



**National Assembly of the Parliament of the
Co-operative Republic of Guyana**

**Interim Report of the Parliamentary Sectoral
Committee on Economic Services
First Session of the Eleventh Parliament
(2015-2016)**

**Presented to the National Assembly by the
Chairman of the Committee
On 21st November, 2016**

1. INTRODUCTION

The Parliamentary Sectoral Committee on Economic Services (PSCES) is one of four Sectoral Committees of the National Assembly that was established in 2003 by Resolution No. 19 of May 2003 of the National Assembly of the Eighth Parliament. Resolution No. 19 gives effect to the Constitutional provision of Article 119B of the Constitution of Guyana.

Standing Order 86 specifically provides for the establishment of the (PSCES). This Committee has responsibility for the scrutiny of a number of Government Agencies and policies.

In keeping with Standing Orders 104(5) which stipulates that “Standing Committees shall report to the National Assembly from time to time but shall report on the progress of its work for the previous year and its work programme for the ensuing period”, this report focuses on the work of the Committee from September 2015 to November 2016.

1.1 Members of the Committee

In accordance with Paragraph 1 of Resolution No.19 of 2003, and the amended (2012) Standing Order 86 (2), the Committee of Selection nominated seven Members and two alternate Members of the National Assembly to be Members of the PSCES, on September 4, 2015.

On 9th September, 2015, in keeping with the Standing Order, the Chairperson and Vice Chairperson were elected to serve for one year.

CHAIRPERSON (1)

A Partnership For National Unity/Alliance For Change APNU/AFC

(Nominated by the Committee of Selection on 4th September, 2015)

(Elected by the Committee on 9th September, 2015)

Hon. Jaipaul Sharma, M.P.,
Minister within the Ministry of Finance

VICE-CHAIRPERSON (1)

From the People's Progressive Party (PPP)

(Nominated by the Committee of Selection on 4th September, 2015)

(Elected by the Committee on 9th September, 2015)

Mr. Mohamed Irfaan Ali, M.P.,

Other Members

A Partnership For National Unity/Alliance For Change (APNU/AFC) (3)

(Nominated by the Committee of Selection on 4th September, 2015)

Hon. Carl B. Greenidge, M.P.,
Vice-President and Minister of Foreign Affairs

Hon. Noel L. Holder, M.P.,
Minister of Agriculture

Hon. Simona Charles-Broomes, M.P.,
Minister within the Ministry of Social Protection

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

From the People's Progressive Party (PPP) (2)

(Nominated by the Committee of Selection on 4th September, 2015)

Bishop Juan A. Edghill, M.S., J.P., M.P.

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

Mr. Collin D. Croal, M.P. (Alternate)

2. MANDATE OF THE COMMITTEE

The PSCES in accordance with the mandate given to it in Paragraph 3 of Resolution No. 19 of 2003, states that:

“The Committees shall, in the discharge of their scrutinising 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.”

3. MEETINGS OF THE COMMITTEE

The Committee agreed to meet twice monthly on Wednesdays at 10.00 a.m. Members also agreed to meet at the convenience of Members, as some Members (mainly Ministers) might not always be available at the agreed time. The Committee convened a total of 14 meetings during the period 9th December, 2015 to 16th November, 2016, of the First Session of the Eleventh Parliament.

Statutory Meetings

Meetings	Date
1 st Meeting	9 TH SEPTEMBER, 2015
2 nd Meeting	9 TH DECEMBER, 2015
3 rd Meeting	23 RD DECEMBER, 2015
4 th Meeting	13 TH JANUARY, 2016
5 th Meeting	27 TH JANUARY, 2016
6 th Meeting	27 TH APRIL, 2016
7 th Meeting	11 TH MAY, 2016
8 th Meeting	18 TH MAY, 2016

9 th Meeting	8 TH JUNE, 2016
10 th Meeting	29 TH JUNE, 2016
11 th Meeting	8 TH JULY, 2016
12 th Meeting	15 TH JULY, 2016
13 th Meeting	9 TH NOVEMBER, 2016
14 th Meeting	16 TH NOVEMBER, 2016

4. WORK PROGRAMME

The Committee at its 3rd meeting adopted the draft work programme of the PSCES of the 10th Parliament. In this regard a motion was tabled in the National Assembly to continue the work of the previous Committee.

Although the work programme remains incomplete, the Committee agreed to examine priority areas (sectors) in the short term, pending the finalisation of its work programme.

5. MODE OF OPERATION

The Parliamentary Sectoral Committee on Economic Services at its 2nd meeting requested a number of documents to aid its work in the development of its work programme. These included:

- The Commission of Inquiry Report, GuySuCo;
- Ministry of Finance Mid-Year reports for the years 2014-2015; and
- The Sectoral Committees areas of responsibility.

At that meeting a request was made, and the Committee agreed to have a presentation on Government's plans to improve the rice sector.

The Committee had identified three areas of focus which included the rice and sugar sectors and the National Industrial and Commercial Investment Limited (NICIL).

However, in light of the rapid development in the Sugar Industry, the Committee unanimously agreed that GuySuCo should be the first priority which was also in keeping with the Committee's mandate. **(Paragraph 3 of Resolution No. 19 of 2003)**

The Committee commenced its work with the examination of the (COI) report as it considered GuySuCo.

6. AREAS OF SCRUTINY UNDER THE PURVIEW OF THE PARLIAMENTARY SECTORAL COMMITTEE ON ECONOMIC SERVICES.

In relation to the areas of scrutiny for the Sectoral Committees, a number of inaccuracies were highlighted in the Sectoral Committees areas of scrutiny when compared with the Gazetted responsibilities of Ministers. It was brought to the attention of the Committee, that the anomalies were being addressed by Cabinet.

The Committee, nevertheless forged ahead with its work, pending the finalization of its work plan. It decided to focus on specific areas of the (COI) report including the findings and recommendations.

7. COMMITTEE'S FOCUS

Over the next five meetings the Committee's deliberations revolved around GuySuCo and the (COI) report. A Member of the Opposition alerted the Committee that the Opposition would be tabling a motion in the National Assembly, to debate the Report of the Commission of Inquiry on GuySuCo.

The Hon. Minister of Agriculture reiterated the Government's position on the recommendations of the COI, that is, to facilitate the widest possible consultation with all stakeholders in chartering a course for GuySuCo's future.

The following were also identified as areas of focus:

- ❖ Government having to inject GY\$12B into GuySuCo for 2015 and 11B at the time of reporting for 2016;
- ❖ Varying figures were presented on GuySuCo's indebtedness. The Committee noted the differences in the figures by the former Chief Executive Officer of GuySuCo during a presentation to the PSCES in the 10th Parliament, to the COI, and other public pronouncement by GuySuCo.
- ❖ The Hon. Minister of Agriculture's had advice that the indebtedness was in excess of GY\$ 82 B.
- ❖ The setting up of a holding Company on the way to privatization by 2020, which would hold shares of the subsidies and other revenue streams created out of GuySuCo's operations.(as recommended by the COI).
- ❖ While the ongoing process of Amalgamating Estates for obvious Economics of Scale may continue, the COI does not recommend the closure of any Estate at this time(as recommended by the COI report); and
- ❖ Financial support in the short will be needed and this should be provided by the Government on a timely basis. (as recommended by the COI report).

8. CLOSURE OF WALES SUGAR FACTORY

The announcement by the Government on the closure of the Wales Sugar Factory by January 2017, prompted the Chairman, at the 5th Meeting held on 27th January, 2016, to enquire from the Hon. Minister of Agriculture whether the Government should not have awaited the consultation process with stakeholders before taking such action.

The Hon. Minister stated that the establishment of the Commission of Inquiry on GuySuCo and the decision by the Management of GuySuCo to close the Wales Sugar Factory were *mutually exclusive*. The Hon. Minister informed the PSCES that the decision to close the Wales Sugar Factory was made by the Management of GuySuCo after careful consideration of the Berbice, East Coast and the West Coast Estates.

A Member, however, drew the Committee's attention to the fact that the decision to close the Wales Sugar Factory was in fact a decision which had been made at Cabinet according to a news article which appeared in the Guyana Chronicle dated 5th February, 2016.

The Hon Minister of Agriculture emphasised that a new Government (APNU- AFC) came into Office in May, 2015 and after assessing GuySuCo, decided that a number of issues needed to be addressed. The immediate actions taken were as follows:

- Establishment of an Interim Management team;
- Appointment of a new Board of Directors; and
- Establishment of a Commission of Inquiry to determine the way forward for the Sugar Industry.

According to the Hon. Minister of Agriculture, while the Wales Sugar Factory would be closed as of January, 2017, private cane farmers would continue to plant at their Wales location.

Processing of the cane would be done at the Utivulgt Factory and some of the workers from the Wales Factory would be absorbed by the Utivulgt Estate. Workers, who would have opted for severance pay, would be paid off.

8.1 GuySuCo's Engagement with the Unions representing Sugar Workers

At the time of reporting, the PSCES was informed that GuySuCo was in discussions with the Unions representing the sugar workers, who would be affected by the closure of the Wales Sugar Factory.

In light of the statement by the Hon. Minister of Agriculture and the fact that workers from the Wales Sugar Factory had disputed a number of claims which had been made by GuySuCo's Executives in a televised interview, the PSCES requested the following information from the Hon. Minister. (*See appendix 1*)

9. CONCERNS EXPRESSED BY MEMBERS

At the 5th meeting also, some Members expressed their dissatisfaction at the fact that even as the Committee was in the process of discussing the COI Report, Government had announced the closure of Wales Sugar Factory.

As part of the Committee's work plan, the Chairman had proposed that the Committee visit the Wales Sugar Factory and its environs and requested further information on the closure of Wales Sugar Factory.

Members subsequently felt that given the present situation with the sugar industry, it would be unwise to embark on such a visit.

The 7th Meeting dated 11th May, 2016, was chaired by the Vice- Chairperson. The discussions centered on an article which appeared in the Guyana Times dated May, 9, 2016, captioned, **“Government awaits report from the Economic Services Committee on workers future”**

The Committee, except for one Member present, proposed that in light of the statement made in the publication, all actions/decisions regarding GuySuCo should cease until it completes its examination of GuySuCo and the COI report. A letter to this effect was sent to the management of GuySuCo.

9.1 Examining GuySuCo as an Entity

The Chairman subsequently joined that meeting and endorsed the decision, *but not before reminding Members that the Committee, in keeping with its mandate, was in the process of examining GuySuCo as an entity and would incorporate the examination of the COI report while it examines GuySuCo.*

The Chairman stated that the examination of an entity should not stop the operations of that entity, but conceded that since the Executive had publicly claimed that it was awaiting the Committee's report on GuySuCo, the course of action was appropriate.

