pr.	Pr.	Pr.	Pr.	Pr.	Pr.	Ex.
Rev. Kwame Gilbert, M. P.	--	--	Pr.	Pr.	Pr.	Pr.	Pr.	Pr.	Ex.	Pr.	Pr.	Pr.	Pr.	Pr.	Pr.	Pr.	Pr.
Mr. Winston Murray, C.C.H., M.P.	Pr.	Pr.	Abs.	Pr.	Pr.	Pr.	Pr.	Pr.	Pr.	Pr.	Ex.	Pr.	Pr.	Ex.	Pr.	Ex.	Ex.
* Mr. Dave Danny, M.P.	Pr.	Pr.	Pr.	Pr.	Pr.	Pr.	Abs.	Pr.	Pr.	Pr.	Pr.	Abs.	Pr.	Ex.	---	---	---
Mr. Mervyn Williams, M.P.	---	---	---	---	---	---	---	---	---	---	---	---	---	---	Pr.	Pr.	Abs.
Ms. Jennifer Wade, M.P.	---	---	---	---	---	---	---	---	---	---	---	---	---	---	Pr.	Pr.	Pr.
Mr. Khemraj Ramjattan, M.P.	Abs.	Ex.	Pr.	Pr.	Abs.	Abs.	Abs.	Ex.	Abs.	Pr.	Pr.	Abs.	Abs.	Pr.	Abs.	Ex.	Abs.

Pr. - Present
 Abs. - Absent
 Ex. - Excused

Committees Division
 Parliament Office
 Public Buildings
 Georgetown

- * Mr. Anthony Vieira, M.S., M.P. resigned as a Member of Parliament with effect from 1st January, 2010.
- * Rev. Kwame Gilbert, M.P was appointed as an Alternate Member of the Committee on the 17th April, 2009.
- * Mr. Dave Danny, M.P. resigned as a Member of the Committee with effect from 9th April, 2010.
- * Mr. Mervyn Williams, M.P was appointed as a Member of the Committee on 9th April, 2010.
- * Ms. Jennifer Wade, M.P was appointed as an Alternate Member of the Committee 9th April, 2010.

APPENDIX II

Parliament Sectoral Committee on Economic Services

Schedule – Work Programme 2007 – 2011

Focus on: (a) Policy (Justification)

(b) Implementation

	Documents Submitted	Committee Review	Scheduled Meetings	2008- 2011
<u>1. Macroeconomic Matters and Finance Sector Issues</u>				
NDS/PRSP/Budget	PRSP/PRSP Annual Update/Budget Government Sector	April – June 2007	Minister of Finance and Technical Staff	April – May
	Fiscal & Financial Management 6 months report	October	Minister of Finance	October
Taxation Matters	GRA Annual Report	July – August 2007	Commissioner General, GRA	May
Government Accounting	Treasury Memorandum	May – June 2007	Finance Secretary, Dep Finance Secretary, Accountant General	October
Debt issues	Loan agreements	October 2007	Minister of Finance	November
Insurance Supervision	OCI Annual Report	July – August 2007	Commissioner of Insurance	June
National Insurance	NIS Annual Report	July – August 2007	General Manager, NIS	July
Competitiveness Strategy	National Competitiveness Strategy	July – August 2007	Minister of Tourism, Industry and Commerce and Technical Staff	July – August

	Documents Submitted	Committee Review	Scheduled Meetings	2008-2011
Securities Council	Securities Council's Reports	July-August	Ministry of Finance /Securities Council	June
<u>2. Infrastructure for Investment and Development</u>				
Investment Code /Practices	GO-INVEST	May-June	GO-INVEST/Minister of Tourism, Industry & Commerce	May-June
Physical infrastructure, transport	Ministry of Public Works (Transport Sector Study)/Ministry of Home Affairs(Police Traffic)	June - July	Minister of Transport and Technical Staff/MinHA/GPF Traffic	June - July
Drainage and Irrigation/ Sea Defences	NDIA	August	Minister of Agriculture and Technical Staff/Min Public Works	May
Communications	NFMU / Office of the Prime Minister	June	NFMU	July
Land Distribution/Availability	GLSC, Guyana Forestry Commission)	October	GLSC, GFC	November
Housing & Water / Town & Country Planning	CHPA & Min. of Housing & Water / GWI	June -July	Minister of Housing and Water, CHPA, GWI	October
Energy Policy /Alternative (ethanol/hydro/solar/wind)	Office of the Prime Minister/Min Agriculture	November	Office of the Prime Minister/Guysuco/Min Agriculture	December
Environmental Protection	EPA	November	Office of the President/EPA	December

	Documents Submitted	Committee Review	Scheduled Meetings	2008-2011
<u>3. The Productive Sectors</u>				
Global warming/disaster preparedness	Ministry of Agriculture/Office of the President/CDC	November	Minister of Agriculture & Technical Staff /OP/CDC	December
Agriculture	Ministry of Agriculture Reports (Fisheries/non-traditional crops)	August	Ministry of Agriculture and Technical Staff	January
Sugar	MinAgriculture/GUYSUCO	August/October	GUYSUCO/Min Agriculture	January
Rice	Ministry of Agriculture/GRDB	October	MinAgriculture/GRDB	February
Mining	GGMC/Office of the Prime Minister	November	GGMC/Office of the Prime Minister	March
Forestry	Guyana Forestry Commission	November	GFC	March
Bauxite	Office of the Prime Minister	October	Office of the Prime Minister	April
Tourism	National Tourism Strategy	December	Minister of Tourism, Industry and Commerce and Technical Staff	May
<u>4. Improving Quality of Services Sector</u>				
Regional Services / Local Authorities	Ministry of Local Government	July	Ministry of Local Government	December
Consumer Protection	Ministry of Tourism, Industry &	October	Ministry of Tourism, Industry &	November

	Documents Submitted	Committee Review	Scheduled Meetings	2008-2011
G Post Office	Commerce GPO/Office of the Prime Minister	November	Commerce GPO/Office of the Prime Minister	November
D omestic Security Affairs	Minister of Home Affairs/Police /Fire/GRO/	June	Ministry of Home Affairs/GPF/GFS/GPS/GRO/PCA	October
5. Annual End of Year Review of the Committee's work	Draft report	Committee to finalize for submission		Submit to Parliament by First week January of new year

APPENDIX III

**GUYANA SUGAR CORPORATION INC.
PARLIAMENTARY ENQUIRY 2010
FEBRUARY 4, 2009**

QUESTION 1: WHAT ARE THE PROSPECTS IN THE SHORT AND MEDIUM TERM AS A VIABLE ENTITY? AND WHAT CHANGES HAVE BEEN MADE / INTRODUCED TO ENSURE THAT IT IS VIABLE?

GuySuCo, as outlined in the Business Plan projects a turnaround by 2011 (positive cash balance). The Business Plan 2009 – 2013 and the Strategic Blueprint approved by the Government on May 27, 2009, outlined measures that would be taken in the short term (2009) and medium term (2010-2013) to ensure this turnaround. The strategies presented in the Strategic Blueprint and in the Business Plan are:

1. Improving production:
The objective is to increase production to 400,000 tonnes of sugar (ts) by 2013. This will be done through acceleration of mechanisation (a drive to 41% of the cultivation being full mechanised by 2014 and 56% of the cultivation semi mechanised), improvement of cane yields and production through a major land rehabilitation programme, focus on rehabilitation of field and factory assets through a capital expenditure programme, and optimising production of Skeldon's factory to achieve steady state production of 110,000 tonnes sugar by 2013.
2. Value Adding: GuySuCo aims to increase its value adding potential by:
 - Creation of a modern agricultural-industrial complex at Enmore with a Packaging Plant operational from 2011 with a mechanised cultivation and one modern factory with co-generation. This will entail an expansion of the Enmore factory and closure of the LBI factory.
 - Increased direct consumption sales (packaged Demerara food grade sugars) from 10,000 tonnes sugar in 2010 to 60,000 tonnes sugar in 2013.
 - Expansion of Blairmont cultivation and factory
 - Ethanol plant operational from 2015
 - A sugar refinery operational from 2015
3. Maintaining cost efficiency: this involves instituting measures that foster cost efficiencies by the estates and central departments and disposing of under performing assets.
4. Focus on building and improving the GuySuCo Team: This is comprised of continuous training and mentoring, strengthening the curriculum of the Port Mourant Training School and the Management Trainee Programme to meet the needs of the strategic direction of the Corporation, and filling key vacancies.

