

TEA BOARD

ANNUAL REPORT 2009

Summary

1. The Tea Board was established under the Tea Industry Control Act 1975 to replace the Tea Control Board, established under Ordinance 29 of 1959 which by proclamation came into force in February 1960.
2. The objects of the Board are to promote and encourage co-operation, education, research and development in relation to the production and marketing of tea; to regulate and control the activities of the tea industry; to arbitrate disputes between persons engaged in or connected with the tea industry and to assist a planter to diversify to other agricultural activities.
3. The Board met twelve times during the year.
4. The annual turnover of the Tea Industry in Mauritius is around Rs 231million. The industry contributes to the livelihood of some 1 500 families.
5. The area cultivated under tea was 718 hectares. An overall decrease of around 3 hectares was noted.
6. The climate in the tea belt was not favourable for optimal green leaf production during the year, due to heavy rain and inadequate sunshine.
7. There was a decrease of 11.6% in green leaf production compared to 2008. The decrease in tea manufactured was 11.2%.
8. An increase of 3.3% was noted in the sales of tea for local consumption during the year.
9. A higher percentage of BMF was noted because of the poor standard of green leaf received at the factories.
10. The new system of green leaf price determination operated smoothly and enabled a partial payment of the final price in August and the payment of the final price in December, 2009.
11. I extend my thanks to the Chairperson, members and staff of the Board, and all stakeholders of the Tea Industry for the guidance and support during the year.

November, 2010

A SEEPERGAUTH
General Manager

1. TEA PLANTATIONS

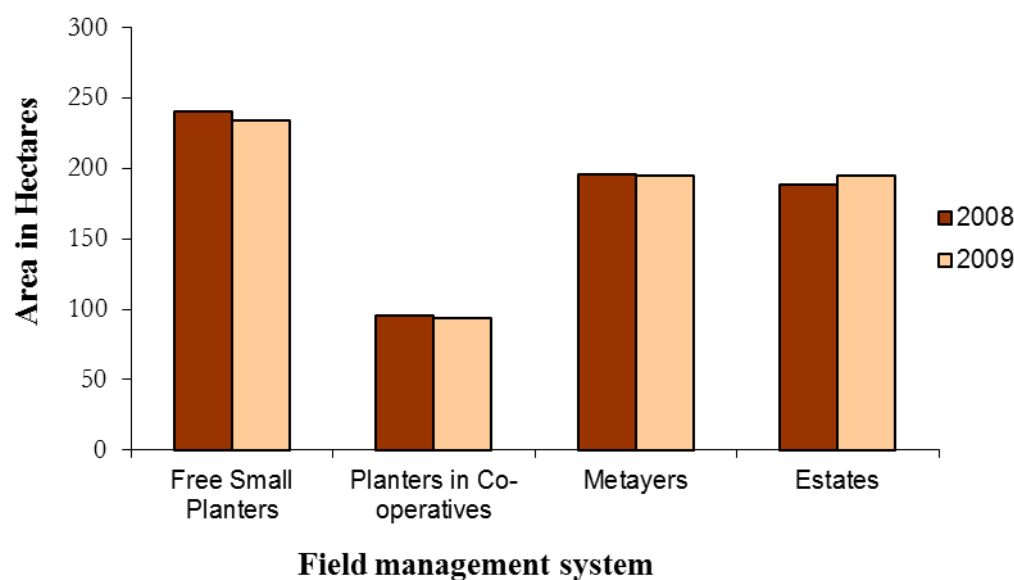
- 1.1 1 423 planters were licensed to cultivate an aggregate area of 717.91 hectares in the year 2009. The planters were grouped under four identifiable field management systems. The number of planters operating under each system in 2009 and the aggregate area cultivated together with comparative figures for 2008 are reported in Table 1.1.

Table 1.1 - Area cultivated in 2009

Field management system	2008		2009	
	No. of Planters	Area (Hectares)	No. of Planters	Area (Hectares)
Free small planters	596	240.84	598	234.41
Planters in Co-operatives	319	95.16	316	93.74
Metayers	506	195.96	500	194.62
Estates	7	188.66	9	195.14
TOTAL	1,428	720.62	1,423	717.91

- 1.2 The area cultivated under each field management system in 2009 is illustrated in chart I.

Chart I - Area cultivated in 2008 and 2009



- 1.3 In 2009, there was a slight reduction in both the number of planters and the area cultivated.
- 1.4 17 planters cultivating an aggregate area of 13.34 hectares did not renew their tea property licences. On the other hand an area of 10.64 hectares of abandoned tea plantations was rehabilitated by 16 planters.

- 1.5 Table 1.2 shows the distribution of planters in Cooperative Credit Societies along with the areas cultivated.

Table 1.2 - Planters in Co-operative Credit Societies in 2008 and 2009

Co-operative Credit Societies	2008		2009	
	No of Planters	Aggregate Area (Hectares)	No of Planters	Aggregate Area (Hectares)
Amarnath	49	12.96	49	12.28
Bois Cheri	78	26.02	74	25.52
Caledonia	66	17.03	66	16.70
Grand Bois	76	23.03	78	23.39
La Flora	7	1.76	6	1.55
Nouvelle France	31	11.02	43	14.30
Pont Colville	12	3.34	-	-
TOTAL	319	95.16	316	93.74

- 1.6 The area cultivated by planters in Cooperatives Societies had decreased by 1.42 hectares. The differences noted in the number of planters and areas cultivated amongst the cooperative societies were due to inter-cooperative credit societies migration. Pont Colville Credit and Tea Marketing Society ceased its operations as from July 2009 and its members joined Nouvelle France Credit and Tea Marketing Society.
- 1.7 In general, the land tenure system in the tea industry is characterised by a large number of small planters cultivating small plots of land and a few cultivating larger ones. In 2009, there were 1,478 plots less than 5 hectares compared with 1,489 in 2008. Details regarding the size of plots cultivated in 2008 and 2009 are given in Table 1.3.

Table 1.3 - Size of plots cultivated in 2008 and 2009

Plot size (hectares)		2008		2009	
		Number Of plots	Aggregate Area (Hectares)	Number Of plots	Aggregate Area (Hectares)
Less than	1	1,463	476.78	1,456	474.95
1 but less than	2	19	27.16	20	29.21
2 but less than	3	3	6.79	2	4.55
3 but less than	4	4	14.06	4	14.06
4 but less than	5	-	-	1	4.44
5 but less than	10	4	28.38	5	33.45
10 but less than	25	3	50.44	2	37.99
25 but less than	100	-	-	0	0
Above 100		1	117.01	1	119.26
TOTAL		1,497	720.62	1,491	717.91

2. CLIMATIC CONDITIONS IN THE TEA BELT

- 2.1 A cool climate coupled with an adequate well-distributed rainfall and sunshine generally favours a good leaf production in the tea plantation.
- 2.2 Statistics on rainfall and sunshine hours for the regions of Bois Chéri and Union Park, which represent the tea belt, collected from the meteorological services, are reproduced in Table 2.1 and 2.2 respectively.
- 2.3 The year 2009 was a particularly rainy year for both Bois Cheri and Union Park. The Bois Cheri region registered 4,112 mm of rainfall against a normal of 3,909 mm. The Union Park region registered 3,710 mm of rainfall against a normal of 3,426 mm. Regarding sunshine hours, both regions had less sunshine which was in fact below the average normal. On the whole, the tea belt did not have a favourable climatic climate conditions conducive to optimal leaf production.

Table 2.1 – Rainfall and Sunshine hours and Normal Rainfall at Bois Cheri

Month	Rainfall					Sunshine		
	Normal (mm) (1971-2000)	2008		2009		Normal (hours) (1972-2000)	Total (hours)	Total (hours)
		Total Rainfall (mm)	No of Rainy Days	Total Rainfall (mm)	No of Rainy days			
January	432	372	24	390	23	193.6	175.2	231.8
February	540	467	27	450	28	159.6	148.4	154.5
March	457	652	29	505	27	174.6	160.8	170.5
April	428	79	22	488	30	154.1	221.1	102.9
May	309	633	28	371	18	169.4	175.5	174.2
June	263	283	29	256	21	149.8	134.2	174.6
July	291	235	23	405	31	148.6	167.3	100.1
August	293	172	26	198	25	151.3	112.8	127.4
September	194	479	30	135	26	157.5	130.0	162.2
October	176	149	31	415	26	186.4	189.2	151.4
November	175	270	26	216	20	200.2	190.0	174.2
December	351	143	19	283	29	190.8	213.2	184.1
TOTAL	3,909	3,934	314	4,112	304	2,035.9	2,017.7	1,907.9

Table 2.2 – Rainfall and Sunshine hours and Normal Rainfall at Union Park

Month	Rainfall					Sunshine		
	Normal (mm) (1971-2000)	2008		2009		Normal (hours) (1972-2000)	2008	2009
		Total Rainfall (mm)	No of Rainy Days	Total Rainfall (mm)	No of Rainy days		Total (hours)	Total (hours)
January	417	406	23	410	18	192.8	159.8	232.6
February	517	479	22	387	27	157.0	140.4	151.8
March	399	717	22	508	26	171.9	160.8	155.6
April	382	91	11	431	22	146.7	247.7	102.2
May	268	575	21	321	17	161.0	163.4	157.8
June	220	226	24	213	18	143.6	133.8	187.4
July	237	204	19	271	28	136.9	157.2	104.4
August	239	178	21	200	22	142.0	119.1	121.4
September	161	455	22	104	18	149.1	127.7	155.7
October	139	110	16	327	19	180.9	190.1	154.9
November	138	376	16	230	13	200.9	197.8	180.3
December	309	80	14	308	18	186.6	219.2	189.5
TOTAL	3,426	3,897	231	3,710	246	1,969.4	2,017.0	1,893.6

(Normal rainfall is a measure currently used by Meteorological Services and is the average total rainfall for a period of 30 years (1971-2000)) Source: Mauritius Meteorological Services

