

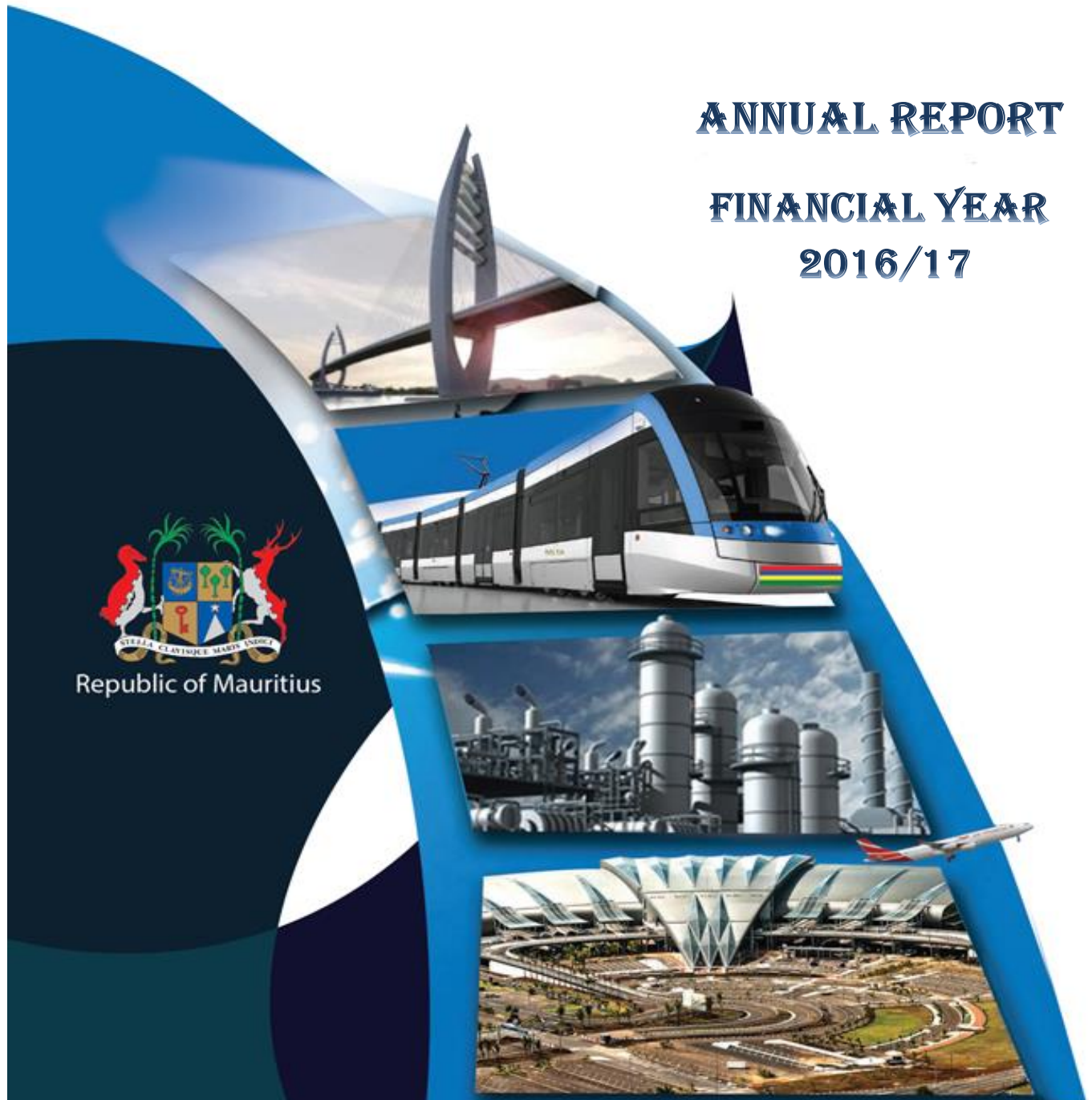
# **MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT**

**ANNUAL REPORT**

**FINANCIAL YEAR  
2016/17**



Republic of Mauritius



# ABOUT THIS REPORT

The Annual Report on Performance of the Ministry is a statutory requirement in accordance with Section 4B of the Finance & Audit Act.

The report forms part of the reform for modernizing our public financial management system. It embeds the practice of reporting on performance, achievements and the reasons for deviations on targets set for a particular year, in this case for Financial Year 2016/17.

It also provides a mechanism of accountability in relation to resources provided by the National Assembly and the services delivered thereon.

The Annual Report provides information about this Ministry for our stakeholders and the public at large.



# CONTENTS

STATEMENT FROM MINISTER.....	1
STATEMENT FROM FINANCIAL SECRETARY .....	2
<b>PART I – ABOUT THE MINISTRY .....</b>	<b>3</b>
<i>Vision &amp; Mission Statement .....</i>	<i>4</i>
<i>Roles and Functions of the Ministry of Finance and Economic Development.....</i>	<i>5</i>
<i>About Our People.....</i>	<i>13</i>
<b>PART II – ACHIEVEMENTS.....</b>	<b>16</b>
<i>Major Achievements for Financial Year 2016-17 .....</i>	<i>17</i>
<i>Status on Implementation of Budget Measures FY 2016-17.....</i>	<i>22</i>
<i>Status on Implementation of Key Actions – FY 2016-17.....</i>	<i>26</i>
<i>Other Internal Key Performance Indicators .....</i>	<i>27</i>
<i>Risk Management, Citizen Oriented Initiatives &amp; Good Governance .....</i>	<i>28</i>
<i>Events Hosted by MOFED in FY 2016-17.....</i>	<i>32</i>
<b>PART III – FINANCIAL PERFORMANCE .....</b>	<b>34</b>
<i>Financial Highlights.....</i>	<i>35</i>
<i>Analysis of Major Changes.....</i>	<i>37</i>
<i>Statements of Revenue and Expenditure .....</i>	<i>39</i>
<b>PART IV – WAY FORWARD.....</b>	<b>42</b>
<i>Trends and Challenges .....</i>	<i>43</i>
<i>Strategic Direction .....</i>	<i>45</i>
<b>Editorial Team .....</b>	<b>46</b>
<b>Annex</b>	
<i>Key Responsibilities of the Departments falling under the purview of MOFED .....</i>	<i>47</i>
<i>Key Responsibilities of the statutory bodies falling under MOFED .....</i>	<i>49</i>
<i>Status on Implementation of Budget Measure – FY 2016-2017 .....</i>	<i>50</i>

## LIST OF TABLES

Table	Page
<b>Table 1.1:</b> Senior Management Team	8
<b>Table 1.2:</b> Directorate & core functions	9
<b>Table 1.3:</b> Departments and bodies falling under MOFED	10
<b>Table 1.4:</b> Statutory Bodies falling under MOFED	12
<b>Table 1.5:</b> Number of Staff in post in MOFED as at 30 June 2017	15
<b>Table 2.1:</b> Status of Key Actions and KPIs	26
<b>Table 2.2:</b> Other Internal Key Performance Indicators	27
<b>Table 2.3:</b> Constitution of the Audit Committee	29
<b>Table 3.1:</b> Statement of Revenue from Property Income, User Fees and Other Sources	39
<b>Table 3.2:</b> Statement of Expenditure under Vote 6-1	40
<b>Table 3.3:</b> Summary of Expenditure incurred by Departments of MOFED	41

## LIST OF FIGURES

Figure	Page
<b>Figure 1.1:</b> Departments under the purview of MOFED	11
<b>Figure 1.2:</b> Organizational Structure of MOFED as at 30 June 2017	14
<b>Figure 2.1:</b> Improvement in key Economic Indicators	17
<b>Figure 2.2:</b> Status on implementation of Budget Measures for 2016-17	22-25
<b>Figure 2.3:</b> Internal Audit Exercises	29
<b>Figure 3.1:</b> Revenue Collection by MOFED, Departments and Statutory Bodies	36
<b>Figure 3.2:</b> Expenditure incurred by MOFED under Vote 6-1	36
<b>Figure 3.3:</b> Breakdown of revenue collected by the MRA	37
<b>Figure 3.4:</b> .Breakdown of Grants	38
<b>Figure 4.1:</b> SWOT Analysis of MOFED	43

## Statement from Minister



*I am pleased to present the Annual Report for the Ministry of Finance and Economic Development for the financial year 2016-17. The report forms part of a wider reform programme for modernizing our public financial management system. Annual reporting is becoming an established practice in the public sector and will undoubtedly bring more accountability and better transparency in the management of public funds.*

*On the economic front, the GDP growth rate reached 3.9 percent in 2016-17 despite a challenging international environment and is forecast to be around 4.1 percent in 2017-18.*

*For FY 2016-17, inflation rate was at low rate of 2.4 percent. The unemployment rate went down to 7.3 percent. As many as 6,500 new recruits have joined the public sector during the last two years.*

*We have also managed to keep the budget deficit at 3.5 percent of GDP. The country's foreign currency reserves amounted to Rs 181 billion at end of June 2017 as compared to Rs 169 billion a year earlier.*

*Reform initiatives taken during the last few years by the Ministry have enabled Mauritius to maintain its leading position in terms of ease of doing business in Africa. Mauritius ranked 21<sup>st</sup> out of 180 countries in the 2017 Index of Economic Freedom - Heritage Foundation; 45<sup>th</sup> out of 138 countries in the Global Competitiveness Index 2016-17; 7<sup>th</sup> out of 159 countries in the Economic Freedom of the World 2016 - Fraser Institute; and 39<sup>th</sup> out of 139 countries in the Forbes Survey of Best Countries for Business 2017. It is worthy to note, that for all these global business indices, Mauritius ranked first in Africa. Mauritius remains an attractive investment destination and Foreign Direct Investment flowing to the country was around Rs 15.4 billion.*

*Moody's International Service has maintained Mauritius' sovereign bond rating at Baa1 with a stable outlook. This was based on the impressive record of resiliency of the Mauritian economy underpinned by economic diversification as well as Government's proactive economic policy stance.*

*We have for the first time introduced a rolling Three-Year Strategic Plan 2017-18 to 2019-20 along with the Budget speech to support our medium and long term objectives.*

*Finally, I would like to thank and congratulate all the staff of the Ministry of Finance and Economic Development for the commendable performance of the Ministry and hope they will continue their work with the same dedication and even more enthusiasm.*

**The Hon Pravind Kumar JUGNAUTH**

*Prime Minister, Minister of Home Affairs, External Communications and National Development Unit,  
Minister of Finance and Economic Development*

## Statement from Financial Secretary



*The Ministry of Finance & Economic Development is issuing its second Annual Report in a row, this time for financial year 2016-17. We are committed to improving accountability and transparency in the management of public funds.*

*Accrual accounting is being introduced in the Public Sector with a view to presenting a comprehensive set of financial statements which are in accordance with the International Public Sector Accounting Standard (IPSAS). Implementation will, however, be on a gradual phase.*

*We have also reviewed our public investment management framework to simplify planning, financing and implementation of capital projects. A Public Investment Management Unit has been set up at the Ministry and a new Capital Project Process Manual has been issued.*

*To provide rapid and effective services to stakeholders, the internal systems and processes are being reviewed. We are automating our registry so that in the future, documents can be stored, processed and transferred electronically thereby aiming at achieving a work environment with less paper.*

*A computerized inventory management system will be introduced across all Ministries/Departments to improve Government management of its inventories. The proposed inventory management system will interface with the new Government Asset Register so as to have a comprehensive register of all assets in Government.*

*These achievements have been made possible through the strategic direction provided by the Honourable Prime Minister, also responsible for the Finance portfolio, and I wish to express my deep appreciation for his unflinching support.*

*I also seize this opportunity to express my gratitude to the Editing Team at MOFED who has worked on this Annual Report 2016-17 and extend my warmest appreciation to all the staff of the Ministry for their continued efforts, commitment and dedication to the public service.*

**Dharam Dev Manraj, G.O.S.K**

*Financial Secretary*

# Part I: About MOFED



*Part 1 sets out the vision, mission, overview of the Ministry, its roles and functions as well as its organizational structure*

## VISION & MISSION STATEMENT

### Vision Statement



*A model organization that promotes economic development, good governance, and social progress for all Mauritians through accountable, efficient, equitable and sustainable management of public finances; and that effectively markets Mauritius as a reputable financial centre and successfully attracts higher levels of investment.*

### Mission Statement

*1. To formulate and implement sound macroeconomic and fiscal policies to ensure sustainable economic and social development of the country and improve standard of living.*



*2. To ensure adequate allocation of funds and optimise revenue mobilisation, while providing the right incentives for economic growth and social development.*

## PART I – ABOUT THE MINISTRY

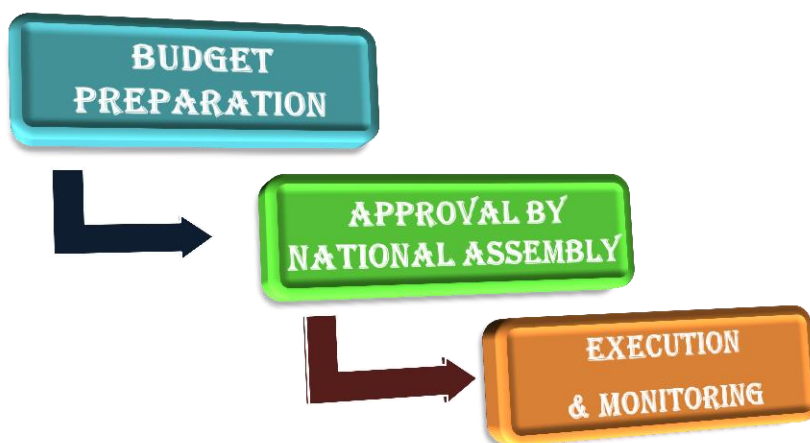
### Roles and Functions of the Ministry of Finance and Economic Development

**The Ministry of Finance and Economic Development (MOFED) is responsible for formulating the economic development policies and for the economic management of the affairs of government so as to achieve faster and sustainable economic development**

MOFED is also responsible for the financial soundness of Government's economic policies and for the proper control of revenue and expenditure. The Financial Secretary, as Supervising Officer of MOFED, has the responsibility to ensure that the functions of MOFED are carried out economically, efficiently and effectively and its objectives duly achieved.

