



**SIXTH NATIONAL ASSEMBLY**

**PARLIAMENTARY**

**DEBATES**

**(HANSARD)**

**FIRST SESSION**

**FRIDAY 11 DECEMBER 2015**

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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. 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, Institutional Reforms, Minister of Technology, Communication and Innovation
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. Sodesh 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
Deputy Clerk	Ramchurn, Ms Urmeelah Devi
Clerk Assistant	Gopall, Mr Navin (Temporary Transfer to RRA)
Hansard Editor	Jankee, Mrs Chitra
Serjeant-at-Arms	Pannoo, Mr Vinod

**MAURITIUS**

**Sixth National Assembly**

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**FIRST SESSION**

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**Debate No. 44 of 2015**

**Sitting of 11 December 2015**

**The Assembly met in the Assembly House, Port Louis at 3.00 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 Captive Insurance Bill (No. XXXII of 2015); and
- (ii) The Additional Remuneration (2016) Bill (No. XXXIII of 2015).

**B. Ministry of Housing and Lands –**

The Annual Report and the audited Financial Statements of the Town and Country Planning Board for the year ended 31 December 2014.

**C. Ministry of Finance and Economic Development -**

- (a) The Annual Report 2013 of the Employees Welfare Fund.
- (b) The Annual Report of the Board of Investment for the year ended 31 December 2014.
- (c) The Report of the Director of Audit on the Financial Statements of the Build Mauritius Fund for the year ended 31 December 2014. (In Original)
- (d) The Annual Report 2014 of the Mauritius Revenue Authority.

**D. Ministry of Health and Quality of Life**

- (a) The Food (Amendment) Regulations 2015. (Government Notice No. 229 of 2015)
- (b) The Pharmacy (Restriction on Use of Stilbenes, Stilbene Derivative, their Salts and Esters and Thyrostatic Substances in Animal Production or Aquaculture Products) Regulations 2015. (Government Notice No. 231 of 2015)

**E. Ministry of Foreign Affairs, Regional Integration and International Trade -**

The Convention on the Civil Aspects of International Child Abduction (Amendment of Schedule) Regulations 2015. (Government Notice No. 232 of 2015)

**F. Ministry of Agro-Industry and Food Security –**

The Annual Report of the Irrigation Authority for the years 2011, 2012 and 2013.

**G. Ministry of Arts and Culture –**

The Annual Report of the Chinese Speaking Union for the years 2013 and 2014.

**H. Ministry of Industry, Commerce and Consumer Protection –**

- (a) The Consumer Protection (Price and Supplies Control) (Amendment of Schedule) Regulations 2015. (Government Notice No. 234 of 2015)



- (b) The Consumer Protection (Control of Retail Selling Price of Imported Live Goat and Sheep) Regulations 2015. (Government Notice No. 235 of 2015)
- (c) The Rodrigues Consumer Protection (Control of Price of Taxable and Non-Taxable Goods) (Amendment No. 33) Regulations 2015. (Government Notice No. 236 of 2015)
- (d) The Rodrigues Consumer Protection (Control of Price of Taxable and Non-Taxable Goods) (Amendment No. 34) Regulations 2015. (Government Notice No. 237 of 2015)

**I. Ministry of Environment, Sustainable Development and Disaster and Beach Management**

- (a) The Report of the Director of Audit on the Financial Statements of the National Environment Fund for the year ended 31 December 2014.
- (b) The Environment Protection (Banning of Plastic Bags) (Amendment) Regulations 2015. (Government Notice No. 233 of 2015)

**J. Ministry of Civil Service and Administrative Reforms –**

The Annual Report 2014 of the Public Officers' Welfare Council.

**K. Ministry of Labour, Industrial Relations, Employment and Training –**

The Catering and Tourism Industries Remuneration (Amendment) Regulations 2015. (Government Notice No. 230 of 2015)

**ORAL ANSWER TO QUESTION**

**REPUBLIC OF MAURITIUS - PRESIDENT – LAWS & APPOINTMENTS**

**The Leader of the Opposition (Mr P. Bérenger)** (*by Private Notice*) asked the Rt. hon. Prime Minister, Minister of Defence, Home Affairs, Minister for Rodrigues and National Development Unit whether, in regard to the exercise by the President of his functions and following the advice given by the Acting Solicitor General on 03 December 2015 to Government who endorsed and acted thereupon in the Assembly on the same day, he will state if, either –

- (a) all the laws and appointments made to date by the President in contradiction therewith will be reviewed and amended; or
- (b) amendments to the Constitution of the Republic of Mauritius will be introduced in the Assembly to give to the President the power to appoint as provided for in a number of Acts of Parliament.

**The Prime Minister:** Madam Speaker, for the purpose of replying to part (a) of the Private Notice Question, it is apposite to refer to the advice tendered by the Attorney-General's Office, on 03 December 2015.

I quote paragraphs 2 and 4 of the advice -

“2. You may wish to note that section 64(1) of the Constitution contains an umbrella provision to the effect that ‘In the exercise of its functions, the President shall act in accordance with the advice of Cabinet or of a Minister acting under the general authority of the Cabinet’.

4. Accordingly, the Good Governance and Integrity Reporting Bill being an ordinary law, its provision cannot override section 64(1) of the Constitution which is the supreme law of Mauritius.”

Madam Speaker, the advice tendered by the Attorney-General's Office should be read together with the other documents referred to therein, namely, previous advice tendered by the Attorney General's Office on the interpretation and implication of section 64 of the Constitution, as well as the judgment in the case of *Dayal v President of the Republic of Mauritius* (1998 MR 4).

Read together, the advice means –

- (a) Parliament can properly enact a law that empowers the President to appoint a person to a statutory office after consultation with the Prime Minister, a Minister or the Leader of the Opposition;
- (b) but, even though that law says, that the President of the Republic must merely consult the Prime Minister, a Minister or the Leader of the Opposition, it does not empower the President to make an appointment contrary to the wish or advice of the Prime Minister or a Minister, as the case may be, because section 64(1) of the Constitution limits the cases where the President can act against the advice of or without consultation with the Prime Minister or a Minister, to cases where the Constitution itself says that the President shall act in his own deliberate judgment or shall act on the advice of, or after consultation with, a person or authority other than Cabinet, and
- (c) as regards the amendment initially proposed to the Good Governance and Integrity Reporting Bill, namely, appointment by the President of the Republic, after consultation with the Prime Minister and the Leader of the Opposition, the effect of section 64(1) of the Constitution is that, in reality, whatever may be the desire of the President or the Leader of the Opposition regarding the identity of the person to be appointed, the President would be bound to make an appointment as he is advised to do by the Prime Minister; hence the advice of the Attorney-General's Office to the effect that section 64(1) of the Constitution, in the event of conflicting intentions of the President and the Prime Minister regarding the identity of the person to be appointed, would have overridden the amendments initially proposed to the Good Governance and Integrity Reporting Bill. Thus, it will always be the Prime Minister's intention or wish, or his advice to the President, which will prevail as regards who should be appointed.

Madam Speaker, I also wish to refer the House to the case of *Dayal v The President of the Republic of Mauritius* (1998 MR 4) where the former Chief Justice, Honourable A. G. Pillay whose expertise in interpreting our Constitution is well-known, stated as follows, and I quote -

“The position would be different, in our opinion, in the case of acts ostensibly performed by the first respondent under the Constitution or any other law but which are in reality performed by some other person or authority i.e. acts performed by the first respondent in accordance with the advice of some other person or authority where he is bound to comply with the advice given - vide section 64(1) of the Constitution”.

It is clear that the Court was highlighting the overriding effect of section 64(1) of the Constitution.

Madam Speaker, for all the reasons stated above, Government decided not to proceed with the amendment proposed by the hon. Leader of the Opposition to the Good Governance and Integrity Reporting Bill and to proceed as it did.

In the circumstances, the question of reviewing or amending the laws does not arise.

Madam Speaker, in regard to part (b) of the question relating to amending the Constitution of the Republic of Mauritius to give to the President the power to appoint as provided for in a number of Acts of Parliament, this also does not arise in the light of what I have stated earlier.

**Mr Bérenger:** Madam Speaker, the Rt. hon. Prime Minister is giving an interpretation of the interpretation that the Solicitor General had given. Will he not agree with me though in spite of what he has just said that the advice given by the Ag. Solicitor General was clear at paragraph 4 - which the Rt. hon. Prime Minister carefully refrains from quoting - and it is said -

“Accordingly, the Good Governance and Integrity Reporting Bill being an ordinary law, its provisions cannot overwrite section 64(1) of the Constitution, which is the Supreme Court of Mauritius”.

The whole point, being given that, as hon. Collendavelloo had pointed out, in that ordinary law, as it is called by the Ag. Solicitor General, it was said that you cannot approve a law - not an appointment - which is in contradiction with the Constitution.

Now, will the Rt. hon. Prime Minister agree with me - and the Supreme Court will decide in due course - that there is a number of laws where what is provided for, as the Ag. Solicitor General has said, is in contradiction with the supreme law of Mauritius, that is, the

President is given the power to appoint responsible people after consultation with the Prime Minister and the Leader of the Opposition, and this has been ruled by the Ag. Solicitor General as being in contradiction with the supreme law of Mauritius?

**The Prime Minister:** Madam Speaker, I do not agree with the hon. Leader of the Opposition.

**Mr Bérenger:** Madam Speaker, of course, he will not agree. But, in the meantime, is the Rt. hon. Prime Minister aware that what is taking place is that until the Supreme Court has a chance to give a ruling on that - because the advice of the Ag. Solicitor General is clear and now the Rt. hon. Prime Minister is contradicting that advice. Of course, it will go to the Supreme Court! But is it a healthy situation? Can I ask the Rt. hon. Prime Minister where those in office are there, according to the advice of the Ag. Solicitor General, in contravention, in violation of the Constitution, I will be asked to give my opinion in cases which, according to the Ag. Solicitor General, are in contravention, in violation of the Constitution?

**The Prime Minister:** I am contravening nothing. Even in certain legislations, it is provided that the President shall consult before appointment is made or at the end of the day it is the prerogative of the Prime Minister to advise the President.

**Mr Bérenger:** What a situation we are in, Madam Speaker, where we received clear advice from the Ag. Solicitor General! Clear advice! If I can quote the No. 4 in Government, he said that, for quite some time, he has had doubts about the constitutionality of all the Acts of Parliament which give the power to the President of the Republic to appoint after consultation with the hon. Prime Minister and the hon. Leader of the Opposition. If I can just be given time to find where it is. Therefore, in spite of that, he is now contradicting both what the Ag. Solicitor General said and what his No. 4 said in Parliament. He is now contradicting all this and he finds that a normal situation!

**The Prime Minister:** I must say that I do not agree with the hon. Leader of the Opposition.

**Mr Bérenger:** I found the page where the Adviser to the Government on legal matters made his speech –

“I have always had doubts about the constitutionality of simple Acts of Parliament”.

Not appointments!

“I have always had doubts about the constitutionality of simple Acts of Parliament which stated that the President shall appoint (...)”.

So, we leave it to the Supreme Court and I hope the sooner. I wonder how the President of the Republic feels these days, but I will wait for the first time that she consults me and the Supreme Court will decide.

**The Prime Minister:** We will wait for a decision of the Court.

**Madam Speaker:** Does the hon. Leader of the Opposition have other questions?

**Mr Bérenger:** No.

**Madam Speaker:** Please, hon. Ganoo, I am sorry! The last question usually rests with the hon. Leader of the Opposition.

**Mr Ganoo:** This is a constitutional debate. This is a question pertaining to the Constitution, and I am sure the hon. Leader of the Opposition can come back afterwards.

**Madam Speaker:** Hon. Ganoo, I have already given my ruling. I said that the last question usually rests with the hon. Leader of the Opposition.

## 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 Captive Insurance Bill (No. XXXII of 2015)
- (b) The Additional Remuneration (2016) Bill (No. XXXIII of 2015)

### *Second Reading*

## THE CAPTIVE INSURANCE BILL

(NO. XXXII OF 2015)

*Order for Second Reading read.*

(3.20 p.m)

**The Minister of Financial Services, Good Governance and Institutional Reforms, Minister of Technology, Communication and Innovation (Mr S. Bhadain):** Madam Speaker, the financial services sector is a key pillar of our economy and contributes to 10.4% of GDP. The main drivers of our Financial Services industry are Global Business, the Insurance sector, and Capital Markets amongst others. Insurance, as a subsector of this industry, contributes to approximately 3% of GDP.

Madam Speaker, Mauritius already has a well-developed domestic insurance sector offering life insurance, general insurance, reinsurance and private pension products. At the end of last month, our domestic insurance industry comprised of 15 General and 8 Long Term insurance companies, with an asset base of over MUR Rs100 billion.

Madam Speaker, the idea of introducing Captive Insurance in Mauritius was first put forward in the Budget 2014 by the then Minister of Finance, now DPM, hon. X.L. Duval, who had retained the services of March Consultants in this respect.

With the new initiatives and vision implemented by my Ministry dedicated to Financial Services coupled with a renewed 'Financial Services Consultative Council' ('FSCC') and a re-activated and innovative 'Financial Services Promotion Agency' ('FSPA'), we are witnessing growing interests from multinationals and other corporates in our jurisdiction. These interests have already materialised in real tangible investments of substance, which will now create high value paid jobs.

Madam Speaker, in 2015, major international flagships such as Old Mutual, which is an international investment, savings and insurance group, has already set up in Mauritius to provide reinsurance brokerage solutions to the African continent. Its regional office is now based in Ebène and is already employing our young professionals.

Similarly, Cooper Gay Swett & Crawford, the fifth largest reinsurance broker in the world, were exploring potential jurisdictions to set up their regional base to underwrite reinsurance contracts in Africa. We convinced them to set up their regional office in Mauritius. They have started their operations two months ago and have advertised in the local newspaper to recruit our young graduates. Only yesterday, Madam Speaker, Gordon Newman, their CEO, based in London, gave an interview in L'Express newspaper where he stated, and I quote -

*« En quoi Maurice est-il l'option stratégique et jusqu'où peut-il prétendre se positionner dans ce secteur ? »*

He answered as follows –

*« Du point de vue du courtage de réassurance, Maurice est probablement la meilleure option que nous avons comme porte d'entrée en Afrique. Il y a un flux naturel de business africain vers Maurice. Nous voulons être dans ce flot et y apporter nos expertises. »*

Also, to the question as to the growth of the Insurance Sector in Africa, he stated –

*« Il est en pleine croissance et se développera davantage quand les marchés seront plus flexibles et quand il y aura une augmentation dans les tarifs. Nous croyons en l'avenir de Maurice dans l'industrie des assurances. Ce pays a le potentiel pour offrir des services de courtage de réassurance de classe mondiale. »*

Madam Speaker, following meetings held with the CEO of Lloyds Group in the UK, Mrs Inga Beale, a team was sent from London to Mauritius to explore the possibilities of setting up base over here to expand their activities on the African continent. In September 2015, 'Lloyds UK' teamed up with 'AXA' to open their regional office in Mauritius to underwrite insurance and reinsurance risks in Africa. The newly formed company has been duly licenced by the FSC and is starting operations in four weeks' time.

Also, Madam Speaker, Aton GMBH and Care Ratings are further examples of major corporates based in Germany and India with whom we had meetings earlier this year and they have subsequently been licensed by the FSC and are now operating their regional offices in Mauritius for their operations in Africa.

Madam Speaker, we are also encouraging domestic insurance companies to broaden their horizons and enlarge their economic space by expanding their operations by setting up African based subsidiaries.

Global operators have continuously been telling us how in the past, policymakers and legislators, have not provided the conducive legal and regulatory frameworks for them to move up the value chain and provide adequate space for the development of new sophisticated service offerings. Madam Speaker, we intend to correct this with this proposed Captive Insurance Bill, which will contribute to the growth of our financial services sector.



Madam Speaker, in its most basic form, a captive insurance is a company which insures the risk of its parent company and other affiliates within the same group structure. So, for example, a major conglomerate based in Europe can, instead of insuring its risks exposure with an external insurer in Europe, decide to set up its own insurance company in Mauritius, to insure its own group risks, that is, to have its own 'captive insurance' in our jurisdiction. It will thus, have direct access with reinsurance markets, in Mauritius or elsewhere, by operating from Mauritius. In the process, the conglomerate will save substantial annual costs on insurance for its whole Group of companies and retain the benefits which would have otherwise accrued to external commercial insurers.

The present Bill provides for the introduction of Pure Captives, where the corporate insures itself and mitigates the risks through re-insurance. Pure captives pose little threat to the financial system as third parties are not exposed.

Captives, Madam Speaker, are therefore a type of self-insurance and is an alternative form of risk management that is becoming a more practical and popular means through which companies can protect themselves financially, whilst having more control over how they are insured, and how corporate risks are being spread, which would otherwise be much less flexible under a normal insurance arrangement.

The introduction of captive insurance through a distinct legislation in Mauritius, will also open our doors to major reinsurers, which will be beneficial to stimulate the level of activity in this sector, whilst at the same time contributing to the good repute of Mauritius as being a financial destination of choice for global investors.

Madam Speaker, Captives are generally used by multinationals, wealthy individuals or property owners for several reasons, such as to ensure a cost-effective transfer of risks, protection from unpredictability in the insurance market, and opportunities to retain underwriting profits for further investments.

Madam Speaker, Captive Insurance is not a novelty, but the absence of a distinct legislation, has stifled its growth in Mauritius, as it was being done through a back door using what is known as Protected Cell Companies. It is worth mentioning that some local operators in the Insurance sector, did express some concerns with the FSC that they may be at risk of losing business with respect to their corporate clients, but this was not a well-founded argument as no such risks could materialise in Mauritius according to the regulator, as captive insurance would not take away business from the existing local insurers. Instead,

captives will create the opportunity to bring dynamism, impetus and increased level of activity to our insurance sector and the economy as a whole.

Madam Speaker, with captive insurance as a new product offering, we will attract a number of new operators to our jurisdiction which will include multinationals, regional corporate groups, as well as wealthy families, looking to develop alternative forms of risk management through self-insurance.

I must also say that while we open our doors to the users of captive insurance, we are also attracting significant interests from major world class captive insurance management companies who wish to set up in Mauritius. My Ministry has been in discussion with a number of large global captive insurance management companies, including 'Palm Captive', a global captive management company, with a portfolio of hundreds of captives, which will also provide services including: underwriting; issuance of policy wordings; provision of proper transfer pricing documentation; analysis of appropriate risk retention levels; consideration of reinsurance requirements and development of new and profitable products for the portfolio.

Madam Speaker, the benefits of captive insurance is not restricted to what I have mentioned. It is important to look at its ripple benefits too. This will encourage more front office activities to take place locally, including: reinsurance; active portfolio management services; and investment advisory services. All of this will generate substantial new job opportunities for our young professionals. Our young graduates are thriving to move up the value chain from the traditional back office jobs to more challenging and skilled work and this is exactly what the Captive Insurance Bill will provide for, Madam Speaker, and with its introduction, Mauritius will lead the way to become the 'Captive hub' for Africa.

Before we come on to the proposed Bill, it is important for us to understand that the Insurance Act 2005 does not differentiate in its requirements between Captives and other types of insurance. For that reason, Mauritius has witnessed negligible growth in Captives until now, unlike other jurisdictions, notwithstanding that there has been a global growth in the number of Captives formed. Hence, the need for a specific legislation to Captive Insurance, with a distinct regulatory regime.

The current Insurance Act 2005 provides the regulatory framework for the broader insurance industry. However, there has been much innovation in the design of legislative frameworks for captive insurance in other jurisdictions and we cannot remain insensible to

this if we want to make Mauritius a truly vibrant financial services centre. This goes to the extent that, notwithstanding the many other benefits that Mauritius has to offer, Mauritius is not currently perceived as an attractive captive domicile as compared to other jurisdictions. This lacuna as well as opportunity has prompted the need for a review of the captive insurance framework in Mauritius. Additionally, the current framework for the regulation and supervision of captive insurance business will continuously be improved, in as much as the new legislation on Captives takes into account international best practices.

Before introducing this Bill, Madam Speaker, the FSC assessed the impact that captives could potentially have on our economy. There is a realistic opportunity for Mauritius to house at least 350 captives over the next five years. This will invariably open the doors for more than 1,500 direct jobs in this particular segment, which is in addition to what is already on offer in the financial services sector.