SHORT TERM MEASURES (2009)

Immediate measures to be taken in 2009 were outlined in the Strategic Blueprint with timelines and specific targets. These are stated overleaf:

1. Improve Production

1. Each estate achieve a minimum of 20% per annum replanting (10,971 ha by end of 2009)
2. Increase area under cane by 2,940 ha
3. Application of supplementary fertilizer: Approximately 2000ha of flood affected areas will receive one bag of supplementary fertilizer
4. Broad bed conversion of 2,088 ha
5. Increase mechanisation at Enmore by 731 ha
6. Yield as per ha target for estate of 60.88
7. Yield as per ha target for farmers of 58.36
8. 75% reduction in lost man-days due to strike action
9. Improve cane supply for Skeldon factory
10. Weekly grinding hours as per targets set for production of 250,000ts
11. Burning to grinding time of 48 hours for 80% of the cane supply and 72 hours for the remaining 20%

2. Restructure Production Management

1. Change roles and responsibilities of superintendents to focus on quality control / work standards
2. Monitor performance of new Production Team
3. Agriculture Advisor and team to conduct training / mentoring sessions with estates' agriculture teams
4. Remove responsibility for the Aircraft Department from the Agricultural Research Director

3. Fill Key Skills Needed

1. Hire Drainage and Irrigation Engineer
2. Hire Deputy CEO
3. Appoint an IT Director

4. Cost reduction

1. All estates achieve a cost as per cultivation hectare not exceeding G\$490,000
2. Weekly cash, operational budgeting
3. Agree with Unions on removal of customs and practices through negotiations
4. Revise the API scheme in agreement with Unions
5. Disposal of under/non performing assets e.g. rent/sell Herdmanston House, sell Diamond lands
6. Transfer community centres to the GoG/SILWF
7. Transfer dispensaries, health centres to the GoG
8. Dredge Demerara channel

5. Improve the Skills of the GuySuCo Team

1. Upgrade the curriculum of the Port Mourant Training School to focus on new technologies being introduced
2. Review the structure and duration of courses for the Management Trainees

3. Mentoring/ training of existing personnel

Achievements against these indicators are as follows:

Indicator	Achievement
Replanting: Each estate achieve a minimum of 20% per annum replanting. Target of 4,436 ha by end of 1st crop, 6,535ha by end of 2nd crop	Achievement of 2,025 hectares (ha) in the first crop due to poor weather but achievement of 6,719 ha in the second crop, surpassing the second crop target
Area under cane: Increase area under cane by 2,940 ha	The increase in area under cane between 2008 and 2009 was 702.1 ha. The 2,940 ha increase was projected before the decision to retire Diamond lands. In 2009, 536.8 ha under cane were given up at Diamond. Additionally, included in the 2,940 ha increase was 1,800 ha of expansion to be done at Skeldon in the first crop. However, only 48.6 ha of expansion could have been done in the first crop because of the poor weather conditions that affected the estate.
Application of Supplementary Fertiliser to affected areas by March 2009	The target of 2,000 ha of flood affected areas to receive one bag of supplementary fertilizer was achieved.
Broad bed conversion of 2,088 ha with 516 ha by 1st crop and 1,572 ha by 2nd crop	Conversion in the first crop was only 153 ha because of the bad weather but conversion in the second crop surpassed the target, achieving 1,917 ha, a total of 2,070 ha
Increase mechanisation at Enmore by 731 ha	Mechanisation achievement at Enmore was 789 ha, surpassing the year's target. This was primarily due to the intensive work done in the second crop (696 ha)
Yield as per ha target for estate of 60.88	Achievement at the year end was 57.50. Yield achievement at Blairmont and Enmore were the highest, at 68.44 and 61.68, respectively.
Yield as per ha target for farmers of 58.36	Achievement at the year end was 55.32. The Skeldon farmers performed commendably, achieving 81.94 tc/ha at the year end
75% reduction in lost man-days due to strike action	The man days lost at the year end were 130,171 against 90,530 in 2008. The increase over 2009 was primarily a result of the general strikes held in October and November 2009 over wages which accounted for a loss of 90,561 man days
Improve cane supply for Skeldon factory	See Skeldon report attached
Weekly grinding hours as per targets set for production of 250,000ts	An average of 101.79 hours/week was achieved in 2009 against a projected average of 132 hours/week. Blairmont, Rosehall and Albion estates surpassed 140 weekly grinding hours on numerous occasions. Cane shortages at the Demerara locations are the main reason for factory under utilization. This was a marginal increase from the 2008 average of 97 hrs / week.
Burning to grinding time of 48 hours	The average industry achievement in the first crop was 60% in

for 80% of the cane, 72 hours for the remaining 20%	48 hrs and in the second crop was 66% in 48 hours. There were low burning to grind intervals at Skeldon caused by factory downtime and at East Demerara and Uitvlugt due to poor cane supply and poor labour turnout
Monitor performance of new Production Team	This was done continuously during the year. Individual performance targets were set for each personnel.
Agriculture Advisor/ team to conduct training/mentoring sessions with estates' agriculture teams	Mentoring and training sessions were held continuously during the year
Remove responsibility for the Aircraft Department from the Agriculture Research Director	This was done in March 2009. The Aircraft Department now reports to the Deputy Chief Executive Officer
Hire Drainage and Irrigation Engineer	This was done in November 2009
Hire Deputy CEO	This was done in November 2009
Appoint an IT Director	Management will re-organise from within
All estates achieve a cost as per cultivation hectare not exceeding G\$490,000	Original target of \$3Bn against original budget. Projected cost saving of \$2Bn at year end
Weekly cash and operational budgeting	Monitoring was done continuously during the year with monthly reviews on costs
Agree with Unions on removal of customs and practices through negotiations	This is still in progress with management approaches being developed
Revise the API scheme in agreement with Unions	This is still in progress with management approaches being developed
Disposal of under/non performing assets	In talks with the Government on mechanisms for disposal of Diamond Lands. A meeting was held with union on effects of decision and a follow up meeting is to be held. Herdmanston House has been sold.
Transfer community centres to the GoG/SILWF	Meetings held with Government
Dredge Demerara channel	Members of Shipping Association of Guyana will meet with members of the Maritime Association to complete a draft paper on a proposal for funding of dredging in the future.
Upgrade curriculum of Port Mourant Training School	This was done
Review the Management Trainees course	This was done
Mentoring / training of existing personnel	This was done continuously throughout the year

Managerial changes were made in the first half of 2009 to GuySuCo to effect a turnaround of the industry. The changes were:

- 1 A new Board was installed effective from 1st January 2009. This Board was initially classified as being an interim Board but its life was extended indefinitely.
- 2 A new Chief Executive (CE) was appointed from 14 February 2009 following the resignation of the former CE.
- 3 Creation of a role of Deputy CEO (DCEO) as outlined in the Strategic Blueprint (Mr Rajendra Singh was appointed to this position in November 2009).
- 4 The eight estates were grouped into two regions – Demerara and Berbice with each region headed by a Regional Director (RD). This excludes Skeldon which continues to operate independently, reporting to the CE.
- 5 Restructuring of the former role of General Manager to new positions of Estate Managers reporting directly to the RDs. The new roles allow the Estate Managers to concentrate solely on the growth and cultivation of cane and the production of sugar, with the Finance and HR functions reporting to their respective Head Office functions.
- 6 The role of HR Director has been replaced by a Head of Industrial Relations and a Head of Human Resources. This was in recognition of the magnitude of work involved in these two areas and the need for equal focus.
- 7 Strengthening the Agriculture team at Skeldon estate with the addition of another Agriculture Manager. There are now three Agriculture Managers; one Manager is in charge of the Skeldon expansion and cane farming, one is in charge of the workshop, field works and harvesting, and one is in charge of agronomy and husbandry.
- 8 Creation of the role of an Agriculture Advisor and the commencement of intensive training and mentoring sessions with all levels of Agriculture Management
- 9 Concentrating the role of Superintendents on work standards and quality control
- 10 Removal of the responsibility for the Aircraft Department from the Agricultural Research Director to allow for greater support to Agriculture Operations
- 11 Financial management changes including changes to the reporting lines for the Estate Finance Managers and operational expenditure restrictions for 2009 to no more than a cost per cultivation hectare not exceeding G\$490,000 with cost monitoring by a senior Management team

MEDIUM TERM MEASURES (2010-2013)

Work on the strategic initiatives commenced in 2009. The status of these projects is as follows:

Enmore Packaging Plant

A fixed price contract for the Enmore Packaging Plant was signed on 5th June 2009. This plant is designed for production of 40,000 tonnes of sugar with capacity to expand to 60,000 tonnes in the future. Work in 2009 included site clearing, commencement of fabrication of the structural steel frame of the packaging plant, pile driving and pouring of concrete, and mobilization of materials such as the main columns for the packaging plant that were shipped from overseas.

Accelerated Land Rehabilitation

As outlined in the Strategic Blueprint and in the Business Plan, the Corporation aims to accelerate mechanisation and reduce the effects of weather on its operations. The Corporation, in recognition that the weather has had very adverse effects on the industry's yield and cane supply, advertised in June 2009 for the services of outside contractors to assist in the rehabilitation and reconfiguration of the ridge and furrow fields at Skeldon and the old cane cycles in the remaining cultivation while simultaneously converting these beds to Wide English Bed layouts. Between July and December 2009, 14 contractors were employed. However, a set back was that none of the contractors had the full complement of equipment required. The contractors were therefore assigned to specific tasks and were assisted by GuySuCo's machinery. This project is expected to be finished in 2013 with results evident from second crop 2010.

Expansion of the Blairmont Cultivation

As stated in the Strategic Blueprint and the Business Plan, the Corporation seeks to expand the Blairmont cultivation. In June 2009, 840 hectares adjoining were acquired by lease (50 years) from the MMA/ADA. Work from June 2009 involved completion of a topographical survey, designing and planning for the installation of a drainage structure and bed formation, and entering into negotiations with authorities for the installation of a new sluice to facilitate improved drainage of the lands.

