

- Employment of seasonal labour is heavily restricted in view of the rigidities of the SIE Act/Employment Rights Act.

3.1.5 For the period 2018 to 2022, 3% increase brought about by the yearly Additional Remuneration Acts would represent an overall compounded increase of 16% in the labour cost, which would represent an unsustainable burden for the industry. This calls for realistic wage and salary increases as well as means to reduce the labour force.

3.1.6 All being equal, it is felt that the labour costs have to be reduced by at least 40% in order to provide the required breathing space to the industry to adapt to the new market conditions. The 40% reduction in labour costs would translate into a significant drop of the viability price by an estimated amount of Rs 2,000 / t sugar across the whole industry, subject to the implementation of all the proposed measures. In other words, the viability price could decrease by around 12% to settle to some Rs 15,000 per tonne of sugar as compared to Rs 17,000 for crop 2017.

3.1.7 Furthermore, to address the issue of scarcity of labour faced by most groups of producers, notwithstanding that a policy decision has already been adopted by Government in respect of employment of foreign labour, the JTC would like to recommend, however, that the procedures be streamlined so that job contractors may readily extend their services to planters according to their specific needs all year round.

3.1.8 The prompt implementation of the recommendations of the JTC on labour would result into the following:

- (i) Integrate the sugarcane sector into the mainstream economy by creating a level playing field for all sectors;
- (ii) The industry would have the opportunity to further reduce its labour force by approximately 30% and to move a step further in achieving better economic efficiency;
- (iii) The viability price of the industry would be brought down by 12%; and
- (iv) Coupled with the revenue generated measures, the industry would have the muscles to remain a competitive and reliable supplier of sugar on the world market.

3.1.9 While recognizing the sensitive nature of the proposals, the JTC would, however, like to emphasize that time is of essence and the outcome of the whole structural reform will depend entirely on the decision of our policy makers. Should this issue be set aside as was the case in the implementation of the MAAS Action Plan (2006-2015) and the LMC Report (2015), then it is feared that all the benefits that would be generated in terms of revenue addition would be completely negated by the continued rise in labour costs resulting into a failure of the sugar reform.