

# **COOPERATIVE REPUBLIC OF GUYANA**

**NATIONAL ASSEMBLY OF THE FIRST SESSION OF  
THE ELEVENTH PARLIAMENT (2015-2018)**

## **FIFTH PERIODIC REPORT**

**OF THE**

## **PARLIAMENTARY SECTORAL COMMITTEE**

**ON**

## **NATURAL RESOURCES**

**RESOLUTION NO. 19 OF 2003**

**PERIOD:**

**SEPTEMBER 9, 2015 – MARCH 1, 2017**

**PRESENTED TO THE NATIONAL ASSEMBLY  
BY THE CHAIRPERSON OF THE COMMITTEE**

**ON**

**6<sup>TH</sup> December, 2018**

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1. **DECLARATION**

The Fifth Periodic Report to the National Assembly on the status of the work of the Parliamentary Sectoral Committee on Natural Resources, pursuant to the requirements of paragraph 4 (ix) of Resolution 19 passed by the National Assembly on 15<sup>th</sup> May, 2003.

2. **BACKGROUND**

**The Parliamentary Sectoral Committee on Natural Resources (PSCNR)**

The Parliamentary Sectoral Committee on Natural Resources (PSCNR) is one of four (4) Sectoral Committees of the National Assembly that was established in 2003 in accordance with the provisions of Resolution No. 19 dated 15<sup>th</sup> May, 2003 of the National Assembly of the Eighth Parliament of Guyana.

The Resolution gives effect to the provisions of Article 119 (B) of the Constitution of Guyana which states:

*There shall be Parliamentary Sectoral Committees established by the National Assembly with responsibility for scrutiny of all areas of Government policy and administration including-*

1. Natural Resources
2. Economic Services
3. Social Services
4. Foreign Relations

Standing Order 86(1) specifically provides for the establishment of the Parliamentary Sectoral Committee on Natural Resources.

3. **MEMBERSHIP OF THE COMMITTEE**

During the period December 21, 2015 to March 21, 2017, the membership of the Parliamentary Sectoral Committee on Natural Resources constituted the following nine Members who were nominated by the Committee of Selection on 4<sup>th</sup> September, 2015.

**Chairpersons**

The Chairperson and Deputy Chairperson of each Parliamentary Sectoral Committee shall be elected from the opposite sides of the National Assembly.

**A Partnership for National Unity (APNU)/Alliance For Change (AFC) (4)**

Hon. Lt. Col. (Ret'd) Joseph F. Harmon, M.S.M., M.P.,  
Minister of State

Hon. Ronald A. Bulkan, M.P.,  
Minister of Communities

Hon. Winston D. Jordan, M.P.,  
Minister of Finance

Mr. Audwin Rutherford, M.P.

Mr. Jermaine Figueira, M.P. (Alternate)

**The People's Progressive Party (PPP/C) (3)**

Ms. Pauline Campbell-Sukhai, M.P.

Mr. Odinga Lumumba, M.P.

Mr. Neendkumar, J.P., M.P.

Mrs. Yvonne Pearson- Fredericks, M.P. (Alternate)

4. **ELECTION OF CHAIRPERSON AND DEPUTY CHAIRPERSON**

At the First Meeting of the Parliamentary Sectoral Committee on Natural Resources held Wednesday, September 9 2015, the Committee elected Mr. Odinga Lumumba, M.P. and Hon. Winston D. Jordan, M.P., as Chairperson and Deputy Chairperson, respectively.

**MEETINGS OF THE COMMITTEE**

During the period of reporting, the Committee convened eleven (11) meetings:

<b>Meetings</b>	<b>Date of Meetings</b>
1 <sup>st</sup> Meeting	September 9, 2015
2 <sup>nd</sup> Meeting	December 2, 2015
3 <sup>rd</sup> Meeting	December 21, 2015
4 <sup>th</sup> Meeting	January 27, 2016
5 <sup>th</sup> Meeting	February 29, 2016
6 <sup>th</sup> Meeting	June 15, 2016
7 <sup>th</sup> Meeting	June 22, 2016
8 <sup>th</sup> Meeting	July 20, 2016
9 <sup>th</sup> Meeting	July 27, 2016
10 <sup>th</sup> Meeting	August 3, 2016
11 <sup>th</sup> Meeting	March 1, 2017

5. **FUNCTIONS OF THE COMMITTEE**

The work of the Parliamentary Sectoral Committee on Natural Resources during the reporting period was in consonance with its mandate and the list of functions stipulated in Resolution No. 19 dated 15<sup>th</sup> May, 2003.

The Committee's Work Programme defined the areas of focus with regard to the Agencies under its purview.

6. **MANDATE**

The mandate of the Parliamentary Sectoral Committee on Natural Resources was derived from Paragraph 3 of Resolution No. 19 of 2003 which states:

*"The Committee 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".*

In order to discharge that mandate, the Committee was empowered to scrutinise all areas of government activity, as well as, to summon Ministers of Government and all other public officials to provide information, answer questions and give evidence.

It is imperative to note that the Committee's work programme focuses on Government policies, justification and performance in the given areas of responsibilities.

7. AREAS OF RESPONSIBILITY FOR THE COMMITTEE

The Parliamentary Sectoral Committee on Natural Resources has been assigned responsibility for the oversight of the following sectors and activities.

<b>Parliamentary Sectoral Committee on Natural Resources</b>	Land Titling	<b>Ministry of the Presidency</b> Guyana Lands and Surveys Commission Land Registry
	Bauxite Development (Policy)	The Bauxite Industry
	Climate Change	Office of Climate Change
	Sustainable Development Science and Technology	Advisory Body on Science & Technology Institute of Applied Science and Technology
	Administration of the Amerindian Act	<b>Ministry of Indigenous People's Affairs</b> Department of Amerindian Land Demarcation  Department for Secure Amerindian Livelihood
	National Energy Policy (Alternative energy)	<b>Ministry of Public Infrastructure</b> Guyana Energy Agency
	Hinterland Electrification	HEIU



	Hydropower Development	Guyana Power and Light Inc
	River and Sea Defense	Department of Hydraulics and Sea Defense
	Natural Resources	<b>Ministry of Natural Resource</b>
	Environmental Protection	<b>Ministry of the Presidency</b>
	Wildlife Protection	Department of the Environment
	Protected Areas	Wildlife Management Authority
	Forestry and Forest Policy	Protected Areas Commission
	Petroleum (Oil and Gas)	<b>Ministry of Natural Resources</b>
		Guyana Geology and Mines Commission
		Guyana Gold Board

8 **APPROACH/MODE OF OPERATION**

The Parliamentary Sectoral Committee on Natural Resources, during the period under review, utilised a consensus approach to optimise its scrutiny of government policy and administration within the framework provided by its mandate.

To facilitate its oversight function, the (PSCNR) invited various Ministers and Public Officials to make presentations on current issues and events identified by the Committee. Relevant reports and documents are requested prior to hearings to support the work of the Committee. As a result of the presentations made by various entities, the Committee was informed of urgent issues and events and also developments within the sector.

The (PSCNR) focused primarily on Mining, the Bauxite Industry, Precious Metals Trade, Forestry, Land Administration/Use, Environmental Protection and Protected Areas, National Drainage and Irrigation and Agriculture, Energy and Hydro Power, Low Carbon Development Strategy and the Oil and Gas Sector.

**9.1 Presentation by the Hon. Minister of Governance and Team**

At its 3<sup>rd</sup> Meeting held on 21<sup>st</sup> December, 2015, Hon. Raphael G.C. Trotman M.P., Minister of Governance and his team appeared before the Committee.

**The team comprised:**

1. Mr. Joslyn McKenzie, - Permanent Secretary (MNRE)
2. Mr. Newell Dennison - Deputy Commissioner (GGMC)
3. Ms. Alona Sankar - Head, Wildlife Division
4. Mr. I. Ramdass - Executive Director (EPA)
5. Mr. Damian Fernandes - Commissioner (PAC)
6. Mr. Clayton Hall - Ministerial Advisor
7. Mr. James Singh - Commissioner of GFC

The Minister highlighted the following areas during his presentation:

- The high incidence of mining accidents
- The establishment of a gold smuggling Task Force.
- The re-opening of The Guyana Gold Board Office in Bartica.
- Issues related to departments of interest to the Committee
- The Ministry's legislative agenda which includes-
  - A Wildlife Bill;
  - New regulations for Zoos;
  - Land Surveyors Act;
  - National Land Surveyors Commission;
  - Reviewing ancestral lands allocation;
  - Reviewing of Forestry Regulations; and
  - Oil and Gas legislation.

## QUESTIONS FROM THE COMMITTEE

- *What scope of work Bai Shan Lin's business had been authorised to undertake in Guyana?*

Hon. Minister noted that the bilateral agreement has wood working.

- *Whether Guyana would establish a hunting season in the near future?*

Hon. Minister stated that the enactment of the Wildlife Bill would seek to curb some of the wantonness of hunting in Guyana.

- *Whether there would be a Recreational Park or Facilities and a Mining School in Region 10?*

Hon. Minister stated that the Mining School was a new entity that was developing both institutionally and financially and that the Department was examining the placement of a Mining School in Region Ten (10). He further stated that as it related to the Parks, there was a National Task Force headed by Major General Joe Singh, which would examine this matter then ultimately the regional bodies would ensure that the necessary systems were in place.

- *Whether a National Lands Commission would be established?*

Hon. Minister stated that Cabinet had approved the establishment of the National Land Commissions which would look at land applications and other issues.

- *Whether the Ministry has any policy to create new opportunities and protection for new entrepreneurs entering the Forestry Industry?*

Hon. Minister stated that the Minister of Finance in the 2015 budget presentation had given concession to new miners and loggers, who sold their concessions to establish companies. However, the Government had recognised the problems small miners and loggers' faced and was currently reviewing policies and legislations to assist them.

- *Was there a schedule for oil and gas production and whether the Department would be training persons locally and internationally in the Oil and Gas Industry?*

Hon. Minister stated that it was of national interest that Guyana had gone into early oil production, and the process from discovery to the production of oil and gas may take approximately 5-7 years. He further stated that the Department had started to train many Guyanese locally and internationally in the oil and gas production industry. Also, scholarships were being offered by the Republic of Russia to Guyanese to pursue such studies.

## **9.2 PRESENTATION BY THE HON. MINISTER OF PUBLIC INFRASTRUCTURE AND TEAM**

At its 5<sup>th</sup> Meeting held on 29<sup>th</sup> February, 2016, the Hon. David Patterson, M.P., Minister of Public Infrastructure and team appeared before the Committee.

### **The team comprised of:**

1. Mr. Horace Williams - C.E.O (Hinterland Electrification Company Inc.)
2. Mr. Mahendra Sharma - C.E.O, (Guyana Energy Agency)
3. Ms. Morsha Johnson-Francis - Electricity Advisor.

The Minister during his presentation focused on sustainable development of the energy sector and the reduction of fossil fuel for electricity supply. He stated that with a renewed focus on renewable energy, the Government via the Ministry of Public Infrastructure had embarked on a number of initiatives:

- National Energy Policy and Implementation Plan with the support of CARICOM, the German Government Renewable Energy and Energy Efficiency Technical Assistance (REETA), would commence in April 2016. He noted that REETA would also assist the Government in the implementation plan for a Hydro Power action plan.

- A study was conducted for expansion of the Guyana Power Generation system through the IDB for future electricity demands, particularly in the Demerara-Berbice interconnection system and the Linden area.
- A cost benefit analysis was conducted, which took into account the geographical location and future world perspective of fossil fuel prices.
- Rehabilitation of the Moco Moco Plant to power Lethem and its environs.
- Re-engaging the Brazilian Company that signed the MOU on the prospect of the Mazaruni Hydro Project.
- Installation of grid connected solar power voltage systems in various Ministries and Government school.
- Installation of PV systems with micro grid to supply community buildings with electricity in 20 to 25 hinterland communities.
- To strengthen the policy and institution frame work to implement renewable energy technology in Guyana by 2017.

#### **QUESTIONS FROM THE COMMITTEE**

*What is the cost of production per kilowatt per hour from GPL as to the current production cost for Amelia Hydro Project?*

The Hon. Minister Patterson stated that for GPL, the present figure had been between 10-11 cents, all-inclusive. However, power generation, maintenance contract and the current fuel price compared to 12 cents per kwh of the Amaila Hydro Project.

*Whether one or two hydro project(s) combined would be able to supply approximately 150-200 megawatts and whether the Ministry had completed the requisite wind testing?*

The Hon. Minister stated that Tumatumari and Kumurai would provide approximately 152 megawatts (mw), given the correct environmental implications and that the Ministry should have completed various wind tests.

*What is the status of the five (5) year development posture for Guyana and what sort of energy mix the Ministry had identified in relation to fossil fuel and renewable energy. Also, what was in place for Essequibo Coast as it related to the Hydro Power Project?*

The Hon. Minister stated that there was a projection of 35-40 megawatts of renewable energy, versus fossil fuel in five (5) years, and that from studies conducted the Ministry looked at a combination of wind and solar energy for Essequibo Coast.

*What has been the approach for the Hinterland Region with regards to renewable energy?*

The Hon. Minister informed the Committee that the Hinterland Region would be powered by solar energy as interim, and the Hydro Power Project based on the proximity of the environment.

*Has the Ministry considered or is considering any other means of renewable, such as, geothermal and tidal as it relates to Tiger Hills to provide the Region with cheaper electricity?*

The Hon. Minister stated that the Ministry had conducted studies and that there was not much scope for geothermal and that tidal was a new venture and would have to be studied.



**9.3 PRESENTATION BY THE HON. MINISTER OF STATE AND TEAM.**

At its 8<sup>th</sup> Meeting held on the 20<sup>th</sup> July, 2016, Hon. Lt. Col. (Ret'd) Joseph F. Harmon, Minister of State and his team appeared before the Committee.

**The team comprised:**

- |                          |   |  |
|--------------------------|---|--|
| 1. Rene Duesbury         | - | Manager of Surveys (G.L.S.C.)          |
| 2. Marlon Bristol        | - | Monitoring and Evaluation/ Head P.M.O. |
| 3. Janelle Christian     | - | Head, Office of Climate Change         |
| 4. Dr. Suresh Narine     | - | Director, I.A.S.T.                     |
| 5. Ndibi Schwiers        | - | Ministerial Advisor                    |
| 6. Clive Thomas          | - | Ministerial Advisor                    |
| 7. Shamane Munro         | - | Guyana Lands and Surveys Commission    |
| 8. Eric Phillips         | - | Sustainable Development                |
| 9. Deonarine Jagdeo      | - | Deputy Director, I.A.S.T.              |
| 10. Geeta Chandan-Edmond | - | Minister's Assistant                   |

The Hon. Minister, during his presentation, gave an overview on the Government's policies in the various agencies under his purview.

**Guyana Lands and Surveys Commission (G.L.S.C.)**

The Hon. Minister indicated that the G.L.S.C. was working on reducing land degradation, a project driven by the Food and Agriculture Organisation (F.A.O.). He noted that the project had three components; the reforestation and mined out areas would be reclaimed for productive use, implementing a land classification system, to develop and improve classification methodology of rental rates, as the value of land must be properly

ascertained and the strengthening of the information system for informed and holistic decision making.

### **Climate Change**

The Hon. Minister outlined three areas of commitment by Guyana as a party to the United Nations framework Convention on Climate Change (UNFCCC). These were;

- greater collaboration, coordination and communication among government, monitoring and evaluation as well as stakeholder participation,
- to incorporate the L.C.D.S. programme that was initiated under the previous administration; and to focus on a national economy wide policy to propel Guyana along a green economy pathway, and
- the Paris Agreement that was ratified on 22<sup>nd</sup> April, 2016 which sought to strengthen climate change

### **Sustainable development**

The Hon. Minister informed the Committee that the government's policy framework on sustainable development encompasses natural resources, Intended Nationally Determined Contribution (INDC) under the 2015 Paris Agreement and the Environment Policy. He further stated that the sector was a vehicle in transitioning the economy into a green pathway.

### **QUESTIONS FROM THE COMMITTEE**

*Is there reclamation plan to be shown by individuals before a mining permit, if not, whether there would be a system through legislation?*

The Hon. Minister stated that assistance would be received by the F.A.O. driven programme in the area of land reclamation and that government had been committed to the reclamation of land and was in the process of establishing the unit in the near future. He further stated that the Ministry of Natural Resources had legislation in place and was

working on new legislation that would allow for reforestation where land degradation had taken place.

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***What are the challenges the agency faced in the area of climate change?***

Ms. Christian in responding stated that there was a need for more technical staff, as well as, improved technology at both the regional and national levels. Mr. Bristol stated that the modality of projects to be implemented and obligations affect time and cost.

***The Committee sought clarification on the difference between (Low Carbon development Strategy) LCDS and the Green Economy Plan in Bartica.***

Mr. Bristol explained that the difference between LCDS and the Green Economy Plan was that the latter did not only focus on keeping forests in tact but looks at lowering emissions and increasing technology. The technology would be used in making Bartica a model town.

***Whether the transformation of Bartica into a model town would require legislation for the various aspects being affected and whether these changes would require a large amount of funding.***

Professor Thomas stated that the green city in Bartica cannot be treated as though it was separate from Guyana. He noted that it was a complete attempt to develop Guyana under Article 36 of the Constitution which stated that Guyana must sustainably extract wealth. He further stated that the government was considering: macroeconomic stabilisation, the impact of oil and gas on an estimated two thousand percent increase on the economy and the wealth of the government must be used in the best possible way.

The Committee in complimenting the concept of a green economy enquired whether it would be better to use a new town for the green city as there would be complications with bringing new concepts to a town already comfortable with the way things were.

Professor Thomas indicated that the government had chosen Bartica as the model green town.

