

II. Reduction of Labour Force

3.2.2.1 Up to now, sugar companies have been able to reduce significantly their excessive labour force owing to the introduction of special schemes, namely the Voluntary Retirement Schemes (VRS), Early Retirement Schemes (ERS) and the Blue Print on Centralization of Milling Activities. The main feature of these schemes is that the main costs of implementation were funded by EU Accompanying Measures and any cost incurred directly by sugar companies was recouped through land conversion rights.

3.2.2.2 As at now, against the backdrop of declining sugar prices and revenues, some companies have to take additional measures including the further reduction of their workforce in order to remain in business.

3.2.2.3 Although all the sugar companies contribute to the Workfare Programme (WP) just like any other enterprise in Mauritius, yet they may be denied to make use of the WP in view of the coexistence of the VRS in the SIE Act and the Blue Print on centralisation of sugar factories.

III. Employment of Seasonal Labour

3.2.3.1 In order for the local industry to reduce significantly its production costs and improve its competitiveness in the export markets, it is crucial to revisit the law governing employment of seasonal labour and to have a level playing field for all sectors of the economy which compete for the same resources.

3.2.3.2 The Employment Rights Act is the primary legislation regulating minimum rights for all sectors of activity. Part VII which relates solely to the Sugar Industry and is imposing a limit on the number of workers an employer can recruit, i.e. preventing employers from employing the number of workers they require, especially during crop season, is an anomaly which should be removed.

IV. Lack of Coherence in Wage Mechanism System

3.2.4.1 The present wage determination mechanism in the sugar sector is characterized by a four layer system as follows:

- (i) Remuneration Orders issued by the National Remuneration Board (NRB);
- (ii) Collective Bargaining between the employer and trade unions leading to the signing of a collective agreement governing terms and conditions of employment specific to employees forming part of the bargaining unit as defined in legislation;
- (iii) Annual Salary Compensation granted by Government under the