Madam Speaker, in order to make captive insurance a success in Mauritius, we are not only providing for a clear regulatory regime, but we are also providing for fiscal incentives for multinationals to set up their captives in Mauritius. This will have the benefit both onshore and offshore operators who will benefit from that. Unlike the GBL regime, we are integrating the offshore and onshore product offering and there will be no ring fencing of regimes when it comes to captives. This is a big step forward to address the issue of harmful tax practice, which has lately been the subject of debate within the European Union. This Bill provides for a consequential amendment to the Income Tax Act which provides for a tax holiday for a period not exceeding 10 years from the commencement of the Act for all captives.

Madam Speaker, as the regulators for non-banking activities, the FSC will license and regulate all captive insurance business specified in the Schedule to this Bill. The regulatory powers of the FSC under the Financial Services Act will be applicable with regard to captive insurance and the FSC will also have a regulatory oversight on the governance and investment policy of captive insurers. What we are trying to do is simple, Madam Speaker. We don't want to end up in the same situation of overdependence with tax treaties. The regulatory oversight of the FSC on governance and investment policy of captives will ensure that only genuine captives with substance are set up in Mauritius.

Madam Speaker, every captive insurer licensed under the Act will be required to have a captive agent, whose appointment will require the approval of the FSC. Only an

actuary, an insurance manager, a law practitioner, a management company, a public accountant or such other person as may be prescribed will be able to act as captive insurance agent.

The rationale is to ensure that persons acting as captive insurance agents are professionals or regulated entities and most importantly, we are providing for captive insurers to set up operations of substance in our jurisdiction.

Madam Speaker, the development and promotion of captive insurance in Mauritius is in line with the Government's objectives to diversify our financial services sector offering and enhance transparency and substance to create high value jobs for our young professionals.

Madam Speaker, the development and promotion of captive insurance in Mauritius is in line with the Government's objectives to diversify our financial services sector offering and enhance transparency and substance to create high value jobs for our young professionals.

The captive insurance industry in Mauritius can become an industry on its own, contributing to the growth and development of the financial services industry. With the introduction of the Captive Insurance Bill, we are moving a major step forward to become the leading jurisdiction for captives in the region.

With these words, Madam Speaker, I commend the Bill to the House.

**Mr Callychurn rose and seconded.**

**Madam Speaker:** Hon. Ganoo!

(3.33 p.m.)

**Mr A. Ganoo (First Member for Savanne & Black River):** Madam Speaker, this Captive Insurance Bill could not have been introduced at a more appropriate time. It fills in a vacuum and consolidates our financial sector. Both the Government and the Minister, therefore, deserve the appreciation of the nation and the business community for the timely addition of yet another legislation in our financial services sector.

This legislation is wide-ranging and provides the framework to regulate the captive insurance activity, as the Minister has just told us, and evidently, such positive steps send the right signal to the international community and is, therefore, a plus for our economy.

Madam Speaker, insurance is a contract that transfers risk to another entity and insurance company. Captive insurance assists in risk transfer. It issues policies, collects premiums and pays claims, but it does not offer insurance to the public.

The present legislation will help to accelerate this new financial service product through tax incentives, accounting and legal framework. My understanding of this relatively new economic and financial activity is that it is an additional transaction in the insurance business production chain aimed at making the sector more robust and at reducing the risk of an overrun in apparent insurance companies.

Specifically, the captive insurance company, by definition, provides a risk mitigation economic and legal arrangement to support the parent company if the latter is unable to find an outside company to insure business risk. It is formed primarily to underwrite the risk of its parent or affiliated groups. Wholly owned by its policyholders from a strict definitional perspective and control by its insured's, it purports to insure the risk of all its owners and the insured's benefit from the captive insurers' underwriting profits. Of course, it goes without saying that the parent company would examine carefully the premiums it would pay to the captive insurance firm taking into account affordability, range of coverage and if it is better than provided by outside reinsurance companies.

Madam Speaker, I have gone through the present legislation as best as I could have and it has the merit of providing a comprehensive legal framework, including the incentives typically provided under the broad concept of financial services sector and which has made the financial sector a leading sector as well as the main engine to attain a high income status. In general, the parent company would consider tax incentives from the creation of a captive insurance which depends on the classification of insurance.

Madam Speaker, the legislation provides all the ingredients to host the captive insurance making Mauritius known internationally as a captive domicile with special enabling facilities.

One of the merits of the legislation is the provision of spreading risk and shifting risk from the parent company to another company. This implicitly provides security and certainty, enabling the transmission of business expansion to progress smoothly while, at the same time, facilitating the task of risk takers through a cloak of greater financial comfort. Obviously, Madam Speaker, there are financial benefits accruing by creating a separate identity in the provision of insurance services. It shields the parent in the event the parent

company faces a bunching problem of demands, but this would vary from company to company depending on the size and the financial strength. The likelihood of a large private insurer facing bankruptcy by a single event is attenuated through a diversified pool of risks. On the other hand, parent companies should carefully weigh the additional cost arising in setting a captive insurance company.

Our legislation, as far as I can see, makes provision to diminish these risks and exploits new vistas for growth through a well-lubricated system of surveillance, screening, checks and balances. For instance, the Bill stipulates the need to have, at least, one local Director, which, at the same time, permits the creation of high income jobs. The need for a legislation to provide the framework through growth in a disciplined manner and guide operators with what is permitted and with what is not permitted cannot be better argued.

This Bill also sends good signals to the international community. The more so, as the insurance sector is an expanding business; many businessmen, local or international, as well as Government officers, regulators or policy-makers, often toil in different markets, but lose perspective on reality, on the nitty-gritty of operations. It is a gross oversimplification, Madam Speaker, to assume that everyone we come across even in the sector has a basic understanding of the various alternative risks, financing techniques, technicalities and implications. The modern financial services sector provides daunting challenges, even for those familiar with the sector and this legislation has the merit of providing the guidelines in a holistic manner.

Madam Speaker, with such kind of comprehensive legislation, I suppose we stand protected against mischief on the international front because we are equipped and have tangible assets to show to the world because, at the end of the day, we are targeting foreign companies. We are no longer at a local watering hole, but we have to survive in ocean. Obviously, with more than two decades of international exposure, we are sure that there are local businessmen in the sector who would like to take advantage from setting up a captive. The legislation provides the information required how to go about relating the captive and this is an essential step towards enhancing the country's image as an international financial centre.

Madam Speaker, this is a lucrative business and only this week the media made mention of a visit, of a leading UK insurance company exploring the possibility of setting its parent company in Mauritius. I hope this is a harbinger of good news and there is little doubt

that this legislation will accelerate the process and incite other prospective businessmen to locate in Mauritius. If this trend continues, it is equally vital that side-by-side with this legislation, we should also readily have available a pool of human capital resources to support our efforts to tap the international openings for the provision of high level education.

Mauritius faces tremendous challenge to raise our educational standard. Captive insurance deals with “expected losses” for each line of coverage: accidents, workers’ compensation, etc. An actuary, Madam Speaker, determines expected losses based on a firm’s historical loss amounts and pay-out characteristics. This requires high level of training. The study of actuarial science is not only demanding in terms of intellectual ability, but also takes long years of training with high failure casualties. We need to respond to this type of market to make the insurance and captive insurance sector an international success and take full advantage of the sector. Given the global exposure of the financial activities, the need for deep specialised knowledge for appraisal, monitoring, compliance, surveillance and analysis, both before licensing and post-licensing at the regulatory level, on the one hand, and for operations, on the other hand, cannot be over emphasised. The type and nature of professionals are mentioned in Part III of the Bill and encompass a wide range of competence.

Madam Speaker, we can no longer content ourselves with universities, with international ranking in the region of 4,000 and 7,000. We are called upon to play the equivalent of Real Madrid, Arsenal or Manchester United in the financial services sector. Our universities must rise to the circumstances. They are intrinsically linked to the financial services sector. With a share of 10.3% of GDP and growing at annual average exceeding 5%, this sector will be called upon to conquer Africa. As the Minister mentioned, Mauritius will compete and must compete and must challenge established performances of the calibre of Bermuda, the most well-known and largest offshore domicile.

Madam Speaker, the Minister of Financial Services and Good Governance has brought one missile to the country. We need to join efforts to use the financial services sector to take Africa by assault and now is the opportunity especially in Nigeria and Ghana. It is time also to target the Portuguese axis with Brazil, Angola and Mozambique, two of which are already SADC countries. We have an arsenal of legislation that few countries elsewhere can boast of, Madam Speaker. Now, this Captive Insurance Bill will come as another added value in this legal weaponry that we have.

All these legislations are excellent incentives and a legal weapon to explore the emerging markets. The permissible classes of captive insurance business as spelt out in section 8 of the Bill are very clear and *a priori* do not appear to lend itself to confusion or misinterpretation. As in other financial services legislation, the management procedures including board procedures are laid out clearly in Part III and the holders of key professional positions as well as those debarred from holding responsible positions are spelt out. In addition, emphasis is laid out on governance issues, integrity, skill, knowledge, competence and experience, all the ingredients which are prerequisites for respected and successful economic activity. Also, much emphasis is placed on submission of audited reports with specified time frame.

Madam Speaker, with proper monitoring all these arrangements should help to keep pace with global changes or eliminate any constraint or abuse in light of the future operational experience. Madam Speaker, there are nearly 6,000 captives operating worldwide and the figures keep increasing. This sector has gained widespread acceptance only since a few decades ago although I have been given to understand it has existed for years and years. The first one was set up in the Bahamas during the 1960s. The most popular domiciles for captive insurance historically are Bermuda, the Cayman Islands, Barbados, Malta, Luxembourg, Ireland and Singapore. Today, the US also provides facilities to domicile some 1,000 captives compared with 3000 in the Caribbean, 1,200 in Europe and the rest in Asia.

As the hon. Minister told us, there are various types of captive insurance and we have concentrated on pure captives. These variations are flourished and one of the challenges is to respond to the demand by ensuring a flexible approach to the legislation and to put in place a flexible regulatory management so as to strike the right balance between governance and compliance on the one hand and trended changes and growth on the other hand. The types of captive will continue to evolve, Madam Speaker, and proliferate to address the growing need for alternative transfer.

Before I conclude, I would wish good luck to this Bill, Madam Speaker, and hope that it will help to bolster our financial services sector. I have done.

Thank you.

**Madam Speaker:** Hon. Bholah!



(3.46 p.m.)

**The Minister of Business, Enterprise and Cooperatives (Mr S. Bholah):** Madam Speaker, allow me, at the outset, to thank the Minister of Financial Services, Good Governance and Institutional Reforms for bringing this piece of legislation to the House. In fact, it comes at an opportune time, adding a new set of products to the already growing Mauritian financial sector.

Madam Speaker, Mauritius, commonly known as the star and key of the Indian Ocean, has been the hub for trade and commerce for very long. Now the country is establishing itself as a symbol of excellence in the financial world. When Independence was granted to us Alexander de Smith, the Constitutional Commissioner for Mauritius in the 60s, was of the view that Mauritius would not survive and that sooner or later over population would become the bane of the newly independent State.

Mauritius was left to its fate in the wake of its independence. The country was hugely dependent on the agricultural sector which was the primary source of income of the nation State. Economic progress has for long been stunted and the prevalence of cyclones determined the fate of our country on a yearly basis. There is, however, one characteristic that is intrinsic to our genes, that of resilience in the face of adversity.

It took a team of brilliant professionals to turn around the destiny of this island nation. The *miracle économique* came to exist. The secondary sector came to a boom and rife unemployment was tackled instantly. The textile sector as well as the tourism sector slowly paved way for the emergence of the tertiary sector in which finance came to contribute a major chunk to the revenues in Mauritius. And, then, one would have been tempted to say that bad days do not stay forever. However, as a wise man once stated, good days do not stay forever as well.

Madam Speaker, the Mauritian financial sector was developed against the backdrop of the liberalisation of the Indian economy. Slowly the Indian populace started seeing Mauritius as the villain in the scenario. Assaults were abound, be it through the alleged introduction of the Direct Tax Code, commonly known as the DTC in India or through the proposed onslaught brought by the (GAAR) General Anti-Avoidance Rule or the specific Anti-Avoidance Rule. Mauritius has been red flagged in certain quarters in India.

Now the threat that faces Mauritius is the Base Erosion and Profit Shifting (BEPS) as well as the various cases like Vodafone, although isolated, do not help. However, Mauritius

has been very resilient in the face of such adversity. Therefore, there is a general consensus as the Mauritian offshore sector is called to be more competitive.

Let me introduce this House to the issues caused by BEPS. In practice, the OECD countries were faced with the attempts by many entities trying to benefit from double non-taxation. The OECD countries had to face the music of less taxation income and there was considerable loss, as per their own sayings, in terms of tax revenue. There might therefore be steps taken by several countries to implement such measures into their own laws. One of such countries is India, the importer of most of our outbound investments. Mauritius had a significant advantage with risk being reduced to in no time. The DTTA might be thing of the past in no time, Madam Speaker.

How, therefore, would one expect to compete along those lines? The DTTA might be rendered nugatory and ineffective and this is a danger faced by almost all of us. Mauritius is, therefore, called to introduce such measures so as to diversify. Again, good days do not stay forever and Mauritius cannot rest on its past laurels.

With the advent of the BEPS, taxation would no longer be as much of an advantage and Mauritius will be called to be highly competitive as compared to the other jurisdictions. The commitment of this Government to the people is clear, that is, it has a clear mandate to change and innovate for the benefit of the people. Employment creation was and remains one of the needs of the people. The offshore sector employs many individuals and time has come to safeguard the offshore sector and its employment as well as create new employment.

Therefore, coming back to the issue of competitiveness, if Mauritius is to survive it will have to introduce new instruments and products so as to compete with other jurisdictions. Suffice it to say that Mauritius was among the most recent to adopt the Limited Partnership Act and the Foundation Act. However, the Captive Insurance Bill has to be introduced in good time.

A captive insurance is an innovative product. Previously the level of compliance on an insurance company was so high that many companies were practically prohibited from entering the market. Many companies had even shown interest in setting up captives; however, they were duly discouraged by the amount of compliance and the varying levels of requirement for the setting up of such an entity.

Mauritius cannot compete in this day and age if it does not become a user-friendly or business friendly jurisdiction. This is not to say that Mauritius should be too lenient only to

attract investment or it should go into cheap marketing only to attract investment. Mauritius is being called upon to be a jurisdiction of substance and not of form only.

Madam Speaker, it was clear the previous Insurance Act did not place Mauritius at a competitive advantage in the world in relation to captive insurance.

The case of Bermuda and Taiwan and the already flexible captive insurance laws are advanced. Marketing Mauritius as a captive destination might take a bit of time. However, once the structure is there, the function starts the platform that Mauritius provides and the replication that Mauritius can use to fall back upon. We need to be careful about one thing. We maintain a relatively better position in the African subcontinent. However, the offshore jurisdictions of several countries and the drive from countries like Kenya may cause an impediment to what we used to call the Tiger of the Indian Ocean. We still maintain our position among the African Nations, ranked among the highest in the number of professionals in the financial sector, if not the highest of them all. But we need to keep improving and innovating so as to preserve our relevance in the African spectrum. Our captive insurance laws will allow us to compete on this side of the world.

While we can aspire to be as developed as the other captive insurance jurisdictions throughout the world, this Act will set us on the track and increase our competitive edge. The bringing of innovation also creates the need to have sufficiently qualified professionals as rightly pointed out by hon. Ganoo. Initially, the country may not be equipped with the right professionals - I emphasise "may not". It may as well have several such professionals, but this is not the point here. The point is that while it may not have the right professionals, the advent of captive insurance might create a whole new industry of insurance and reinsurance business. New professionals might be attracted to this country, and our own human capital working for international conglomerates will be attracted. The pool of professionals will be automatically improved.

Madam Speaker, in conclusion, I wish to say that this Act has been long-awaited to say the least, and the Act reflects the aspiration of Mauritius as a financial sector more than perhaps a tax jurisdiction. Mauritius has always been perceived as a financial centre. May this Bill act to the plethora of instruments needed to make our jurisdiction the best of all the financial sectors and survive the onslaught of international competitiveness. The future is bright. Challenges are high. But rest assured rough seas make the best sailors, and we are

ready to sail through the testing times with heads held high and determination and resolution guiding us.

Thank you, Madam Speaker.

(3.55 p.m.)

**Mr R. Uteem (First Member for Port Louis South & Port Louis Central):**  
Madam Speaker, in an interview which appeared in ‘L’Express’ of 08 December, earlier this week, referring to the debates on the Good Governance and Integrity Reporting Bill, the hon. Minister of Financial Services and Good Governance stated and I quote as follows -

*«Je suis content du travail accompli et de la façon dont nous avons mené le débat en public en rencontrant les différents partenaires. Ce serait bien que toutes les lois puissent être débattues de la sorte.»*

Yet, Madam Speaker, the very same Minister is coming today with this Bill on Captive Insurance. And when did hon. Members get a copy of this Bill? Only on Tuesday morning, only four days ago! It is a highly technical Bill and hon. Members have only four days to read, dissect, prepare and debate this national Bill, a Bill of very great importance for the offshore sector. Is this good governance? Is this the way to treat Parliament? Is this the way to treat hon. Members of this Assembly? And to add insult to injury, Madam Speaker, only last night we were given proposed amendment that would be moved at committee stage. What was the urgency, Madam Speaker? Why rush this Bill? Why give hon. Members only four days? I am sure that a lot of hon. Members have not had time to even consult stakeholders to see whether this Bill is appropriate for the country or not. In the circumstances, how can we exercise our voting rights?

This is not the first time that this Bill is being proposed. As the hon. Minister rightly pointed out as far back as 2013, when the Deputy Prime Minister, hon. Xavier-Luc Duval, was the Minister of Finance under the Labour Party Government, already announced that there would be a captive insurance. Then in March 2014, at the Annual General Meeting of the Insurers Association of Mauritius, the then Chief Executive of the FSC, Ms Clairette Ah-Hen stated and I quote –

“We have submitted our proposed draft Bill to the Ministry/our policymakers to take it forward and to fruition and I am sure we will learn more about it in the coming weeks.”

That was as far back as March 2014. The Bill is already at the Ministry of Finance. In August 2014, the Insurers Association of Mauritius submits their comments. In September 2014, the Association of Trust and Management Companies submits their comments. In December, there is a change in Government, there is a new Minister. The new Minister does not have any more consultation with the insurance sector, does not have any more consultation with the Association of Trust and Management Companies, and now in the last minute, we are rushing with this Bill. I say it with a lot of sadness and regret, Madam Speaker, because if the hon. Minister had adopted the same attitude which he did when dealing with the Good Governance and Integrity Reporting Bill and hold consultations with Members of the Opposition also, we could have made certain constructive comments which he could have either addressed in his speech or even come with amendments. So, I hope that going forward, there would be more of a consultation process so that, as was rightly pointed out by the hon. Minister, *ce serait bien que toutes les lois puissent être débattues de la sorte*, Madam Speaker.

Madam Speaker, we are debating this Captive Insurance. What is Captive Insurance? In its pure form, Captive Insurance is simply an insurance which is wholly owned by its owners. The primary purpose of the insurance is to insure the owner's risk and then the owner benefits from the profit made by this insurance company. In simple terms, instead of a person going to a commercial insurer and getting an insurance to insure his risk, the captive, that is, the owner sets up his own insurance company and that insurance company does nothing else than insure his own risk. Now, why would he do that? There are lots of reasons. The main reason is cost. It works out cheaper for big multinationals, for big companies to have their own insurance companies and have lower costs than those traditional insurance companies. But there is also non-cost consideration. There are certain companies involved in certain industries which require specific types of insurance cover which are not generally available. For example, you may have a company which wants to insure against political risk. If they are investigating in certain African countries and that may not be readily available or too expensive. Similarly, you may have a company which wants to insure against environmental risk because they are in the mining sector or in the oil industry. So, there are lots of reasons why you can have a captive insurance, and in Mauritius we have already been licensing captive insurance. We have been doing it since MOBAA days, back in the nineties, we had regulations then. And even under the Insurance Act of 2005, there is provision for

external insurers which will include captive insurance. But we have never had a Bill specifically addressed to captive insurance, and this is why today this lacuna is being filled.

Madam Speaker, we have different types of captive. What I have just described is pure captive where you insure your own risk. But there is also industry-wide captive which is very common in the US and in Europe, where a number of players in the same industry, for example, aviation, oil and gas, they together and set up an insurance company, which is going to insure their risk. This is industry-wide captive. There is also rental captive, which is specifically formed to provide captive facilities to unrelated bodies. There is third-party captive, which is captive writing third-party risk. An example of a captive writing third-party risk, Madam Speaker, would be the Toyota car maker. Toyota offers extended car warranty on its cars and reinsured these risks at a captive. So, there are lots of scopes for having different types of captives.