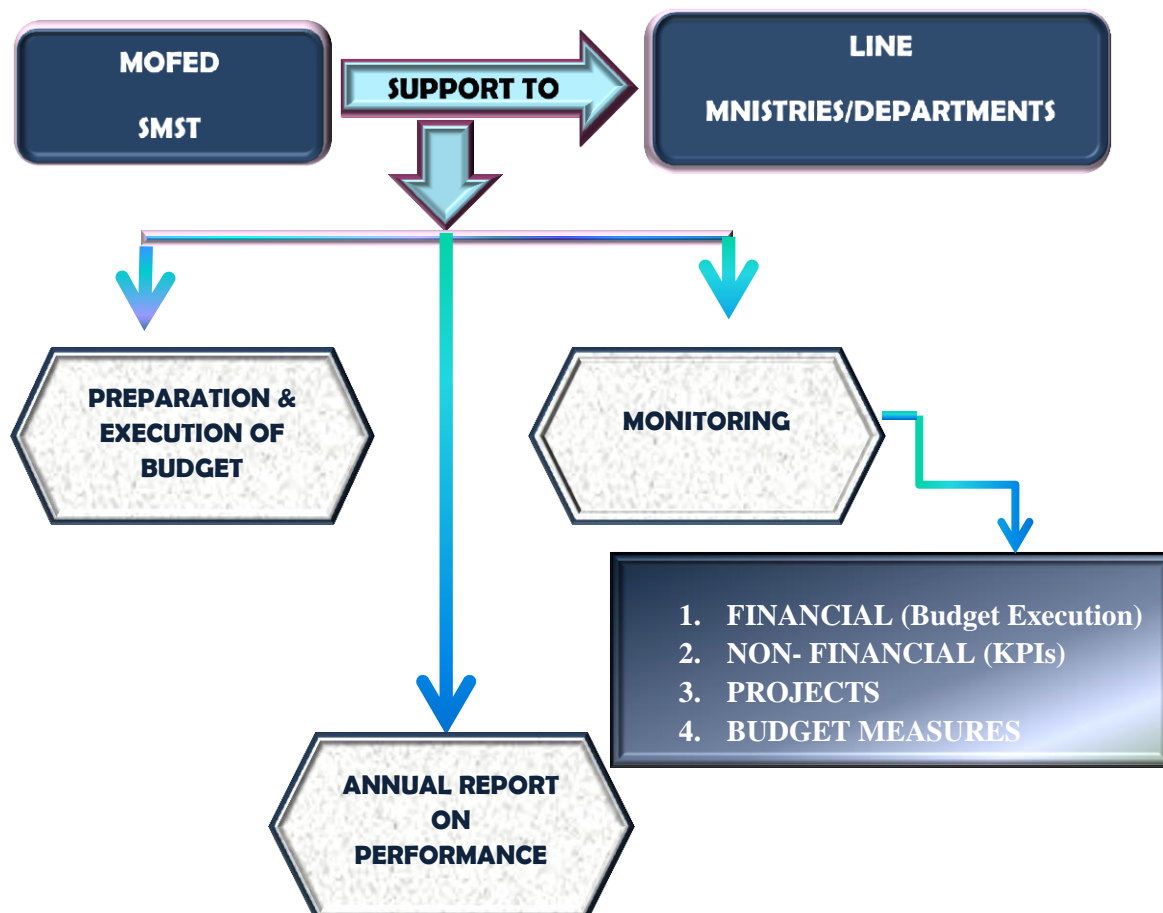
The key functions of MOFED are defined as follows:

- formulate Government economic reform strategy and coordinate its implementation;
- develop macro fiscal framework and formulate fiscal policy;
- prepare the annual Budget Estimates in collaboration with Ministries/Departments;



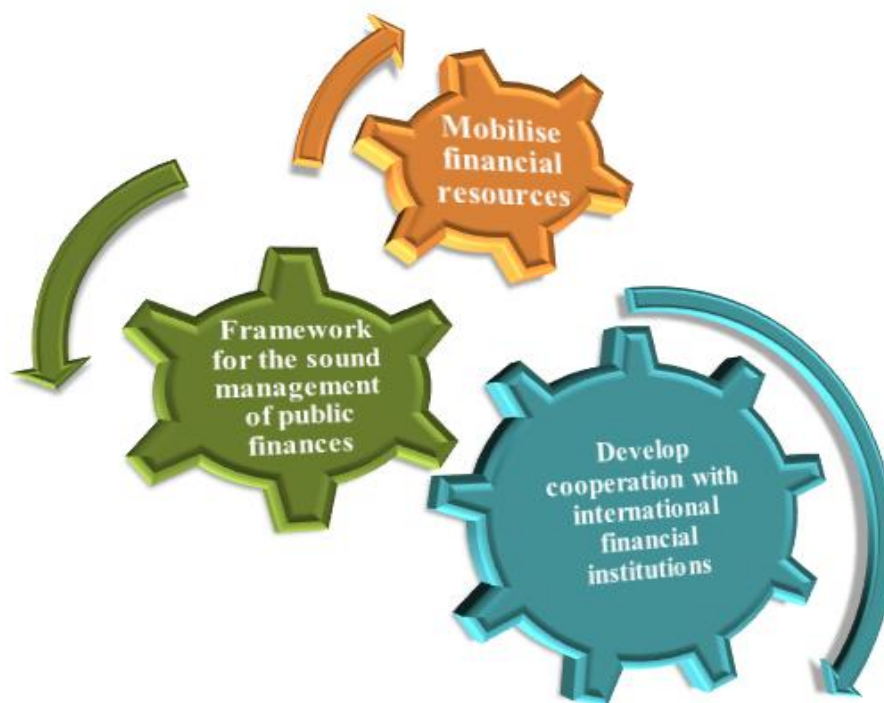
- works out, in consultation with other Departments, a Public Sector Investment Programme (PSIP);

- provide support, through Sector Ministry Support Team (SMST), to Ministries / Departments in the formulation of their strategic plan and preparation, execution and monitoring of their Performance Based Estimates;



- manage public sector debt with a view to minimizing cost, consistent with a prudent level of risk and develop active debt management strategies while supporting the development of a well-functioning market for government securities;
- coordinate with the Bank of Mauritius (BOM) and the Financial Services Commission (FSC) to ensure the soundness and stability of the financial system;

- develop cooperation with international financial institutions and mobilise financial resources and technical assistance;



- develop the framework for the sound management of public finances and ensure implementation within set rules;
- ensure the preparation of the Annual Accounts of Government;
- oversee, through the parent Ministry, performance of parastatal bodies and compliance with legal financial requirements;
- monitor the performance of Mauritius Revenue Authority (MRA) and other major revenue collecting Departments;
- maintain an updated Financial Management Kit and issue financial instructions to regulate financial procedures in Government; and
- provide support to Ministries and Departments for effective and efficient Financial Operations, Procurement & Supply and Internal Audit activities.

## SENIOR MANAGEMENT TEAM

TITLE/DIRECTORATE	CONTACT DETAILS
Financial Secretary	<b>Mr. D. MANRAJ, G.O.S.K</b> Phone : (230) 201- 2331 Fax : (230) 211-0096 Email : <a href="mailto:fssecretariat@govmu.org">fssecretariat@govmu.org</a>
<b>Deputy Financial Secretary</b> <i>Budget Strategy &amp; Management Directorate</i>	<b>Mr. P. YIP WANG WING. C.S.K</b> <i>(Retired as from 19 September 2017)</i>
<b>Deputy Financial Secretary</b> <i>Business Development Directorate</i>	<b>Mr. R. CHELLAPERMAI</b> Phone : (230) 201-1149 Email : <a href="mailto:rchellapermai@mail.gov.mu">rchellapermai@mail.gov.mu</a>
<b>Ag. Senior Chief Executive</b> <i>Joined the Ministry as from March 2017</i>	<b>Mrs. A. BURRENCHOBAY</b> Phone : (230) 201-2955 Email : <a href="mailto:aburrenchobay@govmu.org">aburrenchobay@govmu.org</a>
Permanent Secretary	<b>Mr. V. LUTCHMEEPARSAD</b> Phone : (230) 201-1624 Email : <a href="mailto:vlutchmeeparsad@govmu.org">vlutchmeeparsad@govmu.org</a>
Director (Economic & Finance)	<b>Mr. G. BUSSIER</b> Phone: (230) 201-2339 Email: <a href="mailto:gbussier@mail.gov.mu">gbussier@mail.gov.mu</a>
Director (Economic & Finance)	<b>Mr. A. KOKIL</b> Phone: (230) 201-1424 Email: <a href="mailto:akokil@govmu.org">akokil@govmu.org</a>
Director (Economic & Finance)	<b>Dr. D. PALIGADU</b> Phone: (230) 201-3477 Email: <a href="mailto:dpaligadu@govmu.org">dpaligadu@govmu.org</a>
Director (Economic & Finance)	<b>Mr. V. SOONDRAM</b> Phone: (230) 201-1160 Email: <a href="mailto:vsoondram@govmu.org">vsoondram@govmu.org</a>
Director (Economic & Finance)	<b>Mr. R. KHUSHIRAM</b> <i>(Retired as from 16 June 2017)</i>
Director (Economic & Finance)	<b>Mr. A. ACHARUZ</b> Phone: (230) 201-1308 Email: <a href="mailto:aacharuz@govmu.org">aacharuz@govmu.org</a>
Director (Economic & Finance)	<b>Mr I. BONOMAULLY</b> Phone: (230) 201-2492 Email: <a href="mailto:ibonomaully@govmu.org">ibonomaully@govmu.org</a>
Director (Economic & Finance)	<b>Mrs S. RAMA</b> Phone: (230) 201-1998 Email: <a href="mailto:srama@govmu.org">srama@govmu.org</a>
<b>Director (Strategy Policy &amp; Planning)</b> <i>Joined the Ministry as from March 2017</i>	<b>Mrs. H. Boolell</b> Phone : (230) 201-1149 Email : <a href="mailto:hboolell@govmu.org">hboolell@govmu.org</a>

Table 1.1: Senior Management Team



Table 1.2: Directorates &amp; core functions



## Departments and Other Bodies falling under MOFED

The Ministry has ten Departments/bodies falling under its purview as follows:

	<i>Departments/ Bodies</i>	<i>Accounting Officer</i>
MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT	Treasury	Accountant-General
	Registrar-General's Department	Registrar-General
	Valuation Department	Director
	Corporates and Business Registration Department	Registrar of Companies
	Statistics Mauritius	Director
	Procurement Policy Office	Director
	Central Procurement Board	Chief Executive
	Independent Review Panel	Financial Secretary
	Assessment Review Committee	Financial Secretary
	Office of the Commissioner for the Protection of Borrowers	Financial Secretary

*Table 1.3: Departments and bodies falling under MOFED*

The Financial Secretary is also responsible for the overall administration of its various Cadres and Divisions as well as for the general supervision of the departments falling under the aegis of MOFED.

Key Responsibilities of the Departments falling under the purview of MOFED are described at Annex I



*Figure 1.1: Departments under the purview of MOFED*

## Statutory Bodies under the purview MOFED

MOFED has also seven (7) Statutory Bodies under its jurisdiction and are listed below. These Bodies operate as autonomous entities under the umbrella of the Ministry and have their own goals and objectives. They are seen as the Executive arm of the Ministry to support and promote Government's vision & mission and to implement its policies. Each Statutory Body is managed by a Board of Directors, appointed by the Government, which sets the policies and directions of its operations. The Board appoints the Chief Executive under different types of denomination, according to the Act, who may be a Director General, a Managing Director, a Chief Executive Officer, a General Manager, and a Secretary. The Chief Executive is responsible for the day-to-day management of the organisation.

	<i>Statutory Body</i>	<i>Officer-in-charge</i>
<b>MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT</b>	Mauritius Revenue Authority	Director General
	Board of Investment Mauritius	Managing Director
	Sugar Insurance Fund Board	Chief Executive Officer
	Employees Welfare Fund	General Manager
	Civil Service Family Protection Scheme Board	General Manager
	Mauritius Ex-Services Trust Fund	Secretary

*Table 1.4: Statutory Bodies falling under MOFED*

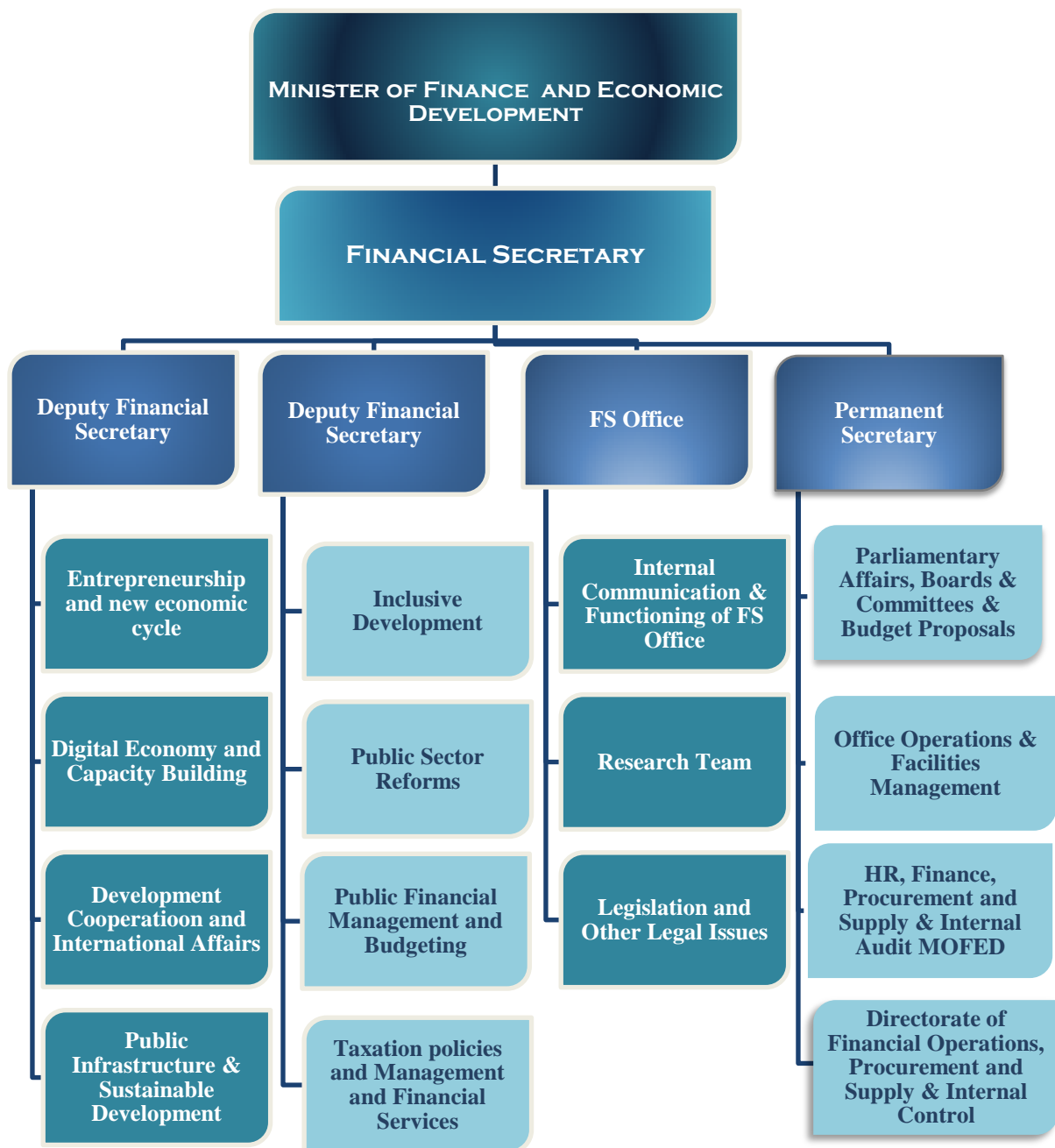
Key Responsibilities of the statutory bodies falling under MOFED are described at Annex II.