*What measures were being put in place since the coastline of Guyana was a low level area and what was being done to curb the pending destruction of the ocean?*

Ms. Christian stated that the Ministry had a Draft Climate Change Resilient Strategy, awaiting Cabinet's approval; also the Office of Climate Change would be pursuing how to prepare farmers and the various communities for the Natural Disaster of flooding. She further stated that a project financed by Pan American Health Organization (PAHO) through the Ministry of Public Health would be working with various Health Centers around the coastal areas to ensure that they are equipped and trained to handle any flood situation. Also, a project supported by UNDP and financed by the Japanese Government to support the agricultural sector with respect to the disaster risk reduction for both crops and livestock farming.

*What sources of funding the Government was pursuing to achieve the various projects outlined by the Ministry.*

Mr. Bristol stated that after consultation with the various agencies, the National Budget would reflect sums allocated all the various Agencies, Departments and Ministries which would have some aspect of green economy presented to the National Assembly.

*Why the Government is focusing on small projects and not implementing the Amaila Hydro Project?*

Dr. Narine stated that the Hydro Project was one of the best sources of energy for Guyana but it was not the only source. Guyana needed to take into account the returns on the investment, not only financial but also energy returns.

*With regards to the Amerindian Land Titling project, was the Office of Climate Change satisfied with the results of the project?*

Hon. Minister informed the Committee that this project fell under the purview of the Ministry of Indigenous Peoples' Affairs in collaboration with UNDP.

#### 9.4 PRESENTATION BY MINISTER OF NATURAL RESOURCES

At its 9<sup>th</sup> Meeting held on the 27<sup>th</sup> July, 2016, the Hon. Raphael G.C. Trotman and team, along with Mr. Jeff Simons, Country Manager, Exxon Mobil, appeared before the Committee.

**The team comprised of:**

1. Hon. Simona Broomes - Minister within the Ministry of Natural Resources
2. Mr. Joslyn Mckenzie - Permanent Secretary, Ministry of Natural Resources
3. Mr. Newell Dennison - Commissioner (ag), Guyana Geology and Commission
4. Dr. Indarjit Ramdass - Executive Director, Environmental Protection Agency
5. Mr. James Singh - Commissioner, Guyana Forestry Commission
6. Mr. Jeff Simons - Country Manager, Exxon Mobil
7. Ms. Teresa Gaime - Technical Officer, Ministry of Natural Resources

During the presentation the Hon. Minister and the Country Manager of Exxon Mobil highlighted the following areas:

- The significant discovery of oil offshore of Guyana by Exxon Mobil;
- Persons were currently being trained in oil and gas exploration, supported by the United States of America Government through its Energy Governance Capacity Initiative;
- That the development of Phase 1 was estimated to be completed within five to eight years, while Phase 2 should be completed within five years after the conclusion of Phase 1.

## QUESTIONS FROM THE COMMITTEE

➤ *What factors determined Exxon Mobil's investment decision?*

Mr. Simons stated that Exxon Mobil in determining its investment decision had taken into consideration the total cost the company would incur for the production of oil discovered and the price forecast of oil at that time.

➤ *What mechanisms were in place to accommodate local labour involvement and to what extent was the company involved in corporate social work in the community?*

Mr. Simons noted Exxon Mobil currently had employed 300 Guyanese in several technical and skilled areas. The company purchases all its fuel and food locally, and also provided financial aid to a number of social groups and charitable organisations.

➤ *What are the amendments to the pre-2015 Agreement between Guyana and Exxon Mobil?*

The Hon. Minister stated that the Government of Guyana was currently considering amendments to the 2015 Contract, and has presently in communication with experts from a law firm in Norway and the Commonwealth Secretariat on the way forward.

➤ *Would Exxon Mobil's corporate responsibility be diminished due to the 50/50 revenue sharing agreement between the company and the government of Guyana?*

Mr. Simons stated that the company had a corporate social responsibility programme for all of its operations and has currently examining the establishment of programmes that would benefit the interest of the company and the Government.

**9.5 PRESENTATION BY VICE PRESIDENT AND MINISTER OF INDIGENOUS PEOPLES' AFFAIRS ON THE ADMINISTRATION OF THE AMERINDIAN ACT AND INDIGENOUS PEOPLES' AFFAIRS**

On 3<sup>rd</sup> August, 2016, at the 10<sup>th</sup> Meeting of the Committee, the Hon. Sydney Allicock, Vice President and Minister of Indigenous Peoples' Affairs and team appeared to make a presentation.

The delegation comprised of:-

- |                       |   |  |
|-----------------------|---|--|
| Ms. Jude DaSilva      | - | Programme Coordinator, Ministry of Indigenous Peoples' Affairs   |
| Mr. David James       | - | Special Assistant on Legal Issues to the Vice President and Minister of Indigenous Peoples' Affairs                      |
| Mr. Enrico Munize     | - | Coordinator for the Amerindian Land Titling Project  |
| Mr Martin Cheong      | - | Special Assistant to the Minister of Indigenous Peoples Affairs and Vice President on Projects and Community Development |
| Mr. Rene Buesbury     | - | Manager of Surveys, Guyana Lands and Surveys Commission.   |
| Mr. Omar Bispat       | - | Project Manager of the Amerindian Development Fund.  |
| Mr. Murray Greenidge- |   | Programme Coordinator for the Hinterland Employment Youth Service.   |

The Vice President during his presentation highlighted the following issues:

- Projects were designed to focus on sustainable economic activities and security of tenure by means of titled ownership of lands, to benefit all Indigenous Peoples' to their Free, Prior and Informed Consent (FPIC).
- The constraints faced by the Ministry during the three year project (Amerindian Land Titling Project) which commenced in October, 2013, resulted in the project not

achieving its goals within the prescribed time-frame.

- Demarcation of 45 Amerindian villages.
- An overview of the Amerindian Development Fund (ADF) project
- The replacement of the Presidential Grant for Jubilee Grant in celebration of Guyana's 50<sup>th</sup> Year of Independence for the year 2016.
- The School Uniform Project for Regions No. 1, 7, 8 and 9 and the procurement of boats and land transportation was currently in process.
  
- Applications for firearm licences within various Amerindian Villages.
  
- Funding for projects to strengthen food security in Indigenous Villages and Communities;
  
- Drilling of wells for the supply of potable water was done in Region No. 9- Upper Takatu/Upper Essequibo.
  
- Revision of the Amerindian Act.



## QUESTIONS FROM THE COMMITTEE

➤ *Whether demarcation was part of the land titling process*

Demarcation is an integral part of land titling and must be completed before the issuance of a land registration as stipulated by the Land Registry Act.

➤ *What are the difficulties encountered by the Ministry in issuing land titles to villages that requested extensions?*

The inability to locate the requisite description of the land when applications were received. Consequently, the Ministry had provided technical assistance to villagers in the preparations of the description of lands.

➤ *What factors are taken into consideration to review the current Amerindian Act?*

The Ministry was in the process of holding consultations with the National Toshias Council (NTC) in conjunction with a Legal Expert.

➤ *Are there any Amerindian Villages affected by large scale mining?*

Currently, there were no large scale mining done in villages, however, some residents had expressed the view that large scale mining should be included in the Act.

➤ *What are the measures that were put in place to guarantee equitable distribution of the Jubilee Grant in Region No.10 to ensure accountability?*

The Ministry would liaise with Village Councils and visits would be conducted to ensure accountability. Also, Auditors would conduct Audits in Amerindian villages and communities.

The Parliamentary Sectoral Committee on Natural Resources commenced a programme of visits to agencies/companies and activities which fell within its purview.

**10.1 RUSAL MINING COMPANY AND THE COMMUNITY OF KWAKWANI**

On Wednesday, 29<sup>th</sup> June, 2016, a delegation from the Parliamentary Sectoral Committee on Natural Resources visited the RUSAL Mining Group in Region No. 10 and the Community of Kwakwani.

**The purpose of the visit was:**

- To enlighten the Committee with the best practices of occupational health and safety in the Kwakwani location;
- To observe the conditions /facilitates of the working environment; and
- Issues facing the community of Kwakwani

RUSAL MINING COMPANY**Issues raised by the Committee:**

- The issue of the excess water from the mining site being pumped into the creek/swamp and, how the company gets rid of the chemical water from the mine.
- The amount of deposits that the company had removed from the site and the time the mining site was in operation?
- Whether the company was required by law to refill the mined out site and what the company did with the lumber it cleared from the mining site before construction.
- Whether there were any serious incidents or deaths on site or any case where an employee could not return to work due to injuries.

### **Committee's Recommendation:**

- The Environmental Protection Agency should visit the mining areas to ensure that the safety of the citizens in those areas was at the legally accepted standard.
- The Company should have a Trade Union to represent the workers' interest according to the Labour Laws.

## **10.2 Aroaima General Office**

### **Issues raised by the Committee**

- Conditions of work
- Whether there were any serious incidents or deaths on site or any case where an employee could not return to work due to injuries.
- The absence of a recognised Trade Union representative for the workers.
- What is the Company's commitment to the Community's social development, especially the youths?

### **Committee's Recommendations**

- Minister Harmon should look into the matter where the Company had breached the Labour Laws and follow up with the Minister of Social Protection to ensure compliance with the laws.
- The Company should have a Trade Union to represent the workers' interest in accordance with the Labour Laws.
- The Committee should meet with the workers before meeting with the Company with a view to listen to their concerns.

**Issues raised by residents of Kwakwani**

- The Residents raised concerns of the deplorable state of the roads which the Company uses on a daily basis, as well as, the lack of assistance from the company with regards to the transport of children by boat.
- Residents enquired about the terms of the contract of the Company and if there was any obligation to the community.
- Residents raised concerns about the opportunity to access grants for community based projects and loans to build homes; and the need for a commercial bank in the Community.
- The Residents queried about conservation of lands as it related to mining, logging and bauxite mining; also the proceeds from the regulated sale of logs and collection of royalties

**Committee's Recommendations**

- The Committee would prefer to meet with the residents in the community before visiting the Company
- The Environmental Protection Agency (EPA) should have follow up visits to verify safety claims of the Company
- The residents need to work with the NDC for the benefit of the community
- The Ministers of Public Infrastructure, Natural Resources and Business should pay a visit to Kwakwani.

*(See Appendix I)*

On Friday, 21<sup>st</sup> July, 2016, a delegation from the Parliamentary Sectoral Committee on Natural Resources held a Meeting in Linden.

#### **The Purposes of the Meeting**

- To enlighten the Committee on the best practices of occupational health and safety in the BOSAI Mineral Group Inc. location; and
- To identify issues facing the Community of Linden as it related to the development of the area with BOSAI Mineral Group Inc.

#### **Issues raised by Workers and Councillor**

- *Attention should be paid to Bauxite Mining.*  
Residents stated that the quality of bauxite exported needed verification.
- *Tax Free Overtime allowance.*  
Overtime allowance given to workers should be tax free.
- *Re-introduction of a toll station*  
Residents claimed that the absence of a toll station in the Region hampers the economic development in Region No. 10.
- *The establishment of a Gold Board Office in Linden*  
Residents claimed that the Guyana Gold Board should set up a branch in Linden in the near future.

### **Proposed recommendations by the Community Members**

- There should be a new mode of transportation for distribution of logs. Instead of using the roads, there should be transportation via water (rivers) which was presumed as a safer method of transportation.
- All employees who worked beyond the eight (8) hour period per day at BOSAI Mineral Group Inc. should receive tax free overtime payment for hours worked.
- The Guyana Police Force and Guyana Forestry Commission together should ensure that companies engaging in logging operations have their permits.
- The old Alumina Plant compound could work well for the Linden Power Generation, the water purification plant for the Region or it could be issued as a processing zone for the logs by the Guyana Forestry Commission instead of at Kuru Kara which was currently done.
- Reconstruction of a toll station at Linden, the funds earned could be used for repairs to the roads maintenance of other infrastructure;
- A cut off time should be in place for the movement of logs on the highway; and
- A proper collaboration between the GFC and the GPF, Traffic Department was needed in this regard.

### **The Committee's recommendations**

- Appropriate assessments and studies should be conducted to determine the amount of overburden bauxite reserves, the quality of bauxite and the characteristics of bauxite being exported by the BOSAI Mineral Group Inc.
- The Government should focus on restoring the state of authority in the Regional Democratic Councils (RDCs), conduct community engagement, confidence building workshops, and conflict management programmes.

- The Government should establish a laboratory to analyse the bauxite quality as there was an urgent need for clarity on bauxite grades.
- The Government and the mining company should work closely to share information on how the mining industry should operate with the Workers' Union.
- Government should set up branches in Linden, such as, Passport offices for acquisition of passports and certain main functions of Guyana Revenue Authority (GRA).
- The Ministry of Business should intervene and investigate the state of the development of roads.
- Reconstruction of a toll station at Linden
- Squatting should not be allowed near mining reserves nor areas allocating for mining.

*(See Appendix II)*

On Thursday, 28<sup>th</sup> July, 2016, a delegation from the Parliamentary Sectoral Committee on Natural Resources visited Vaitarna Holding Inc.

**Purpose of the Visit**

- To enlighten the Committee on the best practices of occupational health and safety in Vaitarna Company;
- To solicit the views of employees on issues affecting them.

**Issues raised by Members of the Committee**

- Whether there was trade union representation within the organization.
- What were the social contributions, if any, made to the community by Vaitarna Holding Inc?
- The issue of employing persons from outside of the community.
- Whether there were adequate health and safety measures provided by the Company for its workers.

**Employees' views**

- Request for the community to have a telephone services.
- The Payment of National Insurance Scheme (N.I.S) by the employers.



### **Recommendations by the Committee**

- There should be a recognised Trade Union, to represent the employees' interest.
- The Committee should write to the Guyana Telephone & Telegraph Company to ascertain the way forward with regard to providing telephone services to the community.
- The Government should provide access to potable water and electricity for residents in the community.
- All foreign nationals that were employed by Vaitarna Holding Inc. should have their status regularized by visiting the Ministry of Citizenship.
- The Company should provide scholarships for youths in the community; and
- The Company should give its workers incentives in the form of bonus, trips, or even trophies;

*(See Appendix III)*

On 28<sup>th</sup> July, 2016, a delegation from the Parliamentary Sectoral Committee on Natural Resources visited Barama Company Limited.

**Purposes of the Visit**

- To observe the operation of best practices with regard to Occupational Health and Safety at the Barama location;
- To observe the conditions /facilitates of the working environment;
- Issues facing the residents in the community; and
- To investigate the Company's employment policy.

**Issues and concerns raised by Members**

- Has Barama Company Limited been making any social contributions to the community?
- Whether the company had a medical team to attend to workers in the event employees sustain injuries on the job.
- Whether there was a Trade Union representing workers in the Company.
- Whether or not the company employs persons in and out of the Community.

**Recommendations by the Committee**

- The Company should increase its production of plywood.
- The Company should look at other end products of the items produced in the business that may be profitable, such as, the manufacturing of shingle, bricks and cotton.
- The Company should contemplate investing in more modern machinery.

*(See Appendix IV)*

## **General recommendations by the Committee**

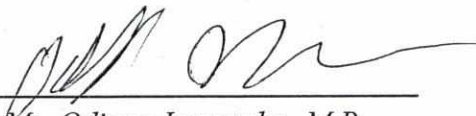
- Companies/Agencies should ensure that Trade Unions representing workers interest were recognised.
- The Environmental Protection Agency (EPA) should do follow up visits to verify safety claims of the Company.
- Companies should contribute to the social wellbeing of residents in their respective community.

## **11 CONCLUSION**

In summation, given the constraint faced during the reporting period, the Committee was unable to carry out all its visits but was successful in achieving caucus with various ministries/agencies that were scheduled. However, with the recent discovery of oil and gas, there should be more meetings and visits to empower the work of the Committee.

## **12 ADOPTION**

The Parliamentary Sectoral Committee on Natural Resources of the Eleventh Parliament, now, therefore, submits the Sixth Periodic Report and Motion for consideration and adoption by the National Assembly.

  
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*Mr. Odinga Lumumba, M.P.,*  
*Chairperson*  
*Parliamentary Sectoral Committee on*  
*Natural Resources*



# APPENDIX

## I

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**REPORT OF THE PARLIAMENTARY SECTORAL COMMITTEE ON NATURAL RESOURCES (PSCNR) VISIT TO BCGI/ RUSAL COMPANY AND HELD A MEETING WITH THE COMMUNITY OF KWAKWANI**

**Introduction**

On Wednesday, 29<sup>th</sup> June, 2016, a delegation from the Parliamentary Sectoral Committee on Natural Resources visited the BCGI/RUSAL Mining Company, and thereafter held a Community meeting in the Workers Club House at Kwakwani.

**The Visiting delegation of the Committee comprised:**

**Members of the Committee:**

Mr. Odinga Lumumba, M.P. (P.P.P/C.)	- Chairperson
Lt.Col. (Ret'd) Joseph Harmon, M.P., Minister of State. (A.P.N.U/A.F.C.)	- Member
Mr. Audwin Rutherford, M.P. (A.P.N.U/A.F.C.)	- Member
Mr. Jermaine Figueira, M.P., (A.P.N.U/A.F.C.)	- Member (Alternate)
Mr. Neendkumar, M.P., (P.P.P/C.)	- Member
Mrs. Yvonne Pearson-Fredericks, M.P., (P.P.P/C.)	- Member (Alternate)

**Members of Staff:**

Mr. Claudia Daniels	- Clerk of the Committee
Ms. Abiola Bazil	- Research and Analytical Assistant
Ms. Sereeta Bethune	- Assistant Clerk of Committee
Mr. Ricky Hardeen	- Assistant Clerk of Committee
Ms. Nadeila Allen	- Assistant Public Relations Officer

**In Attendance at the visit were:**

Mr. Errol Adolph	- Vice Chairman of RDC, Region No.10
Mr. Valeriy Vinokurov	- General Manager of Rusal Co.
Ms. Maiia Obova	- The Interpreter /Translator at Rusal Co.
Mr. Igor Tolpykin	- Personnel Manager of Rusal Co.
Mr. Linden Prince	- Occupational Health and Safety Officer

**1.0 Purposes of the Visit**

- To enlighten the Committee on best practices of Occupational Health and Safety in the Aroaima location;
- To observe/ evaluate conditions /facilitates of BCGI/Rusal Company working environment; and
- To listen to/ identify issues facing the community of Kwakwani.

