

GUYANA SUGAR CORPORATION INC.

ANNUAL REPORT

2017

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ABBREVIATIONS

Agriculture Services Department (ASD)
Board of Industrial Training (BIT)
Central Analytical & Environmental Monitoring Services (CAEMS)
Central Workshop (CWS)
Contributory Hospitalisation and Maternity Scheme (CH&MS)
Demerara Sugar Terminal (DST)
Diversified Products Division (DPD)
Environmental Protection Agency (EPA)
Estate Health and Safety Officers (EH&SO),
Field Record System (FRS)
Guyana Agricultural and General Workers Union (GAWU).
Guyana Dollars GYD)
Guyana Labour Union (GLU)
Guyana Rice Development Board (GRDB).
Guyana School of Agriculture (GSA)
High Quality Selection Programme (HQSP)
Human Resources Management Committee (HRMC),
Information Systems Department (ISD)
Mega Watts (MW)
National Grade Six Assessment (NGSA)
National Association of Agricultural, Commercial and Industrial Employees (NAACIE)
Occupational Health and Safety (OHS)
Pesticide and Toxic Chemical Control Board (PTCCB)
Skeldon Energy Inc. (SEI)
United States of America (USA)
United States Department of Agriculture (USDA)
World Trade Organization (WTO)

TEN YEAR REVIEW

**GUYANA SUGAR CORPORATION
10 YEARS SUGAR
PRODUCTION**

Estate	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Skeldon	18,383	25,715	33,237	29,410	33,309	25,544	35,890	39,157	31,783	14,303
Albion	55,454	52,271	48,629	57,838	54,022	47,257	51,294	60,390	46,771	45,563
Rose Hall	34,953	37,151	30,081	39,343	34,429	28,098	31,931	31,288	20,581	22,381
Blairmont	32,410	35,950	33,039	39,768	36,224	28,528	33,499	36,695	33,000	27,096
EDE	44,324	42,700	35,867	27,383	23,908	20,676	30,932	27,095	19,341	12,495
Uitvlugt	15,760	18,978	18,279	20,806	16,922	13,907	13,916	16,392	15,330	15,459
Wales	24,984	20,971	21,687	21,958	19,255	22,744	18,898	20,054	16,809	-
Total	226,267	233,736	220,818	236,506	218,068	186,755	216,359	231,071	183,615	137,298

BOARD OF DIRECTORS

The Board of Directors of the Guyana Sugar Corporation Inc., as of December 31, 2017 is as follows:

Dr. Clive Thomas	Chairman of the Board of Directors
Ms. Louise Bouyea	Director, Chairman of the Central Tender Procurement Sub-Committee
Mr. John Browman	Director, Chairman of the Lands Sub-Committee
Mr. George Jervis	Director
Mr. Nigel Cumberbatch	Director
Mrs. Sharon Roopchand-Edwards	Director
Mr. Vishnu Panday	Director

The following Directors resigned during the course of the year:

Mr. Nizam Ali	Director, Chairman of the Finance Sub-Committee January to May 2017 only
Mr. Fritz McLean	Director, Chairman of the Diversification Sub-Committee January to October 2017 only

AGRICULTURE OPERATIONS

Harvesting and Sugar Production

LOCATION	CANE PROCESSED (t)			SUGAR PRODUCED (t)			TC/TS		
	LE	Act.	Var.	LE	Act.	Var.	LE	Act.	Var.
SWR	436,916	253,961	-182,955	30,099	14,303	-15,796	14.52	17.76	-3.24
AN	583,157	530,696	-52,461	52,812	45,563	-7,248	11.04	11.65	-0.61
RH	419,603	334,134	-85,469	32,644	22,381	-10,263	12.85	14.93	-2.08
BCF	359,441	324,273	-35,168	30,996	27,096	-3,900	11.60	11.97	-0.37
EHP	321,747	201,686	-120,061	25,024	12,495	-12,529	12.86	16.14	-3.28
ICBU	247,888	214,287	-33,602	18,572	15,459	-3,113	13.35	13.86	-0.51
INDUSTRY	2,368,752	1,859,037	-509,715	190,146	137,298	-52,848	12.46	13.54	-1.08

Table 1: Actual, Audited Sugar Production compared with the respective Crop's Latest Estimates for 2017. Revised Estimates (LE) were done in January and July 2017, for the 1st and 2nd Crops, respectively.

Total sugar production for the year was **137,298 tonnes**, as compared to the latest estimate of **190,146 tonnes**, representing an achievement of only 72.2% of the original budget.

Substantial losses were realised due to the inability of the outgoing estates to harvest all of the canes available. This situation was itself due to the large amount of overrun canes that were present on these estates, most of which were under very weedy conditions and subjected to heavy rodent damage. A conscious decision was taken during the latter half of the 2nd crop to focus harvesting on the better stands of canes.

At the end of 2nd crop 2017, there was a total of 4,776.6 hectares of estates' canes that could not be harvested.

Estate	Ha	Est. TC
SWR	2,891.7	145,097
RHE	801.4	58,280
EDE	1,083.5	116,918
Total	4,776.6	320,295

Table 2: Unharvested Canes on Outgoing / Vested Estates, as at Dec. 31, 2017

Cane and Sugar Yield Trends

Average yields for estates' canes in 2017 were 49.05 TC/ha, 4.96 units lower than the revised estimates of July 2017. Among the estates that would remain in production after December 31st 2017, the most significant shortfalls were recorded from Albion and Blairmont estates, where actual TC/ha were below estimates by 6.69 and 6.16 units respectively.

Average losses were 9.77 TC/ha at the Albion location during the 2nd crop, mainly attributed to the impacts of extended floods, during the June/July rainy season, that persisted over four weeks. The effects of the persistent heavy rainfall were exacerbated by continuous over-topping of the Canje Creek.

Cane deaths were significant in low-lying areas, and concentrated along drain shoulders, resulting in mortalities of up to 30%.