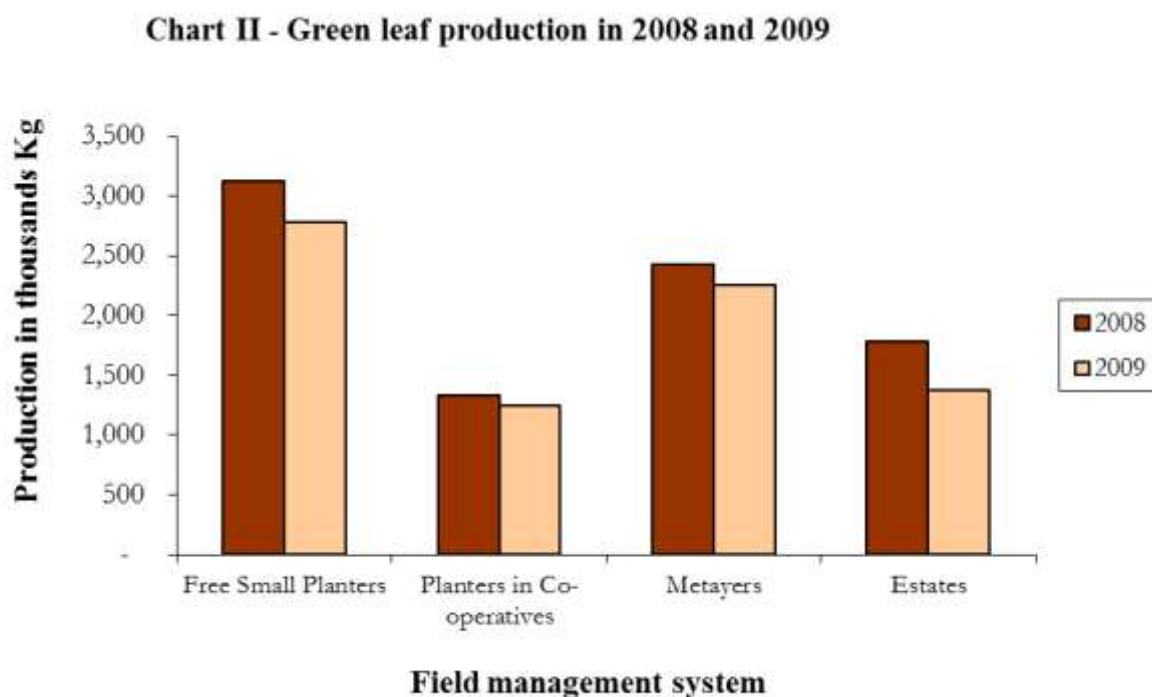
3. GREEN LEAF PRODUCTION

- 3.1 Green leaf production during the year registered a decrease of 11.6% from 8,672 tonnes in 2008 to 7,663 tonnes in 2009. The contribution of planters operating under the different types of field management to the output, grouped on the basis of the factory where the leaf was delivered for processing, is shown in Table 3.1.

Table 3.1 – Green Leaf Produced in 2009
(All quantities are in kilograms)

Factory	Free Small Planters	Planters in Co- operatives	Metayers	Estates	TOTAL
Société Usinière de Bois Chéri	2,992	481,328	2,008,873	711,061	3,204,254
Corson Tea Estate Co Ltd	1,410,965	-	183,487	-	1,594,452
La Chartreuse Tea Manufacturing Co Ltd	1,373,924	762,403	63,928	663,637	2,863,892
Total – 2009	2,787,881	1,243,731	2,256,288	1,374,698	7,662,598
2008	3,123,624	1,336,449	2,423,822	1,787,842	8,671,737

3.2 The output of the planters in 2009 compared to that in 2008 is illustrated in Chart II.



3.3 An overall decrease was noted in green leaf produced by all categories of planters.

4. PRODUCTIVITY

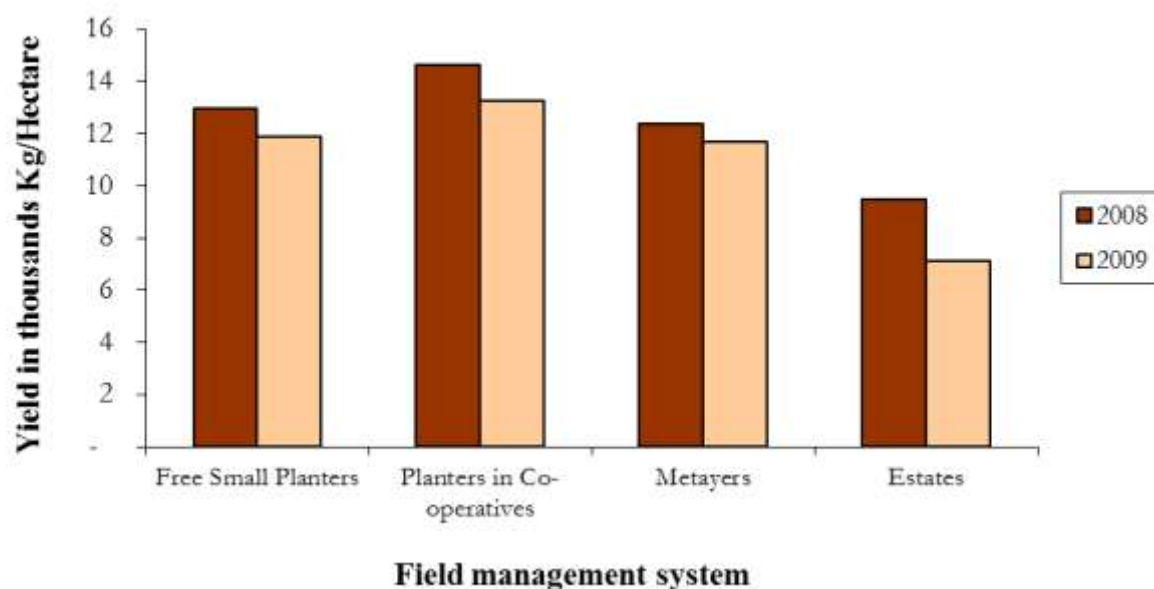
4.1 The average yield of a particular field management system gives an indication of its productivity. Comparative figures for the years 2008 and 2009 are given in Table 4.1. A decrease in yield was noted for all categories of planters.

Table 4.1 – Average Yield in 2008 and 2009

Farm management system	2008			2009		
	Area (Hectares)	Production (kg)	Yield (kg/Hec)	Area (Hectares)	Production (kg)	Yield (kg/Hec)
Free small planters	240.84	3,123,624	12,970	234.41	2,787,881	11,893
Planters in Co-operatives societies	95.16	1,336,449	14,044	93.74	1,243,731	13,268
Metayers	195.96	2,423,822	12,369	194.62	2,256,288	11,593
Estates	188.66	1,787,842	9,477	195.14	1,374,698	7,045
Total	720.62	8,671,737	12,034	717.91	7,662,598	10,673

4.2 Chart III illustrates the variation in the average yield.

Chart III - Average Yield in 2008 and 2009



4.3 The variation of the average yield within the co-operative field management system is analysed in Table 4.2.

Table 4.2 -Average yield of Planters in Co-operative Societies in 2008 and 2009

Co-operative Societies	2008			2009		
	Area (Hectares)	Production (kg)	Yield (kg/Hec)	Area (Hectares)	Production (kg)	Yield (kg/Hec)
Amarnath	12.96	252,601	19,491	12.28	219,924	17,909
Bois Cheri	26.02	377,110	14,493	25.52	363,120	14,229
Caledonia	17.03	202,756	11,906	16.70	200,132	11,984
Grand Bois	23.03	309,532	13,440	23.39	281,196	12,022
La Flora	1.76	17,838	10,135	1.55	17,014	10,977
Nouvelle France	11.02	143,088	12,984	14.30	144,898	10,133
Pont Colville *	3.34	33,524	10,037	-	17,447	-
Total	95.16	1,336,449	14,044	93.74	1,243,731	13,082

* Pont Colville CTMCS ceased its operation as from 1st July 2009.

4.4 Overall, there was a decrease in yield in most Cooperative Credit Societies except a slight increase in Caledonia and La Flora CTMCS.

5. GREEN LEAF STANDARD

- 5.1 Leaf produced by the planters should be of an acceptable standard. According to the standard laid down by the Board, the percentage of soft leaf in samples taken at random from leaf consigned for processing should not be lower than 70% by weight.
- 5.2 The Board pursued its exercise of monitoring the standard of green leaf received at all factories.
- 5.3 In case of disputes between the manufacturer and the planter over the standard of green leaf supplied, either party may appeal to the Board for arbitration. During the year 2009, eight cases of green leaf arbitration were referred to the Board and appropriate action was taken.

6 GREEN LEAF PROCESSED

- 6.1 7,663 tonnes of leaf were received and processed by tea factories during the year. Details are given in table 6.1.

Table 6.1 - Green leaf processed in 2009

Factory	Green Leaf				
	Received	Rejected	Destroyed	Diverted	Processed
Société Usinière de Bois Chéri	3,204,254	-	-	-	3,204,254
Corson Tea Estate Co Ltd	1,594,452	-	-	-	1,594,452
La Chartreuse Tea Manufacturing Co Ltd	2,863,892	-	-	-	2,863,892
TOTAL – 2009	7,662,598	-	-	-	7,662,598
- 2008	8,671,737	170	-	7,031	8,664,536

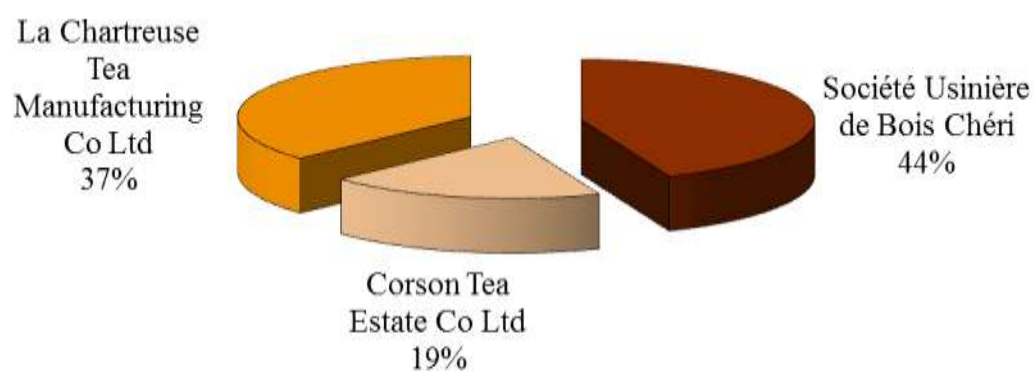
7. TEA MANUFACTURED

- 7.1 The quantity of tea made during the period under review was 1,481 tonnes against 1,568 tonnes in the previous year. A decrease of 11.2% was noted. The output of each factory is given in Table 7.1.