## About Our People

The Financial Secretary is the technical and administrative head of the Ministry. He is assisted in his functions and duties by two Deputy Financial Secretaries, the Permanent Secretary and officers from the various cadres and classes namely: Analyst Cadre, Administrative Cadre, Human Resources Management Cadre, Financial Operations Cadre, Procurement and Supply cadre, Internal Control Cadre as well as officers belonging to the general services grades. He is also responsible for the overall administration and general supervision of the divisions and departments falling under the aegis of the Ministry as listed above.

The technical arm of the Ministry consists of eight (8) directorates namely: (i) Entrepreneurship and new economic cycle; (ii) Digital Economy and Capacity Building; (iii) Development Cooperation and International Affairs; (iv) Public Infrastructure and Sustainable Development; (v) Inclusive Development; (vi) Public Sector Reforms; (vii) Public Financial Management and Budgeting; and (viii) Taxation Policies and Management and Financial Services. The Organisation Structure of MOFED is presented at Figure 1.2. The Corporate Services are responsible for Parliamentary affairs, Boards and Committees and Budget Proposals; Office Operations and Facilities Management; Human Resources matters and policy issues; financial operations, procurement and supply and Internal control, among others.

MOFED is also responsible to provide human resources to all Ministries to facilitate the smooth running of their core business in three main areas namely, Financial Operations, Procurement & Supply and Internal Control.



*Figure 1.2: Organizational Structure of MOFED as at 30 June 2017*

The human resources forming part of the technical and administration cadres which fall under the aegis of MOFED are shown in Table 1.5 below:

**Number of Staff in post in MOFED as at 30 June 2017**

<i>Job Title</i>	<i>Number of Staff</i>
<b>Financial Secretary</b>	1
<b>Deputy Financial Secretary</b>	2
<b>Director (Economic &amp; Finance)</b>	7
<b>Lead Analyst</b>	46
<b>Senior Analyst</b>	3
<b>Analyst/Senior Analyst</b>	77
<b>Finance Cadre*</b>	478
<b>Internal Control Cadre *</b>	86
<b>Procurement &amp; Supply Cadre*</b>	377
<b>Administrative Cadre</b>	8
<b>HR Cadre</b>	9
<b>General Services Staff</b>	150
<b>Assessment Review Committee Technical Cadre</b>	11
<b>Procurement Policy Office</b>	1
<b>Central Procurement Cadre</b>	9
<b>Advisers</b>	6
<b>Contractual Officers</b>	21
<b>Service to Mauritius Programme Interns</b>	29
<b>Total</b>	<b>1321</b>

*Table 1.5: Number of Staff in post in MOFED as at 30 June 2017*

*\*Officers in the Finance, Internal Control and Procurement & Supply Cadres are out-posted in all Ministries and Departments to perform operational duties.*

# Part II: Achievements



*Part II describes mainly the major achievements, status on the achievements of budget measures and a review of how the MOFED has performed during FY 2016-17*

## PART II – ACHIEVEMENTS

### Major Achievements for Financial Year 2016-17

#### Sound Macroeconomic Management

- In spite of the difficult international economic environment, sound macroeconomic management by MOFED underpinned by proactive implementation of appropriate policy measures and reform initiatives have enabled the country to improve and consolidate its economic fundamentals. There has been a marked improvement in key economic indicators as illustrated by the graphic below.

#### IMPROVEMENT IN KEY ECONOMIC INDICATORS



*Figure 2.1: Improvement in key Economic Indicators*

- The economy grew at a higher rate of 3.9% in FY 2016-2017 compared to 3.2% in FY 2015-16. Growth was driven by the tertiary sector, namely financial services, tourism and retail trade. The construction sector recovered substantially with a positive growth of 8.1% in FY 2016-17 compared to a cumulative contraction of 26% since FY 2012-13. The inflation rate at end

December 2016 reached a low of 1%; only to increase slightly to 2.4% in June 2017 due to rise in prices of vegetables following unfavourable climatic conditions in February, increase in oil prices and budget measure to increase rate of excise duty on tobacco and alcoholic products. The unemployment rate went down from 7.9% in 2015 to 7.3% in 2016. There was a decline in both male and female unemployment rate. Unemployment among the youth also fell from 26.3% in 2015 to 23.9% in 2016.

- FDI inflows amounted to Rs 15.4 billion in FY 2016-17 as compared to Rs 12.9 billion in FY 2015-16. Real estate development attracted the major share of inflows. There were, however, higher inflows in the construction, financial services and education sectors compared to last financial year. Gross international reserves increased to Rs 181 billion at end-June 2017, equivalent to 9.5 months of imports as against 8.8 months at end-June 2016.

## **Enhancing Competitiveness for Growth and Job Creation**

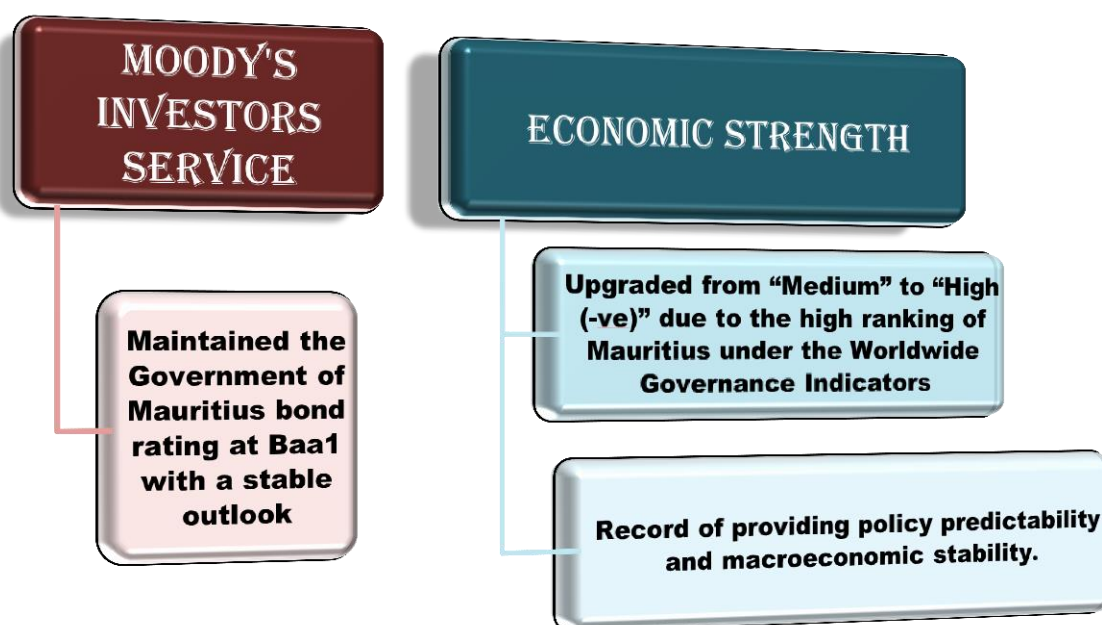
- Reform initiatives in the context of business facilitation contributed towards improving the positioning of Mauritius globally. According to the World Bank 'Doing Business Report 2016-17', Mauritius improved its Distance to Frontier<sup>1</sup> from 72.18 in 2016 to 72.27 in 2017. Though Mauritius' ranking was down from 42<sup>nd</sup> to 49<sup>th</sup> position, it maintained its leading position in Africa.
- Mauritius' ranking slightly improved to 45<sup>th</sup> position in the Global Competitiveness Report 2016-17 on the basis of better macroeconomic environment and the transitioning of Mauritius to the innovation-driven stage of development.
- Mauritius was ranked 21<sup>st</sup> in the 2017 Index of Economic Freedom of the Heritage Foundation and 1<sup>st</sup> out of 46 countries in the Sub-Saharan African region. The good performance of Mauritius is due to (i) its efficient and transparent regulatory environment that supports broad-based economic development, and (ii) competitive tax rates and a fairly flexible labour code. The open trade and investment regime is underpinned by well-protected property rights and a non-discriminatory legal system.

## **Improving Public Financial Management and Strategic Planning**

- In its credit analysis carried out in March 2017, Moody's International Service maintained Mauritius' sovereign bond rating at Baa1 with a stable outlook. It also upgraded the Economic Strength of Mauritius from "Medium" to "High (-ve)". This was based on the impressive record of resiliency of the Mauritian economy underpinned by economic diversification as well as Government's proactive economic policy stance.

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<sup>1</sup> The distance to frontier score benchmarks economies with respect to regulatory practice, showing the absolute distance to the best performance in each *Doing Business* indicator. An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier.



- Launching of trading of Government securities over the counter as first stage development of secondary market for such securities.
- Improvement in public debt profile through lengthening of average time to maturity, reduction in exposure to foreign exchange and interest rate risks and enhancement of affordability of public debt.
- Issued guidelines and provided assistance to Ministries/Departments on the preparation of Annual Report on performance for financial year 2016-17.
- Computerization of the budget process and monitoring including PSIP through the implementation of the e-budget project completed.
- Issued Financial Instructions on carry-over of capital expenditure to improve public expenditure efficiency by facilitating the transition between two financial years and as such, Ministries/Departments were able to carry-over unspent capital expenditure.
- Enhanced e-tax strategy of MRA coupled with international benchmarking of its system and processes to further improve on revenue collection targets and tax compliance.
- An Alternative Tax Dispute Resolution mechanism has been put in place at the level of MRA to expedite tax appeal cases exceeding Rs 10 million.

## Development in Business Facilitation

- As part of a major public sector reform programme announced in the Budget Speech 2016-17, the State Property Development Co Ltd (SPDC), the Business Parks of Mauritius Ltd (BPML), the Tourist Villages Co Ltd and Les Pailles International Conference Centre Ltd have been amalgamated with the State Land Development Co Ltd (SLDC) and the name of the amalgamated company has been changed to Landscape (Mauritius) Ltd.
- Board of Investment has issued a Smart City Scheme Certificate to three companies.

- The Business Facilitation Bill was enacted in May 2017 with a view to removing constraints in relation to permits, licences, authorisations and clearances.

## **Procurement Facilitations**

- e-Procurement System implemented with 15 public bodies Issuing Invitation for Bids (IFBs) online.
- Built Operate and Transfer Guidance Manual launched in September 2016.

## **Strengthening Regional Integration and International Cooperation**

### **■ *Cooperation with India***

The Government of Mauritius has secured a grant of USD 353 million, equivalent to some Rs 12.7 billion from the Government of India. This grant has been earmarked for implementation of various projects with a total estimated cost of USD 712.15 million. The five major projects for which this grant assistance will be used are as follows:

- ✚ Metro Express with project value of USD 610 million
- ✚ New Supreme Court Building with project value of USD 30 million
- ✚ Tablets for primary students with project value of USD 22.4 million
- ✚ Social Housing with project value of USD 33.75 million
- ✚ The New ENT Hospital with project value of USD 16 million

The Government of Mauritius has also obtained a grant of USD 4 million as topping up to the line of credit of USD 52.3 million, to finance the Trident Project. This project will considerably upgrade facilities, amenities and allow for increased maritime operations for the National Coast Guard in view of the developments of the Ocean Economy.

### **■ New Lines of Credit from the Government of India/ EXIM Bank of India**

- ✚ A Line of Credit of USD 500 million has been made available to the SBM (Mauritius) Infrastructure Development Company Ltd for financing its participation through Redeemable Preference Shares in public sector entities for the implementation of the various projects including the Metro Express.

### **■ Cooperation with China**

During the 10<sup>th</sup> Session of the Sino-Mauritian Joint Commission in Beijing in November 2016, various facilities were provided by the Chinese Government,

- ✚ Financing the multi-purpose sports complex to host the 10th Edition of the Indian Ocean Islands Games (IOIG) ;
- ✚ Signing of a Memorandum of Understanding on the launching of a Joint Feasibility Study of the Mauritius-China Free Trade Agreement ;
- ✚ A donation of additional 30 semi low floor buses which will improve the public transport system in Mauritius; and
- ✚ Signing of a Memorandum of Understanding with the Bureau of Commerce of Qingdao Municipal Government with a view to promoting investment flows and trade exchanges as well as enhancing cooperation.

### **■ Green Climate Fund**

- ✚ Grant of **USD 28.2 million** received from the Green Climate Fund in the Renewable Energy sector.

