

Debate No. 11

Private Notice Questions - 03 June 2003

SUGAR INDUSTRY – FIVE DAYS 40-HOUR WEEK, CONDITIONS ETC

The Leader of the Opposition (Dr. N. Ramgoolam) (*By Private Notice*) asked the Minister of Agriculture, Food Technology & Natural Resources whether, following the recent restructuring in the sugar industry and the recent incentives and support afforded to its corporate sector and to ensure equity and fairness to all partners of the industry, he will –

- ensure that the five days forty-hour week be extended to the crop season;
- ensure that the workers' demand for improved conditions is satisfied; and
- state what action he will take to ensure harmony and stability within the sector.

Mr P. Jugnauth: Mr Speaker, Sir, on 16 May 2003, the Permanent Arbitration Tribunal delivered its final award with respect to the various points of dispute referred to it by the Ministry of Labour & Industrial Relations, following an industrial dispute between the MSPA and some trade unions of the Sugar Industry. The award relates to changes in conditions of service of both agricultural and non-agricultural workers.

The dispute, which was originally submitted, related to three major issues namely –

- increase in wages of agricultural and non-agricultural workers;
- application of the 40-hour week in the sugar industry; and
- changes in conditions of service of employees of the sugar industry.

The MSPA has appealed to the Supreme Court for a stay of execution, which has been granted on 26 May. The MSPA has also appealed for a judicial review of the award. It is, therefore, not in order for Government to envisage, at this stage, any initiative regarding the implementation of the award.

I wish to draw the attention of the hon. Leader of the Opposition that the Tribunal has awarded for the application of the 40-hour week over a period of six days.

With regard to part (b) of the question, the Tribunal has awarded an improvement in a range of benefits covered by the Remuneration Orders and the *Protocole d'Accord*. The Tribunal has also awarded for the introduction of new benefits not previously covered by the Remuneration Orders and the *Protocole d'Accord*. Given that the MSPA has requested for a judicial review of these issues, it is premature for Government to envisage any action at this point in time.

With regard to part (c) of the question, since I took office as Minister responsible for Agriculture, I have taken a number of initiatives to ensure the stability of the industry and a constant improvement in harmonious relationship between the different stakeholders of the industry. Amongst the various policy measures, I wish to highlight the following –

Prior to the publication of the Sugar Sector Strategic Plan, my Ministry held wide ranging consultations with both the representatives of employers, employees and planters. In the course of this exercise, I had the opportunity to make an assessment of the real problems

which each of the key players of the industry were facing and I also took note of the proposals made by each of them.

One of the key recommendations the SSSP was the application of the Voluntary Retirement Scheme of the sugar industry employees which has proved to be beneficial to both employers and employees. It should be noted that the VRS rests on the basic principle that although it reflects a win-win situation, it is a scheme that has not been imposed on any partner of the industry.

I have personally taken the initiative to visit all sugar estates to meet all employees, employers and planters with a view to explaining to them the benefits of the scheme. As a result of these visits, I can assure the House that the Scheme met with an overwhelming success.

Let me remind the House that the SSSP has provided *inter alia* for the lowering of the optional retirement age from 58 to 55 for male agricultural workers and from 55 to 50 for female agricultural workers, the payment of basic retirement pension to 58 for male agricultural workers and 55 for female agricultural workers, training for the existing workforce, etc. All these measures are meant to ensure harmonious industrial relations, and go in line with the longstanding claims made by the Trade Unions of the Sugar Industry.

The hon. Leader of the Opposition will appreciate we live in a democratic country which is governed by the rule of law and as such Government does not have any alternative than to wait for the judgement of the Supreme Court.

Dr. Ramgoolam: Mr Speaker, Sir, I understand what the hon. Minister of Agriculture is saying, but he must be aware that this is a long standing dispute and that the corporate sector is using all sorts of delaying tactics for some time. In fact, if I may remind him, the dispute was referred to the Permanent Arbitration Tribunal in 1998 and this has been going on and on. In the meantime, does he not agree that there is nothing that prevents Government from legislating apart from the fact that there is judicial review?

Mr P. Jugnauth: Let me repeat again, Mr Speaker, Sir, throughout all this while there have been a number of cases before different instances of our Judiciary. The case has been lodged before a tribunal, there has been a case before the Supreme Court and now there is, first of all, an injunction which has been granted although there was an interim order for the stay of the execution of the final award of the tribunal; and there has been also a request for judicial review of all the measures contained in the award. As a respectful Government, we have to wait for the judgment of the Supreme Court.