Table 7.1 Tea Manufactured in 2009

Factory	Green Leaf Processed	Tea Manufactured	Outturn %
Société Usinière de Bois Chéri	3,204,234	649,989	20.29
Corson Tea Estate Co Ltd	1,594,452	283,100	17.76
La Chartreuse Tea Manufacturing Co Ltd	2,863,892	547,893	19.13
Total – 2009	7,662,578	1,480,982	19.33
2008	8,664,536	1,667,991	19.25

7.2 Chart IV depicts the contribution of each factory to the output in terms of tea manufactured.

Chart IV - Tea manufactured in 2009

7.3 Tea manufactured is sorted out into grades and stored in bins before being subsequently blended as per market demands. Table 7.2 shows the gradewise breakdown of tea manufactured by each factory.

Table 7.2 – Gradewise breakdown of tea manufactured in 2009

Grade	Factory Société Usinière de Bois Chéri	Corson Tea Estate Co Ltd	La Chartreuse Tea Manufacturing Co Ltd	TOTAL
Broken Pekoe 1	135,286	57,608	276,980	469,874
Pekoe Fannings 1	170,389	39,804	208,935	419,128
Pekoe Dust	37,745	40,394	0	78,139
Dust 1	30,246	0	0	30,246
Broken Pekoe	2,009	15,216	0	17,225
Pekoe Fannings	180,817	84,520	0	265,337
Fannings	28,410	649	28,725	57,784
Dust	0	17,137	0	17,137
Fannings 2	13,749	0	0	13,749
Broken Mixed Fibre(BMF)	51,338	27,772	32,267	111,377
Green Tea			986	986
TOTAL – 2009	649,989	283,100	547,893	1,480,982
- 2008	744,265	327,084	596,642	1,667,991

7.5 The quantity of BMF produced represented 7.52% of total tea manufactured. At factory level the percentage varied as follows:

Société Usinière de Bois Chéri	7.90%
Corson Tea Estate Co Ltd	9.81%
La Chartreuse Tea Manufacturing Co Ltd	5.89%

7.6 The percentage of BMF was high mainly because of the poor standard of green leaf.

7.7 BMF is not sold for human consumption. It is either destroyed under the supervision of the Board or used as manure.

8. MARKETING

8.1 In 2009, 1,437 tonnes were sold for local consumption and 33 tonnes were exported. Sales to local blenders accounted for 85 tonnes.

8.2 The availability and disposal of tea in 2009 is summarised in the table 8.1.

Table 8.1 - Availability and disposal of tea

Factory/Blenders	Société Usinière de Bois Chéri	Corson Tea Estate Co Ltd	La Chartreuse Tea Manufacturing Co Ltd	Blenders	TOTAL	
					2009	2008
Opening Stock (1st. Jan.)	191,852	100,221	71,734	2,024	365,831	199,979
Tea Manufactured	649,989	283,100	547,892	0	1,480,981	1,667,991
Blending Materials	2,814	854	1,381	173	5,222	4,818
Excess Declared	40,043	0	0	3,636	43,679	21,693
Purchased from other Fac.	0	0	0	85,535	85,535	85,221
Tea imported	0	0	1,750	0	1,750	9,200
Total Available	884,698	384,175	622,757	91,368	1,982,998	1,988,902
Sales for local consumption	576,127	264,564	538,545	57,449	1,436,685	1,390,655
Sales to blenders	85,535	0	0	0	85,535	85,221
Exports	0	1,301	1,436	30,743	33,480	27,259
BMF sold/destroyed	50,937	25,521	32,267	0	108,725	103,992
Gifts and samples	1,042	700	2,545	11	4,298	3,338
Loss or destroyed	0	231	0	0	231	12,604
Total disposed	713,641	292,317	574,793	88,203	1,668,954	1,623,069
Closing stock (31st.Dec.)	171,057	91,858	47,964	3,165	314,044	365,833

8.3 Sales for local consumption in 2009 registered an increase of 3.31% over the previous year's figure of 1,391 tonnes.

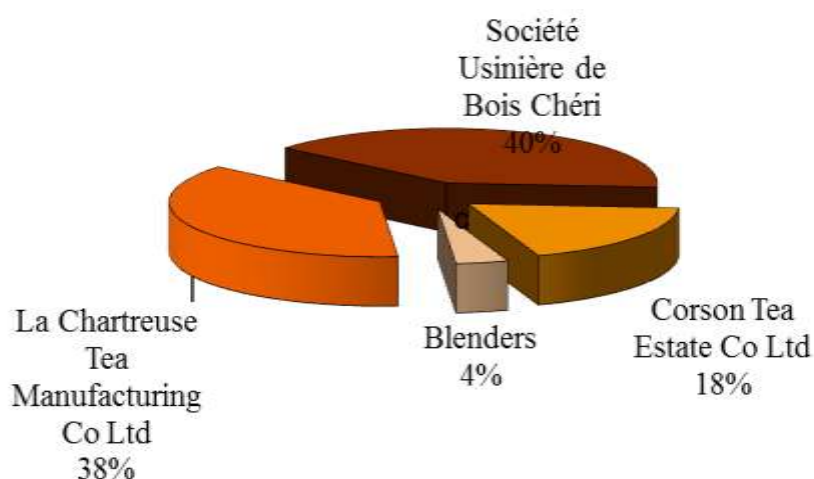
8.4 The performance of individual factories on the local market in 2009 is reported in Table 8.2.

Table 8.2 - Sales for local consumption

Factory	Quantity (kg.)	% of Tea Manufactured	Market Share %
Société Usinière de Bois Chéri	576,127	88.64	40.10
Corson Tea Estate Co Ltd	264,564	93.45	18.41
La Chartreuse Tea Manufacturing Co Ltd	538,545	98.29	37.49
Blenders	57,449	0	4.00
Total – 2009	1,436,685	97.01	100.00
2008	1,390,655	83.52	100.00

8.5 The market share of each factory and blenders in 2009 is illustrated in Chart V.

Chart V - Local market share in 2009



8.6 In 2009, about 33 tonnes of tea were exported. The major foreign outlet in 2009 was France with sales amounting to 18 tonnes followed by Reunion absorbing 13 tonnes. Smaller quantities were sold to Australia (575 kg), Japan (500kg), Mayotte (474 kg), South Africa (15 kg), Switzerland (66 kg) and United Kingdom (359 kg).

8.7 The quantity of tea exported in 2009 increased to 33.5 tons against 27.3 tons in the previous year. Export earnings accordingly increased to R 9.2 million from R 7.9 million in 2008. However, the weighted average export earnings fell from R 289.13 in 2008 to R 276.25 in 2009.

8.8 Table 8.3 gives further details of the export sales.

Table 8.3 – Tea Exported in 2009

Country of Destination	Quantity (Kg.)	% of total	FOB Value (Rs.)	W A P (Rs./Kg. FOB)
Australia	575	1.72	137,545	239.21
France	18,421	55.02	5,285,400	286.92
Japan	500	1.49	136,425	272.85
Mayotte	474	1.42	125,039	263.80
Reunion	13,070	39.04	3,427,813	262.27
South Africa	15	0.04	6,900	460.00
Switzerland	66	0.20	57,475	870.83
United Kingdom	359	1.07	72,230	201.20
Total – 2009	33,480	100.00	9,248,827	276.25
2008	27,259	100.00	7,881,488	289.13

8.9 The closing stock in the year under review was 314 tonnes against 366 tonnes in the previous year. The decrease is due to reduced production and increased sales.

9. GREEN LEAF PRICES

9.1 Green leaf prices are determined as per provisions of Regulations 44 to 49 of the Tea Industry Control Regulations 1980, as amended.

9.2 The Minimum Interim Prices payable for leaf supplied in the year 2009 are given in Table 9.2.

Table 9.2 – Minimum Interim Prices in 2009

Category of green leaf suppliers	Price Paid (Rs./Kg.)
All Planters	6.25
Metayers	5.75

9.3 In July, the Board determined the first partial payment in respect of leaf supplied in 2008/09 as follows:

Manufacturer to Contractor (Planter and Cooperatives Societies)	Rs 2.00/kg
Planter to Metayer	Rs 1.50/kg

9.4 In November 2009 the Board determined the final prices payable for green leaf supplied by planters in the crop year 2008/2009. The different prices determined as well as a comparison thereof with those determined for the previous crop year are given in Table 9.1.

Table 9.1 – Final Prices of Green Leaf determined in 2008 and 2009

Planters supplying leaf to	2007-2008	2008-2009	Variation	
	(Rs./Kg.)	(Rs./Kg.)	(Rs/Kg.)	%
Corson Tea Estate Co Ltd	12.7961	12.5137	-0.2824	-2.21
La Chartreuse Tea Manufacturing Co Ltd	12.4645	12.7226	0.2581	2.07
Société Usinière de Bois Chéri	12.4117	12.4626	0.0509	0.41
Metayers				
Corson Tea Estate Co Ltd	10.8261	10.4482	-0.3779	-3.49
La Chartreuse Tea Manufacturing Co Ltd	9.7145	9.8393	0.1248	1.28
Société Usinière de Bois Chéri	9.7995	9.7238	-0.0757	-0.77

10. IMPORTS

- 10.1 Generally, import of black tea for local consumption is not allowed. However the equivalent of 2.5% of the local consumption of tea is allowed for import from COMESA countries for blending purposes only. The import of limited quantities of high value added teas for sale in approved outlets is also allowed. There is no restriction on the import of green tea.
- 10.2 An import licence fee of Rs 5000 per consignment for any type of tea imported and a levy of 17% of CIF value landed Mauritius is charged.
- 10.3 7 864 kilograms of green tea and 1 288 kilograms of black tea were imported. The revenue collected by the Board during the year on account of imports was Rs 836,658 and was credited to the Tea Fund.

