



GUYANA TELECOMMUNICATION CORPORATION

ANNUAL REPORT

1967



A Northern View of Telephone House

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LETTER OF TRANSMITTAL

GUYANA TELECOMMUNICATION CORPORATION,
Telephone House,
Brickdam, Georgetown,
P.O. Box 437,

3rd September, 1968.

Hon. E.F. Correia,
Minister of Communications,
G.P.O. Building,
Georgetown.

Hon. Minister,

In accordance with Section 33(1) of the Public Corporations Ordinance, I have the honour to submit the Annual Report, being an account of the transactions of the Corporation for the period 1st March to 31st December, 1967, to which is appended the Auditor's Report for the period, and the Order No. 11 of 1967.

Yours faithfully,



Mohamed Kasim, M.P.
Chairman

GUYANA TELECOMMUNICATION CORPORATION
Established 1st March, 1967 by Order in Council No. 11 of 1967
under the Public Corporation's Ordinance No. 23 of 1962

REGISTERED OFFICE

Telephone House, Brickdam, Georgetown, GUYANA.

MEMBERS OF THE BOARD (at 1st March, 1967)

Mr. Mohamed Kasim, M.P.	Chairman
Mr. Basil Blair	Deputy Chairman
Mr. Neville Franker	Official Member
Mr. C.E. Figueira	Member
Mr. C.R. Spence	Member
Mrs. Esther Dey, M.B.E.	Member
Mr. S.F. Wilson	Member
Mr. Samuel George	Member
Mr. C.G. Bryan	Secretary

COMMITTEES OF THE CORPORATION (at 31st December, 1967)

Establishment and Appointments Committee

Mr. Mohamed Kasim, M.P.	Chairman
Mr. Basil Blair	Deputy Chairman
Mr. C.R. Spence	Member
Mrs. Esther Dey, M.B.E.	Member
Mr. J.H. Wagstaff (General Manager)	Member
Mr. C.G. Bryan (Secretary)	Member

Industrial Relations Committee

Mr. Basil Blair	Chairman
Mr. C.R. Spence	Member
Mr. J.H. Wagstaff (General Manager)	Member
Mr. J.L. Philadelphia (Deputy General Manager)	Member
Mr. C.G. Bryan (Secretary)	Member
Mr. C.G. Small (Personnel & Public Relations Officer acting)	Member

Telephone Allocation Committee

Mr. Mohamed Kasim, M.P.	Chairman
Mr. C.R. Spence	Member
Mrs. Esther Dey, M.B.E.	Member
Mr. G.A. Pereira (Executive Engineer)	Member
Mr. F.H. Rogers (Service Superintendent)	Member
Mr. C.G. Bryan (Secretary)	Member

Finance Committee

Mr. C.E. Figueira	Chairman
Mr. C.R. Spence	Member
Mrs. Esther Dey, M.N.E.	Member
Mr. J.H. Wagstaff (General Manager)	Member
Mr. C.G. Bryan (Secretary)	Member

Board of Survey

Mr. C.R. Spence	Chairman
Mr. J.H. Wagstaff (General Manager)	Member
Mr. J.L. Philadelphia (Deputy General Manager)	Member
Mr. R.A. McGregor (Superintendent of Stores)	Member
Mr. C.G. Bryan (Secretary)	Member

MANAGEMENT COMMITTEESGuyana Telecommunication Consultative Committee

Permanent Secretary, Ministry of Communication	Chairman
Mr. J.H. Wagstaff (General Manager)	Member
Mr. D. Kendall-Carpenter (Manager, Cable & Wireless(W.I.)Ltd.)-	Member
Mr. J.L. Philadelphia (Deputy General Manager)	Member
Nominee of Cable & Wireless (W.I.) Ltd. -	Member
Mr. G.E. Hopkinson (Executive Engineer)	Secretary

Guyana Frequency Assignment Committee

Mr. J.H. Wagstaff (General Manager)	Chairman
Mr. J.L. Philadelphia (Deputy General Manager)	Deputy Chairman
Nominee of Cable & Wireless (W.I.) Ltd. -	Member
Representative of Guyana Armed Forces	Member
Mr. C. Cunha (Superintendent of Radio Services)	Secretary

SENIOR STAFF (for period 1st March - 31st December, 1967)

General Manager	J.H.Wagstaff, B.Sc., C.Eng., F.I.E.E.
Deputy General Manager/ Engineer-in-Chief	J.L. Philadelphia, Dip.Eng.(Hons), C.Eng., M.I.E.E., A.M.I.E.R.E.
Secretary/Senior Administrative Officer...	C.G. Bryan, B.Sc(Econs) Lond.
Senior Executive Engineer.	G.E. Perry, Dip.Eng., Associate Member I.E.E., Grad. I.E.R.E.
Accountant	C.A. Dathorne, C.A.
Executive Engineers	G.A. Pereira, Dip.Eng., Associate Member I.E.E., Grad. I.E.R.E. R.O. Telesford, Dip.Eng., Associate Member I.E.E., Grad. I.E.R.E. G.E. Hopkinson, Dip.Eng., Associate Member I.E.E., Grad. I.E.R.E. C.B. Searwar, D.F.H., Associate Member I.E.E.
Superintendent of Stores..	R.A. McGregor, B.Sc., P.A.
Service Superintendent ...	F.H. Rogers



A Section of the Operating Staff on the Manual Switchboard in the Georgetown Exchange.