Rodent damage also impacted yields at the Blairmont (BCF) and Uitvlugt (ICBU) estates, and to a lesser extent the Albion estate. At the ICBU estate, heavy and repeated rodent damage ultimately affected the quality of juice in the canes available at the estate, and contributed to an increase in the TC/TS value by 1.02 units above the LE.

Intensive integrated pest management has since helped to reduce the amount of fresh stalk damage observed at all estates.

Delays in Commencement of Crops

The timely harvesting of canes in 2017 was affected, in part, by delays in the extensive repairs and modifications required for some factories, particularly the SWR, EHP and ICBU factories as follows:.

- ✦ The Skeldon factory did not operate for the entire 1st crop due to defective boilers and only commenced work on September 13th for the 2nd crop;
- ✦ The commencement of grinding operations at the Uitvlugt factory during the 2nd crop was delayed until September 2nd, due to the installation of a gantry that would off-load trailer delivered farmers' canes. This particular activity was not completed for use in 2017 and alternative arrangements were put in place to facilitate the supply of canes from farmers;
- ✦ The operations of the Enmore factory were affected throughout the 1st crop by a defective Turbine/Alternator for power generation. Subsequent repair of the component delayed the commencement of operations for the 2nd crop to September 24th.

Canes Carried-Over from 2016

At the beginning of 2017, there were 3,485 hectares and an estimated 174,673 tonnes of carried-forward canes, which could not have been harvested by the end of the 2nd crop in 2016. These canes, at the time of their eventual harvest in 2017, had lost significant weight and sucrose content, and did not reach the potential expected. The deterioration of the canes necessitated selective harvesting, in the best interest of utilizing available labour and machinery under prevailing unsettled weather conditions.

At the end of the 1st Crop of 2017, there remained a total of 5,019 hectares of unharvested canes. that were carried forward to the Second Crop.

Estate	Ha	Est. TC/Ha	Est. TC	Est. TC/TS	Est. TS
SWR	3,211.5	37.55	120,607	13.60	8,871
AN	83.8	53.4	4,475	12.04	372
RHE	706.5	52.7	37,233	13.78	2,702
EDE	1,017.2	48.5	49,334	14.85	3,322
Total	5,019.0	42.17	211,649	13.86	15,267

Table 3: Unharvested / Carried-Forward Canes at the end of 1st Crop 2017

Weather in 2017

The rainfall pattern observed during 2017 saw a 15.7% increase in precipitation over the LTM, with sporadic, unseasonal showers throughout the 2nd crop of the year that resulted in a reduction in the number of opportunity days at all the locations. The three continuing estates recorded an average of 53.2 opportunity days against a budget / estimate of 75 days for a normal year.

In addition to an increase in rainfall, 2017 also had abnormally high average daily temperatures, which were on average 2.2^oC higher than the LTM. During the 2nd crop the nightly minimum temperature seldom fell below 24^oC, on most estates. This was reflected in low natural ripening trends.. Only Albion estate experienced moderately favourable night temperatures that dropped to 20^oC on several occasions.

Labour Attendance

During 2017, all estates suffered from low labour turnout for Cane Harvesters, which negatively affected the harvesting rate and the delivery of fresh canes of the optimal age, to the factories. This has contributed to reduced plant utilization and lengthy periods during which factories would have been out of cane.

Average Daily Attendance for Cane Harvesters (as % of Persons on Roll)							
Estate / Crop	SWR	AN/PM	RHE	BCF	EDE	ICBU	Industry Avg.
1st Crop 2017	No Crop	61	62	54	59	50	56
2nd Crop 2017	55	63	63	63	78	58	63
Year 2017	55.0	62.1	62.6	59.6	70.4	54.0	60.6

Table 4: Average daily attendance for Cane Harvesters during 2017, expressed as a percentage of the number of employees on roll in this category

Land Preparation

In 2017, Albion, Blairmont Uitvlugt and completed 2,786.4 hectares of land preparation against a budget of 5,169.0 hectares (53.9% achievement). The shortfall in tillage was influenced by a late start of the harvesting and tillage programmes at Blairmont and Albion, and very persistent rainfall throughout the 2nd crop at the ICBU . The average number of opportunity days available to the estates was 19.3 and 40.8 days for the 1st and 2nd crops, respectively.

These estates nonetheless benefitted from the temporary transfer of tillage equipment from the estates, and as such were in a better position to do work during the reduced opportunity time.

At the end of 2017, the estates have a total of 652.7 hectares of prepared land (under wet fallow conditions) t , of which 499.9 hectares is at expanded Albion cultivation. e. This will allow for an early resumption of planting during the 1st crop of 2018.

Planting

Estates completed 2,499.1 hectares of planting against a budget of 5,125.0 hectares (48.8% achievement). During both crops, the Blairmont estate commenced its planting programme late, due to the unavailability of prepared land, as a result of which the estate had to wait until fields were harvested and tilled before planting could begin; this delay resulted in the loss of approximately half of the opportunity time for planting. Private farmers at the ICBU estate planted approximately 8.0 hectares of nursery fields, in preparation for planting and rehabilitation of lands leased within the Uitvlugt Estate cultivation..

The shortfall in planting on the estates occurred despite an extension of the planting season by an average of three weeks in both crops. This was further compounded by delays in the preparation and planting of dam-beds, which has been contributed to by reduced availability of the fleet of excavators and limited numbers of dam-bed pumps and irrigation equipment. Measures were initiated to correct these deficiencies.

Supplying

Estates were able to complete 3,084.4 hectares of supplying, against a budget of 2,549.0 hectares (121.0% achievement). Uitvlugt estate completed 266.3% of its supplying target, in an effort to make up for the shortfall in planting. Similarly, the Albion and BCF estates undertook high levels of supplying during the mid-year out-of-crop period to repair areas of young canes that had earlier been damaged by heavy rainfall and bouts of flooding.

All estates have experienced progressive reductions in the availability of labour for planting and supplying, and found it difficult to execute both activities simultaneously. The way forward is to increase the capacity for mechanised aids for planting.

