



REPORT

OF THE

Guyana Marketing Corporation

FOR THE PERIOD

1st January, 1967

TO

31st December, 1967

REPORT
OF THE
GUYANA MARKETING CORPORATION
FOR THE PERIOD
1 ST. JANUARY TO 31 ST. DECEMBER, 1967

Guyana Marketing Corporation, established by Order No. 97 of 1963 under the Public Corporations Ordinance, increased its operations significantly in 1967.

2. The Corporation remained responsible for the following unit enterprises :
- a) Central Produce Depot (Georgetown and the Produce Depot (New Amsterdam Branch).
 - b) Fish Marketing Centre
 - c) Processing Factory
 - d) Ham and Bacon Factory
 - e) Milk Pasteurisation Plant
 - f) Edible Oil Distribution.
3. On 26th April 1967, the following Board was appointed by Order gazetted on Saturday 29th April, 1967.

Messrs :	Sydney King		(Chairman)
	B. A. Fernandes		(Deputy Chairman)
	Rabindranauth Beharry)	
	Ralph Van Sluytman)	
	R. Tang)	Members
	and)	
	Mrs. Jane Phillips Gay)	

4. The Board having carried out detailed consultations with employees at all levels became rather well informed on the grievances of the people manning the enterprise at all levels. Systems of Management consultation were set up involving the Chairman, the General Manager, the Chief Accountant, the Secretary/Accountant and Supervisors and Foremen of various units. It was requested that systems of consultation should be introduced by all Supervisors with their staffs, so that the internal communications mechanism of the Corporation might be improved.

5. In response to complaints received the Chairman and other members visited the outlying supply districts from which Guyana Marketing Corporation obtains the bulk of its supplies. As a result of these visits conferences were held in August 1967, between farmers' representatives from Pomeroun and the North West District, Essequibo Coast, Essequibo Islands and Parika in the Board Room at Lot 1, Lombard Street. The upshot of these conferences was an accord between farmers and the Corporation on prices. The Corporation also agreed to extend the list of items which it would buy and for which it would offer support prices from 19 items to a total of 32 items.

6. As a result of the recommendations of the conference the Board agreed, with the approval of the Minister, to further develop the pricing policy of the Corporation by creating a new list, the Current Buying List, the incentives of which to the farmer were greater than in the 1964 Minimum Guaranteed Prices. It was agreed with the farmers that the prices should not be varied downward unless a month's notice had been given by the Corporation to the farmers. The agreed list with the current prices as agreed is set out below.

CURRENT PRICE LIST

Oranges	G.M.C. agrees in principle on 5c. per lb. Some sampling to be done within the next 2 weeks. Corporation to continue buying at two grades — 3 and 2.
Plantains	Should be picked full rather than green. Grade A — 4½c. per lb. " B — 3c. " "

Grapefruit	Grade A — 3c. per lb. Grade B — 2c. " "
Eddoes	6c. per lb.
Hard Yams	6c. " "
Bell Yams	9c. " "
Buck Yams	9c. " "
Sweet Potatoes	8c. " "
Corn	6½ " "
Blackeye Peas	22c. " "
Bananas	
Cayenne	4c. " "
Apple	3½c. " "
Sour Fig & Dwarf	3c. " "
Tannias	7c. " "
Sweet Cassava	3c. " "
Bitter Cassava	2c. " "
Pepper	Price to be fixed later
Coffee Beans	52c. per lb (clean and ungraded)
Peanuts	34c. per lb.
Starch	15c. " "
Dasheen	4c. " "
Pumpkins	4c. per lb.
Tomatoes	20c. " "
Squash	6c. " "
Cucumbers	10c. " "
Pears	Ranging from 4c. to 6c. according to size.
Tangerines	\$1.05 per hundred
Golden Apples	4c. per lb.
Lemons	\$1.05 per hundred
Limes	8c. per lb.
Cocoa Beans	24c. per lb.
Water Melons	4c. " "
Pine Apples	Price to be fixed later.