Expansion of the Blairmont Factory

The release of new land to GuySuCo presents the opportunity for a meaningful expansion of factory capacity at Blairmont estate. The land available will support the expansion of the factory from its present capacity of 105 TCH to the increased throughput of 130 TCH to give an additional 72,000 tonnes of cane. Since approval of the Business Plan in May 2009, a detailed assessment was undertaken of all components of the factory and what modifications and improvements are required.

Expansion of the Enmore factory

Included in the Strategic Blueprint and Business Plan is the modernization of East Demerara and the creation of one unit with a single factory with increased capacity. Work on this project commenced in May 2009. Work comprised of planning the upgrade of the factory throughput to allow the Enmore factory to produce 70,000 tonnes sugar per annum from 770,000 tons cane in a maximum of 30 weeks. This involved assessment of the components of the factory and installation of the punt dumper from the old Skeldon factory. Work on the foundation design for the installation of the punt dumper commenced. This punt dumper will be an essential part of the upgrade of the factory and will facilitate the loading of punts without use of chains.

Re-Configuration of the East Demerara Estates

Following approval of the Business Plan in May 2009, rehabilitation of temporary abandoned lands at East Demerara commenced. This was comprised of:

1. drainage of the areas earmarked for re-cultivation at Enmore and LBI,
2. commencement of construction of low cost flat bridges to facilitate drainage, and,
3. clearing of vegetation from sidelines, dams and navigation canals.

Planning of the retirement of the Diamond lands was done. The final harvest of lands will be first crop 2010. Discussions were held with Government agencies on the sale of the lands and these discussions are ongoing.

Hand Over of Dispensaries/Community Centres

Discussions were held in 2009 with the Government on mechanisms for the hand over of these units.

Maintaining Cost efficiency

Cost reduction and control measures that were instituted in January 2009 continued to be enforced in the second half of 2009. A saving of \$2Bn is projected for 2009.

Disposal of under performing assets began. Herdmanston House was sold in 2009 and disposal of the Diamond lands is underway.

Training and Staff Development

Intensive training was conducted from the first crop of 2009 in the form of classroom workshops and field sessions. For the year, there were 911 participants with 63 training workshops. Participants were from all managerial levels. Regular mentoring sessions were held by the Agriculture Advisor. These activities are expected to create a new work discipline and increase the skills level and experience of managers.

The training curriculum of the Port Mourant Training Centre was revised to focus on aspects needed for a modernised and competitive industry of the future. Courses such as instrumentation

for automated factories and agricultural mechanisation were included.

The Management Trainee course was restructured from a two year course to one year duration. This facilitates a faster flow of skilled managers into the industry to combat the high loss of skills being experienced primarily because of migration.

Filling Key Vacancies

One of the objectives outlined in the Blueprint was to fill key vacancies. Good progress was made; the Deputy CEO and Drainage and Irrigation Engineer positions were filled in the second half of 2009.

QUESTION 2: WHAT IS THE STATE OF INDUSTRIAL RELATIONS? AND IN WHAT WAY DOES THIS HELP OR HINDER THE VIABILITY OF THE SECTOR?

During the year 2009 the labour-management relations was severely challenged. In comparison to the previous year, work stoppages increased by 16% (from 198 to 229). This was due largely to the main union's (GAWU) dissatisfaction with the Corporation's wages offer for that year.

The main challenge for the year was the wages and salaries negotiations between the Corporation and the GAWU. The talks were hindered by two general strikes which resulted in the loss of 90,561 man days and 1,547 tonnes of sugar. The issue was resolved by an arbitration tribunal.

Nevertheless, critical operations such as tillage and planting were successfully completed in excess of budgetary levels. In fact, progress was made in the area of planting by the installing of a rate of pay for semi-mechanical planting.

Apart from the aforementioned wages dispute, the majority of the other types were resolved as shown below:

Years	Stages III and IV			Conciliation		
	Received	Resolved	Outstanding	Received	Resolved	Outstanding
2008	13	4	9	9	6	3
2009	28	23	5	15	12	3

The following pending matters:

- i) The API negotiations
- ii) Job Evaluation exercise
- iii) Proposed closure of the Diamond cultivation
- iv) The implementation of job rates for Mechanical Tillage Operations.

These issues are all engaging the attention of the Corporation and the unions, and while they can negatively impact the viability of the industry there is every possibility of the all being resolved.

QUESTION 3: WHAT IS THE PRESENT SITUATION IN REGARDS TO THE SUPPLY OF CANE AND THE GRINDING CAPACITY OF THE SKELDON FACTORY?

Cane Supply at Skeldon

The Business Plan 2009 -2018 projects the following:

- 1. 1.2 million tonnes of cane by 2013
- 2. 110,000 tonnes of sugar by 2013 of which farmers will supply 32%

Business Plan 2009-2018

Tonnes of Cane	2009	2010	2011	2012	2013
Estate	369,722	539,958	642,060	722,499	846,028
Farmers	61,182	132,440	199,767	260,820	342,400
Total	430,904	672,398	841,827	983,319	1,188,428
Transfer from Rosehall	0	0	0	0	11,572
Net to Factory	430,904	672,398	841,827	983,319	1,200,000
Estate	86%	80%	76%	73%	71%
Farmers	14%	20%	24%	27%	29%
Total	100%	100%	100%	100%	100%

The estate's target is to achieve 1.2 million tonnes of cane by 2012, **one year earlier than forecast** in the Business Plan. However, cane growth in 2009 and 2010 against Business Plan projections was affected by the poor weather experienced between 2005 and May 2009. For this reason, a land rehabilitation project at Skeldon estate was undertaken from July 2009. In June 2009, there were 2,627 hectares (ha) of expansion remaining to be cleared and developed. There were also 1,562 ha of already completed expansion lands that required urgent rehabilitation because these areas were developed as poorly levelled Ridge and Furrows that failed to discharge rainfall effectively and as a result, suffered severe damage to the soil and infield drainage when trafficked by the harvesting machinery. These fields could not sustain cane growth at an economic level or permit easy access by the machines as a result of the deep and permanent ruts. These areas were redesigned as graded Broad Bed layouts in keeping with all further land development for the expansion programme at Skeldon. This land rehabilitation is to be completed by 2010.

While cane supply for 2009 and 2010 deviates from the Business Plan levels, it returns by 2011 to the Business Plan's level due to the land rehabilitation and intense field work that will be done during this period. The objective remains to achieve the potential level of production of 110,000 tonnes of sugar by 2012 from 1.2 million tonnes of cane.

Production:

		2009	2010	2011	2012
Hectares	Estate	6,532.3	7,260.0	9,066.0	9,640.0
	Farmers	690.2	1,451.6	3,207.6	4,500.0
Total		7,222.5	8,711.6	12,273.6	14,120.0
Tonnes Canes	Estate	348,236	446,276	643,685	819,200
	Farmers	56,556	109,115	242,870	380,800
Total		404,792	555,391	886,555	1,200,000
Tonnes Sugar	Estate	22,718	37,552	56,501	78,000
	Farmers	3,009	9,131	21,606	32,000
Total		25,727	46,683	78,107	110,000

- Production numbers for 2009 reflect the actual position.
- The increases in cane supply from 2010 to 2011 and from 2011 to 2012 are premised on achieving the planned land preparation and replanting programs for 2010 and 2011.

Land Preparation and Planting		2009	2010
Hectares	Estate	469.0	1,952.0
	SSMP	909.3	1,806.0
	Farmers	963.7	1,756.0
Total		2,342.0	5,564.0

- In addition to the estate fleet of machinery, contractors have been approved to boost the program and ensure it is achieved.

Skeldon Factory and Grinding Capacity

The new factory's performance continues to be tested. There has been a gradual improvement in pol percent cane and this has been reflected in the TC/TS values. Other efficiency parameters will continue to improve once the factory achieves a more steady state operation. Once improvement is realized in the following areas, all efficiency parameters will improve:

- punt dumper operation
- instrument control
- bagasse utilization and feeding to the boilers
- cane supply

Corrective work is currently being executed on the punt dumper and bagasse feeder to have them operating at higher efficiency levels in 2010.

For the 1st crop of 2010 the factory is due to operate at 200 Tonnes Cane per Hour (TCH) and increase to 250 TCH. All effort is continually being made towards increasing the trend to achieve the projected factory capacity of 350 TCH by 2012.

The table below indicates the expected performance for the next three years:

Parameters	2010	2011	2012
Tonnes cane/hr	250	300	350
Time efficiency	90	92	92
TC/TS	11.90	10.95	10.91
Grinding Hrs/wk	120	130	132
Grinding wks	19	24	26
Tonnes canes	555,391	886,555	1,200,000
Tonnes sugar	46,683	78,107	110,000

Strategies and Tactics to Achieve Objectives

The general strategies and tactics to achieve the stated objectives are:

- Increased yields and overall production levels
- Improved productivity and efficiency
- Improved work standards

- Closely liaising with farmers by offering training and extension services to ensure the productivity levels are in consonance with the overall objectives
- Outsourcing
- Embracing mechanization and automation
- Improving management/union employees relationships
- Involving the trade unions in transforming the estate through improved communication
- Recruitment and appropriate training of employees at all levels
- Reducing employment numbers relative to the Performance Improvement Plan
- Creating a safety culture amongst all employees

Most of these strategies have not changed from the previous years. The emphasis has, however, shifted from turnaround strategies (such as cost cutting and lay-offs) to transformational strategies – increasing production, efficiency and improving work standards. The strategies are therefore poised to create a proper balance between cost measures and efficiency measures.