Yet, this Bill limits captive to pure captive insurance. Schedule 2 to the Act only mentions one type of Captive Insurance which is a pure Captive Insurance and, in my opinion, Madam Speaker, this is a major shortcoming and a major disappointment because if we want to be leader in the Captive Insurance Sector, we want to attract captive business especially from African-based companies, yet we are only prepared to license pure captive. We are not even prepared to go industry wide captives when there is a definite market for that because a lot of companies in Mozambique have found gas, for example and they would be interested to insure all their gas related risks.

So, we are doing away with business and I don't know what is the policy behind limiting captive insurance to only pure captive. So, I ask myself, Madam Speaker, is it because we lack the necessary expertise and competence? But then is it the message that we want to send to those considering setting up captive insurance in Mauritius. That we are not equipped to license captive insurers other than pure captive. The sad part of it, Madam Speaker, is that this is probably true because I don't know of any expert in captive insurance which is currently working at the regulator at the Financial Services Commission and I know that none has been recruited since this Government has taken office.

In fact, what am I talking about? We don't even have a full-fledged Chief Executive Officer since Madam Clairette Ah-Hen had left. We have only someone on contractual basis and this does not look serious, Madam Speaker, when you are going out there and selling Mauritius as a well-regulated captive insurance jurisdiction. So, before we go out marketing

ourselves as a jurisdiction of excellence for captive insurance, the very least that we should do, Madam Speaker, is to ensure that we have people with the right expertise at the level of the FSC to regulate the sector.

Madam Speaker, this legislation is still badly bruised after the collapse of the British American Insurance and we will carry the after effect, *les séquelles* of the collapse of BAI for many years to come. The hon. Minister of Financial Services himself, on many occasions, has blamed the Financial Services Commission as regulator for failing to act promptly to stop what he had called a Ponzi scheme. Now, we are going ahead with a new Captive Insurance Bill with the very same people at the FSC except for its CEO. So, what guarantee do we have that the FSC now is well equipped to properly monitor Captive Insurance Sector. This is very relevant, Madam Speaker, because captive insurance is not being limited to foreign captive insurers. Even Mauritians, big companies can apply for a licence to provide captive insurance. Of course, the Insurers Association of Mauritius, no doubt wanting to protect its own turf has strongly objected to allowing local business to set up a captive insurance company and benefit from insurance *arbitrage*.

But, unlike what the hon. Minister has just said - I do believe that the local insurance business will be affected by allowing locals to set up their own captive insurance. But I don't hold a brief for them, Madam Speaker, and I am certainly not saying that we should not allow local businesses from setting up captives. In fact, I believe that if we allow local businesses to set up captives, there would be increased competition and this will result in lower premiums for the benefit of consumers. But we should ensure, at the same time, Madam Speaker, that there is business creation as opposed to business diversion. We should ensure that this captive industry is going to generate growth and not just shift all the existing insurance work from the traditional local insurers to a new captive insurance because if ever it happens, the worse scenario is that you may have financial difficulties, financial effect, financial consequences on the local insurers and they may even result in employees being laid off.

One trade-off would have been, Madam Speaker, to allow local insurance companies to provide rental captives or to allow local insurance companies to provide third-party captive insurance. But as I have stated before, the Bill only covers pure captive insurance and I hope this is one aspect where the hon. Minister going forward can look to the possibility of extending the application of this Act to third parties and rental captives.

Madam Speaker, allow me now to come to the type of insurance which may be offered by a captive. From the definition of general insurance business, we note that long-term insurance business is excluded. Again, why? Why do we exclude long-term business? One of the main attractions of big companies with thousands of employees to go captive is precisely to be able to underwrite, to be able to write insurance, life insurance policy for their employees. That is a major attraction. Yet, by excluding long-term insurance, are we now shooting ourselves in the foot and become less attractive compared to other jurisdictions which allow captive to provide life insurance to employees? Again, why are we driving away business? Is this a measure to protect our local insurers? If this is the case, then we could have limited it to allowing foreign captive insurers to provide life insurance and prohibiting local captive from doing it. But to exclude long-term insurance, life insurance, I think it is very bad for business if we want to sell Mauritius as a captive business.

Then there is Section 8, sub section (2) of the Bill which provides that –

“No captive insurer shall provide, on a direct basis, any insurance purporting to cover risks in respect of which there is a compulsory insurance requirement under any other enactment”.

The purpose of this Section 8, sub section (2) is to exclude the provisions of compulsory insurance, for example, the case of motor vehicles third-party insurance. So, a captive not being able to provide motor vehicles insurance, would not be able to have other compulsory insurances which are supplied by law. Again, why? If you have a company which has a fleet of cars, why can't it be a captive? Why exclude motor insurance? Now, the Insurers Association, on the other hand, went even further and said –“if you are going to exclude motor vehicles then you might also exclude insurance over any assets located in Mauritius because this is the case right now under the Regulations of 2007”.

Again, Madam Speaker, I fail to understand the rationale, why at a time when we want to sell captives, we are limiting it into who can do the captive? We are limiting it hence to what product the captive can offer.

Madam Speaker, there is another point I would like to make and that is with the use of the Protected Cell Company. Section 20, sub section (4), purports to amend the Protected Cell Company to allow it to set up a captive insurance. We are all for, but then the amendment goes on to state that this is limited to only companies - Protected Cell Companies which hold a category one global business license. So, why again limit it to companies which



hold a category one for business license? The way the tax treatment is drafted, there is no way anyone would want to set up a PCC as a GBC one, because a GBC one is taxed at 3% whereas the income of a captive would be exempt from income tax. So, they are not going to use a GBC one, they would prefer to use the normal captive and not pay tax. So, why then limit the use of PCC only category one global business asset. We should have extended it to all PCCs, all captives should be able to use that.

Madam Speaker, as the object of the Bill clearly provides, this Bill is only establishing a framework for the licensing regulation and supervision of captive insurance business. We will actually need to wait for the Financial Services Commission to come up with the necessary rules and regulations under Section 18 of the Bill, to effectively regulate captive insurance business. So, we will have to wait for the regulations. The regulation, in particular, will no doubt set out the minimum capital requirement and this is very important because for local insurance companies - if my memory serves me right - there is a minimum capital requirement of Rs25 m. So, if we use the same capital requirement, obviously, our captive insurance will not be attractive for foreigners to come to Mauritius. So, we will have to wait for the regulation.

The FSC will also make regulations about the solvency requirement. Again, if the solvency test is too strict, we would be driving away business, but at the same time, if it is too loose, then we would be exposed unduly to risk. So, the FSC will have to strike the right balance when coming with the FSC. I hope that, before they come up with the necessary rules and regulations, the FSC will hold consultations with all stakeholders, all the insurance players, the management companies, so that we can have a consensus around the solvency requirement and capital requirement.

Madam Speaker, there is a final aspect of this Bill which I would like to address before resuming my seat and this is in relation to section 3(2) of the Bill, which reads as follows -

“The Minister may, on the recommendation of the Commission, provide, by regulations, for any provision of this Act to apply to a captive insurer with modifications, adaptations and limitations and on terms and conditions not inconsistent with this Act.”

So, why, Madam Speaker, do we need to give discretionary powers to the Minister to exempt any captive insurer from any provision of this Act? Haven't we learnt our lesson?

Have we already forgotten about BAI? The hon. Minister himself has spoken about political interference. The hon. Deputy Prime Minister, Xavier-Luc Duval, when he was in Parliament, defended BAI, and now we are giving powers to the Minister to exempt, to interfere with the Act and exempt captive insurance from any provisions of this Act. Is that good governance? Is that the way going forward? And there are no objective criteria; under what circumstances the Minister can do that. It is only after consultation with the Financial Services Commission.

Madam Speaker, it is high time that we leave regulatory matters in the hands of regulators; it is high time that we stop this bad habit of politicians trying to control everything. We are coming with a fresh Bill, a fresh product. Let us also have a fresh start in the way we regulate the financial sector in this country.

Thank you.

**Madam Speaker:** Hon. Bhadain!

(4.15 p.m.)

**Mr Bhadain:** Madam Speaker, I would like first and foremost to express my thanks to all the hon. Members who have given their views on this Bill. I would like to particularly thank hon. Ganoo for his encouraging words. I believe that he has had sufficient time to have a look at the Bill and he has come up with a very good analysis as to the reasons behind introducing the Captive Insurance Bill in Mauritius and also as to how it is going to really give us the opportunity to develop the financial services sector with an additional tool, and also how we intend to use captive insurance in terms of our Africa strategy, as to how we want to develop Mauritius as a captive insurance hub. I very much believe that he has had sufficient time to have a look at that, contrary to my hon. friend, Mr Uteem.

At the very outset, I would like also to say, Madam Speaker, that when we were debating the Good Governance and Integrity Reporting Bill, we had given six weeks between the First Reading and the Second Reading, so that debates could take place, but still, we were told by hon. Uteem that this was not sufficient time, and they wanted it to go to next year.

Now, when we have this law - there is no controversy which arises in this law; we all know that captive insurance is a good thing for Mauritius and it is going to help our country develop - we are being told that this is being rushed through. It is not being rushed through, Madam Speaker. Hon. Ganoo, himself, has been able to understand all the concepts and he

has explained to this House how he believes that this is something which is going to work for Mauritius.

One of the reasons why we had to go quickly with this, Madam Speaker, is because we have had a lot of demand from multinationals - I have stated that in my speech. I mentioned about Palm Captive, which intends to bring quite a number. It is a management company which brings captives with it, and we are talking about hundreds of captives which can be set up in Mauritius very quickly. I have also explained in my speech in terms of Lloyds and the meetings we have had, AXA; we have talked about Old Mutual. These are all companies which are expressing their interest.

If we were not to do that now, we would have to wait for Parliament probably to resume in March and we would have missed out so many opportunities for these companies to come and set up over here. As I said, it is a very technical piece of legislation, I do agree, but it is not complex at all. What the Bill basically means is that the FSC will licence, will regulate this particular sector, the Captive Insurance Sector, and the Bill basically details the provisions as to how it is done and what are the conditions for licensing and so on, and then the regulatory aspects.

When it comes to one important issue that hon. Ganoo has raised in relation to capacity building, this is a real issue, Madam Speaker, because what we have seen in the past, in the last 10 to 15 years in Mauritius, especially with the global business sector, is that a lot of back office operation was being done in Mauritius where companies are being formed, administration work is being done, licences are applied from the FSC, and then financial summaries are being filed. So, it was more in terms of administrative work, clerical work, even though jobs in the offshore sector were generating sufficient wages and salaries for the young professionals who have come back from abroad after having studied or those from the University of Mauritius, to have a good lifestyle. But what it has also done is it has prevented them to move up the value chain and to go towards that level of sophistication which is required.

Now, when we are developing the Financial Services Sector and taking it to the next level, we have a problem because we need to get people to be trained very quickly and to understand the level of sophistication. So, a valid point has been raised by hon. Ganoo in relation to capacity building and training. This is one of the reasons why we are setting up the Financial Services Institute, Madam Speaker, and the Financial Services Institute will

actually do that. We are teaming up with the operators in the sector and all these huge insurance companies which have come, and we have had meetings with them, discussions with them. This is one of the issues that we have raised. We said 'when you are going to set up in Mauritius, please tell us how do you intend to assist the young graduates in Mauritius who are going to be able to get that kind of technology transfer and skills transfer, so that they can move into the job market very quickly', and we have agreed that there will be, between the FSI and those companies, a joint team which will basically be providing such training, and this will be done in the Ministry of Financial Services where there is a floor for the Financial Services Institute. So, we have thought about that.

I also agree with hon. Ganoo when he says that we are no longer swimming in a pool, we are actually swimming in the ocean. But, in the ocean, Madam Speaker, there are lots of sharks as well. I listened to hon. Uteem and he was asking why we are doing only pure captives, why we are not moving towards third-party captives. That's the reason: we don't want the sharks to come in. That's why. Pure captives pose very little risk for the sector, but when you look at other types of captives, it increases the risk factor because then there are third-party risks which are involved.

With regard to pure captives, if we take the case of a multinational which has decided to set up its captive insurance company in Mauritius, where it is insuring all the risks of its companies operating in a different jurisdiction in this captive insurance company in Mauritius, there is no risk because it is self-insurance, whereas if you open it up and you let all sorts of third-party captives come into play, then, basically, you will have to have other risk mitigating factors which are put in place, and we are not ready for that. This is why this Bill, in this Schedule, we are providing only for pure captives at this stage. We must be able to walk before we can run. But run we shall, at some point in time, and then we will amend the law and bring that in. This is one of the reasons, to answer another question of hon. Uteem about section 3, subsection 2, why the Minister has the power to make regulations, because to introduce new aspects in terms of modifications, in terms of what is happening in the captive insurance world, you must be able to act fast.

This is a dynamic process. It is not like any industry where you start something and then for 10/15 years, you are going to remain in a static environment. No, it changes. If Guernsey, Bermuda or Singapore or any other jurisdiction are modifying what they are doing so that they can attract those investments quickly into their jurisdiction, we will have to respond. And that's why in a law, the Minister is given the power to make regulations so that

these issues can be addressed. All this sort of fear and apprehension, we have had so much which has been said about fear and apprehension when the Good Governance and Integrity Bill was being debated last week. This is captive insurance, Madam Speaker, there is no risk. In fact, there are opportunities and if we can act quickly as a jurisdiction, then we will certainly have a competitive advantage on other countries and this is why you have section 3(2). There is no sinister motive. We should stop seeing devils and phantoms everywhere.

Madam Speaker, in relation to one important issue raised by my hon. friend Bholah, BEPS is definitely an issue. When this Government took office and the newly formed Ministry for Financial Services was created, we had to look at the overall situation in the financial services industry and, of course, Double Tax Treaties was one issue. We dealt with that with South Africa, we have dealt with the Indian one and the process is ongoing but, at international level, there are other things happening which we can't control. The G20, the Minister of Finance has met; base erosion profit shifting is an issue.

With regard to captive insurance, what my hon. friend Bholah has been stating is that it might become an impediment if we end up in a situation of Double Non-Taxation. But this is not going to happen. We are looking at a situation here, where we are creating substance and we will, of course, be attentive to what is happening at the international level and if there are any requirements which come out of BEPS Action 6 Final Report, then we will have to adjust very quickly. This is why, again, section 3 (2) allows the Minister to make regulations so that you can adjust for these things.

The other issue which has been mentioned is in terms of the local insurance players by my friend, hon. Uteem. Now, he first says that local insurers have not been consulted. That is not true! The FSC did consult all the relevant insurance companies, including the association of insurers and it was done in a participative approach, just like we did with the Good Governance Integrity Reporting Bill where we took the debate out there; the FSC as regulator has been consulting and debating with the relevant players because this is a highly technical piece of legislation.

Now, the other issue was in relation to life insurance not being on offer, on captive insurance and also motor insurance. But this is a contradiction on the part of hon. Uteem because, on the one hand, he is saying when we go ahead with captive insurance, we will give some big companies the possibility of not insuring with an external insurance in Mauritius and they can set up their own captive insurance company and they will insure with

themselves. This is not possible. Let me say that firstly, Madam Speaker. Why? Because when you insure with yourself, you need to have a reinsurer because everything has to be reinsured and if it is small in terms of a level of activity, then basically, no reinsurer will come and take that on board. That is why only multinationals and big corporates are doing it. In Mauritius, we do not have these huge groups which can afford to do that. But the contradiction is when he says: “why don’t we extend it to life insurance and also to motor insurance”. But if you were to do that, and these corporates were to be able to set up their own captives in Mauritius, then it would eat into what Mauritius Union already has as a market, SICOM has as a market, Swan has as a market, National Insurance Co. Ltd. now has as a market. Life insurance is already being done in Mauritius by existing insurance companies. We are not creating a system where we want business of existing companies to go away. We are creating a system where we are attracting investors from abroad to come and use Mauritius as a platform to do business in Africa and these are the huge multi-nationals, the conglomerates from overseas. I have already mentioned AXA, Lloyds, Palm Captive, Old Mutual and so on. So, this is far from being an issue with regard to this law.

With relation to competing at the highest level, I believe we are doing that, Madam Speaker. Not only have we developed the insurance sector very quick - my friend, hon. Uteem mentioned the BAI scandal. Only yesterday I had a meeting with the IMF delegation which is in Mauritius and IMF actually came up with a report in 2008 on BAI and then, subsequently, in 2012. The representatives of the IMF who visited my office yesterday, amongst other things, which were discussed, they told me: “We can’t understand how your Government has been able to deal with this issue in four months and if ever there is a methodology which has been utilised to be able to deal with such a huge scandal which could have caused – and that’s their word, not my word – a revolution in a country, then we would want to know how Mauritius has been able to deal with that with what kind of methodology.” And I started by saying, Madam Speaker ...

*(Interruptions)*

**Madam Speaker:** Order!

**Mr Bhadain:** Well, Madam Speaker, if you interact properly with the right people, you will get the right comments.

More importantly, when they asked that question...

*(Interruptions)*

**Madam Speaker:** Order! Order, please!

**Mr Bhadain:** When they asked what methodology was applied, Madam Speaker, the answer, the truthful answer was: “We didn’t have a methodology. What we did was we took the right decisions at the right time and, at the end of the day, we had to be courageous. True it is that we had to take certain risks, but we calculated those risks and we found the solutions to be able to help 200,000 families in Mauritius and also the investors in the Bank, because the bank and the insurance company is still operating today.” And they told us that they are going to look into that so that this model which has been used in Mauritius is going to be implemented wherever there is a financial crisis now in terms of how we have dealt with that. So, that is BAI.

Now, we have also done quite a number of other things, Madam Speaker. Apart from the insurance sector, apart from BAI and everything else we have done, which I have already mentioned in my speech, on the stock exchange side, we have moved very quickly. We have signed MoUs with Johannesburg Stock Exchange to do cross-listing in Mauritius, primary listing in Mauritius, secondary listing in Johannesburg. Companies have already come like Coreshares, for instance, which are primarily listed on our Stock Exchange and then on the Johannesburg Stock Exchange. With the National Stock Exchange of India, we are going to set up the first African Currency Derivative Markets, here, in Mauritius. All the African currencies can be hedged against the USD in Mauritius on our Stock Exchange, hand in hand, with the National Stock Exchange of India. We have signed an MoU with Nasdaq Dubai. We are setting up a commodities exchange in Mauritius.

All of that is providing the right conducive environment for us to come with further developments in the financial services sector and insurance companies with multi-nationals which we are going to be attracting with this law; this Captive Insurance Bill is going to benefit from the development which is happening on the Stock Exchange as well. Plus, we are dealing with the Double Tax Treaty (DTA) with India, plus we are looking at ways and means of improving the offerings of the global business companies in Mauritius as well. The Financial Services Sector represents 10.4% of GDP. It is the second largest industry in our country and I take it as a challenge to take that figure up to 15%.

With these words I commend this Bill to the House.

*Bill read a second time and committed.*

*Question put and agreed to.*

**COMMITTEE STAGE**

*(Madam Speaker in the Chair)*

**THE CAPTIVE INSURANCE BILL**

**(NO. XXXII OF 2015)**

*Clauses 1 to 19 ordered to stand part of the Bill.*

*Clause 20 (Consequential amendments)*

*Motion made and question proposed: “that the clause stand part of the Bill.”*

**Mr Bhadain:** Madam Chairperson, I move that in clause 20 subclause (2) be deleted and replaced by the following subclause -

“(2) The Income Tax Act is amended, in the Second Schedule, in Part II, in Sub-part C, by adding the following new item –

28. Income derived by a person licensed under the Captive Insurance Act 2015 during a period not exceeding 10 years from the coming into operation of the Act or such other period as may be prescribed.”