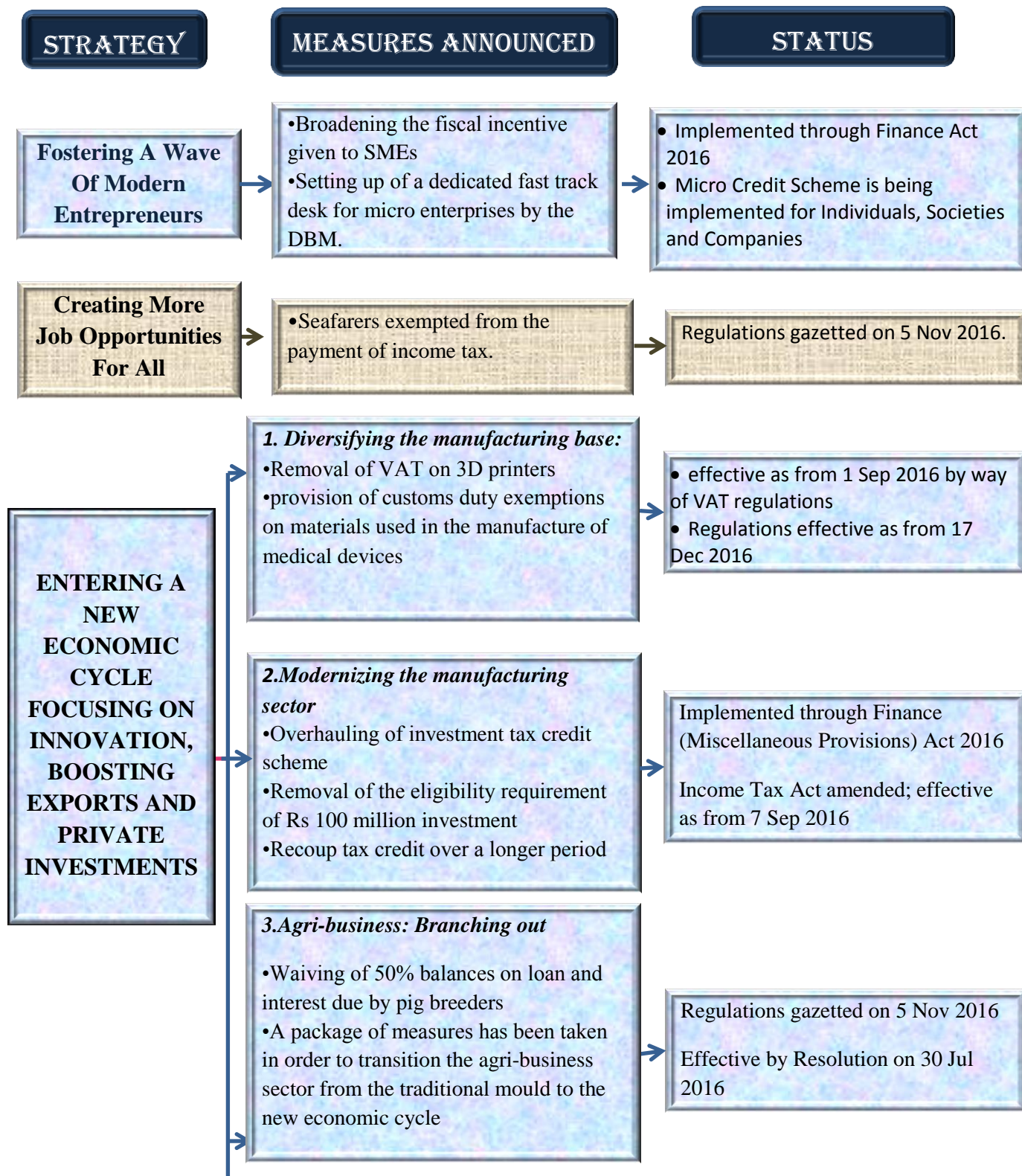
### **■ European Union**

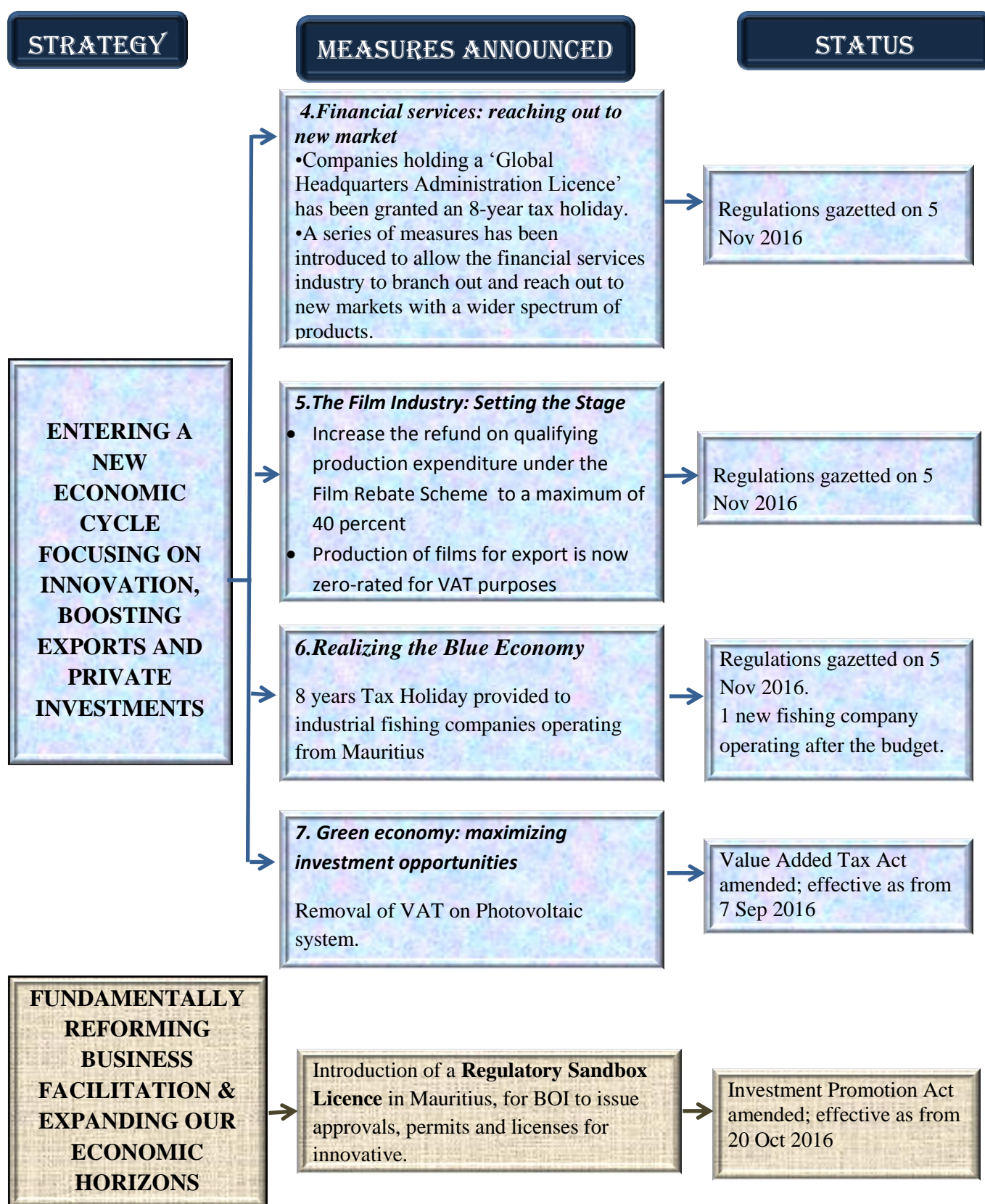
- ✚ EU has approved a grant of **€ 7 million** for the National e-licensing project by the Board of Investment.

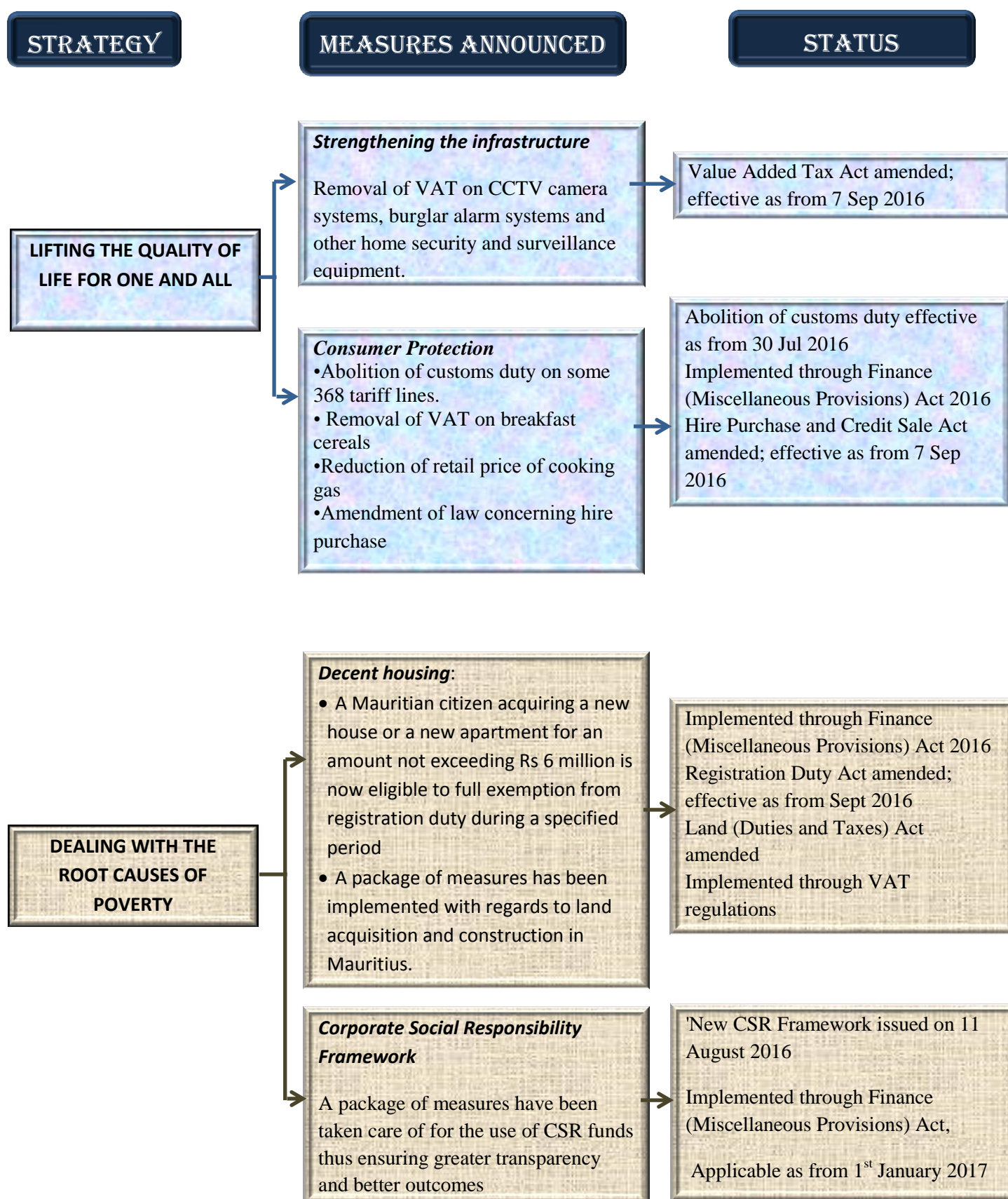
### **■ Global Environment Facility (GEF)**

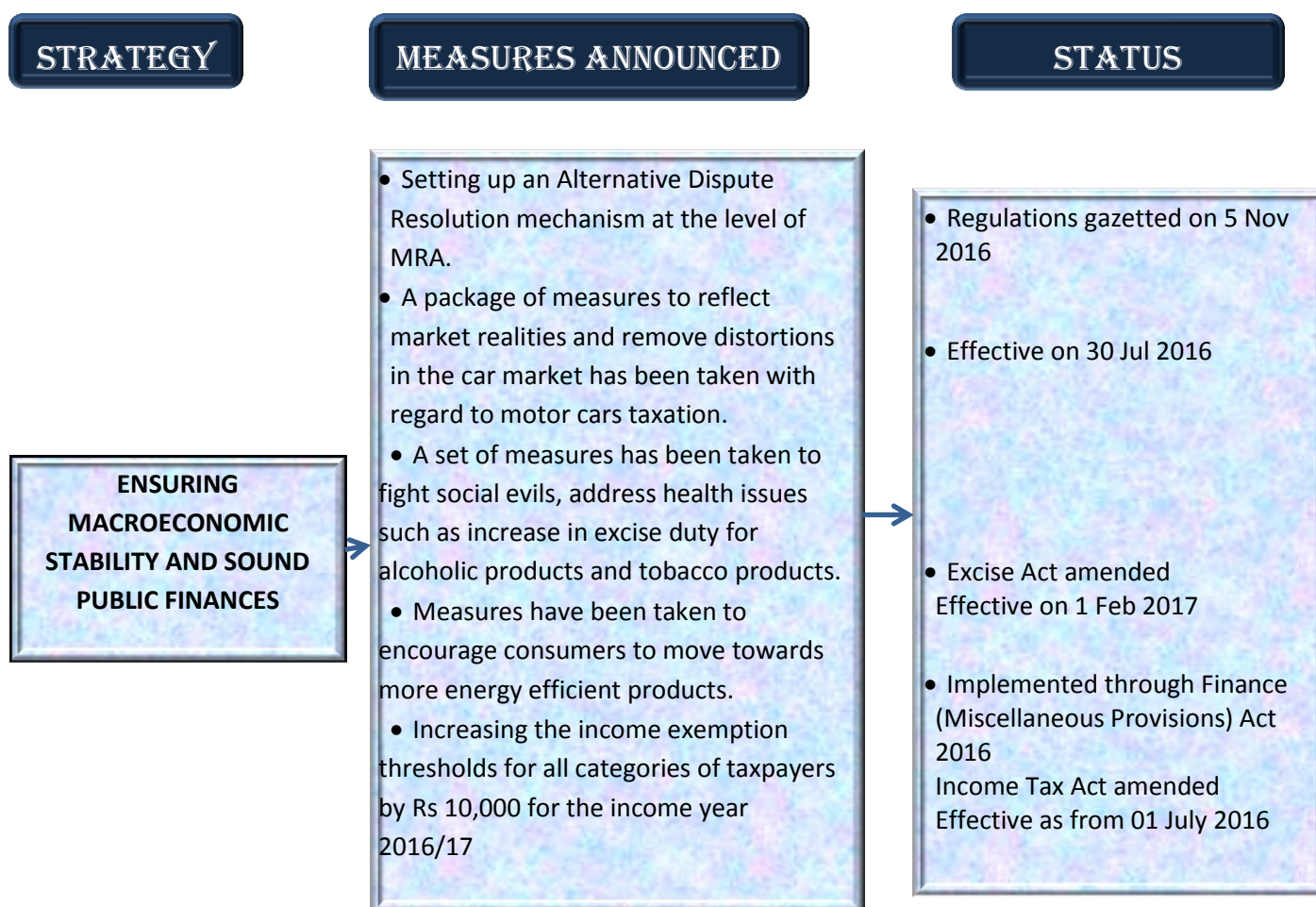
- ✚ GEF approved two projects for Mauritius for a grant of **USD 8.4 million**, as follows:
  - USD 3.8 million for the project “*Mainstreaming IAS Prevention, Control and Management*”
  - USD 4.5 million for the project “*Realising energy savings and climate benefits of implementing mandatory energy auditing in coordination with HCFC phase-out and HFC avoidance*”

## Status on Implementation of Budget Measures for FY 2016-17









*Figure 2.2: Status of Budget Measures FOR 2016-17*

The details of the measures announced by the Minister of Finance in the Budget 2016-17 and its status are provided at Annex III.

### Status on Implementation of Key Actions – FY 2016-17

Table 2.1 below shows the status of the Key Actions and the Key Performance Indicators (KPIs) pertaining to MOFED which were included in the Budget 2016-17.