The Estate had already taken the following initiatives to support these strategies:

- 1 Establishing Cane Farming, Routine Estate and the Skeldon Expansion Project as separate units for accounting and reporting purposes. An additional Agriculture Manager with direct responsibilities for cane production was also established.
- 2 Establishing quality control teams.
- 3 Embracing “transformational seminars” with shop stewards and employees at all levels
- 4 Participating in the formulation of and adopting plans (Agriculture Improvement Plan and Zero Based Budgeting) to raise field productivities and reduce cost.
- 5 Drainage and irrigation strongly influence cane yields. The nature of the soils on which our crops are planted makes it necessary that adequate drainage and irrigation facilities are in place. The drainage pumps and Sluices are located on the coastline in residential areas. As such, it is critical for the drainage pumps and Sluices to operate efficiently whenever necessary and for the drainage systems to be properly maintained and free flowing. The Estate currently has one pump station with two – 300 tpm pumps and two recirculation pumps at 50 tpm each. There are also two mobile 50tpm and one ECI drainage pumps which are to be installed permanently at No. 66 (MRP Bk 2 Section11). A CDB pump station comprising of 2-150 tpm screw pump is to be installed at BK19 along with another from Wales Estate to aid the drainage. Drainage capacity was also boosted with the reactivation of the number 74 drainage sluice.

APPENDIX IV

A Report of the Parliamentary Sectoral Committee
on Economic Services
on the visit to the Skeldon Sugar Factory
April 28th, 2010

Introduction

1. On Wednesday, April 28th, 2010, a delegation, consisting of Members of the Parliamentary Sectoral Committee on Economic Services and support staff of the Committees Division of the Parliament Office, visited the Skeldon Estate.

The Delegation

2. The Members of the Delegation were:

Members of the Committee

Ms. Gail Teixeira, M.P. (Chairperson)

Mr. Mohamed F Khan, J.P., M.P.

Mr. Dharamkumar Seeraj, M.P.

Mr. Kwame Gilbert, M.P. (Alternate)

Mr. Winston S. Murray, C.C.H, M.P.

Mr. Mervyn Williams, M.P.

Ms. Jennifer Wade, M.P. (Alternate)

Mr. Dave Danny, M.P., a former Member of the PSCES was in attendance.

Messers Komal Chand, C.C.H, J.P., M.P. and Khemraj Ramjattan, M.P. were not in attendance

Support Staff of PSCES

Ms. Sherene Warren	-	Clerk of Committees
Ms. Darlene Marshall	-	Assistant Clerk of Committees
Ms. Tanzadell Bentinck	-	Assistant Clerk of Committee
Mr. Eton Moses	-	Documentation Officer
Ms. Michelle Chung	-	Research and Analytical Assistant

Purpose of the Visit

3. The Parliamentary Sectoral Committee on Economic Services (PSCES) in keeping with its mandate, which includes oversight of the performance of the agricultural sector including the operations of GUYSUCO, paid a visit to the Skeldon Sugar Estate on April 28th, 2010 to have a firsthand look at operations of the new factory as a follow to its engagement with the management of the Guyana Sugar Corporation (GUYSUCO) when it appeared before the Committee on the 4th February, 2010.

The Visit

4. The Delegation departed the Parliament Office at 6.30 a.m. by bus and arrived at the Skeldon Estate at 9.25 a.m. On arrival the Delegation was received by General Manager Skeldon Estate, Mr. Vishnu Panday, who had arranged for the Delegation to have breakfast at the Senior Staff Club.

Briefing on the Skeldon Field Expansion

5. The Chairman, Dr. Nanda Gopaul, the CEO of GUYSUCO, Mr. Errol Hanoman, the General Manager Technical Services, Mr. Yusuf Abdool and the General Manager of Skeldon Estate, Mr. Vishnu Panday welcomed the PSCES delegation to the Skeldon Estate.

6 The meeting commenced with Dr. Gopaul highlighting the point that since the commissioning of the new Factory there were significant improvements to date. He pointed to the fact that the tons of cane to sugar ratio was now down to 12 tons of cane for one ton of sugar in 2010. He however noted that the amount of mud that accompanies the canes to the factory was a problem that was presently being addressed. Dr. Gopaul also noted the effects of the rains on the harvesting (cane supply) and other field related activities of the Estate.



7. Thereafter Mr. Vishnu Panday began his presentation by explaining that the visit to the back lands was not possible due to the present state of the dams, hence a power point presentation would be done instead. He, with the aid of charts demonstrated the land hectares that have been planted by both GUYSSUCO and the private cane farmers, and the amounts by schedule that has to be planted in order to reach the targeted 14,640 hectares under cultivation. It was explained that Private Cane Farmers would plant 5,000 hectares of the 14,640 and GUYSSUCO the remainder, with the aim of making 1.2 million tons of canes available to the factory.

Table of the Skeldon Field Expansion

Items	Year 2009	Year 2010	Year 2011	Total in 2012
GUYSUCO	2866.9	1818	-	4684.9
Farmers	1749	1220	2031	5000
Old Skeldon	4955	-	-	4955

14,639.9

Hectares

Skeldon Estate Sugar Targets

Year 2010	Year 2011	Year 2012
46,000 tons	85,000 tons	110,000 tons

8. It is anticipated that, in 2012, the 14,639.9 area of land will yield 1.2 m tons of cane which will produce 110 tons of sugar.

9. The General Manager also pointed out that in order to achieve these proposed targets, mechanization will have to be accelerated, as labour was short in supply. This prompted Members of the PSCES delegation to inquire whether labour would suffer as a consequence of increased mechanization, and what percentage of the harvesting in 2010 will be mechanized.

10. The General Manager further stated that labour will not be displaced since in his effort to secure persons to work he went to the New Amsterdam Technical Institute (NATI) and recruited graduates and had them trained to operate the machines. He also noted that it seems that persons preferred to work for non taxed wages outside of GUYSUCO.

11. The General Manager stated that out of a registered list of 1,097 harvesters only about 500 report for work daily and with the factory running at full capacity in excess of 3,000 harvesters would be needed to supply the factory with 8400 tons of cane per day. He recounted that this amount of harvesters was not available if one included all the Berbice Estates. This position was supported by Mr. Errol Hanoman.

Table of output for harvesting canes

Item	Year 2010
Manual	2.6 tons per day
Semi Manual	288 tons per day
Mechanical	720 tons per day

Table showing percentage of harvesting

Item	Year 2010	Year 2011
Manual	17.3 %	9.6%
Semi Manual	31.3%	23.7%
Mechanical	51.4%	66.7%

12. A Member of the PSCES delegation then inquired if due consideration was given to the type of machines used in the mechanization process given the usually wet conditions and whether the number of weeks could be adjusted to maximize the use of the dry season.

13. In his response, the General Manager stated that the aforementioned considerations were taken into account. He pointed out that Guyana and one other sugar producing country

experienced such conditions. He pointed to the fact that the new factory was grinding two crops for 26 weeks which was a better option due to the two rainy seasons. He also drew attention to the usage of the broad beds, explaining that it allowed more flexibility and drained water faster than the ridge and furrow beds traditionally used. In addition, he further stated that this layout accommodated both manual and mechanical harvesting.

14. A Member of the PSCES delegation posited that possibly, GUYSUCO management's handling of wage negotiations, Annual Production Incentive (API) arrangements, handing over of medical services and the issue of the sugar may have acted as a disincentive for workers. Notwithstanding these issues, this Member expressed support for mechanization.

15. Dr. Gopaul in response stated that GUYSUCO was not shirking its responsibility to its workers and that over the years a number of its traditional services were given over to the Local Authorities.

16. This answer prompted another Member of the delegation to relate that the workers of one of the West Demerara Estates complained of not been granted permanent employment but are kept as temporary workers, he supported therefore, the other Member's earlier contention.

17. At this point, the Chairperson of the PSCES shared her views on the subject under discussion, pointing out that the increase in secondary school intake was one of the reasons for decline in labour availability, while enquiring if the absenteeism was related to one gender of workers. The Chairperson agreed with the GUYSUCO team that with expansion more workers will be needed especially for the field operations. The point was also made that there was duplication of the health services and this could be removed to the public health sector.

Briefing adjourned to allow for the tour of the factory

Visit to Cogeneration Plant



18. The PSCES delegation then proceeded to the factory site where they were briefed on the capacity and operation of the Cogeneration plant by Mr. Yusuf Abdool and Mr. Outar Ramit, Electrical and Instrument Engineer. The delegation was exposed to the Monitoring (Control) Room where they interfaced with the staff while answers were given to questions posed. The delegation was informed by Mr. Abdool that the factory was at the time supplying approximately 8mw of electricity to the grid and had continually supplied power to the grid since December 2007. In response to enquiries about a Power Purchase Agreement between GPL and GUYSUOCO, he stated that presently there was no agreement but negotiations were ongoing. It should be noted however, that since December 2007 GPL supplies the heavy fuel oil for the generating sets.



