



SIXTH NATIONAL ASSEMBLY

PARLIAMENTARY

DEBATES

(HANSARD)

FIRST SESSION

MONDAY 23 MARCH 2015

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BILLS (*Public*)

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BUDGET SPEECH

ADJOURNMENT

Members

Members

THE CABINET**(Formed by the Rt. Hon. Sir Anerood Jugnauth, GCSK, KCMG, QC)**

Hon. Sir Anerood Jugnauth, GCSK, KCMG, QC	Prime Minister, Minister of Defence, Home Affairs, Minister for Rodrigues and National Development Unit
Hon. Charles Gaëtan Xavier-Luc Duval, GCSK	Deputy Prime Minister, Minister of Tourism and External Communications
Hon. Showkutally Soodhun, GCSK	Vice-Prime Minister, Minister of Housing and Lands
Hon. Ivan Leslie Collendavelloo, GCSK	Vice-Prime Minister, Minister of Energy and Public Utilities
Hon. Seetanah Lutchmeenaraidoo, GCSK	Minister of Finance and Economic Development
Hon. Pravind Kumar Jugnauth	Minister of Technology, Communication and Innovation
Hon. Yogida Sawmynaden	Minister of Youth and Sports
Hon. Nandcoomar Bodha	Minister of Public Infrastructure and Land Transport
Hon. Mrs Leela Devi Dookun-Luchoomun	Minister of Education and Human Resources, Tertiary Education and Scientific Research
Hon. Anil Kumarsingh Gayan	Minister of Health and Quality of Life
Dr. the Hon. Mohammad Anwar Husnoo	Minister of Local Government
Hon. Prithvirajsing Roopun	Minister of Social Integration and Economic Empowerment
Hon. Marie Joseph Noël Etienne Ghislain Sinatambou	Minister of Foreign Affairs, Regional Integration and International Trade
Hon. Ravi Yerrigadoo	Attorney General
Hon. Mahen Kumar Seeruttun	Minister of Agro-Industry and Food Security
Hon. Santaram Baboo	Minister of Arts and Culture
Hon. Ashit Kumar Gungah	Minister of Industry, Commerce and Consumer Protection
Hon. Mrs Marie-Aurore Marie-Joyce Perraud	Minister of Gender Equality, Child Development and Family Welfare
Hon. Sudarshan Bhadain	Minister of Financial Services, Good Governance and Institutional Reforms

Hon. Soomilduth Bholah	Minister of Business, Enterprise and Cooperatives
Hon. Mrs Fazila Jeewa-Daureeawoo	Minister of Social Security, National Solidarity and Reform Institutions
Hon. Premdut Koonjoo	Minister of Ocean Economy, Marine Resources, Fisheries, Shipping and Outer Islands
Hon. Jayeshwur Raj Dayal, CSK, PDSM, QPM	Minister of Environment, Sustainable Development and Disaster and Beach Management
Hon. Marie Roland Alain Wong Yen Cheong, MSK	Minister of Civil Service and Administrative Reforms
Hon. Soodesh Satkam Callichurn	Minister of Labour, Industrial Relations, Employment and Training

PRINCIPAL OFFICERS AND OFFICIALS

Madam Speaker	Hanoomanjee, Hon. Mrs Santi Bai, GCSK
Deputy Speaker	Duval, Hon. Adrien Charles
Deputy Chairperson of Committees	Hurreeram, Hon. Mahendranuth Sharma
Clerk of the National Assembly	Lotun, Mrs Bibi Safeena
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Hansard Editor	Jankee, Mrs Chitra
Serjeant-at-Arms	Badal, Mr Ramesh

MAURITIUS

Sixth National Assembly

FIRST SESSION

Debate No. 13 of 2015

Sitting of 23 March 2015

The Assembly met in the Assembly House, Port Louis at 5.00 p.m.

The National Anthem was played

(Madam Speaker in the Chair)

PAPERS LAID

The Prime Minister: Madam Speaker, the Papers have been laid on the Table -

A. Prime Minister's Office –

Certificate of Urgency in respect of the following Bills (In Original) -

- (i) The Appropriation (2015) Bill (No. III of 2015); and
- (ii) The Appropriation (2015 – 2016) Bill (No. IV of 2015)

B. Ministry of Finance and Economic Development

- (a) Estimates for the period 6 months ending 30 June 2015
- (b) Estimates 2015 – 2016

MOTION

SUSPENSION OF S.O. 10(2)

The Prime Minister: Madam Speaker, I beg to move that all the business on today's Order Paper be exempted from the provisions of paragraph (2) of Standing Order 10.

The Deputy Prime Minister rose and seconded.

Question put and agreed to.

PUBLIC BILLS

First Reading

On motion made and seconded the following Bills were read a first time –

- (a) The Appropriation (2015) Bill (No. III of 2015)
- (b) The Appropriation (2015-2016) Bill (No. IV of 2015)

Second Reading

THE APPROPRIATION (2015) BILL

(NO. III OF 2015)

&

THE APPROPRIATION (2015-2016) BILL

(NO. IV OF 2015)

Order for Second Reading read.

BUDGET SPEECH

Mauritius at the Crossroad

The Minister of Finance and Economic Development (Mr S. Lutchmeenaraidoo):

Madam Speaker, I move that The Appropriation (2015) Bill (No. III of 2015) and the Appropriation (2015-2016) Bill (No. IV of 2015) be read a second time.

INTRODUCTION

Madam Speaker, at the outset I wish to place on record that I have had very fruitful meetings with various stakeholders during the recent Budget consultation exercise. I extend my thanks to all those who have participated, for their views and suggestions. Indeed, their contribution has been most helpful in today's Budget presentation.

2. The priorities and concerns voiced out by the stakeholders reflect very much the sentiments that have led to our crushing victory in the last election. The electorate gave us a clear mandate to clean up the mess and give our country a fresh start. *Vox Populi Vox Dei.*
3. In setting things right, it is essential that we have a clear vision of the future we want for our nation. It will not be enough to plan for the creation of greater national wealth. We also need to be concerned with better sharing. If we believe, as we should, that as a nation we are one, then we should put the principle of sharing at the very heart of our policies. A proper policy of national sharing is also crucial for maintaining social peace, a sine qua non condition for sustained economic growth. Therefore, greater sharing will underscore all the main policy decisions in this Budget.
4. Madam Speaker, before coming to the objectives of the Budget and to our policies for attaining those objectives, I wish first to explain the rationale behind the change in the budgeting approach - from a Programme Based Budgeting to Performance Based Budgeting. There was a consensus that the Programme Based Budgeting was bulky and

too complicated for legislative purposes and for the public. It made the appropriation process tedious and very often opaque. We are shifting to a more transparent, and simpler to understand Budgeting process.

5. Second, following the amendment to the Finance and Audit Act, I am presenting to the House two Budget estimates. The first one covers the six months from January to June 2015 and the second one covers the 12 months period from July to June 2016.
6. In line with our commitment to a policy of transparency, we are circulating a Supplement entitled "The Economic and Social Backdrop to Budget 2015/16 along with the Budget Speech. I am also circulating, with the Budget Speech, an Annex that gives more details on the measures of this Budget and outlines the main legislative changes being proposed.

II. ECONOMIC REVIEW

7. In regard to the domestic economy, we note that growth has continued to oscillate around an anaemic 3 per cent per annum for the last decade. Such a low growth rate cannot generate enough employment and improvement in living standards. At this sub-par rate we will soon be overtaken by other countries. In 2014, the unemployment rate stood at 7.8 per cent, with a high concentration of jobless among the youths and women. Here it is worth noting that in the latter part of the 1980s, it took a growth rate of around 6.5 per cent to achieve full employment.
8. The recent declining trend in the petroleum prices has helped to keep inflation subdued. But our external trade and current account deficits remain in a precarious state. We ended the year 2014 with a huge trade deficit of Rs76.8 billion, representing 19.9 per cent of GDP. And the current account showed a deficit of Rs39.6 billion, representing 10.3 per cent of GDP. Deficits of such magnitude, Madam Speaker, on our external accounts cannot be sustained and they will undermine macroeconomic fundamentals.
9. As regards the budget deficit for 2014, it came to 3.2 per cent of GDP, with total revenue and grants amounting to Rs79.7 billion and total expenditure of Rs92.2 billion.

10. Public sector debt for the purpose of the statutory debt ceiling, increased to 54.2 per cent of GDP by end 2014. When measured using IMF definition, it has reached an alarming level of 61 per cent.
11. For 2015/2016, we expect GDP growth to go up to 5.3 per cent and for 2016/2017 we are targeting a growth rate of 5.7 per cent. As I announce the policies and measures in this Budget, this House and the nation will better understand my optimism.
12. We also expect inflation to remain subdued and the unemployment rate to decline.
13. However, there are risks and uncertainties at the global level. Deflation is looming. Growth is fading. The outlook for the global economy is rather grim. Any major black swan event can and will play havoc in the world economy, and affect us negatively.

III. MAURITIUS AT THE CROSSROAD

14. Madam Speaker, I will now speak about the objectives of this Budget. Let me first of all draw the attention of the nation on some fundamental realities and questions that have cropped up in my mind.
15. Madam Speaker, I have not an iota of doubt that Mauritius is at a major crossroad. We are indeed at the crossroad. A no-policy-change and a business-as-usual approach will condemn the country to low anaemic growth, high unemployment and a bleak future.
16. Almost all the areas of our economy are at the crossroad. Decisions we take now, decisions we take in this Budget, will have a profound impact on the country's future, and will determine whether we will make it to the next level.
17. Similarly for social justice. We are at the crossroad. If we do not choose an alternative path, more and more families will be left outside the mainstream, poverty will keep on rising and income inequality will widen further.

18. Our environment and ecosystems are also at the crossroad. If we continue with business as usual, we will be perpetuating the decay of our environment and quality of life.
19. To make the hard choices and put our country on the right path ahead, we need to ask fundamental questions.
- Knowing that our society is at the crossroad, do we continue to be inward-looking in our action and insular in our mind-set, or do we go all out for a policy of opening our economy and country to the global system and foreign know-how?
 - Do we continue to witness the social ills that are wearing down the fabric of our society, or do we go all out for effectively dealing with them?
 - Our system for transparency and good governance is also at the crossroad. Do we stay with the present system characterised by opacity that breeds corruption or do we go all out for a cleansing that will inject more meritocracy, transparency, good governance in the management of public affairs?
 - Do we continue to accept the prevalence of so many pockets of poverty in our country or do we go, in a determined way, to resolve them and restore our credibility as a caring nation?
 - We are also at the crossroad in our economic and social policies. Do we limit our sight to the current generation or do we work and invest for future generations as well?
20. Madam Speaker, this Budget has been crafted on the basis of these questions, and also on the basis of other considerations that I will explain as we go along. That is why the four main objectives of this Budget are to -

First, steer the economy towards a path of high investment, and high employment.

Second, secure long term sustainable development for all.

Third, achieve greater equity and social justice for one and all.

And fourth, promote transparency and good governance in the management of public affairs.

IV. HIGH INVESTMENT AND HIGH EMPLOYMENT

21. Madam Speaker, let me now address the first objective of high investment and high employment.

‘Maurice: Un Vaste Chantier de Développement’

22. No economy can generate high growth without high investment levels. *‘Notre économie est dans une phase d’essoufflement.’* Our traditional sectors are experiencing low growth, low investment and therefore low employment creation - even shedding jobs. We need to go out of the box if we want to create jobs at a rapid pace. And this is what this Budget does, Madam Speaker.

