

## ORAL ANSWER TO QUESTION

### ROCHES NOIRES MEGA PROJECT

**The Leader of the Opposition (Mr P. Bérenger)** (*by Private Notice*) asked the Minister of Finance and Economic Development whether, in regard to the Roches Noires Mega Project referred to in the 2015-16 Budget Speech, he will, for the benefit of the House, obtain and give details thereof, indicating –

- (a) if an Environment Impact Assessment Licence and an Integrated Resort Scheme certificate have been delivered therefor;
- (b) the name of the owner and promoter thereof, indicating if he has been delivered with -
  - (i) an authorisation to purchase the land concerned therewith; and
  - (ii) registration as an investor, and
- (c) if the Department of Civil Aviation and the Prime Minister's Office have objected thereto.

**The Minister of Finance and Economic Development (Mr V. Lutchmeenaraidoo):** Madam Speaker, on 15 September 2005, the Board of Investment received an application from Roches Noires Resorts and Residence Ltd for an IRS Certificate for an integrated development, comprising of two hotels, a golf course, chalets, marina and golf villas, and a business park on freehold land of an extent of 352 Hectares at Roches Noires.

The application was submitted on behalf of the Élan Group, a South African enterprise which had developed several integrated property development projects in South Africa.

The promoter proposed to acquire the plot of land from the local owners, Grand Lake Ltd, represented by the Fon Sing Group.

After all Ministries concerned had examined the project, a Letter of Comfort was issued on 06 December 2005 to the promoter, in line with the then established procedures at the Board of Investment (BOI). The purpose of the Letter of Comfort was to enable the

promoters to commit funds to finalise the detailed Master Plan of the project and submit technical details to enable BOI to issue an Investment Certificate under the Integrated Resort Scheme.

On 09 October 2006, BOI was informed by Élan Group that Élan Group had withdrawn from the proposed IRS project and that the new promoters were a consortium led by Jean Marie Bain.

On 30 April 2007, BOI issued a Letter of Intent to Roches Noires Resorts and Residence Ltd based on a new Master Plan which included a marina.

Concerning part (a) of the question, the Ministry of Environment issued, on 30 May 2007, an EIA License for the project. An IRS certificate was issued on 13 November 2007.

As regards part (b) of the question, the land of 352 Hectares was originally owned by Grand Lake Ltd, whose main shareholder was the Fon Sing Group. Two other small adjoining plots of 4.22 Hectares belonging to Société Yajna and 0.7 Hectare belonging to Mr S. Ghurburrun, were subsequently purchased and integrated in the project. So, the total extent of land for the project amounted to 358 Hectares.

The main promoters consist of a consortium led by Mr Jean Marie Bain with Cassiopee (Ile Maurice) Ltée as main shareholder.

Concerning part (b) (i) of the question, on 30 October 2007, under the Non-Citizens (Property Restriction) Act, the BOI issued an authorisation to the IRS Company allowing it to acquire the 358 Hectares of land at Roches Noires.

As regards part (b) (ii) of the question, the BOI had issued to Roches Noires Resorts and Residence Ltd, a Registration Certificate as investor on 30 October 2007.

Madam Speaker, the IRS Company informed the BOI on 11 February 2010 - three years later - that it could not raise finance and service its loans due to financial difficulties and asked permission to sell 90 Hectares, from the 358 Hectares acquired in 2007, to local investors who want to carry out a residential *morcellement*. The Board of Investment rejected the request.

On 03 May 2010, Barclays Bank, holder of various fixed/floating charges on the assets of the IRS Company appointed Pricewaterhouse Coopers Ltd as Administrator of the IRS Company.

Messrs Bonieux and Lutchmun were appointed in March and April 2011, as 'Receivers and Managers' of Roches Noires Resort and Residence Ltd.

On 05 April 2012, the Board of Investment revoked the IRS certificate it had issued to the Company.

Following a bid exercise the receiver-manager received a pre-sale agreement of the property with the YIHE Group from China on 04 September 2012.

The YIHE Group, established in 1992, has been involved in the development and operation of large scale master planned communities, luxury residential projects, hotels and property management and education industry in China. The company had invested in some 40 projects in 7 major cities across China.

It has also property development projects in Sydney in Australia, and Boston and Los Angeles in the USA.

The YIHE Group incorporated the Island Summer Palace Ltd in Mauritius and submitted a business plan in respect of an IRS Certificate on 01 March 2013.

The project is planned to be implemented in three phases.

Phase 1 includes: A hotel and leisure zone, a commercial zone, a business zone, a convention centre and a waterfront residential area.

Phase 2 includes: a golf course, golf villas and a club house.

Phase 3 includes: low-rise residential units, a retirement village and an education hub.