10. MATTERS OF WALES ESTATE BEING SUB-JUDICE

At the 7th and 8th Meetings, discussions centered on whether further deliberations on issues relating to Wales Estate was sub-judice since, an injunction had been filed and granted by the court for GuySuCo to consult with the Unions representing the workers before making any decision with respect to the severance/redeployment. The Clerk of the National Assembly had advised that the matter was sub-judice. Members were divided in their views on this matter and a letter was sent to the Clerk of the National Assembly for further advice. That letter was subsequently forwarded to the Attorney General's Chamber for advice.

11. FOLLOW-UP RESPONSES

Receipt of a response from the Chief Executive Officer, GuySuCo

At the 8th and 9th Meetings, the Committee acknowledged receipt of a response from the CEO of GuySuCo and deliberated on the content of the letter.

Members expressed dissatisfaction at the response proffered by the CEO. Some Members were of the view that the response opened more questions, rather than giving a commitment to the Committee. Members were dissatisfied by the disrespect shown by the CEO to the Chairman and Members of the PSCES.

The Hon. Minister of Agriculture did not share this view. He stated that the content of the letter from the CEO was pellucid and factual. **He pointed out to the Members that while the COI report had not recommended the closure of any Estate at the time, it recommended the privatisation of the Sugar Industry within three years.**

12. LETTER FROM CLERK OF THE NATIONAL ASSEMBLY

A letter dated 31st May, 2016 from the Clerk of the National Assembly **Re: Consideration of the COI Report by Sectoral Parliamentary Committee on Economic Services**, also formed part of the Committee's discussions. *(See appendix 2).*

That letter essentially advised that *“to assist it in its work, a Committee may refer to reports laid in the National Assembly, but cannot proceed upon the actual consideration of a report without being authorized to do so”*.

The Chairman reminded Members that following the Committee's decision to consider GuySuCo, it was a Member who had requested that the COI report be included in the Committee's deliberation. He maintained his position that the Committee was not confined to the COI report, but had been considering GuySuCo.

Contrary to media reports, that the COI report had been sent to the PSCES. It was never the intention of the Committee to submit a report to the National Assembly on the COI report, but rather on GuySuCo.

The Hon Minister of Agriculture opined that the report had been tabled in the National Assembly on the assumption that it would have probably been sent to a Committee. Members of the Opposition urged the Hon. Minister to seek the guidance of Cabinet on having the report debated in the National Assembly or referred to the PSCES or a Special Select Committee.

At the conclusion of the meeting, the Committee agreed to proceed with its consideration of GuySuCo.

13. SUBMISSIONS ON GUYSUCO

An advisement was placed in the print media inviting interested stakeholders and other individuals to make submissions on matters relating to GuySuCo. It was agreed that letters should also be sent to the following entities/ stakeholders inviting them to make submissions on GuySuCo.

- ❖ GuySuCo;
- ❖ Unions representing the Workers of GuySuCo;
- ❖ Private cane farmers; and Commissioners of the COI report.

At its 10th meeting held on 29th June, 2016, submissions were received from the following individuals in response to the advertisement.

- Ms. Marsha Archer
- Mr. Peter Khato
- Satnarain, Bsc. Consulting Geologist/Mineralogist
- Mr. Malcolm Embleton
- Ms. Isabelle De Caires
- Agriculture Action Committee
- Mr. Vicram Oditt
- Mr. Gokarran Sukhdeo
- Mr. Christopher Persaud
- Mr. Timothy Collin Cornelius Rutherford
- Mr. Dwarka Balkaran
- Skeldon Energy Inc.,

A joint submission was subsequently received from the Guyana Agricultural and General Workers Union (GAWU), the National Association of Agricultural, Commercial and Industrial Employees (NAACIE) and the Guyana Labour Union (GLU).

13. SUBMISSIONS ON GUYSUCO

An advisement was placed in the print media inviting interested stakeholders and other individuals to make submissions on matters relating to GuySuCo. It was agreed that letters should also be sent to the following entities/ stakeholders inviting them to make submissions on GuySuCo.

- ❖ GuySuCo;
- ❖ Unions representing the Workers of GuySuCo;
- ❖ Private cane farmers; and Commissioners of the COI report.

At its 10th meeting held on 29th June, 2016, submissions were received from the following individuals in response to the advertisement.

- Ms. Marsha Archer
- Mr. Peter Khato
- Satnarain, Bsc. Consulting Geologist/Mineralogist
- Mr. Malcolm Embleton
- Ms. Isabelle De Caires
- Agriculture Action Committee
- Mr. Vicram Oditt
- Mr. Gokarran Sukhdeo
- Mr. Christopher Persaud
- Mr. Timothy Collin Cornelius Rutherford
- Mr. Dwarka Balkaran
- Skeldon Energy Inc.,

A joint submission was subsequently received from the Guyana Agricultural and General Workers Union (GAWU), the National Association of Agricultural, Commercial and Industrial Employees (NAACIE) and the Guyana Labour Union (GLU).

A submission was also received from the Guyana Cane Farmers Association.

A Member articulated that the Committee should seek to source the appropriate expertise (Agricultural Economist, other technical persons in the Agricultural field from the University of Guyana and the Researchers from the Parliament Office with qualifications in economics and policy formulation) to enable the Committee to produce a technically sound report.

13.1 Scheduling of Oral presentation

As the Parliamentary recess period was approaching, the Committee agreed that it needed to meet frequently to examine the submissions. The Hon. Minister and his technical team were asked to review the submissions received before the Committee scheduled its oral presentation.

A decision was taken to write to the various political parties inviting them to make their submissions. An extension of one week was given to stakeholders to make their submissions. One such submission was received from the Worker People's Alliance (WPA).

The Hon. Minister of Agriculture and his technical team subsequently presented a review on the submissions to the Committee.

14. A BRIEF FROM THE SECOND VICE- PRESIDENT AND THE HON. MINISTER OF FOREIGN AFFAIRS ON BREXIT

At the 11th meeting held on 8th July 2016, the Hon. Minister presented on issues surrounding the situation in Europe in relation to Brexit and the trade arrangements with sugar and its effects on Guyana's exports.

The Hon. Minister highlighted the following key points:

- ❖ The European Union and Britain had found itself in a position that they had not anticipated;
- ❖ Referring to statements made by the new Secretary to the Treasury of Britain, it was

clear that no studies had been done as Britain had not anticipated a vote for the exit of the EU;

- ❖ There was no clear or common understanding of the implications of the issue by the leaders who had voted to leave the EU, let alone those who had voted to stay;
- ❖ The law- Article 50, which governs a member states' withdrawal from the EU requires that whoever proposed leaving , must first inform the EU and should leave within two years; and
- ❖ Britain by an act of Parliament had entered the EU but there was no agreement or act for its exit. Therefore, there were some confusion in the UK as regards the laws of the UK on this issue.

The Hon. Minister concluded his presentation by stating that Caribbean countries must now equip themselves with the capacity to deal with the EU which is the largest source of development financing. According to the Hon. Minister the short term loss of money and market by the Caribbean was premature at this time.

15. DISCUSSIONS ON SUBMISSIONS RECEIVED

At the 12th Meeting held on 15th July, 2016 the discussions centered on submissions which had been received on GuySuCo.

Diversification, which formed part of the first submission, saw Members engaging in an intense discussion. The Hon. Minister of Agriculture stated that he was in agreement with diversification of the Industry and that GuySuCo had already embarked on a number of feasibility studies. These studies were expected to be completed by mid-October, 2016.

The information was noted and the Committee agreed that it would engage GuySuCo after these studies would have been completed.

Some Members opined that diversification was important to the sustainability of the Sugar sector, therefore, all plans regarding mergers and/or closure of sugar factories should cease pending the completion of the studies.

At that meeting, the Hon. Minister was requested to give the PSCES a true reflection of the indebtedness of GuySuCo after he stated that in order to sustain GuySuCo an operating expenditure of GY\$ 12-15B was required annually, for an indefinite period.

At the end of the meeting, Members agreed to reconvene meetings of the Committee after the Parliamentary recess period as the time was too short to schedule oral presentations on the submissions.

16. ELECTION OF CHAIRPERSON AND VICE-CHAIRPERSON

The Committee, at its 13th Meeting held on 9th November, 2016, elected Mr. Mohamed Irfaan Ali. M.P., and the Hon. Jaipaul Sharma, M.P., as the new Chairperson and Vice- Chairperson of the PSCES respectively, to serve for a period of one year.

This is in keeping with Standing Order 86 (3) which stipulates that **“Each Sectoral Committee shall have a Chairperson and a Vice- Chairperson elected from among Members of the Government and the Opposition, respectively and shall alternate annually with two (2) Sectoral Committees, each to be chaired by the Government and Opposition, respectively”**.

The newly elected Chairperson and Vice -Chairperson were congratulated by Members of the Committee, they in turn, expressed their appreciation for the support shown by Members and the staff of the Parliament Office.

It was decided at that meeting that while the Committee had not completed its consideration of GuySuCo, it was important to recognise the work the Committee had accomplished under the Chairmanship of the Hon. Jaipaul Sharma, M.P., and the progress of its work.

17. CONSTRAINTS

The Committee experienced some challenges during the period under review. A number of public pronouncements on the work of the Committee and GuySuCo had been noted in the media. Due to the present demands for meetings of the various Committees and the unavailability of some Members, the work of the Committee was delayed. The Committee, nevertheless, continues to overcome these challenges as it forged ahead with its work.

18. RECOMMENDATION

There were no recommendations emanating from the PSCEC at the time of reporting, but the Committee has committed to working assiduously to complete its work, in keeping with its mandate.

19. APPROVAL FOR TRANSMITTAL

This First Interim Report on the activities of the Parliamentary Sectoral Committee on Economic Services for the period 9th September, 2015 to 16th November, 2016 together with its appendices, was approved for transmittal to the National Assembly at the 14th Statutory meeting which was held on Wednesday 16th November, 2016.

The Committee accordingly submits its First Interim Report to the National Assembly.

ACKNOWLEDGEMENT

The Chairperson and Members of the PSCES expressed appreciation to the Clerk and staff of the Committee and other Parliament Staff for their support. The Chairperson also wishes to place on record his appreciation for the support given by Members to the work of the Committee.

APPENDIX I



GUYANA SUGAR CORPORATION INC.

