



MINISTRY OF FINANCE
&
ECONOMIC DEVELOPMENT

Annual Report
Financial Year
2017/18





BUDGET
MANAGEMENT

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT



dbm Development
Bank of
Mauritius Ltd

LM LANDSCOPE
MAURITIUS

MR MAURITIUS
REVENUE
AUTHORITY

CORPORATE
& BUSINESS
REGISTRATION
DEPARTMENT



REGISTRAR
GENERAL

FINANCIAL
STABILITY
COMMITTEE



CENTRAL PROCUREMENT BOARD

TREASURY

ABOUT THIS REPORT

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

Annual report 2017-18 provides information on the Ministry's performance, achievements and the reasons for deviations on targets set for a particular year, in relation to the resources approved by the National Assembly.

In view of the measures announced in the Budget Speech 2018/19 to further strengthen accountability and transparency, this report also includes a 'gender statement' and an 'implementation plan to address shortcomings identified in the latest Director of Audit's Report.

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

PART I

About MOFED

PART II

Achievements

PART III

Financial Performance

PART IV

Way Forward

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STATEMENT FROM MINISTER



I am pleased to present the Annual Report for the Ministry of Finance and Economic Development for the fiscal year ending June 2018. The report gives an account of the Ministry's performance during the year.

Annual reporting has become an established practice in the public sector, thus improving accountability and transparency in the management of public funds.

The economic performance of Mauritius for the fiscal year 2017-18 was quite satisfactory given an international economic environment fraught with uncertainty. The unemployment rate went down from 7.3 percent in 2016 to 7.1 percent in 2017. Over the same period, female unemployment rate declined from 11.2 percent to 10.7 percent. However, the youth unemployment rate rose to 24.9 percent in 2017, from 23.9 percent in the previous year.

The economy recorded a higher private investment to GDP ratio of 13.3 percent in 2017 compared with 12.8 percent of GDP in 2016. Foreign Direct Investment inflows amounted to Rs 17.5 billion in 2017.

As regards external balances, the Balance of Payments surplus reached Rs 28.3 billion in 2017, from Rs 26.2 billion in the previous year. The level of foreign currency reserves went up from Rs 181.3 billion at end-June 2017 to Rs 230.5 billion at end-June 2018, representing a record import cover of 11.1 months.

The strengthening of our macroeconomic fundamentals is also reflected in an improvement in the public sector debt situation, which has been reduced from 65 percent of GDP at end-June 2017 to 63.7 percent at end-June 2018.

Moreover, the reform initiatives taken during the last few years by the Ministry have contributed to significantly improve the ease of doing business in Mauritius. In fact, in the World Bank Doing Business Report 2019, which reviews reforms undertaken in FY 2017/18, Mauritius was ranked 20th out of 190 countries. This represents a 29 places leap in two years' time. While confirming its leading position in the Sub-Saharan region, Mauritius was also ranked among the top 3 Upper-Middle Income countries. Mauritius maintained its 1st position on the Overall Governance Index in the Mo Ibrahim Report 2018. Mauritius also ranked 1st in all four components of the Index, namely Safety & Rule of Law, Participation and Human Rights, Sustainable Economic Opportunity and Human Development.

Mauritius has maintained its rank of 21st out of 180 countries in the 2018 Index of Economic Freedom - Heritage Foundation; 45th out of 138 countries in the Global Competitiveness Index 2017-18. For all these global business indices, Mauritius ranked first in Africa. In addition, Moody's International Service has maintained Mauritius' sovereign bond rating at Baa1 with a stable outlook.

I should like therefore to thank and congratulate all the staff of the Ministry of Finance and Economic Development for the commendable performance of the Ministry and hope they will continue their work with the same dedication.

The Hon Pravind Kumar JUGNAUTH

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

STATEMENT FROM FINANCIAL SECRETARY

The Ministry of Finance & Economic Development is issuing its third consecutive Annual Report, this time for fiscal year 2017-18.

On the economic front, we are striving at the Ministry to develop new pillars to achieve an average growth rate of 4 percent and higher over the next three years. Our aim is to steer the economy on this new development lap, fostering innovation, consolidating the policy to transform Mauritius into a digital economy while harnessing the fourth industrial revolution.

As regards our operations, last year, we started the implementation of Accrual Accounting in Government in accordance with the International Public Sector Accounting Standard (IPSAS). We expect the process to be completed in the coming years. As part of the same project, an online Fixed Asset Register has been developed to record all government assets including land, buildings and roads, amongst others.

A new computerized inventory management system (e IMS) is in operation and will gradually be implemented across all Ministries and Departments to improve management of inventories.

The e-tax strategy of the Mauritius Revenue Authority has been enhanced and its system and processes benchmarked with international standards to further improve revenue collection and tax compliance.

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

I also extend my gratitude to the Editing Team at MOFED who has worked on this Annual Report 2017-18 and all the staff of the Ministry for their continued efforts, commitment and dedication to the public service.

Dharam Dev Manraj, G.O.S.K
Financial Secretary



PART I : ABOUT MOFED

Part I sets out the vision, mission, overview of the Ministry, its roles and functions as well as its organizational structure and for the first time a Gender Statement



Vision Statement

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

Mission Statement

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

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

Roles and Functions of the Ministry of Finance and Economic Development

The Ministry of Finance and Economic Development (MOFED) is responsible for formulating the economic development policies and for the economic management of the affairs of government so as to achieve faster and sustainable economic development, facilitate the shift from a middle income to a high income country and achieve greater equality and social justice for one and all.

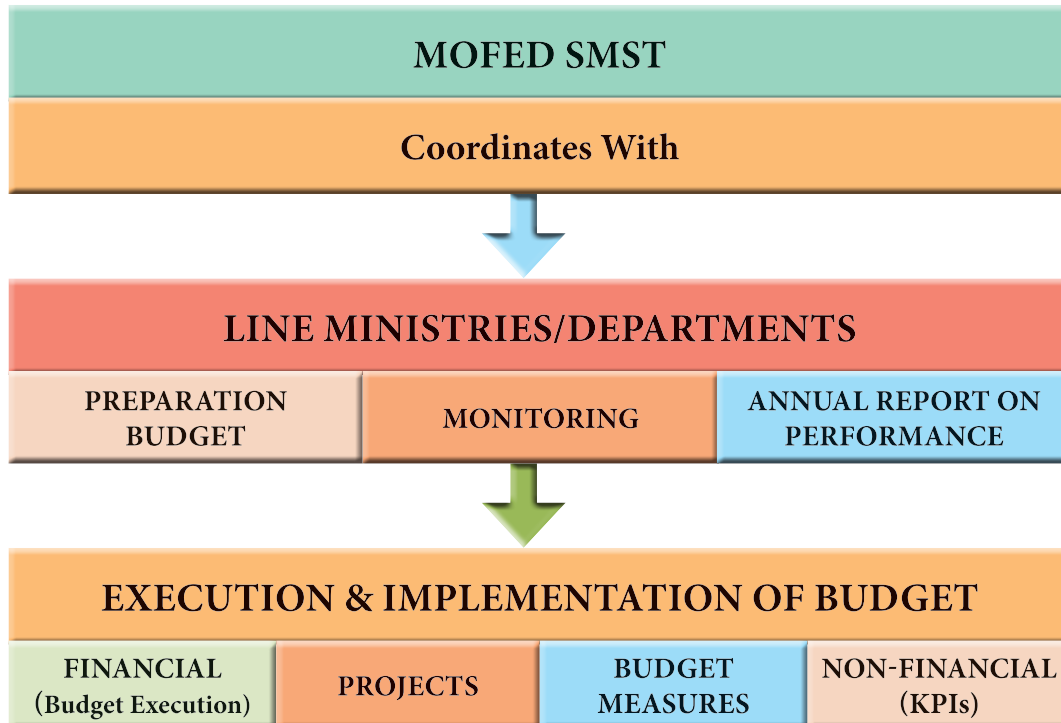
MOFED is also responsible for the financial soundness of Government's economic policies and for the proper control of revenue and expenditure. The Financial Secretary, as Supervising Officer of MOFED, has the responsibility to ensure that the functions of MOFED are carried out economically, efficiently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

The key functions of MOFED are defined as follows:

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

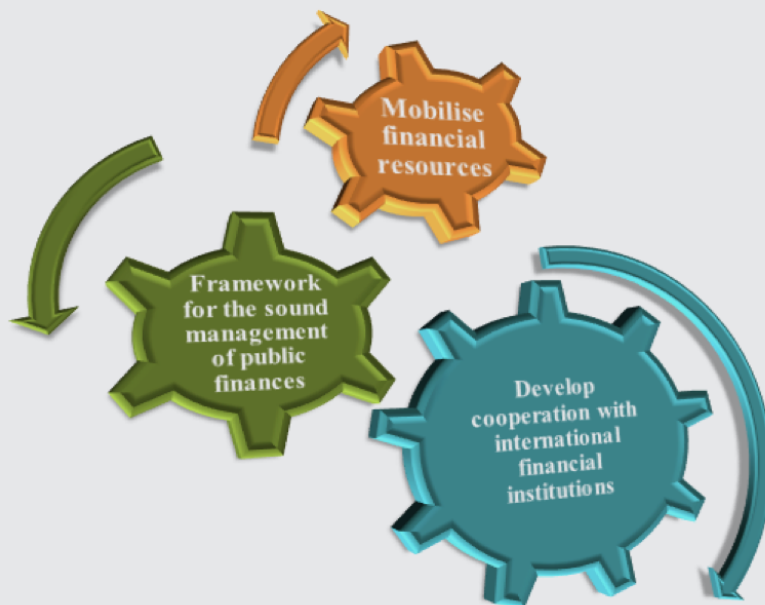


- works out, in consultation with other Departments, a Public Sector Investment Programme (PSIP);
- provide support, through Sector Ministry Support Team (SMST), to Ministries / Departments in the formulation of their strategic plan and preparation, execution and monitoring of their Performance Based Estimates;



- for the purpose of ensuring value for money of capital projects, the Public Investment Management Unit (PIMU) carries out systematic appraisal of project proposals, and make appropriate recommendations and monitor implementation of major projects;
- manage public sector debt with a view to minimizing cost, consistent with a prudent level of risk and develop active debt management strategies while supporting the development of a well-functioning market for government securities;
- coordinate with the Bank of Mauritius (BOM) and the Financial Services Commission (FSC) to ensure the soundness and stability of the financial system;
- develop cooperation with international financial institutions and mobilise financial resources and technical assistance;

- extend the frontiers of economic development through regional/ and international cooperation including Africa Strategy;



- develop the framework for the sound management of public finances and ensure implementation within set rules;
- ensure the implementation of accrual International Public Sector Accounting Standards (IPSAS) in the Public Sector;
- ensure the preparation of the Annual Accounts of Government;
- oversee, through the parent Ministry, performance of parastatal bodies and compliance with legal financial requirements;
- monitor the performance of Mauritius Revenue Authority (MRA) and other major revenue collecting Departments;
- maintain an updated Financial Management Kit and issue financial instructions to regulate financial procedures in Government;
- provide support to Ministries and Departments for effective and efficient Financial Operations, Procurement & Supply and Internal Audit activities; and
- promote gender-oriented welfare within its own workplace, MOFED has set up its Gender Cell in order to bring in gender balance in its decision making process and help address any gender gap.