In 2017, the Department's scientists continued to contribute to monitoring and advisory support to estates where necessary, the department continues to support the Estates in technical advice and support. The weather overall in 2017 was moderate with estates experiencing wetter than normal weather when compared to the 2016, the mean annual rainfall was 2314mm, 15% above the historical mean of 2006 mm. As a consequence, there were periods of flooding particularly in Demerara resulting in some pressure being put on still inadequate drainage infrastructure. The unfavourable precipitation trends experienced during the year restricted efforts required to conduct replanting in order to improve the level of productivity of the respective estate cultivations

Emphasis continued to be placed on the High Quality Selection Programme which is being run with close cooperation with the High Quality programme of the West Indies Sugar Central Sugarcane Breeding Station; The department commenced 2017 with 124,103 seedlings, 5,407 clones and 1,913 varieties at the stages I to III phases of evaluation. Implementation of the breeding goals of the department have resulted in 2,395 seedlings being advanced for clonal evaluation, 419 clones allocated permanent identification numbers and 81 varieties planted in formal trials.

Throughout the year there were reports of major outbreaks or of threatening population resulting in severe damages. Uitvlugt, Enmore and Blairmont experienced more damages throughout the year during high activity seasons. Most of the damages reported were associated with seasonal migrations. Strategic, prophylactic baiting was continuously carried out on all estates. Towards the end of 2017 and as a result of the premeditated baiting, the industry observed a decline in rodent damage.

The Industry's Biological Control Programme for the major stem borer pest species; *Diatraea spp.*, continued with further success in the laboratory rearing, field releasing and establishment programme. Rearing and releasing continued at six (6) estate locations and at the central Bio-control facilities at LBI. A total of 4,580,953 *Cotesia* adults were release in in the sugarcane eco-system. A Quinquennial *Diatraea* Population Survey was conducted at all Estates, this is used to determine *Diatraea* species population and distribution in the Guyana sugarcane eco-system. The *Diatraea Centrella* spp. continues to be the more dominant of the two species on all locations. The survey revealed varying levels of damages on all locations; however levels were predominantly below the economic threshold of 5% joints bored except for a few isolated cases at Albion and Enmore.

The current weed management approach at Guysuco continues to emphasise pre-emergent or early post emergent herbicide applications. When effectively utilised, these chemicals give good control and result in the minimal use of post-emergent spot spraying. Screening new formulations and combinations, for efficacy and phytotoxicity continued at all estates. The encouraging results of trials of early to medium post- emergent herbicide combination have led to, the introduction of commercial trials of these combinations in 2018. Efforts to bring existing problem weeds to a manageable level continued throughout 2017. The department continues to work to with the Ministry of Agriculture, the Pesticide and Toxic Chemical Control Board (PTCCB) and Environmental Protection Agency (EPA) on safe working area and practices for aerial application of agrichemicals. Four spray droplets evaluations with Antidrift, high fluorescent spray dye markers were carried out in 2017.

In 2017, the Central Analytical & Environmental Monitoring Services (CAEMS), conducted Thirty Nine Thousand Nine Hundred and Ninety Three (33,993) analyses, on Six Thousand Eight Hundred and Twenty Nine (6,829) samples during the year. The majority of these analyses were required for the monitoring of routine operations and research projects carried out by the Corporation's Agriculture and Factory Departments. 2017 production was lower than 2016 production by approximately 23 % which was mainly due to the closure of some estates.

FACTORY OPERATIONS

Highlights

- ✦ Sugar Production achievement in 2017 was 137,298 tonnes which represents 72% of the year's estimate of 190,148 tonnes.
- ✦ Average weekly grinding hours for all factories was 100.74 Hours against a budget of 130 hours, the main contributory factors for the unsatisfactory performance being an inadequate and irregular supply of canes.
- ✦ It is to be noted that the Skeldon Estate did not have a 1st crop in 2017 and production in the 2nd crop was severely hampered by very poor and unreliable steam generation from the SEI (Skeldon Energy Incorporated) - controlled boilers resulting in a significant amount of canes being left unreaped.
- ✦ Except for the Albion and Blairmont factories, the 'quality' of the harvested canes was substandard, making it difficult to achieve better Recoveries. With more emphasis being placed on mechanically harvested canes, more detailed attention needed to be given to convert some factory equipment, notably boilers, to cope with the expected increase in extraneous matter, especially during damp harvesting conditions. In the latter regard, the inability to capitalize relevant pieces of factory equipment was not helpful in the circumstances, especially in cases of obsolete equipment which posed enormous difficulty to maintain, hence reliability was compromised. In 2017, a capital budget of G\$1.23 Billion was proposed but G\$88.0 M was available to be spent.
- ✦ Added focus was placed in the area of Boilers and Power House operations to arrest increased usage of expensive fossil fuel (dieseline). An adequate and regular supply of reasonably clean canes was not forthcoming to achieve the desired results, thus the factories, with the exception of Albion, did not have the capacity to build adequate reserves of bagasse.
- ✦ It is agreed to purchase a new 2.5MW alternator for the Blairmont factory. Coupled with an available turbine from the ex-Wales factory, the Turbo Alternator Set will replace an obsolete and inadequate Turbo Alternator Set in the Blairmont power house, thus resulting in better efficiencies in the power distribution system. Preparations for siting in the Blairmont power house have commenced.
- ✦ It is hoped that the merger of the Drainage System with the NDIA will result not only in better efficiencies but the urgent replacement of several obsolete pumping installations.
- ✦ The Planned Maintenance System has been resuscitated on the surviving estates to bring much needed order in the maintenance planning in factories, thus reducing significantly, unplanned failures of equipment.
- ✦ A more timely acquisition of basic spares would have been more helpful in executing the maintenance programmes. Also, with the mothballing of the Skeldon, Rose Hall and East Demerara Estates, the expected freedom to move certain spares and pieces of equipment to service and improve the performance of the surviving factories was withheld, thus creating a setback not only in the timely placing of orders for certain spares, but thwarted plans to strive for better factory efficiencies.
- ✦ Boiling House Recovery (BHR) improved significantly while the Final Molasses Purity showed a decreasing trend.
- ✦ The skill base in factories remained weak. Training, both on and off the job was intensified in the area of process control, given the difficult juices that had to be handled periodically. Notable weaknesses also

existed in the operation and maintenance of instruments, turbines and governors. External help is necessary to bridge the gap and is being recommended.