11. TECHNICAL SECTION

TECHNICAL PROGRAMME 2009

The Technical Programme for the Tea Board under 2009 was as follows:

A. Monitoring of Green Leaf Standard among all stakeholders

During the initial months of 2009, the monitoring exercise of green leaf standard of the different categories of green leaf suppliers by the Tea Board had revealed that green leaf supplied generally conformed to green leaf standard. However, in winter there was a significant deterioration in quality of green leaf supplied. On the other hand, by the end of 2009, the Tea Industry witnessed an improvement in green leaf standard which may be due to favourable climatic conditions namely high incidence of rainfall and high temperature. The exercise is still being carried out at the different tea factories. At end of December 2009, six cases of green leaf arbitration were carried out at Corson Tea Estate and two cases of green leaf arbitration were carried out at La Chartreuse Tea Factory.

B. Complaint Desk

The Complaint Desk registered 62 complaints from the community of tea planters during the year 2009. The nature of complaints comprised, inter alia, request for vacant tea plots, request for tea plantlets, problems with tea manufacturers, transfer of tea plots, tare deduction and pest and disease incidence in tea plots. Appropriate action was taken accordingly. It was decided that in future any party filing any complaint at the Complaint Desk should be given a reference number with a view to trace the evolution of the complaint filed.

C. Monitoring of State lands under tea

In 2009, eleven meetings were held at the Land Use Division to monitor the status of state lands under tea. As at the close of the year there were 82 beneficiaries of rehabilitated tea plantations over an area of approximately 67 hectares at Midlands Dam, Raffray, Arnot I & II, Butte Chaumont, Dubreuil, La Pipe, Parc aux Cerfs and Riviere du Bois.

D. Incidence of disease in tea plantations

Following complaints made by tea planters pertaining to leaf scorching in tea plantations, a disease surveillance system was initiated in February 2009 in collaboration with Agricultural Research & Extension Unit to closely monitor the incidence of the disease and extend appropriate control measures to planters. In this context, forty field visits were effected. In addition, a powerpoint presentation on the pathology and management of the disease was presented to the Board in June 2009.

E. Yield analysis for crop year 2007/ 2008

A yield analysis for all categories of green leaf suppliers in the tea industry was carried out for the last crop season. Planters producing less than 50% of mean yield of a particular category were considered as low yielders and those producing more than twice the mean yield of a particular category as high yielders.

F. Field visits effected to low yielders

As a follow-up of the report on “*Yield analysis of the different categories of green leaf producers for crop year 2007/ 2008*” (Board paper no. 456.5), 244 field visits of low yielders were carried out in the regions of Arnot, Curepipe, Raffray, Nouvelle France, Pont Colville, Grand Bois and Bois Cheri from February 2009 to July 2009. This exercise had revealed that there were many discrepancies in data collected from different categories of tea planters such that a zero yield was recorded for some 47 low yielders and some 32% of low yielders had recourse to hired labour. In addition ageing of tea bushes and die back problem associated with root diseases and termites attack resulted in increased percentage of missing and dead plants in fields.

G. Pilot production of tea plantlets for a national infilling/ replantation programme

The Board proposed to launch a pilot project in tea plantlets production at the Crop Research Station at Wooton of Agricultural Crop Research Unit (AREU) from cuttings emanating from elite mother bushes at Petit Merlo. The aim of the project was to raise cuttings under protected culture. Consequently the project would be used as a means to train potential entrepreneurs who wished to produce plantlets on commercial lines. As in the past, AREU would be providing all technical expertise and labour required for the project. The involvement of Tea Board would be as follows:

- (i) Providing cuttings from Petit Merlo Nursery
- (ii) Meeting the costs of inputs to be used in the project amongst others;
 - Polythene sleeves
 - Soil for potted cuttings
 - Pesticides
 - Shading cloth
 - Fertilizer

The cuttings were expected to be ready by December 2009/ January 2010. Plantlets will be ready by July 2011. A total number of 10000 cuttings will be put in pots.

Moreover in October 2009, the Sub-Committee on Finance decided that a Memorandum of Understanding (MOU) be signed between Tea Board and AREU to spell out clearly the involvement of both organizations with regard to the project.

H. Green Leaf Weighing System

In accordance to regulation 23(a) of the Tea Industry Control Regulations 1980, the Tea Board has the discretion to verify the accuracy of weighing machine and weights used by a manufacturer. In this context, eleven checks were made at both field and factory levels for the three tea factories.

Following representations received from planters, a survey was effected on the system of green leaf weighing for all categories of green leaf producers. Special attention was given to tare deduction of plastic bags, surface moisture deduction and actual weighing of leaf regarding computation of fractions of kilograms. It was observed that tare deduction per bag was 500 grams by a particular factory and two cooperative societies. Accordingly the matter had been referred to the management of the three factories and all cooperative societies for immediate compliance to the recommendations of the Board on that issue made in October 2006.

In addition, it had been brought to the attention of the Board that green leaf supplied by certain planters was wet even when the weather was dry. In this context, field visits were carried out six times to sensitise planters and pluckers on this malpractice. Emphasis was laid on the critical situation of the local Tea Industry and how excess water in green tea leaf bags could have negative effects on the outturn of tea. Also, the cooperation of planters was solicited to redress the situation failing which severe action would be taken against defaulters and if this malpractice persisted, then the current rate of surface moisture would have to be reviewed.

I. Measures to improve standard of leaf supplied for manufacture

Meetings were held with all stakeholders to appraise them of the deterioration in green leaf standard leading to the production of poor quality teas and to hear their views and proposals to redress the situation. Proposed measures to persuade smallholders to produce leaf of good standard were:

1. (i) Enforcement of good agricultural practices (GAP) by:
 - rejecting substandard leaves to stop malpractice of plucking of long shoots with sickle
 - ensuring that the manufacturer is complying to clause 18 of the Tea Industry Control Regulations (1980) as amended which stipulates that “No manufacturer shall accept any green leaf unless it conforms to such standard of plucking as may be approved by the Board”. Furthermore this clause is also spelled out in the contract between a manufacturer and a planter.
2. Monitoring of green leaf standard would be carried out at field level by taking samples for leaf assessment directly from weighing sheds or from major leaf collection points.
3. The current practice of labelling of bags of leaves of green leaf suppliers by Corson would be extended to the other two tea factories.

4. To enforce good plucking, the Board would carry out regular field visits and measures would be taken against defaulters. In the first instance, their leaf would be rejected and continued malpractice would result in cancellation of their green leaf Tea Property Licence.
5. Enforcement of supervision regarding standard of leaf plucked at both field and factory levels.
6. Communication of proposed measures to the community of tea planters through individual letters.
7. Promotion of good agricultural practices in the Tea Industry through the education and training of tea planters. A comprehensive and fully interactive training course on all cultural practices for tea planters would be prepared to improve and sustain the Tea Industry in the long run.

J. Soil Analysis

The Board carried out a soil analysis of tea fields with respect to pH in November 2009 before the application of nitrogenous fertilizer which was due for December 2009. Instead of carrying the soil analysis per region, it was carried out as per category of planter and the planter from each category was proportionately chosen by the stratified random sampling method. It is to be noted that planters whose acreage was more than 4 hectares (approximately 10 arpents) were not targeted.

A total number of 75 samples were collected from different categories of planters (Table 1.0). The samples were sent to the Chemistry Division of the Agricultural Services at Redit for analysis of pH.

Table 1.0 Proportional allocation of planters for soil analysis

Category of Planters	No. of planters	Proportional Allocation (n _i)
Free Planters of Corson	340	19
Free Planters of La Chartreuse	225	12
Metayers Bois Cheri	448	24
Metayers Corson	41	2
Cooperative Nouvelle France	31	2
Cooperative Caledonia	66	4
Cooperative Grand Bois	76	4
Cooperative La Flora	7	0
Cooperative Bois Cheri	78	4
Cooperative Amarnath	49	3
Cooperative Pont Colville	12	1
TOTAL	1373	75

The result of the analysis revealed that the soil was acidic. Consequently, the recommendation was to apply Calcium Ammonium Nitrate at the rate of 86 kg per arpent.

12. STAFF MATTERS

12.1 Mr. P Roopun was posted at the Tea board as trainee under the Skills Development Program for Unemployed Degree/Diploma Holders of the Ministry of Training, Skills Development Productivity and External Communications in May, 2009 for a period of one year.

13. ADDITIONAL STATISTICS

13.1 Additional statistics on the tea industry are given in **Appendix 1**.

APPENDIX 1

ADDITIONAL STATISTICS ON THE TEA INDUSTRY

Table 1 Production of green leaf (2007 – 2009)

Factory	Year	2007		2008		2009	
		Quantity	% of total	Quantity	% of total	Quantity	% of total
Société Usinière de Bois Chéri		3,474,981	43.29	3,721,508	42.92	3,204,234	41.82
Corson Tea Estate Co Ltd		1,867,220	23.26	1,818,495	20.97	1,594,452	20.81
La Chartreuse Tea Manufacturing Co Ltd		2,685,246	33.45	3,131,734	36.11	2,863,892	37.38
Total		8,027,447	100.00	8,671,737	100.00	7,662,578	100.00

Table 2 Monthly production of green leaf (2007 – 2009)

Factory	Year	2007		2008		2009	
		Quantity	% of total	Quantity	% of total	Quantity	% of total
January		1,195,305	14.89	1,358,566	15.67	1,396,252	18.22
February		1,029,797	12.83	1,066,511	12.30	962,415	12.56
March		695,440	8.66	846,201	9.76	811,065	10.58
April		706,324	8.80	688,756	7.94	634,109	8.28
May		496,286	6.18	682,609	7.87	415,523	5.42
June		283,377	3.53	258,279	2.98	289,208	3.77
July		177,759	2.21	163,641	1.89	152,994	2.00
August		121,962	1.52	137,114	1.58	60,771	0.79
September		319,923	3.99	404,324	4.66	245,412	3.20
October		785,881	9.79	772,805	8.91	707,595	9.23
November		949,190	11.82	948,902	10.94	790,423	10.32
December		1,266,203	15.77	1,344,029	15.50	1,196,811	15.62
Total		8,027,447	100.00	8,671,737	100.00	7,662,578	100.00