Senior Management Team

TITLE/DIRECTORATE	CONTACT DETAILS
Financial Secretary	Mr. D. MANRAJ, G.O.S.K Phone : (230) 201- 2331 Fax : (230) 211-0096 Email : fssecretariat@govmu.org
Deputy Financial Secretary Business Development Directorate	Mr. R. CHELLAPERMAL Phone : (230) 201-1149 Email : rchellapermal@mail.gov.mu
Deputy Financial Secretary Budget Strategy & Management Directorate	Mr. G. BUSSIER Phone: (230) 201-2339 Email: gbussier@mail.gov.mu
Ag Senior Chief Executive	Mr. V. LUTCHMEEPARSAD Phone : (230) 201-1624 Email : vlutchmeeparsad@govmu.org
Director (Economic & Finance)	Mr. A. KOKIL Phone: (230) 201-1424 Email: akokil@govmu.org
Director (Economic & Finance)	Dr. D. PALIGADU Phone: (230) 201-3477 Email: dpaligadu@govmu.org
Director (Economic & Finance)	Mr. V. SOONDRAM Phone: (230) 201-3750 Email: vsoondram@govmu.org
Director (Economic & Finance)	Mr. A. ACHARUZ Phone: (230) 201-1308 Email: aacharuz@govmu.org
Director (Economic & Finance)	Mr I. BONOMAULLY Phone: (230) 201-2492 Email: ibonomaully@govmu.org
Director (Economic & Finance)	Mrs S. RAMA Phone: (230) 201-1998 Email: srama@govmu.org
Director (Strategy Policy & Planning)	Mrs. H. Boolell Phone : (230) 201-1149 Email : hboolell@govmu.org

Table 1.1: Senior Management Team

Directorates and Functions

Entrepreneurship & Business Development	<ul style="list-style-type: none"> • SME, Manufacturing & Commerce, • Agri - Business • Tourism & Film Industry • Blue Economy & Freeport • Private Investments
Public Financial Management & Budgeting	<ul style="list-style-type: none"> • HR Budgeting • Budget Expenditure Management • Public Financial Management • Medium Term Fiscal Framework & PSIP
Social Sectors	<ul style="list-style-type: none"> • Social Protection • Housing & Health • Regional & Local Government • Family, Youth & Culture
Taxation Policies & Management	<ul style="list-style-type: none"> • Direct Taxation • Indirect Taxation
Banking & financial services	<ul style="list-style-type: none"> • Financial Services • International Agreement relating to Tax
Public Infrastructure	<ul style="list-style-type: none"> • Infrastructure, Environment • Public Utilities • External Communication & Innovative Financing • Monitoring & Evaluation
Economic Co-operation & International affairs	<ul style="list-style-type: none"> • International Affairs & Trade • Resource Mobilization • Bilateral Agreements And Economic Cooperation
Digital Economy and skills development	<ul style="list-style-type: none"> • Digital Economy • Employment & Training • Education • Business Facilitation

Table 1.2: Directorates & core functions

Departments and Other Bodies falling under MOFED

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



Table 1.3: Departments and bodies falling under MOFED

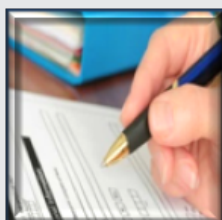
The Financial Secretary is also responsible for the overall administration of the various Cadres and Divisions as well as for the general supervision of the departments falling under the aegis of MOFED

The figure below gives a summary of key responsibilities of the Departments falling under the purview of MOFED. The details are provided at Annex I.



Treasury

Prepare financial statements of Government
Monitor cash flows
Manage the dispensing of public service benefits



Registrar - General Department

Registering information:
Land ownership and obligations
Deeds and documents



Valuation Department

Tendering professional valuation advice



Corporate and Business Registration Department

Incorporation, registration and striking-off of companies
Registration of Businesses



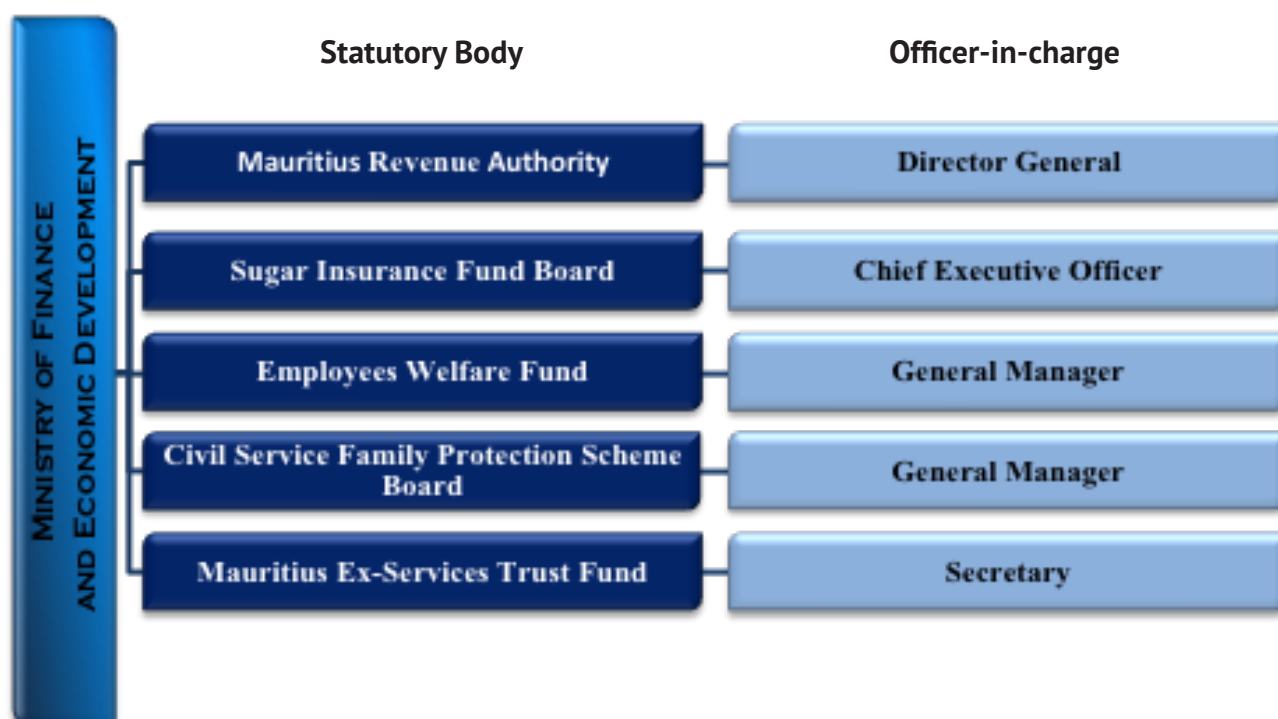
Statistics Mauritius

Central depository for all statistics
Collection, compilation, analysis and dissemination
of official statistics

Figure 1.1: Departments under the purview of MOFED

Statutory Bodies under the purview of MOFED

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



* The BOI has been integrated in the Economic Development Board under the Prime Minister's Office as from 15 January 2018

Table 1.4: Statutory Bodies under the purview of MOFED

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

Gender Policy Statement

Introduction

There is growing realization and acceptance that gender equality is a critical and cross-cutting issue for development. Gender equality is achieved when women and men enjoy the same rights, entitlements and opportunities across all sectors of the society, including economic participation and decision making, and when the different behaviours, aspirations and needs of men and women are equally valued and favoured.

Mauritius has so far made considerable progress on the status and advancement of women. It is, however, felt that a lot more can be achieved for women's true economic empowerment. The widening of economic opportunities for women depends largely on the nature of macroeconomic policy making as well as the engendering of budgets.

Government's aim is to move to a high-income economy, which involves accelerating economic development, whereby the whole spectrum of genders of the Mauritian population are taken on board. Consequently, Government ambition is to design frameworks and policies that can promote inclusiveness and empowerment in a sustainable and equitable manner.

The Government of Mauritius is committed to the principles of gender equality. The Beijing Platform for Action (1995) urged Government into action to establish an efficient institutional mechanism aimed at integrating a gender perspective in all policies and programmes.

Rationale

By virtue of Section 3 (2) of our Constitution which stipulates that "in Mauritius there have existed and shall continue to exist without discrimination by reason of race, place of origin, political opinions, colour, creed or sex...", and in line with the Sustainable Development Goals - Goal 5 "Achieve Gender Equality and Empower all women and girls" as adopted by the United Nations in September 2015, Mauritius strives to create equal opportunities for both men and women across all spheres of life, including economic and political fronts, as well as in other areas where women need more support.

Accordingly, men and women in Mauritian society can both exercise their full rights by participating equitably in the national development process.

Respective development policies and programmes are designed and implemented in ways consistent with gender equality. To achieve this, sound financial management practices and budgetary processes will need to be 'gender responsive' which implies efficient use of public resources, based on a differentiated approach that will boost economic empowerment of the individual – men and women, alike.

In the Budget Speech 2018/19 and the three- year Strategic Plan 2018/2019-2020/2021 of Government, the role and participation of women as key driver in the socio- economic developmental process have been amply highlighted.

Thus, a number of flagship measures have been enumerated that consolidate efforts to help eliminate gender gaps, foster the role of women in economic activities and that would ultimately enable Mauritius to graduate from a middle to high income economy in an inclusive manner:

- Gender Mainstreaming a pillar in the development process
- Study on the introduction of gender-based budgeting
- A chapter dedicated on Gender Issues for the first time in the three-year Strategic Plan
- All Ministries to include a Gender Statement in their Annual Report
- Building capacity of officials of Ministries to better deal with gender issues
- Specific budgetary allocation on Gender Mainstreaming to all Ministries
- Labour market policies reinforced to encourage greater female participation on the labour market and eliminate bias against women; new grant scheme for child day care centres to upgrade their standards; companies that invest in a child day care centre benefit from a double deduction under corporate tax; and economic empowerment programme for women, among others.

To promote gender-oriented welfare within its own workplace, MOFED has set up a Gender Cell in order to bring in gender balance in its decision making process and help to address any gender gap. It provides a platform for dialogue where views and concerns on gender mainstreaming issues are shared. The gender focal point is responsible for ensuring that gender is mainstreamed in all programmes and policies and activities of the Ministry.

As regards staffing structure at MOFED, it would be noted that out of 414 officers, there are 194 males, representing 46.86% whilst 220 are female, representing 53.14% of the Ministry's population as at date. These statistics demonstrate an overall gender balance at the level of MOFED.

Out of 220 female officers, only around 20 (9%) of them operate at managerial level. There is therefore need to provide opportunities for an increased number of women to operate at higher levels.

In view of the above and also to be in line with the National Gender Policy Framework (NGPF) of Mauritius, MOFED proposes to take the following actions:-

- To integrate gender perspectives in the Budget Speech & Budget Call Circular;
- To allocate to all Ministries and Departments, during each fiscal year, a percentage of the national budget to support activities relating to gender mainstreaming. These activities should be outlined in a Gender Budget Statement and Annual Report or any development plan prepared by those Ministries/Departments.
- Reinforce performance budgeting by putting emphasis on a more gender equitable allocation of resources;
- Reinforce the 'gender lense' of Monitoring and Evaluation on implementation outcomes

of policies and programmes and, through feedback, further reducing gender-biased policies and programmes;

- Address lags in training needs of MOFED staff from a gender perspective;
- Provide training in 'Gender Aware Economics' with particular focus on 'Budgeting with gender lenses' to equip staff of MOFED with appropriate tools and expertise to successfully engender the policies and programmes of the Ministry;
- Ensure an equal opportunity for male and female staff to be represented on Boards and Committees or any other forum; and
- To ensure gender disaggregated data in terms of target groups and amount of money spent on all genders are available for informed decision-making.

To conclude, MOFED will, through the formulation of policies and strategies and budgetary allocation process, place due consideration to the issue of gender in the pursuit of sustainable socio-economic development. The Ministry will also continue to foster a working environment free of any gender discrimination.

About Our People

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

The technical arm of the Ministry consists of eight (8) directorates namely: (i) Entrepreneurship and Business Development; (ii) Digital Economy and Skills Development; (iii) Economic Cooperation and International Affairs; (iv) Public Infrastructure; (v) Social Sectors; (vi) Budget Management; and (vii) Economic and Fiscal Policies and Legislations; (viii) Economic Intelligence and Research Unit. The Organisation Structure of MOFED is presented at Figure 1.2. The Corporate Services are responsible for Parliamentary affairs, Boards and Committees and Budget Proposals; Office Operations and Facilities Management; Human Resources matters and policy issues; financial operations, procurement and supply and Internal control, among others.