Responses to the Economic Services Committee On Wales Estate

January 29, 2016

Contents

1.	Background	3
2.	Production Statistics	4
3.	Wales Field Performance	5
4.	Current State of Wales Cultivation	6
5.	Wales Cultivation Capital Requirements	11
6.	Wales Factory Performance.....	11
7.	Current State of Wales Factory.....	12
8.	Factory Improvement Plan for Wales.....	15
9.	Financial Analysis	16
10.	Future Plans for Wales Estate.....	18
11.	Capacity of Uitvlugt to Absorb Wales Workers	19
12.	Cost for Transporting Canes to Wales Estate	20
13.	Other Questions.....	20

GUYANA SUGAR CORPORATION INC.

WALES ESTATE

1. Background

Wales Estate is the smallest of the seven (7) estates, employing approximately 1,600 employees (both permanent and temporary) or 9% of the Industry's total employees.

Wales Estate's cultivation, exclusive of farmers, is 3,356.1 hectares compared with the next smallest cultivation in the industry, Uitvlugt, which is 5,000 hectares.

However, Wales has the largest number of private cane farmers across the industry, with total sugar production presently averaging 20,000 tonnes sugar annually. This compares with 30,000 tonnes of sugar produced eleven (11) years ago.

The proportion of estate's sugar to farmers' sugar has declined drastically from 2002 - 66:34 to 2015 - 46:54. This is as a direct result of the deterioration in Wales cultivation hence the factory has had to rely heavily on farmers' canes.

The cost of production of sugar at Wales estate has also escalated from US\$32/lb to US\$38/lb in the last five years primarily due to the decline in production and escalating costs.

Wales assets comprise of its cultivation, the factory, and administrative buildings. However, the declines in production, world market prices for sugar, and the increase in costs, have resulted in operating losses and severe cash deficits. The Corporation's severe financial constraints hindered the execution of the capital and operating programmes.

As a consequence, the cultivation is in a serious state of disrepair and the factory is unreliable. To refurbish the cultivation and factory, it is very costly, approximately G\$1.5Bn.

Due to the size of Wales Estate, even with significant investments it cannot be made profitable.

2. Production Statistics

The production statistics for Wales estate, along with the other seven (7) estates' comparative numbers, for the last three (3) years (2013 to 2015) are shown below.

		CANE & SUGAR PRODUCTION 2013 TO 2015																	
	LOCATION	ESTATE						FARMERS						TOTAL					
		HA	Can Cane	Top Sugar	ICM	ICIS	ISH	HA	Can Cane	Top Sugar	ICM	ICIS	ISH	HA	Can Cane	Top Sugar	ICM	ICIS	ISH
2013	SKELDON	5,667.00	316,056.05	19,233.03	55.27	15.44	3.39	2,119.26	118,611.06	5,321.06	55.07	15.76	2.98	7,586.46	434,677.11	25,552.06	55.43	17.22	3.38
	ALBION	5,837.90	311,425.20	45,611.17	58.21	11.65	3.25	125.59	8,778.09	612.90	69.65	13.26	4.88	3,663.49	523,161.20	47,257.97	58.37	11.97	3.27
	ROSE HALL	6,862.50	339,189.00	25,633.00	50.91	15.25	3.85	656.50	33,300.00	2,165.03	50.75	15.51	3.76	7,535.50	372,489.00	28,093.00	50.89	15.26	3.83
	BLAIRMONT	5,843.00	345,686.99	28,527.66	59.16	12.12	4.88							5,843.00	345,686.99	28,527.66	59.16	12.12	4.88
	EAST DEM	5,565.95	326,508.93	20,279.74	54.91	14.82	3.64	141.20	5,618.50	385.90	42.62	15.28	2.76	5,765.15	326,527.13	20,675.62	55.73	14.83	3.55
	WALES	3,565.80	155,861.78	12,712.04	48.09	12.18	3.85	2,211.89	128,100.52	20,002.60	57.69	12.81	4.35	3,550.69	287,151.62	22,736.22	51.73	12.22	3.80
	UTIVLUGT	4,795.70	191,406.57	13,908.51	39.91	15.76	2.90							4,795.70	191,406.57	13,908.51	39.91	15.76	2.90
	TOTAL	40,675.85	2,166,244.97	166,958.12	53.26	12.97	4.10	5,287.39	294,836.34	19,796.90	55.76	14.89	3.74	45,963.24	2,461,081.21	186,755.02	53.54	13.18	4.06
2014	SKELDON	5,126.70	172,597.00	28,809.70	58.21	16.35	3.39	2,376.70	117,311.00	6,993.00	49.11	16.50	2.91	10,095.00	390,418.00	33,849.70	58.25	16.11	3.19
	ALBION	5,899.60	327,411.00	20,167.17	67.76	11.21	3.67	121.99	8,112.00	622.13	66.76	12.29	3.62	9,021.26	375,578.17	31,479.33	67.50	11.27	3.58
	ROSE HALL	6,726.00	386,577.60	29,168.00	57.53	13.25	4.34	644.00	41,678.00	2,978.00	64.71	14.00	4.62	7,382.10	428,255.60	32,146.00	58.15	13.32	4.33
	BLAIRMONT	5,656.60	386,396.13	33,402.22	67.25	11.36	3.92							5,656.60	386,396.13	33,402.22	67.25	11.36	3.92
	EAST DEM	5,335.20	118,898.55	35,567.62	48.31	15.70	3.52	197.00	7,502.08	565.26	59.18	13.60	2.85	8,832.60	126,707.62	36,932.82	48.31	15.76	3.50
	WALES	2,891.90	127,232.11	9,136.04	43.93	13.16	3.27	2,255.82	121,629.17	9,411.01	33.25	13.20	4.19	5,150.78	231,891.31	18,897.03	48.90	13.33	3.83
	UTIVLUGT	4,379.50	179,897.09	13,371.65	36.57	15.22	3.95	71.30	7,312.00	514.36	102.55	12.13	7.64	4,430.00	183,119.09	13,916.00	31.57	15.25	3.13
	TOTAL	45,302.36	2,529,823.49	195,226.56	55.84	12.96	4.31	5,667.42	307,074.23	21,134.04	54.18	14.53	3.73	50,969.78	2,836,897.72	216,360.60	55.66	13.11	4.24
2015	SKELDON	7,888.60	451,487.00	32,254.50	56.52	14.02	4.63	2,133.45	96,355.00	6,918.00	45.34	15.92	3.26	10,122.00	518,252.00	39,335.00	56.26	14.73	3.81
	ALBION	9,261.70	619,754.00	55,858.70	68.85	10.55	6.55	96.20	5,282.00	531.88	36.55	12.75	5.52	9,698.16	676,221.00	60,396.58	68.46	10.37	6.23
	ROSE HALL	6,304.80	372,379.00	28,217.10	59.01	15.19	4.48	646.70	46,355.00	3,071.00	62.40	15.14	4.75	6,952.56	412,425.00	31,288.26	59.55	14.18	4.51
	BLAIRMONT	5,716.00	421,749.25	36,695.21	73.47	11.49	6.39							5,716.00	421,749.25	36,695.21	73.47	11.49	6.39
	EAST DEM	7,046.70	331,812.75	26,445.06	47.13	12.55	3.76	216.70	8,161.27	619.70	37.66	12.56	3.00	7,257.60	339,674.92	27,091.76	46.82	12.53	3.73
	WALES	2,722.40	115,925.48	9,169.85	42.35	12.94	3.77	2,355.70	145,561.71	19,584.25	39.42	12.95	4.65	5,655.59	258,451.17	20,054.96	50.41	12.76	3.71
	UTIVLUGT	7,982.50	179,252.45	14,918.70	45.00	12.79	3.52	343.90	36,992.18	2,372.61	92.67	13.06	6.91	3,321.50	210,224.88	26,292.31	38.02	12.93	3.79
	TOTAL	42,781.40	2,492,029.87	206,613.61	58.25	12.06	4.83	5,800.70	323,587.46	24,457.42	55.78	13.23	4.22	48,582.16	2,815,617.33	231,071.04	57.96	12.19	4.57

3. Wales Field Performance

The table below shows the hectares and cane harvested and yields for both the estate and farmers over the last five (5) years.

		2015	2014	2013	2012	2011	% Variance from 2011 to 2015
Hectares Harvested	Estate	2,722.90	2,894.96	3,305.80	2,332.50	2,837.90	-4%
	Farmers	2,365.70	2,255.82	2,244.89	2,055.00	2,227.10	6%
	Total	5,088.60	5,150.78	5,550.69	4,387.50	5,065.00	0%
Cane Harvested / tonnes	Estate	115,929.46	127,232.14	158,964.78	119,976.00	145,732.00	-20%
	Farmers	140,561.71	124,629.17	128,166.84	113,789.06	140,545.46	0%
	Total	256,491.17	251,861.31	287,131.62	233,765.06	286,277.46	-10%
Cane Yields / TCH	Estate	42.58	43.95	48.09	51.44	51.35	-17%
	Farmers	59.42	55.25	57.09	55.37	63.11	-6%
	Total	50.41	48.90	51.73	53.28	56.52	-11%
	Industry's Average	57.96	55.66	53.54	55.31	62.58	-7%

It is noted from the above that there is a 20% decline in cane production at the Estate and a 17% decline in cane yields in the last 5 years, with the yields below the Industry's average.

This would be as a result of the factors following in this paper.

Yields throughout the industry, with the exception of Blairmont, are much lower than their potential. However, due to the chronic lack of funds over the years, the cultivations have been increasingly run down, the infrastructure is in a poor shape, the factories are not performing as they should and their reliability is high risk. Adequate funding was denied from the good performing estates because significant funds were diverted to keep the poor performers going.

Should we continue on this basis, the industry's demise will be brought forward. It may be argued that GuySuCo would already be demised but only kept going by the Government bailouts.

4. Current State of Wales Cultivation

4.1 Weed Situation

Wales cultivation has the highest weed pressure (population) across the industry. This estate, although it is the smallest, uses more chemicals than the other estates. The cost per unit for weed control is very high compared to the other locations. Despite this high expenditure in weed control the cultivation continues to be heavily infested with weeds.

The geographical configuration of Wales Estate, bordering cash crops and rice farmers, results in only 52% of the cultivation which can be treated with chemicals using the aircraft. Aerial application of chemicals is one of the more efficient ways of weed control.

A weedy cultivation does not only suppress the growth of canes but also increases the cost of payment for obstacles at the time of harvesting.

Of the 3,356 hectares of canes lands at Wales, only 2,439 hectares is currently under cane. The remaining 917 hectares have been taken out of the cultivation because of heavy weed infestation. These areas have become very uneconomical to maintain. Of the 2,439 hectares currently under cane, approximately 40% is highly infested with weeds. Yields in some of the areas are low as 15 TCH. At the moment approximately 50% of the entire Wales cultivation needs to be re-tilled and re-planted.

At Wales, about 40% of the navigation system is clogged with weeds. This requires a huge amount of labour and monies to clean.