Table 3 Factorywise monthly production of green leaf in 2009

Month	Factory	Société Usinière de Bois Chéri	Corson Tea Estate Co Ltd	La Chartreuse Tea Manufacturing Co Ltd	Total
January		622,543	267,893	505,816	1,396,252
February		398,244	214,787	349,384	962,415
March		311,088	192,139	307,838	811,065
April		232,148	143,810	258,151	634,109
May		145,280	94,986	175,257	415,523
June		115,983	54,437	118,788	289,208
July		46,283	23,279	83,432	152,994
August		20,627	11,306	28,838	60,771
September		111,748	35,272	98,392	245,412
October		335,337	143,122	229,136	707,595
November		335,470	167,424	287,529	790,423
December		529,483	245,997	421,331	1,196,811
Total	- 2009	3,204,234	1,594,452	2,863,892	7,662,578
	- 2008	3,721,508	1,818,495	3,131,734	8,671,737

Table 4 Green leaf processed by factories monthly in 2009

Month	Factory	Société Usinière de Bois Chéri	Corson Tea Estate Co Ltd	La Chartreuse Tea Manufacturing Co Ltd	Total
January		622,543	267,893	505,816	1,396,252
February		398,244	214,787	349,384	962,415
March		311,088	192,139	307,838	811,065
April		232,148	143,810	258,151	634,109
May		145,280	94,986	175,257	415,523
June		115,983	54,437	118,788	289,208
July		46,283	23,279	83,432	152,994
August		20,627	11,306	28,838	60,771
September		111,748	35,272	98,392	245,412
October		335,337	143,122	229,136	707,595
November		335,470	167,424	287,529	790,423
December		529,483	245,997	421,331	1,196,811
Total	- 2009	3,204,234	1,594,452	2,863,892	7,662,578
	- 2008	3,721,508	1,818,325	3,124,703	8,664,536

Table 5 Monthly production of made tea (2007 – 2009)

Year	2007		2008		2009	
	Quantity	% of total	Quantity	% of total	Quantity	% of total
January	237,439	15.19	263,529	15.80	257,671	17.40
February	207,321	13.26	202,919	12.17	177,945	12.02
March	131,135	8.39	155,953	9.35	147,905	9.99
April	128,769	8.24	132,083	7.92	121,524	8.21
May	92,094	5.89	128,556	7.71	77,785	5.25
June	58,398	3.74	49,426	2.96	56,859	3.84
July	35,612	2.28	33,267	1.99	30,650	2.07
August	24,720	1.58	27,378	1.64	13,915	0.94
September	59,661	3.82	78,598	4.71	54,910	3.71
October	150,841	9.65	156,571	9.39	143,846	9.71
November	188,782	12.08	187,607	11.25	158,685	10.71
December	248,598	15.90	252,104	15.11	239,287	16.16
Total	1,563,370	100.00	1,667,991	100.00	1,480,982	100.00

Table 6 Monthly production of tea by factories in 2009

Factory	Société Usinière de Bois Chéri	Corson Tea Estate Co Ltd	La Chartreuse Tea Manufacturing Co Ltd	Total
Month				
January	122,682	45,207	89,782	257,671
February	77,023	38,662	62,260	177,945
March	59,571	33,816	54,518	147,905
April	47,180	26,173	48,171	121,524
May	29,182	16,952	31,651	77,785
June	24,134	9,799	22,926	56,859
July	9,983	3,946	16,721	30,650
August	4,722	1,922	7,271	13,915
September	24,151	6,776	23,983	54,910
October	69,933	26,237	47,676	143,846
November	69,694	29,055	59,936	158,685
December	111,734	44,555	82,998	239,287
Total				
- 2009	649,989	283,100	547,893	1,480,982
- 2008	744,265	327,084	596,642	1,667,991
- 2007	692,480	339,318	531,572	1,563,370

Table 7 **Variation of tea exported (2007 – 2009)**

Factory	2007		2008		2009	
	Quantity	% of total	Quantity	% of total	Quantity	% of total
Corson Tea Estate Co Ltd	-	-	478	1.75	1,301	3.89
La Chartreuse Tea Manufacturing Co Ltd	346	1.01	18	0.07	1,436	4.29
Blenders	33,924	98.99	26,763	98.18	30,743	91.82
Total	34,270	100.00	27,259	100.00	33,480	100.00

Table 8 **Variation of sales for Local Consumption (2007 – 2009)**

Factory	2007		2008		2009	
	Quantity	% of total	Quantity	% of total	Quantity	% of total
Société Usinière de Bois Chéri	588,501	39.62	521,163	37.48	576,127	40.10
Corson Tea Estate Co Ltd	316,425	21.30	264,145	18.99	264,564	18.41
La Chartreuse Tea Manufacturing Co Ltd	521,245	35.09	547,237	39.35	538,545	37.49
Blenders	59,342	3.99	58,109	4.18	57,449	4.00
Total	1,485,513	100.00	1,390,654	100.00	1,436,685	100.00

Table 9 **Variation of Closing Stock (2007 – 2009)**

Factory	2007		2008		2009	
	Quantity	% of total	Quantity	% of total	Quantity	% of total
Société Usinière de Bois Chéri	81,641	40.82	191,851	54.08	171,057	54.47
Corson Tea Estate Co Ltd	51,063	25.53	100,223	28.25	91,858	29.25
La Chartreuse Tea Manufacturing Co Ltd	65,813	32.91	60,634	17.09	47,964	15.27
Blenders	1,462	0.73	2,024	0.57	3,165	1.01
Total	199,979	100.00	354,732	100.00	314,044	100.00

Table 10 Sales for Local Consumption in 2009

Factory	Quantity (kg.)	Revenue Rupees Ex.fac	W.A.P./kg Rupees Ex.fac
Société Usinière de Bois Chéri	576,127	74,815,315	129.86
Corson Tea Estate Co Ltd	264,564	44,729,102	169.07
La Chartreuse Tea Manufacturing Co Ltd	538,545	77,042,938	143.06
Blenders	57,449	25,322,361	440.78
Total – 2009	1,436,685	221,909,716	154.46
- 2008	1,390,654	215,582,261	155.02
- 2007	1,485,513	201,726,034	135.80

Table 11 Tea Exported in 2009

Country of Destination	Exporter	Grade	Quantity	FOB Value (Rupees)	W.A.P/KG (Rupees)
Australia	Blenders	Blend	575	137,545	239.21
France	Blenders	Blend	16,985	4,321,461	254.43
	La Chartreuse Tea Manufacturing Co Ltd	Green Tea	1,436	963,939	671.27
Total(France)			18,421	5,285,400	286.92
Japan	Blenders	Blend	500	136,425	272.85
Mayotte	Corson Tea Estate Co Ltd	Blend	474	125,039	263.80
Reunion	Blenders	Blend	12,243	3,124,440	255.20
	Corson Tea Estate Co Ltd	Blend	827	303,373	366.84
Total (Reunion)			13,070	3,427,813	262.27
South Africa	Blenders	Blend	15	6,900	460.00
Switzerland		Blend	66	57,475	870.83
United Kingdom	Blenders	Blend	359	72,230	201.20
Grand Total			33,480	9,248,827	276.25

**REPORT OF THE
DIRECTOR OF AUDIT**

**On the Financial Statements
of Tea Board
for the Year Ended 30 June 2009**

NATIONAL AUDIT OFFICE

REPORT OF THE DIRECTOR OF AUDIT
TO THE CHAIRPERSON OF THE
TEA BOARD

Report on the Financial Statements

I have audited the financial statements of the Tea Board which comprise the balance sheet as of 30 June 2009 and the related statements of income and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Tea Board and for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards (IFRS) and in compliance with the Statutory Bodies (Accounts and Audit) Act 1972. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those Standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a reasonable basis for my audit opinion.

Basis of Qualification

The Tea Board operates a defined benefit pension scheme for its employees. The scheme is managed by an independent financial institution.

IFRS requires that the amount recognised in the balance sheet should be the present value of the defined benefit obligations, as adjusted for the unrecognised actuarial gains and losses and unrecognised past service cost, and reduced by the fair value of plan assets at the balance sheet date. This has not been recognised in the balance sheet of the Tea Board as of 30 June 2009.

The financial statements, however, disclose that the report of the last actuarial valuation carried out as at 30 June 2008 stated that, treating the Fund as an ongoing entity, the actuarial value of assets exceed the total actuarial value of the past and future service liabilities by Rs 964,000.

Qualified Opinion

In my opinion, except for the effects on the financial statements of the matters referred to in the preceding paragraph, the financial statements give a true and fair view of the financial position of the Tea Board as of 30 June 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Statutory Bodies (Accounts and Audit) Act 1972.

Report on Other Legal and Regulatory Requirements

Statutory Bodies (Accounts and Audit) Act 1972

I have obtained all information and explanations I have required. In my opinion proper accounting records have been kept by the Tea Board as far as it appears from my examination of those records.

The Financial Reporting Act 2004

The Directors are responsible for preparing the Corporate Governance Report and making disclosures required by Section 8.4 of the Code of Corporate Governance of Mauritius (“Code”). My responsibility is to report on these disclosures.

In my opinion the disclosures in the Corporate Governance Report are consistent with the requirements of the “Code”.

Sd. (DR R. JUGURNATH)

Director of Audit

National Audit Office
Level 14, Air Mauritius Centre
PORT LOUIS
6 November 2009

TEA BOARD

DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

FINANCIAL STATEMENTS

**FOR
FINANCIAL YEAR ENDED
30 JUNE 2009**



Wooton, EAU COULEE

TEA BOARD

Directors' Report

The Directors have pleasure in submitting their report together with the financial statements for the year ended 30th June 2009.

1. Objects of the Tea Board

The objects of the Tea Board are to:

- (a) promote and encourage co-operation, education, research and development in relation to the production and marketing of tea;
- (b) regulate and control the activities of the tea industry with special regards to-
 - (i) the production of green leaf, manufacture, marketing, import and export of tea;
 - (ii) the price to be paid for tea or green leaf;
 - (iii) The conditions of contracts entered into by planters, metayers and manufacturers;
- (c) arbitrate disputes between persons engaged in or connected with the tea industry; and
- (d) assist a planter to diversify to other agricultural activities.