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

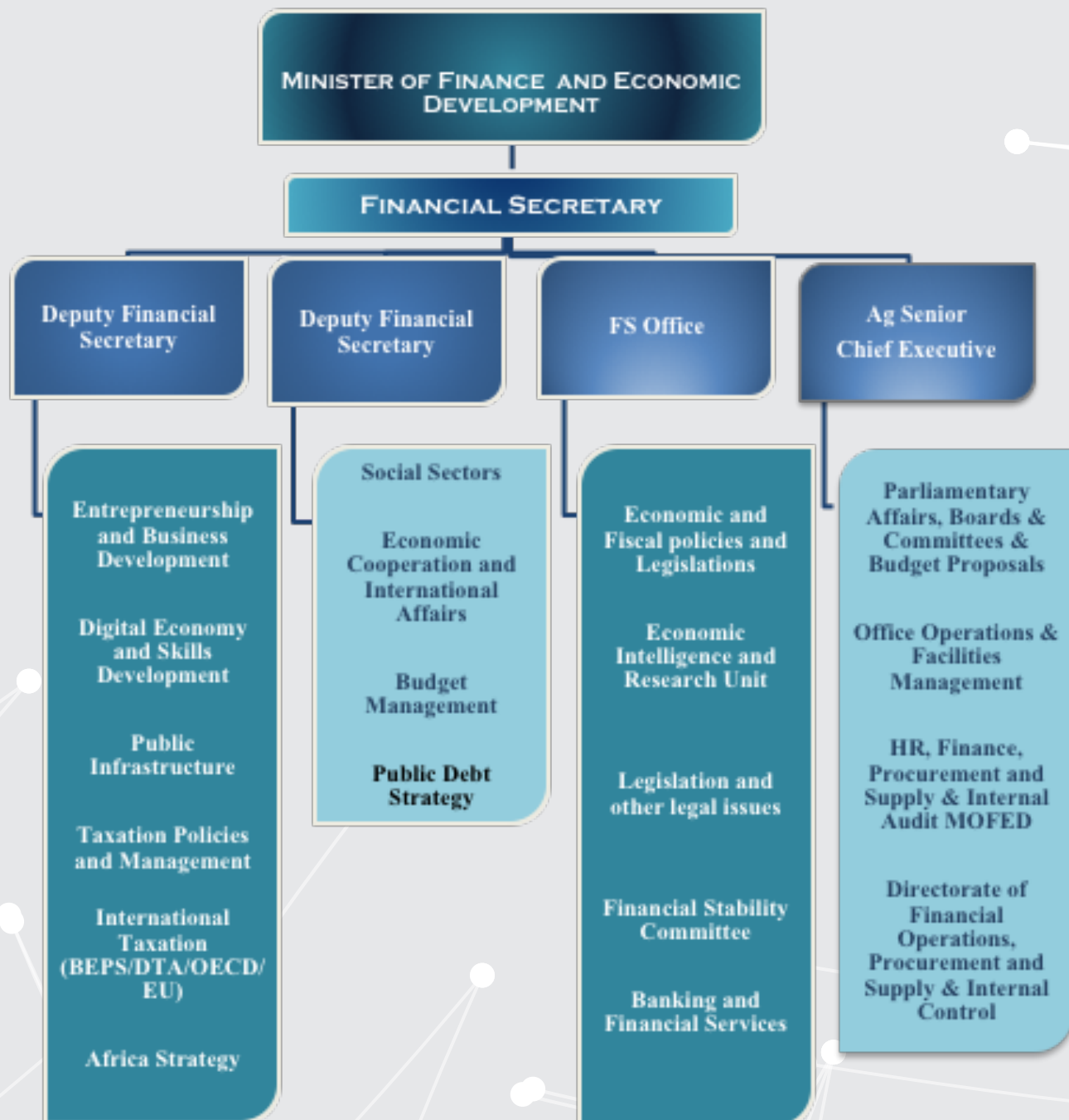


Figure 1.2: Organizational Structure of MOFED as at 30 June 2018

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

Job Title	Number of Staff
Financial Secretary	1
Deputy Financial Secretary	2
Director (Economic & Finance)	6
Ag Director (Economic and Finance)	2
Director (Strategic Policy and Planning)	1
Lead Analyst	44
Lead Strategic Policy and Planning Officer	1
Senior Analyst	3
Analyst/Senior Analyst	75
Strategic Policy and Planning Officer/Senior Strategic Policy and Planning Officer	2
Finance Cadre*	414
Internal Control Cadre *	104
Procurement & Supply Cadre*	353
Administrative Cadre	8
HR Cadre	8
General Services Staff	162
Assessment Review Committee Technical Cadre	13
Procurement Policy Office	1
Central Procurement Cadre	10
Advisers	6
Contractual Officers	23
Service to Mauritius Programme Interns	48
Total	1287

Table 1.5: Number of Staff in post in MOFED as at 30 June 2018

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

PART II : ACHIEVEMENTS

Part II describes mainly the major achievements, status on the achievements of budget measures and a review of how the MOFED has performed during FY 2017-18



Major Achievements for Financial Year 2017-18

Sound Macroeconomic Management

- In spite of the difficult international economic environment, sound macroeconomic management by MOFED underpinned by proactive implementation of appropriate policy measures and reform initiatives have enabled the country to improve and consolidate its economic fundamentals.
- The economy grew by 3.7% in FY 2017-2018. Growth was driven by the tertiary sector, namely financial services, tourism and retail trade. The construction sector registered buoyant growth of 8.6%, after 7.1% in FY 2016-17.
- The headline inflation rate, which increased to 5% for the year ending March 2018 due mainly to the rise in prices of vegetables following unfavourable climatic conditions in February and the increase international oil prices, declined to 4.3% at year-ending June 2018.
- The unemployment rate went down from 7.3% in 2016 to 7.1% in 2017. During the same period, female unemployment rate declined from 11.2% to 10.7%, while male unemployment rate stabilised at 4.8%.
- The investment rate continued on its rising trend to reach 17.3% in FY 2017/18. FDI inflows amounted to Rs 13.3 billion. Gross official reserves of the country increased from Rs 181.3 billion in June 2017 to Rs 230.5 billion in June 2018, i.e., the highest level ever. In terms of import cover, it also reached a record level of 11.1 months compared to 8.7 months in June 2017.

Enhancing Competitiveness for Growth and Job Creation

- Reform initiatives in the context of business facilitation contributed towards improving the positioning of Mauritius globally. According to the World Bank's 'Doing Business Report 2018', Mauritius improved its Distance to Frontier¹ from 72.27 in 2017 to 77.54 in 2018 and its ranking from 49th to 25th position.
- Mauritius maintained its 45th position worldwide and 1st in Sub-Saharan Africa in the Global Competitiveness Report 2017-18 on the basis of better macroeconomic environment and the transitioning of Mauritius to the innovation-driven stage of development.
- Mauritius maintained its 21st position as freest economy worldwide in the 2018 Index of Economic Freedom of the Heritage Foundation and 1st out of 47 countries in the Sub-Saharan African region. The good performance of Mauritius is due to (i) its efficient and transparent regulatory environment that supports broad-based economic development, and (ii) competitive tax rates and a fairly flexible labour code. The open trade and investment regime is underpinned by well-protected property rights and a non-discriminatory legal system.
- Mauritius moved from 45th on the 2017 Paying Taxes ranking to 10th in the 2018 World Bank's Report

Improving Public Financial Management and Strategic Planning

- In its credit analysis carried out in March 2018, Moody's International Service reaffirmed Government of Mauritius' Baa1 long-term issuer and senior unsecured ratings, and maintained the stable outlook. The affirmation of the Baa1 ratings is supported by Mauritius's strong growth and macroeconomic resiliency to shocks and Moody's expectations for Government debt to stabilise over the medium term
- Public Sector debt declined from 65 percent of GDP at end-June 2017 to 63.7 percent at end-June 2018.
- Implementation of accrual based accounting in the Public Sector on a phased basis.
- Introduction of computerised Government Asset Register (GAR) so as to have a comprehensive register of all assets in Government.
- Guidance and assistance were provided to Ministries for them to prepare their annual report for the first time. More than 80 percent of Ministries have submitted their Annual Report on Performance and these are posted on their respective website.
- With a view to strengthen accountability and transparency in Statutory Bodies, a performance agreement has been introduced between line Ministries and its Statutory Bodies. This Ministry has provided guidance to statutory bodies in the preparation of their Annual Performance Agreement for the first time.
- Setting up of the e-Inventory Management System to improve Government management of its inventories.
- Issued Financial Instructions on Capital Project Process Manual with the objective is to simplify the framework of planning, financing and implementation of capital projects. Financial Instructions on 'Local Purchases' was also issued with a view to bring more efficiency and facilitate the development of a computerised integrated payment system.
- Twenty-two (22) public bodies embarked on e-Procurement system with registration of 732 suppliers on the system.

Enhanced Revenue Management & Taxation policies

- Enhanced e-tax strategy of MRA, in particular the development of a mobile app 'MRAeasy' for small businesses and extension of direct debit facilities for fast & convenient payment
- Payment of Negative Income Tax Allowance and Special Allowance to low income earners

Development in Business Facilitation

- An Application Programme Interface was developed to connect to the database of the Registrar-General's Department to other Government Agencies and stakeholders to enable them to conduct businesses more rapidly with the Department.
- The Mauritius e-Registry Project of the Registrar-General's Department has implemented successfully online payment through Debit/Credit card.

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

- The Registrar-General's Department is providing search online facility to certain professionals and being provided to Professionals and Public Sector Bodies
- The development of the National E-licensing System which aims to be the single point of entry for all business applications kick-started.
- A Business Process Re-engineering (BPR) exercise across fourteen Ministries was launched to streamline licensing process.
- Measures to facilitate doing business were implemented through amendments through the Finance (Miscellaneous Provision Act) 2017 for the introduction of the Innovator Occupation Permit, elimination of the requirement for clearances for public utilities in approved Morcellement, introduction of the Expeditious Dispute Resolution of Tax Scheme (EDRTS) for settlement of disputes among others.
- These legislative amendments were brought in addition to those brought to 26 legislations through the Business Facilitation (Miscellaneous Provisions) Act.
- As part of initiatives to further reduce cost for businesses, the cost for starting a business and the cost of extension of an electricity network were reduced.
- To facilitate returns, A fast track system for re-payment of VAT was also introduced, and e-filing system for companies was also fine-tuned.
- The Ministry also worked together with stakeholders on the revamping of the Building and Land Use online system.
- Online access to movable and immovable property database of the Registrar General's Department was granted to public notaries. The online access will be also given to public sector bodies, banks, insurance companies, and members of the legal profession involved in the property market.

Strengthening Regional Integration and International Cooperation

- **Cooperation with India**

Several rounds of negotiations were held on the India- Mauritius Comprehensive Economic Cooperation and Partnership Agreement (CECPA). MOFED led the negotiations on the Economic Cooperation Chapter and have almost been concluded.

- **Cooperation with China**

- An Exchange Note was signed in November 2017 with the Chinese Authorities for the implementation of a Multi-Purpose Sports Complex project at Cote d'Or. This project will avail the country of the necessary sports infrastructure of international norms for hosting the 10th Edition of the Island Ocean Islands Games (IOIG) in July 2019.
- A preferential buyer's credit agreement of USD 73.7 M has been signed with the EXIM Bank of China in December 2017 for the implementation of the Safe Country Project. The project will comprise smart cameras that would be installed with special focus on major public areas, along main roads and motorways, pedestrian walkways and principal traffic centres in order to effectively combat crimes and drugs proliferation, and assist in more effective traffic and road safety management.
- The Chinese Government donated 30 semi low floor buses which were received in November/December 2017, with the objective to improve the transport situation in Mauritius
- An MoU was signed between the Ministry of Foreign Affairs, Regional Integration and International Trade and the Ministry of Commerce of the People's Republic of China, to launch the negotiations for the China-Mauritius Free Trade Agreement. The first round of negotiations was held in April 2018.

- **DTAA & IPPA**

Mauritius is continuously expanding its worldwide tax and investment Agreements network with a special focus on Africa in order to promote cross-border trade and investment. As at date, Mauritius has signed 45 Investment Promotion and Promotion Agreements (IPPA) out of which 24 are with African Countries. In relation to Double Taxation Avoidance Agreements (DTAAs), Mauritius has signed 51 DTAAs out of which 23 are with African countries. DTAA with Malawi has been finalized and is awaiting signature. Mauritius is also putting all efforts to ensure that its reputation as a Financial Centre of good repute and a safe tax jurisdiction is maintained. Achievements for the financial year 17/18:

- Negotiations were completed on a DTAA with Comoros which was signed in September 2018.

- DTAA with Cabo Verde was ratified in March 2018.
- Mauritius signed the OECD Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting in July 2017.
- Mauritius successfully completed the peer review conducted by the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes, on our Exchange of Information system for tax purposes. The rating obtained for Mauritius has been upgraded to compliant.
- As a result of our commitment to implement tax reforms, Mauritius did not appear on the common EU blacklist of non-cooperative tax jurisdictions which was published in December 2017.
- Mauritius signed the Yaoundé Declaration in May 2018 reiterating its commitment to fight tax evasion and avoidance as well as illicit financial flows.
- Major tax reforms were finalized in our Deemed Foreign Tax Credit (DFTC), Captive Insurance, GBC2 and Freeport regimes to ensure compliance with international standards.

- **Africa Strategy**

In its continued effort to make forays into Anglophone and Francophone West Africa, the Government of Mauritius has established the Mauritius-Africa Fund (MAF). MAF has embarked on the development of Special Economic Zones (SEZ) and Technology Parks in Senegal, Ghana, Cote D'Ivoire and Madagascar. Achievements in the financial year 17/18 in relation to our Africa Strategy are as follows:

- Construction of Phase 1 of the SEZ in Senegal has been completed in August 2017 and is operational. Phase 2 of the SEZ is currently at feasibility and master planning stage.
- A Partnership agreement between MAF and Village Des Technologies De L'information Et De La Biotechnologie (VITIB) was signed in December 2017 for the Twin Towers project in Cote D'Ivoire.
- The Framework Agreement for the development of a Technology and Business Park in Ghana has been amended to widen the scope of the project so as to ensure better returns.
- Mauritius hosted an SEZ workshop to capture the interest of potential Mauritian investors and also obtain their feedback in the Madagascar project in November 2017.