**The Visit**

The delegation arrived at the Kwakwani Airstrip at 9.10 a.m and was received by Mr. Errol Adolph, Vice Chairman of Region Ten (10), and a delegation from the Rusal Mining Company. After reciprocal introductions, the Chairperson, Mr. Odinga Lumumba explained the origin and mandate of the Parliamentary Sectoral Committee on Natural Resources and the purpose of the delegation's visit. Mr. Lumumba further stated that the Committee was not there to criticise the staff performance but to evaluate the services offered.

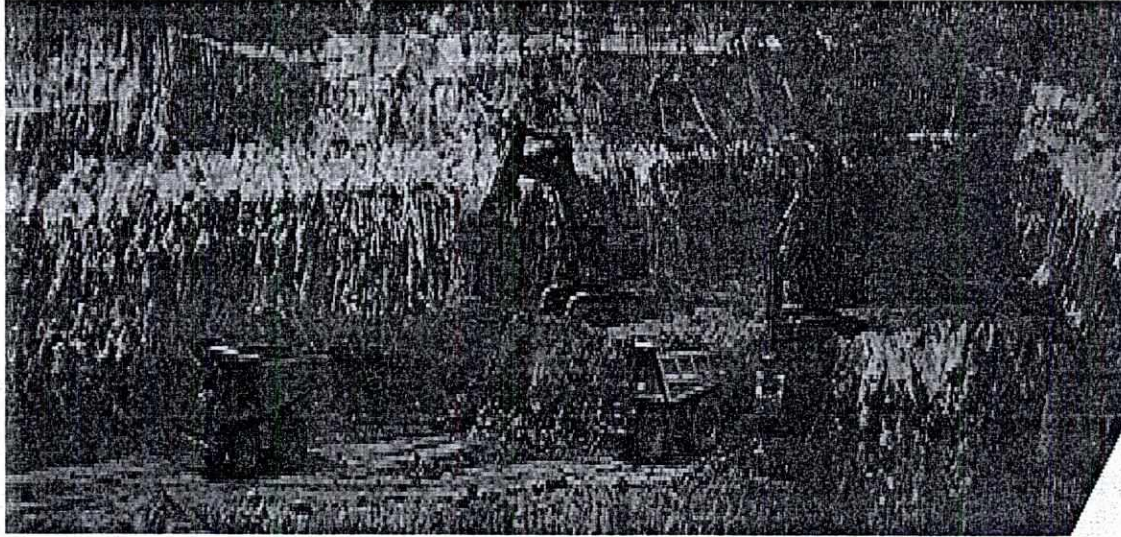
The delegation left Kwakwani Airstrip and arrived at the mining pit at 10.00 a.m. Thereafter, the Managing Director then commenced the discussions on the occupational safety at the Mining Site



as the viewing of the bauxite operations took place. The delegation was provided with safety helmets, sun glasses and vests by the company.

The Managing Director, Mr. Valeriy Vinokurov throughout the viewing gave an update on the mining operations via the Official translator, Ms Maiia Obova.

Below is a picture of the excavation of the bauxite overburden withdrawn at the Hururu BCGI/Rusal Co. Mining site.



#### **Synopsis by the General Manager on the Operations of the Mining Site**

The Managing Director enlightened the Committee on the Company's Mining Operations:

The volume of mine amounts to 1,200,000 deposits from the mining site and different piles which was bauxite and mine out (over burden). The areas excavated are usually refilled after the bauxite is being removed. The metrological grade and chemical grade bauxites are the types of bauxites which the company has invested interest in.

The Company ensured that there had been regular checks on the disposal of waste water pumped from the valley of the pit to creeks in some areas where citizens occupy. In so doing, regular checks of samples of water were sent for testing by a laboratory in Georgetown.

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The Company experience excessive water in the mining sites whenever there was rainy season, however, pumps were used for the process of discharging chemicals and the excessive water from the mining sites and into the jungle.

The company told the delegation that all lumber from the clearing of lands were donated to the community.

#### **Suggestion by the Committee from the General Manager remarks**

The Chairman suggested that the Minister of State, Hon. Joseph Harmon be asked to follow up on the matter of portable water and the discharging of excess water and chemicals water into the creek and jungle.

#### **Recommendation:**

With regards to the Company's statement of safety in light of discharging of water into the creek and jungle ,the Committee recommends that there is a need for the Environment Protection Agency to visit the mining area for the safety of the citizens of the local area.

#### **The Meeting held in the Aroaima General Office**

The delegation was received by RUSAL's top officials on the arrival at the Aroaima General Office.

The Senior Occupational Health and Safety Officer, Mr. Linden Prince briefed the Committee on the work of the Personnel, and the Safety and Environmental Departments of the Bauxite Company Guyana Inc. The presentation was on the company's "Operational context, strategies and achievements". **See appendix attached.**

#### **Synopsis of the Senior Occupational and Health Officer's Presentation**

The presenter briefed the delegation on the Company's Background, its commitment to the Occupational Safety and Health Act No. 32 of 1997 and the company policy. The delegation was

told that the company also submits quarterly reports, water quality reports and yearly environmental reports which are submitted to the Environmental Protection Agency (EPA).

**The following were also highlighted:**

The company has a yearly safety bonus scheme which is payable to all permanent workers, yearly medical examination for all workers and a Health Centre which is operated by the Company for staff, immediate family and the local area residents with free drug services. There was no death on the job and incidents on the job are minimal. There is a shift system for workers and the company provides free scholarships and apprenticeship in Russia for employees' children and residents.

**Issues raised by the Committee Members**

**Workers being treated in a very inhumane condition**

The company officials were informed that the Committee had received complaints about workers being treated in a very inhumane condition. For example, being allowed to move from one mining site to another in vehicles without proper ventilation in the mine and no air conditioner units.

The Company official responded that over the years the equipment may have broken down from time to time but the matter has been resolved and the workers were in a safety and comfortable environment.

**Serious Incidents at the Mining site**

A question was asked whether there was any reported incident where a worker was injured and unable to return to work.

In answer, the Senior Occupational Health and Safety Officer responded that there was a case where a worker was working with electric power and was hit by a hard flash and another who suffered a broken hand. The worker was hospitalized at the Balwant Singh Hospital; all bills were taken care of by the Company, transportation to and from the hospital and after care was offered, until the worker returned to work. In the case of industrial injuries, the workers were fully

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compensated by the Company, the Guyana & Trinidad Mutual Insurance Company and the National Insurance Scheme. There was no case so far of workers injured and not returning to work.

### **Trade Union representation**

It was noted that over the past two years there was no trade union representation for the workers. Why there is no trade union representative, to note that a former Chief Labour Officer of this country is employed by the company and which is quite amazing that no actions have been taken. The Committee enquired about the reason(s) for that occurrence.

The Company Official accused Mr. Lincoln Lewis of being verbally abusive to its Human Resources Manager referring to him as a "White Slave Massive". The company stated that it does not need any relationship with Mr. Lewis, hence the reason for no trade union representative. The Committee advised that a trade union representative was a requirement stipulated by the Laws of Guyana and the Company ought to be guided by such. It was noted that the matter was an ongoing exchange between the Government and the Company over the years which needs to be resolved at the earliest.

### **Recommendations**

- The Committee recommended that Minister Harmon look the breach of the Labour Laws and follow up with the Minister of Social Protection.
- There is need for the company to have a trade union to represent the workers according to the Labour Laws of the country as soon as possible.
- In future the Committee would meet with the workers before meeting with the Company so as to hear their concerns (workers).

### **Meeting at the Kwakwani Workers Club**

The delegation arrived at the Kwakwani Workers Club and was greeted by the residents of the Community. The Chairman of the Neighbourhood Democratic Council representing the Community started off the Meeting with a prayer, the prayer was done by the community pastor,

the National Pledge was recited and Members of the Natural Resources Committee were welcomed.

**The introduction by the Chairman of the Committee**

The Chairman of the Committee introduced Members of the Natural Resources Committee to the Community and apologized for the late start. He stated that the Committee's function and role was to analyze the Government's policy on natural resources particularly mining, forestry and hydro-electricity activities. The Chairman encouraged Members of the Community to engaged the Committee on any matter pertaining to mistreatment by the company on forestry, bauxite mining or hydro activities. Thereafter the floor was opened for questions and suggestions.

**Issues and comments raised at the meeting by the residents of Kwakwani**

The residents raised several issues such as:

- (1) availability of lands to their Community for logging;
- (2) pastures for their cattle;
- (3) house lots;
- (4) the deplorable state of the roads in which the RUSAL Company vehicles traversed;
- (5) the RUSAL company gave no assistance to school children crossing the river even though boats from the Company traversed it regularly;
- (6) Residents commented that there was a need for the provision of a bank; and
- (7) Residents urged the development of the secondary and primary schools.

Residents called for availability of lands for logging. The Committee was informed that the role of Guyana Forestry Commission was responsible for control of logs storage, buying of logs and to increase royalties to the local residents. If there was additional land for the loggers located in the vicinity of Kwakwani, there will be easy movement of logs from the "backdam", the need for consultation at the level of the NDC. With regard to the conservation of lands by the Government, of mining, logging and bauxite.

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Residents noted only a few persons from the community were employed by the RUSAL Company. The majority of their employees were from different parts of the country although the company operation is located in their community. As such, the residents requested that the terms and conditions of the company operations should be made available to their community leaders.

Residents highlighted the need for a Bank in the community, particularly for access to loans for home building or even grants for community based projects.

Residents requested the following:

- 1 A visit by the President of Guyana as promised ;
- 2 Transportation for the school children;
- 3 The urgent repair to the Workers Club; and
- 4 Provision of a river steamer for residents.

#### **Neighbourhood Democratic Council request**

The Chairperson of the NDC indicated that the subvention of the \$100M for the road rehabilitation at the water front of Kwakwani was promised but to date only ten (10) road lights were installed.

The Council complained they were promised Kwakwani roads and trail rehabilitation even as those roads are not Gazetted. Due to the deplorable state of the roads, the council could not permit the loggers to send the logs out from the "backdam" Logging area.

Mr. Victor Walker, a resident (telephone number given) requested that a joint agreement with the RUSAL Company and the village council for the development of the roads be made.

#### **Private Members (anonymity) in the Community requested:**

- (i) Elections issues should be held by the Neighbourhood Democratic Council;
  - (ii) Increase to acreage of land to cattle farmers;
-

- (iii) Cattle rustling needed to be controlled;
- (iv) Assistance for movement of logs from the backland to the water front;
- (v) Negotiation for compensation and repairs to the boat of an individual whose boat was destroyed by the Rusal Company boat.

**Complaints from a Worker of the RUSAL Company to effect Action:**

- (1) No Health and Safety in the company for over five (5) years;
- (2) Checks on the Contract of Service signed by employees need to be taken;
- (3) No raise in pay for five (5) years;
- (4) No yearly bonus for five (5) years;
- (5) Cooks employed by Company being paid only \$50,000.per month for working in "Backdam" with no overtime for the evening hours.
- (6) Workers are compelled to work 12- 14 hours per day for the same pay.

**Response by the Committee**

The Committee tasked the Minister of State to look into matters raised by the residents and all relevant information should be passed on to the Neighbourhood Democratic Council (NDC). Residents were urged to work with the Neighbourhood Democratic Council to develop their community.





# APPENDIX

## II

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**REPORT OF THE PARLIAMENTARY SECTORAL COMMITTEE ON NATURAL  
RESOURCES (PSCNR) MEETING IN LINDEN**

**1.0 Introduction**

On Friday, 21<sup>st</sup> July, 2016, at 6.35 p.m, a delegation consisting of Members of the Parliamentary Sectoral Committee on Natural Resources and support staff from the Parliament Office held a Meeting in Region No.10 Linden, at the Linden Constabulary Recreational Hall.

**1.1 The Delegation**

**Members of the delegation were:**

Mr. Odinga Lamumba, M.P (P.P.P/C)	-	Chairperson
MS. Pauline Campbell-Sukhai, M.P., (P.P.P/C)	-	Member
Mr. Audwin Rutherford M.P. (A.P.N.U./A.F.C)	-	Member

**Members of Staff:**

Mr. Michael Munroe	-	Research & Documentation Officer
Ms. Claudia Daniels	-	Clerk of the Committee
Ms. Gailann Griffith	-	Research and Analytical Assistant
Mr. Rickey Hardeen	-	Assistant Clerk of Committee
Ms. Sereeta Bethune	-	Assistant Clerk of Committee
Ms. Onieka Walton	-	Public Relations Officer

**Linden Chamber of Commerce, Municipal and RDC personnel in attendance:**

Mr. Errol Adolph	-	Deputy Chair of Regional Democratic Council
Ms. Sandra Adams	-	Regional Councilor, and Assistant National Director of the Community Development Council
Mr. Lennox Gasper	-	Councilor, Linden Municipality
Ms. Denise Belgrade	-	Regional Councilor of Regional Democratic Council
Mr. Kevin De Jonge	-	President, Linden Chamber of Commerce

## **1.2 Purpose of the Meeting**

- To enlighten the Committee with the best practices of occupational health and safety in the BOSAI Mineral Group Inc. location; and
- To identify issues facing the Community of Linden as it relates to the development of the area with BOSAI Mineral Group Inc.

## **2.0 The Meeting**

The delegation assembled at the Linden Constabulary Recreational Hall and met with a group of residents from Region No.10 (Linden). The group consisted of Councillors and workers from the Linden Municipality, Regional Democratic Council, Linden Chambers of Commerce and BOSAI Mineral Group Inc.

The Chairman of the Committee gave his opening remarks which outlined the main functions of the Parliamentary Sectoral Committee on Natural Resources and the purpose of the visit. He placidly stated that the Committee operates as a whole and not separately along party lines, since the main objective is to ensure that all the people of Guyana benefit from Guyana's natural resources.

He further stated that the main purpose of the visit was for the Committee to hear some of the challenges faced by the residents of Linden, more specifically the issues pertaining to the bauxite company, BOSAI Mineral Group Inc., land titling, forestry and other social problems that have been considered to be detrimental to the livelihood of the people.

## **3.0 Issues raised by Concerned Residents.**

The Committee heard the following concerns of several residents that were invited to attend the Parliamentary Sectoral Committee on Natural Resources Meeting held at Linden, in Region No. 10:

### **3.1 Attention should be paid to Bauxite Mining.**

Residents claimed that the quality of bauxite exported should be verified as the shipment that was sent to the wharf was not verified by the Company's laboratory as that grade of bauxite exported. The request was made that the Ministry of Natural Resources should enquire and examine the conditions of the grades of bauxite or resources that may be from other natural resources. These concerns were raised with Members of the National Assembly too, as they alluded to the opinion shared that the government does not monitor the company effectively. Hence, the residents cannot account for the amount of bauxite reserves, the tonnage, grades, densities, physical characteristics, and the mineral contents produced and exported.

**3.2 Tax Free on Overtime allowance.**

Residents claimed that the Government, both past and present, was not showing much interest in BOSAI Mineral Group Inc. mainly because the workers' union has not been given priority in the matter with regards to workers' overtime allowances. An employee of the BOSAI Mineral Group Inc. raised a concern which pertained to tax on overtime allowances. The employee stated that at the commencement of the Company's operations, pay for work done as overtime carried allowances that were tax free, however in 2007 the former Government had arbitrarily placed taxes on allowances paid to workers who worked after eight hours. The current administration had promised workers to reinstate tax free allowances; to date the situation remains same.

**3.3 The illegal removal of resources from the community**

A concerned resident echoed that persons not living in the community from time to time were removing truck-loads of sand, loam and other resources from the community without paying the Municipality or the RDC. This situation had caused erosion to various roads in the Region. Further, trucks with logs chained while transporting, pose further danger to the highway users. The resident recommended that toll collection from heavy duty vehicles should be considered. The Guyana Police Force (GPF), Traffic Department should provide the staff for the toll station.

### **3.4 Re-construction of a toll station**

Residents claimed that the absence of a toll station hampers the economic development of Region No. 10. It was noted that the road in the Region was used by various groups of person daily en-route to interior locations to transport their machineries, logs, equipment, food supplies, and other mining materials toll free. Further, there was no monitoring of the time the trucks traversed through the Region and trucks usually cause disturbance in the night to get to where the Guyana Forestry Commission (GFC) monitors were located. The residents requested:

- (i) Reconstruction of a toll station at Linden, of which, the funds earned would assist to repair the roads and maintain other infrastructure;
- (ii) That a schedule should be in place for the movement of logs on the highway; and
- (iii) Effective collaboration between the GFC and the GPF, a Traffic Department was needed.

### **3.5 The establishment of a Gold Board Office in Linden**

Residents suggested that the Guyana Gold Board should set up a branch in Linden in the near future. This venture would result in the growth of all industries and economic development of the community, since gold miners could sell their gold in Linden, instead of travelling to Georgetown.

In addition, certain Agencies should set up a branch in Linden that could add value, such as, the Immigration Office for easy acquisition of passports and certain main functions of Guyana Revenue Authority (GRA). This would create employment for residents of Linden and ultimately an economic turnaround for the Community.

### **3.6 Potential Mining areas for development**

A resident indicated that the housing development had encroached on the industrial plots at Amelia's Ward area. The plots have recently been demarcated in an effort to regularise squatting areas. The resident stated that those were areas with mining potentials as it was proclaimed as the biggest bauxite mining reserve in Linden. Thereafter, the alleged

encroachment in Amelia Wards was described as the “mud pond”, to the right side of the road at Kara Kara bridge.

The other development in the area in the Municipality of Linden was identified as the old Alumina Plant compound that had been identified as an industrial zone. It was inferred that this compound could work well for the Linden Power Generation, the water purification plant for Region No. 10 or it could be issued as a processing zone for the Guyana Forestry Commission (GFC) logs instead of the current (GFC) location.