4.2 Rodent Population

The Wales cultivation is heavily infested with rodents with the resident rat population being the highest across the industry. This requires the use of rodenticide significantly higher and more costly than the other estates.

4.3 Field Structure

At Wales Estate about 60% of the drainage and irrigation structures are in a deplorable state. This includes check sluices, aqueducts and pall-off. As a result, drainage is compromised on the estate.

Wales has approximately 57 bridges. About 78% of the bridges need major repairs.

To rehabilitate these structures within the cultivation, it will incur significant costs. One (1) new heavy duty high bridge costs approximately G\$15-20 million.

Pictures taken at Wales Estate depicting some of the dilapidated structures:



Figure 1 Showing VB'N 28 High Bridge – Deck had to be covered utilizing old punt bottom

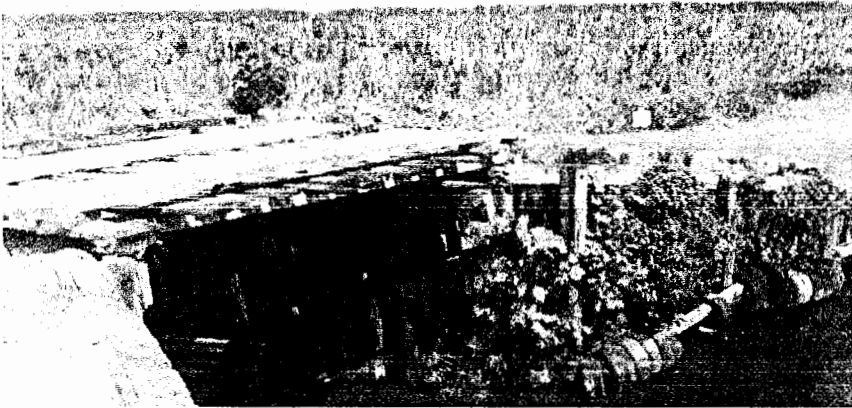


Figure 2 Showing Cath 16 High Bridge with severely compromise piles

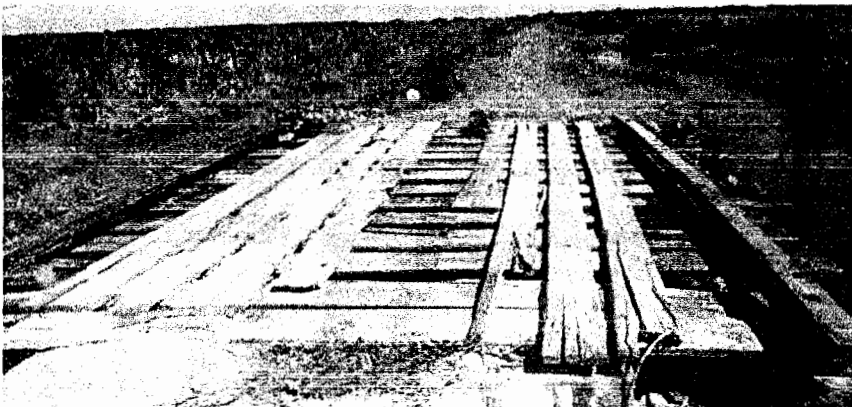


Figure 3 Showing Cath 16 High Bridge with deck and Track damaged

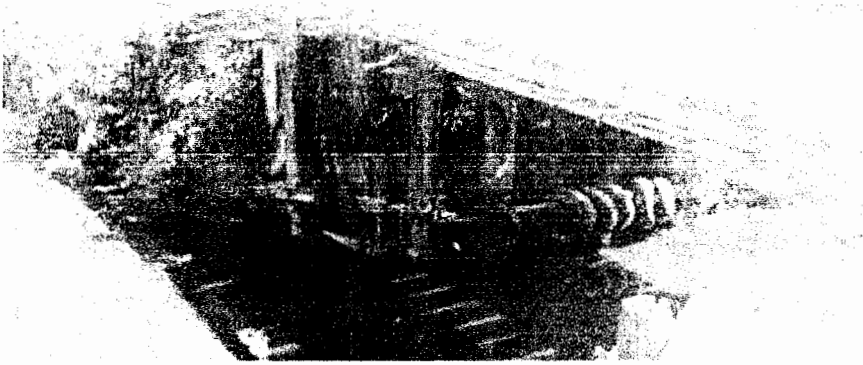


Figure 4 Showing VLF'C 9 High Bridge; severely damaged wings, compromised piles

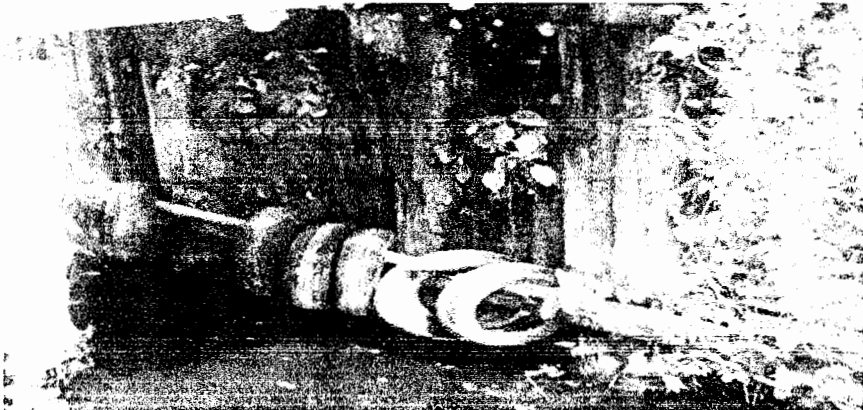


Figure 5 showing the compromised piles under VLF'C 9 High Bridge. This is one of the most common faults on these wooden bridges

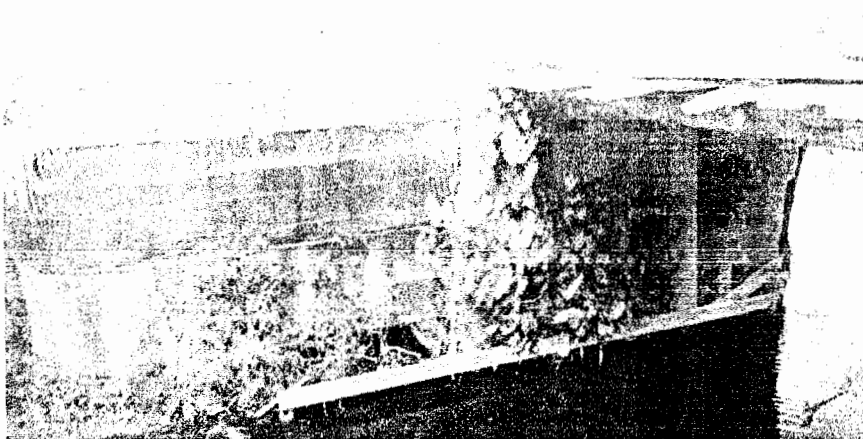


Figure 6 Showing what had to be done on one such High Bridge at VLC'F 10E; utilizing discarded punts to suffice for damaged piles/face planks/beams to make bridge passable

Pictures taken at Wales Estate depicting some of the damaged check sluices:



Figure 7 Showing Check Sluice at VLF'B 9; the grove is damaged and can't hold the planks securely; hence, this had to be supplemented with a Mud Stop-off to keep the water out of the block

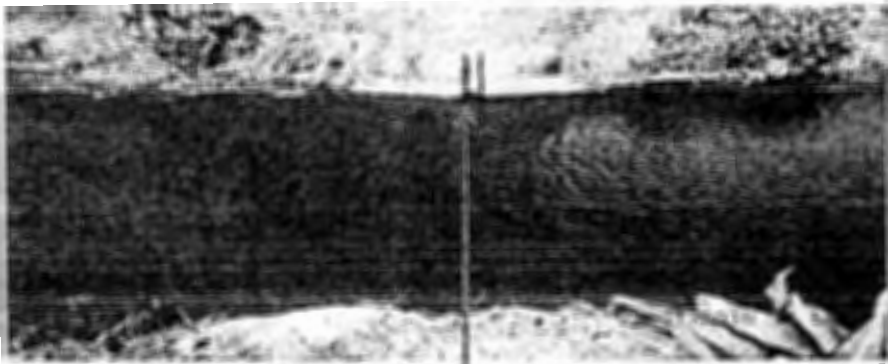


Figure 8 Showing VLF'A 8E Check Sluice; similar problems with damage groves

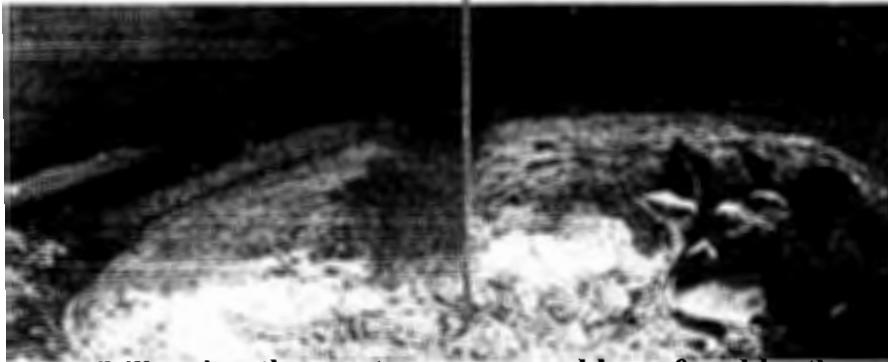


Figure 9 Showing the most common problems faced by these Check Sluices - VLF'A 8E