GUYANA TELECOMMUNICATION CORPORATION
FIRST ANNUAL REPORT
(1st March - 31st December, 1967)
Ten Months

CONSTITUTION

The Corporation was founded on the 1st March, 1967, by Order of the Cabinet (No. 11 of 1967) as the Guyana Telecommunication Corporation made under the Public Corporation's Ordinance (No.23 of 1962) to replace the former Post Office Telecommunications Department. Ministerial responsibility for the Corporation rests with the Minister of Communications, the Honourable E.F. Correia.

THE BOARD

Mr. Neville Franker, Official Member relinquished his membership on his transfer as Permanent Secretary to the Ministry of Health in June, 1967, and the acting Permanent Secretary of the Ministry of Communications, Mr. Austin Dummett, assumed duty.

Mr. S.F. Wilson resigned on the 1st July, 1967.

MEETINGS

The Board held twelve (12) general meetings and seven(7) extra-ordinary meetings.

The Inaugural Meeting of the Corporation took place on the 1st March, 1967, with an address by the Honourable E.F. Correia, Minister of Communications.

There was one special meeting of the Corporation which was called on the 4th October, 1967, to grant recognition to a new union 'Telcorem' as a replacement to the Civil Service Association which had relinquished its rights to represent the employees of the Corporation on the 3rd October, 1967.

GENERAL REVIEW

EARLY YEARS

The first telegraph line was constructed in 1877 by the Public Works Department and the Post and Telegraph Services were combined between 1877 and 1878.

The first telephone exchange was opened in Georgetown on the 1st January, 1884, with thirty-six renters. The rental was \$60.00 for a three-quarter mile radius. The exchange was later reconstructed and reopened on the 1st of August with two hundred subscribers, and still further reconstructed and reopened on the 15th August 1903, utilising the metallic circuit system for the first time. On this occasion service was extended to a radius of three miles from the exchange; the rates being \$36.00 for a business telephone and \$18.00 for a residential telephone.

The New Amsterdam exchange was opened on the 15th May, 1889, with fifty subscribers.

The first Police exchange was opened in Georgetown in 1889 and reconstructed, utilising the metallic circuit system in 1903.

The telephone rates were reduced on the 9th June, 1903, and table 1 below gives a breakdown of the rates.

TABLE 1Telephone rates payable as from 9th June, 1903.

Stores Paying Licence	New Rates/annum Metallic Circuit	New Rates/annum Single line Circuit
Over \$200	\$36	\$24
\$100 and over (but not exceeding)	\$24	\$18
Under \$100	\$18	\$14
Surgeries and Offices	\$24	\$18
Other Business	\$36	\$24
Private Residences	\$12	\$10

The system of local telegraph money orders was established in September, 1891, and was extended between British Guiana and Great Britain on the 1st October, 1916.

In 1923, the telephone service was further reconstructed in Georgetown with the installation of the central battery signalling system (C.B.S.) Two satellite automatic exchanges were installed at Belfield and Mahaica respectively, in 1927, and a one hundred line Strowger automatic exchange was opened at Queenstown, Georgetown in 1928. The Wireless Department was amalgamated with the Post Office Engineering Branch on the 1st January, 1928.

On the 1st January, 1919, the business rate was increased by \$3.00 and the residential rate by \$1.00. On the 1st April, 1920, the business rate was fixed at \$30.00 per annum, and \$16.00 for the residential telephone.

In 1923, the Georgetown telephone service was reconstructed and a new switchboard with a capacity of one thousand subscribers was installed, replacing the old magneto (hand generator) for a central battery signalling system without appreciable inconvenience to the public. A system of relaying English, American and Dutch broadcasts over the telephone system commenced in March, 1927, but ceased in March, 1931. A new valve transmitter was installed at the Central Radio Station in Georgetown.

In March, 1931, the Imperial and International Communication Ltd. (Cable and Wireless) took over the Georgetown radio station, and on the 1st February, took over the management of the external radio services of the country.

A cheaper grade of service soon became available with the introduction of the party line system; the rental being \$4.50 per quarter for a party line as against \$6.00 per quarter for an exclusive telephone.

New telephone regulations came into effect on the 1st January, 1937, when all deposits were abolished. A trunk call fee of 16¢ for three minutes was introduced on the 15th April, 1938.

In 1939, the New Amsterdam telephone service was reconstructed and a new central battery signalling switchboard with a capacity of two hundred exclusive lines was installed.

In 1951, two very high frequency (V.H.F.) radio bearers connecting Atkinson Field with Georgetown were installed and on October, 1953, a radio beacon for ship's navigation was installed for the Transport and Harbours Department in the transmitter hall of the department's building located on the Cable and Wireless site at Thomas Lands (Plantation Thomas). Also in 1953, the automatic exchange at Mackenzie was constructed.

In January, 1958, a radio beacon to aid aircraft navigation was installed at Lethem, and in 1959, V.H.F. communications were extended to Bartica. Unit Automatic Exchanges (U.A.Xs) were installed at Bartica and Atkinson Field.