Dr. Ramgoolam: I understand what the hon. Minister is saying, but there is nothing that prevents Government from legislating....

(Interruptions)

This has happened in 1995 as he must understand. Can I ask him what is preventing Government from legislating as the PAT has already given its final award?

Mr P. Jugnauth: Of course, in 1995, I must say that circumstances were not similar as they are today....

(Interruptions)

This Opposition....

Mr Speaker: Order, please! No comments. I do not want any comments.

Mr P. Jugnauth: Mr Speaker, Sir, since I listened to the comment made by

(Interruptions)

Mr Speaker: Order, please!

Mr P. Jugnauth: ... a former Minister of Agriculture from a sitting position, let me say that as far as Rose Belle was concerned, we have no lesson to take ...

(Interruptions)

Mr Speaker: Order! Hon. Boolell. I have not called you to take the floor.

(Interruptions)

Mr Speaker: Order, please. *(Interruptions)*

Mr P. Jugnauth: I can understand.

Mr Speaker: Hon. Boolell, I am reminding you that I have not called you to take the floor. You have no right to talk from a sitting position.

(Interruptions)

Dr. Boolell: I bow to your ruling.

Mr P. Jugnauth: Sir, I can understand the reaction of the Opposition, particularly the recent former Minister of Agriculture who has failed terribly and has even taken the workers of the sugar industry for a ride. Let me say - and this is a fact - that if the Members of the Opposition have been consistent with themselves when the former Minister of Agriculture with the former Prime Minister had applied the 40-hour week at Rose Belle Sugar Estate, on the eve of the general election, why did they not extend it to the whole of the sugar industry?

(Interruptions)

Mr Speaker: Order! Order, please!

Mr P. Jugnauth: They could well have legislated as they are saying today and yet we know, Sir, in what circumstances this was done. We know in what circumstances the former Minister of Agriculture wanted to save his seat in the constituency of Rose Belle and took a decision just for Rose Belle and has also taken Rose Belle into bankruptcy. This is all what this Opposition is interested in.

(Interruptions)

Mr Speaker: Order, please!

Mr P. Jugnauth: I feel it is more appropriate to wait for the judgment of the Supreme Court to react.

Dr. Ramgoolam: Mr Speaker, Sir, the Minister is asking us to wait for the judgment, but we know that this has started since 1998. In the past the now Deputy Prime Minister who was then Leader of the Opposition has made vigorous attempts to ask Government to try to send the message that this should be settled quickly. Would he take the same view?

Mr P. Jugnauth: The hon. Leader of the Opposition is saying that this started in 1998, but up to September 2000 who was in power? Who was Prime Minister of this country? Who was Minister of Agriculture? At that time they did not hear the call of the workers, they were deaf and now they are going to teach us a lesson requesting this Government that we should take a political decision! Unfortunately, I must say that I am very sad to see the attitude of this Opposition and I repeat again that we will have to wait for the judgment of the Supreme Court before this Government can react.

Dr. Ramgoolam: I have to remind the hon. Minister to look at his dossier properly as the dispute was referred to the PAT in 1998, not awarded in 1998! Can I ask him whether he would follow what the now Deputy Prime Minister who was then the Leader of the Opposition did when he twice asked Government to intervene so that this could be taken quickly? Would he do the same thing?

Mr P. Jugnauth: I have already replied to this question, Sir.

Dr. Ramgoolam: Mr Speaker, Sir, the hon. Minister is trying to use the same delaying tactics that the MSPA used again on the back of the workers who have worked as beasts of burden in this country, who have made people prosper in this country. This is the delaying tactic that is being used. Can I ask him on a different aspect? Two years ago I asked him whether he could give the House roughly the annual savings made by the Voluntary Retirement Scheme. He answered that "it was too early, it is not possible at this point in time, *à ce stade*." Therefore, can I ask him now, two years later, whether he can tell us what is the total annual saving by the VRS?

Mr P. Jugnauth: Mr Speaker, Sir, what this Government is concerned is that we save the Sugar Industry from a certain death as a result of the irresponsibility, of the incompetence ...

(Interruptions)

Mr Speaker: Order!

Mr P. Jugnauth: ... and the lack of action that should have been taken by the former Government.

(Interruptions)

I have got no lesson to take from a hon. Member ...

