

## **BUILDING A BETTER MAURITIUS**

### **CREATING THE NEXT WAVE OF PROSPERITY**

Mr Speaker, Sir, I move that the Appropriation Bill 2014 be read a second time.

2. Mr Speaker, Sir, my third Budget builds on our past achievements and sticks to our vision of the future – that of becoming a high income nation, without absolute poverty, of Maurice Ile Durable and of a democratised economy.

3. As a nation we have always known that these goals would not be easy to achieve. But, in every single year since 2005 we have made progress and come closer to our long-term destination.

4. Our per capita income in 2005 was US 5,200 dollars. Today it is almost double at US 9,300 dollars.

5. Mr Speaker, Sir, we are three quarters of the way to becoming a high income nation – a goal that can be reached within the next six budgets.

6. This evening, Budget 2014 is about creating the next wave of prosperity to Build a Better Mauritius.

7. We have had wide consultations with stakeholders while preparing the Budget and have heard a rich diversity of views.

8. We are particularly in tune with the expectations of the less fortunate and most vulnerable. There are still families living in absolute poverty. They make up less than two per cent of our population - among the lowest absolute poverty levels in the world. But we cannot and will not ignore their plight. They expect Government to continue being compassionate, to go on standing by them and to help them find a way to a better life.

9. Mr Speaker, Sir, Budget 2014 responds in a positive and effective way to the hopes and aspirations of the population.

10. It opens vast new economic space that will bring about the next wave of prosperity.

11. To realise that goal, Budget 2014 sets out a clear two-pronged strategy to:

- i. Invigorate investment and growth; and
- ii. Build a modern, inclusive and caring society.

### **Economic Outlook: The Global Economy**

12. Before announcing the measures and policies for 2014, I will review the global economic outlook.

13. Last year, encouraging news kindled the hope that the global economy would be on a more solid recovery path. At this time last year, the IMF thought that world GDP would grow by 3.6 per cent in 2013. But the main economic powerhouses have done worse than expected. And so have emerging economies.

14. The growth forecast for India, South Africa, Brazil and Russia have been significantly reduced.

15. For India, growth has been reduced from 6 per cent to 3.8 per cent, for South Africa from 3 per cent to 2 per cent, for Brazil from 4 per cent to 2.5 per cent and for Russia from 3.8 per cent to only 1.5 per cent.

16. As a result, in October this year, the IMF reviewed its growth forecast for the world economy to a disappointingly low 2.9 per cent.

17. And what is even more relevant for an open economy like ours, is that the growth forecast for the world trade volume has also been reviewed downwards by the IMF, from 4.5 per cent to 2.9 per cent.

### **Domestic Economy-Remarkable Resilience in 2013**

18. On the domestic front, according to Statistics Mauritius, our economy is expected to expand by a good 3.2 per cent in 2013.

19. All sectors except construction are expanding.

20. The inflation rate has gone down to an estimated 3.6 per cent.

21. The unemployment rate is at 8.3 per cent.

22. Investment as a ratio of GDP is 21.2 per cent and Foreign Direct Investment is expected to total Rs 10 billion.
23. Our Foreign Exchange Reserves are at a very respectable 27.6 per cent of GDP.
24. The external current account deficit has fallen to 9.9 per cent of GDP.
25. And we will have a record surplus in the overall Balance of Payments of Rs 16.8 billion.
26. The resilient performance of our economy is reflected by our Stock Exchange, with a growth of around 18 per cent, since the beginning of the year.
27. Mr Speaker, Sir, for yet another year we have had to deal with a crisis of demand in our main markets, a crisis that is not of our making.
28. Had it not been for our timely and well thought-out policies, the setbacks could have been very severe.
29. This Government has successfully focused its efforts on supporting industries and on protecting jobs, and has brought greater congruence between monetary and fiscal policies.
30. Despite the global crisis, Mauritius stands among the handful of countries that have seen their sovereign debt rating upgraded.
31. And this, Mr Speaker, Sir, can only happen if the fundamentals are strong.
32. Thanks to our renewed efforts, Mauritius has this year, for the first time ever, become the most competitive economy in Africa, according to the World Economic Forum.
33. However, we will not move forward by looking in the rear view mirror.
34. Rather, we will move ahead to build a better Mauritius.

## **Budget Outturn**

35. Mr Speaker, Sir, 2013 is turning out to be another year of responsible fiscal management, despite unexpected external shocks. The budget deficit is estimated at 3.7 per cent of GDP, of which 97 per cent is due to investment expenditure.

36. Public sector debt to GDP ratio would amount to 54.8 per cent, still on track to our target of 50 per cent debt to GDP ratio by 2018.

## **Domestic Economy: Outlook 2014**

37. Looking forward to 2014, the global economy is forecast to grow at around 3.6 per cent. There are encouraging signs of improving activity in advanced economies, while growth in many emerging markets has moderated. There are still downside risks, such as the on-going US fiscal deadlock.

38. As we create new dynamics for growth we expect to do better in 2014 and achieve a growth rate between 3.8 per cent to 4 per cent. We are expecting all sectors to grow except construction which should fully recover by 2015 as a result of the measures in this Budget.

39. Our policies should also curb any rise in unemployment.

40. Mr Speaker, Sir, as long as the era of global uncertainty prevails and job creation is threatened, this Government will stick to its priority of Economic Growth.

41. But growth not for its own sake.

42. With higher economic growth we can put more of our youth and women in employment, increase purchasing power, empower and raise the standard of living of the population.

43. Government will be able to invest more in health care, in the education of our children, pay higher pensions to the elderly, improve the welfare system, continue programmes such as subsidies and secure a better quality of life for all.

44. Mr Speaker, Sir, without growth Mauritius is going nowhere. Growth matters.

## **I. INVIGORATE INVESTMENT AND GROWTH**

45. Mr Speaker, Sir, I will now elaborate on the policies to invigorate investment and growth so that we can create the next wave of prosperity.

### **A. FURTHER STRENGTHENING MACROECONOMIC FUNDAMENTALS**

46. Mr Speaker, Sir, my first priority is to further strengthen macroeconomic fundamentals.

47. Sound macroeconomic fundamentals have strategic long term significance for our country as they inject global confidence in our economy.

48. We have seen how spending the way out of an economic downturn can bring countries down to their knees. We do not want to go down this route.

49. We have also seen the severe stress that austerity can put on an economy and its population. We do not want to use that route either.

50. Government has been able to steer the economy away from these two extremes and will continue to do so. We will stay on the course of fiscal prudence not just for sound financial mathematics but most importantly for macroeconomic stability, for growth and for jobs.

### **B. ACCELERATING THE “BUILD MAURITIUS” PLAN**

51. Mr Speaker, Sir, at every turning point in our economic history, infrastructure has played a critical role.

52. Now more than ever, our physical infrastructure must be modern, efficient and comprehensive to support growth, job creation and build a better Mauritius.

53. That is why Government will invest a total of Rs 18.4 billion in 2014 and Rs 54.7 billion over the next three years.

54. In line with our plan to lay the foundations for the next economic architecture, public sector investment in the medium term will be focused on:

- infrastructure for greater connectivity with the rest of the world;
- more fluid traffic flows;
- efficient and safe public transport; and
- regular supply of water and electricity at competitive prices.

55. This is our Build Mauritius Plan.

### **Connecting to the Rest of the World**

56. Connecting to the rest of the world for the movement of goods, services and people is pivotal to our economic ambitions.

### **A World Class Airport**

57. The new terminal at Sir Seewoosagur Ramgoolam airport bears out not only our commitment but also the kind of standards that we set when building the Mauritius of tomorrow.

58. Mr Speaker, Sir, the investments made in the airport have opened vast prospects for strengthening the services network in the aviation industry.

59. Government wants to seize that opportunity to foster around the airport the creation of a new pillar of our economy.

60. Thus Mr Speaker, Sir, we will promote the development of an Aviation Hub as part of our “Build Mauritius” Plan.

61. It holds the promise of a new industry with high growth, new jobs and significant foreign currency earnings.

62. It will add a new dimension to our role in the region riding on the rapid growth in travel between Asia and Africa.

63. It will also allow us to capitalise on the investments we have been making in the airport infrastructure.

64. Government will develop a Masterplan which will focus on the following four main segments:

- A passenger hub;
- A cargo hub;
- A regional training centre for maintenance technicians and eventually pilots; and
- A centre for Maintenance Repairs and Overhaul for aircrafts.

65. In the meantime, Airports of Mauritius Ltd will expand the Cargo and Freeport facilities at the Airport for a total amount of Rs 525 million over 72 hectares.

66. This project scheduled for completion in July 2014, and together with the new airport hotel, should prepare the ground for the Aviation Hub.

67. Mr Speaker, Sir, the airport is becoming an emblem of our ambition.

### **Sea Change in Port Development**

68. The next big investment to improve connectivity will be in the sea-port. We have compelling reasons to make strategic investments in our port given the central role that it will play in the Ocean Economy.

69. Thus future investments include:

- the extension of the quay at the Mauritius Container Terminal;
- deepening of the navigation channel so as to accommodate 3<sup>rd</sup> generation container vessels;
- construction of a cruise terminal building at the Christian Decotter Terminal;
- upgrading of the Multi-Purpose Terminal; and
- construction of access road and other works at Fort William.

70. Total investment in port development will amount to Rs 3.2 billion in 2014 alone and a further Rs 2.3 billion over the following two years.

71. Government will facilitate the setting up of a Logistics Park to expand port facilities on some 65 hectares within the Jin Fei zone. This will include space for containers depot, warehousing, light assembly and other logistics related activities.

## **Marine Services Hub**

72. Mr Speaker, Sir, Government will promote the creation of a Marine Services Platform, a second new pillar for our economy. It will be centered on growing the bunkering facilities and the various economic activities that are linked to that trade, such as ship chandling, repairs and maintenance of vessels, crew management and ship leasing.

73. The demand for bunkering in the region is expected to rise to around 8.6 million tonnes.

74. Currently, we attract bunkering traffic for only 300,000 tonnes and our aim is to triple that in the medium term.

75. We are impressed by the keen interests of international companies to invest in bunkering and oil storage. It is an opportunity that we should not miss.

76. To make it happen, we are liberalising the bunker trade which will bring a fall in the price of bunker fuel.

77. Thus operators other than the STC will be able to import petroleum products including bunker fuel.

78. The liberalisation of bunkering will increase the number of ships calling at Port Louis leading to greater transshipment and the growth of feeder services to Africa, resulting in more competitive tariffs.

79. It will also bring about substantial investment in facilities, in and around the port.

80. The liberalisation of bunkering will give rise to additional private investment of Rs 2.5 billion and increase storage capacity from 120,000 tonnes to 270,000 tonnes by 2016.

81. Mr Speaker, Sir, this is a tremendous opportunity for our country to regain its place as the Star and Key of the Indian Ocean.



## **Petroleum Hub**

82. Mr Speaker, Sir, there are also very good prospects for developing Mauritius into a Petroleum Hub. Procedures have already started for the construction of storage facilities for automotive fuel and gas oil of a capacity of 25,000 metric tonnes for re-export to the region.

83. But we want to go beyond that and probe into the feasibility of creating a full-fledged Petroleum Terminal in Mauritius.

84. To this end, an exhaustive study will be done on all the aspects of such a project, with great emphasis on environmental protection.

85. This activity could create huge opportunities for our engineers and create well paid, high skilled jobs.

## **People Centered Land Transport**

86. Our next priority in building a Better Mauritius is to have a people centered land transport system, focused on the diverse needs of commuter convenience, safety and comfort.

87. Severe traffic congestion has been estimated to cost around Rs 4 billion annually to the Mauritian economy. In recent years, we have addressed this issue with decisive actions that have resulted in a noticeable reduction in traffic congestion and travel time.