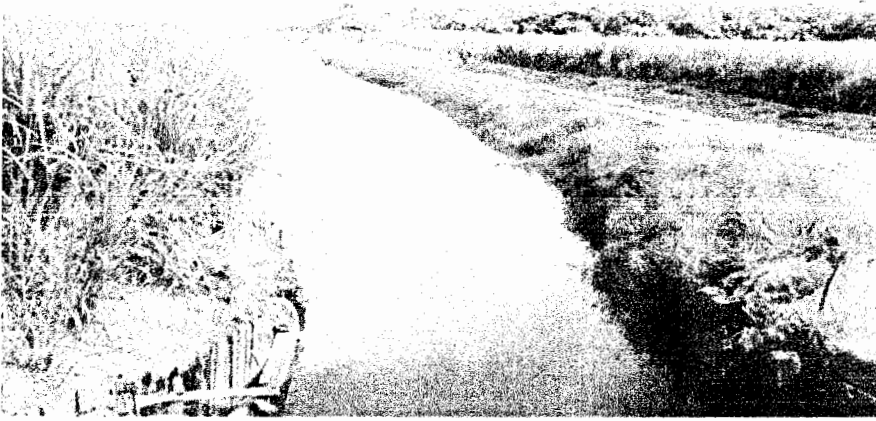


Figure 10 Showing POT'N 24 Check Sluice

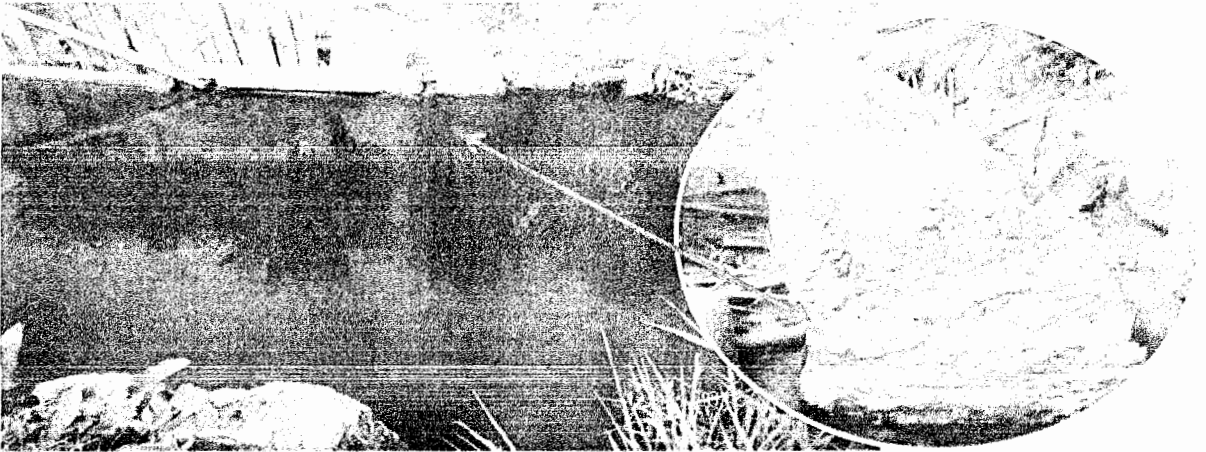


Figure 11 showing the same Check Sluice or what is remaining of it; needs complete replacement

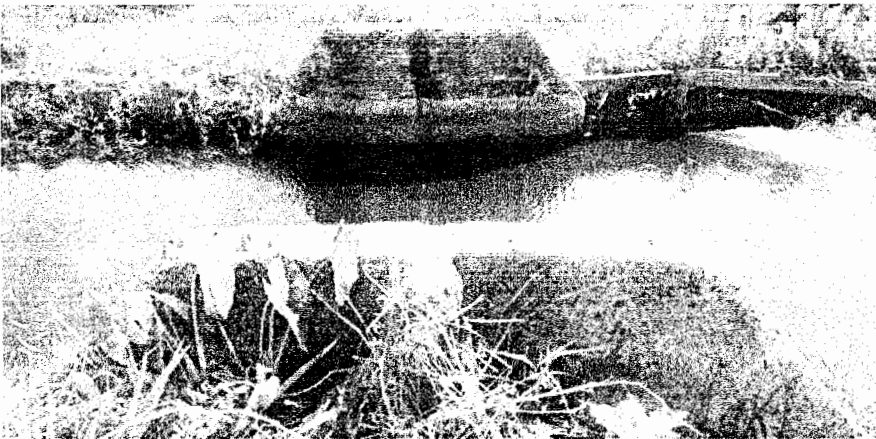


Figure 12 showing Rey'N 21 Check Sluice; damage groves; plus the entire structure is falling into the Middle Walk

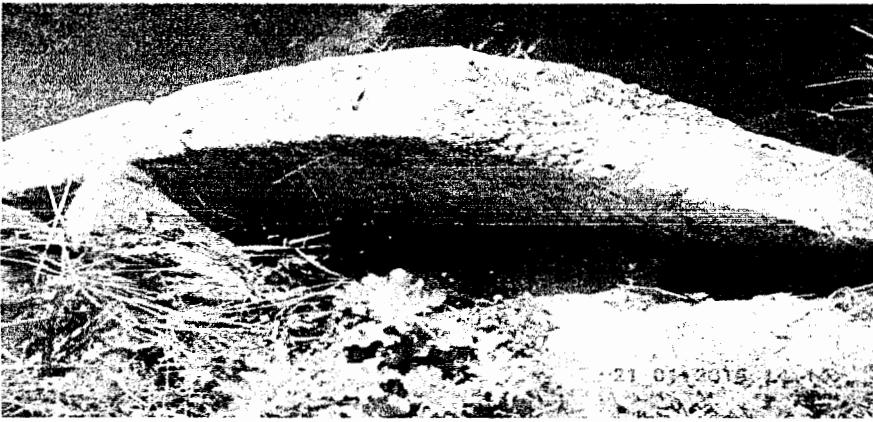


Figure 13 showing the same Check Sluice; how far the structure has become loose from its foundation

5 Wales Cultivation Capital Requirements

In order to rectify all the issues in the cultivation listed above, Wales would require G\$555M in capital investment as shown in the table below.

Table Showing Wales Agriculture Capital Investment Required

Capital Programme	G\$M
CIVIL STRUCTURES	166
ACCIBILITY & CANE TRANSPORT	151
DRAINAGE & IRRIGATION	140
TILLAGE & PLANTING	62
MECHANIZATION	36
Total	555

6 Wales Factory Performance

Equipment designs and age are the main contributors for Wales Factory's low capacity, efficiency and quality of its final product.

An examination of its performance over the last five (5) years shows no significant improvement in efficiency, output and quality. Table 1 below provides details on some of the key parameters.

Table 1: Performance of Wales over the last 5 years

Parameter	Benchmark	2015	2014	2013	2012	2011
Cane Processing Rate / Through Put (t/hr.)	100.00	98.41	98.13	98.17	96.12	92.66
Factory Loss Time (hr.)	195.00	260.93	331.59	448.15	333.17	470.42
Factory Time Efficiency (%)	93.00	90.88	88.56	86.71	87.95	86.79
Overall Recovery (%)	90.31	79.06	78.15	79.67	80.67	78.47
Pol in Cane (%)	10.50	9.66	9.39	9.71	9.97	9.54
Sugar Produced (t)	32,500	20,614	18,898	22,745	19,255	21,958
Pol in Sugar (%)	98.50	97.72	97.76	97.64	97.61	97.59
Tonne Cane/Tonne Sugar	12.00	12.79	13.33	12.62	12.14	13.04

The performance record shows that Wales factory continues to process canes at a rate below 100 tonnes cane per hour.

Low through put can reduce the sugar recoveries, extends the crop, and as such is very costly.

The high factory loss time and corresponding low factory time efficiency and overall factory recovery is a function of the factory's reliability. It is evident from the high downtime that equipment is failing frequently and this is attributed to equipment age and reduced maintenance. The paucity of funds prevents timely equipment replacements hence older and less efficient units are kept in operation for longer periods.

The factory is only able to produce at 62% of its rated potential.

Wales sugar factory is restricted to the production of raw brown sugar. This is evident in the percentage polarization of sugar produced. The installed equipment cannot allow for production of value added products. To facilitate value addition, major investments are required in the juice and sugar processing departments. Such investments must be carefully considered and taken into context of the existing factory capacity.

7 Current State of Wales Factory

Generally, the plant equipment is very old and outdated. Repair to the equipment is a daily challenge since spares are not readily available. This is because equipment manufacturers have discontinued manufacturing some models of the equipment currently in use in the factory. With the scarcity of components, the only alternative option is total replacement but this is limited because of financial constraints.

Total replacement will be extremely costly in some areas. Major areas that have aged equipment include cane preparation, mills, steam and power generation and the process house.

7.1 Cane Preparation

The existing cane knifing arrangement is of the conventional type and driven by very old turbines. Due to age and lower turbine efficiency, preparation index of cane is below desired levels. This has negative impact on mill extraction as the percentage of open cells available for extraction is less.

7.2 Mills

The entire mill tandem at Wales is driven by a single turbine. This arrangement does not allow for individual mill operations and therefore restricts higher milling efficiency. Additionally, the plant is equipped with a crusher which was decommissioned due to steam shortage. Steam shortage is due to a reduction in boiler capacity and efficiency.

7.3 Steam & Power Generation

This section powers the entire factory. Wales has three water tube steam boilers with rated capacities of 14.9, 25.4 and 17.2 tonnes per hour. The rated pressure is 14.6kg/cm² and rated temperature of 260°C. These boilers are the old John Thompson and Bobcock and Wilcock designs that utilize bagasse in “pile burning”. Ash from burnt bagasse must be removed manually on a daily basis. Whenever cleaning is required, plant operation must be supported by power from diesel generating units.

The age of these boilers limits the efficiency to approximately 50% which impacts directly on lower steam output. It is for this very reason that the crusher in the milling plant was decommissioned many years ago resulting in reduction of mill extraction and overall sugar recovery.

In order to improve steam generation for a higher crushing rate and cogeneration, it will not be prudent to modify existing boilers since their design cannot facilitate effective modification. The better option is total replacement of the steam generation plant.

7.4 Process House

Most of the major equipment in the process house such as heaters, clarifier, rotary filter, evaporators, vacuum pans, crystallizers and centrifugals, are old

and deteriorating rapidly due to inadequate maintenance caused by financial constraints. Reduced maintenance has caused lower efficiency and reliability of these units. As a consequence there are equipment failures and sugar losses.

Process operations necessitate movement of materials in different forms. This is achieved through the use of pumps and prime movers however: the existing units are inefficient and fail frequently which often result in loss of sugar. Again, financial constraints have restricted replacement of pumps and motors.

7.5 Wales Factory Maintenance Programme - 2015

The maintenance programme for GuySuCo factories comprises of routine and major components. These programmes are executed simultaneously and distributed in the two out-of-crop periods. That is, November/December to February and April/May to July each year.

For the purposes of this report, only the major work programme will be considered for the year 2015. The 2015 programme was executed between November 2014 to February 2015 and May to August 2015. Table 2 below shows the works completed in the out-of-crop periods for 2015.

Table 2: Major works completed in 2015 maintenance periods.