The 13 Mega Projects

23. Our very first action is to unlock employment-rich mega-projects that will be spread across the country. Eight of these projects will be designed on the ‘Smart City’ concept that will bring about a total revolution in the way we live, work and play. The smart cities will be designed to -

- Be environment friendly
- Generate its own resources in terms of energy and water
- Provide for state-of-the-art connectivity
- Provide smart modern transportation

- And reduce traffic congestion across the island.
24. Madam Speaker, this is a legacy we will want to leave for our children and for their children.
25. These ‘ Smart City’ projects include
- i. The Omnicane airport city in the south-east.
 - ii. St Félix Village projects in the south.
 - iii. The Médine Integrated Park in the west.
 - iv. Roches Noires project in the north-east.
 - v. The Azuri Phase 2 project in the north.
 - vi. The Terra project in the north.
 - vii. The Highlands City project in the centre.
 - viii. The Richeterre Project in the vicinity of Port Louis.
 - ix. And 5 ‘*Technopoles*’ at Highlands, Rose Belle, Flacq, Rivière du Rempart and Bambous.
26. Madam Speaker, six of these projects are ready for implementation.
27. Altogether, the 13 megaprojects will drastically optimise the utilisation of some 7,000 arpents of land, mobilise some Rs120 billion rupees of much needed private and foreign direct investments, create thousands of jobs, and give a tremendous boost to the construction industry which has been contracting since 2011. In fact, Madam Speaker, our country will soon be ‘ *un vaste chantier de développement*’.

SMEs - 'Île Maurice Nation D'entrepreneurs' : The SME Bank

28. Madam Speaker, I now come to the most ambitious goal of this Government - making the SME sector the backbone of our economy.
29. Let me ask this question. Should we continue with business as usual and perpetuate an economic system that favours concentration of the public assets of our economy in the hands of only a few? Or do we empower more and more of our citizens to become entrepreneurs to have a wider participation and better sharing of the wealth we create as a nation?
30. Madam Speaker, here also we have come to the crossroad and we must choose the right course.
31. So far, we have only seen a piecemeal and fragmented approach to providing support to the SME sector. The outcomes have been far below expectations.
32. We need a more coherent strategy and scheme that provide meaningful support at all levels to young entrepreneurs; from conceptualisation of a project, to its realisation. It will cover support on financing, choice of production methods and technology, and marketing. To achieve this, I am proposing a comprehensive "One Stop Shop" approach to the SME sector.
33. First, I am launching the Small and Medium Enterprises Bank -that would be known very soon as the SME Bank - to provide seed capital to entrepreneurs without any need for personal guarantee. As I have said on several occasions, an amount of Rs10 billion will be made available to the Bank over the next five years, starting with a share capital of Rs200 million and a line of credit of Rs2 billion from Government for its first year of operation. The SME Bank will be located on the ground floor of SICOM Tower at Ebene.

34. Second, we are setting up a One-Stop-Shop which will provide under one roof, all the support, financing and information, as well as the delivery of all the permits and licenses that SMEs require to start and grow their businesses. This One Stop Shop, managed by SMEDA, will be located on the first three floors of the SICOM Tower at Ebene.
35. Third, to further facilitate the young entrepreneurs in their business ventures, access to working capital will be ensured by the State Bank of Mauritius which will have a dedicated desk in the SICOM Tower.
36. Fourth, SMEDA will operate on a fast track mechanism to ensure that all necessary permits and approvals needed to carry out business are delivered within the minimum time. In this context, the number of permits and licenses will be streamlined and reduced to the strict minimum.
37. Fifth, in line with the spirit of One Stop Shop, the New SMEDA will be empowered to collect Trade Fees on behalf of local authorities.
38. Sixth, - and this is a major fiscal incentive - SMEs registered under the Scheme will be exempted from the payment of corporate tax for a period of 8 years.
39. Seventh, Government is significantly increasing the industrial space for SMEs by creating 7 more SME Parks in addition to the 3 recent ones at Roche Bois, La Tour Koenig and Bambous.
40. Eighth, VAT registration threshold is being increased from Rs4 million to Rs6 million. This measure concerns all SMEs.
41. Ninth, the turnover threshold for submission of quarterly return under the Advance Payment System is being raised from Rs4 million to Rs10 million.

42. Tenth, the annual fee payable to the Registrar of Companies by a small private company with turnover not exceeding Rs10 million is being reduced from Rs2,500 to Rs500.
43. Madam Speaker, we are confident that our youth will boldly move in this sector of great future. In fact, Madam Speaker, this generous package of incentives will be further improved. I am inviting the youth of our country to motivate us to bring about further improvements.

Transforming the Port-Louis Harbour: From a Destination Port to a Regional Hub

44. Madam Speaker, after dealing with the forthcoming mega projects to put our country on the path of a modern smart Mauritius, - after introducing the ambitious SME “*Ile Maurice Nation d’Entrepreneurs*” project - our next endeavour for high investment-high employment is the transformation of the Port-Louis Harbour from a destination port to a regional hub.
45. I have indicated to the nation on several occasions, that there will be unprecedented high investments over the next five years in the port infrastructure. This project will connect Port-Louis to almost all the ports in the region and many more beyond our region. It will enable thousands of vessels to drop anchor in our harbour while supplying a wider variety of port and maritime services. Thus, the port will become a key contributor to the development of the ocean economy, creating vast opportunities for our SMEs, and thousands of new jobs for our labour force.
46. This ambitious project will entail developing the port on an area extending from *l’embouchure* of Grand River North West to Baie du Tombeau.
47. This single project has the potential of a double-digit contribution to GDP in the long-term. The sheer scale of that development warrants a well-thought-out strategy.

48. The Mauritius Ports Authority is therefore coming up with a new Masterplan focused on making the Port-Louis harbour a hub for bunkering, seafood, transshipment, cruise and petroleum.
49. The Masterplan will also include the development of a full-fledged marina.
50. Huge investments are already being made to expand the activities of the port, including extension of the berths at the Mauritius Container Terminal, refurbishment of three existing quays cranes, and development of the Island Container Terminal.
51. Offshore bunkering activities will start before the end of this year, while the storage facilities for onshore bunkering are being expanded significantly with the participation of international petroleum companies.

Restructuring the IRS/RES

52. Madam Speaker, let me come to the issue of IRS/RES as another contributor to our high investment- high employment objective. We believe that the IRS and RES schemes need to be reviewed in depth. We are deeply concerned with the adverse impact of IRS and RES projects on our society. While the two schemes have brought benefits we have also seen undesirable consequences. The most serious is that many of these projects, if not all, have become enclaves which constitute a serious risk to the very fabric of our society.
53. Government is therefore carrying out an in-depth analysis of the weaknesses and shortcomings of the IRS and RES. Our aim is to design a single scheme that would be centred on inclusive development, doing away with gated communities and providing for a wide range of living, employment and leisure opportunities to both locals and foreigners. New regulations under the Investment Promotion Act will then set out the parameters of the new scheme. New Planning Policy Guidelines will also come in force. The new package will be announced next month.

V. TRAINING AND HUMAN RESOURCE DEVELOPMENT

54. Madam Speaker, the mega projects as well as the development of the SME sector will require substantial appropriately trained labour force, especially at the technical and middle management level.
55. We have an education and training system that is not capable of producing such skills at the pace and quantum that the economy needs.
56. We are certainly at the crossroad for our education system also. Do we need to continue producing hundreds of '*Gradués Chômeurs*' every year, who have received training in fields where there is no outlet? Or do we want an education system that caters for the need of the new economy? We are in dire shortage of middle management and qualified skills.
57. So, we are engaging today in a new direction on this question of manpower training and development.
58. First, Government will use the three campuses presently under construction at Réduit, Montagne Blanche and Pamplémousses as follows -
- The Réduit campus will be used to house a Polytechnic which will offer courses in Middle Management, ICT and other ICT-related fields.
 - The Montagne Blanche campus will be reserved for a Polytechnic offering courses, mainly in Tourism, and Hotel Management, including cruise tourism.
 - The Pamplémousses campus will offer courses mainly in health care for nurses, technicians and trained personnel in the medical field, especially in the maintenance of sophisticated medical equipment.
59. Second, there are presently some 3000 '*gradués chômeurs*', whose training does not match market requirements. To improve their chances of getting a job, the University of

Mauritius and other qualified institutions will develop tailor-made crash courses in fields with high job prospects. Government will cover the fees of all those students, amounting to around Rs80,000 per student per year.

60. Third, the role and functions of the Mauritius Institute of Training and Development (MITD) will be reviewed to put a much greater emphasis on training plumbers, electricians, welders, masons, carpenters, and other technicians for which there will be increasing demand as the '*vaste chantier de développement*' unfolds.
61. Fourth, a '*Chambre des Métiers*' is being set up with a view to giving greater recognition to the skills and competencies of trade persons and other technicians. It will deliver '*cartes de compétences*' to its registered members.

VI. BUSINESS FACILITATION AND INVESTMENT CLIMATE

62. Madam Speaker, after dealing with investment, employment and training, let me now come to the issue of business facilitation. To generate the kind of investment that will generate a growth rate exceeding 5 per cent will require a conducive business environment, one that is free of cumbersome procedures, and that will allow the fast decision making process.
63. To this end, greater powers will be given to the Fast Track Committees at the Ministry of Finance to expedite the approval process and facilitate the implementation of major investment projects.
64. Second, we plan to abolish a total of 70 - yes 70 permits and licences that have become obsolete, and irrelevant.
65. Third, the renewal of some types of licences and permits annually will become automatic simply upon payment of fees, including through e-payment.

66. Fourth, operators will also be given the possibility for renewing their licences for a period of up to 3 years.
67. Fifth, operators in the tourism sector will be given the possibility of an omnibus permit for their various activities.
68. Sixth, Madam Speaker, an appropriate wage policy is an essential component of a favourable investment climate for attracting FDI. So, Government is carrying out a study of the labour market and the wage policy to bring it in line with the need to boost investment. Every worker and employee in our society must get his fair due in the development process.

VII. SECTORAL REVIEW

69. Madam Speaker, I will now announce our strategies to boost investment and employment in key traditional sectors of our economy.

Agro industry and fishing

70. First, small planters. As we know, small sugarcane planters, defined as those producing up to 60 tons of sugar, have been facing difficulties due to adverse market conditions for sugar. Indeed, the price per ton has dropped from Rs17,500 for crop 2012 to Rs12,400 for crop 2014. I am pleased to announce that the SIFB will give to those small planters a one-off compensation of Rs3,400 per ton of sugar for crop 2014, while the remaining categories will receive Rs2,000 per ton.
71. Second, DBM will waive all interests and penalties on loans of up to Rs100,000, to planters, fishermen and breeders, provided they pay back the outstanding capital amount within a period of 90 days.
72. Third, for pig breeders the arrears of interest and penalties will be waived on the loans advanced under the Pig Sector Restructuring Programme.

73. Fourth, the subsidy provided to animal feed, including for cows, will be doubled to Rs4 per kilo.
74. Fifth, concerning the fisheries sector, Government is creating vast new opportunities for fishermen to engage more and more in aquaculture through partnership with large operators.
75. I would like to come to bio-food. The quality of food we consume has a direct correlation with the health of the population. Yet, we have noticed a disturbing trend during the last decades. The food we consume is more and more contaminated with pesticides, insecticides, fungicides and other chemicals. Studies are confirming that a number of diseases are linked to this new consumption pattern. To deal with this issue we are launching an intensive campaign to sensitise the population on these risks and to shift to the consumption of bio-food.
76. To encourage the production of bio-food, we are introducing a “Bio Farming Development Certificate”. This will include a package of incentives among which will be, an 8-year tax holiday, and exemption from various taxes and duties on importation of bio-food inputs. Bio-farming will be one of the priority sectors under the SME scheme I have just announced. We have the ambition of producing no less than 50 per cent of our total local food production according to bio norms.
77. We must also ensure that food is distributed under right hygienic conditions. To this end, Government is investing some Rs370 million in a national wholesale vegetable market and Rs223 million in a modern slaughterhouse.