As against this is set out the list of minimum guaranteed prices authorised in December, 1964.

Commodity	Minimum Price	Commodity	Minimum Price
Plantains Grade A	4c. per lb.	Grapefruit Grade A	2c. each
" " B	3c. " "	" " B	1c. " "
Sweet Cassava	1½c. " "	Cabbages	17c. per lb.
Eddoes	2½c. " "	Onions	8c. " "
Tannias	4c. " "	Blackeye Peas	16c. " "
Yams	4c. " "	Dholl	14c. " "
Sweet Potatoes	4c. " "	Castor Beans	9c. " "
Oranges Grade A	2c. each	Peanuts	24c. " "
" " B	1½c. " "	Corn	6c. " "
" " C	¾c. " "		

7. It could be argued that the Current Buying List was not specifically provided for in Order No. 97 of 1963. However, the Board felt justified in administering the Current Buying List as the prices were in no case lower and in most cases higher than those in the list of minimum guaranteed prices and the crops so guaranteed were greater in number. In establishing this agreement the Farmers and the Board took note of certain market forces and allowed the Board, while being limited by a firm floor price, the old minimum guaranteed price, to offer the farmer in fact a higher price which would be varied downwards, and at no time below the minimum guaranteed prices, only in the case of extraordinary supplies. In order to defeat the excesses of the huckster, a free market operator enjoying the highest possible flexibility, it was necessary for Guyana Marketing Corporation as a serious transactor in the market, to be allowed some flexibility also. The Corporation was moreover becoming a major wholesale and retail seller and needed to ensure that much of the supplies reaching Georgetown should pass through Guyana Marketing Corporation so as to reach the consumer at more competitive prices, thus influencing the index of food prices downwards.

8. The results justified the introduction of the current buying list. Farmers were able to sell a larger number of items to Guyana Marketing Corporation. See table. Up to December 31, 1967, there was no reason to reduce any of the prices on the current buying list.

Secondly, the value of produce received in Georgetown and New Amsterdam increased as shown by the following figures:

	1966		1967
Georgetown	\$881,597.28	Georgetown	\$1,343,487.04
New Amsterdam	162,140.65	New Amsterdam	192,838.03
	\$1,043,737.93		

or by a total combined value of \$492,587.14.

9. The Milk Pasteurisation Plant increased its "processed raw material value" at 1966 prices and wages from \$514,870.10/\$575,538.73 and its sales from \$376,002.59 to \$439,880.45 in 1967. Purchases of raw materials rose from \$365,829.89 (1966) to \$442,859.46 at 1967 prices. Net trading loss on the Milk Plant increased from \$253,842 in 1966 to \$257,249 in 1967, but the loss per gallon fell marginally.

10. The Ham and Bacon Factory increased its operation and its storage resources were taxed to the utmost.

Pigs slaughtered at your Marketing Corporation.

	No. of Heads	lb.	Value
1964	1,911	189,941	\$ 92,128.50
1965	1,789	175,981	93,497.00
1966	1,836	198,710	109,093.00
1967	2,797	340,319	183,381.00

It is obvious that price disincentives in 1964 had their effect in 1965.

The bulk of the supplies came from the Essequibo Coast, that region supplying 108,768 lbs, at carcass weight as against 38,246 in 1966 at a total value of \$21,264.78 as against \$60,475.01 in 1967.

