

PARLIAMENTARY QUESTION NO B/581

B/581
(27.05.08)

The Honourable Second Member for Savanne and Black River
(Mrs Hanoomanjee)

To ask Dr the Honourable Minister of Agro Industry and Fisheries:

Whether, in regard to the centralisation of the sugar estates and the closure of the Mon Loisir Sugar Estate, he will state (a) if he has received the recommendations of the Cane Planters and Millers Arbitration Control Board in connection with the allocation of canes to the other factories and if so, give details thereof and (b) if any agreement has been reached as to when the workers will benefit from the Blueprint?

REPLY

Mr Speaker Sir,

Factory closure in the context of centralisation of sugar estates is normally authorised subject to a number of conditions being fulfilled, the most important of which are optimisation of spare capacity and the minimisation of transport costs. For the closure of Mon Loisir Sugar Estate, the Cane Planters and Millers Arbitration Board and the Mauritius Sugar Authority have taken all these aspects into consideration when working out the allocation of canes of Mon Loisir factory area to FUEL and Belle Vue Milling Company.

2. As the Honourable Member is aware, the closure of Mon Loisir is a long outstanding matter and has been going on since 2003 when the first request for closure was made. However, in 2003, the operators of this sugar factory indicated that they were withdrawing their request. On 21

April 2004, the Chief Executive of FUEL, applied on behalf of Société Usinière de Mon Loisir Ltée for the closure at the end of the 2004 crop of the Mon Loisir sugar factory.

3. That application was not entertained by the then Government as a global approach for the sugar industry was envisaged in the context of events unfolding on the international scene. In fact, the former Government had proposed to come up with a plan for the centralisation of the sugar estates to optimize spare capacity and minimize transport costs. In such a scenario, the request for the closure of Mon Loisir on a stand alone basis was not considered to be in the national interest.

4. Following that decision, the Mauritius Sugar Authority (MSA) was requested to consult the MSPA to come up with proposals that would enable centralisation to be viewed from a perspective of optimizing spare capacity and minimizing transport costs.

5. In January 2006, the MSPA submitted an update to the MSA which *inter alia* provided the following valuable information:

1. “FUEL Sugar Milling Co Ltd, Deep River Beau Champ Milling Co Ltd and Mon Desert Alma Sugar Milling Co. Ltd have

agreed, in principle, to the setting up of a regional sugar milling société to regroup their existing mills and to proceed with the application for the immediate closure of one mill, with closure of a second planned as soon as reduced cane volumes warrant this closure;”

2. “Belle Vue Milling Co. Ltd and FUEL Sugar Milling Co. Ltd have agreed that a volume of canes be redirected from the Mon Loisir factory to Belle Vue Milling Co as soon as Mon Loisir’s closure was approved. This agreement was conditional on realization of the regional sugar milling société”.

6. In October 2006, Compagnie Usinière de Mon Loisir submitted another application for factory closure on the specific condition that at least 150,000 to 160,000 tons of cane from Mon Loisir factory area, grown by the Sociétés owned by FUEL, be transferred to FUEL factory and that a satisfactory arrangement be concluded between Belle Vue Milling Company and FUEL for the balance of the canes of the Mon Loisir factory area.

7. In March 2007, Government approved, in principle, the factory closure subject to the company complying with the conditions imposed under Section 24(5)(a) of the Cane Planters and Millers Arbitration and Control Board Act. One of the conditions of closure provides that the canes from the factory area of Mon Loisir should be redirected as may be agreed between millers having an interest in receipt of such canes of Mon Loisir factory area and approved by the Cane Planters and Millers Arbitration and Control Board.

8. The MSA was requested to monitor the compliance of all the conditions imposed and had, in this connection, numerous meetings with the parties concerned at both technical and managerial level. However, in the absence of any agreement amongst the millers having an interest in the receipt of canes of Mon Loisir and given the mandatory date of 31 March 2008, the MSA decided to undertake an independent assessment in accordance with paragraph 31 of the Blue Print, Section 4 of the MSA Act. On the basis of this assessment and taking also into consideration that FUEL would receive cane from Mon Desert Alma factory area following the closure of that factory, the MSA, in consultation with the Control Board, had made the following recommendations:

(i) FUEL to receive 270,000 tons of cane from Mon Desert Alma and 50,000 tons of cane from Mon Loisir; and

(ii) Belle Vue to receive 300,000 tons of cane from Mon Loisir.

9. Moreover, it is relevant to point out that with the future closure of Deep River Beau Champ sugar factory, FUEL will receive an additional quantity of around 700,000 tons of canes for crushing which will allow it to operate at optimum capacity.

10. On 31 March 2008, Government had agreed to the redirection of canes from Mon Loisir factory area as recommended by the MSA and final approval for the closure of Mon Loisir Sugar Factory was conveyed on the same date.

11. FUEL has not signified its acceptance of the conditions of the closure, the main bone of contention being the sharing of canes with Belle Vue Milling Company in the absence of a commercial agreement. Given the commitment of Government vis-à-vis European Union regarding the centralisation of sugar estates in the context of the sugar sector reform, I have strongly impressed upon FUEL and Belle Vue to conclude the deal as early as possible. I have now been advised by the

two companies that a constructive dialogue has been engaged and discussions are ongoing with a view to reaching an agreement by the start of the crop in late June/early July 2008.

12. Regarding part (b), I wish to inform the House that several working sessions have been held between the MSA, the sugar factory and representatives of workers regarding the package to be offered under the Blue Print in terms of cash and land compensation. This exercise has been completed and agreement has been reached with regard to the sites for land compensation. These sites are La Clemence, Gokhoola and Poudre d'Or Hamlet. However, the workers will be able to benefit from the Blue Print Package only when the parties concerned, namely FUEL and Belle Vue, would have reached an agreement regarding cane allocation. In the meantime, they will continue to be in employment and will receive their pay package normally. I would like to point out that the effective date for the payment of cash compensation and land allocation is 21 April 2004. I wish to re-assure all the workers concerned including those who had retired after April 2004 that they will obtain all the benefits they are entitled to under the Blue Print.