- ✚ The Chief Electrical Engineer assumed duty during the year.

Proterra and ISO Matters

- ✚ In May 2017 Ms. Julia Clarke (Tate and Lyle representative) and Mr. Simon Gibbons (Consultant visited) Albion (AN), Blairmont (BCF) and Uitvlugt (ICBU) estates and audited the estates against a 15 point health and safety sustainability checklist. The estates obtained an average conformity of 7 out of 15 areas during this initial audit. A follow up audit was conducted in September of 2017, by Mr. Gibbons. At this audit all estates showed improvements in the areas audited, increasing the average conformity to 10 of 15 areas. An audit, was also conducted at Demerara Sugar Terminal (DST), which had a conformity rate of 4 out of 15 areas. At the upcoming consultancy audit, further improvement shall be seen with the completion of the GuySuCo health and safety manual, along with planned training sessions. Also, an application will be made to EPA as the first step towards gaining an environmental permit for Albion estate.
- ✚ In 2017, the Enmore and Blairmont factories along with human resources, marketing and PCMD (Procurement and contracts management department) successfully transitioned from the ISO 9001:2008 standard, to the ISO 9001:2015 revision. These departments were audited in September 2017 by 2 representatives of an external certification body known as SGS (Societe Generale de Surveillance which translated to English means General Society of Surveillance). The audited departments have met the requirements of the new standard and have been certified. Certificates of compliance have been ordered and will be received shortly.

Projects

Projects implemented and in progress during 2017 are as follows:

- ✚ The EU sponsored feasibility study titled “*Feasibility of Cogeneration and Electric Power Export for the Guyana Sugar Industry*” was awarded to Danish Energy Management A/S. The Final Report of this study, which commenced on 5th November, 2016, was received in October, 2017. The study examined the potential of Co-Generation at Albion and Uitvlugt factories and concluded that there is definitely a potential of exportable power at Albion at present and Uitvlugt in the future.
- ✚ The EU sponsored feasibility study titled “*Evaluation of Alternative Processes for the Production of the Detailed Designs of the Plantation White Sugar Processing Plant and Relocation of Packing Plant from East Demerara to Albion*” was completed to the stage of awarding to Cardno Emerging Markets (UK) Ltd. This study, projected to be completed in 3 months, is expected to start before the end of the first quarter of 2018.
- ✚ *Solar Installation at the new GuySuCo Head Office at LBI.* A proposal was submitted to the Guyana Energy Agency (GEA) for the installation of a 120 kWp (peak power) ground-based, grid-tied solar installation. This installation is scheduled for completion in 2018.
- ✚ *Relocation of Cane Gantry, Cane scale, Feeder table & Auxiliary carrier from Wales to Uitvlugt Factory.* This project, to enable the unloading of farmers’ canes which are hauled by tractor and trailer, was necessitated by the closure of Wales factory at 2016 year-end and the requirement to process, at Uitvlugt factory, canes previously supplied to Wales factory by small farmers and cooperatives. The contract was awarded to Nabi Construction Inc, - work commenced during March 2017 and the Gantry and other equipment will unload farmers’ canes from the commencement of the 1st Crop, 2018. Senior Construction

Engineer, Mohamed “Peter” Isahack was brought out of retirement to supervise the work of the Contractor in the dismantling and re-erection of the equipment.

- ✦ *Replacement of #4 Pan at Albion.* Having identified the need to replace the old Cast-Iron #4 pan at Albion with the #4 pan of mild-steel construction from the old Skeldon factory, work commenced to remove the Albion #4 pan during the 2017 year-end Off-crop utilizing an “in-house” team composed mainly of ex. Rose Hall factory workers. The dismantling of the Skeldon #4 pan, removal and erection of same at Albion will be done under contract. This work is slated for completion in time for the 2nd Crop, 2018 at Albion.
- ✦ *Sugar Bagging & storage at Albion.* The cessation of sugar production at Rose Hall factory necessitates the production of bagged local sugar (in 50 kg bags) at Albion, to satisfy the demand in the Berbice area and also to supplement the requirements of the Demerara area until such time as Uitvlugt factory’s production is sufficient to satisfy the entire Demerara demand. The Rose Hall factory sugar bagging machine and ancillaries are being relocated to Albion and a portion of the Stores Annexe has been allocated for storage of bagged sugar. Bagging of sugar at Albion will commence from the start of the 1st crop, 2018 whilst the storage area is scheduled to become available following the construction of an overhead covered walkway for transport of the bagged sugar from the sugar bagging floor to the Stores Annexe. Bagged sugar for the Demerara area will be transported from Albion to Rose Hall factory to be sent by Coastal vessel to the Demerara Sugar Terminals.
- ✦ *Relocation of 2.5 MW Turbo-Alternator set from Wales to Blairmont factory.* This 2.5 MW TA Set will improve the steam generated power at Blairmont factory and reduce the use of fossil fuel (diesel) during the cropping periods. An examination of the site indicated that the set should be installed, if possible, in the limited space between the two existing small TA sets in Blairmont’s power house. Approval has been received from Leroy-Somers for the modified hot-air ducting from the alternator, which was the main area of concern in installing the set in this limited space. Detailed designs of the foundations, piping design etc. are in progress.
- ✦ *Rehabilitation of Sugar Packaging and Storage Bond at Blairmont Estate.* This contract was awarded, on 28th December 2017, to 4A Engineering Enterprise. Insufficient time was available during the 2017 Year-end Off-Crop at Blairmont for this 10 week job to be undertaken. The commencement of the works was therefore postponed to 2nd May, 2018 and the rehabilitated facility is scheduled for completion before the commencement of the 2nd crop, 2018.
- ✦ *New Molasses tank at Uitvlugt Estate.* This contract for the fabrication and erection of the new molasses tank with mild-steel material supplied by GuySuCo, already rolled and cut to size was awarded to GNIC. Work was originally scheduled to be undertaken during the Year-end Off-crop at Uitvlugt. Even with the long year-end Off-crop at Uitvlugt, DDL were unable to empty the contents of the tank, a prerequisite to the handing over of the site to the contractor. The contractor has agreed to the postponement of this job to the 2018 Mid-year Off-crop – it is expected that DDL will remove all molasses from the tank in good time to enable the fabrication of the new tank.
- ✦ *A Planned Bagged Sugar Bond.* A new sugar bond is planned to boost sugar storage capability at Uitvlugt.

