

FULL AND MORE ELABORATE PRESENTATION OF THE PROPOSED MEASURES

1.0 The Joint Technical Committee has identified three major components which will act as game changers in bringing the necessary structural reforms and support measures will ensure the long term viability and sustainability of the industry. The game changers are:

- Firstly, the **Energy component** that would provide the means to increase producers' revenue;
- Secondly, the **review of the Labour laws** that would enable the industry to significantly reduce its production cost and, more importantly, the viability price of producers, which would require urgent adjustments downwards in the context of lower sugar prices; and
- Thirdly, a number of **other supportive measures**, some of which could be implemented immediately while others would require some more time before finalization, that would also be crucial for the industry in its quest to meet concurrently the set objectives of increasing revenue and reducing operational costs.

The three components are categorised into two structural reforms – Energy and Labour laws – and supportive measures.

A. STUCTURAL MEASURES

2.0 Energy Component.

2.1 Better remuneration for Bagasse

2.1.1 The main game changer will need to come from firstly, a more appropriate remuneration for bagasse which reflects the economic value of the commodity. Bagasse represents currently 16% of the energy mix production and is a reliable source of renewable energy. Considering that the Sugar Cane Sustainability Fund covered crop 2015 to 2017, the JTC has had to identify other sustainable sources of funding in its recommendations. With the implementation of the new proposed Alteo Power Plant, the production of electricity from bagasse and for supply to the national grid is expected to increase from 350GWh to 440GWh which will be a major step in the context of Government objective for renewable energy to attain 35% of the country's total energy utilisation by year 2025.

2.1.2 A decline in sugarcane production will have a direct bearing on the energy mix of the Central Electricity Board. Should the cane industry disappear completely, this