The present automatic exchange in Georgetown was commissioned in March 1960, and later the same year, multichannel V.H.F. links were established between Georgetown and New Amsterdam, Atkinson, Mackenzie, Ituni, Kwakwani, Bartica, Vreed-en-Hoop, and Anna Regina and between New Amsterdam and Skeldon. U.A.Xs were also constructed at Vreed-en-Hoop, Anna Regina, Suddie, Mon Repos and Skeldon.

Due to lack of funds the new telephone exchange at New Amsterdam had to be shelved and modifications had to be made so as to enable the new trunk lines emanating from Georgetown and Skeldon to be terminated on the old C.B.S. exchange. In addition, a small Private Branch Exchange (P.B.X.) was attached to the two existing positions to accommodate the Skeldon junctions in particular, and to spread the load on the exchange among the operating staff as the capacity was extended to four hundred lines with the introduction of the party line system.

From 1961 onwards, (due to the lack of capital) with the exception of modest overhead construction on the East and West Bank of Demerara, and on the East and West Coast, and the installation of some small U.A.Xs at Buxton, Cove and John, Mahaica, Mahaicony, Diamond, Wales and Leonora, no major development was possible and the demand for telephone service far outstripped the supply to such an extent that the rental of telephones had to be severely restricted.

In order to provide some measure of relief in the New Amsterdam telephone area, an additional P.B.X. with a capacity of sixty exclusive lines was put in the New Amsterdam exchange increasing the capacity to a maximum of five hundred and twenty.

In 1966, equipment intended for a new automatic exchange at New Amsterdam was installed in the Georgetown exchange so as to relieve the pressing demand for telephone service in Georgetown, especially in view of the fact that no money was available to provide a building in New Amsterdam to house the equipment which hitherto was being stored in the United Kingdom.

PRESENT

On the 1st March, 1967, the old arrangement was changed by an Order No. 11 of 1967, made under the Public Corporations Ordinance, No. 23 of 1962, which established the Guyana Telecommunication Corporation to promote the economic development of the communication services in accordance with as far as is practicable, standard practice reorganised internationally and public demand with a separate autonomous budget.

The past year no doubt has been a rather trying one as a complete reorganization was necessary to bring the Corporation in line with a typical commercial undertaking. Initially, the main problems to be solved were:

- (a) the establishment of efficient management or administration;
- (b) the establishment of an efficient and energetic revenue or financial section and efficient and productive engineering units or sections.

GENERAL MANAGER

Prior to the establishment of the Corporation, a United Nations Telecommunications Officer was recruited under the technical assistance scheme. The primary duties of this officer were that of preparing and ensuring implementation of preliminary organizational arrangements which had to be made before the setting up of the Corporation. The officer recruited was Mr. J.H.Wagstaff, who assumed duty on the 9th June, 1965, under contract until the 31st December, 1967. It was accepted that this officer after serving as an adviser to the Ministry of Communications in the setting up of the Corporation would, after vesting day, take over as the General Manager of the Corporation. He assumed duty as General Manager on the 1st March, 1967, and continued as such for the full period under review, except for a period of three months, when this officer was on vacation leave (August to November, 1967) during which time Mr. J.L. Philadelphia acted as General Manager.

Under the terms of his U.N. contract, Mr. Wagstaff was to be responsible for the training of a suitable Guyanese who would succeed him at the completion of his contract. His deputy is Mr.J.L. Philadelphia, who performed the duties of Engineer-in-Chief since July, 1965, when the then substantive holder of the post was seconded to West Africa (The Gambia) as an I.T.U. Adviser. Mr. Philadelphia was appointed Deputy General Manager and Engineer-in-Chief on the 20th day of July, 1967, the day after the substantive holder of the post of Engineer-in-Chief (Mr. C.A. Wiltshire) officially declined the offer of appointment with the Corporation and stated that he desired to remain in the Public Service.

The separation of the Telecommunication Department from the Postal Administration caused by the establishment of the Corporation, left serious gaps in the Senior Administrative level and as such a number of posts had to be created and filled by suitably qualified and experienced personnel. Among the first appointments made was that of Mr. C.G. Bryan, as Secretary and Senior Administrative Officer of the Corporation. Mr. Bryan assumed duty on the 14th June, 1967.

COMMITTEES

The Corporation set up the following committees to assist in the carrying out of the many functions.

- (a) The Establishment and Appointments Committee which is charged with the responsibility for interviewing, scrutinising the qualifications of candidates and assessing their suitability for appointments and making recommendations to the Board.
- (b) The Industrial Relations Committee which is charged with the responsibility for industrial matters, including negotiations with the unions and personnel matters such as the discipline of staff.
- (c) Telephone Allocation Committee which is charged with the responsibility of allocating telephones after assessing the availability of telephones and the degree of priority.
- (d) Finance Committee is responsible for reviewing financial problems such as monthly financial statements and the annual budget.
- (e) The Board of Survey is responsible for the inspection of obsolete and obsolescent items of equipment and recommending their disposal to the Board.

The following two committees were set up just prior to the establishment of the Guyana Telecommunication Corporation.

- (a) The Guyana Telecommunication Consultative Committee.
- (b) The Guyana Frequency Assignment Committee.