The Chairman of the PSCNR Committee with insight on mining, contributed to the discussion and suggested that the old alumina plant could be rebuilt as there could be an influx of cheap energy with the oil and gas production in Guyana.

The residents discussed further potential investment of Brazilians, who thought of using the old Omai wharf as a container wharf. They also told of the status of the road to Lethem in Region No. 9 which was a problem.

#### **4.0 Recommendations**

- Appropriate assessments and studies should be conducted to determine the amount of overburden bauxite reserves, the quality of bauxite and the characteristics of bauxite being exported by the BOSAI Mineral Group Inc.
- In an effort to restore the state of authority in the Regional Democratic Council the Government should conduct community engagement, confidence building workshops, and conflict management programmes.
- The Government should establish a laboratory to analyse bauxite quality as there was an urgent need for clarity on bauxite grades.
- The Government and the mining company should work closely to share information on how the mining industry should operate with the Union.

- There should be a new mode of transportation for the distribution of logs. Instead of using the roads, there should be transportation via water (rivers), as this was presumed a safer method of transportation.
- Workers who worked beyond the eight (8) hours period per day at BOSAI Mineral Group Inc. should receive tax free overtime for hours worked.
- Government should set up branches in Linden for acquisition of passports and certain main functions of Guyana Revenue Authority (GRA).
- The Guyana Police Force and Guyana Forestry Commission should collaborate to ensure that the permits were granted to companies engaging in logging operations.
- Squatting should not be allowed on areas demarcated for mining.
- Reconstruction of a toll station at Linden.
- Ministry of Public Infrastructure to intervene and investigate the state of the development of roads, that they could be developed.
- The old Alumina Plant compound could be converted for Linden Power Generation, the water purification plant for the Region or a processing zone for the Logs by the Guyana Forestry Commission instead of the area currently identified at Kuru Kururu.



Members of Parliament and a section of the Committee Meeting held in Linden on the 21st July, 2016.



Chairman of the Parliamentary Sectoral Committee on Natural Resources, Odinga Lumumba (center) and other Committee members :PPP/C Member of Parliament, Pauline Sukhai (right) and APNU+AFC Member of Parliament, Audwin Rutherford (left).



Vice Chairman, Mr. Errol Adolph of the Regional Democratic Council, (front right), Deputy Chairperson of CDC, Sandra Adams (far left) and other Regional Councillor, Denise Belgrade.





# APPENDIX

## III



**REPORT OF THE PARLIAMENTARY SECTORAL COMMITTEE ON NATURAL RESOURCES (PSCNR) VISIT TO VAITARNA HOLDINGS INC.**

**1.0 Introduction**

On Thursday, 28<sup>th</sup> July, 2016, a delegation consisting of Members of the Parliamentary Sectoral Committee on Natural Resources and support staff from the Parliament Office visited Vaitarna Holdings Inc. which is located in the Village of Winniperu, Region 7.

**1.1 The Delegation**

**The Members of the Committee were:**

Hon. Ronald A. Bulkan, M.P., (A.P.N.U./A.F.C.)	- Member
Ms. Yvonne Pearson – Fredericks, M.P., (P.P.P./C)	- Member
Mr. Jermaine Figueira, M.P., (A.P.N.U./A.F.C.)	- Member
Mr. Audwin Rutherford, M.P., (A.P.N.U./A.F.C.)	- Member

**Members of Staff:**

Ms. Claudia Daniels	- Clerk of the Committee
Mr. Rickey Hardeen	- Assistant Clerk of Committee
Mr. Michael Munroe	- Documentation & Research Officer
Ms. Nadeila Alleyne	- Public Relations Assistant

**In Attendance:**

Mr. Raphael Hazel	- Personal Assistant to the Minister
Mr. Gordon Bradford,	- Chairman, Regional Democratic Council, Region No. 7
Mr. Roderick Edinboro	- Regional Executive Officer Cuyuni/Mazaruni, Region No. 7.

**Management of Vaitarna Holdings Inc.:**

Mr. Navanith Hegde	- General Manager of Vaitarna Holdings Inc.,
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## **1.2 Purpose of Visit**

The aim of the visit was to garner information on the Forestry Sector and in particular on Vaitarna Company, with respect to the company's plans, objectives, functions, operations and occupational health and safety challenges experienced within the forestry sector. In addition, the Committee sought to solicit the views of employees on issues that affect them.

## **2.0 The visit**

The delegation was received at 9.30 a. m. by the Chairman of the Regional Democratic Council, Mr. Bradford, Regional Executive Officer, Mr. Roderick Edinboro and the General Manager of Vaitarna Holdings Inc., Mr. Navanith Hegde. The delegation was then taken to the Guest House where reciprocal introductions took place. The Hon. Minister, Mr. Bulkan, who acted as Chairman of the Committee, explained the origin and functions of the Parliamentary Sectoral Committee on Natural Resources.

## **2.1 Presentation by the General Manager**

The General Manager of the company, Mr. Navanith Hegde in the opening statement of his presentation welcomed the delegation. Mr. Hegde stated that residents of the community were eagerly awaiting a visit from the Government and pointed out that the village of Winiperu was not new, as his company had purchased the forestry concessions from Caribbean Resources Limited (CRL), which had purchased it from the Guyana Timbers Ltd. He also stated that he has been assisting the community in similar ways. The company had a staff complement of one hundred and thirty five (135) employees of which ninety five percent (95%) were Guyanese. The company had a concession of three hundred and thirty five thousand (335) hectares of land and currently operates logging at a village called Kaburi. The company's production operation was currently approximately two to three thousand cubic meters of logs per month.

Mr. Hegde further stated that apart from the normal logging operations, there was a sawmill operation which started one year ago and produces approximately four hundred (400) cubic meters of sawn lumber per month. The company had been exporting over seven hundred (700) cubic meters of logs to India and China. The main species in the concession was seventy five percent (75%) greenheart, ten percent (10 %) purple-heart and eight percent (8 %) mixed logs. The target

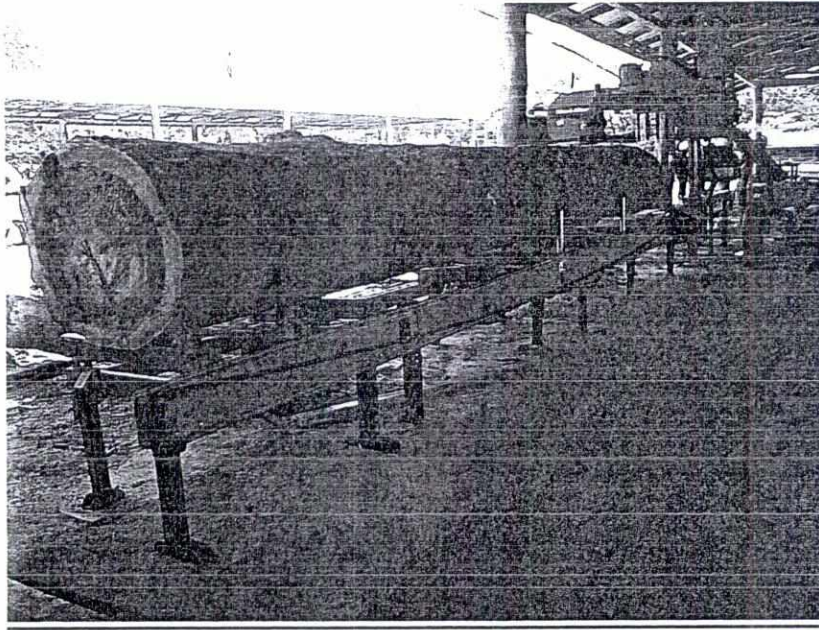
The target market for the sawn production was the United States and the Caribbean with Greenheart being the main export.

Notwithstanding the high level of activities in the village, Wineperu had a Health Centre, Primary school and land line telephone which was located in the Manager's main office.

### **Operations**

The Company's operations were structured as follows:

- (1) Prospecting, filling, sorting and transporting wood into sizes and types in the "forest" 120 km away from village;
- (2) Transferring timber to the company's sawmill and workshop;
- (3) Administrative;
- (4) Shipping;
- (5) Marketing;
- (6) Logging; and
- (7) Maintenance of the company's machinery.



**Sawing of logs at the saw mill at Vaitarna Holdings Inc.**

**Hours of work**

Employees usually work for nine (9) hours and were comprised of six (6) Indian Nationals and fifteen (15) Guyanese from Region No. 2. In other instances when the Company had to produce a specific amount of lumber before the deadline, the employees were asked by management to work beyond the nine (9) hour period.

**Salary scales set at Vaitarna Holdings Inc. Workers**

The salaries that workers received depended on the nature of work, as well as, the employee's experience. A labourer received a monthly salary of seventy thousand (\$70,000) to eighty-four thousand dollars (\$84,000). Truck drivers that deliver logs to the company's sawmill and workshop were paid three hundred and twenty thousand dollars (\$320,000) per month. A Bookkeeper's salary was one hundred and twenty thousand dollars (120,000) per month. The workers that work in the 'backdam' received eighty thousand dollars (\$80,000) per month. There was also a maintenance crew; and each person received seventy thousand dollars (\$70,000) per month.



After Mr. Hegde's presentation, the Hon. Minister of Communities, Hon. Ronald Bulkan, M.P., gave brief remarks. In attendance were also management, workers' representatives, workers nurses and teachers.

Reference was made to the following:

- (1) The Changes of sawmill/logging operation from colonial ownership to local state ownership by (Guyana Timbers) then to private foreign ownership;
- (2) The exploitation of the forest to fulfill the demand for greenheart logs on the world market; reference was made to the time needed for the species to be replenished; and
- (3) The objective has always been to create jobs and to ensure investors get profits as well as enhance the value added products that can be produced.

Hon. Bulkan, informed the gathering that the Forestry Sector in the 1960's to 1970's was far more advanced, as prefabricated homes were produced locally along with other value added products.

The General Manager stated that competitiveness with the price for logs was proving to be a challenge and had caused the administrator to move further into the forest for the production of greenheart and other species. This development had proven that the sale of logs had reached the peak on the world market and it was encouraging to have the expansion of the enterprise.

He thanked the Management of Vaitarna for their support as well as the development of various communities and for its cooperation on the construction of the new main bridge to Bartica.

### **3.0 Issues raised by Members of the PSCNR Committee**

#### **3.1 Trade Union**

The Committee sought clarification on whether there was trade union representation within the organisation.

Mr. Hegde stated that despite the absence of trade union representation for its workers the company was cognizant of the importance of such representation. Hence, within every department, there was a Committee which stood as a representative/mediator (third party) between the workers and the employees to find solutions to problems affecting the workers. In the event of an issue, the worker would usually make their complaints to the Committee.

Thereafter, the Committee would inform the employer about the situation, and then both parties would work together to find a solution.

### **3.2 Social Contribution**

The Committee enquired about the social contributions, if any, made to the community by Vaitarna.

The General Manager, Mr. Hegde stated that the company had been actively involved in the social aspect of the community. The company had been supplying many residents with wood, and if they cannot afford to buy it at the market price to build their homes, concessions would be made to assist them. There were plans to maintain schools in the community; the company also provided recreational activities for the children during their last August vacation.

The General Manager pointed to the development of the main bridge that was out of order for decades, the grading of roads around the village and assistance in the health sector of the community, as a part of its social contribution to the community. He further stated that with regard to the health emergencies in the village, the company's vehicles would be used to transport those persons to the hospital in Bartica. The company also provides subsistence to the Health Centre in the area.

He stated that at the beginning of his tenure, the community was in dire need of electricity and the task was his to place electricity in strategic positions to get the camp started. Electricity to the camp has now expanded to the entire community of Wineperu; and this increase in megawatts of power used was an additional expense borne by the company. A request was made for assistance from the Minister of Communities, in this regard.

### **3.3 Employment of persons (within and outside of the Community)**

The Committee expounded on the issue of employment, especially employing persons from out of the community.

Mr. Hegde responded to the questions raised with regard to employment opportunities, by stating the number of Guyanese citizens that were employed by Vaitarna are one hundred and thirty-five (135) persons. In addressing the question, he posited that the company has been employing persons from, within the community, Bartica, and other neighboring villages and even persons who resided in Georgetown.

### **3.4 Wages and Salaries**

The Committee questioned the Company on its salary scales for the workers.

Mr. Hegde stated that there have been several factors that contributed to the amount of salary a worker receives per month. The first factor is the worker's designation and how tedious the work is; for instance, a labourer receives a monthly salary of seventy thousand (\$70,000) to eighty-four thousand dollars (\$84,000), because the nature of the job may not require the use of much energy. On the other hand, the Truck Driver who delivers logs to the company's sawmill and workshop are paid three hundred and twenty thousand dollars (\$320,000.) per month, because his job requires more effort than the Caterpillar Operator. A bookkeeper's salary is one hundred and twenty thousand dollars (\$120,000.) per month. The workers that work in the back dam as Labourers, receive eighty thousand dollars (\$80,000) per month. There is also a maintenance crew and each person receives seventy thousand dollars (\$70,000) per month. Thereafter, he stated that another equally important factor was experience, if an employee has expertise in a particular field, it would be an asset to the company and therefore attracts a higher salary.

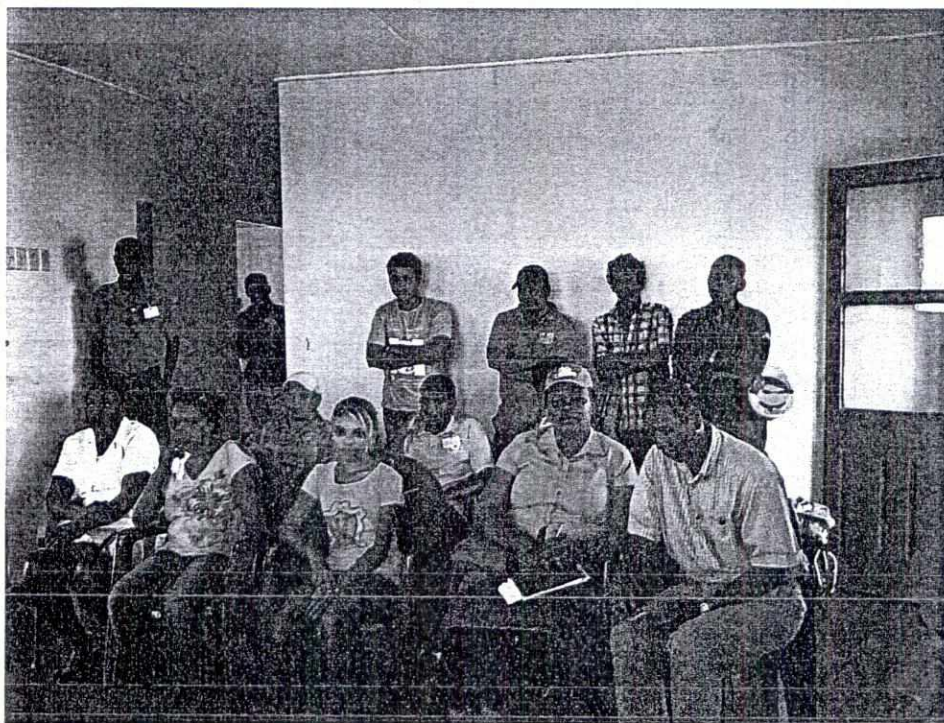
### **3.5 Occupation Health and Safety**

The Committee sought clarification on whether there were adequate occupational health and safety measures provided by the Company for its workers.

Mr. Hegde assured the delegation that there have been a number of occupational health and safety measures implemented by the company to ensure that workers have not been exposed to any unnecessary dangers. Some of the safety gear provided are: long boots, gloves, ear protectors, nose guards, face and eye protectors. He further stated that every worker on duty must take the appropriate steps to protect themselves, especially labourers. Additionally, the company has a strict policy with regard to the use of safety gear on the job. The company also provides workers and their families with health care assistance.

#### **4.0 Views Solicited from employees**

At the end of the period of questions from the Committee, members of the Community and workers of the Company were given an opportunity to speak to the Parliamentary Sectoral Committee on Natural Resources.



Part of the audience listening to the Delegation in Wineperu

#### **4.1 Request for the Community to have a telephone**

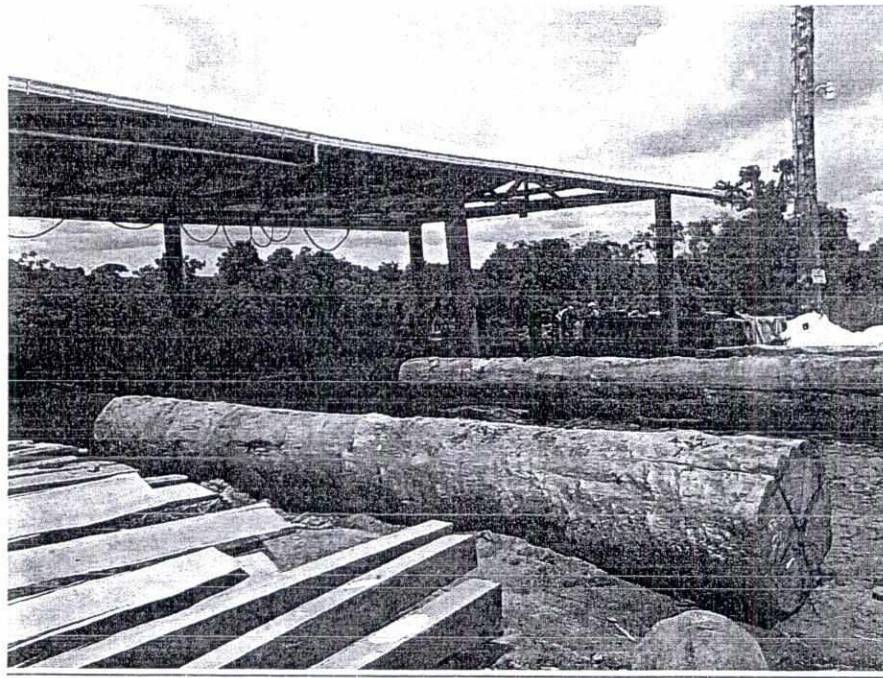
The Nurse at the medical facility in the area requested assistance in the form of a land line telephone that was once there years ago.

