

17.3 It is to be noted that the producers are still to pay normal price for diesel at the pump and the fund accumulated be made available by Government to the producers through the Mauritius Sugar Syndicate.

17.4 The JTC recommends that the excise duty and VAT paid by the sugar sector be refunded in order to decrease the cost of production. This is equivalent to **Rs 420/t sugar** which will be distributed equally to all producers and millers.

18.0 Review of the operations of the MCIA

18.1 The cess has been an important instrument used for the funding of the operation of service providing institutions to the sugarcane industry. Prior to 19 March 2011, i.e. before the promulgation of the MCIA Act and up to the coming into operation of the MCIA, the funding of the six Service Providing Institutions (SPIs) namely:

- (i) Cane Planters Millers Arbitration and Control Board;
- (ii) Farmers Service Corporation;
- (iii) Mauritius Sugar Authority;
- (iv) Mauritius Sugar Industry Research Institute;
- (v) Mauritius Sugar Terminal Corporation; and
- (vi) Sugar Planters Mechanical Corporation,

was each met from the cess plus other revenues derived from their respective activities. The total cess requirement of the six SPIs constituted the global cess and this was raised by the ex-MSA following approval of MoAIFS. With the coming into operation of the MCIA and the merging of the activities of the ex-SPIs, there is only one institution and the expenditure of all the departments and units operating within the MCIA are funded through the cess raised by the MCIA plus revenue derived by the MCIA from its operations and provision of services to the sugar producers' community.

18.2 The reduction of the Global Cess has been a major concern with the falling profitability of the sugar industry and presently the industry is operating at a price which is well below the viability price. The issue was clearly indicated in the MAAS and then initially introduced in the ERCP of 13 August 2010, namely;

- (i) The reduction of cess is to commence "*at latest by October 2010*";
- (ii) The reduction will be equivalent to an increase in the revenue of planters of "*Rs 450 per tonne this year and Rs 600 per tonne as from 2011*";
- (iii) In 2012 and subsequent years, the Global Cess will "*not exceed 4 percent of the ex-MSS price*".

18.3 The above measures were translated into legal provisions through amendment brought to the Ex-Mauritius Sugar Authority Act by introducing relevant