Manufacturing

78. I will now come, Madam Speaker, to manufacturing. Madam Speaker, the manufacturing sector is not being left to itself. An inter-ministerial committee has been set up to look into the issue of tariff protection for sensitive local industries especially against dumping practices.

79. To facilitate the modernisation programme, particularly in the textiles sector, the Accelerated Annual Allowances provisions in the Income Tax Act will be improved.
80. Furthermore, the Freight Rebate Scheme will be extended to other ports in Africa and open to all shipping lines.
81. We are providing Rs442 million in this Budget to the Ministry of Industry, Commerce and Consumer Protection to support the manufacturing sector as it gears up to meet the challenges of stiffer global competition.

Tourism

82. I will now come to the tourism sector. As regards the tourism sector, we are increasing in a big way the Budget for MTPA from Rs390 million to Rs560 million, an increase of Rs170 million.
83. Second, the MTPA will be restructured for greater flexibility and effectiveness to meet the objectives set for the tourism industry.
84. Third, Government is taking a more liberal approach to open air access.
85. Thus, starting October 2015 Austrian Airlines will operate one weekly flight to Mauritius.
86. And, as from December 2015, Lufthansa will operate two weekly flights to Mauritius.
87. Government will negotiate with airline companies for stopovers in Mauritius on the UK-Australia route.
88. Negotiations are also being engaged with other airlines to expand the air connectivity to Eastern Europe and Central Asia.

89. Fourth, the Budget also provides for a tourism sites embellishment programme and for raising the standards of operators in the industry.

Developing the ICT sector as a Key Driver of Development

90. I will now announce our policies to boost investment, growth and employment in the ICT/BPO sector.
91. First, as our ICT sector moves up the value chain, Mauritius will have a third international gateway through the installation of a new submarine cable. This will connect both Mauritius and Rodrigues to the rest of world.
92. Second, the whole island will have full broadband fibre connectivity within the next 3 years.
93. Third, to ensure an adequate pool of appropriately qualified personnel, the ICT Skills Development Programme will be extended to cover training for unemployed youths even if they do not have a job placement.
94. Fourth, we are introducing a Scheme whereby ICT companies that recruit a minimum of 100 employees will be allowed to bring in a quota of foreign qualified employees. This will encourage the big global ICT players to set up business in Mauritius.
95. Fifth, the number of free WIFI hotspots will be increased from 15 to 350.
96. Sixth, and not the least, Madam, I am pleased to announce the abolition of the 10 cents levy on SMS.
97. Seventh, I am providing Rs125 million to fund a National Innovation Programme. The main aims of the Programme are to foster a new culture of research and development and give a spur to the creation of new innovative products and services.

A Sound, Stable and Inclusive Financial Services Sector

98. Coming to the financial services sector, our measures and policies are aimed at consolidating and diversifying both our product base and markets.
99. First, Government will introduce a special Financial Sector Incentive Scheme to attract international Asset and Fund Managers to relocate their front-office operations in Mauritius.
100. Second, the Financial Services Promotion Agency will be reactivated for more effective promotion campaigns, especially to diversify our Global Business activities in Africa.
101. Third, a Financial Services Institute is being set up at Réduit to provide specialised training courses that are focused on the actual needs of the industry.
102. Fourth, to revitalise the secondary market for Government Securities, the Bank of Mauritius will provide market makers with an exit mechanism.
103. Fifth, the Income Tax Act is being amended to exempt non-resident corporate bond holders from withholding tax.
104. Sixth, the Insurance Act will be amended to enable the issue of insurance policy documents in digital format.
105. And seventh, the clear statement made by Prime Minister Modi during his last visit in Mauritius has reassured all stakeholders in the global business sector that India will do nothing to harm this sector. We will cooperate fully with the Indian authorities to bring to a fruitful conclusion our discussions on outstanding issues relating to the Double Taxation Avoidance Agreement.

106. Madam Speaker, concerning the ocean economy, a new Petroleum Bill will be introduced shortly to provide the legal and fiscal framework for exploration and exploitation of hydro-carbon resources in our Exclusive Economic Zone.
107. Government is also setting up a National Ocean Council to ensure better coordination among all stakeholders both public and private to implement the Ocean Economy project.
108. I must also add that the new Faculty of Ocean Studies at the University of Mauritius is offering courses in Oil and Gas Enterprise Management in collaboration with Aberdeen University.

VIII. ENVIRONMENT, ENERGY, WATER AND WASTE MANAGEMENT

Environment

109. Let me now come, Madam Speaker, to the issue of environment. I will now speak about the policies and measures to better protect and enhance our environment.
110. We have seen how global overexploitation of natural resources and carelessly planned development can cause irreversible damage to our planet and its ecosystem. Madam Speaker, "*notre planète est en détresse*" and we should not underestimate the urgency for exceptional measures worldwide to save our planet.
111. The need to take urgent and immediate measures for the protection of the environment is compelling. It is now or never.
112. Let us not forget that our planet can well exist without us but we cannot live without this planet.
113. Our future is in our own hands.

114. That is why this Government has formulated a comprehensive set of measures to protect the environment.
115. First, the National Environment Commission, chaired by the Prime Minister, will be revived to create better synergy among the various stakeholders to address important environment concerns and issues.
116. Second, as natural calamities can seriously damage the environment, we need to be constantly in a state of preparedness. In this context, Government has set up the National Disaster Management Centre under the aegis of the Ministry of Environment to ensure quick response to any major unforeseen event.
117. Third, to address the recurring and often tragic problem of flooding, I am providing total resources of Rs1.3 billion in this Budget for priority drain works across the island.
118. Fourth, on our last mission to Rodrigues, I was impressed by the decision of the Rodrigues Regional Assembly to ban plastic bags. We realised that this ban has enabled the flourishing of small scale initiatives to replace plastic bags. After careful consideration and consultation we have decided to ban the use of plastic bags in Mauritius effective on 1st January 2016.
119. Fifth, a Mauritius Renewable Energy Agency is being set up to promote the development of renewable energies. In this context, it will work out a package of incentives for small energy producers. Government is aiming to raise the share of local renewable energy in the electricity generation mix to 35% or even higher by 2025.
120. Sixth, to encourage households to have their own solar energy unit, I am allowing the total investment in such equipment to be deductible from chargeable income.
121. Seventh, investment in solar and other renewable energy will be eligible for financing as well as other incentives under the SME Scheme I announced earlier.

Wastewater and Solid Waste Management

122. Madam Speaker, wastewater and solid waste management are also crucial to our policies to protect and enhance the environment.
123. Regarding wastewater services, priority will be given to regions that are highly vulnerable to environmental and health hazards. Accordingly, a total of Rs3 billion will be invested by June 2018 in this sector.
124. An amount of Rs229 million will be invested in an interim facility for the storage of hazardous wastes at La Chaumière for subsequent exportation to treatment and disposal facilities abroad.
125. A new waste recycling facility will be implemented at La Brasserie.
126. Government is conscious of the injurious effects of asbestos on the health of the population. We are therefore, earmarking an amount of Rs100 million for dealing with the asbestos issue in public buildings.

Water: A Basic Human Right

127. I now come to the utility sector. I will first announce measures for the water sector.
128. Madam Speaker, water is a basic human right. Some countries such as South Africa have even enshrined it in their constitution and offering a certain level of water supply free of charge.
129. This Government fully subscribes to this philosophy. Therefore, every household in our country will be entitled to at least 6 cubic metres of water per month free of charge. The new Utility Regulatory Authority will be responsible to implement this decision.

130. Madam Speaker, we have decided to change all the defective water pipes in the network to reduce the huge losses in transmission. To this end, I am introducing an item in the Public Sector Investment Programme (PSIP) with a project value of Rs20 billion to be implemented during the next 8 years for replacing defective water pipes in the network.
131. In this Budget, I am providing a total of Rs3.5 billion for the water sector.

IX. MODERNISING LAND TRANSPORT

132. Madam Speaker, I now come to land transport. As promised during the electoral campaign we have, as a matter of top priority, modified the penalty point system to the satisfaction of all drivers. Road safety remains, however, a concern which this Government will address in a meaningful way.
133. The whole population was shocked to learn about the extensive damages to the Terre Rouge – Verdun motorway, in such a short period of time after its inauguration.
134. Government is urgently tackling this problem.
135. Furthermore, Government is investing in:
- First, a fly-over at Decaen street to reduce traffic congestion in and out of Port-Louis.
- Second, the implementation of the fly-over over the Phoenix and Jumbo roundabouts is being accelerated.
- Third, a new bridge to link Coromandel with the motor way, and
- Fourth, we are examining the feasibility of operating a ferry boat between Pointe aux Sables, Port-Louis, and Baie du Tombeau.
136. As regards public transport, the National Transport Corporation will proceed with the acquisition of 100 semi low floor buses to modernise its fleet.

X. OPENING MAURITIUS TO THE WORLD

137. I now turn to our economic partnership with Africa and the crucial role which this partnership will play in future.
138. Our first role will be to redefine the role of the Mauritius Africa Fund which will concentrate on the development of Special Economic Zones (SEZ) in Africa. Three countries namely Madagascar, Ghana and Senegal have already expressed their intention to work with Mauritius on the above projects.
139. Second, we are setting up a regional shipping line to expand regional trade and the role of our port in the region.
140. Third, the Board of Investment will be posting 8 Trade and Investment Managers in strategic cities around the world, that include Beijing, Geneva, Pretoria, London, Moscow, Mumbai, New York, and Paris. They will be based in our embassies.

XI. RODRIGUES AND OUTER ISLANDS

141. Madam Speaker, I now come to Rodrigues. I would like to speak about important actions we are taking to ensure that the development of Rodrigues keeps pace with that of Mauritius.
142. We owe this to the Rodriguan people - the more so because, as in Mauritius, there is great scope in Rodrigues for rapid progress in diverse economic sectors.
143. During my pre-Budget visit to Rodrigues, I saw for myself various areas of development where action can be taken in the immediate. Indeed, I announced a series of measures to help their implementation. Among the measures taken, was the reduction in the return airfare from Rodrigues to Mauritius which has been effective since 15th February; the

guaranteed price scheme for certain basic products and the extension of the Youth Employment Programme to Rodriguans.

144. In this Budget, we are doing more. We are providing funds for starting the implementation of three major projects that will improve significantly connectivity with Rodrigues.

145. These include -

First, the acquisition of an appropriate new vessel for both merchandise and passenger transport in replacement of the Mauritius Pride.

Second, the extension of the Sir Gaëtan Duval airport with a project value of Rs2 billion to accommodate larger aircraft. In this connection, Air Austral will operate twice weekly flights on the Reunion-Rodrigues route as from May this year.

Thirdly, a consortium is being set up by Mauritius Telecom to install and operate the undersea fibre optic cable linking Rodrigues to Mauritius and to the rest of the world.

146. Moreover, we are providing for –

- An SME ICT park for the ICT/BPO activities;
- The conversion of the unutilized slaughter house into an SMEs Agro-Industrial Park;
- Further developing the fishing industry and providing for new training facilities for fishermen;
- And, a special training and placement scheme for Rodriguan graduates.

147. To enhance the income of planters in Rodrigues, the Agricultural Marketing Board will purchase the whole surplus production of onion, garlic, saffron, ginger and red beans at guaranteed prices.

148. In view of the acute shortage of fresh water in Rodrigues there is an urgent need for desalination of sea water. To this end, Rs120 million has been provided in the two Budgets.
149. This Budget also makes a provision of Rs2.4 billion to meet the recurrent and capital Budget of Rodrigues Regional Assembly for calendar year 2015.
150. We are confident that our visit to Rodrigues has laid the foundation for a new paradigm based on mutual respect and acknowledgement of the specificities of Rodrigues within the Republic.
151. Regarding Agalega, with the assistance of the Indian Government, Rs750 million will be invested in the construction of a new airport and new jetty facilities.
152. Madam Speaker, I now come to LOCAL AUTHORITIES. A glaring issue that local authorities will be dealing with in this financial year is the relocation of street hawkers. A Hawkers Centre at the Northern Bus Terminal in Port-Louis has been approved. Implementation of this project will start this year.
153. Grant in aid to Local Authorities has been increased to Rs2.8 billion.