The Committee was told of the difficulty the villagers encountered in contacting the Regional Office in Bartica or the Bartica Regional Hospital via cellular phone. The concerned residents also spoke of the danger of having to climb a tall tree to gain reception using Digicel as the service provider. The Committee took note and the Hon. Bulkan promised to address the matter with the Telephone Company.

#### **4.2 Payment of National Insurance Scheme (N.I.S)**

An employee from Vaitarna raised concerns pertaining to the National Insurance Scheme (NIS) contributions that were paid by workers.

The employee pointed out that there were instances where persons paid their National Insurance contributions, but when those individuals attained retirement age, they were told by the authorities of the National Insurance Scheme that they were not eligible for benefits due to insufficient contributions. The employee therefore, requested that more attention should be paid in this area since most persons were looking forward for their benefits after contributing to the N.I.S.



Logs at the Vaitarna Holdings Inc. saw mill operations in Wineperu Region No. 7.

## **5.0 Visits**

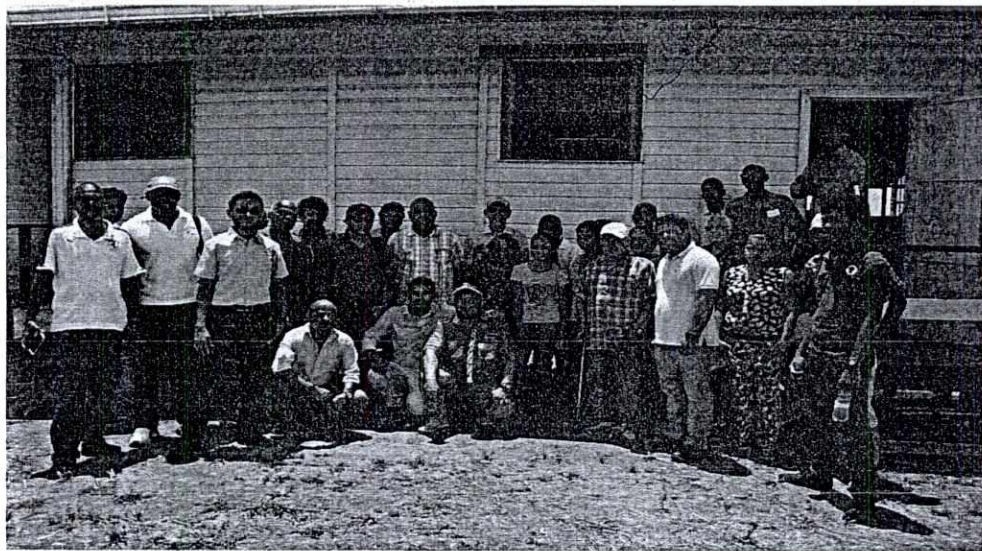
The Committee visited the Wineperu Health Center and the Wineperu Primary School.

### **5.1 Wineperu Health Center**

The Committee visited the Wineperu Health Center and was pleased with the condition of the building and the way it was being kept by the staff stationed there. However, Ms. Alana Glasgow the nurse in-charge of the Health Center informed the Committee of the challenges faced in the delivery of medical services, to residents and persons passing through the community. She outlined that there were some shortage of drugs, no pediatric facility and a need for a vehicle to transport staff and patients from one location to another, especially in cases of emergencies.

## 5.2 Wineperu Primary School

The Committee visited the Wineperu Primary School and was greeted by the Head Teacher, Ms. Mureshwar Lall-Williams. She pointed out that the school had a population of fifty five (55) students and was manned by three teachers. However, she stated that there was an urgent need for several issues to be addressed; the roof was leaking when it rained, the flooring boards on the stage required repairs, poor toilet facilities, no electricity, no potable water and the need for the introduction of the government school feeding programme which had been rolled out in schools around the country. The Committee expressed great concern on the various issues that were highlighted by the Head Teacher and promised that the issues raised would be addressed by the Committee and the Government at large.



**Recommendations by the Committee**

- (1) There should be a recognised Trade Union, to represent the employees' interest;
- (2) The Committee should write to the Guyana Telephone & Telegraph Company (G.T.T.) to ascertain the way forward with regard to providing telephone services to the Community;
- (3) The Government should provide access to potable water and electricity for residents in the community;
- (4) Foreign nationals that are employed by Vaitarna should have their status regularized by the Ministry of Citizenship;
- (5) Government should provide a vehicle to alleviate the problems faced by the Health Center when there was a medical emergency; and
- (6) Guyana Forest Commission (GFC) should provide more all-terrain vehicles (ATV) to assist its staff.

**Recommendations for the Company**

- (1) The Company should provide scholarships for youths in the community;
- (2) The Company should give its workers incentives in the form of bonus, trips, or even trophies;
- (3) The Company should provide emergency vehicles to transport the workers when they get ill; and
- (4) The Company should invest in a general shop (super market) in the community which would benefit both the residents and the company.



# APPENDIX

## IV

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**REPORT OF THE PARLIAMENTARY SECTORAL COMMITTEE ON  
NATURAL RESOURCES (PSCNR) VISIT TO BARAMA COMPANY LIMITED**

**1.0 Introduction**

On Friday, 28<sup>th</sup> July, 2016, a delegation consisting of Members of the Parliamentary Sectoral Committee on Natural Resources and support staff from the Parliament Office visited Barama Company Limited, which is located at Buckhall on the Essequibo in Region No. 2.

**1.1 The Delegation**

**The Members of the Committee delegation were:**

Mr. Audwin Rutherford, M.P. (A.P.N.U./A.F.C)	- Member
Ms. Yvonne Pearson – Fredericks, M.P., (PPP/C) (Alternate)	- Member
Mr. Jermaine Figueira, M.P, (A.P.N.U./A.F.C) (Alternate)	-Member

**Members of Staff:**

Mr. Michael Munroe	- Research and Documentation Officer
Ms. Claudia Daniels	- Clerk of the Committee
Mr. Rickey Hardeen	- Assistant Clerk of Committee
Ms. Nadeilla Allen	-Public Relation Assistant

**Barama Co. Ltd. Management Team**

Mr. Mohindra Chand	- General Manager, Barama Company Ltd.
Ms. Runasi Perry	- Senior Executive Corporate Affairs & Business Development

Others of the Management team -three (3) supervisors and a worker representative

## **1.2 Purposes of the Visit**

- To observe the operation of best practices with regard to Occupational Health and Safety.
- To observe the conditions /facilitates of the working environment and
- Issues facing the residents in the community
- To investigate the Company's employment policy

## **2.0 The visit**

The delegation was received by Mr. Mohindra Chand, General Manager of Barama Company Limited who introduced the following persons as his management team and staff representative:

1. Mrs. Patricia Mingo – Senior Manager-Human Resources Department
2. Mr. Krishna Basdeo – Forest Planning Manager
3. Mr. Stephen Wan – Utilities Manager
4. Mr. Shawn Claxton – Workshop Manager

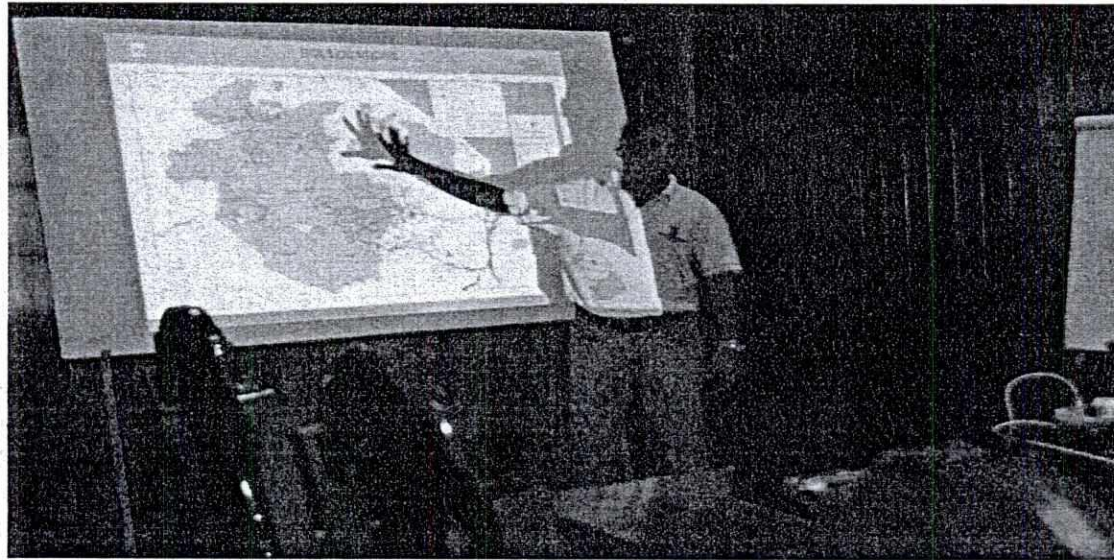
After reciprocal introductions, Hon. Member, Ms. Yvonne Pearson explained the origin and purpose for the establishment of the Parliamentary Sectoral Committee on Natural Resources and the specific purpose of the delegation's visit. The Hon. Member further stated that the Committee was not there to criticize the company but to evaluate the services offered to their workers and the residents of the community.

## **3.0 Presentation**

The General Manager, Mr. Chand in his presentation gave an overview of the Company's history, operations, benefits and challenges faced by the Company's existence in Guyana. He stated that there was a contractual agreement between the Government of Guyana and Barama, which stipulated that Barama Company Limited was allowed to carry out their lumber operations for twenty five (25) years. There were other obligations specified in the Contract such as: to produce and export sawn lumber, pay local Government charges, pay an agreed minimum royalty, inform Government of price setting, allow automatic

renewal with the same terms and conditions once material obligations have been met, and to formulate and implement a training programme for locals.

Mr. Chand further stated that the company was not there for business and profit only and the resources of Guyana belonged to everyone. The company ensured that the national patrimony was maintained. He also stated that the company had ensured that persons in the civil society were benefiting, either directly or indirectly.



**Presentation by the CEO of Barama Company Buck Hall**

See appendix V.

### **3.1 Benefits from Barama Company**

Mr. Chand outlined some of the benefits that the country gained from the existence of Barama Company Limited in Guyana:

- ✓ Employment for over eight hundred (800) Guyanese;
- ✓ Opportunities for local businesses to produce goods and services for the Company;
- ✓ Attracting foreign exchange, approximately one billion (US) annually;
- ✓ Training opportunities for all levels of staff;
- ✓ Scholarship for persons;

- ✓ Medical facilities for all staff and persons in the Region;
- ✓ Recreation facilities for staff members and persons living in the Region; and
- ✓ Production of value added products (plywood approximately, 20.7 million bm/yr.)

### **3.2 Challenges the Company was experiencing in Guyana**

Mr. Mohindra Chand stated that even though the Barama Company Limited had been making positive contributions to the development of the economy, the Company had been experiencing multiple challenges over the years such as:

- ✓ The unavailability and stability of a Locally Skilled Labor Force;
- ✓ High incidences of malaria, mainly from the mining sector workers;
- ✓ Tax by Government on Low log supplies for factory & sawmill;
- ✓ High operational cost; and
- ✓ No duty free concession from Government.

### **4.0 Issues and concerns raised by Members of the delegation to the Management of Barama Company Limited**

#### **4.1 Social responsibilities**

The Committee questioned whether Barama Company Limited has been making any social contributions to the community.

The General Manager, Mr. Chand, in his response stated that the company had been actively involved in the social aspect of the community. The Company had been providing as follows:

- (1) Donations: boat, engines, power generators, computer systems, medical facilities, emergency response, malaria smearing, books and equipment.
- (2) Built access road, bridge at (Caria Caria), and hospital.

(3) Rehabilitated schools, hospitals, police stations, and lend vehicles for GFC/GPF/GDF, and rehabilitated Cheddi Jagan Research Centre (CJRC).

(4) Facilitates school tours.

He stated that in addition, the company funded and facilitated activities towards:

- the Zoological Park, University of Guyana, Queens College, Indigenous Peoples' Affairs Ministry and Hostel/ Teacher quarters, Harbor Bridge, Wharves,
- Guyana Relief Council: fire victims, flood victims, places of worship, sports, launches, pageantry, monuments, 25<sup>th</sup> Independence Anniversary, 50<sup>th</sup> Independence forums, workshops, seminars, and policy bodies.

#### **4.2 Medical team**

The Committee enquired whether the company has a medical team to attend to workers in the event of persons sustaining injuries on the job.

Mr. Chand responded in the affirmative. He stated that Barama Company Limited has a medical team to assist workers if incidents/accidents occur during work. He also added that there were many persons that worked in the forest who were exposed to multiple dangers, such as: malaria, chronic flu, fever, snake bites, and operational injuries. Hence, in the forest, the Company had taken the necessary steps to ensure that there was a medical team on site.

#### **4.3 Training for persons living in the community**

The Committee sought to ascertain whether Barama Company Limited offered any training programme for persons that might be interested in working for the Company.

Mr. Chand asserted that there was a technical training programme. He noted that the company had been involved in the training of several persons over time in areas such as: veneer/plywood, sawmilling, mechanical, heavy duty equipment, store management and reduce impact logging. There were special engagements in First Aid, HIV testing &

counselling, firefighting, supervision, certification, work study, apprenticeship, management, scholarships and Occupational Health & Safety (OHS).

He noted that Barama Company Limited saw this approach as a mechanism to assist residents of the community to secure jobs in the near future. Also, the individuals would be equipped with the knowledge and skills needed in a logging company.

#### **4.4 Workers Union**

The Committee sought to ascertain whether there was a Trade Union representing the worker in the Company.

Mr. Chand responded in the affirmative by stating that Barama Company Limited has a Trade Union. He also proffered that the Company recognized the importance of having a Trade Union, because it helps to bridge the gap between the employees and employers to maintain good communication. In the event of an issue the workers usually seek assistance for their complaints through the Trade Union. Thereafter, the trade union will inform the employer about the situation. The next step was to find a solution and Mr. Chand noted that the Trade Union has been doing a great job in representing the workers.

#### **4.5 Employment of persons in and out of the Community**

The Committee stated that one of its main objectives of the visit was to investigate the Company's employment rate and whether or not the company employs persons in and out of the Community.

The General Manager stated that with regard to employment opportunities, the number of Guyanese citizens that were employed by Barama Company Limited was approximately eight hundred (800) persons. He further stated that the company had been employing persons from within the Region No. 2 Bartica and other neighbouring villages, even persons who reside in Georgetown.



#### **4.6 The type of fuel used in the factory**

The Committee inquired about the type of energy the Company was using to carry out its operation and whether or not the company would be able to minimize its consumption of fossil fuel and utilize more modern and sustainable renewable energy.

Mr. Chand stated that the Company has a boiler system that produces energy from the fractured pieces of woods, which comes from the saw mill.

In addition, the Company had done several studies to see whether or not it could use steam powered plant utilizing wood waste. The studies showed that the quantity of waste that was required to power the company's four generator plants would give the company approximately two megawatts. Also, cool generator requires a specific amount of waste (shaving dust), and the company did not have enough waste to produce this amount of energy.

He further stated that in order to facilitate this form of energy, the company would have to utilize good pieces of wood in the boiler. As a result, cool generator would not be beneficial for the company, since it would result in losses of good woods (cut up into fractured pieces) from the production and eventually affect profits. Alternatively, the company had planned to use the GRIF project which the current Government had studied, but this source of energy has proven to be costly.

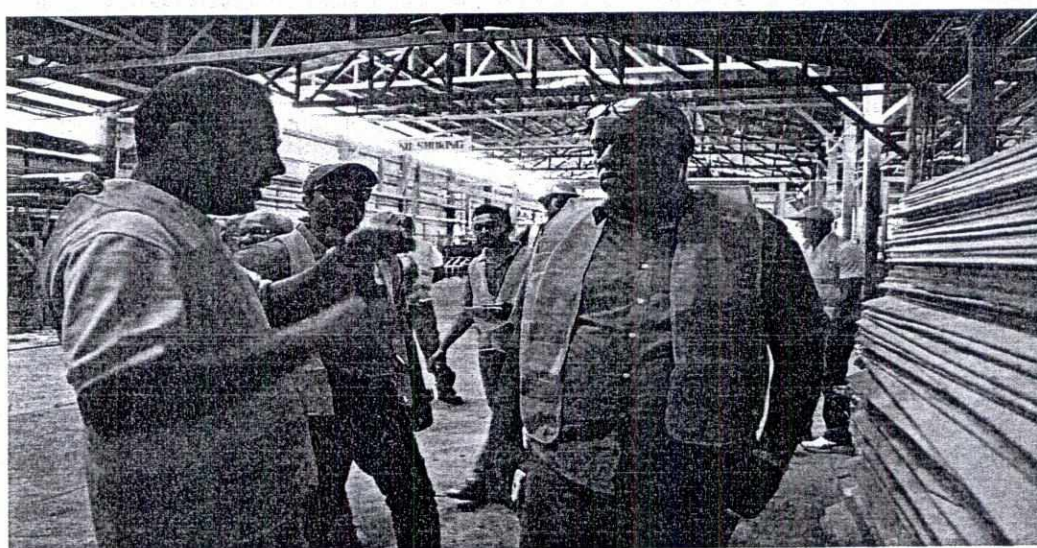
#### **5.0 Tour of the Compound at Barama Company Limited- Buckhall**

The Delegation toured the compound and various parts of the factory, holding bonds and observed both freshly cut logs and processed end products for export, which were stored in the compound. The team assigned to share the knowledge of the work-in-progress at the factory explained in detail, the storage capacity, challenges to get distribution to the customers in opportune time, the damage from the salt water on equipment and the "man days" to process the various products at the factory.