88. And we will do more to make ridership on our roads safer and more convenient.

89. The opening of the Terre Rouge-Verdun and Verdun-Trianon links would serve as an outer bypass to the Capital for those travelling between the south and the north.

90. This will mean faster mobility for our commuters and also relieve traffic pressure in the Port Louis region.

91. New projects are being designed to further alleviate congestion on our roads.

92. This includes the following, which will be implemented on a priority basis with private sector participation:

- First, the construction of a grade separated junction over the Phoenix and Jumbo roundabouts;
- Second, the construction of a bridge over Grand River North West to link Coromandel to Sorèze on the M1; and
- Third, the construction of a tunnel through the Signal Mountain to Champ de Mars.

93. Quite literally, we are redrawing the map of Mauritius.

94. Mr Speaker, Sir, convenience of land transport also depends on the means of transportation used by our commuters.

### **Bus Transport**

95. The bus accident at Sorèze in May this year was a heart-breaking national tragedy.

### **Bus Replacement Mechanism**

96. We are today announcing a comprehensive Bus Replacement Mechanism to enable the purchase by our bus companies of up to 200 modern, semi-low floor buses annually.

97. This Mechanism will provide a subsidy of Rs 1 million per bus, and will be financed through a levy of one rupee per litre on petroleum products.

98. I am also removing VAT on this type of bus.

99. Together, Mr Speaker, Sir, these two measures will reduce the acquisition cost of each semi-low floor bus by some Rs 1.6 million.

100. Mr Speaker, Sir over 600,000 of our citizens use buses every day. This measure will touch almost every household each day of the working week, and will ensure a safer, more comfortable journey.

101. Once again this Government is putting people first.

102. These new generation buses are equipped with latest safety features. They are also environmentally friendly; more comfortable; and are easy to board, especially by the elderly and handicapped.

103. I am appealing to bus owners to make maximum use of these new purchasing facilities and I am sure that Government's appeal will not go unheeded.

104. Mr Speaker, Sir, the National Transport Corporation (NTC) on its part has embarked on a restructuring plan which includes the purchase of 65 new buses. Bids have already been received and will soon be evaluated.

105. A further 100 buses, this time, of the semi-low floor type will be purchased by NTC in 2014. Following the visit of the Prime Minister to Japan, procedures have already started to acquire these buses.

106. NTC is presently proceeding on a complete overhaul of all safety features on its existing fleet of buses and responsibility for repair and maintenance is being transferred to manufacturers' authorised agents for all new buses purchased.

107. Mr Speaker, Sir, we will also prescribe regulations to make it mandatory for all newly imported vehicles of 5 tonnes and above, to be equipped with state-of-the-art safety devices and braking systems.

108. In addition, a more rigorous annual medical check-up will be introduced for all heavy duty vehicle drivers.

109. Taken together, these measures emphasise the primacy of safety on our roads.

### **Mauritius Light Rail Transit (MLRT) Project**

110. Mr Speaker, Sir, Government is progressing on the Mauritius Light Rail Transit (MLRT) Project, between Curepipe and Port Louis in the first phase.

111. Under a Government to Government arrangement, the Singapore Cooperation Enterprise is providing advisory services to prepare the project. An Expression of Interest exercise has already been carried out. Out of 11 proponents, 6 have been pre-selected and will be invited to submit their detailed proposals.

## **Investing in Public Utilities**

112. Mr Speaker, Sir, Government is making significant investments in the utility sector to expand capacity, in line with rising demand.

First, Rs 3 billion will be invested to increase the capacity of the Saint Louis Power Generation Park by 60 megawatts, to be operational by the end of 2015.

Second, in line with the Maurice Ile Durable vision of the Prime Minister, the CEB has embarked on a series of power purchase agreements on renewable energy projects with the private sector. These projects are expected to become operational by early 2015. Investments in these solar and wind projects will inject some Rs 5 billion in the economy.

Third, regulations will be made to liberalise sale of electricity. Thus, enterprises will be able to sell electricity they produce directly to their tenants.

Fourth, the CEB has commissioned a feasibility study on the use of Liquefied Natural Gas (LNG) for future generating plants.

Fifth, Government will encourage Medium Scale Distributor Generators to sell their surplus electricity generated from renewable sources to the CEB.

And sixth, an Energy Efficiency Campaign will be launched by the Ministry of Energy and Public Utilities.

## **Securing Water Sustainability**

113. Mr Speaker, Sir, our next decisive actions regarding Utilities are in the water sector.

114. The main challenges in this sector are increasing demand, ageing infrastructure, and climate volatility.

115. A new Water Authority Bill will be introduced next year to improve efficiency. As already announced, the Central Water Authority, Wastewater Management Authority and the Irrigation Authority will be merged.

116. Government will enlist the services of an international team of experts to assist in the merger exercise and the operations of the new institution.

117. I am providing an additional Rs 1.3 billion to continue the programme of replacing old pipes and introducing state-of-the-art technology to operate and monitor the water supply system in upper Mare-Aux-Vacoas. The project should be completed in 2016.

118. Moreover, we are providing Rs 470 million to complete the Pailles Water Treatment Plant. This will ensure an uninterrupted supply to Port Louis and neighbouring areas.

119. As regards investments in the waste water sector, some 78,000 premises have already been connected to the sewer system.

120. In 2014, some 3,000 new connections would be completed in central Quatre-Bornes, Sodnac and Belle Rose.

121. In addition, the works contract for connecting some 3,000 households at Guibies, Pailles will be awarded next year.

122. To execute the various projects under the Build Mauritius Plan, we are setting up a Build Mauritius Fund which will be a Special Fund under the Finance and Audit Act.

### **C. LAYING THE FOUNDATION FOR THE NEXT ECONOMIC ARCHITECTURE**

123. Mr Speaker, Sir, I now turn to the third priority of this Budget, which entails measures to lay the foundation for our next economic architecture.

124. Today a new wave of prosperity beckons us and we can once again rise up to the challenges.

125. We are developing a new architecture that will change the course of our history and transform Mauritius from a country always looking for opportunities to a land of opportunity.

126. This Budget has already outlined prospects in the Aviation Hub, Marine Services Platform and the Petroleum Hub. I will now set out measures to develop four more economic pillars, that will further expand our “Espaces Economiques”.

## **Anchoring the Ocean Economy**

127. Mr Speaker, Sir, our marine territory has enormous potential. The Mauritius Maritime Zone is 2.3 million square kilometres, around the size of Western Europe.

128. There are opportunities that can be seized in a number of clusters, including:

- Petroleum & Mineral Exploration;
- Seafood and Aquaculture;
- Deep Ocean Water Applications (DOWA);
- Marine Renewable Energies; and
- Ocean Knowledge.

129. The Prime Minister has finalised the Roadmap on Ocean Economy which will soon be made public. The Roadmap will define the strategy for each of these clusters.

130. A National Ocean Economy Task Force is being set up to oversee implementation of the Roadmap, supported by an Office for Ocean Affairs and Development - both at the Prime Minister's Office.

131. One of their first priorities is to develop a Petroleum and Minerals Exploration and Extraction Framework Agreement.

132. In the near future, we are expecting some Rs 6 billion of investment in the two Deep Ocean Water Application projects which are already in the pipeline.

133. A new faculty on ocean studies will be established at the University of Mauritius.

134. These measures will create an ocean of new opportunities for our citizens, particularly our youth.

## **Fostering a Green Economy**

135. Mr Speaker, Sir, another new sector that will redefine the economic architecture of our country is the Green Economy which holds good potential for using biomass to produce electricity.

136. Thus, a Biomass Development Scheme will be introduced under the MID Fund to encourage and give incentives to small planters to grow plants that will be efficient sources of biomass energy.

137. Under the new plan, the cultivation of the crop *Arundo Donax*, which can offer a substitute for coal could be expanded on a commercial basis.

138. Thus, the Green Economy will maximize the productivity of our agricultural land, while at the same time give a lifeline to small planters who are looking for new higher value-added activities.

139. I am removing VAT on photovoltaic panels which should reduce the cost by 15 per cent and greatly encourage production of renewable energy.

140. Mr Speaker, Sir, this Government is once again demonstrating its unwavering determination to realize the MID vision.

141. This budget provides a total of Rs 6 billion for implementing a broad spectrum of MID-related projects for greater use of renewable energy, protection of lagoons and aquifers, sustainable food production and the rehabilitation of nature reserves and parks, among others.

### **Film Industry**

142. Mr Speaker, Sir, we will now move from the green fields to the silver screen.

143. The global Film Industry is a multibillion dollar business. It comprises a wide spectrum of activities, such as scriptwriting, film production, post production and film festivals.

144. The Mauritius Film Rebate Scheme has spawned keen interest among film makers to shoot in Mauritius.

145. This year, 7 films have been approved under the Film Rebate Scheme and the estimated qualifying expenditures amount to Rs 170 million.

146. The Board of Investment confidently expects the Film Industry to generate half a billion rupees in foreign exchange in 2014, and much more thereafter.

147. But as important as the money spent, is the transfer of knowledge, the opening of opportunities for our artists, actors, musicians and various skills and services required in film making and preparation of sets. It will give a tremendous boost to our Creative Industry.

148. To empower our young people to develop a career in the film industry, the Youth Employment Programme will design targeted courses for the film industry.

### **Building on our Africa Strategy**

149. Mr Speaker, Sir, laying the foundation for the next economic architecture will not be limited to activities within our frontiers, but extend to the wider region.

150. I will now announce our actions on the Expanded Africa Strategy.

151. I am pleased that our on-going Africa Strategy, first introduced in Budget 2012, has been a notable success.

152. This year, we will go even further to support and empower our enterprises to do business in Africa.

### **Mauritius -Africa Fund**

153. Mr Speaker, Sir, many of our enterprises are seeing good investment opportunities across the continent.

154. However, there are several challenges in their way. They see the benefit of having Government as a partner in their ventures. Other countries like China, India and Brazil are developing new models to support their enterprises. Mauritius needs to be as bold.

155. Mr Speaker, Sir, I am pleased to announce the creation of the Mauritius-Africa Fund to which we are committing Rs 500 million over five years.



156. This Fund has two clear objectives.

First, to participate in the equity financing of businesses investing in viable projects in any African country. Its equity participation will be capped at 10 per cent of the share capital of the enterprise.

Second, the Mauritius-Africa Fund will offer fee paying consultancy services on the continent to Government and Public Sector entities, in fields where our country has a competitive advantage. This will have the added benefit of providing work to our professionals and consultants.

### **Our Export to Africa Strategy**

157. Many Mauritian enterprises are seeking to expand their exports into African markets. Government will support them in their efforts.

158. I am pleased to announce that Government will provide a subsidy of 25 per cent of the freight cost on containers exported to all countries in Africa except South Africa and Madagascar. This will be up to a maximum of US 300 dollars per container.

159. Export Credit Guarantee Insurance is essential to cover additional risks when exporting to unfamiliar markets. Very often, the premium can be exceedingly high.

160. To address this issue, Government will provide a 50 per cent subsidy on the cost of Credit Guarantee Insurance for exports to Africa.

### **Gateway to Africa**

161. To enhance the role of Mauritius as a Gateway to Africa, BOI will organise 6 high level conferences across the continent in 2014 to showcase Mauritius as a trusted partner. These conferences will serve the triple objectives of reinforcing our good image, strengthening economic cooperation, and promoting our financial and business services.

162. To establish greater cooperation at the institutional level, I am requesting the BOI to host in Mauritius an Annual Conference of Chief Executive Officers of all Investment Promotion Agencies in Africa in order to share experience, encourage best practices and increase networking. The first conference will be held in June 2014.

## **Building Human Capacity to Support Rising Africa**

163. The Africa Centre of Excellence will actively promote the placement of our young technicians, graduates and professionals on the continent. It will identify employment opportunities, seek collaboration with local counterparts, promote mutual recognition of qualifications, draw up shortlists of candidates and facilitate interviews.