**Status of Key Actions and KPIs**

KEY ACTION	KEY PERFORMANCE INDICATOR	TARGET (AS PER BUDGET ESTIMATES)	STATUS/REMARKS
Improving coordination of monetary and fiscal policies	Budget deficit as a percentage of GDP	3.3%	3.5%
Enhancing tax forecasting	Actual tax collected is not less than projected amount by indicated percentage except in case of shocks	5%	0.67%
Strengthening performance monitoring in Ministries and Departments	Number of selected Ministries/Depts monitoring performance on the Business Intelligence application	≥10	Online Monitoring of performance operational for Budget 2017-18
Development of a secondary market for Government Securities	A new segment on the Stock Exchange of Mauritius for the trading of Government Securities set up	Jun 17	The trading of Government securities on the secondary market has already started with effect from 1st March 2017. However, the trading is effected over the counter of Primary Dealers based on recommendation from the Bank of Mauritius.
Promote transparency and good governance in property valuation	Property Valuation Legislation introduced	Apr 17	Draft of Property Valuation has already been prepared. It is proposed to introduce the Bill by December 2017
Promoting Mauritius to attract higher levels of foreign direct investment (FDI)	FDI in existing and emerging sectors (Rs Billion)	12	15.4
Implementation of Government e-Procurement system (e-PS)	Integration of all high-spending bodies in the e-PS	Jun 2017	15 Public Bodies (incl. high spending Ministries/Agencies) have onboarded the e-PS. Total estimated value of e-Tenders is Rs 3.2 Billion. Following issues encountered: a) Deficient Administrative Readiness b) Deficient e-Readiness c) Insufficient resources at PPO to facilitate onboarding and capacity building
Developing efficient business processes and encouraging use of electronic payment instruments by replacing payments through Electronic Funds Transfers	Percentage reduction in the number of payments through cheques	>20%	35%

*Table 2.1: Status of Key Actions and KPIs*

## Other Internal Key Performance Indicators

Table 2.2 below provides status for other Key Performance Indicators developed by MOFED for improving service delivery.

### Other Internally developed KPI's

KEY ACTION	KEY PERFORMANCE INDICATOR	STATUS
MODERNISING PUBLIC FINANCIAL MANAGEMENT	Financial Instructions No 1 of 2017 – Examination of Payment Vouchers Prior to Disbursement	Issued in January 2017
	Financial Instructions No 2 of 2016 – Opening of Advance Account in the TAS	Issued in October 2016
	Assist Ministries/Departments in the preparation of their Annual Report	Meetings conducted with some 40 Ministries/Departments
FINANCIAL OPERATION CADRE: Timeliness in payment and monitoring thereto through a Fast Track Payment System and Payment Tracking Report	Payments settled within 7 days or earlier after receipt of invoice in Finance Section.	100%
INTERNAL CONTROL CADRE: Strengthening internal control mechanisms in Ministries/Departments	Percentage Annual Internal Audit Plans of Ministries/Departments completed	75%
	Percentage agreed recommendations in the Internal Audit Reports implemented	70%
PROCUREMENT & SUPPLY CADRE: Review of Process	Overall review of structure and processes of the procurement & supply at the Ministry of Health	100%
	Need analysis and drafting of functional specification of a Computerised Inventory Management System for all Ministries/Departments	100%

*Table 2.2: Other Internal KPIs*

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## **Risk Management, Citizen Oriented Initiatives & Good Governance**

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The system of internal control at MOFED is designed to provide reasonable assurance regarding:

- the effectiveness and efficiency of operations in the Department;
- safeguard of assets and data of the Department;
- reliability of financial and non-financial reporting;
- prevention of fraud and irregularities; and
- compliance with applicable laws, regulations and instructions as well as policies and established procedures.

The Financial Secretary is accordingly responsible for –

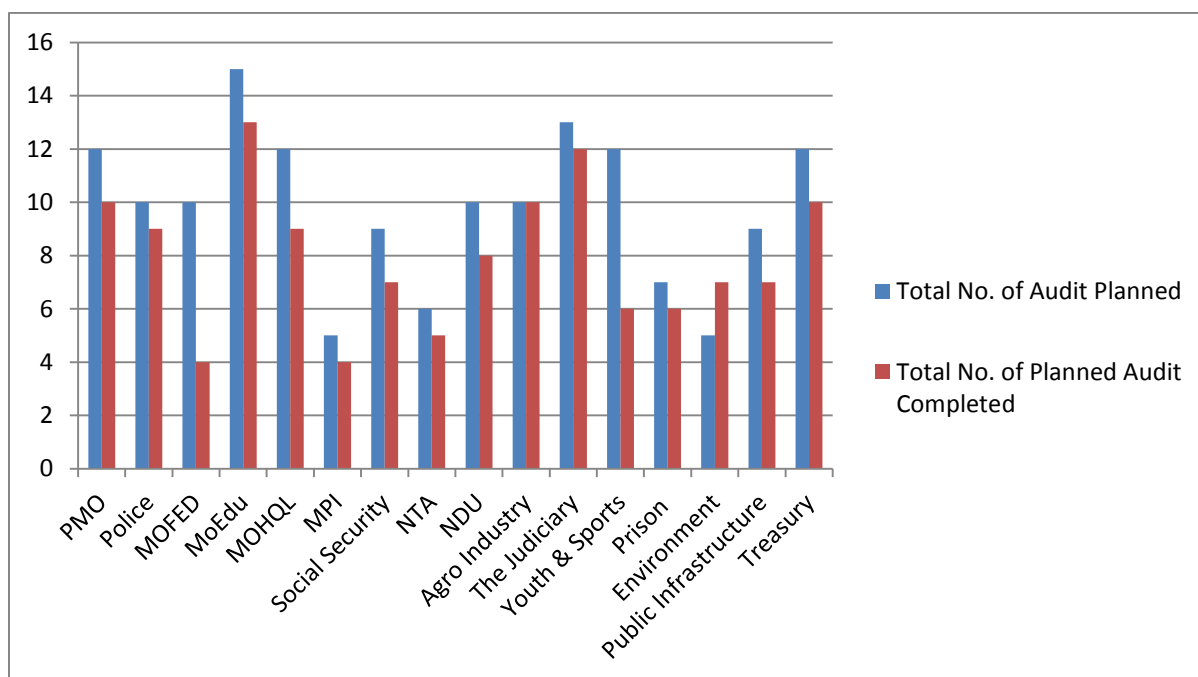
- exercising care, skill and diligence in identifying, assessing and monitoring risks;
- carrying out, with the assistance of the Officer-in-Charge Internal Control (OIC Internal Control), a risk assessment exercise to identify areas where internal audit has to focus upon; and
- ensuring the preparation of an Internal Audit Operational Plan.

The approach adopted by the Internal Audit Unit of MOFED is to identify areas of significant operational or financial risk. The process to manage those risks is as follows:

- A risk based approach is adopted to identify areas of high risk or problem areas.
- Audit resources are directed to high risk areas.
- During the audit assignments, risks are again reassessed and controls in place evaluated to assess its effectiveness.
- The attention of management is drawn on material weaknesses observed and recommendations for improvement are made.
- Follow up are conducted on a regular basis to ascertain status of actions initiated on all agreed recommendation in the action plan.

## Internal Audit

For the period July 2016 to June 2017, of 157 internal audit exercises planned, 127 were completed as shown in the figure below. This represents 80% of Annual Internal Audit Plans.



*Figure 2.3: Internal Audit Exercises*

## Audit Committee

### Composition of Committee

- There is an Audit Committee (AC) set up in MOFED. The Committee is constituted as follows:

Name	Designation	Position in the AC
Mr G. Bussier	Director	Chairperson
Mr A. Acharuz	Director	Member
Mrs C. Ramah	Deputy Permanent Secretary	Member
Mr A. Mooteea	Analyst / Senior Analyst	Secretary

*Table 2.3: Constitution of the Audit Committee*

- The responsibilities of the MOFED Audit Committee is to assist the Financial Secretary in, *inter-alia*:
  - ✚ reviewing the internal audit scope;
  - ✚ monitoring and reviewing both the risk control and governance processes which have been established in the organization;
  - ✚ the coordination of all related units and other agencies, such as Inspection, Internal audit and external audit; and
  - ✚ overseeing the Ministry's financial statements and internal controls.
- The Audit Committee has had four meetings during 2016-17. Issues discussed at the level of AC were as follows:
  - ✚ The AC had proposed the Registrar General to come up with effective measures to recover the long outstanding arrears of revenue. This has been taken into consideration through the amendment made in the Finance Bill where the Registrar General Department will be incorporated into the MRA to have one single revenue collection agency and for better enforcement.
  - ✚ The SMST for Registrar General was requested to take the necessary steps to finalise the Valuation Roll as soon as possible because the Registrar General Department as well as the Local Authorities are waiting for an updated and accurate Valuation Roll for the application of the general rates.
  - ✚ The MRA was requested to come with more proactive remedial actions to prevent adverse comments from audits and the measures would include the following:
    - ***Reduce delays in auctioning of overlying (abandoned) good.*** Main actions taken by the MRA Customs include conducting a complete survey and creating an updated database of overlying goods and introducing an automated system of auction.

- *Arrears of revenue.* According to MRA the majority of the debts are non-collectible meaning that they are under dispute at the Assessment Review Committee, Supreme Court and Privy Council etc. The MRA was suggested to review its process for debt collection and make proposals to debt management.

✚ Internal Audit was requested to look at the mechanism to follow-up Public Expenditure and Financial Accountability (PEFA) reports.

✚ Given that many adverse remarks have been made by the National Audit Office, on arrears of revenue and debtors management, the AC requested the MOFED Internal Control Unit to undertake special assignment on those issues for non-implementation of the recommendations.

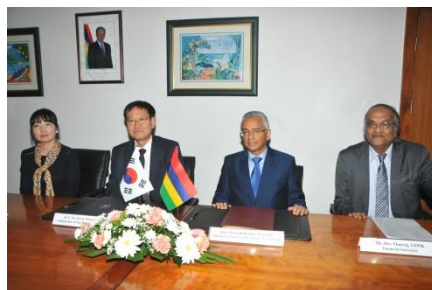
**Events Hosted by MOFED in FY 2016-17**

- Budget Speech on 29 July 2016



- Ministerial Meeting on 'Submarine Fibre Optic Cable Project'
- Special Budget Insight
- Workshop – Highlights of the Report from AFRITAC South ‘ Mauritius - Towards Accrual Accounting and the Adoption of International Standards’

- Tax Information Exchange Agreement (TIEA) signed with the Republic of Korea



- CSR Meet-Up by the CSR Committee
- Ministerial Committee on the Outbreak of Foot and Mouth Disease (FMD)
- Ministerial Committee on Implementation of Measures Announced in Budget Speech 2016-17
- Signature ceremony for EPA Mauritius EUR 7 M Financing Agreement - Improving the Business and Investment climate
- Visit of Delegation of Senegal in Mauritius
- Signature Ceremony With Senegal
- Handing over ceremony of 3D Printers and Scanners by the Government of China to Mauritius
- Bilateral Meeting with India on Financing of Infrastructure Projects
- Bilateral Meeting between Mauritius and India
- Consultative meeting to assist stakeholders in identifying opportunities under AGOA - 15 February 2016.

## **STAFF WELFARE**

### **Activities organized by the MOFED Staff Welfare Association**

- 2-day Workshop on Heartfulness Relaxation and Meditation
- Team Building at Le Meridien Hotel, Pointe aux Piments
- Independence Day celebration with staff
- Christmas party for kids and staff organized in December
- Team building at Ile de Deux Cocos
- Financial support for medical treatment for serious disease.
- Vaccination against H1N1 virus
- Contribution to farewell parties of staff going on retirement

MOFED Staff Welfare  
Association  
2016-17



# Part III: Financial Performance



*Part III provides the financial highlights for the financial year 2016-17 and an analysis of significant changes in financial results. It also includes statements of revenue and expenditure*

**PART III – FINANCIAL PERFORMANCE****Financial Highlights**

MOFED has 7 Expenditure Votes under its control as follows:

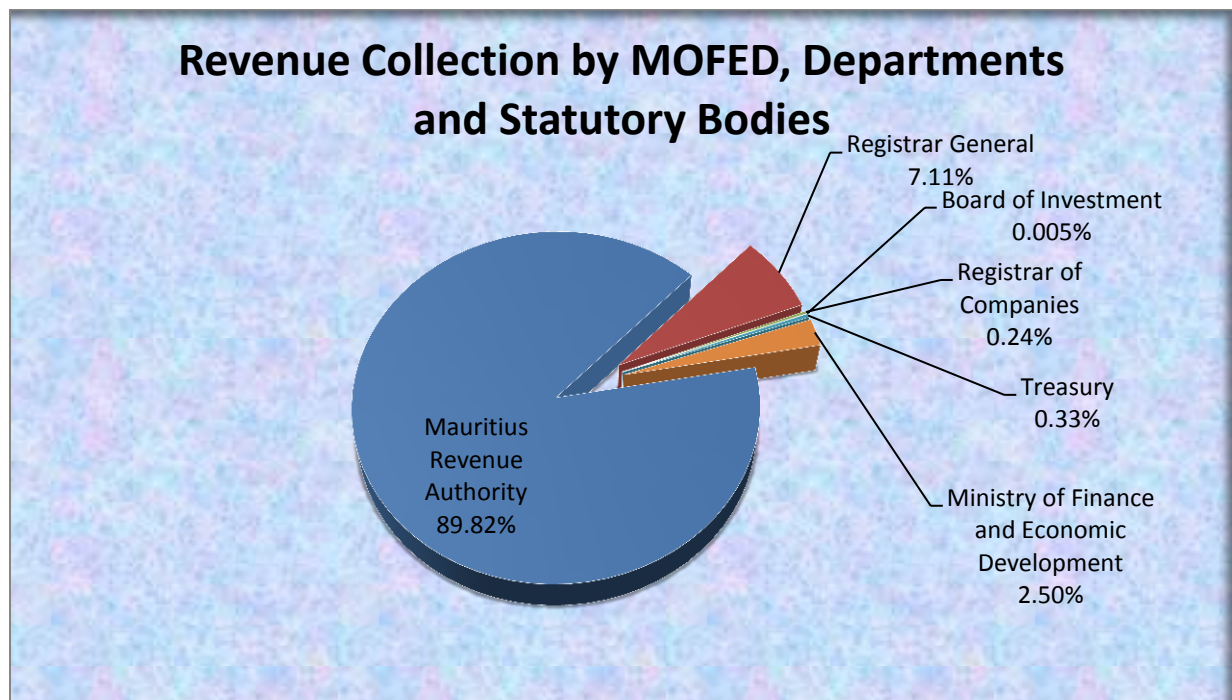
- ☐ 6-1 Finance and Economic Development (Ministry only)
- ☐ 6-2 Central Procurement Board
- ☐ 6-3 The Treasury
- ☐ 6-4 Statistics Mauritius
- ☐ 6-5 Valuation Department
- ☐ 6-6 Corporate and Business Registration Department
- ☐ 6-7 Registrar-General's Department

As such, appropriation of funds by the National Assembly is made through the Votes.