11. Fish Market purchases increased as a result of more deliveries by fishermen.

	lb.	Value
1965	390,881	\$ 146,265
1966	576,295	173,987
1967	968,170	237,260

12. The Processing Factory showed a higher volume of activity in 1967 than in 1966, but began the year 1966 with carry over stocks of \$15,202.29 whereas it began the year 1967 with carry over stocks of \$20,193.88. There was also a greater value of raw materials intake \$126,834.87 in 1967, than in 1966 \$95,427.27. It is clear from the data that the beginning of 1965 ushered in a period of greater service to the agricultural producers, (crops and live-stock) by the Guyana Marketing Corporation, as the following table shows:

	1964	1965	1966	1967
Crops	\$ 222,531	\$ 401,175.10	\$ 397,567	\$ 638,089
Pigs	92,064	93,497	109,093	183,381
Fish	135,853	146,265	173,987	237,260

13. The Blast Freezer, a gift from Freedom From Hunger (U.K.) in 1967 was installed in the fish Market Building during the course of the year. It added some \$40,000 lb. to Guyana Marketing Corporation's storage capacity for fish. The final cost of cleaning, building a blast freezer room, building a holding room adjacent to the blast freezer and installing the blast freezer was \$34,854.77.

14. The Ham and Bacon Factory, a pilot factory established in the year 1955 continued to operate. During the year it made a strong thrust towards national self-sufficiency in hams.

	Ham lb.	Bacon lb.
1965	12,058	46,011
1966	14,137	56,279
1967	46,289	84,726

The country continued to be self-sufficient in bacon not in airtight containers.

15. From 1966 the Annual Subsidy to Guyana Marketing Corporation was effectively pegged at \$500,000 the amount which therefore received from Government in 1967. The net loss covered by subsidy in the Corporation's operations amounted to \$414,502.30. The main influence appears to have been increased efficiency in sales and a pricing policy geared to the lack of storage facilities. Whereas in 1966 tremendous losses were said to occur due to spoilage of produce, especially plantains, in 1967, when the volume bought was double that of 1966, there was a great reduction in spoilage, because motor lorries were engaged at periods of peak supply to distribute foodstuffs widely along the coast at cheap prices. By this means the actual loss on purchases was reduced, as part of the purchase price was recovered from sales. Residents of urban, suburban sugar estate and village districts benefited from cheap priced vegetables.

16. The audited statements show a trading loss on Edible Oil distribution, rising to \$47,936.73 in 1967 from \$40,783.60 in 1966. The basic reason for these results is the subsidy extended by Guyana Marketing Corporation to oil and copra imported under the Oils and Fats Agreement from member countries, and the cost of administration. Guyana Marketing Corporation extended the subsidy of crude oil to domestic producers of crude oil. Imports of refined edible oil were 294,000 gallons valued at \$658,485 in 1967 as against 72,550 gallons valued at \$182,306 in 1966. Domestic crude oil amounted to 14,097 gallons valued at \$34,530 including a production bonus.

Overall activity.

17. The total level of activity for all units as shown by cost of goods sold in the years 1965 to 1967 stood as follows :

1967	1966	1965
\$ 5,602,576.74	\$ 4,727,197.22	\$ 4,794,070.14

As shown by the record the total volume of sales of produce including edible oil, some of which is imported was :

1967	1966	1965
\$5,879,637.20	\$4,759,555.66	\$4,430,695.21

Deficit

The net trading loss covered by subsidy of the Corporation was at the lowest figure of the four years of the life of the Corporation.

1967	1966	1965	1964
\$ 414,502.30	\$ 442,887.40	\$ 904,428.22	\$ 666,751.92

18. The main problems of Guyana Marketing Corporation at the end of 1967, were already very familiar. In buying operations the Corporation faced competition from wholesale hucksters, who buy in the surplus production areas. Their pricing policy tends to depress prices unduly when the crop is in and to raise them unduly when the crop is out. Hucksters have a responsibility to Government or consumers to keep food prices reasonable and thus encourage the consumption of domestic vegetables.

19. It should be recognised that there are two markets for fresh foods, the state Guyana Marketing Corporation market and the open market. Through the state market it was found in 1967 in the plantain trade that 60% of the consumer's dollar reached the farmer, whereas in the open market only about 39-40% of the consumer's dollar reached him. The jacking up of food prices can affect the "buy local" or "buy Guyana" campaign and influence consumer patronage in favour of imported foods.