XII. SOCIAL REVIEW

154. Madam Speaker, let me now elaborate on our policies for the social sector.
155. I shall touch successively on health care, education, Marshall Plan against Poverty, law and order, '*nation zougadère*', child protection and family welfare, youth, sports, arts and culture.

Health Care

156. Madam Speaker, on health care our policy is to improve quality and delivery, reduce waiting time, and keep up with latest medical technologies while promoting greater efficiency.
157. To this end, Government has increased the budget of the Ministry of Health to Rs9.7 billion.
158. A number of new projects will be implemented ranging from the setting up of a New Cancer Centre, to the implementation of the e-health project, and to the construction of a new state-of-the-art ENT hospital.
159. Furthermore, the primary health care services will be improved by implementing round the clock services in several Medclinics and Area Health Centres.
160. To reduce long queues and backlog for surgery in hospitals, we are recruiting one hundred doctors on a full time basis and other specialists on a sessional basis.
161. Furthermore, we are recruiting another 1,400 supporting medical staff ranging from nurses to pharmacy technicians, and health care assistants.

Education: Building the Knowledge hub of the future

162. I will now come to the issue of education. Madam Speaker, I am providing an amount of Rs14.7 billion to the Ministry of Education to improve the quality of education from pre-primary to tertiary level, implement the nine year schooling, reform the tertiary sector as well as revamp and adapt vocational training to the new needs of our society.
163. This Government will also do away with the malpractices which have damaged the reputation of our tertiary education sector.

164. To rebuild the reputation of that sector, raise quality and meet international standards, Government is coming up with a new Higher Education Bill.
165. Government is also introducing a more transparent and efficient Financing Model based on performance for Public Funded Tertiary Education Institutions.

Social Security

166. Madam Speaker, earlier in the speech I spoke on the necessity to place sharing at the centre of our development agenda. We cannot maintain social peace without a policy of sharing and caring, and without social peace, no sustainable development progress can be achieved.
167. We all know the tremendous and exceptional effort that this Government has made in the first week of its mandate to improve the income of our elderly, handicapped, widows, orphans and other recipients of social benefits. The population is aware that by this single measure we improved the daily life of more than 240,000 of our citizens who were amongst those who suffered the most from the increased gap between the rich and the poor.
168. For the period January 2015 to 2016, we have made a total provision of Rs27.5 billion for social security expenditure. This Budget tops the list of all Ministries.
169. We are a nation that has always shown generosity and compassion when it comes to national solidarity. This is borne out by the spontaneous act of generosity and solidarity that we all witnessed following the flash flood in Port Louis in March 2013. We are aware that quite a number of our senior citizens wish to donate their old age pension to charitable institutions. I am pleased to announce that all those who donate their pension towards the Marshall Plan against Poverty managed by the CSR committee, will be exempted from payment of income tax on this amount.

Housing

170. Madam Speaker, I now come to housing. To meet the challenges of housing for the low and middle income groups, we are taking the following bold measures -

First, we are providing funds to the Ministry of Housing and Lands for the construction of 1,000 low cost housing units for families whose monthly income is below Rs10,000.

Second, the size of these housing units will now be increased from 39 square meters to 50 square meters.

Third, we are providing funds for the construction of 700 housing units in the next two years for vulnerable families under the National Empowerment Foundation.

Fourth, we are increasing the grant for casting of roof slab from Rs65,000 to Rs75,000 for families earning a monthly income of up to Rs10,000. This income limit was previously Rs8,500.

Fifth, we are broadening the categories of households eligible for the grant for casting of slabs. Thus, families earning between Rs10,000 - Rs15,000 monthly will henceforth benefit from a grant of up to Rs40,000.

Sixth, we are increasing the grant for purchase of building materials from Rs55,000 to Rs65,000 for families earning up to Rs10,000 monthly.

Seventh, Government is providing 436 serviced plots for families earning a monthly income in the range of Rs10,000 - Rs25,000.

Eighth, the exemption from payment of registration duty for a first time buyer of land is being increased from Rs1 million to Rs1.5 million

Marshall Plan against Poverty

171. Madam Speaker, I now come to the Marshall Plan against Poverty. The plight of vulnerable families has been getting worse in recent years. The challenge in front of us is formidable. We need to face it with maximum compassion, and we also need to be bold. That is why the Prime Minister personally announced an Anti-Poverty Marshall Plan so as to get rid of the problem altogether. Today we are creating a solid foundation for that Marshall Plan.
172. I am pleased to announce, under the first leg of the Marshall Plan a major innovative approach in dealing with the problem of poverty. The general and indirect approach adopted so far in the relief of poverty has proven to be most ineffective. The lot of those families has hardly improved. Instead, there has been a deterioration in their quality of life. This is why we have decided to go for a more direct approach in extending support to the very poor families living in identified '*cités*' and other '*poches de pauvreté*'. The support will be comprehensive, designed to lift in a meaningful way, living conditions and quality of life of these unfortunate families.
173. Madam Speaker, I would like to develop a new concept to allow for institutions that are contributing to CSR to take under their wings those unsustainable pockets of poverty in our country. I am speaking here of the concept of '*parrainage*'. An indicative list of 38 pockets of poverty is at Annex, which is being circulated.
174. This concept of '*parrainage*' is one which extends in the medium and long-term in the sense that when a company takes under its wings a '*poche de pauvreté*', it will take under its responsibility the short, medium and long-term development of this area.
175. The '*parrainage*' will include the following:
- Improving living conditions generally
 - Raising the level of employment
 - Curbing social ills
 - Ensuring that all children attend school and develop further their talents
 - Creating sports and leisure facilities

- And improving quality of life generally.
176. Immediately after the Budget, I will start meeting with major companies to participate in this national initiative to resolve once for all the problem of poverty in those '*poches de grande pauvreté*'.
177. The second leg of the Marshall Plan is to revisit the structure of the Corporate Social Responsibility (CSR) system to make it more effective. During pre-Budget consultations, several NGOs have raised their concerns on the constraints in accessing support under the CSR system as it is now structured.
178. I have given deep thoughts to the matter, and I have decided to review the CSR system in depth. I have come to the conclusion that the preferred alternative is to let companies decide on how best to fulfil their social responsibility and obligation in a most effective manner. Companies, thereon, will be free to allocate the 2 per cent of CSR according to their own set of priorities.
179. As for NGOs who are looking for support, it will be incumbent on them to convince the companies that their action and programmes deserve support.
180. I am therefore removing all existing CSR guidelines. All companies will however have to submit their annual return on this question to the MRA.

Law and Order

181. Madam Speaker, we are all concerned about the law and order situation in the country. It has been deteriorating rapidly in recent years and we need to redress the situation.
182. First, in this Budget I am making a provision of Rs7.9 billion for the Police Force.
183. Second, 600 additional police officers will be recruited during the coming year. A modern full-fledged Police Academy is being set up to boost training capacity. I am

pleased to announce also that the new recruits - the 600 which will be recruited - will undergo an intensive training at the Academy before being deployed to police stations. This will go a long way towards a more professional Police Force.

184. Third, we are also providing for the recruitment of specialist forensic accountants and analysts as well as computer and mobile phone experts to improve police investigations.
185. Fourth, an independent Police Complaints Commission will be set up, which will be presided by a former Judge of the Supreme Court to ensure that fundamental human rights of citizens are respected.

The Judiciary

186. To combat crime we need an effective justice system, one that can deliver justice more speedily. We are therefore increasing the budget of the Judiciary to Rs600 million to improve Court infrastructure and allow for the recruitment of one hundred additional court personnel.

Nation Zougadère

187. Madam Speaker, I now come to the thorny issue of '*Nation Zougadère*'.
188. Madam Speaker, during the electoral campaign we took a strong commitment to put order in this mess.
189. Let me now announce those measures:
190. First, a total ban on betting and gambling advertisement. This decision takes effect immediately.
191. Second, a total ban on issue of new gaming and betting licenses except for casinos, for a period of five years.

192. Third, Madam Speaker, a total ban on scratch cards also known as '*cartes à gratter*'.
193. Fourth, we are increasing substantially gaming licence fees and betting taxes. The full details thereof are given in the Annex to this Budget.
194. Fifth, municipalities and district councils will, within a period of 3 years, relocate all gaming houses from city centres to approved designated areas. Government will participate in the cost of relocation.
195. As the House is already aware the number of race meetings has been reduced from 43 to 35.
196. The Gambling Regulatory Authority (GRA), under the aegis of the Prime Minister's Office, will also come up shortly with more details on operational measures to further curb gambling.
197. Madam Speaker, '*nation zougadère*' is based on the illusion that life is a jackpot – if you play it right you become a millionaire. Our forefathers taught us the contrary - that prosperity comes with hard work, discipline and dedication.

Consumer Protection

198. Let me now come to the issue of consumer protection.
199. Madam Speaker, we have become a nation of consumers and much less a nation of producers of goods and services. In fact, we are becoming too much of a consumer society as borne out by the proliferation of hypermarkets and shopping malls.
200. The trend towards consumerism has had 3 major effects on our country.
201. First, official statistics are confirming that household debt has attained unsustainable levels. No responsible Government can ignore this trend.

202. Second, the surge in consumption has put unbearable pressure on our imports and the balance of trade has reached alarming levels never seen before. Madam Speaker, our imports have exceeded our exports by a massive Rs76.8 billion in 2014. This trend cannot be sustained.
203. Third, consumers, very often unknowingly, are being fleeced by stores and financing institutions that sell goods on hire purchase. Consumers should know that they are paying 19 per cent interest on hire purchase and a further penalty rate of 5 per cent is charged for any late payment, which brings the total amount to 24 per cent.
204. This scandalous state of affairs cannot continue. I am, therefore, proposing a series of measures to further protect consumers.

First, concerning hire purchase, I am reducing the maximum interest rate from 19 per cent to 12 per cent, and the penalty rate from 5 per cent to 2 per cent.

Second, all suppliers of goods and services must display prices inclusive of VAT here now on. This measure concerns all hotels, restaurants, shopping malls, hypermarkets, supermarkets, and all other distribution networks. In the case of shops, the price tags should display only one price, the price inclusive of VAT. The Finance Bill will provide for appropriate sanctions in case of non-compliance.

Third, coming to banks, numerous consumers have complained about excessive fees charged by banks, including on credit card transactions. As a first step I am setting up an Office of Ombudsperson on Financial Institutions which will deal with complaints received and recommend appropriate remedial action. Furthermore, the Bank of Mauritius is planning to implement the report on abuses of commercial banks released recently.

Fourth, a special committee is being set up to examine the Report of the Commission of Enquiry on Sale by Levy for expediting the implementation of its recommendations.

205. I am confident, Madam Speaker, that these measures will go a long way to protect consumers.

Child Protection, Family welfare, and Development Gender Equality

206. Madam Speaker, I now come to our measures to ensure greater child protection, family welfare and gender equality.
207. I must emphasise that child protection remains a primary concern to this Government. This is because children very often bear the brunt of poverty and violence in our society.
208. First, I am doubling the provision for joint government and civil society initiatives to support children and women in distress.
209. Second, I am increasing the number of technical staff at the Child Development Unit by over 50 per cent for the protection of children and families.
210. Third, I am making provision for the Ministry to recruit six more child psychologists.
211. Fourth, the financial assistance scheme for upgrading of the level of services of crèches in deprived areas is being extended pending the implementation of the Marshall Plan against Poverty.
212. Fifth, I am also increasing the capitation grant to NGOs working with children who are victims of abuse by 50 per cent.