2. Composition of the Board of Directors

The composition of the Board is determined by the Tea Industry Control Act 1975, as amended. The Directors who held office at 30 June 2009 were:

Mrs. N. Boodhoo	Ag Senior Chief Executive, Ministry of Agro Industry, Food Production and Security – CHAIRPERSON (up to 25.02.09)
Mr. C. Bhugun	Principal Assistant Secretary, Ministry of Agro Industry, Food Production and Security – Ag. CHAIRPERSON (as from 25.03.09)
Mr. D. Luximon	Representative of the Financial Secretary
Mr. K. Khelawon	Representative of the Registrar, Co-operative Societies
Mr. P. Chan Wan Fong	Representative of the Chamber of Agriculture
Mr. A. K. Bokhoree	Representative of Manufacturers
Mrs. M. Merle	Representative of Manufacturers
Mr. P. Muniah	Representative of Planters
Mrs. I. C. Gopeesing	Representative of Metayers
Mr. P. Bagha	Member appointed by Minister
Mr. S. Bhukory	Member appointed by Minister
Mr. A. Bundhun, MSK	Member appointed by Minister

3. Directors' Responsibilities

The Directors acknowledge being responsible for, inter-alia,

- (a) conducting the affairs of the Board and its performance;
- (b) maintaining adequate accounting records;
- (c) putting in place effective internal control systems; and
- (d) preparing accounts which fairly present the state of affairs of the Board and the results of its operations in compliance with International Financial Reporting Standards.
- (e) selecting appropriate accounting policies supported by reasonable and prudent judgements.
- (f) approving certain matters which affect the shape and risk profile of the Board, as well as such items as the annual budget, performance targets and the financial statements.

4. Activities of the Board

(a) Industry's performance

The area cultivated in 2008-09 was 720.5 hectares compared to 726.4 hectares in 2007-08. The leaf produced was processed at the existing three factories. The industry produced 8,279.4 tonnes of green leaf during the year ended 30 June 2009 against 8,521.7 tonnes in the previous year registering a decrease of 2.9 %. Tea manufactured decreased by 1.6 % from 1,640.7 tonnes in crop year 2007-08 to 1,615 tonnes against in 2008-09.

Local consumption decreased from 1,450.8 tonnes in 2007-08 by 4.98 % to 1,378.5 tonnes in 2008-09.

Exports increased from 33.0 tonnes in year 2007-08 to 34.0 tonnes in 2008-09.

(b) Import Permits

In 2008-09, 29 import permits were issued for the import of an aggregate quantity of 8.6 tonnes of tea. The fees collected by the Board on this account was Rs 804,042. Comparative figures for the previous year are as follows:

- No. of permits issued: 41.
- Quantity of teas imported: 41.9 tonnes.
- Fees collected: Rs 1,311,930.

(c) Green Leaf Prices

Interim payment for leaf supplied between 1st July 2008 to 30th June 2009 was determined by the Board as follows:-

- Manufacturer to planter : Rs 6.25 per kg
- Planter to metayer : Rs 5.75 per kg.

In July 2008, the Board determined the rate of the first partial payment of the final price payable on account of leaf supplied in crop year ended 30th June 2008. The rates were:-

- Manufacturer to planter : Rs 2.50 per kg
- Planter to metayer : Rs 1.50 per kg.

The final price for that crop year as applicable to each manufacturer was determined in November 2008 as follows:

Manufacturer/Planter	Final Price payable per kilo of Green Leaf supplied in Crop Year ending 30.06.2008	
	Planters	Metayers
	Rs	Rs
Corson Tea Estate	12.7961	10.8261
La Chartreuse Tea Factory	12.4645	9.7145
Societe Usiniere de Bois Cheri	12.4117	-
Societe des Plantations de Bois Cheri	-	9.7995

(d) Green Leaf Contracts

The number of green leaf contracts registered in 2008-09 was 593 for planters and 576 for metayers compared with 559 and 562 respectively for the previous year.

(e) **Arbitration**

In 2008-09, two cases of arbitration were referred to the Board and both were resolved.

(f) **State Tea Lands**

The Board provided technical assistance in the monitoring of state tea lands allocated to private individuals. In this connection, the Board effected twenty field visits and attended nine meetings. The objective of this monitoring exercise was to ensure that state lands under tea were properly maintained.

(g) **Termite attacks in tea cultivation**

Eight field visits were effected in collaboration with Agricultural Research & Extension Unit (AREU) to gauge the impact of termite attacks in those fields. Control measures, as recommended by AREU, were proposed to planters concerned.

(h) **Complaints from tea planters**

Fifty four complaints were registered from tea planters. The complaints related to such issues as weightment of leaf, surface moisture deduction, termite incidence and dieback in tea plots and green leaf transportation. The complaints were addressed promptly.

(i) **Research and Development**

The Board ensured that The Petit Merlo Tea Nursery belonging to the Ministry of Agro-Industry, Food Production and Security was properly maintained. This nursery constitutes an invaluable tea genetic pool which can be used as mother bushes for provision of cuttings to produce plantlets for any tea plantation or re-plantation. The Nursery was maintained by the Board through the following operations: weeding, application of fertilizer, and pruning.

(j) **Meeting with planters**

Two meetings were carried out with the community of small tea planters to present them the salient features of the past crop year and at the same time to seek their collaboration so as to redress the problems concerning them.

(k) **Incidence of disease in tea plantations**

Following complaints made by tea planters pertaining to leaf scorching in tea plantations, a disease surveillance system was initiated in collaboration with AREU to closely monitor the incidence of the disease and extend appropriate control measures to planters. In this context, fifteen field visits were effected.

(l) **Green leaf weighing**

In accordance to regulation 23(a) of the Tea Industry Control Regulations 1980, the Tea Board has the discretion to verify the accuracy of weighing machine and weights used by a manufacturer. In this context, eleven checks were made at both field and factory levels for the three tea factories.

(m) **Soil sampling**

The Board carried out a soil analysis of tea fields with respect to pH in November 2008 in order to formulate the second application of nitrogenous fertilizer which was due for December 2008. Based on the result of the survey, it was recommended to apply Calcium Ammonium Nitrate at a rate of 200 kgs per hectare.

(n) **Yield analysis**

A yield analysis for all categories of green leaf suppliers in the tea industry was carried out for crop season 2007-2008. In that context, both low yielders and high yielders were identified and following 244 field visits, appropriate measures are being taken.

5. **Financial Highlights of the Board**

Total income in the year ending 30 June 2009 was Rs 7.9 m against Rs 8.2 m in the previous year. Government contribution was Rs 4.5 m, as in 2007-08, whereas operating income decreased from Rs 1.4 m in 2007-08 to Rs 0.9 m in 2008-09. Investment income increased from Rs 2.2 m to Rs 2.5 m over the two years.

Operating cost in 2008-09 was Rs 8.8 m representing an increase of 20.8% over the previous year figure of Rs 7.2 m. Net loss for the year 2008-09 was 0.9 m compared to a surplus of Rs 0.9 m in the previous year. The loss was attributed mainly to the following:

- (1) The Board had to support the full effect of the PRB Report 2008 (Rs. 1.25 million) without any additional grant from the government.
- (2) Decrease in import licence fees (Rs. 0.7 million) following drop in quantity of tea imported.

6. **Directors' remuneration**

The remuneration of the Directors was determined by the Minister and generally follows recommendations made by the Pay Research Bureau. The remuneration received, or due and receivable from the Board for the year ended 30 June 2009 amounted to Rs 263,475.

7. **Audit fees**

The Director of Audit, National Audit Office was the auditor of the Tea Board. The Audit fees payable for the year ended 30 June 2009 amounts to Rs 50,000.

8. **Legal Adviser**

The Legal Adviser of the Tea Board was the Solicitor General. The fees paid for the year ended 30 June 2009 was Rs 20,000. An additional fee of Rs. 10,000 was paid in connection with a Supreme Court case: Grand Port Savanne and Tea Marketing Co-operative Federation Limited v/s Tea Board & 2 Ors.

9. **Bankers**

The State Bank of Mauritius Ltd were the bankers of the Tea Board.

10. **Future actions**

- (a) A deterioration was noted in the quality of tea manufactured locally. The main reason being the poor standard of leaf supplied by the planters. The Board would be coming forward with a series of enforcement measures to redress the above situation.
- (b) The Board in collaboration with the Agricultural Research and Extension Unit (AREU) would be launching a pilot production of tea plantlets for a National Infilling replantation programme for small tea planters. Concurrently, the project would train interested tea planters and potential entrepreneurs from the tea planters to produce the tea plantlets on commercial line.

- (c) A sub-committee of the Board would be carrying out a thorough study of all issues involved on the subject of outturn of made tea to green leaf. The recommendations of the sub-committee would be submitted for consideration by the Board.

Approved by the Board on 30th September 2009 and signed on its behalf by

(V. Gondeea)
Chairperson

(P. Chan Wan Fong)
Member

TEA BOARD

Corporate Governance Report

The Tea Board was a listed State-Owned Enterprise under the Financial Reporting Act 2004. In line with the Act, a Report on Corporate Governance was made in respect of the previous financial year. The Finance (Miscellaneous Provisions) Act 2008 amended the Financial Reporting Act 2004 and the Tea Board was no longer required to do so. However, for the purpose of good governance, the Tea Board was maintaining the practice.

1. Compliance Statement

The Directors assert having:

- (a) maintained adequate accounting records;
- (b) put in place an effective internal control system;
- (c) prepared the accounts in a manner that fairly present the state of affairs of the Board and the results of its operations in compliance with International Financial Reporting Standards, and
- (d) adhered to the Code of Corporate Governance to the extent that it was practical for a small state-owned enterprise.