No.	Job Description	Nov./Dec. Period	May/Jul. Period
1	Rehabilitate auxiliary cane carrier.	X	
2	Replace #3 mill rollers.	X	
3	Repair #4 boiler western furnace wall (top section).	X	
4	Refractory repairs to #2 boiler furnace chutes & front wall.	X	
5	Refractory repairs to #3 boiler furnace front wall bottom section.	X	
6	Line bricks in # 3 boiler chimney.	X	
7	Band/Weld Plates on #2 boiler chimney.	X	X
8	Change 40 feet section on general service 6" main water line over injection pumps.	X	
9	Change 20 feet section on #4 pan condenser tail pipe.	X	
10	Change 20 feet section on #2 pan condenser tail pipe.	X	
11	Change clarifier bottom tray.	X	
12	Change 20 feet section on #1 evaporator vapor pipe.	X	
13	Overhaul #1& #2 low grade centrifugals	X	
14	Change 18" pipe on #7 injection pump delivery line.	X	
15	Change bottom of condensate overhead water box.	X	
16	Overhaul # 2 caterpillar set in power house.	X	
17	Change #4 boiler super heater box and tubes		X
18	Repair arch on #2 boiler furnace.		X
19	Change damage sections of flooring in clarifier first chamber.		X
20	Change 32" OD double bends on #1 evaporator vapour pipe.		X
21	Descale #2 evaporator bottom cover.		X
22	Install new condenser with tail pipe on #4 evaporator.		X
23	Replace #7 pan head box.		X
24	Overhaul #1 knife turbine.		X

X- Indicates work done.

A review of the major work programme shows that work was executed in the main areas of the factory which includes cane receiving, knifing, milling, steam generation, process house and power house. Despite financial constraints, the programme was completed as planned.

It must be emphasized that if these works had not been done then the factory would not be operational now.

8 Factory Improvement Plan for Wales

In the capital plan for Wales, a number of projects were identified for implementation to sustain operations. These projects, inclusive of estimated cost are detailed in Table 3 below.

Table 3: Priority projects with estimated cost in million G\$M

No.	Description	Total / G\$M
1	Install reverse rotation assembly and cane conveyor.	150
2	Replace gantry motor and resistance bank.	40
3	Upgrade building structure.	24
4	Replace pumps and drives.	55
5	Upgrade mills and gearing.	85
6	Upgrade of power house busbar and switches.	25
7	Upgrade of boilers.	150
8	Replace laboratory instruments.	15
9	Replace cane carrier control.	5
10	Replace factory revetment.	30
11	Upgrade and repairs to wharf.	30
12	Replace condensers and juice heaters.	55
13	Replace high & low grade centrifugals.	50
14	Replace compressors.	14
15	Replace main cane carrier with rubber conveyor.	40
16	Replace skid-steer and bagasse equipment.	25
17	Replace #2 boiler chimney.	25
18	Extend bagasse storage shed.	10
19	Replace sugar barge and tug.	90
	TOTAL	918

The above plan entails essential capital items which are not directly related to increased capacity and improved product quality but are required to maintain and improve safe operation of the plant.

9 Financial Analysis

The Guyana Sugar Corporation Inc. has been in a financial crisis for the last eight years making consistent annual losses since 2008.

The Corporation cost the Government of Guyana approximately G\$28Bn/US\$140M (via subsidies) since 2011; will cost another G\$9Bn/US\$45M in 2016 and has still managed to accumulate a total debt of approximately G\$82Bn/US\$410M to date.

The Corporation had initially requested G\$12Bn in subsidies/bailout for 2016 to cover its basic operating expenses and only its critical capital expenditure. however this was reduced by G\$3Bn to G\$9Bn.

9.1 Wales Contribution to the Financial Losses

The Corporation has injected limited agricultural and factory capital investments each year at Wales estate, and this could not stem the decline in cane yields. There was also no significant improvement in factory recoveries.

The cost of production of sugar at Wales Estate increased from USc 32/ lb in 2011 to USc38/lb in 2015 (18% increase) as against the decline of the World Market Price (WMP) for bulk sugar from USc26/lb in 2011 to USc13/lb in 2015 (50% decrease).

Hence the Corporation had to utilize subsidies to finance the operating expenses at Wales in addition to capital investments with no improvements or positive returns.

2013 experienced the lowest sugar production within the last twenty (20) years. However, the cane yields on all estates, with the exception of East Demerara and Wales, have increased since then and the sugar recoveries have improved at all factories except Wales.

East Demerara has the advantage over Wales due to the fact that it can produce direct consumption sugar for packaging i.e. value added.

All estates have improved in performance with the limited funds invested in them with the exception of Wales.

Table Showing the Cost of Production of Sugar at Wales Estate Compared to the Average World Market Price for Raw Sugar

	2015	2014	2013	2012	2011	% Variance from 2011 to 2015
Cost Per Pound Sugar / Usc/lb	38.28	42.10	40.23	39.13	32.42	18%
Average World Market Price / Usc/lb	13.24	17.13	17.71	21.38	26.24	-50%

It would not be feasible to invest another G\$1.5Bn to simply fix the cultivation and factory with the high costs of production and low sugar prices. G\$1.5Bn is approximately 66% of the capital spent industry wide in 2015 alone; this can be more beneficially utilized at the better performing estates.

With the reduction in the subsidy requested of G\$12Bn to G\$9Bn the Corporation simply cannot afford to subsidize Wales losses to the detriment of the other better performing estates.

The capital programme at Wales would have had to be eliminated due to the reduction in subsidy had GuySuCo continue operating Wales. This would invariably have led to Wales factory coming to grinding halt and Wales estate ceasing operating entirely (in an unplanned manner).

The capital programmes for the other estates will also have to be reduced in order to fund the operating losses at Wales thus hampering their future performance.

10. Future Plans for Wales Estate

The Corporation is currently evaluating the following:

i. Aquaculture

The Corporation has engaged the services of an internationally independent company with many years' experience in the industry to execute a feasibility study on the potential of aquaculture farming at Wales. This is expected to be completed by the third quarter of 2016 with project implementation expected to commence in the latter part of 2016.

ii. Continuation of Private Cane Farmers

The Corporation will continue to purchase canes from the private cane farmers at Wales and process at Uitvlugt's factory.

Transporting canes via punts will be discontinued for the Wales farmers. Those farmers who traditionally rely on punt transport would be offered equivalent land which is conveniently positioned for road transport.

Farmers holding ancestral lands will be allowed to keep their land and the Corporation will lease to them the equivalent hectareage.

iii. Other Crops, Dairy and Livestock

The Corporation is also addressing the feasibility of other crops, dairy and livestock farming.

The Agriculture Research Unit has comprehensive information on the soil type of Wales Cultivation and together with NAREI there is data on crop which can be successfully grown on these types of soils.

11. Capacity of Uitvlugt to Absorb Wales Workers

The Corporation is currently reviewing the total man-power and skills available at Wales along with the required establishment at Uitvlugt.

All temporary workers will be released **only if** work is not available at Wales and Uitvlugt or any other estate or if the workers refuse to take up work at the Uitvlugt or any other estate. Temporary field piece rated workers are hired per crop while temporary factory time workers are engaged for 3-6months on a needs basis.

All pensionable employees will be released on pension. 48 Agriculture workers have been identified as of pensionable age.

For the remainder of workers, where possible at Uitvlugt, work will be offered. It will be the decision of the workers to take up the jobs at Uitvlugt.

In regards to the capacity of Uitvlugt to absorb the workers, the Agriculture Department manning (1,178 employees) was reviewed. Positions have been identified at Uitvlugt for Wales workers to fill mainly in the tillage, crop husbandry and planting gangs.

As harvesting operations at Wales are on-going for the remainder of 2016, harvesters and other workers will be requested at year end to take up jobs at Uitvlugt to complete Uitvlugt' s establishment.

Uitvlugt will only fill vacancies, as they arise, with employees from Wales Estate throughout the year.

The workshop at Wales will be retained to facilitate the other projects that arise. However the workshop will have to be upgraded.

The remainder of the employees could be up for severance at the end of the year. However, the situation may not arise by year end as a result of the non-sugar initiatives such as other crops, dairy, livestock and fish farming which would require both skilled and unskilled workers.

It was initially estimated that 13 workers in tillage might have been severed now; however given the demand for mechanical tillage operators at Uitvlugt, the Corporation will procure additional tractors to utilize their skills in the rehabilitation of Uitvlugt.

12. Cost for Transporting Canes to Wales Estate

See Appendix 1.

This is the initial paper prepared by GuySuCo and is the subject of study by a special Task Force comprising of GuySuCo technical staff and farmers.

It is expected that by the end of the year, a cost effective solution will be implemented and other concerns of the smaller farmers would be resolved.

GuySuCo is also optimistic that the farmers at Wales and additional farmers will come on board to take up some of the lands being farmed at Uitvlugt estate.

This is only for Farmers' canes as the Estate will be out of canes by the end of the year.

13. Other Questions

1. Termination of workers between December 2015 and January 2016.

Wales Estate has not terminated the service of any permanent employee. However, the contracts for all temporary workers from the crop husbandry gangs who did not work or qualify for three crops and above, were not renewed for the 1st crop 2016. This is in keeping with the standard practice and Union agreement.

The temporary workers in the harvesting gangs below three crops are currently being reviewed to be engaged in the 1st crop 2016.



AGRICULTURE OPERATIONS DEPARTMENT GUYANA SUGAR CORPORATION INC.

LBI ESTATE COMPOUND, LBI, EAST COAST DEMERARA
TELEPHONE: 220-5531 FAX: 220-2719

APENDIX 1

1.0 Introduction

At the request of the Chief Executive Officer, a study was conducted to determine the best economical means of transporting canes from the Farmer's cultivation at Wales Estate to ICBU factory. Wales Estate currently has 11 cane farming societies, with a total of 2365.7 hectares in canes, 2015. In 2015 the actual tonnes cane from the society combined was 140 561 tonnes. It is projected in 2016 that the area under cane cultivation will be 2282.2 ha, yielding 127 839 tonnes of cane. The mode of cane transport varies from society to society. Some society uses tractor/trailer combination whilst some utilize cane punts. The field layout, field configuration, and accessibility (dams, bushes) are some of the main factors that influence the mode of transportation. The cost to transport one tonne of cane for the societies that use the tractor/trailer combination varies from \$1500 to \$1700, whilst the cost for those societies that use punt varies from \$746 to \$1200/tonne.

The table below shows the various cane societies with the hectares in cane, actual tonnes of cane for 2015 and projections for 2016.

Cane Farming Society	Actual 2015			Projections 2016		
	Hectares in cane	Tonnes cane	TC/H	Hectares in cane	Tonnes cane	TC/H
La Grange	70.1	3090	44.1	65.7	3540	53.9
Canal No 1 front	86.8	5169	59.6	79.0	4520	57.2
Canal No 1 back	976.2	61305	62.8	975.2	56361	57.8
La Retraite	519.6	29454	56.7	480.6	25100	52.2
Canal No 2	390.7	22046	56.4	344	18467	53.7
Belle Vue	208.1	13457	64.7	235.1	14206	60.4
Sisters Progressive	21.6	1167	54.0	18.5	1020	55.1
Sisters Goed Intent	55.3	3053	55.2	61.2	3388	55.4
Free & Easy	21.5	1199	55.8	20.2	1094	54.2
Maria's Lodge	1.7	89	52.3	2.7	143	53.0
Growth and Consumers	14.1	532	37.7	0	0	-
Total	2365.7	140561	59.4	2282.2	127839	56.0

Table 1: showing cane farming societies and 2016 projected yields

The following sections of the report give an overview of the current system of cane transport to

GV factory, plus a proposed route to transport the canes to ICBU factory, and action points arising out of a meeting held with the GV farmers hosted by the Chief Executive Officer.