**The Committee visited the operations at Buck Hall**

The delegation was unable to observe the operation since staff was sent home for the public holiday and weekend. However, the manager explained that usually the staff would be on a shift system and there was always cleanup of the environment in order to hand over the work site for the other shift to follow on.



**A staff briefing a Member of the Committee**

The delegation visited the road to the various areas called “backdam” that run to Essequibo, the depth of the forest which was identified in the typographic maps.

## **6.0 Recommendations**

1. The move to influence the increase of the production of plywood.
2. The Barama Company Limited should look at other end products of the items produced in the business that may be profitable, such as the manufacturing of shingle, bricks and cotton. These new initiatives have the potential to be lucrative, since there were no large scale production of these products by companies in Guyana.
3. The Company should contemplate on investing in more modern machinery.



# **APPENDIX**

## **V**

### **(Presentation Report Barama Buckhall)**

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**PRESENTATION REPORT**

**BARAMA BUCKHALL**

**MARCH 2, 2016**

**Contents**

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## List of Participants

### *Representing the Government of the Cooperative Republic of Guyana*

- A. Ministry of Natural Resources**
1. Honourable Minister Raphael Trotman
  2. Mr. Clayton Hall-Advisor to The Minister
  3. Ms. Shaneika Haynes, Admin Assistant
  4. Ms. Teresa Gaime, Technical Assistant
- B. Guyana Revenue Authority**
5. Mr. Gavin Low- Senior Manager
  6. Mr. Rajandra Singh- Senior Manager, Tax Exemption
- C. Board of Directors, Guyana Forestry Commission**
7. Ms. Joycelyn Dow-Chairperson
- D. Legal Consultant**
8. Mr. Ronald Burch Smith- Attorney-at-Law
- E. Ministry of Business**
9. Ms. Kim Stephens
- F. Ministry of Public Infrastructure**
10. Mr. Naeem Mohamed

### *Representing the Company*

- A. Barama Company Limited**
1. Mr. Thomas Apun, Chief Executive Officer
  2. Mr. Choo Siong Liew, Director
  3. Mr. Mohindra Chand, General Manager
  4. Mrs. Patricia Mingo, Senior Manager- Human Resources
  5. Ms. Runasi Perry, Senior Executive- Corporate Affairs & Business Development
  6. Mr. Roberto Ocampo, Forest Operations Manager
  7. Mr. Krishna Basdeo, Forest Planning Manager
  8. Mr. Halex Meligat, Complex Manager- Buckhall
  9. Mr. Shameer Ali, Marketing/Sales & Project Manager
  10. Mr. Stephen Wan, Utilities Manager
  11. Mr. Dereck McWatt, Assistant Camp Manager-Subcamp 70
  12. Mr. Denzil Jones, Senior Executive- Forest Planning & OHS
  13. Mr. Shawn Claxton, Workshop Manager-Subcamp 112
  14. Ms Desiree Elliot, Senior Executive - Human Resources

**(A) History, Record, Performance, Shortcoming, Challenges for the past 24 years and 5 months:**

- Our wish for this presentation is for both parties to have a better understanding on the subject matter and to avoid harping on and debating too long on history but rather to charter a new path based on the situation of today and the future.
- We can agree to disagree but it should not go to the extent of being a deal stopper or deal breaker.

**(B) The economic situation in Malaysia and rest of the world- Results from the slowdown of China's business economy (2<sup>nd</sup> largest economy in the world) and the drop in global oil pricing and is expected to pick up only in the next 2 years.**

- Business has slowed down by up to 30%, competition will be very stiff and margins will be very thin.
- We see massive reduction in manpower and budget (capital and operational expenditure meaning negative expansion and growth).
- The business mood for expansion and investment whether new or reinvestment to current business is somber, dull or at most lukewarm.
- The same applies to the Samling Group.
- Given how situation has changed over 1 year and with the background of what I have mentioned earlier, we sincerely request for a speedier conclusion to our initiation now. As we have this renewal negotiation, we are also preparing our business plan for 16/17. Prior information from the forest does not show a well balance of log species.
- "The investor is equally at a crossroad, the team at Barama needs to also convince them that our presence here is still viable and relevant."

**(C) Social obligation/contract with mantra of a business leader:**

- The general accepted "mantra" of a CEO or business leader is to "maximize profitability for shareholders"
- This is to enable shareholders to share the profitability to all stakeholders.
- But here in Barama, we uphold the social contract as best as possible despite the rarity of the word profitability especially in recent times. (the reason why Barama is still here)

**(D) Going Forward:**

- All of us around this table/on this ground are somehow new to the chapter that we are going to chart from today (though some are doing this as revision like Mr. Clayton Hall, Ms. Joycelyn Dow)

- Appealing for us to be the core group with the same objective I would like to reiterate Minister Trotman's statement; "Let us strengthen the contract going forward (for the benefit of both parties and stakeholders).
- The bottom line is, we at Barama need more equipment upstream fast to feed downstream requirements so as to ensure productivity and cost efficiency.
- Trying to satisfy everyone is near impossible but meeting the expectation of the majority is the least we should be aiming for.

Thank You.

Thomas Apun

## **Introduction**

This report seeks to address the interest of Barama's key stakeholders. It will also provide an in depth report on:

- a. What the company has achieved during the past twenty four plus (24+) years
- b. Prove that the material obligations of the Investment Contract and Timbers Sales Agreement have been met
- c. Barama's proposition on moving forward (into another 25 years).

Barama is in a very unique position, in that it has to satisfy not only the Government and its Investors but many other stakeholders and the country as a whole. The business and future outlook of BCL is modeled by and not limited to the following:

1. **The Government of the Co-operative Republic of Guyana:** whose main concerns would be to ensure that the company is working in the best interest of Guyana, for the benefit of Guyanese and practices Sustainable Forest Management of the natural patrimony catering for generations to come
2. **The Investors:** want to see value for their investment in an enabling environment
3. **The Employees:** want to know that the company values their energy and safety. They also would like to be certain about the stability of employment that the company provides
4. **The Union:** wants to see the best work benefits and conditions. *Note: BCL is in the process of reengaging the union and is currently in talks with Guyana Bauxite & Workers Union*
5. **The Business Community:** is interested in the business opportunities that the company can provide under ethical business practices
6. **Civil society:** wants to ensure that the company preserves/respects their values and creates tangible benefits

7. **Indigenous & Nearby Communities:** wants to see the respect and preservation of their rights and also the creation of tangible benefits
8. **Media:** need access to information of public interest.
9. **Education:** the society needs to see the provision of education enrichment engagements & initiatives.
10. **Non-Government Organizations:** compatibility with interest and openness. BCL needs to be aware of the various interests and find ways to engage with them.
11. **Questions and concerns (perceptions) arising from various stakeholder groups**

**As we approach the end of one chapter in the life of Barama in Guyana the following choices must be made between the Government and Investor:**

1. To renew or divorce our marriage
2. Start a new or build on our existing relationship
3. Agree, disagree or agree to disagree
4. Make a positive or negative difference
5. Preserve ourselves or mutual interest
6. Create opportunities or challenges for development
7. Create value or cost for stakeholders

**It is the proposition of Barama that the answers to the above choices would be:**

1. We wish to renew our marriage (Guyana –Barama)
2. Build on our existing relationship
3. Agree to disagree: it is impossible for any party in this arrangement to walk away with 100% of what they want, hence there must be some compromise for mutual gains
4. Make a positive impact/difference
5. Preserve mutual interests: how do we meet halfway?
6. Create opportunities: social, environmental & economical
7. Create value for all stakeholders

#### **Questions and concerns arising from various stakeholder groups**

Below are some of the questions and concerns that would have been raised by stakeholders over the last twenty four plus (24+) years:

1. BCL has not fulfilled its contractual obligations

2. BCL was granted overly generous tax concessions, large forest area, continues to enjoy duty free
3. Guyana is not getting any substantial benefits from BCL deal
4. BCL is mainly exporting logs; little or no value adding being done
5. BCL declares losses to avoid taxes; no audited accounts or annual returns
6. BCL practices transfer pricing
7. BCL earns limited foreign exchange
8. Samling used BCL to raise funds on the IPO
9. BCL is not paying export levies for logs
10. BCL enjoying 100% duty free with less comparative outputs
11. BCL engaging in illegal logging, damaging the environment, raping the forest, piratical behavior, species baptizing, under declaration of logs, defrauding the Government
12. BCL's operation is poorly monitored and lacks compliance.
13. BCL has no Forest Plans, no Environmental Social Impact Assessment, no Environmental Management Plan
14. BCL engaging in subletting in third party logging areas, land lording
15. BCL mainly employing expatriate staff and only offering lower-level position to Guyanese-
16. BCL not providing training for locals
17. BCL has poor working conditions, wages (*which is always a concern to even the highest paid of workers*), OHS
18. BCL working in or negatively impacting Amerindian villages
19. BCL operations is un-certifiable forest management practice which is referenced to the suspension of the FSC
20. BCL involved in mining
21. BCL has Excessive control of the road
22. BCL branded under the "Chinese" or "Asian" loggers stereotype- *which goes back to the issue of raping the forest and not fulfilling contractual obligations*
23. BCL not open or transparent; business operations are shady
24. BCL has a short term operations
25. BCL has no policy that engages the issue of Corporate Social & Environmental Responsibility (CSER)

***Note: A lot of the above are based on the projected media perception. As such BCL should take some of the responsibility for the created perceptions (had the company shared more, maybe the public would have reacted differently).***

## BCL-24+ years in review

### Part A: An assessment of obligations within the Investment Contract

Barama Company Limited was established under the Laws of Guyana on August 20, 1991 and the 'Basic Agreement' was signed between the Government of Guyana, Sunkyong Ltd (South Korea) and Samling Corporation (Malaysia). However on October 16, 1991 the Basic Agreement was superseded by the Investment contract signed by the aforementioned parties with the assignment of all rights, privileges and obligations to Barama Company Limited.

The following matrix presents all contractual obligations (*salient points*) for both Barama Company Limited and the Government of the Co-operative Republic of Guyana as specified in the Investment Contract:

#### I. BARAMA

D3	Clause	Description	Compliance status
1	Preamble	To produce logs	Yes. Ongoing
2	Preamble	To export of logs	Yes. Ongoing
3	Preamble	To export of sawn lumber	Yes. Ongoing
4	Preamble	To export veneer	For plywood manufacturing currently
5	Preamble	To export of plywood	Yes. Ongoing
6	7.6	Pay local Gov't charges	Yes. Ongoing
7	8.1	Pay an agreed minimum royalty	Yes. Ongoing
8	10	Inform Gov't monthly of price setting	Yes. Ongoing
9	10	Agreed pricing policy for local disposal of products	Yes. Ongoing
10	4	Plywood & sawmill processing	Yes. Ongoing

11	8.2	Pay export fee for G/h round logs for 1st 3 years	Yes but continued paying after 3 years
12	11.1	15% threshold for expat but can increase	Yes. Ongoing
13	3.1	Allows automatic renewal with same terms & conditions once material obligations met	For consideration by Gov't
14	11.3	Formulate and implement a training program for locals	Yes. Ongoing

## II. GOVERNMENT

No.	Clause	Description	Compliance status
1		25 years TSA = 4.1 M acres	In effect. Area size Reduced by Gov't <i>(20k + 100k hectares)</i>
2	3.1	25 years automatic renewal with same terms & cond. providing obligations are met	To be considered by Gov't
3	2	25 years cutting cycle	Changed to 40 years after ETCL. More conservative
4	2	Carrying forward of outstanding Annual Allowable Area	GFC policy changed overtime. Currently GFC do not allow after 2 years.
5	3.2	Subletting allowed	Never implemented
6	7.1.1	5 year tax holiday with automatic renewal for another 5 years	Completed
7		Management charges	Ongoing

*The change is more conservative of the lifecycle of the forest based on the findings of the Edinburgh*

*Extensions were granted for glue, tyres, spares & fuel*

8	7.7	5 years tax holiday for new investments	Not fully utilized- With reference to the Buckhall location
9	7.2	Modification of tax laws only applies if additional benefits for Company	BCL required to pay VAT & Export Levy
10	7.4	Claim deductions for tax purposes for loans, leases hire purchases	No issues
11	7.5	Allow to deduct management charges for income tax (up to 1% of gross)	No issues
12	9.1	Allows external account outside of Guyana without restrictions	Yes
13	7.3	Only required to pay fees for logs and wood in the 9th schedule	Paying log export levy since 2009
14	9.3	Allows foreign currency account in Guyana without restrictions	Yes
15	10	Allows price setting without restriction	GFC set minimum prices for export and Gov't intervenes sometime on local plywood sales
16	12	Allows withdrawal from projects without penalties, taxes or other posts	Gov't was critical during plywood temporary shutdown as a result of a fire
17	13.2	Right to establish facilities for projects in & out of concession area	Yes. Ongoing. E.g. 70/71km
18	13.3	Right to charge road tolls in the concession area	Yes (2008). Ongoing and enforced by Road Agreement. Toll being limited by Gov't
19	17	The effect of any modification of laws, decrees or regulations will be remedy to restore rights & obligations of Company. Non Retroactivity	Not fully implemented. BCL paying New Log Export Policy and VAT.

Prior to 2009, log exports attracted only 2% tax; today it is as much as 20% of FOB. This resulted in BCL absorbing the cost when buyers refuse to accept the increase prices so as to maintain markets.

Duty free was pulled during this period

Governed under the 'Public Lands Private Road Act'; traffic rules compatible with log movements



20	18.1	Gov't to notify Company of proposals by 3rd party to exploit area	Very lacking e.g... Mining	Hundreds of allotments within BCL's concessions-GGI being
21	18.1	Right of 1st refusal to exploit to other natural resources	Give up rights but no documentation to prove same	
22	18.2	Gov't to ensure 3rd party activities do not interfere with Company activities in concession	Mining impacting (C4 area) and road destruction	Area accessible from many points- eg. Cuyuni, Supenaam, Buckhall; management is difficult if Barama must do it on their own
23	20	Assign parts or whole of the rights & obligations other parties	Never implemented- BCL answerable for the agreement	
24	21	Settlement of disputes Int'l Center for Settlement of Investment Disputes for settlement by arbitration	No concerns at this time	
25	24	Commercial Nature of transactions	Gov't waives sovereign immunity on all agreements	
26	25	Compensation in event of nationalisation	No concerns at this time	

### Part B: An assessment of obligations within the Timber Sales Agreement

The Timber Sales Agreement which was signed simultaneously with the Investment Contract on October 16, 1991 gives BCL exclusive rights to the timber resources and lays out the requirement for harvesting on a Sustain Yield Basis.

The following matrix presents all contractual obligations (salient points) for both Barama Company Limited and the Government of Guyana as specified in the TSA:

#### I. BARAMA

No.	Clause	Description	Compliance status
1	4	Minimum royalty = G\$8.4 M	Min. Royalty increased substantially. Currently around G\$80 M. Not in line with agreement

2	4	Revision of min. roy. subject to market changes but ratio to aac remain the same	Gov't now requesting for another review- <i>with reference to the royalty scale (a review is done every 4 years)</i>	Current imposition with the use of the scale doesn't work well with the clause
3	5	Placement of boundary signs along boundaries	Ongoing. Not practical at all locations. In most cases natural boundaries are used	
4	7	Keeping of production records for royalty purposes	Yes. Ongoing	
5	8-9	Grantor has free access to infrastructures	Yes. Ongoing	
6	10	Construct and maintain permanent quarters for Forest Officers	Yes. Ongoing	Between 12-19 officers within the operations-spread across 4 sub areas
7	16	Max. penalty = G\$25,000.00	Gov't application of penalties far exceed this limit	Some penalties issued: Tags utilization; misidentification of species identification (not
8	16	Grantor can terminate agreement if Grantee causes adverse effect on interest of Grantor	No concerns at this time	
9	21(1)	Fell trees not more than 0.9m above ground or 7.6 cm above the top buttress	Yes. Ongoing	
10	21(2)	Pay double royalty rate for breach of cutting height restriction	No. Paid at against market rate above the stipulation	
11	Sch. A	Submit Forest Management Plan	Yes. Ongoing	
12	Sch. A	Submit annual updates of plan (AOP)	Yes. Ongoing	
13	Sch. B	Clear, open & maintain all boundaries to the satisfaction of Grantor	Yes as practical as possible	
14	Sch. C	No blocking of access to creeks, rivers or roads	Yes. Ongoing	
15	Sch. D	Reservation of special areas of concession, reduce min. royalty and be compensated	Biodiversity exist along with other buffer areas but no compensation	

			granted. Approximately 500,000 ha. (+316k ha)
16	Sch. E	Accommodate visiting Officers	Yes. Ongoing
17	Sch. F	Placement of forest produce for measurement requires prior approval	Yes. Ongoing
18	Sch. H	Provision of safe drinking water, sanitary, educational, medical, housing and recreational facilities as agreed between Grantor & Grantee	Yes. Ongoing

