

**Minister Broderick's Presentation
to the
2009-2010 Sectoral Debate**

INTRODUCTION

1. Mr. Speaker, you will recall that when I spoke last year, it was with great optimism in respect to positive developments within the minerals industry, especially the Bauxite and Alumina Sector. At that time hardly anyone envisaged that the world would be ravaged by one of the worst recessions ever. History has repeated itself. Once more, ALPART has been forced to close as well as WINDALCO plants at Kirkvine and Ewarton. This has created severe hardship on the workers in the industry and the host communities.

Mr. Speaker, the fallout in the industry has created a huge gap in our national revenues, moving from annual gross earnings for the 2008/09 financial year of US\$1.3 billion to the projected level of US\$370 million for 2009/10. The recession has heightened the concern that we have had over several decades to find solutions to improve rural life. It is in this regard that the Ministry of Energy and Mining is now seeking to explore avenues for delivering hope to people in the affected rural townships. One such avenue is the productive use of rehabilitated lands for agriculture, housing and other township development initiatives. Mr. Speaker, the latest available information is that as at June 30, 2009, we possess approximately 5514.65 hectares of certified rehabilitated lands (pit area), primarily located in Manchester and St. Ann.

Mr. Speaker, the Ministry of Energy and Mining is extremely mindful that rural poverty in Jamaica remains high. The World Bank's chief representative in Jamaica, Dr. Badrul Haque, reported to this Honourable House on Tuesday, July 7, 2009, that *a sharp decline in national poverty levels in Jamaica over the last*

20 years has failed to trickle down to the rural poor. This, Mr. Speaker, is of great consternation to the nation. In this vein, over the past year we at the Ministry have been seeking to identify the status of mined out bauxite lands that have been rehabilitated for development purposes. As the most Hon. Minister Robertson stated in his presentation to Parliament several days ago, *"restored mined-out lands can be utilized for various purposes other than for agricultural/pastoral activities. These include housing, recreational areas and industrial development."*

2. The **National Development Plan: Vision 2030 Jamaica**, mandates the Government to make sequential land use a priority and to integrate the development of mineral resources with overall land use planning, and national development. There is an attendant focus on the promotion of food security through a diversified range of agricultural activities including higher value-added production.

Mr. Speaker, the global economic downturn notwithstanding, creative minds have been at work to identify opportunities for more productive use of mined-out lands. I now turn to an examination of some of these.

AGRICULTURE

3. Mr. Speaker, mined-out lands have been traditionally used for agricultural purposes. St. Ann Bauxite Limited (SABL), ALPART and WINDACO are continuing their vibrant agricultural programmes, with more than 3000 hectares under tenant farming programmes producing an annual yield in excess of 700,000 pounds (lbs), and crops cultivated include cauliflower, cabbage, pumpkin, sweet pepper, sweet potato and cassava. These programmes are supported by RADA, CARDI and the Jamaica Bauxite Institute's (JBI) Bauxite Community Development Programme (BCDP).

4. BCDP activities are central to achieving our objectives regarding the productive use of mined-out lands by funding crop and livestock programmes and promoting appropriate technologies and practices, and planting materials suited to mined-out lands. Mr. Speaker, the Essex Valley Crop Production Project Phase I in St. Elizabeth is an example of a successful BCDP agriculture project on mined out lands. This project has so far involved some 250 small farmers and has generated some \$6 million in earnings. Similar projects have included the Mocho Crop Production Project and the Walkerswood Pepper Project.

5. In furtherance of integrated governance, and in keeping with the Ministry of Agriculture's promotion of greenhouse technology, the BCDP is implementing greenhouse projects at Haddon and Burnt Ground in St. Ann. These projects are being implemented in collaboration with the Christiana Potato Growers Association, RADA and US (Jamaica) Farms Limited. These projects are to be expanded and replicated in other mined-out areas.

Mr. Speaker, there are those who criticize the "craters" that have been left behind after bauxite mining. However, current practice has demonstrated that with proper planning, rehabilitation of mined out areas has been successful and the lands are utilized to the benefit of the citizens.