2.0 Overview of current mode of transport to GV factory

The cost to transport canes from the farmer's cultivation to GV factory varies, depending on field layout, access dam conditions, machinery status, payload capacity and distance. The following table shows the various cane farming societies, the method of cane transport and mean cost to transport a tonne of cane to GV factory.

Cane Farming Society	Method of cane transport	Mean distance from society to GV factory (km)	Return transport cost/tonne cane to GV factory(\$)
La Grange	Tractor/Trailer combination	9.7	1500
Canal No 1 front	Tractor/Trailer combination	12.9	1500
Canal No 1 back	Tractor/Trailer combination	19.3	1700
La Retraite	Tractor/Trailer combination	9.7	1500
Canal No 2	Tractor/Trailer combination	12.9	1500
Belle Vue	Punts	4.8	746
Sisters Progressive	Punts	3.2	980
Sisters Goed Intent	Punts	3.2	980
Free & Easy	Punts	8.0	980
Maria's Lodge	Punts	9.7	1193
Growth and Consumers	Punts	8.0	1193

Table 2: showing cane farming societies, method of cane transport and mean cost to transport a tonne of cane.

From the information shown in table 1 it can be seen that it was generally cheaper to transport canes by punts, when compared to the tractor/trailer combination. This is due to the fact that transportation by punts has a higher payload capacity. A small tractor, typically a 45-55hp tractor can be used for this exercise, hauling about 35 punts with an average payload capacity of 6 tonnes. Forty five hp is used to transport 35 punts @ 6.5 tonnes = 210 tonnes. For the tractor/trailer combination, a 100hp tractor is used with an average payload capacity of 9 tonnes of cane (two 4.5 tonne trailer in tandem). i.e 100 hp is used to transport 9 tonnes of canes. The latter is more costly per tonne, given the lower payload capacity, higher fuel consumption, higher lubricant usage, and higher maintenance cost for a larger prime mover.

Within both mode of transportation, the general trend is that the longer the distance to transport the cane, the higher is the cost/tonne. Farmers tend to reduce their operating costs by having efficient machines, in terms of fuel and lubricant consumption, and properly maintained access

route. A poorly maintained access dam/canal, will incur longer travel times and result in more damages to the hauling units, whether it is punts, trailers or tractors.

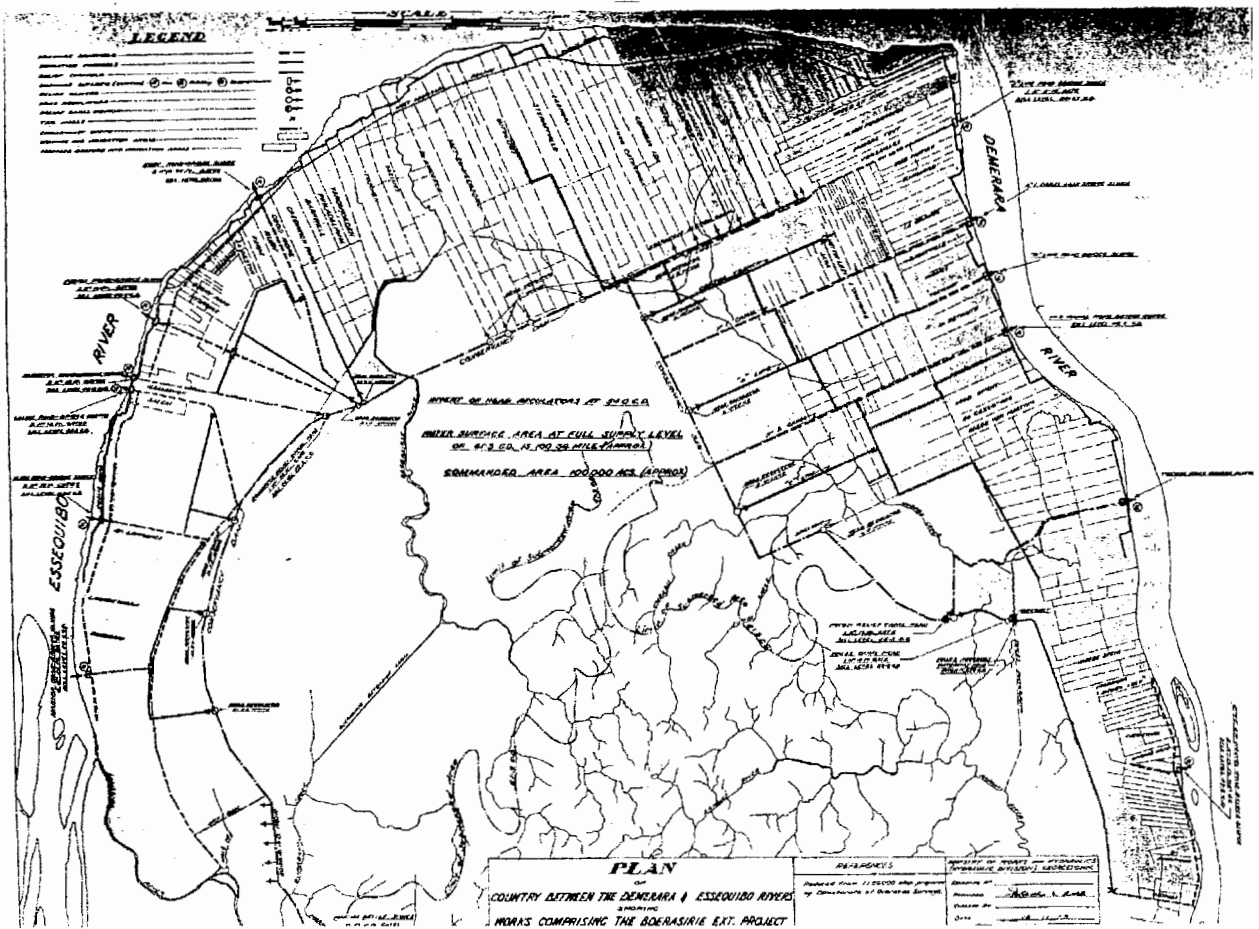
The societies of Sisters Progressive, Sisters Goed Intent, Free and Easy, Maria's Lodge , Growth and Consumers are the smaller farmers in terms of hectares of land under cane. These are small pocket farmers that have difficulties accessing their farms with a tractor/trailer to transport their canes by land. These farmers account for about 4.5% of the hectares under cultivation. The farms are surrounded by dense bushes and they are in low lying areas. Whilst the Belle Vue farmers are using punts, they have the option to use trailers since their cultivation are readily accessible by dams and the field layout favours trailer loading.

3.0 Proposed method and route to transport canes from GV to ICBU factory

This section of the report gives a brief description of the route the tractor/trailer will travel by land to transport the canes, the average distance the societies are located from ICBU factory, the estimated travel time to reach ICBU and estimated cost to transport a tonne of cane.

3.1 Route to ICBU factory

The proposal is to have all the farmer's canes be transported on land by tractor/trailer combination since there is no direct water path that the punts can be transported. For the purpose of this exercise, the main transport route was taken from the society located at the furthest end of the cultivation, which is Maria's Lodge. The path includes movement within GuySuCo's cultivation, crosses over government bridges, short distances on public roads and, crosses over private bridges and dams. Considerations will have to be given to the maintenance cost of all infrastructures along the route, including bridges and access dams. The route, highlighted in red, is shown on the map below.



A brief description of the route is as follows:

Starting from Reynestein South # 20 bridge, moving north to Potosi South # 24 bridge, then a left turn to Powells Polder 1 bridge going west. Thereafter, take a right turn going north along the boundary dam to Viv - La - Force C # 31 flat bridge. Continue going north along the boundary to Vresland north 72, where there is a left turn going west and cross De Young Racheal # 38 flat bridge at the sideline. At the middle walk of De Young Racheal cross a high bridge and continue going north to reach Klyn - En- Rayn Bridge (P.Ramraj). This is a private bridge belonging to one of the farmers. Discussions will have to be held with the farmer to obtain permission for its use. Continuing north along Cameron #1 and #2 dams, then to Burying Ground Dam, at which time it includes crosses over five government bridges, leading to Centre Line Bridge. Between Centre Line and A line there is a private dam owned by Farmer P. Ramraj, From A Line leading into ICBU cultivation are two private bridges owned by P. Ramraj. Again, permission will have to be sought from the farmer to use the private dams and bridges.

A summary of the bridges and ownership is shown in Table 3.0 below.

No	Type	Location	Owner	Remarks
1.0	High	Reynestein - 20	Wales Estate	Good
1.0	High	Potosi - 24	Wales Estate	Good
1.0	Flat	Powells Polder - 1	Wales Estate	Good
1.0	Flat	Viv-La-Force 31	Wales Estate	Good
1.0	Flat	De young Rachael - 38	Wales Estate	Good
1.0	High	De young Rachael - 38	Wales Estate	Good
1.0	High	La Resource B - 1	Wales Estate	Good
1.0	High	La Resource B&C 1	Wales Estate	Good
1.0	Flat	Belle Vue North 53 W	D.Deokinandan	Flat bridge to install
1.0	Flat	Belle Vue South - 42	D.Deokinandan	Flat bridge to install
1.0	Flat	Klyn – En – Rayn - 1	P. Ramraj	Need Repairs
1.0	Flat	Canal No 2 Polder	Government	Good
1.0	High	“B” Line	Government	Good
1.0	High	Canal No 1	Government	Good
1.0	Flat	Canal No 1 (Paraphate)	Government	Good
1.0	High	Centre Line	Government	Good
2.0	Flat	“A” Line	P.Ramraj	Good
1.0	High	Stewart Ville	ICBU Estate	Need Repairs
1.0	High	Stewart Ville	ICBU Estate	Good

Table 3: Showing status of the bridges to be crossed and ownership

3.2 Cost to transport canes from GV cultivation to ICBU factory

The estimated distances of each farm from ICBU factory are shown below in Table 4. The estimated travel time to reach the factory was calculated using a mean travel speed of 12 km/hr. The transport cost/tonne was calculated using a payload of 9 tonnes capacity (two 4.5 tonne tandem trailers) and an operation/maintenance cost of \$5400/hr for a 100hp tractor.