164. The offer of 50 scholarships to African students is being renewed next year.

## **Enhancing our status as a regional centre**

165. Our country already hosts a number of important regional organisations and has the potential to welcome many more.

166. To this end, my colleague, the Minister of Foreign Affairs, Regional Integration and International Trade will present a Host Country Bill in Parliament, which will codify the various entitlements, rights and obligations of international organisations wishing to set up their regional offices here.

167. Never before has so much been done to build such strong bridges between our island and the rising giant that is Africa.

168. Mr Speaker, Sir, taken together, the Ocean Economy, Green Economy, Film Industry and Expanded African Strategy, in addition to the aviation hub, marine services platform and petroleum hub, will push new frontiers and allow Mauritius to open the door and let prosperity in.

## **A World Class Investment Climate**

169. Mr Speaker, Sir, I now come to the next component of our strategy on Investment and Economic Growth.

170. It is about building a world-class investment climate.

171. A lot has already been achieved.

172. And today Government will introduce more ground-breaking measures to boost investment and fast-track major projects.

## **Fast-tracking major projects**

173. The Prime Minister has decided to set up a Fast Track Committee under the Chairmanship of the Financial Secretary to expedite the processing of all permits and approvals concerning major big-impact investment projects.

174. The Committee will also comprise representatives of the Prime Minister's Office, the Board of Investment and other concerned Ministries.

175. This measure should result in Rs 20 billion worth of additional projects over the next few years.

176. The Investment Promotion Act and the Non-citizens (Property Restriction) Act will be amended accordingly. Consequential amendments will be brought to the Planning and Development Act, Building Act, Morcellement Act, Environment Protection Act, Local Government Act and Sugar Industry Efficiency Act.

## **Speeding up the delivery of Building and Land Use Permit**

177. Mr Speaker, Sir, the delays in the delivery of Building and Land Use Permits are one of the factors restraining economic growth and have been a recurrent source of complaint.

178. Thus, I am pleased to announce that my colleague, the Minister of Local Government and Outer Islands will create a central E-Monitoring system at his Ministry to track all applications for Building and Land Use Permits, whether relating to municipalities or district councils.

179. All relevant bodies will connect themselves to the e-Local Government portal and applications for Building and Land Use Permits will be made online to allow movement of data and the issuance of permits electronically.

180. Permits will be delivered within 14 days of application. We are also amending the relevant legislation to require the CWA, CEB, WMA, Health and Fire authorities to give their clearances within one week of receipt of the on-line submission.

181. Once the deadline is passed, the Silent Agreement Principle will apply.

182. We are also bringing the necessary amendments to provide for business facilitation in the tourism sector. Thus it will no longer be necessary to have prior clearances from Fire and Health authorities, Police and Mauritius Revenue Authority before relevant permits or licences are issued by the Tourism Authority.

### **Further Opening Up the Country: A Regional Centre for Talent**

183. Mr Speaker, Sir, a pool of talent is a must in our economy if we want to build a better Mauritius for all.

184. We are taking several steps to attract more high calibre professionals to Mauritius.

First, we are abolishing the bank guarantee needed for the application of Occupation and Residence Permits, along with a revision of fees for permits.

Second, to facilitate the application process, an integrated online system will be implemented before the end of the year for Occupation Permits and visas.

Third, the BOI will step up its communication campaign to bring the number of professionals under Occupation Permits from the current 4,200 to 5,000 in the short term and to 10,000 in the medium term.

185. High net-worth individuals who have chosen to retire in Mauritius, will now have the right to purchase an apartment upon a minimum transfer of US 120,000 dollars at the time of application.

186. It has been calculated that high calibre professionals and high net worth individuals annually inject some Rs 5 billion in our local economy.

### **D. RETUNING THE TRADITIONAL ENGINES OF GROWTH**

187. Mr Speaker, Sir, the traditional sectors continue to be the backbone of our economy.

188. I will now turn to measures that will bolster growth in these sectors.

## **TOURISM**

### **Boosting arrivals in our tourism industry**

189. And I will start with the challenges in the Tourism industry.

190. As a result of strong measures taken in last year's budget and the diversification plan applied by the Ministry of Tourism and Leisure, we have been able to revive growth in the tourism sector.

191. The industry has picked up recently with growth rates of 11.5 per cent in August and 8.4 per cent in September. October is also expected to have been a good month.

192. Nevertheless, our tourism industry is still too Euro-centric and given the present economic situation in Europe, it remains vulnerable.

193. Mr Speaker, Sir, this year, our actions will be articulated around stronger marketing, improving air services, filling hotels in low season and improving our tourism product.

### **Stronger Destination Marketing**

194. To face tough and new competition we will strengthen co-ordination between Government and all stakeholders. We are thus setting up a Joint Public Private Tourism Committee to look principally at destination marketing strategy.

### **Improved air services and tapping new markets**

195. Mr Speaker, Sir, in 2014 Air Mauritius will operate 5 flights a week to China from zero flights in 2012.

196. This clearly underscores our success in that market and is the result of a close partnership between Government and our national airline, including direct financial assistance.

197. MTPA will continue its efforts to attract more flights from existing and new markets. Amongst other new developments, Emirates will start a daily service using Airbus A380 aircraft in mid December and TUI Airlines will operate a new weekly service from London using the Dreamliner in April next year.

198. And every effort will be made to generate flights from new markets.

199. Going forward, Government will seek to renew the successful partnership for flights in other emerging markets. There will be heightened priority on flights to Russia.

200. MTPA will redouble its efforts to promote Mauritius on the African continent, as a prelude to enabling direct flights and as part of our Africa Strategy.

201. In order to increase further our attractiveness, Air Mauritius will develop, offer and actively market a Dual Destination Strategy to tourists from Asia at attractive fares.

### **National preparedness for new markets**

202. Mr Speaker, Sir, emerging markets have great potential and Mauritius will accelerate its national preparedness to cater for the needs of these new customers.

203. These include language training, people skills, cuisine, investment in signage and investment in landmark photo spots.

### **Filling our hotels in the low season and successfully marketing our new air terminal to transit passengers**

204. Mr Speaker, Sir, whilst our hotels are generally full during peak season, during the low season, occupancy rates can be dismal. There is a felt need to improve tourism seasonality patterns.

205. I am thus providing Rs 25 million as a Special Fund to boost arrivals from regional destinations during the low season.

206. This Fund will provide financial incentives for short haul regional flights. Hoteliers and service providers will be invited to join in this promotion exercise complemented by a discount shopping package.

207. The Special Fund will also be used in collaboration with the airport authorities to generate greater transit stopover passengers.

208. Finally Mr Speaker, Sir, airfare is a major factor in the competitiveness of our destination. We have commissioned an independent study on this issue. Government, with all relevant stakeholders, will analyse the findings and take any actions that may be required.

## **FINANCIAL SERVICES**

209. Mr Speaker, Sir, Financial Services remains the most productive sector of our economy.

### **Global Business Sector - Enhancing Commercial Substance**

210. A continued increase in commercial substance is crucial for growth of the sector.

211. We will further enhance our legislative framework and provide greater avenues to that sector for dealing with residents.

212. The Joint Committee under the Financial Services Consultative Council has been mandated to provide recommendations on the better integration of global business with the domestic sector.

### **Strengthening the regulatory framework**

213. In spite of the global challenges, our financial services industry has remained robust.

214. To this end, we are:

- Setting up a Serious Fraud Office and a Coordination Committee among all agencies combating financial crime;
- Redefining the term “financial crime” to capture an offence under the various existing Acts and banking laws;
- Amending both the Bank of Mauritius Act and the Financial Services Act to strengthen their respective regulatory functions;
- Transferring the responsibility for licensing, regulation and supervision of credit unions from the Registrar of Associations to the Bank of Mauritius. And similarly for money lenders which are presently under the control of the Accountant-General.

215. The membership of the Financial Stability Committee will be expanded to include the Financial Intelligence Unit.

216. We will continue to ensure adherence to international standards and best practices. To this effect, Mauritius will adhere to the Multilateral Convention on Mutual Administrative Assistance in tax matters developed jointly by the Council of Europe and the OECD.

### **Enhancing the good reputation of the Financial Services Industry**

217. Mr Speaker, Sir, operators in the global business sector have clearly understood that to continue to prosper, they need to diversify their market base.

218. Supported by our Africa Strategy, some 60 per cent of new companies formed in the global business sector are already targeting Africa.

219. BOI will set up a joint public-private sector Financial Services Promotion Committee to implement a targeted promotion campaign in line with the Expanded Africa Strategy and to reinforce our reputation as an international financial centre. I am providing for a Special Fund of Rs 50 million for this purpose.

### **Enhancing product offering**

220. To enhance the offering of our Global Business Sector, we are also amending:

- the Investment Promotion Act to include investment in Initial Public Offerings as a qualifying business activity for the purpose of granting Permanent Residence in Mauritius; and
- the Investment Promotion (Real Estate Development Scheme) Regulations to allow GBL1 Companies to purchase residential property in Mauritius under the IRS/RES schemes.

221. Mr Speaker, Sir, much has been done since 2005 to enhance the product offering.

222. To open up new avenues for growth, we will introduce a new Bill on Captive Insurance which has the potential to make Mauritius a captive insurance jurisdiction of choice.



223. To support the vision of Maurice Ile Durable, the Stock Exchange of Mauritius will introduce a Sustainability Index that will showcase companies listed on the Stock Exchange that are actively promoting the sustainability cause.

224. In addition, the SEM will promote a new Social Impact Exchange to develop Mauritius into a regional centre for investments that have a positive social or environmental impact.

225. We will also encourage further democratization of the economy.

226. SICOM Ltd will be listed on the Stock Exchange of Mauritius, with shares offered to small private investors in priority.

### **ICT/BPO SECTOR**

227. Mr Speaker, Sir, one of the fastest growing sectors of our economy that has been creating jobs for our youth at a rapid pace is the ICT/BPO sector. It accounts for 6.4 percent of GDP and provides employment to 18,800 people.

228. It is nonetheless a sector that must continuously adapt to change to stay globally competitive.

229. The Ministry of Information and Communication Technology will focus on further reducing cost of bandwidth, improving connectivity, guaranteeing quality and developing skills.

### **Reduction in IPLC tariffs**

230. Mr Speaker, Sir, I am pleased to announce that the tariffs for International Private Lease Circuits will be reduced by another 16 per cent as from January 2014. This adds up to a total cut of 80 per cent since 2005. Connectivity is essential for reliability, redundancy and speed.

231. Mr Speaker Sir, some 8,000 homes have already been connected this year to fibre cable. Next year, an additional 50,000 homes will be connected offering speed of up to 30 Megabytes per second, among the best in the Southern Hemisphere.

232. Fibre connection will involve an investment of Rs 7 billion by operators over the next 5 years.

233. To enhance internet connectivity with East Africa, a cross-connection of the LION and SEAS fibre optic cable systems will be established between Mauritius and Seychelles.

### **Guaranteeing Quality of Internet**

234. Mr Speaker, Sir, quality of service is as important as competitive pricing.

235. Internet Service Providers will now be required to guarantee to consumers a minimum service level for a given internet package. ICTA will monitor adherence and will act against any violation by operators.

### **Developing Talent in ICT**

236. In July 2013, Government and stakeholders in the ICT sector created the Ebene Accelerator, a state-of-the-art facility which allows young applications developers to code, grow and become an integral part of the new internet economy.

237. Government firmly believes in the potential of these young talents and will provide for a second Accelerator in 2014 in Port-Louis.

## **AGRO-INDUSTRY**

238. I now turn to agriculture.

239. Mr Speaker, Sir, the role of agriculture remains significant in the development of our country. In fact, it is an industry that we want to take to new frontiers. We will do so by: (i) addressing land abandonment; (ii) improving land yield, (iii) supporting access to finance, use of modern technology and access to markets.