(Interruptions)

Mr Speaker: Order, please! Hon Boolell!

Mr P. Jugnauth: ... who is not aware of what changes are occurring on the international scene. I am sorry to say this. The purpose of the restructuring of the sugar industry was, in fact, to address the urgent need of seeing that this industry does not go to bankruptcy, because we all know that at the level of the international scene, there are a number of changes that have started to occur and are occurring. We have, at the level of WTO, very difficult negotiations going on in agriculture whereby preferences are being pressurized and there are a number of countries that want to get rid of preferences. And this is a direct threat, of course, to our guaranteed market for our sugar with the European Union.

There are also cases of Australia, Brazil and Thailand where they have, in fact, requested ...

(Interruptions)

Mr Speaker: Order!

Mr P. Jugnauth: ...for consultations and it is unfortunate to say that these countries are not satisfied with these consultations that have been held recently and they are, in fact, contemplating of going before a panel and that again we know how it might be vital for our protocol. There is the mid-term review of the EU sugar regime and there are also the EPA negotiations which are very difficult.

As far as all these changes are concerned, as a responsible Government, we had no other choice. In fact, the former Minister of Agriculture himself had published, in 1997, a document, the blueprint, which he has conveniently forgotten, I am sure. But the

provisions of the blueprint say, at the very first paragraph, that reforms in the sugar industry are urgent and this is what this Government has done. One of the measures of the Strategic Plan is the VRS and I know how this Opposition, particularly the Leader of the Opposition, had objected, in fact, had contested and said that there was no need for any reform of the sugar industry. There was no need for a VRS and had gone so far...

Dr. Ramgoolam: He is misleading Parliament! You are a liar!

(Interruptions)

Mr Speaker: Order!

Mr P. Jugnauth: ...as treating the workers of the sugar industry as "bourrique". This is what he said in Parliament and I leave it to his responsibility.

(Interruptions)

Mr Dulloo: Perhaps the hon. Minister is not aware. May I ask him a question whether from the figures of the MSPA itself, the average earning of a worker of the sugar industry is Rs100,000 per year and that 10,000 workers have lost their job under the VRS, leading to a reduction of workforce of 10,000. That would mean Rs1 billion per year savings being made by the sugar industry under the VRS. Is he aware of this?

Mr P. Jugnauth: Let me repeat that there was a need to restructure the sugar industry in order that it is, at least, profitable, it is kept viable for the long term. And there are a number of measures that we have taken. One of them is the VRS. Definitely, there is going to be some saving, but I still feel that we have a number of measures to take as contained in the Sugar Sector Strategic Plan and this is a 5-year plan. At the end of the day, our objective is to render the sugar industry viable and profitable.

Dr. Ramgoolam: Can I ask the hon. Minister whether he will confirm, therefore, that a sum of Rs1 billion of savings has been made on the VRS?

Mr P. Jugnauth: The leader of the Opposition seems to forget that the provision of the VRS in itself has cost the sugar industry billions of rupees.

(Interruptions)

Mr Speaker: Order! Hon. Dulloo, please! Let the hon. Minister reply!

(Interruptions)

Mr P. Jugnauth: Mr Speaker, Sir, I don't understand the attitude of a long standing Member who cannot even listen to the reply that I am making. What I am saying is that the sugar industry has had to dish out billions of rupees also, because the VRS provides that a monetary compensation be given to each worker who agrees to take the Voluntary Retirement Scheme and a plot of land be given to each employee. And further it is not only a plot of land, but it is a plot of land with all the necessary infrastructures, that is, electricity, water, road, drains and everything. And this, of course, incurs considerable investment and expenses on the part of the sugar industry. This, unfortunately, the hon. Leader of the Opposition fails to appreciate.

Mr Dulloo: May I ask the hon. Minister whether he is aware that the figure suggested by the MSPA is that the VRS will cost them about Rs2.3 billion for implementation? And that the savings are Rs1 billion per annum under the VRS and that now that the Sugar Industry Efficiency Act has passed as presented by the Minister himself, it will generate a revenue of Rs2.5 billions to the MSPA. Is he aware that this alone will be able to cover the cost of implementing the VRS from the revenue under the Sugar Industry Efficiency Act? And that now with the reduced rate of interest, the cost of implementing the VRS from the loan taken by the MSPA, the cost of servicing of the loan

will, therefore, be reduced with the recent reduction in the rate of interest. Is he aware of this?