## II. GOVERNMENT

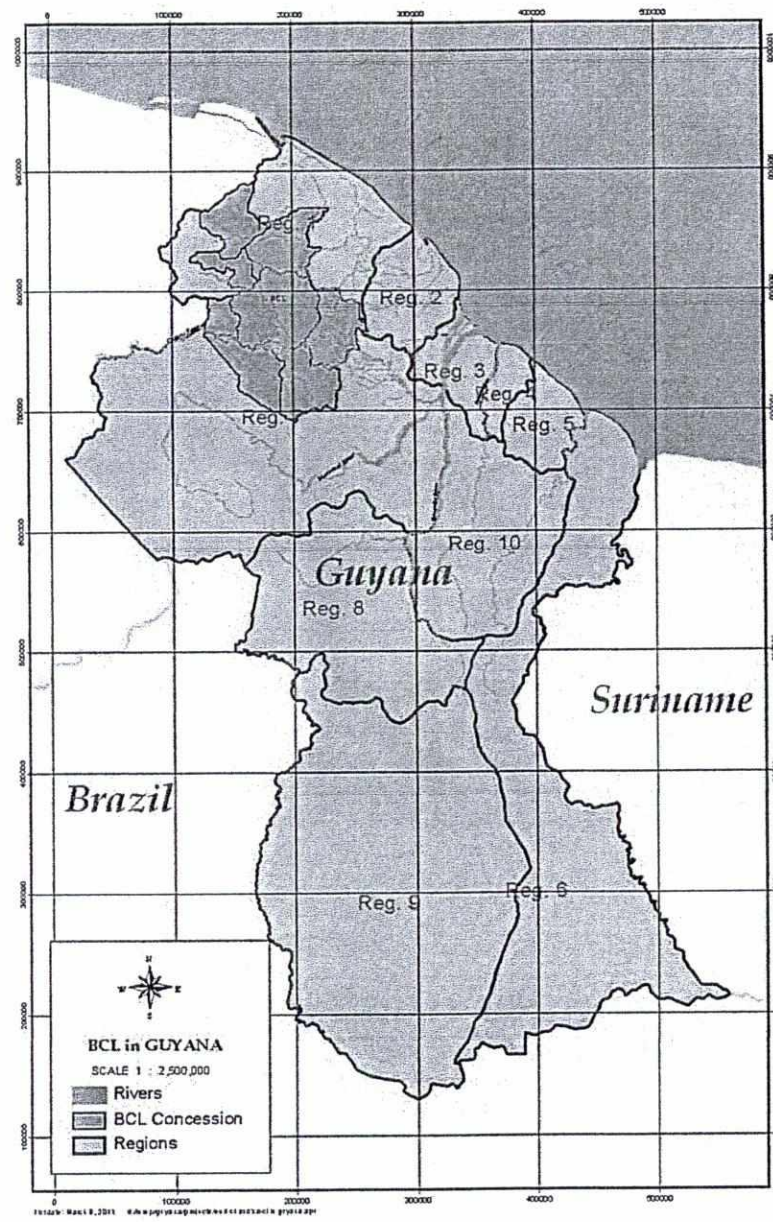
No.	Clause	Description	Compliance status
1	1	25 years automatic renewal providing obligations are met	To be considered.
2		Grantor must consult and fix conditions for permission to use Grantee infrastructures by other users	Road agreement in effect. No road toll increase since 2008 (8 yrs)
3	11	3 months' notice for renewal of agreement by Grantee	No concerns at this time. Indicated on June 2, 2014 and September 2, 2015 (formally)
4	12	Certain species are allowed be used free of royalty for internal use	Not strictly implemented
5	13	Transfer/sublet allowed	Never implemented
6	16	Notice to be given to remedy breaches within reasonable time ( <i>Govt./GFC</i> )	Yes. But fines higher than the stipulated limit (G\$25,000.00) and is the ultimate decision where remedy is unsatisfactory.
7	16	3 months to pay penalty	Implemented on a case by case basis

*No logging company is without minor infractions as result of the nature of the logging operation in the tropical*

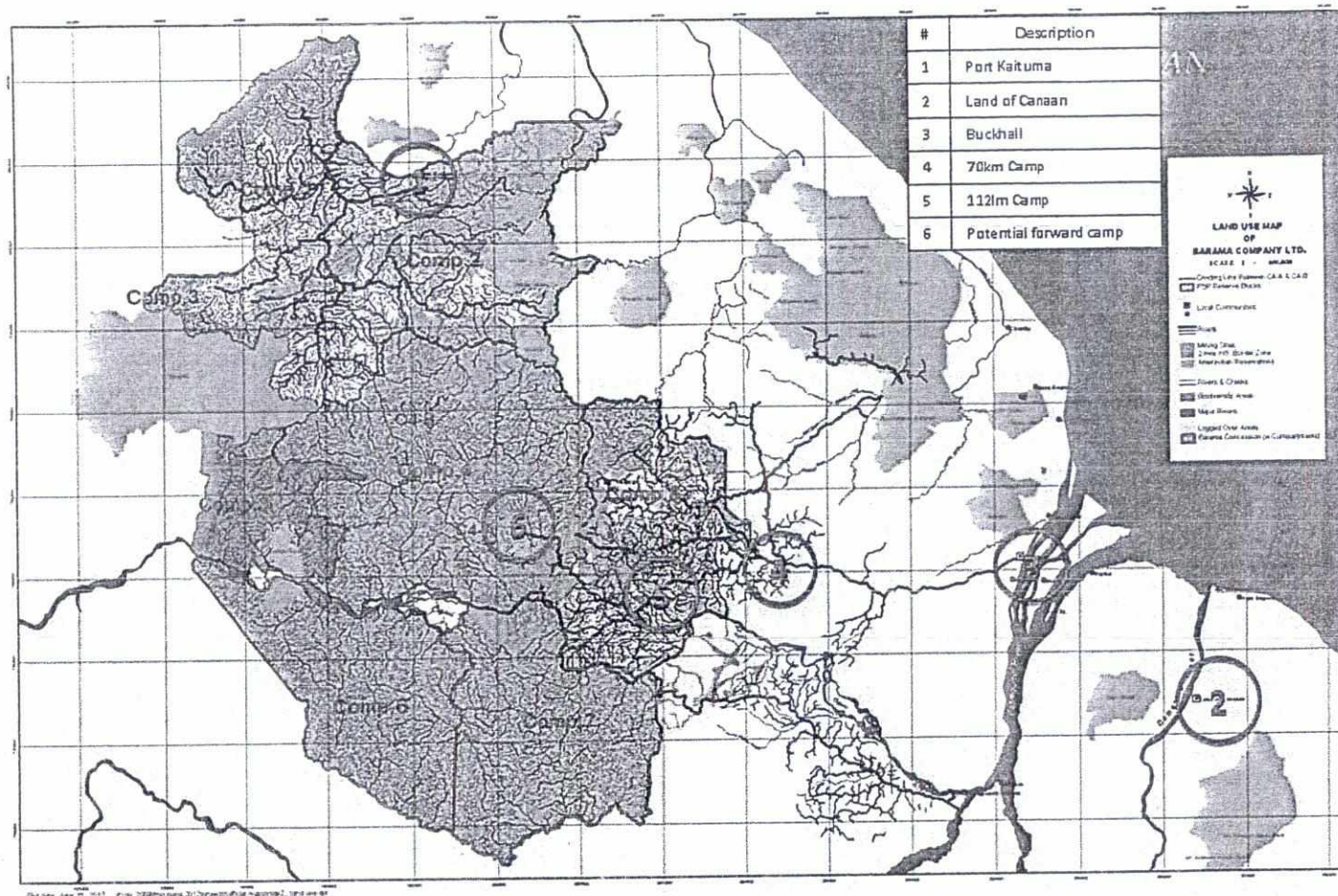
8	<b>18(1)</b>	Permission to construct & use infrastructure outside concession	Yes. Ongoing	
9	<b>18(2)</b>	Permission to for depot, erections & cultivation outside of concession 10 acres or more.	Yes. Ongoing. E.g. 70/71km	
10	<b>Sch. A</b>	AAC based on growth rate of 1m <sup>3</sup> /ha/yr or inventory	No. GFC determination based on generic 20m <sup>3</sup> /60yrs (0.33m <sup>3</sup> /ha/yr).	Prorated over 40 years; giving a 13.33m <sup>3</sup> /ha.
11	<b>Sch. A</b>	Carrying forward of outstanding AAC	GFC policy changed overtime. Currently GFC do not allow after 2 years.	
12	<b>Sch. A</b>	Plan should be based on maximum sustained yield	GFC enforces generic 13.33m <sup>3</sup> /ha	BCL believes that if GFC is going to judge on volume it should be a realistic volume against the
13	<b>Sch. A</b>	Waiver, reduce or increase AAC achievement or extension of time	GFC enforces generic 13.33m <sup>3</sup> /ha	
14	<b>Sch. G</b>	Remedy all environmental damages as practicable	GFC apply fines for any damages against CoP	Although flexibility is allowed for in the agreement it is not applied

## Part C: Development of BCL in Guyana

### 1. Allocated Area of Barama Co. Ltd



## 2. Enlarged layout of BCL's Concession



## 3. Production Achievement

From conceptualization to date BCL has recorded 70% achievement inclusive of the startup and mobilization years. Port Kaituma allowed for a faster set up because that area was within the concession, whereas the current location required the creation of some 90 kilometres of road. The deduction of the mobilization years presents a more practical achievement at 79%. BCL has diversified its forest utilization contrasting the popular perception that we are 'creaming' the forest. To date our species list comprises of 125 species and we have marketed up to 73 of those species.

3<sup>rd</sup> party purchases are as a result of BCL's concession areas not yielding enough peeler species to sustain the plywood operation even on one shift. Log sales include lesser used and unmarketable species that are supported by prime species. See summary below for more information:

Description	Achievement (23 years - 2015)	
Annual allowable area (AAA)	598,000 ha.	← ← What should have been harvested to date after the deduction of non-productive areas
Total area harvested	419,318 ha.	
Theoretical AAA Achievement	70%	
Practical AAA Achievement	79%	
Species range enumerated	125 species (60% occupied by 5 – 8 species)	
Total volume harvested	2,496,890 m <sup>3</sup>	← Up to 2015
Estimated 3 <sup>rd</sup> party log purchase	Approximately 1.3 million m <sup>3</sup>	
Species range harvested	Up to 73 species (6.93 m <sup>3</sup> /ha or 2-3 trees/ha)	
Total roads constructed	2,632 km (excluding 3 <sup>rd</sup> party)	← Over 3000km if those constructed outside BCL concession are included
Total plywood production	1,053,907 m <sup>3</sup> ( est. log input = 2,107,814 m <sup>3</sup> )	
Total sawmill production	151,420 m <sup>3</sup> (est. log input = 378,550 m <sup>3</sup> )	
Total log conversion	2,486,364 m <sup>3</sup>	
Log Sales	Approx. 1.3 million m <sup>3</sup> (35% of total log production)	
Average local employment	1000 workers (all regions, gender and ethnicity)	
Average percentage of expatriate	15-20 %	

#### 4. Infrastructural & Other Achievements/Milestones

Year	Project	Capacity/Output
	Company Registration	Barama Company Limited
1991	FDI	25 years Investment Contract
	Timber Harvesting Rights	25 years Timber Sales Agreement – 40 years cutting Cycle
1992 - 2013	Forest Management	Production to date = 2.5 million M3 of logs Area Harvested to date = approx. 419,318 ha Road constructed = approx. 2,632 km
	Wharfing & Marine	Barges = 9 purchased Tugs = 10 purchased
	Power Gen.	4.7 MW
1992 - 1999	ECTF - SFM	Establishment of Sustainable Forest Management Model
	Plywood Factory	Ann. Avg. = 50,000 m3 plywood
1993 - 2013	Boiler	35, 15 + 5 = 55 tonnes (35 tonnes damaged in 2010)
1996 - 2013	LoC Sawmill	Annual Average of 4,800 m3 lumber
1999	BBI set up initiated	log landing, loading wharves, dockyard, sawmilling, kiln drying, boiler, veneer plant, finishing plant repair/maintenance workshop, administrative offices, bulk fuel depot and stores, camp clinic/medical center, canteen, staff quarters and over 89km of main road to connect to the concession
2000-2002	Buckhall & 70km set up	Relocation of Main Camp from Port Kaituma
	BHI initiated	Approx. 47,000 ha forest concession
2005	SGL Wholly Owned	BCL became SGL Wholly Owned Subsidiary

BCL played a key role in the setup of the national Code

Invested approximately 32 million USD

Proved unfeasible, so it was aborted

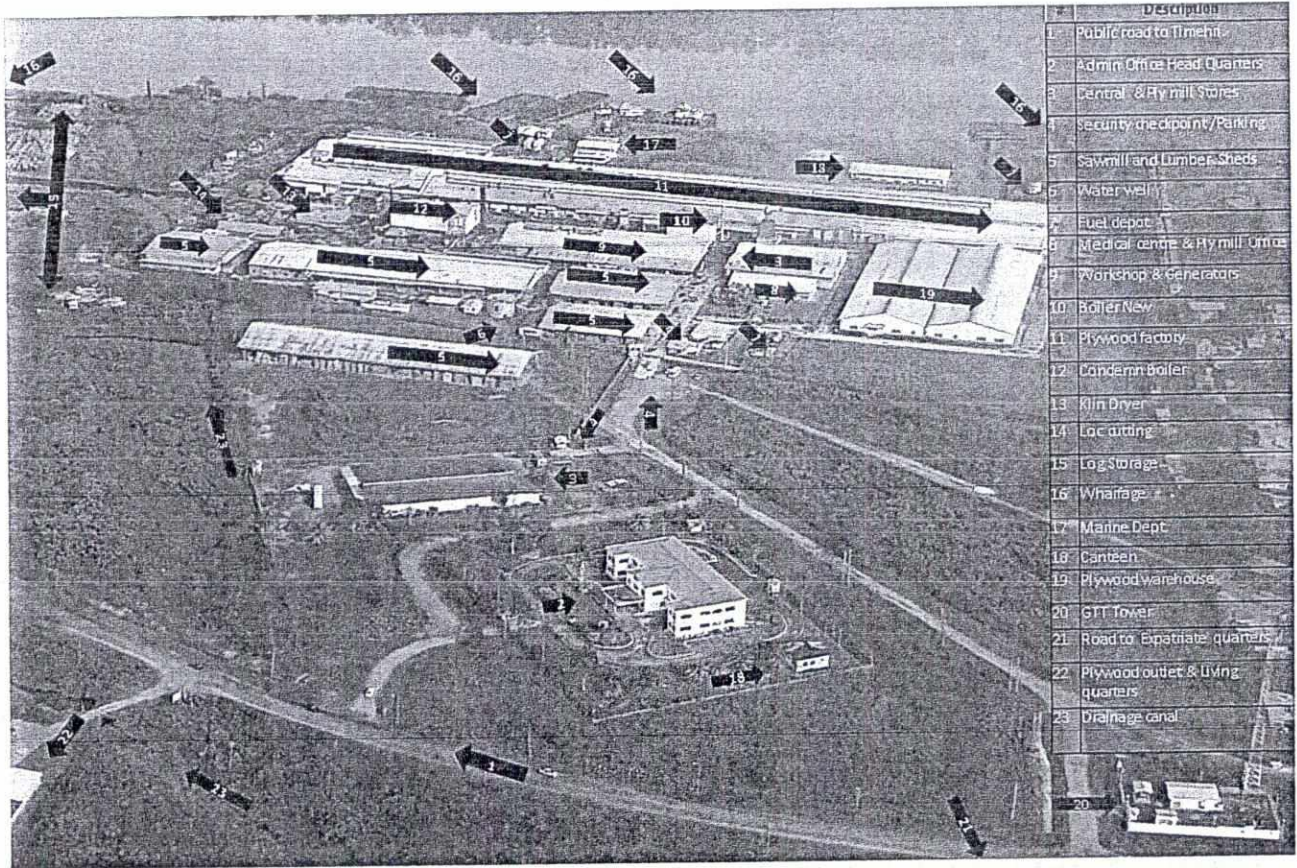


	LoC Kiln Dryer	100 m3
2006	Buckhall Sawmill 1	Annual Average = 7,000 m3 lumber (inclusive of Sawmill 2 production)
	Finishing Plant	
	FSC/CoC Certification	570,000 ha of Forest, 3 Sawmills & 1 Plywood factor
2007	Dry Dock Facilities	4 barges locally constructed
	FSC/CoC - Stopped	FSC suspended & CoC Withdrawn
2008	Buckhall Sawmill 2	Combined with sawmill 1
2009	Buckhall Kiln Dryer	700m3
2010	Veneer Factory	Annual Average = 14,400 m3 veneer
2011	Integration of Plywood/ Veneer	Annual Average = 28,800 m3 plywood
2012	VLO (largest tropical single block in the World)	Certification of entire Upstream & Downstream Ops
	Audited accounts & Returns	23 years
	Marketing	Prices are above industry standards, over 90% sold to external buyers ( <i>who have no relation to BCL</i> )
	Re-investment/Bailouts	Over US\$50 million
	Monitoring Oversight	Over 12 GFC Resident Officers with off road vehicles, up to date FMP and AOP

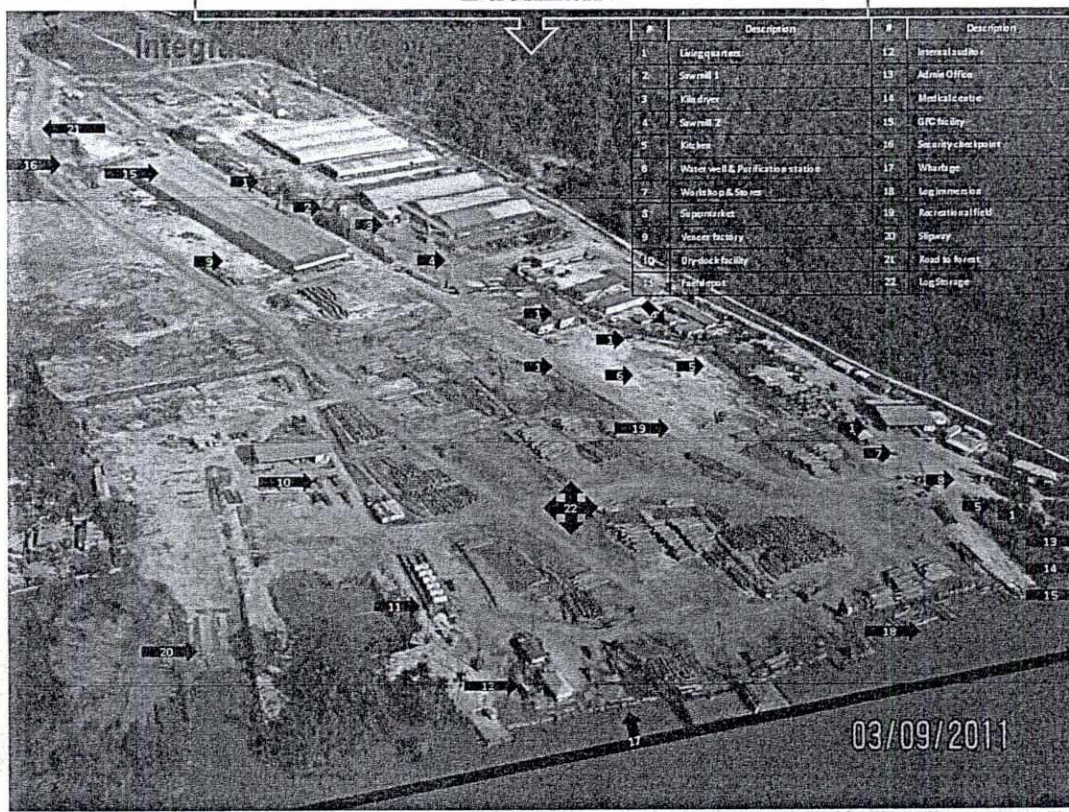
Once the renewal process is complete BCL will be moving towards VLC