The setting up of the Guyana Telecommunication Consultative Committee was first mooted during the year 1965, when the question of the renewal of the franchise for external communications in favour of Cable & Wireless (W.I.) Ltd. was under review. The original proposal had come from Messrs. Cable & Wireless suggesting that a committee be formed to ensure proper co-ordination between the internal and external services. Since its inauguration in June 1966, it has proven to be a most useful forum for the discussion of telecommunication problems and has in fact become an essential agency of the Government, particularly, since Guyana has joined both the International Telecommunication Union (I.T.U.), a specialised agency of the United Nations, and the Commonwealth Telecommunication Board (C.T.B.), which has now been replaced by the Commonwealth Telecommunication Council (C.T.C.)

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Subscriber Equipment in the Apparatus Room of the Georgetown Exchange

Its sub-committee, the Frequency Assignment Committee has also become a very useful Government agency as the Radio Services Department of the British Post Office is no longer available to Guyana for assistance in matters concerning frequency allocation and the use of the Radio Frequency Spectrum.

The terms of reference of the above mentioned Committees are as follows:-

- (a) The Guyana Telecommunication Consultative Committee
- (i) to discuss and, if and when appropriate, to formulate opinions regarding the development, co-ordination and regulation of the telecommunication services in Guyana, both internal and external.
 - (ii) to discuss all problems concerning the telecommunication services (including matters relating to the recruitment, selection and training of staff), which are referred to the Committee by Cable & Wireless (W.I.) Ltd., the Guyana Telecommunication Corporation or the Ministry of Communications and to offer advice when called upon to do so.
 - (iii) to circulate and, when appropriate, table for discussion all papers and documents received from the Commonwealth Telecommunication Board (CTB) or any successor organization and from the International Telecommunication Union (ITU), including the ITU subsidiary organs, i.e. the C.C.I.T.T., the C.C.I.R., and the I.F.R.B.
 - (iv) to form a sub-committee, to be known as the Guyana Frequency Assignment Committee, to assist the Ministry of Communications in matters concerning frequency management and the use of the radio spectrum.
 - (v) to take note of all International Conferences and Meetings concerning telecommunication matters and to make recommendations regarding the representation of Guyana at these Conferences and Meetings, when considered appropriate.
 - (vi) to exchange information on and discuss general matters of mutual interest concerning developments in the telecommunication art.

(b) The Guyana Frequency Assignment Committee

- (i) to provide and maintain a National Frequency Register for Guyana.
- (ii) to consider applications and to assign frequencies for inclusion in the national frequency register and, where necessary, submission to the International Frequency Registration Board, Geneva, through the administration, for inclusion in the Master International Frequency Register.
- (iii) to investigate reports of harmful interference to or by internal frequencies.
- (iv) to resolve disputes regarding frequency assignments to users within Guyana.

ACCOUNTS SECTION RE-ORGANIZATION

The need to properly establish an Accounts Section was seen before the establishment of the Corporation and the services of Mr. Arlo Sylvester was recruited through the U.S.A.I.D. Mr. Sylvester, a retired Senior Accounting Officer of the New York telephone company was assigned the task of setting up a system of accounts and making recommendations for the general improvement of the Accounts Section. His first visit which concluded on the 11th March, 1967, lasted three months. He successfully implemented an up-to-date accounting system which was based on the introduction of data processing techniques. Unfortunately, the accountant at the time, Mr. C.A. Dathorne, made no serious attempt to introduce the recommendations submitted by Mr. Arlo Sylvester and it was not until after his resignation, which took effect in July, 1967, that most of these recommendations were gradually introduced. A second three month visit was arranged for Mr. Sylvester and during this period which lasted from the 14th September to the 15th December, 1967, he completed his task i.e., the development of an efficient data processing section which will ultimately handle all accounts, including stores accounting, but which initially was to effect a change over from the old system of billing customers quarterly to that of the monthly billing of subscribers'. Mr. Sylvester has made a valuable contribution to the Corporation during these two assignments and the future of the Accounts Section is assured if the recommendations outlined in his reports are adopted.

HEADQUARTERS BUILDING

Long before the creation of the Corporation, it was conceded that with the recruitment of additional staff, especially in the Accounts, Administrative and Planning sections, the limited space available at Telephone House would have been inadequate and steps would have to be taken to acquire suitable accommodation. On the 11th September, 1967, the Corporation purchased a property at 55, Brickdam, Georgetown, for \$50,000. This building when completely repaired and converted will house what will be regarded as Headquarters staff, which 'inter alia' will include the Chairman of the Corporation, Board Room, Secretary, General Manager, Deputy General Manager, Administrative Staff and the Accounts Section.

PERSONNEL

At the take over of the Post Office Telecommunication Department by the Corporation, a total of five hundred and thirty one were employed. A large proportion of the staff had belonged to the Post Office Worker's Union and the remaining portion belonged to the Civil Service Association. One of the first exercises of the Corporation was to hold exploratory talks with both Unions and subsequently talks were held with the P.O.W.U. on the proposed Establishment which was intended as a preliminary to the more important negotiations on new terms and conditions of service. Very early in the life of the Corporation the Civil Service Association relinquished representation rights for members of the Corporation who were their members on the 4th October, 1967, as they felt that their rules did not permit them to represent members of the Corporation. A new union called 'Telcorem' was formed to represent members previously catered for by the Civil Service Association. The P.O.W.U. made every effort to absorb this new membership but because the Corporation 'inter alia' decided to maintain two areas of representation called Category A and B or Supervisory and Junior Staff, the Postal and Telecommunication Workers' Union (the name having been changed from Post Office Workers' Union) called a Strike on the 7th October, 1967, which lasted until the 16th October, a period of ten days.