*Amendment agreed to.*

*Clause 20, as amended, ordered to stand part of the Bill.*

*Clause 21 ordered to stand part of the Bill.*

*The Schedule was agreed to.*

*The title and enacting clause were agreed to.*

*The Bill, as amended, was agreed to.*

*On the Assembly resuming with Madam Speaker in the Chair, Madam Speaker reported accordingly.*

*Third Reading*

*On motion made and seconded, the Captive Insurance Bill (No. XXXII of 2015) was read a third time and passed.*

**Madam Speaker:** I suspend the sitting for half an hour.

*At 4.35 p.m. the sitting was suspended.*

*On resuming at 5.13 p.m. with Madam Speaker in the Chair.*



*Second Reading***THE ADDITIONAL REMUNERATION (2016) BILL****(NO. XXXIII OF 2015)**

*Order for Second Reading read.*

**The Minister of Labour, Industrial Relations, Employment and Training (Mr S. Callichurn):** Madam Speaker, I move that the Additional Remuneration (2016) Bill (No XXXIII of 2015) be read a second time.

The object of this Bill is to provide for the payment of an Additional Remuneration as from 01 January 2016 to employees of the private sector as a measure of compensation for the increase in the cost of living for the year 2015.

The quantum of salary compensation for year 2016 has been decided following discussions with both workers' and employers' organisations at the level of a Tripartite Committee chaired by the Minister of Finance and Economic Development, hon. Seetannah Lutchmeenaraidoo.

The payment of salary compensation is a legitimate right enshrined in our social fabric. Since 1978, successive Governments have upheld this practice of compensating workers for loss in purchasing power. This august Assembly has been called upon to vote, approve, legislate and to ensure that our fellow workers are fully compensated. I shall therefore tread on the same path and seek your concurrence.

Today, we are celebrating the first anniversary of this Government. I stand before you as a Minister responsible for the welfare of workers and as such, I am duty-bound to pay homage to all workers, present and past, sons of the soil and workers from other lands without whose contribution this nation would not have been what it is today.

These same workers, many of them for the very first time in their lives, on 10 December last year had a tryst with destiny. They sent a message that they should not be taken for a ride, not to be taken as an acquired vote bank. They believed that this time they must be different; that their voice could make the difference. And we, on this side of the House, stand guided by these voices and promises we made.

Our people had dreams and voted us to fulfil them, to bring hope for the future, to bring a degree of comfort and happiness to the needy, the downtrodden and the vulnerable.

We knew that the road would be long, the climb would be steep, but we kept our promises. We promised to shed the burden of the poor, the old, the orphans and we did so. We had promised to raise the universal old age pension by nearly 50% to Rs5,000. We did it without increasing the tax burden. Social benefits were also increased accordingly. We took these measures not to score political points or for the sake of compassion, but to uphold our commitments to the people.

The payment of salary compensation is a legitimate social right and an important instrument of social justice as well as poverty alleviation. This Government is committed to improve the living conditions of the population and has embarked on a major economic reform to transform Mauritius into a high income economy. In this process, eradication of poverty is high on the Government's agenda. To this end, a Marshall Plan is being implemented.

In proposing the salary compensation for 2016, we are guided by the same concern of improving purchasing power and alleviating poverty. We, on this side of the House, deep down in our spirit would have wished that a much bigger effort should be made especially for those at the lower rungs of the ladder. We sincerely explored all ways and means.

In the circumstances, any responsible Government is bound to take a larger view of the economy, look at the challenges ahead and avoid jeopardise the long term interests of the nation. A bigger compensation would have impacted negatively on job creation and would have given a wrong signal to much needed investments. We do have at heart the plight of thousands of workers who sweat every day in all spheres of economic life, but we also have to strike the right balance not to jeopardise investment, economic growth, protect employment, as well as to ensure the survival of SMEs. Unfortunately, it is not possible to provide the compensation that the unions have asked for and at the same time ensure that all jobs are maintained.

But fortunately we can preserve the jobs and compensate reasonably. We have set the right equilibrium. The inflation rate is at 1.3% as reported by Statistics Mauritius and in a spirit of national solidarity, we are providing workers earning up to Rs10,000, a compensation of Rs250, i.e. up to 2.5%, nearly double the inflation rate.

Madam Speaker, we shall, through other measures, pursue our policy of social justice and improvement of purchasing power. Salary compensation is not the only tool to address the issue of loss of purchasing power.

Our pro-poor policy of providing free potable water to consumers whose water consumption does not exceed six cubic metres monthly will benefit 63,858 households and not less than 150,000 citizens. The same policy will benefit also 11,725 consumers connected to the wastewater network.

The policy of low electricity tariff rate will benefit 70,000 households and not less than 150,000 citizens. On this item alone, a household will save on an average Rs133 monthly.

This Government has maintained the subsidy on Liquefied Petroleum Gas (LPG) to households which is equivalent to a contribution of Rs500 per household. Subsidy on rice, flour and Liquefied Petroleum Gas stands at Rs810 m. annually.

Government has also maintained the Youth Employment Programme and for the last eleven months, some 4,500 youths have been placed in private companies under the said programme. The programme has been extended to the public sector and a further 1000 young persons are being placed in the public sector. These measures again will alleviate the burden of households having unemployed adults.

Madam Speaker, over and above, the best way to improve purchasing power and alleviate poverty is to increase household income. The measures I have just enumerated will contribute to this end. The numerous projects announced in the Budget stand as testimony to our endeavour to create meaningful jobs which will also improve household purchasing power and alleviate poverty.

Madam Speaker, improving purchasing power cannot be a one-off affair. We shall continue to review policies to design actions targeting to improve purchasing power. I reckon that it is a difficult task, but we have the will and with the support of the House we shall succeed. We are consistent in our approach, anyway.

Madam Speaker, you will remember that the first legislation that was passed by the Government aimed at awarding uniform salary compensation to all workers, be it in the private or public sector. This time also, the salary compensation will be extended to the employees of the public sector and payment of the salary compensation will be by way of an administrative arrangement by the Ministry of Finance and Economic Development.

Once enacted, the Additional Remuneration Bill (2016) will impose a legal obligation on all employers in the private sector, whether they are in the formal or informal sector, to pay the prescribed minimum compensation to their employees. I am, in the same breath,

Madam Speaker, making a special appeal to those enterprises which can afford to pay more, to do so in a gesture of solidarity. We stand guided by one of the leading business magnates Sir Richard Branson who had this to say - I quote "your employees are your company's real competitive advantage. They are the one making the magic happen – so long as their needs are being met. He went on to say, I quote "if you look after your staff they will look after your customers. It's that simple".

With these words, Madam Speaker, I commend the Bill to the House.

(5.24 p.m.)

**Mr Bérenger:** Madam Speaker, I think it is *éloquent* that the poor hon. Minister has delivered his speech in the absence of both the Rt. hon. Prime Minister and the Minister of Finance and of the whole front bench in general, but specially in the absence of the Rt. hon. Prime Minister and the Minister of Finance. Later on, I shall raise a fundamental point which should, I hope - if he turns up in the meantime - be of special interest to the hon. Minister of Finance. But it is shocking! It is *éloquent* this absence.

Madam Speaker, I put a PNQ on the *compensation salariale* on 02 December and contrary to what the hon. Minister of Finance said, I believe it is not true to say as he said that anyway the tripartite was going to meet. There was going to be a *compensation salariale* and so on! Wrong! I know that the private sector was informed that there would be no *compensation salariale* this year because inflation has increased by only so much.

There was going to be no tripartite meeting, there was going to be no wage compensation this year until Government received a letter signed by all the trade unions on 26 November. In the absence of the hon. Minister of Finance, the hon. Minister of Labour did his duty, did his work and the matter was taken up in Cabinet and surprise, surprise a date was announced not only for the tripartite meeting but for the House to meet, to vote on a Bill in the absence of the Minister of Finance. He came back and he had to join the bandwagon. Our problem especially this year is that, Madam Speaker, during the electoral campaign and since the electoral campaign, expectations have been raised sky-high. It is the fault of Government. Expectations have been raised during the electoral campaign and since sky-high. Now we had what was proposed and there was a flare up when Government - I did not hear the hon. Minister of Labour make any reference to the 'first offer' of Government: a sum of Rs150 across-the-board *imposé brutalement* in a so-called tripartite. The hon. Minister of Finance is not with us - announced Rs150 across-the-board.

We all know on every occasion this Government says: we always give more to those at the lowest rung of the ladder and it is a practice. It has been like that for years and not only in the case of the wage compensation, but for electricity bills. For years, everything has been secured rightly so in favour of the lowest paid, of those at the lowest rung of the economic ladder. Why this time the hon. Minister of Finance comes along Rs150 across-the-board: take it or leave it? There was a *tollé* that arose and therefore the offer was amended. I understand that the hon. Minister makes no reference at all to this prior offer of Rs150. Now, even the amended version has been found unsatisfactory by the trade unions, Madam Speaker. I listened carefully to what the hon. Minister said, he gave a long list of measures in favour of those lowest paid with low revenues and so on. I listened carefully and I heard him say that this wage compensation is being given to the wage earners/employees - his very words 'to compensate for loss of purchasing power due to inflation'. Of course, loss of purchasing power due to inflation affects everybody including *les pensionnés, les veuves, les orphelins, les handicapés* more than anybody else because they are the lowest of the lowest on the economic ladder.

I listened carefully and I say again I find it shocking that the hon. Minister of Finance is not present. There has not been any mention of what is going to happen to the *pensionnés, veuves, orphelins, handicapés*. Those at the bottom part of the salaries ladder have been granted Rs250 up to Rs10,000. We know how much *les veuves, pensionnés, orphelins, handicapés* earn, much less than Rs10,000 and yet not a word from the hon. Minister of Finance, not a word from the hon. Minister of Labour as to what is going to happen to *les pensionnés, veuves, orphelins, handicapés* and so on. It is shocking.

*La même logique demande que ces R 250 soient accordées aux pensionnés, veuves, orphelins. La même logique!* Government has found it necessary although a wage compensation of Rs600 was granted a year ago, Government has found it necessary to grant a wage compensation of Rs250 to the lowest paid up to Rs10,000. The same logic must apply to *les pensionnés, veuves, orphelins* and so on. *La même logique!* If, after a Rs600 wage compensation a year ago, in spite of that wage compensation, Government has agreed under pressure to grant a wage compensation of Rs250 to those at the lowest part of the ladder, the same logic must apply. A year ago, old age pensions were increased to so much, a year ago the same logic what the hon. Minister said - 'to compensate for loss of purchasing power due to inflation', this affects, hurts *les pensionnés, les veuves, les orphelins* more than anybody

else and they deserve more than anybody else to have *les allocations sociales de veuves, orphelins, handicapés* increased by Rs250 per month.

Especially so, Madam Speaker, that we are told for the lowest paid amongst the employees, it cannot be increased by more. So, we are told because of its impact on employment and especially on the *petites et moyennes entreprises*, but in the case of the *pensionnés, veuves, orphelins* it does not even apply. We are talking of people who receive *allocations sociales* from the budget, from the Government. Of course, it will have a budgetary impact, everything that we do, has a budgetary impact. But even that argument that is used not to grant a wage compensation bigger than what has been granted to the lowest paid, even that, Madam Speaker, does not apply at all to *les pensionnés, veuves, orphelins*.

So, I was hoping that the Minister of Finance and Economic Development, out of due respect to the '*ti dimounes*' of this country, would be present, would listen to us and he is supposed to speak. Today, he will stand up and say: yes, *les pensionnés, veuves, orphelins, handicapés*, all these *allocations sociales* will be raised by the Rs250 that the lowest paid amongst the employees are benefiting from. It is shocking that not only is he absent, not only is the hon. Prime Minister absent, maybe he will come later on, I hope he comes and gives that guarantee to the House, today before we break.

(Interruptions)

I don't know if he is in Dubai or where, but I hope that he will make up for his absence until now and that he will come and give the guarantee to *les pensionnés, veuves, orphelins, handicapés* that, yes, what the Leader of the Opposition is saying is right and the same logic must apply to *les pensionnés, veuves, orphelins*, then to the lowest paid amongst the employees.

Madam Speaker, it is a sad day, we are breaking up today. This is the last Bill that we are considering. We are supposed to have not only consideration but respect for the '*ti dimounes*' of this country and it is a very sad day that we are going to end our debate in the absence of the Prime Minister and the Minister of Finance and Economic Development. I don't know if the hon. Minister who has forgotten any reference to *les pensionnés, veuves, handicapés* and so on in his long list of social measures taken by Government, whether he is entitled in the absence of the Ministers concerned - the Prime Minister and Minister of Finance and Economic Development - to react positively to what I am saying, but it is very sad. It is very sad that this very important piece of legislation for *les 'ti dimounes'* in general,

with its impact on *les pensionnés, veuves, orphelins*, is being debated in the absence of both the Minister of Finance and Economic Development and the Prime Minister. I hope we get that guarantee before we part for Christmas and for the New Year that the *pensionnés, veuves, orphelins, handicapés* will benefit from those Rs250 monthly.

Thank you, Madam Speaker.

**Madam Speaker:** Hon. Ramano!

(5.35 p.m.)

**Mr K. Ramano (Third Member for Belle Rose & Quatre Bornes):** Madam Speaker, it is judicious that Government revised its earlier stand and came out with a more equitable offer though insufficient. Unfortunately, it left the impression of being weak and lacking in constancy in spite of its numerical strength. The revised revision in the compensation for those earning less than Rs10,000 by Rs250 transcends the money value of the offer. It affects society and the Government will be well advised to take heed that the Mauritian nation manifests increasingly signs of inequality.

Since the mid-1990s, the Gini coefficient has kept increasing under successive Governments. Here was an opportunity for Government to use the wage and salary compensation mechanism review to reverse the trend. A society that is conspicuously divided by large wage differences eventually manifests signs of unrest and envy. So, a slightest spark may lead to riots, lost days and damage to property. This is not new and we had lived such dark scenes at the close of the last century.

Mauritius is calling for a fairer and more equitable society, and politicians are called upon for deeper reflections on the type and nature of future society we want to create. The writings are on the wall and this Government created precedence, it created hopes. On the eve of the elections, it made significant promises of transformation, of better lives and to reverse social and economic trends that started more than a decade earlier. Government is addressing many of the problems, especially social and economic problems, in a superficial manner rather than addressing them at their roots. Why the people are wild? Government had made them used to a significant increase in early January without giving much thought to budgetary repercussions and debt. Public debt which was just on the rule of firm ratio of 60%, currently exceeds 64%, and this is dangerous for internal economic equilibrium. Was it a political bribery? Was it a measure to raise the popularity of Government and create a short-lived euphoria? We need and deserve measures with a more pronounced purpose of

seriousness. Having created such precedent, the people have built legitimate expectations of reasonable if not high compensations and the Government did not show the needed flair for effective management of the situation until social pressures started building up, and it had to yield to that pressure. This does not send the right signals.

The lower income bracket obviously deserves more than the current compensation, if we have hearts, if we are realistic and if we want to avert a social explosion. In the words of the hon. Minister of Finance and Economic Development, we are sitting on a volcano that can erupt any time and fair salary compensation is a vehicle to buy social peace. A look at the figures published by the Statistics Mauritius reveals unfair and deteriorating rewards for the factors of production over time. The share of labour pay in GDP has dropped from over 43% to some 39% while that of capital increased to almost 60% over the last decade. Notwithstanding that capital needs to be competitive on the world market, it is no less imperative that this is not allowed to be made to the detriment of labour. The revised compensation which will touch some 262,000 wage earners, representing some 47% of the total labour force is, therefore, a wise and positive step in the fight to alleviate poverty. For some who often find themselves living from hand to mouth, small as this sum may be in the eyes of the high income earners, the Rs250 are a real uplift.

It is true that Government's policy, recently, had some mitigating effects with regard to access to water and electricity. However, here too, it has to be mentioned for sake of accuracy that the Government ran a campaign promising to reduce water and electricity for the whole country across the board. It has not kept its promise. On the contrary, with the plummeting price of oil, it ought to have improved over its promises; instead, it continues to charge unjustified taxes and charges on all the population which exasperates the whole country. The benefits from low oil prices on the world market have not trickled down to the population and as such its effect on poverty is minimal.

Government has justified its offer of compensation on the ground that inflation is only 1.3%. As such, it could have done without any compensation as compensation is effected usually after inflation exceeds 4.5%. However, the consumer price index on which inflation is measured may need to be revised or, at least, a different index created to reflect more accurately how it impacts on the lowest quantise of wage earners. Inflation has to be measured on the basis of a basket of goods that the average household buys. It appears that this basket has been diluted with the arrival of foreign affluent households.



The cost of living in the West of the country is visibly higher than elsewhere. The pattern of expenditure may have undergone some changes with the basket of consumption increasingly reflecting goods not purchased by people on lower income bracket and which may not have undergone significant increases owing to declining commodity prices on the world market. In contrast, food items, vegetables account as high as 40% of the income earners in the lower bracket. They represent 27% in the CPI consumption basket.

When we look at changes in prices, it is this item that has increased substantially while other items have barely changed, which explains the low inflation. These items have negligible impact on the income of the upper quintiles. The low-income earners are heavily hit. At the same time, thousands of foreign workers who earn low-income do not participate in the exercise as they do not form part of the Household Budget Survey. Had they been included, this could have influenced the weight attributed to this item and caused inflation to be higher than currently recorded! It is to be noted that we have about 30,000 to 35,000 foreign workers. The poorest quintile of the population earns 5.4% of wealth generated, a figure that had dropped from 6.7% a decade ago. In contrast, the richest quintile earns over 47%, a figure that has been rising during the last decade.

While there are various vehicles to correct and reverse the trend, wage compensation is one of the most effective. It is true that the impoverishment of the poorest quintile reflects a world trend, but this is no reason that a serious Government, with the welfare of the people at heart, can allow this trend to persist without seriously addressing the issue.

The compensation exercise was a golden opportunity to address the poverty trap. Instead of taking the bull by the horn, the Minister of Finance created a temporary psychosis, dilly-dallied and went for superfluous consultations. Things that are obvious and straightforward should be addressed promptly without leaving any ceremony.

I would venture requesting Government to initiate action for a deep study that focuses on poverty alleviation through an essential needs analysis, incorporating guidelines for salary compensation with the objective of evolving towards a fairer and more equitable society.

Moreover, owing to the social and economic pressure, high transport cost and rising cost to host family visitors, family and relatives relationship are experiencing shorter interaction. Instead, some of these interactions are being replaced today by Facebook, Internet, Mobile Phones which are no longer a luxury, but these have a money cost and impact heavily on the budget of low-income earners, but remains relatively cheaper

compared to other means of social interaction. These two have to be fully integrated in the Household Survey and updated.

Family values are an integral part of society and must not be allowed to disintegrate. Wealth and income attract and unite families. A decent wage matters much in holding society together. Although it is equally important not to dish out money unless justified by the true value of work, a decent salary compensation is, therefore, vital, and should constitute a form, the rung of a ladder to reverse the widening impoverishment trend.

I thank you, Madam Speaker.

**Madam Speaker:** Hon. Shakeel Mohamed!

(5.47 p.m.)

**Mr S. Mohamed (First Member for Port Louis Maritime & Port Louis East):**

Thank you, Madam Speaker. It is interesting to listen to the hon. Minister of Labour and I find it quite interesting to find the officers of the Ministry of Labour all present here whom I recognise and I salute. They are, as usual, doing an excellent job and I am sure that the actual Minister of Labour would agree that his officers and the civil servants of that particular Ministry are excellent officers and I commend them for their excellent job.

However, I have had the opportunity, Madam Speaker, of coming to this august Assembly on many occasions and presenting the Additional Remuneration Bills. Each and every time that an Additional Remuneration Bill is to be brought to the National Assembly, there is the meeting which is looked forward to by all trade unions. It is not necessarily looked forward to by employers or employers' organisations. Certain Ministers do not look forward to having those tripartite meetings, but the tradition is something that is real, that at each end of the year, we need to address this whole issue of salary compensation and I myself did look forward, together with my then officers when I was still Minister of Labour, to that particular meeting.

What I do recall and I have the impression that no one has really talked about it in the press and no Member of Government has addressed his minds to it, is that whenever there is a tripartite meeting, there are two meetings. The first one is where the hon. Minister of Finance together with the Minister of Labour and the other Ministers of important sectors of the economy meet, meet with the unions, meet with the employers. When there is this meeting, Government invites unions of employers and employees to come up with their proposals in a

Technical Committee which is chaired by an officer of the Ministry of Finance, co-chaired by another officer of the Ministry of Labour.

It seems as though, this year, after a very, very long time, there has been no Technical Committee that was set up. My question is, Madam Speaker, *pourquoi, la raison, j'aimerais savoir, j'aimerais connaître, j'aimerais obtenir une réponse à ces questions et, à travers moi, les mauriciens, les mauriciennes aimeraient savoir, les syndicalistes aimeraient savoir, les travailleurs de ce pays aimeraient savoir, pourquoi, le pourquoi*, that this Government has decided to go ahead with salary compensation masquerade - I call it - without even having a Technical Committee. Every single year, there is a Technical Committee that is co-chaired, as I have said it, by both Ministries, Ministry of Finance and Ministry of Labour.