Youth, Sports, Leisure, Arts and Culture

213. Madam Speaker, our policies to promote the well-being of our population cannot be comprehensive if we do not give due consideration to the development of sports, leisure facilities, and arts and culture.
214. In spite of Mauritians being great football fans, local football has been practically inexistent for a long period of time.
215. It is only recently that we have seen a pickup in attendance at football matches between professional teams in our Premier League. This positive development must be encouraged.
216. I am, therefore, making a provision of Rs26 million as Government contribution to the project of professional football.
217. We are also providing for the upgrading of the '*Centre Technique Francois Blaquart*' at Réduit to provide facilities to our young footballers.
218. To encourage our athletes who are putting in tremendous efforts to represent our country internationally, I am making a provision of Rs60 million for the Indian Ocean Islands Games.
219. Madam Speaker, '*Un pays sans culture est un pays sans âme*'. We have witnessed over the years a serious decay of our '*patrimoine national*' and a deep feeling of '*découragement*' among our local artists.
220. To remedy this chaotic situation, we are setting up a Task Force that will comprise experienced people who are dedicated to the cause of arts and culture, to assess the situation and come with recommendations.

221. In the meantime, our efforts will be focused on mobilising the required resources under a Public, Private Partnership (PPP) initiative to renovate the Plaza theatre and the Port-Louis theatre, upgrade our museums and other heritage sites, and transform La Citadelle into an '*espace artistique*'.
222. All Smart Cities will be required to invest in dedicated space for the development of arts and culture.
223. Moreover, the SME Bank will have a special desk to assist local artists, sculptors, and musicians to modernise and expand their business.
224. We are also providing for a study on the '*Stade Musical*' for concerts by local and international artists and the setting up of a National Centre for Performing Arts.

XIII. ENSURING TRANSPARENCY AND GOOD GOVERNANCE

225. Madam Speaker, I will now speak about our action to achieve the fourth main objective of the Budget which is to ensure transparency, accountability and good governance.
226. Madam Speaker, we cannot overemphasise the importance of transparency and good governance in the management of public affairs. This is an area where Government needs to be constantly vigilant and also ready to effect changes wherever necessary. In this Budget, we are introducing changes which have been long overdue, especially in the crucial areas of meritocracy, procurement, and management of State lands.
227. I will start with meritocracy. We stand firm in our deep faith that every individual should be able to progress in our society, based on his ability and talent rather than on class privilege, political and religious affiliations or wealth.
228. Madam Speaker, job discrimination is unacceptable in the new paradigm of Nation for all – which explains why transparency in job recruitment is quickly gaining ground at all levels.

229. The principle of meritocracy will also be extended to procurement procedures. In view of the opacity surrounding allocation of contracts in the past which has led to shady deals and widespread corruption, we have decided, as a matter of transparency that all contracts will henceforth be allocated after full and transparent tender procedures. The Public Procurement Act will be amended accordingly.
230. The Central Procurement Board itself will be restructured and it will have more staff in order to expedite the allocation of contracts in a more transparent manner.

Greater transparency in the allocation of state lands

231. Madam Speaker, I now come to State lands, where the need for transparency is greater than ever. We have seen how State lands have been dished out to political '*protégés*' who sold their rights for hundreds of millions of rupees.
232. Madam Speaker, we will start in a determined way to have greater transparency in the process for allocation and management of State lands.
233. First, a Digital State Land Register will be compiled and made public. It will provide comprehensive data on State lands already leased as well as unallocated State lands that may be developed for commercial, industrial and other uses.
234. Second, allocation of State lands will be made on a transparent basis like in Singapore.
235. Third, Government is making it mandatory for the names of beneficiaries of new leases of State lands to be published in the Government Gazette giving details of the lands leased and proposed usage.
236. Madam Speaker, for better governance, we are also reviewing the functioning of the Board of Directors of public sector bodies. The chairpersons will not get involved in the day to day operations of the organisation anymore and will not be entitled to a permanent

office. As far as possible CEOs who are directly accountable to the Board of Directors will be recruited on a transparent basis.

Public Sector Reforms

237. I now refer to public sector reforms.
238. I am pleased to announce that at long last the Civil Service College will become a reality. This will be crucial to continuously upgrading the skills and knowledge of public officers through refresher courses and e-learning platform.
239. Government is also investing to make digital technology more pervasive in the Civil Service.
240. Madam Speaker, on a different note, we are increasing the provisions for the Trade Union Trust Fund and the Media Trust by 33 per cent.

Legacy Sovereign Fund: Our legacy to future generations.

241. Madam Speaker, I'll now come to a major project. We have a long culture of work and saving for the future. In fact our country would never have achieved so much without this culture of hard work and savings passed on by our forefathers. It is our responsibility to hand over this culture to our children.
242. We are therefore setting up a Legacy Sovereign Fund that will invest for future generations.
243. First, one per cent of total Government revenue collection will be credited to the Fund each year.
244. Second, the population will remember that we sold 40 per cent of our shareholding in Mauritius Telecom for around Rs7 billion rupees and squandered the money. In the same vein, we bypassed international tenders for the SSR airport and paid Rs14 billion for a

contract that was not worth more than Rs8 billion. This gross mismanagement of public funds has unfairly indebted future generations. Madam Speaker, we want to move away from this way of doing things. As from today all the proceeds from the sales of Government properties will be credited to the Legacy Sovereign Fund for long term investment.

245. Third, Madam Speaker, I would like to recall that I set up in the eighties institutions like the State Investment Corporation, the Mauritius Duty Free Paradise, the *Casino de Maurice* just to name a few, to inculcate world class management practices in the public sector. I never thought that all those institutions would end up in the shameful situation they are in today. The population will understand our concern not to allow such state of affairs to recur in the future. Therefore, the Legacy Sovereign Fund will be answerable to Parliament to ensure total accountability and transparency as well as robust management.

Diaspora

246. Madam Speaker, many families in Mauritius have sons and daughters who have chosen to stay abroad after their studies. Many of them are highly qualified and experienced professionals. The State has invested in them and their departure constitutes a brain drain and a loss for their country and their family.
247. We are therefore proposing an exceptionally bold package of incentives to attract them back to our country. I am pleased to announce the following measures to encourage the Mauritian diaspora abroad to return and serve our country.

First, an exemption from income tax for a full period of ten years on all their income including worldwide income.

Second, an exemption from payment of customs duties of up to a maximum of Rs2 million on a car that can be purchased in Mauritius or abroad.

Third, they will be entitled to bring back their personal belongings without payment of customs duties and VAT. All Mauritians holding a Mauritian passport as well as their children, whether they have a Mauritian passport or not, are eligible to apply. Those who do not have a Mauritian passport will be granted a permanent residence permit.

All professionals who have worked a minimum of ten years abroad are eligible.

The Board of Investment will manage the whole scheme.

So, Madam Speaker, if I have to sum up our appeal to the Mauritian diaspora in four words, I would say: Our country needs you.

XIV. MACROECONOMIC POLICIES AND TAXATION

248. Madam Speaker, I will now move to the issue of economic policies and taxation in the Budget and talk about macroeconomic policies. The Bank of Mauritius will have full independence in formulating and implementing both exchange rate and monetary policies. We are strengthening coordination between the Bank of Mauritius and my Ministry so as to ensure that at all times we have a consistent macroeconomic policy mix.

Prospects for 2015/16

249. Madam Speaker, as regards budgetary prospects for the financial year 2015/2016, recurrent expenditure will require a provision of Rs93.6 billion, and capital expenditure of Rs12.6 billion.

250. Total revenue is expected to be Rs90.8 billion, of which tax receipts of Rs77.8 billion.

251. The budget deficit therefore for 2015/2016 will be 3.5 per cent of GDP.

252. Public sector debt will be 54.2 per cent of GDP whereas, if measured by IMF standards, it will be 58.6 per cent.

253. I would like to mention that, in line with our objective to bring greater transparency in the management of public finances, all Special Funds will be closed by end June except the National Resilience Fund and the Build Mauritius Fund which will be phased out gradually.
254. Concerning budgetary figures for the first six months period January to June 2015, they are available in the Estimates 2015 (January to June) which are being circulated. However, the statistical ratios have not been compiled because they are not very meaningful as they should normally be computed on a twelve months basis.

Taxation

255. Madam Speaker, I will now announce measures on tax administration.

First, I am reducing – I mean tax administration rather than taxation - from 30 per cent to 10 per cent the deposit required from a taxpayer for lodging an objection against a tax assessment made by the MRA or by the Registrar-General's Department.

Second, the statutory time limit for an assessment is being reduced from 4 years to 3 years.

Third, the MRA will have to obtain the approval of the Assessment Review Committee before raising an additional assessment after that period of 3 years.

256. I wish to add that the Finance Bill I will bring to the House soon will contain amendments to various enactments relating to tax administration, public finance and other areas, in line with the objectives of this Budget. These amendments are explained in the Annex to the Budget Speech.

Tax Measures

257. Madam Speaker, let me now announce the revision of allowances on personal income tax.

258. First, I am raising all the Income Exemption Thresholds by Rs10,000. Thus, any individual deriving an income of Rs285,000 will not have to pay any income tax. Likewise, a couple with two young children and a total income of up to Rs495,000 will have no income tax to pay.
259. Second, I am also raising the additional deduction in respect of children who are pursuing tertiary studies, whether in Mauritius or abroad, to Rs135,000 per child and I am also increasing the allowable number of years for studies from 3 years to 6 years.
260. My third measure is meant to assist those families who are striving to become the owner of a first home. I have indeed received several representations about the present restrictions in the Interest Relief provisions which limit the deduction to the first 5 years and to a maximum amount of Rs120,000. I find those requests sensible and accordingly I am taking the following decisions -
- I am eliminating the 5 years restriction, and
 - I am also abolishing the cap of Rs120,000.

As a result, a first-time home-owner will be able to claim tax relief for the full amount of interest he paid on his mortgage loan and for the full duration of that loan.

261. Fourth, the exemption threshold on the lump sum received as pension, retiring allowance or severance allowance is being raised from Rs1.5 million to Rs2 million.
262. Madam Speaker, after announcing those significant tax measures, after providing for the various Budget measures I have enumerated and after Budgeting for a major strengthening in the social protection system, let me now turn to other fiscal measures.
263. There are a number of options open to me. One option is to increase the rate of excise duties on the usual victims: consumers of cigarettes and alcohol. Another option I have is to reinstate tax on dividends for companies. I have given careful thoughts to those

possibilities and I have considered that none of them would be in consonance with the spirit of this Budget.

264. I am therefore pleased to announce, Madam Speaker, that the first Budget of this Government is a no tax Budget.

(Applause)

XV. CONCLUSION

265. Madam Speaker, I would like to dedicate this Budget to Sir Anerood Jugnauth, our Prime Minister, who is here. He has always been a constant source of inspiration to me.

266. I have consulted with all my colleagues Ministers and I thank them for all for their support and collaboration.

267. I wish to extend my deep thanks also to the Financial Secretary, Dev Manraj and all the staff of my Ministry for their total dedication and unflinching support to prepare the budget.

268. I shall now conclude Madam Speaker.

269. This Budget goes far beyond a classical Budget and presents to the nation a '*véritable projet de société*'.

270. As I said at the beginning, we are at the crossroad.

271. This Budget is a wake-up call to the nation.

272. The choice is ours.

273. We can choose to adopt a business as usual approach and allow our society, our economy to decay further.
274. Or we can choose to take the tough decisions needed for a better future for ourselves and our children.
275. The question is: can we take this leap of faith?
276. Madam Speaker, I am confident that we, as a nation, can and will do it.
277. Madam Speaker, I now commend the two Bills to the House.

(Applause)

The Prime Minister rose and seconded.

ADJOURNMENT

The Prime Minister: Madam Speaker, I beg to move that this Assembly do now adjourn to Tuesday 31 March 2015 at 11.30 a.m.