The internal control system in place comprises the following elements:

- adequate segregation of duties for the proper safeguards of the Board's assets. To that effect,
 - estimates of expenditure are subject to quarterly monitoring by the Board;
 - operational income is subject to scrutiny by the Supervising Accountant;
 - investment activities are discussed at the level of the Sub-Committee on Finance;
 - purchases for items valued at Rs 20,000 or more are effected only on the recommendation of the Sub-Committee on Finance;
 - purchases for items valued at less than Rs 20,000 are effected only after approval from the General Manager is obtained;
 - payments to creditors are effected only after the approval of the General Manager is obtained;
 - accounting records are properly kept in the Finance Section of the Board so as to provide effective accounting control over assets, liabilities, revenues and expenditures.
- the Finance Section operates under the responsibility of a qualified and experienced accountant assisted by qualified personnel at operational level;
- the services of the Senior Agricultural Analyst of the parent Ministry, a Fellow of the Association of Chartered Certified Accountants, is retained on a part-time basis to perform the duties of Internal Auditor. The Internal Auditor reports on a monthly basis to the Chairperson of the Board. Issues requiring corrective measures are referred to management for appropriate action.

2. Directors' profile

Mrs Nirmala Boodhoo holds a Diploma in Public Administration and Management and was the Ag Senior Chief Executive of the Ministry of Agro Industry and Fisheries.

Mr. Chettandeo Bhugun holds a BA Honours in Sociology and a Diploma in Public Administration and Management and was serving as Principal Assistant Secretary at the Ministry of Agro-Industry, Food Production and Security.

Mr Dhuneerow Luximon is a Fellow of the Association of Chartered Certified Accountants (FCCA) and was serving as Senior Financial and Management Analyst at the Management Audit Bureau of the Ministry of Finance and Economic Empowerment.

Mr Kumar Khelawon holds a Diploma in Co-operative Studies and was a Principal Co-operative Officer in the Co-operative Division of the Ministry of Business, Enterprise & Cooperatives.

Mr P Chan Wan Fong holds a Diploma in Mechanical and Electrical Engineering and a post-Diploma in Production Technology. Mr Chan is in tea manufacturing since 1973. He represented the Mauritius Chamber of Agriculture.

Mr A K Bokhoree holds a B. Eng (Hons) Aeronautical Engineering and was the Managing Director of La Chartreuse Tea Manufacturing Co. Ltd. He is a member of the Board since January 2005.

Mrs M Merle holds a Bachelor in Social Science (Industrial Sociology) and was the General Manager of Corson Tea Estate Co. Ltd. She is a member of the Board since August 2006.

Mr. P. Muniah is a long standing tea planter with experience in the management of Credit and Tea Marketing Co-operative Societies. He is a member of the Board since January 2005.

Mrs. I. C. Gopeesing is a long standing metayer of Société des Plantations de Bois Chéri. She is a member of the Board since January 2005. In the past, she has been a member of the Board from April 1988 to June 1995.

Mr. P. Bagha is a long standing private small tea planter. He is a member of the Board since January 2005.

Mr. S. Bhukory is a long standing private small tea planter. He has served as a member of the Board in the past from July 1989 to June 1995 and from August 1997 to December 2004.

Mr. A. Bundhun, MSK is a Community Development Officer at the Trust Fund for the Integration of Vulnerable Group.

3. **Sub-Committees**

(a) The Chairperson of Board, in a spirit of good governance and transparency, does not chair any sub-committee of the Board. The composition of Sub-Committees that were in operation during the year ended 30 June 2009 was as follows:

(i) **Sub-Committee on Finance Matters**

Chairperson: Mr D Luximon
Members: Mr A K Bokhoree
Mr P Bagha

The terms of reference of the Sub-Committee were:

- to open and evaluate quotations called by Management and make recommendations to the Board;
- to examine request for expenditure exceeding Rs 20,000;
- to consider estimates as prepared by Management and make recommendations to the Board; and
- to consider any other financial matters referred to the Sub-Committee by the Board.

The possibility of extending the terms of reference of the Sub-Committee so as to act also as the Audit Committee was still under consideration at the close of the year.

(ii) **Sub-Committee on Staff Matters**

Chairperson: Mr K Khelawon
Members: Mr A Bundhun
Mr S Bhukory
Mr A Seepergauth

The terms of reference of the Sub-Committee were:

- to interview and select candidates applying for vacant posts on the establishment of the Tea Board and to make recommendations to the Board; and
- to consider any other staff matters referred to the Sub-Committee by the Board.

(b) The possibility of setting up a Committee on Corporate Governance was under consideration at the close of the year.

4. Risk Management

Having regard to the size and activities of the Board, there were no major risk management issues. Office assets of the Board were insured against fire and allied perils. The personnel were insured against personal accident on a 24-hour basis. The Board ensured that the company providing Security Services was insured against legal liability of the company in respect of injury to third parties or damage to the property of third parties, arising from the activities of the insured's employees elsewhere than on the premises of the insured.

Financial risks, especially liquidity risk, were addressed through an adequate system of Budget Monitoring.

Tenders are floated among commercial banks and financial institutions registered in Mauritius as and when required for the placement of any surplus cash that is not required for immediate use. The offers are scrutinised by the Sub-Committee on Finance Matters.

The financial crisis that shook economies worldwide since September 2008, had very little impact on the Tea Industry in Mauritius. However, the situation was different at the level of the Tea Board Staff Pension Fund managed by the SICOM Ltd on behalf of Tea Board. It was noted that:

- (1) Return on Investment fell to 4.35% from 6.11% in the previous year.
- (2) Unrealised loss of Rs. 2,127,641 in the year ended 30 June 2009 was reported as against an unrealised gain of Rs. 2,329,663 in the preceding year.

There was also indication that the Family Protection Scheme operated on behalf of five officers of the Board by La Prudence Mauricienne Assurances Ltee, has been impacted upon negatively.

5. Profile of Top Management Officers

General Manager

The Tea Industry Control Act 1975, as amended, requires that "*there shall be a General Manager of the Board who shall be appointed by the Board subject to the approval of the Minister and shall be responsible for the execution of the policy of the Board and for the control and management of its day to day business. In the exercise of his functions, the General Manager has to act in accordance with directions he receives from the Board and attend every meeting of the Board*".

Mr A Seepergauth was appointed General Manager of the Board in January 2000. He holds a BSc (Hons) degree in Agriculture from the University of Mauritius and had joined the Board in 1987 after serving as Technical Officer/ Senior Technical Officer since 1976 at the then Ministry of Agriculture, Natural Resources and the Environment.

Secretary

The Secretary of the Board, Mr A Ayrga, is also the Secretary of all Sub-Committees of the Board.

He joined the organisation in 1971 as Compiler and had served in the capacity of Senior Statistical Assistant and Statistical and Marketing Officer before being appointed Secretary in 1985. He holds a BA (Hons) degree in Administration from the University of Mauritius and is a Fellow of the Association of Chartered Certified Accountants (FCCA) as well as a member of the Mauritius

Institute of Professional Accountants (MIPA). He also acts as the Supervising Accountant of the Board. In April 2008, he was awarded a Masters in Public Policy and Administration (MPPA) with Distinction by the University of Mauritius.

6. Directors' attendance records

The attendance record of the Chairperson and the members of the Board are given in the following table.

Director	Attendance at Board Meetings & Sub-Committees		
	Board Meetings	Sub-Com on Finance	Sub-Com On Staff Matters
Chairperson			
Mrs. Nirmala BOODHOO	6 / 13		
Mr. Chettandeo BHUGUN	4 / 13		
Board Members			
Mr. Dhuneerow LUXIMON	12/13	5/5	10/10
Mr. Kumar KHELAWON	11/13		
M. Paul CHAN WAN FONG	9/13		
Mr. Ashvin BOKHOREE	5/13	1/5	
Mrs. Mylène MERLE	6/13		
Mr. Parmanand MUNIAH	12/13		
Mrs. Indrawtee Choolun GOPEESING	10/13		
Mr. Premadeep BAGAH	13/13	5/5	
Mr. Sardanand BHUKORY	12/13		10/10
Mr. Anand BUNDHUN	13/13	2/5	10/10

7. Directors' remuneration

The Directors holding office during the year are listed below. Total remuneration and other benefits received by each director during the year, for responsibility held, are listed next to their names.

Director	Remuneration and benefits received	
	Board Meetings (Rs)	Sub Committees (Rs)
Chairperson		
Mrs. Nirmala BOODHOO	129,600	
Mr. Chettandeo BHUGUN	28,800	
Board Members		
Mr. Dhuneerow LUXIMON	20,650	4,200
Mr. Kumar KHELAWON	6,875	8,400
M. Paul CHAN WAN FONG	5,625	
Mr. Ashvin BOKHOREE	3,125	575
Mrs. Mylène MERLE	3,750	
Mr. Parmanand MUNIAH	7,500	
Mrs. Indrawtee Choolun GOPEESING	6,250	
Mr. Premadeep BAGAH	8,125	2,875
Mr. Sardanand BHUKORY	7,500	4,600
Mr. Anand BUNDHUN	8,125	6,900
Total	235,925	27,550

8. **Code of Ethics**

The Board recognises and discharges its responsibility in providing an ethical and safe work environment for its staff. It ensures adherence to the norms of best practices for the preservation of the working environment.