### **Addressing Land Abandonment**

240. Abandoned land remains a major issue in Mauritius.

241. I am providing Rs 400 million for FORIP to carry out derocking in 2014.

242. This is the most effective way to halt land abandonment and to improve land productivity.

243. I am providing Rs 30 million for the continuation of the Compost Subsidy Scheme to the benefit of all planters to improve land yield.

244. The Bank of Mauritius will provide Rs 1.3 billion to maintain the advance payment of 80 per cent made on delivery to sugar factories.

245. We are extending LEMS equipment leasing facilities under the Planters' Harvest Scheme for another year.

246. Mr Speaker, Sir, a new industry is cropping up with great potential – the Seed Industry. The legal framework was set up in 2012. Today I am providing Rs 3 million to set up the National Plant Varieties and Seed Office within the Ministry of Agro-Industry and Food Security.

247. To tackle the problem of increasing losses incurred by fruit growers, Rs 4 million are being provided to cover 75 per cent of the purchase price of bat nets.

248. I am raising the provision for the freight rebate scheme for horticulture exports from Rs 10 million to Rs 15 million.

249. I am also pleased to announce that the full VAT refund scheme for agricultural machinery, equipment and tools which was introduced in 2012, is being made permanent.

### **Discouraging extensive use of pesticides in agriculture**

250. Mr Speaker, Sir, consumers are becoming increasingly concerned with the extensive use of pesticides and other chemicals in agriculture. I am providing funds to control and measure their use.

### **Livestock**

251. Mr Speaker, Sir, animal breeders will also henceforth benefit from 50 per cent grant on livestock schemes implemented under the Food Security Fund.

252. I am providing Rs 4 million for another “salle de découpe” as a marketing facility to pig breeders.

## **FISHERIES AND AQUACULTURE**

### **Seafood Hub**

253. Mr Speaker, Sir, as regards the seafood hub, Rs 2.1 billion will be invested in tuna fisheries next year. This is in addition to Rs 2.6 billion being injected this year in purse seiners and in a fish processing factory.

254. The expected investment could bring in some 40,000 tonnes of fish annually and export revenues of some Rs 2.4 billion.

255. Marine aquaculture on an industrial scale is taking off. Currently some 500 to 600 metric tonnes are produced on two sites of which 70 per cent for exports. We are adding 3 more sites over the next two years to double production.

### **Artisanal fishing and aquaculture**

256. Mr Speaker, Sir, next year Rs 8 million will be provided to the Ministry of Fisheries for the purchase of 20 floating aquaculture cages, in addition to the 8 installed to date. This is in response to increasing interest expressed by fishermen for small scale aquaculture.

257. The re-stocking programme for our lagoons has been successful since its inception in 2012. I am providing Rs 5 million to triple the pace of replenishment, by increasing the number of fingerlings released to one million in 2014. Notable improvement in fish stocks in our lagoons can be expected within 3 years.

258. Net fishing is not compatible with our policy of re-stocking our lagoon for the benefit of our fishermen.

259. Pending an eventual ban on both large net and gill net fishing, both types will be phased out. As an additional incentive for fishermen to surrender their nets and fishing licences, all the 21 fishermen co-operatives and associations will be eligible for an increase of 50 per cent in the compensation package being offered presently.

260. In addition, they will be encouraged to take up aquaculture through the provision of floating cage.

261. To encourage off-lagoon fishing, Government will further provide a 50 per cent grant on the purchase of off -lagoon “canottes” up to an amount of Rs 200,000 per “canotte”.

262. Mr Speaker, Sir, there is good scientific evidence that seaweed and pearl culture can be carried out in our seas on an industrial scale. This will open new opportunities for higher value added activities.

## **SUPPORTING THE MANUFACTURING SECTOR**

263. Mr Speaker, Sir, our manufacturing sector has to constantly gear up for greater global competition. Our support to the industry has been comprehensive.

264. Going forward, Government will continue to strengthen both the Domestic and Export Oriented manufacturing base.

265. We will introduce an Investment Tax Credit Scheme to encourage High-Tech Manufacturing.

266. The Foreign Currency Leasing Equipment Modernisation Scheme, with an injection of Rs 1 billion from Government at much lower interest rates, has greatly relieved our exporters in terms of reduced exchange exposure and has thus induced them to invest in new and modern equipment. Within 6 months of operation, leasing finance amounting to Rs 845 million have already been approved.

267. We are building on this success. Government is injecting a further Rs 1 billion into the Scheme.

268. I am also increasing the export promotion budget of Enterprise Mauritius by 33 per cent to Rs 180 million to step up its support for market expansion, especially in Africa.

## **Work Permits**

269. We need to make a clear distinction between work permits for our Export Oriented Enterprises which need to compete on a worldwide basis and other local enterprises.

270. For Export Oriented Enterprises, work permit applications will be fast tracked and delivered within two weeks. For these enterprises, annual work permit fees for employees after the fifth year of employment will be reduced from Rs 10,000 to Rs 6,000.

## **E. ECONOMIC DEMOCRATISATION**

271. Mr Speaker, Sir, Economic Democratisation is the lynchpin of this Government's Programme.

272. Economic Democratisation is about building a better Mauritius for the many and not just for the few.

273. Having the power, we have the duty to provide equal opportunities for all.

274. In recent years we have done all we can to empower Micro, Small and Medium Enterprises. Our effective action has received national and international acclaim.

275. Mr Speaker, Sir, this year we are going even further.

### **SME Procurement**

276. In 2012, Government procured 6 per cent of its goods and services from SMEs. I am pleased to announce that by the end of 2013, Government will have almost doubled its procurement from SMEs to an estimated 11 per cent of all goods and services.

277. The increase in procurement from SMEs is due to the effective actions taken in our last two budgets.

278. Mr Speaker, Sir, it is this Government's firm intention that the percentage of Government procurement from SMEs be increased to 20 per cent within the next three years.

279. As our deep reforms continue to bite, we will expand our support as follows:

- The Ministry of Public Infrastructure, National Development Unit, Land Transport and Shipping will henceforth, unbundle contracts given on a district wise basis to ensure that a larger number of SMEs are appointed. This is a long standing request from SMEs that is now effectively addressed.
- The number of zones in rates contracts for maintenance and upgrading of roads, drains and civil works will be increased and the contracts will be reclassified into specific categories of works.
- Standard bidding documents will be simplified from 15 pages to only one page for goods and services and to two pages for small works contracts.
- The Public Procurement Office will hold a series of courses targeted to SMEs to help them understand and take part in Government procurement.

280. The Ministry of Business, Enterprise and Cooperatives will organize a National Inclusive Business Award to recognize efforts by large businesses to support SMEs.

### **SME Websites**

281. Mr Speaker, Sir, an online presence can significantly enhance the visibility and revenue of a business.

282. Our SMEs have been crying out for visibility and this measure will put them firmly in the spotlight.

283. It is this Government's intention that in 2014, all SMEs in Mauritius should have an online presence.

284. Government will therefore provide a free basic website to all SMEs.

285. More elaborate websites costing up to Rs 6,000 will be given a subsidy of 50 per cent.

286. These websites will be provided through the Ebene and Port Louis Accelerators.

### **Overseas Marketing Missions**

287. Following last year's success, we are maintaining the refund scheme to SMEs of Rs 200,000 per annum for participation in international fairs. This will cost a further Rs 50 million for 2014.

### **SME Financing Scheme**

288. The SME Financing Guarantee Scheme which we introduced in December 2011 has exceeded expectations. In less than 2 years, close to 2,000 applications have been approved for an amount of Rs 2.5 billion.

289. Building on this success, we have once more secured the cooperation of the commercial banks which will commit an additional Rs 2 billion to extend the scheme up to 2016.

### **Loans to MSMEs without guarantee**

290. Small enterprises with annual turnover of less than Rs 10 million generally cannot access finance because of lack of collateral.

291. I am pleased to announce that Government will introduce a new loan guarantee scheme for small enterprises. This will remove the need for them to provide collateral and third party guarantees.

292. Instead, Government will guarantee these loans directly to commercial banks up to 70 per cent of any amount of loss incurred.

293. With this measure we will be channelling an additional Rs 750 million of loans to small enterprises without the need for collateral for the next 3 years.

294. In addition, Government will continue supporting the competitiveness of SMEs with a further series of measures:

- I am earmarking Rs 80 million for the Mauritius Business Growth Scheme (MBGS).
- Government is injecting Rs 70 million in the SME Factoring Scheme for 2014 and the scheme will be extended to planters.



- NPCC will provide training to 500 SMEs on productivity improvement in 2014, organise high level motivational talks and a National Productivity Award.

### **Industrial Space**

295. Mr Speaker, Sir, SMEs have often requested additional space. In 2013, 55 new industrial units have been delivered to SMEs. Businesses using these units receive a 50 per cent subsidy on rent for the first three years.

296. As a result of the popularity of this measure, two more SME parks are under construction at Solitude and Plaine Magnien at a cost of Rs 200 million. These will provide industrial spaces to 80 more SMEs.

297. Mr Speaker, Sir, you will agree that through these actions, our Government is transforming Mauritius into a nation of owners and not just earners.

298. Measures taken in my last three Budgets amount to nothing less than a Marshall Plan for SMEs.

### **F. BUILDING ON THE STRENGTHS OF OUR PEOPLE**

299. Mr Speaker, Sir, human capital can be a high-impact accelerator to economic growth and social well-being.

300. We are allocating Rs 14.8 billion to the education sector as a whole; an increase of 11.2 per cent over the amount spent this year.

301. Our motivation is clear.

302. A Smarter Mauritius means a Better Mauritius.

303. This Budget introduces measures that will inspire learning from the cradle and throughout our citizens' lives.

## **Pre-Primary Education**

304. Let me begin close to the cradle.

305. I am providing a one-off grant of up to Rs 100,000 to each of the 125 private pre-primary disadvantaged schools.

306. I am also continuing the existing crèche upgrading programme for another year for a maximum amount of Rs 200,000 per facility.

## **Primary Education**

307. I am increasing the total provision for the ZEP schools programme by 30 per cent to Rs 440 million. This will benefit 30 schools and 9,000 children from some of the poorest regions of our country.

308. Going forward, we will now tap into international best practice and experience.

309. Thus, we are introducing an innovative pedagogy project in 6 low performing schools across the country with the assistance of ESSA Foundation, a non-profit organization from UK, and the African Development Bank. The ESSA Foundation, which has achieved remarkable results in UK, specialises in adaptive teaching programmes to improve learning outcomes and inclusion of disadvantaged children.

## **Hot meals**

310. We have said before that children cannot learn on an empty stomach. It is widely recognised that hot meals substantially improve students' attendance, learning capacity and performance.

311. Implementation setbacks should not stand between us and what we know to be right.

312. I am earmarking some Rs 130 million for the Hot Meal Programme. Thus, as from the second term next year, hot meals will again be served daily in all ZEP schools.

313. These will be prepared under strict hygiene standards as per HACCP certification.

314. ZEP schools will be equipped in a phased manner with appropriate kitchens and eating areas.

315. In addition, Rs 32 million will be provided for the construction and extension of 3 Special Education Needs centres in primary schools at Rivière des Anguilles, Flacq and Plaine Magnien, and Rs 20 million for the rehabilitation of D. Sewraz Government School at Triolet.

316. I am also empowering Parent Teachers Associations in each public primary and secondary school with Rs 200,000 for minor upgrading projects.

### **Secondary Education**

317. As our children move to secondary school, their requirements become more sophisticated.

318. Last year, we announced measures to increase connectivity of schools. This year we are doing more.

First, I am pleased to announce that Government will invest Rs 87 million next year to provide free WiFi connectivity in all public and private aided secondary schools.