Processing Highlights

- ✦ One additional member of staff (Inspecting Chemist) joined this section of the department to assist the Technical Process Controller in increasing the efficiency of process unit operations through closer monitoring of the parameters that affected the recoveries and sugar quality. Improved outcomes were realized through the introduction of reliable operational and laboratory practices, such as the treatment of

final molasses for better exhaustion, the correct application of biocide to minimize inversion losses and the application of phosphate in juice treatment among others for better sugar quality.

- ✦ Areas of concern that plagued the operations were the weighing devices (juice, sugar, molasses and road scales). These devices malfunctioned frequently due mainly to worn- out parts. The department is working through the planned maintenance system to right this situation. Additionally, a greater degree of expertise is also required for the factory instruments. Mass balance was adopted to calculate the quantity of the materials normally produced by these devices.
- ✦ The practice of a complete “boil-off” was introduced at the end of each crop in order to make all crystal sugar available to the market and to validate the declaration of sugar and molasses produced.
- ✦ It was detected that the molasses tanks on all locations were not emptied and washed out routinely over the years. Crystal sugar is precipitated from molasses residing in a tank for a long period of time, thereby causing the actual volume of molasses in the tank to shift. This resulted in the false availability of molasses for sales. The condition of the molasses tank at Uitvlugt indicates that it needed replacement a long time ago, yet molasses was stored in the tank being the only storage tank. The removal of molasses by DDL was infrequent which compounded the situation.
- ✦ A marked improvement in sugar quality was recorded during the period under review especially insoluble solids, polarization and colour. Blairmont estate produced the best product for export and local sales.
- ✦ Classroom training was conducted for Production Managers, Head Laboratory Technicians and Quality Managers of the Corporation. Further on-the job training/mentoring was carried out during regular visits to the estates in order to improve the competency of these operatives. The need for more graduates among the home-grown staff could result in a better balanced status of the factory personnel.

HUMAN RESOURCES

1.0 Introduction

As a result of the Government's State Paper which was laid in Parliament on May 8, 2017 informing on the direction of the sugar industry the process was started in 2016 with the closure of Wales followed by Skeldon, Rose Hall and East Demerara Estates at the end of December 2017. This resulted in the termination/severance of 4269 employees including senior staff.

2.0 Appointments

There were eleven (10) Senior Staff appointments in 2017, two (2) of which were in the Agriculture Services Department, one (1) Diversification Department, three (3) Factory Department, two (2) Medical Services Department, one (1) Materials Management Department.

One (1) of these appointments was on Estate.

3.0 Promotions

Sixteen (15) persons were promoted to higher positions for the year 2017, two (2) Albion, one (1) Uitvlugt Estate, one (1) Agriculture Research Centre, one (1) Aircraft Department, two (2) Corporate Secretariat Department, two (2) Materials Management Department, three (3) Information Systems Department, one (1) Agriculture Services Department, one (1) Internal Audit Department and one (1) Communications Department.

4.0 Transfers

Thirteen (13) staff were also transferred, two (2) from the Agriculture Department, one (1) from Factory, one (1) from Finance, five (5) from Wales, two (2) from Albion, one (1) from Rose Hall, one from East Demerara and one (1) from Ogle Diagnostic Centre.

5.0 Departures

Resignations

There were twenty-four (24) resignations by Senior Staff across the Corporation in 2017.

Retirement

There were two (2) early retirement and eight (8) normal retirements during the period. Four (4) staff were granted extension of service at the end of normal retirement.

6.0 Training and Development

In-House Training

6.1 Performance Management System

There were three (3) Training Sessions on Performance Appraisal at East Demerara Estate, Blairmont Estate & Albion Estate Training Building for Senior & Junior Staff in January 2017.

6.2 Sugar Processing Symposium

The Training Unit in collaboration with Factory Operations hosted a Symposium on Sugar Processing for Production Managers and Head – Laboratory Technicians in February, 2017 at the East Demerara Estate Training Building. The objective of the Symposium was to review the 2016 factory performance..

6.3 Procurement Policy, Rules & Procedures

Mr. Anand Goolsarran, Procurement Consultant, facilitated four (4) Workshops on Procurement Policies, Rules and Procedures for members of staff across the Corporation during the month of March 2017.

7.0 Assistance to Study

Fifteen (15) employees from Head Office Departments accessed funds totalling one million, eight hundred and eight thousand, four hundred and eighty-four dollars (\$1,808,484) from the Assistance to Study Scheme to pursue studies in disciplines such as Accounting, Information Technology, Auditing and Human Resources Development.

8.0 Bursary Awards

Thirty-one (31) children of staff members across the Corporation who wrote the **National Grade Six Assessment** and were successful and were awarded bursaries for 2017 totaling one hundred and eighty-six thousand dollars (\$186,000). These students achieved a pass mark of 449.65 and above (i.e. at least 85% of 529 marks).

Table 1 below indicates the number of bursaries distributed across the Corporation in 2017.

