maintain the same labour and social regulatory framework while all the privileges have been completely eroded.

4.5.2 The JTC unanimously recognises that the current 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 in 2012 to Rs 11,000 in 2017. Under these conditions, the status quo is not an option and would nullify the whole structural reforms and other key measures that are presently being considered to ensure the economic viability of the sector.

4.5.3 Currently, labour represents 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 market conditions and the 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 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 inexorably lead to the demise of the sector.

4.5.4 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
- Employment of seasonal labour is heavily restricted in view of the rigidities of the SIE Act/Employment Rights Act.

4.5.5 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.