The hon.Vice-Prime Minister, hon. Soodhun, knows that very well. He is an experienced Minister who has also been Minister of Labour...

*(Interruptions)*

...and trade unionist. True!

*(Interruptions)*

It reminds me of the unchanged melody.

But now, how come we do not have this Technical Committee? Why is it? I heard the hon. Minister talk about the Tripartite Committee while he intervened. Tripartism is something, the name itself indicates, does not mean that it is only Government that decides. Tripartism means that all parties, the three parties: the Government, the employers and the employees, the representatives meet, there is discussion, then there is consensus, a decision is taken. This, one of the mechanisms is what we call a Technical Committee.

*Madame la présidente, pour la première fois* in contemporary negotiations at the level of salary compensation issues, there has been no Technical Committee. At no time has there been one. There have been three meetings - that is the first - and not a single Technical Committee. Why is there a Technical Committee? Precisely to listen to the trade unionists, to find out what their input is, what are their requirements, what are the various issues in various sectors of the economy, what are the needs of workers *de différents secteurs*, what are the issues that they would like to raise, what is the rate of inflation, listen to the representatives of the Statistics Office Mauritius and then listen to the employers, what the employers have to

say, and then get together, write a report and give it to the Ministers of Labour and Finance. Then, the Ministers take it to Cabinet and Cabinet decides.

Mais cette fois-ci, il n'y a pas eu tout ça. Ce qu'il y a eu en fait, c'est que le ministre du Travail, qui est un très bon ami, et malheureusement aujourd'hui je suis triste quand je note qu'il a simplement oublié de mentionner deux tristes épisodes. Premièrement, l'absence totale de ce comité technique, sans explication plausible ou possible et, deuxièmement, il ne mentionne pas, dans son allocution, comment se fait-il qu'on soit arrivé à un chiffre de R 150. Et R 150, il fait l'impasse là-dessus! Pourquoi est-ce qu'il fait l'impasse sur ces tristes épisodes ? Parce que c'était en fait, Madame la présidente, ce que le Cabinet ministériel avait approuvé. En fait, ce que le Cabinet ministériel avait dit était excellent comme suggestion à la compensation. R 150! Chaque ministre de ce Cabinet, présidé par nul autre que Sir Anerood Jugnauth, Premier ministre - absent - était la personne qui avait dit que c'était la meilleure des choses. On a même entendu, Madame la présidente, le ministre des Finances dire à une syndicaliste, qui était en larmes, que c'était tout à fait normal et qu'il ne fallait même pas s'attendre à une compensation, parce que le taux d'inflation était de 1.2 %; pas plus! Alors, en d'autres mots, le fait que la somme de R 150 était proposée était une décision collective, *supported by the whole Government*.

How come it was totally supported at one point in time, without any Technical Committee again? It was supported; it was defended, it was substantiated! It was also defended by not one Minister, not two, but several Ministers of this Government. And all of a sudden, lo and behold, a week-end came; a Saturday and a Sunday! It gave them time to reflect that 'oh, no! The Rs150 was not good'; whatever they had decided in Cabinet was not good!

So, for the first time, they decide 'no, we are going to review it, because we have a *Plan Marshall*.' They did not have it on Friday, but they had it on Monday. Why was not the *Plan Marshall* in their minds a few days before? Why was not the *Plan Marshall* - what is in this Government Programme - in their minds at the time of taking the decision in Cabinet? Why wasn't it in their minds? How come it came all of a sudden to their minds because they had to have a *session spéciale du Cabinet ministériel*? What cropped up all of a sudden for them to realise what they did not realise? What happened for them all of a sudden to remember what they had so easily forgotten?

*(Interruptions)*

What?

Madam Speaker, we are going to have people who are going to stand up after me and say ‘well, when you were Minister of Labour, what did you do?’ When I was Minister of Labour, there was always a Technical Committee. You will remember, Madam Speaker, because you were in the same Cabinet I was. You will remember it. Each and every Member there! I had the honour of being in a Cabinet with the Leader of the MSM, and he was the Minister of Finance. We shared the Committee together. We had a Technical Committee. That was done. Today, he is not Minister of Finance. Someone else is, and he is absent. That Minister of Finance should have ensured that there was a Technical Committee. Hon. Pravind Jugnauth ensured that there was a Technical Committee. Hon. Lutchmeenaraidoo did not! That is the difference!

*(Interruptions)*

So, my advice to the Leader of the MSM...

*(Interruptions)*

**Madam Speaker:** Order!

*(Interruptions)*

**Mr Mohamed:** I am speaking the truth! This is historical fact! When he was there as Minister of Finance, there was a Technical Committee. When hon. Duval was there, there were Technical Committees. Hon. Lutchmeenaraidoo drowns the fish, forgets about the Technical Committee. He should be fired! That is what should happen to him, because I can make the difference between someone who really believes in tripartism and someone who does not believe in tripartism! We can see the difference. My experience, Madam Speaker, is only based on what I lived through. I worked with certain Ministers of Finance and it was an honour for me to do so.

*(Interruptions)*

I am not one who changes my mind depending on which side of the House I am. I am not someone who will change ...

*(Interruptions)*

**Madam Speaker:** Order!

**Mr Mohamed:** I am not someone who will change my position simply because of the GPS position being different.

*(Interruptions)*

Oh, no! He does not mean that!

But, then, the hon. - *in absentia* - Lutchmeenaraidoo forgot about the Technical Committee. I am sure that a lot of Members here were not even aware that there was the need for one. I am sure that a lot Members of Parliament here *ne réalisaient même pas, mais réalisent aujourd'hui qu'en fait il était nécessaire, voire impératif, d'avoir ce comité technique. Comment se fait-il alors qu'ils ont pu arriver à un chiffre? Un chiffre* that they took it upon themselves; those Ministers.

On Friday, there was no *Plan Marshall*. On Monday, all of a sudden, it came up as an excuse to explain the lacuna in the operative manual of Government. An excuse to come and explain the *manquement* in the work of Government. What *manquement?* *Il n'y a pas d'autre comité technique! Il n'y a pas de Plan Marshall ! On décide comme on veut !*

*Mais*, there is another element, which the hon. Minister of Labour forgets to mention. Il oublie de nous dire, Madame la présidente, qu'il n'y avait même pas de planification dans l'agenda des travaux parlementaires. On n'était même pas supposé se voir aujourd'hui ! On n'était même pas supposé se rencontrer aujourd'hui, Madame la présidente! On n'était même pas supposé être là ! On était supposé être en vacances! Est-ce que vous savez, Madame la présidente, combien d'honorables membres de l'autre côté de la Chambre ont dû renvoyer leurs vacances, simplement parce qu'à la dernière minute le gouvernement a réalisé que 'oh! on a oublié la compensation salariale!'

*(Interruptions)*

Oh, oui ! Le chiffre ...

*(Interruptions)*

**Madam Speaker:** Order, please !

**Mr Mohamed:** *Le Chief Whip*, lui-même, sait de quoi je parle!

*(Interruptions)*

**Madam Speaker:** Order !

**Mr Mohamed:** Les membres de la presse savent de quoi je parle!

(Interruptions)

**Madam Speaker:** Order, please!

(Interruptions)

Order! Hon. Jhugroo! We will never finish the debates otherwise!

**Mr Mohamed:** It is indeed interesting, Madam Speaker, that we are here today, one year, *jour pour jour*. And one year, *jour pour jour*, I come up and tell Members of Government, Madam Speaker, in your presence, that they forgot what tripartism is about. One year later on, they forgot *ce qu'est le tripartisme*.

(Interruptions)

You see, Madam Speaker, you will always have people who will come up with stupid remarks!

(Interruptions)

You will always have people that come up with rubbish!

(Interruptions)

**Madam Speaker:** Can we have some order in the House, please?

**Mr Mohamed:** And the reason why they cannot come up with more intelligent remarks is because there is no defense to forgetting what tripartism is all about. Nothing! I say those words and I am inventing nothing! I am inventing nothing! I am just telling you what the facts and history say.

Each and every time when I was Minister of Labour, and before me hon. Chaumière - and I would like to listen to them criticise hon. Chaumière who is now at the Prime Minister's Office - and hon. Bunwaree, there was what we call a Technical Committee. I would like to get an explanation on that. Each and every time!

(Interruptions)

Now, I hear hon. Rutnah saying: '*Kifer*'; why do we need a Technical Committee? Oh my God, this is shocking! In other words, saying, but why did hon. Pravind Jugnauth have to organise a Technical Committee, when he did, he was not right. *On ne défend pas l'indéfendable, s'il vous plaît !* My God!

(Interruptions)

Second element! During this masquerade, Madam Speaker, of meeting with the Trade Unions, there was an interesting event that happened, there was the now Minister of Labour, Industrial Relations, Employment and Training saying that, soon, to a question put by a member of the Trade Unions - there was a question put to him saying: 'what about the National Minimum Wage?' And he said: 'We are coming up with it'. Then again, he did not even have an opportunity of saying much because the hon. Minister of Finance and Economic Development monopolised everything as he is used to. He is used to doing it. He monopolised everything, covered up completely what he had to say because it is his job, it is his responsibility. And I feel for him, because the hon. Minister of Finance and Economic Development took over, monopolised as he usually does. *Mais, au fait*, like an elephant in a shop of crystal, he walked around, knocked everything over, forget about the Committee, but then, what about the National Minimum Wage? This, to report!

*(Interruptions)*

Oh, there he is! So, with your permission, Madam Speaker, may I start again?

*(Interruptions)*

**Madam Speaker:** Hon. Mohamed, please, do not repeat what you have said already! Come now with another argument!

**Mr Mohamed:** Since, Madam Speaker, you have asked me not to start over again, maybe I will briefly go over what I have said, because in those days, I remember, hon. Jhugroo, when good things were being said against the Opposition, he said: '*Dire encore! Dire encore!*'

**Madam Speaker:** Hon. Mohamed, I will not allow repetition!

**Mr Mohamed:** So, now with regard to 'The Minimum Wage Fixing Challenge in Mauritius', a Report prepared by the ILO - and the hon. Minister is aware of it - ready ever since September 2014. And this document has a chapter on precisely what must be done in order to set up the whole path, the course is chartered there. Everything is in that Report that is made public ever since September 2014. I read *dans le Programme électoral du gouvernement, l'alliance gouvernementale - avant les élections* - that the first priority, the twelve priorities of Government will be what? One of them: a National Minimum Wage! A National Minimum Wage will be introduced within the first three months of Government! Three months! We are one year down the road.



(Interruptions)

**Mr Callichurn:** On a point of order! At no stage in my speech did I raise the issue of National Minimum Wage. The hon. Member is debating on something which I did not even mention.

(Interruptions)

**Madam Speaker:** Hon. Shakeel Mohamed, please proceed! You can make your remarks on that, we will see what your arguments are.

(Interruptions)

**Mr Mohamed:** Well, I am sure that the hon. Minister wanted me to take my breath and continue, that's why he kindly raised an issue for me to just continue and I will continue now. I am sure that the hon. Minister did not raise it in his intervention, but why I believe it is of relevance, Madam Speaker, is because it concerns wage fixing policy and the policy of Government today is relevant to discuss the wage fixing mechanism of this Government, because this is this Government today when we are talking about compensation, salary compensation; it is this Government that promised the electorates, before the elections, that they would come up with a minimum wage fixing legislation within three months, as soon as they take Government. Three months! Six months later on, nothing is done! Nine months later on, nothing is done; 12 months later on, nothing is done, and I have just heard that we are going to be resuming sometime in March. So, it will be many more months, and we will still not see what is the national minimum wage fixing challenge for Mauritius. It is there. I am not the one, Madam Speaker, that said in my *Programme électoral que ce sera dans trois mois une priorité de l'alliance gouvernementale. Ce n'est pas moi qui ai dit cela. Ce n'est pas moi qui ai écrit ce Programme, ce sont eux, les membres du gouvernement qui ont vendu ce Programme*. They marketed that Programme in order to get elected and, today, I say it without any doubt, it is treason on the part of Government to have promised three months down the road, but not done.

(Interruptions)

**Madam Speaker:** Order, please!

**Mr Mohamed:** As I said to you, Madam Speaker, what is really bad and what is really sad, but is to be expected, you know, whenever you go and have arguments that are based on facts, that are based on documents, that are based on historical statistics, you are

going to always have people that are going to come up and launch lowly attacks against people making those averments because they cannot rise to the occasion. They cannot rise to the occasion because they are used to walking down below in the dark. This is what they are all about.

Madam Speaker, during this whole debate, not today, but during this masquerade, which was led by the hon. Minister of Finance and Economic Development - A masquerade! Because I will not go into it again, *mais pour la première fois dans 10 ans, au moins il va avoir l'occasion d'entendre parce qu'il n'était pas là - il n'y a pas eu de comité technique et un comité technique doit être chaired* by two of them.

**Madam Speaker:** Hon. Shakeel Mohamed, you still make the point! I have said you have made the point. Please, don't repeat yourself. We will never finish with the debates otherwise.

**Mr Mohamed:** There was a criticism made by the hon. Minister of Labour, Industrial Relations, Employment and Training against the National Remuneration Board. There was this criticism made and that criticism was that the National Remuneration Board has had so many Remuneration Orders referred to them ever since 2013 and has still not come up with the work, the recommendations, and he criticised them last week *pour la lenteur*. He did do that and it was reported in the Press.

Let me remind the House that, true it is, there are many Remuneration Orders that have been referred for full review and those Remuneration Orders, nine of them, were referred for full review and conditions of employment, precisely because the salaries that were practised thereunder were too on the low side, below 6,500, and those are Remuneration Orders that I had referred when I was Minister of Labour. The then Minister of Finance and Economic Development, hon. Xavier-Luc Duval, now Deputy Prime Minister had promised to the Trade Unionists during Tripartite Meeting, that he would give extra funding and assistance to the National Remuneration Board in order for them to complete their work. What has happened to that extra funding? That is my question. How do we expect the National Remuneration Board to come up with the work faster in order to help those people who are suffering with low salaries, if the assistance that was promised and implemented when we were in Government no longer exists? When I was in Government, hon. Xavier-Luc Duval ensured as Minister of Finance and Economic Development that there was, what we called Service to Mauritius, people were sent, extra workforce, human resource were sent to

the National Remuneration Board in order to ensure that they have more staff qualified to come up with results faster, results-oriented and faster, efficiency. That was through the excellent help and support of hon. Xavier-Luc Duval, then Minister of Finance and Economic Development. Now - and that is the truth - unfortunately, the NRB is being criticised because they have not finished the work, but, at no time, is the funding given to them, the staff given to them, the proper mechanisms and means are not given to them in order to ensure that they can come up with results faster.

Let us look at the list of Remuneration Orders referred to the NRB for review.

*(Interruptions)*

Am I going to be interrupted every time?

**Mr Rutnah:** There is a point of order, Madam Speaker. The hon. Member is going completely out of subject.

*(Interruptions)*

No, either it is a point of order or it is not a point of order. The hon. Member is going completely out of subject. We are, today, debating the Additional Remuneration Bill and all the contention about NRB is out of subject.

**Madam Speaker:** Hon. Shakeel Mohamed, please proceed with your speech, but please be brief on that. You know that we are debating the Additional Remuneration Bill, that you should not go outside the scope of this Bill. Please, be brief on the NRB!

*(Interruptions)*

**Mr Mohamed:** Madam Speaker, maybe the hon. Member is not aware that the National Remuneration Board is also connected to a mechanism for calculation of salary and compensation. What the hon. Member is not aware of is that whenever there is this Additional Remuneration Bill, there is also supposed to be amendments to the Remuneration Orders that will have to be prepared and the Minister will have to sign these regulations. Maybe, you were not aware. Maybe, now, I can let you know. Maybe, you have to learn at all ages. Anyhow! So, since you have been turned down as far as your point of order is concerned, I'll continue and I thank you, Madam.

Now, this issue of the National Remuneration Board is clear. It is very clear! A lot of those issues have been referred to, but what the National Remuneration Board needs and what the public functionaries need, what civil servants need, is not to be criticised. What the

civil servants require, is simply the support and encouragement on the part of Government. *C'est pareil, tout comme l'ancien ministre des Finances, l'honorable Xavier Duval avait donné son soutien, non seulement en termes de mots, mais en termes réels. Il s'était assuré que la ressource humaine était présente et était dirigée vers cet organisme qui est le National Remuneration Board. Mais, le présent ministre des Finances, j'aimerais, moi, savoir - parce que je sais qu'il va intervenir tout à l'heure - ce qu'il a fait depuis janvier pour s'assurer que le nombre de personnes qui travaillent à la NRB, le nombre d'experts qui travaillent à la NRB, le nombre d'équipements à la NRB, des facilités à la NRB puissent être augmentées pour s'assurer que le salaire de base des gens de ce pays, qui sont concernés par le Additional Remuneration is increased. Nothing! Nothing was done!*

Madam Speaker, as I have said, I have read with interest a speech that was pronounced in this august Assembly in 2013. I read the speech and it is in Hansard –

“This depreciation (...).”

Here, a Member of this august Assembly talks about the depreciation of the rupee that has a negative impact on prices and consumers generally. It was for the Additional Remuneration Bill of 2013. In that particular Bill, that hon. Member said, I quote –

“This depreciation, not only has a negative impact on prices and consumers generally, but it has helped, at the same (...).”

**Madam Speaker:** Can we know, you are quoting whom, please?

**Mr Mohamed:** Hon. Pravind Jugnauth! I was going to just keep that for the last minute. You just spoilt my whole thing.

“(...) time, to fill the coffers of the fat cats and the private sector and then, consequently, again, the population was fleeced.”

I was just looking today at what the USD was vis-à-vis the rupee. My God, it is what? 39 or so?

*(Interruptions)*

Almost Rs39?

So, I am wondering right now and it is quite amazing. I mean, whatever hon. Pravind Jugnauth said in those days, is also applicable today. I could simply have said...

*(Interruptions)*

Simple! I could simply have said, Madam. I could simply refer to his own words and say: this depreciation not only has a negative impact on prices because the fact remains that this Government can come and tell us whatever they want about 1.2% inflation. The old people, *troisième âge*, getting their Rs5,000, they, outside, are knowing how much – yes, you have given them – but how much? What are the prices of commodities out there today? What is it costing them today? Prices of consumer goods have increased. Why? Because is it a deliberate policy of the Central Bank or somewhere the Government to ensure that vis-à-vis the dollar, there is, indeed, *un laisser-aller*? In other words, the depreciation, the floating of the rupee, just like that, and simply prices have taken *l'ascenseur*. And today, that is the reality, same as hon. Jugnauth had stated in his address. It is exactly what I can say today has happened. So, if this was relevant when he said it, it is relevant today.

So, my humble view, Madam Speaker, is all those issues: prices, consumer goods, *le coût de la vie* could have been listened to, addressed by Government at a Technical Committee. But, finally, we have, here, a Government that has decided; over three days, their stand has changed. All of a sudden, it was discovered that there was a Marshall Plan. All of a sudden, it was decided that they were going to increase it. But what is unfair, as rightly pointed out by the hon. Leader of the Opposition, never has the hon. Minister of Finance during his televised address, nor has the hon. Minister of Labour whom I do not lay the blame at his feet. I cannot lay the blame at his feet. I will not because he is not to blame. The hon. Minister of Finance is the one who should, at some stage, have pronounced himself on the issues of social aid. The hon. Minister talked about it. He talked about the price of electricity, he talked about the pension, he talked about all other social aid, he talked about other benefits from Social Security. But how come this year we hear nothing about it?

The hon. Leader of the Opposition was right. He refers to something which is real. The hon. Minister of Finance *a fait aussi une autre impasse*. First one, *Comité technique*. Now, all the old age pensioners are forgotten, the orphans are forgotten, the widows are forgotten. How come nothing was said about those people at the lower rung of the ladder who really need this money? Nothing was said! And, what they put in their Government Programme? What do they put there? That they will take care of all those who are at the lower rung of the ladder. They will take care. *Gouvernement Lepep, be fine blier le pep!* This is what they have said. But then, again, after I have sat down, they will say: “Well, you know, there is the coffers.” They will say: “What did you do?” What they have kept on looking after 12 months, they will keep on looking in the rear view mirror, but no Government has

succeeded in running a country and being successful at running a country with its eyes constantly fixed in the rear view mirror, because it has forgotten that it has to look forward in order to prepare for the generations to come. What they have done has caused treason to the generations to come because they have forgotten the downtrodden, they have forgotten the widows, they have forgotten the pensioners, they have forgotten the orphans, they have forgotten the right of the trade unionists to sit down and talk about the real meaning of tripartism. This is, indeed, one year on after the elections and it is a sad day for democracy.