Revenue collected by MOFED, its Departments and statutory bodies can be classified into two broad categories:-

- ☐ Taxes (including licence fees) ; and
- ☐ Non Tax Revenue (sales of goods and services, dividends, interest on loan to parastatal bodies and fines)

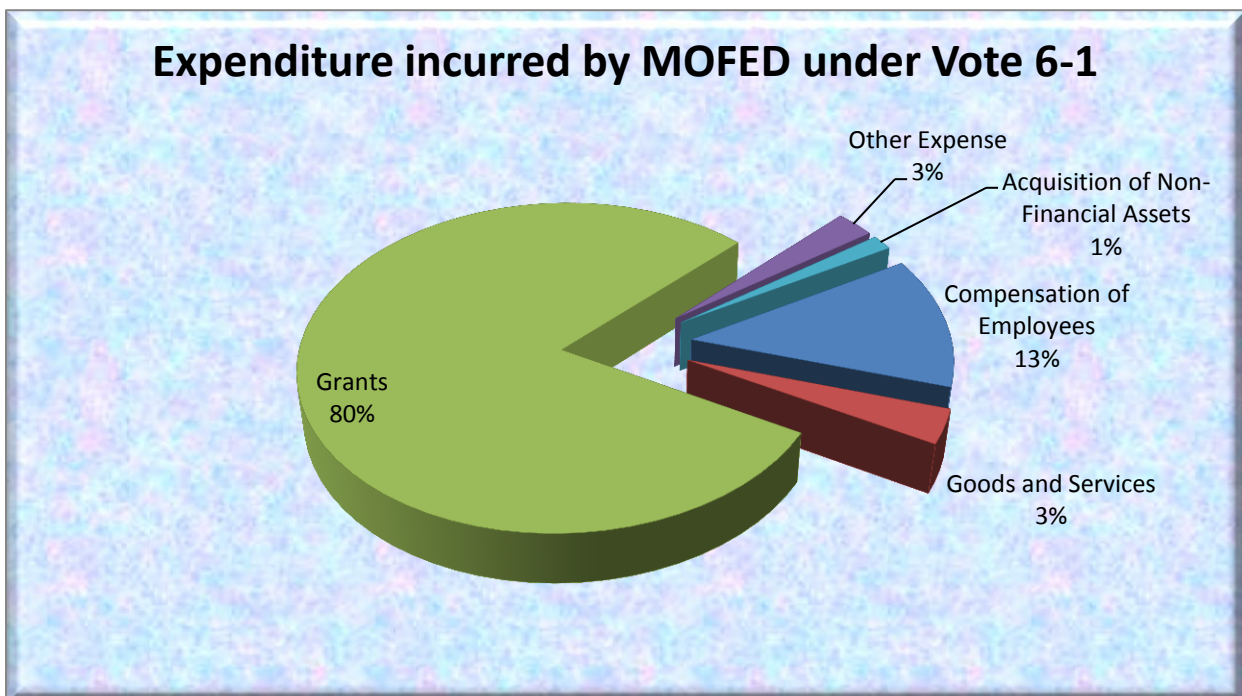
Figure 3.1 below is an illustration of revenue collected in FY 2016-17 by MOFED, its Departments and other statutory bodies.



**Figure 3.1:** Revenue Collection by MOFED and Departments

A breakdown of the revenue collections by Mauritius Revenue Authority is produced in the Analysis Section.

Figure 3.2 below provides an illustration of expenditure incurred by MOFED under Vote 6-1

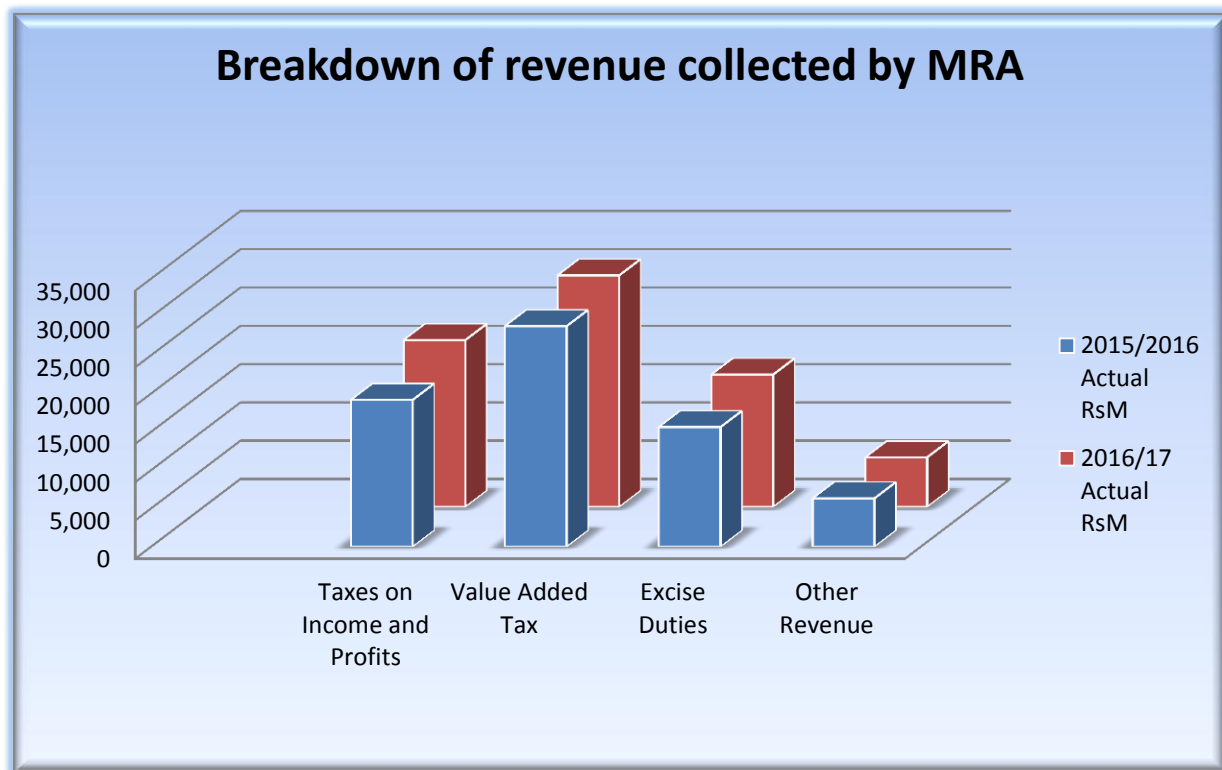


**Figure 3.2:** Expenditure incurred by MOFED under Vote 6-1

## Analysis of Major Changes

### Revenue

Figure 3.3 below shows a breakdown of revenue collected by the Mauritius Revenue Authority in 2016-17, which represents around 90% of revenue collected for MOFED and its Departments/agencies.

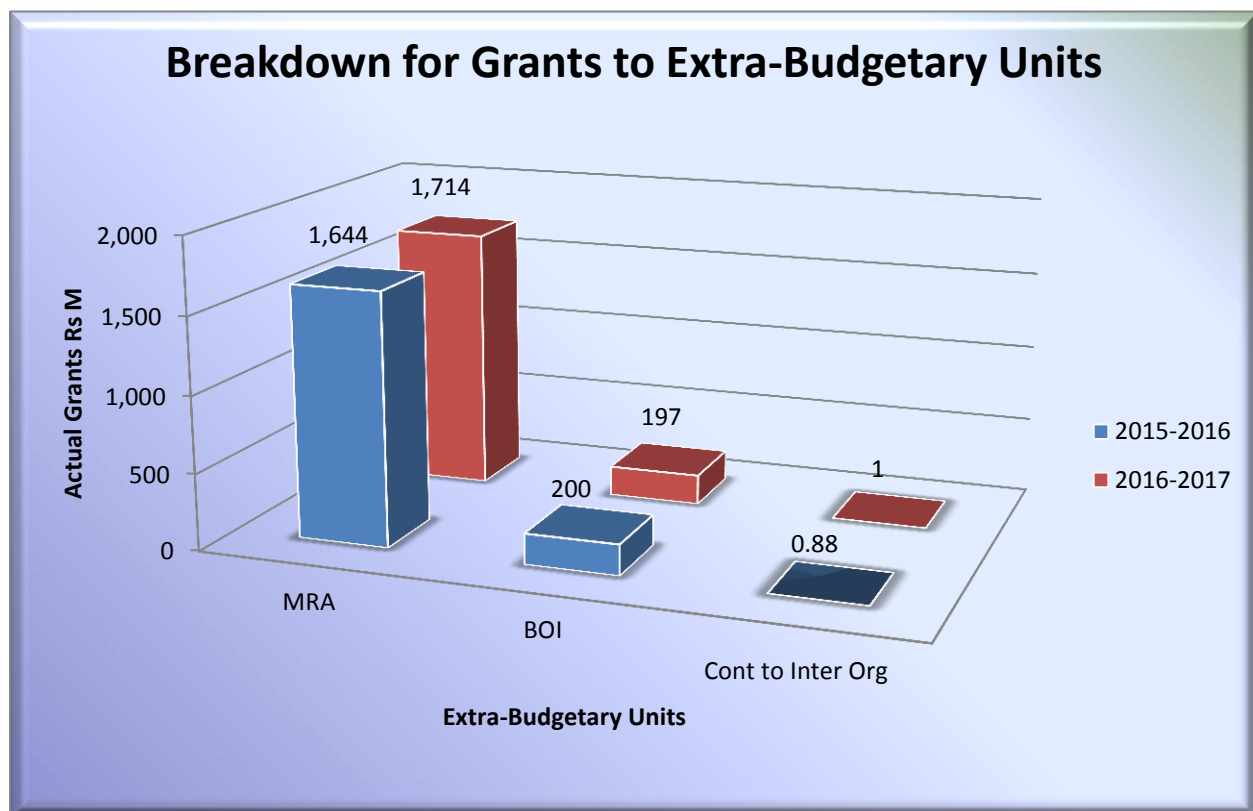


**Figure 3.3:** Breakdown of revenue collected by the MRA

Out of a total revenue of Rs 75.7 billion for MRA, Value Added Tax, Taxes on Income & profits and Excise duties represent 40%, 29% and 23% respectively. Other revenue representing 9% of total revenue comprises Taxes on specific services & Gambling, Taxes on International Trade & Transactions, Other Taxes, License Fees and User Fees & Charges. Compared to 2015-16, there was 8% increase in total revenue by MRA. All revenue categories have shown an increase except Taxes on Specific Services and Gambling which experienced a slight decrease.

### Expenditure

Eighty percent (80%) of Expenditure under Vote 6-1 has been incurred under Grants which are provided as Current and Capital Grants to Extra Budgetary Units, namely, Board of Investment and the Mauritius Revenue Authority and Contribution to International Organizations. A breakdown for expenditure on grants is shown in Figure 3.4 below.



*Figure 3.4: Breakdown of Grants*

In 2016-17, Grants increased by around 4% and approximately 90% of total grants were provided to MRA.

## Statements of Revenue and Expenditure

The Statements of Revenue and Expenditure have been prepared from data captured from the Treasury Accounting System (TAS).

### Statement of Revenue

Table 3.1 below provides a summary of total revenue from property income, user fees and other sources which were collected by the MOFED and its Departments.

STATEMENT OF REVENUE FROM PROPERTY INCOME, USER FEES AND OTHER SOURCES		
DEPARTMENT / HEAD OF REVENUE	2016-17 Estimates Rs'000	2016-17 Actual Rs'000
<b>Mauritius Revenue Authority</b>		
<i>Taxes on Income and Profits</i>	20,554,000	21,779,000
<i>Taxes on Goods and Services</i>	48,869,000	47,508,000
<i>Value Added Tax</i>	31,430,000	30,231,000
<i>Excise Duties</i>	17,439,000	17,277,000
<i>Taxes on Specific Services and Gambling</i>	3,560,000	3,543,000
<i>Taxes on International Trade and Transactions</i>	1,150,000	1,177,000
<i>Other Taxes</i>	1,725,000	1,623,000
<b>Total Taxes</b>	<b>75,858,000</b>	<b>75,630,000</b>
<i>Licence Fees - Liquor</i>	20,000	22,860
<i>User Fees and Charges</i>	104,000	96,946
<b>Total Revenue from MRA</b>	<b>75,982,000</b>	<b>75,749,806</b>
<b>Registrar General</b>		
<i>Recurrent Taxes on Immovable Property</i>	5,000	4,053
<i>Taxes on Financial and Capital Transaction</i>	5,830,000	5,964,000
<i>Other Non Recurrent Taxes on Property</i>	30,000	26,487
<b>Total Revenue from Registrar General</b>	<b>5,865,000</b>	<b>5,994,450</b>
<b>Registrar of Companies</b>		
<i>Licences</i>	200,000	198,300
<b>Total Revenue from Registrar of Companies</b>	<b>200,000</b>	<b>198,300</b>
<b>Board of Investment</b>		
<i>Processing fees on Applications for Acquisition of IRS, RES and IHS</i>	5,000	4,040
<b>Total Revenue from Board of Investment</b>	<b>5,000</b>	<b>4,040</b>
<b>Treasury</b>		
<i>Interest</i>	405,000	260,000
<i>Pension Contribution reimbursements</i>	600	197
<i>Compensation i.r.o Government-owned vehicles</i>	1,200	428
<i>Sale of store</i>	5,000	5,094
<i>Miscellaneous</i>	200	704
<i>Fines, Penalties and Forfeits</i>	13,000	14,301
<b>Total Revenue from Treasury</b>	<b>425,000</b>	<b>280,724</b>
<b>Ministry of Finance and Economic Development</b>		
<i>Dividends</i>	1,238,500	298,000
<i>Withdrawals</i>	2,940,000	1,809,000
<b>Total Revenue from MOFED</b>	<b>4,178,500</b>	<b>2,107,000</b>
<b>Total Revenue from Property Income, User Fees and other Sources</b>	<b>86,655,500</b>	<b>84,334,410</b>

*Table 3.1: Statement of Revenue from Property Income, User Fees and Other Sources*

**Statement of Expenditure**

Table 3.2 below provides a summary of total expenditure incurred by MOFED under Vote 6-1 (Ministry) which includes Sub-Heads 6-101: General and 6-102: the Procurement Policy Office.