Table 1

Estate	Number of Bursaries
Head Office	3
Albion	13
Rose Hall	6
Uitvlugt	6
Blairmont	3
TOTAL	31

9. 0 Graduates -University of Guyana and Guyana School of Agriculture

Cadets attending University of Guyana (5) and the Guyana School of Agriculture (4) graduated with Degree in Agriculture and Diploma respectively.

10.0 External Training

A Training Programme on Introduction to GIS was organized in April, by the Guyana Lands & Survey for participants interested in the use of geographical information system. Five employees from across the industry were in attendance: They include Surveyors, Senior Engineers and Analyst/Programmer.

The objective of the Training was to enable participants to analyze data, understand spatial/geographical relationships and trends.

11.0 GuySuCo Training Centre /PM

The GuySuCo Training Centre / Port Mourant (GTC/PM) celebrated its 60th anniversary on May 5th 2017 with a special event. . More than three thousand (3,000) aspiring engineers have passed through the institution during the 60 years.

11.1 Apprentice Intake 2017

The recruitment and selection for the year 2017 apprentices' intake was temporarily curtailed due to the surplus of apprentices from Wales Estate and the cessation of sugar production at Skeldon, Rose Hall and East Demerara Estates.

11.2 Revised System of Training

The Centre continues to review the curriculum for the apprenticeship programmes; Electrical Installation, Instrumentation, Agriculture Mechanic, Auto Electrician, Fitting and Machining and Sugar Processing.

There is a growing demand for mechanization and automation of the sugar industry. Apprentices within their second year training continue to visit the estates with structured training programmes to enhance their competencies. The in-plant training also benefited the staff of GTC/PM, as they keep abreast with the current changes in the industry.

11.3 National Training for Youth Empowerment – Evening Class Programme

The Guysuco Training Centre in collaboration with the Board of Industrial Training continued to offer its evening class programmes to the communities of Regions five (5) and six (6). On February 6, 2017, the 6th Cohort of the Evening Class Programme commenced.

Two hundred and seventeen (217) applications were received for the programme. One hundred and sixty-six (166) persons enrolled and one hundred and eleven (111) persons graduated on December 7, 2017.in the areas of Refrigeration and Air-Conditioning (21), Fitting and Machining (9), Welding and Fabrication (18), Electrical Installation (20), Motor Vehicle Service and Repairs (21) and Supervisory Management (22).

11.4 GTE Examination Results

In June 2017, second year apprentices wrote the craft examinations whilst the third and fourth year apprentices wrote the advanced and technician's examinations.

In the craft examinations there were sixty-three (63) distinctions, sixty-one (61) credits, five (5) passes, one (1) Fail, one (1) Referral while two (2) were absent, whilst for the advanced and technician's examinations there were one (1) credit, two (2) passes, one (1) Fail, ten (10) Referrals and two (2) were absent.

11.5 In-Plant Apprentice Training

GTC/PM continues to enhance the Instrumentation and Auto Mechanic programmes to satisfy the current needs of the Industry, upgrading the facility standards and concentrating on an increase of in-plant training in both field and factory for the second year apprentices and staff. Apprentices and staff were also involved in in-plant training at the Skeldon and Albion factories/ fields in February 2017.

12.0 Occupational Health and Safety

Lost Time Accident rate per 100,000 hours worked were marginally up by 0.40 % from 3.94 in 2016. Very importantly, there were no fatalities; welcoming news after six consecutive years of at least one. Time spent off the job due to injuries was just about the same at 15 days per case. Apart from Near Miss / Plant Damages which moved from 568 to 542, the reporting of the other indicators fell sharply.

There was an overall 90 % turnout for the medical surveillance programme, that was achieved despite the poor responses at Skeldon, East Demerara and to some extent Uitvlugt estates. The results from the individual clinics were as follows, Bi-annual 92 %, Biennial 84 % and Annual, 75%, respectively.

12.1 Safety Committee Meetings

There were 236 Health and Safety Committee Meetings convened in 2017, down from 265 in the previous year. The failure to convene these meetings must be seen as missed opportunities to genuinely engage management and workers in reviewing safety and health issues in the workplace.

13.0 Industrial Relations

13.1 Work Stoppages

The Corporation recorded a total of 106 strikes resulting in 24,892 man-days lost in 2017; this is the lowest over the past 5 years. The intensity of these strikes has been significantly reduced when compared to 2016 where 44,472 man-days were lost across the industry.

Cane harvesters accounted for a total of 83 strikes with 18,496 man-days lost at (78.2 % and 74.3% respectively)

The comparative analysis of strikes from 2012 – 2017 are as follows:

Year	2012	2013	2014	2015	2016	2017
Work Stoppages	203	233	194	193	148	106
Mandays Loss	50,230	38,121	32,064	70,129	44,472	24,892
Wages Loss (G\$M)	117.5	104.5	96.3	181.5	116.2	66.4

13.2 Production incentives

A total of 12 tax free days' pay were awarded to qualified employees as Weekly Production Incentive (WPI) across the industry, comprising 1 and 11 days for the 1st and 2nd crop respectively. When compared to 2016, employees benefited from 22 WPI, with 7 in the 1st crop and 15 in the 2nd crop. These data strongly informed on the estates' failure to work towards achieving their respective weekly production targets.

13.3 GuySuCo/GAWU Annual Production Incentives (API) Negotiations 2017.

The GAWU had submitted its proposal for API on October 23, 2017, proposing a payment of one day's pay (API) for every 25,000 tonnes of sugar produced. The parties met on December 28, 2017, where the Corporation informed the Union's delegation of its inability to award any API for 2017. It was agreed that the parties met an impasse at the bilateral level and the Union applied to the Ministry of Social Protection, Department of Labour for its conciliatory services.

The parties met at conciliation under the auspices of the Department of Labour on January 18 and 25, 2017, after presentations from both parties who remained steadfast in their positions as stated at the bilateral level, the conciliator informed the parties that they have reached an impasse and the matter was declared deadlocked.