- **Agence Française de Développement**

- Received a grant of EUR 2 million under Protocole d'Entente d'Adapt'Action and technical assistance from Fonds d'Expertise pour le Renforcement des Capacités (Euro 500,000 sous FERC 3) for climate change adaptation.

- **Commonwealth**
 - A Donors Grant Agreement for the Commonwealth Small States Trade Finance Facility was signed between the Governments of Mauritius, India, Malta and Sri Lanka and the Commonwealth in April 2018 to enhance the flow of trade and investment to and from the Small States of the Commonwealth.

- **European Union**
 - EU has approved a grant of € 10 million for the National e-licensing project by the Board of Investment.
 - Under the 11th EDF National Indicative Programme, EU has approved Euro 2 million for Technical Assistance.
 - In addition, EU has provided a grant of Euro 3 million under the Global Climate Change Alliance project for Climate Smart Agriculture in Republic of Mauritius.

- **Global Environment Facility (GEF)**
 - GEF approved two projects for Mauritius for a grant of USD 8.4 million, as follows:
 - USD 3.8 million for the project *“Mainstreaming IAS Prevention, Control and Management”*
 - USD 4.5 million for the project *“Realising energy savings and climate benefits of implementing mandatory energy auditing in coordination with HCFC phase-out and HFC avoidance”*
 - USD 1.699 million for the project *“Mainstreaming Sustainable Land Management and Biodiversity Conservation in the republic of Mauritius”*.

Status on Implementation of Budget Measures for FY 2017-18

Measures Announced	Status
Fostering higher growth for more and better job	
Establishment of an Economic Development Board (EDB) to ensure greater coherence and effectiveness in implementing policies and actions.	Board constituted in Nov 2017. EDB operational as from Jan 2018.
Inauguration of Special Economic Zone in Senegal.	The first operators are setting up in the zone in December 2017
Major tax reform for domestic enterprises to expand their export capacity: Profits from exports of goods will be taxed at the lower rate of 3 per cent, instead of 15 per cent.	Amendment through Finance Act 2017. Effective 01 Jul 2017.
Introduction of an Innovator Occupation Permit for innovative start-ups (with a minimum operational expenditure of 20 per cent for R&D purposes).	
High tech machines and equipment brought by an investor from abroad will now be considered as part of the minimum investment of USD 100,000 required to obtain an Occupation Permit.	
Innovation Box Regime for Intellectual Property assets developed in Mauritius: New companies will benefit from a tax holiday of 8 years on income derived from the totality of Intellectual Property Assets.	Amendment through Finance Act 2017. Effective on 24 July 2017.
Elimination of the Registration Duty and Land Transfer Tax on the transfer of immovable property for the setting up of a business for high-tech manufacturing.	
Waiving of the registration duty payable on leases of agricultural lands of up to 10 hectares.	
The minimum capital requirement of banks will be raised from Rs 200 million to Rs 400 million. Existing banks will be given two years to adjust their capital to the new level.	

Figure 2.1: Status on Implementation of Budget Measures for 2017-18

DBM will provide loans to assist planters whose crops are damaged by climatic conditions, pests and diseases.	Effective as from 3 July 2017. As at end Feb 2018, loans provided to 188 planters affected by climatic conditions (for Rs 14.7M)
Removal of customs duty on all animal feed, except for poultry and pets.	Effective as from 09 Jun 2017 Imports of animal feed in kg has decreased by almost 50% for period Jul 17 to Feb 18 compared to last year.
The film rebate scheme will be modified to promote local productions and will be extended to other activities such as production of TV serials and film dubbing.	Regulations published in Government Gazette of 2 September 2017. Modified scheme effective on 2 September 2017.
Introduction of an Export Financing Facility to assist manufacturing enterprises in the SME and cooperative sectors.	The Scheme is operational as from 15 Jan 2018.
Investing massively in the infrastructure of the future	
Businesses will be able to deduct the investment in solar energy units from their taxable income	Amendment through Finance Act 2017. Regulations approved on 14 Feb 2018.
All interest income from debentures issued to finance renewable energy projects and which are approved by the MRA will be exempted from tax.	Amendment through Finance Act 2017. Effective 01 Jul 2017.
Further improving the quality of life of our people	
Special loan scheme from the DBM to socio cultural organisations for extension and renovation of their buildings.	Effective as from 3 July 2017.

Increase in the rates of excise duty:- 5 percent for beer and other alcoholic products 10 percent for tobacco products.	Effective on 09 Jun 2017 Inc. in consumption of beer (9%), dec. in consumption of other alcoholic products (2.5%) & dec. in imports of cigarettes (3.5%) (based on data as at end Feb 18)
Removal of VAT on sanitary pads.	Effective on 09 Jun 2017 For Jul 17 to Feb 18, a reduction of 25% in imports noted compared to last year
Ushering in a New Social Paradigm	
Introduction of the negative income tax system to provide financial support of up to Rs 1,000 per month to employees in full time employment and earning less than Rs 9,900 per month. The support will be paid on a quarterly basis.	Proclamation of relevant sections of Finance Act gazette on 7 Oct. 2017. Negative Income tax allowance paid to some 31,000 employees (MRA Communique of 26 March 2018).
Introduction of a solidarity levy on high income earners whereby individuals having chargeable income plus dividends in excess of Rs 3.5 million will be required to pay 5 per cent of the excess.	
Increase in income exemption thresholds by:- <ul style="list-style-type: none"> • Rs 5,000 for tax payers having no dependent or one dependent; • Rs 10,000 for those having 2 dependents; and • Rs 15,000 for those having 3 dependents 	Amendment through Finance Act 2017.
Introduction of a new category of income exemption threshold for persons having 4 or more dependents. They will be entitled to an increase of Rs 45,000 in their income exemption threshold.	Effective 01 Jul 2017.
The financial assistance provided under the National Pensions Act to disabled persons is being exempted from income tax.	

Public sector reforms	
Amendment to the Public Procurement Act to allow a Public Body, in a bidding exercise, to exclude bidders whose performance in previous public contract has shown deficiencies.	Amendment through Finance Act 2017. Effective on 24 Jul 2017.
Consolidating macro-economic fundamentals	
Amendment to the Public Debt Management Act to establish the gross debt rather than the net debt as the public sector debt ceiling.	Amendment through Finance Act 2017. Effective on 24 July 2017.

The details of the measures announced by the Minister of Finance in the Budget 2017-18 and its status are provided at Annex III.

Status on Implementation of Key Actions – FY 2017-18

Table 2.1 below shows the status of the Key Actions and the Key Performance Indicators (KPIs) pertaining to MOFED which were included in the Budget 2017-18.

Status of Key Actions and KPIs

KEY ACTION	KEY PERFORMANCE INDICATOR	TARGET (AS PER BUDGET ESTIMATES)	STATUS/REMARKS
Improving coordination of monetary and fiscal policies	Budget deficit as a percentage of GDP	3.20%	2.9%
Improving Public Financial Management	Submission of Annual Report on Performance by Ministries/Depts	> 80%	83%
Promoting Mauritius as an investment destination and facilitation of projects to attract higher levels of foreign direct investment (FDI)	FDI in existing and emerging sectors (Rs Billion)	15.4	13.4
Implementation of Government e-Procurement System	Integration of e-PS in major public bodies	50	23 Delay in integrating public bodies on the e-PS owing to upgrading of platform.
Improving asset management through online recording of non-financial assets by Ministries and Departments	'Recording of non-financial assets in the Computerised Fixed Asset Register (CFAR)	10%	9% GAR has been developed to enable capturing and recording of non-financial assets. Interactive sessions were held with officers of Ministries/Depts, and hands-on training on recording of assets has been provided to all officers concerned. Given that system is new and its a time a time-consuming exercise for gathering of data on stock of non-financial assets acquired, the budget measure was revised in May 2018 to 30%, 50% and 100% for years 2018/19, 2019/20 and 2020/21 respectively. It is to be noted that, to date, only 53 depts have submitted information on assets acquired and the achieved target is based on PPE disclosed in Statement of Financial Position as at 30 June 2017
Promoting trading of Government securities on secondary markets	Percentage increase in average monthly trading of Government securities on secondary market compared to relevant period in preceding years	10%	There has been a decline in average monthly trading of aggregate Government and Bank of Mauritius securities for the year 2017/18 compared to trading for March to June 2017. Trading in Government and BoM securities started as from March 2017 over the counter of primary dealers instead of over the Stock Exchange of Mauritius as initially envisaged.

Table 2.1: Status of Key Actions and KPIs

Other Internal Key Performance Indicators

Table 2.1 below provides status for other Key Performance Indicators developed by MOFED for improving service delivery.

Other Internally developed KPI's

KEY ACTION	KEY PERFORMANCE INDICATOR	STATUS
MODERNISING PUBLIC FINANCIAL MANAGEMENT		
Review of Financial Management Manual	Financial Instructions No 2 of 2017 –Delegation of powers	Issued in September 2017
	Financial Instructions No 3 of 2017 –Capital Project Process Manual	Issued in September 2017
	Financial Instructions No 4 of 2017 –Local Purchase	Issued in December 2017
Improving Accountability & Transparency	Assist Ministries/Departments in the preparation of their Annual Report	Meetings conducted with some 40 Ministries/Departments
	Assist and guide Statutory bodies in the preparation of their Performance Agreement for the first time	Meetings conducted with some
30 statutory bodies.		
Improving effectiveness of Internal Audit in Government	Secure assistance from the US Embassy for the review of Government internal audit.	Provision of a consultant approved by US Embassy
Strengthening Regional Integration and International Cooperation		
Expand network of DTAA's & IPPAs	Conclude at least 4 agreements	Negotiations were held with Comoros to conclude a DTAA and the DTAA's with Zambia, Egypt, Singapore and Senegal were re-negotiated. DTAA Negotiation with Comoros has been concluded and the DTAA was signed.

FINANCIAL OPERATION CADRE		
Facilitating the implementation of the Business Facilitation (Miscellaneous Provisions) Act 2017 regarding the payment of contributions in respect of National Pension Fund (NPF), National Savings Fund (NSF), and Training Levy	New procedures were established as per MOFED Circular 2 of 2018 in collaboration with MRA and communicated to all Ministries/ Departments to enable the payment of contributions in respect of National Pension Fund (NPF), National Savings Fund (NSF), and Training Levy deducted from salaries of Government employees to the MRA as the new collecting agent.	Training programme for officers of the Financial Operations Cadre organized in collaboration with the MRA to facilitate the online submission of NSF/NPF/LEVY returns to the Mauritius Revenue Authority.
Human Resource Management Information System	Provided training on basic HR and Payroll modules.	All officers of the Financial Operations trained
INTERNAL CONTROL CADRE		
Strengthening internal control mechanisms in Ministries/Departments	Percentage Annual Internal Audit Plans of Ministries/Departments completed	75%
	Percentage agreed recommendations in the Internal Audit Reports implemented	70%
PROCUREMENT AND SUPPLY CADRE		
Introduction of computerised Inventory Management System (e-IMS)	Codification and classification and electronic recording of stores items by June 2018	Implementation of Phase 1 successfully completed
Develop measures to improve Procurement and Supply Management	Key performance indicators developed after assessing weaknesses in Ministries/ Departments	The following common KPIs have been developed for 15 Ministries/ Departments* assessed: <ul style="list-style-type: none"> Requirements Planning in respect of recurrent items for FY 2018/2019 should be completed, using forecasting methods, by end of June each year. Recording of receipt and issue transactions should be completed promptly with the e-IMS where implemented or within three days in Manual Stock Ledgers Disposal of unwanted goods should be carried out every six months

Table 2.1: Other Internal KPIs

Risk Management, Citizen Oriented Initiatives & Good Governance

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

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

The Financial Secretary is accordingly responsible for –

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

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

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

Internal Audit

For the period July 2017 to June 2018, of 334 internal audit exercises planned, 245 were completed as shown in Fig 1.1 annexed. This represents 73% of Annual Internal Audit Plans. It is to be noted that in addition to the coverage of 73% of planned audit, 65 special assignments have been completed at the request of Accounting Officers.

