

## **MINISTRY PAPER 59 /2014**

### **Report on the Achievements of the Sugar Transformation Unit (STU), Ministry of Agriculture and Fisheries**

#### **1.0 Purpose**

The matter for tabling is a report on the budget priorities, objectives and achievements of the Sugar Transformation Unit of the Ministry of Agriculture and Fisheries for Financial Year 2013/14.

#### **2.0 Background**

2.1 In 2003, Brazil, Thailand and Australia submitted a complaint to the World Trade Organization (WTO) that challenged the legality of subsidies applied to European Community sugar. Arising from the WTO's ruling in favor of the three countries, the European Union (EU) agreed to a programme of reforms to its sugar regime which resulted in a reduction of 36% in the guaranteed price paid for sugar exported by ACP countries to the EU.

2.2 Following a number of studies and a wide stakeholder consultation process in 2005, the Government of Jamaica (GOJ) developed "The Jamaica Country Strategy for the Adaptation of the Sugar Industry: 2006-2015" in order to deal with the impact of the reform. The strategic objectives were to:

- Develop a Sustainable Private Sector-Led Sugar Cane Industry;
- Strengthen the Economic Diversification, Social Resilience and Environmental Sustainability of Sugar-Dependent Areas; and
- Maintain Progress toward Macro-Economic Goals.

2.3 In support of the implementation of the GOJ's Sugar Adaptation Strategy, the EU allocated 146,578,514.63 Euro to Jamaica over the period 2006 to 2013 under the Accompanying Measures for Sugar Programme (AMSP). Having regard to the high standard of public sector financial management in Jamaica, the EU agreed to use the Budget Support modality to deliver assistance to the implementation of the GOJ's Sugar Adaptation Strategy.

2.4 In July 2007, the Sugar Transformation Unit (STU) was established within the Ministry of Agriculture and Fisheries (MOAF) to oversee the effective implementation of the GOJ's Sugar Adaptation Strategy.

2.5 In 2009, in response to the global financial crisis and the delays encountered in completing the privatization of the five (5) public-sector sugar estates, the GOJ revised its Sugar Adaptation Strategy, extending the timeframe for implementation from 2015 to 2020.

### **3.0 The STU's Budget Priorities and Achievements for FY 2013/14**

Consistent with its Revised Sugar Adaptation Strategy and the Sugar Area Development Programme, the Sugar Transformation Unit's priority objectives and achievements for FY 2013/14 were as follows:

#### **3.1 Objective 1 : Sugar Cane Sector Recovery**

##### **3.1.1 Cane Roads Rehabilitation Project:**

The Cane Roads Rehabilitation Project involves the rehabilitation of over 44 KM of cane roads in 7 Sugar Dependent Areas at a cost of \$404.0M. The objective of this project is to improve the efficiency of transportation of sugar cane from farm to factory. The roads rehabilitated under the STU Cane Roads Rehabilitation Project are set out in Table 1 below.

Table1: Shortlist of Cane Roads Re-Habilitated by the Sugar Transformation Unit

#	#	Sugar Dependent Area	Name of Road	Status
1	A1	<b>Appleton</b>	Maggie Off Road	complete
2			Bogue to Elim Road	complete
8	F1	<b>Frome</b>	Mint Road-Mount Eagle	complete
10	F3		Black Ants – Hertford	complete
11	F4		Llandillo glaze Norton	complete
13	F6		Fish River Road	complete
14		<b>Long Pond</b>		
15	LP 2		Hampden Land road	incomplete
19			Duncans to Clarks Town	incomplete
		<b>Bernard Lodge</b>		
20	BL1		Hillrun Road	complete
21	BL2		Hartlands Road	complete
		<b>Monymusk</b>		
38			Ramble Crossing to Osbourne Store	complete
39			New Yarmouth to Rowington Crossing	complete
40				
		<b>St. Thomas</b>		
41	ST1		Old Pera – New Pera Road	complete
46			Hampton Court to Cross Road Airy Mount	complete
		<b>Worthy Park</b>		
48	WP2		Lluidas Vale – Juan De Bolas	complete
49	WP3		Crofts Hill Main – Pond via Corner	complete
50	WP4		Crofts Hill via Ludlow	complete
51	WP5		Kellits Main – Sevens Ground	complete

### 3.1.2 Cane Expansion Fund

The Cane Expansion Fund (CEF) established at the Sugar Industry Authority (SIA) and funded by the Ministry of Agriculture and Fisheries supports improvements in productivity and efficiency in the sugar cane sector through the provision of concessionary loans and grants. To date MOAF has injected a total of J\$1.77 B into the Cane Expansion Fund.

Since inception in 2008, the CEF has approved some 11,826 hectares of cane for planting and replanting; loans to purchase 14 tractors, 5 ploughs, 2 boom sprayers and 5 cane loaders have been disbursed. Please refer to Table 2 below.