20. The provisions of Order No. 97 of 1963, Paragraph 7 seems to have been intended to place certain powers of market control in the hands of the Corporation.

- 7 (i) "Notwithstanding any other provision of this Order, the Corporation may by notice published in the Gazette and in at least one newspaper circulating in Guyana exercise general supervision over the disposal of the produce of producers and may

by the like notice control the purchase, sale, distribution, processing and export of such produce."

- (ii) "Any supervision or control as provided for in the preceding paragraph may be exercised by the Corporation in respect of all or any of the aforesaid produce or in respect of any quantity or any grade of any such produce and in respect of the whole of Guyana or any area therein." (Order No. 97 of 1963).

20. It was found on examination that the Order provided no penalty clause for non-compliance with a notice under Paragraph 7 (i) and (ii). The attention of the Ministry was drawn to this apparent omission.

21. The other problems faced by the Corporation were recognised by Government. They were lack of technical personnel, lack of sufficient space for carrying out the marketing operations, lack of sufficient refrigerated storage, obsolescent machinery and equipment and lack of adequate premises. The Central Government voted \$100,000 for capital expenditure. The gesture was appreciated but the sum was inadequate.

22. After devaluation in 1967, the Board received a directive from the Minister requesting it to influence food prices downward. The Board was also requested to set up marketing outlets in areas of deficit from supply to cushion the effects of the devaluation of the Guyana dollar. The Guyana Marketing Corporation began the implementation of this project. Local businessmen, preferably co-operatives were supplied on credit with produce at wholesale prices, the selling prices being fixed by the Corporation. Whenever appropriate a contribution was made by Guyana Marketing Corporation to the rental of the premises used and the person operating the outlet received credit for 2 per cent of cash sales.

23. The Corporation has consequently attempted by the use of various marketing arrangements to keep farm incomes up and consumer prices down.

GUYANA MARKETING CORPORATION**FINAL ACCOUNTS**

FOR 1967

AUDITOR'S REPORT

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. In our opinion proper books of account have not been kept by the Corporation and it was necessary to make special adjustments. We have examined the above Balance Sheet and annexed Profit and Loss Account which are in agreement with the adjustments made by us. In our opinion and to the best of our information and according to the explanations given to us the Balance Sheet gives a reasonable picture of the state of the Corporation's affairs as at 31st December, 1967 and the Profit and Loss Account shows a reasonable state of the loss for the year ended 31st December, 1967.

THOMAS STOLL & CO.,
ACCOUNTANTS — AUDITORS.

GUYANA MARKETING CORPORATION

BALANCE SHEET AS AT 31ST DECEMBER, 1967

1966	CAPITAL	\$	1966 \$	FIXED ASSETS	Cost \$	Accumulated Depreciation \$	Net Book Value \$
1,102,108.00	Guyana Government Account (to be satisfied by an issue of 7% Debentures)	1,102,108.00	441,712.56	Land and Buildings	487,994.32	47,625.54	440,368.78
104,374.25	Capital Reserve	104,374.25	287,542.20	Plant & Machinery	413,678.19	65,840.65	347,837.54
300,000.00	Advances by Government of Guyana	300,000.00	31,668.17	Furniture & Equipment	41,982.34	8,974.07	33,008.27
	Surplus of Subsidy over Trad- ing Loss for 1966	148,360.61	60,830.11	Motor Vehicles	61,672.30	22,411.16	39,261.14
148,360.61	Add: Surplus for 1967	66,195.33	8,554.48	Sundry Equipment	87,778.19	24,999.96	62,778.23
			\$ 850,964.90	Launches	9,639.61	2,049.09	7,590.52
					<u>\$1,102,744.95</u>	<u>\$171,900.47</u>	<u>\$930,844.48</u>
	CURRENT LIABILITIES						
306,881.76	Sundry Creditors and Credit Balances	460,483.44	525,902.47	CURRENT ASSETS			
				Stock & Stores (as the lower of cost) and net realisable value)		721,095.73	
			37,415.00	Stock of drums on hand			
			299,012.81	From: Suppliers	198,395.00		
			(110,000.00)	To: Customers	159,000.00	39,395.00	
				Sundry Debtors & Other Debit Balances	256,131.32		
				Less Provision for Bad Debts	74,565.81	181,565.51	
			344,092.33	Cash at Bank	294,886.37		
			14,337.11	Cash in Hand	13,734.54	308,620.91	1,250,677.15
\$ 1,961,724.62		\$2,181,521.63	\$1,961,724.62				<u>\$2,181,521.63</u>