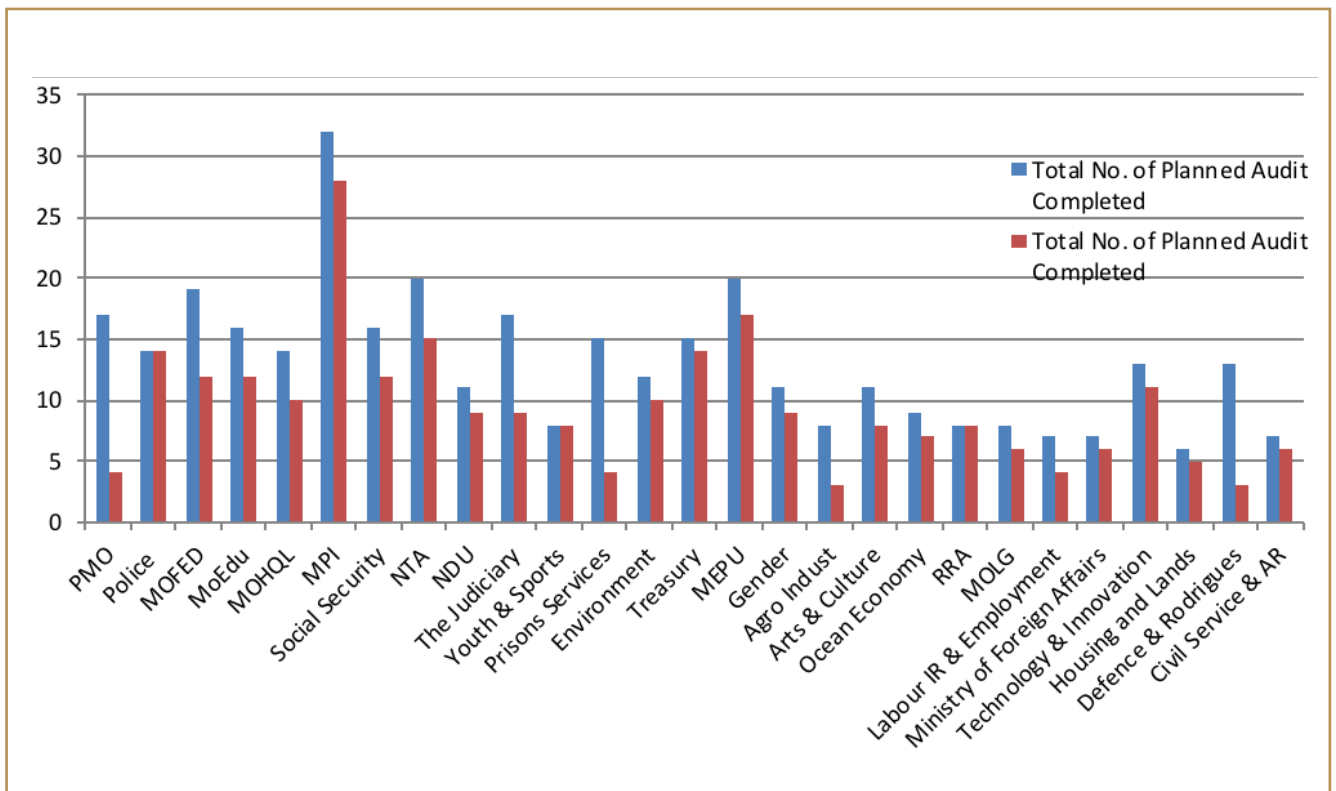


Figure 2.1: Internal Audit Exercises

Audit Committee

Composition of Committee

- There is an Audit Committee (AC) set up in MOFED. The Committee has been re-constituted as from 16 March 2018 as follows:

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

Table 2.3: Constitution of the Audit Committee

- The Audit Committee (AC) has had four meetings during 2017-18. Issues discussed at the level of AC were as follows:
 - The AC had proposed the Registrar General to come up with effective measures to recover the long outstanding arrears of revenue. The Office was advised to apply analytical procedures such as age analysis of debts. The Registrar was also suggested to propose legislative and administrative measures to be included in the Finance Bill.
 - The AC stressed on the issue of rising arrears of revenue. The MRA, Registrar General and the Corporate and Business Registration Department were suggested to review its process for debt collection and make proposals to increase effectiveness in collection revenue and at the same time reverse the trend of increasing arrears.
 - The Internal Audit Plan for MOFED and the works carried out by the Internal Audit team was reviewed and advised as appropriate.

Implementation Plan - Director of Audit Comments

The Director of Audit issued her report on the accounts of the Republic of Mauritius for the FY ending 30 June 2017 in February 2018. Included in her report were shortcomings noted at the level of MOFED (Headquarters), MRA, Corporate and Business Registration Department. and the Registrar General's Department. The actions/measures being undertaken to address the shortcomings are shown in the table below.

Issues (Report Ref)	DOA Comments	Proposed Measures	Status of Actions taken/ Implementation Date
MOFED			
6.1.1	Office Accommodation – SICOM Tower : There were payments which were outstanding related to rental charges and Fit out Works.	Meetings were held with SICOM, Ministry of Public Infrastructure. The outstanding amount to be settled was agreed	An amount of Rs 3.2 million has already been paid. MOFED had consultations with SICOM and the Ministry of Public Infrastructure. Necessary is being done to settle the remaining outstanding balance of Rs 5.2 million
Corporate and Business Registration Department			
6.10	Differences found in revenue collected	Reconciliation of revenue collected with Treasury Abstract	Reconciliation exercises are done
	Slow recovery of arrears of revenue	Need to strengthen and reinforce measures	The system of compounding is being used and is effective. Irrecoverable debts are being written off.
Registrar General Department			
6.12	Increase in the level of debts	An Arrears Payment Scheme (APS) to motivate long outstanding debtors to settle their claims	The Arrears Payment Scheme has yielded positive result.
		Creation of a Recovery Unit to be headed by an Attorney-at-Law	Difficulties in recruiting an Attorney-at-Law. All avenues have been explored, even under the Expert Skills Scheme.
Mauritius Revenue Authority			
6.5	Existence of long outstanding debts	Need for better debt management	Measures are in place to monitor/handle debts
	Due to lengthy processing time, the claim was time barred in 2014	Legal advice is required for compounding of the offence under Customs Law	The case has been referred to SLO for advice
	Reduction in the value of luxury cars due to lengthy enquiry time	The Police Department should be requested to speed up investigation, to avoid these luxury cars being subject to further wear and tear due to idleness	Regular updates on a quarterly basis are sought from the Police Department with regards to these cases.
	Overlying items at Mauritius Multipurpose Terminal and Freight Stations	Overlying vehicles, including the detained ones should be transferred to Customs Warehouse;	Almost all vehicles, containers and other items have been either, disposed by way of auction or destroyed or re-exported. The remaining items will be disposed by December 2018

Table 2.4: Implementation Plan – Director of Audit Comments

Events Hosted by MOFED in FY 2017-18

- IMF Article IV Consultation Mission – 31 July to 14 August 2017
- Official Visit of Arab Bank for Economic Development in Africa (BADEA) – 19-24 August 2017
- Official Visit of EXIM Bank – 31 July to 1st August 2017
- Online Monitoring Training – 22 August 2017
- Meeting with EU Experts on Migration Issues – 1 September 2017
- Joint Project Monitoring Committees with India – 18-19 September 2017
- Stakeholders Meeting on Indian Ocean Rim Association Comprehensive Economic Partnership Agreement (IORA-CEPA) – 18 September 2017
- Seminar on Base Erosion and Profit Shifting – 22 September 2017
- Visit of World Bank Country Director – 27-29 September 2017
- Visit of Senegalese delegation for the development of a Special Economic Zone in Senegal – 2 to 6 October 2017
- Workshop by EXIM Bank to clarify procurement issues – 17 October 2017
- Workshop on “Tracking Public Sector Environment Expenditure” Project (PAGE-UNDP) – 23 November 2017
- Meeting with African Union High Representative (Dr. Kaberuka) – 30/31 October 2017
- FSA Board of Director’s Meeting – 23/24 November 2017
- Workshop on Tracking Public Sector Expenditure – 21,23 and 24 November 2017
- IMF Staff Visit- SADC Peer review – 7-14 February 2018
- National Committee on AML/CFT – 6 March 2018
- Workshop on moving towards accrual accounting, with special focus on Local Authorities and Statutory bodies – 13 March 2018
- Pre-budget consultation meetings
 - Trade Unions – 3 May 2018
 - Business Mauritius – 4 May 2018
 - NGOs/Women Association/Consumer Association/Youth Association/Environment – 9 May 2018
 - Local Artists – 9 May 2018
 - Small Planters/Cooperative Societies/Livestock and others - 10 May 2018
 - SMEs/ Small Operators – 10 May 2018
- Budget Speech 2017/2018 – 14 June 2018

Events Hosted by MOFED in FY 2017-18



Pre-budget consultation meetings



FSA Board of Director's Meeting
- 23/24 November 2017



Meeting with African Union High Representative
(Dr. Kaberuka) - 30/31 October 2017

Events Hosted by MOFED in FY 2017-18



STAFF WELFARE

Activities organized by the MOFED Staff Welfare Association

- Independence Day celebration with staff
- Financial support for medical treatment for serious disease.
- Vaccination against H1N1 virus
- Contribution to farewell parties of staff going on retirement

Participation of MOFED staffs in activities organized by the Public Officers Welfare Council (POWC)

- Annual Civil Service Kermesse
- Scrabble competition
- Essay Competition
- Annual Workshop



PART III : FINANCIAL PERFORMANCE

Part III provides the financial highlights for the financial year 2017-18 and an analysis of significant changes in financial results. It also includes statements of revenue and expenditure



PART III: FINANCIAL PERFORMANCE

Financial Highlights

Revenue collected by MOFED and its Departments and Statutory Bodies can be classified into two broad categories: -

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

MOFED has 7 Expenditure Votes under its control as follows:

- 2-6 Finance and Economic Development (Ministry only)
- 2-7 Central Procurement Board
- 2-8 Treasury
- 2-9 Statistics Mauritius
- 2-10 Valuation Department
- 2-11 Corporate and Business Registration Department
- 2-12 Registrar-General's Department

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

Revenue

Figure 3.1 below is an illustration of revenue collected in FY 2017-18 by MOFED, its Departments and Statutory Bodies. Total collection was Rs 91.3 billion out of which revenue collected by the Mauritius Revenue Authority (MRA) represents around 90 percent.

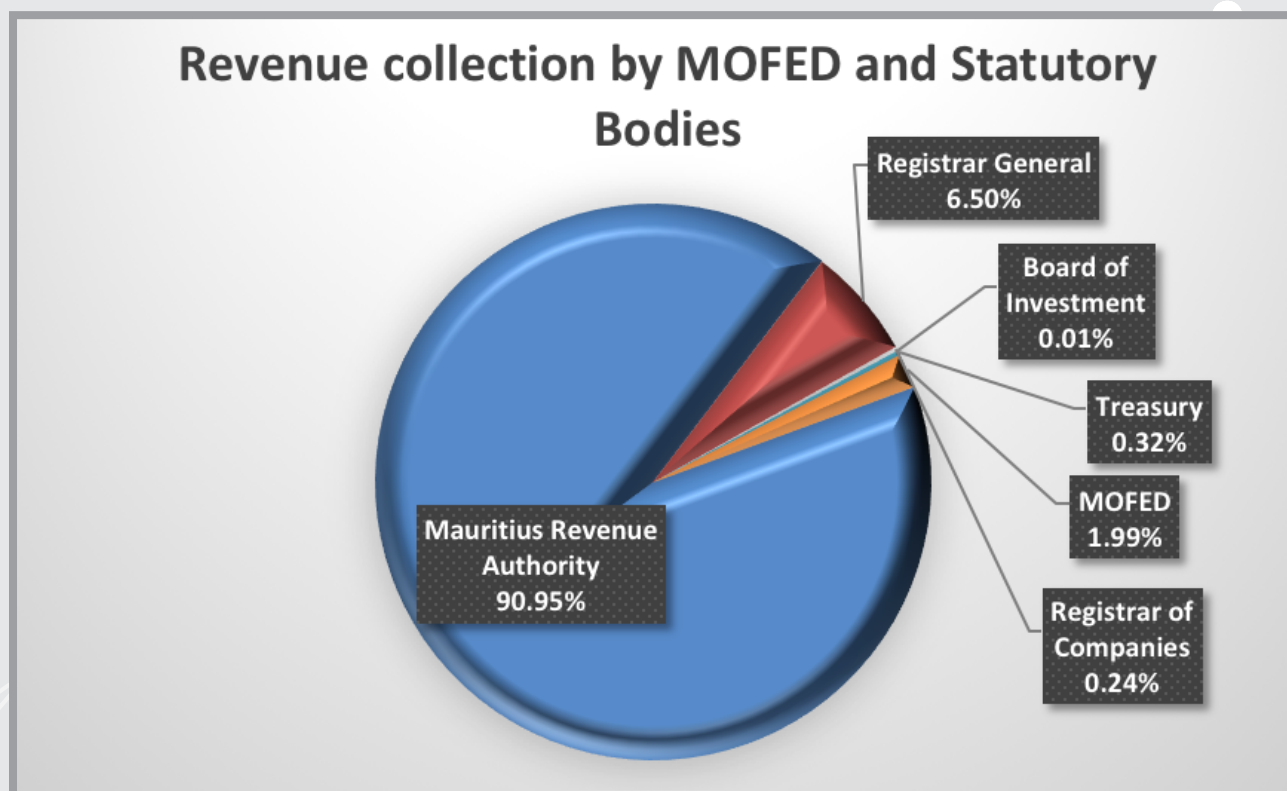


Figure 3.1: Revenue collection by MOFED and its statutory bodies

Expenditure

The pie chart below provides an illustration of expenditure incurred by MOFED in FY 2017-18 under Vote 2-6 by economic classification. Grants account for around 84 percent of total expenditure and were provided to its statutory bodies to finance their operating costs.