Mr. Speaker, *Jamaica has one of the best records for rehabilitation of mined lands in the world. The establishment of forest, the growing of vegetables and ground provisions, and the rearing of various forms of livestock on mined lands that have been rehabilitated have been some of the successful attempts directed by the Government through several of the bauxite alumina companies to repair the environment.* In fact, countries like Brazil, India and Suriname continue to look to Jamaica as a leader in reclamation and rehabilitation of mined-out lands. While we are honoured that this is the case, we continue to seek to improve our land rehabilitation standards.

6. Mr. Speaker, I have consistently said that the country needs to move beyond the mere rehabilitation process. We must hasten to integrate the lands and infrastructure such as wells, haul roads and buildings created by the mining companies into the local and national development planning process. Some early examples of this include the Melrose Hill Bypass, from just outside Porus to the Williamsfield Roundabout in Manchester, and the St. Jago Well, which supplies potable water to communities in Harmons Valley, South Manchester.

HOUSING AND OTHER TOWNSHIP DEVELOPMENT

7. Traditionally the bauxite and alumina companies have been using mined-out lands to provide resettlement lots, worker housing and community facilities. More recently, mined-out lands have been transferred from the companies to the Commissioner of Lands and these lands will be made available to both the Government and private developers to assist in meeting the national housing demand.

8. Mr. Speaker, the bauxite companies have been involved in resettlement on rehabilitated lands.

WINDALCO and before that, ALCAN, developed several hectares of mined-out land for resettlement and worker housing subdivisions in Manchester and St. Ann. These include:

- Russell Place Meadows and Russell Place Gardens in Manchester
- Unity Valley/Happy Content in St. Ann.

9. Similarly, ALPART has resettled persons on mined out lands at Montpellier, New Wales, New Buildings, Knockpatrick, Morelands and Newark in Manchester and St. Elizabeth.

Significantly, 30 per cent of the recently rehabilitated lands at St. Ann Bauxite Limited have been used for resettlement at:

- Hyde Park
- Hawkhurst
- Friendship
- Rosetta

10. In keeping with Government's policy of sequential land use, approximately 1263 hectares of mined-out lands near Mandeville have been transferred to the Commissioner of Lands. This could facilitate the expansion of the town and create opportunities for housing development in areas such as New Hall, Barossa, Mt. Nelson and Albion.

THE NORTH COAST

11. Mr. Speaker, let us look at the North Coast. It should be noted that hotels rim the entire North Coast and there is the urgent demand for approximately 30,000 worker-housing units from Ocho Rios to Montego Bay. Some of this demand can be met by using mined-out lands located in sections of St. Ann such as Hopewell, Bridegwater and Berrydale.

12. Mr. Speaker, crisis notwithstanding, creative minds will be able to devise meaningful opportunities for employment generation. We must now develop a comprehensive township development plan and this can be facilitated by the Bauxite Land Management Committee, which will bring together all the agencies that are relevant to the planning and development process. These agencies include the Forestry Department, Ministry of Water and Housing, Ministry of Agriculture and Fisheries, Ministry of Transport and Works, the National Land Agency, NEPA, the local parish councils and other relevant planning authorities.

13. **It is in this spirit that the Ministry of Energy and Mining is seeking to interest the other relevant ministries and agencies to facilitate the development of rural townships centred on rehabilitated mined out lands.** We are presently contemplating a pilot project taking into account the existing and new infrastructure, e.g., the rapidly growing north coast and St. Elizabeth in the south. Mr. Speaker, what is it that makes these areas attractive? Both areas are rapid growth areas for residential development, tourism, industry and agriculture.

MAKING LAND AVAILABLE TO DISPLACED BAUXITE WORKERS

14. We are confident that in speeding up the development of mined-out lands as well as making lands available to displaced bauxite workers we would be offering new opportunities to Jamaicans who have been denied access to lands. Mr. Speaker, sometimes it takes critical situations, as we are now experiencing, to lead us to a well needed adjustment in our living arrangements, and that Mr. Speaker is land reform.