The project will require investments of some MUR 44 billion.

I must inform the House that a delegation of the YIHE Group led by its Chairman, Mr He Jianliang arrived in Mauritius this morning to finalise discussions. We have proposed to the YIHE to go for a Smart City Concept rather than an IRS because we want to avoid the "Rich Ghetto" concept linked to IRS and RES.

Concerning the environment aspects, of the 358 Hectares involved in the project, the wetlands and the barchois will be kept in their current state of natural habitat. Those account for some 100 Hectares of land. There will be no construction on those land areas and all the endemic trees and plants will be preserved and new endemic plants will be grown. I have explained this issue of environment because there are objections and, rightly so, as to the non-protection of the environment there. Therefore, we have seen to it that the whole ecology and environment of this place be preserved totally.

As regards part (c) of the question, on 29 May 2013, *les choses se gâtent* the Department of Civil Aviation informed the Board of Investment, that the proposed site falls within the area for the second runway and as such construction should not be allowed in the event of implementation of the northern airport project.

This was clearly a pretext found by the former Government to stop this huge project, *et les mauvaises langues prétendent que le campement de l'ancien Premier ministre qui est juste en face et c'est la raison réelle qui avait motivé, donc*, the interdiction to go ahead with the project.

So, quite recently, this year, following – following a Cabinet Paper, we went to Cabinet – Cabinet discussions, the Department has reviewed its decision as no second runway is envisaged on this plot of land.

So, Madam Speaker, this project dates back to 2005 and met with a lot of obstacles on its way. So, we are pleased to inform the House that we are on the point of finally kicking off the project with the delegation presently in Mauritius

**Mr Bérenger:** This was presented as something new, one of the Smart Cities and so on, and what we learn now is that it is an IRS project, known project, going back to 2007, but marketed as a new Smart City and so on, in the Budget Speech. Can I ask the hon. Minister of Finance and Economic Development, am I right in saying that an EIA certificate was granted to the owners at that point in time in May 2007 and an IRS certificate in November 2007? Am I right in saying that, in fact, the EIA certificate has lapsed and whether a new request has been put in and now, we have learned today that the IRS certificate has been revoked? So, can we know where matters stand as far as both are concerned, the EIA certificate and the IRS certificate?

**Mr Lutchmeenaraidoo:** As far as I know, both have lapsed. In fact, the question of IRS, Madam Speaker, we are not playing on words. Experience with IRS, up to now, has shown us that we have turned the country into areas, what I call real rich men's ghetto - ghetto for the rich - in the sense that those areas are fenced and reserved for a small class of people. We feel, in Government, that this type of approach to development is the wrong one because we are isolating from the country, large groups of people who are buying inside those IRS, and this explains the decision why we have decided to review the whole IRS concept and RIA concept also and come forward with new proposals which will make those projects more integrated in the social environment whereby if there is an IRS or RIA or anything, that people who are inside are not in boxes, first condition, and second, that the whole population should be in a position to buy, reside and live in those areas also. I think it is a beautiful concept, but we are coming out with it in one month - less than one month. The BOI presently is working on a new version of IRS which will be more integrated in the *paysage*, in the social environment and more integrated for a country that is multiracial and willing to live with others freely. That's the IRS and RES.

On the question of Smart Cities, this is a concept which is different. The concept is much bigger, much larger and we are here dealing with the development on 800 acres of land which is huge. So, we have not yet convinced the investors. I have met them this morning, the hon. Prime Minister met them this afternoon, we have not yet convinced them that the project should be converted into a Smart City, but they have agreed, in principle, to go for it. In which case, I would be very happy because then we are going to have a major development in Roches Noires which, accidentally, is my Constituency also and that of the hon. Prime Minister.

So, as far as I know, the EIA licence has lapsed, I asked my officer at the back to confirm and, as far as I know also, the IRS certificate also issued in 2007 has lapsed also.

**Mr Bérenger:** Yesterday, we learnt that discussions are still ongoing with Jin Fei to get that thing going. In principle, agreement has been obtained and today, we hear that, in principle, agreement has been obtained from the YIHE Group of companies. So, these two projects, amongst others, were announced when nothing is finalised yet.

In this case, can the hon. Minister also confirm that - we are talking about a project that goes back to 2005 and 2007; an IRS project, in fact, the whole thing went into receivership, as he has said, as from 2011 and the Chinese promoter, the YIHE Group, has

come in for an IRS project? Now, he is being asked to change to a Smart City Project. Will the hon. Minister confirm that, in fact, more than Rs1.5 billion are owned by the owners in bankruptcy, to two banks in Mauritius and what is going to happen as far as this new YIHE Group investor is concerned?