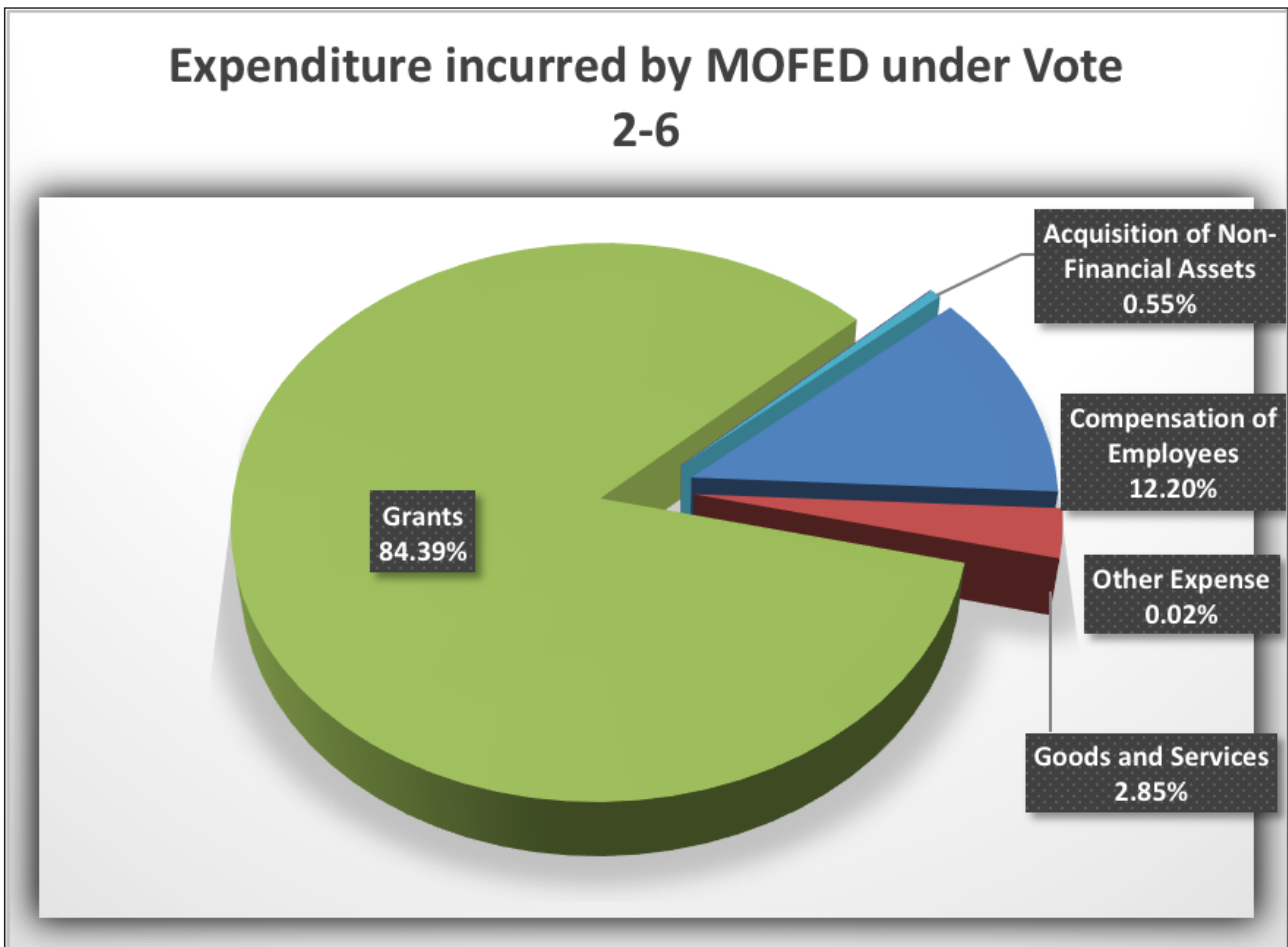


Figure 3.2: Expenditure incurred by MOFED under Vote 2-6

Analysis of Major Changes

Revenue

Figure 3.3 shows the breakdown of revenue collected by the Mauritius Revenue Authority in FY 2017-18 as compared to collections for preceding year, that is FY 2016-17.

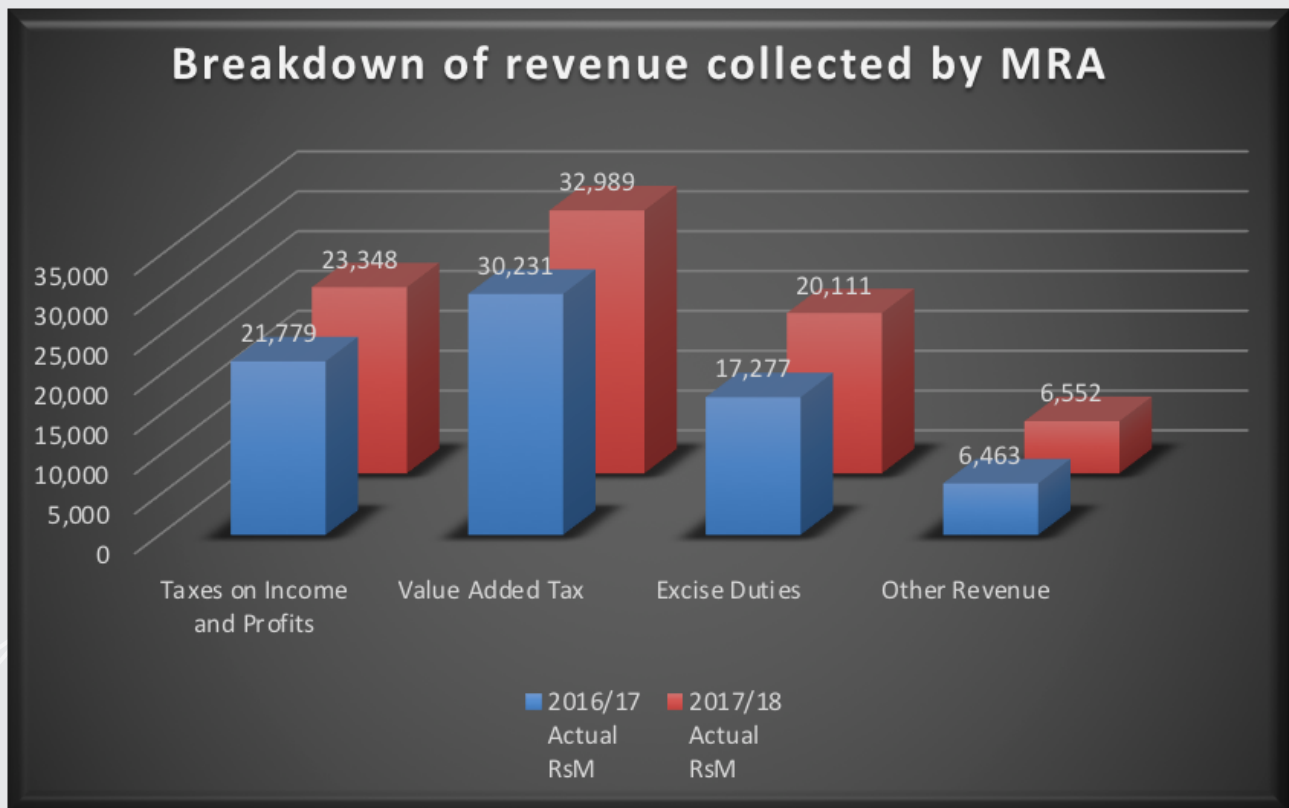


Figure 3.3 Comparison of revenue collected by MRA in FY 2017-18 and FY 2016-17

Out of a total revenue collection of Rs 83 billion by the MRA in FY 2017-18, Value Added Tax, Taxes on Income & profits and Excise duties represent 40%, 28% and 24% respectively. Other revenue representing 8% of total revenue comprises Taxes on Specific Services & Gambling, Taxes on International Trade & Transactions, Other Taxes, License Fees and User Fees & Charges. Compared to 2015-16, there was 10% increase in total revenue by MRA. All revenue categories have shown an increase.

Expenditure

Around Eighty-Four percent (84%) of Expenditure under Vote 2-6 has been incurred under Grants which are provided as Current and Capital Grants to Extra Budgetary Units, namely, Board of Investment and the Mauritius Revenue Authority and Contribution to International Organizations.

Compared to 2015/16 there was an increased by around 14% in total grants paid to its statutory bodies in 2016-17. Approximately 90% of total grants were provided to MRA. Increase in grants to the MRA and the setting up of the Economic Development Board contributed to the increase in the total figure.

A breakdown for expenditure on grants to its statutory bodies is shown in Figure 3.4 below.