**Statement of Expenditure under Vote 6-1**

Head / Sub-Head of Expenditure	2016-17 Estimates (Rs)	2016-17 Actual (Rs)
<b>6-1 FINANCE AND ECONOMIC DEVELOPMENT</b>		
<b>6-101: GENERAL</b>	<b>2,723,000,000</b>	<b>2,336,247,339</b>
<i>Compensation of Employees</i>	324,720,000	280,304,256
<i>Goods and Services</i>	114,330,000	64,289,900
<i>Grants</i>	2,212,950,000	1,912,364,799
<i>Other Expense</i>	600,000	64,521,988
<i>Acquisition of Non-Financial Assets</i>	70,400,000	14,766,396
<b>6-102: PROCUREMENT POLICY OFFICE</b>	<b>104,900,000</b>	<b>40,562,600</b>
<i>Compensation of Employees</i>	18,030,000	11,323,407
<i>Goods and Services</i>	55,470,000	8,698,903
<i>Acquisition of Non-Financial Assets</i>	31,400,000	20,540,290
<b>6-103: INDEPENDENT REVIEW PANEL</b>	<b>16,200,000</b>	<b>5,030,545</b>
<i>Compensation of Employees</i>	3,550,000	2,071,718
<i>Goods and Services</i>	7,650,000	2,677,791
<i>Acquisition of Non-Financial Assets</i>	5,000,000	281,037
<b>6-104: Assessment Review Committee</b>	<b>48,600,000</b>	<b>23,870,625</b>
<i>Compensation of Employees</i>	30,709,000	18,223,792
<i>Goods and Services</i>	11,891,000	5,330,583
<i>Acquisition of Non-Financial Assets</i>	6,000,000	316,250
<b>TOTAL EXPENDITURE for Votes 6-1</b>	<b>2,892,700,000</b>	<b>2,405,711,109</b>

**Table 3.2: Statement of Expenditure under Vote 6-1**

## Summary of Expenditure incurred by Departments of MOFED

Vote of Expenditure	2016-17 Estimates (Rs)	2016-17 Actual (Rs)
<b>6-2: CENTRAL PROCUREMENT BOARD</b>	<b>63,700,000</b>	<b>49,821,849</b>
<i>Compensation of Employees</i>	39,377,000	29,877,722
<i>Goods and Services</i>	22,123,000	18,195,001
<i>Social Benefits</i>	2,200,000	1,749,125
<b>6-3: TREASURY</b>	<b>130,700,000</b>	<b>116,635,625</b>
<i>Compensation of Employees</i>	79,770,000	73,417,286
<i>Goods and Services</i>	41,105,000	38,406,326
<i>Grants</i>	925,000	884,973
<i>Acquisition of Non-Financial Assets</i>	8,900,000	3,927,040
<b>6-4: STATISTICS MAURITIUS</b>	<b>197,700,000</b>	<b>157,018,291</b>
<i>Compensation of Employees</i>	117,448,000	101,894,681
<i>Goods and Services</i>	79,717,000	53,818,093
<i>Grants</i>	35,000	27,867
<i>Acquisition of Non-Financial Assets</i>	500,000	1,277,650
<b>6-5: VALUATION DEPARTMENT</b>	<b>129,400,000</b>	<b>104,354,719</b>
<i>Compensation of Employees</i>	102,878,000	82,412,288
<i>Goods and Services</i>	24,022,000	21,345,967
<i>Acquisition of Non-Financial Assets</i>	2,500,000	596,465
<b>6-6: CORPORATE AND BUSINESS REGISTRATION DEPARTMENT</b>	<b>110,300,000</b>	<b>89,351,705</b>
<i>Compensation of Employees</i>	59,139,000	50,092,777
<i>Goods and Services</i>	36,071,000	30,313,503
<i>Grants</i>	90,000	60,931
<i>Acquisition of Non-Financial Assets</i>	15,000,000	8,884,492
<b>6-7: REGISTRAR-GENERAL'S DEPARTMENT</b>	<b>109,400,000</b>	<b>94,619,798</b>
<i>Compensation of Employees</i>	77,029,000	72,921,243
<i>Goods and Services</i>	22,171,000	15,822,325
<i>Acquisition of Non-Financial Assets</i>	10,200,000	5,876,231
<b>TOTAL EXPENDITURE for Votes 6-2 to 6-7</b>	<b>741,200,000</b>	<b>611,801,987</b>

Table 3.3: Summary of Expenditure incurred by Departments of MOFED

# Part IV: Way Forward



*Part IV provides a situational analysis of the environment in which MOFED operates and which impacts on its service delivery. It also includes the strategic directions to realize the MOFED's vision, objectives and desired outcomes*

## Trends and Challenges

A SWOT Analysis of MOFED has been worked out and presented below. It takes into account the conditions under which MOFED is operating and trends & challenges it is facing, is shown below.



*Figure 4.1: SWOT Analysis of MOFED*

***Implementation of new reforms and developments***

Systems and operational procedures are not yet fully in line with recent reforms and developments. MOFED will continue to modernise systems and procedures by issuing financial instructions under the Financial Management Kit. In addition, incremental improvements are expected in public financial management based on consultations with donors and stakeholders with a view to strengthening the Public Finance Management (PFM) legislative framework. MOFED is using the e-budgeting system to facilitate budget preparation and enhance budget analysis and monitoring.

Vetting of documents and evaluation of bids has been taking unduly long time in some cases due to quality of documents submitted. The Central Procurement Board has taken measures to address this issue, which includes, issuing circulars, checklist, guidelines and proper rotation of evaluators.

***Cooperation with India***

Another important aspect of our bilateral relations with India is the conclusion of a Comprehensive Economic Cooperation Partnership agreement (CECPA). This will further strengthen and enhance the economic, trade and investment cooperation between India and Mauritius, liberalize and promote trade in goods and services and establish a transparent, predictable and facilitative investment regime.

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## Strategic Direction

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This part provides the strategic direction of the Ministry for the next three years. To consolidate the economic fundamentals and improve the effectiveness of Government in service delivery, the following strategies will be implemented:

- Steering the economy to a higher plane of development by developing new pillars to achieve an average growth rate of 4.3 % over the next three years.
- Maintaining macro-economic stability and sound public finances so as to keep public sector debt at sustainable levels while modernising the key infrastructure of the country and at the same time further strengthening other debt-related parameters on affordability, solvency and liquidity;
- Revitalising with the contribution of Board of Investment, private and foreign investment, and create new employment opportunities through greater business facilitation and improved investment climate.
- Creating an administrative city at Cote D'Or for Government offices, mixed use developments, residential and leisure development.
- Keeping tax revenue below 20% of GDP, in line with the strategy of “fiscalité légère”
- Steping up trade facilitation at the level of Mauritius Revenue Authority (MRA) Customs without compromising on border control and society protection.
- Supporting, through appropriate agencies, the development of an active, liquid and transparent secondary market for Government securities.
- Modernising public financial management with a view to improving accountability and transparency.
- As part of the strategy to implement a public accounting and financial reporting framework benchmarked with international best practices, implementing accrual based accounting framework consistent with International Public Sector Accounting Standards (IPSAS) in the Public Sector. The objective is to improve transparency, accountability, reporting and decision-making.
- Developenting a Government Asset Register that will enable online recording of physical assets by Ministries and Departments. The Government Asset Register will serve as a tool for assets management and also as the basis for the reporting of non-financial assets in the financial statements of government
- Strengthening public procurement policy and process to ensure greater efficiency, accountability, transparency and better value for money and increase the use of ICT in procurement proceedings.
- Introduction of computerized Purchasing and Inventory Management System (CPIS) across all Ministries/Departments to automate stock management system in government warehouses in order to close the automation loop of the procurement and supply cycle.
- Setting up of a new process for the appraisal and approval of capital projects with the objective of simplifying the framework of planning, financing and implementation of capital projects.

## **Editorial Team**

**Mr. Rajesh ACHARUZ** - Director

**Mr. Swaley LALMAHOMED** - Lead Analyst

**Mrs. Naimabee AUBDOOLLAH-SUHOOTOORAH** - Analyst/ Senior Analyst

**Mr. Anand MOOTEEA** - Analyst/ Senior Analyst

**Ms. Rajeshwaree GOKOOL** - Service to Mauritius Intern

## Key Responsibilities of the Departments falling under the purview of MOFED

### **Treasury**

- Preparation of the statutory financial statements of the government and ensure that accounting systems fully respond to government's needs for proper recording and accounting of financial transactions and for the preparation of financial statements;
- Monitoring the cash flows of government and to ensure availability of cash for meeting government's payment obligations; and
- Managing the dispensing of public service benefits – civil service pensions, passage benefits and advances for the purchase of motor vehicles – and to ensure payments are effected in a timely manner and according to prescribed rules and regulations.

### **Registrar-General's Department**

- Registering information regarding land ownership and obligations and to provide publicity for the safeguard of interests of creditors and of parties in sales and leases of immovable properties;
- Registration of particulars of deeds and documents presented by members of the legal profession and the public including transfer of vehicles;
- Follow up action after reassessment of values of immovable properties by the Chief Government Valuer, including representation before the Tax Appeal Tribunal; and
- Collection of annual tax payable by campement site owners and campement owners.

### **Valuation Department**

- Tendering professional valuation advice to ministries and all its stakeholders from Government to the general public, government departments and parastatal bodies on matters pertaining to real estate.

### **Corporates and Business Registration Department**

- Incorporation, registration and striking-off of companies
- Registration of documents that must be filed under the Companies Act 2001
- Provision of company information to the public
- Enforcement of compliance with the legal requirements
- Registration of Businesses
- The Insolvency Service
- Registration of Limited Partnerships and Foundations

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## **Statistics Mauritius**

- Act as the central depository for all statistics produced in Mauritius; and
- Collection, compilation, analysis and dissemination of official statistics relating to all aspects of the economic and social activities with a few exceptions like fisheries and health statistics which fall under the responsibility of the respective Ministry, and banking and balance of payment statistics for which the Bank of Mauritius is responsible.

## **Procurement Policy Office**

- Provision of a mechanism for conducting oversight and monitoring of the performance and progress of the procurement system in Mauritius, and to guide and promote its continuing development and improvement.

## **Central Procurement Board**

- Promote economy, efficiency, effectiveness, transparency, fairness and accountability by government ministries and public bodies and prevent any corrupt practice in public procurement and thus achieve best value for money in terms of price, quality and delivery having regard to set specifications; and
- Provision of assistance to the public sector through training and other interactions in the field of procurement.

## **Independent Review Panel**

- Upholding and maintaining confidence of suppliers and contractors as well as the general public in the public procurement process;
- Ensure and enable transparency and good governance in the public procurement process; and
- Hearing and determining appeals against procurement decisions by a Public Body and/or the Central Procurement Board in line with the Public Procurement Act 2006 and Regulations as well as other Laws of Mauritius, and in the respect of the principles of best practice.

## **Assessment Review Committee**

- Processing of representations lodged; scheduled representations made in terms of Pro Forma, Informal Meetings, Hearings or Argument as the case may be; convene Appellants and other related stakeholders to meetings/cases when scheduled; hear representations made; and determine such representations.

**Key Responsibilities of the statutory bodies falling under MOFED****Mauritius Revenue Authority**

- Management of an effective and efficient revenue-raising system; and
- Administration and collection of taxes due in Mauritius within an integrated organisational structure.

**Board of Investment Mauritius**

- Promotion and facilitation of investment in Mauritius;
- Assisting investors in the growth, nurturing and diversification of their business; and
- Working in close collaboration with Government bodies, institutions and private sector companies with a view to facilitating the implementation of investment projects more importantly, to continuously improve the investment and business climate.

**Sugar Insurance Fund Board**

- Insure the sugar production of planters, metayers and millers, against losses due to the effects of inclement weather such as cyclones, drought and excessive rainfall under its General Insurance policy.

**Employees Welfare Fund**

- Manage the financial and other resources of the Fund;
- Set up and operate schemes and projects for the welfare of employees and their families; and
- Give loans or financial assistance to employees or their families for such purpose as may be determined by the Board.

**Civil Service Family Protection Scheme Board**

- Provision of protection to dependents of deceased contributors by way of a monthly surviving spouse's pension and/or children's pension.

**Mauritius Ex-Services Trust Fund**

- Provision of financial assistance to ex-servicemen, ex-servicemen's associations represented on the Board and to advance and promote the general welfare of ex-servicemen.

**Statistics Board**

- Offering guidance to MOFED and other producers of statistics on the directions and priorities for official statistics.

## Status of Measures Announced in the Budget 2016-17

BUDGET MEASURE	STATUS
<p>Broadening the <b>fiscal incentive given to SMEs</b> as follows:-</p> <p>(a) The 8-year tax holiday in respect of business income is being extended to new enterprises set up by individuals or co-operative societies qualifying under the scheme and registered with SMEDA</p> <p>(b) Existing enterprises registered with SMEDA with a turnover of less than Rs 10 million and engaged in qualifying activities under the same scheme will be given a 4-year tax holiday in respect of their business income. The tax holiday will start as from the year of assessment 2016/17.</p>	Implemented through Finance Act 2016
The DBM will set up a dedicated fast track desk for micro enterprises.	<ul style="list-style-type: none"> <li>• Micro Credit Scheme is being implemented for Individuals, Societies and Companies.</li> <li>• Loan amount: 90% of cost of project up to a max of Rs250,000</li> <li>• Interest rate: 6% p.a. (to align with the current SME Financing Scheme by commercial banks)</li> <li>• Repayment: Up to 5 years (depending on projects)</li> <li>• Moratorium: Depending on gestation/implementation period</li> <li>• Eligibility : Individuals, Societes, Companies</li> <li>• <b>SME Schemes:</b> 155 cases sanctioned for a total amount of Rs 33.8 M of which 135 cases disbursed to the tune of Rs 18.2 M (as at end Mar 2017)</li> <li>• - <b>Micro credit scheme only:</b> 48 cases sanctioned for total credit facilities of Rs 4.4 M, of which 40 cases disbursed to the tune of Rs 2.5 M</li> </ul>
<b>Seafarers</b> will be exempted from the payment of income tax.	Regulations gazetted on 5 Nov 2016.
<b>Removal of VAT on 3D printers</b> and provision of customs duty exemptions on materials used in the manufacture of medical devices.	<ul style="list-style-type: none"> <li>• Removal of VAT on 3D printers effective as from 1 Sep 2016 by way of VAT regulations</li> <li>• Customs duty exemption on materials for medical devices provided for by way of regulations and effective as from 17 Dec 2016</li> </ul>