13.4 Estates Closure and Employees Redundancies

The Corporations Officers met with each employee in the presence of the Unions Officers from GAWU and NAACIE to advise the employees on their services being terminated due to redundancy. The number of Field and Factory type and Junior Staff employees severed in 2017 are listed below.

Estates	Field and Factory type Employees	Junior Staff	Total
Skeldon	1,568	132	1,700
Rose Hall	708	73	781
East Demerara	1,258	123	1,381
Wales	304	19	323
Total	3,838	347	4,185

MARKETING

European Union Market

BULK RAWS

The Guyana Sugar Corporation Inc.'s sugar exports to the European Union (E.U) benefit from duty free access. Bulk sugars to the E.U have been exported to Tate and Lyle Sugars. With the reform of the EU sugar regime where beet producers are not limited by the amount they can produce and export, the price obtained from Tate & Lyle for raw sugar purchased from the Corporation is more World Market related. As a result the Corporation suffered a sharp decline in income derived from the sugar it sold into the EU. During 2017, a total of 69,959 tonnes of raw sugar was exported to the United Kingdom at an average price of US\$384.42/Metric Tonne..

USA

Pursuant to its obligations under the World Trade Organization the United States of America (USA) granted to Guyana a duty free tariff rate quota of 12,636 metric tonne of raw value sugar for Financial Year 2018 (1 October 2017 – 30 September 2018). The Industry also benefitted from a waiver by the United States Department of Agriculture to deliver additional increases of sugar from Fiscal Year 2017 in Fiscal Year 2018. This amounted to 5,408 MT raw sugar which was delivered.

As such, in year 2016 the Corporation was able to export to the USA 17,808 metric tonnes of raw sugar at an average price of US\$510.83/MT. All sugars exported to the USA in 2017 were in raw bulk form.

CARICOM AND REGIONAL TRADE

The inevitable erosion of the traditional trade preferences in Europe and the reform of the EU sugar regime, the Corporation has heightened its effort to focus on meeting the needs of the markets within the Caribbean. Being a part of the regional trade block Caribbean Community (CARICOM) the Corporation is able to trade its sugars without restrictions inside the block. In 2017 the Corporation supplied 17,320 tonnes of bagged sugars to member states. The countries supplied were namely: Trinidad, Suriname, St Lucia, Dominica, Grenada, Antigua, Nevis and St Vincent.

There however, was a slight increase over 2016 in the supply of packaged sugar to the CARICOM market. The packaged sugar supplied to CARICOM in 2017 amounted to 2,900 tonnes. The Corporation experienced increased competition from other sugar producing countries within Caricom in the sales of its bagged and packaged sugar. Other sugar producing countries within Caricom experienced similar difficulties as the Corporation for the price of sugar sold to the EU. As a result, those sugar producing countries competed with Guyana for sales of bagged and packaged sugar into the Caricom countries. In the past Guyana was almost exclusively supplying brown sugar to Caricom countries.

The sachet market has become competitive regionally and in 2017 the Corporation's sales of this packaged size were minimal.

LOCAL MARKET

The sales performance of sugar on the local market continues to be dominated by the sale of bagged sugars. In 2017 the Corporation sold 18,986 tonnes of bagged sugars as opposed to 17,282 tonnes in 2016. The sale of packaged sugar in 2017 was 3,751 tonnes compared to 4,101 tonnes in 2016. Totals sales to the local market amounted to 22,737 tonnes. All sugars disposed on the local market were sold to wholesalers, bakeries, food processors, supermarkets and our distributors.

CUSTOMER SERVICE

The Marketing Department has continued to function in line with the Quality Management System of ISO 9001 with great emphasis on customer satisfaction. Research activities continue to assist the Corporation improving on its products and services which are an integral element of the department's work.

INFORMATION SYSTEMS

The predominant activity for the Information Systems Department, ISD, during the year 2017 was relocating its operation from Camp Street, Georgetown to the LBI Estate Compound. The Camp Street office served as the central hub through which the majority of inter-estate and inter-location telephony, emails, data exchange, and other such electronic communication were channelled. It also housed most of the business software used within GuySuCo. Therefore, apart from moving office, the relocation involved the delicate task of moving a data centre and effecting a major restructuring of the telecommunication infrastructure across GuySuCo. Thanks to the competence and commitment of staff, all of these were achieved with no adverse effect and minimal inconvenience to our system users.

The department is now settled in its new office and is in the final stages of updating and validating its operations procedures, disaster avoidance measures and disaster recovery procedures, in line with the new reality.

Notwithstanding the extensive effort directed at the relocation, the department continued its drive to improve the efficiency of business processes, through the combination of appropriate and contextualised information systems, and business processes redesign. In this regard, during 2017, ISD implemented: Oracle's "Cash Management" module – a module within the Oracle E-Business Suite software used in GuySuCo - to aid in treasury management; an in-house redesigned application to improve the process of requisitioning spares and materials from estate's stores; and extensions to our payroll and HR system to improve the management of annual leave, leave passage assistance payment and to automate the transfer of employment cost to our financial software.

In addition, by the end of the year, considerable progress was made on development of a Factory Information System that would improve the capturing, reporting, storage and analysis of the factories' operations data, and monitoring of operation parameters. Similarly, the year ended with development work in progress on a mobile data collection solution that would bring comparable benefits to agriculture management. The mobile solution will also combine with our proposed Agriculture Management System, and the Factory Information System to significantly automate – and reduce the cost of - the payment process for agriculture workers.

ISD gives equal importance to enhancing the use of existing business systems. In this regard, there were over ten training sessions for system users across the corporation, focusing mainly on better use of existing business software to improve: inventory management, the tracking and accounting for punts, and payroll processes. Regarding the last of these, ISD also drove an exercise to harmonise GuySuCo's and the National Insurance Scheme's record for GuySuCo employees, with the view of enabling electronic submission of NIS returns in the near future.