This is in addition to the capital investment

# Land of Canaan

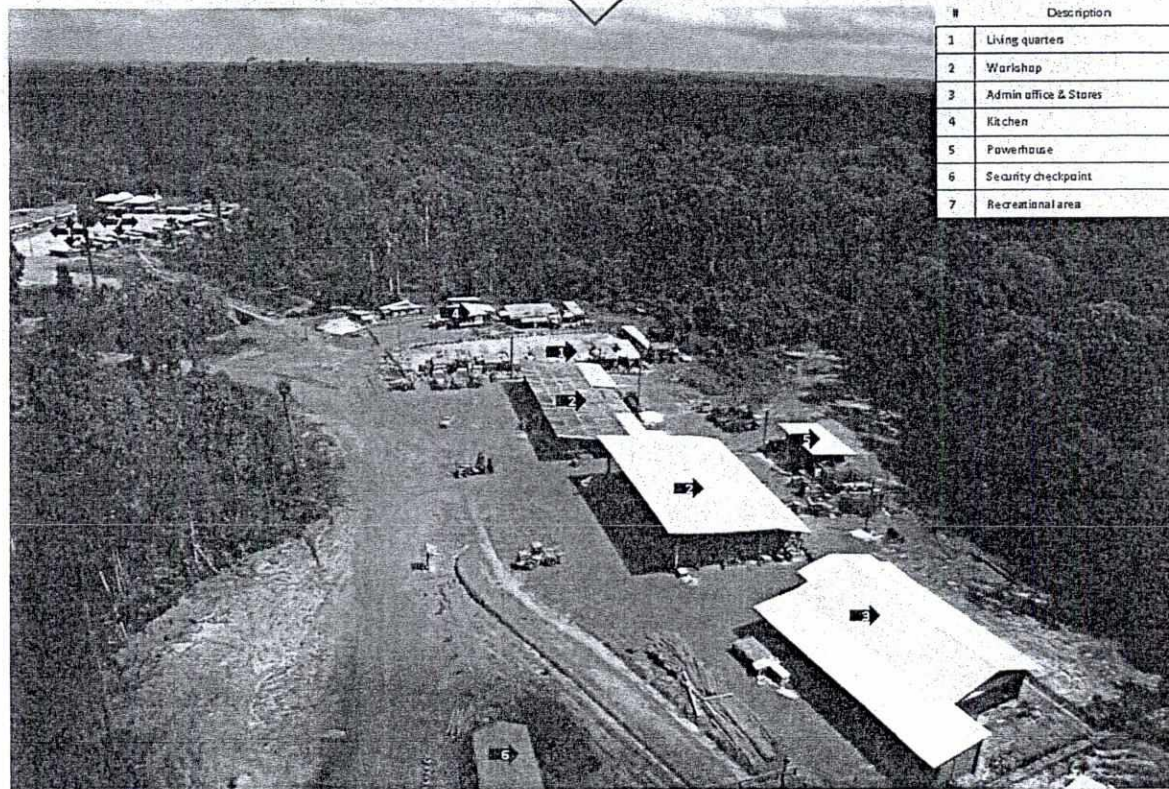


### Buckhall



#	Description	#	Description
1	Living quarters	12	Internal audit
2	Skid 1	13	Admin Office
3	Kilo dryer	14	Medical centre
4	Skid 2	15	GIC facility
5	Kitchen	16	Security checkpoint
6	Water W&S, Potable station	17	Warehouse
7	Workshop & Store	18	Log processing
8	Generator	19	Facilities staff
9	Vehicle factory	20	Slipway
10	Drydock facility	21	Road to forest
11	Plant room	22	Log storage

### KM 70



#	Description
1	Living quarters
2	Workshop
3	Admin office & Stores
4	Kitchen
5	Powerhouse
6	Security checkpoint
7	Recreational area



#### Part D: Benefits of BCL's Existence in Guyana

1. Foreign Direct Investment – **Over G\$ 45 billion (2013), largest in the sector, 4.7 MW power, Tugs & barges, Plywood = 20.7 million bm/yr, Lumber = 5 million bm/yr, Kiln Dry = 300,000 bm, Dry-dock, Forest**
2. Long Term Investment in Guyana – **24+ years, 2<sup>nd</sup> longest in Guyana**
3. Foreign exchange earner – **US\$1m+/month**
4. Payment of Taxes, Acreage fees, License fees, Export Levies & Royalties – **G\$ 400+ million/year**
5. Employment Opportunities – **Over 800 (significant females), 85% Guyanese**
6. Training Opportunities – **big customer of the Forestry School, Technical Institutes**
7. Business Opportunities for Local Goods & Service Providers – **G\$ 1.6 billion/year**
8. Contribution to the social well-being of communities – **Port Kaituma & Buckhall**
9. Pioneering SFM Practices in Guyana – **U.K.(ETCF) Research base**

10. Use of species - **Target 127 species, remove approximately 60 species, 2.5 million cubic meter harvested**
11. Manufacture Driven – **60% of logs**
12. International Marketing
13. Establishing & Creating greater roads in the forest – **G\$ 8.5 billion, over 3,000 km for Mining, Transportation & Forest Sector**
14. Meeting Local Demands for Wood – **average of 50% sold locally**
15. Industry LEADER for Best Practices & Policies. Support/Guidance – **LCDS ready, Certification, CSER, Staff develop.**

#### **Part E: Corporate Social & Environmental Responsibilities (CSER)**

1. **Employment** – approx. 800 Guyanese (34 locals vs. 24 expat in Management/executive), met national requirements, health and life coverage, Unionized, medical facilities, potable water, living quarters, electricity, sanitation, staff recognition, staff prices, bursary awards, recreational activities such as Fusion of Culture –which showcases our diversified makeup  
  
*Note: Guyanese account for 3/5 of management level positions*
2. **Training & Mentoring** – technical training in veneer/plywood, sawmilling, mechanical, heavy duty equipment, store and reduce impact logging. Special engagements in first aid, HIV testing & counseling, firefighting, supervisory, certification, work study, apprenticeship, management, scholarships and OHS
3. **Corporate Social Responsibilities** – boat, engines, rehab hospitals, power generators, medical facilities, emergency response, malaria smearing, road access, bridge access (Caria Caria), built and rehab schools, school tours, built and rehab police stations, books, equipment and vehicles for GFC/GPF/GDF, computer systems, rehab CJRC, funded or facilitated activities toward Zoological Park/UG/ Queens college/ Indigenous Affairs Ministry & Hostel/ teacher quarters/ Harbour bridge/ Wharves/ Guyana Relief Council/ fire victims/ flood victims/ places of worship/ sports/ launches/ pageantry/ monuments/ 25<sup>th</sup> Independence Anniversary/ 50<sup>th</sup> Independence Anniversary. Engage in national and international forums/workshops/seminars/policy bodies.

*Note: BCL's CSR is currently directed towards children and the development of the Guyanese education system*

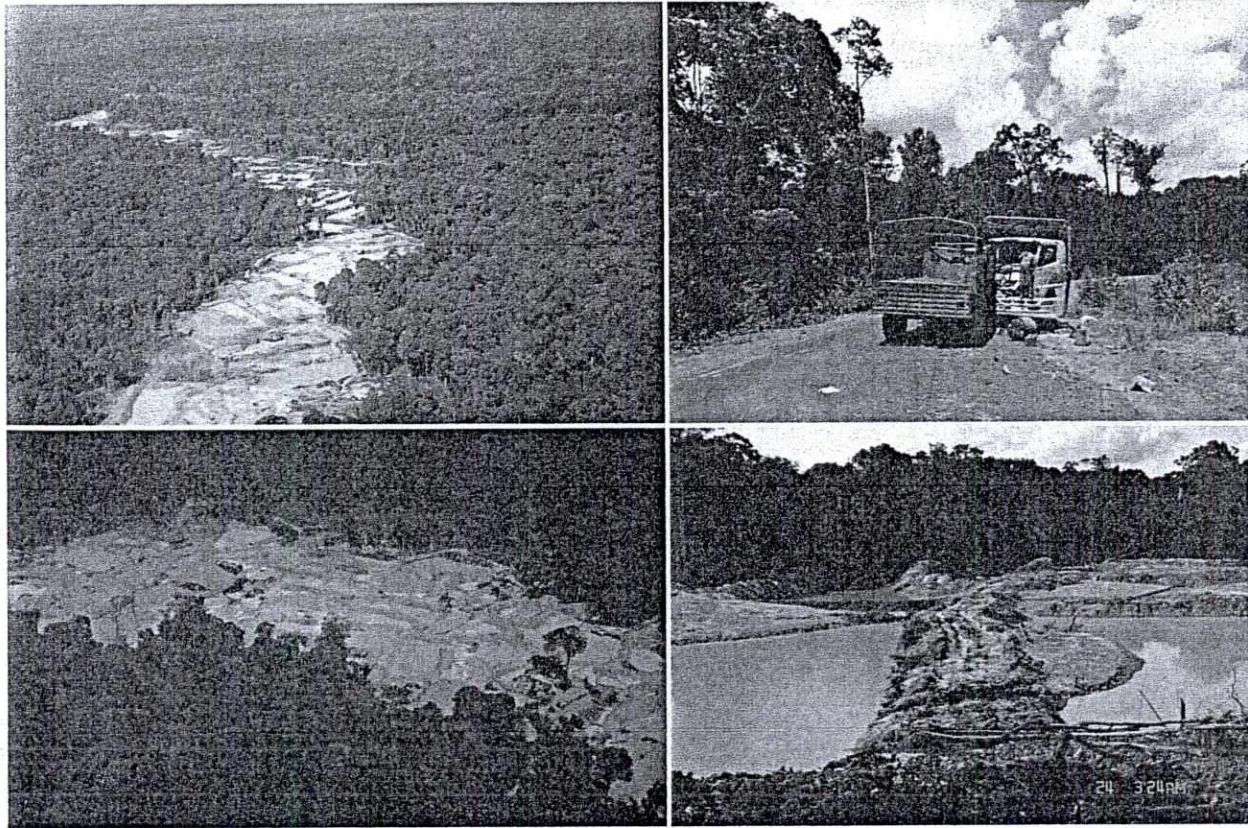
4. **Environmental Responsibilities** – Forest Mang. Plans, Annual Operational Plans, Env. Impact Assessments & Monitoring, Env. Mang Plans, Code of Practices, Certification, WWF, Edinburg Centre for Tropical Forest, Researches, Forestry and Env. consultants

## **Part F: Challenges**

In moving forward the following challenges will require special attention by BCL and in some cases with support from the Government:

1. LONG SUPPLY CHAIN – min. 12 months
2. Availability and stability of Local Skilled Labour Force - responsible
3. High incidences of malaria
4. Strong pull from mining sector on Forest workers
5. Export problems - congested Wharves, low Drafts at Ports, limited containers (this challenge could become amplified when the company increases its output capacity)
6. Increasing Operational Cost – No duty free
7. Low log supplies for factory & sawmill
8. Many outside road users to manage
9. Ease of doing business (Malaysia – 18 vs. Guyana – 137)
10. Complexities in managing Stakeholders' interest
11. Security
12. Occupational Health & Safety Compliance
13. Poor forest area and difficult to work
14. Weather pattern – heavy rains
15. Overseas Money transfer delays- Anti Money Laundering & Terrorism issues impacting on foreign bank transfers; e.g. two to three weeks waiting time
16. Slow Cash-flow
17. Constant maintenance and expansion of facilities
18. Hardly any successful FDIs as BCL in last 25 years in the forestry sector inclusive of investors from USA, Canadian, Malaysia, China and India- BCL is not perfect, may not always meet all expectations but we never shied away from its commitments. We take pride with this record of achievement

**Ongoing challenges of coexisting with Mining activities**



Pictures above depict the ongoing road usage issue as well as a damaged area. We had invested millions in developing access roads only to encounter the aforementioned. This challenge of coexistence is not unique to BCL but we feel it is at its largest scale here.

## Forward Plans

### A. Continuation of Business

#### Forest

- Seek renewal of Agreement with Government ASAP
- Continue to pursue Certification from VLO to VLC and onwards
- Improve on the road management efforts in collaboration with Gov't and other key stakeholders
- Improve on the number of harvesting teams – 20 plus teams
- Continue to Invest in Roads – in excess of 600 km in next 5 years
- 

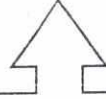
#### Manufacturing

- Expand lumber market
  - Diversify our product line
  - Introduce more Lesser Used Species (LUS)
  - Improve Lumber Recovery by marketing lesser grades & other spinoff products [*e.g. cottage industries*]
- Improve Plywood Production
  - Increase LUS in plywood manufacturing
  - Explore markets for veneer
  - Increase 3<sup>rd</sup> party log supply – approx. 265,000 m3 needed in the next 5 years
  - Introduction of Marine plywood production and other types
  - Enter USA markets aggressively [*California Air Resource Board certification-CARB*]
  -
- Support Services
- Restructuring – cost efficiency, core business, outsourcing e.g. Marine transportation. ***Strengthen core business- backward integration forces spreading of resources thinly across the various aspects of the operations.***

### B. Human Resources Management

#### 1. Improve working conditions and environment

– quality and quantity of safety gears, living accommodations, sanitary facilities, food, safe working environment, medical delivery, transportation, recreational programs and facilities, staff surveys, HR presence, Maintain policy of equal treatment of all staff (Guyanese and expatriates), improve training programs, Sign Collective Bargaining Agreements



***Transportation:*** to mobilize and manage 500 to 600 staff would be a tremendous overhead to the company. ***Food:*** not perfect but catering for 500 persons with different expectations will always be a challenge

#### 2. Employment Matters



– job security, increase Guyanese employment, review salaries, work benefits, bonuses, allowances, incentives, staff purchases, performance appraisals, credit facilities, staff savings etc.

3. Production performance

– once renewal completed invest in additional forest units and increase production in all areas, improve cash-flow, proper equipment/tools, raw material supply, increase tolls, marketing strategies, marine logistics in G/town

4. Communications

– train supervisors; continue departmental meeting, general staff meetings, professionalism, radios and internet, public perceptions

5. FIVE “S” – SORT, SET IN ORDER, SHINE, STANDARDISE, SUSTAIN

**C. Renewal of Investment Contract & TSA**

1. Agreements expires on **October 15, 2016**
2. **No material breach** of agreements
3. **Investment has been realized** based on facts stated in session 1
4. BCL would welcome a **visit to operations** by Government of Guyana & stakeholders *[more engagement needed with stakeholders]*
5. Investors interested in **Automatic Renewal** based on point 2 as provided in the agreements for another **25 years** *[Given BCL's track record as presented herein we feel strongly that automatic renewal is justifiable especially as it relates to the 1.6 million hectares for another twenty-five years. We feel that there is sufficient interest between the parties to look at ways of continuing to bring benefits to the stakeholders]*
6. Focus of investor is **to improve forest output** and increase the use of existing value-added facilities
7. Increase **employment** with increase in **value-added** productions
8. Early renewal will boost **Investor's confidence** and result in further **Reinvestment** into forest operations of over US\$10 million
9. **1.6 million hectares** needed (approx. 500,000 + 300,000 un-harvestable based on SFM and other considerations, respectively) *[500, 000 remains untouched]*
10. Annual Allowable Cut controlled over **Annual Area (260 blks)** as against block level *[BCL believes a compromise can be reached]*
11. **Peeler Species** - 3rd party arrangements for over 260,000 m<sup>3</sup> / 5years *[the shift from Port Kaituma resulted in a move from approximately 60% to 20% of peeler species availability – feasibility]*

*report done before the commencement of operations over projected the availability since these studies were focused in the Northwest District]*

12. Need for **standardization of royalty** (currently paying 3 times higher than industry rate) and adjust minimum royalty accordingly
13. Gov't support to marketing of **lesser used species (LUS)** [*such as Burada, Dakamabali, etc. BCL placed Dakamaballi on the map, the government of Korea signed an agreement with one of our Buyers however we are now currently experiencing a shortage due to a shift in the species composition*]
14. Gov't support to increase availability of **skilled and unskilled labour force** [All value added facilities have the capacity to double]  
*Note: doubling production is both a function of the market and the availability of materials. However the renewal is another important factor as BCL needs the investment in the upstream to feed the value-adding.*
15. Stronger control over **road usage** by outside parties - increase road tolls
16. Need to understand **Government's expectations** and policy directions
17. Need for **Partnership** to address relevant challenges identified below stated above

## Questions and Discussions

1. How does the toll system and management of BCL road compare to other roads?
2. Does the logging operation always use GPS?
3. Does BCL do any testing of the waters? What is the DOC
4. What makes BCL's plywood special?
5. What happened to the slice veneer process
6. What equipment is Suriname using?
7. How do you plan to reposition/position on the US markets?
8. Has BCL ever considered building a community for its workforce like the Magnesium Company?