Thank you.

**Madam Speaker:** Hon. Rughoobur!

(6.21 p.m.)

**Mr S. Rughoobur (Second Member for Grand'Baie & Poudre d'Or):** Thank you, Madam Speaker, for giving me the opportunity to say a few words on this Bill.

Madam Speaker, it is really unfortunate. I have been listening to the hon. Members on the other side of the House. I believe that the priorities have wrongly been addressed. The challenges facing this country, especially, at a time when we are debating on this Additional Remuneration Bill, I was expecting a more serious debate on this issue of additional remuneration.

Madam Speaker, today, the real challenge facing our country is this issue of productivity which is directly connected to any compensation, additional remuneration that we want to give to the workers.

Madam Speaker, I have gone through the previous debates in this august Assembly on the Additional Remuneration Bill and the arguments for or against any proposal for additional remuneration have always aroused much passion on the quantum. For the budget that is being allocated or the amount of compensation being given to workers, the Opposition is often requesting for an additional increase while the party in Government is pleading the prevailing tight economic situation and inflation. This has been the case over the years and years.

However, this Government, Madam Speaker, is also committed to addressing this important issue of productivity. I believe this is the challenge for this country as patriots and having at heart the welfare of our citizens and the country at large. The issue of a minimum

wage or additional remuneration cannot be addressed in isolation without consideration being given to the important issue of unit labour cost.

Madam Speaker, in July this year in her speech, Mrs Janet Yellen, Chairman of the Board of Governors of the US Federal Reserve System underlined and I quote –

“The most important factor determining continued advances in living standards is productivity growth. Over time, sustained increases in productivity are necessary to support rising household incomes. We do know that productivity ultimately depends on many factors, including our workforce's knowledge and skills along with the quantity and quality of the capital equipment, technology, and infrastructure that they have to work with.”

Madam Speaker, it is high time for everybody, whether the people in the private sector or those in the Government, to understand that we need better productivity without which no sustainable growth can be possible. It is in this regard that there is an urgent need to address, at least, four issues in the months to come whenever we speak of giving more compensation to workers in general.

One, a culture of discipline at work: there should be no compromise on discipline, and for those institutions in the public sector where there is persistent inefficiency at work and ineffectiveness in decision-taking, this Government will take bold measures to ensure that there is leadership and that the human resources component is optimised with a view to maximising on output.

Second, an in-depth assessment and review of the role of the National Productivity and Competitiveness Council: I fail to understand the mission of such an important organisation today in our country. MCB Focus in its issue dated June 2015 and the latest report of the Bank of Mauritius elaborate extensively on the need to stress on productivity. But, I have, unfortunately, not seen much initiative on the part of the NPCC. I, therefore, call for an urgent restructuring of the institution with a view to ensuring that it understands its priorities and comes up with concrete proposals and measures geared towards boosting up productivity in the country.

Third, I propose that the public-private platform set up by the Prime Minister should consider the setting up of a National Wage Council in the long run along with the collaboration and support of the trade unions. A National Wage Council can become a permanent forum meeting regularly to advise Government on productivity, inflation, income

stability of employees and make recommendations on wage increases on an annual basis. This I believe will reduce considerably the amount of pressure on all stakeholders at the end of every financial year for a revision on salary.

Fourth, Madam Speaker, there is also a need to understand the direct correlation between the issue of innovation, technology and productivity. The issue of unit labour cost, Madam Speaker, will never be adequately addressed if we fail to provide the workers with appropriate tools and equipment and create an environment conducive to the empowerment development and propensity to generate maximum return.

Madam Speaker, I have stressed on the above four factors because I strongly believe that it is high time for us to understand that the competitiveness of our economy relies heavily, if not entirely, on the productivity of our human resources and the unit labour cost component. Madam Speaker, as I mentioned earlier, the MCB Focus in its June edition refers to this issue of productivity and let me quote what, again, they have been elaborating on. I quote –

“The external context ever more underscores the significance for Mauritius to comprehensively combat its structural inefficiencies with a view to achieving strong, sustainable and balanced growth, thereby further strengthening nationwide wealth generation, stepping up employment creation, and boosting the average living standards of the population. Achieving such an ambition, therefore, calls for the espousal of an all-encompassing and bold set of policy measures, a key feature being sustained productivity advancements insofar as they are viewed as one of the main drivers of long-term growth.”

Madam Speaker, any Government, under the able leadership of our Prime Minister, Sir Anerood Jugnauth, has never failed in its commitment to ensure that there is the generation of adequate growth through hard work and discipline prior to the distribution of wealth. This has been the case during the 80s and early 90s, but also between 2000 and 2005. This Government has just completed its first year in office and along with our Prime Minister we have once again embarked on the same mission, that is –

- (i) inculcate a culture of hard work and discipline among the working population and ensure that there is a culture of transparency and good governance prevailing in the recruitment process both in the public and the private sectors;



- (ii) consolidate the existing sectors of the economy where traditionally the country has been performing extremely well and has had an edge on others. This is how...

**Madam Speaker:** Hon. Rughoobur please, just do not broaden the scope of the debate!

**Mr Rughoobur:** Yes, Madam Speaker, I have been talking about this whole issue of how productivity is extremely important once we connect it to this issue of additional remuneration. So, I was talking about this culture of discipline which is important to come to this productivity issue and I have been also speaking about the need to consolidate the existing sectors of the economy where we have been performing well in the past.

Madam Speaker, we also have to emphasise on the need for training and attracting, retaining a pool of highly skilled professionals that the country will require to fulfil the expectation and requirements of our services sector. Madam Speaker, I have absolute faith in the citizens of this country. We have achieved a lot since Independence and, as mentioned earlier, under his able leadership, our Prime Minister has stepped forth this country and I therefore remain positive about the vision. I have to see my countrymen be proud of at least one thing: they are satisfied that they have given their optimum in the position they have been serving the country for every single cent earned.

Thank you, Madam Speaker.

*(Interruptions)*

**Madam Speaker:** Hon. Ganoo!

(6.31 p.m.)

**Mr A. Ganoo (First Member for Savanne & Black River):** Madam Speaker, I have been, very often in the past, taking part in the debates in this House when the Additional Remuneration Bill has been proposed to the House. Most of the time I have adopted the same attitude, I have been consistent in my approach and I am today going to stick to my philosophy of looking at things when Bills pertaining to labour relations or additional remuneration or compensation come before this House to be debated.

I have in the past, together with my colleagues in the party to which I belonged, always stressed the necessity, Madam Speaker, to preserve the social stability of our country by keeping in mind that the tripartite negotiations are sacred. For many, many long years,

tripartite negotiations have taken place in this country. They have been enshrined in our system. They are here to stay. They have become an essential part in Mauritian economic life. They have, in fact, become a centrepiece of our economic life. This exercise of annual wage compensation is, in fact, the price that we have to pay for sustained social stability in this country, and the mere thought of downgrading it or even doing away with it - as, in fact, at one time the Labour Government, during the years 2005 - 2015 wanted to do away with it - will tantamount to provoking a lot of social unrest in this country. I will repeat what I have said in the past and I am still of the same opinion with regard to what I have said concerning the tripartite negotiations, Madam Speaker.

Year in and year out we are called upon to vote, as I have just said, for this Additional Remuneration Bill. What looks, Madam Speaker, like a straightforward and simple exercise, carries with it a lot of emotional charges. This is understandable because this exercise necessitates intense interaction between the representatives of the different social strata of our society, leading most of the time invariably to a lot of acrimony - as we have just seen this year, this lady trade unionist crying - and at times even to social mistrust. In our case today, Madam Speaker, Government justified its initial proposition of proposing only Rs150 to the trade union organisation based on the argument that the inflation in the current year has been to the level of 1.3%. This is true. It is a fact that such a low inflationary rate has not been experienced in Mauritius for the last 28 years and this can be verified statistically.

Nevertheless, as have been said before me, the trade unions involved in the tripartite negotiations expressed their distress, their dismay in the face of Government's position and decision on this matter. Subsequently, rose the outcry of the trade unionists and this was supported by different quarters in the country. Government had to do some firefighting. It reconsidered its offer. It came up with new proposals which are now contained in the Bill which is before this House. I am happy, Madam Speaker, that on this side of this House, we address our voice and express our support to the trade unionists in their legitimate and just claim. In the last press conference that we organised, I went as far as requesting that, I quote

—  
 “Government should have gone an extra mile for workers at the bottom of the income ladder.”

I think Government was right, judicious to reconsider its initial position and to increase the additional remuneration. By so doing, Government wisely eased the tensions and defused the situation which could have deteriorated and led to social unrest.

Therefore, Madam Speaker, Government's decision was right not only because this increase will help those at the bottom of the income ladder to catch up with the increase in cost of living, but also because Government has wisely taken the decision to pacify this social situation. In any way, the across-the-board's offer of Rs150, Madam Speaker, would not have reduced the wage differential, which we know exists in the country between those at the bottom of the ladder and those at the top of the income ladder.

Madam Speaker, the dissatisfaction of the trade unionists was, in fact, based on the following premises. *Que le panier de la ménagère qui sert de référence à Statistics Mauritius pour déterminer le coût de la vie est passé de 2013 de R 24,815 pour atteindre cette année R 26,198. En dépit de la compensation uniforme de R 600 depuis janvier dernier, chaque ménage, donc, a souffert d'une éruption qui vaut à presque R 800 par mois.* Therefore, Madam Speaker, we have to keep in mind, firstly, that despite the compensation of Rs600 in January of this year, the purchasing power of the workers has kept eroding. What I call as just and legitimate outcry of the trade unionists at the initial proposals which was made to them.

Then, there is the other point which has been raised, I think, by my friend, hon. Ramano. When we look at the official statistics, Madam Speaker, for the first quarter - from January to March and for the second quarter - from March to June, we can see what are the items included in the basket. We can see, for example, prices of air tickets and Internet prices are included. Some items listed in this basket of commodities used by the CSO to calculate the CPI is, of course, not endorsed by the trade unionists. As being representative of a fair representation of consumption in Mauritius, they argue, Madam Speaker, that many items in this basket do not reflect the true consumption of those at the bottom of the income ladder. As I said a glaring example is the decrease in the price of air tickets or Internet connections in the second quarter. This, according to them, is not fair as those with less than Rs10,000 do not buy air tickets for private purposes on a regular basis. I think the hon. Minister should enlighten the House and offer some explanations as to whether this can be corrected in the future.

When we are debating about additional remuneration, Madam Speaker, I think there are three issues which should be on the Table –

- (i) the question of the basket of commodities;
- (ii) the question of the remuneration orders, and
- (iii) the question of introduction of minimum wage.

Of course, today is not the right place, time and forum to discuss about all these issues, but they are linked to the question of additional remuneration. The debate over the issue of additional remuneration, Madam Speaker, is first and foremost a debate about the dignity of workers and fairness in a market economy because we know, Madam Speaker, that the two main partners in our society, the workers and the employers in this country, do not have the same bargaining power for reasons that we all know.

Therefore, during the first round of negotiations, Government had argued or it was argued that additional remuneration could not be higher than Rs150 because inflation rate has fallen as low as to 1.3%. But this is not a very strong argument, Madam Speaker, because when we look at the records in the past, since 1982, 1983, up to last year, Madam Speaker, and I have the table, the statistics in my hand, so many times and, in fact, when we look at the inflation rate and the compensation that was granted, that was offered, most of the time, the compensation was same, the same level or was higher than the inflation rate. In 1983, 1984, for example, in 1985 and 1986, in 1990, 1991, in 1992, 1993, the inflation was 2.9%, compensation was 5%. I can go on, so many examples, Madam Speaker, in 2002, 2003, for example, 2001, 2002 - 4.4 was the inflation rate and compensation was 5%, 2005, 2006, 5.6, and compensation was 6.2, I can go on and on, Madam Speaker. So, I don't think it was a big '*cadeau*' that Government made to the workers of this country when Rs150 was offered, on the contrary, and I think even when the rate was increased, Madam Speaker.

And this question of the Remuneration Orders. To a question put by somebody from the Opposition to the Minister of Labour, our hon. friend Mohamed in 2010, we were told, Madam Speaker, that, in fact, in our country 20%, 75,000 workers representing 20% of the labour force in the private sector are not governed by a Remuneration Order. These employees are employed mostly in the information, communication, technology, financial sectors, seafood sector and so on, banking, insurance, offshore, there are many of these sectors, Madam Speaker, where the workers employed therein are not covered by a Remuneration Order and, as we know also, and this I read that from the communiqué which was issued by the hon. Minister Finance and Economic Development on 05 December 2015 regarding the Remuneration Orders which have not been updated, Madam Speaker.

*“Entre-temps le ministre du travail va se pencher sur les quelques 30 Remuneration Orders qui n’ont pas été réactualisés depuis plusieurs années.”*

This is an official *communiqué de presse sur la compensation salariale pour l’année 2016* dated, as I just said, on 05 December 2015, issued by the *ministère des finances et du développement économique*. So, for years now, so many Remuneration Orders have not been *réactualisés*, Madam Speaker. In fact, Madam Speaker, we are talking about Additional Remuneration Order, as I said, which is an essential part now of our economic life in this country. We have this mechanism by way of wage setting which is the Remuneration Order which is an institution in our country, the NRB, but in fact this should have been the focus of the Ministry and the Minister in the past and presently, Madam Speaker, and the Unions, the Trade Unionists have been raising this issue about why do we allow the Remuneration Orders not to be updated, *actualisés* for so long, Madam Speaker, and I, myself, personally in 2010, I asked a question to the then hon. Minister, our hon. friend, as to whether he would consider the advisability of legislating for the provision of a review of Remuneration Orders every five years as obtained in the public sector? That is, as the PRB used to do. Now, it is three years, but it used to be five years, every five years, Madam Speaker. So, why should not there be a law to legislate, to provide for the review of the ROs every five years, Madam Speaker, and the hon. Minister replied that although there is presently no legislation governing the review of ROs every five years, it is the practice of the NRB to review sectors which have not been reviewed for more than five years. I am sure the hon. Minister knows just like me that this is not the case. This is why we have so many ROs, I mean, not being updated for such a long time for so many years, Madam Speaker.

So, I think the focus when we are discussing the fate of workers in this country, this question of remuneration order stands, Madam Speaker, in the forefront and this is an issue which should be looked into closely by the present Minister of Labour, Industrial Relations, Employment and Training and we should settle this issue of allowing ROs to remain outdated for so many years.

On this question of minimum wage. Again, this question has been raised in the past under the previous Government. The hon. Minister, the then hon. Minister Mohamed, himself, had to answer questions about minimum wage. I listened to him carefully today talking about minimum wage, about reminding this Government that, in fact, in its Electoral Programme, manifesto, it is true, I checked that also, the Lepep Government, *l’Alliance Lepep* did announce in its electoral manifesto that it will come up, propose a minimum wage

to the nation and, in fact, I saw that a Cabinet decision on 14 August of this year, there was a press communiqué after Cabinet meeting of 14 August 2015 where Government will institute a National Wage Council which will...

**Madam Speaker:** Hon. Ganoo, can I just, please, interrupt you. In a spirit of democracy, I think I have given sufficient leeway to all orators to talk on the Remuneration Orders and to talk on the minimum wage. So, could you just, please, briefly mention what you have to say on the minimum wage without going into the details and come back to the essential of the Bill, please.

**Mr Ganoo:** So, I was saying, Madam Speaker, this is perhaps the answer to hon. Mohamed's question, but Government has announced that it has set up this committee, a National Wage Council to look into the salary compensation and minimum wage. We shall wait. Because this is a very complex and difficult question, the question of minimum wage, Madam Speaker. True it is, it is a redistributive tool, it has its pros and its cons and it has its benefits and its cost, but we will see what will happen on this level, Madam Speaker. It is a very complex issue, there are various opinions which differ. But to come back to our salary compensation which is, in fact, a wage setting machinery in our country, we have, in fact, two complementary minimum wage support systems in our country: this annual salary compensation system on which we are debating today, the annual salary compensation which is a cost of living adjustment mechanism and it is not a minimum wage increase fixing system as such.

Madam Speaker, this salary compensation system invariably provides that the increase is higher for the lower wages and lower for the higher wages and it does focus on supporting low wages. This has been the trend all the time. Our second wage setting machinery is this Remuneration Order system. I have read some expert research opinion and, from the studies made in our country, Madam Speaker, it would seem that the Remuneration Order adjustments are higher than the salary compensation for the lowest rates, and these adjustments made in the RO system play more in favour of those who earn lowest wages.

So, the point I am making, Madam Speaker, is I think we should look at the methodology used to calculate Remuneration Orders, enlarge our Remuneration Orders to cover more workers, use mechanisms which are already embedded in our system and make them more perfect and effective. The minimum wage will come when it will come, but we should concentrate, improve what we have already in our system, the mechanism that we

have already in our system, that is, the Remuneration Order, make it perfect, and not allow it to become as outdated as they have been allowed to be, as I have just pointed out in my speech, Madam Speaker.

Coming to this question of tripartite negotiations and this question of the National Wage Council, which the hon. Minister announced on 14 August 2015, I think, Madam Speaker, this Government should not repeat the dreadful experience of the previous Government. The previous Government, at one time, set up a National Wage Council, which gave the deathblow more or less to tripartite negotiations. The setting-up, in those days, of this institution was looked upon as a deathblow to the tripartite negotiations, to this tradition in Mauritius. As I said, the tripartite negotiations have already been a source of social stability to our country, and I think Government should be very careful about trying to come up and prop up a new institution which will kill the spirit of the tripartite negotiations.

Madam Speaker, I shall end up by making one remark on the question of what the World Bank 'Systematic Country Diagnosis' of June 2015 said about *l'appauvrissement de la classe moyenne* and the link between this pauperisation of the middle class of our country with the question of salary compensation.

*« (...) L'un des aspects les plus accablants de ce diagnostic - du World Bank, Madame la présidente - de l'économie était l'appauvrissement de la population, en particulier de la classe moyenne et surtout du groupe de 40% se trouvant au bas de l'échelle socio-économique. »*

I have a table with me. I tried to find out, from the bottom up to 40%, who were those concerned, and when I looked at the figures, Madam Speaker, it was those earning up to Rs15,000; from *zéro* to *R 15,000*. In fact, *jusqu'à R 5,000, c'est 4.2% - c'est le poids* of this category in the *masse salariale* -; *jusqu'à R 5,000, c'est 4.2%, R 5,000 à R 7,000, 5.9%, R 7,000 à R 9,000, 9.7%, ceux* earning *R 9,000 à R 11,000* represent 9.6%. When we add all this, it becomes to approximately 44%, that is, up to those earning Rs15,000. Rs15,000 constitute 40% *de la masse salariale*. Let us see what the World Bank said about that, Madam Speaker –

*« La période allant de 2007 à 2012 confirme une dégradation du niveau de vie de la classe moyenne avec une nouvelle détérioration au cours de ces dernières années vu la morosité économique qui a prévalu. »*

*La Banque mondiale ne s'arrête pas là. Elle ajoute –*

“More importantly, income growth of the bottom 40 percent of the population has been disappointing and increased at an annual rate of 1.8 percent compared to 3.1 percent for the population at large.”

*Donc, la Banque mondiale attire l'attention sur le fait que dans la conjoncture, Madam Speaker, I quote –*

“The middle class is heavily stretched and more vulnerable. The middle class has shrunk during the last five years and is increasingly vulnerable to falling back into poverty, putting growing pressure on the bottom 40 percent of the population to achieve or retain their middle class status. Indeed, the most important driver of poverty reduction is employment, and widening differences in salaries across quintiles are the main explanation for the surge in inequality”.

So, this is the point I wanted to make also concerning the middle class. When we are talking about salary compensation, Madam Speaker, we just hope that there will be under this Government and in the future a stronger partnership between the working class, the trade unions of this country and the other social strata; a sounder relationship between economic partners in our country which are befitting, in fact, in a democratic framework, and this can only ensure the proper development of our country. I have done.

Thank you, Madam Speaker.