Second, I am providing Rs 243 million to supply digital tablets to students in public and private aided secondary schools, starting in 2014.

Mr Speaker, Sir, “Chose promise, chose due”.

This is a Government that keeps its promises.

Exceptionally next year, the tablets will be given to students in both in Form IV and Form V. Thus, students who were entitled this year to a tablet, will get theirs in 2014.

The contribution payable for insurance will be Rs 650 per tablet.

Third, children from families on the Social Register of Mauritius will be granted free internet access and will also be exempted from payment of the insurance.

Fourth, the Ministry of Education and Human Resources is implementing a new HSC Pro qualification to better prepare our students for the world of work.

HSC Pro will first be offered in the ICT sector and will later be extended to the tourism, agro-industry, sports and business sectors.

Fifth, Mr Speaker, Sir, I am providing the necessary funds for 8 existing secondary schools to be turned into Specialised Language schools whilst also offering full normal classes. These will include a wide range of foreign language courses to our students as mastery of one or several foreign languages becomes a key enabler for jobs in emerging sectors.

And sixth, it is crucial that our students plan their careers in areas that will be in demand. ICT is one of them. I am providing for 8 additional National Scholarships for ICT.

### **Lifelong learning**

319. Our citizens need to have the opportunity to learn and re-learn throughout their lives. Thus adult education will be given greater prominence in our education system.

320. Henceforth, the Ministry of Education and Human Resources will use its school premises after hours to conduct a wide range of adult education classes including, but not limited to, adult literacy.

### **Tertiary Education**

321. Mr Speaker, Sir, enrolment in tertiary education is increasing at a rapid pace. Currently, there are 50,000 students enrolled in tertiary education in Mauritius compared to 29,000 in 2005. It is a trend that must be encouraged. And to do so, we need imperatively to maintain a strong oversight on quality.

First, the Mauritius Qualifications Authority is being placed under the aegis of the Ministry of Tertiary Education, Science, Research and Technology, in order to ensure greater coherence in post-secondary education.

Second Government is providing Rs 228 million over the next five years for the setting up an IIT Delhi Research Academy, in collaboration with the University of Mauritius.

Third, to push the frontiers of knowledge, trigger cross-fertilisation of ideas, improve teaching standards and foster greater research, we are providing for the recruitment of 30 experienced international lecturers, who will be posted in participating state universities.

Fourth, Government will introduce an Independent Rating System for our faculties. The ranking will be made public to promote transparency and fairness.

Fifth, we are providing Rs 225 million to start the construction of three modern campuses at Reduit, Montagne Blanche and Pamplémousses in 2014.

Sixth, Government will also deal with the hitches and glitches that have beset the enrolment of foreign students.

322. New regulations will be implemented for the licencing of higher education institutions teaching foreign students. Poor performance or failure to comply with the approved guidelines and regulations will result in suspension of the licence.

323. Regulations will be introduced to prohibit misleading advertisements by our higher education providers and their agents. Recruitment fees for agents will be capped.

### **Innovation**

324. Mr Speaker, Sir, innovation is a crucial success factor if we want to create the next wave of prosperity. It is a driver of growth and well-being and it creates jobs in new and rejuvenated industries. But to reap the gains, we require concerted efforts in many different areas.

325. Thus, funding for research and innovation will be centralised for more optimal allocation.

326. Government is providing Rs 100 million to fund research and innovation projects, including a Collaborative Research Scheme, Small Business Innovative Scheme, and research by public sector institutions through the Mauritius Research Council.

327. A National Research and Innovation Advisory Committee will be set up to foster innovation and will count among its members Nobel Prize laureates and nominees.

328. To enable our industries adopt latest techniques, designs and practices, a 25 per cent annual capital allowance will be granted for the purchase of patents.

### **Smoother transition to the world of work**

329. Mr Speaker, Sir, the journey from the world of education to the world of work can often be difficult. We must do more to support our youth through this important transition.

330. Henceforth, a six-monthly Employment Trends Survey will be published to inform the youth on career opportunities.

331. Mr Speaker, Sir, Government is setting up a Dual-Apprenticeship Scheme with a good mix of practical experience and classroom studies. The existing Apprenticeship Programme has been successful in helping our youth find employment in vocational fields.

332. Moreover, this Programme will cover both diploma and degree courses. New regulations will include a review of allowances paid to the apprentices.

### **Youth Employment Programme**

333. Mr Speaker Sir, the Youth Employment Programme (YEP) that we started this year is an inspiring success. More than 3,500 youth have found employment in 350 enterprises.

334. I am providing another Rs 275 million to continue the programme next year.

## **Female Employment**

335. Mr Speaker, Sir, I am allocating another Rs 100 million for a new “Back to Work” Programme for women.

336. The female unemployment rate in Mauritius has traditionally been much higher than for males. To address this gender gap, the Skills Working Group and the Ministry of Labour, Industrial Relations and Employment will implement a “Back to Work” Programme for women who wish to rejoin the labour force. This will consist of special training schemes to prepare them for at least 15 occupations.

## **G. LABOUR, INDUSTRIAL RELATIONS AND EMPLOYMENT**

337. Mr Speaker, Sir, both foreign and local workers make significant contributions to wealth creation in our country. However we must maintain the right balance to maximize the synergies.

338. The Ministry of Labour, Industrial Relations and Employment will review the existing ratios of foreign to local workers for the different sectors of the economy to determine the number of work permits to be issued.

339. For local enterprises, work permits will be granted on the basis of scarcity areas.

340. Government is removing the exemption from payment of the levy, National Pensions Fund and National Savings Fund applicable to foreign workers in their first two years of employment, except for those working in Export Oriented Enterprises.

341. To raise more funds for training programmes, we are reviewing the apportionment of the 1.5 per cent levy going to the Workfare Programme Fund and Training Fund for the next 3 years. We are amending the legislation so that 1 per cent of employers’ contribution will go to the Training Fund and 0.5 per cent to the Workfare Programme Fund.

342. Mr Speaker, Sir, wages should be in tune with the demand for workers in specific sectors of the economy. That is why my colleague, the Minister of Labour, Industrial Relations and Employment has referred 14 Remuneration Regulations where workers are earning less than Rs 6,500 per month to the National Remuneration Board for review.

343. Government also wants to ensure that workers operate in a safe and healthy environment - that their rights are upheld and harmonious industrial relations prevail.

344. We are thus increasing inspectorate capacity by 15 staff and providing for two Special Squads, one for the Labour Inspectorate, and the other for the Safety and Health Inspectorate.

## **H. BUILDING ON THE STRENGTHS OF OUR DEMOCRATIC INSTITUTIONS**

345. Mr Speaker, Sir, I will now elaborate on our policies to build on the strengths of our democratic institutions.

346. Mr Speaker, Sir, every year the Director of Audit, in his Annual Audit Report, draws attention to a number of shortcomings in public sector management.

347. Government is committed to address these issues. We are setting up an independent Board of Enquiry with the powers to review matters raised in the report of the Director of Audit and refer its findings to the Secretary to Cabinet and Head of Civil Service for onward transmission to the Public Service Commission.

348. Similarly, statutory requirements will be set for State-Owned Enterprises and Statutory Bodies to improve their accountability and performance management.

349. Mr Speaker, Sir, I now turn to measures that will increase the effective delivery of public services for a better Mauritius.

350. I am providing Rs 50 million for the implementation of a new Civil Service Performance Related Incentive Scheme. This is in line with the recommendations of the PRB Report 2013.

351. A performance agreement will be signed between the Secretary to Cabinet and Head of the Civil Service and each Accounting Officer, stipulating the Key Performance Indicators for each Ministry.



352. The Budget Implementation Team in my Ministry over the past two years, has been a notable success. Project and Programme Implementation Units (PPIU) are being set up in key ministries to provide the necessary in-house capacity to plan, execute and manage projects within the set time frame. This will address recurrent issues such as cost overruns and delayed implementation.

353. In addition, steps are being taken to streamline the processing of public sector projects examined by the Project Plan Committee.

354. Mr Speaker, Sir, services must be provided to our citizens in the most efficient and effective manner. To this end Government is coming up with a Civil Service Modernisation Programme including:

- a new Strategic Policy Unit under the Prime Minister's Office;
- a programme to upgrade skills through the Civil Service College; and
- extensive use of latest technology for the delivery of public services.

## **II. BUILDING A MODERN, INCLUSIVE AND CARING SOCIETY**

355. Mr Speaker, Sir, I will now elaborate on our strategy to build a Modern, Inclusive and Caring Society.

### **MODERNISING OUR HEALTH CARE SYSTEM**

356. I now come to health care. Our philosophy and commitment have always been clear. All our people must have access to quality health care so they can live a long and enjoyable life.

357. In this Budget, we are providing Rs 9.2 billion for Public Health Care.

#### **Boosting Primary Health Care**

358. Mr Speaker, Sir, improvement at the primary care level can bring about a significant impact on the effectiveness as well as efficiency of the health system. That is why we are introducing a new Scheme which will entail the posting of well trained "Mèdecins de famille" in Area Health Centres.

359. In this context, an initial cohort of 40 doctors will be trained at the Université de Bordeaux and London University, among others, to specialize in Primary Health Care.

360. Mr Speaker, Sir, this Budget is giving special attention to two major killer diseases that affect almost every family in Mauritius, namely diabetes and cancer.

### **Diabetes**

361. To reduce the prevalence of diabetes in our population, we are adopting a comprehensive and coordinated approach which will comprise the following:

- a National Diabetes Register and a National Diabetes Management System (DMS) to improve follow-up care and treatment;
- a National Diabetic Retinopathy Grading Centre;
- a structured Diabetic Foot Care Service;
- recruitment of 4 diabetologists; and
- a National Campaign on Prevention of Diabetes.

### **Cancer**

362. The growing incidence of cancer in Mauritius is one of the new challenges that we need to deal with. We must ensure that cancer patients receive proper treatment and care. To this end, a National Cancer Agency is being set up under the Trust Fund for Specialised Medical Care. The emphasis will be on early detection, diagnosis and up-to-date information as regards treatment protocols available.

### **New State of the Art facilities**

363. The Ministry of Health and Quality of Life will also invest significantly in facilities, including:

- Rs 566 million in the Victoria Hospital, Quatre Bornes, that will comprise six State of the Art Operating Theatres and four new wards with a bed capacity of 120;
- Rs 38 million for the construction of 3 mediclinics at Goodlands, Stanley and Floreal; and

- Rs 11 million in 2 Community Health Centres at Baie du Tombeau and Phoenix and an Area Health Centre at Bambous.

### **Recruitment of other Specialists and Doctors**

364. To improve care and delivery of services and reduce overtime costs, we are providing for recruitment of:

- 33 specialists to implement a 24-hour service in all our Regional Hospitals;
- 36 doctors to implement the shift system in the Accident and Emergency Units;
- 300 student nurses; and
- 400 attendants and health care assistants.

### **Assistance to Patients Inoperable in Mauritius**

365. In 2012, we more than doubled the maximum grant under the Overseas Treatment scheme from Rs 200,000 to Rs 500,000.

366. This measure has enabled some 165 patients so far this year to benefit from this scheme at a total cost of Rs 40 million.

367. We are enhancing this scheme by raising the maximum grant from Rs 500,000 to Rs 800,000 for complicated treatments abroad.

368. We are thus providing Rs 50 million for the Overseas Treatment Scheme for 2014.

### **Promoting an Environmentally Friendly Lifestyle and Cleaner Mauritius**

369. Mr Speaker, Sir, our next priority to build a better Mauritius is to promote an environmentally friendly lifestyle in line with the Maurice Ile Durable (MID) Vision.

370. I will now announce the measures that are specific to the enhancement of the environment and building of a Clean Mauritius.