The Deputy Prime Minister rose and seconded.

Question put and agreed to.

Madam Speaker: The House stands adjourned.

At 6.32 p.m. the Assembly was, on its rising, adjourned to Tuesday 31 March 2015 at 11.30 a.m.

(APPENDIX)

**ANNEX
TO
THE BUDGET SPEECH 2015-2016
BUDGET MEASURES**

**EXPLANATORY NOTES AND MAIN PROVISIONS
TO BE INCLUDED IN THE FINANCE BILL**

PART A: TAXATION AND PUBLIC FINANCE

Personal Income Tax

➤ Income Exemption Thresholds

Increase in the income exemption thresholds by Rs10,000 for income year 1st July 2015 to 30th June 2016 as follows:

	<u>From</u>	<u>To</u>
Individual with no dependent	Rs275,000	Rs285,000
Individual with one dependent	Rs385,000	Rs395,000
Individual with two dependents	Rs445,000	Rs455,000
Individual with three or more dependents	Rs485,000	Rs495,000
Retired/disabled person with no dependent	Rs325,000	Rs335,000
Retired/disabled person with dependents	Rs435,000	Rs445,000

➤ Additional Deduction for Tertiary Education

The additional deduction in respect of a dependent child who is pursuing tertiary studies is being raised as follows:

from Rs125,000 to Rs135,000, if abroad; and
 from Rs80,000 to Rs135,000, if in Mauritius.

The deduction which can be claimed for up to three consecutive years of an undergraduate course will now be available for the first 6 years of study.

➤ Interest Relief

Interest paid in a year on a secured housing loan contracted by a first-time home-owner is allowed as a deduction from taxable income, up to an amount of Rs120,000 (both for a single person or a couple) and for 5 consecutive years only. Two measures are being taken:

- The 5-year time limit is being removed; and
- The ceiling of Rs120,000 is also being removed.

As a result, as from 1st July 2015, a first-time home-owner will be able to deduct from his taxable income the full amount of interest paid on such loans over the years.

➤ Lump Sum Income

Currently, the first Rs1.5 million of the lump sum received as commutation of pension, retiring allowance or severance allowance is exempt from income tax. The exempt income threshold will be raised from Rs1.5 million to Rs2 million, with effect as from 1st July 2015.

➤ Donation of Basic Retirement Pension (BRP)

Any person who elects to donate his Basic Retirement Pension (BRP) in full to an approved charitable institution or an approved Foundation will be exempt from income tax thereon. The National Pensions Act will also be amended.

Taxes and Levies under Income Tax Act

➤ Solidarity Levy on Telephony Service Providers

The Solidarity levy on telephony service providers [5% of book profit + 1.5% of turnover] which was introduced in 2009 and subsequently extended will be further extended up to June 2018.

➤ Special Levy on Banks

The Special Levy on Banks is currently 10% of chargeable income for segment A banking business and 3.4% on book profit and 1% on operating income for segment B banking business. This current formula which is scheduled to last until this year will be maintained up to June 2018.

➤ Alternative Minimum Tax

An Alternative Minimum Tax (AMT) of the lesser of 7.5% of adjusted book profit or 10% of any dividend declared is payable by a company if the computed tax liability is below that minimum amount.

The AMT was suspended for manufacturing and hotel companies for fiscal years 2013 and 2014, mainly to allow those companies to benefit fully from accelerated annual allowances.

The AMT will now be removed for all sectors.

Alignment of Tax Year with Government New Financial Year

➤ Submission of Personal Income Tax Returns

With the alignment of the tax year (which is currently on a calendar year basis) with the new financial year of Government, i.e. from 1st July to 30th June, there will be exceptionally during the year 2015 two income tax returns to be submitted by individuals:

- the first one will be the normal income tax return to be submitted by 31st March/15th April 2015; and
- the second one to be submitted by 30th September/15th October 2015 covering the 6 months period from January to June 2015.

Thereafter, submission of income tax returns will be done annually by 30th September/15th October.

➤ Income Tax Thresholds and Deductions/Reliefs

The adjusted exemption thresholds and other deductions/reliefs allowable in respect of income derived during the 6 months period (1st January to 30th June 2015) will be as follows:

<u>Deductions</u>	<u>Adjustment</u>
✓ Income exemption thresholds	Amount of thresholds will be halved.
✓ Additional exemption in respect of dependent child pursuing undergraduate course	Amount of deduction will be halved. The 6 months period will not be taken into account when applying the time limit of 6 years.
✓ Relief for medical or health insurance premium ✓ Interest relief on secured housing loan	The monetary ceilings will be halved. Relief will be granted in respect of the actual amount of premium or interest paid for the 6 months period, subject to the above ceiling.

Employers will be required to issue the Statement of Emoluments and Tax Deduction for the 6 months period not later than 15th August 2015.

➤ Corporate Income Tax Returns

Corporates will continue to submit their tax returns 6 months following the end of their accounting period.

However, representations have been received to give additional time to companies having accounting year ending 30th June and submitting their returns by end of December. Accordingly, those companies will be allowed, at their option, to pay the tax due in the

last quarter based on an additional APS return. Any adjustment based on their audited financial statements will be effected before 31st January.

➤ Date Limit for Submission of Tax Returns

The latest date for submission of tax returns will be 2 working days before the end of the financial year (30th June), as is presently the case.

Small Enterprises (turnover of not more than Rs10 million)

➤ SMEs Registered with the New SMEDA

Any small company registered with the new SMEDA after 1st June 2015 will benefit from the following fiscal incentives:

- exemption from payment of corporate income tax for the first 8 years;
- exemption from the requirement to operate tax withholding under Tax Deduction at Source (TDS) for the first 8 years (Withholding under PAYE will still be required, if applicable); and
- exemption from submission of financial statements and annual returns to the Registrar of Companies for the first 8 years.

➤ VAT Registration

The compulsory VAT registration threshold is being raised from a turnover amount of Rs4 million to Rs6 million.

➤ Advance Payment System (APS) Returns

Companies having turnover not exceeding Rs4 million are currently exempted from the requirement to submit quarterly corporate tax returns under the Advance Payment System (APS).

This turnover threshold is being raised from Rs4 million to Rs10 million. As a result, all small enterprises will no longer be subject to the APS.

➤ Company Annual Fees

The annual fee payable to the Registrar of Companies by a small private company will be reduced from Rs2,500 to Rs500.

➤ Annual Return to Registrar of Companies

There will be no obligation on a small private company to file an annual return to the Registrar of Companies except if there has been a change in shareholding or in the composition of the board of directors or other particulars.

➤ Simplified Financial Statements

The Companies Act will be amended to allow filing of financial statements prepared on a cash basis by small private companies. No balance sheet will be required to be submitted.

➤ Simplified Income Tax System

A Simplified Tax System will be introduced to facilitate small enterprises to comply with their legal requirements as regards keeping of records and filing of income tax and VAT returns. Its main features will be as follows:

- It will be on a “cash” basis instead of “accrual” basis.
- No balance sheet will be required and instead only 6 items of information would be required.
- A simplified system for computing CSR and annual allowances will be applied.
- The cash-based system will considerably reduce record keeping requirements and simplify accounting by small businesses.
- Practice notes will be issued by the MRA on the records to be kept and the standard formats.

Small enterprises (i.e., enterprises with turnover not exceeding Rs10 million) will be given **the option** to join the Simplified Income Tax system.

➤ VAT Cash Accounting Scheme

Similarly, a simplified VAT system for small enterprises will be introduced.

Promotion of Green and Sustainable Development

- Accelerated Income Tax Depreciation Provision for Green Investment: Exceptional accelerated annual allowances were introduced in 2013 in respect of:
 - landscaping and other earth works for embellishment purposes (50% straight line); and
 - Green technology equipment (50% straight line).

green technology equipment is defined as capital expenditure (excluding passenger car) on **renewable energy, desalination plant, composting equipment, pollution control equipment, water efficient plant, energy efficient equipment, etc.**

These exceptional provisions which have lapsed on 31st December 2014 are being reintroduced and made permanent.

- Solar Energy Investment Allowance: A household investing in his own solar energy unit will be allowed to deduct from his taxable income the total amount invested in such a unit, including photovoltaic kits and battery for storage of electricity.
- Exemption from Land Conversion Tax: Renewable energy projects such as solar farms, agri-solar farms and biomass projects require large extents of land and that is why agricultural lands put to that use are exempted from Land Conversion Tax. However, if the project promoter and investor is not the owner of the land he is not being able to benefit from that tax incentive even if he holds a long-term lease over the land.

The Sugar Industry Efficiency Act will accordingly be amended to allow a lessee to apply for a land conversion permit and benefit from any tax exemption applicable to his project.

- P.E.T. Bottles

In the 2014 Budget, a graduated Refund Scheme of the Rs2 duty on each P.E.T bottle was introduced with a view to promoting collection of used plastic P.E.T bottles for export, thus removing them from our waste stream. The scheme is being re-engineered to encourage SMEs to engage in such recycling activities.

Government will now pay a flat rate of Rs5 per kg of used P.E.T bottles whenever the enterprise has exported or locally recycled at least 1 ton against the current threshold of 1,000 tonnes annually and a rate of Rs15 per kg.

Ocean Economy

- **Bunkering**: The MID levy of 30 cents per litre is currently levied on petroleum products (including fuel oil and aviation spirit) that are used for local consumption and for re-export as bunker fuel. In the context of our bunkering development project, the MID levy will be removed as from 1st July 2015 on all petroleum products that are re-exported.
- **Petroleum Exploration**: VAT exemption on machinery and equipment used in the exploration and production of petroleum products.
- **Deep Ocean Water Applications**: VAT zero-rating of chilled deep sea-water to be used for the provision of air conditioning services, as is presently the case of water supplied by Central Water Authority and electricity supplied by the Central Electricity Board.

Consumer Protection

- **Consumer Price Inclusive of Tax**
The Consumer Protection Act will be amended to make it mandatory for the full price to be charged to a consumer to be displayed or advertised TTC (“*Toutes Taxes Comprises*”) without ambiguity. Thus, where a product or a service is subject to VAT, the price should be VAT-inclusive. Failure to do so will be an offence and will attract high penalty.

Levy on SMS and MMS

- The Value Added Tax Act will be amended to provide for abolition of the 10 cents levy per message on SMS and MMS, with effect from 1 July 2015.

Customs Tariff

- Iron Bars: Lowering of the rate of customs duty as from 1st July 2015 on iron bars from 15% to 10% to bring in greater competition and less uneven playing-field on this sensitive market in view of the preferential tariffs enjoyed by some sources of import under preferential trade agreements.

Gambling Licences and Taxes

- The taxation system on gambling, gaming and betting (covering licence fees, fixed betting duties and betting taxes) will be simplified, streamlined and adjusted as per table below.