PROMOTIONS AND APPOINTMENTS

The Corporation made every effort to fill all long outstanding vacancies and to confirm as far as was possible those persons who were acting in various positions for long and protracted periods. With regards to employment, the policy of the Corporation has always been to appoint employees whenever possible to new posts, and as a result, of the twenty-two new posts filled, only four were filled from without.

During the year, all existing and newly created vacancies, including the posts of Deputy General Manager and Engineer-in-Chief, Senior Executive Engineer, Executive Engineers were filled. In all there were two hundred and sixty-one promotions, the majority of which were made to those employees in the lower ranks. At the close of 1967, there was a total of six hundred and ten employees.

SALARIES AND WAGES

The Establishment Committee had recommended a new salary structure, based on the accepted Organizational Chart, pending negotiation by the Unions concerned, but due to the deadlock which resulted and the fact that the matter is now subjudice, no further action could have been taken. Efforts to pay a ten per cent interim increase on salaries and wages did not meet with Cabinet's approval.

TELEPHONE SERVICE

At the creation of the Corporation, on the 1st March, 1967, 4,987 direct exchange lines were provided on the Georgetown Exchange with 1,004 direct exchange lines connected to the 17 unit automatic exchanges (U.A.Xs), one manual exchange in New Amsterdam and one non-director exchange at Mackenzie. The number of stations or telephone instruments in operation totalled 10,400 with 156 call offices.

The Georgetown Exchange was increased by 600 lines by utilising the equipment destined for the New Amsterdam automatic exchange and previously stored in the United Kingdom, increasing the capacity to 5,800 lines, most of which have already been allocated. The new exchange, though filled to capacity and still utilising equipment which is regarded as obsolete was expanded with the provision of a private manual branch exchange of exclusive line capacity. Efforts were also made to bring up the rural exchanges to their maximum capacity. At the end of the period under review there were very few lines available and there still exists a very long waiting list.

EXPANSION PROGRAMME

During the years immediately preceding the take over, there had been a gradual run down in stocks and equipment, mainly due to lack of funds to expand this essential service. It was however generally agreed then that a Corporation is the ideal organization to run the service and as such, plans were formulated for the establishing of such a Corporation and an ambitious Expansion Programme aimed at providing a modern telecommunications system in Guyana and at the same time satisfying to a great extent the demand for telephone service. The Expansion Programme which was estimated to cost \$17.2 million is still being negotiated. This programme if implemented will provide an initial installed capacity of approximately 34,210 exchange line connections, thereby giving a good and efficient service in Guyana for quite a number of years.

FINANCE

The Corporation was established with capital assets which were undetermined at the time, but which more recently have been approximately determined by our Auditors (Messrs. Thomas, Stoll & Co.) at \$7,000,000, and which amount does not take into account depreciation. A working capital of \$250,000, out of a possible \$1,000,000 was subscribed by Government. It was hoped that the remaining \$750,000, as promised would have been forthcoming, but despite frequent appeals no further assistance was received from Government.

REVENUE AND PAYMENTS

The gross income for the year was \$1,891,008.44. Operating expenditure excluding interest charges and depreciation amounted to \$1,573,745.95. The operating surplus for the year before deducting depreciation and bad and doubtful debt amounted to \$317,262.49. After deducting depreciation and bad and doubtful debts, there was a net loss of \$187,002.51 for the year.

AUDITOR

In conclusion, thanks must go out to Messrs. Thomas, Stoll and Company, our Auditors and Accounting advisers who assisted us in solving our financial problems during the year and enabled us to show a fairly healthy balance sheet despite the initial setback. Appended hereto are the audited accounts of the Corporation for the period 1st March to 31st December, 1967.


J.L. PHILADELPHIA
General Manager (acting)



A Typical Unit Automatic Exchange (U.A.X.) Building.

APPENDIX AGUYANA TELECOMMUNICATION CORPORATION

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. In our opinion books of accounts were not set up by the Corporation due to the absence of statements showing the valuation of Capital Assets on the 1st March, 1967, and the lack of a qualified accounting staff to organise and implement a proper system, 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.