Cane Farming Society	Mean distance to GV (km)	Return transport cost/tonne cane to GV (\$)	Mean distance to ICBU (km)	Return travel time to ICBU (hrs)	Return estimated transport cost/tonne cane to ICBU factory (\$)	Variance Cost/tonne (\$)	Total variance cost (\$)
La Grange	9.7	1500	20.9	3.5	2090	+590	+2,088,600
Canal No 1 front	12.9	1500	19.3	3.2	1930	+430	+1,943,600
Canal No 1 back	19.3	1700	14.5	2.4	1450	-250	-14,090,250
La Retraite	9.7	1500	22.5	3.8	2250	+750	+18,825,000
Canal No 2	12.9	1500	19.3	3.2	1930	+430	+7,940,810
Belle Vue	4.8	746	24.1	4.0	2410	+1664	+23,638,784
Sisters Progressive	3.2	980	25.7	4.3	2570	+1590	+1,621,800
Sisters Goed Intent	3.2	980	25.7	4.3	2570	+1590	+5,386,920
Free & Easy	8.0	980	33.8	5.6	3380	+3282	+3,590,508
Maria's Lodge	9.7	1193	35.4	5.9	3540	+2347	+335,621
Growth and Consumers	8.0	1193	33.8	5.6	3380	+2187	0

Table 4: showing estimated cost to transport canes to ICBU factory

Table 4 shows a comparison of costs to transport farmer's canes to GV factory and to ICBU factory. Based on the route established in Section 3.0 of this report, the mean distance from the society to ICBU factory was determined. The travel time to reach ICBU factory was computed based on an average speed of a 100 hp tractor hauling 9 tonnes of cane at 12km/hr. The efficiency of this operation can be improved by having good access dams, and efficient tractors with optimum fuel and lubricant consumption. The cost to transport a tonne of canes was then calculated using a combined operating and maintenance rate of \$5400.00 per hour.

From the information in Table 4 it can be seen that generally the farmers who traditionally used punts will have the higher additional cost, for reasons explained in Section 2.0 of this report. Those farmers at La Grange, Canal No 1 front and back, La Retraite, and Canal No 2 who traditionally used tractor/trailer will see a marginal increase/decrease in transportation cost, which is primarily due to the changes in travelling distances.

In order for farmers to see long term savings in transportation cost they will have to consider the following:

- Special hauling tractors with higher ground speed and better suspension to combat the terrain e.g JCB Fastrac
- Weight transfer hitches, as is used in the billet trailers at SWR
- Low ground pressure tyres
- Upgraded dams/roads for faster access and less maintenance

Farmers Using Punts

Approximately 16% of area cultivated (371.8ha), of the farmers at GV currently use punts to transport their canes to GV factory.

Approximately 235.8 Hectares can be easily configured for tractor and trailer transport: (Belle Vue).These areas require very little input and reorientation to facilitate tractor and trailer. However these farms will have to invest in tractors and trailers to take their canes to ICBU. One farmer Deodat Deokinandan has 30 punts. These punts would have to be meaningfully disposed of since they would no longer be required for harvesting at GV.

The other 115 hectares of punt farmers would have to either reconfigure their area to facilitate tractor and trailer transport which will be very costly, or continue using punts to harvest and trans-load canes into trailers to be transported to ICBU. This exercise would have to be costed.

4.0 Action points arising out of a meeting held with the farmers on January 26th.

Sections 1.0 to 3.0 of this report was discussed with the farmers in a meeting held on January 26th, Chaired by the Chief Executive Officer. It was agreed that a Task Force will be established, comprising representatives from the cane farming societies, field and factory representatives from GuySuCo, to provide regular updates on the following:

- To identify 10-12 km of the proposed route that can be upgraded to an all-weather road
- Review the cane transport route, and advise on the width of the carriageway, and turning radius at various points to facilitate a maximum of four trailers and a tractor
- Review the state of the bridges to be crossed in terms of structural integrity, gradient and topography to facilitate tractor/trailer traffic and proposed loads.
- To provide feedback on the transport route that involves crossing over private dams and bridges
- To evaluate the movement of canes by lorries in times of rains
- To determine the best possible solution to mechanical failure of tractor/trailer on route to ICBU to allow for an uninterrupted flow of traffic. For instance, the use of mobile service units to address punctures and mechanical/electrical failures.
- To determine the most economical method of transferring the canes from the trailer to the punts at ICBU factory. Double handling of material should be kept to a minimum
- To provide feedback on the proposal to allocate lands to punt farmers who were furthest away from ICBU factory, including Sisters Progressive, Sisters Good Intent, Free and Easy, Maria's Lodge, Growth and Consumers. This proposal once implemented will serve to reduce transport cost and improve sugar recoveries.
- To relocate the cane scale monitor from GV to ICBU at the appropriate time
-
-

Wales Cane Transport route for Private Cane Farmers

A team was comprised having nine persons and they are as follows:

Walter Persaud – National Cane Farming Manager
 Andre Paul – Maintenance Manager
 Pooran Chaitnarine – Wales Cane Farming Manager
 Lance Niles – Factory Manager (Uitvlugt)
 Akbar Ally – Factory Operations
 Premraj Ramraj – Canal #1 Cane Farmer
 Sam Persaud Naik – Canal #2 Cane Farmer
 Derrick Venture – La Retraite Cane Farmer and
 Wayne Roberts – Free & Easy Cane Farmer.

Several visits were made during the last week of January and the first week of February 2016, to the respective farming locations and the proposed cane transport route, involving the Team with members of the respective Cooperative Societies and having discussions as follows:-

1. Punt Farmers

1.1 Maria's Lodge

This Cooperative Society is furthest away from the proposed route and Uitvlugt. They are both punts and trailers farmers, having approximately 90% with punts and 10% with trailers.

While the cane trailers have no problem with the transport, they have the high bridges to consider, especially during the rains.

The cane punts will have to be loaded and removed from site, since the location does not permit any use of trailers. The cane punts must be hauled by tractors to the discharging and loading into cane trailers site at Potosi with possibly a Bell Loader, before taken to Uitvlugt.

1.2 Free & Easy

Free & Easy Cooperative Society is somewhat similar to Maria's Lodge, being the next cane farming location towards the proposed route and Uitvlugt.

A majority of their canes must be loaded into cane punts and hauled by a tractor to the trans-loading site at Potosi before they can be taken to Uitvlugt.

One trans-loading site is identified at Potosi for both Maria's Lodge and Free & Easy Cane Farming Cooperative Societies.

1.3 Growth & Consumers

At present, there is likely no cane to be transported at this Cooperative Society. The last harvest was in the first crop 2015 and the farm seems to be in an abandoned state.

If however they decided to get back into cane, then they can join up with Free & Easy cane transport route.

1.4 Sisters Progressive & Good Intent Sisters

Sisters Progressive as well as Good Intent Sisters are alongside each other and they do not have any possibility of loading their canes into trailers.

They will have to haul their cane punts to a point suitable for trans-loading into trailers, before continuing to Uitvlugt.

A suitable trans-loading site can be located at La Resource C, with the possibility of joining up with the cane farmer at La Resource B and C.

1.5 Belle Vue

Belle Vue farmers have the possibility of loading their canes onto trailers for transport, but two flat bridges must be built before continuing.

2 Trailer Farmers

Trailer cane farmers have all the means for easier cane transport to Uitvlugt. They can use the Cameron 2, the Cameron 1 and then the Pear dams to get to Uitvlugt.

3 Cane Farmers Concerns

3.1 Punt cane farmers will have the possibility of maintaining the dams, waterways and bridges. Lands can be leased to them, but must be prepared to be loaded into cane trailers.

- 3.2 Dams are very narrow to allow for easy passing and must be upgraded. There are sharp right-angled turns to allow transport of two cane trailers.
- 3.3 Five Bridges need to be constructed: one at Boerassirrie, one at La Grange, one at La Retraite, two at Belle Vue.
- 3.4 The Cameron 1 & 2 dams as well as Pear Dams need to be paved after widened to allow for faster cane transport and considering times of rains.

APPENDIX I



CLERK OF THE NATIONAL ASSEMBLY OF THE PARLIAMENT OF GUYANA

SHERLOCK E. ISAACS

Tel: 226-1465 (office)
Cell: 623-9965
Fax: 225-1357
E-MAIL: sherlockeisaacs@gmail.com

PARLIAMENT OFFICE,
PUBLIC BUILDINGS,
BRICKDAM,
GEORGETOWN,
GUYANA.

31st May, 2016.

Hon. Jaipaul Sharma, M.P.,
Minister within the Ministry of Finance,
Chairman,
Parliamentary Sectoral Committee on Economic Services,
c/o Parliament Office,
Public Buildings,
Brickdam,
Georgetown.

Dear Hon. Member,

Consideration of Commission of Inquiry Report by Sectoral Parliamentary Committee on
Economic Services.

I wish to refer to your letter of 27th May, 2016, on the subject at caption, and to inform you that it is out of order for the Committee on Economic Services to consider a report that was laid in the National Assembly but not referred to the Committee for consideration.

You may be aware that reports which are laid in the National Assembly can only be considered by the Assembly on a motion for its adoption and consideration by the Assembly or its referral to a Parliamentary Committee – Standing or Special Select Committee. For example, the report of the Auditor General on the Public Accounts of Guyana and on the Accounts of Ministries, Departments and Regions is, in accordance with Standing Order 82(1), referred to the Public Accounts Committee for consideration and report. It is therefore logical to conclude that, since the National Assembly cannot consider a report which is not adopted by motion, a Parliamentary Committee, which is a microcosm of the Assembly, cannot consider a report which is not adopted by the Assembly or referred to the Committee in accordance with the Standing Orders, as in the case of the Public Accounts Committee.

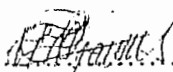
To assist it in its work, a Committee may refer to reports laid in the National Assembly, but cannot proceed upon the actual consideration of a report without being authorised to do so.

I am therefore of the opinion that your Committee will be ultra vires (beyond its legal power or authority), that is, it does not have the authority to consider a report which was laid in the Assembly but not referred to it for consideration and report. It is apposite to state that Mr. Frank Narain, former Clerk of the National Assembly, concurs with my opinion.

Finally, I wish to draw your Committee's attention to Standing Order 86(5) which outlines the authority of Sectoral Committees.

For your information and guidance, please.

Yours sincerely,



S.E. ISAACS

Clerk of the National Assembly

cc: All Members of the National Assembly
Deputy Clerk of the National Assembly
Assistant Clerk of the National Assembly
Head of Committees Division
✓ All Clerks of Committees