Mr P. Jugnauth: I must say that some of the figures mentioned by the hon. Member are not correct.

(Interruptions)

Mr Speaker: Order, please!

Mr P. Jugnauth: We are monitoring the situation. We are compiling the figures as far as the VRS is concerned and I must say we cannot have final figures as far as the whole of the cost implementation of the VRS is concerned. Therefore, there is no doubt that on both sides there is on the one hand, expenses on the part of the sugar industry, but with the view that later on there is going to be saving. This is the whole purpose of the restructuring process. Otherwise, there would have been no need for any restructuring process. The VRS is not yet over. In time to come, we will be able to assess and give final figures.

Mr Dulloo: May I ask the hon. Minister which figure he is saying is wrong? Is it the figure of Rs2.3 billion as suggested by the MSPA, the loan that has been taken by them, or the revenue that would be generated under the incentives and support given under the Sugar Industry Efficiency Act? Which of the figures I have quoted are wrong? Is it the reduced rate of interest? May I know which one is wrong? Because I am quoting from official documents.

Mr P. Jugnauth: Well, I am informed that, because the law is still applicable, and there could also be other applications that we can receive, the VRS has cost, up to now, Rs1.8 billion in terms of expenses and there is also land given to the 8,000 workers.

(Interruptions)

Mr Speaker: Order, please!

Mr P. Jugnauth: 8,000 workers, whom I must say, have already taken the Voluntary Retirement Scheme (VRS).

Dr. Ramgoolam: We have now heard how much the figures quoted by hon. M. Dulloo and which are official figures. Let us forget the VRS for a moment. He, himself, in 2001, in answer to a question I put to him, he said "there was also to be taken into account the substantial drop of the euro, which accounts for the near totality of export proceeds, which has aggravated the situation". Since that question was asked, the euro, in fact, has reversed its trend and has been constantly appreciating. Is the hon. Minister aware of this fact?

Mr P. Jugnauth: Of course, I am aware of the changes in the exchange rate.

(Interruptions)

Mr Speaker: Order!

Mr P. Jugnauth: But, I must say that if the hon. Leader of the Opposition had read the Sugar Sector Strategic Plan carefully, he would have seen that there is a measure for review at a point in time. Of course, we are going to review the whole situation in due course. If there is any need to amend, or to take new measures, of course, we will do so.

Dr. Ramgoolam: I just want to remind the hon. Minister that the euro at that time was Rs18 and today it is Rs32.76. So, you can see the windfall gains...

(Interruptions)

If you know that, you should know also that the corporate sector is, again, making massive profit. So, is he aware of the windfall gain that is also occurring apart from the VRS? He has quoted lesser figures, I don't know whether hon. Dulloo has noted. His figures, in fact, make the profit even bigger. Can I ask the hon. Minister whether he is aware of the change in that massive windfall gain from the euro?

Mr P. Jugnauth: I am aware of the exchange rate, Mr Speaker, Sir. But, as I have just said, there is a provision in the plan for review and, of course, as things are dynamic in the world we are living, we'll have to review the whole situation. And, of course, in the light of our review, then whatever measures, we think fit to be taken, will be taken.

Dr. Boolell: Mr Speaker, Sir, listening to the Minister, it seems that workers do not have rights and the corporate sector does not have any obligation towards the workers. Is the Minister aware that since 1987, there has been a downsizing in the sector, with the result that from 1988 up to now, the workforce has been reduced by 30,000, entailing a huge saving; that whenever, there is VRS and centralisation, the cost is recouped by the corporate sector. Not only that, they have been allowed to hit a jackpot on Illovo, Mr Speaker, Sir!

(Interruptions)

Not only that! They are allowed to sell 12,000 arpents of land, which they would recoup at handsome profit!

(Interruptions)

Mr Speaker: Order! Order! Hon. Dr. Boolell! You have put a question, listen to the reply, please.

Dr. Boolell: Yes, I am putting the question. But, Mr Speaker, Sir, I have not finished my question....

(Interruptions)

Mr Speaker: Hon. Dr. Boolell, resume your seat please! Now the hon. Member has to listen to the reply.

Dr. Boolell: In the light of all these incentives....

Mr Speaker: You are making a speech, hon. Dr. Boolell!

Dr. Boolell: In the light of all these....

Mr Speaker: Can you take your seat? You are making a speech.

(Interruptions) Order!