19. Mr. Abdool further stated that when the agreement would have been met, it would cover the period from December 2007 to the present time. He further informed the delegation that the 69kv lines were now connected to the factory and that Skeldon is poised to supply Berbice with all its Electricity needs at a peak of 16 mw, when grinding 350 tons of canes an hour. Presently, the estate generates between 10-12 mw and supplies above 7mw to the grid, grinding 200- 250 tons of cane per hour. He also promised to commit Skeldon to supply 8mw continuously and 4mw from co-generation when the Power Purchase Agreement is negotiated.

20. Thereafter Members enquired about how much attention was being paid to maintenance schedules and the availability of replacement skills, needed for the upkeep of the new equipment. In response, Mr. Abdool conceded that replacement skills was an issue of concern for management, however in the interim there continues to be a good relationship between GUYSUCO and Warsilla as a back up in the instant a need arises. He assured the delegation that keen attention was being paid to continuous staff training and maintenance schedules.

21. Mr. Abdool, in response to a question from a Member of the PSCES, about the reason for the power shortages in Berbice on the night of 27th April, 2010 while the factory was grinding, explained that there was a shortage of canes and the generating sets alone could only supply 10mw of electricity to the grid. He pointed out that at peak (night) the demand is 14-16mw in Berbice.

Visit to Bagasse Monitoring Room and storage bond

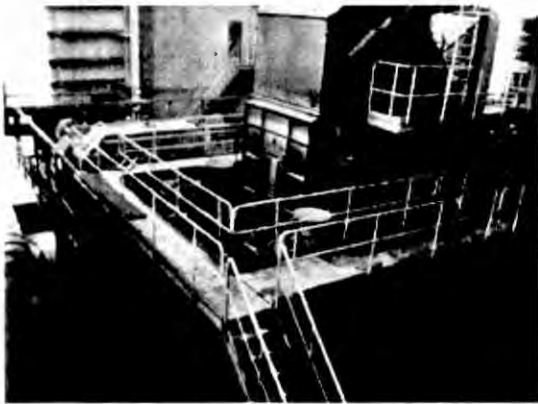


22. The PSCES delegation was then taken on a guided tour of the Monitoring Room for the storage and transport of bagasse. Personnel explained and demonstrated to the delegation how the automation of this operation helps in monitoring and efficiency. Mr. Abdool, explained that plans are in place to increase the size of the present bagasse storage bond to store additional bagasse from the Albion Estate. He pointed out that this would allow for two to three weeks of additional boiling after the crop was completed. Subsequently the site for the proposed expansion was identified to the delegation on their visit to the bagasse storage bond.

Visit to the punt dumpers, laboratory and Centrifugal Basket



23. The PSCES delegation was taken on a guided tour of the punt dumping area to have a firsthand look at the operations. The delegation was informed that this equipment was designed specifically for GUYSUCO and was unique to the sector. The delegation was taken on a tour of the laboratories, where they were informed of the monitoring and quality assurance of the sugar quality in order to ensure conformity to international standards. The delegation was also told that the lab has to also monitor the moisture (49 %) in the bagasse to ensure that it was combustible.



24. The delegation then proceeded to the boiler floor; here they inspected the juice extraction process. This was followed by a visit on to the evaporator floor where Members were briefed on the process of separating the molasses from the sugar grains in the centrifugal basket. Members sampled the sugar crystals from the central fugal basket.

Conclusion

25. At the conclusion of the tour of the Sugar Factory, the Members of the PSCES delegation and the technical support staff from the Estate assembled in the Senior Staff Club for Lunch and discussions. Members expressed their appreciation of the time, the knowledge and the openness of information shared by technical and managerial staff who briefed the delegation during the tour. Members stated that they were impressed with the factory and its operations including the Co-generation plant and that they were glad that they now had first hand information which put to rest a number of their concerns. The PSCES anticipated that a follow up meeting with the Private Cane Farmers and a visit to the agricultural expansion project in the back lands would be scheduled in the future.



26 The Chairman of GUYSUCO expressed thanks to the delegation for visiting and said that GUYSUCO will continue to work to realize its set targets. In response, Ms. Gail Teixeira, Chairperson of the PSCES expressed her appreciation to the Management of GUYSUCO for accommodating the Delegation and taking the time to spend all day with the PSCES.

APPENDIX V

PARLIAMENTARY SECTORAL COMMITTEE ON ECONOMIC SERVICES
QUESTIONS to the NATIONAL INSURANCE SCHEME

A. COMPLIANCE ISSUES:

1. What are the numbers of registered employers with the NIS at June 2009? Is this an improvement in comparison to 2008?
2. What are the numbers of registered employees with the NIS at June 2009? Is this an improvement in comparison to 2008?
3. Is there an estimate of the number of registerable employers? If so, how many at December, 2008?
4. Is there any mechanism for sharing information between the GRA (Income Tax), the Deeds Registry (business registration), the Ministry of Labour (register of employees) and the NIS as to the number of employers in existence in order to assist the Scheme in indentifying defaulters and to more effectively get them to join the Scheme?
5. Has the introduction of TIN certificates and numbers assisted the Scheme in knowing more accurately the number of potential contributors in existence?
6. Since the formal agricultural sector (rice and sugar) employs are a large number of persons could the NIS say what percentage is in compliance? Furthermore, recognizing that this sector also has a sizeable number of small or family enterprises,

many of whom are self-employed, what percentage of these contribute to Scheme and what efforts are being made to get them to join?

7. What percentage of the mining, transport and construction sectors contribute to the Scheme? What efforts are being made to get defaulters to join the Scheme?
8. Many professional persons are self-employed as well as those listed in the NIS Act, what is being done to increase the number of these self employed persons contributing to the Scheme?
9. What is being done to get employers to pay in workers NIS contributions on time? How has the NIS addressed this problem so that these employees have not been disadvantaged from receiving their benefits?
10. What resources does the NIS have to investigate those who are or are not paying? Is there an Inspectorate and is it adequately staffed? How effective has the NIS been in making contributors compliant and how effective in dealing with defaulters? What has been the rate of success either through negotiation or through an approach to the courts in addressing defaulters?

B. COMPLAINTS:

1. There are many complaints that the NIS contributions made on behalf of a number

of contributors are not fully recorded in the Record Section by the Scheme and thus, they are deprived from receiving their old age pension or correct rate of pension.

What is being done by the Scheme to rectify this irritant?

2. There have been many complaints by contributors to the long delays in collecting reimbursements on health/medical claims? Has the NIS taken steps to address this issue?

C. ACTUARIAL VIABILITY AND INVESTMENTS:

1. With regards to the performance indicator there was a significant decline in investments between the years 2001–2006? What were the contributing factors?
2. The actuarial balance shows a shortfall of 7.1% which indicates that the contribution rate is very low. Is there a strategic plan to address this?
3. What is the total amount currently in the NIS fund? How much is Cash in Hand/Cash at Bank, and how much is invested and where, giving the returns (actual and projected) on these investments?
4. What is the annual amount earned from investments made by NIS?

5. In the light of the uncertain nature of the financial markets, NIS investments may undoubtedly be more restricted. What impact could such restrictions have on the Scheme itself? And if so, what measures is the NIS putting in place to protect the viability of the Scheme?

D.POLICY, ADMINISTRATIVE MATTERS AND RECOMMENDATIONS OF THE REFORM COMMITTEE:

1. What is the status with respect to the recommendations outlined on page V of the 7th Actuarial review of the National Insurance Scheme and the list of recommendations on pages 23, 24, and 25 of the NIS Reform Committee Report?
2. Could the NIS say what are the pros and cons in the relation to the present age of retirement and what would the impact be with an upward change in the age of retirement?
3. According to the NIS policies one cannot claim for illnesses after 60 years which one did not have before that age. In the light of the fact that many industrial related illnesses may reveal themselves at a later age and the fact that as a person gets older the incidences of chronic diseases increase and present themselves. Does NIS consider amending their policy to remove this ineligibility factor?

4. What is the cost of managing the Scheme in comparison with similar schemes in other CARICOM countries? What is the ratio of NIS employees to the number of contributors?

5. What consideration has NIS given to reducing the administrative costs of managing the Scheme and to improve its efficiency, eg better and more widespread use of IT, faster decision-making and less procedures etc.?

Committees Division

Parliament Office
Public Buildings
Brickdam.
Georgetown

November 2, 2009

APPENDIX VI

NATIONAL INSURANCE SCHEME

RESPONSE FOR THE PARLIAMENTARY SECTORAL COMMITTEE ON ECONOMIC SERVICES

OVERVIEW:

The National Insurance and Social Security Scheme is a system for providing payments by way of Old Age Benefit, Invalidity Benefit, Survivor's Benefit, Sickness Benefit, Maternity Benefit and Funeral Benefit and a system of insurance against injury or death caused by accident arising out of and in the course of employment through the establishment of a National Insurance Fund.

The National Insurance and Social security Act came into operation from 29th September, 1969.

It covers all persons between the ages of 16 and 60 who are engaged in employment, on a compulsory basis.