**Mr Lutchmeenaraidoo:** Yes. Well, I am sure the hon. Leader of the Opposition would love to know that I received a letter this morning that following the reception and dinner of last night, that the Jin Fei group has agreed to our request and the hon. Prime Minister made it through. In fact, Jin Fei has agreed that the 75 acres of land that they will keep will be under the lease agreement and will not be sold. This is very important. So, the plot of land will not be sold. Second, the 425 acres of land will be returned to the Ministry of Housing and Lands.

I just want the House to note that those 425 acres are fully equipped land with roads, electricity, phone and I would value them at a minimum of Rs5 billion. So, I must say that we have made an incredible - re-established justice where there was injustice for the small planters - and second, we restituted back to the country, 425 acres of fully equipped land worth at least Rs5 billion. So, this is good news for the country and I am happy that it went through.

As for the second aspect of the question, if we can, naturally approve a new IRS for the group but, as I say, then we run the risk of having 800 acres of closed development reserved for the favoured few. I don't want this. We don't want this. We want a development where the whole nation will participate and where people can also buy - Mauritians and non-resident Mauritians also. So, it is in the interest, I think, of one nation country that we go for development which is more integrated.

I appreciate that this might take some time. It will take some time, but I have already this morning, the agreement, in principle, from the YIHE Group that they are agreeable to change their IRS to a full-fledged small Smart City. This is what they agreed to this morning. We are still under discussions and third, the hon. Leader of the Opposition put the question of the bankruptcy. PricewaterhouseCoopers, therefore, is the company that has taken over the lead. I need to say also that the one who went bankrupt, Mr Bain, has gone to Court three times objecting to the fact that this plot of land be taken over by the Chinese group. We put a condition this morning with the group that they will have to bear the full cost of any indemnity that might come out of a Court judgement established by Mr Bain in the process.

So, we are now at a stage where Mr Bain might go to Court again, but where the promoter has accepted to take the full responsibility of whatever the outcome. So, I am covered at this level. We are covered also for the approval, in principle, of the Smart City to replace the IRS Project, and I think that things will move quite fast. That's my feeling today.

**Mr Bérenger:** Madam Speaker, discussions are still on to change the requests from Government to change from an IRS project to a Smart City project and now we hear that there are plenty of trouble in Court. Can I know from the hon. Minister - this is a thing that goes back to 2005-2007 - when does he expect the project in one form or the other to start and to be completed?

**Mr Lutchmeenaraidoo:** Madam Speaker, I am no magician. This project has been delayed since the Labour Government came to power in 2005. They have taken nine years and have done nothing, and I am being asked to give a date when the project will be completed. It will be completed as soon as possible.

**Mr Bérenger:** Even start, the hon. Minister can't say! Can I ask the hon. Minister not to get me wrong! I am not pushing for an IRS project, I am just pointing out that in the Budget Speech this was presented as a Smart City project, new project, whereas it goes back to 2005-2007, bankrupt as an IRS project. I am not pushing for an IRS project or whatever. Can I ask the hon. Minister whether he understands that I don't hold a brief on behalf of those people?

**Mr Lutchmeenaraidoo:** I fully understand the *soucis* of the hon. Leader of the Opposition. It is just that we are pushing through projects which have been sleeping in the drawers of the former Prime Minister. This is what has been happening. We are not inventing, reinventing nothing and we have promised no miracle. We are just saying that those files have been kept in drawers in the PM's office against the development of the country. You know, this project was going through in 2013. There was nothing to stop it. Then, suddenly the PMO said, "No, we have to stop the project because there is going to be – what - an airport there". We all know that there will be no airport in the North. Then they said: "No, there will be a second airstrip that will be completed further down once the airport is constructed". Then, as I told the hon. Leader of the Opposition, the information leaking out - *les mauvaises langues peut-être* - is that the only reason why the project was rejected was because the *campement* of the former Prime Minister was just opposite. We stopped the project, a development of 800 acres on the *caprices d'un Premier ministre*. This is what we