The departments strive to enhance business processes and the timely availability of quality information for decision making is complemented by a similar motivation for operational excellence within ISD. This includes efforts to ensure that: the supporting technologies exhibit the requisite level of availability, performance and security; the department's operation is based on a customer oriented approach; operations costs are minimised; and the maintenance of a highly skilled and engaged work team. Accordingly, in 2017 the department continued to place emphasis on operations monitoring, incident response and resolution times, change management, staff development and knowledge sharing among others. The result is that the department has maintained outstanding performances in most target areas. Nonetheless, the department readily acknowledges the need for continuous improvement to align its operations with international best practices.

The achievements of 2017 highlighted and the numerous smaller achievements not mentioned herein were attained with limited and constricting resources. This bears testament to the commitment and technical competence of the department's staff to ensure that the department play its part in reviving the company.

REPORT OF THE DIRECTORS

For the year ended 31st December, 2017

The Directors of the Guyana Sugar Corporation Inc. present their report together with the audited financial statements for the year ended 31st December, 2017.

Principal Activity

The principal activity of the Corporation is the growing of sugar cane and the manufacture and sale of sugar and molasses from that cane.

Results and Dividends

The financial results of the Corporation are set out on pages

In accordance with the policy of the Corporation for many years, no dividends are declared or payable.

Directors

The names of the Directors are set out on page 5. All the Directors are non-executive.

None of the Directors during the year had any material interest in any contract which is of significance in relation to the business of the Corporation.

Directors' remuneration is set out in note to the Financial Statements.

Corporate Governance

The Board believes that its primary function is to generate sustainable wealth for the shareholder as the key stakeholder in the business. The Guyana Sugar Corporation Inc. recognises the importance and is committed to high standards of corporate governance. This report by the Directors covers the key elements regarding the application by the Corporation of the principles of corporate governance.

(a) The Board:

The Board comprises of seven non-executive Directors (including the Chairman) and one executive Director (the Chief Executive). The Board considers that each Director is able to bring independent judgment to the Corporation's affairs in all matters. The Board meets not less than ten times a year and has adopted a schedule of matters reserved for its decision. It is responsible for the strategic direction of the Corporation and receives information about the progress of the Corporation and its financial position each month. This information, together with papers required for each Board meeting, is circulated in a timely manner before each meeting.

The Board has established the Central Tender Committee which evaluates all tenders for the supply of materials and services above predetermined levels.

(b) Internal Control:

The Board is responsible for the Corporation's system of internal control and for reviewing its effectiveness which is designed to provide reasonable (but not absolute) assurance regarding the

safeguarding of assets against unauthorised use, the maintenance of proper accounting records and the reliability of the financial information used within the Corporation.

The framework of the Corporation's system of internal control includes:

- an organisational structure with clearly defined lines of responsibility and delegation of authority;
- documented policies, procedures, and authorisation limits for all transactions including capital expenditure;
- a comprehensive system of financial reporting. The Board approves the annual budget and actual results are reported against budget each month. Any significant adverse variance is examined and remedial action taken. Revised profit forecasts for the year are prepared on a quarterly basis;
- an internal audit function

The system of internal control is designed to manage rather than eliminate risk as no system of control can provide absolute protection against loss.

The Directors are of the opinion, based on information and explanations given by management and the internal auditors, and on comment by the independent auditors on the results of their audit, that the Corporation's internal accounting controls are adequate and that the financial records may reasonably be relied upon for preparing the financial statements and for maintaining accountability for assets and liabilities.

Employees

Staff development and training are provided at all levels and emphasis is placed on both technical and personal development.

GuySuCo is committed to equality of opportunity amongst its employees.

Recruitment, terms of service and career development are based solely on ability and performance.

Pensions

The Corporation's senior staff Pension Scheme is established under an irrevocable trust. The Pension Scheme Management Committee includes employee representatives. The Scheme is managed by Professionals. Both the Committee and the Managers are required to act at all times in accordance with the rules of the Scheme and to have regard to the best interests of the members of the Scheme. The Management Committee controls the investment funds, which are managed by external fund managers. GuySuCo is committed to ensuring that the Scheme is administered in accordance with the highest standards. In addition to the senior staff pension scheme the Corporation pays an ex-gratia pension to those unionized workers who satisfy the qualification criteria for a pension. This scheme is unfunded.

Material events after year-end

National Industrial & Commercial Investments Limited and the Special Purpose Unit have been entrusted by Cabinet via Cabinet Decision Amend A – CP (2017) 5:4: O at the end of December 2017, to arrange and conduct the privatization and divestment of the former estates of the Guyana Sugar Corporation Ltd (GUYSUCO) which includes Skeldon, Rose Hall, Enmore and Wales Estates. Wales Estate ceased sugar production on December 31, 2016 while Skeldon, Rose Hall and Enmore Estates ceased sugar production on December 31, 2017.

Additionally, by virtue of Guyana Sugar Corporation Incorporated (Transfer of Property) Order No. 45 of 2017, and subsequent Instrument of Transfer of January 12, 2018, GUYSUICO is now a wholly owned subsidiary of NICIL.

Sugar production will continue at Albion/Port Mourant, Blairmont and Uitvlugt Estates.

Auditors

The Auditor General has audited the Financial Statements. For the financial years 1995 to 1998, inclusive, this activity was sub-contracted to Deloitte and Touche; for the financial years 1999 to 2003 this activity was sub-contracted to Ram and McRae; for the financial years 2004 to 2010 this activity was subcontracted to TSD Lal & Co; for the financial years 2011 to 2016 Parmesar Chartered Accountants were the sub-contracted auditors; for the financial year 2017, Ram and McRae, Chartered Accountants were the sub-contracted auditors.

By order of the Board
Frederick Singh
Company Secretary
Registered Office
Ogle Estate
East Coast Demerara

AUDITOR'S REPORT

To be inserted when audit is completed

AUDITED FINANCIALS

To be inserted when audit is completed