Contributions are paid by means of cash and/or cheque. Both the employer and employee pay contributions into the Scheme on the basis of the employee's insurable earnings. The contribution rate is 13% (Employer – 7.8% and employee – 5.2%). For employees under 16 years or 60 years and over, only the employer is liable for the payment of contributions at the rate of 1.5%.

For the purpose of the Act, there is established a National Insurance Board consisting of a Chairman, the General Manager/Deputy Chairman and seven (7) other members appointed by the subject Minister. The day-to-day operations are under the control of a management team comprising the Assistant General Manager (Operations), Assistant General Manager (Administration), Finance Controller, Research and Information Systems Manager and Chief Management Auditor assisted by thirteen (13) Office Managers and other support staff. These Divisional Managers are here today to assist in answering the Committee's questions.

CHANGES WHICH TOOK PLACE DURING 2007-2009:

Since the presentation made for the Parliamentary Sectoral Committee on Social Services in May 2007, the following changes have occurred in the Organisation –

1. From 1st March, 2008, the insurable earnings ceiling was increased by 9% approximately from \$104,278 to \$113,660 per month or from \$24,064 to \$26,229 per week.
2. All pensions that were in payment as at 31st December, 2007 were increased by 5% from 1st January 2008. The minimum amount for Old Age and Invalidity pensions was also increased by 6.5% approximately from \$13,335 to \$14,207 per month from 1st January, 2008.
3. The limit for the reimbursement of medical expenses incurred as a result of overseas treatment was increased from \$1,042,780 to \$1,136,600 from 1st March 2008. This limit has been actuarially fixed at approximately ten (10) times the insurable earnings ceiling.
4. The amount of the Funeral Grant was increased from \$15,565 to \$17,125 from 1st January, 2008 and from \$17,125 to \$18,840 from 1st January 2009.
5. During 2008, two (2) reviews were concluded on varying aspects of the Scheme's operations. The 7th Actuarial Review of the Guyana National Insurance Fund was conducted in accordance with Section 37 of the National Insurance and Social Security Act and submitted in April 2008 and Deloitte and Touche, Bahamas conducted an Information Systems Review.
6. On September 1, 2009, the electronic submission of contribution schedules by employers was launched at the Georgetown Local Office.

7. From 1st September 2009, the Mabaruma Local Office came on-line, thereby completing the networking of all the National Insurance Scheme's Offices.

QUESTIONS AND RESPONSES:

A. COMPLIANCE ISSUES:

1. What are the numbers of registered employers with the NIS at June 2009? Is this an improvement in comparison to 2008?

The total registered employers as at June 2008 was 29,269 against 29,762 as at June 2009. This is an increase of 493 or 2%.

2. What are the numbers of registered employees with the NIS at June 2009? Is this an improvement in comparison to 2008?

In June 2008, the active employed population was 116,032. At June 2009, this population was 124,204, an increase of 8,172 or 7%. The total employed persons registered as at June 2008 was 664,353 while it was 675,409 in June 2009, an 11,056 or 2% increase.

3. Is there an estimate of the number of registerable employers? If so, how many at December, 2008?

It is estimated that the registerable employer's population as at December 2008 was approximately 29,769, that is, 500 more than at June 2008.

4. Is there any mechanism for sharing information between the GRA (Income Tax), the Deeds Registry (business registration), the Ministry of Labour (register of employees) and the NIS as to the number of employers in existence in order to assist the Scheme in identifying defaulters and to more effectively get them to join the Scheme?

There is an M.O.U. between the Deeds Registry, G.R.A., Go-Invest and NIS to implement a computerized link-up of the business records database for improvements in business registration. There is also an

M.O.C. between NIS and the Ministry of Labour for sharing of information on business inspections.

5. Has the introduction of TIN certificates and numbers assisted the Scheme in knowing more accurately the number of potential contributors in existence?

The TIN certificates and numbers are not requirements for NIS operations. However, it is understood that for self-employed persons to renew their licences, they are requested to produce NIS cards.

6. Since the formal agricultural sector (rice and sugar) employs a large number of persons could the NIS say what percentage is in compliance? Furthermore, recognizing that this sector also has a sizable number of small or family enterprises, many of whom are self-employed, what percentage of these contribute to Scheme and what efforts are being made to get them to join?

This is a sector whose members do not like to be registered. Many use the fluctuating fortunes inherent in the industry to avoid compliance. The remoteness of their operations and the environment under which they operate present difficulties in accomplishing compliance. There is a need for an All Agency collaboration to capture the members of this sector. At the moment, only the civil minded, the conscientious few are on record. Efforts are being made to obtain from the Statistical Bureau the figures for the industrial distribution of employed persons so that the percentage coverage could be ascertained.

7. What percentage of the mining, transport and construction sectors contribute to the Scheme? What efforts are being made to get defaulters to join the Scheme?

Expansion of our enforcement and monitoring units into areas where such activities are prevalent is the main tool being used to get defaulters to join the Scheme. An All Agency approach is also being pursued to combat non compliance.

8. Many professional persons are self-employed as well as those listed in the NIS Act, what is being done to increase the number of these self employed persons contributing to the Scheme?

Continuous and sustained monitoring is done. The use of the Certificates of Compliance has also provided a potent weapon in enforcement.

9. What is being done to get employers to pay in workers NIS contributions on time? How has the NIS addressed this problem so that these employees have not been disadvantaged from receiving their benefits?

Constant monitoring, warning of litigation and legal proceeding are some of the weapons employed to ensure timely payment by employers. Imposing penalties is also effective. On the other hand, the General Manager has the discretionary power to grant credits to all disadvantaged employees once it has been established that there was no collusion between the employer and the employee to defraud the Scheme by not remitting contributions on time.

10. What resources does the NIS have to investigate those who are or are not paying? Is there an Inspectorate and is it adequately staffed? How effective has the NIS been in making contributors compliant and how effective in dealing with defaulters? What has been the rate of success either through negotiation or through an approach to the courts in addressing defaulters?

Legal proceedings, though generally successful, are too protracted. The Scheme is reliant, to a major degree, on the workers to provide information relative to suspected non-compliance, apart from its monitoring mechanism. The staff in the Inspectorate is restricted, however, by lack of mobility and a high turnover rate. Miniscule fines and the courts' inability to swiftly deal with NIS matters and provide bailiffs to execute writs also lend to slow progress in this area.

B. COMPLAINTS:

1. There are many complaints that the NIS contributions made on behalf of a number of contributors are not fully recorded in the

Record Section by the Scheme and thus, they are deprived from receiving their old age pension or correct rate of pension. What is being done by the scheme to rectify this irritant?

NIS has commenced a Data Entry and Verification Project to post up all backlogged manual records to the computerized database and has introduced an electronic schedule system for the submission of contribution payments on behalf of employees.

2. There have been many complaints by contributors to the long delays in collecting reimbursements on health/medical claims? Has NIS taken steps to address this issue?

For spectacle care and dental care, coupons were introduced as advance payments to relevant medical practitioners for treatment provided to insured persons. For other claims submitted for reimbursement, more time now is required to check on the validity of documents submitted since there seems to be an increase in such cases.

C. ACTUARIAL VIABILITY AND INVESTMENTS:

1. With regards to the performance indicator there was a significant decline in investments between the years 2001 – 2006? What were the contributing factors?

There was a decrease in the surplus available for creating new investments and limited profitable opportunities available to the Scheme.

2. The actuarial balance shows a shortfall of 7.1% which indicates that the contribution rate is very low. Is there a strategic plan to address this?

This matter was addressed by the 7th Actuarial Review and is now under consideration by Cabinet.

3. What is the total amount currently in the NIS fund? How much is Cash in Hand/Cash at Bank, and how much is invested and where, giving the returns (actual and projected) on these investments?

As at September 30, 2009, the Fund stood at \$29,865,447,000. Cash in hand was \$34,324,000 and cash at Bank, \$307,619,000. Ninety-five percent (95%) of the Fund is invested. Schedule of investments attached (Table 7).

4. What is the annual amount earned from investments made by NIS?

Please see Table 8 attached.

5. In the light of the uncertain nature of the financial markets, NIS investments may undoubtedly be more restricted. What impact could such restrictions have on the Scheme itself? And if so, what measures is the NIS putting in place to protect the viability of the Scheme?

There are restrictions in the availability of longer term investments which usually yield higher returns and in the Scheme's ability to invest in overseas markets offering more lucrative returns. Moreover Cabinet implemented the Prudential Investment Framework with the main objectives of acquiring optimum returns in investments without undue risks, reducing the burden on contributions to meet the cost of the Scheme and to instill public confidence in the Scheme.

D. POLICY, ADMINISTRATIVE MATTERS AND RECOMMENDATIONS OF THE REFORM COMMITTEE:

1. What is the status with respect to the recommendations outlined on page V of the 7th actuarial review of the National Insurance Scheme and the list of recommendations on pages 23, 24, and 25 of the NIS Reform Committee Report?

Consultations with stakeholders were held on both the recommendations of the 7th Actuarial Review and the Reform Considerations in June 2008 and the response there from as well as Board Management's recommendations were thereafter submitted to Cabinet for further consideration. The Actuarial recommendations to take steps to improve administrative efficiency and effectiveness and publish annual financial statements and the reports of the Actuarial Review and the Reform Committee have

been addressed. Legislation has also been drafted for the removal of gender differences from the Survivors benefit provisions and for the increase in fines and penalties.