have been doing. The number of projects which have been stopped like this is incredible. Yesterday, Jin Fei - people now take it for granted that we have worked through and retrieved 425 acres. That's easy to say. Who did it? We did it! We worked it through. We negotiated. We pinched them. There was arm-twisting also, and we did it because we had to decide. Yesterday, we had two meetings because there are two major projects now: one is at Médine which has been stopped because of secondary reasons - no real big reasons. First, is the education hub and the hon. Minister of Education yesterday took the decision personally to remove any obstruction at that level. Second, there was *un rail*, the old railway system that went through the project and the project was stopped because of this. The Médine project which is a multi-billion project was stopped because one silly officer thought that this road track is *le patrimoine national*. Would you believe it? It is incredible what we have been doing in this country for the past years. Yesterday, my colleague, the hon. Vice Prime Minister and Minister of Housing and Lands, had to intervene personally to ensure that Médine compensates the Government for this railway track, but does not stop development because there is a railway track there. We have been proceeding like this since we have taken over in December. People might think this is easy. We are implementing projects which have been kept in drawers for long. There are also other new projects which are developing and we are working on them, but I need to reassure the hon. Leader of the Opposition that we are wasting no stone unturned to tell civil servants that they are not there to say no. Civil servants are there because they have to find solutions to problems. I told them yesterday and the day before also that I am not chairing a committee to listen to civil servants coming to the committee saying: 'we can't do this because of that'. I said: "No. My question is this: you are paid from public funds to find solutions, not to come to me and say there are problems". This is our approach presently. This is the approach which is paying because those same officers now are returning back to their desk, are taking the same files and are okaying those files. I don't want to make any imputation or any insinuation, but a lot of money has been stopping those projects in the past. Lot of bad money! Whether it concerns Jin Fei or whether projects are blocked - I come and say: why have they blocked those projects? - waiting for money before implementing or approving! I put the question because we are here trying to practise transparency. We are here for that. Sorry, I have taken some more time, Madam Speaker. I wish to apologise. I think that this need to be taken within the global approach that we are having now, that we are just opening up old files and getting them new again.

**Mr Bérenger:** The hon. Minister has made a very serious allegation that, in fact, the Civil Aviation, which, in those days, was under the Prime Minister's Office, has objected because the previous Government used that as a pretext to stop the project whereas we know, right or wrong, that long-term the Civil Aviation has been arguing for years that we should keep that site in case there is need in five, ten, twenty, twenty five years for a second airport. Now, the hon. Minister is saying that this was a pretext. I repeat the Civil Aviation was under the Prime Minister's Office. Can I know who was the Director of Civil Aviation when supposedly he came with that kind of pretext? Who is the Director of Civil Aviation now?

**Mr Lutchmeenaraidoo:** That's a good question to which I don't have the answer. I will just ask my officers.

*(Interruptions)*

No, I don't have the answer. But for the airport, maybe the hon. Leader of the Opposition would wish to know whether this development will stop a new airport project. No! It is only a projected second airstrip further down the road, once the airport is constructed, that goes on this plot of land. So, even by approving that probably the second airstrip is being sacrificed, the plot reserved for the main airport has been kept.

**Mr Bérenger:** Can I know, therefore, if there is disagreement on that, there is a very serious allegation that it was a pretext from the previous Government and that now the Director of the Civil Aviation has revoked that decision taken by I don't know whom. If taken, can I put in a request that the correspondence between the Civil Aviation and whoever – Board of Investment or what have you - be laid on the Table of the Assembly as to when the objection was raised and when the objection has been lifted?

**Mr Lutchmeenaraidoo:** That's a question to which I can't reply as Minister of Finance, but if the hon. Leader of Opposition come with a formal question, I am sure that the hon. Minister concerned with the Civil Aviation will give the reply. Let me just add one thing. I must say one thing that the same officers who have been resisting those former files from those major projects are the same ones approving them today. I have to admit it, whether it be the Ministry of Environment, the Ministry of Housing, the officers have not changed. We have changed them. This is the difference. We have changed them into being more proactive and taking decisions. Therefore, I would not impute motives on the former

Director of Civil Aviation. I don't know who he is or who is the new one, but if the question needs to be answered, I would ask.

*(Interruptions)*

Yes, but I don't have the reply. The hon. Leader of the Opposition can ask a substantive question.

*(Interruptions)*

It is a secondary at the same time. I would say that, in all the Departments we are working with, our civil servants have been traumatised under intense pressure and that we are now using the same officers, speaking to the same officers and we are encouraging them to change their views on life and they are changing. I am happy with it.

**Mr Bérenger:** That is certainly a pretext, telling me that I need to put a formal question. When the question is put now, first, to give us a copy of the correspondence and secondly, to tell us who was Director of Civil Aviation when the objection was put and who is now that the objection has been raised supposedly?

My last question, Madam Speaker, will be - I do not think there are others - can we have any kind of time frame; can we know when we will have an answer from the YIHE Group from Guangzhou; do we have any indication when they will provide with an answer to the request from Government that we drop the IRS Project and that they should come forward with the so-called Smart City Project?

**Mr Lutchmeenaraidoo:** Well, it might take some time, but then, for a project of this magnitude, we are speaking of Rs44 billion of investment, I would not mind waiting for two or three weeks or even more. The issue is that, do we want Roches Noires to become an IRS or do we want Roches Noires to become a Smart City? I am convinced that Roches Noires is much better equipped to become, for the north of the island, a Smart City.

**Madam Speaker:** Time is over!