**Madam Speaker:** Hon. Lutchmeenaraidoo!

(6.59 p.m.)

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

Madame la présidente, je souhaite avant tout présenter mes excuses d'avoir raté une partie des discussions de cette séance.

Une forte délégation du FMI est actuellement à Maurice et prend, donc, beaucoup de mon temps. Mais, mes officiers ont quand même pris note des propositions qui ont été faites, des questions qui ont été posées, et j'espère, donc, pouvoir apporter une réponse là où je le pourrais.

Pour comprendre notre approche sur la question de compensation salariale, il faut le situer dans le cas de la stratégie de ce gouvernement. Cette stratégie repose sur deux composants.



Premièrement, le Plan Marshall qui a été lancé par le Premier ministre lors des dernières élections et qui est un engagement politique de ce gouvernement de faire disparaître la grande pauvreté le plus vite possible. Ça c'est le côté Plan Marshall, et puis il y a évidemment le côté de production de richesse nationale et de partage.

Sur la question de production de richesse nationale et de partage, nous avons une cohérence qui n'a jamais changé et qui consiste de cette fameuse phrase : 'que la paix sociale a un prix, et que le secteur privé doit apprendre à le payer, et que lorsqu'il y a création de richesse nationale, il y a aussi impérativement partage de cette richesse.' Ce composant de production est impératif pour la création d'emplois, pour le développement national. Donc, il est difficile d'isoler les deux.

C'est la raison pour laquelle durant les tripartites j'ai essayé de maintenir un équilibre entre l'impératif d'avoir un secteur privé vivant, vivace, profitable et entraînant l'économie du développement, et de l'autre côté tenir compte du fait de l'ambition des syndicats. J'étais moi-même syndicaliste dans le passé, je comprends parfaitement, donc, l'impératif des syndicalistes à se battre pour l'amélioration du pouvoir d'achat. Les deux, je pense se complètent.

J'avais dit, au début des discussions, 'essayons de voir notre pays comme un, la nation comme une et que - pour utiliser une image - nous sommes tous sur le même bateau - privé, public, syndicat - et que le jour où le bateau coule, tout le monde coulera.' Donc, quelque part - pour arriver à, non un consensus - j'avais proposé qu'on arrive à un compromis qui puisse permettre au secteur privé de développer et qui puisse permettre aussi au gouvernement de poursuivre de l'avant sa stratégie d'un plus grand partage de la richesse et surtout d'une protection de ceux au bas de l'échelle. Je pense que c'est cette philosophie qui nous a guidés, et mes amis de l'Opposition également, avec qui j'ai travaillé pendant de longues années, ont aussi partagé cette notion de partage dans le développement et cette notion de protection des gens au bas de l'échelle.

Ce principe de République à deux vitesses va bien plus qu'un concept, on parle de 5,7 % de taux de croissance économique d'une île Maurice qui va pouvoir émerger de la trappe de la classe moyenne, donc, je me suis posé la question: 'Est-ce que notre pays peut continuer pendant longtemps à avoir une classe possédante, *those who have*, et une classe qui n'a pas, *those who have not?*' Ou bien, est-ce que nous devons chercher un compromis qui puisse nous permettre, en 5 ou 10 ans au maximum, à arriver à un niveau de développement qui

puisse nous permettre - et là, je réponds à l'honorable Ganoo lorsqu'il parle de la disparition de la classe moyenne. La stratégie qu'on suit actuellement va nous permettre d'élargir cette classe moyenne et de faire de sorte que, ceux qui sont au bas de l'échelle, graduellement rejoignent cette classe moyenne, donc deviennent beaucoup plus importants. Donc, c'est un composant stratégique qu'on ne peut pas ignorer. Il ne peut pas y avoir de développement à long terme sans une classe moyenne solide et qui puisse participer au développement.

Donc, à partir de ces discussions, je crois que l'honorable Shakeel Mohamed a posé la question, à savoir s'il y a eu une rencontre du comité technique lors des négociations. Je dois dire que le calcul de l'inflation chaque année est décidé par *Statistics Mauritius*, une instance suprême, qui est reconnue et par le privé, le public et les syndicats. Et j'avais, donc, posé la question à ceux présents, s'ils acceptaient le chiffre proposé par *Statistics Mauritius* qui était d'un taux d'inflation de 1,3% au 31 décembre, ou s'il y avait désaccord. J'étais disposé, avec mon collègue, à passer au niveau du comité technique pour laisser discuter et arriver donc à un consensus sur le taux d'inflation; il n'y a pas eu de discussion. Les syndicats ont dit: 'Non. On fait confiance à *Statistics Mauritius*. On accepte, donc, que le chiffre de 1,3% soit correct'.

Je vais, ici, peut-être répondre à la question de l'honorable Shakeel Mohamed qui a soulevé, avec raison, la question du coût de la vie, de la dépréciation du dollar. Je sais qu'il est surtout homme de loi, donc, qu'il n'est pas nécessairement économiste, mais le dollar américain...

*(Interruptions)*

Non, je le note seulement. Je ne suis pas homme de loi, donc, je ne connais pas ce qu'il connaît ! Pourquoi le taux d'inflation a chuté au plus bas depuis 28 ans, malgré le fait que le dollar effectivement a connu une forte appréciation au niveau mondial? Donc, malgré le fait que le taux d'échange du dollar ait augmenté, comment expliquer le fait que les prix n'ont pas augmenté? Et la réponse est simple: déflation. Beaucoup d'économistes m'ont mal compris depuis des années lorsque j'ai dit que toute l'inondation du système économique avec l'argent facile ne peut pas faire repartir la machine économique et qu'il fallait donc accepter que nous entrions - j'avais dit ça en 2007 - dans une phase de forte déflation des prix. Et on commence maintenant depuis l'an dernier à connaître ce que c'est que la déflation.

La déflation c'est lorsque les prix chutent. Je prends un exemple, le prix d'un baril de pétrole, qui avait atteint 150 dollars, est tombé, hier, à 36.40 dollars.

Une baisse massive ! Au fait, tous les *commodities* actuellement sont en chute libre. Ce qui implique, donc, logiquement, que plus loin il y a une baisse de la demande de produits intermédiaires, ce qui indique aussi une crise économique plus loin. Donc, la déflation est un phénomène dont les banques centrales ont peur. Déflation veut dire qu'il y a récession, pire que récession. J'avais dit ça avant: on fait ce qu'on veut, la planète va entrer dans une phase de déflation. Cela veut dire que les prix ne vont pas augmenter malgré toute l'injection d'argent facile qui a été mis dans des économies de la planète.

Vous avez deux indicateurs qui nous donnent une projection de ce qu'il adviendra à l'île Maurice et à la planète l'an prochain. Nous avons, premièrement, l'index qui est le *CRB Index* et, deuxièmement, nous avons le *Baltic Dry Index*. Le *Baltic Dry Index* parle de fret sec de marchandises. Le *Baltic Dry Index* qui était à 10,000 en 2007 est tombé aujourd'hui à moins de 500. C'est-à-dire, les ports de cette planète sont remplis de fret de cargo sans cargo. Le coût de fret de marchandises quittant la Chine pour aller en Europe a chuté de 35 % en deux semaines. Les gens ne suivent pas ces événements.

Le *Commodities Research Bureau Index (CRB)* a subi exactement la même chose et est tombé plus bas que la crise de 2008. On parle de 2008, 2009 - grande crise économique et financière – mais, non ! *The CRB Index is lower today* qu'en 2008! Le *Baltic Dry Index* est plus bas aujourd'hui qu'en 2008. Cela veut dire que la planète Terre est entrée dans une phase de forte déflation. Il est possible - j'avais dit cela à un moment au *Leader* de l'Opposition, que, malgré le fait qu'on parle d'inflation, je pense finir l'année avec un taux d'inflation de 1,5 %. On a fait mieux !

Donc, il faut comprendre que ce n'est pas nous, c'est un phénomène mondial et *deflation is not good news for the planet*. Not for us either ! Mais c'est comme ça et l'une des conséquences maintenant c'est que ce taux d'inflation influence le taux de compensation! La réunion tripartite ne se rencontre pas pour augmenter les salaires ou pour voir les conditions de travail. La réunion tripartite se tient uniquement pour compenser la perte du pouvoir d'achat des travailleurs. C'est tout ! Donc, notre rôle est de dire quel est le taux d'inflation, les syndicats acceptent, le privé accepte et on dit, maintenant, trouvons une solution, et notre approche doit être cohérente.

Le Premier ministre l'a dit depuis les élections, nous allons faire le maximum pour rehausser le pouvoir d'achat des plus vulnérables. Ce n'est pas seulement une parole, c'est une parole qui a été mise à exécution d'une façon extraordinaire. Sur le plan budgétaire, Madame la présidente, il est facile de parler d'une augmentation conséquente de la pension de vieillesse. Je rappelle que ces différentes pensions touchent 225,000 personnes à Maurice, chaque famille Mauricienne. Donc, lorsque nous avons annoncé que la pension de vieillesse allait être augmentée de R3,623 à R5,000, je comprends que le gouvernement d'alors avait dit que c'était impossible, qu'une telle augmentation ne pourra se faire sans une augmentation de la TVA. C'est de l'histoire. Mais je rappelle que, même dans la tête des penseurs de l'ancien gouvernement, c'était chose impossible, que ça ne pouvait se faire sans une augmentation de la TVA. Nous l'avons fait! Non seulement nous l'avons fait, mais à peine un changement de gouvernement le 10, le 11 décembre j'avais rassemblé, avant même d'être ministre, des officiers des finances pour pouvoir payer cette augmentation de pension pour la fête de Noël.

Il est vrai que la poste a dû travailler *overtime*, que le ministère des Finances a dû travailler *overtime* et que mon collègue, le ministre de la Sécurité sociale a dû travailler *overtime*, mais on l'a fait ! On l'a fait en 15 jours, on a réussi à payer à toute l'île Maurice, ceux qui bénéficiaient de la pension de vieillesse, de la pension de veuve, des orphelins et des handicapés, tous, au 24 décembre, avaient reçu cette augmentation conséquente.

En janvier, le taux d'inflation était de 3,2 %, et l'ancien gouvernement avait proposé une compensation de R 400 mais nous avons dit, non, faisons le maximum pour que l'argent qu'on a aille au maximum à ceux qui en ont le plus besoin. Mathématique très simple, R 600 pour quelqu'un qui touche R 100,000, avec raison, il vous dira : 'Même pas capav aster ène pizza are sa !' Mais R 600 entre les mains d'une femme, d'un homme de la zone franche ou d'une personne qui touche R 6,000 à R 8,000, c'est beaucoup d'argent ! R 600 sur R 6000 c'est 10%! Et c'était ça l'objectif du gouvernement: d'alléger la souffrance nationale. On a commencé avec les 245,000 bénéficiaires de pension de vieillesse. On l'a étendu à tous les travailleurs de ce pays, Rs600 *across the board!* Ces deux items ont coûté à l'État R 7 milliards – R 7 milliards! - et a augmenté le budget de mon collègue de 40%. Ça ressemble à une mission impossible et on l'a fait. On a continué dans ce processus donc d'une amélioration du pouvoir d'achat de ceux au bas de l'échelle à Maurice. Mon collègue qui est ici, le ministre du Commerce, a récemment baissé le prix de l'agneau, du bœuf et du mouton et également des produits pétroliers. Mon collègue, le Vice-Premier ministre et ministre de l'énergie, qui est à ma droite évidemment, est venu avec un *social rate* pour l'électricité.

C'est du jamais vu. Et la décision du Vice-Premier ministre va faire bénéficier 70,000 ménages sur leur *bill* d'électricité. Ce ne sont pas des petites décisions.

Nous avons aussi pris la décision que les six premiers mètres cubes de consommation des messages en termes d'eau seront gratuits. On l'a fait. Oui ou non! On l'a fait non pas pour marquer des points. Je ne suis pas là, Madame la présidente, pour marquer des points, je m'en fous. Je suis là pour servir le pays et servir surtout la nation. Je le fais et je pense que j'aurai été ici ou là, je l'aurais fait toujours. C'est une question d'approche philosophique. C'est une question de concept de vie.

Donc, arrivé à la dernière compensation, 1.3% de taux d'inflation! Et ce n'était pas facile de prendre une décision parce que j'ai un budget qui est presque insoutenable. Je vous le dis à tout le monde ici. Nous avons augmenté les dépenses publiques de R 7 milliards avec les deux décisions touchant les pensions et la compensation. Je suis venu avec un budget que même mes collègues parfois doutaient. Nous avons fait le dernier budget un *no tax budget* malgré ceci. Qui l'aurait fait? Nous faisons de la gymnastique; certains vont le dire, non. Nous sommes en train de pratiquer une gestion rigoureuse.

Maintenant, venons ajouter à ceci, la décision touchant la compensation. R 250 à ceux au bas de l'échelle, dont ceux qui touchent un maximum de R 10,000 par mois. Je dois ici saluer le secteur privé. Lorsque les syndicats ont résisté et refusé et je comprends la compensation de R 150 qui malgré tout est supérieure au taux d'inflation de 1,3%, c'est du R 130 au maximum. Mais ayant écouté mes amis, les syndicats, j'ai discuté avec le Premier ministre et il m'a dit : «Voyons si le secteur privé pourrait faire un effort.» Je vous parle de l'histoire. Dimanche soir, j'ai demandé à Dev Manraj d'entrer en contact avec la fédération, avec la nouvelle centrale qui a regroupé donc *JEC*, *MEF* et *Business Mauritius*. On l'a fait dimanche. Lundi, j'ai vu le Premier ministre et lundi midi, j'ai rencontré le secteur privé et ils ont dit quelque chose de merveilleux. Ils ont dit qu'ils sont disposés à jouer la carte du gouvernement de la vision 2030. Ils ont dit que ça va coûter cher, ça va même être très difficile pour les PME, mais ils acceptaient donc le principe d'une compensation de R 250 jusqu'à R 10,000. Ce n'est pas beaucoup pour le secteur public. Secteur public, vous le savez bien, avec le PRB et tout, les employés sont protégés et donc il y a très peu d'officiers du public qui ont été concernés. Mais, par contre, dans le secteur privé, on a touché 262,000 personnes. Je crois que mon collègue avait raison de soulever la question de ces fameux *National Remuneration Orders* qui dorment dans les tiroirs de l'ancien gouvernement depuis des années. Qu'est-ce qu'ils ont fait avec ? Et pourtant il faut trouver quelque part une

solution où le PRB du gouvernement soit compensé par l'équivalent dans le privé à travers donc le NRB à travers des *remuneration orders*, mais qui soient revus régulièrement. Je suis pour ça. Et mon collègue l'a dit. Il travaille là-dessus, il travaille aussi sur le minimum vital.

Donc, pour revenir à la compensation, à partir de l'acceptation du secteur privé, que je tiens absolument à remercier, nous avons pu donc rencontrer le même après-midi les syndicats avec mes collègues ministres et on leur a dit : 'okay, c'est bon, secteur public comme secteur privé, la compensation soit de R 250 jusqu'à 10 000 roupies malgré le fait que le taux d'inflation soit très faible.' Ceci va coûter à l'économie R 1,8 milliards. Vous allez me dire que c'est facile, ce n'est pas facile. Ce pays, depuis que je suis ministre des Finances, nous entrons dans une phase de forte turbulence en 2016 non parce que nous ne sommes pas des bons gestionnaires, mais parce que nous allons hériter d'une situation mondiale extrêmement volatile dont l'une des conséquences est la phase de déflation et plus loin une rechute de la crise financière.

Donc, comme ministre des Finances, mon rôle est aussi de voir à ce qu'on prépare l'avenir. Et là je dois vous dire que 2016/2017 seront deux années pas faciles. Le pays, nous serons comme un avion qui essaie de décoller avec des vents contraires très forts. C'est la raison pour laquelle je fais appel à la nation de comprendre que nous faisons le maximum pour la paix sociale, mais en même temps il y a un prix à payer. Parce que le prix budgétaire, le prix économique est très fort alors que nous savons très bien que nous entrons dans une phase de turbulence au niveau de l'économie.

Maintenant, il y a le *Leader* de l'opposition qui a posé une question fondamentale. C'est vrai. Je m'attendais à ce que la question soit posée avec la compensation. Qu'est-ce qui va se passer pour ceux qui sont des bénéficiaires d'aide sociale, pension de vieillesse, pension de veuve, pension d'orphelin, handicapé et tout? Je vous donne quelques chiffres. Nous avons donc 184,500 bénéficiaires de pensions de vieillesse. Nous avons d'autres bénéficiaires 45,800. Nous avons donc presque 225,000 personnes qui sont concernées par la décision qu'on doit prendre. Quelle décision? Est-ce que l'État - le gouvernement - a le moyen de payer à ces 225,000 personnes qui méritent? Je ne suis pas là pour vous dire qu'ils ne méritent pas. Nous sommes au contraire, *if we can do the impossible, we will do it*. Mais la question se pose. Est-ce que nous avons les moyens d'absorber un coût - et je vous donne les chiffres - une augmentation donc des pensions de vieillesse, de veuves, d'orphelins et des handicapés par R 250 à partir du 1<sup>er</sup> janvier coûtera à l'État R 748,475,000. Je pose la

question à toute la Chambre. Lorsqu'on dépense, il y a toujours la comptabilité de base, on peut donner ce qu'on a.

Je dois dire ici que cette question a poussé à beaucoup de réflexions au niveau de mes collègues qui sont ici, au niveau de ma collègue, la ministre de la Sécurité Sociale qui a dit: 'what next?' Parce que finalement si on dit non, on passera pour des méchants. On dira qu'on est sans cœur. Si on dit non, mais peut-être, on dit oui, mais on ne sait pas où on en est ou bien si je dis que je n'ai pas dit thème budgétaire pour cette compensation. Je ne l'ai pas. C'est vrai. Quoi qu'on décide aujourd'hui, si on décide de donner quoi que ce soit, j'aurais à venir au Parlement avec un ESC, parce qu'on n'a pas fait de provision budgétaire pour une augmentation de ces pensions.

Et c'est là peut-être qui fait la différence parce qu'après les consultations, avec mes collègues d'ici, j'ai dit : '*Let us be fair!*' Ça va coûter cher. Je dois informer la Chambre que nous avons pris la décision d'augmenter la pension de vieillesse, de veuves et d'orphelins par R 250 à partir de janvier 2016. Ce sera fait. Je suis sûr que toute la Chambre sera ravie comme nous avons tous finalement une vieille maman ou un vieux papa ou bien quelqu'un qui reçoit des pensions. Je dois, en même temps, préciser que nous sommes en train d'augmenter les dépenses sociales.

*(Interruptions)*

Au fait, mon collègue aura peut-être le budget ministériel le plus important dépassant même l'éducation. C'est pour vous dire à quel point nous donnons de l'importance au social, mais évidemment cette décision a été prise de façon rationnelle. Evidemment, j'aurais à venir à la rentrée parlementaire avec un ESC afin de faire approuver par la Chambre cette dépense supplémentaire de R 748,475,000 qui sera donc le coût de l'augmentation des différentes pensions de R 250 à partir de janvier 2016.

Voilà un peu donc la philosophie qui nous a guidés. Je ne pense pas qu'il y ait divergence dans cette Chambre au niveau des membres. Nous sommes tous mauriciens. Nous sommes tous humains. Je pense que la stratégie qu'on suit, même si elle coûte très cher, est peut-être la seule qui puisse donner au pays cette paix sociale et permettre une transition dans la sérénité dans le moyen et long terme.

Voilà donc, sur ces paroles, Madame la présidente, je tiens à seconder totalement la motion de mon collègue, le ministre du travail sur la question du National Remuneration Bill.

Merci.

**Madam Speaker:** Hon. Uteem!

(7.23 p.m.)

**Mr R. Uteem (First Member for Port Louis South & Port Louis Central):** Madam Speaker, one year, one year has gone by and what a contrast! What a contrast! Last year, same time, smile on everybody's face, Trade Unionists, happy.