2. Could the NIS say what are the pros and cons in the relation to the present age of retirement and what would the impact be with an upward change in the age of retirement?

As pointed out in the 7th Actuarial Review, the present pensionable age of 60 is considered acceptable. Should there be an upward change in the age of retirement, this would reduce the growth of long-term costs to the Scheme.

3. According to the NIS policies one cannot claim for illnesses after 60 years which one did not have before that age. In the light of the fact that many industrial related illnesses may reveal themselves at a later age and the fact that as a person gets older the incidences of chronic diseases increase and present themselves. Does NIS consider amending their policy to remove this ineligibility factor?

This issue was considered in the 7th Actuarial Review and not recommended for consideration at this time, given the financial position of the Fund.

4. What is the cost of managing the Scheme in comparison with similar schemes in other CARICOM countries? What is the ratio of NIS employees to the number of contributors?

In June 2004, the CARICOM Secretariat produced a report on "Social Security in the CARICOM Single Market & Economy" that assessed the social security systems for achieving future sustainability and income security. An extract of the findings with respect to Administrative costs is attached. The ratio of NIS employees to the number of contributors as at September 30, 2009 is 1:208.

5. What consideration has NIS given to reducing the administrative costs of managing the Scheme and to improve its efficiency, eg better and more widespread use of IT, faster decision-making and less procedures etc.?

The Scheme has been able to reduce its paper usage as a result of computerization and expects to have further reductions with the introduction of the electronic schedule submissions. Information on claims and contributions are instantly available lending to quick decisions and answers to queries and improved customer service.

November 13, 2009.

TABLE 1

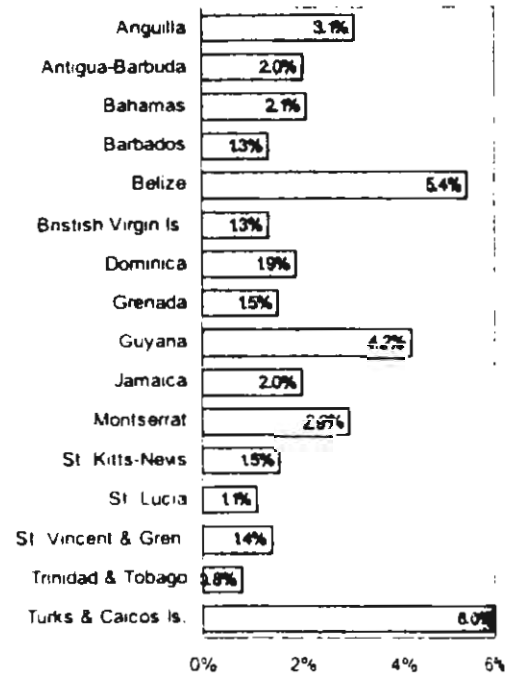
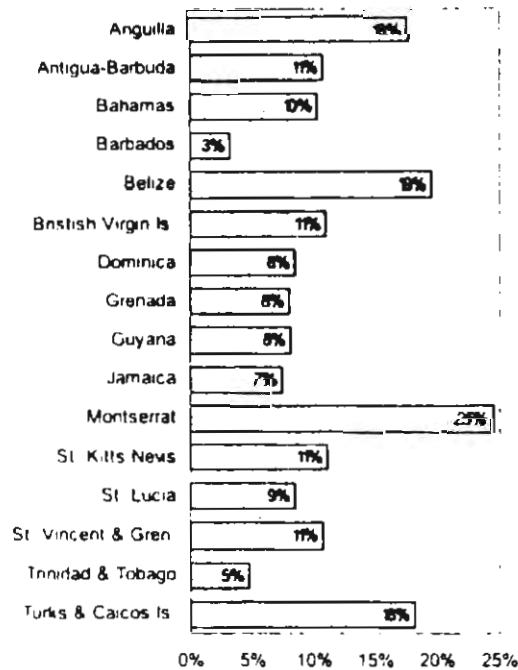
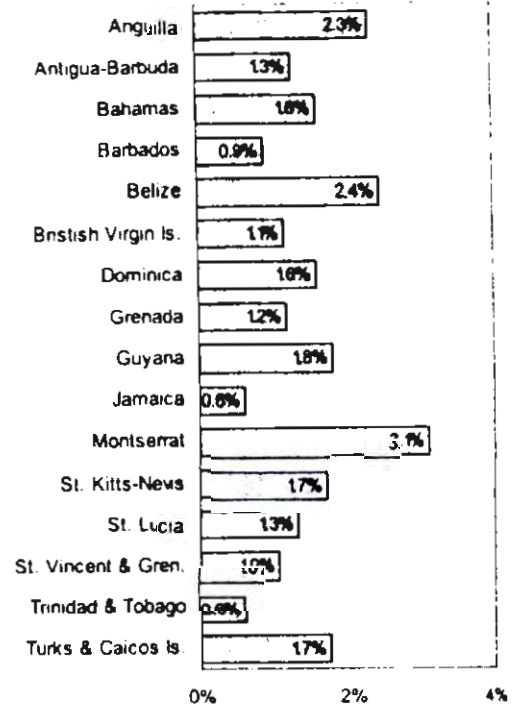
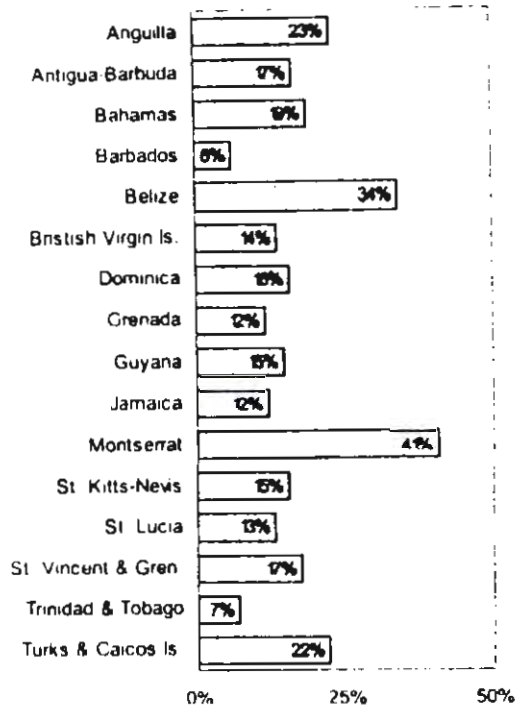


Table 7
NATIONAL INSURANCE SCHEME
SCHEDULE OF INVESTMENTS
FOR THE PERIOD ENDING SEPTEMBER 2009
UNAUDITED

	Categories of Investments	Investments at Fair Value	Investments at Cost	Actual Returns at 30.09.09	Projected Returns Oct. - Dec. 2009	Total Projected 2009
1	Equity					
(a)	Private Sector					
	Pegasus	1,137,000	45,480,000	30,793,750		30,793,750
	Neal & Massay	20,000,000	100,000,000	16,600,000		16,600,000
	Berbice Bridge	80,000,000	80,000,000			0
	GCIS	446,002	5,946,700			0
	Subtotal: Private Equity	101,583,002	231,426,700	47,393,750		47,393,750
						0
(b)	Public					
	Property Holdings	98,000,000	120,000,000			0
	Demerara Bank	72,000,000	4,000,000	500,000	1,200,000	1,800,000
	DDL	671,439,000	158,400,000	24,640,000		24,640,000
	GBTI	94,432,000	14,874,000	2,724,000	2,179,200	4,903,200
	GNPL	4,845	9,690			0
	Citizens Bank	38,789,500	30,395,000	3,789,500		3,789,500
	Subtotal: Public Equity	974,645,345	327,678,690	31,753,500	3,379,200	35,132,700
	Total Equity	1,076,228,347	559,105,390	79,147,250	6,758,400	85,905,650
						0
2	Bonds & Debentures					
(a)	Private Companies					
	Republic Bank	660,000,000	660,000,000	11,391,781	23,258,397	34,650,178
	COURTS	500,000,000	500,000,000	25,414,384	25,836,000	51,250,384
	Laparkan	295,659,570	295,659,570	18,322,591	17,842,659	36,165,250
	Subtotal: Bonds & Debentures	1,455,659,570	1,455,659,570	55,128,756	66,937,056	122,065,812
	Total: Private Sector	2,531,887,917	2,014,764,960	134,276,006	73,695,456	207,971,462
						0
	Central Government					
	Treasury Bills	8,243,207,458	8,243,207,458	73,883,627	221,144,000	295,027,627
	Subtotal: Central Government	8,243,207,458	8,243,207,458	73,883,627	221,144,000	295,027,627
						0
	Fixed Deposits (Com.Banks)					
	Demerara Bank	4,294,558,196	4,294,558,196	103,613,881	146,627,411	250,241,292
	Citizens Bank	2,385,498,183	2,385,498,183	65,123,901	131,314,244	196,438,145
	GBTI	3,926,577	3,926,577	61,541	42,000	103,541
	Subtotal: Fixed Deposits	6,683,982,956	6,683,982,956	168,799,323	277,983,655	446,782,978
						0
	Other Entities					
	Hand-in-Hand	2,479,874,366	2,479,874,366	43,374,575	85,348,524	128,723,099
	CLICO	5,748,710,367	5,748,710,367	30,533,222		30,533,222
	Subtotal: Other Entities	8,228,584,733	8,228,584,733	73,907,797	85,348,524	159,256,321
	Subtotal: Fixed Dep.& Other Entities	14,912,567,689	14,912,567,689	242,707,120	363,332,179	606,039,299
						0
	Caricom (Gov't of Guyana)	540,449,028	540,449,028	8,995,667	13,349,278	22,344,945
	Subtotal: CARICOM	540,449,028	540,449,028	8,995,667	13,349,278	22,344,945
						0
	Equities/Bonds - Social Development	1,559,034,598	1,559,034,598	27,389,041	131,457,247	158,846,288
	Subtotal: Equities/Bonds (Berbice Bridge)	1,559,034,598	1,559,034,598	27,389,041	131,457,247	158,846,288
						0
	Overseas					
	St Kitts - Treasury Bills	37,648,000	21,274,006	899,014	831,000	1,730,014
	Dominica - Debentures	14,592,000	202,821	259,584	302,000	561,584
	Bank for International Settlement(US\$2,075,282,33)	455,055,209	455,055,209	999,975	160,000	1,159,975
	Subtotal: Overseas	507,295,209	476,532,036	2,158,573	1,293,000	3,451,573
	TOTAL	26,294,441,899	27,746,553,769	489,410,034	804,271,160	1,293,681,194