371. Mr Speaker, Sir, Mauritius is one of the most fortunate countries in terms of beaches. They are our national pride. They are the backbone of our tourism industry. Yet many of our beaches are losing their natural beauty due to erosion. We cannot let today's natural assets become tomorrow's liabilities.

372. I am therefore providing Rs 100 million to the Ministry of Environment and Sustainable Development for a Beach Re-profiling Programme for beaches across the island. Flic en Flac, Le Morne and Blue Bay beaches will be refilled with sand.

373. In the same vein, we are providing for the rehabilitation of our coral reefs and increasing the live coral coverage.

### **Bare lands**

374. Mr Speaker, Sir, there are bare lands across the country and many of them are left unattended. This causes a nuisance to neighbours and can be a security threat for the neighbourhood.

375. We are toughening up the law with regard to maintaining privately owned bare land and abandoned premises.

376. The Local Government Act will be amended to enable local councils to place an obligation on landowners to fence their land in residential areas.

377. I am providing Rs 185 million for the purchase of additional scavenger lorries to replace those that are more than 12 years old.

### **Solid Waste Management**

378. Mr Speaker, Sir, efficient and environmentally safe disposal and recycling of solid waste remains a priority.

379. I am providing Rs 30 million for a financial incentive to encourage the collection and re-export of P.E.T. plastic bottles.

### **Community-based projects**

380. Mr Speaker, Sir, to Build a Better Mauritius, we will also be investing in numerous community-based infrastructure projects to ensure essential facilities are accessible to the population across the island.

381. These projects include:

- Rs 3 million for the setting up of children's playgrounds;
- Rs 2 million for a new traffic centre at Rivière du Rempart ;
- Rs 12 million for the improvement and upgrading of cremation ground/cemeteries at Mon Gout, Triolet, Grand Gaube, Sebastopol and Vieux Grand Port;
- Rs 7 million for the upgrading of the Youth Training Centres at Anse La Raie and Bel Ombre;
- Rs 87 million for the construction of a new market fair at Goodlands; and
- Rs 150 million for a market fair at Quatre Bornes.

### **Natural landscape**

382. To embellish the natural landscape of Mauritius, I am providing for the planting of a total of 200,000 trees over the next two years.

383. Mr Speaker, Sir, as we invest in a clean, healthy and green environment, it is important that our citizens benefit fully. To this end, a biking trail of 5 kilometres will be set up in the Vallee d'Osterlog to attract lovers of nature and encourage visitors to come to the endemic garden.

384. Mr Speaker, Sir, local authorities will have a central role to play in our Clean Mauritius endeavour. I am thus increasing the budget of the Ministry of Local Government and Outer Islands by Rs 1 billion to Rs 4.7 billion.

385. The grant-in-aid allocation to local councils is being increased by Rs 500 million to Rs 2.5 billion.

386. I am also earmarking a further amount of Rs 210 million for additional local infrastructure and for cleaning of bare land and abandoned premises in developed areas.

### **Continually cleaning and embellishing our island and improving our tourism product**

387. For the quality of life of our citizens it is crucial that we keep our island in a totally clean and pristine state.

388. Much has been tried in the past with varied success. Tonight I propose to approach the matter in a decentralised way.

389. Mr Speaker, Sir, I am offering a financial allocation directly to participating village councils, based on such factors such as population size and village council area. They will have to respond to a specified “cahier des charges” with respect to cleaning and embellishment of their villages. This will be monitored on the basis of agreed criteria.

390. Rs 75 million have been provided for this project.

### **Stray Dogs**

391. Two years ago, we increased the annual allocation for the control of stray dogs by Rs 10 million. This time we are reinforcing our campaign with an island-wide sterilization programme with the help of an international team of veterinaries. To make the campaign more effective, we are giving an incentive of Rs 300 to every dog owner who brings his animal for sterilisation. An amount of Rs 6 million is being provided for this purpose.

### **Animal Hospital**

392. Mr Speaker, Sir, everybody is aware of the Prime Minister’s love for animals.

393. Government will support the setting up of a Trust Fund for animal care that will construct and manage a modern animal hospital on state land at Five Ways, Wootun.

## **B. BUILDING A SAFER MAURITIUS**

### **Natural disasters**

394. Mr Speaker, Sir, the scale and intensity of the rainfall we experienced in March and the ensuing floods shocked the nation.

395. Our citizens need greater protection from natural disasters. Natural disasters may come in various forms. Sometimes they can be overwhelming. But we need to stand ready and be always capable to minimize the impact.

396. We are making provisions for the operation of a fully staffed National Disaster Risk Reduction and Management Centre.

397. We are also providing for an IT based early warning and emergency alert system with a project value of Rs 35 million.

### **Flooding**

398. The flash floods earlier this year have raised the need to improve control and responsibility for our Land Drainage System.

399. We are therefore providing for the setting up of a Land Drainage Agency to take over responsibility for the construction, cleaning and maintenance of the drainage systems across the country.

400. An additional Rs 1.3 billion has already been allocated to the Ministry of Public Infrastructure, National Development Unit, Land Transport and Shipping since March for emergency works to respond to the need to protect our citizens across the country, principally in Port Louis.

401. We are grateful to the Government of Japan for the Doppler Radar facility for monitoring cloud movement and rainfall in real time, which will be operational by 2015.

402. I am also providing for the recruitment of 100 firefighters.

403. Furthermore, we will invest some Rs 30 million for landslide works in Chitrakoot and Vallée Pitot, and for relocating families from Quatre Soeurs.

### **Law and Order**

404. Mr Speaker, Sir, safer Mauritius is also about improving law and order.

405. Crime statistics show clearly that the crime rate in Mauritius has fallen for 6 consecutive years.

406. We will continue our efforts to accelerate that trend.

407. Rs 8.7 billion will be allocated in 2014 for the police.

408. We are providing for the recruitment of an additional 700 trainee police constables next year.

409. In addition the following projects and measures will be implemented:

- The Crime Occurrence Tracking System for all police stations in Mauritius and Rodrigues;
- CCTV Street Surveillance System for Beau-Bassin, Rose Hill and Quatre Bornes, including Sodnac; and
- A state-of-the-art Mass Spectrometer for the Forensic Science Laboratory to improve analysis of synthetic drugs.

410. Mr Speaker, Sir, our Courthouses need urgent refurbishment.

411. We are therefore planning for a programme of renovation of existing district courthouses and construction of new ones for an amount of Rs 750 million.

412. We are also providing for renovation works at the Supreme Court and New Court House at Port Louis.

413. Mr Speaker, Sir, currently for fines below Rs 25,000 the judiciary may impose community service orders as an alternative to jail sentencing for those unable to pay. Government is proposing to increase that threshold to Rs 30,000.

414. Open prison facilities exist for male detainees only. To address this gender gap, we are providing funds for an open prison facility for female detainees adjacent to the present Barkly Women Prison at Beau Bassin.

### **C. CONSOLIDATING THE SOCIAL SAFETY NETS**

415. Mr Speaker, Sir, I now come to Government's perennial effort to strengthen the social safety nets, better support the most vulnerable and empower these families out of absolute poverty, in order to create a better Mauritius.

#### **Support to our elders**

416. There can be no better reflection of a country's soul than the way in which it treats its elderly.



417. We are increasing the Basic Retirement Pensions by 3.7 per cent, that is, slightly higher than inflation. Our elders aged between 60 to 89, totalling some 175,000 will receive a monthly basic pension of Rs 3,623 while those aged between 90 to 99 will receive Rs 10,789. For centenarians, the monthly pension will increase from Rs 11,800 to Rs 12,300.

418. For greater effectiveness of our medical domiciliary visit programme, we are providing eligible elderly the option to either continue with the monthly free medical visit or benefit from a cash allowance amounting to Rs 6,000 per year, payable in monthly instalments.

419. In addition, we are providing:

- personal alarm bracelets or pendants to 1,000 elderly and persons with severe disability;
- Rs 12 million to complete the Recreation Centre at Pointe aux Piments;
- a semi low-floor bus for transporting elderly to the Pointe aux Piments Recreation Centre; and
- for a fourth Recreation Centre for Senior Citizens at Riambel.

### **Social Aid**

420. We are increasing all social aid benefits by 3.7 per cent, once again by a rate slightly higher than inflation.

421. This includes payments under the new Child Support Scheme introduced last year and which now covers some 6,300 children monthly, conditional on their attending school regularly.

### **New Income Support**

422. Presently, social aid provides assistance to some 20,000 cases based on specific criteria. However, many households do not benefit from any assistance despite being very poor.

423. To address this issue, I am providing Rs 100 million in 2014 to the Ministry of Social Security, National Solidarity and Reform Institutions for an Income Support Programme to cover some 8,000 vulnerable families living below the Poverty Intervention Line set at Rs 6,200.

424. Mr Speaker, Sir, this will be a hand up, not a handout.

425. The following criteria will apply:

- All families should register on the Social Register of Mauritius;
- Adults in the household will need to participate regularly in an approved socio-economic Empowerment Programme, designed to assist them to find work and integrate socially;
- Children should attend school regularly; and
- The Programme will run for a maximum period of two years for all families who choose to voluntarily join this programme.

426. The monthly transfers will be conditional on members of the family meeting the requirements of their social contract.

427. Mr Speaker, Sir, these measures are a lifeline to all those families who had lost all hope.

### **Carers and Special Allowances**

428. Mr Speaker, Sir, we are also raising the family income ceiling for parents to qualify for Carer's Allowance, by Rs 100,000.

429. At present, Special Allowances are provided to children with severe disabilities, incontinent, bedridden if they are up to 15 years old. We are increasing the age limit to 18 years.

### **Social Impact Bonds**

430. In an innovative public finance measure, Social Impact Bonds will be introduced by the Ministry of Social Integration and Economic Empowerment for the first time in Mauritius. This is a new financial instrument that will reward NGOs upon delivery of results.

431. The measure will enhance the performance of the NGO sector and provide new approaches to address long standing social challenges.

432. Government will begin piloting Social Impact Bonds in 2014, beginning with programmes to rehabilitate ex-convicts and drug addicts.

### **Support to Persons with Disabilities**

433. I am also doubling the accommodation capacity for persons with severe disabilities with the construction of two additional wings at Foyer Trochetia. I am providing Rs 24 million for the project.

### **Action against those who abuse the system**

434. Mr Speaker, Sir, the Finance Bill will provide for substantial increases in fines to be imposed by the courts on all those who defraud our social security system.

### **Protecting Children and Women at Risk**

435. As our society evolves, so do the risks to which many children and women are exposed. Les “Assises de la Famille” will be organised to better understand and act on these vulnerabilities. The Ministry of Gender Equality, Child Development and Family Welfare will subsequently publish Action Plans, inter alia, on:

- child prostitution;
- domestic violence;
- teenage pregnancy.

436. The Child Protection Act is being amended to introduce additional protection for children at risk through the issue of Sexual Risk Orders, similar to protection orders issued in cases of domestic violence.

437. To reinforce support to victims of child and gender-based violence, we are providing for 24 additional officers for the Inspectorate Divisions at the Child Development Unit and the Family Welfare and Protection Unit.

438. I am now turning to Sports.

## **D. CELEBRATING SPORTS AND CULTURE**

### **A Winning Sports Culture**

439. Mr Speaker, Sir, in recent years, our athletes have done us proud. Many have climbed the podium in top world competitions, including the Olympic Games, Kick Boxing and other international championships.

440. It is therefore absolutely right that these athletes get the recognition they deserve for their efforts, dedication and patriotism.

First, I am increasing the allowance to High Level athletes by 5 per cent.

Second, I am increasing the number of students under Sports Etude to 450 in 2014 up from just 70 in 2011.

Third, I am providing for 35 overseas scholarships for High Level and other promising athletes next year.

441. The Minister of Youth and Sports is coming up with a New Sports Act to accompany the development of sports into the next decade. This Act will give impetus to the practice of sports by the masses and enable our high-level athletes to shine in international events.