Sgd. THOMAS, STOLL & CO.
ACCOUNTANTS - AUDITORS

GUYANA TELECOMMUNICATION CORPORATION

Operating Account for the period 1st March to 31st December, 1967

REVENUE			
<u>Operating Revenue</u>			
Telephone Calls, Cables, etc.,	1,409,437.48		
<u>Less Paid to Cable & Wireless Ltd.</u>	<u>210,279.53</u>		
	1,199,157.95		
Rentals	588,011.50		
Other Services	<u>85,233.49</u>		
	1,872,402.94		
<u>Non-Operating Revenue</u>			
Telephone Directory	28.70		
Miscellaneous	16,843.81		
Interest on Employee Loans	1,149.48		
Rents Received (Net)	<u>583.51</u>		
		<u>18,605.50</u>	
			1,891,008.44
GROSS REVENUE			
<u>Deduct Expenditure</u>			
Salaries & Wages	983,771.34		
Supplies	303,332.90		
Transport & Travelling	19,194.43		
Professional Services	25,195.20		
Sundry Accounting & Admin.Exps.	28,061.02		
Stamps & Postages	1,518.34		
Stationery & Office Supplies	30,841.44		
Machine Rentals	11,853.49		
Sickness Benefit	341.22		
Insurance	2,487.76		
Advertising	1,642.60		
Staff Training	720.00		
Collection Service	554.30		
Maintenance	14,882.31		
Customs Duty	22,817.45		
Allowances	23,737.77		
Motor Transport	18,480.34		
Electricity	42,414.98		
Power Plant Expenses	9,147.68		
Building Compound Expenses	6,244.96		
Miscellaneous Operating Expenses	13,684.55		
Extra-Ordinary Expenses	1,629.09		
Directors Salaries & Expenses	<u>11,192.78</u>		
Operating Profit before Depreciation & Other Provisions			<u>1,573,745.95</u>
			317,262.49
<u>Deduct Provisions</u>			
Depreciation	429,265.00		
Bad & Doubtful Debts	<u>75,000.00</u>		
Net Loss for the year after Depreciation:			<u>504,265.00</u>
			<u>\$ 187,002.51</u>

GUYANA TELECOMMUNICATION CORPORATION

Balance Sheet as at 31st December, 1967

CAPITAL

Government of Guyana Note (1)	7,141,326.00
Advances by Central Government	<u>250,000.00</u>
	7,391,326.00
Less: Net Deficit	<u>187,002.51</u>
	7,204,323.49
Subscribers deposits	27,905.00

FIXED ASSETS

	<u>Cost</u>	<u>Depreciation</u>	<u>\$</u>
Buildings & Structures	1,738,390.00	28,822.00	1,709,568.00
Telephone Plant & Equipment	4,601,644.72	380,702.00	4,220,942.72
Other Equipment	238,852.61	13,246.00	225,606.61
Mechanical Aids	3,497.20		3,497.20
Motor Vehicles	87,796.56	5,933.00	81,863.56
Furniture & Office Equipment	<u>18,387.95</u>	<u>562.00</u>	<u>17,825.95</u>
	<u>6,688,569.04</u>	<u>429,265.00</u>	6,259,304.04

CURRENT LIABILITIES

Accounts Payable	187,834.44	
Accrued Wages	5,998.93	
Other Liabilities	<u>58,433.63</u>	252,267.00

CURRENT ASSETS

Stocks & Shares		143,545.89	
Accounts Receivable-Subscribers	918,907.74		
Less: Provision for bad debts	<u>75,000.00</u>		
		843,907.74	
Teles & Cables		12,889.93	
Others		16,910.49	
Loans & Advances to employees		<u>56,192.39</u>	
		929,900.55	
Insurance Prepaid		1,077.42	
Cash at Bank		150,650.91	
Cash in Hand		<u>16.68</u>	
			<u>1,225,191.45</u>

\$ 7,484,495.49

\$ 7,484,495.49

GUYANA TELECOMMUNICATION CORPORATION

Notes to Balance Sheet

Note (1) Net Assets taken over from Government of Guyana.

Land & Buildings		\$1,655,256.00
<u>Plant & Equipment:-</u>		
	\$	
Maintenance Equipment	12,619.00	
External Underground	1,801,922.00	
External O/head	584,860.00	
Telegraph Appliances	624.00	
Telex Equipment	7,890.00	
Carrier Equipment	218,629.00	
Power Plant	63,409.00	
Power Plant (Lethem)	<u>22,301.00</u>	
		2,713,254.00
<u>Telephones:-</u>		
Subscribers Internal	386,108.00	
Exchange Internal	1,391,309.00	
Kiosks	<u>85,661.00</u>	
		1,863,078.00
Radio Equipment		137,814.00
Motor Vehicles		35,599.00
Masts & Towers		29,607.00
Fixtures & Fittings		3,771.00
Plant on Order		35,508.00
Stocks & Work in Progress		206,721.00
Sundry Debtors		<u>548,333.00</u>
		7,227,941.00
LESS:- Subscribers Deposits	19,715.00	
Sundry Creditors	<u>66,900.00</u>	
		<u>86,615.00</u>
Balance due to the Government of Guyana		<u>\$7,141,326.00</u>

GUYANA TELECOMMUNICATION CORPORATIONNote (2)Telephone Plant & Equipment

	<u>Cost</u>	<u>Depreciation</u>	
Subscribers Internal	386,108.00	32,176.00	353,932.00
Exchange Internal	1,438,754.72	118,902.00	1,319,852.72
External Plant U/Ground	1,801,922.00	150,160.00	1,652,762.00
External Plant O/Head	584,860.00	48,739.00	536,121.00
Carrier Equipment	218,629.00	18,303.00	201,326.00
Power Plant	85,710.00	3,426.00	82,284.00
Kiosks & Carrier Boxes	85,661.00	8,996.00	76,665.00
	<u>\$4,601,644.72</u>	<u>380,702.00</u>	<u>4,220,942.72</u>

Note (3)Other Equipment

Telephone Maintenance Equipment	25,163.15	1,052.00	24,111.15
Telegraph Plant Equipment	67,985.46	52.00	67,933.46
Telex Plant Equipment	7,890.00	658.00	7,232.00
Radio Plant Equipment	137,814.00	11,484.00	126,330.00
	<u>\$ 238,852.61</u>	<u>13,246.00</u>	<u>225,606.61</u>

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"provide" includes maintain;

"telecommunication" means any electromagnetic transmission, emission or reception of signs, signals, writing, images and sounds or intelligence of any nature, whether by wire, or by radio or with optical effects or otherwise; and includes "telegraph" and "wireless telegraphy" as defined in the Post and Telegraph Ordinance;

"telecommunication service" means any system of telecommunication whether temporary or permanent, serving the Government or any persons or the public generally;

"the undertaking" means the telecommunication undertaking authorised by the Post and Telegraph Ordinance, the assets whereof are the property of the Crown or State immediately before the appointed day.