Table 8
National Insurance Scheme
Movement and Summary - Investment & Income
2000 - 2006
Figures \$'000

	2000	2001	2002	2003	2004	2005	2006
Investment	15,581,234	17,759,727	19,887,327	21,014,578	22,372,273	23,795,844	25,129,192
\$ Movement of Investment		2,178,493	2,127,600	1,127,251	1,357,695	1,423,571	1,333,348
% Increase		14	12	6	6	6	6
Investment Income	1,837,018	1,936,937	1,574,900	1,158,613	1,159,557	1,208,800	1,294,335
\$ Movement of Investment Income		99,919	-362,037	-416,287	944	49,243	85,535
% Movement of Investment Income		5	-19	-26	0	4	7

APPENDIX
VII

NATIONAL ASSEMBLY OF PARLIAMENT OF GUYANA

St. Rock E. Isaacs.
Clerk of the National Assembly
Tel: 592-226-1465
General Office; 226-8456/9
Fax: 592-225-1357



PARLIAMENT OFFICE
PUBLIC BUILDINGS,
GEORGETOWN,
GUYANA

21st May, 2009

Miss Gail Teixeira, M.P.,
Chairperson,
Parliamentary Sectoral Committee on
Economic Services.

Dear Miss Teixeira,

I have been directed by His Honour the Speaker to forward to you the attached communication containing his views on the matter of the assignment given to the Economic Services Committee by way of Resolution No. 82.

Yours sincerely,

A handwritten signature in cursive script, appearing to read 'S.E. Isaacs', written over a dotted line.

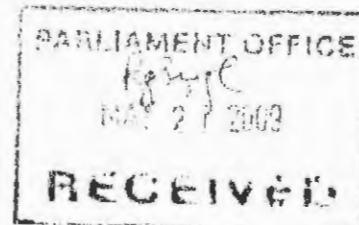
S.E. ISAACS

Clerk of the National Assembly



May 20, 2009

Mr. Sherlock Isaacs
Clerk to the National Assembly
Public Building
Brickdam
Georgetown



Dear Mr. Isaacs,

The question arises as to the application of the *sub judice* rule to Committee proceedings.

The principle is, of course, that the Standing orders apply to all proceedings in the National Assembly, including Committee proceedings.

The *sub judice* rule is contained in S.O. 26 and S.O. 41. S.O. 26 is headed "**Admissibility of Motions.**" Sub-section (g) states: "**It shall not relate to any matter which is under adjudication by a court of law.**" This means that a motion cannot be accepted for debate in the above circumstances.

When the Clico Motion was admitted and later debated there was no pending matter in Court as far as anyone knew. At the end of the debate Mr. Corbin said that an application to the Court had been filed the day before and an order made.

At the time when the Motion was approved by the National Assembly there were no Court proceedings pending. However, by the time the Committee began its hearings, as resolved by the National Assembly, court proceeding had started.

I rely solely on memory for these events in an effort to prepare these views as quickly as possible because this matter had slipped my attention. If I am wrong on the sequence of events it does not affect my conclusion.

S.O. 41 is headed Contents of Speeches. Sub-section 2 states: "**Reference shall not be made to any matter which is *sub judice*, in such a way as might, in my opinion of the Chair, prejudice the interest of parties thereto.**"

Discussions in Committee might not qualify as "**speeches**." However, as a general principle, the *sub judice* rule applies to all parliamentary proceedings and the Chair of a Committee might well consider that S.O. 41 (2) should be adapted to discussions. This, of course, does not mean that no discussion can take place. The Chair has a discretion. Discussions can take place, providing it does not "**prejudice the interest of the parties thereto**."

This would, for example, enable the Committee to receive a detailed report of court applications and Court Orders to date. The Committee might also receive reports on what the Judicial Manager had done so far in carrying out the Orders of the Court and what remains to be done.

As to future court applications and plans these can be given if it would not prejudice the interest of the parties. The Judicial Manager, if giving evidence, should have her or his or its lawyer guiding on this issue and the Chair of the Committee might wish to take her cue for the lawyer. I hasten to add that the Chair is entitled to exercise a judgment independent of that of the lawyer and can properly do so.

I hope these views are of assistance.

Yours faithfully,

John D. ...

APPENDIX
VIII

PSCES review of Ministry of Finance Mid – Year Reports for the years 2007, 2008, and 2009 compliance with the Fiscal Management and Accountability Act Section 67

Matrix on Accountability of Fiscal Management and Performance

Expectations required by the FM&A Act 20/2003	2007 Mid Year Report	2008 Mid Year Report	2009 Mid Year Report	Observations of the PSCES
<p>a) Update current macroeconomic and fiscal situation, revise economic outlook and projected impact</p>	<p>Real GDP growth is 5.8% against 3.3% in 2006 and is projected to reach 5.5% at year end. Pg 3</p> <p>The outlook for the remainder of the year is projected to be favorable. Pg 24</p>	<p>Real GDP growth was 3.8% and is projected to reach 4.9% at year end. Pg 5</p> <p>The Government is cautiously optimistic about the outlook of the economy given the nature of the external environment. Pg 27</p>	<p>Overall output contracted by 1.4%, but is projected to grow by 2.5% at year end. Pg 5</p> <p>Macroeconomic stability is expected to be maintained while GDP expected to grow positively. Pg 25</p>	<p>Real GDP growth for 2007 was 5.4% - Pg 6 (08) against projected growth of 4.9% -Pg 48 (07)</p> <p>Real GDP growth for 2008 was 3.1% - Pg 9 (09) against projected growth of 4.8% - Pg 43 (08)</p> <p>Real GDP growth for 2009 was 2.3% - Pg 6 (10) against projected growth of 4.7% - Pg 53 (09)</p> <p>Note: Information for the respective years can be found in the Annual Budget Speeches for Years 2008, 2009 and 2010.</p>

Expectations required by the FM&A Act 20/2003	2007 Mid Year Report	2008 Mid Year Report	2009 Mid Year Report	Observations of the PSCES
b)Report on Current and Capital Expenditures and revenues against approved estimates	<p>a)Capital exp- G \$ 13,556,213,000 of budgeted 36,697,500,000. Pg 36</p> <p>b) Current exp- G \$ 24,461,360,370 of budgeted 55,698,150,000. Pg 33</p> <p>c)Revenue-G \$ 49,275,975,000 of budgeted 95,090,183,000. Pg 34</p>	<p>a)Capital exp-G \$ 12,525.296 of budgeted 40,853.800. Pg 39</p> <p>b) Current exp-G \$ 30,992,702,210 of budgeted 67,991,779,000. Pg 36</p> <p>c) Revenues-G \$ 58,391,649,000 of budgeted 124,241,289,000. Pg 37</p>	<p>a)Capital exp-G \$ 11,204,956,000 of budgeted 46,502,565,000. Pg 37</p> <p>b) Current exp-G \$ 30,992,811,266 of budgeted 74,494,600,000. Pg 34</p> <p>c) Revenues-G \$ 55,815,681,000of budgeted 130,745,639,000. Pg 35</p>	
c)List major fiscal risks and policy responses	<p>Higher oil prices Pg 24</p> <p>Response-reduction of Excise Tax on fuel. Pg 13</p>	<p>High fuel and food prices. Pg 27</p> <p>Response-reduced Excise Tax on fuel and zero rated a list of basic food items. Pg 14</p>	<p>Bad world market conditions and prices, and poor performance of GUYSUCO.</p> <p>Response-diversification. Pg 25</p>	<p>Risks and policy responses were stated in the reports for some sectors.</p>

NB: All of the Mid-Year Reports (2007-2009) were submitted to the National Assembly in the respective years of the Mid Year Reports, however, they were submitted after the time line stipulated in Act 20 /2003, Article 67 (1), that is, within sixty (60) days after the 30th June each year.