Table 2: Cane Expansion Fund: Performance between 2008 and 2013

#	Year	Number of loan applications approved	Hectares approved	Hectares planted (actual)
1	2008	295	n/a	1047
2	2009	195	1060	831
3	2010	233	1267	667
4	2011	307	2253	1621
5	2012	842	4685	1917
6	2013	503	3346	2025*
<b>8</b>	<b>TOTAL</b>	<b>2339</b>	<b>12,611</b>	<b>8,108</b>

\*Estimate

As at 19<sup>th</sup> February 2014, the CEF has disbursed \$1.6 Billion in loans and grants.

### 3.1.3 Regional Drainage Project

The Regional Drainage Project involves the use of contractors to clean over 49.0 KM of regional drains in Westmoreland and St. Thomas. Drainage works in Westmoreland have been completed. Works in St. Thomas commenced in July 2013. Project completion was delayed because of the hurricane season to April 2014.

### 3.1.4 Support to Review of the Institutional and Regulatory Arrangements in the Sugar Sector

#### I. Sugar Industry Commission of Enquiry

As part of the process of creating an enabling environment for the sugar cane industry, GOJ announced in February 2010 the establishment of a Sugar Industry Commission of Enquiry to review the current regulatory, institutional, cane pricing and sugar marketing arrangements in the local sugar industry.

The Commission submitted its report to the Governor General on 28<sup>th</sup> September 2010. Cabinet, by Decision No. 11/11 dated 7<sup>th</sup> March 2011 approved the Recommendations of the Wint Commission for implementation. In respect of the those Recommendations related to the Regulatory framework of the sugar cane sector, the Sugar Transformation Unit of the Ministry of Agriculture and Fisheries has been charged to oversee implementation. Accordingly, a contract in the amount of J\$8.0M was signed with PriceWaterhouseCoopers to conduct an operational audit of the Sugar Industry Authority (SIA) and the Sugar Industry Research Institute (SIRI), as well as to review the Sugar Industry Control Act.

PWC's Final Report was submitted on 22<sup>nd</sup> February 2013. After a series of discussions with key stakeholders, a submission was made to Cabinet in January 2014 requesting approval to implement the recommendations of PriceWaterhouseCoopers. The Cabinet, by Decision No. 9/14 dated 24 March 2014 approved the recommendations to restructure the SIA/SIRI for implementation.

## **3.2 Objective 2 : Sugar Dependent Area Development**

### 3.2.1 Sugar Estate Barracks Relocation Project

The Sugar Barracks Relocation Project entails the resettlement of some 876 residents of Sugar Barracks at 7 Relocation sites at an estimated cost of J\$2.4 billion dollars. The status of implementation as at February 28, 2014 is detailed in Table 3 below.

Table 3: Sugar Barracks Resettlement Project

#	Relocation Site	No. of residents to be settled	No. of housing solutions	Status of Implementation
1	Springfield, Clarendon	209	88	Contract for construction of houses awarded to Chin's Construction Company Ltd. Contract sum: \$275.4M
2	Masemure, Westmoreland	32	22	22 houses substantially completed. Contract sum: \$71.6M
3	Shrewsbury, Westmoreland	33	17	17 of 17 houses completed. Contract sum: \$50.1M
4	Barham, Westmoreland	19	6	6 of 6 houses completed. Contract sum: \$20.0M
5	Spicy Hill, Trelawney	97	39	39 houses practically completed. Contract sum: \$156.0M
6	Hampton Court, St. Thomas	184	80	Contract for construction of houses awarded to Chin's Construction company Ltd. Contract sum: \$284.8M
7	Stokes Hall (Golden Grove), St. Thomas	302	145	Contract for construction of houses awarded to Chin's Construction company Ltd. Contract sum: \$491.3M
	<b>TOTAL</b>	<b>876</b>	<b>397</b>	

### 3.2.2 Improvement to Sports Facilities in Sugar Dependent Areas (SDAs)

Over the FY 2013/14 an estimated \$116.0 M was spent to rehabilitate sixteen (16) sports facilities in seven (7) Sugar Dependent Parishes.

### 3.2.3 Financial Support to the Establishment of Agro-Parks in Sugar Dependent Areas

The STU provided financial support in the amount of \$285.0M to Agro-Investment Corporation Limited (AIC) to establish three (3) Agro-Parks, namely Plantain Garden River (PGR), Amity Hall and Ebony Park. The AIC has legal possession 1,400 acres of land at Ebony Park in

Clarendon, on which the Ebony Park Ago-Park has been established, as well as 2,100 acres of land at Amity Hall in St. Catherine upon which the Amity hall Agro-Park has been established.

### 3.2.4 Development of Social and Economic Infrastructure in Sugar Dependent Areas

To date the MOAF has approved grants totaling over J\$1,505.0M to support improvements to some 87 projects, mainly schools and clinics in SDAs. The distribution of approved projects is outlined in Table 4 below.

Table 4: Approved Social, Economic and Infrastructure Projects for Sugar Dependent Communities

#	Sugar Dependent Area	Total Value of Grants, J\$'M
1	Appleton	115.0
2	Bernard Lodge	159.0
3	Frome	298
4	Long Pond	236
5	Monymusk	389
6	St. Thomas	175
7	Worthy Park	63
8	Other	70
	<b>TOTAL</b>	<b>1,505</b>

---

**Roger Clarke**  
**Minister of Agriculture and Fisheries**  
**16 April 2014**