Licence Fees, Fixed Betting Duties, Betting and Gaming Taxes

Activities	Annual Licence Fee		Betting Tax	
	From	To	From	To
CATEGORY 1: CASINO				
Casino	Rs 3.5 million + Rs 125,000 per gaming machine	Rs 3.5 million + Rs 125,000 per gaming machine	15% of gross takings 35% of gross takings (gaming machine)	15% of gross takings 35% of gross takings (gaming machine)
CATEGORY 2: GAMING HOUSE "A"				
Gaming House "A" in Mauritius	Rs 3.5 million + Rs 125,000 per gaming machine	Rs 3.5 million + Rs 125,000 per gaming machine	15% of gross takings 35% of gross takings (gaming machine)	30% of gross takings 35% of gross takings (gaming machine)
Gaming House "A" in Rodrigues	Rs 500,000 + Rs 20,000 per machine	Rs 1 million + Rs 50,000 per machine	15% of gross takings 35% of gross takings (gaming machine)	30% of gross takings 35% of gross takings (gaming machine)
CATEGORY 3: HORSE-RACING				
Bookmaker conducting fixed odds betting on local race :				
(a) at the racecourse	Rs 350,000	Rs 1 million	10% of gross stakes + Fixed duty of Rs 16,000/24,000 per race meeting	10% of gross stakes (Fixed duty abolished)
(b) outside the racecourse	Rs 350,000	Rs 3.5 million	10% of gross stakes + Fixed duty of Rs 16,000 per race meeting	20% of gross stakes (Fixed duty abolished)
(c) through remote communication	Rs 350,000 per principal place of business + Rs 40,000 per additional place of business/facility	Rs 3.5 million per principal place of business + Rs 40,000 per additional place of business/facility	10% of gross stakes + Fixed duty of Rs 24,000 per race meeting	20% of gross stakes (Fixed duty abolished)
Totalisator Operator:				
(a) at the racecourse	Rs 100,000	Rs 1 million	Win and place 10% Other 12%	20% of gross stakes
(b) outside the racecourse	Rs 10,000 at each place of business	Rs 40,000 at each place of business		
(c) conducting bets through remote communication	Rs 40,000 in respect of the principal place of business + Rs 10,000 in respect of each place at which facilities are provided	Rs 40,000 in respect of the principal place of business + Rs 40,000 in respect of each place at which facilities are provided		
(d) conducting local race inter-totalisator betting	Rs 350,000	Rs 3.5 million		
(e) conducting foreign race inter-totalisator betting	Rs 350,000	Rs 3.5 million		
(f) per terminal	Rs 10,000	Rs 40,000		
Horse-racing organiser	Rs 1 million	Rs 1 million	N/A	N/A

Activities	Annual Licence Fee		Betting Tax	
	From	To	From	To
CATEGORY 4: ON ANY EVENT (INCLUDING FOOTBALL)				
Bookmaker conducting fixed odds betting on any event or contingency	Rs 350,000 per principal place of business + Rs 20,000 in respect of additional place of business	Rs 3.5 million per principal place of business + Rs 40,000 in respect of additional place of business	10% of gross stakes + Fixed duty of Rs 24,000 per week per place of business	20% of gross stakes (Fixed duty abolished)
CATEGORY 5: MAURITIUS NATIONAL LOTTERY				
Operator of Mauritius National Lottery	Rs 500,000	Rs 5 million	46.16% on Net Proceeds	46.16% on Net Proceeds
CATEGORY 6: MISCELLANEOUS				
Sweepstake organiser	Rs 37,500	Rs 15,000	10% of gross stakes	10% of gross stakes
Local pool promoter	Rs 15,000	Rs 15,000	12% of gross proceeds	12% of gross proceeds
Agent of a foreign pool promoter	Rs 37,500	Rs 15,000	12% of gross stakes	12% of gross stakes
Lottery under Part XVII of the Gambling Regulatory Authority Act	Higher of Rs 5,000 or 35% of the total market value of prizes	Rs 15,000	N/A	N/A
Operator of dart games	Rs 30,000 per dart board	Rs 15,000	N/A	N/A
Ad hoc licence	Rs 20,000 per day	Rs 15,000 per day	N/A	N/A
Gaming House "B"	Rs 50,000	Rs 15,000	N/A	N/A
Limited Payout Machine	Rs 10,000 for operator + Rs 5,000 per machine	Rs 15,000 for operator + Rs 10,000 per machine	Higher of Rs 500,000 or 10% of gross takings per machine payable on a monthly basis	Higher of Rs 500,000 or 10% of gross takings per machine payable on a monthly basis
Collector	Rs 190	Rs 190	N/A	N/A

Excise Duty

- **Disabled Persons:** The concessionary rate of excise duty on purchase of a motor car, which is currently granted to a parent of a disabled minor, will be extended so that a parent of a disabled person (impaired mobility), whether the latter is a minor or not, will be eligible for the concession.

Motor Vehicles

- **Unlicensed Agents:** Representations have been received regarding '*individual agents/importers*' of second hand motor vehicles who are unlicensed and causing unfair competition on the market. The issue of regulation and licensing of such agents will be looked into by the Ministry of Industry, Commerce and Consumer Protection.

- Unfair VAT Competition: The Tenth Schedule to the VAT Act will be amended to provide that any person acting as agent in the importation of second hand motor cars to be compulsorily VAT registered.
- Radiation Certificate: The obligation for an importer of a second-hand car from Japan to furnish a Radiation Certificate which was introduced in 2011 in the wake of the Fujiyama nuclear accident will be abolished.
- CO₂ Levy/Rebate Scheme: Presently, the CO₂ emission threshold used for determining the Levy or Rebate chargeable is computed by the average of the CO₂ emission for new motor cars imported during the previous year. This threshold is currently set at 150 g/km. That provision in the Excise Act will be reviewed to provide for the fixing of the threshold by way of Regulations.

Residential Property

- Registration Duty: A first-time buyer of residential bare land is currently exempted from payment of registration duty only if the value of the land to be acquired does not exceed Rs1 million. The threshold value will be raised to Rs1.5 million.
- Construction of Housing Estate Scheme: The Income Tax Act as well as the Land (Duties and Taxes) Act and the Registration Duty Act will be amended to extend to June 2018 the Construction of Housing Estate Scheme targeting middle-income households which was introduced in 2012 and is lapsing this year.

Under that Scheme, a housing estate construction project with at least 5 units for which the selling price per unit does not exceed Rs4 million is exempted from payment of land transfer tax.

- VAT Refund Scheme on Residential Building: Likewise, the VAT Act will be amended to extend the duration of the VAT Refund Scheme for middle income households (in

respect of construction or acquisition of a new residential unit by a household with monthly income not exceeding Rs50,000) to June 2018.

Miscellaneous Tax Measures

- **Interest Income:** Interest received by a non-resident company from debentures quoted on the stock exchange will be exempted from income tax.
- **Accelerated Depreciation for Manufacturing:** The Income Tax Act will provide for an extension of the Accelerated Annual Allowances for 3 more years up to 30th June 2018, in respect of the following investment:
 - equipment costing Rs50,000 or less (100%, i.e. fully expensed);
 - industrial premises dedicated to manufacturing (30% reducing balance);
 - electronic and high-precision machinery including computer hardware and software (50% straight line);
 - plant and machinery (other than passenger car) by a manufacturing company (50% straight line); and
 - scientific research (50% straight line).
- **VAT on Health Services**
The VAT Act is being amended to clarify that the exemption from VAT on construction of a purpose-built building for health services also covers nursing homes under the Private Health Institutions Act and residential care homes under the Residential Care Homes Act.
- **Advertising Structure Fee:** With a view to increasing compliance, in case an advertising structure has not been registered with MRA, the owner will be liable to a penalty equivalent to 50% the amount of the fee payable.

Tax Administration: General

- 30% Payment on Objection: The amount payable by a person dissatisfied with a tax assessment made by the MRA or by the Registrar-General's Department prior to lodging an objection will be reduced from 30% of the amount assessed to 10%.
- Expeditious Dispute Resolution of Tax Scheme (EDRTS): The EDRTS operated by MRA will be renewed for another year. The EDRTS allows MRA to review the assessed amount (including penalties) claimed from a taxpayer who could not lodge an objection, principally because of his inability or failure to pay the 30% of the amount assessed.
- Arrears Payment Scheme: That Scheme under the Registrar-General's Department is also being renewed for another year. The Arrears Payment Scheme will allow a debtor of the Registrar-General's Department to settle any amount due as at 23 March 2015 free of penalty provided payment is made on or before 31 January 2016.
- Interest Rate: Interest rate for late payment of taxes to the MRA which is 1% per month over 12 months (i.e. 12%) will be reduced to 0.5% per month (i.e., 6% in a year).
- Penalty Clauses for SMEs
Penalty clauses for a small business will be adjusted to their specific income profile and their capacity to pay:
 - In case of late submission/non submission of Income Tax return, the maximum amount of penalty will be reduced from Rs20,000 to Rs5,000
 - For late payment of taxes to MRA, the rate of penalty will be reduced from 5% of the amount due to 2%
- Confidentiality Provisions: In order for Mauritius to be able to sign the Multilateral Convention on Mutual Administrative Assistance in Tax Matters developed jointly by the OECD and the Council of Europe, the derogation from the confidentiality provision in the Income Tax Act will be amended to cover exchange of information in respect of all the taxes falling under the purview of the Convention.

- Notice of Decisions of the Assessment Review Committee (ARC): Where an agreement or a decision is reached before the ARC, it will now be compulsory for the MRA and the Registrar-General's Department to issue to the taxpayer, within 5 working days of the decision date, a written notice specifying the amount of duty or tax payable and the date limit payable.
- Notice of Inscription: Amendments will be made to provide for MRA and the Registrar-General's Department to give written notice to a debtor, within 5 working days, when a privilege is being inscribed on his immovable property as well as when it is erased subsequently.
- MRA Board: The Mauritius Revenue Authority Act will be amended to enable the Board to be involved in the processes and other matters relating to the application or execution of revenue laws. They will however still not have access to information on individual tax cases. The aim is to improve the system of checks and balances on the operation of the Authority

Tax Administration: Income Tax

- Tax Deduction at Source (TDS)
The requirement to operate Tax Deduction at Source (TDS) will not apply to a company whose annual turnover does not exceed Rs6 million.
- Large Company Statement: All companies with an annual turnover exceeding Rs100 million will be required to submit every year to the MRA an electronic Statement giving the details on payments made during the year in excess of Rs100,000 for purchase of goods and services as well as on their recipients

Tax Administration: VAT

- Withholding of VAT: With a view to increasing VAT compliance, Ministries, Government departments, local authorities, statutory bodies and the Rodrigues Regional Assembly will remit directly to MRA a percentage of VAT to be paid on contracts exceeding Rs300,000. The VAT registered contractor will make necessary adjustments regarding input tax and output tax in his VAT return.

- Other Amendments to VAT

The other amendments to the VAT Act will be as follows:

- It will be clarified that the time limit for repayment of VAT by the MRA should begin only on submission of the relevant receipts for the claim for repayment.
- It is being clarified that VAT recovery, through instruments such as an attachment order and inscribed privilege, will be limited to VAT amount unpaid instead of the whole amount payable.

Tax Administration: Excise Duty

- “Cordial”: The definition of “cordial” will be amended to specify that one litre of cordial should contain at least 90 grams of sugar.

- Aged and Premium Quality Rum:

- The evaporation rate allowable by MRA for the purpose of duty computation will be raised from 1 per cent to up to 2 per cent to cater for more sophisticated methods of ageing such as in wooden casks for production of premium quality rum.
- In addition, the maximum alcoholic strength of aged rum will be increased from 50 to 55 degrees to be at par with international standards and also to cater for increasing demand from tourists.

- Bio-Fuel: Excise Regulations will be amended to enable utilisation of residual of alcohol (heads and tails) locally as bio-fuel in adapted boilers and remove a barrier to export.

- Bank Guarantee: Security in the form of bank guarantee for the purposes of ensuring payment of excise duty payable on excisable goods manufactured in Mauritius will be replaced by bond, as is the case under customs laws.