Note (1) While the nominal value and the interest rate of the Debentures to be issued under Article (11) 2 of the Guyana Marketing Order, 1963 have been agreed by the Minister of Finance and the Corporation such agreement does not extend to the repayment dates of the Debentures.

(2) The above Debentures have not yet been issued and though interest has not been paid thereon it has been provided for in the accounts.

GUYANA MARKETING CORPORATION
DEPARTMENTAL TRADING AND PROFIT AND LOSS ACCOUNT FOR
THE YEAR ENDED 31ST DECEMBER, 1967.

	N/A Produce Depot \$	G/Town Produce Depot \$	Pasteurisation Milk Plant \$	Processing Factory \$	Fish & Market Centre \$	Edible Oil \$	Ham & Bacon Factory \$	Total 1967 \$	1966 \$	1965 \$
SALES	212,300.25	1,401,636.77	439,880.45	167,245.86	339,204.90	3,188,016.10	131,352.87	5,879,637.20	4,759,555.66	4,430,695.21
Deduct										
Transferred from Processing Account	—	—	575,538.73	57,613.40	—	—	121,037.57	754,189.70	674,718.55	858,234.97
Stocks at 1st January, 1967	13,502.31	144,714.73	5,649.72	9,209.99	2,802.85	198,950.48	4,101.41	378,931.49	608,663.20	256,091.04
Purchases	192,838.03	1,343,487.04	—	—	251,298.44	3,069,356.33	—	4,856,979.84	3,733,021.13	4,007,257.81
Loss-in-Transit	938.00	18.47	—	—	—	—	—	956.47	4,774.19	14,941.16
Freight Inwards	1,517.34	—	—	—	—	—	—	1,517.34	1,574.40	1,324.30
Carriage Inwards	—	—	—	—	—	3,117.18	—	3,117.18	6,147.64	3,817.59
Refining Expenses	—	—	—	—	—	7,636.90	—	7,636.90	7,228.50	15,965.56
Unabsorbed Factory Expenses	—	—	—	28,122.97	—	—	—	28,122.97	19,562.36	21,707.30
Cost of Raw Materials Sold	—	—	—	88,892.50	—	—	72,373.06	161,265.56	103,800.59	110,621.45
Transferred from Raw Materials	—	—	—	—	—	—	—	—	—	161,363.79
	208,795.68	1,488,220.24	581,188.45	183,838.86	254,101.29	3,279,060.89	197,512.04	6,192,717.45	5,159,490.56	5,451,324.97
Less										
Stocks at 31st December, 1967	6,006.83	173,931.08	5,154.70	5,543.88	3,338.30	293,293.12	30,499.74	517,767.65	378,931.49	608,663.20
Transferred to Raw Materials	—	—	—	—	—	—	72,373.06	72,373.06	53,361.85	5,278.42
Transferred to Processing Account	—	—	—	—	—	—	—	—	—	43,313.21
	6,006.83	173,931.08	5,154.70	5,543.88	3,338.30	293,293.12	102,872.80	590,140.71	432,293.34	657,254.83
COST OF GOODS SOLD	202,788.85	1,314,289.16	576,033.75	178,294.98	250,762.99	2,985,767.77	94,639.24	5,602,576.74	4,727,197.22	4,794,070.14
GROSS PROFIT (LOSS)	9,511.40	87,347.61	(136,153.30)	(11,049.12)	88,441.91	202,248.33	36,713.63	277,060.46	32,358.44	(363,374.93)
Add: Sundry Revenue	492.58	758.62	1,028.86	1,037.78	1,077.41	9,336.85	24.16	13,756.26	14,594.81	14,589.90
	10,003.98	88,106.23	(135,124.44)	(10,011.34)	89,519.32	211,585.18	36,737.79	290,816.72	46,953.25	(348,785.03)
Deduct Overheads										
Operating	27,397.91	181,634.40	—	—	60,762.19	172,395.87	—	442,190.37	262,887.35	302,530.83
Leakage & Samples	—	—	—	—	—	—	—	—	—	5,439.31
Administration	5,926.60	37,292.65	39,233.23	4,797.56	9,115.52	79,927.91	3,898.14	180,236.61	154,826.99	146,385.83
Distribution	—	—	82,891.87	—	—	—	—	82,891.87	72,126.31	101,287.22
Total Overheads	33,324.51	218,927.05	122,125.10	4,797.56	69,877.71	252,368.78	3,898.14	705,318.85	489,840.65	555,643.19
DEPARTMENTAL TRADING PROFIT (LOSS)	(23,320.53)	(130,820.82)	(257,249.54)	(14,808.90)	19,641.61	(40,783.60)	32,839.65	(414,502.13)	(442,887.40)	(904,428.22)
NET TRADING PROFIT (LOSS)	\$ (23,320.53)	\$ (130,820.82)	(257,249.54)	\$ (14,808.90)	\$ 19,641.61	\$ (40,783.60)	\$ 32,839.65	\$ (414,502.13)	\$ 442,887.40	\$ (904,428.22)