*(Interruptions)*

Last week, tears, every one of us saw the tears in the eyes of the Trade Unionists. It is not me. I did not cry. The Trade Unionists cried. Why did they cry? Because this Government told them that they would be getting only Rs150 and this Government told them that this is not negotiable. The hon. Minister of Finance and Economic Development is quoted for having said -

« Je suis triste de dire que nous ne pouvons pas revenir sur cette décision. »

Unilateral decision of Cabinet: Rs150. So, today when I hear the hon. Minister of Labour, Industrial Relations, Employment and Training; when I hear the hon. Minister Finance and Economic Development, why did you not last week tell these poor Trade Unionists, tell these poor workers that we can and we will give you Rs250? Why? Why last week you had to tell them: you will get only Rs150 and that also, we are very generous because this is more than the 1.3% inflation? Why? This is what we call a caring Government? Last year, you called yourself, *l'Alliance Lepep*, this year Reaz Chuttoo, *porte-parole de la Confédération syndicale des travailleurs du secteur privé*, said -

«*Nous sommes très déçus. A partir zordi zot népli gouvernement Lepep!*»

*(Interruptions)*

Yes, this is what Trade Unionists are saying.

**Madam Speaker:** Order!

**Mr Uteem:** This is what workers of this country are saying. These are those who felt betrayed. Betrayed! I won't use the word 'treason' but they are betrayed, because this Government was elected on the basis of false promise that they were going to take people out of the poverty trap. That was the mandate of this Government. They would be having a second economic miracle and everybody is still waiting.

*(Interruptions)*



Yes, '*pé vini*', it is coming, it is coming, in the meantime, you can keep dying of hunger, you can keep dying of poverty.

*(Interruptions)*

Come to Tranquebar and see the level of poverty that they are living in.

*(Interruptions)*

**Madam Speaker:** Silence, please! Silence!

**Mr Uteem:** Come to Tranquebar and you will see.

*(Interruptions)*

Madame la présidente, il n'a fallu qu'une année pour que les masques tombent.

*(Interruptions)*

**Madam Speaker:** Hon. Jhugroo!

**Mr Uteem:** Les masques tombent. On retrouve le fier ministre, l'honorable Lutchmeenaraidoo, qu'on a connu dans les années 80, le porte-parole du secteur privé. Il était le seul à défendre bec et ongles ses Rs150.

*(Interruptions)*

**Madam Speaker:** No. Hon. Uteem, please, you can't say that he was the *porte-parole* of *le secteur privé*. No.

*(Interruptions)*

Hon. Leader of the Opposition, you can't talk to me on this tone! I won't allow this!

*(Interruptions)*

I won't allow this!

*(Interruptions)*

I won't allow this!

*(Interruptions)*

But you can't talk to me on this tone! I won't allow this. I have told him - hon. Uteem - that he cannot say this. He cannot say that hon. Lutchmeenaraidoo was the *porte-parole du secteur privé*.

*(Interruptions)*

Now, he cannot say this and this is my ruling.

*(Interruptions)*

I won't allow him!

**Mr Uteem:** So, we have it on Hansard that I can't say that the hon. Minister is the *porte-parole* of the *secteur privé*, that is the ruling. We can't say.

**Madam Speaker:** I have told you to refrain from saying this.

*(Interruptions)*

Refrain from saying this. Okay.

*(Interruptions)*

No. Hon. Leader of the Opposition, I am not protecting anybody and I won't allow you to say this!

*(Interruptions)*

No! You cannot say this!

*(Interruptions)*

You cannot say this and if you insist on saying that I am protecting the Government, then I will order you out!

*(Interruptions)*

Then, I will order you out!

*(Interruptions)*

Now, please continue!

*(Interruptions)*

**Mr Berenger:** It is a fair comment.

**Mr Uteem:** Madam Speaker, after the Tripartite...

*(Interruptions)*

**Madam Speaker:** Order! Order, please!

*(Interruptions)*

Order! If you want to continue with your speech...

*(Interruptions)*

Order, please! I am on my feet! Order!

*(Interruptions)*

Hon. Rutnah, please!

*(Interruptions)*

Can I bring some order in this House otherwise, I will have to suspend the session!

*(Interruptions)*

Order, please! Hon. Ameer Meea! Please, order! Hon. Rutnah, order!

*(Interruptions)*

Hon. Rutnah, order!

**Mr Bérenger:** Have you heard what he has said!

*(Interruptions)*

**Mr Soodhun:** Madam Speaker, on a point of order, I will make a humble request to the hon. Leader of the Opposition, remember we are going to be on holiday, please...

*(Interruptions)*

No. You should not do that. This is the end of the...

*(Interruptions)*

You should not do that. You are the pioneer in this House.

*(Interruptions)*

**Madam Speaker:** Order, please! Hon. Baloomoody! Order! I am on my feet!

*(Interruptions)*

Okay! Hon. Uteem, if you want to continue!

*(Interruptions)*

Order I had said. Order, please! Hon. Uteem, if you want to continue with your speech, please do so calmly.

*(Interruptions)*

Hon. Uteem, would you continue now?

*(Interruptions)*

**Mr Bérenger:** Yes. Repeat what you said.

**Mr Uteem:** At the Tripartite Meeting between the hon. Minister of Finance and Economic Development, the Trade Unionists and the representative of the private sector, the Trade Unionists walked out. He stayed there with the people from the private sector because he defends the private sector. I say it, I will continue saying it and this is the vintage hon. Lutchmeenaraidoo that we have known in the eighties.

*(Interruptions)*

...and was it not for the Trade Unionists, was it not for the outcry, was it not for people coming on radio, even all the so-called independent people telling you that...

*(Interruptions)*

...telling you that you can pay, you would never have gone back. This is the truth. The Government could have paid Rs250.

*(Interruptions)*

**Madam Speaker:** Please, order! Order!

*(Interruptions)*

**Mr Uteem:** Last year, Madam Speaker, let me quote what the hon. Minister said about Tripartite.

‘Le tripartisme reste une instance magique, une instance essentielle au fonctionnement de la démocratie. Vous avez d’un côté les syndicats, de l’autre les employeurs et puis le gouvernement. Et le gouvernement a ce rôle de médiateur de trouver le bon milieu. Le bon milieu c’est quoi? Une compensation qui soit nécessaire pour les travailleurs mais aussi un niveau de compensation qui ne met pas en danger le secteur privé.’

And yet, when Mr Subron, Trade Unionist, asked him: can we, the Trade Union, make a counterproposal? What does he say? He said -

«Je suis triste de dire que nous ne pouvons pas revenir sur cette décision.»

So, who was he defending? Was he defending the Trade Unionists, was he defending the workers or was he unilaterally siding with the private sector? And this is no reason, there is no surprise that one of the Trade Unionists said -

*« Mo éna l'impression ou finn fer ène farce avec nous ! »*

They took us for a ride. This is what the hon. Minister did with all the Trade Unionists and this reminds me, Madam Speaker, of this despot who said: you know, in my country there is democracy, there is pure democracy, I allow everybody to talk and then, I decide. Exactly, the same thing, tripartite, you know, you come, you sit there, I, the Minister of Finance and Economic Development decides Rs150 and that is it. You can't discuss. If you are not happy, walk out. If you have to shed tears, shed tears.

But I am happy. I am glad that other Ministers and Cabinet got to get him to better terms. I am glad and I am sure the hon. Minister of Labour, the Rt. hon. Prime Minister and other Members of Cabinet manage to convince him that we have to hear the voice of those at the bottom of the ladder. We have to see and to hear those who are suffering most and I am glad that - I am not saying that Rs250 is sufficient, but at least, it is an improvement on Rs150 that was agreed and imposed by the hon. Minister Lutchmeenaraidoo.

Madam Speaker, what has happened last week in terms of fixing of compensation is very serious because now we are left in a complete dark as to how compensation will be fixed. Last year, at the same time and the same place, the hon. Minister of Labour stated –

*“With a view to protecting the most vulnerable and in a spirit of nation-building and its endeavour to foster social justice, this Government has decided the bold decision to grant (...) Rs600 across-the-board which is well over and above the inflation rate of 3.3%”*

Last year, there was a clear statement from the hon. Minister that compensation would be paid which is well above inflation rate. Then, we had the Minister of Finance and Economic Development, hon. Lutchmeenaraidoo who said and I quote –

*« Evidemment, on ne veut pas tuer la classe moyenne, mais si on veut vraiment empêcher que le pays sombre dans une crise sociale, moi je dis qu'il faut donner le maximum actuellement à ceux qui en ont le plus besoin. »*

Le maximum à ceux qui ont le plus besoin. *Only Rs150, one year later!*

« Nous avons vu que, finalement, ce chiffre magique de Rs600 *across the board* privilégiait les gens au bas de l'échelle, ce qui explique pourquoi il y a le sourire.»

*That's why I started by saying there was a smile.*

« Il y a le sourire aujourd'hui sur toutes les lèvres dans ce pays; sourire de satisfaction de comprendre qu'ils ont un gouvernement, qu'ils ont un ministre des Finances qui sait que, finalement, le VVIP restera toujours les gens les plus pauvres dans ce pays sans tuer ni affecter le secteur privé. »

What a contrast, Madam Speaker! Last year, the hon. Minister was talking about the VVIPs, those who are poor, those who are at the lower rung of the economic ladder. And today, the same Minister of Finance listened to only the private sector and announced Rs150. What happened to all these VVIPs? Who has claimed back their rightful title to be the VVIP of the hon. Minister of Finance?

Madam Speaker, I was very troubled by the total absence of comments from this Government about pensioners. If it was not for the PNQ of the hon. Leader of the Opposition, we all know that we, probably, would not even have Tripartite Meetings. It is after the hon. Leader of the Opposition raised the question in a PNQ that it was announced publicly, for the first time, that the Tripartite Meetings were being held the following day, that was last week. I think we have to salute the hon. Leader of the Opposition for having done his homework because, otherwise, people would have gone on holiday and just forgotten that there is compensation payable. And today, we have the same thing.

Were it not for the hon. Leader of the Opposition, today, saying: what is going to happen to widows, what is going to happen to the disabled, what is going to happen to the orphans, what is going to happen to people in receipt of universal pension, we would not have known! Because the hon. Minister of Labour never said anything about it in his speeches. He did not say anything! And when the hon. leader of the Opposition raised the question, I could see faces across the other side. They did not know what to do.

*(Interruptions)*

They had to go and call the Rt. hon. Prime Minister because the Rt. hon. Prime Minister was not even here. They had to go and ask the Rt. hon. Prime Minister what to do. The hon. Minister of Finance was not here.

*(Interruptions)*

They did not know what would happen, and we are talking about a so-called caring Government! A caring Government who has completely forgotten about the old age, about the old pensioners, about the disabled, about the orphans!

*(Interruptions)*

As rightly pointed out by hon. Shakeel Mohamed, there is no Cabinet. No, today, we would have gone on holiday, people would have forgotten about the old people, they would have forgotten about the orphans, they would have forgotten about the disabled, were it not for the hon. Leader of the Opposition who rightly raised the issue. Even then, as I said, the hon. Minister of Finance announced something without even going through Cabinet. He took it on himself, today, and I am glad he mentioned it because I know that there are lots of anxious people outside there waiting to know what will happen to their pensions. And more importantly, Madam Speaker, we are talking about vulnerable people who, in fact, spend more than what is covered by the inflation rate, because these are people who spend a lot on medicines, on vitamins and on special equipment. All these equipment and medicines are important, they are paid in USD and USD have appreciated.

The hon. Minister of Finance did not see the pertinent point made by hon. Mohamed? What he was saying simply was that because the price of the dollar has appreciated vis-à-vis *la roupie*, our import has increased; therefore, we pay more when we go to buy these things. And the old people, the disabled pay even more than others because they have special needs and their special needs are more costly than the ordinary Mauritians. Even though we are happy that we have, at least, been able to get from the Government today, a commitment that they were going to give Rs250., we still think that if it is possible to make a special effort in terms of other incentives, removing certain duties in the Budget to come to further alleviate the burden on the increased cost of living of the most vulnerable. I hope that the hon. Minister will also do that on top of the compensation.

Madam Speaker, I would finish by reiterating the question that I asked during the PNQ last week. I asked the question to the hon. Minister of Finance and Economic Development and I think that in all fairness, we need to have an answer from this Government. We all know that the financial year end for 2016 would be 30 June 2016. So, the economic year will start again on 01 July. Will the workers get a new round of compensation after 01 July 2016? If they don't get it, when will be the next round of compensation? Will it be in December 2016 or would they have to wait till July 2017? It is

very important because we need to match the compensation with the financial year end both for public sector accounting purposes and the private sector accounting purposes. It is important to match those two accounting purposes.

Thank you, Madam Speaker.

**Madam Speaker:** Hon. Callichurn!

(7.40 p.m.)

**The Minister of Labour, Industrial Relations, Employment and Training (Mr S. Callichurn):** Madam Speaker, I would like, first of all, to thank all hon. Members who have intervened in the debate which was quite hot and steamy.

Let me answer to hon. Uteem. I repeat what I have said last year. This Government will leave no stone unturned to bridge the gap between the rich and the poor. With this great *visionnaire*, the Rt. hon. Sir Anerood Jugnauth at the head of this Government, a second *miracle économique* is bound to happen although there exists many *oiseaux de mauvais augure*.

Madam Speaker, one should not forget that on the very first day of this Government when we took power, we reviewed the decision of the previous Government of granting a salary compensation of Rs400 to those drawing up to Rs10,000.

This Government, led by the Rt. hon. Sir Anerood Jugnauth, granted a salary compensation of Rs600 across the board when inflation rate was only 3.3%. This is our commitment, Madam Speaker, and we have the will to eliminate poverty.

I shall now address the House on the issue of minimum wage. Much has been said in the House about the Bill. The minimum wage will become a reality as we have received a clear mandate from the population on 10 December 2014. The draft Bill, that is, the draft Minimum Wage Consultative Council Bill is presently being vetted by the Attorney-General's Office. All trade unions will be apprised of same once the Bill is finalised and I have the firm intention of bringing the Bill at the beginning of the next Parliamentary session, that is, in March 2016.

On this side of the House, Madam Speaker, there is no *arrogance du pouvoir*. Although the quantum of Rs150 as salary compensation was decided by Cabinet, the Rt. hon. Prime Minister felt that an additional effort should be made for all those at the lowest rung of



the ladder. I am thankful to him and I am also thankful to the private sector for their comprehension in this effort of national solidarity and nation building.

My colleague, the hon. Minister of Finance and Economic Development has responded to hon. Shakeel Mohamed on why there was not a need for a technical committee. I should also say that when the issue was considered in a meeting between the trade unions and the employers, I was there. It was a unanimous decision taken that no technical committee is needed. Much has been said by hon. Mohamed. He went on lengthily to talk about the technical committee. This is the response to you when there is a dispute which has already been resolved, you should not try to resolve it. You have mentioned the NRB. You yourself...

**Madam Speaker:** No, hon. Minister, please address yourself to the Chair!

**Mr Callichurn:** Yes. Madam Speaker, a lot has been said about the NRB. It is my concern too. Thirteen Remuneration Orders were sent to the NRB in 2013. Hon. Mohamed asked why we have not filled vacant positions at the NRB! Why additional staff has not been deployed at the NRB! What did he do from 2013 to 2014? What was done by the Labour Government to fill those positions so that NRB could work efficiently?

*(Interruptions)*

I can tell you, we are in the process of reviewing the labour legislation and the structure...

*(Interruptions)*

...of the NRB will be reviewed to create a wage fixing mechanism that will be efficient and responsive.

Madam Speaker...

*(Interruptions)*

**Madam Speaker:** Hon. Jhugroo, please don't interrupt!

*(Interruptions)*

**Mr Callichurn:** Madam Speaker, several other points that have been raised, be it by the hon. Leader of the Opposition, hon. Uteem, hon. Ganoo and, last but not the least, by hon.

Mohamed. The hon. Minister of Finance and Economic Development has already dealt with those points. With these words, Madam Speaker, I now commend the Bill to the House.

*Question put and agreed to.*

*Bill read a second time and committed.*

### **COMMITTEE STAGE**

*(Madam Speaker in the Chair)*

*(Interruptions)*

**The Chairperson:** No cross-talking, please! We are at Committee Stage!

*The Additional Remuneration (2016) Bill (No. XXXIII of 2015) was considered and agreed to.*

*On the Assembly resuming with Madam Speaker in the Chair, Madam Speaker reported accordingly.*

*Third Reading*

*(Interruptions)*

**Madam Speaker:** Hon. Baloomoody, please don't interrupt me!

*On motion made and seconded, the Additional Remuneration (2016) Bill (No. XXXIII of 2015) was read the third time and passed.*

*(Interruptions)*

**Madam Speaker:** Order! Order, please!

*(Interruptions)*

(7.50 p.m.)

### **END OF YEAR MESSAGE**

**The Vice-Prime Minister, Minister of Housing and Lands (Mr S. Soodhun):**  
Madam Speaker, as the tradition beckons, before...

*(Interruptions)*

**Madam Speaker:** Hon. Baloomoody, please!

**Mr Soodhun:**...I move for adjournment, I would like to place on record the work we have accomplished in this august Assembly this year.

The first sitting of the National Assembly was held on 27 January for the Presidential Address whereby the Government Programme 2015-2019 was presented.

As at today, we have had 44 sittings including one special sitting on 12 March on the occasion of the visit of His Excellency, Sri Narendra Modi, Prime Minister of the Republic of India and another sitting on 04 June for the election of Dr. Mrs Bibi Ameenah Firdaus Gurib-Fakim, GCSK, CSK, as President of the Republic of Mauritius.

Thirty three Bills have been introduced and adopted this year. Government replied to 822 Parliamentary Questions requiring Oral Answers as well as 24 Parliamentary Questions requiring Written Answers.

Furthermore, Madam Speaker, Government has replied to 33 Private Notice Questions from the hon. Leader of the Opposition. Madam Speaker, we have spent long hours answering many detailed questions during the Committee of Supply of the Budget.

Moreover, Madam Speaker, in line with Government's commitment to enhance Parliamentary democracy and democracy at large, the Rt. hon. Prime Minister brought a motion for the setting up of a Select Committee to look into the modalities of live broadcasting of the proceedings of the House and matters ancillary thereto.

There was unanimity on that motion and subsequently the House voted the motion to adopt the report of the Select Committee. We look forward to its implementation under your able speakership and guidance.

Madam Speaker, we would like to express our deep appreciation to you for your acute sense of fairness and impartiality in presiding over the deliberations of the House and your spontaneous guidance whenever the need arose.

We also thank all the Civil Servants who have assisted in the work of Parliament as well as the Police Officers who have always carried out their duties diligently.

Madam Speaker, may I kindly request you, in the name of the Rt. hon. Prime Minister and all Members of the House, to present our Christmas and New Year greetings to the President of the Republic and Mr Fakim as well as the Vice-President, Mrs Monique Ohsan-Bellepeau.

We would also like, Madam Speaker, to convey to you our best wishes and to Mr Hanoomanjee and your family for a Merry Christmas and a Happy New Year.

Our best wishes also go to the hon. Leader of the Opposition and his family as well as the other hon. Members of the House and their family.

Madam Speaker, thank you very much.

**The Leader of the Opposition (Mr P. Bérenger):** Of course, Madam Speaker, as usual, we join with the Ag. Prime Minister, in addressing our Season's Greetings to you and your staff and to all the Members of the Assembly, but also to Madam the President of the Republic and the other personalities mentioned by hon. Soodhun.

**Madam Speaker:** Hon. Members, I wish to associate myself with the Season's Greetings expressed by the hon. Vice-Prime Minister and the hon. Leader of the Opposition to her Excellency the President of the Republic and Mr Fakim and to the Vice-President of the Republic. I will, with great pleasure, convey the message to them. In my own name and on behalf of the staff of the National Assembly, I thank the hon. Vice-Prime Minister and the hon. Leader of the Opposition for their kind words and good wishes.

I am pleased to extend my best wishes for a Merry Christmas and a Happy New Year to the Rt. hon. Prime Minister and Lady Jugnauth, to the hon. Deputy Prime Minister, to the hon. Vice-Prime Ministers, to the hon. Ministers, the hon. Leader of the Opposition and to all hon. Members and their families.

I also wish to thank the Clerk, the Deputy Clerk, all the members of the staff of the National Assembly, the Serjeant-at-Arms and his officers and all the Civil Servants who have assisted in the work of the Assembly, and convey to them and their families my Season's Greetings.

#### ADJOURNMENT

**The Vice-Prime Minister, Minister of Housing and Lands (Mr S. Soodhun):** Madam Speaker, I beg to move that this Assembly do now adjourn to Tuesday 29 March 2016 at 11.30 a.m.

**Mr Bodha rose and seconded.**

*Question put and agreed to.*

**Madam Speaker:** The House stands adjourned.

*At 7.56 p.m. the Assembly was, on its rising, adjourned to Tuesday 29 March 2016 at 11.30 a.m.*