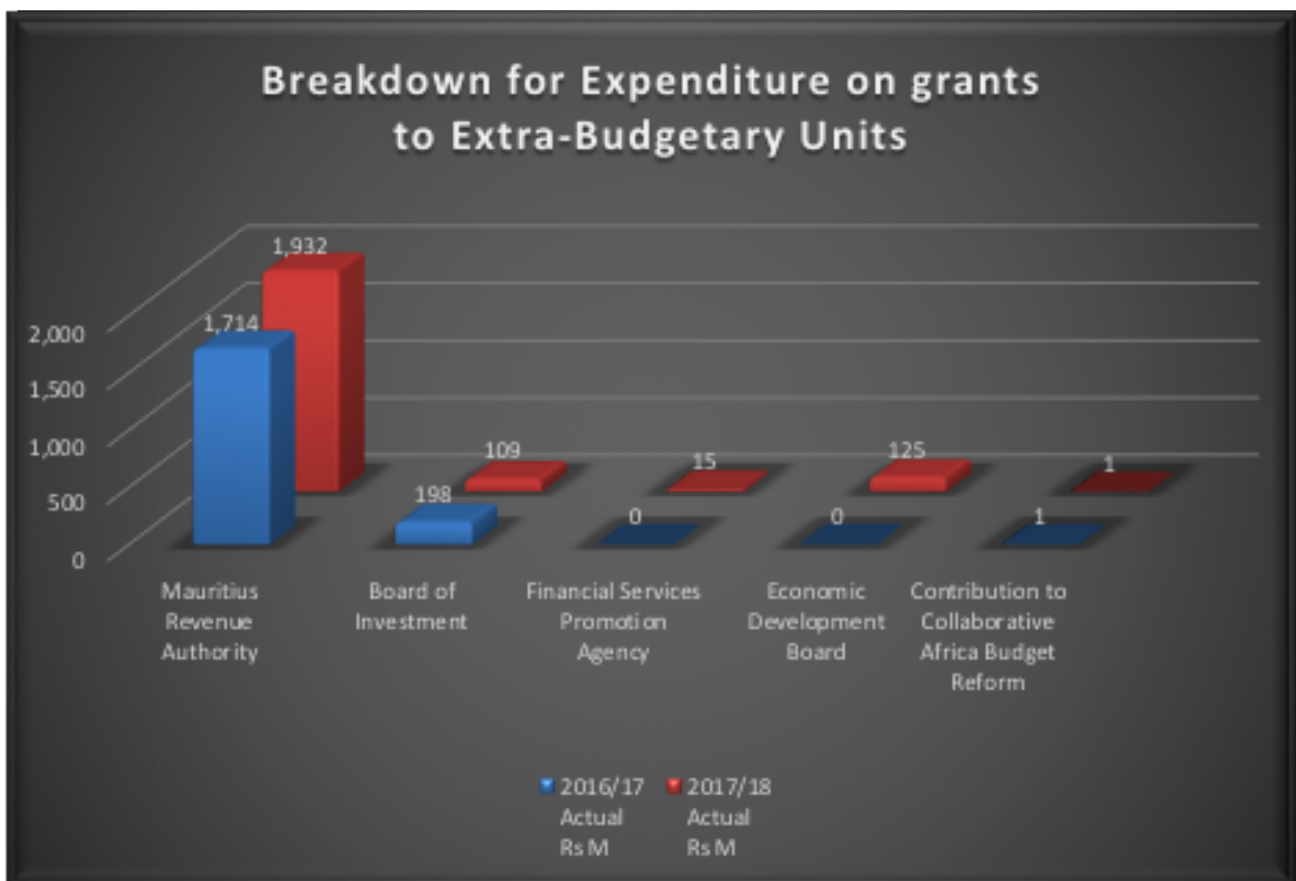


Figure 3.4 : Breakdown for expenditure on grants to Extra Budgetary Units

Statements of Revenue and Expenditure

Statements of Revenue

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

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

STATEMENT OF REVENUE FROM PROPERTY INCOME, USER FEES AND OTHER SOURCES			
DEPARTMENT / HEAD OF REVENUE	2016/17 Actual Rs'000	2017/18 Estimates Rs'000	2017/18 Actual Rs'000
Mauritius Revenue Authority			
Taxes on Income and Profits	21,779,000	23,282,000	23,348,019
Taxes on Goods and Services	47,508,000	53,015,000	53,099,937
Value Added Tax	30,231,000	32,835,000	32,989,425
Excise Duties	17,277,000	20,180,000	20,110,512
Taxes on Specific Services and Gambling	3,543,000	3,825,000	3,599,598
Taxes on International Trade and Transactions	1,177,000	1,305,000	1,344,051
Other Taxes	1,623,000	1,815,000	1,479,648
Licence Fees -liquor	22,860	20,000	22,808
User Fees and Charges	96,946	98,925	105,297
Total Revenue from MRA	75,749,806	83,360,925	82,999,358
Registrar General			
Recurrent Taxes on Immovable Property	4,053	5,000	6,667
Taxes on Financial and Capital Transaction	5,964,000	6,223,000	5,856,545
Other Non Recurrent Taxes on Property	26,487	65,000	64,394
Total Revenue from Registrar General	5,994,540	6,293,000	5,927,606
Registrar of Companies			
Licences	198,300	210,000	200,579
Incorporation and Lodging fee, search duty, etc	-	16,000	13,924
Total Revenue from Registrar of Companies	198,300	226,000	214,503
Board of Investment			
Processing fees on Applications for Acquisition of IRS,RES and IHS	4,040	5,500	5,380
Total Revenue from Board of Investment	4,040	5,500	5,380

Statement of Revenue from Property Income, User Fees and Other Sources			
Treasury			
Interest	260,000	423,000	271,116
Pension Contribution reimbursements	197	200	258
Compensation iro Government-owned vehicles	428	500	800
Sale of store	5,094	6,000	6,131
Miscellaneous	704	200	735
Fines, Penalties and Forfeits	14,301	15,000	11,598
Total Revenue from Treasury	280,724	444,900	290,638
Ministry of Finance and Economic Development			
Dividends	298,000	525,000	780,029
withdrawals	1,809,000	1,560,000	1,039,236
Total Revenue from MOFED	2,107,000	2,085,000	1,819,265
Total Revenue from Property Income, User Fees and other Sources	84,334,410	92,415,325	91,256,750

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

Total revenue collected by MOFED and its Departments and statutory Bodies amounted to Rs 91.3 bn in FY 2017/18 compared to Estimates of Rs 92.4 billion, that is, lower by 1.2 billion. This is mainly explained by lower Taxes on Specific Services and Gambling, Other Taxes, Taxes on Financial and Capital Transaction, and Withdrawals. On the other hand, Dividends received was on target. The actual revenue collected by MRA for 2014-18 was less than 0.5 percent lower than its forecast. While for other Departments and Statutory bodies the variance was around 5 percent except for Treasury and MOFED where the variance was 35% and 13% respectively.

Statements of Expenditure

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

Table 3.2 below provides a summary of total expenditure incurred by MOFED under Vote 2-6 (Headquarters) which comprises Sub-Heads 2-601: General, 2-602: the Procurement Policy Office, 2-603: Independent Review Panel, 2-604: Assessment Review Committee and 2-605: Strategic Policy and Planning.

Head / Sub-Head of Expenditure	2016/17 Actual Rs	2017/18 Actual Rs	2017/18 Actual Rs
2-6 FINANCE AND ECONOMIC DEVELOPMENT			
2-601: GENERAL	2,336,247,339	2,905,900,000	2,520,183,899
Compensation of Employees	280,304,256	317,910,000	272,149,183
Goods and Services	64,289,900	110,140,000	55,134,747
Grants	1,912,364,799	2,412,650,000	2,181,852,274
Other Expense	64,521,988	600,000	539,111
Acquisition of Non-Financial Assets	14,766,396	64,600,000	10,508,583
2-602: Procurement Policy Office	40,562,600	50,600,000	17,987,146
Compensation of Employees	11,323,407	16,280,000	11,301,417
Goods and Services	8,698,903	27,920,000	6,685,729
Acquisition of Non-Financial Assets	20,540,290	6,400,000	-
2-603:Independent Review Panel	5,030,545	13,100,000	4,825,614
Compensation of Employees	2,071,718	3,165,000	2,226,411
Goods and Services	2,677,791	6,935,000	2,599,202
Acquisition of Non-Financial Assets	281,037	3,000,000	-
2-604:Assessment Review Committee	23,870,625	49,100,000	34,978,227
Compensation of Employees	18,223,792	32,895,000	22,384,300
Goods and Services	5,330,583	10,205,000	9,005,493
Acquisition of Non-Financial Assets	316,250	6,000,000	3,588,434
2-605:Strategic Policy and Planning		19,300,000	7,615,697
Compensation of Employees		17,575,000	7,375,707
Goods and Services		1,725,000	239,991
TOTAL EXPENDITURE FOR Vote 2-6	2,405,711,109	3,038,000,000	2,585,590,583

Table 3.2: Statement of Expenditure under Vote 2-6 (Ministry only)

Summary of Expenditure incurred by Departments of MOFED

Vote of Expenditure	2016/17 Actual Rs	2017/18 Actual Rs	2017/18 Actual Rs
2-7 Central Procurement Board	49,821,849	63,000,000	54,263,966
Compensation of Employees	29,877,722	39,485,000	33,696,714
Goods and Services	18,195,001	21,315,000	18,855,768
Social Benefits	1,749,125	2,200,000	1,711,484
2-8 Treasury	116,635,625	127,000,000	108,533,469
Compensation of Employees	73,417,286	82,037,000	72,062,519
Goods and Services	38,406,326	41,038,000	34,359,193
Grants	884,973	925,000	809,618
Acquisition of Non-Financial Assets	3,927,040	3,000,000	1,302,139
2-9 Statistics Mauritius	157,018,291	236,000,000	173,758,893
Compensation of Employees	101,894,681	119,255,000	102,581,098
Goods and Services	53,818,093	101,404,000	66,725,512
Grants	27,867	41,000	29,278
Acquisition of Non-Financial Assets	1,277,650	15,300,000	4,423,005
2-10 Valuation Department	104,354,719	135,000,000	104,244,163
Compensation of Employees	82,412,288	110,292,000	81,334,610
Goods and Services	21,345,967	23,208,000	22,024,879
Acquisition of Non-Financial Assets	596,465	1,500,000	884,674
2-11 Corporate and Business Registration Department	89,351,705	129,000,000	93,836,056
Compensation of Employees	50,092,777	61,510,000	50,568,163
Goods and Services	30,313,503	49,400,000	35,420,378
Grants	60,931	90,000	60,728
Acquisition of Non-Financial Assets	8,884,492	18,000,000	7,786,787
2-12: Registrar-General's Department	94,619,798	111,000,000	97,661,286
Compensation of Employees	72,921,243	73,870,000	68,778,153
Goods and Services	15,822,325	23,030,000	16,883,123
Acquisition of Non-Financial Assets	5,876,231	14,100,000	12,000,010
TOTAL EXPENDITURE FOR VOTES 2-7 to 2-12	611,801,987	801,000,000	632,297,833
TOTAL EXPENDITURE FOR Vote 2-6	2,405,711,109	3,038,000,000	2,585,590,583
TOTAL FOR VOTES 2-6 to 2-12	3,017,513,096	3,839,000,000	3,217,888,416

Table 3.3: Summary of Expenditure incurred by MOFED and its Departments

Total expenditure under the different votes of MOFED amounted to Rs 3.2 billion compared to budget estimates of Rs 3.8 billion, that is 0.6 billion lower than budgeted amount. It is noted that there has been underspending in all categories.

PART IV : **WAY FORWARD**

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



PART IV – WAY FORWARD

Trends and Challenges

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

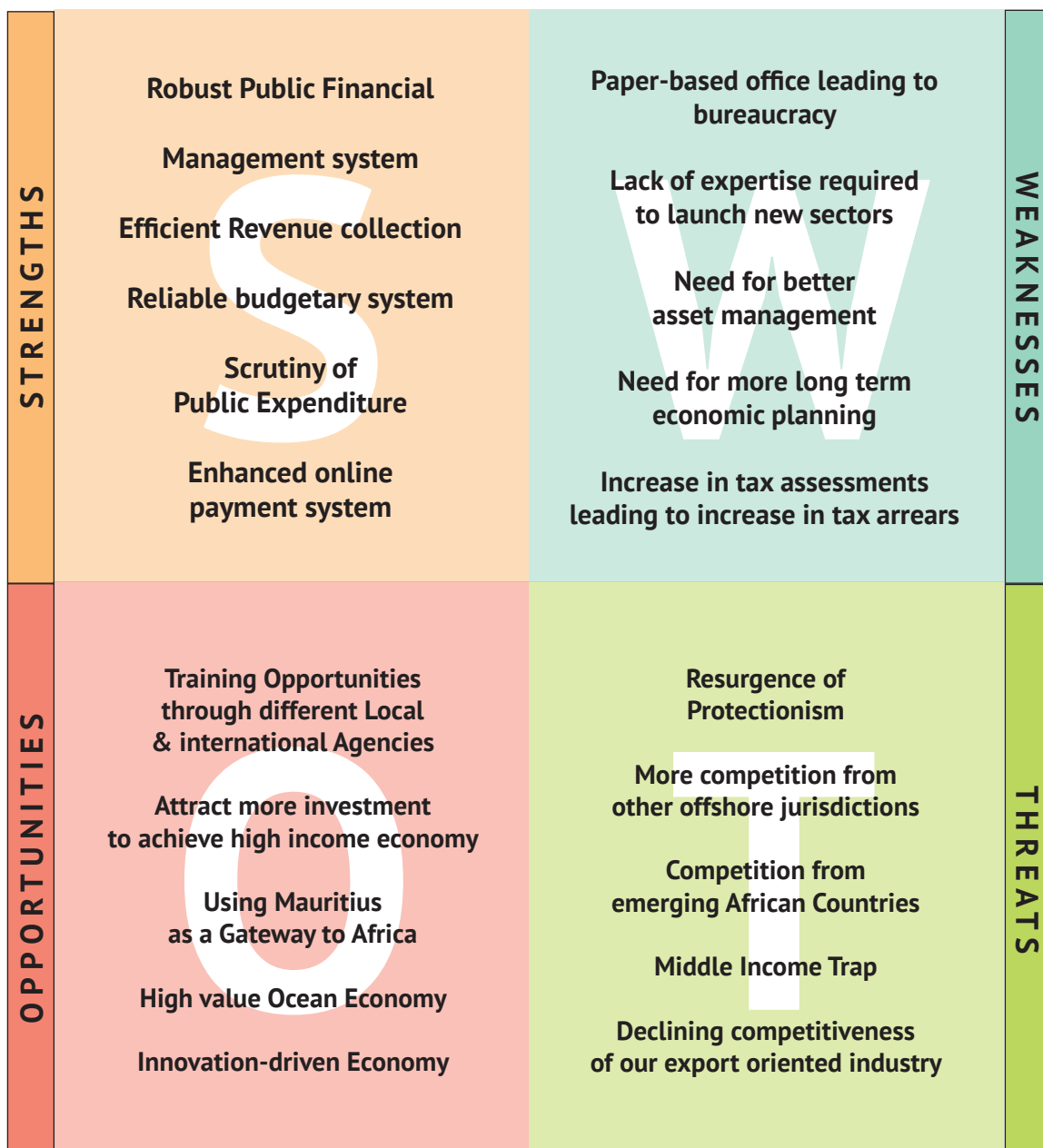


Figure 4.1: SWOT Analysis of MOFED

Strategic Direction

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

Steer the economy to a higher plane of development

Develop new pillars to achieve an average growth rate of 4.3 percent over the next three years

Maintain macro-economic stability and sound public finances

- Keep public sector debt at sustainable levels.
- Modernise the key infrastructure of the country.
- Further strengthen other debt-related parameters on affordability, solvency and liquidity.

