

3.0 Review of Labour Laws

3.1 The necessity to review the labour laws

3.1.1 The current labour laws governing the sugar industry date back to the period when the industry was main employer and Mauritius and enjoyed preferential treatment and privileges under the Sugar Protocol through guaranteed market access and prices for its sugar exports to the EU. The Sugar Protocol has been abolished for almost a decade now and it is no longer sustainable to maintain the same labour and social regulatory framework while all the privileges have been completely eroded.

3.1.2 The JTC unanimously recognises that the existing labour laws governing the sugarcane industry have to be revisited as a matter of priority as labour costs have surged over the past years to such an extent, i.e. by more than 60% over the past 8 years that they are putting into jeopardy the future of the whole industry. Meanwhile the price of sugar has dropped by nearly 40% over the past 5 years from Rs 17,573 / t sugar to Rs 11,000 / t sugar in 2017. Under these conditions, the status quo is not an option and would nullify the whole structural reform and other key measures that are presently being considered to ensure the economic viability of the sector.

3.1.3 Currently, labour costs represent around 60% of the industry's operational costs and, under the existing legislations, they are bound to increase further in the coming years irrespective of the market conditions and profitability of the activity. As stated earlier, one of the objectives of the structural reform is to reduce drastically the production costs so that the viability price is also brought down in line with the sugar prices and other revenues and help the industry to be competitive in an open market. In case the inflexible labour laws are not adequately addressed, then it is to be expected that the viability price will continue to rise in future and this will lead inexorably to the demise of the sector.

3.1.4 The review of the labour laws will provide an opportunity to correct a number of anomalies that impede seriously the industry from competing on a level playing field with other sectors of the economy. Most of the anomalies originated mostly from the time of the Sugar Protocol, for example:

- Double payment of annual wage compensation;
- Sugar companies have been contributing to the Workfare Programme since its inception but are governed by the SIE Act (VRS/ERS) when it comes to reduction of workforce for economic reasons;
- Sugar companies pay a higher rate of pension contribution (10.5%) to the National Pension Fund as opposed to other employers (6%); and