GUYANA MARKETING CORPORATION

GENERAL PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 1967.

Departments	1967	1966
N/A Produce Depot	(23,320.53)	(22,298.06)
G/Town Produce Depot	(130,820.82)	(90,872.88)
Milk Pasteurisation Plant	(257,249.54)	(253,842.23)
Processing Factory	(14,808.90)	(27,448.03)
Fish Market and Centre	19,641.61	17,217.70
Edible Oil	(40,783.60)	(47,936.73)
Ham & Bacon Factory	32,839.65	(17,713.98)
	<hr/>	<hr/>
Profit & Loss before depreciation	(414,502.13)	(442,894.21)
Add: Depreciation	(42,154.99)	(49,091.95)
" Interest on Govt. debentures	(77,147.55)	(77,147.55)
	<hr/>	<hr/>
	(533,804.67)	(569,133.71)
Less Subsidies received from Govt.	600,000.00	600,000.00
" Profit on Sale of Motor Vehicles		100.00
	<hr/>	<hr/>
Net Surplus/loss for year as per Balance Sheet	<hr/>	<hr/>
	\$ 66,195.33	(30,966.29)
	<hr/>	<hr/>

GUYANA MARKETING CORPORATION
GENERAL PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER, 1967

<u>1966</u>			<u>1967</u>
\$442,894.21	Operating Loss		\$414,502.13
	Before Charging —		
49,091.95	Depreciation	\$42,154.99	
	Interest on Capital Indebtedness to		
77,147.55	Guyana Government Debentures @ 7%	<u>77,147.55</u>	<u>119,302.54</u>
<u>\$126,239.50</u>			
\$569,133.71	Net Operating Loss		\$533,804.67
	<u>Less:—</u>		
600,000.00	Subsidies received from Government	600,000.00	
100.00	Profit on Sale of Vehicles	—	
<u>\$600,100.00</u>			<u>600,000.00</u>
\$ 30,966.29	Surplus for the Year		\$ 66,195.33
	<u>Add:—</u>		
117,394.32	Surplus brought forward		148,360.61
<u>\$148,360.61</u>	Balance being accumulated Surplus, carried forward		<u>\$214,555.94</u>