UC RUSAL AND THE BAUXITE AND ALUMINA SECTOR

15. Mr. Speaker, it is of note to address the concerns expressed by our colleague on the other side, representative for south Manchester in raising a number of pertinent issues in his contribution to this Honourable House chief of which relate to proper plant closure, the dominant role of UC Rusal in the Bauxite and Alumina Sector and its on-going financial difficulties. The fact is that the Honourable Prime Minister mandated that this process be closely monitored. Consequently, a multi-agency task force comprising the Ministry of Energy and Mining, including its Mines and Geology Division and the Jamaica Bauxite Institute (JBI); the Cabinet Office (NEPA); Water Resources Authority (WRA); and the National Lands Agency (NLA), has been established to monitor the critical aspects of the shut down process and the possible impacts. The areas being monitored include plant mothballing of the plants, environmental

management, land rehabilitation, maintenance procedures, safety, land and reserve management, employee interests, industrial relations, and community outreach programmes. This Joint Bauxite Monitoring Task Force has been working since May in close collaboration with the bauxite and alumina companies to ensure compliance with the agreed monitoring regime.

16. Mr. Speaker, in my presentation to this Honourable House last year I noted that UC Rusal accounted for 52 per cent of the country's alumina production, which represented 23 per cent of the alumina in the UC Rusal production system. Therefore, the issue of UC Rusal's viability becomes one of serious concern to us. Through diplomatic channels and at various meetings with UC Rusal representatives, we have sought to obtain from them a clear indication of their intention to remain in Jamaica. Despite the present difficulties related to the global downturn in the aluminum industry and their own financial difficulties, UC Rusal has unequivocally asserted that they intend to remain in Jamaica for the long haul. They have to date successfully negotiated debt rescheduling arrangements with a consortium of Russian and Western Banks in the sum of US \$11.9 billion out of a total debt of US \$14.5 billion.

17. Mr. Speaker, we have been assured that the company is trying its best to resolve its debt situation in a manner that will ensure its long-term future and involve little or no disposal of existing assets. In other words, the indications from the company are that there should be no fire sale of assets of which we could be the victims.

18. Mr. Speaker, while UC Rusal is taking the necessary steps to ensure its survival, be reminded that within existing agreements with the Government of Jamaica, we continue to review our options with a view to ensuring that our interests and those of the workers in the Bauxite and Alumina Sector and the host communities are secured.

POSITIONING FOR RECOVERY

19. The Bauxite and Alumina Sector is endowed with significant investment in plant, infrastructure, substantial reserves and high-quality human capital. This is a solid platform for further developing the sector to realize the goals set out in the National Development Plan: Vision 2030 Jamaica in respect of the Minerals Industry.

20. Mr. Speaker, the current severe economic downturn has provided a wake-up call to the Bauxite and Alumina Sector to devise the requisite strategies and make the necessary investment to renew its international competitiveness. Principal to this task is the question of energy efficiency in a manner that is consistent with the global trend towards the reduction of green house gas emissions. In this regard, the Minister in his presentation reaffirmed the Government's position towards diversifying the fuel mix with a focus on cleaner burning and more energy efficient fuels, in particular liquefied natural gas.

21. Mr. Speaker, this vision is currently being operationalized through the Ministry's LNG Project Team, and as it relates to the Bauxite and Alumina Sector, through the Bauxite and Alumina Sector Recovery Task Force established by Cabinet and chaired by Dr. Carlton Davis.

22. The Bauxite and Alumina Sector has over the years made significant investment in training. The very commendable partnership between Jamalco and the HEART Trust/NTA at Breadnut Valley in Clarendon is such an example. However, Mr. Speaker, it is with regret and a degree of consternation that we note the closure of this valuable facility that was intended to certify some of the sector's existing artisans and provide cutting edge capabilities to potentially new recruits for the larger expansion at JAMALCO. Regrettably Mr. Speaker, the failure to source natural gas caused this expansion to be placed on the back-burner. Initiatives are now in train to remedy this situation and possibly inject

new life into the expansion. Mr. Speaker, should our efforts prove successful in this regard additional skilled artisans will be needed. As such, it could become necessary to revive the Breadnut Valley training model. By extension, it could serve as a valuable training system for upgrading the human capital of our fledgling Industrial Minerals Sector as we attempt to foster synergies between the Bauxite and Alumina Sector and the Industrial Minerals Sector. I shall be elaborating on these synergies later in this presentation.