Tax Administration: Customs

The Customs Act will be amended to -

- introduce a 5% penalty on late payment of customs duty and excise duty, as is the case in other revenue laws;
- allow an aggrieved person who makes an objection after the prescribed time limit the right to appeal to the Assessment Review Committee;
- introduce a *de minimis* clause whereby no claim for refund or refund of customs duty and excise duty will be made if the amount is less than Rs250;
- clarify that abandoned goods that have gone through the process of auction but have not fetched a sufficient price to cover duties and taxes may be destroyed or donated to a charitable institution approved by MRA or to a government agency;
- empower the Director-General of MRA to suspend, on his own initiative, clearance of goods suspected to be counterfeit for 3 working days and inform the owner or authorized user accordingly;
- streamline and automate the warehousing process of goods with a view to facilitating trade, reducing cost and optimising the use of risk management in line with the Revised Kyoto Convention best practices. Consultations have been held with stakeholders and the new procedure will be as follows:
 - the manual ledger system which records goods entering and leaving the warehouse will be replaced by a computerised system;
 - the proprietor or occupier of the warehouse will now be responsible to record the itemised transactions in the computerised system; and
 - MRA (Customs) will carry out physical inspection on a risk management basis;

- allow the Director-General to scan a passenger travel documents including passport or laissez-passer and tickets to enable expeditious completion of customs formalities, including payment of taxes on dutiable goods;
- introduce a new scheme to allow deferred payment of duties and taxes at import by one month, except for the month of June (i.e. end of Financial Year) where balance of all taxes and duties has to be settled. The scheme will be open to SMEs registered with the SMEDA and other VAT-registered persons who are compliant with revenue laws; and
- provide for an enabling clause so as to prescribe the functions and duties of a freight forwarder, a customs broker and a customs agent.

Tax Administration: Registrar-General's Department

- **E-Registration:** Amendments will be brought to relevant enactments in order to enable at the level of the Registrar-General's Department:
 - online submission of documents;
 - e-registration; and
 - e-payment.

- **Time Limit and Silent Agreement:** Provision will be made for an objection lodged against an assessment raised by the Registrar-General to be dealt with by the Objection Unit:
 - within 6 months, if it is made before 30 June 2015; and
 - within 4 months, for an objection made after 1st July 2015.

If an objection is not dealt with within the specified period, the objection will be deemed to have been allowed by the Registrar-General.

- **Removal of Anomaly:** Any reduction in value of an immovable property agreed or determined at the level of the Assessment Review Committee will apply to both the seller and the buyer for tax purposes even if one party has not objected to the assessment. Any tax or duty paid in excess will be refunded.

- Advance Ruling: A notary will be allowed to request the Registrar-General for an advance ruling in respect of the amount of duty and taxes payable in respect of a particular transaction upon furnishing the full details of the transaction and payment of a fee of Rs5,000.
- “Droit d’Occupation”: Amendment will be brought to clarify that Registration Duty exemption in respect of transfer of immovable property from an ascendant to his descendent also covers a right of occupation (“*droit d’occupation*”) in respect of an immovable property.
- Recovery of Arrears of Revenue: The Registrar-General will be allowed to enforce payment of any duty or tax due by attachment in the manner provided under the Attachment (Rates and Taxes) Act.

Public Debt Management

- The Public Debt Management Act will be amended to exclude any Government security issued for mopping up excess liquidity in the banking sector and not for meeting the borrowing requirements of Government from the computation of the statutory public debt ceiling required under the Act.
- In addition, provision will be made for the terms and conditions for the issue of Government securities to be specified by the Minister instead of having to be prescribed by Regulations.

Public Procurement Act

- To ensure greater transparency, fairness and effectiveness, the **Public Procurement Act** will be amended, inter-alia, to make the Independent Review Panel give its decision within 30 days of a request for review failing which the Public Body will be allowed to award the contract.

Public Private Partnership Act

- The **Public Private Partnership Act** will be simplified to encourage greater participation of the private sector in infrastructure development projects.

Miscellaneous

- Some technical amendments will be brought to clarify, fine-tune, plug loopholes and harmonise various provisions in revenue laws and other enactments.

PART B: OTHER LEGISLATIVE AMENDMENTS***Bank of Mauritius Act***

- The **Bank of Mauritius Act** will be amended to:
 - (a) enable the Bank to:
 - (i) participate in the launching of the Gold Fund;
 - (ii) create reserves for monetary purposes or such other specific purposes as may be determined by the Bank in conformity with applicable International Accounting Principles and best international practices;
 - (iii) make use of the Special Reserve Fund for liquidity management purposes;
 - (iv) regulate and supervise the ultimate intermediate financial holding companies that have at least one subsidiary that is a financial institution licenced by the Bank of Mauritius;
 - (v) demonetise the one cent coin; and
 - (vi) regulate the payment systems in Mauritius.
 - (b) require every member of the Monetary Policy Committee (MPC) other than the Governor and the Deputy Governors to take an oath of confidentiality;
 - (c) vest the Chairman of the MPC with a casting vote which he may use in the event of an equality of votes at any meeting of the MPC; and

- (d) replace the Bank Review Panel by an alternative review mechanism.

Banking Act

- The **Banking Act** will be amended to -
 - (i) exempt foreign banks providing loans to Global Business Licenced companies and specified entities such as the new SME Bank from the need of having a Money Lender licence;
 - (ii) extend the places at which banks can offer their services;
 - (iii) extend the provision on annual licence fee to all holders of a licence under the Act;
 - (iv) enable the Bank of Mauritius, in case of emergency, to declare part of a day as a bank holiday;
 - (v) require that all displays of information by Bank should have the prior approval of the Bank of Mauritius; and
 - (vi) implement a Bank Resolution Mechanism for banks in crisis situation.

Insurance Act

- The **Insurance Act** will be amended to enable the issue of policy documents in digital format.
- Presently, only commercial marine pleasure craft operators are required to subscribe to a third party insurance policy as part of their licensing requirements. Third Party Insurance will henceforth be made compulsory for all marine pleasure crafts whether for pleasure or commercial use.

Code Civil Mauricien

- **Code Civil Mauricien** will be amended to clarify that when the repayment of a loan, made by an authorised institution, exceeds three years, the loan agreement may include a provision for the capitalization of accrued interest.

Borrower Protection Act

- The **Borrower Protection Act** will be amended to:
 - (i) empower the Minister of Industry, Commerce and Consumer Protection to be responsible for the subject of borrower protection; and
 - (ii) ensure that the lender performs its due diligence on debt repayment capacity not only of the borrower but also his guarantor.

Companies Act and Statutory Bodies (Accounts and Audit) Act

- The **Companies Act** will be amended to allow for –
 - (i) electronic filing of documents and electronic payment of fees falling under the administration of the Corporate and Business Registration Department; and
 - (ii) correction of typographical or clerical errors in documents filed with the Registrar of Companies without the need for companies to make multiple filings.

Foundations Act and Limited Partnerships Act

- To facilitate settlement, compounding of offences will also be allowed for Foundations and limited partnerships as is the case for companies. The **Foundations Act** and **Limited Partnerships Act** will be amended accordingly to allow for compounding as well as electronic filing of documents and electronic payment of fees.
- The Registrar of Limited Partnerships will also be empowered to issue a Certificate of Current Standing for limited partnerships.

Consumer Protection (Price and Supplies Control) Act

- The number of days from the date of application to the issuance of import or export permits will be established under the **Consumer Protection (Price and Supplies Control) Act**.
- The number of controlled goods at the level of the Ministry of Industry, Commerce and Consumer Protection is being reviewed thereby reducing the number of permits required at import. The renewal process for a number of permits is also being simplified.

Investment Promotion Act

- The **Investment Promotion Act** will be amended to empower the Investment Projects Fast Track Committee to fast track morcellement permits and Building and Land Use permits in addition to the EIA Licence and authorisation for Land Conversion. Moreover, provision will be made for public bodies to consult the Board of Investment on the review of systems, procedures and guidelines in the context of ease of doing business.
- To facilitate the processing of morcellement permits, EIA Licences and authorisations for land conversion, the relevant enactments will be amended to allow applicants to attend meetings for the purposes of giving clarifications and explanations relating to their applications.

Tourism Authority Act

- The **Tourism Authority Act** will be amended to -
 - (i) consolidate and streamline the processes for authorisation to carry out activities in the tourism sector; and
 - (ii) enable Craft shops to reserve a minimum of 20% of shelf space, in their showrooms, to display locally manufactured handicraft products.

Code de Commerce

- The **Code de Commerce** will be amended to empower the Registrar of Companies to strike off a *société* which has not been renewed after its expiry and for non-payment of fees and charges.

Morcellement Act

- **Morcellement Act** will be amended to expedite the processing of morcellement permits.

Business Registration Act

- The **Business Registration Act** will be amended to include a Schedule listing the names of Government agencies which will make use of a unique identification number to facilitate sharing of information and avoid multiple registrations among those agencies. The latter will also have access to online registers kept by the Companies and Business Registration Department and Civil Status Division. In this context, relevant Acts will be amended.

Freeport Act

- The **Freeport Act** will be amended to clarify the meaning of “support services”. Moreover, the Schedule to the Freeport Act will be simplified and a new freeport activity, namely global trading, will be added. Global trading refers to the international buying and selling of tradable commodities without the commodities being physically landed in Mauritius.

Human Resource Development Act

- The **Human Resource Development Act** will be amended with a view to streamlining the institutional provisions with a view to enabling the HRDC to more effectively address

the skills mismatch issue, promote trainer-employer synergy and ensure prompt decision-making.

Pension Act and the Statutory Bodies Pension Fund Act

- Certain amendments will be made to **Pension Act** consequential to the PRB Report and also to review the composition of the Public Pensions Advisory Committee with a view to ensuring a better representation of the different interest groups.
- Appropriate amendments will be made to **the Statutory Bodies Pension Fund Act** to enable to merging of various funds and safeguarding pension benefits of employees of statutory bodies.

State Lands Act

- **State Lands Act** will be amended to allow the transfer of State land for implementation of Government approved projects.

Sugar Industry Efficiency Act

- The **Sugar Industry Efficiency Act** will be amended to allow a lessee holding a lease agreement for a term exceeding 20 years and a non-citizen having a presale agreement in respect of agricultural land for business purpose to apply for a land conversion permit.

Local Government Act

- Government will work out a plan for the setting up of a centralised system at the level of the Ministry of Local Government for the rapid determination of all applications for building and land use permits. This will also allow for a consistent approach in processing applications.

Independent Broadcasting Authority Act

- The Independent Broadcasting Authority Act will be amended to allow for the completion of digital migration of broadcasting signals.

Indicative List of the 38 Pockets of Poverty

<i>SN</i>	<i>Region</i>	<i>Number of households</i>
1	Les Guibies, Pailles	60
2	Camp Manna, Tranquebar	114
3	Camp Tory, Port Louis East	112
4	Quartier Shell, Port Louis West	73
5	Marjolin, Cité La Cure, Port Louis	153
6	CHA Terre Rouge	261
7	Longère Tole/Longère Blanc, Baie du Tombeau	91
8	Cité Mère Theresa, Triolet	148
9	Cité St Claire, Goodlands	329
10	Débarcadère, Poudre D'Or Village	166
11	Ramphul Road, Plaines des Roches	84
12	Airport Zone, Roches Noires	147
13	Ste Catherine, St Pierre	252
14	Bonne Veine, Quartier Militaire	162
15	Allée Coco, Poste de Flacq	122
16	Débarcadère, Poste de Flacq	63
17	Cité CHA Bel Air, Bel Air Rivière Sèche	321
18	Le Maho, Trou D'eau Douce	139
19	Anse Jonchée, Grand Port	83
20	Résidence Bethleem, Rose Belle	307
21	Cité Ville Noire, Mahébourg	160
22	Le Bouchon, Grand Port	185
23	EDC Camp Diable	99

24	EDC Batimaraï, Rivière des Anguilles	173
25	Folles Herbes, Bambous	180
26	Contour Prune, Baie Du Cap	66
27	Résidence Kennedy, Quatre Bornes	172
28	Cité Riche lieu	179
29	Cité Palmerstone, Phoenix	93
30	Cité La Caverne, Vacoas	113
31	Cité Mangalkhan, Floréal	123
32	Cité L'Oiseau, Floréal	90
33	Cité Anoska, Forest Side	85
34	Cité Joachim, Curepipe	131
35	Cité Beau-Sejour, Bassin	74
36	Cité Trèfles, Rose Hill	124
37	Résidence Barkly, Beau Bassin	194
38	Cité Chebel, Beau Bassin	50
Total		5,478