### **Return to old football teams**

442. Mr Speaker, Sir, for a long time in our past football had ingrained itself into the national culture. Many of us still remember the days when football games filled our stadiums with enthusiastic crowds. Unfortunately, football has today lost its glamour notwithstanding a deep desire in our population to revive the game.

443. We have for many years tried to revive that passion for football. It has proven more difficult than we thought.

444. Sometimes bold decisions must be made when we are convinced that we are right.

445. Government is today taking that bold decision. It is making arrangements for the traditional clubs to be revived albeit with appropriate and adequate safeguards to ensure their national representativeness and provided the names do not carry communal undertones.

446. Mr Speaker, Sir, let us look forward once again to stadiums filled with thousands of cheering fans.

### **Semi-Professional Football League**

447. I am providing Rs 10 million to establish a “Semi-Professional Football League” to regroup all the best players in the country and re-establish the status of football as our national sport.

448. Some 10 Clubs would be established, each with responsible and accountable management and players hailing from all walks of life.

### **National Handisports Tournament**

449. Like in all our endeavours, sports must also be inclusive. I am making provision for the organisation of an “Annual National Handisport Tournament” where our athletes with disabilities will showcase their talents and also prepare for international competitions.

### **Bringing sports closer to people**

450. To bring football and other sports facilities closer to the population in all corners of the island, we are providing Rs 387 million for the following projects:

- Rs 46 million for the construction of 4 new football grounds at Anse Jonchée, Bassin, Belvedere and Glen Park;
- Rs 57 million for the upgrading and lighting of existing football grounds in another 12 localities;
- Rs 10 million for the setting up of football, volleyball and basketball pitches at Vallée Pitot, Phoenix, Rose Belle and Cite Atlee;
- Rs 250 million for the construction of two new Multi Sports Complex at Triolet and at La Source; and
- Rs 24 million for the upgrading of the Maryse Justin stadium.

## **Unleashing talent through music**

451. Mr Speaker, Sir, we want our youth to unleash their creative powers.

452. For that purpose we are giving a one-off grant of Rs 100,000 to each participating school for the purchase of musical instruments to form school musical bands.

453. This should culminate into a National School Music Contest.

## **Culture**

454. To rejuvenate our city centres, the Ministry of Arts and Culture is proposing to create a new concept of urban development focused on arts, culture and optimising our heritage sector in Port Louis.

455. We are contributing an additional Rs 40 million to enable completion of Phase 2 of the renovation of the Plaza Theatre, and Rs 13 million for renovation and upgrading works at the “Serge Constantin” Theatre.

456. Another Rs 40 million is being provided for the reconstruction of the Forum in Curepipe.

457. Mr Speaker, Sir, following a request from the Bishop of Port Louis to the Prime Minister, I am providing Rs 10 million towards the cost of renovation works at Tombeau Père Laval.

458. Mr Speaker, Sir, I am providing Rs 5 million seed money for the setting up of a “Troupe Culturelle Nationale” to promote all aspects of Mauritian culture.

459. In line with the recommendations of the Truth and Justice Commission, Government will set up a “Heritage Company”. This company will implement projects such as the Slavery Museum and the Permanent Exhibition Centre at Trou Chenille near Le Morne village.

460. To continue our progress on promoting ancestral languages, we are providing funds for the setting up of the Sanskrit Speaking Union.

## **Private TV Channels**

461. Mr Speaker, Sir, the broadcasting landscape in Mauritius is already rich and diverse.

462. Through the digital terrestrial television platform, 17 television programmes are offered to more than 210,000 subscribers.

463. In addition, there are 3 satellite TV service providers in operation with an estimated 150,000 subscribers.

464. With technological progress, the recent advent of internet television has further broadened the broadcasting landscape.

465. I am therefore pleased to announce that the Prime Minister's Office will soon proceed with the licensing of local broadcasters. Application criteria are being finalised and will be made available to those who wish to broadcast solely films, sports and entertainment programmes.

## **E. A NATIONAL HOME OWNERSHIP PROGRAMME**

466. Mr Speaker, Sir, I will now elaborate on our new Home Ownership Programme for middle-income families as well as for low income and vulnerable families.

467. Mr Speaker, Sir, Government policy is to ensure that all our citizens have a house that provides decent living conditions.

### **Housing Empowerment Scheme (HES)**

468. The first leg of that Programme, which is entitled "Housing Empowerment Scheme" is to support middle-income families earning up to Rs 50,000 per month.

469. Many of them cannot afford to have a home of their own because of financial constraints. They cannot mobilise the down-payment necessary to qualify them for a bank loan. As a caring and compassionate Government, we cannot overlook their plight.

470. We are therefore supporting them on two fronts. First, Government is acting to reduce the down-payment required by banks and other lending institutions to provide a housing loan. Second, Government is also acting to significantly reduce the cost of a housing unit.

471. Thus, Mr Speaker, Sir, banks will require only 5 per cent as minimum down-payment on the purchase of a property instead of the usual or more 10 per cent currently applicable.

472. This means that banks will advance loans up to 95 per cent of the cost of a residential unit.

473. The loans will also carry a moratorium period of 2 years on capital repayment.

474. To make this possible, Government is guaranteeing 20 per cent of the loan amount.

475. To reduce the cost of acquiring a unit, Government has decided to reimburse VAT up to an amount of Rs 300,000 on the construction of any house or purchase of an apartment costing less than Rs 2.5 million.

476. Moreover, to facilitate construction and save on costs, the Mauritius Housing Corporation will provide, free of charge, at least 12 types of architectural plans for each house of an area of 1,000 and 1,200 square feet.

477. Mr Speaker, Sir, the removal of registration duty for first time buyers last year for properties of up to Rs 4 million, the Rs 300,000 VAT refund and free provision of architectural plans, will reduce the cost of a house or apartment by Rs 450,000.

478. Mr Speaker, Sir, this is a major move to improve affordability of a home for middle-income families.

### **Social Housing**

479. Mr Speaker, Sir, the second leg of our Programme is to step up our social housing policy with an emphasis on a decent living environment and not just a decent housing unit.

480. As part of this policy, the Ministry of Housing and Lands will endeavour to ensure housing estates will be of moderate size, which will facilitate integration in local communities and also reduce offsite infrastructure cost.

481. Local authorities will be responsible for maintaining roads and other public areas in line with their responsibilities for other parts of their council areas.

482. Furthermore, a major Social House Construction Programme is being launched for 2014.



483. Through this programme, 1,765 families will benefit from either a housing unit or a serviced lot.

484. 576 social housing units will be constructed and 80 serviced lots will be completed for delivery at Henrietta, Camp de Masque, La Gaulette, Pointe Aux Sables and Mare D'Albert and on existing NHDC estates.

485. Government is planning for 588 social housing units and 151 serviced lots at Chebel, Pointe Aux Piments, Camp Ithier, Quatre Cocos, Sebastopol and Beau Bois.

486. We are also making provision for an additional 450 social housing units to vulnerable families through the National Empowerment Foundation in 2014.

487. I am further providing Rs 250 million to improve living conditions in NHDC and ex-CHA Housing Estates through the rehabilitation programme, and Rs 80 million for the casting of roof slab scheme.

### **Home Ownership for Low Income Families**

488. Mr Speaker, Sir, I will announce the third leg of our National Home Ownership Programme that underpins our commitment as a caring Government.

489. I am pleased to announce that my colleague, the Minister of Housing and Lands will bring legislative amendments to give to those families who have a housing unit on leased land belonging to the State, the option to buy the land at a nominal price not exceeding Rs 2,000 per plot.

490. It is a measure that will empower some 17,000 families with very modest means.

491. They will now have full ownership of their lands.

492. Mr Speaker, Sir, taken together, all these housing measures place the benefits of home ownership within the reach of more Mauritians than at any point in our history.

493. In line with the new approach of the National Home Ownership Programme, the Social Housing Fund will be revamped into a National Habitat Fund with wider objects.

## **F. CITIZEN FACILITATION**

494. Mr Speaker, Sir, citizens interact with Government on a regular basis to obtain certificates, permits, authentication, affidavits and other services.

495. It is our duty to offer modern facilities that save them time, money and the tediousness of queuing up.

496. As an example of our efforts to date:

- The Registrar of Companies, has since July 2013, made possible the following online services: incorporation of companies, company search and payment of annual fees;
- The National Transport Authority will, by the end of this month, propose on-line payment for parking fines and for applications for vehicle licence plates; and
- Online payment for income tax returns are now accepted by the Mauritius Revenue Authority.

497. I am allocating in this Budget Rs 200 million for a major process reengineering exercise in departments that provide direct services to the public.

498. This will scrap unnecessary and obsolete processes, cut and even eliminate queuing up time, and simplify forms to make them more user-friendly.

499. Government will make maximum use of technology for online applications, online payments, payment by SMS, notification to the public by SMS and email, and greater use of digital signatures.

500. Delivery of quality service must be supported by rapid and efficient software development. We are therefore amending procurement regulations to facilitate outsourcing of applications, online payment and other software development to start-ups and SMEs, especially those present in Government sponsored accelerators.

501. In addition the following will be implemented:

- Citizens Inter-active Kiosks in Post offices;
- The Road Traffic Act will be amended to allow drivers to pay their fines at any District Court and by proxy;
- Delivery time for the Certificate of Character will be reduced from 2 months to only 2 weeks;
- Streamlining of Work Permits delivery process by online application and payment; and
- The issue of a unique Parcel Identification Number to facilitate real estate transactions through the Mauritius e-Registry Project.

## **G. EMPOWERING CONSUMERS TO ENHANCE THEIR SOCIAL AND ECONOMIC WELL-BEING**

502. Mr Speaker, Sir, I will now announce a series of measures to enhance the social and economic well-being of consumers.

### **Enhancing and Protecting Purchasing Power**

503. Mr Speaker, Sir, purchasing power is the central concern of consumers, especially for families with very modest budgets. The most sustainable way to improve purchasing power and therefore the standard of living is by improving earning capacity and creating opportunities for more and higher productivity jobs.

504. Purchasing power must also be protected against erosion caused by increases in the price level.

505. This year, we implemented the Pay Research Bureau and the Errors, Omission and Anomalies Commission (EOAC) Reports in full. This represents an average increase of around 25 per cent in salaries.

506. Next year, as per the EOAC Report, employees in the public sector will benefit from an additional increase in their salaries.

507. The PRB and EOAC Reports are putting an extra Rs 6 billion in the pockets of these consumers.

508. Last month, for a third year in a row we have awarded many employees in the private sector compensation higher than the inflation rate.

509. The fixed income of Rs 300 monthly for the lower paid can represent an increase of up to 10 per cent for many employees.

510. For this group of employees, it is not only about catching up with inflation, it is also about improving their purchasing power.

511. In that same spirit, we have raised the threshold for full compensation to Rs 20,000 from Rs 8,000 last year.

512. This is an unprecedented act to protect the purchasing power of employees in the private sector.

513. For the first time ever, the percentage of employees in the private sector receiving full compensation will reach 86 per cent.

### **Consumer Protection**

514. Mr Speaker, Sir, consumer well-being is not only about improved purchasing power. It is also about access to goods and services, about their quality and about getting value for money.

515. The Ministry of Industry, Commerce and Consumer Protection is coming up with a New Consumer Protection Bill which will replace the Fair Trading Act 1979 and the Consumer Protection Act 1991.

516. For maximum effectiveness of this new legal framework and the protection of consumers, we are providing for the setting up of a Consumer Affairs Tribunal. Redress procedures will thus be fast and inexpensive.

517. We are also providing for the establishment of the National Consumer Council.

518. In addition, Government is setting up a Consumer Welfare Fund to empower consumer protection organisations.

519. Mr Speaker, Sir, in order to reduce prices in the shops and enable our local producers to compete effectively with imports, I am removing several products from VAT exempt status and moving them to VAT zero-rated.