## Status of Measures Announced in the Budget 2016-17

BUDGET MEASURE	STATUS
<b>Overhauling of tax credit scheme</b> <ul style="list-style-type: none"> <li>• Ability to offset the tax liability of 5 percent of the investment in new plants and machinery over 3 years.</li> <li>• <b>Removal of the eligibility requirement of Rs 100 million investment</b> in a year to allow more businesses to benefit.</li> <li>• Recoup the tax credit over a longer time period.</li> </ul>	<ul style="list-style-type: none"> <li>• Implemented through Finance (Miscellaneous Provisions) Act 2016</li> <li>• Income Tax Act amended; effective as from 7 Sept 2016</li> </ul>
Increase of tax credit from 5 to 15 percent for manufacturers of textiles, wearing apparels, ships and boats, computers, pharmaceuticals and for film production	<ul style="list-style-type: none"> <li>• Implemented through Finance (Miscellaneous Provisions) Act 2016</li> <li>• Income Tax Act amended; effective as from 7 Sept 2016</li> </ul>
Waiving of fifty per cent of the outstanding balances on loans, together with interest due, which were contracted by pig breeders, under the Pig Sector Re-structuring Programme, provided that they pay back the remaining balance before 30th June 2017.	<ul style="list-style-type: none"> <li>• Loan portfolio under the Pig Sector Programme involves 476 accounts</li> <li>• 62 Accounts fully paid, 133 partly paid and 281 no response (as at 10 Apr 2017). There has been a request by Pig breeders to extend the facility to June 2018 as they are having liquidity and marketing problems.</li> </ul>
Waiving of all outstanding interests on start-up loans taken by planters, breeders and fishermen prior to 1st July 2012, under certain schemes, provided they pay back all capital balance before 30th June 2017.	<ul style="list-style-type: none"> <li>• Loan portfolio involves some 6,153 cases</li> <li>• 480 fully paid, 1,383 partly paid and 4,290 no response (as at 10 Apr 2017).</li> </ul>

## Status of Measures Announced in the Budget 2016-17

BUDGET MEASURE	STATUS
<b>Cooperative societies</b> will be exempted from corporate tax on income derived from agricultural activities.	<ul style="list-style-type: none"> <li>• Regulations gazetted on 5 Nov 2016.</li> <li>• Cooperative societies exempted from corporate tax on income derived from agricultural activities.</li> </ul>
Introduction of a 15 percent levy on specific pesticides, herbicides and fruit ripeners.	Effective by Resolution on 30 Jul 2016
Companies holding a ' <b>Global Headquarters Administration Licence</b> ' issued by the FSC will be granted an 8-year tax holiday.	Regulations gazetted on 5 Nov 2016
<p>A 5 year Tax Holiday will be provided on <b>licences issued by the FSC</b> as follows:</p> <p>(a) Treasury Management Centre License,</p> <p>(b) Asset and Fund Managers license managing a minimum asset base of USD 100 million,</p> <p>(c) international law firms with a Global Legal Advisory Services License,</p> <p>(d) Investment Banking and Corporate Advisory License,</p> <p>(e) an Overseas Family Corporation license</p>	<p>Regulations gazetted on 5 Nov 2016.</p> <p>WRT part (e), regulations made under the Financial Services Act and came into operation on 15 November 2016. The FSC has issued Rules on 30 Nov 2016 to regulate the activities of the Overseas Family Offices.</p>
5-year tax holiday will be provided to <b>Foreign Ultra High Net Worth Individuals</b> investing a minimum of USD 25 million in Mauritius.	Regulations gazetted on 5 Nov 2016
Increase the refund on qualifying production expenditure under the Film Rebate Scheme up to a maximum of 40 percent	<ul style="list-style-type: none"> <li>• Regulations gazetted on 15 Oct 2016</li> <li>• 2 projects approved for refund of &gt;30% (with a QPE of MUR 110 million)</li> </ul>

### Status of Measures Announced in the Budget 2016-17

BUDGET MEASURE	STATUS
Clarify that production of films for export will be zero-rated for VAT purposes.	Implemented through Finance (Miscellaneous Provisions) Act 2016; effective as from 7 Sept 2016
Tax holiday of 8 years will be provided to industrial fishing companies to operate from Mauritius.	<ul style="list-style-type: none"> <li>Regulations gazetted on 5 Nov 2016.</li> <li>1 new fishing company operating after the budget.</li> </ul>
Removal of VAT on Photovoltaic Inverters and batteries.	<ul style="list-style-type: none"> <li>Implemented through Finance (Miscellaneous Provisions) Act 2016</li> <li>Value Added Tax Act amended; effective as from 7 Sept 2016</li> </ul>
Reduction in time taken for delivery of Building and Land Use Permits (BLPs) and clearances for all construction related projects. To this end <ul style="list-style-type: none"> <li>Requirement for approval by the Executive Committee of the Local Authority concerning a BLP is being abolished</li> <li>the Local Authority will have only 8 working days to seek any additional information from an applicant;</li> </ul>	<ul style="list-style-type: none"> <li>Implemented through Finance (Miscellaneous Provisions) Act 2016</li> <li>Value Added Tax Act amended; effective as from 7 Sept 2016</li> </ul>
Review of the Property Development Scheme to include the following:- (a) remove the maximum size limit of 50 arpents; (b) remove the requirement to sell at least 25 percent of residential units to Mauritian buyers; and (c) review the current maximum permissible land size for a villa, from half an arpent to 1.25 arpent.	<ul style="list-style-type: none"> <li>PDS regulations gazetted on 22 Oct 2016.</li> <li>42 projects approved, of which 20 after amendments to regulations (as at 25 April 2017)</li> </ul>
BOI to issue the necessary clearances and approvals for a business to start operation in cases where the statutory deadlines for processing applications have lapsed (in line	<ul style="list-style-type: none"> <li>Implemented through Finance (Miscellaneous Provisions) Act 2016; effective as from 7 Sept 2016</li> <li>Process incorporated in Investment Project Fast Track Committee</li> </ul>

## Status of Measures Announced in the Budget 2016-17

BUDGET MEASURE	STATUS
with Silent Agreement Principle)	
Introduction of a <b>Regulatory Sandbox Licence</b> in Mauritius, for BOI to issue approvals, permits and licenses for innovative projects after consulting relevant ministries.	<p>Scheme effective as from 20 October.</p> <ul style="list-style-type: none"> <li>Guidelines published on BOI website</li> <li>Dedicated online service to receive applications for the Regulatory Sandbox Licence operational.</li> <li>5 projects discussed with BOI; 2 projects officially submitted (Terms and conditions being drafted for one)</li> </ul>
Removal of VAT on CCTV camera systems, burglar alarm systems and other home security and surveillance equipment.	<ul style="list-style-type: none"> <li>Implemented through Finance (Miscellaneous Provisions) Act 2016</li> <li>Value Added Tax Act amended; effective as from 7 Sept 2016</li> </ul>
Abolish customs duty on some 368 tariff lines by bringing the percentage of duty-free tariff lines from 89 to 95 percent. Product that are duty free: (Clothing items such as suits, jackets, trousers, dresses, shirts and t-shirts, Baby diapers and wipes, Table, kitchen and household articles of aluminium and porcelain, Drinking glasses, Motor vehicle engines and parts thereof, Primary cells and batteries and Electric heating apparatus)	Effective on 30 Jul 2016
Removal of VAT on breakfast cereals as from 1st September 2016.	Implemented through VAT regulations wef 1 Sep 2016
Reduction of retail price of cooking gas from Rs 330 to Rs 270 for a 12-kilo cylinder as from 30th Jul 2016.	Effective on 30 Jul 2016
Amendment of law concerning hire purchase so that interest cannot be claimed on any amount that has been prepaid.	<ul style="list-style-type: none"> <li>Implemented through Finance (Miscellaneous Provisions) Act 2016</li> <li>Hire Purchase and Credit Sale Act amended; effective as from 7 Sept 2016</li> </ul>

### Status of Measures Announced in the Budget 2016-17

BUDGET MEASURE	STATUS
A Mauritian citizen acquiring a new house or a new apartment during the period 1st September 2016 to 30th June 2020 for an amount not exceeding Rs 6 million will be eligible to full exemption from registration duty. There will be no age restriction.	Implemented through Finance (Miscellaneous Provisions) Act 2016 Land (Duties and Taxes) Act amended Registration Duty Act amended; effective as from 7 Sept 2016  • For period 1 Sept to 30 April 2017:- Number of claimants: 29, Amount of registration duty exempted: Rs 6,212,250
A first time buyer will now be allowed to buy bare residential land free of registration duty, on the first Rs 2 million, provided the acreage does not exceed 20 perches. There will be no age restriction and a person who did not own a residential property as at 29 July 2016 will also qualify for the above initiative.	Implemented through Finance (Miscellaneous Provisions) Act 2016 Land (Duties and Taxes) Act amended Registration Duty Act amended; effective as from 7 Sept 2016  • For period 1 Sept to 30 April 2017:- Number of claimants: 1,743 Amount of registration duty exempted: Rs 89.46 M
Revamp the VAT refund scheme regarding the construction of a new dwelling or acquisition of a newly built apartment. Refund of VAT by MRA on submission of relevant receipts, up to a cap of Rs 500,000 instead of the current Rs 300,000.	Implemented through VAT regulations wef 1 Sep 2016
Removal of the maximum floor area eligibility criteria, thereby increasing more than three-fold the household income eligibility to Rs 2 million per annum; extending the eligibility to construction on top of an existing building; and extending the scheme to 2020.	Implemented through Finance (Miscellaneous Provisions) Act 2016 Land (Duties and Taxes) Act amended Registration Duty Act amended; effective as from 7 Sept 2016
The upper limit of Rs 2.5 million in relation to the construction value is being raised to Rs 4 million.	Implemented through Finance (Miscellaneous Provisions) Act 2016 Land (Duties and Taxes) Act amended Registration Duty Act amended; effective as from 7 Sept 2016

## Status of Measures Announced in the Budget 2016-17

BUDGET MEASURE	STATUS
Promoters will be allowed to build and sell residential units of up to Rs 6 million, free of land transfer tax, instead of Rs 4 million currently. The scheme is being extended to 2020.	Implemented through Finance (Miscellaneous Provisions) Act 2016 Land (Duties and Taxes) Act amended Registration Duty Act amended; effective as from 7 Sept 2016  • For period 01 Sept to 30 April 2017 Number of claimants: 12, Amount of LTT exempted : Rs 1,740,375
No registration duty will be payable on a secured housing loan not exceeding Rs 2 million, instead of the current threshold of Rs 1 million.	Regulations approved. Gazetted on 15 October 2016 • For period 01 Sept to 30 April 2017 Number of claimants: 214, Amount of registration duty exempted : Rs 6222,000
A first-time home-owner is allowed to deduct from his taxable income, the interests paid on a secured housing loan that was contracted on or after 1st July 2006. As from the income year 2016/17, this date restriction is removed.	Implemented through Finance (Miscellaneous Provisions) Act 2016 Income Tax Act amended; effective as from 7 Sept 2016
Revisit the use of the CSR funds to ensure greater transparency and better outcomes.	<ul style="list-style-type: none"> <li>• 'New CSR Framework issued on 11 August 2016.</li> <li>• Implemented through (Miscellaneous Provisions Act 2016)</li> </ul>
Businesses will be required to contribute at least 50 percent of their CSR money to that National Foundation. This will go up to at least 75 percent the following year.	'The new CSR framework applicable as from 1st January 2017
The remaining balance may be used to implement their CSR programmes in accordance with their existing framework. The NGOs will therefore continue to benefit from contributions from the private sector. Any unspent balance from the 50 percent will be channelled to the National CSR Foundation.	<i>Linked to 337</i>
Setting up an Alternative Dispute Resolution mechanism at the level of MRA so as to	'Regulations gazetted on 5 Nov 2016

## Status of Measures Announced in the Budget 2016-17

BUDGET MEASURE	STATUS
expedite tax appeal cases exceeding Rs 10 million.	
Setting up an Alternative Dispute Resolution Panel of 3 members, including a representative of the Attorney General's Office.	'Regulations gazetted on 5 Nov 2017
Amendments to the Mauritius Revenue Authority Act so that the definition of 'fraud' for the purpose of administering revenue laws includes non-submission of tax returns.	'Implemented through Finance (Miscellaneous Provisions) Act 2016 Effective as from 7 Sept 2016
Non-remittance of VAT, PAYE and other tax deduction at source collected by economic operators on behalf of the State will constitute a criminal offence. At the same time, the penalty provision will be strengthened.	'Implemented through Finance (Miscellaneous Provisions) Act 2016 Effective on 01 Oct 2016
The taxation of motor cars is being reviewed to reflect market realities and remove distortions in the car market. The following changes are being made and will be effective as from 30th Jul 2016.	Effective on 30 Jul 2016
The CO2 levy/rebate scheme introduced in 2011 is being suspended due to major operational and litigation issues that have hindered its proper functioning.	Effective on 30 Jul 2016
The rates of excise duty on motor cars between 1,001 to 1,600 cc are being lowered from 55 per cent to 50 percent.	Effective on 30 Jul 2016
Lower duty on hybrid motor cars by 30 percentage points for all cylinder capacity. Consequently, the rate on a	Effective on 30 Jul 2016

### Status of Measures Announced in the Budget 2016-17

BUDGET MEASURE	STATUS
hybrid car below 1,600 cc will decrease from 55 to 25 percent.	
Abolish duty on electric cars of up to 180 KW.	Effective on 30 Jul 2016
The adjustment factor used at customs in the determination of the import value of a second hand car is being lowered to 5 percent.	Effective on 30 Jul 2016
Increase the rates of excise duty as follows:- <ul style="list-style-type: none"> <li>• by 5 percent for beer and 10 percent for all other alcoholic products; and</li> <li>• by 25 percent for all tobacco products.</li> </ul>	Effective on 30 Jul 2016
Customs duty on spirituous products such as rum and whisky is being raised from 15 to 30 percent.	Effective on 30 Jul 2016
Extending the coverage of the tax on the sugar content of soft drinks to other sugar sweetened drinks, such as juices and milk-based drinks, as from 1st October 2016.	Implemented through Finance (Miscellaneous Provisions) Act 2016 Excise Act amended; Effective on 01 Oct 2016
A 15 percent customs duty is being introduced on sugar	Effective on 30 Jul 2016
Extending the coverage of the 25 percent levy on inefficient products to include washing machines and lamps of mercury vapour and metal halide.	Excise Act amended Effective on 1 Feb 2017
In addition, to ensure that the appliances on the market are more efficient, the threshold for the application of the levy will be revised upwards.	Excise Act amended Effective on 1 Feb 2017
Increasing the income exemption thresholds for all categories of taxpayers by Rs	Implemented through Finance (Miscellaneous Provisions) Act 2016 Income Tax Act amended

**Status of Measures Announced in the Budget 2016-17**

BUDGET MEASURE	STATUS
10,000 for the income year 2016-17.	Effective as from 01 July 2016
The minimum amount of tuition fee eligibility criteria to benefit from the additional deduction in respect of a dependent pursuing tertiary education is being reduced from Rs 44,500 to Rs 34,800.	Implemented through Finance (Miscellaneous Provisions) Act 2016 Income Tax Act amended; effective as from 01 Jul 2016