Approved by the Board on 30th September 2009 and signed on its behalf by

(V. Gondeea)
Chairperson

(K. Khelawon)
Member

TEA BOARD

FINANCIAL STATEMENTS

for the

FINANCIAL YEAR ENDED 30 JUNE 2009



Wooton, EAU COULEE

**TEA BOARD
BALANCE SHEET AS AT 30 JUNE 2009**

	Notes	2008-09 Rs	2007-08 Rs
ASSETS			
Non-current assets			
Property, plant and equipment	(3)	348,299	224,297
Held to maturity Investment		26,000,000	26,000,000
Long Term Car Loan		649,844	929,106
Total Non-Current Assets		26,998,143	27,153,403
Current assets			
Short Term Car Loan		58,333	53,333
Interest receivable		715,019	527,603
Prepayments	(4)	114,575	107,947
Cash and cash equivalents	(5)	1,331,247	1,875,369
Total Current Assets		2,219,174	2,564,252
Total Assets		29,217,317	29,717,655
EQUITY AND LIABILITIES			
Capital and reserves			
Tea Fund	(6)	26,352,721	27,098,392
Non-Current Liabilities			
Car Loan		649,844	929,106
Provision	(7)	1,342,261	978,370
Total Non-Current Liabilities		1,992,105	1,907,476
Current Liabilities			
Car loans		58,333	53,333
Accounts payable	(8)	399,637	272,949
Licence prepaid		52,100	37,088
Accruals	(9)	362,421	348,417
Total Current Liabilities		872,491	711,787
Total Equity and Liabilities		29,217,317	29,717,655

Approved by Board on 30 September 2009 and signed on its behalf by:

Sd (V. Gondeea)
Chairperson

Sd. (A. Seepergauth)
General Manager



TEA BOARD
INCOME STATEMENT ACCOUNT FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2008-09 Rs	2007-08 Rs
Revenue			
Grant – Ministry of Agro Industry & Fisheries		4,500,000	4,500,000
Import Licence, levy and cess		804,042	1,311,930
Interest earned		2,455,266	2,245,625
Tea property licences		95,818	94,880
Surcharges		3,392	2,928
Charge from Revaluation Reserve		25,000	-
		7,883,518	8,155,363
Expenditure			
Staff costs	(10)	7,315,558	6,061,959
Depreciation		107,644	75,532
Other operating costs	(11)	1,353,366	1,094,308
Finance costs		2,621	2,544
		8,779,189	7,234,343
		(895,671)	921,020
Net surplus (deficit) for the period			



TEA BOARD
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	2008-09 Rs	2007-08 Rs
Operating activities		
Surplus for the year	(895,671)	921,020
Adjustment for:		
Depreciation	107,644	75,532
Assets written off	-	-
Interest Income on fixed deposits	(2,455,266)	(2,245,625)
Charge from Revaluation Reserve	(25,000)	-
	(3,268,293)	(1,249,073)
Decrease/(Increase) in Accounts Receivable	267,635	(344,454)
Decrease/(Increase) in Accounts Payable	118,556	445,878
Increase in Provisions	363,891	6,288
Cash generated from operations	(2,755,323)	(1,141,361)
Cash flow from investing activities		
Fixed Deposit	-	(1,000,000)
Interest income on fixed deposits	2,267,849	2,254,338
Purchase of fixed assets	(56,646)	(76,448)
Net cash inflow from investing activities	2,211,202	1,177,890
Increase/ (Decrease) in cash and cash equivalents	(544,121)	36,529
Cash and cash equivalents at the beginning of the year	1,875,369	1,838,840
Cash and cash equivalents at the end of the period	1,331,247	1,875,369



TEA BOARD
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

	Tea Fund Rs
Balance at 30 June 2007	26,177,372
Net surplus for the period 30 June 2008	921,020
Balance at 30 June 2008	27,098,392
Net loss surplus for the period 30 June 2009	(895,671)
Revaluation Reserve	150,000
Balance at 30 June 2009	26,352,721



TEA BOARD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2009

1 GENERAL INFORMATION

The Tea Board is a statutory body established under the Tea Industry Control Act 1975. The objects of the Board is to promote and encourage co-operation, education, research and development in relation to the production and marketing of tea; to regulate and control the activities of the tea industry with special regard to the production of green leaf, manufacture, marketing, import and export of tea; the price to be paid for tea or green leaf; and the conditions of contracts entered into by planters, metayers and manufacturers; to arbitrate disputes between persons engaged in or connected with the tea industry; and to assist a planter to diversify to other agricultural activities.

The office of the Tea Board is located at Wooton, Eau Coulee, Curepipe Road.

2 ACCOUNTING POLICIES

The principal accounting policies adopted by the Board are as follows:

(a) Basis of Accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The financial statements are presented in Mauritian rupees (Rs).

(b) Depreciation

Depreciation is calculated so as to write off the cost of Fixed Assets over their expected useful lives on a straight line basis.

The principal annual rates used for the purposes are:

Computer and accessories and electronic equipment	-	20%
Equipment, Furniture & Fittings	-	10%
Motor Vehicle*	-	20%

Electronic equipments include Photocopier, Digital Camera and Fax Machine.

Individual asset worth less than Rs 2,000 is not capitalised. Such assets are reported in the inventory sheet in the office in which they are in use.

A full year of depreciation is charged in the year of purchase.

*This policy is not applicable where the historical cost has been fully written off.

(c) Government Grants

Government grants received for the operational expenses are credited to the Tea Fund.



TEA BOARD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)

3 PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	COMPUTER & ACCESSORIES & ELECTRONICS Rs.	EQUIPMENT, FURNITURE & FITTINGS Rs.	MOTOR VEHICLE Rs.	TOTAL 2008-09 Rs.
Cost – 1 JULY 08	287,690	243,717	610,400	1,141,807
Valuation (01 July 08)	-	-	175,000	175,000
Additions during the year	37,655	18,991	-	56,646
Cost – 30 JUNE 09	325,345	262,708	785,400	1,373,453
AGGREGATE DEPRECIATION - 1 JULY 08	188,120	118,990	610,400	917,510
Depreciation for the year	57,996	24,648	25,000	107,644
AGGREGATE DEPRECIATION-30 JUNE 09	246,116	143,638	635,400	1,025,154
NET BOOK VALUE – 01 JULY 08	99,570	124,727	-	224,297
NET BOOK VALUE – 30 JUNE 09	79,229	119,070	150,000	348,299

	2008 - 09 Rs	2007 - 08 Rs
4 Prepayments		
(i) Group Personnel Accident Scheme	18,289	18,275
(ii) Rent	64,000	64,000
(iii) Motor Vehicle Running Expenses	10,236	7,441
(iv) Office Expenses, General Stores & Stationery	17,752	18,231
(v) Insurance	4,298	-
	114,575	107,947
5 CASH AND CASH EQUIVALENTS		
(i) Cash in hand	1,095	515
(ii) Current Account	25,366	11,642
(iii) Saving Account	1,304,786	1,863,212
	1,331,247	1,875,369
6 TEA FUND		
Balance as at 1 July	27,098,392	26,177,372
Income & Expenditure Account	(895,671)	921,020
Revaluation Reserve	150,000	-
	26,352,721	27,098,392
7 PROVISION		

The provision reflects the amount payable to staff on retirement on account of credits due under Sick Leave Bank Scheme.



TEA BOARD**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2009(CONTINUED)****8 ACCOUNTS PAYABLE**

Accounts payable are in respect of passage benefits accruing to employees

9 ACCRUALS

	2008 - 09 Rs	2007 - 08 Rs
(i) Salaries (COMPPM)	4,282	4,282
(ii) End-of-year Bonus	184,538	197,346
(iii) Incremental Credit	17,240	-
(iv) Sick Leave Payment	87,320	78,561
(v) Staff Pension Scheme	1,754	-
(vi) Family Protection Scheme	219	-
(vii) Professional Fees	50,000	50,000
(viii) Utilities	13,135	13,294
(ix) Press Notices, Printing & Publications	3,933	4,934
	362,421	348,417

10 STAFF COSTS

	2008 - 09 Rs	2007 - 08 Rs
(i) Salaries & Compensation	4,423,007	3,395,703
(ii) Incremental Credit	17,240	-
(iii) Travelling & Car Allowance	607,934	537,814
(iv) Allowances & Overtime	208,023	173,902
(v) End of Year Bonus	372,904	339,457
(vi) Sick Leave Payment	711,486	273,436
(vii) Passage Benefits	181,786	140,609
(viii) Uniforms & Protective Equipment	9,177	7,431
(ix) Staff Pension Scheme	603,889	1,014,034
(x) Family Protection Scheme	86,395	66,203
(xi) Employees Welfare Fund (NPS)	40,254	41,066
(xii) Group Personnel Accident Scheme	18,275	12,889
(xiii) Staff Welfare	28,188	25,163
(xiv) Staff Training	7,000	34,250
	7,315,558	6,061,957

10(a) TEA BOARD STAFF PENSION FUND

Market Value of Fund at start of the Financial Year	29,977,553	26,343,382
Contributions	860,193	662,034
Investment Income	1,304,271	1,609,563
Unrealised (Loss) Gain	(2,127,641)	2,329,663
Special Contribution	-	352,000
	30,014,357	31,296,641
LESS		
Pension	1,955,548	988,980
Gratuity	1,669,151	284,125
Group Temporary assurance Premium	42,595	32,762
Fees for Actuarial Services	27,500	-
Management Fees	17,204	13,241
	3,711,997	1,319,108
Market Value of Fund at the end of the Financial Year	26,302,359	29,977,533



TEA BOARD**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2009(CONTINUED)**

An actuarial valuation of the fund as at 30 June 2008. The report was submitted in March 2009 and stated the following:-

- (1) Treating the Fund as an ongoing entity, the actuarial value of assets (i.e the fund and the future contributions receivable) exceed the total actuarial value of the past and future service liabilities by Rs. 964,000.
- (2) If however future pensions in payment are assumed to remain constant the actuarial value of the assets shall exceed the actuarial value of the liabilities by Rs. 10.3 M.
- (3) On the basis of the above valuation results and assumptions, it is advised that the contribution rate be maintained at 20% of salaries until the next valuation.

The salaries and benefits in respect of three General Workers attached to the Ministry of Agro Industry, Food Production & Security at the Board are not included in Staff Costs. In the event of the Board employing those General Workers, the estimated cost to the Board would have been around Rs. 500,000.

10(b) End of Year Bonus and Sick Leave Bank Balance

These items are being recognised on an accrual basis as from 1st July 2007.

11 OTHER OPERATING COSTS

Other operating costs include payment of rent amounting to Rs 64,000. The office of the Tea Board is located on premises leased from the Ministry of Housing and Lands. The premises include a portion of the State Land Wooton of extent of 6,765 m², together with the building existing thereon. Other details are as follows:

	2008 – 09	2007 – 08
	Rs	Rs
(i) Board's fees	290,580	239,160
(ii) Professional Fees	130,500	15,000
(iii) Rent	64,000	64,000
(iv) Electricity, Telephone & Water	133,911	106,601
(v) Motor Vehicle Running Expenses	81,881	74,675
(vi) Offices Expenses, General Stores & Stationery	125,910	115,922
(vii) Overseas Mission	-	107,076
(viii) Press Notices, Printing & Publications	89,604	65,470
(ix) Repairs & Maintenance	68,173	44,004
(x) Research & Development	121,644	47,710
(xi) Security Services	242,880	210,407
(xii) Sundry Expenses	4,283	4,283
	1,353,366	1,094,308