520. These are tea, milk, butter, cheese, curd, honey, soya beans, spices, rice, ham, sausage, buttermilk, and canned or preserved meat.

521. What this means is that henceforth, the MRA will refund VAT on all inputs to the producers. This should reduce the prices of locally produced goods by an equivalent amount.

522. In addition, I am removing VAT on soya and other vegetable burgers.

523. Mr Speaker, Sir, all families are consumers of utilities, namely water and electricity.

524. For many of them access can be a problem and the monthly bills can weigh heavily on their budget.

525. We are addressing both concerns.

### **CEB Prepaid Meters**

526. It is shocking that annually the CEB is obliged to disconnect electricity supply to some 5,000 households for non-payment.

527. It is highly commendable that with the considerable help of Mauritius Telecom, the CEB is now in a position to put an end to this situation.

528. Mr Speaker, Sir, CEB is now launching its pioneering prepaid meter.

529. Households will from now on be able to pay their electricity bill much in the same way as they pay prepaid mobile phone services.

530. Although, the cost of the prepaid meter device is relatively more expensive to purchase for the CEB, they do not require onsite meter inspection. As part of its social integration effort, Government will ensure that prepaid meters are available to vulnerable households at no additional cost.

531. For the launch of this project, I am pleased to announce that prepaid meters will be available for installation in various parts of the country on the following terms:

- Waiver of the Rs 750 installation fee; and
- An initial allowance of Rs 100 for electricity charges free of charge.

532. An additional advantage of the prepaid meter is that it allows consumers with outstanding balances to gradually repay them whilst still benefitting from prepaid electricity.

533. With this project, Mr Speaker, Sir, cutting off electricity to poor families will be a thing of the past.

534. Where there was darkness, there is now light.

### **Water Tank**

535. We are extending the Water Tank Scheme to families with total income of up to Rs 15,000.

536. Rs 30 million have been earmarked in this Budget for this purpose.

### **Protection of consumers of financial services**

537. Mr Speaker, Sir, it is the duty of a caring Government to protect the vulnerable.

538. Many of our citizens face huge financial hardship through incapacity to repay outstanding loans. Whilst it is this Government's firm belief that citizens must face up to their responsibilities, nevertheless, they must be protected against abuse.

539. Many borrowers are faced with claims from banks that amount to many times the original sum borrowed. Debts can quickly spiral when not only is interest calculated but often penalty rates are also applied.

540. Many countries have acted to protect borrowers from this unfairness by applying what is generally termed as the In duplume rule. And tonight Mauritius will likewise take decisive action.

541. Banks will henceforth be required to apply the following rule for all loans granted to individuals after the 1st January 2014:

- Once accumulated interest on a customer's account equals capital outstanding, the normal bank interest and any applicable penalty interest rate will cease to apply;
- From that point on, only interest at the repo rate may be charged on the capital portion of the outstanding loan, and this may not be compounded, that is, customers will not be charged interest on interest; and
- Amounts due on credit cards will also be subject to the *In duplume* rule.

542. In addition, Government will regulate the quantum of penalty interest that may be charged by lending institutions. Henceforth, penalty interest will be charged at a maximum rate of 2 per cent per annum.

543. Mr Speaker, Sir, this decisive measure will help thousands of our citizens who are in financial hardship.

544. It will go a long way to protect the most vulnerable sections of our society whilst in no way jeopardizing the soundness of our banking system.

545. Mr Speaker, Sir, thousands of our citizens have been trapped in a spiral of debt. This will go a long way towards increasing fairness in our banking system and is part of the Treat Your Customer Fairly Programme announced in my last Budget.

546. To further support and protect consumers of financial products:

- Regulatory authorities will have the power to regulate advertisement of financial services products; and
- Lending institutions will not be authorized to charge a penalty on early repayment of debts.

547. These are real, concrete steps to enhance consumer protection in Mauritius.

## **H. MAXIMIZING THE DEVELOPMENT POTENTIAL OF RODRIGUES AND AGALEGA**

548. Mr Speaker, Sir, I will now announce a series of measures especially aimed at the economic and social development of Rodrigues and outer islands.

549. In 2014, the total Government expenditure on Rodrigues, inclusive of all expenditure incurred by all ministries and department on Rodrigues, will pass the Rs 3 billion mark for the first time.

550. The grant element to the Rodrigues Regional Assembly is being increased from Rs 1.7 billion in 2013 to Rs 1.95 billion in 2014.

551. Moreover, I am pleased to announce the extension of the Special Holiday Package aimed at giving a boost to the tourism industry in Rodrigues for another year at a cost of Rs 50 million, which will be met from the National Resilience Fund.

552. Mr Speaker, Sir, I am providing Rs 25 million to meet the differential of tariffs borne by CHCL on containerized and general cargo to Rodrigues.

553. Many athletes from Rodrigues have proved beyond doubt that they can match the best in their categories and we must encourage them in their endeavour. I am making provision of Rs 24 million for the rehabilitation of the Synthetic Track at Camp du Roi Stadium.

554. Mr Speaker, Sir, the increase in internet capacity from 37 Megabytes per second to 155 Megabytes per second for Rodrigues, announced in the budget last year, has become a reality since this week.

### **Agalega**

555. We also need to invest in the economic and social development of Agalega so that the inhabitants can be empowered to achieve a higher quality of life and standards of living.

556. Government is providing for Rs 750 million over the next three years for improving air and sea connectivity as well as the living infrastructure in Agalega.



557. I am pleased to announce that Agalega will also be connected to internet at an estimated capital cost of Rs 5 million and an annual running cost of Rs 4 million.

558. I am therefore, providing an additional amount of Rs 23 million this year for shipping costs to improve safety and security on the transportation of materials and people in Agalega.

### **III. SECURING A SUPPORTIVE TAX POLICY**

559. We are proposing a national budget with Rs 101.3 billion of expenditure.

560. Total revenue will amount to Rs 86.3 billion of which Rs 74 billion will be from taxes.

561. The budget deficit is estimated at 3.2 per cent of GDP.

562. Government borrowing requirements will amount to Rs 14 billion, that is 3.5 per cent of GDP.

563. Public sector debt will be brought down from 54.8 per cent to 54 per cent of GDP.

564. Mr Speaker, Sir, I will now announce our tax measures.

565. Good economic and social policies go with good tax policies.

566. That is why we are:

- extending the excise duty on energy inefficient products to cover air conditioners, tumble dryers and electric lamps;
- abolishing the 45 per cent excise duty on motor cycles of cylinder capacity between 201 to 250 cc with immediate effect;
- removing VAT on:
  - Medical, surgical and laboratory sterilisers;
  - X-ray film and photographic plates for medical purposes; and
  - Bio-pesticides.

- increasing the rate of excise duty on alcoholic and tobacco products by 5 per cent;
- introducing a 30 per cent excise duty on fireworks which represent both a health and environment hazard; and
- increasing Registration duty by 30 per cent as from 9 November 2013 on motor vehicles except motor cycles of cylinder capacity of less than 250 cc.

567. Mr Speaker, Sir, the CO2 levy/rebate scheme on motor cars is being reviewed to address the operational issues arising from submission of CO2 emission certification and revenue neutrality.

568. Accordingly, the CO2 emission threshold is being lowered to 150 gramme per kilometre and lower rates of rebate will be applicable in case CO2 certification based on UNECE Regulation No.101 is not produced.

569. The lower rates will be Rs 1,000 and Rs 350 per gramme per kilometre for the first and second rebate band, respectively. I am passing a resolution to give effect to the new rates as from tomorrow.

#### **I now come to Income tax measures.**

570. Mr Speaker, Sir, I am pleased to announce that the income tax thresholds are being increased by Rs 5,000 respectively.

#### **Corporate Income Tax rate**

571. As from 1st January 2014, the method for calculating the special levy applicable on banks is being reviewed.

572. The levy will be 10 per cent of chargeable income instead of a proportion of turnover and book profits. The new formula will be applicable in 2014 and 2015.

573. From 2016 onwards the levy will revert to the formula as provided for in the legislation for those years.

## **Property Taxation**

574. Regarding property taxation the land transfer tax will be set at a single rate of 5 per cent instead of 5 to 10 per cent.

575. The rate of registration duty is being aligned with the land transfer tax at 5 per cent.

576. These two tax changes will be effective as from 1st January 2014.

577. The registration duty payable on transfer of an RES residence is being changed from US 25,000 dollars to the higher of 5 per cent of the value or US 25,000 dollars.

## **Tax Collection**

578. Mr Speaker, Sir, the Mauritius Revenue Authority will be recruiting 58 additional officers next year.

579. I give fair warning to all concerned that one of the priorities of the MRA next year will be to tackle under reporting and evasion of gambling taxes and VAT.

580. With your permission, Mr Speaker, Sir, to avoid taking up the time of the House, the details and other budget measures are included in the explanatory notes which I am circulating as Annex to the Budget Speech.

581. Mr Speaker, Sir, I will also be circulating next week a Time Table for the implementation of the Budget measures which will be monitored by the Budget Implementation Team at my Ministry.

## **ACKNOWLEDGEMENTS**

582. Mr Speaker, Sir, before I conclude I would like to express my sincere gratitude to the Prime Minister for his valuable support and guidance in the preparation of this Budget.

583. I would also like to thank all my colleague Ministers and fellow parliamentarians who have shared their views with me.

584. Stakeholders who have sent us their views and suggestions have also greatly helped in keeping our budget preparation in line with the priorities and values of our population.

585. I would like to express my sincere gratitude to all of them as well.

586. Finally, let me thank the Financial Secretary and the staff of my Ministry for their hard work and diligence.

### **A HISTORIC POLICY CHANGE**

587. Mr Speaker, Sir, I will now announce a historic policy change.

588. Mr Speaker, Sir, the history of our nation has many defining moments. Many of them have been created by our forefathers and stand forever as their proud legacies.

589. Tonight we will walk in the steps of our forefathers. We are creating a defining moment in our history for our children, for their children and for generations to come.

590. All our children enter school with a range of abilities. Yet our school system examine them on a narrow set of subjects at the CPE level, decides on their education path and even their future when they are still at the tender age of 10 years old.

591. This creates a manifestly wide achievement gap in our society after only 6 years of primary schooling.

592. What is an even greater concern is the fact that some 25 per cent of students fail CPE at first attempt. These children have to carry the trauma of failure throughout their education path and even through life.

593. Yet most of the failures are not because of lack of ability or talent.

594. Mr Speaker, Sir, the intelligence, talents and abilities of children should not be stifled.

595. Instead we need a system that allows all our children to nurture their talents and aptitudes so that they can choose their educational path.

596. That is why I am extremely pleased to announce that Government, after wide consultations by my colleague the Minister of Education and Human Resources with the steadfast support of the Prime Minister, and after deep reflections at the “Assises de L’Education”, has decided that no child should be branded as a failure at the CPE level.

597. Indeed Mr Speaker, Sir, Government has decided to introduce NINE YEAR SCHOOLING in our education system.

598. CPE exams will soon be a thing of the past.

## **CONCLUSION**

599. It is on this momentous note that I will now conclude.

600. Mr Speaker, Sir, this is an Empowerment Budget.

601. It empowers our youth with better education and job prospects.

602. It empowers our women to go 'Back to Work' if they so choose.

603. It empowers our poor to escape the poverty trap.

604. It empowers our consumers to defend their rights.

605. It empowers our public officers to deliver higher results.

606. It empowers our businesses to grow and expand into Africa.

607. It empowers our brothers and sisters of Rodrigues and Agalega to maximise their development potential.

608. It empowers our citizens to own their homes.

609. And it empowers the country to create a new wave of prosperity.

610. Mr Speaker, Sir, this Budget Builds a Better Mauritius.

611. It is with confidence that I commend this Bill to the House.