Establishment of Corporation. 3. There is hereby established a public corporation to be called the Guyana Telecommunication Corporation.

Functions. Functions and Duties of the Corporation.

4.(1) It shall be the function of the Corporation -

- (a) subject to section 61 of the Post and Telegraph Ordinance and without prejudice to any rights or privileges conferred on any other person under the Post and Telegraph Ordinance, to provide and operate good and sufficient internal and external telecommunication services on such terms as the Corporation may deem expedient and in accordance with this Order and the Ordinance and, in so far as they are applicable, such provisions of the International Telecommunication Convention and any regulations made thereunder as are for the time being in force;

- (b) to promote the economic development of the telecommunication services in accordance with, as far as is practicable, standard practice recognised internationally and public demand; and
- (c) to advise the Government on all matters relating to telecommunication services.

5. Subject to the provisions of section 17 of the Ordinance, the revenue of the Corporation for any financial year shall be applied in defraying the following charges - Application of revenue.

- (a) the remuneration, fees and allowances of the members of the Corporation;
- (b) the salaries, fees and remuneration, and any pensions, superannuation allowances and gratuities of the officers, servants, agents and technical or other advisers, of the Corporation;
- (c) the working and establishment expenses and expenditure on, or provision for, the maintenance and renewal of any property of the Corporation, and the discharge of the functions of the Corporation properly chargeable to revenue account;
- (d) interest on any loan raised by the Corporation;
- (e) such sums required by the Cabinet to be transferred to a sinking fund, or otherwise set aside for the purpose of making provision for the repayment of moneys borrowed by the Corporation;
- (f) such sums as it may be deemed appropriate to set aside in respect of depreciation on the property of the Corporation having regard to the amount set aside out of revenue under the preceding sub-paragraph;

- (g) any other expenditure authorised by the Corporation and properly chargeable to revenue account.

Terms and conditions of employment of certain persons.

6.(1) Subject to the provisions of sub-paragraphs (2), (3) and (4) of this paragraph the Corporation shall as from the appointed day continue to employ, on such terms and conditions as may be agreed on between the Corporation and him, any person exclusively employed with the undertaking immediately before the appointed day:

Provided that any person who is so employed by the Corporation shall be employed on terms and conditions which taken as a whole are no less favourable than those applicable to him immediately before the appointed day.

(2) The Corporation shall be the successor of the employer as last mentioned of any such person in the matter of his leave or superannuation rights or benefits (whether earned, accrued, inchoate or contingent).

(3) Service of the Corporation shall be other public service within the meaning of, and for the purposes of such provisions applicable in relation thereto as are contained in, the Pensions (Consolidation) Ordinance, 1957, or of the Pensions Regulations, 1957.

(4) The provisions of subsection (1) of section 42 of the Ordinance shall not apply to the Corporation.

Transfer to Corporation of undertaking.

7.(1) The assets of the undertaking (including rights and interest) are hereby transferred to and shall vest in the Corporation.

(2) As soon as practicable after the commencement of this Order, the Corporation shall, by way of compensation for any property vested in the Corporation by virtue of the provisions of this paragraph, issue to the Government debentures or debenture stock of such nominal value and bearing such interest rates and repayment dates as may be agreed upon between the Minister responsible for finance and the Corporation.

(3) Liabilities incurred by the Government exclusively for the purposes of the undertaking, or incurred therefor under agreements duly contracted in the course of the undertaking, prior to the appointed day shall, in so far as may be, be discharged by, and be enforceable against, the Corporation as if the said liabilities had been incurred by the Corporation.

(4) Nothing in sub-paragraph (1) or (3) of this paragraph shall apply to rights or liabilities under any contract of service.

(5) In order to give effect to the provisions of sub-paragraphs (1) and (3) of this paragraph in relation to contractual rights and liabilities, all such contracts shall as from the appointed day be construed with all due modifications and adaptations.

(6) All proceedings commenced prior to the appointed day for the enforcement of any rights or liabilities which are transferred or attach to the Corporation, and any such proceeding may be amended accordingly.

Made in Cabinet this 7th day of February, 1967.

T. B. E. RICHMOND
Secretary to the Cabinet.

GUYANA TELECOMMUNICATION CORPORATION
REPORT OF THE AUDITORS ON THE ACCOUNTS FOR THE 10 MONTHS
ENDING 31ST DECEMBER, 1967.

ACCOUNTING SYSTEMS AND CONTROLS:

One of the major problems of the system of control in this Corporation is the fact that there is no clear system. When the Corporation was taken over on the 1st March, 1967, the system had been operating on single entry accounting basis which is peculiar to Government accounts. No arrangements were made to put into operation a system of double entry so that proper controls could be instituted.