Mr P. Jugnauth: The sugar industry cannot be viewed in isolation. The sugar industry has to be viewed in relation to what is happening on the international scene. Practically, our total export of sugar is to the EU. We have a guaranteed price, with protected access and, if anyone of these changes, then we have to see to it that we can survive here. And, this is what is happening. I repeat again, because I haven't heard anything from the Opposition, as far as changes on the international scene are concerned.

(Interruptions)

Mr Speaker: Order!

Mr P. Jugnauth: They are only looking at the sugar industry as if it exists in isolation. As far as our exports are concerned, of course, we depend on the European Union. I repeat: any changes occurring either there, or at the level of the World Trade Organisation, has a direct impact on our sugar industry.

Perhaps I would urge the hon. Member that he should also, in the course of discussions, bear in mind that we are being threatened, as I have just said, with discussions at the level of WTO on agriculture. There are cases of Brazil, Thailand and Australia where they are attacking directly the preferences that we obtain from the EU, and there are the negotiations going on right now on the New Economic Partnership Agreement. And we all know how difficult these negotiations are. It is unfortunate to say that there are some countries, which really want to get rid of the Protocol. Together with my colleague, the hon. Minister Cuttaree, we have to fight very hard at the level of the negotiations of the EPA in order to safeguard our interest.

Mr Dulloo: By what the hon. Minister has said, he is putting at risk our interest at the international level already. He has challenged us about this question of international scene. May I lay on the Table of the Assembly, a document giving our interpretation of what is happening on the international scene - time not permitting?

May I ask the hon. Minister whether he is aware that, according to the figures of the MSPA, the implementation of the 40-hour week, would cost, for the agricultural workers Rs200 m., for the non-agricultural workers, Rs55 m., whereas the Union's figure is as follows -

Agricultural workers - Rs171 m.

Non-agricultural workers - Rs47 m.

So, whereas the MSPA is saying Rs255 m., the Union is saying Rs218 m. Therefore, may I ask the hon. Minister whether, by implementing the VRS, with the depreciation of the rupee vis-à-vis the euro now - because the *écu* when it was put *at par* with the euro in 1990, it was Rs18, today, the euro is Rs32,75 - in view of all the supports given, especially centralisation where the MSPA has been saying that, as from 2000, the benefits from centralisation, would start to be reaped. May I therefore ask him, in the light of all the savings and all the revenues being generated, whether now the MSPA has not got more than enough in order to meet the small sum of Rs218 m., whereas they are making profits of billions of rupees in the light of the recent restructuration of the sugar industry?

Mr P. Jugnauth: As to the first part of the question - if it is a question - whereby the hon. Member has laid on the Table their views on the changes on the international scene. It reminded me of how the former Prime Minister had made a blunder when he said that the sugar Protocol will come to an end, "*...arrive à expiration en 2001*".

(Interruptions)

This shows the lack of knowledge, the ignorance of the Opposition! And, it was the same hon. Member, M. Dulloo, who reminded the former Prime Minister that "you are very mistaken on this matter" and had, in fact, explained to the Leader of the Opposition about the sugar Protocol.

(Interruptions)

As to the second part of the question, I have read the evidence, which was adduced before the tribunal. Everything that the hon. Member has said has been adduced except for that part which talks about the exchange rate. The matter will be reviewed by the Supreme Court and it will be for the competent court to take a decision. I have just said, and I repeat, we will, of course, look at the judgement of the Supreme Court and eventually we will take any action we deem fit.

Mr Dulloo: Can I ask the

Mr Speaker: Time is up.

Dr. Ramgoolam: I have another supplementary question.

Mr Speaker: I may allow one supplementary question to the Leader of the Opposition.

Dr. Ramgoolam: If the hon. Minister remembers, in Parliament there were two contradictory statements. One from hon. Minister Soodhun who said - 'it is not the policy of Government to implement the 40-hour week'; while the hon. Minister said - 'it is malicious to infer that I am against the implementation of 40-hour week'. Which is which?

Mr P. Jugnauth: I am not aware to what statement the hon. Leader of the Opposition is referring.

Dr. Ramgoolam: Mr Speaker, can I...

Mr Speaker: I am sorry, hon. Leader of the Opposition, I gave you permission for one last supplementary question. We are already beyond the time allocated.

Dr. Ramgoolam: I did not know that the hon. Minister was going to mislead us again, Mr Speaker.