Raise private investment

- Economic Development Board (EDB) to improve investment climate and attract more FDI in productive activities.
- Step up trade facilitation at the level of Mauritius Revenue Authority Customs without compromising on border control and society protection.

Improve tax system

- Ensure a fair, simple and transparent tax system.
- Ease tax payer's compliance through the use of information technology.
- Improve tax payer's services through effective use of social media and e-services.

Modernise public financial management to improve transparency and accountability

- Implement accrual-based accounting framework consistent with International Public Sector Accounting Standards (IPSAS) in the public sector.
- Strengthen public procurement policy and process.
- Payment by the Direct Debit System is being developed to enable online payment by professionals to Registrar-General's Department through the Mauritius e-Registry Project.

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Key Responsibilities of the Departments falling under the purview of MOFED

Treasury

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

Registrar-General's Department

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

Valuation Department

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

Corporates and Business Registration Department

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

Statistics Mauritius

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

Procurement Policy Office

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

Central Procurement Board

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

Independent Review Panel

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

Assessment Review Committee

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

Key Responsibilities of the statutory bodies falling under MOFED

Mauritius Revenue Authority

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

Sugar Insurance Fund Board

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

Employees Welfare Fund

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

Civil Service Family Protection Scheme Board

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

Mauritius Ex-Services Trust Fund

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

Statistics Board

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

Status of Measures Announced in the Budget 2017-18

Measures Announced	Status
Fostering higher growth for more and better job	
Establishment of an Economic Development Board (EDB) to ensure greater coherence and effectiveness in implementing policies and actions.	Board constituted in Nov 2017. EDB operational as from Jan 2018.
Inauguration of Special Economic Zone in Senegal.	
	The first operators are setting up in the zone in December 2017
SEZ in Ivory Coast: Mauritian enterprises to undertake development projects in the “Zone Franche de la Biotechnologie et des Technologies de l'Information et de la Communication”.	
	Signature of lease agreement between investors and VITIB made during Visit of PM in Cote D'Ivoire in December 2017.
Major tax reform for domestic enterprises to expand their export capacity: Profits from exports of goods will be taxed at the lower rate of 3 per cent, instead of 15 per cent.	
	Amendment through Finance Act 2017. Effective 01 Jul 2017.
Companies will be allowed to claim a double deduction in respect of qualifying expenditure on R&D (until income year 2021-2022).	
Allowing accelerated depreciation of 50 per cent per annum, in respect of capital expenditure incurred on R&D.	Amendment through Finance Act 2017. Regulations approved on 14.02.18.

Status of Measures Announced in the Budget 2017-18

Measures Announced	Status
Introduction of an Innovator Occupation Permit for innovative start-ups (with a minimum operational expenditure of 20 per cent for R&D purposes).	
Plan approvals from CEB, CWA or the WMA will no longer be required when applying for a Building and Land Use Permit in well networked and serviced zones as well as in morcellements.	
High tech machines and equipment brought by an investor from abroad will now be considered as part of the minimum investment of USD 100,000 required to obtain an Occupation Permit.	
Introduction of an 8-year income tax holiday for new companies engaged in the manufacturing of pharmaceutical products, medical devices and high tech products.	
Innovation Box Regime for Intellectual Property assets developed in Mauritius: New companies will benefit from a tax holiday of 8 years on income derived from the totality of Intellectual Property Assets.	Amendment through Finance Act 2017. Effective on 24 July 2017.
Elimination of the Registration Duty and Land Transfer Tax on the transfer of immovable property for the setting up of a business for high-tech manufacturing.	
Waiving of the registration duty payable on leases of agricultural lands of up to 10 hectares.	
Amendment to the Companies Act 2001 to allow for Islamic Financial Institutions and Islamic Banks to adopt accounting standards issued by the Accounting and Auditing Organisation for Islamic Financial institution.	
The minimum capital requirement of banks will be raised from Rs 200 million to Rs 400 million. Existing banks will be given two years to adjust their capital to the new level.	
Financing facilities to be made available under LEMS for the replacement of such vehicles (old lorries).	Measure effective as from 20 October 2017.

Status of Measures Announced in the Budget 2017-18

Measures Announced	Status
Excise duty exemption to tea growers on the purchase of a single/double space cabin vehicle.	Amendment through Finance Act 2017. Eligibility criteria approved by Minister of Finance on 18 Aug 2017 and effective as from that date. Jul 2017 to Feb 2018: No. of beneficiaries is 1 and amount exempted is Rs 152,609.
VAT Refund on specified equipment and tools used in tea cultivation.	Amendment through Finance Act 2017. Effective on 24 Jul 2017. Jul 2017 to Feb 2018: No of beneficiaries is 1 and amount of VAT refunded is Rs 16,137.
DBM will provide loans to assist planters whose crops are damaged by climatic conditions, pests and diseases.	Effective as from 3 July 2017. As at end Feb 2018, loans provided to 188 planters affected by climatic conditions (for Rs 14.7M)
Removal of customs duty on all animal feed, except for poultry and pets.	Effective as from 09 Jun 2017 Imports of animal feed in kg has decreased by almost 50% for period Jul 17 to Feb 18 compared to last year.
Pig Sector Restructuring Programme: For hardship cases, DBM will write off outstanding balances on loans. For other cases, the loan repayment period will be extended for another year.	Effective as from 3 July 2017.
Extending the same facility to all planters, other breeders and to fishermen who have contracted start-up loans prior to July 2012.	
Inclusion of another 25 equipment in the list of equipment under the VAT refund scheme for planters, breeders, bee keepers, fishermen and bakers.	Amendment through Finance Act 2017. Number of applications for VAT refund - 6 and amount of VAT refunded - Rs 238,478 (for Jul 2017 to Feb 2018).
Land will be earmarked at Côte D'or City in Highlands for the construction of a 'Palais des Arts et de la Culture'.	5 Arpents have been earmarked in the Cote D'Or City Master Plan for the Palais des Arts et de la Culture' project.
The film rebate scheme will be modified to promote local productions and will be extended to other activities such as production of TV serials and film dubbing.	Regulations published in Government Gazette of 2 September 2017. Modified scheme effective on 2 September 2017.

Status of Measures Announced in the Budget 2017-18

Measures Announced	Status
Introduction of an Export Financing Facility to assist manufacturing enterprises in the SME and cooperative sectors.	The Scheme is operational as from 15 Jan 2018.
Provision of equity financing in projects by local SMEs through the SME Venture Capital Fund.	Effective as from March 2017.
DBM will provide finance to SMEs at the interest rate of 6 percent. In addition, the interest rate on its loans to micro enterprises is being brought down from 6 to 3 percent.	Effective as from 3 July 2017 Aug 16 to Aug 18: 1,122 sanctions for an amount of Rs147.7M Micro- Credit scheme (Max Rs 250,000): 262 cases for Rs 19.22 m (O/w Micro Credit new @ 3%) - 11 cases for Rs 0.92 M and (SME Financing max Rs 3 M)- 2 cases for Rs 1.1 m
Investing massively in the infrastructure of the future	
Businesses will be able to deduct the investment in solar energy units from their taxable income	Amendment through Finance Act 2017. Regulations approved on 14 Feb 2018.
All interest income from debentures issued to finance renewable energy projects and which are approved by the MRA will be exempted from tax.	Amendment through Finance Act 2017. Effective 01 Jul 2017.
Further improving the quality of life of our people	
Special loan scheme from the DBM to socio cultural organisations for extension and renovation of their buildings.	Effective as from 3 July 2017.
Trade Union Confederations will be exempted from customs duty on the purchase of a 15-seater motor vehicle.	Amendment through Finance Act 2017.
Increase in the rates of excise duty :- 5 percent for beer and other alcoholic products 10 percent for tobacco products.	Effective on 09 Jun 2017 Inc. in consumption of beer (9%), dec. in consumption of other alcoholic products (2.5%) & dec. in imports of cigarettes (3.5%) (based on data as at end Feb 18)
Removal of VAT on sanitary pads.	Effective on 09 Jun 2017 For Jul 17 to Feb 18, a reduction of 25% in imports noted compared to last year

Status of Measures Announced in the Budget 2017-18

Measures Announced	Status
Ushering in a New Social Paradigm	
Introduction of the negative income tax system to provide financial support of up to Rs 1,000 per month to employees in full time employment and earning less than Rs 9,900 per month. The support will be paid on a quarterly basis.	Proclamation of relevant sections of Finance Act gazette on 7 Oct. 2017. Negative Income tax allowance paid to some 31,000 employees (MRA Communique of 26 March 2018).
Introduction of a solidarity levy on high income earners whereby individuals having chargeable income plus dividends in excess of Rs 3.5 million will be required to pay 5 per cent of the excess.	
Increase in income exemption thresholds by:- <ul style="list-style-type: none"> • Rs 5,000 for tax payers having no dependent or one dependent; • Rs 10,000 for those having 2 dependents; and • Rs 15,000 for those having 3 dependents 	
Introduction of a new category of income exemption threshold for persons having 4 or more dependents. They will be entitled to an increase of Rs 45,000 in their income exemption threshold.	Amendment through Finance Act 2017.
Raising the maximum allowable deduction for medical insurance premiums for income tax purposes, as follows: <ol style="list-style-type: none"> i. From Rs 12,000 to Rs 15,000 in respect of the tax payer; ii. From Rs 12,000 to Rs 15,000 in respect of the first dependent; iii. From Rs Rs 6,000 to Rs 10,000 for each of two additional dependents. 	Effective 01 Jul 2017.
Introduction of a new deduction for taxpayers who employ household workers, subject to a maximum deduction of Rs 30,000.	
The financial assistance provided under the National Pensions Act to disabled persons is being exempted from income tax.	

Status of Measures Announced in the Budget 2017-18

Measures Announced	Status
Currently, commercial banks grant credit facilities up to 90 per cent of residential property for loans of less than Rs 5 million. The Bank of Mauritius has agreed to consider favourably removing the limit of 90% (especially for first time buyers)	Amendments made to BoM's Guideline on the Computation of Loan to Value Ratio for Residential and Commercial Property Loans with effect from 4 July 2017.
Public sector reforms	
Amendment to the Public Procurement Act to allow a Public Body, in a bidding exercise, to exclude bidders whose performance in previous public contract has shown deficiencies.	Amendment through Finance Act 2017. Effective on 24 Jul 2017.
Consolidating macro-economic fundamentals	
Amendment to the Public Debt Management Act to establish the gross debt rather than the net debt as the public sector debt ceiling.	Amendment through Finance Act 2017. Effective on 24 July 2017.
Measures yet to be Announced	
Fostering higher growth for more and better job	
Establishment of a Business and Investment Platform for Africa (BIPA).	
BOI will carry out a business process reengineering on more than 125 licenses and permits where some 14 Ministries are involved.	
Reform of the tax regime for global business companies so that it evolves and meets the new international requirements.	
The private sector will develop the Art Zone at the Granary to give local artists an outlet for marketing their work.	
Investing massively in the infrastructure of the future	
Côte D'or City at Highlands: Construction of two administrative towers for government offices (Ph 1), & commercial, business and residential spaces, as well as leisure facilities (Ph 2).	
Preparation of an Urban and Rural Regeneration Master Plan: Upgrading of the Ébène Cybercity into a mixed-use town model.	
Investment of some Rs 4.4 Bn over next 3 years at Riche Terre Business and Industrial Park.	
Ushering in a New Social Paradigm	
Equipping MRA customs with modern and sophisticated tools (scanners, interceptor boats, sniffer dogs, drones as well CCTV cameras).	
Public sector reforms	
Establishment of the Mauritius National Investment Authority to invest, locally and globally, the surplus funds of the NPF and NSF. This new Investment Authority will also invest the funds of other public sector bodies.	
Consolidating macro-economic fundamentals	
All revenues and expenses of the Build Mauritius Fund and the National Resilience Fund will be consolidated in the National Budget.	