In addition to the problem of control accounts, an IBM machine was installed before the final take-over from the Post Office. This meant that, added to the problems of the transfer of operations with a simple control system there was mechanisation through the use of data processing equipment with the general staff not geared for the change.

No prior thought seems to have been given to the preparation of accounting personnel to handle all these problems.

LEDGER ENTRIES:

From the setting up of the Corporation only the barest minimum of accounting controls was instituted. There were no balances with which to open the books; no general ledger in which to place these balances; no schedule of debtors or creditors taken over at the 1st March; no list of books to support the ledger; no qualified or supporting staff with adequate background and knowledge to make these entries and institute the necessary controls - in short from our point of view there was only accounting chaos. In any business of this size such a beginning spells serious trouble for the future.

BOOKS OF ACCOUNT AND RECORDS:

Our comment is straight-forward - the control of books is unsatisfactory. While there is a general knowledge of what each worker is responsible for, and in which book entries are to be made, there is no overall control of these books. Someone cannot at any time know where the books are kept and how each book fits in the overall system.

CASH AND ADVANCES:

Our letter of 10th August, 1967 made certain recommendations which were tried for a very short time and the old method of handling cash was resorted to. Even junior clerks were allowed to control hundreds of dollars, and in many cases thousands. What was termed Petty Cash was far from being "Petty" and no system of imprest was instituted. We are still not at all convinced by the arguments put forward that a large imprest was necessary in order to meet advances when work was being done overtime. We would suggest that the whole system of advances be reviewed. The system that exists at the present time allows much room for malpractices.

It is our opinion that the books of account should be kept in one place at the close of business every day. Where possible a fire proof vault should be erected in which should be placed:-

- (a) The General Ledger
- (b) The Cash Books
- (c) Purchases Books
- (d) The Debtors Ledger
- (e) All documents dealing with Insurance

Deeds of Covenant etc., should be secured and kept either in the vault or in the bank. Under no circumstances should a clerk leave the books of account locked in his drawer. These should be placed in the vault at night.

WAGES SHEETS:

Time sheets come in from outstations. Clerks do not know if these people are genuinely on the payroll. A system of spot check by a divisional head is necessary.

ACCOUNTS RECEIVABLE:

We are of the opinion that this entire system of handling customers account leaves much room for improvement. We feel that someone should be appointed credit controller whose main function may be to see that accounts are aged and regularly followed up.

Aging of an account means that a summary should be made to show how many accounts are one-month old, two-months old, three-months old, four-months old, five-months old, six-months old and over.

At the beginning of March, 1967 we were given a balance of some \$548,333 outstanding for telephone accounts. This amount was brought in as a figure for negotiations with the Government as price of the take over. We had taken this figure with some reservations.

During the year the system was changed from ordinary machine accounting to punch card data processing. No clear figure could be obtained for the balances at 31st December, 1967 since no controls were in operation. As a result we have had to make various reconciliations with the figures thrown out by the machine at the end of March, 1968. We believe that the figure of some \$918,000 for receivables shown at 31st December to be reasonably correct.

BAD DEBTS

In the accounts \$75,000 has been provided for bad debts. It is our belief that the bad debts figure would be much higher than this since it includes debts which may be over 18 months old. In short we feel that some \$300,000 of this amount will never be recovered.

STORES CONTROL

The closing figure of \$143,545.00 is the one given to us by the Chief Storekeeper. During the year however, no record of stores movement were kept although from what we have seen in 1968, this deficiency will be remedied. We feel that in addition to the stores section, there should be a clerk in the accounts department who will keep a record of the movement of stores, from a financial point of view; and authority for the passing of payment. Vouchers should rest with the Chief Accountant or someone nominated by him, after he is satisfied that all the conditions for receipt of stock have been met.

ACCOUNT'S CODE

The U.S.A.I.D. technician who was assigned to the Corporation gave a summary accounts code which could be used for the Corporation. We have looked at these codes and are satisfied that they are in order. Copies of them have been printed and circularised; but we are of the opinion that the clerks in the accounts department are not familiar with the operations of the code. We would like to suggest that a briefing session be held by the Chief Accountant for all clerks dealing with accounts so that the use and application of these codes can be made more meaningful.

FILING OF VOUCHERS

There is great room for improvement in the system of filing vouchers. An example may be cited:-

On 8th July, 1967 a sum of \$4,765.44 was paid to the Crown Agents; and on the 24th October, \$24,934.22 was paid to the Accountant General. We could not tell whether these payments were for capital or current expenditure; for we cannot find the vouchers anywhere. From other information we have been able to allocate them satisfactorily.

No file was kept for local purchases orders, and though we were able to verify some of the purchase with orders, a great deal of time was wasted in ferreting out simple details.

SUMMARY

Our overall view is that the Accounts department greatly needs strengthening. There should be at least a very experienced accountant - not necessarily qualified - to assist the Chief Accountant in the daily routine. The clerks should be encouraged to take the qualifying examinations of the Institute of Book-keepers or the London Chamber of Commerce. While there is nothing wrong with young people, it is our opinion that there is not a strong enough body of more mature men who have book-keeping experience and a sense of responsibility. This should be remedied quickly.