23. Mr. Speaker, there is still hope for the southern corridor. JAMALCO has demonstrated that proper planning, a clear vision and investing in the future provide a basis for transcending formidable economic challenges. Mr. Speaker the Ministry of Energy and Mining would like to publicly congratulate JAMALCO in recently concluding expansion of its Residue Disposal System (RDA 5). This US \$60 million project, Mr. Speaker deserves high commendation on two levels; firstly, it was completed below estimated cost and secondly, it was done entirely by local contractors, including KML Trucking, Jamaica Wells, Geotech Exploration, Jamaica Pre-Mix, Cari-Pro Construction, Power Services Company and A&M Haulage. In fact, Mr. Speaker, these contractors were primarily from May Pen and adjoining areas. This, Mr. Speaker, also tells me that the skills acquired by the workers in the industry should be utilized in new industries as we seek to develop alternatives.

The market downturn notwithstanding, the company continues to achieve new production records and improve its position on the global cost curve. This has persuaded Alcoa to seriously consider reviving plans for the larger expansion.

24. Mr. Speaker, it is recognized that each company has its own peculiarities and so, the Government through the Bauxite and Alumina Industry Recovery Taskforce is working closely with each company to identify strategies for renewing its competitiveness. The reduction in energy usage and improvement in

efficiencies of the refineries must be at the forefront of the mandate of the Taskforce. The response to date has been collaborative and helpful.

FOSTERING SYNERGIES WITHIN THE MINERALS INDUSTRY

25. Mr. Speaker, while our Minerals Industry is dominated by the Bauxite and Alumina Sector, we need to ensure that emerging segments such as the Industrial Minerals Sector and the Precious Metals Sector are nurtured and positioned for growth. Last year I indicated that we need to look at the industry as a whole, not as constituent parts. As such Mr. Speaker, I am happy to announce that the Ministry of Energy and Mining is promoting synergies between the different segments of the Minerals Industry. This is necessary to build a strong, integrated and profitable industry that contributes to national sustainable development. Additionally, this approach is a necessary strategy in positioning the industry for the rebound.

26. Mr. Speaker, clear areas of synergy between different segments of the Minerals Industry exist. These include:

- i. Promoting value chain progression throughout the industry. This means greater focus on the production of value-added products, which brings increased financial value to the companies and to the country.
- ii. Developing cost efficient energy solutions and energy efficient plants and machinery throughout the industry.
- iii. Facilitating arrangements between the Industrial Minerals Sector and the Bauxite and Alumina Operators for access to port, loading and rail facilities owned by the Bauxite and Alumina Sector.

- iv. Ensuring an increased content of local commodities (goods and services) is utilized by the Bauxite and Alumina Sector. This includes ensuring that all Industrial Minerals Sector products such as lime and cement, which are used in the Bauxite and Alumina Sector, are produced by local companies.
- v. Promoting international best practices in mission critical operational areas, including occupational health and safety; land rehabilitation; technical capabilities upgrading; improved productivity, industrial relations and human capital development.

CONCLUSION

27. Mr. Speaker, I have examined numerous issues. And as such, in closing I must reiterate the necessity of sequential land use planning to the viability of the minerals industry and to national development with emphasis on rural poverty alleviation. We must ensure that rehabilitated lands form the nucleus for the development of new townships, the creation of new jobs, increased agricultural production and increased industry activity. Additionally, Mr. Speaker, the ongoing downturn in the global bauxite and alumina industry provides an opportunity to integrate the Bauxite and Alumina and the Industrial Minerals sectors. We must all promote and insist on ensuring that we exploit the synergies that exist between these segments of the minerals industry in the quest to produce and process ever-increasing volumes of value-added products.

Thank you.